

MICHIGAN NATURAL RESOURCES TRUST FUND

BOARD OF TRUSTEES MEETING

Minutes of April 15, 2015  
Lansing Community College West Campus  
5708 Cornerstone, Lansing  
9:00 AM

The meeting of the Michigan Natural Resources Trust Fund (MNRTF) Board of Trustees commenced at 9:05 AM, Wednesday, April 15, 2015.

The following Board members were present:

Brad Canale  
Keith Creagh  
Sam Cummings  
Steve Hamp

Ms. Erin McDonough was not in attendance due to a prior commitment.

Also in attendance were various staff members of the Department of Natural Resources (DNR) and other interested parties.

I. ADOPTION OF MINUTES FOR MEETING OF FEBRUARY 11, 2015.

Chairperson Canale called for the adoption of the minutes for the February 11, 2015 MNRTF Board meeting.

Mr. Hamp had one correction to make to the minutes – on page one, fifth paragraph, third sentence; “new Accounting Initiative” should be changed to “New Economy Initiative.”

**MOVED BY MR. HAMP, SUPPORTED BY MR. CUMMINGS, TO ADOPT THE MINUTES, WITH AMENDMENT, FOR THE FEBRUARY 11, 2015 MNRTF BOARD MEETING. PASSED WITHOUT DISSENTING VOTE.**

II. ADOPTION OF AGENDA FOR MEETING OF APRIL 15, 2015.

Chairperson Canale called for the adoption of the agenda for the April 15, 2015 MNRTF Board meeting.

**MOVED BY MR. HAMP, SUPPORTED BY MR. CUMMINGS, TO ADOPT THE AGENDA FOR THE APRIL 15, 2015 MNRTF BOARD MEETING.**

### III. INTRODUCTIONS.

Mr. Steve DeBrabander, Manager, Grants Management Section, Finance and Operations Division, DNR, introduced himself and Grants Management Section staff: Mr. Jon Mayes (Unit Manager, MNRTF), Ms. Linda Harlow (Administrative Assistant to staff and Board), Ms. Janet Liesman (MNRTF Financial Specialist), Ms. Merrie Carlock (Grant Coordinator), Ms. Tamara Jorkasky (Grant Coordinator), Ms. Amy Matisoff (Grant Coordinator), and Ms. Christie Bayus (Program Manager, LWCF/Recreation Passport/Marine Safety Grant Programs and Grant Coordinator). In addition, Mr. DeBrabander introduced Mr. Chip Kosloski, our new Grant Coordinator who will be taking over Ms. Jule Stafford's (who retired November 2014) region of the state. Mr. Kosloski is a graduate of Michigan State University, with a degree in Fisheries and Wildlife. Previously he worked for an environmental firm specializing in environmental assessments.

Mr. DeBrabander also introduced Ms. Sharon Schafer, Chief, Finance and Operations Division, DNR. Ms. Schafer will be outlining the MNRTF Financial Report for the Board at this and future meetings.

Also introduced was Mr. Marc Miller, Regional Initiatives Deputy, who has recently been hired by the DNR to assist Director Creagh. Mr. Miller stated that he will be working statewide on economic development and collaboratively with communities. Director Creagh added that he is very pleased to have Mr. Miller aboard.

The Board members introduced themselves.

### IV. PUBLIC APPEARANCES.

#### Mr. Tom Bailey, Executive Director, Little Traverse Conservancy

Mr. Tom Bailey, Executive Director, Little Traverse Conservancy, commented on some legislative proposals that are ongoing at the present time. Michigan's land conservancies generally try to stick to the business of local land conservation work. They partner with local government. In the past, conservancies have tried to stay out of the political fray. Because of times being what they are, a few years ago the Heart of the Lakes Center for Land Conservation Policy was formed. This organization speaks out about issues such as these legislative proposals (SB 206, SB 39 and SB 40) that affect MNRTF state lands.

Mr. Bailey stated that some core people have had a meeting with Senator Booher regarding these proposals. There also is a meeting scheduled next week with Senator Casperson.

Mr. Bailey stated that the group will continue to work on these land issues and with the MNRTF and DNR.

Ms. Amy Mangus, Manager, Southeast Michigan Council of Governments (SEMCOG)

Ms. Amy Mangus, Manager of the Southeast Michigan Council of Governments, made comments on the upcoming August 19, 2015 MNRTF Board meeting, which will be held at the Globe Building in Detroit. Mr. Chris Bunch of Six Rivers Regional Land Conservancy, SEMCOG and other groups in Oakland and Washtenaw Counties will be hosting a tour of sites on the west side of the region.

Ms. Mangus advised the Board that on the tour last year the Board visited the Schmid Marina. It has been submitted as an acquisition application this year.

V. OLD BUSINESS.

Iron Belle Trail – Update – Mr. Paul Yauk, Acting State Trails Coordinator, Parks and Recreation Division, DNR

Mr. Paul Yauk, Acting State Trails Coordinator, Parks and Recreation Division, DNR, provided a PowerPoint presentation to update the Board on the progress being made on the Iron Belle Trail. This is Michigan's showcase trail and will identify the state's diversity, historic communities and natural resources.

Michigan has 12,000 miles of state designated trails and is the national leader in trails. These include walking, non-motorized, water, ORV and snowmobile trails. In addition, there are 5,500 miles of local trails, 1,600 miles of Forest Service and National Park Service trails, and 900 miles of US Bike Route trails.

The slogan for the Iron Belle Trail is "two routes, one great trail." The trail starts, or ends, in Ironwood, Michigan and it ends, or begins, at Belle Isle State Park. The trail crosses 48 counties, 240 townships and 83 towns/villages and links numerous existing trails. The trail provides recreation, transportation and economic opportunities.

The DNR had a contest to name the trail. There were over 8,000 entries.

The hiking route of the trail starts at Belle Isle State Park and follows the North Country National Scenic Trail, which starts on the north side in the City of Albion. It then traverses the west side of the Lower Peninsula. It borders Lake Superior in the Upper Peninsula. The hiking route consists of 1,259 miles, with 69% being existing trails and 31% yet to be developed.

The biking route of the trail starts at Belle Isle State park and uses existing multi-use trails in southern Michigan and follows US-2 (federal bike route 10 in the Upper Peninsula). The biking route consists of 774 miles, with 64% being existing trails and 36% yet to be developed.

National recreational trails on the Iron Belle Trail are:

- Belle Isle bicycle trail - .9 miles
- Mackinac Island Trail system – 15 miles
- North Central State Trail – 62 miles
- Paint Creek Trail – 8.9 miles

There are two options when crossing the Mackinac Bridge. Option one is the Bridge Authority offers transport services, 24/7 or option two is take a ferry to Mackinac Island.

Based on a 2014 Michigan Department of Transportation (MDOT) study, the impact of biking provides \$668 million. This is broken down as:

- Retail spending - \$175 million
- Manufacturing - \$11 million
- Health care savings - \$256 million
- Reduced absenteeism - \$187 million
- Event and tourism spending - \$38 million

Currently there are 24 miles of trail projects, for a total of \$8.5 million, being developed through a partnership with DNR and MDOT. These trail projects are located in Bay, Delta, Gogebic, Iron, Iosco, Macomb and Washtenaw Counties.

The MNRTF has provided more than \$190 million for trails, with \$30.1 million for the Iron Belle Trail (\$15.5 million acquisition and \$14.6 million development).

An example of local economic impacts of trails includes the VASA Pathway, with 31 miles of trails east of Traverse City. It generates \$2.6 million in direct annual spending. The local tourism is enhanced by the following:

- Challenge events
- Four season activities
- Adventurer vacations
- Access for all ages and abilities
- Regional and cultural experiences

It also provides a “sense of place” by:

- Revitalizing and connecting communities
- Increases land values 10%
- Public health benefits
- Highlights local history
- Provides public exposure to stewardship – native species and remnant eco-systems

Some significant dates for trails this year are:

- National Trails Day – June 6
- Michigan Trails Week – September 19 to 26
- National Public Lands Day – September 26
- North Country Trail Day – September 26

The DNR is highlighting the National Trails Day on June 6 with the Iron Belle Dedication Hike. A Scout patch has been designed to commemorate this event. There will be over a thousand Scouts who will be walking the Iron Belle Trail on this day.

The Iron Belle Trail will be funded with the assistance of partnerships—both private and public. Some of these partnerships are:

- MNRTF
- Michigan Department of Transportation
- National Park Service
- Private sponsors and foundations
- Communities and “Friends” groups

Next steps will be:

- Management framework
- Fundraising
- Identifying regional priorities
- Communication with partners – existing and new routes
- Public exposure

Mr. Hamp stated that he would be happy to speak with Mr. Yauk and his fundraising groups on Southeast Michigan foundation recreation opportunities.

Chairperson Canale stated this is an excellent presentation. Director Creagh added that Mr. Yauk has taken his responsibilities very seriously and is providing great leadership.

## VI. NEW BUSINESS.

### Update on MNRTF Staff Activities

Mr. DeBrabander outlined updates of various MNRTF staff activities:

- Staff is still in the process of improving MiRecGrants. Amy Matisoff has taken the leadership role with the database. The application side is developed; it is the grants side that is being worked on now.

- Grant Coordinators have been busy reviewing five-year recreation plans. Communities must have an approved five-year recreation plan submitted and on file in MiRecGrants to apply for grants (MNRTF and Land and Water Conservation Fund grants only).
- Grant Coordinators are reviewing all submitted applications for administrative completeness to make sure they are eligible applications and all information is complete. A checkbox has been added to the application if the project will be part of the Iron Belle Trail. A list of projects that will be associated with the Iron Belle Trail will be provided to the Board.
- Post-Completion Self-Certification inspections are continuing. Linda Harlow has taken the lead on this and significant progress has been made.
- For the June 17 Board meeting in Alpena, we invite applicants to make a presentation. After reviewing the applications, if any Board member would like to have a particular applicant invited to make a presentation, please let Linda Harlow know. Applicants making presentations at the June meeting would include the Upper Peninsula and Northern Lower Peninsula. At the August meeting in Detroit, applicants would be from the Southern Lower Peninsula.
- During the spring and summer, staff spends a lot of time attending/speaking at ribbon-cutting and grand opening ceremonies. A requirement was instituted approximately four years ago that once a project has been completed, the grantee must hold a ribbon-cutting/grand opening ceremony where the public/legislators/Board members/DNR staff is invited.

#### 2015 Application Cycle and Applications Received

Mr. Mayes briefly outlined the application review process for the Board – application review, administrative completeness, site visits, preliminary scoring and final scoring.

Mr. Mayes advised the Board that there were 158 applications received under the MNRTF program – 35 acquisition (27 local, 8 State--\$28.7 million) and 123 development (116 local, 7 State--\$23.6 million), for a total of \$52.3 million.

Chairperson Canale asked if there was a way to see which applications were being resubmitted. Mr. Mayes responded that staff can recognize this from the community/project name. Chairperson Canale asked about resubmittals simply to identify if a community had not been able to seek an alternative resource to fund the project. Mr. Mayes responded that staff could provide the Board with applicants who have reapplied.

Mr. DeBrabander stated that when a community is unsuccessful and wants to reapply, they are encouraged to contact their Grant Coordinator to see what they can do to improve their project to get a better score.

Mr. Mayes added that Board members have access to MiRecGrants and can review the information on any application they are interested in.

TF13-111, Manistique River Waterfront North Lot Acquisition (Warshawsky Property), City of Manistique – **WITHDRAWAL OF PROJECT**

**MOVED BY MR. CUMMINGS, SUPPORTED BY MR. HAMP, TO APPROVE THE WITHDRAWAL OF TF13-111, MANISTIQUE RIVER WATERFRONT NORTH LOT ACQUISITION (WARSHAWSKY PROPERTY), CITY OF MANISTIQUE. MOTION PASSED WITHOUT DISSENTING VOTE.**

VII. STATUS REPORTS.

DNR Real Estate Report – State Acquisitions

Mr. DeBrabander outlined the DNR real estate report for Mr. Steve Sutton, Manager, Real Estate Services Section, Finance and Operations Division, DNR, who was not able to be in attendance today.

Since the Board meeting in December, there were three state acquisition projects that have been taken to Director Creagh for approval:

- Skiba Parcel – Otsego County - \$410,000 – TF13-123
- Kuhn Parcel – Cheboygan County - \$37,000 – TF13-133
- Old Mooring Parcel – Grand Traverse County - \$2,155,000 – TF13-131

Mr. Cummings asked about the Old Mooring Parcel. He wondered if the boat ramp was moved. Mr. DeBrabander responded that there was an agreement between the DNR and the township to have the boat launch at the new site. The existing boat launch at Haserot Beach is going to be closed and will be a swimming area only, and the new boat launch will be at the newly acquired site. Mr. Cummings asked if it will have to be dredged. Mr. DeBrabander responded that it will have to be dredged. Parks and Recreation Division funds will cover the dredging.

Mr. Hamp asked about the condominiums status. Mr. DeBrabander responded that those were proposed by the previous owner to develop into condominiums. That development was not moving forward. This is a totally vacant parcel.

Director Creagh commented that it was a great strategy by the Board to have a local resolution of the issue as opposed to the Board only. He appreciated the support and decision-making framework.

## Completed MNRTF Projects Report

No discussion.

## MNRTF Financial Report

Ms. Sharon Schafer, Chief of Finance and Operations Division, DNR, outlined the MNRTF projects financial report. She stated that we are very early in the process as far as estimates.

Early 2015 estimates for acquisition and development grants are \$8.2 million for acquisition and \$2.4 million for development. As we go through the year, there will be adjustments to these numbers due to withdrawn projects, reauthorization of funding from lapses, or projects that have been completed under budget.

Ms. Schafer outlined the Stabilization Reserve and Growth Reserve. The Growth Reserve was established a couple of years ago to maintain the purchasing power of the corpus, as the corpus no longer grows from oil and gas revenues.

Estimates by the end of 2015 are expected to be \$613 million, the corpus remains at \$500 million, and the Stabilization Reserve will grow up to \$61.2 million. The Growth Reserve is the 2.5% of the 5% distribution and is estimated to be at \$51.9 million. At the end of 2015, the Stabilization Reserve transition amount is expected to be \$6 million. At that time, the Board can adopt a resolution if they wish to spend any of that amount.

In December of 2015, final numbers will be provided to the Board

Mr. Cummings stated that the Stabilization Reserve is a tool for the Board to use for additional funding of projects. He is encouraged as to where we are headed and feels this is what the Board's vision was.

Mr. Cummings also wanted to acknowledge and thank Ms. Helen Taylor, Director, The Nature Conservancy (Michigan), who is helping the Board do some evaluation of what innovative funding opportunities may exist utilizing the MNRTF.

Chairperson Canale stated that we have a public perception issue as to the corpus, Stabilization Reserve and Growth Reserve, and that we need to provide some education on this, especially relating to proposed legislation. He wondered if perhaps a pamphlet or some type of information could be developed to explain these finances.

Mr. Hamp thought this is an excellent point, as the MNRTF is widely misunderstood. He feels developing a public dialog as to how the MNRTF works is a good idea.

Director Creagh agrees, but wondered what would be the proper dialog and the best instrument to convey the information. Possibly there is an instrument/document that could be constructed and have a spokesperson that has status and standing in the financial community explain it as a third-party expert. Staff could construct this document and make sure it is available to the Legislature so they can understand the behavior and activities of the MNRTF Board. Mr. Cummings agrees that a third-party expert should be used, but to be cautious.

Discussion ensued on benefits and financial aspects of the MNRTF and how best to educate individuals and legislators of its value and benefits. The topic of bonding was also discussed.

Director Creagh mentioned that there is an effort out now from the Wildlife Council where one dollar is assessed on every license—it would generate about \$1.6 million. The purpose was to broaden the base of support and identify that most conservation work in the state stems from hunting and fishing. There will be a marketing opportunity campaign across the state talking about outdoor conservation. In addition, “Pure Michigan” is talking about “Pure Michigan Natural Resources”. Also, the DNR is trying to make access easier through electronics, trail apps, habitat, etc. There may be an opportunity to leverage these three efforts based upon MNRTF activities.

Director Creagh asked, with the Board’s permission, if he could raise this issue to see if there is an opportunity to integrate activities around the MNRTF. The Board members agreed this was a good idea.

#### MNRTF Land Consolidation and Line Item Department Projects

No discussion.

#### VIII. OTHER MATTERS AS ARE PROPERLY BROUGHT BEFORE THE BOARD.

None.

#### IX. ANNOUNCEMENTS.

The next meeting of the Michigan Natural Resources Trust Fund Board is scheduled for 9:00 AM, Wednesday, June 17, 2015, Thunder Bay Marine Sanctuary, 500 W. Fletcher, Alpena, Michigan.

X. ADJOURNMENT.

**MOVED BY MR. HAMP, SUPPORTED BY MR. CUMMINGS, TO ADJOURN  
THE MEETING. MOTION PASSED WITHOUT DISSENTING VOTE.**

The meeting was adjourned at 10:10 AM.

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Brad Canale, Chairperson  
Michigan Natural Resources Trust Fund  
Board of Trustees

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Steven J. DeBrabander, Manager  
Grants Management Section  
Finance and Operations Division

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DATE