

MICHIGAN NATURAL RESOURCES TRUST FUND

BOARD OF TRUSTEES MEETING

Minutes of June 16, 2010
Tuscarora Township Hall, 3546 S. Straits Highway, Indian River

The meeting of the Michigan Natural Resources Trust Fund (MNRTF) Board of Trustees commenced at 9:10 AM, June 16, 2010.

The following Board members were present:

Keith Charters
Bob Garner
Dennis Muchmore
Lana Pollack

Mr. Frank Torre was not in attendance due to a prior commitment.

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

Chairperson Pollack asked Ms. Deborah Apostol, Unit Manager, Recreation Grants, Grants Management, DNRE, to introduce DNRE staff present. Staff included: Director Rebecca Humphries, Stewardship Deputy Frank Ruswick, Ron Olson, Rodney Stokes, David Freed, Mary Dettloff, Linda Harlow, Linda Hegstrom, Lisa McTiernan, Kerry Wieber, Jule Stafford, Sam Duncan, Maia Stevens, and George Cameron. Natural Resources Commissioner John Madigan was also introduced.

Chairperson Pollack introduced Mr. Bill Gnodtke, Chairperson of the Mackinac Bridge Authority. Mr. Gnodtke encouraged the MNRTF Board to hold a future meeting in the Upper Peninsula. Director Humphries also made comments and welcomed everyone to the Board meeting.

I. ADOPTION OF MINUTES FOR MEETING OF APRIL 7, 2010.

Chairperson Pollack called for a motion to adopt the minutes from the April 7, 2010 Board meeting.

MOVED BY MR. GARNER, SUPPORTED BY MR. MUCHMORE, TO APPROVE THE MINUTES OF THE APRIL 7, 2010 MNRTF BOARD MEETING. PASSED WITHOUT DISSENTING VOTE.

II. ADOPTION OF AGENDA FOR MEETING OF JUNE 16, 2010.

Chairperson Pollack called for a motion to adopt the agenda for the June 16, 2010 Board meeting. She had wished to add some additional items to the agenda.

Under “Old Business” Chairperson Pollack wanted to add: 1) Status Report on Benton Harbor; 2) Status Review of Recreation Needs – Deeryard Distribution (DRIP funds); and 3) Review of MNRTF Policies.

Ms. Apostol stated that staff received a request from Benton Charter Township (Berrien County) asking to withdraw their grant request. This should be added under “New Business.”

**MOVED BY MR. GARNER, SUPPORTED BY MR. CHARTERS, TO
APOPT THE AGENDA, AS AMENDED, FOR THE JUNE 16, 2010 BOARD
MEETING. PASSED WITHOUT DISSENTING VOTE.**

IV. OLD BUSINESS.

Since Commissioner Madigan had to leave the meeting, at this point discussion ensued regarding the status of recreation needs for deeryard distribution. Chairperson Pollack stated we should buy properties as they become available, but wondered if there was some other data that the Board should be considering. Mr. Garner stated that winter deeryard complexes apply to the upper two-thirds of the state, where there are severe losses. Wildlife Division has been using criteria for properties to obtain. He feels they are doing a good job of determining properties to purchase.

Mr. Charters stated that the Natural Resources Commission had a subcommittee to discuss DRIP funds, chaired by Commissioner Madigan. The criteria were scrutinized internally by Wildlife Division. Commissioner Madigan made additional comments regarding winter thermal cover to support the deer herds. He does not know what is needed in southern Michigan. In 2005 or 2006, there was a group that prioritized parcels to be purchased. Right now it is in the range of 12,000-13,000 acres purchased in the Upper Peninsula, at approximately \$500 per acre.

Chairperson Pollack asked how often the state receives mineral rights to the properties. Mr. David Freed responded that most of the properties are fee simple purchases.

Chairperson Pollack and Board members felt their questions were answered regarding this deeryard distribution and the issue is now closed.

III. PUBLIC APPEARANCES.

Ms. Vicki Carpenter, “Beulah Boosters” Volunteer, Village of Beulah – 10-073, Crystal Lake Waterfront Revitalization

Ms. Vicki Carpenter, a “Beulah Boosters” volunteer representing the Village of Beulah, made a PowerPoint presentation in support of the Crystal Lake Waterfront Revitalization project (10-073). She introduced others who were attending the meeting with her.

Ms. Carpenter outlined various aspects of the project via PowerPoint photographs. The village has one-half mile of public beachfront. Information has been gathered, public meetings held, and surveys done regarding the project over the last three years. The village prepared a recreation plan and it has been approved by Grants Management. The lake is utilized for boating and a new launch will be in soon. The park currently has

a bathhouse/changing house with restrooms, picnic tables and benches, trash cans, volleyball set up, boat launch and T-dock for fishing.

Revitalization will include universally accessible walkways, boardwalks, beach access points, public amenities, seawalls, benches, tables, a pedestrian bridge and overlook. Improvements for the future include better boat docking areas and open up more beach space.

Mr. Charters asked what the Crystal Lake Association thinks of letting more of the public on the lake. Ms. Carpenter responded that the Crystal Lake Watershed Association has provided a letter of support for the project. Also, the Betsie Trail Management group has provided a letter of support.

Mr. Muchmore asked about maintenance of the project and if there could be a problem financially in the future. Ms. Carpenter responded that funding has been set aside for maintenance.

Ms. Lynn Brown, Clark Township (Mackinac County) – 10-086, Les Cheneaux Bike Path Development

Ms. Lynn Brown, representing Clark Township (Mackinac County), made a presentation and provided handouts in support of the Les Cheneaux Bike Path Development project (10-086). This project would connect the communities of Hessel and Cedarville via a bike path. The path would be good for exercise and the environment.

Ms. Brown stated that a formal committee was formed about five years ago. Community symposiums have been held and everyone is supportive.

The path needs to be extremely wide because of the area being low. The path is proposed to be a 10-foot wide path with two-foot shoulders. The “dream plan” is to have a bike path that will go from St. Ignace to Drummond Island. The North Huron Scenic Pathway group has been instrumental in the planning. Every township, county and other entity from Drummond Island to St. Ignace has participated in the planning.

Mr. Charters asked if the \$2.4 million of Federal funding match was secured. Ms. Brown responded no. This would be from the Transportation Enhancement Fund and she does not know how supportive they are for the project.

Chairperson Pollack asked if Ms. Brown knew what the timing was for determining if the Federal funding would be approved. Ms. Brown responded no; they do not have deadlines as it is a resolving application process.

Mr. Muchmore asked about the other match funding. Ms. Brown responded those are pledged funds. Donated funding is an estimate. Mr. Muchmore has concerns with approving a project where matching funds are not secured.

Chairperson Pollack asked if pledges and donated funding were secured, and the township did not receive Federal funding, could some of the project be done with this match and MNRTF funding. Ms. Brown responded she does not believe so, as with the Transportation Enhancement Fund you are not allowed to count anything towards their match until you have been approved.

Mr. Mike Thompson, Township Supervisor, Egelston Township (Muskegon County) – 10-077, Sunset Beach Recreational Improvements

Mr. Mike Thompson, Supervisor of Egelston Township (Muskegon County) made a PowerPoint presentation in support of the Sunset Beach Recreational Improvements project (10-077). The township submitted this application last year for possible funding.

Mr. Thompson pointed out various aspects of the project via maps on PowerPoint. All beaches and parks in the township are open and free to the public. Volunteers serve on the parks and recreation committee, as well as maintenance of the parks.

Improvements to the Sunset Beach Park would include parking, handicap access to restrooms and changing rooms, accessible fishing pier, additional picnic areas, pavilions and benches.

Mr. Robert L. Peterson, Village Manager, Village of Elk Rapids – 10-036, Lake Michigan Universal Access Development

Mr. Robert Peterson, Village Manager for the Village of Elk Rapids, made a PowerPoint presentation in support of the Lake Michigan Universal Access Development project (10-036).

Mr. Peterson pointed out various aspects of the project via maps on PowerPoint. There are 213 slips on East Grand Traverse Bay. The project was designed approximately 12 years ago. The Harbor Commission wanted to help the village with the project by increasing parking. The village took this off the table and has submitted the project as originally submitted last year for MNRTF funding, with modifications for universal access to Lake Michigan.

The project will include universal access for bathrooms, seating, picnic tables, fishing platforms and parking. LED lights are being used throughout the village. Storm management includes rain gardens being included in the project. There are three universal access fishing piers on the Elk River at this time.

Mr. Muchmore asked about the match. Mr. Peterson responded that there are several matching funds that have been secured.

Mr. Peterson stated that there are people in the community who are concerned about the project. There was confusion as to whether it was part of the harbor project, which it is not. There was also concern from the community as to what type of parking should be developed. Chairperson Pollack asked how much of the project would be parking. Mr. Peterson said there would be about one acre of parking.

Chairperson Pollack stated that she has received correspondence in opposition to this project, and it was assumed that it was because of the harbor. Mr. Peterson responded that the MNRTF funding would not be for the harbor project.

Mr. Mike Jakubowski, Township Supervisor, Forsyth Township (Marquette County) – 10-076, Farquar/Metsa Tourist Park Improvements

Mr. Mike Jakubowski, Township Supervisor of Forsyth Township (Marquette County), made a PowerPoint presentation in support of the Farquar/Metsa Tourist Park Improvements project (10-076).

Mr. Jakubowski pointed out various aspects of the project via photographs on PowerPoint. This project would be to upgrade and improve campsites, provide beach access and upgrades, structure upgrades, paths and trails. The campground is revenue-generating for the township's general fund. Camping fees are charged, but not for use of the park.

There is a walking trail that goes along the Escanaba River. Eventually the Tahquamenon Trail System would like to connect this trail to the K. I. Sawyer Air Force Base. The Nordeen Park project is already connected.

The township does have a millage for parks and recreation.

Mr. Muchmore asked if the township has worked with Marquette County to coordinate recreation projects. He noted that there are six recreation applications located in Marquette County that have been submitted this year. Mr. Jakubowski responded the township does work with the county.

Mr. John Garske, Parks and Recreation Board, Ironwood Charter Township (Gogebic County) – 10-082, Airport Recreation Park Improvements

Mr. John Garske, Parks and Recreation Board, Ironwood Charter Township (Gogebic County), made a presentation in support of the Airport Recreation Park Improvements project (10-082). He provided a handout to the Board members to illustrate the project features.

Mr. Garske stated that the park will also be a trailhead. This would involve a two-county, two-stage trail concept from Montreal, Wisconsin to Wakefield, Michigan and passing through Ironwood Township. He provided resolutions of support from all the local communities.

The park is the home to the Range Strikers Association soccer teams, which consist of about 350 area children from Montreal, Wisconsin to Wakefield, Michigan. The soccer fields are in dire need of repair. Improvements would include parking, new bathroom facilities, universally accessible trail system, and park and playground improvements.

Mr. Garske further stated that the township currently has \$35,000 in in-kind and cash donations towards the match. In addition, \$90,000 will be provided in general fund.

Mr. Harry Wierenga, Landscape Architect, representing Mullett Township (Cheboygan County) – 10-104, Topinabee Beach Park Improvements

Mr. Harry Wierenga, Landscape Architect representing Mullett Township (Cheboygan County), made a PowerPoint presentation in support of the Topinabee Beach Park

Improvements project (10-104). He introduced other members of the community in attendance with him.

Mr. Wierenga stated that the project cost is \$270,000 (\$189,000 request from MNRTF), with a 30% match from the township. The township has committed to maintain the project.

Mr. Wierenga pointed out various aspects of the project via PowerPoint. Topinabee Beach Park is one of the key spots in the township. It has the only water access in the township and only beach area suitable for swimming. The rail-trail passes between the beach and the roadway and provides lots of activity. A rail station has been converted and preserved. A group event area is at the northern edge of the park and has a pavilion.

Mr. Wierenga outlined aspects of the existing restroom building and plans for expansion in the future.

The rail station is a route connection and relates to an open air shelter, which provides a second shelter for the summer season for group gatherings. It provides a location for fuel stops, etc. All this ties into the beach park. A universally accessible viewing area is being proposed closer to the beach area.

Other improvements will include walkways, site furnishings, site grading, new beach sand, picnic pads, educational displays, native vegetation restoration, shore stabilization, fishing/observation pier, tree planting and retaining walls.

Mr. Charters asked if the non-homestead residents are supportive of the project. Mr. Wierenga responded yes.

Ms. Darlene Turner, Trustee, Powell Township (Marquette County); and Ms. Louise Wilcox – 10-075, Thomas Rock Nature Area Acquisition

Ms. Darlene Turner, Trustee for Powell Township (Marquette County), made a presentation in support of the Thomas Rock Nature Area Acquisition project (10-075). The township was awarded a development grant for the nature area in 2008 and is coming along very nicely.

The proposed acquisition is for 379 acres of wilderness property that would extend the nature area.

Ms. Louise Wilcox added that Thomas Rock Nature Area provides universally accessible features, trails and activities for visitors. There are universally accessible camping facilities in the area.

Ms. Wilcox stated that CTI owns the mineral rights to this property, and if the township is successful in obtaining this acquisition, would approach CTI to obtain these rights. Some residents in the surrounding communities have had a lot of distress over the Kennicott Mining project.

Chairperson Pollack asked if the mining rights belong to someone else who chooses to exploit them, she has concerns with the MNRTF investing money in an area that could well become a mining site. She feels we should get a handle on this issue.

Chairperson Pollack encouraged the township to try and give the Board a sense of where the mining rights would be. Ms. Wilcox responded that they will explore this issue with CTI. Chairperson Pollack asked that the township provide this information before the Board's December meeting.

Discussion ensued between Board members on pros and cons of mining and mineral rights as they relate to the MNRTF.

Mr. Michael Ridley, Supervisor, Tuscarora Township (Cheboygan County) – 10-063, Veterans Pier Development

Mr. Michael Ridley, Supervisor of Tuscarora Township (Cheboygan County), made a PowerPoint presentation in support of the Veterans Pier Development project (10-063).

Mr. Ridley outlined various aspects of the project via photographs on PowerPoint. The pier was built in the late 1950s. The township has been working on the planning and design of this project since 2003, with the assistance of DNRE's Fisheries and Recreation Divisions, and United Design of Cheboygan.

The boardwalk will be 525 feet in length for public access and fishing and will be universally accessible. The structure will be a paved or brick overlay. If the township goes with the brick design, bricks will be sold to provide part of the maintenance and development fund for the park. The project will also include low voltage lighting and handrails.

Mr. Ridley further stated that on the August ballot, there will be a proposal for one-half mill for three years for this project.

Mr. Joseph A. Cercone, Executive Director, Presque Isle County CDC/EDC – 10-035, Millersburg Historic Depot Regional Trailhead Development

Mr. Joseph Cercone, Executive Director, Presque Isle County CED/EDC, made a presentation in support of the Millersburg Historic Depot Regional Trailhead Development project (10-035). The county submitted this project for possible funding last year.

Mr. Cercone stated that last year the Board had some concerns regarding equestrian use and subsequently the project was not recommended for funding. When designed, the trailhead had equestrian use in mind. In addition, adjacent to the trailhead is the Millersburg Depot, an historic building. The building is 90 percent renovated using locally raised funds.

He also advised that all the local match dollars that needed to be raised to do the trail paving have been raised. The trail on Mullett Lake will eventually connect to the Alpena to Cheboygan Trail, of which the Millersburg trailhead is the midpoint.

Mr. Charters asked about the federal funds that were to be used as part of the local match. He wondered if they have been approved. Mr. Cercone does not know, but will find out.

Mr. Charters asked what the concern was regarding equestrian use. Mr. Muchmore responded that the issue before the Legislature had to do with degradation of trails due to overuse or misuse. The DNRE was trying to work with the Legislature to change the legislation so that the DNRE was not mandated to open up every trail.

IV. OLD BUSINESS (continued)

2010 Application Review – Notebooks

Ms. Apostol briefly outlined the 2010 application notebooks that the Board had received. There will be additional acquisition applications coming in by the August 2, 2010 deadline.

Chairperson Pollack wanted to reaffirm that the acquisition applications being submitted by the August secondary deadline receive a deficit of 40 points. Ms. Apostol responded that is correct.

Mr. Garner asked if there was any feeling from local units of government due to the fact the MNRTF would be receiving more money this year, that there would be more acquisition applications submitted by the August deadline. Ms. Apostol responded yes.

Mr. Muchmore asked about the update of MNRTF funding granted to each county. Mr. Charters responded that the Michigan Oil and Gas Association (MOGA) have prepared a report on funding by each county. He will contact MOGA to see if they will be preparing another report. Ms. Apostol added that staff is in the process of preparing a report for the Board to be submitted at the August meeting which evaluates the 2009 grant applications and where the money was spent.

Jean Klock Park, City of Benton Harbor – Conversion Update

Ms. Deborah Apostol advised the Board that since the last Board meeting, staff has received a communication from Harbor Shores regarding mitigation strategy. The Board was sent this report via email. It covers all the mitigation parcels, strategy and timeline for developing the mitigation parcels (from 2010 to 2012). The report is endorsed by Harbor Shores, but Grants Management is still waiting for an endorsement from the City of Benton Harbor. Mr. Frank Ballo, Remediation and Redevelopment Division, DNRE, has also reviewed the report and does not see any environmental issues.

The report covers the mitigation parcels, but it does not address all of the concerns that the Board has raised in previous meetings, in particular, the access area for public use on the golf course.

Ms. Apostol further stated that she can put together all information received in hard copy format and send to the Board.

Chairperson Pollack added that she had received an email of a letter signed by three commissioners of the City of Benton Harbor. It addresses the issues that are not

addressed in the Harbor Shores report. They are not conflicting, but different issues. Harbor Shores' report states what will be done to clean up and make the mitigated sites accessible. The Benton Harbor commissioners' letter acknowledges that the mitigation needs to proceed correctly and be cleaned up, but more specifically focuses on concerns that have been discussed in the workgroup and in staff's site visit to the area. The commissioners had concerns regarding the safety and access to the park, as well as the mitigated parcels.

Chairperson Pollack feels that the Harbor Shores report and the letter from the Benton Harbor commissioners could serve as a good framework for a workgroup to discuss and get to a resolution of these problems. We are now in the fourth year of trying to resolve these issues.

Chairperson Pollack proposed to ask a staff member be designated to recreate a working group to have representation from DNRE, including surface water, clean-up and permit staff; Harbor Shores; a MNRTF Board member; and representation from the City of Benton Harbor. She hopes by the August meeting there be a good report coming from all parties that answers the issues.

Mr. Garner responded that this should be directed to the Director of the DNRE, on behalf of the MNRTF, to take this on. If the conversion is not being resolved as agreed to, at some point in time it should be handed over for litigation purposes. That is beyond the scope of the MNRTF Board. He suggested that a letter stating these concerns should be sent to the Director.

MOVED BY MR. GARNER, SUPPORTED BY MR. MUCHMORE, FOR THE CHAIRPERSON OF THE MICHIGAN NATURAL RESOURCES TRUST FUND BOARD TO SEND A LETTER TO THE DIRECTOR OF THE DNRE STATING THE CONVERSION AND MITIGATION CONCERNS REGARDING JEAN KLOCK PARK, CITY OF BENTON HARBOR, AND SUGGESTING THAT A WORKGROUP BE ESTABLISHED. MOTION PASSED WITHOUT DISSENTING VOTE.

Chairperson Pollack will prepare this letter.

At this point, Ms. Nicole Moon, made some comments regarding the Jean Klock Park, City of Benton Harbor conversion and mitigation issues.

Ms. Nicole Moon, Protect JKP – Jean Klock Park, City of Benton Harbor Conversion and Mitigation Issues

Ms. Nicole Moon, representing Protect JKP, made some comments regarding the conversion and mitigation issues at Jean Klock Park. The proposal the Board received in 2006 is not the one before them now and is not what the Board approved. The mitigation parcels are contaminated. She cited Board Policy prohibiting the acquisition of contaminated sites and other comments concerning contamination.

Ms. Moon pointed out that the MNRTF Board had asked that Harbor Shores and the City of Benton Harbor provide an update of concerns at the Board's December 2009 meeting.

Ms. Moon stated that since October of last year there has been no communication to residents of the City of Benton Harbor. The working group that was designated had not given any updates to the commission. The mitigation strategy report was handed out at a planning and economic development meeting. It was said the report was being submitted by the City of Benton Harbor, yet none of the commissioners ever seen the document.

The original permit for the proposal to cover the entire 500-acre project (mitigation parcels are within this area) states that the mitigation parcels are not part of the application and need to be submitted separately. Two applications have now been submitted, one of which was for Mitigation Parcel F, which has been approved only under Part 31 (floodplain application). Part 201 was not taken into consideration. Permits have been submitted for Parcels B, C and D for trails only. No other cleanup is being proposed on those parcels. Ms. Moon has met with DNRE staff (former DEQ) to get this permit repealed.

Ms. Moon applied under the Freedom of Information Act for any revisions to the permits and nothing has come through. At the same meeting where the mitigation strategy report was provided, Harbor Shores handed out changes to Mitigation Parcel B and D, and those have not gone through DNRE (DEQ). Harbor Shores has not provided the city commissioners with the trailway system and the trails are not covered in perpetuity.

Policy and Procedures

Chairperson Pollack suggested a discussion of the ownership of mineral rights (subsurface rights) and how it might be considered in future grants. The land impact and the recreational use impact of regulated drilling for oil and gas are potentially different than the potential impact of hard rock mining.

Mr. Charters asked if staff was looking into the policies and criteria. Mr. Stokes responded staff was looking at the criteria and it will be brought to the Board at their October meeting. Policies are also being reviewed for possible updates.

Mr. Garner stated that at the last Board meeting it was suggested that a “round table” discussion be scheduled to review policies. He suggested that the Board have one of these sessions again. He felt it was extremely helpful.

Mr. Garner suggested that a separate meeting be held, as there may be a quorum problem later in the year.

MOVED BY MR. GARNER, SUPPORTED BY MR. MUCHMORE, TO SCHEDULE A “ROUND TABLE” DISCUSSION MEETING TO DISCUSS LONG-TERM PLANNING AND TO REVIEW POLICIES, REDUCTION OF MNRTF FUNDING, SUBSURFACE RIGHTS AND SCORING CRITERIA. THE MEETING WILL BE HELD THE AFTERNOON OF THE REGULARLY SCHEDULED MNRTF BOARD MEETING ON AUGUST 18, 2010. MOTION PASSED WITHOUT DISSENTING VOTE.

Mr. Stokes suggested that Board members send any suggestions for policy changes or other ideas to Ms. Harlow, as some may require additional research by staff.

V. NEW BUSINESS.

Recreation Passport Update

Mr. Ron Olson, Chief, Recreation Division, DNRE, made a PowerPoint presentation to update the Board on the new Recreation Passport system.

The Recreation Passport replaces the resident state park and boat launch stickers, which are \$24.00 annually and \$6.00 daily. The Recreation Passport will be \$10.00, motorcycles \$5.00, and is done at the time of license plate registration. This will begin October 1, 2010.

The Recreation Passport will generate funds for:

- State parks.
- Forest campgrounds and pathways.
- State park historic and cultural resources.
- Community recreation agencies through a grant program.

When 18% or more of resident cars/trucks purchase a passport, additional monies will be divided as follows:

- 50% to state park infrastructure/30% operations.
- 10% to local unit development grants.
- 7% to state forest recreation.
- 2.75% to state park historic/cultural resources.
- 0.25% to help promote the passport.

The general tax fund support for state parks ended in 2004. The parks have been operating on fee revenues from camping and motor vehicle permits, and the portion that comes from the MNRTF (\$10 million--\$5 million goes into the corpus and \$5 million is used for operation). Parks have about \$300 million in infrastructure repair needs. State forest campgrounds and pathways are now facing declining general fund support and also have extensive infrastructure repair needs.

The Michigan Recreation Passport was modeled from a concept developed by the State of Montana (Parks4U program). Accomplishments of Montana's program included:

- Put more hours/staff into resource management, facility maintenance, interpretation and education.
- Positive public response.
- Approximately 90% of vehicles who enter Montana state parks are in compliance per a 2008 study.
- State park use has risen 33% in the six years of the program.

Michigan's passport system is unique from Montana's as:

- It is a pure choice model – must decide to pay or not pay the fee on each vehicle to proceed with vehicle registration.
- State license plate tag is evidence of payment – designation will clearly denote who paid.

- State park and forest camping fees will not be affected.
- Fee adjusted annually by the Michigan Consumer Price Index – rounded to the nearest dollar and no sharp price shocks in the future, but will rise slowly with real costs of doing business.

To get a passport, you will need to check “Yes” on the license plate renewal with the Secretary of State for every vehicle, every year.

For the first year, there is a communication challenge as from October 1 to December 31, 2010 visitors will be charged \$10.00 for the passport fee, but in 2011 will be able to visit the parks at no charge until their vehicle renewal date.

There are approximately 7.5 million registered motorists in Michigan of which 20% are active outdoor enthusiasts, 60% are occasional patrons, and 20% see no need to support outdoor recreation.

Marketing tactics approached for the active 20% include:

- Flyer with every Motor Vehicle Permit sold.
- Information on-line.
- Handouts at public forums.
- Massive staff mobilization.
- Message in brochures, press releases and other materials.
- Posters at trailheads.
- Promo cards.

Tactics used for the 60% of occasional patrons include:

- Promo card distribution (libraries, retail partners, Welcome Centers).
- Secretary of State inserts.
- RV “Road to Recreation”.
- Speaking engagements.
- Promotional support from community recreation agencies (canned articles and ads).
- Media engagements.
- PSAs.
- Social media.

Tactics used for the 20% unlikely to not use outdoor recreation facilities include:

- Speaking engagements.
- Passport perks (discount card and show your registration to save at potentially thousands of businesses).

With 50% participation in the Recreation Passport system, it would mean:

- Statewide park improvements.
- Sustain and improve state forest campgrounds.

- \$2.3 million for community recreation grants (used for infrastructure maintenance).
- Local economic benefit in every park community.

The challenge of the Recreation Passport is to educate, inform and inspire on a shoestring:

- Social networking.
- Grassroots marketing.
- Secure additional funding to: Print Secretary of State inserts (\$65,000); underwrite the Perks program (\$45,000); and underwrite advertising placements (\$50,000).

To help promote the Recreation Passport, Recreation Division asks that:

- Encourage your staff, stakeholders, friends and family to check “Yes” for the Recreation Passport.
- Help Recreation Division connect with key groups or likely financial partners.
- Share information about the passport.
- Determine events with likely supporters.

Mr. Muchmore stated that Indian tribes could be very substantial supporters of the program. Mr. Olson responded Indian tribes have come up in discussions, but so far have not made a formal request.

Chairperson Pollack asked what the incentives were for the sponsors. The response was that basically the sponsors were getting free advertising.

Mr. Charters asked about equestrian use on the trails in state parks and how that would relate to the passport system. Mr. Olson responded that the vehicle that the horse is transported into the park would be registered in the passport system.

Oil and Gas Lease Sale – Impact on the MNRTF – Update

Mr. Joseph Frick, Chief, Office of Financial Services, DNRE, made a PowerPoint presentation on oil and gas revenues and how they impact the MNRTF program.

At the oil and gas lease auction held on May 4, 2010, \$178,377,990.56 in bonus and rental revenue was earned (118,117 acres successfully bid). This was the highest amount taken in at any auction held. Staff is confident in the figures, but they have not yet been audited. They are “draft” at the present time.

Mr. Frick also presented the Board with a report of the MNRTF corpus history and projections. The report predicts when and what the ending corpus balance will be.

There was \$22.3 million collected in revenue through March 31, 2010, of which \$20.2 million went to the MNRTF. In addition, \$10 million was transferred to the State Park Endowment, \$6.7 million was available for grants (1/3rd of the \$20.2 million), \$3.5 million went to the MNRTF corpus and \$2.1 million to the Game and Fish Trust corpus.

There were 118,578.55 acres offered on May 4, and 118,117 acres were bid successfully. The total revenue was \$178.3 million. Thirty-six percent of this revenue was from Game and Fish Fund properties and 64% from MNRTF properties.

How this impacts the MNRTF program is:

- Of the 64% from the sale, \$113.9 goes to the MNRTF.
- \$38 million (one-third) will be available for grants.
- \$75.9 million will go to the corpus.
- \$75.9 million is available to invest at this time.
- Assuming 5% distribution on the corpus increase, \$3.8 million (interest/investment income) additional funding for grants will be available in December 2011 and beyond.

The breakdown of the MNRTF corpus is:

- The corpus was \$393.8 million on September 30, 2009.
- Additional \$3.5 million revenue through March 31, 2010.
- Additional \$75.9 million received from the auction revenue.
- Balance \$473.2 million as of May 4, 2010.
- The revenue for the remainder of the fiscal year will be added to the corpus.
- There is a \$500 million cap on the corpus.

The breakdown of the impact of the Game and Fish Trust Fund corpus is:

- The corpus was \$109.8 million on September 30, 2009.
- Additional \$2.1 million revenue through March 31, 2010.
- Additional \$63.9 million received from the auction revenue.
- \$6 million available for Game and Fish General Purpose.
- Balance is \$169.8 million as of May 4, 2010.
- No cap on the Game and Fish Fund.

How this impacts the Game and Fish Trust Fund is:

- \$60 million is available to invest at this time.
- Assuming a 5% return, \$3 million additional annual revenue to Game and Fish General Purpose.
- There is no cap on the corpus.
- The revenue for the remainder of the fiscal year will be added to the corpus.

The breakdown of the impact to the Park Endowment Fund is:

- \$136.4 million balance as of September 30, 2009.
- When the MNRTF reaches its \$500 cap, oil and gas revenue will be deposited into the Park Endowment fund.
- Park Endowment Fund will be able to spend one-half of the revenue and the other half goes to the corpus.
- There is an \$800 million cap on the corpus.

Discussion ensued regarding investments of revenue and impact of MNRTF once it reaches its cap and impact of the Park Endowment Fund.

Mr. Frick also stated that once the revenues start going to the Park Endowment Fund, the overhead costs associated with revenue production and accounting will go down significantly, with expenditures mostly for Grants Management staff.

Mr. Muchmore stated that the Board will need an update on revenues at the August meeting. He is very concerned what the impact will be to the DNRE's constituent groups once the cap has been reached and the MNRTF will not have as money to give out for grants. Mr. Charters added that local units of government should be working on developing a plan for distributing revenues once the Park Endowment Fund has reached its cap. Once the Park Endowment Fund cap is reached, all revenues will then go into the General Fund.

Chairperson Pollack asked once the MNRTF cap is reached, will the Board still be restricted to allocate funds in the same way – 75% for acquisition and 25% for development? Mr. Stokes responded yes; however, the Board does not have to allocate any funding for development if they do not want to.

Chairperson Pollack asked about the projected revenue amount that will be available for grants in 2010 (estimated at \$72.3 million) and wondered if a portion could be put into the Stabilization Reserve (smoothing fund). Mr. Frick responded that it is his understanding that the Board is not obligated to allocate the entire funds available for 2010.

Mr. Muchmore asked about the current phased projects that have been awarded by the Board. If these projects were prefunded, would this come out of the estimated \$72.3 million amount before the 25% was calculated? Mr. Frick responded that those funds would come out of the acquisition portion projected to be available (estimated at \$50.5 million).

TF07-007, Robbins Park Improvement Project, Benton Charter Township (Berrien County) – **WITHDRAWAL**

Chairperson Pollack asked for a motion to withdraw TF07-007, Robbins Park Improvement Project, Benton Charter Township (Berrien County).

MOVED BY MR. GARNER, SUPPORTED BY MR. CHARTERS, TO ACCEPT THE WITHDRAWAL OF TF07-007, ROBBINS PARK IMPROVEMENT PROJECT, BENTON CHARTER TOWNSHIP (BERRIEN COUNTY). PASSED WITHOUT DISSENTING VOTE.

2010 MNRTF Applicants – Invitations to Make Presentations at August Board Meeting in Lansing (Southern Lower Peninsula)

Ms. Apostol advised the Board that staff will be inviting several applicants to make a presentation at the August 18, 2010 meeting in support of their projects. These will be communities from the southern Lower Peninsula. At the present time, staff is proposing eight communities to make a presentation (both acquisition and development projects).

Ms. Apostol stated that if the Board wished to have any additional applicants make a presentation, to let Linda Harlow know by July 21, 2010.

VI. STATUS REPORTS

DNRE Real Estate Report – State Acquisitions

Mr. Charters wished to praise Mr. Freed and his staff on the recreation land acquisition in the Tahquamenon Falls State Park (TF08-119) where the purchase price was \$600.00 per acre.

Mr. Charters asked what the approximate price per acre was for the development rights on the Kamehameha property. Mr. Freed did not know the exact acre amount, but the MNRTF grant was \$16.1 million. There was also Forest Legacy funds used for the property in the amount of approximately \$9.5 million. The property was approximately 248,000 acres. Using these figures, it averaged out to approximately \$1,000.00 per acre.

Completed Projects Report

No discussion.

Financial Report

No discussion.

Open Projects Status Report

No discussion.

Chairperson Pollack had a question regarding appraisals. There are estimated values of the property when the Board makes their final decisions on projects. After the Board's decision, what is the process for getting an appraisal done and what is the Board's obligation? Mr. Stokes responded that when an acquisition application is received, it is estimated at an approximate amount of money. If the project is approved by the Board, the grant will be for up to 75 percent of the grant amount requested. When the project agreement is prepared, it is stated in the agreement that 75 percent of the fair market value, based on the approved appraisal, will be reimbursed. If the appraisal comes in lower than originally estimated and approved in the project agreement, the lesser amount will be reimbursed.

Chairperson Pollack asked if this process was by law, policy or constitution. Mr. Stokes does not think it was in the constitution, but he believes it was in enabling legislation.

Mr. Stokes added that appraisals are not certified by DNRE until the project is approved by the Board and after the Legislature has appropriated the funds. On projects that are for \$500,000 or more, the DNRE requires two appraisals be done.

Mr. Charters asked how staff knows that properties which were provided a grant are properly conformed and maintained. Ms. Apostol responded that staff does a post-completion inspection on projects every five years. There are thousands of projects to

inspect, including Land and Water Conservation Fund and Recreation Bond program projects. Mr. Charters is concerned about the lack of staff in Grants Management to conduct these inspections.

Mr. Garner asked, for acquisition projects, in order to make sure the property is open to the public and not converted for other uses, if a lien can be placed on the title when it is recorded. Ms. Stafford responded that the applicant is required to provide a Declaration of Notice and record it.

MNRTF Lump Sum and Line Item Department Projects

No discussion.

Grants Management Outreach Report

Ms. Lisa McTiernan outlined the Grants Management Outreach report for the Board. Grant workshops were conducted, as well as a half-day workshop in conjunction with the Southeast Michigan Council of Governments (SEMCOG) on recreation planning.

Grant Coordinators, Ms. Apostol and Mr. Duncan traveled throughout the state to meet with local units of government that received a MNRTF grant in 2009. The grant process was outlined to the grantee. This process had not been done in several years, and was very helpful to the grantee.

Ms. McTiernan and Ms. Hegstrom met with Mr. Larry Merrill, Michigan Townships Association (MTA); and Mr. Dan Gilmartin, Michigan Municipal League (MML) to talk about the MNRTF criteria changes and the Board's priority project types and how these fit in with the Michigan Prosperity Initiative. This is a statewide effort with the Land Policy Institute at Michigan State University, Department of Labor and Economic Development (DLEG), MTA and MML to develop a strategic growth plan for each of the 14 planning regions, and ultimately the entire state, to turn Michigan's economy around. The Land Policy Institute would like to make a presentation at the August MNRTF meeting to share with the Board more about the Prosperity Initiative. Mr. Gilmartin and Mr. Merrill expressed an interest in providing input on the criteria, particularly in urban areas.

VII. OTHER MATTERS AS ARE PROPERLY BROUGHT BEFORE THE BOARD.

None.

VIII. ANNOUNCEMENTS.

The next meeting of the Michigan Natural Resources Trust Fund Board is scheduled for 9:00 AM, Wednesday, August 18, 2010, Lansing Community College West Campus, 5708 Cornerstone, Lansing, Michigan.

ADJOURNMENT.

**MOVED BY MR. GARNER, SUPPORTED BY MR. CHARTERS, TO
ADJOURN THE MEETING. PASSED WITHOUT DISSENTING VOTE.**

The meeting was adjourned at about 1:30 PM.

Dennis Muchmore, Vice-Chairperson
Michigan Natural Resources Trust Fund
Board of Trustees

_____, Acting Manager
Grants Management

DATE