

MICHIGAN NATURAL RESOURCES TRUST FUND

BOARD OF TRUSTEES MEETING

Minutes of December 1 (7:00 PM) and 2 (9:00 AM), 2009
Lansing Community College West Campus, 5708 Cornerstone, Lansing

The meeting of the Michigan Natural Resources Trust Fund (MNRTF) Board of Trustees evening session commenced at 7:15 PM, December 1, 2009.

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 (DNR) and other interested parties.

Chairperson Pollack informed the audience that those wishing to make a presentation will be allowed three (3) minutes.

Mr. Tom Bailey, Executive Director, Little Traverse Conservancy

Mr. Tom Bailey, Executive Director, Little Traverse Conservancy, made some comments. He stated that there are a lot of MNRTF dollars going into the Michigan economy. The sooner the Legislature can act on passing the MNRTF bill, the sooner the dollars will get into the economy. He encouraged the audience to contact their legislators and inform them that by quickly passing the MNRTF bill will help the economy.

Mr. Bailey also expressed his support for 09-137, Little Pigeon River Property Acquisition, submitted by DNR's Forest, Mineral and Fire Management Division. There will be a conservation easement on property adjacent to this project, which would more than double its size.

Mr. Bailey also commented on 09-168, Lake Charlevoix Access Acquisition, Eveline Township. The township is working hard to provide access to Lake Charlevoix. He feels this is a very good project to fund.

Presentations regarding project scoring and other issues were made by the following communities:

Mr. Mike Ridley, Supervisor, Tuscarora Township – 09-072, Indian River Pathway Development, Tuscarora Township

Scored 320. Has reviewed how the project scored out, and does not have a dispute. Encouraged the Board to fund the project.

Mr. Matt T. Wiitala, Michigan Department of Transportation (MDOT) Grant Coordinator – 09-108, Calhoun County Trailway Development-Phase I, Calhoun County

Scored 0. Outlined the status of MDOT's matching funds for the project. Currently, matching funds are not secure. There is an outstanding issue relating to the boardwalk (not being in compliance with federal funding requirements). MDOT is currently working with the Calhoun County Trail Alliance, Road Commission and County Parks and Recreation Department to effect a solution to overcome this issue. Once this issue is resolved, MDOT feels confident that funding could be secured for the trailway development project. This is a significant part of the Airline Trail, which has regional and statewide significance.

Mr. Tom Garnett, President, Calhoun County Trailway Alliance – 09-108, Calhoun County Trailway Development-Phase I, Calhoun County

Scored 0. The project is for a 5.3-mile segment of what will become a 40-mile, multi-use trail. When this segment is completed, it will connect Battle Creek, Marshall, Albion and Homer.

Mr. Garnett outlined some of the criteria from the grant application-- Need for the Project, Applicant History, and Site Quality.

Ms. Bev Isenbarger – 09-164, Miley's Beach Acquisition, Forest Home Township

Scored 280. Addressed the issue that had been brought up regarding loons on the lake and that the beach might be a detriment. The acquisition would not have any impact on the loons.

Chairperson Pollack is concerned about funding for upkeep of the project. Ms. Isenbarger responded that there is money to sustain the upkeep.

Representative Michael Lahti

Representative Lahti expressed his support for the following projects:

Scored 360. 09-115, L'Anse Area Schools Village Park, L'Anse Area Schools

Scored 350. 09-120, Marina Boardwalk and Boat Launch, Village of Baraga

Scored 180. 09-018, Bluff Valley Park Development, City of Bessemer

Scored 190. 09-160, Patterson Tennis Court Upgrade and Expansion, City of Ironwood

Scored 260. 09-158, Eddy Park Improvements, City of Wakefield

Scored 390. 09-123, Central Agonikak National Recreation Trail Enhancement, Watersmeet Township

Representative Steven Lindberg

Representative Lindberg expressed his support for the following projects:

Scored 350. 09-071, Iron Ore Heritage Trail Interpretive Signage, Iron Ore Heritage Recreation Authority

Scored 310. 09-110, Jackson Mine Park Development, City of Negaunee

Scored 350. 09-113, Pennies for the Park at Miners Park, City of Negaunee

Scored 370. 09-157, Huron Mountains Deeryard Complex Acquisition, DNR, Wildlife Division

Scored 340. 09-087, School Lake Fishing Access, Republic Township

Scored 260. 09-004, Lindsley Frenette Park Improvement, Schoolcraft County

At this point, Chairperson Pollack asked Mr. Joseph Frick, Chief, Office of Financial Services, DNR, to provide a presentation on the Stabilization Reserve and the amount of funding available for recreation grants this year.

Mr. Joseph Frick, Chief, Office of Financial Services, DNR

Mr. Joseph Frick, Chief of the Office of Financial Services, DNR, provided a history and information regarding project lapses. He explained that the DNR was given authorization by constitutional amendment to invest in the stock market. In 2003, the Board decided that it would be wise to set aside some funds for market fluctuation. As a result the "Stabilization Reserve" was created.

Mr. Frick outlined investment earnings. All investment earnings are put into the Stabilization Reserve and then an amount equal to 5% of the total amount that can be invested by Treasury is made available annually to spend. He provided a document to the Board outlining investment results from 2003 to 2007. The reserve was originally funded by \$9 million of accumulated unrealized gains on the bond portfolio on September 30, 2003. During this period of time, \$69 million was earned on the investment portfolio. Of that total, 5% annually (\$64 million) was distributed, leaving a beginning balance in 2008 of \$14 million in the Reserve.

Mr. Frick further stated that the Board also decided that any lapses from withdrawn or not completed projects would be put in the Reserve. From 2003 to 2007, \$15 million was added to the Reserve in lapsed funds. Also, in 2006 some of the Reserve was used to pay for Section 29 payments.

By the end of 2007, the Reserve had accumulated \$26 million, of which \$14 million was the investment earnings (described above) and \$12 million was lapses.

In 2008, the stock market fell and the MNRTF showed an annual net loss on its investments. Because of the accumulated Reserve, the 5% distribution was still made available. In 2009, the MNRTF had a good investment year, largely as a result of the State Treasurer buying corporate bonds and the value of the bonds later going up. There was a \$35 million investment return, leaving an accumulated net retained earnings amount of \$10 million and a balance of \$14 million in retained lapses, for a total reserve of \$24 million on September 30, 2009.

Mr. Frick provided a document outlining the history of lapsed funds from 2003 to 2009. The Board is proposing to pass a resolution to use lapsed funds for the 2009 grant cycle. The additional amounts available for development projects would be \$363,983 and \$1,015,502 for acquisition projects.

At this point, presentations regarding project scoring and other issues continued.

Ms. Shannon Greaves, Grant Coordinator, City of Gladwin – 09-051, Gladwin City Park and Campground Improvements, City of Gladwin

Scored 375. Receiving this grant would enhance marketing strategy for City of Gladwin. The grant would eliminate problems with ADA issues.

Mayor Barry Johnson and Mr. Tony Vettori, Council Member, City of Saugatuck – 09-001, Saugatuck Harbor Natural Area Acquisition, City of Saugatuck

Scored 350. Mayor Johnson provided information on some changes to the project. There were some owner-imposed covenants that were of concern to the MNRTF Board. Restrictions for hunting, motorized wheelchairs, and mooring facility were eliminated.

Mr. Vettori provided information regarding access across the Deam family property. Since the Board's last meeting (October 21, 2009), guaranteed access has been negotiated, which will provide some limited vehicular access above and beyond the high water mark, specifically access for emergency and maintenance vehicles only.

Mr. Charters asked about the size of the access. Mr. Vettori responded it goes beyond the high water mark, which is approximately 15 feet. Mr. Charters asked if dogs were allowed on the property. Mr. Vettori responded yes. Mr. Charters asked if there were fishing opportunities on the river in the Oxbow area. Mr. Vettori responded yes. Also, in the basin area there is boat access.

Mr. Robert L. Grooters – 09-001, Saugatuck Harbor Natural Area Acquisition, City of Saugatuck

Opposed to the project. He has concerns about the appraisals that are or can be generated in support of this project. Access is severely limited.

Mr. Robert Zeilinger, Chairman, Cass River Greenway; Mr. Julius Suchy, City Manager, City of Vassar; Ms. Betty Goyings, Tuscola Township; and Mr. Joe Toth, City of Frankenmuth – 09-100, Cass River Greenway Water Trail Development, City of Vassar; 09-101, Cass River Greenway Water Trail Development, City of Frankenmuth; and 09-102, Cass River Greenway Water Trail Development, Tuscola Township

09-100 scored 310; 09-101 scored 360; and 09-102 scored 270. Mr. Zeilinger made the presentation. Cass River Greenway Committee represents Bridgeport Township Franklin Township, City of Frankenmuth, Tuscola Township, City of Vassar, Village of Caro and Village of Cass City. Objectives for the Cass River that have been developed include water management plan for restoration and water quality improvement, natural lands inventory assessment for wildlife habitat, preservation, developing recreation opportunities on the river, river stewardship and marketing plan for the greenway.

The trail would be the cornerstone of the promotional activity to support the objectives of water quality and wildlife preservation. There are three projects involved in the trail development and is a collaborative effort. The trail will also be a service to Saginaw

Bay, Genesee and Tuscola Counties. It will also benefit underserved residents in Saginaw and Flint.

Ms. Catherine Washabaugh, Chair, Friends of Bay City State Recreation Area – 09-142, Bay City Recreation Area-Accessible Urban Spray Park, DNR, Parks and Recreation Division

Scored 0. The project was deemed ineligible due to a “gift and acceptance agreement.” The agreement was written by the DNR, yet another office of DNR stated the project ineligible. When this eligibility was made known, the Friends of Bay City State Recreation Area signed a new agreement that removed the statement that caused the concern. The Friends are willing to do whatever to get the project going.

Also, as to “Need for the Project” there are serious water quality issues in Bay County. The “beach” was closed several times last year due to high e-coli levels, as well as knee-deep muck issues.

“Local Match and Collaboration” – the Friends have raised \$233,000 towards the project. In addition, a portion of the funds will go into an endowment fund established by the Bay Area Community Foundation, which will help with maintenance costs.

The park is located in Bangor Township, which has never received a MNRTF grant.

The spray park will be universally accessible.

Chairperson Pollack asked what the problem was in the agreement. Ms. Washabaugh responded that there was a clause in the agreement that the Friends could terminate the agreement upon completion of the project. The clause was taken out and the agreement re-signed. The DNR wrote the agreement, but another office of the DNR stated it was not an acceptable agreement.

Ms. Kelly Knight, Grant Administrator, White Lake Township – 09-103, Bloomer Park Development, White Lake Township

Scored 330. Provided letters of collaboration and support of the project from various entities, which include education departments, school districts and community centers. These documents were not provided by the deadline for submission. After adoption of the township recreation plan, the township has met with local leaders from the school district, community and education and community centers.

The township worked with Mr. Paul Yauk, Mr. Rob Corbett and others within the DNR to purchase the park with township millage funding from the DNR within the past year. As a result, this allowed for the assurance that the township would take ownership, therefore allowing the ability to move forward to apply for a MNRTF development grant.

The township is hopeful with this extra support, the application could be granted an additional 20 points.

Ms. Susan Nyquist, Chief Planner, Huron-Clinton Metropolitan Authority – 09-031, Hudson Mills Metropark Trail Development, Huron-Clinton Metropolitan Authority

Scored 240. HCMA has commitments from partners of \$1.7 million for the project (Michigan Department of Transportation Enhancement Grants, Washtenaw County Road Commission, Washtenaw County Parks and Recreation Commission, and Village of Dexter). Project is also part of regional goals for the Washtenaw County trail.

Has dispute with score. The project was originally scored at 340. Supplemental information was submitted to improve the score. The final score HCMA received was 240. This score was received without explanation or communication from Grants Management. If in error, would like the Board to address with staff to have it corrected. If not in error, it is unfortunate to receive this score one day before the meeting to make any comments.

A partner in this trail, the Village of Dexter, received a score of 380.

Chairperson Pollack asked that staff address this issue.

Mr. Murdock Jemerson, Director, Parks and Recreation, City of Lansing – 09-002, Frances Park Waterfront Improvements, City of Lansing

Scored 250. Has a dispute with score. The city was pleased with the preliminary score of 360. Yesterday the final score was received and it was 250. Mr. Jemerson realized that the preliminary score was based on a former employee of Grants Management. He feels the project is worth more points than 250, especially in the area of “Need for the Project” (from 60 to 0) and “Project Site and Quality” (60 to 20).

Mr. Jemerson is asking for time to review the evaluation with the current grant coordinator to clarify some of these issues to see if the score can be raised.

Chairperson Pollack responded that she is aware of the personnel change in Grants Management; however, it does not mean that the final score is wrong. The timing is unfortunate and it will not be happening in the future.

Chairperson Pollack asked that staff meet with Huron-Clinton Metropolitan Authority and the City of Lansing in a side-bar session to explain how these projects scored out. If there are any changes after the meeting, the Board wants to know what they are by tomorrow.

Professor James Perkins – 09-002, Frances Park Waterfront Improvements, City of Lansing

Scored 250. He is concerned about not having funding to complete the linkage. He also is concerned about safety issues if not completed.

Mr. Muchmore responded that it is not the Board’s responsibility to worry about the safety of the street with the missing linkage. Also, Mr. Jemerson is one of the best parks and recreation directors in the state, and Mr. Muchmore is sure he will find a solution to the safety issue.

Ms. Judith Filice, Vice-President, Friends of Frances Park – 09-002, Frances Park Waterfront Improvements, City of Lansing

Scored 250. Expressed support for the project. One portion of the walkway needs to be completed. Because of the steep incline, this forces people to walk in the middle of the road in order to access the fishing piers. The park contains hiking trails and playground areas. A children's garden is planned. It is imperative to receive funding to link the final section of the street in a safe manner.

Mr. Bruce Pearson, Supervisor; and Mr. Rodney Blaszyic, Addison Township – 09-033, Lake George Nature Park Acquisition, Addison Township

Scored 280. This project would link several parks in Oakland County. This would create one continuous greenbelt for bicycles, hikers and horses. In the last year, \$40,000 has been put into the park system and the township has received an additional \$60,000 in donations.

The landowner has been contacted between the watershed and the Lake George project. The landowner has committed to donate in the future 80 acres. The project is within 30-45 minutes of millions of people.

Mr. Blaszyic added that the township submitted this application last year and were not successful. Recommendations suggested last year were used in this year's application.

The township is bringing in funding from a cell phone tower that is directed towards the park.

Mr. Muchmore had a question about the property being owned by a land conservancy and wondered why the MNRTF should be buying the conservancy's land. Mr. Pearson responded Six Rivers Land Conservancy is selling the land. Mr. Muchmore wondered if the sale could be held off until later when more funds would be available. Mr. Pearson responded that this is a nice piece of property and others may be interested in it. The conservancy needs to move forward in their investment of other properties and need the financial values they have invested in this property. The township would like to acquire it for public use.

Mr. Garner asked how long the conservancy has had the rights to this property. Mr. Pearson responded that the township has been working on the project for five years and the conservancy has had ownership for two years.

Ms. Marjorie Banner, Trustee, Northville Township; and Mr. Grant Trigger, Representative of REIS – 09-174, Linear Park Acquisition, Northville Township

Scored 360. The 51.01 acres being requested are not part of the contaminated area. Maps were provided referencing the contaminated and non-contaminated areas.

There was a discrepancy in the acres being requested—the 51.01 acres includes 8.06 acres of road right-of-way.

School districts are very supportive of the project. University of Michigan and Michigan State University graduate students will help with the project. A millage was passed last August specifically for this project.

Mr. Garner asked Mr. Trigger what would happen if the property boom would have continued. Mr. Trigger responded there was a development agreement in place for commercial development, 800 homes, 450 senior housing units and 25 acres for offices. REIS is selling the development rights and the bulk of the property is being turned over to the township.

Mr. Muchmore asked where the oil well was located. The location was pointed out. All mineral rights were retained by the State of Michigan when the property was acquired. The MNRTF benefits from the royalties from the well.

Mr. Ryan Cotton, Village Manager, Village of Spring Lake – 09-015, Grand River Greenway Non-Motorized Trail, Village of Spring Lake

Scored 355. Expressed and appreciated the hard work of the Board and Grants Management staff.

Ms. Nancy Krupiarz, Executive Director, Michigan Trails and Greenways Alliance – 09-108, Calhoun County Trailway Development-Phase I, Calhoun County

Scored 0. Provided a map of the Michigan Airline Trail and segments. This is a 240-mile trail. The Calhoun County Trailway was pointed out via the map. Ms. Krupiarz pointed out that three trail ambassadors have been hired to help find trail gaps and obstacles.

Ms. Krupiarz stated that she is sure the agreement between DEQ and MDOT is close at hand.

Mr. Josh Zuiderveen, Archery Facility Committee Member, Algoma Township – 09-079, Rockford Sportsman’s Club Archery Facility, Algoma Township

Scored 200. Outlined universal design of the facility. All meet ADA and universal design requirements.

The township does not have all its match at this time. There is a \$250,000 cash pledge and are quite confident that when construction begins, all remaining match will be met.

At this point, Ms. Susan Nyquist, Huron-Clinton Metropolitan Authority, provided additional comments regarding 09-031, Hudson Mills Metropark Trail Development.

Staff met with her and discussed scoring situation. Staff was cooperative in trying to reach an agreement with scoring. The response from staff was if HCMA would have provided information, it would have scored higher. Unfortunately, there was not enough time to provide this additional information. It is a very frustrating position for Ms. Nyquist to be in.

Chairperson Pollack apologized for this issue. It is not the staff that has created the problem.

At this point, Chairperson Pollack called for a motion to adjourn the evening session.

MOVED BY MR. CHARTERS, SUPPORTED BY MR. GARNER, TO ADJOURN THE EVENING SESSION OF THE MNRTF BOARD MEETING. PASSED WITHOUT DISSENTING VOTE.

The December 1, 2009 evening session concluded at 8:50 PM.

The regular meeting of the MNRTF Board of Trustees commenced at 9:05 AM, December 2, 2009.

The following Board members were present:

Keith Charters
Bob Garner
Dennis Muchmore
Lana Pollack
Frank Torre (9:45 AM via conference call)

Mr. Torre will be joining the meeting later via conference call.

Also in attendance were various staff members of the DNR and other interested parties.

I. ADOPTION OF MINUTES FOR MEETING OF OCTOBER 21, 2009.

Chairperson Pollack called for a motion to adopt the minutes from the October 21, 2009 MNRTF Board meeting.

MOVED BY MR. GARNER, SUPPORTED BY MR. CHARTERS, TO APPROVE THE MINUTES OF THE OCTOBER 21, 2009 MNRTF BOARD MEETING. PASSED WITHOUT DISSENTING VOTE.

II. ADOPTION OF AGENDA FOR MEETING OF DECEMBER 2, 2009.

Chairperson Pollack called for a motion to adopt the agenda for the December 2, 2009 MNRTF Board meeting.

MOVED BY MR. GARNER, SUPPORTED BY MR. CHARTERS, TO ADOPT THE AGENDA FOR THE DECEMBER 2, 2009 MNRTF BOARD MEETING WITH THE FOLLOWING AMENDMENT: TO REVISE THE MNRTF BOARD POLICY 03.1, STABILIZATION RESERVE. BEGINNING IN 2009, ALL LAPSES FROM THE MNRTF ACQUISITION AND DEVELOPMENT APPROPRIATIONS WILL BE REAUTHORIZED TO PROVIDE ADDITIONAL FUNDING IN EACH SUBSEQUENT GRANT CYCLE AND WILL NOT BE DEPOSITED INTO THE STABILIZATION RESERVE. ACQUISITION LAPSES WILL BE USED TO FUND ACQUISITION PROJECTS, AND DEVELOPMENT LAPSES WILL BE USED TO FUND DEVELOPMENT PROJECTS. PASSED WITHOUT DISSENTING VOTE.

Chairperson Pollack added that this amendment does not change the Stabilization Reserve. The amendment states that if there are funds that have lapsed because of projects being withdrawn or not completed, those funds will be available for funding for the current funding cycle. Lapsed funds available to be allocated today are \$1.4 million (\$1 million acquisition and \$400,000 development).

OLD BUSINESS.

Jean Klock Park, City of Benton Harbor – **UPDATE FROM OCTOBER 21, 2009 MEETING** – Mr. Jim Wood, Manager, Grants Management, DNR

Mr. Jim Wood, Manager of Grants Management, DNR, provided an update on mitigation and conversion issues for Jean Klock Park, City of Benton Harbor. At the Board's last meeting, several issues were raised regarding the Harbor Shores conversion for Jean Klock Park. Since the last meeting, Mr. Wood attended a meeting in Benton Harbor with city representatives, Harbor Shores, Department of Environmental Quality (DEQ) and DNR staff. Two issues were discussed:

- Issues discussed at the October 21 MNRTF Board meeting; and
- How to move forward to bring resolution to the conversion process.

Mr. Wood provided a report to the Board on discussion that took place at this meeting. Several issues have been identified specifically related to the conversion resolution. A simple point of contact was established which includes Mr. Wood, a member from the City of Benton Harbor, a member from Harbor Shores and a staff member from DEQ. This group will continue to meet to discuss the conversion issue for resolution.

Mr. Wood will be coming back to the Board at each meeting to provide an update of progress made. It is his hope that by the Board's June meeting, the conditions of the conversion approved by the Board in 2006 will be met and the Board will get the full value for the mitigation.

Mr. Wood outlined specific items raised at the October 21 Board meeting:

- **Extent of parking and paving within park:** The portions of the park outside of the conversion area remain in the city's control, and as such their decisions to develop the park are not a condition of the conversion mitigation.
- **Safe crossing of M-63:** Upon a site visit, there was a signaled crossing with pedestrian activation available at this intersection. At the north end of the park, a tunnel under M-63 has been constructed. Additional signage will be needed to ensure pedestrian users are aware of this as a public crossing.
- **Pump house located on mitigation parcel B:** The pump house is not on the mitigation parcel.
- **Additional encroachment into non-converted areas:** Area 4, at north east corner of the park, is not within the boundary of the park. Other areas are still under review.

- **Area 9, access to “Bird Watch Tower” cut off:** Options are currently being pursued to restore the access. They will require additional directional signing, paving and steps.
- **Safety concerns at 9th tee:** Options currently being explored, including bells and other warning devices used in other golf courses for this area.

Mr. Wood also stated that the contamination levels that have been reported to the Board are being addressed. There is a representative from DEQ that will be working on these issues, and the objective is that any parcels that the MNRTF takes in exchange for converted parkland must be clean so the entire site can be used for public recreation.

Chairperson Pollack stated that she is essentially in agreement with the report provided, and thanked Mr. Wood.

Chairperson Pollack wanted the record to reflect a memo that she sent via email on November 28, 2009 (attached) to DNR and interested parties in Benton Harbor. She discussed the following points:

- When Benton Harbor and Harbor Shores Development argue that they have completed the project as agreed to, some points seem to be in variance to the project that the Board approved. When the Board approves a project, they are not approving a concept.
- There are extreme concerns about the use of the mitigation parcels, particularly for the health and safety of people using them.
- The work group that has been established is designed to discuss fulfilling the obligations, and not “extras.”

Mr. Garner agreed with Chairperson Pollack’s comments. If changes are proposed to be made, they need to be brought to the Board.

At this point, Chairperson Pollack asked Ms. Deborah Apostol, Unit Manager, Recreation Grants, Grants Management, DNR, to introduce staff in attendance. Ms. Apostol introduced staff from the DNR: Director Rebecca Humphries; Ms. Mindy Koch, Resource Management Deputy; Grants Management staff (Ms. Linda Harlow, Ms. Jule Stafford, Mr. Sam Duncan, Ms. Lisa McTiernan, Ms. Linda Hegstrom and Mr. Jim Wood); Mr. Joe Frick, Chief, Office of Financial Services; Mr. Paul Yauk, Parks and Recreation Division; and Mr. Rodney Stokes, Chief of Staff. Ms. Koch introduced other DNR staff.

Mr. Garner wanted to mention to the audience that the Board receives a lot of correspondence addressed to the “DNR, Michigan Natural Resources Trust Fund.” He wanted to make it clear that the MNRTF is not part of the Department of Natural Resources. The DNR simply administers the MNRTF program for the State of Michigan.

Financial Report – 2009 Final Report

No further discussion.

At this point, Mr. Torre was in attendance via conference call.

2009 MNRTF Acquisition and Development Applications – FINAL STAFF RECOMMENDATIONS AND BOARD ACTION

Chairperson Pollack called for a motion to act upon the first three acquisition projects identified on the final staff recommendations list. These projects were phased projects from the 2008 grant cycle.

MOVED BY MR. GARNER, SUPPORTED BY MR. MUCHMORE, TO APPROVE FUNDING FOR 09-163, ACADEMY PRESERVE ACQUISITION-PHASE II, MONROE COUNTY, IN THE AMOUNT OF \$1,000,000; 09-171, ACME WATERFRONT PARK-PHASE II, ACME TOWNSHIP, IN THE AMOUNT OF \$2,266,500; AND 09-132, SOUTHEAST MICHIGAN ECO-REGION ACQUISITIONS, DNR, EXECUTIVE DIVISION, IN THE AMOUNT OF \$3,800,000.

MR. CHARTERS RECUSED HIMSELF FROM VOTING ON THESE ACQUISITION PROJECTS, DUE TO A CONFLICT OF INTEREST FOR FUNDING 09-171, ACME WATERFRONT PARK-PHASE II, ACME TOWNSHIP. MR. CHARTERS LEFT THE MEETING ROOM.

CHAIRPERSON POLLACK CALLED FOR A ROLL CALL VOTE. MR. MUCHMORE VOTED YEA. MR. GARNER VOTED YEA. MR. TORRE (VIA CONFERENCE CALL) VOTED YEA. PASSED WITH THREE YEA VOTES; ONE ABSTENTION.

At this point, Mr. Charters returned to the meeting.

At this point, Mr. Torre left the meeting.

Chairperson Pollack called for a motion to address the proposed acquisition projects.

MOVED BY MR. CHARTERS, SUPPORTED BY MR. GARNER, TO APPROVE THE FOLLOWING ACQUISITION PROJECTS:

**09-082, NILES TOWNSHIP, \$90,000
09-165, CITY OF ROCHESTER HILLS, \$510,000
09-166, PLAINFIELD TOWNSHIP, KENT COUNTY, \$520,000
09-026, PLAINFIELD TOWNSHIP, IOSCO COUNTY, \$428,400
09-075, OTTAWA COUNTY, \$720,000
09-157, DNR, WILDLIFE DIVISION, \$750,000 (REDUCED FROM \$1,920,000)
09-173, GARFIELD CHARTER TOWNSHIP, \$1,231,800
09-137, DNR, FOREST, MINERAL AND FIRE MANAGEMENT DIVISION,
\$1,800,000
09-156, DNR, WILDLIFE DIVISION, \$1,000,000
09-174, NORTHVILLE TOWNSHIP (PHASED PROJECT OVER TWO YEARS,
FIRST PHASE \$4,000,000)
09-001, CITY OF SAUGATUCK (PHASED PROJECT OVER THREE YEARS,
FIRST PHASE \$3,500,000)
09-133, DNR, EXECUTIVE OFFICE, \$500,000 (REDUCED FROM \$2,000,000)**

09-136, DNR, FOREST, MINERAL AND FIRE MANAGEMENT DIVISION,
\$1,500,000
09-010, CITY OF PORTLAND, \$82,500
09-131, DNR, EXECUTIVE OFFICE, \$500,000 (REDUCED FROM \$2,000,000)
09-130, DNR, EXECUTIVE OFFICE, \$500,000 (REDUCED FROM \$1,000,000)
09-083, CITY OF DURAND, \$80,000
09-064, VILLAGE OF SPRING LAKE, \$88,700
09-167, FORT GRATIOT TOWNSHIP, \$100,000
09-169, CITY OF ST. JOHNS, \$106,900
09-033, ADDISON TOWNSHIP, \$428,000
09-154, DNR, PARKS AND RECREATION DIVISION, \$415,391 (REDUCED
FROM \$2,000,000)

Discussion ensued by the Board concerning various projects. Mr. Muchmore mentioned that a number of smaller acquisition projects were not being recommended. He felt the Board needs to look at the "value" of projects. He also stated that some of the acquisition projects tend to get away from the purpose of the MNRTF program.

Mr. Muchmore concluded by stating that some of the projects that do not get recommended in a grant cycle are really great projects. He encouraged those communities to work with staff to reapply in the next grant cycle.

Mr. Garner stated that he likes to see the funding spread around to communities. He mentioned that the Menominee River Oxbow Acquisition project (09-136, DNR, Forest, Mineral and Fire Management Division) was approved for \$1.5 million. This is a great project, but it will need an additional \$1.5 million to make the purchase. This project will be back for additional funding in the next grant cycle. This technically is a "phased" project.

PASSED WITHOUT DISSENTING VOTE.

Chairperson Pollack called for a motion to address the proposed development projects.

**MOVED BY MR. MUCHMORE, SUPPORTED BY MR. GARNER, TO
APPROVE THE FOLLOWING DEVELOPMENT PROJECTS:**

09-058, LOWELL AREA RECREATION AUTHORITY, \$398,000
09-123, WATERSMEET TOWNSHIP, \$240,000
09-028, VILLAGE OF DEXTER, \$450,000 (REDUCED FROM \$500,000)
09-051, CITY OF GLADWIN, \$200,000 (REDUCED FROM \$226,300)
09-092, BRIDGEPORT TOWNSHIP, \$500,000
09-099, CITY OF GRAND HAVEN, \$115,200 (REDUCED FROM \$150,000)
09-027, BAY COUNTY, \$325,000 (REDUCED FROM \$403,600)
09-112, SPRING LAKE TOWNSHIP, \$231,500
09-062, CITY OF BAY CITY, \$325,000 (REDUCED FROM \$425,000)
09-101, CITY OF FRANKENMUTH, \$35,300
09-149, DNR, PARKS AND RECREATION DIVISION, \$450,000 (REDUCED
FROM \$500,000)
09-115, L'ANSE AREA SCHOOLS, \$440,000
09-068, MERIDIAN TOWNSHIP, \$30,000
09-127, WAYNE COUNTY, \$400,000 (REDUCED FROM \$500,000)

09-015, VILLAGE OF SPRING LAKE, \$465,000 (REDUCED FROM \$492,000)
 09-113, CITY OF NEGAUNEE, \$75,000
 09-071, IRON ORE HERITAGE RECREATION AUTHORITY, \$15,000
 09-120, VILLAGE OF BARAGA, \$50,000
 09-049, VILLAGE OF COLON, \$200,000 (REDUCED FROM \$250,000)
 09-104, FILLMORE TOWNSHIP, \$201,000 (REDUCED FROM \$301,000)
 09-029, CITY OF KENTWOOD, \$65,000
 09-145, DNR, PARKS AND RECREATION DIVISION, \$450,000 (REDUCED FROM \$500,000)
 09-087, REPUBLIC TOWNSHIP, \$26,000
 09-114, VILLAGE OF ALANSON, \$250,000 (REDUCED FROM \$274,800)
 09-050, VILLAGE OF CONCORD, \$109,400
 09-111, CITY OF HASTINGS, \$370,000 (REDUCED FROM \$395,000)
 09-063, CITY OF WAYLAND, \$223,400
 09-143, DNR, PARKS AND RECREATION DIVISION, \$400,000 (REDUCED FROM \$450,000)
 09-090, HOLLAND TOWNSHIP, \$275,000 (REDUCED FROM \$325,000)
 09-103, WHITE LAKE TOWNSHIP, \$350,000 (REDUCED FROM \$500,000)
 09-003, CITY OF CEDAR SPRINGS, \$100,000 (REDUCED FROM \$132,400)
 09-105, CITY OF SAULT STE. MARIE, \$42,200
 09-013, PITTSFIELD TOWNSHIP, \$300,000 (REDUCED FROM \$500,000)
 09-072, TUSCARORA TOWNSHIP, \$393,400
 09-025, MONTROSE TOWNSHIP, \$348,500
 09-017, ST. JOSEPH TOWNSHIP, \$70,000
 09-100, CITY OF VASSAR, \$15,400
 09-102, TUSCOLA TOWNSHIP, \$32,700
 09-066, MEADE TOWNSHIP, \$34,000
 09-148, DNR, PARKS AND RECREATION DIVISION, \$489,000 (REDUCED FROM \$500,000)
 09-155, DNR, EXECUTIVE OFFICE, \$175,000 (REDUCED FROM \$500,000)
 09-129, DNR, OFFICE OF COMMUNICATIONS, \$75,000 (REDUCED FROM \$425,000)

Mr. Muchmore stated that he wished that the Board could fund more this year for 09-155, Building Demolition Initiative, DNR, Executive Office. Hopefully, more funding can be granted for the next grant cycle.

Mr. Muchmore also made comments regarding 09-041, Millersburg Trailhead Development, Presque Isle County. The reason the Board did not fund this project is the unresolved issue with the Legislature regarding equestrian access to trails. He personally does not want to grant a lot of funding for trails until this is resolved. The Natural Resources Commission realized this was a very serious issue. The Legislature is engaged in an effort to overturn Natural Resources Commission rulings about which trails can be accessed by horses.

PASSED WITHOUT DISSENTING VOTE.

IV. NEW BUSINESS.

Election of Chairperson and Vice-Chairperson for 2010

MOVED BY MR. GARNER, SUPPORTED BY MR. MUCHMORE, TO APPOINT MS. POLLACK AS CHAIRPERSON FOR 2010. PASSED WITHOUT DISSENTING VOTE.

MOVED BY MR. GARNER, SUPPORTED BY MR. CHARTERS, TO APPOINT MR. MUCHMORE AS VICE-CHAIRPERSON FOR 2010. PASSED WITHOUT DISSENTING VOTE.

V. STATUS REPORTS.

DNR Real Estate Report – State Acquisitions

Mr. Ed Meadows, Manager, Real Estate Services Section, Office of Land and Facilities (OLAF), DNR, outlined the DNR real estate report. There are a number of land transactions for the Director's and Natural Resources Commission's approval that will be taken up at the Commission meeting tomorrow.

Mr. Meadows further stated that the DNR has received a number of options, including a potential gift of additional rail corridor in Ionia and Kent counties. Additional properties have been purchased for deeryards and acquisitions of several inholdings.

The conveyance was received from Conservation Easement #5, which is part of the Kamehameha project, which involves 53,000 acres in Alger and Luce counties. Mr. Charters asked if this completes the project. Mr. Meadows responded there is one more phase (Conservation Easement #6).

Mr. Meadows also stated that the DNR has been able to obtain properties at "value" prices, as a result of tax and foreclosure auctions.

Mr. Meadows also stated that recently staff has made an analysis of properties that are under option under the "lump sum" status. With the exception of three properties, the DNR is fully committed to expend all of the funds under option.

Mr. Charters had a question regarding title work. Mr. Meadows responded that when the DNR makes an offer for the property and the owner accepts, it then goes to the Director for action. Once the Director approves, the title work is submitted to the Attorney General's office for title review before the DNR can close. It can be many months after the Director approves the property before it can be closed.

Mr. Charters asked if there are no problems, why is there a big backlog of properties waiting to be closed for internal reasons. Is this because of only one person reviewing appraisals or are there other reasons? He wanted to know what the hold up was. Mr. Meadows responded lack of staff and prioritization is always an issue. OLAF works on many real estate matters for a number of agencies, as well as MNRTF. Mr. Charters wanted to know what the delay was. Mr. Meadows responded prioritization. Mr. Charters wanted to know if more staff is needed to review appraisals, do title work and other real estate actions. Mr. Meadows responded this is a difficult question to answer.

Chairperson Pollack asked Mr. Stokes if there was a hiring freeze. Mr. Stokes responded that a position can be filled if the need is justified.

Mr. Charters stated that he is getting complaints regarding the length of time it is taking to close on acquisition projects. Mr. Stokes responded that since only one DNR staff is reviewing appraisals, this slows the process. One possible suggestion that has been made includes letting title companies do the work. This would have to be discussed and agreed to by the Attorney General's office. Mr. Charters thinks this should be investigated.

Mr. Meadows added that OLAF staff spends a lot of time working on local grant project reviews. There is one reviewer who splits time between state and MNRTF projects, as well as litigations and exchanges. Five years ago, OLAF had three reviewers. It is expected that there will continue to be staff challenges.

Chairperson Pollack suggested that a subcommittee be formed to resolve the issues of appraisal reviews and staffing issues. It was agreed that Mr. Charters and Mr. Muchmore (or Chairperson Pollack) be assigned to this subcommittee to discuss these problems with Mr. Stokes.

Mr. Muchmore asked if appraisal reviews can be contracted out. Mr. Stokes responded that they can be contracted out.

Completed Projects Report

No discussion.

Open Projects Status Report

No discussion.

MNRTF Lump Sum and Line Item Department Projects

No discussion.

VI. PUBLIC APPEARANCES.

Mr. Joseph A. Cercone, Executive Director, Presque Isle County CDC/EDC – 09-041, Millersburg Historic Depot Regional Trailhead Development, Presque Isle County

Mr. Joseph A. Cercone, Executive Director, Presque Isle County, expressed his disappointment that 09-041, Millersburg Historic Depot Regional Trailhead Development, Presque Isle County, was not recommended for funding. He looks forward to the county resubmitting the application once the question of equestrian access on trails is resolved. He further mentioned that it appears that this question would apply to all trails throughout the state. It appears because of this fact, it would place a higher priority on the determination of this issue.

Mr. Muchmore stated that the bill overturns the power of the Natural Resources Commission to set trail policy. It also states that the Commission Orders in the past be vacated.

Mr. Charters added that currently the Natural Resources Commission has authority over most of the issues of trails. He was just provided a new Executive Order that creates a separate Trails Advisory Council. This takes a lot of the authority that the Natural Resources Commission had and puts it into this Advisory Council.

Discussion ensued on trail issues.

Ms. Nicole Moon – Jean Klock Park, City of Benton Harbor

Ms. Nicole Moon made a presentation regarding issues involving the Jean Klock Park, City of Benton Harbor conversion and mitigation. She stated that drawings submitted by Harbor Shores Development have been conceptual proposals, including the lease and mitigation application.

The Department of Environmental Quality (DEQ) stated in October 2006 that they had no knowledge of any issues with contamination. In the lease agreement sent to the National Park Service, however, it states there may be environmental contamination that needs to be addressed. It is unclear where the MNRTF Board ever saw the first lease. There is no record of the Board approving the lease.

Ms. Moon further stated that the public has never been provided with the full details of this project. What was presented to the Board in 2006 was never presented to the public for review before submitted to the National Park Service. The public hearing held by the DEQ in January of 2007 was before the actual drawings were submitted to the DEQ by Harbor Shores in March 2007.

The MNRTF Board was presented with a drawing with a statement that the current park land, beach and lake dunes would be untouched, open and more accessible to the public. Numerous times Harbor Shores misled the public in their statements regarding construction activities in Jean Klock Park.

Ms. Moon pointed out areas via drawings provided to the Board. In March of 2007, Harbor Shores had the full intention of using more than the defined 22.11 acres. The parking lots changed and installation of two ponds were indicated. These plans were never made public.

The information being provided to the Board was obtained through FOIA requests and lawsuits and in many cases is incomplete. The Berrien County Drain Commission was sued and Ms. Moon had to wait six months to get the drawings of the retention ponds. They stated they never received the drawings, but which were later found in their files. The question is how could they have issued a permit without the drawings they thought they did not have. A new drawing of a backwash lagoon was submitted with a permit application in September and was approved by the DEQ, but without a public hearing. This is a conversion of park land, as well as the parking lots and the ponds already installed.

Ms. Moon pointed out that Board Policy 93.1 was completely ignored. Since the parcels were contaminated, additional application information was required. The DNR was to play a key part in this determination. She stated that the DNR failed to provide accurate information to the National Park Service when filling out the required Land and Water Conservation Fund forms.

It was discovered that additional information regarding mitigation parcels that must be disclosed to the public include:

- Mitigation Parcel E and other mitigation sites downstream from the Aircraft Components site may be in danger of spreading Vinyl Chloride plume. Maps dated June and September of 2008 from the Environmental Protection Agency show the plume has doubled in size and crossed the river and could potentially be in the river sediment.
- Rock and fill samples brought into Jean Klock Park were tested and indicate traces of semi volatile chemicals and the presence of Iron and Chromium that exceed DEQ standards.

Ms. Moon further stated that her group is not against Harbor Shores development, but are for the rule of law to follow regulations, especially those to protect public health, safety and the environment. They are for the development, as long as the park is completely restored and given back to the public, and that public health and safety be given the highest priority.

Harbor Shores has been secret about the conversion of Jean Klock Park by:

- Concealing the historical plans to take over the park for privatized golf.
- Inconvenient information, such as the historical significance of the park in order to get permission to develop the park.
- Calling the 38 acres of mostly contaminated land an “even trade” worth \$900,000.

Harbor Shores is experimentally remediating Aircraft Components and set in motion a spreading of contaminated plume about which they have not informed the public or the MNRTF Board. They have disregarded law and public enlightenment. Since the regulators have failed, the governmental agencies that should be interested refuse to be, and (with the exception of the MNRTF Board) it has fallen to Ms. Moon’s group to inform the public of facts learned.

Ms. Moon urged the MNRTF Board to put a stop to any further destruction of natural resources until a full investigation of all facts be brought forth on whether this was a legal conversion.

Mr. Garner expressed the fact that the Board hears about this issue every meeting. The matters being brought up here strongly suggest criminal litigation. At some point, the Attorney General’s office might be asked to step in and resolve this issue. It bothers him that these allegations have been brought up and perhaps someone should be making a criminal check of these accusations.

Mr. Muchmore added that from what the materials that have been presented today suggest, this should be presented to the Attorney General’s office. The MNRTF Board does not have the power to deal with these kinds of allegations. If allegations are valid, the Attorney General’s office will pursue; if not the issue is done. There needs to be a conclusion to this matter.

Chairperson Pollack stated that, in her opinion, not all of this issue falls within the authority of the MNRTF Board. She feels some things can be worked out. We need the cooperation of DEQ dealing with the issue of pollution. We all are looking forward to the completion and delivery of the mitigation parcels, in a clean and safe condition now and for perpetuity. The courts would require parties involved to restore or take actions to clean up the contaminated sites used as mitigation for the conversion.

Chairperson Pollack stated that Mr. Wood will provide a status report regarding the Jean Klock Park mitigation parcels at the Board's February 3, 2010 meeting.

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

Ms. Stafford provided a cane to the Board from the City of Manistee for the Man Made Lake Acquisition project. She also provided them with photographs of their MNRTF sign.

VIII. ANNOUNCEMENTS.

The next meeting of the Michigan Natural Resources Trust Fund Board is scheduled for 9:00 AM, Wednesday, February 3, 2010, Lansing Center, Governor's Room, 333 E. Michigan Avenue, Lansing, Michigan.

IX. ADJOURNMENT.

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

The meeting was adjourned at 10:55 AM.

Lana Pollack, Chairperson
Michigan Natural Resources Trust Fund
Board of Trustees

James Wood, Manager
Grants Management

DATE

