

MICHIGAN NATURAL RESOURCES TRUST FUND

BOARD OF TRUSTEES MEETING

Minutes of February 16, 2011
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 9:00 AM, Wednesday, February 16, 2011.

The following Board members were present:

Bob Garner
Rodney Stokes
Frank Torre

Mr. Charters and Mr. Muchmore were not in attendance due to other commitments.

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

I. ADOPTION OF MINUTES FOR THE MEETINGS OF NOVEMBER 30 AND DECEMBER 1, 2010.

Chairperson Garner called for the adoption of the minutes from the November 30 and December 1, 2010 Board meetings.

MOVED BY DIRECTOR-DESIGNATE STOKES, SUPPORTED BY MR. TORRE, TO APPROVE THE MINUTES OF THE NOVEMBER 30 AND DECEMBER 1, 2010 MNRTF BOARD MEETINGS. PASSED WITHOUT DISSENTING VOTE.

II. ADOPTION OF AGENDA FOR MEETING OF FEBRUARY 16, 2011.

Chairperson Garner called for the adoption of the agenda for the February 16, 2011 MNRTF Board meeting.

MOVED BY MR. TORRE, SUPPORTED BY DIRECTOR-DESIGNATE STOKES, TO ADOPT THE AGENDA OF THE FEBRUARY 16, 2011 MNRTF BOARD MEETING. PASSED WITHOUT DISSENTING VOTE.

III. PUBLIC APPEARANCES.

Mr. Tom Bailey, Executive Director, Little Traverse Conservancy

Mr. Tom Bailey, Executive Director of Little Traverse Conservancy, made comments regarding the efforts to divert MNRTF revenues to other uses. Little Traverse Conservancy, along with other land conservancies, are letting their legislators know that these funds should not be diverted.

Mr. Bailey continued by stating that the state needs good parks and recreational lands. Between the MNRTF and the State Park Endowment Fund, which will receive the Trust Fund revenues after the cap is reached, these are critical programs for Michigan's economic recovery.

Chairperson Garner expressed his and the Board's appreciation for Mr. Bailey's work with distributing information on the MNRTF diversion efforts. He feels it is already showing some progress.

Director-Designate Stokes stated that local units of government should let their legislators know what projects in their communities have been funded with the MNRTF. He feels a lot of legislators do not know how these parks and other projects were acquired and/or developed. If information came from the DNRE, the legislators would feel we were pushing our own programs. Mr. Bailey responded he has scheduled a meeting with Representative Foster to inform him of projects in his area.

Mr. Bailey pointed out that representatives from Emmet County and Bear Creek Township were in attendance at the meeting today and has always been very supportive of the MNRTF program.

Mr. Bailey congratulated Director-Designate Stokes as the soon to be Director of the Department of Natural Resources and his addition to the MNRTF Board.

At this point, Mr. Steve DeBrabander, Manager, Grants Management, DNRE, introduced the Grants Management staff. Grant Coordinators are Mr. John Cherry, Ms. Shamika Askew-Storay, Ms. Christie Bayus and Ms. Jule Stafford; Accounting Specialist, Mr. Sam Duncan; and Administrative Assistant, Ms. Linda Harlow.

IV. OLD BUSINESS.

None.

V. NEW BUSINESS.

Update on MNRTF Staff Activities

Mr. DeBrabander provided the Board with an update on MNRTF staff activities. Activities include:

1. Filling of Vacancies within Grants Management

- Grant Coordinators – Grants Management is once again fully-staffed. Deborah Apostol has agreed to provide training sessions to new staff— one session has been conducted to date. ADA training for grant coordinators and other staff has been scheduled.
- Unit Manager – Mr. Jon Mayes has been transferred from Real Estate Section to Grants Management to fill the Unit Manager's position (Deborah Apostol's former position). His real estate experience will be an asset to Grants Management.

- Appraisal Reviewer (Real Estate Section) – Staff is in the process of filling this position. When this appraisal reviewer position is working on MNRTF projects, the MNRTF will be funding their time. This position will also work on other DNRE projects. With this position in place, Grants Management will again be able to send appraisals to Real Estate and have them reviewed in-house.
- Remaining Vacancies – Two of the grant coordinator positions came from within Grants Management (Christie Bayus and Shamika Askew-Storay). This resulted in two more vacancies in the section. We are working to fill these soon.

Mr. DeBrabander informed the Board that Senate Bill 140 was introduced yesterday. This is the appropriations bill (MNRTF bill) which contains the 2010 recreation grant projects approved by the Board at their December 1, 2010 meeting. There is a hearing this afternoon with the Appropriations Committee for the Senate to go over this bill.

2. Project Conversions Update – Ms. Shamika Askew-Storay

Ms. Askew-Storay introduced herself to the Board. She is the new grant coordinator for the west central portion of the state (Regions 8 and 14). Prior to assuming the grant coordinator position, Ms. Askew-Storay was a law student assistant working on conversions involving projects funded with MNRTF, Land and Water Conservation Fund, Recreation Bond Fund and Clean Michigan Initiative Recreation Bond funding. Until another student assistant can be hired, Ms. Askew-Storay will continue to be the conversions contact.

Director-Designate Stokes asked in terms of the conversions for MNRTF, is a similar process being used as is currently used for the Land and Water Conservation Fund. Ms. Askew-Storay responded yes. Director-Designate Stokes asked if the MNRTF conversion requests are brought before the Board prior to approval. Ms. Askew-Storay has inquired about this process, and upon discussions with Ms. Deborah Apostol, she was informed that MNRTF conversions would be provided to the Board as a “For Information Only” basis.

Chairperson Garner stated that a few years ago an Assistant Attorney General attended a Board meeting and explained the roles of the MNRTF Board. This explanation was cued as a result of the Board’s role in the Cheboygan to Gaylord Trail issues several years ago. He asked Ms. Harlow to locate these comments and provide to the Board members for their information.

3. Land and Water Conservation Fund Update – Ms. Christie Bayus

Ms. Bayus introduced herself to the Board. She is the new grant coordinator for Regions 9 and 10 in the northern Lower Peninsula, and 11, 12 and 13 in the Upper Peninsula. Prior to accepting the grant coordinator position, Ms. Bayus was handling the program management responsibilities, as well as reviewing the financial documentation, for the Land and Water Conservation Fund and Marine Safety programs. At the present time, she is still handling the work until a replacement position can be filled.

Ms. Bayus advised the Board that the Land and Water Conservation Fund Program is funded this year at the federal level. It is estimated there will be about \$500,000 for local units of government and the DNR for development projects only. This program requires a 50 percent match. The minimum grant award is \$30,000 and the maximum is \$100,000. Grant coordinators will review the incoming applications, score and visit the sites.

4. Recreation Passport Update – Mr. John Cherry

Mr. Cherry introduced himself to the Board. He is the new grant coordinator for Regions 5, 6, 7 and 1N in the east central portion of the state. In addition to his new responsibilities as a grant coordinator, he has also been coordinating the development of the new Recreation Passport Grant Program. Per the legislation, a certain portion of the funds will be dedicated to local units of government for recreation grants. These grants will be for development only. Grants Management will be administering this new program.

Grant coordinators will be reviewing, scoring and conducting site visits of the incoming applications. The Recreation Passport Grant Program applications will be administered on the same schedule as the MNRTF grants as far as when the applications are due. The Director of the DNR will make the final approval of grants.

Director-Designate Stokes stated that the Recreation Passport Program replaces the old park sticker system and is generated from checking the “Yes” box on vehicle registrations. It is estimated that with 17-20 percent participation, the State Parks would break even. The last report from the Secretary of State showed a 23-24 percent participation. The goal is to reach between 30-40 percent to have money for the local units of government grant program. He encouraged all to spread the word to support the Recreation Passport Program.

Mr. Torre asked if the application was going to be the same system as the MNRTF. Mr. Cherry responded that the goal is to simplify the application process. There will not be the recreation plan requirement as is the case with MNRTF projects.

Chairperson Garner asked about the match requirement. Mr. Cherry responded that the match requirement has not been finalized yet, but are currently looking at 25 percent match.

5. Escrow Closing Process Review Team – Summary of Meeting – Mr. Sam Duncan

Mr. Duncan introduced himself to the Board. He outlined the escrow closing process review team which consists of Walter Linn (Real Estate Section), Debbie Strzelec (Real Estate Section), Tomia Stevens (Internal Audit), Sharon Hanshue (Office of Legal Services), Matt McDonough (Grand Traverse Regional Land Conservancy), April Scholtz (Land Conservancy of West Michigan), John Scholtz (Ottawa County Parks), Jerry Jaloszynski (Clinton County), Sam Duncan and Steve DeBrabander.

The team is compiling a list of documentation that would be needed for escrow closings, discussing how the process can be streamlined and accelerated, and assisting local units of government who may need help in purchasing property.

6. MNRTF Recognition Signs – Mr. Steve DeBrabander

Mr. DeBrabander briefed the Board on the current MNRTF recognition signs requirement. The Board recently approved a new sign for MNRTF projects. The cost of the new sign (\$1,655.00) is significantly higher than the old sign. This higher cost has been putting a burden on local units when their project is completed and closed out. An additional burden is when a local unit needs to replace their sign due to vandalism or being stolen.

Due to this higher cost, Mr. DeBrabander would like to revisit the recognition sign for the possibility of finding a lower cost sign, but would still meet the recognition requirements of the Board.

Chairperson Garner stated the Board has no problem with Mr. DeBrabander investigating a lower cost MNRTF sign.

7. Presentation to Natural Resources, Tourism and Outdoor Recreation House Standing Committee – Mr. Steve DeBrabander

Mr. DeBrabander informed the Board that yesterday he made a presentation before the Natural Resources, Tourism and Outdoor Recreation House Standing Committee. This committee had requested a presentation on the MNRTF. Each committee member was provided with a list of MNRTF-funded projects in their districts since the beginning of the program. Our goal is to keep them aware of the positive effect of the MNRTF program within their districts.

Most of the questions that were asked related to Payments in-Lieu of Taxes (PILT) payments, as the MNRTF pays taxes on lands acquired with MNRTF funds (50 percent from MNRTF and 50 percent from General Fund). The General Fund portion is what caught their attention.

8. Presentation at Michigan Parks and Recreation Association Annual Conference – Mr. Steve DeBrabander

Mr. DeBrabander informed the Board that Grants Management staff attended the Michigan Parks and Recreation Association (MRPA) Annual Conference in Traverse City last week.

Grants Management staff participated in a recreation grant information session at the MRPA Conference. Because of new staff in Grants Management, it was decided not to conduct statewide recreation grant workshops this year. Workshops will be conducted next year.

9. Community Response to Reduction of Maximum Development Grant to \$300,000 - Mr. Steve DeBrabander

Mr. DeBrabander stated that one of the concerns that were expressed by communities at the recreation grant information session at the MRPA Conference was the issue of the reduction of the maximum amount available to request for development grants, which was reduced down to \$300,000. A lot of communities had projects in the planning stage with the understanding that there would be a \$500,000 request amount. Staff explained

to participants that this was the Board's decision as funds available will be greatly reduced because of the MNRTF reaching its cap this year.

Chairperson Garner responded that he feels the Board should hold firm with this reduction of the maximum development grant amount for a year or two. This year MNRTF funds that will be available appear to be higher than anticipated (\$30 million estimated).

Director-Designate Stokes stated that he has heard from a number of local units of government who had projects in the planning stage and based these projects on a \$500,000 request. He also is concerned about the availability of MNRTF funds once the cap is reached. In addition, he would like to see a couple of years of data to see if there is: 1) a reduction in grants; and 2) was there a reduction in grants from certain areas in the state (particularly in urban areas). After looking at this data, perhaps the Board could re-evaluate and see if the \$300,000 maximum should be rescinded. Chairperson Garner and Mr. Torre were in agreement.

VI. STATUS REPORTS.

DNRE Real Estate Report – State Acquisitions – Mr. Ed Meadows

Mr. Ed Meadows, Section Manager, Real Estate Services, Administration Division, DNRE, stated that there are a number of good offers out. The real estate market is changing almost daily, with prices going up and down. Because of this, it is taking sellers a longer time to accept offers.

The position for the Appraisal Reviewer has been posted. This position will be critical in both the MNRTF program, as well as the DNRE's real estate issues. A number of possible candidates have been hesitant to apply because of the state government budget issues.

Real Estate Section staff is working with land managing divisions to discuss realigning assignments on MNRTF projects.

Mr. Meadows outlined a change on the "MNRTF Eco-Regional Land Consolidation and Line Item Projects" report in the Board's materials. Changes to the report include:

- The title of the report has been changed to **MNRTF Eco-Regional Land Consolidation and Line Item Projects**.
- A column for "Committed" amounts has been added. These are acquisition projects targeted and transactions pending completion.

Director-Designate Stokes asked when projects funded under Act 278 of 2008 expire—September 30, 2011 or when the act was approved. Ms. Jule Stafford, Grant Coordinator, Grants Management, DNRE, responded that it would be September 30, 2011. Director-Designate Stokes asked that any projects not completed by September 30, 2011, that those funds go back into the MNRTF to be re-appropriated. Mr. Meadows responded that it is his understanding that if a project is in a certain stage of completion, this would be put on a carry-forward list. Director-Designate Stokes asked who makes the determination to put a project on the carry-forward list. Mr. Joseph Frick, Assistant Chief, Operations-Administration Division, DNRE, responded

that accounting staff works with Grants Management to seek which projects should be placed on the carry-forward list. The State Budget office will allow projects to be carried-forward for a certain number of years. Since these are restricted funds, they are a little more lenient with carry-forwards than if it was General Fund projects.

Director-Designate Stokes stated that he will be looking closely at projects on the carry-forward list to see if they can be completed/closed out/withdrawn so the money can be re-appropriated. This is not only for state projects, but also grants awarded to local units of government.

Mr. Torre thanked Mr. Meadows for his and Real Estate Section staff's work over the years.

Financial Report

Mr. Frick stated that by May or June of this year, the MNRTF cap will be reached. The five percent distribution of investment funds looks good and the stock market is doing well. There is about \$150 million in market value right now in equities.

At this point, we do not have a good handle on how much funds will be lapsed at the end of the year.

Some of the expenses and encumbrances on the report will gradually be shifted from the MNRTF program, so these costs will begin to go down.

At this time it is estimated that there will be about \$38 million available for 2011 projects.

Director-Designate Stokes asked about the increases in 2011 of \$400,000 in Forest Management Division, \$170,000 in oil and gas audits, and \$200,000 in cost allocation charges. Mr. Frick responded that the amounts shown in the 2010 column were the actual amounts and the 2011 are the appropriated amounts. There have been some lapses in the appropriated amounts.

MNRTF Land Consolidation and Line Item Department Projects

No further discussion.

At this point, there was an additional member of the audience who wished to make a presentation.

III. PUBLIC APPEARANCES (continued).

Mr. John Greenslit, Director, Parks and Recreation, Eaton County

Mr. John Greenslit, Director of Parks and Recreation for Eaton County, made some comments. He attended the MRPA Conference in Traverse City last week and wished to commend Grants Management staff for the recreation grants information session they conducted. Their professionalism was outstanding and is a real credit to the DNRE.

Mr. Greenslit is the former Executive Director of MRPA and has worked with many former MNRTF Board members in the past. He wanted to point out the absence of

MRPA. On behalf of MRPA, the MNRTF program deserves a tremendous thank you, and MRPA will do everything in their legislative network to assure that the program will never be raided.

VI. STATUS REPORTS (continued).

Local Completed Projects Report

Ms. Harlow informed the Board that there were three acquisition and one development projects completed. These projects were:

- TF08-012, Evergreen Park Addition, Sanilac County (acquisition)
- TF08-139, Cade Lake County Park Expansion Project, St. Joseph County (acquisition)
- TF09-001, Saugatuck Harbor Natural Area Acquisition, City of Saugatuck (acquisition)
- TF07-073, Fox Lake Park Improvements, Village of Lakewood Club (development)

VII. OTHER MATTERS AS IS 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, April 13, 2011, Lansing Community College West Campus, 5708 Cornerstone, Lansing, Michigan.

IX. ADJOURNMENT.

MOVED BY DIRECTOR-DESIGNATE STOKES, SUPPORTED BY MR. TORRE, TO ADJOURN THE MEETING. MOTION PASSED WITHOUT DISSENTING VOTE.

The meeting was adjourned at 10:05 AM.

Bob Garner, Chairperson
Michigan Natural Resources Trust Fund
Board of Trustees

Steven J. DeBrabander, Manager
Grants Management

DATE

