

MICHIGAN NATURAL RESOURCES TRUST FUND

BOARD OF TRUSTEES MEETING

Minutes of October 21, 2015
Lansing Community College West Campus, 5708 Cornerstone, Lansing
9:00 AM

The meeting of the Michigan Natural Resources Trust Fund (MNRTF) Board of Trustees commenced at 9:00 AM, Wednesday, October 21, 2015.

The following Board members were present:

Brad Canale
Keith Creagh
Sam Cummings
Steve Hamp
Erin McDonough

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

I. ADOPTION OF MINUTES FOR MEETING OF AUGUST 19, 2015.

Chairperson Canale called for the adoption of the minutes for the August 19, 2015 MNRTF Board meeting.

**MOVED BY MS. McDONOUGH, SUPPORTED BY MR. CUMMINGS, TO ADOPT THE MINUTES OF THE AUGUST 19, 2015 MNRTF BOARD MEETING.
MOTION PASSED WITHOUT DISSENTING VOTE.**

II. ADOPTION OF AGENDA FOR MEETING OF OCTOBER 21, 2015.

Chairperson Canale called for the adoption of the agenda for the October 21, 2015 MNRTF Board meeting.

**MOVED BY MR. CUMMINGS, SUPPORTED BY DIRECTOR CREAGH, TO ADOPT THE AGENDA FOR THE OCTOBER 21, 2015 MNRTF BOARD MEETING.
MOTION PASSED WITHOUT DISSENTING VOTE.**

III. INTRODUCTIONS.

The Board members introduced themselves.

Mr. Steve DeBrabander, Manager, Grants Management Section, Finance and Operations Division, DNR, introduced himself and Mr. Jon Mayes (Unit Manager, MNRTF).

Mr. DeBrabander introduced Mr. Mike Chuff, who has taken over Ms. Janet Liesman's position. He is a Financial Specialist for the MNRTF Program. Mr. Chuff briefly outlined his background. He formerly worked for the Department of Health and Human Services. He also worked several years as a land appraiser. He attended both Michigan State University and the University of Michigan.

Mr. DeBrabander continued introducing Grants Management Section staff: Ms. Kammy Frayre (Program Manager, Invasive Species Program and Conversions Officer), Ms. Merrie Carlock (Grant Coordinator), Ms. Christie Bayus (Grant Coordinator and Program Manager, LWCF/Marine Safety/Recreation Passport), Ms. Tamara Jorkasky (Grant Coordinator) and Mr. Chip Kosloski (Grant Coordinator).

Mr. DeBrabander introduced Ms. Linda Harlow (Administrative Assistant to staff and Board) and informed the Board and audience that after 45 years in state government she will be retiring at the end of March 2016.

IV. PUBLIC APPEARANCES.

Mr. Tom Bailey, Executive Director, Little Traverse Conservancy

Mr. Tom Bailey, Executive Director for the Little Traverse Conservancy, pointed out that Hayes Township has done a lot of work on the Camp Sea-Gull property. There have been many volunteers and a lot of community spirit has gone into work on this property. The township has submitted a development application this year (Camp Sea-Gull Boat Launch, TF15-0183).

Mr. Brian Lechel, Director, Saginaw County Parks and Recreation – TF15-0156, GLBRT Land Acquisition

Mr. Brian Lechel, Director of Saginaw County Parks and Recreation, made a presentation in support of the Great Lakes Bay Regional Trail (GLBRT) Land Acquisition project (TF15-0156). This acquisition would be for expansion of the trail. A portion of the trail is under construction on the north end of Saginaw County, which will eventually connect to Bay County. The trail has been named as part of the Iron Belle Trail.

Mr. Tim McCaffrey, Director of Parks and Recreation, City of East Lansing, and representing Michigan Recreation and Park Association (now MParks)

Mr. Tim McCaffrey, Director of Parks and Recreation for the City of East Lansing, and representing Michigan Recreation and Park Association (now MParks), made a presentation. On behalf of the City of East Lansing, he wanted to thank the MNRTF Board and DNR staff for

their approval of eight MNRTF projects for the city. This allowed the city to expand their park system by over 90 acres, which is 30 percent of the park system. It has allowed the city to develop and grow their trail system, as well as park development.

Mr. McCaffrey stated that the MParks annual conference will be held February 16-19, 2016 in Traverse City. He would like as many MNRTF Board members as possible to attend the conference and have a round table conversation with many of the agencies that are members of MParks (local parks and recreation agencies). This discussion would be to learn more about the MNRTF priorities.

Mr. DeBrabander stated that Grants Management Section staff holds grant workshops at the conference. A round table discussion with the MNRTF Board would be a new event. If more than two members attend the discussion, it will have to be posted as a public meeting, which can be done. Board members can let Mr. DeBrabander know if interested and he will work with Ann Conklin of MParks.

Ms. April Scholtz, Land Protection Director, Land Conservancy of West Michigan – TF15-0157, Barrier Dunes Sanctuary Addition, White River Township

Ms. April Scholtz, Land Protection Director for the Land Conservancy of West Michigan, made a presentation in support of the Barrier Dunes Sanctuary Addition project (TF15-0157) submitted by White River Township. The township is seeking a grant of \$600,000 (\$1.41 million total project) to expand the Barrier Dunes Sanctuary and add 204 feet of undeveloped Lake Michigan shoreline to the existing property.

Ms. Scholtz further stated that through fund-raising it is the goal to have the grant request reduced to 30 percent of the total project cost.

This is an important project for the western portion of the state.

Mr. Chris Bunch, Executive Director, Six Rivers Land Conservancy – MNRTF Priorities

Mr. Chris Bunch, Executive Director for Six Rivers Land Conservancy, made comments regarding the MNRTF's strategic direction and priorities. He stated that he has participated in some stakeholder meetings regarding the future of the MNRTF and currently is serving on the State Game Area Blue Ribbon Advisory Group.

Mr. Bunch wanted to advocate for acquiring large tracts of conservation and recreation land in Southeastern Michigan where the majority of the state's population resides. This needs to be elevated in priority and attention and not be overshadowed by other goals.

Mr. Bunch recognizes that the MNRTF has limited resources and that the competition for development grants is high, as well as increasing accessible recreation opportunities. Adding the goals of increasing conservation and recreation land would seem to form the foundation for

discussions of uncapping the MNRTF. By doing so, it will ensure mineral revenues will always benefit conservation and would not be lost to general fund expenditures in the future.

Mr. Bunch further stated that using less than fee simple acquisition techniques and leveraging partnerships can accelerate the pace. Examples are:

- Purchasing options to buy desired parcels.
- Increasing the use of partners such as park systems and land conservancies for leasing and operating properties and pre-acquisitions.
- Finding ways to streamline the acquisition process so the state can be a more effective participant in the marketplace.

Some projects that the MNRTF Board has been involved in and that could make use of some of these techniques are:

- St. Clair Parks acquisition – TF15-0063, Pine River Property Acquisition. Six Rivers Conservancy has a role in this project.
- Stoney Creek acquisition in Oakland Township.
- ORV facility partnership with DNR and Oakland County Parks and Recreation.
- City of New Baltimore marina acquisition.
- Petobego State Game Area acquisition in Northern Michigan with Grand Traverse Regional Land Conservancy.

The Emerald Arc campaign of Legacy Land Conservancy, which Six Rivers Land Conservancy has adopted, is rooted in completing an Emerald Arc around the metro region. This vision has long been shared by many leaders and residents of the region and state.

Mr. Bunch hopes that the MNRTF Board will keep large tract acquisition for conservation and recreation in Southeastern Michigan a top priority, with trails and other improvements aligned in perspective and not replacing this objective.

Mr. Gordon Pickerd, Trustee, Algoma Township – TF15-0026, River's Edge Park; and TF15-0029, River's Edge Park Acquisition

Mr. Gordon Pickerd, Trustee for Algoma Township, made a presentation in support of the River's Edge Park development project (TF15-0026) and River's Edge Park Acquisition project (TF15-0029).

The River's Edge Park Acquisition project is for the 1.7-acre Mead parcel which would be to expand the current 11-acre park. It would provide access of 200 feet of frontage on the Rogue River, which is a designated Wild and Scenic River. The home on the property would be turned into a welcome/nature center.

The township has a strong relationship with the Rockford Public Schools and already has a memorandum of understanding in which they will help plan educational events.

The River's Edge Park development project is for trails, boardwalks, fishing access, canoe landing, picnic areas, restroom and educational signage.

Mr. Matt McDonough, Grand Traverse Regional Land Conservancy – TF15-0212, Petobego SGA Land Acquisition

Mr. Matt McDonough of the Grand Traverse Regional Land Conservancy, made a presentation in support of the Petobego SGA Land Acquisition project (TF15-0212), which has been submitted by DNR's Wildlife Division. He provided a handout of the project for the Board's information.

The property is owned by the Pulcifer Trust and would be to expand the existing Petobego SGA.

Some important site aspects include:

- Petobego Pond frontage
- East Grand Traverse Bay shoreline
- Diverse and rare habitat
- Existing access to site

There is an existing two-track that goes through the SGA now. The property also consists of hemlock forest, access to East Grand Traverse Bay, beach and interdunal wetland and Maple Bay Natural Area to the south. In addition, the property contains the state threatened Lake Huron Tansy.

Conceptual amenities (all universally accessible) on the property would include:

- Viewing platform and blind
- Improved access
- Trails
- Parking area and kiosk

The Conservancy would assist DNR's Wildlife Division with maintenance of the property.

Presentation of DNR Applications – DNR Staff

Mr. Matt Lincoln, Parks and Recreation Division; and Mr. Kerry Fitzpatrick, Wildlife Division; outlined the applications submitted by the DNR via a PowerPoint presentation.

Mr. Lincoln advised the Board that the DNR has submitted 13 applications, and they all have received local government support.

Mr. Lincoln outlined the Parks and Recreation Division acquisition applications:

- TF15-0186, Kuusisto Property Acquisition – Acquisition of the 80-acre Kuusisto Property in Houghton County. By acquiring the property, it would put a 120-foot high waterfall (Douglas-Houghton Falls) in public ownership. The Houghton Keweenaw Recreation Authority will be a partner with the DNR to operate, maintain and develop the property. The property is also near the Hancock to Laurium Trail and a nearby snowmobile trail. Request is for \$600,000.
- TF15-0170, EV and MR, LLC Property Acquisition – Acquisition of 6.22 acres. The property is located adjacent to the Clinton River public access site in Macomb County on Lake St. Clair. The property would increase boating access site capacity as this is a tremendously busy site. It also would consolidate public access on Lake St. Clair and Water Trail access. Request is for \$1,000,000.
- TF15-0179, Koffman Property Acquisition – Acquisition of 6.32 acres, with 1,400 feet of Lake Michigan frontage. The property is located adjacent to Petoskey State Park in Emmet County. This project cost will be matched with a \$200,000 Coastal and Estuarine Land Conservation grant. The property is along the Iron Belle Trail. Acquisition would create a scenic overlook site and protects ecosystems, including threatened and endangered species. Request is for \$200,000.
- TF15-0181, Saugatuck Dunes State Park Property Addition – Acquisition of 18.85 acres (Allegan County). The acquisition would protect critical dunes and wildlife habitat. It would provide for passive recreation opportunities (hiking, wildlife viewing and interpretation). Request is for \$500,000.
- TF15-0209, Camp Innisfree Property – Acquisition of 325 acres. The property is adjacent to the Gregory State Game Area and near Brighton Recreation Area, Pinckney Recreation Area and Lakelands Trail State Park in Livingston County. This acquisition would provide additional hunting and fishing opportunities, as well as for equestrians. In addition, there is the potential to acquire an additional 650 acres to the north (a former Girl Scout camp). The property would be operated and maintained by the Brighton Recreation Area. The request is for \$2,200,000.

At this point, Mr. Kerry Fitzpatrick outlined the following Wildlife Division acquisition application:

- TF15-0212, Petobego State Game Area Land Acquisition-Pulcifer Property – Acquisition of 46.9 acres adjacent to the Petobego State Game Area in Grand Traverse County. The property would fill in public ownership. The property includes 1/3-mile of coastline and provides lake access. The request is for \$2,475,000.

At this point, Mr. Fitzpatrick outlined the following Wildlife Division development application:

- TF15-0213, Sharonville State Game Area Hunter Accessibility Development – Development is for six accessible hunting blinds, two accessible canoe/kayak launches, ten ADA parking lots and three information kiosks for the Sharonville State Game Area, located in Washtenaw/Jackson Counties. This game area is being envisioned to be a center for wildlife related recreational opportunities for wounded veterans and disabled persons. DNR is cooperating with Michigan Operation Freedom Outdoors, which is an organization made up of disability advocacy groups and recreation conservation organizations. Request is for \$270,800.

At this point, Mr. Lincoln outlined the following Parks and Recreation Division development projects:

- TF15-0117, Van Riper State Park Accessible Playground – Development is for swings, booster, sensory wall, site preparation and surfacing. A matching grant of \$90,000 will be provided by the Cliffs and Rio Tinto Marquette Community Fund. The playground will connect to the regional trail system into Champion. Request is for \$50,000.
- TF15-0121, Alpena to Hillman Trail Development-Phase I – Development is for development of 13.5 miles of compacted limestone trail (with asphalt and lighting within the city) from Alpena to M-65. The trail connects to two schools. A matching grant of \$1,789,600 will be provided from MDOT's Transportation Alternatives Program and local contributions. This trail also connects directly to the Iron Belle Trail via the North Eastern State Trail. Request is for \$300,000.
- TF15-0136, Belle Isle Lake Okonoka Picnic Area Development – Development is for three picnic shelter relocations, accessibility and picnic amenity improvements, and playground. This will reduce maintenance and improve drainage. Request is for \$300,000.

Director Creagh commented on the attendance this year for Belle Isle. The figures he remembered from 2014 (June) were 280,000 and this June 400,000, with 2014 July figures being 400,000 and this July 600,000.

Ms. McDonough asked if there was a boat launch development application for Belle Isle. Mr. Lincoln responded no. At this time, Parks and Recreation Division is focusing on infrastructure improvements. Director Creagh commented that a boat launch would be a good application for the future.

- TF15-0143, Lakelands Trail Development: M-52 to Parnall Road – Development is for 13.5 miles of surface and bridge improvements on the Lakelands Trail in Jackson County (Stockbridge to Jackson). This will consist of compacted limestone, with asphalt along Cooper Street near Jackson. A matching grant of \$3,516,900 will be provided

from MDOT's Transportation Alternatives Program, Recreation Trails Program and Friends Group). This portion of the trail fills a critical gap on the Iron Belle Trail. Request is for \$300,000.

- TF15-0153, Laughing Whitefish Falls Scenic Site Access Improvements – Development is for repair or replacement of aging boardwalk and overlook structures. The parking lot and access pathways have been recently improved. Repair/replacement of the boardwalk and overlook structures will bring them up to state and federal design standards and improve safety at the site. This site also links to the Iron Belle Trail. Request is for \$300,000.
- TF15-0163, Higgins Lake Regional Trail Connector – Development will provide two miles of accessibility improvements in North and South Higgins Lake State Parks in Roscommon County. A matching grant of \$300,000 will be provided from the Recreation Trails Program. This fills a critical gap on the Iron Belle Trail. Request is for \$300,000.

Chairperson Canale asked what marketing is being done on the Belle Isle State Park attendance figures and the partnership with the Wounded Warriors project. Director Creagh responded that highlights can be provided to the Board.

V. OLD BUSINESS.

MNRTF Board Subcommittees – Funding and Finance and Program Review - UPDATE

Mr. Cummings outlined the Program Review Subcommittee update. In February, the subcommittee met and agreed to pursue three central operating plans: 1) financial analysis of future MNRTF performance and its capacity for funding; 2) reconsideration of multi-year grants; and 3) development of collaborative strategy with conservation and philanthropic partners to overcome the challenges of the grant cycle and funding of local match.

The subcommittee was led by Ms. Helen Taylor, Director of The Nature Conservancy and volunteers from the finance industry, including Department of Treasury. The subcommittee has met twice and there is a third meeting on the agenda. The current investment policy has been reviewed: asset allocation, spending rules and the constitutional and statutory restrictions that currently exist for the MNRTF. Performance models and future investment performance have also been reviewed. Many different potential sources of revenue are being looked at to leverage the purchasing capacity of the MNRTF.

The goal is to make initial recommendations to the MNRTF Board by the end of this year. Also, as part of the Board's resolution when they revisited the spending rule, it was noted that there would be a "check in" by December relative to current investment, environment and if we are strategically maximizing our asset allocation.

This subcommittee will become an ad hoc subcommittee.

The Funding and Finance Subcommittee will become a Trails Subcommittee, with the goal of it being a pilot program that can be duplicated for other significant goals for outdoor public recreation and conservation in the state.

The subcommittee has had meetings with local units of government, foundations and businesses to gauge initial interest support for the Iron Belle Trail, and is in the process of finalizing and detailing the costs, completion, acquisition and development; or alternatives in developing pledge and support for potential donors, investors, and partners.

NEW BUSINESS.

Update on MNRTF Staff Activities

Mr. DeBrabander outlined updates of various MNRTF staff activities:

- Staff provided preliminary scores to applicants. Applicants then had an opportunity to provide supplemental information to possibly improve their score. Staff is now in the process of doing final scoring on all applications. Final scores will be provided to applicants and the Board in mid-November. Applicants then will have a 10-day opportunity to contact staff for any errors.
- The Post-Completion Self-Certification Inspection process is ongoing. Out of 83 counties, 79 counties have been completed. Linda Harlow continues to work on these inspections.
- There have been four application withdrawals: City of Boyne City; City of Three Rivers; DNR, Parks and Recreation Division and Leelanau Township.
- 2016 is the 40th anniversary of the MNRTF. Staff will be planning an event to recognize this.
- Staff is gearing up for the 2016 grant cycle by updating application booklets and will be planning/scheduling grant workshop dates and locations.
- Work on the MiRecGrants system is ongoing. This has been a very challenging project. Ms. Amy Matisoff, one of the Grant Coordinators, is spending approximately 90 percent of her time on this system.
- Staff has been continuing to attend park dedications and ribbon-cutting ceremonies to recognize the MNRTF, as well as participating on a number of committees.

Conversions Update

Mr. DeBrabander stated that there has been one conversion resolved since the last Board meeting – TF10-054, Georgetown Township in Ottawa County. In 2010, the township received a \$33,300 MNRTF development grant. This grant encumbered 13 acres of Maplewood Park.

In 2015, a cell tower was discovered on the property and staff learned it had existed since 2006. The township purchased an additional 7.917 acres of land adjacent to the park as mitigation for the cell tower conversion. The DNR agreed to the mitigation

The township also purchased three additional adjacent parcels, making Maplewood Park 49.257 acres in size. The township is currently in the process of purchasing two more parcels of land to develop a trail around the entire lake and a barrier-free kayak/canoe launch with a one-mile buoyed course in the lake.

Mr. Hamp asked if there was any more information on the Riverside Park conversion issue in the City of Detroit. Mr. DeBrabander responded that the city has not yet formally applied to DNR for a conversion request of the park. Staff received a phone call last week from the Director of the city's Parks and Recreation Department indicating that they did want to get this process started. Staff has provided the city with the procedures to follow and have offered to meet with their staff on the site to do an initial review.

This park is also encumbered under the federal Land and Water Conservation Fund Program, so the city will have to get approval from the National Park Service to convert any of that part of the property to a non-recreational use.

Mr. Hamp asked if these two procedures would be aligned together. Mr. DeBrabander responded yes. The city would be going through each of the respective grant processes at the same time.

TF14-0177, Little Creek Park Gazebo Project, Village of Tustin – PROJECT WITHDRAWAL

Mr. Mayes outlined TF14-0177, Little Creek Park Gazebo Project, Village of Tustin. The township is seeking to withdraw this grant due to the lack of completion of the paperwork required for the project, as well as lack of continuing interest for the grant by the village trustees and village president.

The development grant was received in 2014 in the amount of \$28,300.

MOVED BY MR. CUMMINGS, SUPPORTED BY MR. HAMP, TO ACCEPT THE WITHDRAWAL OF TF14-0177, LITTLE CREEK PARK GAZEBO PROJECT, VILLAGE OF TUSTIN. MOTION PASSED WITHOUT DISSENTING VOTE.

2016 MNRTF Board Meeting Dates

Mr. Mayes outlined the proposed 2016 Board meeting dates. These meeting dates are:

February 10
April 13
June 15
August 17
October 19
December 7

The June 15 meeting is being proposed to be held in Manistee and the August 17 meeting in Port Huron. All other meetings will be held in Lansing.

**MOVED BY DIRECTOR CREAGH, SUPPORTED BY MR. CUMMINGS, TO
ACCEPT THE 2016 MNRTF BOARD MEETING DATES AND LOCATIONS.
MOTION PASSED WITHOUT DISSENTING VOTE.**

VII. STATUS REPORTS.

DNR Real Estate Report – State Acquisitions

Mr. Mayes was filling in for Mr. Steve Sutton, Manager of Real Estate Services Section, who was not in attendance.

No further discussion on the report.

Completed MNRTF Projects Report

No discussion.

MNRTF Financial Report

Ms. Sharon Schafer, Chief, Finance and Operations Division, DNR, outlined the MNRTF financial report. The figures in the report are still estimated, but at the December meeting they will be final.

As a reminder, the MNRTF Board has adopted a 5 percent spend plan and assumes a 5.5 percent return on investments. At this point, investment income distribution (at 2.5 percent) is \$14,880,980 and the remaining 2.5 percent goes to the Growth Reserve. Using the allocation formula, there will be approximately \$11.8 million for grants (\$8 million for acquisition and \$3.7 million for development).

Adding in some lapses and withdrawal of projects brings the figures up to \$13.3 million total for grants (\$8.9 million acquisition and \$4.3 million development).

The \$500 million corpus is not a cap, but was a trigger to redirect oil and gas revenues (now going to the Park Endowment Fund). At this point, there is \$595.2 million in the investment balance.

In the Stabilization Reserve, there is \$32.7 million in investment income earnings (based on 5.5 percent return). For the Growth Reserve, there is a \$13.4 million deposit. The minimum Stabilization Reserve target was established at \$55.1 million (a combination of the corpus and the Growth Reserve 10 percent). The Stabilization Reserve is over by almost \$6 million from the 10 percent target. The Board has the ability, if they choose, to take this amount and allocate it for grants (will require a motion by the Board).

Mr. DeBrabander stated that under Operating Costs, the \$1.7 million for PILT payments is a growing obligation expenditure.

Mr. DeBrabander mentioned that request amounts for acquisition projects this year were \$28 million and development \$22.7 million.

MNRTF Land Consolidation and Line Item Department Projects

No discussion.

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

Director Creagh stated that the MNRTF Board may be asked their opinion as power plants are decommissioned around the state. Some are located in high value recreation areas. The Board may be asked about what role they may or may not want to have with local communities as they are decommissioned. There are communities who are looking ahead as to what the best use would be (as they have direct water access), and as they move ahead, may want to include the MNRTF as a partner.

Mr. Cummings asked if the Board members should have a standard response to the power plants decommissioning issue when getting calls. Director Creagh responded that he will see that a process is provided, but in the meantime, refer calls to Ms. Judy Tkaczyk (Executive Assistant to Director Creagh).

Director Creagh also mentioned that the DNR has put together a Blue Ribbon Panel on State Game Areas to look at how these can be better used, the right size, and how participation can be increased in off seasons.

IX. ANNOUNCEMENTS.

The next meeting of the Michigan Natural Resources Trust Fund Board is scheduled for 9:00 AM, Wednesday, December 2, 2015, Lansing Community College West Campus, 5708 Cornerstone, Lansing, Michigan.

X. ADJOURNMENT.

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

The meeting was adjourned at 10:40 AM.

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

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

DATE

