

MICHIGAN NATURAL RESOURCES TRUST FUND

BOARD OF TRUSTEES MEETING

Minutes of February 4, 2009  
Lansing Center, Governor's Room, 333 E. Michigan Avenue, Lansing

The meeting of the Michigan Natural Resources Trust Fund (MNRTF) Board of Trustees commenced at 9:07 AM.

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.

I. ADOPTION OF MINUTES FOR MEETINGS OF DECEMBER 2 AND 3, 2008.

Chairperson Pollack called for the adoption of the minutes from the December 2 and 3, 2008 Board meetings.

**MOVED BY MR. CHARTERS, SUPPORTED BY MR. MUCHMORE, TO APPROVE THE MINUTES OF THE DECEMBER 2 AND 3, 2008 MNRTF BOARD MEETINGS. PASSED.**

II. ADOPTION OF AGENDA FOR MEETING OF FEBRUARY 4, 2009.

Chairperson Pollack would like to move "New Business" before "Old Business" and then hear "Public Appearances." After "Public Appearances", "Old Business" and "Status Reports" would be discussed. She asked the other Board members if this was acceptable.

**MOVED BY MR. MUCHMORE, SUPPORTED BY MR. CHARTERS, TO REVISE THE ORDER OF THE AGENDA ITEMS AS OUTLINED. PASSED.**

III. NEW BUSINESS.

Saugatuck Harbor Natural Area Acquisition – Mayor Barry Johnson and Senator Patricia Birkholz

Senator Patricia Birkholz made a presentation in support of the Saugatuck Harbor Natural Area Acquisition, which has been submitted for possible funding by the City of Saugatuck. She advised the Board that this property would provide the exact same conservation impact as previous applications [the city was granted two previous grants

for the purchase of the property, then known as Denison South, both grants were withdrawn]. The first application for this property was submitted in 1952 [not under the MNRTF]. The community has never given up on this acquisition. This property is not only important for the area, but for the whole State of Michigan.

Senator Birkholz stated that unlike the other two grants that were awarded for the Saugatuck acquisition, the city now has a legal document from the seller. The seller has informed the city that it is “non-negotiable” and wants it finalized in March. The city has already secured \$6 million from the community towards this acquisition. The city is also asking partners to help with bridge financing, with \$4 million committed and another \$17 million pending.

Senator Birkholz further stated that this is a huge opportunity for the community. The city would risk losing the whole property if the timeline is not met, as the seller has stated that the agreement is non-negotiable. She has had many individuals over the years express to her the need to acquire this property for public use. This is key to what is seen as the shoreline of Lake Michigan and is almost totally undeveloped property.

Senator Birkholz expressed the fact that the MNRTF Board is being asked to be a partner in acquiring the property. There is a timeline involved for acquisition and this could be a once in a lifetime opportunity. She stated that asking the Board for a vote to recommend funding out of the established cycle is not something normally done, but given the fact that the property had been approved in the past the Board may make this exception.

At this point, Mayor Barry Johnson and former Mayor Tony Vettori, City of Saugatuck, continued the presentation. At the January 12, 2009 city council meeting, there was a unanimous vote by the council to submit an application to the MNRTF of \$15 million for funding of the Saugatuck Harbor Natural Area. He recognizes the challenges this request presents for the Board and the MNRTF and deeply regrets the timing it. Mayor Johnson further stated that the Board encouraged the city three years ago to come back and apply for funding if the city was able to secure an agreement with the owner of the property. The MNRTF has been a vital partner in the past and hope that it will be willing to play a vital role in securing acquisition of this property.

Mayor Johnson stated that the owner’s terms, as laid out in the option, require that the closing on the transaction must take place by the end of March. This is directly related to the challenging economy surrounding us and why this timing is being presented as non-negotiable. For the city and its partners to take a risk, as well as the donor community, the city needs to know that the resources will be there to back up the acquisition. The city recognizes, with great respect to the MNRTF Board, that this request for funding is unusual at this time of the grant cycle. The city hopes the Board will approve funding.

Mayor Johnson also added that the City of Saugatuck recognizes the importance of public space, shoreline and fresh water dunes.

Former Mayor Tony Vettori made some comments. He is currently a council member on the city council. He also wanted to thank the Board for their consideration of funding the Saugatuck acquisition outside the normal grant cycle.

Mr. Vettori stated that the property is in proximity to the city's Oval Beach Park and the downtown business community. Acquisition would help to ensure the economic viability and sustainability for current and future economic development in the City of Saugatuck. This past year the city was estimated to have had two million visitors. The population of the city is 1,065. The city must continue to attract visitors to remain economically viable and sustainable in the future.

Mr. Vettori feels that if the city does not move quickly on this acquisition, the property will be lost for future generations.

Mr. Muchmore stated that part of his concern is that the MNRTF has a long-held system for the approval of grants. To make a change for this acquisition would change the whole direction of how the MNRTF operates. If this request for funding was granted now, how would the Board respond to other communities as to why they could not get this special consideration. Mr. Vettori responded he realizes that procedures have to be in place. The city was previously awarded funding for the acquisition and the property was bought out from them. Mayor Johnson added that there are certain circumstances that require the city to "step outside of the box." History with this property is a circumstance that would require the need to stretch the rules a bit.

#### Ms. Suzanne Dixon, Holland Area League of Women Voters

Ms. Suzanne Dixon, League of Women Voters, made a presentation in support of the Saugatuck Harbor Natural Area property. Since 1944, the League has established a Great Lakes ecosystem position and has valued this property. The position was updated in 2005. This position supports protection by limiting uses of gradual, cultural and scenic shoreline areas. It also supports protection and preservation of the wild and pristine areas within the watershed for new development. In addition, the League also supports protection for the sensitive areas from discretion or harm to the ecosystem or public access.

Ms. Dixon further stated the The Nature Conservancy has come up with a management plan which the League feels recognizes the fact that uses of the property do need to be limited.

On behalf of the Holland Area League of Women Voters, Ms. Dixon asked that the Board act swiftly to protect these coastal areas.

#### Mr. David Swan, President, Saugatuck Dunes Coastal Alliance

Mr. David Swan, President, Saugatuck Dunes Coastal Alliance, made a presentation in support of the Saugatuck Harbor Natural Area acquisition. This Alliance involves seven member organizations with a combined membership of over 5,000. He asked the MNRTF Board to make a substantial investment in Michigan's future. This acquisition will provide stable dividends for generations.

The Saugatuck dunes that stretch from Saugatuck's Oval Beach to the Saugatuck Dunes State Park Natural Area hold invaluable Michigan and Great Lakes resources—historical, archaeological, cultural, recreational, spiritual and ecological. Together these resources provide a rare educational opportunity and drive the local and regional economy. Many prominent Michigan families, such as the De Vos, Meijer and Stryker

families have invested in building and rebuilding Grand Rapids and Kalamazoo. The Saugatuck dunes can provide an easy commute to millions of people to relatively wild, nearby open space in southern southwest Michigan. To help lift Grand Rapids and Kalamazoo to their full potential, we will need an investment in preserving the Saugatuck dunes.

The support for swift action for acquisition of the property has been expressed by Senator Birkholz, former Governor Milliken, U.S. Representative Hoekstra, the Michigan Strategic Alliance, Saugatuck Township, City of Saugatuck, Saugatuck School Board, National Trust for Historic Preservation, League of Conservation Voters and the Michigan Land Use Institute.

The Saugatuck Dunes Coastal Alliance encourages the MNRTF Board to again grant the City of Saugatuck \$15 million towards the Saugatuck Harbor Natural Area acquisition. This will have major investment will have the broadest, most positive impact upon Michigan's future.

Mr. Tom Stevens, Kalamazoo River Sturgeon for Tomorrow

Mr. Tom Stevens, Kalamazoo River Sturgeon for Tomorrow, made a presentation in support of the Saugatuck Harbor Natural Area acquisition. The organization supports the City of Saugatuck's request to the MNRTF Board for \$15 million towards this acquisition. This acquisition will help preserve sturgeon species and water quality.

Mr. Dayle Harrison, President, Kalamazoo River Protection Association

Mr. Dayle Harrison, President, Kalamazoo River Protection Association, made a presentation in support of the Saugatuck Harbor Natural Area acquisition. This is perhaps the last great place along the shores of Lake Michigan. From studies that have been done, this property is a wonderful place for protection of wetlands, birds, animals and fish.

Mr. Harrison further stated that acquisition of this property would provide excellent fishing opportunities. It would also provide opportunities to fish along the north pier of the Kalamazoo River. The Saugatuck Harbor is the only pier to Lake Michigan in the lower peninsula that does not have good public access.

Mr. Harrison urged the Board to approve the funding for the Saugatuck Harbor Natural Area acquisition out of the normal grant cycle.

Mr. Christian Birky

Mr. Christian Birky, a senior at Saugatuck High School, made a presentation in support of the Saugatuck Harbor Natural Area acquisition. He is also a member of the Board of Directors of the Saugatuck Dunes Coastal Alliance. In addition, he is one of two Michigan students of 25 high school juniors from around the world recognized as the "next generation of leaders" by Time magazine and Bentley College last April. A letter signed by all members of "Tomorrow 25" was sent to Governor Granholm supporting the preservation of the former Denison property.

Mr. Birky stated that the Board received a short film entitled “This is Our Future” in which it sends a strong message about the importance of the property. This is the greatest classroom anyone could ask for. Its historic, cultural and ecological resources are unparalleled and this grant will help gain and preserve public access to the classroom.

The property also is an integral part of the Saugatuck and West Michigan tourist economy. In the film, several youth mention that they would be more likely to come back to live in Saugatuck if the property were preserved. The open space is a definite draw in attracting the young and educated work force that will be key in turning around Michigan’s economy.

Mr. Birky further stated that his generation will inherit the impact of the Board’s decision and reap its benefits or deal with its consequences.

#### Mr. Phillip Miller

Mr. Phillip Miller, a 25-year resident of the City of Saugatuck, made a presentation in support of the Saugatuck Harbor Natural Area acquisition. He has also been active as the co-chair of “Saugatuck Save the Shoreline (SOS)” which committed to help the city with the funding for this property.

Mr. Miller stated that listening to the other presenters today, it is obvious of their passion for this property, and this passion calls for business people to help fund the project.

Mr. Miller stated that there are two things he wanted to mention today. First, from a business point of view, he can live anywhere he wants in the United States, as his businesses are located in Chicago and Florida. He lives in Saugatuck because he loves the natural area. For 25 years he has lived by a river. Talking to employers who want to bring people to a portion of the state, the area must have natural areas like the Saugatuck Harbor property.

The second thing Mr. Miller wanted to mention was funding. He has raised a lot of money towards this acquisition. He asked people for pledges, and is asking the Board for their pledge today. The Board’s commitment will help complete the project.

At this point, Chairperson Pollack asked the Board members for their comments.

Mr. Charters stated that this is difficult for him. Since 1991, he has been dealing with this property (then Denison property) as a MNRTF Board member. He still believes this is one of the highest priority properties in the State of Michigan and should be held in public trust, however, he has some problems with it. The Board has a fiduciary responsibility to the people of the State of Michigan as to how the MNRTF funds are spent. He has the following issues:

1. Breaking the grant cycle process – how could the Board respond to other communities who wanted a project funded out of the normal grant cycle process. He does not want to change the grant cycle process. To approve this project now would not be fair to the other communities. Mr. Charters will support this project in December, assuming all aspects of the acquisition have been done.

2. Price of the property – the property has gone from \$15 million to \$25 million in four years. He has a hard time with this. This is a 76% increase in cost.
3. Revenues – the Board is not certain how much money will be available to allocate and there are some other projects that have been obligated from the previous year(s) (phased projects).
4. Access to the property – Mr. Charters finds it difficult to find access to the property with the exception of a piece of private property. He feels this is a barrier to public access. He needs to know before December about the access issue. Spending \$15 million for an acquisition where access is an issue does not sound like good fiduciary responsibility.
5. Management plan – parts of this plan are written for preservation. It appears that there are mooring restrictions, limited use and no dogs allowed. This has the tone of preservation as opposed to conservation and recreational use.
6. Risk of losing the property – who will buy the property? Who can build a home on sand dunes or wetlands? Mr. Charters understands there is a risk of losing the property, but when someone says the property is “non-negotiable,” he questions this. As far as the risk factor, there is always a risk of losing property in any acquisition. It is a matter of timing.

Mr. Charters reiterated he has these concerns, but he will support the acquisition in December, assuming all the conditions have been met.

Mr. Muchmore stated that this is a wonderful piece of property, however, \$15 million away from the cities and townships is a lot of money for one project. He is an advocate of putting money into communities where there is a tremendous amount of underserved people. The Saugatuck area is not underserved. He feels the Board is going to have to spend some time today as to how to approach this issue. This is a lot of money that would be taken out of the amount the Board has to allocate.

Mr. Muchmore further stated that he attended the Great Lakes Fishery Trust meeting yesterday and talked to them as to how they could participate in this acquisition. They have issues as to whether the project would serve viable Great Lakes fishery issues, but are interested in participating in the solution and possibly providing some funding. Mr. Muchmore feels it will take a combination of funding sources to acquire the property.

Mr. Garner stated that funding was awarded for this acquisition three times and needed to be withdrawn due to the fact of not reaching an agreement with the property owner. When the property was withdrawn, Mr. Garner informed the city to apply again to the MNRTF if the property ever became available again. He feels all the Board members support this project as long as it comes through the proper procedures in the grant cycle. He has not heard any opposition at all, but it is just not going to be approved today. It would not be fair to the other communities who apply for grants. He has great admiration for Senator Birkholz and her support of this acquisition, but the Board will need to wait until December to make any approval.

Chairperson Pollack stated that there is a great deal of interest and support for the Saugatuck acquisition. It has been supported in past years. There are, however, some

issues. Access to the property is one of the issues and she would like to see this resolved by the Board's December meeting. In addition, there is a question of the cost of the property, and perhaps there could be some more negotiations. The main issue expressed today is asking the Board to approve the acquisition out of the normal grant cycle. The votes are not here for this to happen today, but the Board's strong commitment is.

Senator Birkholz responded to the issues raised by the Board members. She appreciated all the time the Board has spent on this acquisition. The property is 171 acres in size on the south side, which is a considerable piece of property. There are some buildable spots, but not a lot. The property does contain several threatened and endangered species and that is why there is a conservation management plan. On the access issue, there is access but we would like to get better access. The negotiations are ongoing at this time. The cost of the project is more than what the city would have liked to have paid, but there is a willing-seller, willing-buyer and the city has two appraisals that are more than \$25 million.

Senator Birkholz continued on the issue as to the people served in the area. There was a study done several years ago and the number of people that come to the west Michigan area for the experience of sand dunes on fresh water are huge. She can provide the Board with the study.

As to the Great Lakes Fishery Trust, Senator Birkholz appreciates the negotiations and the opportunity to possibly obtain some funding from them. Any funds received from the Fishery Trust or any other entities would be subtracted from the amount being requested from the MNRTF. In addition, the \$15 million being requested would be spread out over a three-year period of \$5 million per year.

Senator Birkholz asked if the Board was able to provide some type of resolution to support the project if all conditions of the acquisition were met. That is what the bridge loan people need to make the financial decision.

Chairperson Pollack stated that this issue will be left on the table and the Board will move on to other business. There may be a way to better formalize this in terms of encouragement and intention of the Board.

Chairperson Pollack informed the audience that the Board will proceed to the "2009 MNRTF Selection Process Criteria" on the agenda, then take a short break and return to the Saugatuck issue.

Chairperson Pollack asked Mr. Jim Wood, Manager, Grants Management, DNR, to introduce Grants Management and other DNR staff in attendance. Mr. Wood introduced Ms. Deborah Apostol, Unit Manager, Recreation Grants; Ms. Linda Hegstrom, Ms. Lisa McTiernan, Ms. Jule Stafford and Mr. Jason Cherry, Grant Coordinators; and Ms. Linda Harlow, Administrative Assistant for Grants Management and the MNRTF Board. He also introduced Ms. Mindy Koch, Resource Management Deputy; Mr. Rodney Stokes, Chief of Staff; Mr. Joe Frick, Chief of Office of Financial Services; and Ms. Amy Henderson, Office of Financial Services.

## 2009 MNRTF Selection Process Criteria

Chairperson Pollack asked Mr. Stokes to provide an overview of the 2009 MNRTF selection process criteria. After Mr. Stokes' overview, members of the audience who wish to make comments on the criteria will be heard.

Mr. Stokes stated that the MNRTF selection process criteria has been an ongoing process. Staff has been meeting with the Board, as well as local units of government. Dr. Chuck Nelson from Michigan State University, with the assistance of Grants Management staff, held "Listening Session" meetings with local units of government to obtain their input. The criteria are still in draft form at this time.

Mr. Stokes would like to go through the process and hear all comments presented today. It is his goal to make the criteria dynamic and every grant cycle it will be reviewed for adjustments. Staff will not go this long in making adjustments to the criteria again. There have been comments received by a number of people who feel staff is going too fast to make changes. In order to meet the deadlines for the 2009 application grant cycle, the Board's final decision on the criteria is needed today.

At this point, public presentations were made regarding the 2009 MNRTF selection process criteria.

### Ms. Marne Smiley, Executive Director, Michigan Mountain Biking Association

Ms. Marne Smiley, Executive Director, Michigan Mountain Biking Association, provided comments on the draft criteria. She would like to see more points provided in for Urban Recreation. Trails can help increase the quality of life. Chairperson Pollack asked if Ms. Smiley could be more specific as to which criteria this would involve. Ms. Hegstrom responded that it would be more points in 6D.

### Ms. Rachel Kuntzsch, Executive Director, Heart of the Lakes Center for Land Conservation Policy

Ms. Rachel Kuntzsch, Executive Director, Heart of the Lakes Center for Land Conservation Policy, provided comments on the draft criteria. The organization's greatest concern is the potential shift in the balance of the purposes and goals of the MNRTF. The goals of the MNRTF, as stated in the application guidelines booklet, are resource protection, water access, community recreation, urban recreation and economic development.

The new draft criteria proposes to eliminate specific scoring criteria for Use/Access to Inland Water Resources; Hunting, Fishing and Other Wildlife Opportunities and Opportunity to Provide Public Access. In discussions with Grants Management staff, it is Ms. Kuntzsch's understanding that these values will be included in the broader natural resource protection and use category. When looking at the scoring criteria from past years, the natural resources values in general, which would be combining the Significant Natural Resources, Water Access, Hunting and Fishing and Public Access, drove the points up to 40 available to the applicant. Under the proposed criteria, it is less than 25 percent. The Board should look at this potential shift.

In addition, Ms. Kuntzsch stated that she sees the need for urban opportunities, but wants to make sure that the needs for the protection of natural resources, which is the goal of the MNRTF program, are met.

Ms. Kuntzsch further stated that the relative weighting of various criteria should be closely examined and reconsidered. As an example, it is proposed that an applicant's plan to market a project receive equal points of 20, as a project that provides good quality hunting and fishing opportunities, or as a project that contributes towards the protection of imperiled or desired natural resources.

Heart of the Lakes likes the idea of the proposed sliding scale for match requirements; however, there is a potential for double-weighting for economic need, which both take into account median household income.

Ms. Kuntzsch further stated that with regard to priority projects of the MNRTF Board, Heart of the Lakes supports this and also suggests adding a project type of "Great Lakes Shoreline" to recognize this unique state asset. The Board may also want to consider at least one resource-based special initiative each year.

Ms. Kuntzsch continued by stating that the August 1 grant application secondary deadline for acquisition should remain. Communities may not have the time to complete their recreation plan in time for the April 1 deadline. If there is the strong move to have one application deadline date, perhaps it could be June 1.

Mr. Dennis L. Schornack, Executive Director, Michigan Recreation and Park Association

Mr. Dennis Schornack, Executive Director, Michigan Recreation and Park Association (MRPA), provided some comments on the draft criteria. The MNRTF is a vital source of funding for acquisition and development opportunities for local units of government.

Mr. Schornack stated that MRPA and its membership was disappointed that they were given such a short amount of time to respond to the proposed criteria changes (seven business days to collect comments). In addition, the comment period also coincided with MRPA's annual conference. Several members wished to testify at the MNRTF Board meeting today, but could not as they were attending the conference. Mr. Schornack has been asked by members to request a delay of Board action on the revisions to provide the opportunity for more input.

Another concern is that the new criteria and scoring system appears to de-emphasize the core mission of the MNRTF to protect Michigan's significant, non-renewable resources and instead emphasizes first time applicants, projects in low income areas and urban recreation. Of the total 480 points, only 100 points would be awarded for protecting natural resources.

The proposed elimination of the August 1 secondary deadline is the most serious concern of MRPA members. While they are sensitive to the heavy demands on staff and share their concern that August applications have proliferated in recent years, eliminating the August round may result in lost opportunities to acquire excellent properties. If the Board chooses to act on the previously mentioned concerns of MRPA, they would like to request that the August 1 deadline be retained for 2009.

Mr. Schornack continued by stating that while it is MRPA's obligation to raise concerns and suggest alternatives by its members, it supports the following revisions which will improve access to recreation:

1. Establishment of Universal Design as a permanent core criteria instead of being a Special Initiative. This will address changing demographics and ensure that persons of all abilities can enjoy recreational opportunities and natural resources.
2. Criterion to reward collaboration between adjacent communities and with stakeholders, users and non-profit organizations.
3. Criterion to reward development projects that use environmentally friendly materials and innovative technology.
4. Local match utilizing the combination of amount and ability to pay is a fair and equitable approach. Simply rewarding excess match favors the "haves" and the "have nots" and simply addresses the ability to pay could result in projects with less than optimal commitment.

In addition, MRPA and its members advocate the expeditious appropriation of the resources necessary to fund the Board's December 2008 recommendations for acquisition and development projects. This is a home-grown stimulus package that can put Michigan citizens to work and it should not be delayed in its enactment. MRPA will be taking this message to the Legislature next week.

Ms. Nancy Krupiarz, Executive Director, Michigan Trails and Greenways Alliance

Ms. Nancy Krupiarz, Executive Director, Michigan Trails and Greenways Alliance, made comments on the draft criteria. She would like to see the Special Initiative for trails retained. Trails have enjoyed great progress for the past several years. A trail map was presented to the Board members as evidence of this fact. There are now 1728 miles of multi-use trails identified on the map (the former map identified 1400 miles). This does not count the trail projects that are in the pipeline or the grant awards provided last December. In addition, it does not contain the many recreational pathways that are contained within the parks across the state that link up to the multi-use trail system. All of these trails together would amount to over 2100 miles of trails across the state. Michigan remains second in the nation with the most miles of trails.

Ms. Krupiarz agrees with the proposed change to include points on the acquisition application for being part of a local or regional green infrastructure plan. This allows for an important access of stakeholders in the MNRTF process which could benefit all—open space acquisition, parks and the trails and greenways that connect them.

It is important to add some extra emphasis on urban areas. It is important to get trails where the majority of people live and work so they can be used for their maximum benefit. Many trail projects have been turned down in the past because they were not located in pristine, natural resource-rich areas.

Ms. Krupiarz likes the idea of allowing a sliding scale for points awarded for match depending on where the community fits—top, middle or bottom third of household income. A 26-30% match in a distressed community should be equal to points awarded

to a 59% match in a more affluent community. Where she differs with the proposed match percentage number is that all communities should be able to earn maximum points on this category. The lower income communities should get the maximum number of points and a lower percentage, but that higher income communities should also get their full allotment for higher match.

As far as extra points for being in an urban area, Ms. Krupiarz would recommend adjusting the match percentage to allow every income level to receive the full points on a sliding scale.

Ms. Krupiarz does not believe that having a parks and recreation department or commission is any guarantee of having a quality project, so no extra points should be provided.

Many communities have the need to rehabilitate existing facilities, so perhaps it is now time to shift the overall percentage of how much goes for acquisition and development projects. Perhaps a 50-50 split would be more appropriate in these economic times.

In addition, eliminating the August 1 secondary application deadline is a mistake. Some acquisition projects do not become available until after the April 1 deadline. Anything that can be done to shorten the timeframe between the proposal submission and getting the funds to complete the project would be a plus. Approval of project funding through the legislative process will be one of the major advocacy pushes for this year.

Mr. Garner asked if there was anything in the enabling act that requires the MNRTF Board to set point totals on projects. Mr. Stokes responded that is something the staff decided to do.

Ms. Wendy Wilmers Longpre, Assistant Director of Parks and Recreation, City of East Lansing

Ms. Wendy Wilmers Longpre, Assistant Director of Parks and Recreation, City of East Lansing, made some comments regarding the draft criteria. She thanked the Board for their support of projects for the City of East Lansing over the past 15 years.

Ms. Wilmers Longpre stated that the city supports points for urban parks. The city is emphasizing redevelopment of their neighborhoods, downtown and urban spaces. This adjustment in the criteria will support the city in their endeavors.

Ms. Wilmers Longpre had a concern with the proposed elimination of the August 1 secondary deadline for acquisition projects.

Mr. Tom Bailey, Executive Director, Little Traverse Conservancy

Mr. Tom Bailey, Executive Director of Little Traverse Conservancy, made some comments regarding the draft criteria. He expressed to the Board his appreciation for reviewing the criteria. It is a necessary part of the grant process.

Mr. Bailey suggested that staff list out the natural resources criteria separately so when the Board makes their decisions they can look at these projects separately.

Mr. Bailey calls the August 1 secondary deadline for acquisitions the “August Opportunity.” Having this secondary date is one of the best things the MNRTF has done. He also stated that there have been resolutions passed in his area urging the quick passage of the 2008 MNRTF projects by the Legislature.

Mr. Tom Woiwode, Director, GreenWays Initiative

Mr. Tom Woiwode, Director of GreenWays Initiative, echoed his support for all the comments heard today regarding the draft criteria. He applauds the Board’s focusing on underserved communities to ensure that they have opportunities.

Mr. Woiwode mentioned the City of Detroit’s grant for the Dequindre Cut project, which was awarded several years ago. The MNRTF grant was for \$393,000 and leveraged more than \$2 million in Michigan Department of Transportation funds, and \$2 million in Community Foundation of Southeast Michigan funds. The total cost of the Dequindre Cut project was \$4 million. On May 14, 2009, 10:00 AM, there will be a dedication ribbon-cutting. Governor Granholm will be in attendance and he hopes the Board members can attend as well.

The Dequindre Cut project has changed the complexion of the City of Detroit and see how it connects the riverfront to the Eastern Market. This has transformed the city and the way it thinks about itself.

Ms. Hegstrom presented the PowerPoint presentation of the draft criteria for the Board’s information.

Mr. Charters concurred with Mr. Muchmore’s comments regarding resource issues. He thanked the staff for doing a great job putting the draft criteria together.

Mr. Garner mentioned a letter he had received from the DNR’s resources staff expressing concerns. Mr. Charters has reviewed these concerns as well. Perhaps how the Board handles the eco-regions or “lump sums” it may not be such a big concern. The resource staff was also concerned about the elimination of the August 1 deadline and wished to have this retained.

Mr. Stokes stated that Grants Management staff really does not have time to do project evaluations for the August 1 secondary deadline for acquisitions. If it was just one round of applications (April 1 deadline date), staff could have time for technical assistance to communities and do a better job of evaluation.

In addition, Mr. Stokes stated that one of the things that staff is not doing enough of is going out and checking on projects that the MNRTF has invested in. This is referred to as “post-completion inspections.” He feels staff could do a better job of providing this assurance that the MNRTF dollars have been invested wisely and facilities are being maintained and operated. He wants to see more post-completion inspections done and a August 1 secondary deadline for acquisitions prevents staff from doing more inspections.

Mr. Muchmore commented that he can see where Mr. Stokes is coming from, but he feels it is a mistake to not have a secondary deadline for acquisitions. Every stakeholder the Board has heard from today does not want to see the August 1 secondary deadline

eliminated. He suggested that perhaps more points could be given to an acquisition project if they submitted their application by the April 1 deadline. The points should be significant enough that they would be encouraged to get their application in by the primary deadline. Mr. Stokes feels that would be a good idea. He also added that staff has seen applications come in for the August 1 deadline that did not get funded reapply the following April, so perhaps the urgency was not quite there.

Ms. Hegstrom added that one of the presenters today did say that the April 1 deadline did not allow them to have biological surveys done, but staff has addressed this in the criteria as to which parts of the application were absolutely needed on April 1 and what other documentation would be allowed to come in later. Mr. Muchmore stated that there are actually some political people who will not let an incomplete application come in.

Chairperson Pollack stated that the Board can accept the criteria as proposed, reject it as proposed, create a point incentive to submitting the acquisition application early or have a June 1 deadline. It appears it would be too late to institute this year, but implementation could occur in 2010.

Mr. Muchmore suggested acquisition applications that are turned in by the April 1, 2010 deadline receive 40 extra points.

**MOVED BY MR. MUCHMORE, SUPPORTED BY MR. CHARTERS, TO RETAIN THE AUGUST 1 SECONDARY DEADLINE FOR ACQUISITIONS. IN ADDITION, ACQUISITION APPLICATIONS THAT ARE SUBMITTED BY APRIL 1, 2010 (THE PRIMARY DEADLINE) WILL RECEIVE AN ADDITIONAL 40 POINTS. PASSED.**

Mr. Muchmore wished to include oil and gas in the scoring criteria. His point for including this is that is where the MNRTF comes from. The oil and gas revenue and the areas from which this comes from are responsible for the MNRTF existing at all. Mr. Charters added that looking down the road, there will be quite an infusion of money to the MNRTF from subsurface minerals. He asked Mr. Muchmore if he wanted this included or to wait until it happens. Mr. Muchmore responded he wants to wait until it happens.

Chairperson Pollack asked how this has impacted the distribution of grants. The goal of many members is to try and fund more urban areas. Mr. Charters mentioned a grant to the Village of Hillman. They stated they had all the wells but they did not get any of the funding. He asked how many points are received for wells. Ms. Hegstrom responded 40 points for every 300 wells. Mr. Charters suggested having 20 points with a sliding scale.

Chairperson Pollack also mentioned there was a suggestion of having a sliding scale but allow the wealthier communities to be able to get the maximum amount of points but require them to invest more of their money to reach the maximum.

Mr. Garner stated that this is a work in process. His vision is if everything works correctly, the Board will be having some of these same discussions for fine-tuning next year. He suggested that we adopt the criteria for this year with the modifications outlined by the Board.

**MOVED BY MR. MUCHMORE, SUPPORTED BY MR. CHARTERS, TO RESTORE THE OIL AND GAS CRITERION TO HAVE A SLIDING SCALE OF 20 POINTS. PASSED.**

Chairperson Pollack asked about not having a recreation department because poorer communities might be at a disadvantage. Does the Board want to eliminate this criterion? Ms. Hegstrom responded that it is just not having a formal recreation department, but it could also be a parks committee or some body that is overseeing the park. Mr. Muchmore added that the community is not penalized for not having a recreation department. A community who has one gets 10 points.

Mr. Muchmore wants the maximum amount of points for criterion 4 (under acquisition), which would provide good fishing and hunting opportunities or protects natural resources. Ms. Hegstrom responded that this was actually 20 points that were added on top, so the community could get 80 points.

Mr. Muchmore also mentioned criterion 6D (under acquisition), urbanized cluster. The representative from the Michigan Mountain Biking Association mentioned that not enough points were given for this criterion. Ms. Smiley responded that her organization would like to see more opportunities for this activity in communities.

Ms. Hegstrom outlined and provided more information on urbanized areas via the maps on PowerPoint.

Mr. Muchmore stated that next year he would like to revisit criterion 7 (local match).

**MOVED BY MR. GARNER, SUPPORTED BY MR. CHARTERS, TO ADOPT THE 2009 MNRTF PROJECT SELECTION CRITERIA, AS AMENDED. PASSED.**

Mr. Stokes stated that the Board will need to adopt three priority project types for 2009. Discussion ensued by the Board members as to the priorities.

Mr. Muchmore mentioned the changes that could occur to the DNR within the next twelve months, with the possibility of the merger of another department (Department of Environmental Quality). He asked what areas does the DNR see that are going to come under the most stress with their budget and may be better for the Board to focus on. Mr. Stokes responded that most of DNR's funding is restricted. Fee increases are becoming difficult to get through.

Mr. Stokes added that at this time, a bill is being introduced by Representative Sheltroun to take a major portion of the MNRTF and put it into the DNR for habitat restoration for fish and wildlife. This is an example of the pressure to keep traditional programs going.

Ms. Mindy Koch, Resource Management Deputy, DNR, added that the DNR is struggling with the Game and Fish Fund and has had to make reductions due to lack of revenue. The State Park system has been struggling for a significant amount of time. The fire program is using monies from the Forest Development Fund and Forest Recreation Fund because of moving General Fund monies away from the fire program, and trying to keep a core available crew that can respond to fires in the DNR. This year habitat improvements are going to be very difficult for the DNR. Infrastructure improvements

are not going to be made in the State Parks. The State Forest campgrounds are going to need to look at some reductions. Funds are not available to support the recreation program that exists in the State Forest system. There was an increase in the Snowmobile program for next year so the existing system can be maintained.

**MOVED BY MR. CHARTERS, SUPPORTED BY MR. MUCHMORE, TO APPROVE PRIORITY C—TRAILS/GREENWAYS; PRIORITY E—WILDLIFE/ ECOLOGICAL CORRIDORS AND WINTER DEERYARD ACQUISITIONS; AND PRIORITY I—PROJECT IS LOCATED WITHIN AN URBAN AREA, FOR 2009. EACH PRIORITY WOULD BE 50 POINTS. STAFF WILL DEVELOP A SCALE. PASSED.**

Chairperson Pollack wanted to express the fact that in future years she will be advocating for projects that strongly emphasize collaboration between communities and projects that will further the goals of area wide planning.

**MOVED BY MR. GARNER, SUPPORTED BY MR. CHARTERS, TO MODIFY CRITERION 4D (ACQUISITION) TO READ: “PROJECT WILL PROVIDE A GOOD QUALITY HUNTING, WILDLIFE VIEWING AND FISHING OPPORTUNITY.” PASSED.**

At this point, the Board returned to the proposed Saugatuck Harbor Natural Area acquisition issue.

**MOVED BY MR. MUCHMORE, SUPPORTED BY MR. GARNER, THAT THE MNRTF MEMBERS ACKNOWLEDGE THE VALUE OF THE SAUGATUCK PROPERTY TO THE STATE OF MICHIGAN. WE [THE BOARD] SUPPORT THE PURCHASE OF THE PROPERTY AT A TRUST FUND CONTRIBUTION AMOUNT TO BE DETERMINED AND THAT HAS BEEN DETERMINED BY THE MNRTF STAFF IN PREVIOUS YEARS OF NOT LESS THAN \$11.6 MILLION, BUT IN ANY EVENT NOT TO EXCEED \$15 MILLION. IT MAY BE NECESSARY TO MAKE THIS CONTRIBUTION OVER MORE THAN ONE YEAR. IN ADDITION TO THE ANTICIPATED TRUST FUND CONTRIBUTION, THE MEMBERS OF THE BOARD WILL SEEK OTHER STATE ENTITIES WITH WHICH TO PARTNER. THE CONSIDERATION OF THIS GRANT SHALL BE DETERMINED AT THE DECEMBER GRANT MEETING [DECEMBER 2, 2009] OF THE FUND. PASSED.**

#### IV. PUBLIC APPEARANCES.

Mr. Murdock Jemerson, Director, Parks and Recreation, City of Lansing; and Mr. Willis Bennett, Director, Ingham County Parks – Hawk Island/River Trail Presentation

Mr. Michael McDonald, Ingham County Parks and retiree of the DNR, gave a brief overview of the Ingham County park system and introduced Mr. Willis Bennett, Director of the Ingham County Parks Department.

Mr. Bennett provided a PowerPoint presentation of the Hawk Island County Park. He acknowledged the cooperation between Ingham County parks and the City of Lansing Parks and Recreation Department and how this has been successful. There are seven

city and county parks, totaling 650 acres. There are two golf facilities, two cemeteries, and 2.5 miles of paved trails. In addition, there were over 1.2 million visits in 2008.

Ingham County has cooperative facilities with the city – Hope Soccer Complex and Hawk Island Park. The City of Lansing operates a significant amount of parks, specifically in downtown, that are open to the general public.

Elements of the partnership include the new parks of Hawk Island Park, Hope Soccer Complex and the city's Maguire Park. Reinvestment and realigned management of existing parks include management agreements for Scott Woods (adjacent to Hawk Island Park), Soldan Dog Park and Potter Park Zoo (the county took over operation of the zoo in 2007). The city's river trail system is now able to connect seven city and county parks units, as well as non-motorized access to and from downtown Lansing and Michigan State University.

The Hope Soccer Complex was the first cooperative project between the city and the county. This was built on an abandoned landfill. The property is owned by the city, jointly developed with the county and is managed by the county. On six fields, it averages approximately 1200 games in the summer by all age groups.

Hawk Island Park was an abandoned gravel pit site that had been vacated for decades. With \$3 million that was dedicated to the parks department from the sale of Ingham Medical Hospital, which was set aside specifically for parks, and monies from the MNRTF and Clean Michigan Initiative recreation grant programs, the county was able to construct this \$4.5 million park. Since 2000, there have been 650,000 visitors.

Since 2007, Potter Park and Zoo has been managed by Ingham County, with approval of a county-wide millage. The city continues to operate the park, but the county manages the zoo. There is an active Zoological Society that helps fund and run the zoo.

Soldan Dog Park was developed with funding from "Friends of Greater Lansing Dog Parks," private donors, the City of Lansing and Ingham County. This is a 17-acre park. This is the only legal off-leash park in Lansing. Mr. Garner asked if Solan Feed Stores were a partner in this park. Mr. Bennett responded that they were the main benefactor to the "Friends" group. This group raised all the money to put the fencing around the park. The city and county cleared the site and designed the park.

Mr. Garner asked how the name was actually chosen for the park. Mr. Murdock Jemerson responded by stating that the dog park was about three or four years in the making. Before it was developed, the city looked at the local ordinance which prohibited this type of activity. It was Mr. Jemerson's job to get the ordinance changed within the City of Lansing to allow for a dog park. The ordinance was finally put through, but the city would not provide any funding for the park. The "Friends" group raised funds for the park. Mr. Soldan provided funding through the "Friends" group. Funds raised were around \$75,000 for the fencing.

Scott Woods, adjacent to Hawk Island County Park, is owned by the City of Lansing and managed by Ingham County. There is a 1.5-mile trail that goes around the lake in Hawk Island and a portion goes to Scott Woods. The county is in the process of signing an agreement which would allow Ingham County to manage, but the city would still maintain ownership. The county has the resources on site to keep the property maintained.

Mr. Jemerson stated he appreciated the Board allowing the city and county to outline their cooperative program for parks. He thanked the Board for all the funding that has been provided by the MNRTF. He also expressed the fact that the Michigan Department of Transportation (MDOT) has been a partner in providing funding for the trail system.

The Lansing Rivertrail was put together in three different phases. He pointed out, via charts, the location of the rivertrail and what parks it connects. There are five bridges along the trail. There were many partners involved in this phase. Potter Park to Jolly and Aurelius Roads is the total length of the three construction phases. Phases one and two were bid together. The Scott Woods portion was \$476,500. Phase one (Potter Park to Scott Woods) was \$1.9 million. Phase two was \$1.4 million. There were many partners involved in the funding – MNRTF, MDOT, City of Lansing park millage funds and Ingham County parks.

Mr. Jemerson also mentioned that there were three people who donated property – Mr. Joe Maguire (8.6 acres), Kelly Dean (the trail runs next to his property) and Mr. James Parrish (co-owner of Soccer Zone, 4.2 acres).

#### Mr. Robert L. Grooters, Bear Creek Nature Association

Mr. Robert L. Grooters outlined the Bear Creek Nature Preserve, which is 14 miles from the center of Grand Rapids. He also outlined a special tribute that he received stating that he was responsible for \$150 million in additional funding for the MNRTF. This was as a result of the challenge of the 1/8<sup>th</sup> royalty in 1979. He was able to secure a 33.28% increase from 1/8<sup>th</sup> to 16.66%. That difference accounts for 25% of all the royalties on all leases made since 1980.

He provided the Board with a packet of information which included letters sent to various individuals and organizations to increase the royalty, as well as some other articles of interest regarding the Bear Creek Nature Preserve.

Mr. Grooters added that the MNRTF has been an inspiration and a symbol of hope to virtually every community in Michigan. The Board has done an outstanding job. The Board is keeping a balance between development and open space.

Chairperson Pollack asked if his community was going to submit an application for this property. Mr. Grooters responded that in 2002, an application was submitted by Cannon Township and it was not recommended. It was not recommended as there was a question regarding access to the property. That could have been remedied by buying an adjacent lot which was available. Once it was turned down, the township decided not to reapply.

Mr. Grooters is thinking about forming another land conservancy and will nominate this property for acquisition. He would appreciate the Board's partnership on this acquisition.

## V. OLD BUSINESS.

### MNRTF Funding Update – Mr. Joseph Frick, Chief, Office of Financial Services, DNR

Mr. Joseph Frick, Chief of Office of Financial Services, DNR, outlined the problems with the stock market and what is happening to the MNRTF's investment income. There is a lot of uncertainty about the oil and gas revenue at this time, as prices are currently down. To make a projection, at 1/3<sup>rd</sup>, the amount would be about \$13 million. Using the 5% investment, the amount would be about \$19 million. This is down considerably from last year. The 5% will be impacted by the current financial situation, both on the fixed income and equity markets. Taking these two figures together, the MNRTF would have about \$32 million to spend (\$9 million development, \$20 million for acquisition and \$3 million for administration).

Mr. Frick further outlined the 5% investment. As of the end of last year, the investments were \$370 million principal towards the \$500 million cap. The Stabilization Reserve was \$8 million at the end of last year, which was down considerably because of the stock market. Taking 5% of these two figures is where the \$19 million is arrived at. The market value of the stock market portfolio as of September 30, 2008, was \$72 million. It is currently about \$52 million. That is a loss of \$20 million in the equity market. The MNRTF equity portfolio is invested primarily in the Standard and Poors index fund.

Mr. Frick outlined the handouts that were provided to the Board. Regarding the "Bonds/Notes Interest Income," the MNRTF can typically expect about 5%. This is largely in government obligations and the ones typically being issued are yielding less than 5%. There has been a gain in the bond portfolio that is partially offsetting the market value losses in our equities. Right now there are about \$6 million in gains to help offset the \$20 million in losses; however, the interest income on the safer bonds is less than 5%. The "Common Cash Earnings," which right now is prime commercial paper, is earning less than 1%. It is hard to speculate what "Dividends" will be at this point. As far as "Lapses Into Reserve," funds are not anticipated to be put into this reserve.

Mr. Frick continued by outlining Investment Spending Scenarios of the Stabilization Reserve using Standard and Poors estimates.

Chairperson Pollack did not realize that the lapsed funds were combined with the other funds. She wondered if the Board wanted a "smoothing fund" that was more secure.

## VI. STATUS REPORTS.

### DNR Real Estate Report

Mr. Ed Meadows, Section Manager, Real Estate Services, Office of Land and Facilities, DNR, outlined the DNR real estate report. The land consolidation strategy is a high priority initiative. Phase three of the strategy is the disposal phase of selling or exchanging lands that have been determined to be surplus to the DNR's needs.

Since the last report, the final phase of TF07-167, Wisconsin Electric Energies Land Acquisition has been acquired, as well as several land consolidation acquisitions.

Mr. Meadows stated that now is a good time to buy land, although it raises questions in the minds of many. The land is being acquired to make investments for the future.

Local Projects Completed Report

Mr. Wood stated that this report is included in the Board's package and includes a list of the local projects that have been completed since the Board's last meeting. Two acquisitions and five development projects have been completed.

Open Projects Status Report

Mr. Wood stated that this report is included in the Board's package. No further discussion.

MNRTF Lump Sum and Line Item Department Projects

Mr. Charters asked about the Kamehameha project (TF05-133). There is still a \$1.5 million balance and wondered when this was going to be completed. Mr. Rich Bowman, The Nature Conservancy, responded that this is ready to be completed right now.

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

None.

VIII. ANNOUNCEMENTS.

The next meeting of the Michigan Natural Resources Trust Fund Board is scheduled for 9:00 AM, Wednesday, May 6, 2009, at a location in the Detroit area.

IX. ADJOURNMENT.

**MOVED BY MR. CHARTERS, SUPPORTED BY MR. MUCHMORE,  
TO ADJOURN THE MEETING. PASSED.**

The meeting was adjourned at 1:13 PM.

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

\_\_\_\_\_  
James Wood, Manager  
Grants Management

\_\_\_\_\_  
DATE