

MICHIGAN NATURAL RESOURCES TRUST FUND

BOARD OF TRUSTEES MEETING

Minutes of December 4 (7:00 PM) and 5 (9:00 AM), 2007
Lansing Community College West Campus, 5708 Cornerstone, Lansing

The meeting of the Michigan Natural Resources Trust Fund (MNRTF) Board of Trustees evening session commenced at 7:00 PM, December 4, 2007.

The following Board members were present:

Keith Charters
Bob Garner
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. PUBLIC APPEARANCES.

Chairperson Garner informed the audience that the purpose of public appearances this evening was to provide new information on the scoring of grant applicants' projects. He informed the audience that the MNRTF Board is in no way encumbered by the scores to accept projects in order. The Board has gone out of order of staff recommendations and brought other projects up. This has been done consistently, but not to the point of excluding too many projects. Although the Board is not bound by the staff's scoring of projects, it is taken very seriously. Staff does a great job in evaluation and scoring.

Chairperson Garner asked that Mr. James Wood, Manager, Grants Management, DNR, introduce Grants Management staff to the audience. Mr. Dennis Fedewa, Chief Deputy, DNR, introduced himself.

Mr. Wood advised the Board and audience that Grants Management staff has reviewed 153 MNRTF applications, following 18 criteria established by the Board. This totaled 2,754 individual decisions being made in the review of these applications. Scoring evaluations of projects were provided to individual applicants in November and also posted on the DNR's website.

Mr. Wood wished to express how proud and impressed he was with the professionalism of the Grants Management staff.

Chairperson Garner introduced Mr. Charters and Ms. Pollack to the audience. There is a vacancy on the Board with Mr. Sam Washington's death in October. Mr. Torre has indicated that he will be in attendance at tomorrow's regular meeting.

Chairperson Garner informed the audience that each presentation will be restricted to five minutes per speaker.

Senator Michael Switalski – 07-054, Clinton River Hike Bike Trail Development, city of Utica

Senator Michael Switalski made a presentation in support of 07-054, Clinton River Hike Bike Trail Development, city of Utica. This project is very important as it connects the city's Heritage Park and Utica Park, which is the last link in the chain for the Clinton River Trail. That will connect Oakland and Macomb counties. There is bipartisan support of the project.

Representative Tory Rocca – 07-054, Clinton River Hike Bike Trail Development, city of Utica

Representative Tory Rocca made a presentation in support of 07-054, Clinton River Hike Bike Trail Development, city of Utica. He has biked on the trail running through the city of Sterling Heights.

Chairperson Garner asked what this project scored. Mr. Wood responded that it is a development project and scored 310.

Representative Rocca continued by stating that there is a nice trail system now, but it needs improvements. The mayor of the city of Utica, Jacqueline Noonan, has been trying to make these improvements for many years.

Representative Rocca looks forward to seeing these trails linked together because it will link the two communities he represents—cities of Sterling Heights and Utica. At this time the citizens of Sterling Heights and Macomb County ride their bikes through downtown Utica.

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

Mayor Jacqueline Noonan, city of Utica – 07-054, Clinton River Hike Bike Trail Development

Ms. Linda Davis Kirksey, Grant Writer, city of Utica – 07-054, Clinton River Hike Bike Trail Development

Project scored 310. Mayor Noonan stated city was designated a “Cool City” in 2005. City has undertaken a five-year plan of action that included one of its most important points being development of the riverfront and the hike bike path. River goes under Auburn Road and also crosses Van Dyke. The city has park property off of Auburn and Van Dyke. The city could avoid one of the most heavily traveled intersections in southeastern Michigan—at M-59 and Van Dyke—by increasing the pedestrian hike and bike trail and allowing people to recreate away from the busy roadways.

City assembled a functional replacement of properties for the trail with the Michigan Department of Transportation in the early 1990s that required a replacement pedestrian bridge across the Clinton River and a tunnel under the expanded M-59 was built according to the city's hike and bike plans. The city funded the trail as part of its residential road improvements and spent tens of thousands of dollars.

The trail runs for almost two miles in the city, along the Clinton River and touches the only traditional downtown in the entire length of Macomb County. The city is the first navigable entry point into the river in Macomb County from the west to take advantage of the Blue Water Trail. The city gave up 10 percent of their commercial tax base to the widening of M-59. The city wants to make the Clinton River a “backyard destination” for almost two million people who live, work and play in the metropolitan Detroit area.

Ms. Davis Kirksey stated that she has a history with the Clinton River Trail, as she was one of the grant writers for the acquisition and development dollars for the cities of Rochester Hills, Auburn Hills, Sylvan Lake, Pontiac and West Bloomfield. This is an opportunity to have the city of Utica be a “crown jewel” in the development of this trail. As far as population, when you look at the overall serviceability of the trail, it would be potentially 1.8 million users. If this piece of the trail is completed, there would be great accessibility. In addition, the access point of the trail is the safest point of the project the city is trying to implement.

**Ms. Claire Schulte, Chair, Parks and Recreation, village of DeTour – 07-164,
DeTour Village Waterfront Property Acquisition
Mayor Terry Nelson, village of DeTour – 07-164, DeTour Village Waterfront
Property Acquisition**

Project scored 315. Major issue was points not given for population, as village has a small population and the economic realities of the Upper Peninsula.

Mayor Nelson expressed the need to safeguard the property. It is the only opportunity on the St. Mary’s River to offer recreational opportunities of underwater diving, fishing, kayaking and the end of the North Huron pathway. The village and township of DeTour have formed a partnership for this project.

Ms. Pollack asked staff what the various cutoffs were for scoring “financial need.” Ms. Lisa McTiernan, Grant Coordinator, Grants Management, DNR, responded that the per capita income that staff has now is up to \$16,801 (40 points), with lower points for higher income amounts. Ms. Pollack stated it appears there is a big middle-class population that is not getting any scoring.

Mr. Charters asked Ms. Schulte if the village had their portion of match at this time. Ms. Schulte responded yes. The landowner is providing the majority of the match and the rest is already established by the village.

Ms. Pollack asked staff to explain about the match percentage. Ms. Deborah Apostol, Unit Manager, Recreation Grants, Grants Management, DNR, responded that the village is providing a 26 percent match. The minimum percentage for additional points would be a 30 percent match.

**Ms. Barbara Stevenson, Township Clerk, Roscommon Township – 07-049,
Lakeview Park Improvement Project**

Project scored 380. Was pleased with how project scored. Provided maps of the project and pointed out design and other aspects.

Ms. Susan Hordo – 07-099, Hunter’s Point Park Acquisition, Grant Township

Project scored 380. Board was provided with a letter from Mr. Richard Powers, Deputy Supervisor, Grant Township. Major issues were: Criteria 9, in that the township was not eligible for a score in “Population Served” as township has a population of 172; and Criteria 10, “Financial Need,” the township did not receive points—per capita income is \$24,336, which places township in the top one-third. Suggests the Board consider median household income instead of per capita. Median income for the township is \$34,464; it is \$44,667 for the state of Michigan. This is \$10,000 below the state average and more than \$2,000 below federal government’s threshold. Therefore, the township falls into the “poverty interest-rate eligibility” category.

Tourism is the main industry in the township, with 200,000 to 300,000 visiting the area each year. No major industry except tourism and logging. Unemployment in the township is 21.2 percent. Township has an area of 123.5 square miles. Of this, 61 percent is in Commercial Forest Reserve, which limits money that can be raised through property taxes.

Township feels should be awarded points for “Population Served” and “Economic Need.”

Mr. Charters asked about the match. Ms. Hordo responded that the match is from the land portion from the developer. Mr. Charters asked if the project could be phased over a two-year period. Ms. Hordo said the township would be interested in this. The landowner would have to be contacted to see if he would be willing to do this.

Mr. Fred Waybrant, Recreation and Parks Director, Brandon Township – 07-066, Brandon Township Park Development

Project scored 265. Project would be made universally-accessible.

Mr. Terry Hanover, Chairperson of Recreation Committee, Weesaw Township – 07-082, Weesaw Township Park Acquisition

Project scored 265. Outlined general aspects and features of the property. Did not get any points for “Deer Corridor” although they do come around Galien River corridor.

Ms. Jan Bassett – 07-165, Elk Rapids Waterfront Acquisition, village of Elk Rapids

Project scored 0. Due to inaccurate information, the village has talked to Ms. Linda Hegstrom, Grant Coordinator, Grants Management, DNR, and score was changed to 255. Outlined a letter from Mr. Todd Kalish, Fisheries Division, DNR, stating that this acquisition would “... preserve the critical riparian and aquatic resources and enhance accessibility of the Elk River basin and the entire navigable Elk River Chain of Lakes.” Village population is 1700; in the summer not unusual to have 43,000 people on the weekends.

“Population” criteria and “Financial Need” criterion makes it difficult for township to receive points. Provided Board with information packet containing letter from landowner, resolution from village council regarding bonding for matching funds, bond council recommendations for financing, endorsement letter from Mr. Kalish, architectural

programming to be done by Ferris State University, and area census and median income information compiled from Antrim County master plan document.

Mr. Charters was surprised that this project only scored 255. Ms. Hegstrom responded that it was because of not having a secure match and extremely high price per acre.

Ms. Pollack asked if the project has had an independent appraisal. Ms. Bassett responded yes. There have been two appraisals over the last two years--\$2.1 million and \$2.8 million. Ms. Pollack asked if the property is not acquired by the MNRTF, what would likely be done with it. Ms. Bassett responded it likely would be used for condominium development.

Mr. Gerry Harsch, Director of Planning, Garfield Charter Township – 07-175, Silver Lake Recreation Area Expansion

Project scored 365. Had concern about Criteria #5, “Protection or Use of Significant Natural Resources.” Linda Hegstrom’s comment on scoring summary was “More detailed information on the quality of the wetland could increase the score”. Emphasized a report on the Silver Lake wetland property analysis, which was prepared by Mr. Greg LaCross. He notes that based on the preliminary survey, the property appears to be highly productive with a significant botanical diversity and could serve as a high quality, freshwater repository of local biodiversity.

Concern about Criteria #7, “Hunting, Fishing and Other Wildlife-Related Opportunities.” Linda Hegstrom’s comment on scoring summary was “More information on the wildlife viewing opportunities not provided.” A report was provided from the Grand Traverse Audubon Club stating “The variety of species encountered so late in the year suggests excellent wildlife viewing potential in spring and summer that should improve over time with proper management of the woodlands just east of the wetlands.”

Concern about Criteria #13, “Special Initiative-Trails.” Included a copy of a map showing trailways.

Concern about Criteria #15, “Special Initiative-Winter Deeryard and Wildlife Corridors.” The parcel buffers Silver Lake Recreation Area.

Concern about Criteria #11, “Match Percentage.” Township would be willing to increase the match to 50%.

Mr. Charters asked where the extra source of the match would come from. Mr. Harsch responded it would come from the taxpayers in the township. Mr. Charters also wondered why the two properties were not connected. Mr. Harsch responded that the comprehensive plan has a thoroughfare corridor that runs through it. Mr. Charters asked who will own it. Mr. Harsch responded that the township will own it.

Ms. Cyndy Fuller, Mayor, city of Manistee – 07-040, Man Made Lake Acquisition

Project scored 440. Mayor Fuller said \$185,000 has been raised by citizens. More money is still being raised.

Mr. Charters asked what the source of the match was. Mayor Fuller responded that it consists of seller participation, citizen cash donations, and general fund from the city.

Mr. Bob Homan, Township Manager, Plainfield Township; and Mr. Gregory Scott, Progressive AE – 07-058, Grand Isle Park Acquisition

Project scored 380. Will be raising their match from 25% to 32%. Clarified, via maps provided to Board, the trail system in the area and where it connects to the proposed acquisition. A letter from Mr. Michael DeVries, Supervisor of Grand Rapids Township, was provided to the Board, supporting Plainfield township's project and explaining how this project would link the White Pine Trail and Grand Rapids Township's trail network.

Mr. Ken Hibl, City Manager, city of Clare; Ms. Nancy Krupiarz, Executive Director, Michigan Trails and Greenways Alliance – 07-096, Pere Marquette Rail Trail Extension

Project scored 335. Provided maps and photographs of the project to the Board. The trail begins in Midland and terminates on the eastern limits of the city of Clare. There is a DNR trail west of Clare, beginning at the village of Farwell and connects to the White Pine Trail. It is important to connect this trail to the downtown Clare area, as there is a railroad bed that runs downtown. In 2005, the railroad sold the city a portion of the right-of-way to construct a future portion of trail. The MNRTF Board provided the city with an acquisition grant for this trail.

Michigan Department of Transportation (MDOT) just completed constructing a bridge with a tunnel. They are committing \$600,000 to this portion of the project, with the commitment of \$1.3 million in the second phase to connect it to the DNR trail between Clare and Farwell. This is a cooperative effort between many entities.

Ms. Krupiarz provided comments and expressed her support of the project.

Ms. Sue Lathrop, AVP, Independent Bank; Mr. Gary Worman, Leslie Area Educational Foundation; and Mr. Robert Howe, Former Leslie Schools Superintendent – 07-085, Russell Miller “Wild 100” Nature Center Development, Leslie Schools

Project scored 305. Ms. Lathrop stated Educational Foundation and Leslie Board of Education are committed to project. Foundation is providing over \$157,000 in matching funds. Application was submitted last year, but did not receive funding. This year application was improved and received a higher score than last year.

Mr. Howe, former Leslie Schools Superintendent, outlined the history of the nature center area and expressed his support of project. The project will provide a variety of recreation opportunities, including walking, cross-country skiing, archery study, nature inspiration and learning, science experiments, nature observations. Further development would include walking trails, lighted scenic pathways, wetlands observation deck, fishing dock and picnic area. Mr. Charters asked if funded Will be fully accessible to all users.

Ms. Pollack asked what the difference was between an accessible project and a universally accessible project qualifying for funding under the “Access to Recreation”

program. Ms. Linda Hegstrom, Grant Coordinator, Grants Management, responded that an accessible project meets all the requirements of the Americans With Disabilities Act (ADA) and a universally accessible project goes beyond those requirements.

On behalf of the Leslie Area Educational Foundation, Mr. Worman made comments in support of the project. Community support for the project is very strong. Four entities joined together to develop the project--the city of Leslie, Leslie Township, Leslie Public Schools and the Leslie Area Educational Foundation.

Senator Nancy Cassis; Mr. Steve Printz, Parks and Forestry Operations Manager; and Mr. Andrew Mutch, Councilman, City of Novi – 07-017, Novi Core Habitat Reserve Property Acquisition

Project scored 385. Senator Cassis made comments in support of the project. Commercial and residential development has increased dramatically in the Novi area. Novi is truly a “green city.” This was accomplished by being an early leader in protection and preservation of natural resources and environmental areas. One of these accomplishments included adoption of a stormwater and drainage management ordinance in the late 1970s. This won state acclaim and was adopted by many communities. Also developed was a hazardous materials ordinance and implementation of woodlands and wetlands ordinances. Conservation is and continues to be a planning priority in the community. The city will be providing a 46% match towards the project.

Senator Cassis urged the Board to support funding for this project.

Ms. Pollack asked about the 46% match and wondered if this had gone up from the original application (38%). The response was there was an increase in the match amount and it was reflected in the project's scoring.

Ms. Pollack also mentioned to the Senator the desperate state of the DNR's budget and the real possibility of state parks closing this summer. She asked for the Senate's support for the parks. Senator Cassis responded the Senate is doing all they can to get Michigan's economy moving again and to not only protect what resources we have, but to provide funding. Ms. Pollack further stated that in her opinion, the public may support a special tax that is dedicated towards natural resources. Senator Cassis suggested that Ms. Pollack take the lead to get this issue on the ballot.

Ms. Pollack said the Citizens Advisory Committee for State Parks suggested adopting a proposal like the state of Montana has, which is a fee attached to license plates.

Mr. Printz made some further comments regarding the project.

Mr. Mutch made some comments regarding the project. This is the second year that the city has requested funding for this project. Last year the score was 250 and this year it is 385. The property owner has increased his contribution to the local match. There are letters of support. He made mention of the fact that because of the classification of where the project is (rural), there were not points given for urban areas (40 points). If the project was 100 feet north, it would have been considered an urban project.

Ms. Julie Cowie, Clerk, Casco Township – 07-170, Lake Michigan Nature Preserve Acquisition

Project scored 375. Ms. Cowie stated the township was pleased with the score they received. She referenced the comments made by Grant Township regarding tourism being the main industry in the township. That is true for Casco Township, as they are located just north of the city of South Haven in the southwest corner of Allegan County.

Ms. Cowie mentioned the possibility of phasing the project. The land owner is 98 years old. The township would be willing to phase the project so the land owner could see the reality of this nature preserve in her lifetime.

Mr. Jules Hanslovsky, Citizens for Big Rock, East Lansing – 07-115, Big Rock Natural Area, DNR

Mr. Hanslovsky expressed his support for the Big Rock acquisition project. He provided the Board with books, brochures and photographs illustrating the project. He realizes that the DNR has withdrawn the project for possible funding this year; however, he is optimistic of the property being acquired in the future. Michigan is the only place in the world that has Petoskey stones, which are at the peak of Elk Rapids, Petoskey and Wilderness State Park.

Mr. Hanslovsky's goal is to come back to the Board next year and, hopefully, this project will be back on the list for funding consideration.

Mr. Larry Sullivan, Planning Director, Charlevoix County – 07-112, Whiting Park Universal Access Improvements

Project scored 375. The county has submitted an application for the project for four years, and feels the application has been improved, with assistance from DNR staff. In addition, the county has been spending funds for other recreational properties. In discussions with county officials, improvements need to be made to Whiting Park before moving on to other recreation projects in the county, as far as county funds being utilized.

This concluded the presentations for the MNRTF evening session.

Chairperson Garner reminded the audience that final decisions will be made tomorrow morning, December 5, at the Board's regular meeting. About one-third of applications submitted receive funding. He encouraged those who do not receive funding to resubmit for 2008.

The December 4, 2007 evening session concluded at 9:00 PM.

The regular meeting of the MNRTF Board of Trustees commenced at 9:05 AM, December 5, 2007.

The following Board members were present:

Keith Charters
Bob Garner
Lana Pollack
Frank Torre

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

Chairperson Garner introduced the MNRTF Board members to the audience. The Board is short one member at this time due to the October death of Mr. Sam Washington.

I. ADOPTION OF MINUTES FOR THE MEETING OF OCTOBER 17, 2007.

Chairperson Garner called for the adoption of the minutes from the October 17, 2007 Board meeting.

MOVED BY MS. POLLACK, SUPPORTED BY MR. CHARTERS, TO APPROVE THE MINUTES OF THE OCTOBER 17, 2007 MNRTF BOARD MEETING. PASSED.

II. ADOPTION OF AGENDA FOR MEETING OF DECEMBER 5, 2007.

Chairperson Garner asked that the agenda be amended to include a site and date recommendation for the August MNRTF Board meeting. This would be added as Item 2 under "New Business."

MOVED BY MR. CHARTERS, SUPPORTED BY MS. POLLACK TO ADOPT THE DECEMBER 5, 2007 MNRTF BOARD AGENDA, WITH THE AMENDMENT OF ITEM 2, "SITE AND DATE RECOMMENDATION FOR THE AUGUST MNRTF BOARD MEETING", UNDER "NEW BUSINESS." PASSED.

Mr. Charters asked if staff had scheduled presentations to outline the State Comprehensive Outdoor Recreation Plan (SCORP) with legislative committees, and also to send the legislature copies of the SCORP summary. This was requested by Ms. Pollack at the October 17, 2007 Board meeting and was referenced in the minutes. Mr. Fedewa responded that this has not been done. The DNR was still in the process of budget negotiations. Since the legislature had given a date of January 15 to finalize the DNR budget, staff thought it was more prudent to ask the legislature to consider meetings after the holidays. It is still the intent to provide informational meetings with appropriate legislative committees.

Mr. Charters asked if the SCORP summary had been sent to the legislature. Mr. Wood responded that it has not been finalized yet. The version that the Board reviewed in October was the draft.

Mr. Charters stated that the way the DNR budget situation is going in the legislature, the last thing we want to do is to shirk our responsibilities as to having decent public relations with them.

Ms. Pollack stated that staff may think this is a bad idea to provide the legislature with this information, but she frankly thought it was good idea, and she expected it to be done.

III. PUBLIC APPEARANCES.

Mr. Dennis Keiser, Supervisor, Bear Creek Township – TF05-063, Walloon Lake Access Update

Mr. Dennis Keiser, Supervisor of Bear Creek Township, wanted to thank the Board and staff for making acquisition of this project possible. Last week the acquisition was completed and closing took place. This project was of particular importance to the late Mr. Washington and knew he would appreciate it being accomplished.

Chairperson Garner asked Mr. Wood to introduce Grants Management staff to the audience.

Ms. Cindy Burkhour, Access Recreation Group, LLC – “Access to Recreation” Initiative

Ms. Cindy Burkhour, Access Recreation Group, LLC, made a presentation outlining the “Access to Recreation” Initiative, funded by the Kellogg Foundation. This is a \$15 million grant initiative to create greater access to recreation of all abilities. One of the partnerships is with the MNRTF grant program, where \$1 million will be awarded to select development projects. These projects will provide universally accessible designs in their projects.

Ms. Burkhour stated that staff in Grants Management has been outstanding to work with. Their efforts to create a good guideline booklet that gives grant applicants instructions on how to do a better job of addressing accessibility in their applications was great. Staff has done a great job of communicating to grant applicants about the importance of universal design. Of all the grant applications submitted, 90 of them addressed universal accessibility as a key component of their design.

Ms. Burkhour further stated that she intends to work with Grants Management as they conduct recreation grant workshops to continue to educate grant applicants about the importance of universal access in their projects. She appreciates the Board making universal accessibility a priority in their funding decisions.

Ms. Narine Manukova, Leslie Public Schools – 07-085, Russell Miller “Wild 100” Nature Center Development

Ms. Narine Manukova, Leslie Public Schools, made a presentation in support of 07-085, Russell Miller “Wild 100” Nature Center Development. She prepared the grant application. She has never seen so much commitment for a project with so many communities coming together. At this point, the area is only open to the school district, but, if the project is approved for funding, will be open all. This project will provide good learning opportunities for visitors.

Ms. Manukova further stated that in terms of universal accessibility, this project is actually the schools second project. The district's North Elementary School was awarded a grant from the Kellogg Foundation for universal accessibility.

Mr. Mark Brochu, Director, Parks and Recreation, St. Clair County

Mr. Mark Brochu, Director of Parks and Recreation for St. Clair County, stated that on behalf of the Michigan Recreation and Park Association (MRPA) and Michigan Association of County Parks and Recreation Officials (MACPRO), he wanted to thank the Board and staff wholeheartedly for the selection process of grants. This gives communities a higher comfort level with the process.

Mr. Brochu further stated that on behalf of MRPA and MACPRO, they are interested in the status of the DNR's naming and partnership policy. Both organizations would like the opportunity and flexibility that might be afforded to DNR, to be extended to other applicants.

Mr. Christopher Knopf, Director of Regional Programs, The Trust for Public Lands

Mr. Christopher Knopf, Director of Regional Programs for The Trust for Public Lands, made a presentation to the Board. The Trust for Public Lands is a non-profit conservation organization dedicated to preserving land for people. Over the years, the Trust has protected over 60,000 acres in Michigan, such as national forest lands in the Upper Peninsula, trails projects in southeast Michigan, and Humbug Marsh in the Detroit River International Wildlife Refuge.

The Trust works with a range of public partners—local units of government and state and federal government. They work on helping the public partner acquire the property. They also assist the partner in local ballot issues for communities who want to pass levies to support grants. In addition, the Trust helps the partner in planning a green infrastructure in the community.

IV. OLD BUSINESS.

Funds Available for Projects/Section 29

Mr. Wood advised the Board that in their package of information there was a final year-end accounting for the MNRTF. The oil and gas revenue that is available from the MNRTF is \$43.1 million. At the close of the fiscal year, the corpus of the MNRTF was approximately \$320 million, and the Stabilization Fund was approximately \$26 million. The Stabilization Fund is money that the Board has identified as available to buffer the swings in the equity market in 2002.

There is \$32.6 million available for projects this year. The maximum amount that can be spent for development is \$8,890,238.26 (at 25%), and \$23,776,053.01 for acquisition (at 75%). The Board is not obligated to recommend any development projects.

Mr. Charters asked if the Board spent over the amounts designated for acquisition or development projects, could the overage come out of administrative expenditures identified on the report. Mr. Wood responded no, as these are funds that have already been spent. Mr. Fedewa added that because we are now in a new fiscal year, this would have to be adjusted from the revenue available for recommendations the Board will make next December, or the Board could go into the Stabilization Fund. Mr. Charters said it appears the Board does not have any say in cost allocations over

administration and rent and other expenditures. The Board asked for an accounting of this at their October meeting. Mr. Fedewa responded that for some of those expenditures, we do not have any control over how they are allocated, such as rent on the buildings. Mr. Charters wondered who sets the allocation. Mr. Fedewa responded it is a state-wide formula that all the departments follow. A third party establishes the formula. Mr. Charters asked who the third party was. Mr. Fedewa responded it was Maxwell and Associates, although they have a different name now.

Mr. Charters asked how many of the expenditures the DNR has control over. Mr. Fedewa responded in the case of Forest, Mineral and Fire Management Division's expenditures, the administration expenditure is based on staff performing work duties involved with the MNRTF. Mr. Charters wants to make sure that the MNRTF is not supporting other programs.

At this point, Mr. Fedewa outlined the impact of Section 29 credits on MNRTF revenue income. Section 29 was basically a tax opportunity that Congress passed a number of years ago that allowed private companies to purchase tax credits from production that were not available to the private sector, due to the resource being owned by the state. These tax credits come from extractions of oil and gas revenues on state land. The state of Michigan, being a state government, could not claim tax credits, but they could be sold on the open market. A private interest could buy the tax credits.

The DNR received \$4.5 million from the royalties plus interest. The Michigan Department of Environmental Quality received over \$28 million.

Mr. Fedewa continued by stating that Section 29 is based on production volumes, not price. There was a trigger of 57 million cubic feet when that went into effect late in fiscal year 2005. This has impacted fiscal year 2005 and into the beginning of 2008. The greatest impact was felt in the last two fiscal years—2006 and 2007. The financial impact was greatest in 2006 due to high gas prices.

Mr. Fedewa pointed out the amounts of loss to the MNRTF due to Section 29 in fiscal years 2005 through 2008. These figures include: \$6.1 million in 2005, \$24.8 million in 2006, \$20 million in 2007 (projection) and \$4 million in 2008 (projection). Total loss in revenue to the MNRTF is approximately \$55.2 million. The loss to the corpus was approximately \$36.8 million.

There is a reversionary trigger of 67.3 bcf that was expected to be met in November of 2007. The final accounting of fiscal year 2008's impact has not been completed as of this date. After the 2008 \$4 million payment is made, the Section 29 tax diversions to the MNRTF will be completed.

Mr. Fedewa will provide the Board with a concluding report of Section 29 credits at their February meeting.

Mr. Charters asked if the revenue totals were all accurate. Mr. Fedewa responded that 2007 was based on estimates for the year-end closing process. Mr. Wood added the Martindale Report tells us exactly how many cubic feet were produced and how much we would owe the owner of the Section 29 credits.

Mr. Charters was concerned with the actual oil and gas revenues available to spend, if these were correct figures or estimates. Mr. Fedewa responded that for fiscal years 2005 and 2006, those were accurate figures and not estimates. In 2007, there was additional information than was identified on the sheet provided to the Board. That is because of the volume that was actually produced and the diversion of the MNRTF was \$20.6 million. That differs from the estimated revenue paid for Section 29 of \$20,343,000, a difference of \$281,000. Because of the timing of the estimated numbers that we have to give the Department of Management and Budget and the accelerated book closing process, which we based this revenue availability on, versus the market report where we get more determined figures of what really the amount of the loss was to the MNRTF, there is the difference of \$281,000. That is available to the Board.

Mr. Charters asked if the \$43,110,599.98 oil and gas revenue available to spend, which is identified on the revenue report, is estimated or actual. Mr. Wood responded it is an actual amount.

Mr. Wood wanted to point out that as far as the 2008 estimate, this rolls over just a bit from fiscal year 2007. The DNR probably has already reached the trigger, but one more payment will need to be made out of this fiscal year. We will not be able to give the Board an absolute final accounting in February; it will be this time next year when the books will be closed for fiscal year 2008.

2007 MNRTF Acquisition and Development Applications – FINAL STAFF RANKING

At this point, the Board commenced discussion and approval of acquisition projects.

MOVED BY MR. CHARTERS, SUPPORTED BY MS. POLLACK, TO APPROVE THE SMALL ACQUISITION GRANTS INITIATIVE PROJECTS. APPROVED PROJECTS ARE AS FOLLOWS:

07-105, CITY OF SAULT STE. MARIE, ASHMUN BAY PARK TRAIL PARCEL ACQUISITION - \$36,000

07-038, LAPEER COUNTY, GENERAL SQUIER MEMORIAL PARK - \$58,600

07-041, ALLENDALE TOWNSHIP, ALLENDALE COMMUNITY PARK ADDITION - \$88,200

07-082, WEESAW TOWNSHIP, WEESAW TOWNSHIP PARK ACQUISITION – \$98,000

07-174, CITY OF SAULT STE. MARIE, ASHMUN BAY PARK ENTRANCE PARCEL ACQUISITION - \$100,000

THE TOTAL SMALL ACQUISITION INITIATIVE GRANTS PROJECTS TOTAL \$380,800. PASSED.

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

07-002, GERRISH TOWNSHIP, GERRISH TOWNSHIP COMMUNITY PARK-PHASE II - \$1,400,000

07-133, DNR, NORTH MAUMEE BAY COASTAL WETLANDS ACQUISITION - \$1,000,000

07-121, DNR, CHIPPEWA LANDING ACQUISITION - \$400,000 (REDUCED
 FROM \$800,000 ORIGINAL REQUEST)
 07-120, DNR, BETSIE RIVER STATE FOREST CONSOLIDATION - \$1,300,000
 07-163, ANTRIM COUNTY, GLACIAL HILLS PATHWAY AND NATURAL
 AREA - \$162,000
 07-168, DNR, JAXON CREEK CORRIDOR ACQUISITION - \$1,050,000
 07-046, CITY OF BIG RAPIDS, MITCHELL CREEK NATURE AREA
 ACQUISITION - \$143,700
 07-135, DNR, SW LOWER PENINSULA ECO-REGIONAL CONSOLIDATION –
 \$900,000 (REDUCED FROM \$1,500,000 ORIGINAL REQUEST)
 07-162, LONG LAKE TOWNSHIP, CEDAR RUN CREEK NATURAL AREA
 ADDITION - \$554,900
 07-119, DNR, NORTHERN LOWER PENINSULA ECO-REGIONAL
 CONSOLIDATION - \$900,000 (REDUCED FROM \$1,500,000 ORIGINAL
 REQUEST)
 07-031, OAKLAND COUNTY, ADDISON OAKS PROPERTY ACQUISITION –
 \$616,000
 07-123, DNR, UP ECO-REGIONAL LAND CONSOLIDATION - \$900,000
 (REDUCED FROM \$1,500,000 ORIGINAL REQUEST)
 07-122, DNR, STATE TRAILWAYS INITIATIVE-CORRIDOR AND
 ACQUISITION - \$1,500,000
 07-167, DNR, WISCONSIN ELECTRIC ENERGIES LAND ACQUISITION –
 \$1,900,000
 07-040, CITY OF MANISTEE, MAN MADE LAKE ACQUISITION - \$2,015,000
 07-117, DNR, SOUTHEAST MICHIGAN ECO-REGION - \$900,000 (REDUCED
 FROM \$1,500,000 ORIGINAL REQUEST)
 07-039, ELMWOOD TOWNSHIP, DeYOUNG NATURAL AREA ACQUISITION
 - \$910,200
 07-028, HCMA, INDIAN SPRINGS METROPARK LAND ACQUISITION –
 \$1,426,000
 07-090, OTTAWA COUNTY, OLIVE SHORES ACQUISITION - \$2,000,000
 07-171, ST. CLAIR COUNTY, CAMP WOODSONG FEE SIMPLE
 ACQUISITION - \$291,800
 07-017, CITY OF NOVI, NOVI CORE HABITAT RESERVE PROPERTY
 ACQUISITION - \$281,300
 07-131, DNR, STERLING STATE PARK ACQUISITION - \$925,000 (REDUCED
 FROM \$1,850,000 ORIGINAL REQUEST)
 07-134, DNR, AU TRAIN BASIN WATERFOWL REFUGE PROJECT –
 \$1,250,000 PHASED OVER TWO YEARS
 07-099, GRANT TOWNSHIP, HUNTER'S POINT PARK ACQUISITION –
 \$720,000 PHASED OVER TWO YEARS
 07-164, VILLAGE OF DETOUR, DETOUR VILLAGE WATERFRONT
 PROPERTY ACQUISITION - \$495,000

Ms. Pollack wanted to amend 07-031, Oakland County, by reducing their grant by
 \$26,000. She said perhaps next year they would develop a better fee system for poor
 people to get in. As it is, they have a lot of fees, and felt they can find \$26,000 from their
 fees. They only have two free days a year.

Chairperson Garner asked if the original motion included the reduction in the Addison Oaks project (07-031, Oakland County) of \$26,000, making it \$590,000. Ms. Pollack responded yes.

MOTION APPROVING ACQUISITION PROJECTS PASSED.

MOVED BY MS. POLLACK, SUPPORTED BY MR. TORRE, TO RESTORE THE FULL AMOUNT OF \$616,000 TO 07-031, OAKLAND COUNTY, ADDISON OAKS PROPERTY ACQUISITION. PASSED.

At this point, the Board commenced discussion and approval of development projects.

MOVED BY MR. CHARTERS, SUPPORTED BY MR. TORRE, TO APPROVE THE FOLLOWING DEVELOPMENT PROJECTS:

- 07-097, CITY OF BIG RAPIDS, RIVERWALK DEVELOPMENT – RIVER STREET PARK - \$309,400**
- 07-113, ANTRIM COUNTY, GRASS RIVER CENTER - \$400,000 (REDUCED FROM \$500,000 ORIGINAL REQUEST)**
- 07-035, LINCOLN TOWNSHIP, SHINGLE LAKE PARK IMPROVEMENT – \$43,600 (BALANCE OF PROJECT FUNDING (\$43,600) WILL COME FROM “ACCESS TO RECREATION” INITIATIVE FUNDING)**
- 07-030, OAKLAND COUNTY, ADDISON OAKS TRAIL CONNECTOR - \$228,800**
- 07-037, CITY OF WHITEHALL, WHITE LAKE PATHWAY SOUTH END COMPLETION - \$254,700**
- 07-018, VILLAGE OF CLINTON, TATE PARK PATHWAY AND FISHING DOCKS - \$297,600**
- 07-057, OAKLAND TOWNSHIP, MARSH VIEW PARK DEVELOPMENT – \$293,300**
- 07-011, CLINTON COUNTY, MOTZ COUNTY PARK DEVELOPMENT – \$233,000 (BALANCE OF PROJECT FUNDING (\$233,000) WILL COME FROM “ACCESS TO RECREATION” INITIATIVE FUNDING)**
- 07-106, CITY OF ECORSE, ECORSE CREEK GREENWAY AND PARK DEVELOPMENT - \$415,000**
- 07-100, CITY OF GRANDVILLE, GRANDVILLE AND KENT TRAILS PATHWAY CONNECTION - \$118,800**
- 07-095, ELMWOOD TOWNSHIP, GREILICKVILLE HARBOR PARK IMPROVEMENTS - \$210,300 (BALANCE OF PROJECT FUNDING (\$210,300) WILL COME FROM “ACCESS TO RECREATION” INITIATIVE FUNDING)**
- 07-087, CITY OF EAST LANSING, WHITE PARK IMPROVEMENTS - \$225,000**
- 07-060, CITY OF MUSKEGON, SMITH-RYERSON PARK IMPROVEMENTS – \$433,400**
- 07-049, ROSCOMMON TOWNSHIP, LAKEVIEW PARK IMPROVEMENT PROJECT - \$189,900**
- 07-112, CHARLEVOIX COUNTY, WHITING PARK UNIVERSAL ACCESS IMPROVEMENTS - \$232,500**
- 07-036, CITY OF SAUGATUCK, MT. BALDHEAD PARK STAIRWAY RENOVATION - \$63,800**
- 07-015, MONTCALM COUNTY, KRAMPE PARK ACCESSIBLE FISHING**

PIER - \$41,900
 07-118, DNR, RAM CENTER IMPROVEMENTS - \$500,000
 07-130, DNR, LAKE IDLEWILD PARK DEVELOPMENT - \$324,900
 07-023, CITY OF ALPENA, STARLITE BEACH PROMENADE FACILITIES
 PROJECT - \$443,300
 07-096, CITY OF CLARE, PERE MARQUETTE RAIL TRAIL EXTENSION –
 \$500,000
 07-073, VILLAGE OF LAKEWOOD CLUB, FOX LAKE PARK
 IMPROVEMENTS - \$49,100
 07-004, CITY OF ALBION, RIEGER PARK SWIMMING AND BEACH
 PROJECT - \$127,500
 07-085, LESLIE SCHOOLS, RUSSELL MILLER “WILD 100” NATURE
 CENTER DEVELOPMENT - \$400,000 (REDUCED FROM \$447,700
 ORIGINAL REQUEST)
 07-055, CITY OF DETROIT, BUTZEL PLAYFIELD RENOVATION - \$500,000
 07-120, VILLAGE OF MARION, VETERANS MEMORIAL PARK
 IMPROVEMENTS - \$105,000
 07-129, DNR, PROUD LAKE ELECTRICAL SYSTEM UPGRADES - \$500,000
 07-072, CITY OF SAGINAW, ANDERSEN PARK DEVELOPMENT - \$51,800
 07-051, MILLS TOWNSHIP, SKIDWAY LAKE BOARDWALK DEVELOPMENT
 - \$251,000
 07-007, BENTON TOWNSHIP, ROBBINS PARK IMPROVEMENT PROJECT
 - \$70,000
 07-064, CANTON TOWNSHIP, LOWER ROUGE RIVER TRAIL BRIDGES –
 \$350,000 (REDUCED FROM \$450,000 ORIGINAL REQUEST)
 07-116, DNR, BUILDING DEMOLITION INITIATIVE - \$250,000 (REDUCED
 FROM \$500,000 ORIGINAL REQUEST)
 07-054, CITY OF UTICA, CLINTON RIVER HIKE BIKE TRAIL DEVELOPMENT
 - \$350,000 (REDUCED FROM \$413,700 ORIGINAL REQUEST)

Mr. Torre wished to amend the motion to add 07-013, Marshbank Park Improvement Project, West Bloomfield Township.

Mr. Charters stated that if the motion passes for all the development projects recommended, we will be over 25% for development.

Chairperson Garner adjourned the meeting for five minutes to work on the figures.

After the recess, Chairperson Garner asked if the recommended development projects list should be read. Mr. Charters provided a written list of the recommended projects.

MOVED BY MR. TORRE, SUPPORTED BY MR. CHARTERS, TO AMEND THE DEVELOPMENT LIST TO ADD 07-013, MARSHBANK PARK IMPROVEMENT PROJECT, WEST BLOOMFIELD TOWNSHIP, IN THE AMOUNT OF \$500,000. PASSED.

MOTION APPROVING DEVELOPMENT PROJECTS PASSED.

MOVED BY MS. POLLACK, SUPPORTED BY MR. TORRE, TO AMEND THE ACQUISITION LIST TO ADD 07-170, LAKE MICHIGAN NATURE PRESERVE ACQUISITION, CASCO TOWNSHIP, FOR \$900,000 THIS GRANT CYCLE

AND THE REMAINDER (\$850,000) TO BE GRANTED NEXT YEAR. THE MONEY FOR THIS PROJECT WILL COME FROM THE MNRTF STABILIZATION FUND. PASSED.

MOVED BY MR. CHARTERS, SUPPORTED BY MR. TORRE, THAT THE SHORTFALL BALANCE FOR RECOMMENDED DEVELOPMENT PROJECTS WILL BE TAKEN FROM THE MNRTF STABILIZATION FUND. PASSED.

V. NEW BUSINESS.

Election of Chairperson for 2008

MOVED BY MR. TORRE, SUPPORTED BY MR. CHARTERS, TO APPOINT CHAIRPERSON GARNER AS CHAIRPERSON FOR 2008. PASSED.

Change in August Meeting Date and Location

Chairperson Garner stated that the MNRTF Board has received an invitation from Natural Resources Commissioner John Madigan to have their August meeting in Munising, in conjunction with the Natural Resources Commission meeting.

MOVED BY MR. CHARTERS, SUPPORTED BY MR. TORRE, TO MOVE THE LOCATION OF THE AUGUST MNRTF BOARD MEETING TO MUNISING. THE DATE WILL BE THE WEDNESDAY PRIOR TO THE SCHEDULED NATURAL RESOURCES COMMISSION MEETING. PASSED.

VI. STATUS REPORTS.

DNR Real Estate Report

Mr. Wood advised the Board that they had received the DNR real estate report in their Board package, which outlines state acquisitions that have occurred since the last Board meeting. No further discussion.

Local Projects Completion Report

Mr. Wood advised the Board that they had received the local projects completion report in their Board package, which outlines local projects that have been completed since the last Board meeting. No further discussion.

MNRTF Lump Sum and Line Item Department Projects

Mr. Wood advised the Board that they had received the MNRTF lump sum and line item department projects in their Board package, which outlines expenditures of lump sum balances of DNR divisions. No further discussion.

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, February 20, 2008, at Lansing Community College West Campus, 5708 Cornerstone, Lansing, Michigan.

IX. ADJOURNMENT.

**MOVED BY MS. POLLACK, SUPPORTED BY MR. TORRE, TO
ADJOURN THE MEETING. PASSED.**

The meeting was adjourned at 10:35 AM.

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

James Wood, Manager
Grants Management

DATE