

MICHIGAN NATURAL RESOURCES TRUST FUND

BOARD OF TRUSTEES MEETING

Minutes of June 19, 2002 Meeting
Grand Traverse County Board of Commission Chambers
400 Boardman, Traverse City

The meeting of the Michigan Natural Resources Trust Fund (MNRTF) Board of Trustees commenced at approximately 9:00 A.M.

The following Board members were present:

Steven Arwood
Keith Charters
Gordon Guyer
Kevin Johnson
Jim Thompson

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

Chairperson Guyer introduced the Board members to the audience. He also expressed the Board's appreciation to Grand Traverse County officials for the boat tour of several MNRTF projects in the area.

Mr. Dennis Aloia, County Administrator for Grand Traverse County, made a few comments. He welcomed the Board to Grand Traverse County. The County has a long history of preserving natural areas and developing recreation areas, and appreciates the MNRTF Board's support in providing funding for these projects.

Mr. Aloia also provided the Board with copies of a resolution approved by Grand Traverse County supporting Proposal 2, "Funds for the Future", which will be on the ballot in August.

I. ADOPTION OF MINUTES.

Chairperson Guyer called for the adoption of the minutes for the April 23-24, 2002 Board meeting.

MOVED BY MR. ARWOOD, SUPPORTED BY MR. JOHNSON, TO ACCEPT THE MINUTES OF THE APRIL 23-24, 2002 MICHIGAN NATURAL RESOURCES TRUST FUND BOARD MEETING. PASSED.

II. PUBLIC APPEARANCES.

Mr. Greg Fogle, Chairman, Michigan Oil and Gas Association – IOGCC Chairman’s Environmental Stewardship Award.

Mr. Greg Fogle, Chairman of the Michigan Oil and Gas Association (MOGA), made a presentation to the Board. He mentioned that MOGA and the MNRTF were honored on June 10, 2002 with the Interstate Oil and Gas Compact Commission’s (IOGCC) Environmental Stewardship Award for environmental partnerships for 2002. Governor Engler attended the presentation and accepted the award on behalf of the recipients.

The IOGCC held its 2002 summer meeting in Traverse City from June 9-11, 2002. The theme of the meeting was “State Oil and Gas Regulations – Doing It Right.” Representatives of DNR and the Department of Environmental Quality also hosted this meeting. The IOGCC represents the Governors of 37 States and also includes five international affiliate members. This group is one of the oldest and largest interstate compacts in the country.

MOGA nominated the MNRTF for the Environmental Stewardship Award and the IOGCC decided to honor both MOGA and the MNRTF for the partnership award. There have been over \$540 million, and 1200 projects, funded with MNRTF monies since the inception of the Fund. The IOGCC also acknowledged the efforts of the DNR, Michigan United Conservation Clubs, and MOGA in the 1970s that resulted in the first MNRTF project specifically subsidized by revenue generated from the oil and gas industry.

MOGA has been proud to have been a part of the beginning of the MNRTF, as well as the ongoing program.

Mr. Fogle also added that MOGA strongly supports Proposal 2.

Mr. Fogle presented the IOGCC environmental partnerships award to the Board.

Ms. Marie Twite, Supervisor, Alpena Township – 02-128, Acquire Houghmaster Property.

Ms. Marie Twite, Supervisor of Alpena Township, made a presentation in support of 02-128, Acquire Houghmaster Property.

Ms. Twite stated that the proposed acquisition project is in a regionally important area. The Thunder Bay Marine Sanctuary has recently been formed as part of the National Marine Sanctuary and Underwater Preserve. Alpena Township has 35 miles of shoreline in this sanctuary. Mackinaw State Forest is to the north, south and west. In addition, this is within the Department of Environmental Quality’s biodiversity investment area.

This property also is a high priority conservation area of The Nature Conservancy. The Township is looking into having an easement on the property with The Nature Conservancy. The property also would link the Huron Greenways Trail System from Mackinaw City to Harrisville.

The property is 132 acres, with nearly 10,000 feet of undeveloped Lake Huron shoreline, and is on a peninsula jutting into greater Thunder Bay. It is in excellent natural condition and includes heavily wooded area, Great Lakes marsh, winter deer yard, endangered dwarf lake iris, as well as a stopover site for migrating birds and habitat for others.

The Township is proposing to make this property into a quiet, nature-oriented township park. There is a rough cut road from the county road to the shoreline. Waterfront would be used for small boat access (canoeing and kayaking). El Cajon Bay is to the north, and Misery Bay to the south, as well as several islands.

Ms. Twite also stated that there is support in the area that this property be preserved for the community. The Nature Conservancy is contributing to the project, as well as the landowners, Mr. and Mrs. Houghmaster.

Mr. Arwood asked about the rail grade that runs through the DNR property. He wondered if that was part of the trail system. Ms. Twite responded that that is part of the Huron Greenways Trailway. Mr. Arwood asked if this was developed. Ms. Twite responded that she did not believe it was developed at this time.

Mr. Arwood also asked about the \$500,000 match in federal funds that was indicated in the application. Ms. Twite responded that this is for a Coastal Zone Management grant from the Department of Environmental Quality, and has not yet been approved.

Mr. Charters made comments about the Coastal Zone Management grant and The Nature Conservancy's support of the project. He further noticed that the estimated cost of the project was \$2 million and the SEV is \$391,000. Ms. Twite responded that the property had been divided into separate lots and the Township just totaled these amounts up.

Mr. Johnson asked if hunting would be allowed. Ms. Twite responded that she does not think it would be prohibited, but would be worked out with The Nature Conservancy. Mr. Johnson would like to know if this will be allowed before the Board makes final recommendations. Ms. Twite will advise the Board. Ms. Sharon Edgar, Chief, Grants Administration Division, DNR, also added that the applicant will not get points for hunting unless it has been clearly identified that hunting will be allowed in the application.

Mr. Dan Elliott, LDFA and DDA Director, City of Ewart – 02-028, Riverside Park Acquisition.

Mr. Dan Elliott, LDFA and DDA Director for the City of Ewart, made a presentation in support of 02-028, Riverside Park Acquisition. He outlined aspects of the project via a power point presentation.

Riverside Park is located along the Muskegon River, with the proposed acquisition of 28 acres being directly opposite from the park. Alongside the existing park and the proposed acquisition is the developed Pere Marquette trailway. Hopefully, this trailway will ultimately be linked to Lake Michigan.

The property proposed for acquisition only recently became available. The landowner is retiring and would like to see the property remain in its current condition. However, he has been approached by a developer for a housing complex.

Mr. Elliott mentioned that there is a small house on the property, which will be torn down if the property is acquired.

The City hired a consultant to review the site for habitat and the proposed potential layout for development. Suggestions made were a campground, small playground areas, trailways, fishing and access to the Muskegon River and the two streams that cross the property.

Mr. Arwood asked if there were ramp access points to the Muskegon River from the current park, and if there would be access on the proposed acquisition. Mr. Elliott responded that there is access in the existing park, and it is anticipated that there will be in the proposed project.

Mr. Joseph P. Duff, City Manager, City of Gaylord – 02-083, Elk View Acquisition.

Mr. Joseph Duff, City Manager for the City of Gaylord, made a presentation in support of 02-083, Elk View Acquisition. He provided written materials to the Board for their information.

Over the last decade, the City of Gaylord has seen an increase of 13.1% in population; Otsego County had an increase of 29%. Seasonal population increases to 200%. The Gaylord area is considered the “golf mecca” (24 golf courses), and Golf Digest magazine has ranked it the 12th best destination in the world for golf. Winter resort activities include downhill and nordic skiing, as well as a number of DNR trails in the area.

Mr. Duff outlined the recent completion of the City’s Aspen Park, which is a 100-acre wooded park. The City received a \$292,600 grant from the DNR’s Clean Michigan Initiative-Recreation Bond program, and the City’s match was \$267,400. Improvements included 1.7 miles of paved ADA accessible trails, lighted cross-country ski trails, paved parking lot, site amenities, trail kiosks, tennis courts, mountain bike trail, and active beaver pond.

The proposed Elk View acquisition project is located less than 2/10ths of a mile from Aspen Park. The property is adjacent to a 108-acre wastewater treatment plant. The acquisition is located in town, one block east of South Otsego Avenue. In addition, it is located in close proximity to senior citizen and low/moderate level incoming housing projects. This property is part of a planned linear park system to connect with Aspen Park and Grandview Boulevard street end.

The Elk View acquisition project is for a 2.04-acre parcel, with an estimated cost of \$160,000. The City is requesting \$112,000 from the MNRTF.

Mr. Duff further outlined that the elk herd in the City of Gaylord has been around since 1985. The Elk View property would preserve the view shed of the deer and elk herd, and allow for future generations of residents and tourists to enjoy. At the present time the herd consists of 39 Elk, 60 Fallow deer, 20 Sika deer and 5 Dahl sheep.

Mr. John Ferguson, Supervisor, Mr. Brad Jensen, and Mr. Ronald Baker, Helena Township – 02-142, Helena Township/Torch Lake Property Acquisition.

Mr. John Ferguson, Supervisor of Helena Township; and Mr. Brad Jensen and Mr. Ronald Baker made a presentation in support of 02-142, Helena Township/Torch Lake Property Acquisition. They outlined aspects of the project via a power point presentation.

Mr. Jensen stated that Michigan has about 11,000 lakes that are over five acres in size. Some of these lakes are called “oligotrophic,” which are of a high water quality, very clear, cold and deep. Torch Lake is part of a small group of these lakes and is among one of the best. The water quality is the best and deepest. There are 41.4 miles of shoreline on Torch Lake. The Township would like to acquire 15 acres, which includes 1900 feet of shoreline.

Mr. Ferguson stated that support for this acquisition has been positive not only in the Township, but outside as well. Over 60 percent of funds for the project have come from outside the Township.

Mr. Ferguson further stated that he has not dealt personally with the landowner, Mr. Walker, but has had conversations with his sons. The family was looking to sell to private developers until they learned the Township was interested in acquiring the property. Mr. Walker was very interested in keeping the property in public ownership rather than see it developed.

Mr. Baker stated that the possibilities for use of this property are endless. The property includes one-third of a mile of natural shoreline, with beautiful water and beaches. There is great potential for water activities. In addition, users would be able to hike or stroll through a natural area. There are already steps in place leading to the water’s edge, trails that pass through the wetlands areas and over numerous streams. There are a variety of habitat and wildflowers in the area as well. There is an abandoned railroad on the property, making a natural trail system. In addition, there is a small boat ramp, gazebo, small buildings for storage, two small dwellings, a large pole barn and a large lodge.

Mr. Jensen pointed out that the Township appointed an advisory committee to look into management issues regarding this parcel of property. This committee consisted of nine people throughout the community. A key point for preserving this parcel is the future growth in the area is anticipated to be very intense within the next 20 years.

Mr. Thompson asked about the buildings on the property, and what the Township planned to do with them. Mr. Jensen responded that there is one main lodge and two small structures that will be torn down. It is anticipated one building will be maintained for maintenance. The Township’s advisory committee will need to decide to demolish, relocate or maintain use of the structures.

Mr. Arwood asked about the federal match outlined in the grant application. Mr. Ferguson responded that the Township’s advisory committee has been working on the match issue. One possibility the Township is looking at is the landowner may find some tax advantages in taking less money for the parcel. This Township has not discussed that issue with the landowner. He was not aware of what federal funds would be used as match. Ms. Edgar noted that this could be a data entry error.

Mr. Anthony Casasanta, Parks Administrator; Mr. John Crumm, Macomb County; and Ms. Nancy Krupiarz, Rails to Trails Conservancy – 02-166, Acquire Phases II and III-Macomb Orchard Trail.

Mr. Anthony Casasanta, Parks Administrator, and Mr. John Crumm, Macomb County; and Ms. Nancy Krupiarz made a presentation in support of 02-166, Acquire Phases II and III-Macomb Orchard Trail. They outlined aspects of the project via a power point presentation. The project will consist of acquiring 16 miles of the 23.5 miles of the Macomb Orchard Trail on the north end of the County.

Mr. Crumm continued to outline the project. The Macomb Orchard Trail is part of the trails system in southeast Michigan. When this trail is completed, it will directly link to 180 miles of existing trails. In addition, the trail will eventually play a crucial role in linking Lake Huron to Lake Michigan. Macomb Orchard Trail will connect to the Clinton River Trail in Oakland County.

In 1999, four of the top ten fastest growing communities in southeast Michigan were located in Macomb County. Development is progressing rapidly.

Features of the trail include a multi-use path, 23.5 miles in length, 100 feet wide, and 251 acres in size. There are seven major stream crossings, including DNR designated trout streams. There are wetlands and wooded areas. In addition, the trail has access to three Huron-Clinton Metropolitan Authority parks, Freedom Hill County Park, and Clinton River Trail.

The Macomb Orchard Trail has regional and Statewide significance. It has been cited by the Southeast Michigan Greenways as an important arterial link to existing and planned trails in adjacent counties. The project will preserve over 250 acres that includes wetlands, habitat and animal migration corridors. In addition, the project will protect a portion of American history as the trail corridor was used by many slaves to escape the south and to freedom in Canada. Also, the trail will connect the central community districts of Romeo, Village of Armada and City of Richmond.

Currently the Trust for Public Lands is holding the property. The County will acquire the property from them in three phases. The County's MNRTF request is for Phases II and III. The County was successful at renegotiating the purchase price from \$5.4 million to \$3.5 million. The reduction of price is equated to the County agreeing to purchase the entire 23.5 miles. This equates to roughly \$149,000 per mile.

Ms. Krupiarz stated that she supported the acquisition of this project. It is a regionally significant trail connecting to 185 miles of existing trails and forming an "X" shaped network that goes from Richmond to the West Bloomfield Trail, and on the other side traversing from Metro Beach to Polly Ann Trail. It is hoped that in the future the Bridge to Bay Trail in St. Clair, Lakelands Trail, and eventually the Kal Haven Trail to Lake Michigan.

The County has worked with the railroad company to reduce the price of the property by almost \$2 million. In addition, they worked with all the trail communities to form an interlocal agreement. The County is currently working on design of the trail. Also, they have met with business partners and corporations in the area for contributions.

The Rails to Trails Conservancy did an analysis last year of the trail area. It was revealed that approximately 625,932 citizens live within ten miles of the Macomb Orchard Trail, and 66,418 within two miles. This equates to about 358,500 visits a year. Economically this could generate about \$3.5 million a year.

This trail is a major trail spine to the Southeast Michigan Trailways System, and it is important to continue the investment that has already been made on the Oakland County side to be able to get the full benefit of this trail.

Mr. Arwood asked what was being done with St. Clair County. Ms. Krupiarz responded that the Wadhams to Avoca Trail exists to the north and east of Richmond. Once this trail and the Wadhams to Avoca Trail are developed, the counties will work to connect these two. Mr. Arwood asked where the trail connections would end once through St. Clair County.

Ms. Krupiarz responded that the Wadhams to Avoca Trail will connect to the Bridge to Bay Trail. That trail goes along the shoreline of Lake St. Clair down to Chesterfield Township. Currently, they are working on connecting Chesterfield Township to Mt. Clemens. The Metro Beach Trail comes up and connects in Mt. Clemens and then goes through the metroparks all the way up to Stony Creek.

Mr. Charters asked about the ownership of the property and the need for preservation.

Ms. Krupiarz responded that the Trust for Public Lands is temporarily holding the property.

Mr. Charters mentioned that there was an opinion issued by the Attorney General's Office regarding warranty deeds. He asked if the County would be able to produce a warranty deed on the property. Mr. Crumm responded no. Mr. Charters and Mr. Arwood are very concerned about the inability to obtain a warranty deed based on the Attorney General's Opinion.

Mr. Arwood asked if he could obtain a larger plan of the County trails and also use statistics.

Ms. Krupiarz stated she will provide this.

Chairperson Guyer asked Ms. Krupiarz to prepare a 10-minute presentation for the Board's September meeting to provide them with updates on the trails system.

Ms. Merrie Carlock, Park Planner/Landscape Architect, City of Southfield – 02-148, Berberian Property Acquisition.

Ms. Merrie Carlock, Park Planner/Landscape Architect for the City of Southfield, made a presentation in support of 02-148, Berberian Property Acquisition. She outlined aspects of the project via a video presentation.

The 16-acre Berberian property is part of the existing 112-acre greenway, Valley Woods Trail, which runs from 10 Mile to 12 Mile Road. It extends more than two miles in length. The trail runs along the main branch of the Rouge River. The landowner is retired and is interesting in selling the property.

The adjacent floodplains are very important natural and aesthetic resources for the community and the region as a wildlife corridor, urban fishery and public greenway. The property is one of only a few remaining natural spaces in Southfield and southeast Oakland County. In addition, it provides 500 linear feet of frontage on the Rouge River which would provide public access for fishing within the Valley Woods Nature Preserve.

The City of Southfield has a long-term commitment to provide fishing opportunities for the public along the Rouge River. This acquisition is supported by the DNR's Fisheries Division, which has stated that the preservation of this property would significantly enhance fishing opportunity in the community.

Existing improvements on the Berberian property will allow for public use of the site upon acquisition. The Rouge River is on the north side, and the trail circles the property and connects to the neighborhood to the east. Improvements will be incorporated in the future to the Valley Woods Trail, a portion of which has been constructed south of I-696 through the assistance of a MNRTF grant, which also funded a fish habitat improvement project.

Ms. Carlock advised the Board that Ms. Alice Tomboulion, Board Member of the Oakland Land Conservancy; and Ms. Gayle Barber, a resident in the area representing the public support for the acquisition, were also in attendance with her today.

Ms. Tomboulian made a few comments to the Board. On behalf of the Oakland Land Conservancy, she wished to express the Conservancy's strong support for acquisition of the Berberian property. The Oakland Land Conservancy has been directly involved since the inception of this project. Local funding was raised for the appraisal and market value of the property in 2001, and is continuing to participate in local fund-raising toward the local match of the acquisition. The Conservancy was helpful in shifting the interest of the landowner from immediate sale to residential development to cooperating with the City of Southfield towards a MNRTF grant. In addition, the Conservancy has obtained the landowner's agreement to contribute a sizeable portion of the local match to the MNRTF grant.

Ms. Barber made a few comments to the Board. She has lived near this property for the past eleven years, and represents the neighborhood interest in acquisition of the property. She will continue to work with the neighborhood associations, Oakland County Planning Department, and Oakland Land Conservancy to help acquire and preserve this property. She has been active in fund-raising efforts for the acquisition of the property.

Mr. Arwood asked about children fishing shoulder-to-shoulder on the property, which was referenced in the video. He wondered if this was the only community resource the community children have to fish without having to be taken somewhere else. Ms. Carlock responded there are a couple impoundments in the area so basically there is only the Rouge River to fish in. You would have to go out to Kensington Metropark for another area for fishing. She also noted the video was taken during a fishing tournament.

Mr. Arwood also mentioned that he has read that the fishing quality on the Rouge River is quite good now. Ms. Carlock responded that is correct. People fish on the river every day. There have been improvements to the water quality upstream where the combined sewer overflows have been eliminated and doing more sewage treatment.

Chairperson Guyer mentioned the leadership of Ms. Tomboulian in conservation and preservation, and was pleased to see her in attendance.

Ms. Maureen Scott, Recreation Committee Chair, Friendship Township – 02-027, Friendship Township Park.

Ms. Maureen Scott, Recreation Committee Chair for Friendship Township, made a presentation in support of 02-027, Friendship Township Park.

Friendship Township has five miles of lake frontage, but no public access anywhere in the Township. The acquisition proposal is to purchase a 7-acre parcel with 261 feet of frontage on Lake Michigan. For many years, this property has been used by the public as a "turn-out", even though it is privately owned. By acquiring this parcel it will allow the Township to officially preserve the property for public use. Development of the property would include an observation deck and other minimal roadside amenities.

Ms. Scott also mentioned that visitors have ventured down the steep slope to the beach at this site and erosion is beginning to take its toll. The Township would like to evaluate the possibility of installing a stairway or tramway to the beach. Wooden fencing and signage to address the sensitive nature of the terrain could also be explored to preserve the integrity of the slope and of the highway (M-119) itself.

Ms. Linda Forwerck, Village Manager, Village of Kingsley – 02-162, Civic Center South.

Ms. Linda Forwerck, Village Manager for the Village of Kingsley, made a presentation in support of 02-162, Civic Center South. This is a development project that has been submitted for development of a recreation complex. This complex would include softball, soccer, basketball courts, trails, and an archery range.

The Village of Kingsley has experienced a 99.9% growth rate over the last ten years. Kingsley is about 15 miles south of the City of Traverse City. The location of this project would provide a recreation area for the south end of Grand Traverse County. The Village recently annexed a large parcel of land for development for industrial and commercial use.

The Village would eventually like to tie the recreation area into the White Pine Trail. Ms. Forwerck has talked to Ms. Krupiarz and others to obtain their input and suggestions on this possibility.

Mr. Arwood asked where the industrial park was in relation to the proposed recreation complex. Ms. Forwerck responded that it was in the southwest corner of the Village. It is on the south end of residential development and a new subdivision, and contiguous on the west side to the school athletic fields.

Ms. Mary Kay O'Donnell, Little Traverse Conservancy and Mr. Harry Peterson – 02-185, Lee Grande Ranch Acquisition, DNR, Forest, Mineral and Fire Management Division.

Ms. Mary Kay O'Donnell of the Little Traverse Conservancy, and Mr. Harry Peterson, owner of the Lee Grande Ranch property, made a presentation in support of 02-185, Lee Grande Ranch Acquisition, that is being proposed for acquisition by the DNR's Forest, Mineral and Fire Management Division.

The property is 2,900 acres of contiguous land that is entirely surrounded by the Mackinaw State Forest. The property consists of open meadows, forest lands, and a bison ranch.

Mr. Peterson made some comments in support of the project. He bought the property in 1991, and it had been unoccupied for approximately 10-15 years. The property is about 10 miles east of Indian River. The total property is 4,000 acres, but 2,900 acres are contiguous to the State Forest. Currently, one-third of the property is being used for raising of bison. That was started in 1992, and this was the largest bison operation east of the Mississippi River. This now has been substantially reduced.

Mr. Peterson is not in a position to discuss any details of the project as to his concerns for the future of the property and relative to the DNR's potential use. He plans to attend the September Board meeting with more information.

Mr. Charters stated that this is a wonderful piece of property. He will ask the question at the September meeting: How much was paid in property taxes last year on this property? Mr. Peterson responded between \$12,000 and \$20,000. Mr. Charters stated that with the asking price of \$6 million, the DNR would pay about \$54,000 in taxes. A question he will ask of Mr. George Burgoyne, Resource Management Deputy, DNR, at the September meeting will be how does the DNR propose to pay for the stewardship of the property, i.e., full-time employees, when we have lost 232 employees July 1 due to early retirements.

Mr. Arwood asked how many bison were raised on the ranch. Mr. Peterson responded there were close to 700 at one time. The grass would run out in the summer and they would have to buy additional hay. They are now down to 207 adults and 40 calves. This encompasses about one-third of the property. The balance of the property is a wildlife mecca, with elk, deer, and black bear. Mr. Arwood wondered if the area was fenced. Mr. Peterson responded that approximately 1,000 acres is fenced. Mr. Arwood asked if this fencing would be removed. Mr. Peterson stated that this is something that still has to be discussed.

Chairperson Guyer suggested that if Board members have the opportunity that they visit this property.

Mr. Michael Maisner, Executive Director, Michigan Recreation and Park Association.

Mr. Michael Maisner, Executive Director of the Michigan Recreation and Park Association (MRPA), provided the Board with an update regarding "Proposal 2" and the progress the "Funds for the Future Coalition" are making. This coalition is made up of the following ten organizations:

- Michigan United Conservation Clubs
- The Nature Conservancy – Michigan Chapter
- Michigan Recreation and Park Association
- Michigan Chamber of Commerce
- Michigan Oil and Gas Association
- Michigan Municipal League
- Michigan Chemistry Council
- Michigan Environmental Council
- Public Sector Consultants
- Rails-to-Trails Conservancy of Michigan

Mr. Maisner provided the Board with copies of an information packet which further outlines Proposal 2, frequently asked questions about the proposal, actual ballot language, sample resolution, sample press release and sample editorials. Also included was a brochure published by the Michigan Oil and Gas Association which gives a history of the MNRTF program. This brochure includes the information that since 1976, 1290 grants, totaling over \$530 million have been awarded to the State and local units of government. Copies of some newspaper articles were also provided to the Board.

These packets of information are being handed out by the MRPA as they speak to groups, and also mailing them out to their membership.

Mr. Maisner further stated that MRPA has formed a trio with Mr. Dennis Fox of the Michigan United Conservation Clubs and Mr. Garret Johnson of The Nature Conservancy who have taken a leadership role for the Coalition. A lot of time was spent on ballot language and its importance.

There is a coalition of business leaders, Statewide organizations and local units of government. Mr. Johnson has been working with the United Auto Workers, and the AFL-CIO has adopted a formal position of support for Proposal 2.

Mr. Maisner further stated there is no organized opposition for Proposal 2, but we cannot be complacent. If people do not understand a proposal on the ballot, there is a natural inclination to vote no. The group has been working on fund-raising efforts, and Mr. Johnson has prepared a letter to go out to various business leaders throughout the State. Mr. John Truscott, former Director of Communications and Press Secretary to the Governor, has been hired as a consultant. The group has also been working with the League of Women Voters.

Mr. Maisner concluded by stating that the passage or failure of Proposal 2 will change the landscape across Michigan forever.

Mr. Charters asked if someone in the audience today wished to make a contribution to this fund-raising effort, who they should make the check out to. Mr. Maisner responded they could make it payable to "Funds for the Future." Mr. Charters also suggested that Mr. Maisner or Mr. Johnson could make a similar presentation regarding Proposal 2 at the Natural Resources Commission's Policy and Finance Committee meeting next week.

Mr. David Armour, Deputy Director, Mackinac Island State Park Commission.

Mr. David Armour, Deputy Director of the Mackinac Island State Park Commission, Department of History, Arts and Libraries, made a presentation requesting Board approval to pursue lump sum expenditure over \$500,000. It is a requirement that all lump sum expenditures over \$500,000 must seek Board approval. The preliminary appraisal for the Sunset Rock parcel, the property under consideration, came in at \$600,000.

Ms. Edgar advised the Board that this is an action item under "New Business" that will be taken up later.

Mr. George Burgoyne, Resource Management Deputy, DNR – DNR Applications Presentation.

Mr. George Burgoyne, Resource Management Deputy, DNR, made a presentation in support of two of the Department's applications that have been submitted for possible funding. These include:

02-187 – Tip of the Keweenaw Acquisition – Phase II. This is the Department's highest priority, and is the next step in the acquisition of the Tip of the Keweenaw project. Phase I of the acquisition has already taken place. Mr. Burgoyne feels that when the centennial of the MNRTF program occurs, this will be one of the top ten ranking projects.

Mr. Burgoyne also emphasized the importance of Department lump sum accounts to allow Divisions to obtain inholdings.

02-178 – Dowagiac River Access Acquisition. This project is to purchase 74 acres of partially forested and open land with 1,300 feet of frontage to the Dowagiac River. This is adjacent to a parcel that the State of Michigan already owns. The Dowagiac River still provides some of the best coldwater opportunities in southern Michigan. Fisheries Division staff believe that there would be an opportunity to have a self-sustaining brown trout population in the Dowagiac River. In addition, the DNR has a cooperative arrangement with the local unit of government to manage the property. Also, the DNR has a cooperative arrangement with the local conservancy in providing future funds that will be needed to do the restoration.

Chairperson Guyer asked on the progress of the Storey Lake Property (TF01-200). Mr. Burgoyne responded that DNR staff has a meeting scheduled with the landowner in July.

Mr. Johnson stated that he heard the owners may now keep the property and develop it, or may keep the mineral rights, because the appraisal on the property came in too low. Mr. Burgoyne responded that it may be a possibility that the landowner may choose to retain the mineral rights and develop them himself. We are basing our offers and discussions with the landowner on the DNR's evaluation of the appraisals that we have.

Chairperson Guyer wondered when the DNR got a lower evaluation on the property. Mr. Johnson wondered if an appraisal was done before the application was submitted. Mr. Burgoyne responded no appraisal had been done prior to submission of the application. The DNR gave their best guestimate of the cost of the property, along with information obtained from the local conservancies. It is the DNR's responsibility to be fiscally responsible and obtain properties within the best appraisals and information that is available.

Mr. Johnson asked if the DNR may purchase the property without the mineral rights. Mr. Burgoyne responded that that is one possibility.

Chairperson Guyer wants the Board to be kept up-to-date on the progress being made on this property.

Mr. Arwood stated that he would like to see the Dowagiac River Acquisition Access Acquisition project (02-178), and asked staff to advise him when they plan to visit it.

III. OLD BUSINESS

1. 2002 Application Review – Evaluation Schedule.

Ms. Edgar and Mr. James Wood, Manager of the Resource Protection Section, Grants Administration Division, DNR, outlined the 2002 application review and final evaluation schedule for the Board.

Mr. Wood outlined the evaluation schedule. Preliminary evaluations of all applications received April 1 will be done by staff, and written evaluations will be sent to all applicants. Applicants will have the opportunity to respond to the evaluation and send back supplemental information and, in some cases, significantly change their projects. After receiving supplemental information, staff will make their final staff recommendations on applications, and subsequently forward to the Board. Evaluations will be completed in mid-July. Field visits will be conducted between July and October. Applicants may submit additional information by September 13th.

Additional acquisition applications may be submitted by August 1. These applications will not receive a preliminary evaluation, but will be based on the information the applicants provided. Final staff recommendations will be provided to the Board at their December 11 meeting.

Ms. Edgar stated that the evaluation schedule is based on cancellation of the originally scheduled November 20 Board meeting. With confirmation from the Board, staff will cancel this meeting and remove it from all postings, both written and Internet. The Board agreed to cancel the November meeting.

2. Trust Fund Board By-Laws Update.

Ms. Edgar outlined the changes that had been made to the Board's By-Laws, as a result of comments and suggestions made at the Board's April 23 and 24 meetings.

Ms. Edgar stated that she was still looking for guidance as to the problems of officers changing in the middle of the grant cycle (October). She is not sure there is anything that can be done about that issue.

Ms. Edgar also did some research on proxy votes. Information was obtained from Robert's Rule of Order. There are two forms of proxy votes: absentee (such as voting on appointments), and a formal proxy (empowering another member to vote on his/her behalf, which allows the decision to be made at the time). Roberts Rule of Order recommended that the proxy vote not be used. As a result, Ms. Edgar does not recommend in the Board's By-Laws allowing for proxy voting. Chairperson Guyer and Mr. Arwood felt that the Board should stay away from proxy voting.

Ms. Edgar stated that all changes will be brought back to the Board for final adoption at their September 11 meeting.

3. 2003 Evaluation Criteria/Scoring Model Update.

Mr. Arwood had a question regarding under the "Additional Cash Match and Use of Land Donation as Match" section of the memorandum dated June 7, 2002 previously sent to the Board. He wondered what the word "secure match" meant. Ms. Edgar responded this area is still being discussed, with no formal proposal at this time. The issue is what is reasonable to expect in terms of match being secure. Staff will continue to speak with Mr. Tom Bailey, Little Traverse Conservancy; Mr. Glenn Chown, Grand Traverse Land Conservancy; as well as others, on this issue.

Ms. Edgar stated that issues remaining open and still being discussed include the cash match issue, the Michigan Oil and Gas Association (MOGA) proposal, and suggestions by the "Rights in Land" work group. These areas are still under development, and there could be additional discussions on these issues. At the September meeting, staff will bring the Board two groups of proposals related to the 2003 criteria: issues that staff are certain can be adopted by the Board in September; and issues requiring additional discussion that can be adopted by the Board in October.

Mr. Charters asked if Ms. Helen Taylor, Director of The Nature Conservancy, and her group have met to discuss the third-party (land donations) and conservation easement issues. Mr. Charters was to be a participant in the group discussions. Ms. Edgar responded Ms. Taylor's representative, Mr. Garret Johnson, has met with the "Rights in Land" group, (which was discussing the conservation easement issues, represented on the Board by Mr. Arwood) but the group to discuss land donation issues has not yet met.

Ms. Edgar made some comments regarding the MOGA proposal that was brought up at the April Board meeting. MOGA wanted priority funding for oil and gas impacted areas. Staff needs to ask MOGA for more details, and Ms. Edgar is still working with them on identifying these issues. She hopes to have more details by the Board's September meeting.

Mr. Wood stated that he needs to get some direction from the Board if the evaluation criteria scoring model update is going in the right direction, or is more information needed. Ms. Edgar further stated that this would relate to the criterion "Economic Benefit," "Applicant Capability," and "Site and Project Quality." These will be brought back to the Board in September for adoption.

4. "Rights in Land" Working Group Update.

Mr. Arwood outlined the progress of the June 5, 2002 meeting of the "Rights in Land" work group. The meeting was hosted by Mr. Garret Johnson of The Nature Conservancy. Past issues of concern were discussed. The group came up with a working consensus of steps proposed to take.

Easements Pilot Project:

- **Level playing field for easements and fee simple.** Should be a level playing field for fee simple acquisition grants and grants based on easements, provided the issue of public access could be satisfactorily addressed. This could mean minor adjustments to existing criteria (e.g., wildlife corridors) or making acceptable model easements widely available to applicants.
- **Public access concerns.** Presently, no blanket requirement that fee simple acquisitions include public access, but nonpublic access acquisitions generally score poorly except rare cases where other characteristics score exceptionally high. MRPA expressed concern about public dollars being used for easements with only private benefits. MUCC and land trusts felt this issue was of great importance, but suggested it be addressed through scoring.
- **Resource-based approach instead of funding set-aside.** Setting aside a specific amount of funding to be dedicated to the purchase of easements was discussed, but not viewed as undesirable. Suggestion made to explore the use of a resource-based "Special Initiative" and look at possible scoring for such an initiative. MRPA restated its general support for a level playing field, but advocated maintaining as broad an approach as possible.
- **Possible resource focus for pilot.** No consensus on which resources to focus on, though grasslands and working forests were discussed. Suggestion was made that the next meeting focus on reviewing specific examples of easements for possible models.
- **Next steps.** Another meeting should be held to review specific easements to identify whether a possible resource-based pilot is warranted. This could include scoring sample easements using existing MNRTF criteria and potentially developing new criteria.

Mr. Arwood stated that the group is anticipating meeting again in August, and hope to have some type of clarity on these issues for the 2003 scoring process.

Mr. Arwood stated that for third-party easements, the group made some progress but legal questions remain a concern. It was discussed at the meeting that the DNR does not see "a tremendous problem" with going this route, however, there remains some legal questions.

Chairperson Guyer complimented the accomplishments of Mr. Arwood and Ms. Edgar in their involvement with the “Rights in Land” work group.

5. Use of Appraisals/Fair Market Value in State-Funded Land Acquisitions – Mr. David Yankee, Office of Property Management, DNR.

Due to time constraints, it was agreed by the Board that the presentation on the use of appraisals/fair market value in State-funded land acquisitions be held for the September Board meeting.

At this point, Mr. Charters outlined information he had obtained regarding the MNRTF Board’s involvement with the Land and Water Conservation Fund program. Several questions were raised at the last Board meeting. These include:

- Will any money be left on the table, specifically above \$4 million, this year? Answer: No. Michigan still has to prepare an updated Statewide Comprehensive Outdoor Recreation Plan (SCORP) to be eligible for funding. Approximately \$200,000 is needed to prepare the SCORP and need to come up with administrative costs.
- Can the MNRTF Board act as the decision-maker of projects? Answer: At this stage, no. The Director of DNR is the decision-maker in his capacity as State Liaison Officer. Can the MNRTF Board act in an advisory capacity? Answer: Yes, but there’s the question of the Board’s time and how involved the Board wanted to be.

Chairperson Guyer would like the Board to be informed and involved with the Land and Water Conservation Fund program, but realizes the final decision-making factor is a function of the Director of DNR. Mr. Charters stated that actually the MNRTF Board acts in an advisory capacity on MNRTF projects, as the final decisions are made by the Legislature.

Mr. Charters further stated that before it is proposed that the Board act in an advisory capacity for the Land and Water Conservation Fund projects, they should determine how much more time they want to be involved. Chairperson Guyer stated this could be further discussed at the September meeting.

IV. NEW BUSINESS.

1. MLTF 712 and TF89-124, Sebewaing County Park, Huron County – Conveyance of County Drain Right-of-Way – CONVERSION REQUEST.

Mr. Wood outlined a conversion request that has been submitted by Huron County for the Sebewaing County Park (MLTF 712 and TF89-124). This conversion would be to convert .38 acres of the originally acquired 20 acres to be conveyed to the County Drain Commission to establish a right-of-way for construction and maintenance of a County drain within Sebewaing County Park.

The Drain Commission was petitioned to open up a culvert with a bridge to reduce flooding in the Village of Sebewaing. The Drain Commission has requested a permanent easement to the site to reshape and realign the channel to accommodate the ice flows in the spring, and to replace the existing culvert. There will be no impact to the recreation uses of the site because of the conversion. It is consistent with the County’s Recreation Plan.

The County has proposed that in lieu of a replacement parcel, the Sebewaing River Intercounty Drain Commission will pay Huron County \$25,200 for the easement rights to develop and maintain the drain. Staff has recommended that the Board approve this conversion without additional mitigation, with the following conditions:

1. The park will remain open to public recreation use during the construction period.
2. The County will require the Drain Commission to take the necessary steps to ensure that the entrance to the park remains available to the public, with adequate signing, to ensure availability and safety for their use during the construction period.
3. The County, Drain Commission and/or contractor will obtain all necessary State and local permits.
4. The County ensures that the contractor repairs all damages to the site caused by the nonrecreation use and leaves the site in an attractive state for public outdoor recreation.
5. The County commits to using the \$25,200 in proceeds from the easement for maintenance and development of the MNRTF project area.

Mr. Charters had some concerns about the County Drain Commission paying \$25,200 for the easements rights and then use that for the maintenance and development of the project area. This is essentially taking from one pocket and putting it in the other. Mr. Wood responded in one sense, this is correct, but under the procedures in Board Policy 94.1, if there is no diminishment in public recreation use, the grantee could be allowed to do this. That is the key factor in this case.

MOVED BY MR. CHARTERS, SUPPORTED BY MR. ARWOOD, TO APPROVE THE CONVERSION WITHOUT MITIGATION REQUEST FOR MLTF 712 AND TF89-124, SEBEWAING COUNTY PARK, HURON COUNTY, WITH THE CONDITIONS OUTLINED BY STAFF.

Ms. Edgar further stated that under a traditional conversion the grantee could be required to pay the money back to the MNRTF or replace the property. Mr. Charters was concerned that the money was going back to the County as opposed to the MNRTF.

Mr. Charters stated he wished to rescind his motion previously made to approve this conversion request.

Mr. Thompson asked if the County knew what they were going to do with the \$25,200. Will staff be advised when this money is exchanged and what they did with it? Mr. Wood responded that the County has already proposed a project to construct a pedestrian bridge.

Mr. Charters emphasized the fact that we would be allowing the County to determine how they spend the money granted, rather than the Trust Fund Board. He feels the money should go back to the MNRTF.

MOVED BY MR. ARWOOD, SUPPORTED BY MR. THOMPSON, TO APPROVE THE CONVERSION WITHOUT MITIGATION REQUEST FOR MLTF 712 AND TF89-124, SEBEWAING COUNTY PARK, HURON COUNTY, WITH THE CONDITIONS OUTLINED BY STAFF. IN ADDITION, THE \$25,200 TRANSFERRED FROM THE HURON COUNTY DRAIN COMMISSION FOR THE CONVERSION WILL BE USED TO CONSTRUCT A PEDESTRIAN BRIDGE. MR. CHARTERS VOTED NO. MOTION PASSED.

2. Mackinac Island State Park Commission Lump Sum Acquisition – APPROVAL OF LUMP SUM REQUEST.

Ms. Edgar briefly outlined the request of the Mackinac Island State Park Commission for Board approval of a lump sum request over \$500,000. This request was outlined earlier in the meeting by Mr. David Armour, Deputy Director for Mackinac Island State Park Commission.

MOVED BY MR. THOMPSON, SUPPORTED BY MR. ARWOOD, TO APPROVE THE LUMP SUM ACQUISITION REQUEST OF OVER \$500,000 TO ACQUIRE THE SUNSET ROCK PARCEL. PASSED.

V. STATUS REPORTS.

1. Real Estate Report – Mr. David Yankee.

Ms. Edgar suggested, due to time constraints, that the Real Estate report for this meeting be included with the next report and presented at the September meeting.

2. Local Projects Completion Report.

Ms. Edgar advised the Board of the status of the Saginaw Sawmill Acquisition (MLTF 605). The Board approved the mitigation of this property in February of 2000. The City of Saginaw agreed to repay the MNRTF over \$1 million. The final payment has been received, and the project is now officially closed out.

3. Revenue and Interest Report.

Ms. Edgar outlined the revenue and interest report for the Board's information. Staff is projecting total revenue coming into the MNRTF of \$31 million. Total interest is projected at \$9.5 million. After determining what amounts will go to the principal, State Park Endowment, etc., it is projected that there will be about \$11.5 million available for acquisition projects, and approximately \$5 million for development. Of the \$11.5 million for acquisition, \$7.5 million will come off the top for Phase 2 of the Tip of the Keweenaw acquisition project, as the Board committed to a two-phase acquisition. The balance available for acquisition projects will then be \$4 million. Staff has received \$66 million in acquisition requests, and may still receive additional acquisition applications in August.

Ms. Edgar further outlined that the revenue numbers are low if compared with the last two years which were high. In 1999, \$27 million in revenue was received. We are now back to the point that we were in the 1990s in terms of revenue. In addition, in 1999 there was \$10 million in lapses. It is projected that not more than \$1 million in funds will be lapsed this year, subject to change.

4. Lump Sum Report.

This was not discussed at the meeting.

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

Ms. Edgar advised the Board that Mr. Michael McDonald, who has been assisting Grants Administration Division with the Land and Water Conservation Fund and the MNRTF over the last several months, will be retiring in July. Mr. McDonald has worked in the DNR's Parks and Recreation Bureau for several years.

Chairperson Guyer requested that staff prepare a resolution to express the Board's appreciation of Mr. McDonald's contributions, accomplishments and professionalism.

MOVED BY MR. ARWOOD, SUPPORTED BY MR. CHARTERS, TO DEVELOP A RESOLUTION FOR MR. MICHAEL McDONALD TO EXPRESS THE BOARD'S APPRECIATION OF HIS CONTRIBUTIONS, ACCOMPLISHMENTS AND PROFESSIONALISM AS HE RETIRES FROM THE DEPARTMENT OF NATURAL RESOURCES. PASSED.

Mr. Charters would like to see a presentation of the DNR's lump sum accounts at the September meeting. Mr. Burgoyne will provide this.

Mr. Johnson stated he would like to see more detail identified on the Revenue and Interest Report which identifies the expenses for administrative costs. Ms. Edgar responded that she will provide a break down of these expenses and provide to the Board at their September meeting.

Mr. Charters advised the Board of the June 27, 2002 Natural Resources Commission Finance and Policy Committee meeting. All MNRTF Board members are invited to attend. He feels this will be an important meeting in lieu of budget cuts. Mr. Arwood stated, as a MNRTF Board member, he has not been getting notification of upcoming meetings. Ms. Edgar responded that MNRTF Board members will be notified of all meetings.

Mr. Tim Schreiner, Parks and Recreation Director, Grand Traverse County, advised the Board of the luncheon/reception at the Maple Bay Farms site immediately following the Board meeting. Mr. Charters wanted to express his thanks to Mr. Schreiner and everyone else involved in planning and arranging the pre- and post-Board meeting events.

VII. ANNOUNCEMENTS.

The next meeting of the MNRTF Board is scheduled for 9:00 A.M., Wednesday, September 11, 2002, Clarion Hotel and Conference Center, 3600 Dunckel Drive, Lansing, Michigan.

VIII. ADJOURNMENT.

**MOVED BY MR. ARWOOD, SUPPORTED BY MR. JOHNSON, TO ADJOURN
THE MEETING. PASSED.**

The meeting was adjourned at about 12:30 P.M.

Gordon Guyer, Chairperson
Michigan Natural Resources Trust Fund
Board of Trustees

Sharon L. Edgar, Chief
Grants Administration Division
Finance and Operations Services Bureau

DATE