



MICHIGAN NATURAL RESOURCES TRUST FUND

BOARD OF TRUSTEES MEETING

Minutes of April 20, 2022

9:00 AM

MSU Veterinary Diagnostic Center
Lansing, Michigan

Chair Cummings called the meeting of the Michigan Natural Resources Trust Fund (MNRTF) Board of Trustees (Board) to order at 9:00 a.m., Wednesday, April 20, 2022, and welcomed everyone to the meeting.

I. INTRODUCTIONS

The following Board members were present:

Sam Cummings, Chair; from the City of Grand Rapids, Kent County
Steve Hamp, Vice-Chair; from the City of Ann Arbor, Washtenaw County
Dr. Brandy Brown; from the City of Kalamazoo, Kalamazoo County
Bill Rustem; from Alaieton Township, Ingham County

Director Eichinger was unable to attend.

Mike Chuff, Acting Grants Management Section Manager, introduced himself. He is currently working out-of-class as the acting section manager. He also introduced: Dan Lord, Acting Assistant Chief, Finance and Operations Division, Department of Natural Resources (DNR); Jon Mayes, Recreation Grants Program Manager; Andrea Stay, Merrie Carlock, and Alexandria McBride, Grant Coordinators; and Erik Eklund, Chief, Finance and Operations Division.

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

II. ADOPTION OF MINUTES FOR MEETING OF FEBRUARY 16, 2022

Chair Cummings called for adoption of the minutes for the February 16, 2022, MNRTF Board meeting.

**MOVED BY RUSTEM, SUPPORTED BY HAMP, TO ADOPT THE MINUTES OF
THE FEBRUARY 16, 2022, MNRTF BOARD MEETING.
MOTION PASSED WITHOUT DISSENTING VOTE.**

III. ADOPTION OF AGENDA FOR MEETING OF APRIL 20, 2022

Chair Cummings called for adoption of the agenda for the April 20, 2022, MNRTF Board meeting.

**MOVED BY HAMP, SUPPORTED BY RUSTEM, TO ADOPT THE AGENDA
FOR THE APRIL 20, 2022, MNRTF BOARD MEETING.
MOTION PASSED WITHOUT DISSENTING VOTE.**

IV. PUBLIC COMMENT

Brian Marzolf, Land Protection Manager, Six Rivers Land Conservancy

Brian Marzolf attended the meeting on behalf of Executive Director Chris Bunch. Brian commented they are excited about this round of applications. Six Rivers has partnered with two communities this year. One is the Highland Township South Hickory Ridge Road Property Acquisition (TF22-0081), and the other is the Village of Beverly Hills Rouge River Acquisition (TF22-0048), both in Oakland County. Both communities are excited about these much-needed projects and will present them to the Board in the coming months.

He also thanked the Board and staff for their work in preserving the natural resources of this state.

Helen Taylor, State Director, The Nature Conservancy

Helen Taylor gave the Board an overview of their plans to host the June meeting in the Saugatuck/Douglas area. In partnership with the Land Conservancy of West Michigan, they will highlight/tour key MNRTF-funded sites. The tours will take place on Tuesday, June 14, in the afternoon, beginning with a brief luncheon, followed by the site tours, and ending with an evening dinner with some key members of the community. She also thanked Yolanda Taylor, assistant to the Board, for the help she has provided to her team with the logistics and coordinating this two-day event. The Board meeting is scheduled for Wednesday, June 15, at The Felt Estate in the Carriage House.

Chair Cummings thanked Helen, The Nature Conservancy, and the Land Conservancy of West Michigan. He confirmed it will be an excellent tour/event and encourages all Board members and staff to attend. He also gave a brief historical overview of the site where they will have dinner, near the Saugatuck nature preserve and lagoon.

V. NEW BUSINESS

a. TF22-0165, Fort Wilkins – Keweenaw Point Acquisition, DNR Parks and Recreation

Scott Whitcomb, DNR Office of Public Lands Director, gave the Board an overview of a proposed 32,000+-acre land acquisition in the tip of the Keweenaw Peninsula. The land is currently listed by TRG Management LP for \$43.2 million. The property stretches from the northern tip of the Keweenaw Peninsula to Lac La Belle, and is currently open to public use. Many concerned organizations and citizens submitted over 200 nominations last year, proposing the department purchase these lands to protect and conserve the natural resources and recreational uses, and to prevent these lands from being developed. The area includes off-road vehicle and snowmobile trail connectivity, is rich with state and commercial forest lands, rivers, and streams, and includes hunting lands, cultural sites, pit mines, and an abundance of natural and cultural resources. It is also adjacent to other state-owned lands and Fort Wilkins State Park.

Over the past year, the department and The Nature Conservancy have engaged with staff, local community leaders, businesses, landowners, stakeholders, and conservation partners to chart a course that will keep the land open and accessible, while maintaining tax revenue for maintenance and operations. The DNR Parks and Recreation division has applied for a MNRTF acquisition grant

for \$5 million, targeting the eastern tract of land, as Phase I of this purchase. The Nature Conservancy is commissioning appraisals and is attempting to secure an option on the entirety of the land. They would in turn seek to convey rights in land to various entities, including the DNR, and a conservation easement to ensure that most of the land remains open to the public for a variety of recreational opportunities. The department will seek other public and private funds, as available, through grants and investors to secure access to the remainder of the property.

The department is also taking economic development into consideration to allow the communities to expand and generate revenue for this area. The county may also be willing to take over management of some of this area. The Mott Foundation is funding a consultant, Rural Economic Success. They are working through a community-wide planning process with local residents, businesses, and other stakeholders to develop a long-range management plan for this mixed landscape, along with a decision-making and governance structure to ensure the land is managed to meet local needs and priorities into the future.

There has been strong legislative and local support from the Upper Peninsula for this acquisition and public ownership. Meetings have also been held with the local sheriff and other first-responders to discuss their concerns due to limited resources.

Whitcomb also gave the Board an overview of the department's carbon sequestration program. They are proposing to expand this program to this area in the Keweenaw Peninsula as a revenue source.

Dr. Brown thanked Whitcomb for his leadership on carbon sequestration; it is a huge task. She asked if the department has identified other potential lands that are not prime for agricultural use to generate revenue for communities. Whitcomb responded they carefully look at land use across the state to identify where opportunities may exist. The department is trying to identify marginal lands where they could site solar and other energy sources, including state-owned stake holdings, to generate revenue and put it back into natural resource management without taking agricultural and forest lands out of production. However, they have considered brownfields, Department of Corrections and Department of Transportation lands, and the state land bank.

The Nature Conservancy has played a significant role in the proposed acquisition of these lands. There may be several more presentations regarding this proposed acquisition moving towards the decision-making process in December.

Vice-Chair Hamp asked that Whitcomb report back to the Board on this proposed acquisition and the planning process as things progress.

b. 2022 Application Summary

Jon Mayes provided a summary of the 2022 MNRTF grant applications that were submitted for consideration this year. The section received 134 applications with a total ask of \$60.4 million, with 22 acquisition grant applications (12 local/10 state) totaling \$31.7 million and 112 development grant applications (108 local/4 state) totaling \$28.7 million. Compared to a 10-year average, the total number of applications are slightly down from an average of 151 applications, but the dollar amount is slightly up from an average of \$55.8 million.

Jon also presented a map showing where grant applications have been submitted geographically. The northeastern part of the state, the Thumb area, the Upper Peninsula, and some counties in the western region have limited to no applications submitted. Populations, funding, swampland, and other factors play into some of these communities not submitting applications.

Bill Rustem expressed his disappointment with so few applications coming in from the northeastern part of the state, and parts of the western region. How do we encourage those local communities to apply for grants in these areas to create more public recreation opportunities, including public hunting and fishing access? There are many local communities, and a lot of parks in small communities, that could benefit from grants but may need assistance in funding the match, or may not have the resources to fund, build, manage, operate, or maintain these sites. Maybe grants staff could reach out to these communities to identify their needs, or if they need assistance with writing grants or finding options for match funding.

Rich Bowman, The Nature Conservancy, commented they are working on a white paper of lessons learned that can be used for rural communities across the Midwest. It is a challenge to get the land bought and developed, especially in these communities with limited population and resources. It is not the lack of desire, it's more the lack of capacity, funding, and resources to develop in these areas.

A summary list of the applications submitted was included in the Board's packet of materials for reference.

c. Status of MNRTF Appropriation Bill

Michael Chuff reported that the Board's 2021 recommendations were submitted to the State Budget Office as a supplemental request. They then forward those recommendations to the Legislature. Currently, the department is still waiting for the Legislature to introduce a supplemental appropriation bill to fund the 2021 recommended MNRTF grants.

Bill Rustem expressed his concern that it is getting late. There are time-sensitive agreements and development projects pending, while construction costs are rising. We need to demonstrate to the legislators the economic value of conservation and outdoor recreation, and the benefits these projects bring to local communities. These grantees need to write to their legislators, asking them to get the bill introduced so the funds can be disbursed, especially those communities that may not be able to afford these rising costs if they are required to wait.

Jon responded conversations are occurring at the local level, but they can only tell the sellers and/or contractors that they are trying to get their projects moving forward or land transactions closed as fast as they can, but right now it is a waiting game.

Rich Bowman recommended that all successful grantees write their legislators or the house and senate appropriation chairs, expressing the urgency and asking them to get the bill introduced and passed before opportunities and negotiations start to decline.

Bill Rustem also commented that MUCC should get involved from a hunting/fishing perspective since the hunting/fishing community make up the majority of their membership, especially since the MNRTF is funding more state game areas and fishing/boating access around the state. The biggest challenge to hunters is access to public lands, and the same for gaining access to public fishing waters.

d. Director's Update

Dan Lord is filling in for Director Eichinger. He reported that the Governor announced significant federal funding. As a recap, Senate Bill 702 proposed \$508 million be deposited into the State Park Endowment Fund. That would have brought the fund to its cap of \$800 million, generating

additional revenue for the MNRTF. This bill did not move forward. It was determined that a supplemental appropriation was not the proper place to disburse federal rescue funds for this purpose. It is not entirely off the table and may be discussed during negotiations on the department's appropriations bill, but general fund/general purpose dollars would be used if it moves forward.

Dan further reported that Senate Bills 703 and 704 (for state park infrastructure, and local parks and trails funding) did pass under Public Act 53 of 2022, for a total infrastructure package of \$4.7 billion that was signed by the Governor on March 30, 2022. A total of \$450 million was allocated to the department, broken down as follows:

- \$250 million for internal state park infrastructure.
- \$150 million for local parks and trails was increased to \$200 million, but \$135 million is dedicated to three specific projects:
 - \$60 million to the Detroit Joe Louis Greenway;
 - \$55 million to the Grand Rapids Greenway project; and
 - \$20 million to Copper Peak to build the world's largest Olympic-style ski jump.
- Leaving \$65 million for the larger statewide American Rescue Plan funding to local parks and trails via a competitive grant program that will be administered by the department's Grants Management Section.

Kick-off meetings have been scheduled with entities and partners on the three specific projects to get a better idea on their plans, and help guide them on constraints, restrictions, reporting requirements, etc. to ensure they spend these dollars as outlined in the legislation and that projects can be completed in a timely manner.

Vice-Chair Hamp asked for the total state park infrastructure backlog. Dan responded that, historically, it has been around \$300 million. The department has added a couple of regional coordinators and financial staff in the Parks and Recreation division to manage this large-scale infrastructure allocation statewide to meet the spending deadline by 2026.

Dr. Brown asked if the backlog is due to supply chain issues and inflation. Erik Eklund responded the \$300 million backlog was based before this supplemental; however, factoring in inflation and increased costs of construction, materials, etc. will have an impact on the total number of state park projects that can be completed. Some of the dollars have been set aside in a contingency fund to cover some increased or unanticipated costs. Capital outlay dollars and other revenue sources will also contribute to getting high-priority/high-cost projects completed. The department's sprint team has been working on identifying projects where they will get the 'biggest bang for their buck.' These team discussions also include the Department of Technology, Management and Budget's Design and Construction division, Licensing and Regulatory Affairs, the Department of Environment, Great Lakes and Energy, and the Department of Treasury, who will all play a role in the disbursement of these funds and getting these projects completed on an extremely aggressive timeline. They will also be meeting with the Office of the Auditor General to discuss the federal reporting requirements.

Dan further commented they will make a future presentation to the Board regarding the local grant funding program, currently proposing to name it the "Access4Recreation" grant program.

Bill Rustem also commented this federal program will not require a local match. This is where communities in the northeastern part of the state, or other communities that cannot raise match dollars, may benefit.

Chair Cummings commented this is an interesting time for the department. It will require a lot of work to ensure these funds are distributed equitably, fairly, and timely. If there is a way to figure out, or incentivize, long-term maintenance and cost-savings through efficiency, it may be possible to place some of these dollars in endowments. Dan Lord responded it would depend on the funding source.

e. Update on MNRTF Staff Activities

Michael Chuff reported the grant application cycle ended April 1. Staff are currently working on administrative completeness and will follow-up with applicants on things that need to be corrected. They are hoping to have this step completed this week. The next step for staff will be on-site visits.

He also announced that Lindsay Ross, the grant coordinator for the eastern region, left the department to take a position at the Department of Transportation working on trail grants. Her position was posted. The Grants section received 50 applications but will pare them down to a manageable number of qualified candidates to be interviewed. The position should be filled in May.

VI. BOARD PACKET REFERENCE MATERIALS

Michael Chuff reminded the Board that all remaining reports are contained in the Board's packet of materials and will entertain any questions.

Chair Cummings asked the Board if they had any questions or discussion about the remaining meeting materials. No discussion of the meeting materials took place.

VII. OTHER MATTERS AS PROPERLY BROUGHT BEFORE THE BOARD

Chair Cummings announced their friend and fiduciary, Woodrow "Woody" Tyler, Senior Investment Manager with the Department of Treasury, is retiring in June. He has managed the MNRTF investments for many years and will be greatly missed by the Board and staff.

Bill Rustem asked about TF10-120 – State Trails Initiative, DNR Forest Management (various counties). Jon Mayes explained this is a state trail acquisition that connects the CIS trail with another critical piece in Lowell. The railroad is under new ownership, which requires new negotiations, and the owner has requested a new appraisal. If negotiations are not successful, the dollars will be returned to the MNRTF.

Vice-Chair Hamp requested the department continue to keep the Board informed on the proposed Keweenaw acquisition. Chair Cummings also commented this is an interesting proposal that will require a lot of discussion on how to conserve property without diminishing the tax base of a community that relies on tourism.

VIII. ANNOUNCEMENTS

Chair Cummings announced the next meeting of the Michigan Natural Resources Trust Fund Board is scheduled for June 15, 2022, beginning at 9:00 a.m., in the Saugatuck/Douglas area. Details will be posted in advance of the meeting on the Board's [website](#).

IX. ADJOURNMENT

Chair Cummings asked for additional comments or discussion. None were offered.

Chair Cummings then asked for a motion to adjourn.

**MOVED BY HAMP, SUPPORTED BY RUSTEM, TO ADJOURN THE MEETING.
MOTION PASSED WITHOUT DISSENTING VOTE.**

The meeting adjourned at 10:15 a.m.



Sam Cummings, Chairperson
Michigan Natural Resources Trust Fund Board
of Trustees



Michael Chuff, Acting Manager
Grants Management Section
DNR Finance and Operations Division

APPROVED: June 15, 2022