

MICHIGAN NATURAL RESOURCES TRUST FUND

BOARD OF TRUSTEES MEETING

Minutes of April 11, 2012

Ramada Inn Hotel and Conference Center, 7501 West Saginaw Highway, Lansing

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

The following Board members were present:

Keith Charters  
Sam Cummings  
Bob Garner  
Rodney Stokes  
Frank Torre

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

I. ADOPTION OF MINUTES FOR MEETING OF FEBRUARY 22, 2012.

Chairperson Garner called for the adoption of the minutes for the February 22, 2012 MNRTF Board meeting.

**MOVED BY MR. CUMMINGS, SUPPORTED BY DIRECTOR STOKES, TO APPROVE THE MINUTES OF THE FEBRUARY 22, 2012 MNRTF BOARD MEETING. PASSED WITHOUT DISSENTING VOTE.**

II. ADOPTION OF AGENDA FOR MEETING OF APRIL 11, 2012.

Chairperson Garner called for the adoption of the agenda for the April 11, 2012 MNRTF Board meeting.

**MOVED BY DIRECTOR STOKES, SUPPORTED BY MR. TORRE, TO ADOPT THE AGENDA FOR THE APRIL 11, 2012 MNRTF BOARD MEETING. PASSED WITHOUT DISSENTING VOTE.**

III. PUBLIC APPEARANCES.

Mr. Jeff Hingston, Village President, Village of Mackinaw City – 12-022, Gary R. Williams Park Extension

Mr. Jeff Hingston, Village President for the Village of Mackinaw City, made a presentation in support of the Gary R. Williams Park Extension acquisition project (12-022) submitted by the village. He provided the Board with letters of support from Senator Howard Walker and Representative Frank Foster. In addition, he provided the

Board with a historic picture of the Mackinac Bridge being built, taken in 1956. He pointed out, via the photograph, where the proposed acquisition would be.

The proposed acquisition has been for sale for approximately one year. If acquired, it would add to the Gary R. Williams Park. The community is very excited about this acquisition.

Mr. Hingston invited the Board to view this proposed acquisition on their way to the June Board meeting in Munising.

Chairperson Garner asked what the cost of the property was. Mr. Hingston responded it is currently \$320,000. Matching funds will be finalized before the Board makes their final decision in December. The village is asking for a \$241,200 grant.

Mr. Charters asked what kind of a park this is proposed to be. Mr. Hingston responded that it will be handicapped accessible with access to the water. There is a kayak and trail project in the works (Blue Water Trail, with Emmet and Cheboygan Counties).

Mr. Chris Bunch, Executive Director, Six Rivers Regional Land Conservancy – 12-057, Lake St. Clair Metropark Land Acquisition, Huron-Clinton Metropolitan Authority

Mr. Chris Bunch, Executive Director of Six Rivers Regional Land Conservancy, made a presentation in support of the Lake St. Clair Metropark Land Acquisition (12-057) submitted by Huron-Clinton Metropolitan Authority (HCMA). The Six Rivers Regional Land Conservancy is partners with HCMA for this project. This metropark was formerly known as the “Metro Beach” park.

Mr. Bunch informed the Board that all the landowners (five) have signed letters of intent for sale of the property.

Mr. Charters asked where the property was located. Mr. Bunch responded it is on the north end of the existing Lake St. Clair Metropark. The acquisition would be for 110 acres of coastal fresh water marsh.

Mr. Charters asked what the price of the property was. Mr. Bunch responded it is estimated at about \$350,000 (requesting \$229,000 from MNRTF). This acquisition would allow HCMA to continue their restoration work on the coastal marsh.

Mr. Tom Bailey, Executive Director, Little Traverse Conservancy

Mr. Tom Bailey, Executive Director for Little Traverse Conservancy, advised the Board that the conservancy is working with the Village of Mackinaw City on their acquisition project.

Mr. Bailey stated that last week there was a joint meeting with the Governor’s Blue Ribbon Panel on Michigan State Parks and Outdoor Recreation with the Citizens Advisory Committee on Michigan State Parks. He thought it was a very productive session and set the stage for collaboration that will allow the Governor’s committee to do things that the Citizens committee cannot do. As a member of the Governor’s committee, he will make sure there is prominent mention of the MNRTF program and the

future of state land acquisition. If there is any input from the Board, he will relay that on to committee members. There will be a report prepared in October.

Mr. Bailey commented on the proposed modification of MNRTF legislation in the Legislature. Little Traverse Conservancy will do all they can to help with this issue.

Chairperson Garner mentioned that Mr. Bailey will be inducted into the Environmental Hall of Fame in May. The Board, staff and audience congratulated him on this honor.

Director Stokes advised the Board and audience on the issues with the MNRTF bill currently in the Legislature. The bill passed the House, but is being held up in the Senate. There were some concerns about the acquisition of state properties, primarily the eco-region projects that are in the bill. It was indicated that there was not enough information. The DNR supplied this information, but the Senate had some other concerns. Basically, they want to take the eco-regions out of the bill.

Director Stokes further stated that it has been historic that the MNRTF Board recommends and the Legislature approves or rejects the projects. There has never been a time where projects have been taken off or added to the list. If the Legislature decides to do this, there would be no need for the MNRTF Board. No projects would be safe from funding approval/denial (both state and local), if this becomes the trend. This would essentially become a “pork barrel” bill.

Mr. Charters asked Director Stokes what the Michigan United Conservation Clubs, Ducks Unlimited and other organizations are doing about this issue with the bill. Director Stokes responded that staff has been over to the Legislature dealing with this for a week. To his knowledge, the DNR was the only one there fighting this issue. The Legislature seems to feel it is self-serving on the DNR’s part, as it would be state projects coming off the list. Director Stokes has been very vocal that it is not the part of taking state projects off the list—it is the 35-year history of the MNRTF Board recommending and the Legislature approving or rejecting the projects.

Mr. Charters stated that the conservation groups – Michigan United Conservation Clubs, conservancies, etal – need to make a stand. Each time the Legislature is allowed to change the process, it is another erosion of civilian input.

Mr. Bailey added that the integrity of the MNRTF process is critical.

#### IV. NEW BUSINESS.

##### Update on MNRTF Staff Activities

Mr. Steve DeBrabander, Manager, Grants Management, outlined various MNRTF staff activities for the Board.

- **Grant Coordinator Position.** Interviews will be taking place this week for the Grant Coordinator position previously held by John Cherry. The position was posted for five days and 197 applicants applied for the position.
- **MNRTF Recognition Sign.** The new MNRTF recognition sign should be available for purchase by the end of the month. The new sign will have the same language as the larger sign the Board previously approved. The cost of the new

sign will be \$209.80. Grantees will order signs directly from the manufacturer, located in Michigan. Once the signs are available, Grants Management will be doing a mass mailing to all past grantees indicating that if they do not have a sign, they will have to order one.

Mr. Charters asked if the DNR divisions will receive notification to order signs. Mr. DeBrabander responded yes.

- **Post-Completion Inspections.** The Land and Water Conservation Fund has a requirement that closed projects must be inspected every five years. The MNRTF has this same requirement. In the LWCF program, we are 840 inspections behind schedule. Staff is developing a process to address both of these programs' post-completion inspection issues. An employee has been hired from the Michigan Rehabilitation Services Program (without cost to us) to focus on the backlog of inspections. A mailing will be sent to all grantees with 2009 and older projects providing instructions, self-certification form and map for self-certifying their closed projects. The grantee will do the inspection and sign off and return the self-certification form to Grants Management.

Director Stokes stated that as part of this process, staff may want to look at its conversion policy to ensure that it is up to date. With the number of projects that have been funded over 35 years, there may be several conversion issues upon inspection. Mr. DeBrabander responded that this has been discussed and will be reviewed in more detail.

- **Database Update.** Jule Stafford of Grants Management is taking the lead on the team to develop Grants Management's new database. Processes are now being reviewed as they currently exist and discuss how we would like them to be in the future. With the new database, it is proposed that the application process be web-based with entire or near paperless format.

Director Stokes asked who the contractor is working on the database. Mr. DeBrabander responded that several software companies have made presentations, but a contractor has not been selected to date. Ms. Stafford added that we are looking at who is on contract with the state at this time to see if we can add on to it. If we cannot add on to the contract, we will need to go through the RFP process.

- **2011 MNRTF Annual Report.** The report has been completed and is in the final formatting and printing stage. It will be available very soon. Ms. Janet Liesman of Grants Management took the lead on preparing the report.
- **Reimbursement Requests.** There was quite a backlog of reimbursement requests for MNRTF projects. It was at a 90- to 120-day processing time. Ms. Liesman has got the backlog caught up and reduced the reimbursement process to 30 days.

#### 2012 Application Cycle – Application Lists

Mr. Jon Mayes, Unit Manager, Recreation Grants, Grants Management, advised the Board that 140 [now 142] MNRTF applications, requesting over \$40 million, have been received for the 2012 grant cycle.

There were 23 acquisition and 117 [now 119] development applications received. There were 17 local and 6 state acquisition applications and 108 [now 110] and 9 state development applications submitted.

The Board received lists of all applications received: lists alphabetically by applicant for both acquisition and development applications and another list by county.

Chairperson Garner stated with less funding available it is going to be a very competitive process this year, especially for development requests.

#### Public Appearance Invitations to Grantees – June Meeting

Mr. Mayes asked Board members to review the list of applications received and let staff know if there are any that they wish to be invited to make a presentation at the June meeting. Please let Linda Harlow know within the next couple of weeks of any applicants the Board wants to have invited. The June Board meeting will be in Munising.

Staff will also be sending invitations out to unique applicants to make a presentation.

Mr. Charters stated that he would like AuTrain Township (12-076) invited to the June meeting.

#### TF06-147, Accessible Hunting/Viewing Facilities – DNR, Wildlife Division – **PROJECT WITHDRAWAL**

Mr. Mayes advised the Board that the money was going to lapse for this project. This grant was for \$99,700.

#### TF07-133, North Maumee Bay Coastal Wetland Acquisition – DNR, Wildlife Division – **PROJECT WITHDRAWAL**

Mr. Mayes advised the Board that the landowner is not willing to sell the property. This grant was for \$1 million. There was \$8,233 in expenses charged to the project.

**MOVED BY MR. CHARTERS, SUPPORTED BY MR. TORRE, TO APPROVE THE WITHDRAWALS OF TF06-147, ACCESSIBLE HUNTING/VIEWING FACILITIES, DNR-WILDLIFE DIVISION; AND TF07-133, NORTH MAUMEE BAY COASTAL WETLAND ACQUISITION, DNR-WILDLIFE DIVISION. PASSED WITHOUT DISSENTING VOTE.**

#### V. STATUS REPORTS.

##### DNR Real Estate Report – State Acquisitions

Mr. Joe Frick, Assistant Chief, Finance and Operations Division, and Acting Manager for Real Estate Services Section, outlined the DNR Real Estate Report. The report

indicates that two acquisitions were presented to DNR Director Stokes through the Natural Resources Commission. These two acquisitions projects were:

- Mikula Tract – Northern LP Eco-Region Consolidation Project, 40 acres, \$90,332, within the Traverse City Management Unit in Grand Traverse County.
- Mortemore Tract – Northern LP Eco-Region Consolidation Project, 40 acres, \$32,000, within the Cadillac Management Unit in Missaukee County.

Mr. Frick advised the Board that interviews are currently taking place for the Real Estate Services Manager position. In addition, staff has been busy with clean process re-engineering.

#### MNRTF Financial Report

Mr. Frick outlined the MNRTF Financial Report for the Board. He pointed out that the “Program Lapses” line of \$1 million is a holding number at this point, and will be higher as there have been several project withdrawals. There are more acquisition project withdrawals so these funds will go back into the acquisition side.

Mr. Frick also stated that there has been some difficulty in trying to determine how much the Payments in-lieu of Taxes will be. Last week, based on the supplemental request, it was over \$2 million, and now it is estimated at \$1 million.

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

None.

#### VII. ANNOUNCEMENTS.

The next meeting of the Michigan Natural Resources Trust Fund Board is scheduled for 9:00 AM, Wednesday, June 13, 2012, American Legion Hall, 610 W. Munising, Munising, Michigan.

#### VIII. ADJOURNMENT.

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

Chairperson Garner advised the audience that there will be a 20-minute break and the MNRTF planning meeting entitled “The MNRTF Phase II: Refining the Vision for a New Era” will begin.

The meeting was adjourned at 9:46 AM.

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The “The MNRTF Phase II: Refining the Vision for a New Era” meeting was called to order by Chairperson Garner at 10:16 AM.

Chairperson Garner had asked Mr. Charters and Mr. Cummings to put together a discussion outline for this meeting.

This meeting is for general discussion of, now that the \$500 million cap has been reached, how the MNRTF should be invested, what should be held back, and what funds should be held in abeyance.

Mr. Cummings stated that now that the MNRTF has reached its cap, funding is now more of a “foundation” nature that has Constitutional limitations. We need to plan for the future as to how to handle less funding availability. Investment and spending policies, as well as priorities, need to be discussed.

Mr. Charters added that is time to review how the MNRTF funding operates.

Mr. Cummings further stated that we need to address some type of Constitutional amendment that affords the MNRTF to survive/thrive in perpetuity.

Mr. Charters mentioned that there are a lot more applicants applying for development projects rather than acquisition, and that perhaps this should be addressed.

Mr. Tom Bailey commented that the MNRTF has shown itself to be a stable institution in state government. There have been discussions about using MNRTF for transportation or other things once the Park Endowment Fund portion has been fulfilled. This is a non-renewable resource from which its funds should only go to the natural resources field. Before the Park Endowment Fund cap has been reached, there should be an amendment to the Constitution to keep these revenues going into natural resources.

Mr. Cummings added that this Constitutional amendment should be bi-partisan and “bullet proof.”

Mr. Bailey also stated that the local match is becoming more difficult for local units of government to come up with. Perhaps using other grant programs funding to provide the match will help.

Ms. Helen Taylor, Director, The Nature Conservancy, made comments regarding strategic planning. There are short- and long-term issues. She suggested the Board consider not having to allow every variable in the future. She suggested making short-term decisions for a period of time.

Mr. John Cherry, Director’s Office, DNR, made comments in regard to short-term planning. The MNRTF statute states that no more than 25% of the funds can be used for development projects and no less than 25% can be used for acquisition. There may be things that could be done in the short-term to avoid shrinking through inflation.

At this point, Mr. Cummings outlined discussion topics that had been developed:

- 1) Investment policies – since reaching the “cap” we are now akin to a foundation
  - Adoption of an investment policy – can be reviewed regularly
  - Asset growth goals and restrictions
  - Retained earnings or growing stabilization reserve – how much can we have in the stabilization reserve
- 2) MNRTF “Strategic or Master Plan”: Future parks, access and recreational goals of the population

- Lake access as a focus
  - Grant-making redundancies – local or state public parks or Great and inland lake access points that are proximate or serve the same purpose or populations
  - Prioritization of certain public needs, demographic or geographic areas and areas of greatest public need
  - Prioritization of certain development types or acquisitions that have the greatest impact on the public good or the state’s future
  - Review of how MNRTF works with Conservancies – add definition to and define importance of individual roles, as available resources will continue to be reduced
  - Potential revision of scoring system to accomplish above
- 3) Establishment of Standing Committees
- Investment Review Committee
  - Criteria and Priorities Review Committee
- 4) Timing of Awards
- Real estate acquisitions do not necessarily happen once a year – acquisitions and development opportunities falling under re-established priorities may need to be addressed more rapidly than existing grant cycle

Mr. DeBrabander made comments on “prioritization of certain public needs, demographic or geographic areas and areas of greatest public need.” This is something staff has done when evaluating applications; for example, emphasis on urban areas. Through the scoring system, we are able to target specific geographic areas or demographics.

Chairperson Garner asked with the current updating of the Statewide Comprehensive Outdoor Recreation Plan (SCORP) if this could further the prioritization process. Mr. DeBrabander responded that one survey of public recreation providers has been completed. There will be a survey initiated of recreation users, as well as public meetings to gather public input. With this information gathering, a lot will be obtained as to what the public needs are – from both users and recreation providers. Mr. Charters added the work that Mr. Cherry is currently doing on strategic planning will also be beneficial to recreational needs and goals of the public.

Mr. Charters stated that with a Criteria and Priorities Review Committee in place, there wouldn’t be the major undertaking of the criteria and priorities of the Board as it has in the past. Mr. DeBrabander responded that staff has some opinions on changes that could be affected.

Ms. Taylor suggested not getting so wrapped up in the scoring end, but prioritizing projects. Director Stokes added that the decision-making of projects is still up to the Board, and he hopes the Board never gets tied too close to criteria and scoring when recommending projects for funding. Staff provides a huge role in providing information on the projects to the Board.

Mr. Chris Bunch commented that the MNRTF should not be used for infrastructure and needs to focus on natural resources as it was intended. Also mentioned was the prioritization of lake access in southern Michigan – everyone seems to think most access is located in northern Michigan. Access should be directed to where the population is. Mr. Charters responded that this needs to be looked at first, rather than just go out and recommend new acquisitions. It might be better to cooperate with the local unit of government to enhance what currently exists. However, the northern rural areas should not be omitted as they need projects for economic development.

Ms. Deborah Apostol, retired Grants Management, DNR, employee, mentioned that a community along Lake St. Clair had a residence-only policy for their park along the lakeshore, but this community applied under the MNRTF and other programs to subsidize and develop their inland park for everyone else. Director Stokes mentioned that there is no penalty in the criteria for this, but it is the type of information that should come to the Board for their decision.

Mr. John Greenslit, Director, Eaton County Parks and Recreation, suggested the Board take a long-term look at the Constitutional issues. We need to protect the MNRTF so it is not diverted for other uses. Long-range planning may be establishing a petition drive to prevent this, perhaps lead by Michigan Recreation and Park Association.

Director Stokes mentioned Payments in-lieu of Taxes (PILT). This could be a huge issue for the MNRTF. As more state land is purchased, PILT payments will go up. He suggested that we look at possible legislative changes so if lands are purchased with MNRTF monies that other funds can be utilized for PILT.

Ms. Shamika Askew-Storay, Grants Management, DNR, expressed her concerns regarding the subjectivity of the scoring criteria. She emphasized that some criteria is concrete – either an applicant meets the criteria or it doesn't. She indicated that the criterion that is concrete is easy to score; however, her main concern was that criterion did not allow the grant coordinators to express their true beliefs on whether an applicant met the criteria or not. The example she provided was the criterion "Need for the Project." She stated that an applicant would earn 20 points if it showed that the proposed application was contained in the recreation plan and was adequately justified. She further stated that every applicant believes that its project is needed, but the grant coordinators are in a better position to determine need because they are able to view all of the projects collectively.

Ms. Askew-Storay further stated that some communities have parks that are well-developed, but other communities have vacant land with no improvements. The subjectivity of the grant coordinator should be weighed heavily because every applicant has a belief that there is a need for the project.

Ms. Jule Stafford, Grants Management, DNR, mentioned project conversions, yet some communities with existing conversions still keep getting grants approved. This is based on the criteria/priorities that have been established for urban areas. Other issues are communities getting additional grants when they have grants currently open and their financial capability to complete the project. As far as the "residents only" issue, we need to build into the criteria a significant penalty that they are not meeting the goals of having it open to the public and as a result, will not score well enough to be funded. In addition, the land donations policy should be looked at.

Board members asked to have an explanation of the donations policy. Ms. Apostol responded that the local unit would get a donation for some of the value of the property, but the MNRTF reimbursement is based on the entire purchase price.

Ms. Christie Bayus, Grants Management, DNR, stated that her concerns with what Ms. Stafford expressed – urban areas being a focus in two areas. If urban area points are given, it should either be in the core or priorities, but not both. Conversion issues are also another concern. It should be put in the criteria that if the community has a conversion issue and submits a new application, that the project is scored down or not eligible. The Board should be made aware of this issue.

Director Stokes stated that if a community has a conversion issue, submits a new application that scores high, the Board should be advised of the conversion issue. The Board will make the final determination for approval of the project.

Director Stokes further stated that we should keep the urban areas concerns in perspective. Mr. Charters responded that we need guidance for the Board and staff to define these urban areas issues. On the other hand, if it could be economically or socially of benefit to an urban area, the Board should have this flexibility.

Mr. Cummings stated that defining the Board's priorities will alleviate some of these issues. It is not simply urban, but more prioritized to a certain demographic area. Discussion ensued regarding urban areas and demographic areas.

Mr. DeBrabander stated that with less funding available there should be a discussion on having a more focused list of eligible projects. He feels the timing with the SCORP is very good. It is a good time to tie Board priorities/scoring criteria to the public's identified recreation needs.

Mr. DeBrabander further stated there is a number of areas in the scoring where communities are scored down for certain things, but they are not made ineligible. If the Board wants the criteria changed, for communities that have a conversion issue and submit a new application, their project could be deemed ineligible as a result of the conversion.

Closing remarks were made by various members of the audience.

Director Stokes pointed out the absence of representatives from local units of government at this discussion meeting today. By not having representation, local units miss the opportunity to provide their input and will be upset when they learn criteria/policy changes are made. There is always a good local units of government attendance when the grant decisions are made.

Mr. Frick provided some additional comments regarding the State Endowment Fund. When this fund hits its cap, Parks and Recreation Division will go from being able to spend 50% of the revenues coming in to having no funding.

Mr. Frick briefly discussed PILT. For PILT, the Legislature did not appropriate enough money for this. He also mentioned the Stabilization Reserve and he's not sure how we will deal with this.

Mr. Cummings commented that the next step is to move these suggestions into a recommended operating plan.

Chairperson Garner said this will be an ongoing process and will be on the next agenda.

The meeting was adjourned at 12:02 PM.

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

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Steven J. DeBrabander, Manager  
Grants Management

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DATE