

MICHIGAN NATURAL RESOURCES TRUST FUND

BOARD OF TRUSTEES MEETING

Minutes of April 13, 2011
Lansing Community College West Campus, 5708 Cornerstone, Lansing
9:00 AM

The meeting of the Michigan Natural Resources Trust Fund (MNRTF) Board of Trustees commenced at 9:00 AM, Wednesday, April 13, 2011.

The following Board members were present:

Samuel Cummings
Bob Garner
Rodney Stokes
Frank Torre

Mr. Charters was not in attendance due to another commitment.

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

Chairperson Garner welcomed new Board member, Mr. Samuel Cummings. Mr. Cummings responded that he was honored to be serving on the MNRTF Board. Chairperson Garner also introduced the other Board members, Director Stokes and Mr. Torre, to the audience. Mr. Charters will be at the June meeting.

I. ADOPTION OF MINUTES FOR THE MEETING OF FEBRUARY 16, 2011.

Chairperson Garner called for the adoption of the minutes from the February 16, 2011 MNRTF Board meeting.

**MOVED BY DIRECTOR STOKES, SUPPORTED BY MR. TORRE,
TO APPROVE THE MINUTES OF THE FEBRUARY 16, 2011 MNRTF
BOARD MEETING. PASSED WITHOUT DISSENTING VOTE.**

II. ADOPTION OF AGENDA FOR MEETING OF APRIL 13, 2011.

Chairperson Garner called for the adoption of the agenda for the April 13, 2011 MNRTF Board meeting.

**MOVED BY MR. CUMMINGS, SUPPORTED BY MR. TORRE, TO
ADOPT THE AGENDA OF THE APRIL 13, 2011 MNRTF BOARD MEETING.
PASSED WITHOUT DISSENTING VOTE.**

III. PUBLIC APPEARANCES.

Mr. Tom Bailey, Executive Director, Little Traverse Conservancy

Mr. Tom Bailey, Executive Director of Little Traverse Conservancy, made some comments. He thanked everyone who helped pass the MNRTF legislation. This was the quickest in the history of the program that it was passed. Communities will be able to start their recreation projects sooner and take advantage of the construction summer season.

IV. OLD BUSINESS.

None.

V. NEW BUSINESS.

Mr. Steve DeBrabander, Manager, Grants Management, DNR, introduced Grants Management staff in attendance: Mr. Jon Mayes, Ms. Christie Bayus, Mr. John Cherry, Ms. Shamika Askew-Storay, Ms. Jule Stafford, Mr. Sam Duncan, Ms. Kelly Parker and Ms. Linda Harlow. Mr. DeBrabander also introduced other DNR staff in attendance.

2010 MNRTF Appropriation Bill Signed by Governor

Mr. Jon Mayes stated that the Governor has signed the MNRTF bill into law. With this passage, the DNR can submit the recommended grants in the bill to the Department of Technology, Management and Budget's Administrative Board for their approval. After their approval, Grants Management will be able to distribute project agreements to grantees.

2011 Application Cycle – Application Lists

Mr. Mayes provided the Board with a map showing the distribution of 2011 applications received throughout the state.

There were 27 acquisition applications (19 local and 8 State) and 117 development applications (107 local and 10 State), for a total of 144, received for possible funding in 2011. The total MNRTF funds requested was \$73 million.

Staff is currently undergoing administrative completeness of applications, and will begin preliminary scoring and site inspections in the next few weeks.

Public Appearance Invitations to Grantees – June and August Meetings

Mr. Mayes advised the Board that staff will be putting together a list of applicants to be invited to the June 15 and August 17 Board meetings to make presentations. If the Board has any projects they would like the applicant to make a presentation, let Ms. Harlow know by May 13.

2012 MNRTF Board Priorities

Mr. DeBrabander outlined the MNRTF Board Priorities for the past five years.

For the last three years (2009, 2010 and 2011), the Board's Priorities have all remained the same. These priorities are: Trails, Wildlife Ecological Corridors and Winter Deeryard Acquisitions and Urban Areas.

In 2007 and 2008, the Board Priorities were Trails, Hunting Opportunities, Corridors, Buffers, and Winter Deeryards, Urban Areas, Universal Access and Entrance Fees.

When staff scores applications, Board priorities receive additional points and this reflects the application scoring higher and ultimately being recommended for funding.

Mr. DeBrabander encouraged the Board to think about 2012 Board Priorities and discuss at the June 15th Board meeting. Director Stokes asked Mr. DeBrabander to send an email reminder to the Board members.

Mr. Torre stated, as to the Urban Areas priority, he would like an explanation of how this is defined. Mr. DeBrabander responded he will send an explanation of Urban Areas to the Board.

Grants Management Staff Changes

Mr. DeBrabander advised the Board that Grants Management now has nine staff. Seven staff, including him, are in new positions.

Mr. Sam Duncan, who has been the MNRTF Accounting Specialist, is now in a new position of Program Manager for the Land and Water Conservation Fund, Marine Safety, and Recreation Passport grant programs. Sam will be performing both jobs until his old position can be filled.

Ms. Kelly Parker, formerly of Forest Management Division, has joined the Grants Management staff. She will be processing payments for the Michigan Natural Resources Trust Fund, Land and Water Conservation, Marine Safety and Recreation Passport grant programs.

Escrow Closing Process Workgroup Update

Mr. DeBrabander briefly updated the Board on the Escrow Closing Process Workgroup's accomplishments. Traditionally, the MNRTF acquisition grant projects have been a "reimbursement only" process. Local units of governments would need to purchase the land first and then seek reimbursement from the MNRTF. This language was in the Appropriation Bill. In the most recent Appropriation Bill, language was added at the request of the DNR that allows some flexibility to have something other than a "reimbursement only" process.

The Escrow Closing Workgroup was formed to develop a process for escrow closings by amending several documents, including amending the project agreement, Acquisition Procedures booklet, list of items needed for an escrow closing, and escrow closing agreement. These are in draft form at the present time being reviewed by the Workgroup.

Once the escrow closing process is approved and in place, local units of government can either choose the standard reimbursement process or an escrow closing.

Mr. DeBrabander advised the Board that smaller communities do not have cash on hand to purchase the land outright and then be reimbursed, thus, they are having to borrow money from a bank which creates additional costs.

Representatives on the Workgroup include: Sam Duncan, Steve DeBrabander, representatives from DNR's Real Estate Section, Office of Legal Services, Internal Audit, two land conservancies and two local units of government.

Mr. DeBrabander also advised the Board with an escrow closing process, it would also create a change in the Board's Procedure, but not to the Policy.

Director Stokes asked when the escrow closing process should be completed. Mr. DeBrabander responded in about a month.

Review of Board Authorities

Mr. DeBrabander stated that at the Board's February 16th meeting, it was requested that an excerpt from the August 20, 2008 meeting minutes be provided. At that meeting, Mr. Bob Reichel of the Attorney General's office, made a presentation outlining the legal authority of the MNRTF Board.

Chairperson Garner added that this presentation was prompted by the purchase of some property acquired with MNRTF funding and was approved by the Board with the stipulation that it could not be used by motorized vehicles. The Board later learned that they did not have the authority to make this stipulation, but the entity that held title to the property (the Department of Natural Resources and Natural Resources Commission) did have this authority. As a result, the Board asked the Attorney General's office to make a presentation to outline what the Board authorities were.

Director Stokes also stated that he, as Director of the DNR, will do as much as possible to honor the recommendations of the MNRTF Board.

TF06-105, Recreation Property Acquisition, City of Standish – **WITHDRAWAL**

Mr. DeBrabander outlined a request from the City of Standish to withdraw their acquisition project, in the amount of \$81,000, which was awarded to the city in 2006. This amount will be returned to the MNRTF.

**MOVED BY DIRECTOR STOKES, SUPPORTED BY MR. TORRE,
TO APPROVE THE WITHDRAWAL OF TF06-105, RECREATION
PROPERTY ACQUISITION, CITY OF STANDISH. PASSED WITHOUT
DISSENTING VOTE.**

At this point, Mr. DeBrabander announced to the Board that April 27, 2011, is Administrative Professionals Day. He wanted to publicly recognize and thank Ms. Linda Harlow for her efforts and professionalism working with Grants Management and the MNRTF Board. The Board also expressed their appreciation, and there was a standing ovation by all attendees of the meeting.

VI. STATUS REPORTS.

DNR Real Estate Report – State Acquisitions

Mr. Ed Meadows, Section Manager, Real Estate Services, Administration Division, DNR, briefly outlined aspects of the report for the Board. He stated that 1.35 miles of trail in the Upper Peninsula (Iron Mountain Connector) is of particular importance to the City of Iron Mountain, as it traverses through their central business district and is a big part of the city's economic development plan.

There have been changes in Real Estate Section staffing and this has created challenges. The DNR's emphasis is on land consolidation, and this has had a significant affect on which projects are targeted for acquisition.

Since the Governor signed the Trust Fund Bill, Real Estate Section has been getting a lot of calls from the sellers of line item projects, wondering when the acquisitions will be completed. Many steps need to be taken before acquisition projects can be completed.

Mr. Meadows stated that the Milliken State Park riverfront project continues to occupy a lot of staff time and will continue to do so.

Mr. Meadows outlined the MNRTF Eco-Regional Land Consolidation and Line Item Projects report. A number of the projects identified on the report have been closed.

Mr. Meadows further stated that an appraiser position has been approved for Real Estate Section. Staff have completed interviews and are hopeful the chosen candidate will receive approval to be offered the position.

MNRTF Financial Report

Mr. Joseph Frick, Assistant Chief, Operations-Administration Division, advised the Board that the DNR Accounting staff was transferred to the Michigan Department of Transportation as a consolidation effort.

The Financial Report should not change much from here on. This is essentially the same report that the Board received at their last meeting. Further on into the year, we will get a better idea of what will be available. Lapses and withdrawals of projects is projected at \$1 million, but it is uncertain if it will go up.

The MNRTF will hit its cap this year in possibly May or June. The investment number is solid at 5%. New bonds are earning less than 5%. The equity market is doing fine.

Mr. Frick further stated that the 2011 administrative appropriation currently shows \$4 million; this figure will go down.

Director Stokes asked about "Administrative Expenses and Encumbrances," if the Forest Management Division and Oil and Gas Audits appropriations will be eliminated under the MNRTF once the cap is reached. Mr. Frick stated that these expenditures will be transferred to the Park Endowment Fund at that time.

MNRTF Land Consolidation and Line Item Department Projects

No further discussion.

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

Director Stokes stated that Senate Bill 248, introduced by Senator Tom Casperson, restricts the DNR from acquiring additional land. If the bill passes, there is a cap on acquiring land, which currently is less than the ownership the DNR owns at the present time.

Director Stokes will be very prudent and cautious as to the DNR acquiring land until he finds out where this legislation will be going.

VIII. ANNOUNCEMENTS.

The next meeting of the Michigan Natural Resources Trust Fund Board is scheduled for 9:00 AM, Wednesday, June 15, 2011, Emmet County Fairgrounds, Community Building, 1129 Charlevoix Avenue, Petoskey, Michigan.

IX. ADJOURNMENT.

**MOVED BY MR. TORRE, SUPPORTED BY DIRECTOR STOKES, TO
ADJOURN THE MEETING. MOTION PASSED WITHOUT DISSENTING
VOTE.**

The meeting was adjourned at 9:50 AM.

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

Steven J. DeBrabander, Manager
Grants Management

DATE