

MICHIGAN NATURAL RESOURCES TRUST FUND

BOARD OF TRUSTEES MEETING

Minutes of December 11, 2019

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 9:03 AM, Wednesday, December 11, 2019.

The following Board members were present:

Erin McDonough
Daniel Eichinger
Sam Cummings
Steve Hamp
Bill Rustem

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 OCTOBER 16, 2019.

Chairperson Hamp called for the adoption of the minutes for the October 16, 2019 MNRTF Board meeting.

**MOVED BY MR. CUMMINGS, SUPPORTED BY MR. RUSTEM, TO ADOPT THE
MINUTES OF THE OCTOBER 16, 2019 MNRTF BOARD MEETING.
MOTION PASSED WITHOUT DISSENTING VOTE.**

II. ADOPTION OF AGENDA FOR MEETING OF DECEMBER 11, 2019.

Chairperson Hamp called for the adoption of the agenda for the DECEMBER 11, 2019 MNRTF Board meeting.

**MOVED BY MS. McDONOUGH, SUPPORTED BY MR. RUSTEM, TO ADOPT THE
AGENDA FOR THE DECEMBER 11, 2019 MNRTF BOARD MEETING.
MOTION PASSED WITHOUT DISSENTING VOTE.**

III. INTRODUCTIONS.

The Board members introduced themselves.

Mr. Dan Lord, Section Manager, Grants Management Section, Finance and Operations Division, DNR, introduced himself and Grants Management staff: Mr. Jon Mayes (Recreation Grants Manager), Ms. Rachel Schumaker (Administrative Assistant to staff and Board), Mr. Mike Chuff (MNRTF Financial Specialist), Ms. Merrie Carlock (Grant Coordinator), Ms. Lindsay Ross (Grant Coordinator), Ms. Andrea Stay (Grant Coordinator) and Ms. Erin Campbell (Grant Coordinator).

Mr. Lord also introduced Mr. Erik Eklund, Chief Budget Officer of the Finance and Operations Division.

IV. PUBLIC APPEARANCES.

Mr. Mark Wallace, President, Detroit RiverFront Conservancy

Mr. Mark Wallace presented the conservancy's vision for the Detroit riverfront, May Creek Greenway and the progress that has been made since last year. Mr. Wallace presented several photos that gave a sense of the transformation that has taken place in Detroit, what this has meant to the community and the vision for moving west along the river. Their mission, as an organization, is to provide a beautiful, exciting, safe and accessible gathering place for the community. This has been an economic driver, a gathering place for over 3 million people on an annual basis. This waterfront has really become a system of greenspace and trailways. This trailway is a part of the Iron Belle Trail system. To date, the conservancy has invested \$170 million on the east riverfront. There were three promises made to the community; every space will be maintained, will be safe, and will be accessible. A recent survey conducted found that 40 percent of the visitors come from the City of Detroit, 40 percent from south east Michigan, and 20 percent from outside of that region.

The next phase of this project includes a regional park that will be named Ralph C. Wilson Centennial Park. This was supported by the Ralph C. Wilson foundation thru a \$50 million grant. The park will include a swimming area, fishing pier, outdoor classroom and a sports pavilion.

Mr. Mike Ridley, Chairman, Gladwin County Recreation Trail Authority

Mr. Ridley expressed his support for the Buckeye Trailhead project. This property is located approximately halfway between Gladwin and Beaverton. It is a non-motorized, accessible, paved recreation trail. Once complete, it will be approximately 10 miles long and include four trail heads, all of which will include kayak and canoe launches. Currently, there are two existing trailheads, with a third under construction in the City of Beaverton. This trailhead will include a parking lot, pavilion, restrooms and information kiosks. This trail is unique, as it runs along the Cedar River. The existing trail is two and a half miles long and has very high traffic all year long.

Ms. Linda Davis-Kirksey, Consultant, Davis-Kirksey Associates, Inc.

Ms. Davis-Kirksey expressed her support for the Jones Street Accessibility to MacArthur Park Kayak Launch project. This park is located in Mt. Clemens on the Clinton River. The reconfiguration of this urban park is needed to allow for greater access to the existing kayak launch.

Ms. Davis-Kirksey also thanked the MNRTF Board for all that they do for the State of Michigan and the many communities that benefit from this resource.

Mr. Chris Bunch, Executive Director, Six Rivers Land Conservancy

Mr. Bunch thanked the MNRTF Board and staff for their hard work and for their commitment to the tremendous work they do. A special thank you was made to Mr. Cummings for his attendance at the Detroit Athletic Club as a keynote speaker for an event held in October.

Mr. Todd Fox, Director of Development, Ducks Unlimited

Mr. Fox expressed his support of the Barry State Game Area. The current location does not afford a safe or environmentally sound area for shooting activities. It has been misused and is in a state of disrepair. This new shooting range will be utilized for youth activities and will give residents, and visitors, a safe place for shooting activities. The Pittman-Robertson Federal Grant would provide a majority of the matching funds, with that covering up to 90 percent of development costs. They would then look to partners such as Ducks Unlimited, National Wild Turkey Federation, Unions Sportsman Alliance and National Rifle Association, to assist with items such as kiosks, signage, shooting structures, targets, etc.

Recap of Meeting Pursuant to MCL 324.1907

Designees of the Governor, State Treasurer, Speaker of the House, Senate Majority Leader and the MNRTF Board met on November 19, 2019, to develop a consensus recommendation on the amount of money that should be made available from the MNRTF to fund acquisition projects, development projects, administration of the MNRTF, and to protect against future investment return fluctuations. Mr. Rustem and Director Eichinger represented the MNRTF Board. A consensus to authorize \$46 million in expenditures was reached; maximum of 25 percent for new development projects and a minimum of 25 percent for new acquisition projects. This is only a recommendation for the Board. Director Eichinger thanked the Treasury Department for the work they did putting together a great presentation that guided the conversations for this consensus meeting.

Michigan Department of Treasury Representatives – MNRTF Investments

Mr. Woodrow Tyler, Senior Investment Manager, from the Bureau of Investments, Michigan Department of Treasury, provided a PowerPoint presentation to outline the asset allocation and investments of the MNRTF Program.

Mr. Tyler discussed the current market conditions, the economic outlook, interest rates and equities. He then discussed the performance of the fund, the investment objectives, the current portfolio allocation, and reviewed the targeted allocations and recent changes.

As of September 30, 2019, we were at a 5.8 percent return average over 10 years annualized. The last 3 years this portfolio has had a 7 percent return; this includes Short-Term Investments, U.S. Government Bonds, Corporate Bonds, Prudential High Yield, etc.

When working on the MNRTF portfolio, there are three objectives:

- Return – generate returns to meet MNRTF’s annual spending needs:
 - New grants
 - Annual administrative and PILT expenses
- Liquidity – sufficient to meet MNRTF’s operating and open grant commitments (\$100 million as of 11/20/2019)
- Safety – invest in a way that preserves and protects the entire \$500 million Trust Fund principal so that the interest and earnings of the MNRTF remain a perpetual source of money for its intended purposes

The MNRTF is expected to generate an estimated long-term return of 5.3 percent with an estimated risk (or volatility) of 6.4 percent. Over the next twelve months this portfolio is expected to earn investment income of approximately \$23.5 million. The investments made for this portfolio generate both dividend and interest income. That \$23.5 million is about a 3.2 percent return. The remaining 2.1 percent will come from the appreciation of equities, alternative investments and other investments that have been made in real estate.

V. OLD BUSINESS.

MNRTF Financial Report

Mr. Erik Eklund, Chief Budget Officer, Finance and Operations Division, outlined the MNRTF financial report.

The figures that are in the report, and that were presented, are actual numbers. The official financial statements have not been released, as of yet, and are unaudited and subject to change.

The beginning balance for this year was \$607 million. We had investment income this year totaling \$46.3 million; this is approximately a 5 percent return. Last year we received \$37 million in investment income. These numbers are based on where the market was on September 30, 2019. We had \$1.2 million in other income, such as easements. There were a number of projects that we concluded throughout the year, as well as lapses and withdrawals; that total is \$1.6 million.

Based on Treasury’s presentation, the proposed amount available for projects is \$21 million. In addition to the \$21 million for grant projects, we have administrative costs of \$4.3 million; this includes our staff and our payments-in-lieu-of-taxes, for a total of \$25.3 million. The development maximum, per the Constitution, is 25 percent of the \$21 million. That would total \$6.3 million.

The acquisition minimum is 25 percent. That is also a total of \$6.3 million. After the operating expenses, the development maximum and the acquisition minimum are deducted from the \$21 million, there is a remaining \$8.4 million that would be added to the acquisition funds available, bringing the total funds available for acquisition projects to \$14.7 million.

Chairman Hamp called for the following motion:

**MOVED BY MS. McDONOUGH, SUPPORTED BY MR. HAMP TO RECOMMEND
AMOUNT AVAILABLE FOR NEW GRANTS AT \$46,000,000.
MOTION PASSED WITHOUT DISSENTING VOTE**

Mr. Rustem called for the adoption to fund the following small acquisition projects:

- **TF19-0159, DNR, Fisheries Division – Pipestone Creek/St. Joseph River Public Water Access Site**
 - **Funded at \$94,000**
- **TF19-0073, Calumet Charter Township – Acquisition of land at the Swedetown Recreation Area**
 - **Funded at \$66,000**
- **TF19-0147, City of Ironwood – Southern Beltline Trail Acquisition 2**
 - **Funded at \$14,800**
- **TF19-0191, Berrien County – Paw Paw River County Park Expansion**
 - **Funded at \$80,000**
- **TF19-0003, City of Lansing – Cavanaugh Road Property**
 - **Funded at \$75,000**
- **TF19-0024, City of Lansing – East St. Joseph Street Property**
 - **Funded at \$75,000**
- **TF19-0025, City of Lansing – River Street Property**
 - **Funded at \$60,000**

**MOVED BY MR. RUSTEM, SUPPORTED BY MS. McDONOUGH TO FUND THE
PROJECTS LISTED ABOVE FOR A TOTAL OF \$464,800.
MOTION PASSED WITHOUT DISSENTING VOTE**

Mr. Rustem called for the adoption to fund the following IBT Core Trail projects and acquisition projects with a score of 355 to 400:

- **TF19-0098, DNR, Parks and Recreation Division – May Creek Greenway – Iron Belle Trail**
 - **Funded at \$2,700,000**
- **TF19-0138, DNR, Parks and Recreation Division – Iron Belle Trail/Border to Border Trail Property**
 - **Funded at \$200,000**
- **TF19-0043, City of Caseville – Lake Huron Access & Trailhead Acquisition**
 - **Funded at \$433,400**

- **TF19-0201, South Haven Area Recreation Authority – Pilgrim Haven Natural Area – Royle Addition**
 - **Funded at \$2,262,000**
- **TF19-0120, Chikaming Township – Lake Michigan Forest and Public Beach Expansion**
 - **Funded at \$2,475,000**
- **TF19-0071, East Bay Township – Holiday Woods Recreation Area Acquisition**
 - **Funded at \$584,800**
- **TF19-0039, Kent County – Chief Hazy Cloud Park Land Addition**
 - **Funded at \$1,654,800**
- **TF19-0143, DNR, Wildlife Division – Stanton SGA Acquisition**
 - **Funded at \$550,000**
- **TF19-0177, DNR, Forest Resources Division – Rattlesnake Creek Property**
 - **Funded at \$225,000**
- **TF19-0211, Thornapple Township, Paul Henry-Thornapple Trail Extension to Kent County**
 - **Funded at \$350,000**

Mr. Rustem stated that he would like the following project funded at a reduced amount:

- **TF19-0183, Independence Charter Township – Walters Lake Land Acquisition**
 - **Funded at \$2,250,000**

MOVED BY MR. RUSTEM, SUPPORTED BY MR. CUMMINGS TO FUND THE PROJECTS LISTED ABOVE WITH SPECIFIC AMOUNTS.

MOTION PASSED WITHOUT DISSENTING VOTE

THE TOTAL FOR ACQUISITION PROJECTS IS \$14,149,800.

Mr. Cummings called for the adoption to fund all Small Development Initiative projects at the requested amounts:

- **TF19-0091, Blackman Charter Township – Rod Mills Park Playground Expansion**
 - **Funded at \$50,000**
- **TF19-0105, City of Clarkston – Clarkston Depot Park Accessibility Improvements**
 - **Funded at \$50,000**
- **TF19-0075, City of Traverse City – Improvements to Indian Woods Park**
 - **Funded at \$50,000**
- **TF19-0187, City of Port Huron – Gratiot Park Development of Inclusive Play Equipment**
 - **Funded at \$50,000**
- **TF19-0069, Delta Charter Township – Delta Mills Playground Restroom Renovation**
 - **Funded at \$50,000**

- **TF19-0014, Huron-Clinton Metropolitan Authority – Stoney Creek Metropark – Off-leash Dog Area Development**
 - **Funded at \$50,000**
- **TF19-0149, Forsyth Township – Gwinn Ball Field Restroom**
 - **Funded at \$49,900**
- **TF19-0162, Village of Vandalia – Milo Barnes Park Improvements**
 - **Funded at \$36,900**
- **TF19-0175, City of Ironwood – Curry Park Campground Improvements 2**
 - **Funded at \$38,100**
- **TF19-0081, Oakland Charter Township – Bear Creek Nature Park Restrooms**
 - **Funded at \$50,000**
- **TF19-0124, Munising Township – McQuisten Park Boardwalk Renovation**
 - **Funded at \$49,000**
- **TF19-0057, DNR, Parks and Recreation Division – Harlow Lake Fishing Platform Replacement**
 - **Funded at \$50,000**
- **TF19-0192, Village of Ortonville – Sherman Memorial Village Park Concession Renovation**
 - **Funded at \$25,900**
- **TF19-0078, City of Traverse City – Hickory Hills Snowmaking**
 - **Funded at \$50,000**
- **TF19-0074, Oakland Charter Township – Marsh View Park Restrooms**
 - **Funded at \$50,000**
- **TF19-0066, DNR, Parks and Recreation Division – Van Riper State Park – River Trail Overlook Rehabilitation**
 - **Funded at \$50,000**

MOVED BY MR. CUMMINGS, SUPPORTED BY MS. McDONOUGH TO FUND THE PROJECTS LISTED ABOVE WITH SPECIFIC AMOUNTS.

MOTION PASSED WITHOUT DISSENTING VOTE

THE TOTAL FOR SMALL DEVELOPMENT INITIATIVE PROJECTS IS \$749,800.

Mr. Cummings called for the adoption to fund all Iron Belle Core Trail projects at the requested amounts, the remaining development projects with a score higher, and including, 375, with the exception of application TF19-0115 and the additional projects listed:

- **TF19-0067, Calhoun County – Eastern Calhoun County – Iron Belle Trailhead Development**
 - **Funded at \$300,000**
- **TF19-0109, Delta County – UP State Fair Campground Improvement**
 - **Funded at \$300,000**
- **TF19-0146, City of Jackson – MLK Equality Trail Lighting Project**
 - **Funded at \$300,000**

- **TF19-0128, Otsego Lake Township – Waters Iron Belle Trailhead**
 - **Funded at \$215,700**
- **TF19-0135, Ypsilanti Charter Township – Loonfeather Point Park Development**
 - **Funded at \$296,500**
- **TF19-0050, DNR, Parks and Recreation Division – Belle Isle Park – Iron Belle Trail Loop Development**
 - **Funded at \$300,000**
- **TF19-0173, City of Flat Rock – Flat Rock Boat Launch Improvements**
 - **Funded at \$300,000**
- **TF19-0114, Ingham County – Lake Lansing Park South – Bathhouse Replacement**
 - **Funded at \$300,000**
- **TF19-0116, Ingham County – Hawk Island Park Improvements**
 - **Funded at \$300,000**
- **TF19-0013, Huron-Clinton Metropolitan Authority – Hudson Mills Metropark – Rapids View Development**
 - **Funded at \$226,400**
- **TF19-0032, City of East Lansing – Patriarche Park Pavilion and Restroom Renovation**
 - **Funded at \$300,000**
- **TF19-0110, City of Sault Ste. Marie – Alford Park Enhancement Project**
 - **Funded at \$300,000**
- **TF19-0062, City of Alma – Alma Park Restroom Rebuild & Rehab – Accessibility Project**
 - **Funded at \$173,000**
- **TF19-0100, Village of Cassopolis – Cassopolis Connector Development Project**
 - **Funded at \$300,000**
- **TF19-0152, City of Onaway – City of Onaway Trailhead Development for the North Eastern State Trail**
 - **Funded at \$204,700**
- **TF19-0154, City of Ann Arbor – Universal Access and Site Improvements at Argo Nature Area**
 - **Funded at \$300,000**
- **TF19-0113, Saginaw County – Haithco Recreation Area Splash Pad Development**
 - **Funded at \$300,000**
- **TF19-0122, Berrien Township – Range Line Trailhead Development Project**
 - **Funded at \$300,000**
- **TF19-0169, Clinton Charter Township – Woodrow Woody Park Improvements**
 - **Funded at \$300,000**
- **TF19-0144, DNR, Wildlife Division – Gourdneck SGA Development Initiative**
 - **Funded at \$113,000**
- **TF19-0054, DNR, Parks and Recreation Division – Belle Isle Park – South Fishing Pier Renovation**
 - **Funded at \$300,000**
- **TF19-0041, City of Stanton – Stanton Veteran’s Memorial Park**
 - **Funded at \$300,000**

- **TF19-0095, Newaygo County – Michigan’s Dragon at Hardy Dam**
 - **Funded at \$180,100**
- **TF19-0148, Village of Baraga – Keweenaw Bay Non-Motorized Pathway – Baraga to State Park**
 - **Funded at \$300,000**
- **TF19-0161, Village of Fruitport – Pomona Park Kayak Launch**
 - **Funded at \$125,000**
- **TF19-0165, Gladwin County – Buckeye Trailhead Development – Gladwin to Beaverton Trail**
 - **Funded at \$255,300**
- **TF19-0019, Genesee County – Bluebell Beach Iron Belle Trail Connection Development**
 - **Funded at \$236,800**
- **TF19-0028, Jackson County – Vandercook Lake County Park Development Project**
 - **Funded at \$112,300**
- **TF19-0049, Huron-Clinton Metropolitan Authority – Kensington Metropark – West Boat Launch Area Development**
 - **Funded at \$154,000**
- **TF19-0068, Delta Charter Township – Hunter’s Orchard Park Pathway**
 - **Funded at \$225,000**
- **TF19-0079, City of Frankfort – City of Frankfort Lake Michigan Beach Development**
 - **Funded at \$225,100**
- **TF19-0179, City of Mt. Clemens – Jones Street Accessibility to MacArthur Park Kayak Launch**
 - **Funded at \$225,000**

Mr. Rustem stated that he would like the following projects included for funding:

- **TF19-0031, City of Detroit – Perrien Park Renovation**
 - **Funded at \$300,000**
- **TF19-0072, DNR, Michigan Historical Center – Pigeon River Discovery Center**
 - **Funded at \$254,900**

Director Eichinger stated that he would like the following project included for funding:

- **TF19-0059, Lovells Township – Lovells Access Site Development**
 - **Funded at \$90,400**

Ms. McDonough stated that she would like the following projects included for funding:

- **TF19-0206, DNR, Finance and Operations Division – Roscommon County Shooting Range**
 - **Funded at \$300,000**

- **TF19-0184, DNR, Finance and Operations Division – West UP Shooting Facility – Porcupine Mountains**
 - **Funded at \$300,000**
- **TF19-0205, DNR, Finance and Operations Division – Barry State Game Area Shooting Range Development**
 - **Funded at \$200,000**

Mr. Cummings stated that he would like the following projects included for funding:

- **TF19-0001, City of Grand Rapids – Garfield Park Splash Pad Development**
 - **Funded at \$300,000**
- **TF19-0117, Ottawa County – Idema Explorers Trail – Jenison Mill Segment**
 - **Funded at \$300,000**
- **TF19-0086, Acme Township – Traverse City-Charlevoix Trail: Bunker Hill to M-72 Segment**
 - **Funded at \$300,000**

Director Eichinger stated that he would like the following project included for funding:

- **TF19-0060, Mecosta Township – Michigan’s Dragon at Hardy Dam**
 - **Funded at \$205,400**

Ms. McDonough stated that she would like the following project included for funding:

- **TF19-0096, Breen Township – Stromberg Park Campground Renovation**
 - **Funded at \$103,600**

Mr. Rustem stated that he would like the following project included for funding:

- **TF19-0168, Village of Bear Lake – Village of Bear Lake Hopkins Park Development**
 - **Funded at \$28,000**

**MOVED BY MR. CUMMINGS, SUPPORTED BY MR. RUSTEM TO FUND THE PROJECTS LISTED ABOVE WITH SPECIFIC AMOUNTS.
MOTION PASSED WITHOUT DISSENTING VOTE**

THE TOTAL FOR THE ABOVE DEVELOPMENT PROJECTS IS \$11,500,000.

VI. NEW BUSINESS.

Election of Chairperson and Vice-Chairperson for 2020

**MOVED BY CHAIRPERSON HAMP, SUPPORTED BY MR. CUMMINGS, TO ELECT MR. BILL RUSTEM AS THE NEW CHAIRPERSON AND MS. ERIN McDONOUGH AS THE NEW VICE-CHAIRPERSON FOR 2020.
MOTION PASSED WITHOUT DISSENTING VOTE.**

2020 MNRTF Board Meeting Dates

Mr. Lord outlined the proposed 2020 Board meeting dates.

- February 19 – Lansing Area – Meeting will begin at 4:00 PM
- April 22 – Lansing Area
- June 17 – TBD
- August 19 – TBD
- October 14 – Lansing Area
- December 2 – Lansing Area

Chairperson Hamp called for the adoption of the 2020 MNRTF Board Meeting Dates.

**MOVED BY MS. McDONOUGH, SUPPORTED BY MR. RUSTEM, TO
ADOPT THE 2020 BOARD MEETING DATES AND LOCATIONS.
MOTION PASSED WITHOUT DISSENTING VOTE.**

Update on MNRTF Staff Activities

Mr. Lord outlined various MNRTF staff activities:

- 2020 Recreational Grant Workshops are starting early in January. The annual mParks meeting is in Novi and there will be a round-table discussion with 2 MNRTF board members present.
- We welcomed a new grant coordinator, Andrea Stay. Changes are being made to the regional assignments.
- The MNRTF Annual Report, that summarizes the program, is due out by January 14th. It will be distributed once complete.
- Work continues with enhancements to the MiRecGrants online system.

VII. STATUS REPORTS.

DNR Real Estate Report – State Acquisitions

No discussion.

Completed MNRTF Projects Report

No discussion.

MNRTF Land Consolidation and Line Item Department Projects

No discussion.

VIII. ANNOUNCEMENTS.

The next meeting of the Michigan Natural Resources Trust Fund Board is scheduled for 4:00 PM, Wednesday, February 19, 2020, Michigan Nature Association, 2310 Science Parkway, Suite 100, Okemos, Michigan.

IX. ADJOURNMENT.

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

The meeting was adjourned at 11:11 AM.



Bill Rustem, Chairperson
Michigan Natural Resources Trust Fund
Board of Trustees



Dan Lord, Manager
Grants Management Section
Finance and Operations Division

MAR 3, 2020
DATE