The meeting of the Michigan Natural Resources Trust Fund (MNRTF) Board of Trustees commenced at 9:03 AM, Wednesday, June 15, 2016.

The following Board members were present:

Brad Canale  
Sam Cummings  
Dr. William Moritz (Director)

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


Chairperson Canale called for the adoption of the minutes of the April 13, 2016 MNRTF Board meeting.

MOVED BY DIRECTOR MORITZ, SUPPORTED BY MR. CUMMINGS, TO ADOPT THE MINUTES OF THE APRIL 13, 2016 MNRTF BOARD MEETING.  
MOTION PASSED WITHOUT DISSENTING VOTE.

II. ADOPTION OF AGENDA FOR MEETING OF JUNE 15, 2016.

Chairperson Canale called for the adoption of the agenda for the June 15, 2016 MNRTF Board meeting.

MOVED BY MR. CUMMINGS, SUPPORTED BY DIRECTOR MORITZ, TO ADOPT THE AGENDA FOR THE JUNE 15, 2016 MNRTF BOARD MEETING.  
MOTION PASSED WITHOUT DISSENTING VOTE.

III. INTRODUCTIONS.

The Board members introduced themselves.

Mr. Jon Mayes, Acting Manager, Grants Management Section, Finance and Operations Division, DNR, introduced himself and Grants Management staff: Ms. Christie Bayus (Acting Unit Manager, MNRTF) Ms. Tamara Jorkasky (Grant Coordinator), Ms. Rachel Schumaker (Administrative Assistant to staff and Board), Mr. Mike Chuff (MNRTF Financial Specialist), Ms.
Amy Matisoff (Grant Coordinator), Mr. Chip Kosloski (Grant Coordinator) and Ms. Merrie Carlock (Grant Coordinator).

Mr. Mayes also introduced Ms. Sharon Schafer, Chief of Finance and Operations Division.

IV. PUBLIC APPEARANCES.

Mr. Charles Wolverton, Bear Lake

Mr. Charles Wolverton spoke today about the Pleasanton Township application for May Buell Park. This site has been owned by the Buell Family for many decades. It is located at the corner of Butwell Road and Lakeside Avenue.

When May Buell passed away the family listed the property for sale. The acquisition of this property to be used as a day use park has been discussed for years by prior township boards. The township spoke with the Buell Family, and also the person that resides right next door to the site, and there is strong support from everyone for this project.

Presently there are only a few 20’ wide road-end or platted accesses on Bear Lake in Pleasanton Township. There are many conflicts with parking. There are two sub marginal swim beaches in the village; one is located at a village park that was used as an old saw mill and there are still big logs and slabs all over in the water. The other is near US31; it goes through town and has very poor parking, etc. Also, all of the existing public access points that were rated in the recently completed recreation plans were rated low for ADA accessibility. They are proposing ADA access with this park so that they can have a site that is available for all to utilize.

The proposed park will be day use only. There will be a swim area with buoys, there will be no motorized boat access in that area. This is the best site on Bear Lake for a day use swim area. There is no better beach access. There will be a canoe and kayak launch. There is hope that this park will be a stop on the boat/water trail that is being proposed on Bear Lake. Public safety will be a priority.

The road that bisects the lake front from the back of the property is a problem, so they are meeting with the road commission to see what they can do to address that. Even though the speed limit is only 25 mph there still continue to be issues.

Ms. Judy Girver, Bear Lake

Ms. Judy Girver was here to speak about the proposed May Buell Park. There is about 130’ of sandy beach. It is very shallow, making it more family friendly. The Buell Family is very much in favor of the sale of this property, as they would like to continue to use it as well. They have all grown up using this area to swim. Their thought is that if it belongs to the township it will be able to be used for many generations to come.
The goal is to provide a day use park that does not negatively impact the neighboring property owners, as well as to provide a place for non-lake owners to enjoy the lake. Parking would be in the rear of the parcel, with the entrance and exit off of Butwell Road.

The township has several road endings that are available for swimming, but they are 20’ right-of-ways. There is a small park in town; when it is dry it is great, but when it rains it is very swampy. There is no swimming there. At the present time, many people park on Butwell Road, but we would like to see the cars parked in a safer environment. They feel the biggest problem is safety. There are issues with the traffic and people crossing the road to get to the beach. People also drive too fast through there. They are working with both the State Police, who is going to do a study on Butwell Road, and they also have a meeting scheduled with the road commission. With their help they feel this is something that can be managed.

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

Mr. Chris Bunch stated that the Trust Fund is such an asset to our state and that it is critical to support it and do whatever we can to help make sure that we continue to reinvest in conservation. He thanked the board for the direction that they have taken with the Innovative Finance Committee.

He commented that he feels there needs to be more huntable land in Southeast Michigan.

He added that the August tour planning is well underway. They are going to be taking the board and staff around the area to showcase some of the projects that have been protected by the Trust Fund. Lunch and a reception with tours of the Fort Gratiot Lighthouse will follow. There will be a celebration to celebrate the Trust Fund’s 40th Anniversary. Homemade Michigan pies will be donated by Achatz Pies.

At this point Jon Mayes let the audience know that we have a stop light for monitoring the presentation times. Each presenter will have 10 minutes to present. It will start on green, then turn yellow when there is 2 minutes remaining and red means out of time.

Greg Payne, Milton Township; and Todd Vigland, Grand Traverse Regional Land Conservancy

Mr. Payne made a PowerPoint presentation in support of the Acquisition of the Maplehurst Property project in Milton County (TF16-0120).

The request from the MNRTF is for $1,924,000. The conservancy will provide $825,000 in match and will also provide $1,000,000 for demolition of the building on this property and the initial improvements. The property was appraised at $2,700,000.

Milton Township is located in Antrim County, just north of Traverse City. In 2010, the population of the township was 2,204. Over the period from 1980-2010 the township has increased the population by close to 75%. Seasonal residents, and the visitors, are boosting the population during the summer significantly, as well as its economic growth. The property is centrally located on the east side of the peninsula. There is a beautiful cherry orchard on the western
side of the property. The total acreage is close to 389, that is with over 60 acres of lake. This property allows opportunities for trails, hiking, cross-country skiing and snowshoeing. There are also non-motorized boating and fishing opportunities. They feel they are lacking a natural trail system and natural hiking areas for more structured recreation. The acquisition of Maplehurst is exactly what they feel will solve these needs. The township will monitor the use and the desire for additional improvements.

The township has a beach park, baseball diamond and soccer fields. They also have several well maintained lake accesses. They are in the process of enhancing and expanding the current facilities at Milton Township Beach Park.

They conducted a survey with the township residents in early 2016. There were 521 total respondents. Of that number, 70% support this acquisition. They have 29 letters of support.

Ms. Lori Hauswirth, Grant Township (Copper Harbor Trails Club International Chapter)

Ms. Hauswirth made a PowerPoint in support of the Copper Harbor Access Protection Acquisition project (TF16-0054).

The request from the MNRTF is for $248,300. The local trails club in the township will be providing $85,000 in match. The total project cost is $333,300.

Copper Harbor Trails Club is one of only 11 chapters that build trails across the state. They are an International Mountain Bicycling Association and are known as one of the top riding destinations in the country.

This project is a partnership between the trails club and Grant Township. The parcel that they are trying to acquire is 94 acres. Of this, there are three miles of existing trails that web out to other properties; one is Hunter’s Point Property that was acquired with a trust fund grant. It connects to Fort Wilkins Historic State Park and connects to Keweenaw Point Properties, which was also acquired with the trust fund. All along the property are beautiful views of Lake Superior. There is a wide variety of ability trails. They are used for everything from trail running, cross-country skiing and hiking. They have trails for the most novice to professional levels.

In recent years the township has expanded the parking and there is a trailhead right in town, making this a prime riding destination. Restrooms are located adjacent to the Visitor Center. One of the country’s largest trail builders lives in Copper Harbor, Aaron Rodgers. He is a huge asset to the community.

In Copper Harbor there are 32 miles of purposeful trails that are jackhammered into the hillside. This acquisition will connect all of the different properties and network of trails. The only task to be done, once acquired, will be to reroute a short section back to town, as a land owner would like them to move a little further off of his property. He is a willing owner and has worked with them for a number of years.
Mr. Cummings asked if the property owner was willing to sell or if it was pending prescriptive easement. Ms. Hauswirth stated that they have an MOU with the seller and it has been in place for a number of years.

Chairman Canale commented that there is a really good strategic vision here and there is also a sense of completion at some point. There is a point when this project will be done. No more adding on to the area. The board has been talking with the Innovative Finance Committee about this and it is a great thing to have.

Director Moritz asked if they have a general measure of the amount of trail activity in the township or in the county. How many people are using this annually? Ms. Hauswirth stated that right now they have had trail counters in place for the last couple of years, starting in the summer months. One is placed right at the trailhead and in a four month span they had 20,000 people that passed. Director Moritz stated that his understanding is that Keweenaw is really thriving with their mountain biking and kayaking as well. Ms. Hauswirth added that they have a Memorial weekend event called the “Ride to Keweenaw” and this year was the best it has ever been. Director Moritz stated that it is great that we can tie these types of investments to local economic development.

Mr. Cummings stated that this is great stuff being able to demonstrate how the value of outdoor public recreation in Michigan makes this program and all that we do, easier to defend. Every two years we have to go on tour with new legislators to defend this program. He would suggest that Copper Harbor invest in bike counting, as it is not difficult to do. It is done in urban areas and investing in that type of technology to be able to substantiate on an annual basis how many riders are hitting the trails would definitely be useful.

Director Moritz added that within the next 12-18 months they will be doing the Statewide Comprehensive Outdoor Recreation Program (SCORP) survey to look at all of the uses that are out there. They are looking to add a component for economic value for at least major activities. To have local information, case studies of small areas, would be very helpful. Like the VASA Trail in this area that has a $2,700,000 annual impact. These are important aspects when we talk about the value of the Trust Fund.

Mr. Alan Hansen, Director, City of Petoskey Parks and Recreation

Mr. Alan presented to the board regarding their Downtown Greenway – South Segment project (TF16-0029).

The request from the MNRTF is for $300,000. There will be local match of $206,400. The total project cost is $506,400.

In 2011, the trust fund financed the north segment of the Downtown Greenway. The downtown Greenway Corridor runs from Emmet Street on the south, which is near the river, and proceeds northeastward toward the city limits where it meets the bay view. It was abandoned for 25 years and the city acquired it from the Michigan Department of Transportation. It was purchased in
2011 for $895,000. This past spring the city completed a segment that connected the central park area to downtown Petoskey.

The proposal is to extend the Greenway from Pennsylvania Park, near Mitchell Street, to the south end. The Little Traverse Wheelway runs along the waterfront. It also runs down the Bear River Valley, a non-motorized trail. The Little Traverse Wheelway connects to Charlevoix, Harbor Springs and state trails. They would like to put in a non-motorized trail between Mitchell and Emmet streets. It is going to have a 10-foot wide multi-use trail that is divided so that it is universally accessible. They will add landscaping, benches and receptacles. The trail will begin at the Penny Store and end at the Zip building. There is also a long range plan that would use the old depot that runs along the trail as the Chamber of Commerce site.

They used concrete on their trail system. They switched from asphalt and have a much better time maintaining the trails.

The park that is in downtown Petoskey offers concerts two to three times per week and movies in the park on Friday nights. They have what they call “Friday Night Rocks” where the downtown shuts down and opens up to the general public for walking the streets and other activities. It is an economic driver for the community. The Bear River Valley offers white-water rapids and kayaking.

Mr. Cummings commented that they should invest in trail counting. Mr. Hansen replied that they do track counts on the Little Traverse Wheelway. It exceeds 100,000 per year.

Ms. Sheila Aldrich, City Manager, City of Manistique

Ms. Aldrich created a large display board to present her support of the Walk Manistique project (TF16-0190).

The request from the MNRTF is for $207,000. There will be local match of $60,000 provided by the local hospital, health department, school, tribe and the city. The total project cost is $267,000.

The city of Manistique is located in the Upper Peninsula. They are located 90 miles west of the Mackinaw Bridge. The city of Manistique and the Downtown Development Authority own the boardwalk along Lake Michigan. In 2007, the Trust Fund sponsored a Central Park grant, which was used to create a walking area around the quarry that is right in the middle of town. They have been able to acquire three parcels of land along the river, one from Manistique Papers in 2012 when they were having troubles. The paper company reopened June 14, 2016, with 90 employees. One of the other parcels acquired has a campground. That will be opening next summer. There will be 55 sites with water, sewer, electric, wi-fi and cable.

The Walk Manistique project would take the current boardwalk and it would bring it up the river to join some of the existing walkways. They have put together a Walk Manistique conceptual and were able to present at Princeton to the Robert Wood Johnson Foundation. $25,000 of their local match is coming from them.
The grant that is being requested will complete this boardwalk. They have received $31,000,000 in grant funds in the past ten years.

Director Moritz commented that another project being worked on in that area is the removal of the dam there and it is being replaced with a sea lamprey barrier. The river is a significant source of lamprey in Lake Michigan. Removing that dam, with several partners, is a pretty significant project. It will help connect into the trailway systems once you envision the replacement. Ms. Aldrich added that there are floating fishing piers on the Manistique River that the Great Lakes Fisheries Trust Fund funded. They will also be adding those at the campground.

Mr. Cummings asked if this area was located on the west side of the existing break water or if it was new. Ms. Aldrich stated that, no, it is an old structure.

Director Moritz added that he chaired the Great Lakes Fisheries Trust Fund. It received its revenue from the Ludington Pump Storage Station. Recreational fishing access has been an important driver for many things is several communities.

Mr. Damien Henning, Supervisor, Littlefield Township and Klaus Heinert, Gosling Czubak Engineering Sciences

Mr. Henning made a PowerPoint presentation in support of the Hay Lake Marina and Water Trailhead (TF16-0072).

The request from the MNRTF is for $300,000. There will be local match of $930,000. The total project cost is $1,230,000.

This is a marina that has not been operating for years. It was originally developed in the early 1960’s. It is in a significant state of disrepair. This recreational site has an opportunity to cross between major north/south motorized trails and the up-and-coming Emmet and Cheboygan Water Trail. This site will provide a universal access kayak and canoe launch, as well as boating access. Paul Peterson, and their group at the DNR Waterways, stated that we will receive a matching grant for this project. This property is just shy of 24 acres. There are three acres of upland that will be used as a pocket park and facilities. The existing infrastructure will be replaced with a new boardwalk and will overlook the lake.

The goal of this project is to make it completely accessible throughout and to have safe access everywhere. Unloading and launching areas are particularly considered for safety and access. A few of the conceptualizations that they have are; showers, play areas, pavilion areas, etc.

Mr. John Burt, Administrator, Otsego County

Mr. Burt made a PowerPoint presentation in support of the Iron Belle Trail project (TF16-0067).

The request from the MNRTF is for $300,000. There will be local match of $2,300,000, $600,000 of that will be split between the county and two of the townships that the trail would run through. The total project cost is $2,600,000.
Maintenance for this area would be split three ways between the three entities. The rest will come from a TAP grant. They have worked with both DNR and MDOT on this project. They have a concept plan in place. This is the first project in 20 years that has not had a single person object.

Currently, the North Central State Trail runs from just north of Gaylord up to Mackinaw. It is heavily used and with this extension we anticipate it going up exponentially for a good amount of years. They are eager to get it extended through the rest of the county. The project is about 11.2 miles long. They sit at the hub of I-75, right near downtown, and M32. Because of these two major highways, they are a regional hub for shopping, skiing, etc. The trail will feature a county park along Otsego Lake. The trail will run along the front of Otsego Lake State Park, which is a very heavily used trail. Otsego Lake is one of the two townships that will be splitting funding. They have a very nice splash pad, walking trail, park, etc.

We have a county sportsplex that is used for swimming, ice hockey and as an outdoor energy outlet. There is a group working on outdoor tennis courts. This is also used as a convention center; we just cover up the ice.

Chairman Canale asked what the population growth in that area has been over the past ten years. Mr. Burt stated that prior to the downturn in 2008, they were the second fastest growing community in the state. In the last census estimate they were the only county in Northern Michigan (outside of Emmet and Grand Traverse Counties) that actually had population growth. With the new power plant, that is just 20 miles south, they anticipate significant population growth.

Director Moritz added that the power plant will provide 250 new jobs.

Chairman Canale asked how they are programming their tax base growth for future development. Mr. Burt stated that they are still barely growing their tax base. They will have $400,000-$500,000 in general funding from the power plant. Without the power plant, they have increased their taxable value by 1%. Chairman Canale asked what the major driver for this development was. Mr. Burt stated that it was location. They had 765 acres given to them by the inventor of the Filet o’ Fish sandwich, Mr. Groin.

Director Moritz stated that they had their Natural Resources Commission meeting up there last week and the Gaylord area is seeing a lot of activity. You will see a lot of connection to the natural resources economy; whether it is the wood basket providing material or the recreational use. The new forest products plant will use Jack Pine as part of their product and that is a key component for turning over the Jack Pine habitat for the Kirtland’s Warbler. It is a dual win when you can tie together recovery of an endangered species with the manufacturing of a wood product.
Ms. Barb Brooks, City of Boyne City

Ms. Brooks made a PowerPoint presentation in support of the Red Roof Park Pavilion Renovation project (TF16-0193).

The request from the MNRTF is $300,000. The total project cost is $700,000.

The Red Roof Park Pavilion is located on the shores of Lake Charlevoix in Boyne City, in Veteran’s Park. Boyne City if located 6 miles from Boyne Mountain Resorts. There is a population is 3,700. The city hosts hundreds to thousands of visitors throughout the year.

The Veteran’s Park has a little league ball field, large play structures and just north is the municipal boat launch. It hosts car shows, biking events, weddings, etc.

The pavilion was bought in the 1970’s. It is still functional; however, it is quiet outdated. It is not energy efficient and is not useful year round. We hired a consultant and they started the charrette process. We came up with two concepts; one would increase the size of the structure, but not add glass doors that would enclose the pavilion and make it functional year round, as those could be added later. The other would not increase the size, but would enclose it to make it a facility that could be used year round. Both would have two restrooms on the east end that face out into the park. The concept to enlarge the structure would cost $677,000. The concept to keep the current size, but enclose would cost $400,000. These numbers are based 2014 estimated costs. They decided that they would like a little of each concept and came up with a third concept. This would be to add two covered areas at the end, but keep the size as is. This concept costs close to $700,000.

They have received a grant from the USDA and have had discussions with MNDC. There was a park millage in Charlevoix County and they have received funds from that. They have also received funds from the Great Lakes Energy, Charlevoix Community Foundation, etc.

Mr. Cummings asked how many square feet the new facility would be. Ms. Brooks was not sure, but said that she could provide that at a later date.

Director Moritz stated that this was a significant upgrade.

Mr. Rory Mattson, Delta County

Mr. Mattson made a PowerPoint presentation in support of the Cornell Land Acquisition (TF16-0212).

Deer hunting is a major economic and recreational activity in the Upper Peninsula. They have come across a prime piece of property that will solve the problem of needing a winter deer range. It is Plum Creek Land. This area would be completely open to the public. Plum Creek is currently selling their land at $1,100-$1,400 per acre. They are willing to sell to Delta County for just under $800 per acre. Residents, and non-residents, would be able to use this outdoor recreational facility as a forested recreational area. This will be managed primarily for winter deer range. The timber on this property has been identified as some of the best Aspen that there is in the state of Michigan. Within 15 years of acquiring this property, Delta County would
be able to harvest this and provide money back to the county to put back into their recreational activities. The area of land that they are looking to acquire is 1,400 acres. There is state land to the north of Plum Creek; that land is mostly wet land and not valuable for any type of winter deer range. The main access route is very well maintained. There is a wildlife opening that was already paid for by the DNR, but there is no commitment to maintain that once Plum Creek no longer owns the property. There are Golden-winged Warblers and Plum Creek has agreed to slow down the harvesting process and to arrange how they cut the Aspen.

Mr. Cummings asked if it was their intention in the future to sustain the forested land and still serve that purpose. Mr. Mattson stated that Cedar trees can live 300-500 years; it is currently only 130 years old. The Aspen part of the land is the part that would bring revenue back into the county, which then in turn could be used in their park systems. It also provides for the deer winter range.

Director Moritz asked if the county has, or is, contemplating earmarking revenue from forest product sales to go into the park system. Mr. Mattson stated that they don’t own the property yet. Director Moritz asked if they do that on any other property that they own. Mr. Mattson stated, no, as those parcels are campgrounds. The county does not currently own any forested campgrounds.

Mr. Mike Coy, Zoning Administrator, City of Cadillac

Mr. Mike Coy made a PowerPoint Presentation in support of the White Pine Trail Extension project (TF16-0194).

The request from the MNRTF is for $265,000. There will be local match of $91,773. The total project cost is $356,773.

The proposed project is to extend the White Pine Trail into the city towards the downtown Cadillac Lake front/city park area. Also, to construct a trailhead in an existing city owned parking lot. The trail is 92 miles long. It runs from Cadillac to Comstock Park. There is a 1-mile section in the City of Cadillac that is paved and has a maintenance agreement with the DNR, but the city maintains it. The section that is located in Cadillac is strictly non-motorized. There are no snowmobiles allowed within the city limits. It is mostly used for bicycling, jogging, walking and it receives a tremendous amount of usage. The trail has an old historic train depot that has been converted to a restaurant, The After 26. They hire mentally disabled adults to do bus work. There is a brand new restroom on the trail. There is an abandoned rail line that travels north and that is the proposed location of extending the White Pine Trail. To the left of the tracks is the city library. It is city owned property, but they rent it to the county.

The City of Cadillac received a grant from the National Park Service and also from The American Society of Landscape Architects.

Mr. Cummings stated that the City of Grand Rapids picks up the trail beyond Comstock Park. It goes through Riverside Park and then the city is in the process right now of connecting it down
along the Grand River through downtown Grand Rapids to Millennium Park, which is in Kent County.

Mr. David Meister, Onekama Township

Mr. Meister made a PowerPoint presentation in support of the Portage Lake Kayak and Canoe Launch (TF16-0187). Mr. Tim Ervin and Pat Bentley also presented.

The request amount from the MNRTF is for $75,900. There will be local match of $25,300. The total project cost is $101,200. $5,000 of the local match comes from the Portage Lake Association and another $5,000 is coming from the Portage Lake Watershed Forever Fund.

The strategic purpose of this project is to build a system of sites that provide universal design. This will provide access to kayaks and canoes for people of all ages, needs and abilities to enjoy Portage Lake and Lake Michigan. One of the main goals of this project is to provide more opportunities for people to stop and enjoy Onekama and Manistee Counties. The Explore the Shores program hopes to attract 1,000,000 more people to Manistee County by 2020 to enjoy 50 Explore the Shores sites.

Onekama is a relatively small county with a population of 25,000. That number triples in the seasonal summer months. Almost 20% of Onekama’s general population has some form of a disability. If you are 65, or older, that number jumps to 37.5%. There is about 28% of our population that are 65 or older.

They received a letter from a Vietnam Veteran that was injured in the war. He lives with his brother, who has Multiple Sclerosis. He thanked the Explore the Shores program because he never thought that he and his brother would ever be able to once again get close enough to a river to lie in the sand.

Based on the direction from the Steering Committee within the township, kayaks will be launching one way and canoes going another to avoid conflict. They will be adding concrete and paved parking, as well as a paved path to get to the launch. There will also be a boat launch and restrooms.

V. OLD BUSINESS.

Innovative Funding Subcommittee

Mr. Cummings outlined all 7 points briefly for the audience.

Recommendations are as follows:

1. **Adjust the current asset allocation of the MNRTF investments to increase the rate of return.**
Authority to Implement: Under Act 451 of 1994, the Department of Treasury has the fiduciary responsibility of the investments and has broad statutory latitude on making diversifying and return generating strategies.

Action Taken: On February 10, 2016 the Board passed a motion to accept the Department of Treasury’s outlined 2-step plan for asset allocation and investments for the MNRTF Program with action to be taken over the next 6-months to 3 years.

*** Action Complete ***

2. Adjust the spending rule from 2.5 percent to a minimum of 3.5 percent, or higher, dependent upon project priorities and if annual investment returns can support an increase.

Recommendation: No board action at this time. Decide whether to adjust the spending rule on an annual basis after October 1st, when there will be clarity on what investment income is available for that grant cycle.

3. Explore whether the MNRTF must maintain the acquisition or development “identity” on funds returned.

Authority to Implement: The Michigan Constitution contains the authority to implement.

Recommendation: Accept the guidance from the Attorney General’s office. Pursuant to this action, staff will no longer track or maintain development or acquisition identity of funding returned due to either lapse or project withdrawal.

4. The MNRTF Board should adopt the following principles in managing the MNRTF:

   A. Rename all reserve and growth funds as “Stabilization Fund”;

   Recommendation: Adopt.

   B. Treat the MNRTF as an endowment to be maintained and utilized in perpetuity;

   Recommendation: Adopt.

   C. Anticipate market fluctuations by maintaining an appropriate investment portfolio with adequate resources to offset declines in income; and

   Recommendation: Adopt. The current target balance for the Stabilization Reserve is 10% of the corpus balance. The Board should monitor the Stabilization Reserve level relative to 1) long range target 2) annual returns and 3) the need for additional project recommendations in a given year that would utilize the reserve. The Board will need to adjust annually (December)
through project funding allocation until the desired stabilization reserve level is achieved or retained.

D. Be prepared to act on large initiatives and statewide priorities.

**Recommendation:** No board action at this time. This item needs to be defined and expectations clearly outlined.

5. Bonds are a possible vehicle to fund statewide recreational projects and priorities.

Authority to Implement: The MNRTF Board has the authority under Act 451 of 1994 to make debt service payments for bonded projects. The Michigan Strategic Fund has the authority to issue bonds under Act 270 of 1984. The Michigan DNR would request a line item appropriation for debt service.

**Recommendation:** No board action at this time. Appropriate circumstances for potential use of this tool need to be identified and expectations clearly outlined.

6. Work with MNRTF staff and the Board to streamline administrative requirements, expand grant award frequency, and provide regional planning to communities to identify priority projects. Examples are:

- Explore legislative approval of a lump sum appropriation for high priority projects to be managed and executed by the MNRTF Board;
- Award projects in phases to span multiple years enabling large projects to be funded;
- Increase the number of application deadlines throughout the year;
- Manage annual cash-flow and projections to enable more than one grant approval cycle;
- Increase the number of supplemental bills annually submitted for legislative approval to increase cash flow to projects, enabling timely project development;
- Streamline administrative functions to:
  - Process a greater volume of grant applications; and
  - Enable staff to facilitate regional projects to enhance collaboration, leverage MNRTF resources, and identify additional priority initiatives. The regional role MNRTF staff might play could be aligned with the Administration’s prosperity regions, strengthening integration with multiple state department strategies.

Authority to Implement: The MNRTF Board and DNR have the authority to implement administrative process changes under Act 451 of 1994.
Recommendation: No board action at this time. This item needs to be defined and expectations clearly outlined.

7. Continue to grow the MNRTF to maintain purchasing power, index to inflation, and dedicate mineral revenue to natural resources for the future.

Authority to Implement: Constitutional Amendment.

Recommendation: No board action at this time.

Mr. Cummings called for adoption of the Innovative Finance Committee’s Recommendations as it appears in the Board Package.

MOVED BY CHAIRPERSON CANALE, SUPPORTED BY DIRECTOR MORITZ, TO ADOPT THE INNOVATIVE FINANCE COMMITTEE’S RECOMMENDATIONS AS THEY APPEAR ABOVE.
MOTION PASSED WITHOUT DISSenting VOTE.

VI. NEW BUSINESS.

Update on MNRTF Staff Activities

Mr. Mayes outlined various MNRTF staff activities:

- The staff had a four-day workshop called the Lean Process Initiative. It was very valuable. We mapped out our current processes and looked at areas that could be more streamlined. We also looked at a customer value assessment and developed some recommendations. There is going to be a report generated of the results of this process and we look forward to discussing that with the board.

- 2016 is the 40th anniversary of the MNRTF Program. We saw great examples of the MNRTF legacy in this two-day period spent in Onekama. We thank everyone that was involved in the planning and execution of the wonderful tour and meeting accommodations. A number of recognition activities are being planned. Merrie Carlock is taking the lead on planning activities. There will also be recognition at the meeting being held in St. Clair County in August. We are planning an evening event to be held in Lansing the night before the October Board Meeting.

- Our grant coordinators are managing roughly 170 applications; 28 Acquisition and 142 Development. This is the time of year that they go out and visit as many of the sites, as appropriate, and see what things look like in person versus paper.

- We have ongoing park dedications and ribbon cuttings throughout the state. We get out to those as often as time allows. We have DNR field staff that assist with attending those as well.
• We have our upcoming rollovers to our software system, MiRecGrants. These rollovers occur once a year. This will take place late summer/early fall. We are happy to have this installed and operating and will be prepared for the 2017 application year.

Ms. Bayus stated that we invited 11 Local Units of Government to present their acquisition/development projects to the board at the August Board Meeting in southeast Michigan. She asked the board to review and if there were any projects of interest that were not included, and they would like to see, please contact Ms. Schumaker or Ms. Bayus with those requests.

We had two project withdrawals. They were Wheatland Township (TF14-0254), for lack of matching funds, and Lake Shiawassee Property Acquisition (TF13-100), as the land owner was no longer willing to sell.

Mr. Cummings called for the adoption to accept the withdrawal of Wheatland Township (TF14-0254) and Lake Shiawassee Property Acquisition (TF13-100).

MOVED BY MR. CUMMINGS, SUPPORTED BY DIRECTOR MORITZ, TO ADOPT THE WITHDRAWAL OF WHEATLAND TOWNSHIP (TF14-0254) AND LAKE SHIAWASSEE PROPERTY ACQUISITION (TF13-100).

MOTION PASSED WITHOUT DISSENTING VOTE.

VII. STATUS REPORTS.

DNR Real Estate Report

No discussion.

Completed MNRTF Projects Report

No discussion.

MNRTF Financial Report

Ms. Schafer outlined the MNRTF financial report.

Ms. Schafer stated that the 2016 beginning investment balance was $578 million which is slightly lower than last year. She reminded everyone that all numbers are estimated with the exception of the $578 million.

The investment income is estimated at $31.8 million. This is based on a 5.5 percent return. The balance of other income was $150,000.

To date, we have projects that have lapsed or been withdrawn in the amount of $1.4 million.

We are looking at spending approximately $16 million. This number is derived from our estimated investment income and our spending plan of 2.5 percent. The other income of $150,000 is also counted towards that number as well as the re-authorization of the lapses,
which is $1.4 million. Keep in mind that those numbers will be more accurate when we know the exact numbers of our investment income and after the December Board meeting.

At this point Ms. Schafer went into a little more detail of breaking down what that $16 million is used for. It pays for the staff. It also pays for our payment-in-lieu of taxes (PILT). As the Trust Fund continues to acquire land, it pays 100 percent of the PILT associated with those lands. We also pay Treasury for the great work that they do with our investments. There is a total of $8.4 million projected to be available for acquisition projects and $4 million for development projects. If you look at the bottom of the report you see there is $12.4 million available in funds this round.

She stated that she verified with treasury that they can hopefully achieve that rate of return and that is what they are aiming for.

Mr. Cummings commented that if the books were closed today, and we actually hit treasury’s targets, then we could decide that this year merited an increase in the spending rule and we took it to the 3.5% that amount would be $20,255,091. That would leave a balance of $591,855, which is still well within our 10% target. It is important to recognize that what goes up can also go down. It is also important to take into account the standard deviation.

Ms. Shafer stated that the Stabilization Reserve is very important for us to be able to maintain because it allows us to be more aggressive in our investments; so, we have that cushion for those market fluctuations, which do occur.

Mr. Cummings agreed and added that we agreed at the February Board Meeting that a little more risk achieves higher alpha.

**MNRTF Land Consolidation and Line Item Department Projects**

No discussion.

**VIII. OTHER MATTERS AS ARE PROPERLY BROUGHT BEFORE THE BOARD.**

None.

**IX. ANNOUNCEMENTS.**

The next meeting of the Michigan Natural Resources Trust Fund Board is scheduled for 9:00 AM, Wednesday, August 17, 2016, St. Clair Convention Center, 500 Thomas Edison Parkway, Port Huron, Michigan.

**X. ADJOURNMENT.**

MOVED BY CHAIRPERSON CANALE, SUPPORTED BY MR. MORITZ TO ADJOURN THE MEETING. MOTION PASSED WITHOUT DISSENTING VOTE.
The meeting was adjourned at 11:37 AM.

___________________________________  __________________________________
Brad Canale, Chairperson    Steven J. DeBrabander, Manager
Michigan Natural Resources Trust Fund  Grants Management Section
Board of Trustees               Finance and Operations Division

______________________________
DATE