

MICHIGAN NATURAL RESOURCES TRUST FUND

BOARD OF TRUSTEES MEETING

Minutes of October 24, 2012
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 9:05 AM.

The following Board members were present:

Keith Charters
Keith Creagh
Sam Cummings
Bob Garner

Mr. Torre was not in attendance due to a prior commitment.

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 AUGUST 15, 2012.

Chairperson Garner called for the adoption of the minutes for the August 15, 2012 MNRTF Board meeting.

MOVED BY MR. CHARTERS, SUPPORTED BY MR. CUMMINGS, TO ADOPT THE MINUTES OF THE AUGUST 15, 2012 MNRTF BOARD MEETING. PASSED WITHOUT DISSENTING VOTE.

II. ADOPTION OF AGENDA FOR MEETING OF OCTOBER 24, 2012.

MOVED BY MR. CUMMINGS, SUPPORTED BY MR. CHARTERS, TO AMEND THE OCTOBER 24, 2012 MNRTF BOARD MEETING AGENDA SO A REPORT BY MR. TREVOR VANDYKE, DNR LEGISLATIVE LIAISON, COULD BE HEARD PRIOR TO "PUBLIC APPEARANCES." PASSED WITHOUT DISSENTING VOTE.

Mr. Trevor VanDyke, DNR Legislative Liaison – MNRTF Legislative Updates

Mr. Trevor VanDyke, DNR Legislative Liaison, outlined several Public Acts, Senate Bills and House Bills that directly impact the MNRTF program.

PA 117 of 2011 – Full Payment in-lieu of Taxes (PILT) on MNRTF Acquired Land – Representative Joel Johnson. This act requires the Legislature to make annual appropriations from the MNRTF in order to make full payments in lieu of taxes on State-owned land purchased through the MNRTF. This bill has been enacted and signed by the Governor.

PA 118 of 2011 – Future PILT on MNRTF Acquired Land – Representative Frank Foster. This act amends Part 21 of the NREPA to require the following for land acquired after 2011:

- If the claimed property was purchased by the MNRTF, the portion of the payment that represents an assessment by a local school district, intermediate school district, or community college district would be paid out of the MNRTF. The balance of any payment remaining would also be paid by the MNRTF.
- If the claimed property is not purchased by the MNRTF, payments would be made as the law requires now for all payments.

For land acquired before 2012, the procedure would remain as in current law.

Part 21 provides for prorated payments to local assessing districts if the amount available for PILT from the General Fund or any restricted fund is less than the amount required. These partial payments do not satisfy payments obligated by the State. Under this act, partial payments charged against the MNRTF after 2011 would not satisfy payments obligated by the State. This bill has been enacted and signed by the Governor.

As of September 17, 2012, the current PILT payment has been \$1,135,626.24.

PA 240 of 2012 – Public Land Cap – Senator Tom Casperson. This act requires the DNR to compile a land acquisition strategy and place a State-wide cap of 4.62 million acres on State-owned public land until May 2015. After May 1, 2015, the act exempts any land acquired below the northern Mason-Arenac county line and places a cap of 3.9 million acres on State-owned public land north of that line; however, the following would not fall under the acreage limit:

- Conservation easement prior to the enactment of the Act.
- Land platted under the Land Division Act.
- Commercial forest land.
- Land acquired by gift.
- Land acquired through litigation.
- Land with an area of not more than 80 acres, or a right-of-way, used for access to other land owned by the DNR.
- A trail. The land excluded is limited as follows:
 - (1) to the railroad right-of-way if the traveled portion is contained within an abandoned railroad right-of-way; and
 - (2) to the utility easement if the traveled portion is contained within a utility easement.

If neither condition applies, the excluded land is limited to the traveled portion of the trail and contiguous land, and the area of the contiguous land could not exceed the product of 100 feet multiplied by the length of the trail in feet.

This bill has been enacted and signed by the Governor.

PA 283 of 2012 – Capital Outlay Supplemental to Provide Appropriations to the MNRTF – Representative Eileen Kowall. The MNRTF appropriation includes a \$39,665,200 appropriation for 22 State and local acquisition projects, and 77 State and local development projects. Matching funds of \$27,243,700 result in total project costs of \$66,908,900.

The conference committee fully funded both Southern eco-regions, but only put a \$100 appropriation for the Northern and Upper Peninsula eco-regions.

This bill has been enacted and signed by the Governor.

Chairperson Garner and Mr. Charters both asked what were the original eco-region's recommendations for the Northern and Upper Peninsula. Mr. Steve DeBrabander, Manager, Grants Management, DNR, responded that the Board recommended they be funded at \$900,000 each. Mr. Charters asked if the remaining amount of money goes back into the MNRTF. Mr. DeBrabander responded yes.

Senate Bill 1238 – Modify Natural Resources Trust Fund – Senator Darwin Booher. The bill would amend Section 1902 of the Natural Resources and Environmental Protection act to establish two four-year term limits for MNRTF members. The bill would also require the DNR to report on the status of each approved project as well as provide further criteria for the Board to follow.

The bill is before the full Senate for consideration, and administration is neutral on this legislation.

Chairperson Garner made the comment that in the original bill analysis it stated that the administration did not support the bill and wondered if it had been changed. Mr. VanDyke responded it has been changed. DNR has worked with the sponsor of the bill to have a few things changed. A couple of items that were in the bill prohibited individuals who had served on the Natural Resources Commission from being on the MNRTF Board, as well as a policy for new Board members. Also stricken from the bill were reporting policies—it was determined that the Legislature already receives much of this information.

House Bill 5944 – Modify Natural Resources Trust Fund – Representative Ed McBroom. This bill would amend Section 1907 of the Natural Resources and Environmental Protection Act to clearly state that the lands the MNRTF Board determines should be acquired or developed shall be specifically identified. The bill also states that the list shall not include broad references, such as eco-regions, in listing the lands to be acquired or developed.

The bill is referred to the House Committee on Appropriations, and administration has not taken an official position on the legislation at this time.

Chairperson Garner asked if anyone had asked for an Attorney General's Opinion on this. This may be decided with one Opinion. Mr. DeBrabander responded that Senator Booher made the request and received verbal feedback from the Attorney General indicating that they believe the eco-region concept type application is inconsistent with the statute and the DNR expects to get something in writing to that effect within the next couple of weeks.

Mr. DeBrabander also added that the DNR has not applied for eco-region type grants for 2012. Every application is a specific individual project.

Senate Bills 1273 and 1274 – Modify Michigan State Park Endowment Fund – Senator Bruce Caswell. The bills would amend Section 1904 of the Natural Resources and Environmental Protection Act to state that after the Michigan State Park Endowment Fund reaches an accumulated principal of \$800 million, any money after that will be deposited into the Michigan Transportation Fund to be used for construction, maintenance and improvement of roads, streets and bridges.

The bills are referred to the Senate Committee on Appropriations, and administration has not taken an official position on the legislation at this time.

Senate Bill 1276 – Prohibit the Designation of Bio-Diversity Areas – Senator Tom Casperson. The bill would prohibit the DNR and the Natural Resources Commission from promulgating or enforcing a rule or an order that designates or classifies an area of land specifically for the purpose of achieving or maintaining biological diversity. The bill also deletes the conservation of biological diversity from the DNR's duties regarding forest management, and requires the DNR to balance its management activities with economic values.

The bill is before the full Senate for consideration, and administration has not taken an official position on the legislation at this time.

III. PUBLIC APPEARANCES.

Mr. Ron Olson, Chief; and Ms. Jacklin Blodgett, Parks and Recreation Division, DNR – Parks and Recreation Division Financial Update

Mr. Ron Olson, Chief; and Ms. Jacklin Blodgett, Parks and Recreation Division, DNR, provided a financial update for Parks and Recreation Division.

Mr. Olson stated that in January 2012, the division took over 135 state forest campgrounds and the trails programs from Forest Resources Division. Three new state park and recreation areas were added. Assistance to Mackinac Island State Park was also added. The Belle Isle issue is still pending.

There is a rising demand for ORV trails, primarily with connections. These are big economic generators, especially in the Upper Peninsula. There has also been a big increase in non-motorized trails—particularly the rail-trails in the lower part of the state.

Weather played a big factor in 2012 – camping was up by 7%, but snowmobiling was down by 40,000 snowmobile registrations. ORV registrations are up. Also, the “Recreation 101” program has been a big success—to learn how to hunt, fish, bike, etc.

The State Parks Blue Ribbon Committee's report came out which set forth the initiatives that will be worked on in the future. Mr. Charters asked if the Board members could receive a copy of this report. Mr. Olson responded yes.

At this point, Ms. Blodgett outlined financial information for the Recreation Passport Grant Program. The program did not meet its 30% budget for 2012, but was just over

27% participation. Camping revenues were up approximately 7%. Other post employees' benefits were about \$2.2 million.

In 2013, there will be cost of living increases for staff and operations. In addition, there are retirement changes (increased defined contribution) and new hire costs.

Ms. Blodgett outlined the Park Endowment Fund. There are two parts to this fund – operations/capital outlay and corpus (50% of mineral revenue stays in endowment and 50% goes to corpus). The corpus cannot be spent. There is an \$800 million cap on the corpus and it is estimated to be \$175 million at this time. In addition, there are interest earnings on the corpus to the Park Endowment Fund.

For 2013, there will be approximately \$46.6 million available to the Park Endowment Fund (\$41.1 million is revenue) and will be spent for park operations. About \$4.5 million will be spent for capital outlay.

Ms. Blodgett continued by outlining Park Improvement estimated figures for 2013, as well as Recreation Passport revenue projects for 2012.

Mr. Olson added that this year there was a proactive marketing campaign conducted for the Recreation Passport Program. There was \$180,000 invested with "Pure Michigan". He outlined the photograph identified on PowerPoint of the billboard that appeared on I-96. This marketing will last through the end of the year and then will be re-evaluated. The focus has been on southeast Michigan.

Ms. Blodgett continued by stating there are 135 state forest campgrounds and 12,000 miles of trails. The Parks and Recreation Division staff manages most of the sites. In addition, the division is working collaboratively with Forest Resources Division and fire officers to complete work in the field.

Ms. Blodgett outlined the ORV Trail Improvement figures for 2012. These sales have gone up. Mr. Olson added that the demands for ORV trails are increasing. In addition, the division is trying to maximize some ORV and snowmobile trails so they can be used for both these activities. He also mentioned that the "side by side" vehicle is becoming popular as the population ages. At the present time, the DNR's trails are not wide enough to accommodate these vehicles. DNR is hoping to develop a partnership with the ORV industry to redevelop these trails.

Ms. Blodgett outlined the Snowmobile Trail Improvement figures for 2012. Revenues were down for this program. The shortfall was about \$2.5 million.

Ms. Blodgett continued by identifying figures for sustainability. Over \$340 million is needed for capital outlay—considering bonding for capital outlay, which would require designated funding. There will be increased annual costs in operations and the division will continue to be creative and proactive in operations of parks. In addition, the division is working to establish a fund balance for time when it is not meeting its annual revenue needs, such as weather conditions.

At this point, Chairperson Garner asked Mr. DeBrabander to introduce Grants Management staff. Staff in attendance were: Mr. Jon Mayes (Unit Manager, MNRTF), Ms. Linda Harlow (Administrative Assistant and Assistant to MNRTF Board), Ms. Janet

Liesman (Financial Analyst), Ms. Jule Stafford (Grant Coordinator), Ms. Shamika Askew-Storay (Grant Coordinator), and Ms. Tamara Jorkasky (Grant Coordinator). Ms. Christie Bayus, another Grant Coordinator, was not in attendance. Also in attendance were Mr. Joseph Frick, Assistant Chief, Finance and Operations Division; and Ms. Tina Stojakovich, Marketing and Outreach Division (assigned to Grants Management's grant programs). There is a lot of marketing being done for the MNRTF, and Ms. Stojakovich will be making a presentation at a future Board meeting.

Mr. Charters asked Mr. Olson how the grants were awarded in Parks and Recreation Division. Mr. DeBrabander will outline. Mr. Charters also asked about horse trails. Mr. Olson responded that there have been some improvements made. Mr. Charters asked if there was any discussion on bridle fees. Mr. Olson responded that some people from equestrian community have mentioned it and may be interested in considering it, but nothing definite at this time.

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, advised the Board that the village has been able to meet its match requirements for the Gary R. Williams Park Extension acquisition project (\$85,000 match). Businesses and residents are overwhelmingly supportive of this project.

This acquisition project will be added to an already existing parcel that is on the Lake Huron side.

Mr. Tom Bailey, Executive Director, Little Traverse Conservancy

Mr. Tom Bailey, Executive Director for the Little Traverse Conservancy, made some comments about the support of the residents and businesses in the Village of Mackinaw City coming through to supply match for the Gary R. Williams Park Extension acquisition project.

Mr. Bailey stated that the State Parks Blue Ribbon Committee report was delivered to the Governor and is now public. He would like to work with the MNRTF Board, in his capacity of serving on this committee as well as the Conservancy, to follow up on the report. This could be done formally or informally.

Ms. Marlene Golovich, Township Clerk, Hayes Township – 12-036, Camp Seagull Acquisition-Lake Charlevoix, Hayes Township

Ms. Marlene Golovich, Township Clerk for Hayes Township, answered some questions about the Camp Seagull Acquisition-Lake Charlevoix acquisition project. Mr. Charters had questioned if the boat launch was feasible. A feasibility study was done and Ms. Golovich provided this to the Board.

Mr. Todd Moran – 12-036, Camp Seagull Acquisition-Lake Charlevoix, Hayes Township

Mr. Todd Moran made some comments in opposition to the Camp Seagull Acquisition-Lake Charlevoix acquisition project. He questioned where the money would go and what money would be lost to residents if the project were approved. If the property were

developed commercially or for private ownership, the cash value would be about \$8 million.

Mr. Moran feels the largest loser would be the Charlevoix Public Schools, where they would be losing about \$3.2 million in operating and \$500,000 in bond revenue. The taxpayers would pay a higher debt millage if the park is approved to offset the loss of the tax base.

Mr. Moran outlined various fund balances in the school district and Hayes Township via charts provided to the Board.

The Charlevoix Public Library would lose about \$320,000 in operating and debt service revenue. Taxpayers will either pay more in property taxes or the library would forego services to make up the shortfall. In addition, the Charlevoix-Emmet Intermediate School District would lose \$488,000 in operational and special education tax revenue. Charlevoix County would lose \$1.3 million in operating, road, transmit, senior citizen and bond millage. Hayes Township would lose \$351,000 in operating revenue and the Charlevoix Recreation assessment would lose \$57,000.

Mr. Moran estimates that the project will cost about \$50,000 a year to operate. Over 30 years, the operational cost and opportunity loss of tax revenue would be approximately \$9 million.

Mr. Moran further stated that the loss of revenue would be permanent and impacts vital public services. He also stated that there needs to be a thorough economic impact study done on the proposed project.

Mr. Charters asked if there was someone willing to buy this camp and develop it. It is his understanding the camp has been available for some time. Mr. Moran did not know. He is concerned that once it is turned into a park, it cannot be developed and all future revenues on this property would be lost.

Chairperson Garner reminded Mr. Moran that this project is in an "application" process, and that he may have benefitted more by supplying the Charlevoix County Board of Education, county and township these figures. If the local units are willing to take the loss of revenue by acquiring property, it is not discussed further by the Board. There are public hearings on proposed projects by the local unit submitting the application.

Ms. Laura White – 12-036, Camp Seagull Acquisition-Lake Charlevoix, Hayes Township

Ms. Laura White made some comments in opposition to the Camp Seagull Acquisition-Lake Charlevoix project. She believes in preserving land, however, she has three concerns about the Camp Seagull Acquisition project—financial impacts to the township, environmental concerns (driveway, boat launch, parking lot), and lack of support for the project.

Mr. Paul Zardus, representing The Committee to Protect Hayes Township – 12-036, Camp Seagull Acquisition-Lake Charlevoix, Hayes Township

Mr. Paul Zardus, representing The Committee to Protect Hayes Township, provided handouts to the Board and made comments in opposition to the Camp Seagull Acquisition-Lake Charlevoix project. He advised the Board that Camp Seagull has been for sale for a year.

Mr. Zardus was also concerned about the financial and environmental impacts to the township if this parcel was acquired. The Committee feels the MNRTF Board should not fund this project in 2012 and suggest a second grant request in 2013 when the proper data and processes have been completed by Hayes Township.

Some of the concerns are:

- No credible process for the park project.
- No formal survey of residents or needs.
- No alternative uses of funds.
- No resource or management expertise or needs analysis done.
- Disregard of data and inaccurate costs and expenses.
- No active park committee/ad-hoc community input.
- Residents' rights and negative impact on resident homeowners ignored.
- Site plan has ignored safety and security risks.
- Park and site plan have extensive costs and site burdens for a dormant boat industry.
- Site selection mistakes and site plan problems.
- Trustees have ignored other areas for public park facilities, lake and waterfront access in the township.

He further stated that this would require \$2 million in costs to develop the park.

Mr. Charters asked about the \$2 million for park development and wondered where the figures came from. Mr. Zardus responded that they were his figures.

Mr. Charters asked about a year's delay in recommending this project for funding to have studies/surveys done. What assurances are that these would be done? Mr. Zardus responded that he feels there needs to be more information done and it needs to be put to the residents. The survey that was done was conducted long before the economic decline.

Chairperson Garner asked about the hunting issue on the property. Mr. Zardus responded that it was first identified in the project that hunting would be allowed, and then it was taken out. He is concerned how a pavilion, learning center and swimming can be developed and hunting be allowed.

Mr. Cummings asked about the 4.7 miles of public frontage on Lake Charlevoix and wondered where that information came from. Mr. Zardus responded this was his research. Young State Park is in this area.

Mr. Warren Nugent – 12-036, Camp Seagull Acquisition-Lake Charlevoix, Hayes Township

Mr. Warren Nugent made comments in opposition to the Camp Seagull Acquisition-Lake Charlevoix project. He expressed the following concerns:

- Cost of property too high - \$4.5 million.
- Disagrees with preliminary scoring – 20 points for Need for the Park – there are parks, water access and boat launches currently on Lake Charlevoix. Also, Public Support received 20 points – it was expressed that most opposed to project did not want a boat launch, but those who attended public hearings opposed project because of high cost.
- This is a small township – 1,800 residents with annual township budget of \$620,000, again expressing that the property is too high in cost.
- The township stated that parks budget was \$518,000, but this is because they added \$500,000 to the budget to acquire land. Previous annual parks budget has been \$18,000 a year.
- Schools and other needs would lose \$87,418 in tax revenue.
- The township has little money to develop the park.
- Asking price on real estate listing is \$6.5 million, but on the application, the township has applied for \$4.3 million – township has not talked to the owner regarding sale price and cannot explain the \$2.2 million difference.

Presentation of DNR MNRTF Applications – DNR Staff – PowerPoint Presentation

Ms. Kerry Wieber of Forest Resources Division outlined the following acquisition applications that have been submitted by the division:

- 12-132, Cranberry Lake Property – Acquisition of 454 acres to provide public access and recreation in northern Clare and southern Missaukee counties. This will provide public access to Cranberry Lake and Cranberry Creek. This will also provide for deer, grouse, woodcock, turkey, bear, waterfowl and Kirtland Warbler. Economic benefits would be providing \$72,600 in timber value, public access to only lake in Winterfield Township, and provide access for bird watchers, anglers, hunters and trappers. Grant request is \$850,000.
- 12-131, Wheeler Creek Property – Acquisition of 247 acres to provide access and recreation in Hanover Township, Wexford County. This will provide access to Wheeler Creek, a designated coldwater trout stream. This will also provide for deer, grouse, woodcock, turkey, bear and coyote. An economic benefit is approximately \$152,000 in timber value (low estimate) and public access to high quality brook trout stream. Grant request is \$510,000.
- 12-125, Public Land Access and Consolidation – Two-Hearted – Acquisition of 200 acres to provide public access and recreation in Luce County. This will provide for public access to Two-Hearted River, a dedicated Natural River. This will also provide for deer, bear, moose and grouse and will provide protection for a well-utilized wildlife travel corridor along the riverine system and consolidates state ownership. Grant request is \$500,000.

- 12-128, Public Land Access and Consolidation – Staszuk Parcel – Acquisition of 80 acres to provide public access and recreation in Clare County. This property would consolidate state ownership and provides protection of winter deeryard habitat. It will also provide for deer, bear, grouse, woodcock and coyote habitat. Grant request is \$200,000.

Mr. Earl Flegler of Wildlife Division outlined the following acquisition and development applications submitted by the division:

- 12-127, Public Land Access and Consolidation – Gate Property – Acquisition of 125 acres, including a 5-acre pond. This property is adjacent to the Allegan State Game Area. This area is known for its deer, turkey, waterfowl and pheasant population. The Allegan Pheasants Forever Chapter supports this acquisition. Grant request is \$400,000.
- 12-139, Hunting Accessibility Initiative – Development will include providing barrier-free access to state game areas for hunters. It will also provide a pilot use of accessible hunting blinds. Grant request is \$50,000.

Mr. Steve Sutton, Manager, Real Estate Services Section, Finance and Operations Division, outlined the following development application submitted by Fisheries Division:

- 12-130, Oden State Fish Hatchery Development – Development will include improved access and interpretive exhibits, floating fishing pier, interpretive trails and viewing platforms. This project will promote fishing recruitment, education and stewardship. Grant request is \$300,000.

Mr. Matt Lincoln of Parks and Recreation Division, outlined the following development applications:

- 12-133, Fred Meijer Ionia to Owosso Rail-Trail – Bridges – Development will include improvements to nine bridges along the 42-mile long rail-trail for multi use. This is the first time an endowment fund of \$3 million has been set up for maintenance by the Meijer Foundation. In addition, \$1.6 million will be leveraged from the Michigan Department of Transportation (MDOT) and other partners. Grant request is \$300,000.
- 12-134, Fred Meijer Ionia to Owosso Rail-Trail – Surface – Development will include 32 miles of crushed limestone trail surfacing for multi-use trail. The endowment fund from the Meijer Foundation will also cover maintenance, and this project has also been leveraged from MDOT and other partners. Grant request is \$300,000.
- 12-137, Linear Trails Non-Motorized Signage – Development will include uniform signage for 20 trailheads, kiosks, entry signs and directional signs. Grant request is \$100,000.

- 12-135, Statewide Equestrian Initiative – Development will be to improve equestrian trailheads and campgrounds in state forest recreation areas. This project is supported by the ETS and statewide planning efforts. Locations will include Elk Hill, Sheck's Place, Goose Creek, Johnson's Crossing and Stoney Creek and others. Grant request is for \$200,000.
- 12-138, Belle Isle Park-Wide Infrastructure Redevelopment – Development will be to repurpose the non-utilized structure, shoreline erosion control, way-finding and interpretive signs and restoration of existing facilities. Grant request is for \$300,000.
- 12-129, Building Demolition Initiative – Development will be for the continuation of demolition of old and surplus buildings on DNR properties. Locations for building demolition include 9 cabins in Baraga County, 15 houses and Nike site in Oakland County, 12 houses in Otsego County and 6 houses in Lenawee County. Grant request is for \$300,000.

V. NEW BUSINESS.

Update on MNRTF Staff Activities

Mr. DeBrabander advised the Board what staff has been working on.

- Final Scoring – Staff is in the final stages of final scoring of 2012 MNRTF applications. All applications received a site visit.
- MNRTF Program Audit – This audit was requested by Senator Booher. There have been five auditors working full-time on this and reviewing files. The audit is ongoing.
- West Upper Peninsula Citizens Advisory Council and Eastern Upper Peninsula Citizens Advisory Council – Staff made presentations at both of these meetings in the last month. The Upper Peninsula has received over \$134 million in MNRTF awards. Senator Casperson was at the Eastern Advisory Council meeting and Mr. DeBrabander had a discussion with him about the MNRTF. He was invited to attend the Board meeting today. Senator Booher was also invited.
- MNRTF Board Policies and Procedures Booklet – This booklet has been out-of-date and Ms. Shamika Askew-Storay has been assigned to revise it. She will be making a report to the Board at either the December 2012 or February 2013 meeting.
- Pilot Project on Post-Completion Inspections – Under the Land and Water Conservation Fund (LWCF) and MNRTF programs, post-completion inspections must be completed every five years on land that has been encumbered with these funds. With over 4,000 parcels of land between the two programs, inspections have gotten behind. This was pointed out in an audit done on the LWCF program last year. A pilot project has been developed to send self-certification post-completion forms out to local units of government. This would require them to self-inspect their projects. Instructions and maps are also

provided to the local unit of government. Three counties are in the pilot program. A Student Assistant will be starting in Grants Management and his responsibilities will be to work on these inspections.

- Marketing Plan for the MNRTF – Ms. Tina Stojakovich of the Marketing and Outreach Division has been working on a marketing plan. The Board will hear more about this plan in a future meeting.
- MNRTF – Refining the Vision for a New Era – Staff held a meeting earlier this week to brainstorm ideas for the Vision for a New Era for the MNRTF. This includes changes staff feels should be made, scoring, criteria, etc.
- Dam Management Program – This is a new program that Grants Management will be administering. This program provides funds for removing and repairing dams throughout the state.

Chairperson Garner asked Mr. Charters and Mr. Cummings to review the scoring process with staff.

TF10-145, Killingsworth/Kelly Park Expansion, East Bay Charter Township – PROJECT WITHDRAWAL

TF11-043, Negaunee Township Recreation Trails Acquisition, Negaunee Township – PROJECT WITHDRAWAL

TF11-063, Mill Street Landing Improvements, City of Eaton Rapids – PROJECT WITHDRAWAL

MOVED BY MR. CHARTERS, SUPPORTED BY DIRECTOR CREAGH, TO ACCEPT THE WITHDRAWALS OF TF10-145, KILLINGSWORTH/ KELLY PARK EXPANSION, EAST BAY TOWNSHIP; TF11-043, NEGAUNEE TOWNSHIP RECREATION TRAILS ACQUISITION, NEGAUNEE TOWNSHIP; AND TF11-063, MILL STREET LANDING IMPROVEMENTS, CITY OF EATON RAPIDS. MOTION PASSED WITHOUT DISSENTING VOTE.

Conveyance of State Land to Kent County Parks – Rogue River Access – BOARD APPROVAL

MOVED BY DIRECTOR CREAGH, SUPPORTED BY MR. CUMMINGS, TO APPROVE THE CONVEYANCE OF STATE LAND TO KENT COUNTY PARKS – ROGUE RIVER ACCESS. PASSED WITHOUT DISSENTING VOTE.

Burt Lake Land Surplus

Chairperson Garner stated that at one time there were some problems with the Burt Township (Cheboygan County) Board on this property. Two years ago the township received funding for some trails. Mr. Paul Yauk of Parks and Recreation Division commented that this property can be surplus as a result of the DNR being able to build a site at Maple Bay State Forest Campground. He outlined more aspects of the

campground and provided PowerPoint to illustrate features. The campground will include two launch ramps with skid piers, 38 car-trailer spaces and a storm water retention basin.

MOVED BY MR. CUMMINGS, SUPPORTED BY MR. CHARTERS, TO APPROVE THE BURT LAKE LAND SURPLUS (CHEBOYGAN COUNTY) PROPOSAL, AS PRESENTED BY PARKS AND RECREATION DIVISION, DNR. PASSED WITHOUT DISSENTING VOTE.

VI. STATUS REPORTS.

DNR Real Estate Report – State Acquisitions

Mr. Steve Sutton, Manager, Real Estate Services Section, Finance and Operations Division, DNR, outlined the DNR real estate report for the Board. Since the Board's last meeting, eight acquisitions have been taken to Director Creagh, through the Natural Resources Commission, for approval.

All of these projects were from "eco-region consolidation" projects. These projects provide good examples of inholdings for outdoor recreation opportunities within current state land boundaries.

Mr. Sutton pointed out aspects of the Jennie Johnson acquisition, which is on Mullett Lake. Mr. Bailey of Little Traverse Conservancy assisted in the completion of this acquisition.

Mr. Sutton stated that the Natural Resources Commission is provided a more extensive memorandum of acquisition purchases. He asked if the Board would like to receive this information rather than the type of real estate report they are currently receiving. Chairperson Garner thought the Natural Resources Commission format would be fine.

Completed MNRTF Projects Report

The Board did not have any questions on the report and there was no further discussion.

MNRTF Financial Report

Mr. Frick advised the Board that the MNRTF financial report is now in a different format.

Mr. Frick proceeded to outline aspects of the report. It is estimated that there will be \$16,318,063 available for acquisition projects in 2012 (estimated additional \$4.2 million), but this amount will be higher, due to project withdrawals or lapses. It is estimated that \$6,463,777 will be available for development projects, but this also will be higher because of withdrawals or lapses (estimated additional \$1.9 million).

Mr. Frick further stated that the Stabilization Reserve balance is \$9.1 million. The investment revenue balance is \$55 million.

MNRTF Land Consolidation and Line Item Department Projects

The Board did not have any questions on the reports and there was no further discussion.

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

None.

VIII. ANNOUNCEMENTS.

The **evening meeting** of the Michigan Natural Resources Trust Fund Board is scheduled for **6:00-10:00 PM**, Tuesday, December 4, 2012, Ramada Inn Hotel and Conference Center, 7501 W. Saginaw Highway, Lansing. The **regular meeting** of the Michigan Natural Resources Trust Fund Board is scheduled for 9:00 AM, Wednesday, December 5, 2012 (same location as evening meeting).

At this point, Chairperson Garner advised the Board and audience that the official Board meeting will be adjourned. The Board will reconvene at 11:25 AM for discussion of the "MNRTF Phase II: Refining the Vision of a New Era."

IX. ADJOURNMENT.

**MOVED BY MR. CUMMINGS, SUPPORTED BY DIRECTOR CREAGH,
TO ADJOURN THE MNRTF BOARD MEETING. PASSED WITHOUT
DISSENTING VOTE.**

The meeting was adjourned at 11:10 AM.

MNRTF Phase II: Refining the Vision for a New Era

Discussion

Chairperson Garner called the discussion to order at 11:30 AM.

In attendance were: Kendra from Senator Casperson's office, Helen Taylor, Lyn Johnson, Chris Bunch, Rich Bowman, Julie Stoneman, Tom Bailey, Marlene Golovich, Glenn Chown, John Greenslit, Linda Hegstrom, Paul Zardus, Brian Price, Joe Frick, Grants Management staff, et al.

Mr. Cummings and Mr. Charters led the discussion.

Mr. Cummings outlined the agenda. Topics were developed in conjunction with DNR staff.

Basic discussions have been held with staff of the Attorney General's office and Governor's office about constitutional latitudes that the MNRTF corpus can grow. Those discussions have affirmed the Board's ability, under the existing statute, to be able to do this.

Unless the corpus grows, the MNRTF will eventually become less effective. The goal is to grow the corpus by spending less than is taken in.

Agenda topics include:

1. Investment Policy Discussion:

- Growth goals and targets – ***Mr. Charters and Mr. Cummings will develop and provide a proposal to be presented at December meeting.***
- Asset allocation and strategy to achieve – ***Mr. Charters and Mr. Cummings will develop and provide a proposal to be presented at December meeting.***
- Spending rule and spending policy (reserve development or annual “holdback”) – ***Constitutional restrictions?***

- DNR will be challenged with land acquisition—purpose and use—and what are the strategic outcomes. How can the DNR do a better job explaining and/or determining use and purpose of acquisitions?
- Property is looked at more closely as to why property is being acquired. Has always had the recreation aspect for perpetuity—now is also being looked at economic aspect involved.
- Is the thought to maintain the purchasing power of the corpus or to actually grow the corpus?
- There used to be a variable income based on oil and gas production—now it is a fixed fund.
- On the rolling quarters, is it critical to be quarterly instead of annually?—*Response: No.*
- Cannot spend below the \$500 million corpus—because the corpus is invested and there are fluctuations in the market, the book value of the corpus could go below \$500 million with none being spent. What happens if it goes beyond that?
Response: This is why it should be important to have an adequate replacement reserve.
- If the corpus goes down, could more mineral revenue be put in? Will this be answered in December? *Response: This will be clarified in December.*

2. Board Policies Discussion:

- Outcomes focused strategy.
- Where are we now? (SCORP, land ownership strategy/economic impacts).
- Where are we going? (Economic outcomes and goals/access and conservation goals).

Comments:

- Our accomplishments should be linked towards returns on investments.
- How much land is enough? This is a question the Governor is asking. *Response: As an example, need to look at public access to Great Lakes shoreline and determine how much is needed (have established criteria that is used when scoring applications).*
- Comments were made about the successful land acquisition in 1994 (Headlands property, 600 acres) in Emmet County, funded by the MNRTF, and how it has promoted tourism for the area. This is an economic tool. The property has now become a “Dark Sky” park. People from all over the country visit this property.
- Need to quantify what “recreational” and “economic impact” is.

- If looking at economic benefit, need to look at the cords of wood that is being turned into pulp wood vs. the carbons that are being taken out of the air for safety of the air being breathed. Need to be careful about how we approach quantifying the economic returns of dollars invested.
- The value of 40 acres of green space preserved in southern Michigan is significantly different than the value of 40 acres of green space preserve in northern Michigan.
- Comments were made about the Saugatuck area (MNRTF funded acquisition) and critical dune areas privately owned (last remaining stretch of dune area).
- Needs to be a standard for State projects and one for local projects.
- The Board needs to still have ability in certain situations to use their discretion in recommending projects for funding.
- Need to provide areas for physically handicapped and to be universally accessible – should be included in recreation plans.
- Foster more local units of government working together on a project (such as a trail project, public-private partnerships, local unit-to-local unit, etc.). Should be given extra points.
- Has there been an analysis of designated motorized trails—both snowmobile and ORV—and what is the status? *Response – an analysis has been (or will be) done on trails.*
- Trails Plan with SCORP—has this been done? Also, there are many different trails plans. *Response: The DNR Natural Resources Deputy is working to bring these plans together.*

At this point, due to another commitment, Director Creagh left the meeting.

- SCORP contains data on what users needs are for recreation, as well as what priorities are. Need to factor this information into our priorities for the MNRTF.
- Staff is looking at ways to change either eligibility or scoring for local units who have an unresolved conversion issue on property assisted with grant funds.
- Suggestion made to make a community totally ineligible for a grant if there is a conversion.
- Should be careful to not allow Administrative Rules to get in the way of what we want accomplished – example, for completion of a trail project with another community who has a conversion.
- Should not deter from local planning prerequisite.
- Suggestion that should not go below the 25 percent for local match.
- “Needs” criteria should be discouraged.
- Feels should not change scoring criteria completely; however, “Public Access” points do not have a major impact on score.
- Any changes to scoring system would need Board approval at the December 2012 meeting. Grant workshops are held in January-February and any changes in scoring/criteria would need to be outlined at that time.
- Suggestion was made if acquisition deadline could be moved to June of 2013 rather than April. Acquisition applications seem to be the target of a lot of strategic information.
- Suggestion was made that for 2013 could put a high priority on trails connecting the state.

- Suggestion that the Board could commit to an acquisition project(s) over the year since have more money to spend for acquisition projects than requests being submitted.
- Can each criterion have its own weight and the weight fluctuate based on Board priorities? *Response: The more definitive you get, the more complicated. Flexibility also comes from the Board in approving projects.*
- Suggestion was made to meet a certain standard for approving grants—have a certain percentage allocated for a specific type of grant.

3. **Strategic Issues and Specific Topics Related to Above:**

- Maximum development grants - *\$300,000 at present time.*
- Ratio of development to acquisition.
- Public to public sales – *schools, as an example; current MNRTF Board Policy states that land already in public ownership is ineligible for an acquisition grant..*
- Different matches for different communities.
- Priorities, scoring criteria changes.
- Realistic goals for regional planning.

Comments:

- Could there be funds set aside to help with local match? Sometimes smaller communities have problems coming up with match.
- For smaller communities, perhaps coordinate funding with State.
- Suggestion that the Board not spend all money available each year, but do some “experimenting with other initiatives’ such as taking a portion for an alternative (non-scoring) process.
- Conservancies can always assist communities in developing a project/applying for a grant.
- Suggestion to challenge community foundations to match MNRTF grants.

4. **Strategic Initiatives:**

- Establishment of committees to accomplish goals? *Chairperson Garner asked Mr. Charters and Mr. Cummings to continue to meet with DNR staff to make crucial suggestions on what to bring before the Board at the December meeting.*

Chairperson Garner asked for a motion to adjourn the “MNRTF Phase II: Refining the Vision for a New Era” discussion.

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

The meeting was adjourned at 1:30 PM.

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

Steven J. DeBrabander, Manager
Grants Management

DATE