

MICHIGAN NATURAL RESOURCES TRUST FUND

BOARD OF TRUSTEES MEETING

Minutes of April 19, 2006
Clarion Hotel and Conference Center, 3600 Dunckel Drive, 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:

Bob Garner
Lana Pollack
Frank Torre
Sam Washington

Mr. Hamp 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 FEBRUARY 22, 2006.

Chairperson Washington called for the adoption of the February 22, 2006 Board meeting minutes.

MOVED BY MR. GARNER, SUPPORTED BY MR. TORRE, TO APPROVE THE MINUTES OF THE FEBRUARY 22, 2006 MNRTF BOARD MEETING. PASSED.

II. ADOPTION OF AGENDA FOR MEETING OF APRIL 19, 2006.

Chairperson Washington called for the adoption of the agenda for the April 19, 2006 Board meeting.

MOVED BY MR. GARNER, SUPPORTED BY MR. TORRE, TO APPROVE THE AGENDA FOR THE APRIL 19, 2006 MNRTF BOARD MEETING. PASSED.

III. PUBLIC APPEARANCES.

Mr. Paul Winchester, Friends of the White Pine Trail.

Mr. Paul Winchester, representing Mr. David Heyboer, Chairperson of the Friends of the White Pine Trail, made a presentation. The "Friends" group attended and made a presentation at the December 2005 Board meeting, the purpose being to request approval that a \$1 million donor's name be incorporated into the name of the White Pine Trail State Park. Mr. Fred Meijer is the donor and the gift is contingent upon the name incorporation. The new name could be the "Fred Meijer White Pine Trail State Park" or some other version of name recognition.

Mr. Winchester further stated that a couple of weeks ago the "Friends" received a letter from Mr. Ron Olson, Chief, Parks and Recreation Division, DNR, covering a number of issues, as well as the naming issue. In his letter he stated that the DNR would be open to creative ideas to address the naming issue. Based on this information, he wondered what option the MNRTF Board would have to approve the name recognition, subject to developing a name that would be acceptable to all parties involved.

Mr. Winchester added that the "Friends" received a \$2.24 million high priority grant that requires a 20 percent match of \$448,000. The "Friends" does not know where the match could be derived from other than Mr. Meijer's \$1 million donation. They also received another grant of \$507,000 to pave to Sand Lake. That totals \$3.5 million in grants for the White Pine Trail, most of which would be based on the \$1 million donation.

Mr. Winchester further stated that the \$1 million donation is not Mr. Meijer's first gift to the recreational trails system and will not be his last. He has committed multiple gifts to the Flat River and Hartland Trail, exceeding \$2 million. His foundation is currently represented on the West Michigan Trails and Greenways Commission and is active in a current fundraising initiative. The Meijer Foundation will be a major donor for this initiative.

Ms. Pollack stated that in addition to the naming issue, there also was a question about the surface that would be put down on the trail. It is her understanding that if it were paved, the trail would not be good for snowmobile use. Mr. Winchester responded that this is something that just recently came up and was included in Mr. Olson's letter. Parks and Recreation Division are recommending a compact limestone gravel mix as the surface. Bicycles have been ridden on this type of surface and feel it is quite adequate for most uses. It is relatively inexpensive compared to asphalt. Parks and Recreation Division suggested using asphalt paving adjacent to towns and villages where the use is high, subject to population density and trail usage, and the remaining parts of the trail could use the compacted mix. The "Friends" group has not yet met to discuss this proposal; however, Mr. Winchester feels it is a good suggestion for the surfacing.

Chairperson Washington mentioned that at the end of Mr. Olson's letter it states "The Michigan Natural Resources Trust Fund Board Subcommittee on site naming and the Michigan Natural Resources Trust Fund Board staff recommend that the Michigan Natural Resources Trust Fund Board deny the request to waive Board Policy 92.3 made by the Friends of the White Pine Trail at the December 6, 2005 meeting. The Board encourages the DNR to work with the Friends of the White Pine Trail to find alternative uses of the federal funding that are acceptable to all parties and not in conflict with Board policy." He asked the Board members what they wished to do. Mr. Winchester asked to respond. He mentioned that the DNR has waiver requirements for the policy and feels that this request meets those requirements. Mr. Winchester knows the DNR objects to naming the whole trail for Fred Meijer, but is open to other creative suggestions. He asked if the "Friends" could provide some creative suggestions to the Board at their next meeting.

Chairperson Washington stated that his reservations with the request are, number one, the gift is for something that is a non-permanent nature (paving). Fifty years from now what the donation paid for will be long gone. Mr. Meijer is asking for a perpetual naming on a gift that is not perpetual. Second is the issue of whether the Board wants to see public money be part of the vehicle that allows someone to place sole naming on something. Those are his concerns, but if there is an alternative solution that could be found where both the public and Mr. Meijer

benefit, he has no problem. Mr. Winchester understands Chairperson Washington's concerns, and stated that perhaps the "Friends" could come up with a solution. Chairperson Washington added that perhaps if the name was "sun setted" after a period of time.

Mr. Mark Randolph, Executive Director, Grass River Natural Area, Antrim County – TF06-014, North Shore Hunt Club Acquisition, Antrim County.

Mr. Mark Randolph, Executive Director of the Grass River Natural Area, made a presentation in support of TF06-014, North Shore Hunt Club Acquisition project submitted by Antrim County. He briefly outlined this project at the Board's February meeting. The Hunt Club has a half-mile of Grass River and 9/10ths of a mile on Lake Bellaire, with 155 acres of wetlands.

Mr. Randolph stated that the figures used in his presentation at the February meeting were estimates, and he now has an appraisal of the property. In February, he estimated it was \$1.2 million fair market value, and the appraisal came in at \$900,000. The owners are still willing to donate one-third.

Mr. Tom Bailey, Executive Director, Little Traverse Conservancy – 06-129, Big Rock Point Acquisition, DNR.

Mr. Tom Bailey, Executive Director of the Little Traverse Conservancy, made a presentation in support of 06-129, Big Rock Point Acquisition, which has been submitted by the DNR. He provided the Board with some resolutions of support of the acquisition from the Little Traverse Bay Bands of Odawa Indians, Hayes Township, Top of Michigan Trails Council and Raven Hill Discovery Center.

Mr. Bailey wished to acknowledge Mr. Bob Couvreur, Manager, Real Estate Services, Office of Land and Facilities, DNR, who is retiring. Mr. Couvreur worked with the MNRTF Board for many years.

Discussion ensued on the Big Rock Point Acquisition project. Ms. Pollack is extremely concerned about the permanent storage of nuclear waste on the shores of the Great Lakes. This waste is of the kind that is considered too dangerous to move to the bottom of a mountain in Nevada, but yet our state seems to raise no issues with the owners. This would be an opportunity to negotiate with the company that is responsible for and has the profits from this installation. She feels it is inappropriate to move forward as if this were an ordinary brownfield that is being left behind.

Mr. Bailey responded that there is no one that is happy about the material staying there, unfortunately there is no alternative so far. A group, including anti-nuclear protesters, has been working with Mr. Bailey on this project. The problem the group sees is the federal jurisdiction; they do not feel there is anything that can be done on a local level about the waste issues, except to continue to make their feelings known. There is something that can be done with the rest of the property and that is the focus. The DNR, in their discussions with the company, is aware of these issues. There is going to be a meeting on May 2, 2006 with the company and DNR staff.

Ms. Pollack asked if the project would be to pay the company for the land and they would leave the nuclear waste there. Mr. Bailey responded the DNR would be paying them for the land around the site and they would retain the waste site. Ms. Pollack stated that that is something she will never vote for. The danger is very high. She feels that Consumers has an obligation.

They have collected several millions of dollars that is part of the federal laurel of a fee collected from rate payers and is supposed to be put in escrow. This money is to be used in cleaning up the waste site. For the first dozen years the money was never put in escrow and the company still has it. They have not made it available to the public.

Ms. Pollack feels CMS is a great Michigan company, but we need to negotiate with them with a different attitude. She does not understand why there isn't more protesting. Mr. Bailey responded there have been protesters over the years and they are part of the discussion group. DNR staff is very aware of all of the issues and take them into consideration in their discussions with CMS. We are trying to take a problem-solving attitude. The company has land that they see as an asset and on behalf of their shareholders feel they have a fiduciary responsibility to get money for. There are developers who are approaching them about the property. There is great wildlife value on the property.

Mr. Bailey would like to see terms of an option agreement spelled out before the Board makes their funding decisions in December.

Ms. Pollack felt that federal legislators should be made more aware of the nuclear issues. She feels at some point in time something bad will happen. It is time to ask more questions and to bring in federal legislators. She does not want to see the property inappropriately developed, but to look the other way and go forward with this acquisition does not seem to be right.

Mr. Mike Maisner, Executive Director, Michigan Recreation and Park Association.

Mr. Mike Maisner, Executive Director of the Michigan Recreation and Park Association (MRPA), made a presentation to the Board. MRPA is a non-profit association with nearly 2,000 members statewide, consisting mainly of city, township and county recreation professionals. He commended the MNRTF Board and DNR staff for all the hard work they do providing recreation opportunities for the citizens of Michigan.

Mr. Maisner advised the Board of a concern MRPA and its membership has in regards to funding large state acquisition projects versus local. Mr. Maisner looked at the numbers over a 10-year period and from 1995 through 2000, in these funding years more money was granted to local land acquisition projects than state. State acquisitions projects were approximately \$61 million in this period, and local projects approximately \$77 million (44 percent state and 56 percent local). In the years 2001 through 2004, more money was spent on state land acquisition projects than local (\$60 million state and \$40 million local) (60 percent state and 40 percent local).

Mr. Maisner further stated he is not opposed to any single project, but merely looking at the trend in funding. He feels the MNRTF Board and staff has done a great job in selecting projects. His concern is funding so many large state acquisition projects that it takes away from local ones. It is critical to have close-to-home recreation opportunities, and need parks near the people. He wanted to commend the Board for making access a priority and will remain so.

Mr. Maisner made some comments regarding Payment in Lieu of Taxes (PILT) and the MNRTF's obligations making these payments. If a grant is made and a local unit of government purchases the property, there are no PILT payments. There is only so much green space that remains and it is critical to obtain as much as we can in highly populated areas of the state.

Mr. Garner responded that Mr. Maisner's comments were well-taken; however, with the big land purchases, the state has been concentrating on buying rights in lands than the entire land purchase. As a result, the PILT payments are zero. When the MNRTF bill was written in 1976, it included "lands or rights in lands."

Chairperson Washington also added that all acquisition of land is local to someone. So it is not "local" but "locale" that Mr. Maisner was stressing. Ms. Pollack wondered if what Mr. Maisner was saying is that in recent years the acquisitions have been for larger tracts of land in less populated areas as opposed to smaller tracts of land in more populated areas. Mr. Maisner responded yes. There has been a shift in where the dollars are going. Chairperson Washington added that for years there was a tremendous amount of money spent in Wayne, Oakland and Macomb counties, in particular, Oakland County. This is a county that is 2 to 1 ahead of any other county in terms of dollars. For the MNRTF Board to award grants to other parts of the state is not only prudent, but fair.

Chairperson Washington also mentioned the Board's conversations regarding "phased" acquisition projects and how much money we want to commit to them. There has been considerable discussion about limiting phasing of projects to a certain amount each year so there is money left over to fund local projects. He strongly favors this approach.

Mr. Garner asked Mr. Maisner if he had figures for development projects during the previously referenced time frame. Mr. Maisner said he did not. Mr. Garner asked if Mr. Maisner could provide the Board with a comparison for development projects.

Ms. Carol Drake, Friends of Jean Klock Park.

Ms. Carol Drake, representing the Friends of the Jean Klock Park, made a presentation on behalf of the proposed conversion of a portion of the park for a golf course. She stated that in 1917, the John Klock family purchased and then gifted a nine-acre parcel of Lake Michigan property to the City of Benton Harbor to be used exclusively and forever as a public park and bathing beach. The property was dedicated for the children of the city and the park named Jean Klock Park in memory of their deceased daughter.

In 2003, a lawsuit was filed to prevent the sale of a four-acre portion of the park, known as the Grand Boulevard parcel, to a developer. A small portion of the property was allowed to be developed. The remainder of the park that was to be preserved under the settlement agreement is now being threatened by the city's interest in a second development proposal. Development of the area would include a Jack Nicklaus signature golf course. This would be a privately-owned enterprise, with a round of golf costing around \$200.00. This course would change the use of the park from mostly passive to mostly active. If a lease agreement is entered into with the park, it would convert part of the park from non-profit to a revenue-generating facility.

The Friends of Jean Klock Park do not believe that this golf course would be consistent with what John Klock's intent was for the park land. Not only are the park's natural areas once again threatened, but the neighboring wetlands as well. The "Friends" would like to see the entire park preserved and used as an outdoor classroom for area school children in the community.

Ms. Pollack stated that she has not checked the minutes of the meeting in 2005 (June 15, 2005) where the Board approved the mitigation for the Grand Boulevard parcel. She recalled asking if there was opposition to this request and the answer was no. Now the Board

learns there is a lawsuit involved and continuing opposition. She would like a copy of the minutes of the June 15, 2005 meeting pertaining to this issue to review what was discussed and the motion the Board approved. Mr. James Wood, Manager of Grants Management, DNR, responded that he would provide the Board with an excerpt of the June 15 minutes relating to this issue.

Ms. Drake stated that it was in 2005 that she received the plans for the mitigated property for the park. The consent judgment was handed down in January of 2004. By the time the attorneys presented the mitigated property issue, the controversy had calmed down. The residents of the City of Benton Harbor are not informed as to what is going on. They did not know the Grand Boulevard parcel was going to be mitigated, removed from the park and replaced with desolate lots around the city. At that time Ms. Drake did not know the MNRTF Board existed.

Ms. Drake left a letter from the Boys and Girls Club expressing their concern about the loss of the portion of the park to be used as a golf course. Once the golf course is built, visitors to the park will no longer have access to the dunes. The closer it gets to the lake, the more threatened the beach itself becomes. If the golf course falls through, she is concerned that condos or other development along this stretch of the park would take place.

Ms. Pollack asked about the lawsuit. Ms. Drake said the "Friends" had opposed the sale of the Grand Boulevard portion of the park property for residential development. The problem was there was no reverter clause in the deed. The compromise was in court that residential development would be allowed in exchange for the remainder of the park from any development. The only restriction in the deed is for campgrounds and recreational vehicles. It states that it must be for public park purposes or bathing beach purposes. A golf course may be viewed as public use, but in this case she feels it does not apply since it would not be a city golf course, but privately owned.

Ms. Drake further stated that back in the late 40's and early 50's, a large section of Jean Klock Park was removed because M-63 came through with a cloverleaf interchange. She is sure this was taken by eminent domain. When the cloverleaf was removed in 2003, Michigan Department of Transportation gave the property back to the city, but the city did not put the property back into the park.

Chairperson Washington asked if the city was the fee simple owner. The response was yes. Chairperson Washington asked that when the Klock family donated the property for the park, did they give it to the city. The response was yes. Chairperson Washington continued by asking if it was deeded to the city and there is no reverter clause, the city has the ultimate say in what happens to the property. The answer was the deed itself says the property would be used for park purposes.

Mr. Garner stated that he does not feel the Board should litigate this matter. The Board can ask a few questions and hear concerns, but we are not the court. Chairperson Washington advised Ms. Drake and her group to work with Mr. Wood and Grants Management staff on resolving these issues and concerns.

Mr. Wood advised the Board that the city is preparing to submit a conversion request to Grants Management for the golf course that will be brought to the Board. Based on this information from Mr. Wood, Chairperson Washington advised Ms. Drake that until the city makes the conversion request, the Board cannot comment on whether or not this is an acceptable

conversion. The time for the "Friends" to raise objections to the conversion request is once it is made.

Mr. Lawrence Streeter, Friends of Jean Klock Park.

Mr. Lawrence Streeter, representing the Friends of Jean Klock Park, stated he is a 20-year resident of the City of Benton Harbor. He stated that the dedication of the park was to benefit the community. The park contains the entire frontage to Lake Michigan for the city. With the development of the proposed golf course, it would put a "wall" between the city and Lake Michigan. While the legal issues were going on, dirt was being piled up for the golf course. They were moving ahead while litigation was going on.

Mr. Streeter further stated that the interchange has been taken out and making it almost impossible to access Lake Michigan except by going through another community. The residents of Benton Harbor are not kept informed on issues, and access to the beach is gradually disappearing. Beachfront property can enhance the quality of life for a community.

Mr. Streeter continued with expressing his views regarding the proposed golf course, development of the area and environmental concerns with the industrial site area (Whirlpool).

Chairperson Washington and Mr. Wood reiterated that a conversion action has not been presented by the city and until such time as one is, the Board cannot make any decisions.

Mr. David Klock, President, Klock Family Association.

Mr. David Klock, President of the Klock Family Association, provided some additional comments regarding the Jean Klock Park conversion. He stated that John Klock donated the land for the park to the City of Benton Harbor for the children of the city to be used for swimming and beach purposes, not for a golf course. The Klock family is very much opposed to any use of the park other than what John Klock intended it to be used for.

Mr. Klock asked the Board to deny the city's request for conversion of Jean Klock Park.

Mr. Garner asked what year the property was donated to the city. Mr. Klock responded in 1917. He also added that why would anyone want to donate property to a local unit of government if it can be converted from its original intended use. They would be better off leaving it to their family.

IV. OLD BUSINESS.

Naming Request – White Pine Trail State Park.

MOVED BY MR. GARNER, SUPPORTED BY MS. POLLACK, TO TABLE THE BOARD'S DECISION ON THE NAMING REQUEST OF THE WHITE PINE TRAIL STATE PARK UNTIL THE NEXT BOARD MEETING (JUNE 14, 2006). PASSED.

2006 Nomination Report.

Ms. Deborah Apostol, Unit Supervisor, Grants Management, DNR, outlined the 2006 nomination report. There were three nominations received by the deadline of January 1, 2006. All

nominations were received from the Little Traverse Conservancy. Nominations were forwarded to the DNR's land managing divisions for consideration as applications for the 2006 grant cycle.

Two out of the three nominations have been submitted as applications by the DNR. Hackett Lake Addition to Pigeon River Country State Forest (06-135) is in Nunda Township, Cheboygan County and is proposed for a 640-acre conservation easement, at a cost of \$2.6 million. Big Rock Point Acquisition (06-129) is in Hayes Township, Charlevoix County and is for 560 acres with 1-1/2 miles of Lake Michigan shoreline. This project is proposed to be phased, and Phase I would be for \$3 million, with a total project cost of \$20 million.

The third nomination received, but not submitted as an application for MNRTF, was the Beavertail Creek Deeryard Complex-DeJonge Property in Raber Township, Chippewa County, for 570 acres with Lake Superior Forest on three sides, for \$500,000. The DNR's Wildlife Division is pursuing acquisition of this nomination with DRIP funds or purchasing with existing MNRTF winter deeryard habitat initiative funds that were previously awarded.

Fees Update.

Ms. Apostol outlined the fees update report that was provided to the Board in their packet of information this morning. At the December 6, 2005 Board meeting, a subcommittee comprised of Ms. Pollack and Mr. Torre, with Mr. Garner as an alternate, was appointed to review fees that are charged to residents for access of public recreation facilities, and if fees are charged, were discounts or waivers available to low income residents. The subcommittee has met twice.

Staff was asked to survey local units of government to see what kind of fees they were charging, if any, and what kinds of discounts or waivers they have in place. Staff looked at large population areas in the state that have low income residents within their areas. Six counties were surveyed (Grand Traverse, Ingham, Kent, Oakland, St. Clair and Wayne) and most do not charge an entrance fee, the exception being Ingham and Oakland Counties. Other types of fees that are charged included facility rentals and group ball field reservations.

Cities surveyed included Ann Arbor, Detroit, Grand Rapids and Lansing, where no entrance fees were charged. Huron-Clinton Metropolitan Authority charges an entrance fee.

The DNR's Parks and Recreation Division charges an entrance fee to state parks, but the Forest, Mineral and Fire Management Division does not for State Forests. Other fees that are charged were for special events, camping and cabin rentals (Parks and Recreation Division); and ORV and snowmobile trail permits, special events and state forest camping (Forest, Mineral and Fire Management Division).

Staff also asked local units of governments surveyed if they had any provisions for low income residents to receive a waived or reduced fee. Some did have a system and some did not. For the most part waived or reduced fees were for activities in the park. Ingham County has found a way that seems to be working well. Low income residents are able to request a day pass at the gate with no proof. They are given a day pass with no questions asked. If they choose to request an annual pass, they fill out an affidavit stating they cannot afford the fee. Out of two million visitors, Ingham County has had 200 requests.

Government agencies are struggling with issues related to fees, including the question of reduced or waived fees for low income users. Ingham County's system could be a model for communities to use across the nation.

The subcommittee on fees and Grants Management staff will continue to explore this topic and report its findings back to the full Board at subsequent meetings.

Ms. Pollack asked how long Ingham County has had this fee system for low income residents. Ms. Apostol responded about two years.

Ms. Pollack stated that at some point she wished to have the fee issue developed into a Board Policy. Chairperson Washington agreed that this is something the Board should look at when giving out public money—that we should look at all aspects of the public.

Mr. Wood added that the Board did appoint a subcommittee on fees. This was the purpose of staff researching and providing the fee information. Staff will continue to provide information to the Board with the goal of establishing a Board Policy.

Chairperson Washington stated perhaps staff could have a draft policy for discussion or action by the next meeting.

V. NEW BUSINESS.

2006 Application Cycle – Application Lists.

Before proceeding with the presentation of the 2006 application cycle lists, Ms. Apostol introduced two new grant coordinators to the Board —Monica Day and Jason Cherry. Monica has been with Grants Management two weeks and Jason a month. Mr. Garner stated that he worked with Jason 19 years ago.

Ms. Apostol advised the Board that seven grant workshops were held in various parts of the state to assist potential grantees in preparing their applications and to answer questions they may have on grants. Workshops were held in January and February of this year in Sault Ste. Marie, Gladstone, Plainwell, Lansing, Roscommon at the Ralph A. MacMullan (RAM) Center, Monroe and at the Michigan Recreation and Park Association Conference in Detroit. Total attendance for all workshops combined was approximately 275 people. The largest group was 85 at the RAM in January. Staff received very positive feedback from attendees.

Ms. Apostol outlined the application lists received by the April 1st deadline. The list the Board received in their notebooks was the initial information for applications received. The list the Board received today is more detailed with descriptions of the applications. Notebooks will be provided for the Board's June meeting, and will include maps and summary sheets.

Grants Management received 36 acquisition applications, totaling \$36 million; and 112 development applications, totaling \$24 million by the April 1st deadline. There was a total of 148 applications received, requesting \$60 million. We are down about \$12 million in requests from last year, particularly from local units of government.

Mr. Garner asked if the reason the requests are down from local units is because of their revenues being down and not being able to come up with the match. Ms. Apostol responded that at the workshops several communities indicated that that was a problem. Mr. Garner said if the local requests are down and it is because of the match, perhaps the match should be altered. The state does not provide a match for their projects. Chairperson Washington stated that constitutionally he does not believe the local match could be altered. Mr. Garner then

asked if the match could be provided in-kind. Ms. Apostol responded that it could be done in-kind for development projects, but not acquisitions. Chairperson Washington stated that if the landowner is willing to ask 25 percent less than fair market value, that is a form of in-kind for acquisitions.

Ms. Apostol advised the Board that Grants Management will receive more acquisition applications for the secondary deadline of August 1st. Last year we received 12 additional acquisition applications.

Mr. Garner asked if the Kellogg Foundation donation is going to have any impact on what applications the Board may see. Chairperson Washington responded that there is considerable controversy at the moment. The Section 29 credits apparently came in last year and the state has already paid these out of the corpus to cover them. We will be dealing with the loss of revenue from that payout all this current year and possibly for another two to three years. How much revenue will be reduced is unknown. It is anticipated it will be about what an average year used to be.

Mr. Garner asked why the Section 29 payout was not taken entirely out of the corpus. Chairperson Washington responded that there are a couple of problems, one being that it is sequential. Depending on the value of oil and gas that comes out of the ground, because it is based on volume between now and the final date, that will have an impact on what the value of the credits are. Also, with the volume of the amount of production, we could hit the total faster than we would if it was a sustained development over time. There is talk of “twinning” some of the wells.

Discussion ensued on Section 29.

Chairperson Washington stated that he would like Lynne Boyd, Chief, Forest, Mineral and Fire Management Division, DNR, or other staff, to make a presentation at the next Board meeting to explain the oil and gas revenues process, as well as provide more information on Section 29.

TF03-206, Battle Creek Natural Area, Whitewater Township – PROJECT CHANGE REQUEST.

Mr. Wood outlined the project change being requested for TF03-206, Battle Creek Natural Area, Whitewater Township. At the Board’s February meeting, another change request was approved by the Board for this project—to delete some parcels that were back lot to the waterfrontage parcels (140 acres).

Another parcel became available within the project boundary that would complete the shoreline opportunity. The township has requested that this parcel (2.03 acres) be added to the project. There is an adequate grant amount to cover this parcel. The size and shape of the project has changed significantly from the original project, but will not be a detriment to the project. This is a very small, but expensive piece of property.

MOVED BY MR. GARNER, SUPPORTED BY MS. POLLACK TO APPROVE THE PROJECT CHANGE REQUEST FOR TF03-206, BATTLE CREEK NATURAL AREA, WHITEWATER TOWNSHIP, TO ALLOW THE ADDITION OF 2.03 ACRES TO THE PROJECT AREA. PASSED.

TF89-030, Wenonah Park Riverfront Development, City of Bay City – **FOR INFORMATION ONLY.**

Mr. Wood outlined TF89-030, Wenonah Park Riverfront Development, City of Bay City, for the Board's information. This project issue is being brought to the Board for their information only. Staff wanted the Board to see an example of issues that are discovered through post-completion efforts or other means where other uses are taking place.

The City of Bay City had allowed for two commercial vessels and two tall ships to be moored to the seawall along the Saginaw River within the Wenonah Park boundary. After discussion between Grants Management staff and the city, the vessels were moved to another location not supported with MNRTF funds. The city contended, however, that the tall ships enhanced the use of the park and offered a valuable educational experience to the public and wished to continue dockage of them.

Mr. Wood stated that this does encroach on a gray area of what is public recreation and what is not. At this point, he does not feel that this constitutes a conversion. This is a year-to-year operation and Grants Management staff has addressed some of the issues in the annual permit that the city issues. This use will continue to be evaluated and make sure that staff is satisfied with the use being a public recreation opportunity, and not a commercial venture under the guise of a non-profit organization.

Chairperson Washington asked if the organization charges to just walk on the ships. Mr. Wood responded they do not allow people free access to the ships because of the liability issues. Staff is talking to the city about providing opportunities that would be available free to the public.

Ms. Pollack asked how much dock space these ships take up, and is there an adequate enough space for fishing. Mr. Wood responded that there is about 1,000 feet of frontage at the park, and the ships take up about 150 feet. There still is an adequate amount of area for fishing.

TF02-081, Van Buren Township Natural Area Development, Van Buren Township – **PROJECT WITHDRAWAL.**

Mr. Wood outlined the withdrawal request for TF02-081, Van Buren Township Natural Area Development, Van Buren Township for the Board. The township was not able to obtain site control and cannot complete the project that was approved for funding. The funds appropriated for this project will be returned to the MNRTF Stabilization Reserve.

Ms. Pollack asked about the Stabilization Reserve, and wondered if these funds could be used to approve grants in December. Chairperson Washington responded possibly, depending on what the revenue of the fund is. About two or three years ago, Mr. Wood and Chairperson Washington got together and discussed maintaining a somewhat level amount of money. If the money was lapsed back into the Fund from withdrawn projects, it would help to even out the amount of money available. The full Board approved the Stabilization Reserve.

Ms. Pollack asked how big the Stabilization Reserve is. Chairperson Washington responded about \$11 to 18 million. Ms. Pollack asked if any of the Reserve was spent last year. Chairperson Washington responded no, as we had a large revenue last year. Mr. Wood added that the intent is to spend at a rate of five percent. Ms. Pollack asked how much the Van Buren Township project was. Chairperson Washington responded \$366,800.

**MOVED BY MS. POLLACK, SUPPORTED BY MR. TORRE, TO APPROVE
THE WITHDRAWAL OF TF02-081, VAN BUREN TOWNSHIP NATURAL AREA
DEVELOPMENT, VAN BUREN TOWNSHIP. PASSED.**

VI. STATUS REPORTS.

DNR Real Estate Report.

No discussion of the DNR Real Estate report.

Mr. David Freed, Chief, Office of Land and Facilities (OLAF), DNR, announced to the Board the retirement of Mr. Bob Couvreur, Manager, Real Estate Services Section, OLAF, DNR. Mr. Couvreur is finishing a 32-year career with the DNR in a variety of capacities—Law Enforcement Division, Recreation Division, several years as program manager to the MNRTF Board, and recently as Section Manager of the Real Estate Services Section. The DNR has benefited from his knowledge and expertise, and his work ethic is unrivaled. The DNR will miss him.

Mr. Freed also announced that Mr. Ed Meadows will be filling Mr. Couvreur's position. He introduced Mr. Meadows to the Board. Mr. Meadows will bring a lot of knowledge and expertise, as well, to this position.

Local Projects Completion Report.

Mr. Wood advised the Board that four local acquisitions and three local development projects have been completed since the Board's last meeting.

Financial Report.

Mr. Wood advised the Board that due to being early in the year, the figures in the report are based on estimates, including expenditures. The DNR's Fiscal Year 2007 budget has not yet been appropriated. The figures do reflect the impact of the Section 29 tax credits.

Lump Sum Report.

Mr. Wood outlined the lump sum report for the Board. There are not a lot of encumbrances, but a lot of activity is reflected in the real estate report. The DNR is actively using the balances.

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

Mr. Wood stated, as is traditionally done at the June Board meeting, staff would like to invite certain applicants to come and make a presentation. The trend has been to invite five or six interesting acquisition projects. If the Board has any community they would like to see come to the June meeting and make a presentation, let Grants Management know by May 15, 2006, so invitations can be sent out. Staff will also choose some applicants to invite.

VIII. ANNOUNCEMENTS.

The next meeting of the Michigan Natural Resources Trust Fund Board is scheduled for 9:00 AM, Wednesday, June 14, 2006, at the Genoa Woods Conference Center, 7707 Conference Center Drive, Brighton, Michigan.

IX. ADJOURNMENT.

**MOVED BY MR. GARNER, SUPPORTED BY MR. TORRE, TO ADJOURN
THE MEETING. PASSED.**

The meeting was adjourned at 11:04 AM.

Sam Washington, Chairperson
Michigan Natural Resources Trust Fund
Board of Trustees

James Wood, Manager
Grants Management

DATE