

MINUTES MONTANA SAGE GROUSE OVERSIGHT TEAM

November 21, 2019 Meeting Summary
Montana State Capitol, Room 152

Members

Mr. John Tubbs, Chair, Montana Department of Natural Resources & Conservation, Director
Mr. Mike Tooley, Montana Department of Transportation, Director
Mr. Jim Halvorson, Montana Board of Oil and Gas, Administrator
Mr. Shaun McGrath, Montana Department of Environmental Quality, Director
Ms. Martha Williams, Montana Department of Wildlife, Fish and Parks, Director
Senator Mike Lang, Senate District 17
Representative Rhonda Knudsen, House District 34 (Absent, voting by proxy via Senator Lang)
Ms. Diane Ahlgren, Rangeland Resources Committee
Mr. Patrick Holmes, Governor's Natural Resource Policy Advisor (Absent, voting by proxy via Director Tubbs)

Staff Present

Ms. Carolyn Sime, Sage Grouse Habitat Conservation, Program Manager

Calls to Order

00:16:25 Director Tubbs called the meeting to order.

Approval of Minutes

00:18:05 Approval of September 18, 2019 meeting minutes. Motion to approve by Director Williams, seconded by Senator Lang. Motion passed unanimously.

MSGOT, Program, and Partner Reports

00:18:50 Mr. Chris Savage, U.S. Forest Service (USFS) Renewable Resource Management Director, Missoula:

States of ID, CO, NV, WY, and UT decided to revise their sage grouse plans. USFS released the Final Environmental Impact Statement (FEIS) and just finished the objection process, which ended Oct. 1, 2019. The agency is finalizing responses and will call an objection-response meeting in December 2019. Twenty-five people objected to the FEIS, which had no changes to the 2015 plan related to Montana, specifically the Beaverhead/Deerlodge National Forest. USFS intends to release its FEIS records of decision in January or February, 2020. One FEIS will have multiple records of decision.

The 9th Circuit Court's current temporary injunction on the BLM's updated plans doesn't impact USFS.

A key difference between the Forest Service FEIS and BLM FEIS is the BLM has the ability to do compensatory mitigation while USFS does not. The USFS doesn't have a rule in place allowing the agency to look at offsite or compensatory mitigation.

In Montana, USFS sage grouse work occurs mainly in the Beaverhead/Deerlodge National Forest. Projects include the Pintler Face Management Area, which expects a decision in 2020. The Selway-Saginaw Management Areas expect a decision in 2021, where conifer removal will be the primary work to improve sage grouse habitat. A few treatments for aspen restoration and meadow habitats have been implemented in the Beaverhead/Deerlodge area. The Madison Ranger District treated about 80 acres for habitat improvement, especially in the Ruby River drainage.

FEIS requirements include manual monitoring pre- and post-treatment of those activities. They are planning prescribed burning around conifer encroachments and looking at response to that compared with responses to mechanical treatments.

00:23:20 Ms. Sime: Discussed staff transitions. Jamie McFadden and Graham Neale have left the Program, so the Program has been understaffed, but it is doing its best to keep up with the workload. The Program now consists of myself, Therese Hartman, Logan Cain (who has transitioned from part time to full time), Erin Reather (who is a new employee working full time since mid-September), and Ella Lunny (who will be working full time for the next year as a temporary hire term. We continue to run a lean operation with a lot of responsibilities and appreciate support from the host agency, DNRC and its assistance with additional resources there.

2019 Stewardship Grants — Developing templates of grant agreements and new guidance documents for monitoring term leases. Drafts should be finalized in next few weeks to share with landowners and their respective attorneys. Have executed grant agreements for the 2019 easement projects, based on existing documents that didn't require redrafting from whole cloth. Those have been executed, committing funds and clearing the way for continued negotiations with land trust organizations and their respective landowners participating in those projects.

Website Upgrades — Contracted with a company to provide assistance, upgrades, and development for the Sage Grouse website. Started the contract mid-August. It stems from the promulgation of final rules to incorporate mitigation into the Program and workflow. Have worked with this Contractor in the past. Working on a few major tasks: bringing the HQT into the web application, so it's available in a streamlined and efficient process. Developers can use it for their design and siting process, to be more proactive in the planning and siting of their projects. Contractor will also help incorporate a registry into the website per the requirements of the final rules mandating public access. The Contractor will move legacy data to the new system. The project should take a full year with stress-testing starting in late 2020. External partners will be invited to participate, to help identify and fix bugs before rolling it out to production. Seen as an incredible opportunity to identify opportunities for increased efficiency. The project brings automation and enhanced communication, making the whole review process more efficient for external users and staff.

Conservation Assessment in 2020 — Last MSGOT update on this was in late 2018. It will be a significant focus of work in 2020. Sage Grouse have been petitioned for listing eight times. Status reviews have been done range-wide. Montana, Oregon, and Wyoming continue to be strongholds for grouse. The most recent comprehensive reviews from 2010 concluded "listing is warranted but precluded by other priorities". In 2015 the finding was "not warranted." Foundational to the U.S. Fish and Wildlife Service's (USFWS) 2015 decision: the States had respective plans, and federal agencies had respective plans, and the plans altogether would be successful in addressing key threats of habitat loss and fragmentation. There was a lot of well-founded optimism. There were Herculean efforts by lots of people, including the voluntary stewardship by private landowners. The Service also indicated the states' plans would adequately address threats. In 2020, the states have the burden to demonstrate their track records of implementation. There are two key questions: What happened to land and habitat and how are birds doing? States will have to report on the implementation of their respective strategies. Federal partners will, too. What commitments did they make? Have the plans been implemented? Are there any applicable policy or statutory amendments? MSGOT oversight is a crucial part of documenting implementation. There are also additional questions to consider: How are plans addressing concerns of habitat loss and fragmentation? Has the plan been effective in addressing habitat loss and fragmentation? Montana has done great work and has opportunities to show how effective MSGOT's work has been, through stewardship grants and mitigation. FWP will be key in monitoring populations and reporting status / trends.

The effort will be led by the Western Association of Fish and Wildlife Agencies. Representatives from several states will pull together draft documents. Federal agencies will contribute and document their work from the last five years. The goal is to cast a wide net, capturing the voluntary efforts and work of non-governmental organizations. There will be an assessment team — Montana representatives

These abbreviated summary minutes and the audio recording will become the official adopted minutes at the next Montana Sage Grouse Oversight Team Meeting when they will be approved. Until then, they are considered a draft.

Carolyn Sime and Catherine Whiteman (FWP). The report will be given to USFWS.

- 00:34:20 Director Williams: The next WAFWA Sagebrush Executive Oversight Committee meeting will be in January, 2020. Williams will attend. She will stop in Nevada to meet with Tony Wasley, the NV Division of Wildlife Director who chairs that Sagebrush Executive Oversight Committee. He is key in revamping the Committee to make it more effective and encouraging the assessment to move forward. Williams will lend support.
- 00:35:22 Director Tubbs: Called for questions.
- 00:35:35 Senator Lang: Asked if the web contractor will take up discrepancies between the sagebrush values in Southeast and Central sage grouse habitat. Will that be rectified in that program?
- 00:36:03 Ms. Sime: Not directly. The contractor's work deals more with the framework and the website itself. Senator Lang's question deals more with changing information or data that are entered into system.
- 00:36:23 Senator Lang: In the last discussion, there were some discrepancies of habitat health in Southwest Montana, which were valued at a higher rate than what Central MT habitat showed, yet the Central Montana habitat had higher populations. Wanting to know if those discrepancies have been handled.
- 00:36:45 Ms. Sime: This was touched on during the September MSGOT meeting. Believe it's best addressed through adaptive management review. Contractors are doing coding that determines what the user sees on their computer screens when log into the website. What Senator Lang is speaking to is best addressed during a more comprehensive discussion targeted for the adaptive management review explained in the HQT manual and policy guidance. Once those conversations take place, our contractor can incorporate any new directions and information coming out of the adaptive management review.
- 00:37:49 Director Williams: Asked for schedule/timing for the adaptive management review.
- 00:38:06 Ms. Sime: Have not determined a timeline yet. The Stakeholders and Program understood adaptive reviews are to occur at one-year increments. They are meant to document what's working and not working and identify knowledge gaps. Deferred additional discussion to the last agenda item.
- 00:38:53 Director Tubbs: Called for further questions. None.
- 00:39:10 Mr. John Carlson, BLM MT Sage Grouse Implementation Lead: Commented on the status of BLM's work with the Program. Continue to implement plans the BLM developed in 2015. Thanked Montana for staying the course to implement the 2015 plans and use administrative means and adaptive management to address problems. Colleagues in other states were devoted to planning and making amendments to those 2015 plans, which have since been enjoined from implementation. Now, those states are back to managing under the 2015 plans. The Program and MT BLM are working well together. BLM has submitted information to the interagency conservation efforts database as part of status review. Will work with the Program to make sure the BLM's work is complementary and not redundant.
- 00:41:12 Director Tubbs: Called for questions. None. Director Tubbs thanked Mr. Carlson for being a good partner. Asked if anyone was interested in reporting anything to the MSGOT members. Noted the Rangeland Resource Committee just met and is continuing to be active. They had Leopold Award for first time in Montana, which was given to Milton's Ranch in Roundup. The video is posted on the DNRC Website under the Rangeland tab.

No additional reports from MSGOT members.

Montana Fish, Wildlife & Parks Greater Sage-grouse Population Report

00:42:51 Ms. Catherine Wightman, FWP Wetland Sagebrush Grassland Farm Bill Coordinator and FWP's lead on sage grouse: Have previously presented FWP's population report and how FWP monitors sage grouse. Historically, FWP monitored sage grouse by counting male birds on their display grounds (leks) in spring. The FWP can then use these counts to reflect trends in the populations. They have consistent data from 1980, and they use these long-term monitoring trends to make management decisions that the department has authority over. Can use current metrics and compare them with long-term trends, to make decisions based on how those counts are relative to the long-term average. With partners (e.g. BLM, NRCS), as many leks as possible are monitored across the landscape. Doing so helps to provide robust information from across the state.

In 2017, HB 211 passed, which required an annual population estimate of how many birds are in the state and an accounting of the number of leks in the state. To produce the report, they worked with the University of Montana to develop a model using lek-count data to make assumptions and estimate the number of birds we have on the landscape and estimate the variation around that estimate, so we have an idea of range (confidence intervals). Can generate some modeling estimates going back to 2002, but can't generate population estimates using the model back any further even though the long-term trend data goes back further in time.

In the 2019 Report, the 2019 population estimate was 43,887 sage grouse, which is down from the 2018 estimate of 59,951. Believes decline from was from the severe drought in 2017 and thinks residual impacts are carried forward a couple years. That creates poor nest success and chick survival because of difficult conditions on the landscape, which translates to fewer birds at the leks in the following spring. The good news is their researchers have found good nest success and chick survival for 2019. These factors typically drive good numbers in the next spring. They are optimistic the numbers will trend up next year.

Also in the 2019 Report is the number of leks the state manages. There were just over 1000 confirmed active leks in the state as of 2019 (1017 leks).

00:48:30 Director Tubbs: Called for questions.

00:48:38 Director McGrath: Noted the data in the Report appears to be across the state. Asked if data are available broken out into the different service areas.

00:48:58 Ms. Wightman: FWP is working on that. Intent is to scale down to put a finer point on where we might be seeing different trends relative to the statewide trends. The U.M. researcher they are working with is working with the model. Needs some adjustments so estimates can be at different scales. Waiting to have the most robust models moving forward, and then can pinpoint to service areas.

00:49:53 Senator Lang: Asked if any reports are available from biologists in different areas. Are there any areas in the state that are in trouble?

00:50:10 Ms. Wightman: Yes. Trends in the southwestern part of the state don't follow statewide patterns. They seem to be following patterns seen in Idaho and western states, which makes sense with the different landscapes. The southwestern part of the state is not necessarily seeing good recruitment this year, so the numbers may be different there. It's not alarming; it's just a different trend. Biologists remain concerned about the development impacts they see on the landscape, but nothing new this year.

00:51:30 Director Tooley: The numbers swing pretty wildly. Asked if it makes sense to use three- or five-year rolling averages to identify trends and determine the effectiveness of interventions.

00:51:51 Ms. Wightman: Yes. They're already done with long-term averages. FWP makes harvest management decisions relative to the long-term average (30+ years of data). The trigger for closing the hunting season is three years at 40 percent, or more, below long-term average. As part of the process of looking at population data at finer scales, FWP is working to figure the triggers, taking in as much data as possible to flag when problems occur.

- 00:53:09 Senator Lang: Noted can't exactly predict numbers with weather variables, but noted FWP is doing a good job.
- 00:53:52 Director McGrath: Asked what is the alarm-level reference point, so we can understand fluctuations.
- 00:54:21 Ms. Wightman: FWP is working with available model tools to help identify what the threshold may look like with a larger dataset of population estimates. Working to step it down regionally around the state. In the interim, FWP has a flag with long-term monitoring. In past, FWP hit their trigger in parts of state, so FWP closed the sage grouse hunting season for a couple of years. Believe numbers came back up because of the weather, but adjusted hunting seasons to make sure the population wouldn't continue to drop.
- 00:55:52 Director Tubbs: Called for additional questions. None.

Policy Direction for Staff Concerning Term Lease and Term Easement Negotiations for Future Stewardship Account Grants

- 00:56:21 Director Tubbs: The first three term leases were introduced to MSGOT at the last meeting, which were unanimously approved. It was a good investment. Like conservation easements, term leases don't actually provide a lift to sage grouse conservation. Leases protect existing status for 25- or 30-year terms. Juxtaposition that against the three permanent easements that were also approved – which provide same conservation in first 30 years, but then continue on in perpetuity (which the Program counts as 100 years). It was first time his attention was drawn to the Policy, which provides no adjustments to the term lease up to 30 years easement in terms of baseline and credits made available from the project.

Whereas the conservation easements are deducted 60 percent of the number of credits made available in the market using the HQT model. One [e.g. a term lease] with less protection (30 years vs. perpetuity) is provided no reduction, and those were terms under which those three leases were negotiated.

Although Director Tubbs supports approval of those three term leases, concerns were raised by Director Williams and public testimony about weight given toward shorter-term protection strategies vs. weight given to long-term protective strategies.

The Policy document recommends MSGOT ultimately adopts and directs staff to apply the same baseline reduction to term [leases] and perpetual easements. Doing so would even out playing field in terms of credit production. Not certain what that means for the landowner. Not sure it would even mean much for landowner, because the amount of generated credits does not equal price. Price is a negotiated term on each of these deals.

Would encourage staff to find granting programs other than MSGOT that might be willing to participate in assisting those landowners in securing a term lease. Oftentimes, perpetual leases come in with as much as 50 or greater percent of funding from another source, and MSGOT is providing a share. That's what drives the negotiated price. As Director Tubbs understands the agreements, price was bottom-line issue and doubts that the issue was how many credits the land generated. It was about how much money is this deal worth to the state and whether it was an acceptable value to the landowner.

This Policy does not impact that decision. This Policy goes to the instrument of the HQT. The amount of credits generated are the same on both properties -- permanent easements or the same land for first 30 years. Do we award more credits for those conservation efforts that terminate in 30 years vs. those that are perpetual? This Policy would make them equal. Director Tubbs does not think this is a staff-level policy question. It's MSGOT's job to set policy. Wanting to provide clear direction for the staff. If don't get this policy change, Director Tubbs's direction to staff will be to stop negotiating term

leases. That's a heavy hammer, but feel strongly about this issue.

- 01:01:49 Director Tubbs: Called for public comments on the issue of providing direction to the staff regarding the baseline adjustment on term leases, then motions, then discussion and decisions. There are differences of opinion on this policy from how he looks at it, willing to listen, but hard positioned.
- 01:02:12 Mr. Glenn Marx, Montana Association of Land Trusts: Brought up the issue at the last meeting. The Land Trust community would support the proposal. Term leases are ok, they provide landowners with options, and shows the Program is flexible. But term leases should not be incentivized over other kinds of conservation. Proposal makes things equal, fair, and the Program consistent. Support it.
- 01:02:57 Director Tubbs: Asked for additional comments. None came forward. Asked for a motion.
- 01:03:10 Director Williams: Moved that MSGOT direct staff to apply baseline adjustments consistently between perpetual easements and term leases and term easements and leave it at that. Director Tooley seconded.
- 01:03:28 Director Tubbs: Called for Discussion.
- 01:03:38 Ms. Ahlgren: Said it's hard to defend a term lease getting paid for 100% of the credits versus 40% for a perpetual easement. **[HANDOUT #2: Adaptive Management section from the Policy Guidance document]** Referred to the earlier discussion about adaptive management. Looked up the adaptive management section in the Mitigation Policy Guidance document. Sees the proposal / motion as a fairly significant change. Director Tubbs may be right that the change may not affect the price, but views it as basically killing the term-lease credit option, which is in statute. The term lease option has a considerable amount of landowner interest. Term leases are a good option. MSGOT needs more time to discuss how to make it more fair. The Policy discusses an annual review, so that would be coming up shortly. Referred to Ms. Sime.
- 01:06:00 Ms. Sime: The Program has been implementing the Mitigation Policy Guidance document since the rules took effect in January 2019. Would expect some efforts at holding an adaptive review in early 2020.
- 01:06:27 Ms. Ahlgren: The Policy dictates an annual review for adaptive management, getting stakeholder feedback, assessing the economics of mitigation, incentivizing private landownership, etc. Referenced the end of page on 87: "MSGOT must provide public notice of any major or minor changes in its contemplating and provide opportunity for written and oral comment prior to making final decisions." Proposed tabling the agenda item. Ms. Ahlgren understands no other grant cycle will take place for a considerable amount of time. Referred to Ms. Sime.
- 01:07:36 Ms. Sime: The timing of the next grant cycle is dependent on additional contributions to the Stewardship Account. Decisions for the September awards almost fully expend the current balance. Wouldn't expect the next grant cycle until mid to late 2020 at the earliest. It depends on the timing of when and how fast those funds are deposited in the Account and don't have the ability to predict. Based on the first two grant cycles, the Account balance should be roughly \$3 to \$4 million in order to offer a meaningful grant opportunity for applicants and due to the nature of the projects that are considered for funding.
- 01:08:35 Ms. Ahlgren: Don't see the need to hurry this proposed change. If don't have a grant cycle request, then there's more time for discussion. Believe based on the Policy Guidance, need to get public comment. It's too big of a change not to get public comment. Made a motion to table the discussion until take more time to take for public comment and to address it more thoroughly.
- 01:09:26 Director Tubbs: Discussed the process for tabling. Tabling motion is non-debatable, requires a second and it would go up or down. [Sen. Lang asked whether it did require a second; Director Tubbs said he would accept that process for a motion and then vote and it either passes or not.] Requested not to

table the item in order to have a discussion then take executive action. Director Tubbs said he understood Ms. Ahlgren's concerns and would have a recommendation if it goes that way.

- 01:10:15 Director Williams: Had clarifying questions for Ms. Ahlgren. Is she basing her desire to move to table the Policy change on her concerns about baseline adjustments being applied consistently to term leases/easements, and perpetual easements taking away landowner's option to enter into term leases? Wants to better understand that concern. Stated she believed in the tool and said the baselines should be applied consistently between perpetual terms and leases, to have equity. What drives Ms. Ahlgren's concern that doing so will take that option away?
- 01:11:35 Ms. Ahlgren: Believed doing so would drive the price of term leases down enough so landowners would have no incentive for landowners to participate. Would like time to have it shown that that won't be the case [referring to Director Tubbs's prior statements] Ms. Ahlgren believes it will drive the price down enough that there won't be any incentive to participate. What's currently in the Policy went by stakeholders and they put in a lot of time. It was done to encourage participation by landowners who will not do a perpetual easement. I believe it's worthwhile and there's tremendous habitat will not be protected if the proposed policy change drives price down to the point where people will not participate. It's in the Policy Guidance document at least two places that want to encourage landowners to participate in term leases who will not participate in perpetual easements. If producers had options to participate for 20 or 30 years, it will help them mitigate risks in the markets – when cattle prices crash, landowners could plow up land to diversify and this can be a big help in mitigating the risk. From what she understands, this will take the price down to the point where landowners will not participate.
- 01:14:06 Senator Lang: Agreed with Ms. Ahlgren. Agrees with the idea that the price is important determinant of how things go. Addressed previous discussions of how conditions vary across state. System is protecting the existing status of the birds, a good thing. Glad to see term leases and liked to see neighboring ranchers working together. People back in the eastern part of the state had expressed excitement about seeing MSGOT approve term leases. With term [leases] have more opportunities to maintain the current status quo [of habitat]. Most of the cultivation has been done already, but never say never. Ranchers want to do their part. But would not want to see ranchers excluded because of money. Argued that taking more time for discussion wouldn't hurt. It would allow people talk and possibly generate other ideas.
- 01:17:20 Director Tubbs: Called for further discussion.
- 01:17:24 Administrator Halvorson: If it comes to the vote of whether to delay, have a question directed to Ms. Sime. How was 40 percent derived for perpetual easements? What considerations went into that, and why should it be discounted below full value? Don't defend the 40% but why is the reduction necessary?
- 01:18:12 Ms. Sime: Baseline was one of most hotly contested topics during the stakeholder conversation. Very high level of complexity for all the different moving pieces and parts and how they fit together. The 40% was a compromise stakeholders were willing to support to get off the dime and get moving so we could set the stage for future discussion and adaptive management.

Some wanted a much higher percentage. That number [i.e. baseline] affects how many credits are made available from the project in the marketplace to offset development. That baseline number does affect supply of credits. Recall that presently talking about MSGOT's supply of credits because only working with credits created from Stewardship Account grants.

Whether talking about perpetual easement or term easement under the Open Space Act or a term lease which more closely resembles a contract, the status quo is being preserved. For example, in a term lease, there's a contractual arrangement where a landowner agrees to do and not do certain things in exchange for a payment. In exchange, MSGOT owns the credits and the credits are used to offset impacts of development when a developer chooses to offset their impacts by making a

contribution to the Account. They would be considered preservation of the status quo - preservation credits. The landowner agrees to maintain current uses and manage / steward the lands as traditional agriculture.

The preservation of status quo is something that would be pointed to in order to offset a real change in the landscape if a gravel pit were to be implemented. Has to do with trying to level the scale to the point where it's encouraging habitat conservation but also recognizing that if 100 percent of credits were available from just preserving the status quo, it would be upside down at some point in future, because there would be impacts due to developments elsewhere.

It has to do with calibration of supply and demand, calibration of impacts vs. conservation. It's made more complicated because we're dealing with units of habitat quality, not physical acres. The quantification tool produces a number of habitat quality units. Depending on where that calibration lands, it could have a very high supply of preservation credits to offset the impacts of development for a long time. Stakeholders were aware of these tradeoffs. If supply is high, price would be low. If supply is really low, then price should be high. It would be better to discuss calibration issues after the Program has a longer track record of implementation.

01:22:53 Director Tubbs: Why less than 100%? Because perpetual easements don't provide any additional habitat. Wetlands typically get 10 percent of the value. For any other model, the discount is 80-90%, not 60%. MSGOT adopted one of most liberal allocations in the U.S. of credits for simple conservation easements. That's what one side was looking at. The other side was uncertain about how many debits the development would incur so wanted to maximize credits so no discounting. But that's unacceptable.

Another way to look at it is how do you incentivize through credit generation real uplifts, reestablishment of sage grouse and removing sage grouse threats? Give 100% to that. But someone only maintaining status quo can't equal someone investing in additional habitat, that's where there's a differential in conservation in general. It's a highly discounted investment in most cases. Fought tooth and nail and ended up with 40%.

MSGOT missed this [particular policy application to term leases] in earlier drafts of the Policy. People on both sides claimed it was never discussed, even though it's apparently in black and white in the adopted final Policy, they never talked about it. That's why MSGOT discussed it for the first time at the last meeting. Doesn't believe it's good policy as USFWS would look at it to incentivize short-term conservation efforts over long-term conservation. The policy is the first place in the Program where will have a measurable deficit when it goes under a [USFWS] consistency review, which is unacceptable. Director Tubbs said that open to an alternative motion that would direct Program staff they will not negotiate term leases until MSGOT finalizes the discussion and establishes a new policy direction in the future or future negotiations will be based on 40% baseline [i.e. either stop and wait for future policy direction or this proposed new policy be adopted by MSGOT today].

01:26:10 Ms. Ahlgren: Thanked Director Tubbs for the clarification. Would go along with that type of motion for stopping and waiting for future policy direction if it's settled [i.e. so long as there's an endpoint to the discussion].

01:26:40 Director Tubbs: Willing to have it on every agenda until it's agreed upon, but will not change position. Doesn't believe it falls under the adaptive management policy. It's not a significant change, because it's black and white in the current Policy. The current policy in the first sentence states, "There shall be no adjustment to baseline for term easements or leases when term is 15 to 30 years" [suggesting a big change]. The last sentence states, "MSGOT may approve a 10-percent adjustment above or below 30 or 50 percent as described in similar perpetual agreements." It gives MSGOT a Policy window of 20 percent or 60 percent or choose 100%. That is in current policy, as adopted in October, 2018.

It is not a change in Policy to direct staff within those two boundaries. If MSGOT members had read this section critically, they would have seen the two sentences don't work well together. But have the

policies now. Don't need [to invoke] the adaptive management provision to set the direction to continue to use the existing policy as an option but to direct to stay within the boundary by focusing on the last sentence. Willing to have a discussion in adaptive management, to determine if 40 percent is still a good number and how term leases may still be an issue, but don't want staff to not hear him and to continue. Was surprised and don't like to be surprised, especially when that there's an imbalance that can be measured and that's why position is hard.

- 01:29:11 Director Williams: Believes there is some confusion. Disagreed that applying the baseline consistently would take away incentive for term leases. It only applies the policy the same. Shared anecdote of talking with Montana's only rancher who entered a term easement with FWP. He eventually converted the term easement to a perpetual easement. There's a boogey man about the difference between term easements and perpetual easements. Fully support term easements but don't think that by applying the baseline consistently is not a change that will take away the tool and don't want to take away the tool. If going to encourage term, should do it fairly and consistently.
- 01:30:42 Director Tooley: Question directed to Director Tubbs/Ms. Sime. For current leases that have gone through, has there been any analysis on how they would have changed in terms of price?
- 01:31:06 Director Tubbs: Responded to Director Tooley. Staff applied a methodology in negotiations, which linked the number of credits times the price, to generate a value. Directed question to Ms. Sime: Are credits the basis for the price of a perpetual easement? Is the negotiated value of permanent easement based on the credits generated?
- 01:31:49 Ms. Sime: No.
- 01:31:53 Director Tubbs: Directed question to Ms. Sime: In the negotiation of term leases, did you use the number of credits generated as the basis for negotiation?
- 01:32:03 Ms. Sime: Responded to Director Tubbs. No. Clarified background as follows. Grant cycle begins with request and interested individuals can submit their application. In the case of perpetual easements, grant applicants step forward with a potential project, identify sources of matching funds, and request a certain amount from the Stewardship Account. Often, applications for perpetual easements are informed by a preliminary [market] appraisal, sometimes by a final appraisal. Project is put together after considering sources of matching funds.

For term leases, grant applicants and their sponsors stepped forward and the Program asked about what lands would be included in the project and if there would be any restoration or enhancement opportunities because that's where the uplift happens.

Applied the same HQT equally to term leases as would for perpetual easements. The HQT result is the number of functional acres gained in one year. For perpetual easements, multiplied functional acreage by 100 [for 100 years]. For term leases, multiplied functional acreage by the number of years of the lease or its duration. If term lease is 25 years, multiply one-year HQT result by 25. That final number is shared with term lease applicants. But need to cross walk number of credits created to money – what is the level of request from the Stewardship Account to support that term lease?

The request level from the Stewardship Account was determined by \$13 cost per credit paid by developers with a 3-percent discount for the duration of the development project. The \$13 was informed by the value and the parameters for 2016 perpetual easements that MSGOT funded. With taking \$13 for 100 years for a perpetual easement, developed a graduated scale where the value per credit in five-year increments decreased for each five-year increment of a term. That information included in Program's recommendation report from the last meeting.

- 01:35:44 Director Tubbs: Said Ms. Sime did use number of credits generated times a value to negotiate price, so therein lies the concern. It's not necessarily the basis of what a negotiation has to be [for term leases]. Similar to perpetual easements, the value of the land, with and without easements, has

nothing to do with the credits generated. Unless a landowner is into selling credits, they want to say they have high valued resources worth investing in for conservation. Once at that level that the property has high value to sage grouse, then it becomes a price negotiation. Landowners know that value [or worth] of agreeing not to do something on their property for 30 years. They negotiate the price. The policy doesn't set price. It just says landowners get to count 40 percent of the credits generated, just like permanent easements.

- 01:37:54 Director McGrath: Would vote in favor of motion on the floor if it moves forward. Said Director Tubbs made a compelling argument that the current policy may create unintended, perverse incentive. May be value to consider a substitute motion. The motion may solve the perverse incentive but does not completely address the issue. MSGOT may benefit from further discussion of what the fix is. Good that landowners are taking advantage, but longer term / perpetual easements should be more valued. Having them at an equal 40 percent doesn't seem to be creating that. Further consideration with options back to MSGOT for a longer term solution may be worthwhile.
- 01:39:28 Director Williams: Clarifies that motion was to apply baseline adjustments consistently between perpetual easements and term leases/easements. That does not preclude the ability down road through the adaptive management process. The adaptive management process allows the discretion to negotiate 40 percent. That percentage may change. Most concerned about applying them consistently and not creating a perverse incentive.
- 01:40:21 Director Tubbs: As MSGOT opens it up to adaptive management, there's risk to term leases. One may say fewer credits are available for term leases because they are less protective because the term ends. But when not discounted in the same way as perpetual easements, that 30 [years] is overcome by applying 100% of credit. Even though it's less protected, we end up in a better position in terms of credits generated.
- Have had direct communications with Mr. Holmes and this proposal has been cleared through the Governor's Office. Holmes was in strong support of Director Williams's Motion. Can't support a program where there's a differential and disadvantage to perpetual conservation easements. If MSGOT adopts Director Williams's motion, then staff can feel free, when the opportunity presents itself, to enter initial discussion with parameters the Director can support. If MSGOT does not adopt the motion to change the policy, and if we get inquiries about term leases, there should be shadow of concern over that discussion since the policy may change. Better to direct to staff to not enter any negotiations until it's resolved and it's not going to be resolved under the status quo. Even though there presently isn't any money, sometimes it becomes available and people start talking when had no expectations. Don't want to leave staff in a confusing situation as to policy.
- 01:43:20 Senator Lang: Question for Director Tubbs. Aren't we reducing terms anyway? A 25-year lease only generates 25 percent of the credits generated on that property.
- 01:43:33 Director Tubbs: Responded to Senator Lang. It's equal for both the perpetual easement and the term lease for each year until the end of the term. At end of the term, they stop for the lease but continue for the perpetual.
- 01:43:49 Senator Lang: Follow-up question for Director Tubbs. Isn't it a small percentage according to how it's written up? Is there an algorithm, where, in 25 or 30 years, credits are there, there's just not a lot at the end?
- 01:44:02 Director Tubbs: Responded to Senator Lang. The HQT in any one year says it's generating 10,000 credits. In 30 years, it's generating 300,000 credits. Both sides [term lease and perpetual easement] would get 300,000 credits. Overall, the perpetual easement is calculated at 100 years, which would generate a million credits [10,000 x 100 years in terms of credits]. In terms of value, that's where the discount comes in – the \$13. The HQT does not reduce credits, it's the policy docking the number of credits by 60%. Over 100 years, at 40% baseline, a perpetual easement generates 400,000 credits [reduces credits available from the perpetual easement by 60%]. For a term lease of 30 years, a total

of 300,000 credits are available [10,000 per year x 30 years].

- 01:45:26 Senator Lang: Follow-up question for Director Tubbs. Isn't value determined by people presenting the perpetual easement? Do they put together numbers they think it will generate?
- 01:45:32 Director Tubbs: Responded to Senator Lang. The negotiated price point [for a project] does not have to be associated with credits generated. In perpetual easement negotiations, credits never come up. Credits only inform MSGOT whether property is valuable for conservation. Likes benefits of credits generated, but if question is whether to close the deal or reject the deal - it's high quality indicators of HQT results that justify expenditure of state funds. The number of credits generated is not the basis of negotiated price. The landowner, in most cases, is not basing decision on credits generated from property, basing decision on price state is willing to pay. Believes can figure out methods for term leases that are the same. HQT identifies high value properties to conserve, encourage highest match we can find. If programs like NRCS are not funding term leases, would like to have a discussion with them about what values they might see in that, to free up grant dollars. Doesn't want to be in a 5-year consistency review with USFWS, having to justify why the state applies a less protective strategy for credits generated. MSGOT is encouraging greater development through instruments that provide less protection, when permanent easements would provide greater protection when dock them 60%.
- 01:47:45 Senator Lang: Follow-up question for Director Tubbs. Don't see why have to be so affirmative now. MSGOT doesn't know what NRCS is going to do. A delay for a month or two wouldn't hurt.
- 01:48:36 Director Tubbs: Responded to Senator Lang. Could agree to delay if direct staff not to enter any negotiation on term leases until MSGOT comes back and addresses this issue.
- 01:48:48 Senator Lang: Responded to Director Tubbs. We have it in the Policy already for the top and the bottom [of the range], and the Program should come to MSGOT with what they think would go through MSGOT.
- 01:48:55 Director Tubbs: Responded to Senator Lang: In the first round, Program negotiated on the first sentence of the Policy, not the last sentence. MSGOT is the one that has to give direction to the Program. There will be no adjustment to baseline for term easements 15 and 30, unless we exercise authority under the last sentence to say that it's not 100 percent. Concerned Program staff does not have clear direction in terms that they would still negotiate at 100 percent until MSGOT tells them otherwise.
- 01:49:29 Senator Lang: Responded to Director Tubbs. Thought directions from the Committee to the Program is not to do that right now. We have basis at end where and we could do it now.
- 01:49:38 Director Tubbs: Responded to Senator Lang. Willing to put it on hold as long as it's emphasized we're not going to negotiate 100 percent on term leases before we can get Policy changed.
- 01:49:47 Senator Lang: Responded to Director Tubbs. Unfair to Montana citizens.
- 01:49:54 Director Tubbs: Responded to Senator Lang. Can't support term leases under the current Policy until have further discussion.
- 01:50:02 Senator Lang: Responded to Director Tubbs. Can't support Director Tubbs's proposal either.
- 01:50:08 Director Tubbs: Asked Ms. Ahlgren if wanted to make motion to table.
- 01:50:17 Ms. Ahlgren: Not adverse to directing staff not to enter any new term lease negotiations. Want public comment because had calls from landowners on this issue. Need discussion, in particular with landowners, who are the mainstay of the Program, correct?
- 01:50:57 Director Tubbs: Yes. Stated not in disagreement with the other members and had a public comment

period that no one responded to. Didn't feel out of alignment with MAPA situation for public comment. Asked Ms. Sime if this was the last meeting of the year.

- 01:51:35 Ms. Sime: Yes, last one scheduled but could accommodate a request for another.
- 01:51:42 Director Tubbs: Didn't see as subject to the Policy that was brought up, though didn't mind discussing the discount in that Policy. Can revisit and revise at the first 2020 MSGOT meeting. Directed to Ms. Ahlgren that she could motion to table and not have staff negotiate new term leases until the meeting concluded. Would give sufficient time for the public to comment. When get to the adaptive management discussion, need to discuss before sending the Program out to discuss the untested Policy. Have not yet completed one year of service. Need a year completed before MSGOT can address that Policy. May be able to provide some direction in January for what the adaptive management process would look like. Believe can resolve this issue and OK to hold it until January meeting. Staff can work with MSGOT to test veracity of assumptions about price.
- 01:53:54 Director Williams: Since motion to table is non-debatable, raise the question that not clear what we're waiting for. Comfortable if we need more comment. Hope not delaying because there's disagreement. If delaying for more info, would help to have an NRCS presentation about why they do not do term easements and why, when leveraging money, why other partners typically don't do term leases or easements. There are reasons for that and want to hear that. Didn't want to take away the tool, but incentivizing a short-term tool over a long-term tool doesn't make good policy sense when talking about habitat conservation. If delayed, wanted specific information and what looking for, other than delaying a vote due to disagreement. Want to know what more we are looking for.
- 01:55:38 Senator Lang: Discussions about credit banking. Happy conservation districts have stepped up and working in local communities. But what if the U.S. government removed NRCS funding, leaving no way to fund anything? Better off with small pieces of land and small projects like Watson – small parcel of private property surrounded by federal land. Not yet clear how this would work and not sure MSGOT fully understand it. Need more input on what could happen.
- 01:58:30 Director McGrath: Offered a substitute motion to direct staff not to move forward with any term easements [referring to term leases] until the next meeting, and secondly to do further analysis on the motion from Director Williams to have ready for the next meeting and recommend that the further analysis and outreach to appropriate groups to allow for input into Director Williams's motion and then take up at the next meeting.
- 01:57:52 Director Tubbs: Acknowledged substitute motion and asked for a second. Ms. Ahlgren seconded. Called for a discussion on the substitute motion for purposes of clarity.
- 01:58:11 Ms. Sime: Requested Director McGrath to repeat substitute motion.
- 01:58:23 Director McGrath: Repeated the substitute motion. Two parts – direction to staff to not bring any more term lease negotiations and secondly that staff should analyze the potential effects and to do outreach to landowners and NRCS to bring additional information to MSGOT.
- 01:59:28 Director Tubbs: Asked Ms. Sime if she had any stakeholder meetings planned.
- 01:59:35 Ms. Sime: Currently none scheduled. Hoping to schedule in January, specific to trenchless excavation. The invite list is a broad spectrum of core partners, stakeholders, individuals, and interests.
- 02:00:13 Director Tubbs: Called for further discussion or questions. No response. Question called. Asked for vote on substitute motion. All in favor, motion passed. Mr. Holmes voted aye by proxy via Director Tubbs.

Watson Conservation Easement: Increase Stewardship Grant Award Amount

- 02:00:30 Ms. Sime: Project was initially selected for funding in 2016. For personal reasons, the family did not move forward with the perpetual easement until recently. Montana Land Reliance is seeking additional \$100,000, bringing the total Stewardship Account award to \$262,500, if MSGOT agreed. [HANDOUT #3: showing location of all 2016 projects and 2019 awards] The Watson project is the only Stewardship Account project in the North Central Service Area north of the Missouri River. All other projects are located in other service areas.
- 02:02:31 Director Tubbs: Called for questions.
- 02:02:37 Director McGrath: Will the Montana Land Reliance provide additional funding?
- 02:02:53 Director Tubbs: Responded to Director McGrath. Calling for questions regarding the Program introduction. Hold easement-specific questions for the grant sponsor. Continued to comment that the map shows MSGOT-approved projects. One conservation easement in the southeast is owned by a private investment [as a permittee responsible]. Would be useful in the future to show all identified credit-generating acres. Would like them on the radar screen, so can see the potential for negotiating credits with Denbury. Looks like credits are zero, but private credits do exist, are available and there is a balance. Called for the Montana Land Reliance (MLR) presentation.
- 02:04:02 Mr. Brad Hansen, Eastern Manager MLR: The Watsons approached the MLR in 2016 about their interest in doing an easement. MLR applied for funding on behalf of the landowner. In addition to federal funding, MLR applied for funding to purchase the easement outright. NRCS would fund 75 percent of the easement's value. Sought another 25 percent from the State. In February 2019, met with Watsons. They were ready and wanted to move forward, but the preliminary appraisal numbers used in 2016 [to determine the grant requests from the state and NRCS] were no longer up to date. The final appraisal completed in October 2019 showed increased value [final appraisal had increased from preliminary appraisal due to changes in neighboring land values]. MLR was in a bind. Originally had hoped to provide funding for a fully purchased easement. Asking the Committee for an additional \$100,000 to bridge gap in the shortfall. MLR committed \$50,000 of privately raised funds, bringing a total of \$150,000 toward the easement to get it across the finish line.
- 02:06:56 Director Tubbs: Called for public comment on the Watson Conservation Easement. No public comment. Called for motion.
- 02:07:19 Director Tooley: Moved for approval of request. Director Williams: Seconded approval.
- 02:07:24 Director Tubbs: Called for discussion.
- 02:07:28 Director McGrath: Question for Brad Hansen. Increase in value has gone up almost 100 percent. Struggled to understand how that happened.
- 02:08:12 Mr. Hansen: Couldn't speak to the specifics of the appraisal it was based off. There's the "before" value and the "after" value with the encumbrances in place. The difference is the easement value. Trying to get to easement value with the additional funds. The appraisal itself was 581 pages. Sales in the area bumped up the value of land in the area.
- 02:09:01 Director Tubbs: Interjected that Director McGrath had miscalculated. Actually, MSGOT is only funding 25% of the project.
- 02:09:27 Mr. Hansen: Unsuccessful at getting more money from NRCS.
- 02:09:39 Director Tubbs: Interjected that the bump up created a gap that needs to be filled by non-federal dollars.
- 02:09:57 Senator Lang: Asked Mr. Hansen if it had to be done by December 2019.

- 02:10:07 Mr. Hansen: Responded to Senator Lang. It's the wish of the family. The drop deadline could be pushed into 2020.
- 02:10:20 Senator Lang: Asked Mr. Hansen if other NRCS funding could go into 2020.
- 02:10:26 Mr. Hansen: Responded to Senator Lang. MLR asked NRCS if there was any available funding to increase their allocation from 75 percent. No additional funding was available in the 2016 Farm Bill.
- 02:10:46 Senator Lang: Clarified question. If the number MLR is asking for is not approved by December 2019, could you still have the NRCS funds in 2020?
- 02:10:58 Mr. Hansen: Responded to Senator Lang. For a short period of time. Funds sunset very shortly after 2020. Due to the long NRCS review process, MLR could risk losing all funding if they were to push past end of 2019.
- 02:11:20 Senator Lang: Asked if there was a definitive date when NRCS funding will not be available for the project.
- 02:11:34 Mr. Hansen: Didn't have an answer to Senator Lang's question.
- 02:11:38 Senator Lang: For clarity, restated it could be used in 2020.
- 02:11:45 Mr. Hansen: Could provide that date. There is a 90-day review period for anything going before the NRCS. MLR has not been worried about the NRCS date because the landowner wanted to close by end of this year.
- 02:12:09 Director Tubbs: Asked for confirmation from staff that nothing has changed from the project. Assumed the numbers won't change in the next month and wanted to approve or deny at this meeting.
- 02:13:27 Senator Lang: Talked to family the previous night. The family is not worried if it doesn't close before the end of the year. Wants it funded. Had two Exhibit E's, one from the previous meeting and one in the current packet. There's a difference in the lek buffers. What are the changes in the status for the use of the property between the varying Exhibit E's?
- 02:14:20 Mr. Hansen: Briefly explained the easement process. First the MLR meets the family with the easement base document. The insert the minimum deed terms from NRCS and MSGOT to create a preliminary easement document. Then work with the family for their particular situation so no easement document is exactly the same. When the MLR presented the original easement document to the family, it had a 0.6-mile lek buffer zone for structures and limited impact activities. They took the document to the State for review. The State approved the buffer on the structures, but wanted 2-mile radius on surface/subsurface mining. The family approved, resulting in two different maps – the original easement document and the current one.
- 02:16:18 Senator Lang: For clarification, the red areas on the map show restrictions, except for the building development area. Wanted clarification on the 2-lek buffer (parcels showing diagonal green lines) — what restrictions in the documents could stop them from reseeding grasslands?
- 02:16:56 Mr. Hansen: From the easement draft, where the 2-mile buffer zone comes into play, the first says with regard to subsurface mining: "There shall be no subsurface occupancy associated with any new subsurface mining or hydrocarbon exploration or extraction within 2 miles from any active sage grouse lek." The second says with regard to limited impact activities: "All sand and gravel extraction must cease during nesting season for greater sage grouse in all locations within a 2-mile radius on an active sage grouse lek as depicted in Exhibit E." In talking with the landowner, they were not aware, and the mineral remoteness survey verified, that there is no gravel. The mineral report came back to be so remote that any sort of mining that would take place would be negligible. The Landowner thought the restriction was acceptable, and their attorney verified as much.

- 02:18:32 Senator Lang: Confirmed anything in that property, except what's in red, could be reseeded to have native grass.
- 02:18:46 Mr. Hansen: Replied yes.
- 02:18:51 Senator Lang to Ms. Sime: Concur? Ms. Sime Concurred.
- 02:18:58 Director Tubbs: Asked how many credits the easement generates.
- 02:19:04 Mr. Hansen: Didn't know.
- 02:19:06 Director Tubbs: Asked if the number of credits generated was the basis of the negotiating price.
- 02:19:15 Mr. Hansen: Replied no.
- 02:19:29 Director Tubbs: Called for further discussion. None came forward.
- 02:20:05 Majority approved the motion to move forward with the Watson agreement. Rhonda Knudsen opposed by proxy via Senator Lang. Mr. Holmes voted aye by proxy via Director Tubbs. The motion passed.

Update on Implementation of Senate Bill 299

- 2:20:20 Director Tubbs: Called for an update.
- 02:20:36 Ms. Sime: Senate Bill 299, sponsored by Senator Lang and others, became law in a May 2, 2019 statute. It codified specific language in the Executive Order. Program has been exercising a higher degree of diligence, paying attention to the language of the bill. Asking more questions of proponents to pin down the existence of prior permits, what areas and activities were in scope of the prior permit, what date the permit was issued relative to the effective date of the Executive Order. Answers to those new questions are applicable to the mitigation processes in place and adopted through formal MSGOT rulemaking.

Depending on the nature of a project, mitigation may or may not be applicable. Seasonal stipulations that are discussed in the statute and Executive Order similarly may or may not be applicable. Brings a greater degree of information exchange and deeper level of analysis. This increases the complexity of the review process. Based on how those answers fall, have to apply the HQT, if appropriate.

Senate Bill 299 also directs MSGOT and permitting agencies the opportunity to work together on projects requiring state permits or considered operations and maintenance. Those discussions have started.

Another directive of the Bill added new reporting requirements. Working on new ways to put together information that's responsive to those requirements. [HANDOUT #4 Memo to Environmental Quality Council provided for the September 2019 meeting].

Lastly, renewed efforts with stakeholders on the trenchless methods. The Bill directs the Program to work with stakeholders to streamline the compensatory mitigation review process, including calculation of reduced mitigation costs for low impact projects such as trenchless excavation. After initial one-one calls, have initiated that effort an organizational call. An in-person meeting is scheduled for January. Will exchange ideas and come up with an approach to bring for MSGOT's first-quarter meeting.

Last-week's kick-off introductory call, stakeholders given until December 9 to provide any feedback or input [as to how the current process is working, suggestions for how to stream line it and reduce costs].

- 02:27:58 Director Tubbs: Land disturbance activities are key in dialogue with agencies as to what's maintenance or not (under Section 3 of SB 299) in the dialogue with the Governor's Office and with agencies. Need practical solutions, so people on the ground understand what are land-disturbance activities. Called for public comment on SB 299.
- 02:29:42 Mr. Jim Morgan, private landowner from south of Bridger, involved with Mud Springs Wind Project: Felt unfairly excluded from it. Involved with the project before the Executive Order. [Handouts #5-7] Brought a permit signed with Mud Springs / EverPower to study wind on their land. Brought proof of lawyer fees in summer 2014 to review the easement. Brought maps showing land involved in wind project with turbines on it. His Interpretation of the Executive Order doesn't say anything about State or DEQ permits. It only mentions "a permit" and "outlined area of the project." Advocated his evidence fits fulfills those requirements. Wanted a letter from MSGOT to PacifiCorp stating he should be grandfathered in [included in the grandfathered area of the project].
- 02:31:02 Director Tubbs: Asked for materials for review at the Legal and Program level and do not expect to respond during this public comment period. Will look at the information again and give it a fair shake.
- 02:31:29 Mr. Morgan: If MSGOT won't grandfather, wants to know how he will be compensated for the taking of his private property rights.
- 02:32:13 Mr. Alan Olson, Executive Director Montana Petroleum Association: Came to agreements during the 2019 session as the legislation advanced. Had full confidence in Administrator Halvorson's agency to decide what is needed for operations and maintenance and what could be considered discretionary. Anything necessary for keeping wells operational falls under "operations and maintenance" in Section 3. Agree that if permitting new well, it comes under the Program. Once payment is made for compensatory mitigation, it covers any work that needs to be done on a well going forward. Agree that some of that work would be subject to stipulations of the strategy, like timing restrictions. But if work is needed to keep wells operational, its exempt. Need wells pumping and in compliance. Work needs to be done and work should be exempted from the HQT and willing live with timing restrictions.
- 02:35:13 Director Tubbs: Called for additional public comment. None came forward.

Public Comment on Other Matters

- 02:35:25 Director Tubbs: Called for public comment on other items.
- 02:35:37 Chris King from Winnett: Clarified that in his comments at the previous meeting that he was not complaining about the amount of funds offered. He had initially hoped for more and requested more in the grant request. What was offered was based on credits. He was voicing concerns about the image produced by the HQT and still concerned. These maps will become public record. Doesn't feel they accurately convey the quality of the habitat. Also concerned about the initial literature that said there'd be a third-level assessment. Scores from the second-level assessment could be adjusted based on changed pixel values, based on the results of a third-level assessment. [Handouts 8-9, Maps]. Discussed the color sections of the map. Dark blue areas are alfalfa areas should not be rated the same as farm ground, because alfalfa makes good brood-rearing habitat for sage grouse. The same problem with roads – these are low traffic roads and don't disturb grouse. Some leks indicated on the maps appear near those roads. Should be able to do a third-level assessment to address these problems – it's necessary. Approached other neighbors, thinking a larger parcel would be more beneficial to grouse than small parcel projects. Some neighbors showed interest but wanted to see how it went with the Schultz and King properties. None were interested in a permanent easement, but MSGOT has an opportunity to preserve a really large landscape there with term leases. While you say that price could be negotiated, the price that was offered was based on the credits generated. If credits devalued to 30 or 40 percent, people won't continue to use term lease option.
- 02:41:44 Director Tubbs: Stated a good example of what could be taken on for adaptive management strategy.

These abbreviated summary minutes and the audio recording will become the official adopted minutes at the next Montana Sage Grouse Oversight Team Meeting when they will be approved. Until then, they are considered a draft.

Computer models can't say it all and getting adjustments based on what's on the ground would be good. Understood the basis of the last negotiations were credit-based, but that is not the methodology that it has to be. Perpetual easement is not negotiated based on credits. MSGOT is looking for high quality land. Called for other conversations on the Committee.

- 02:44:03 Ms. Ahlgren: Agreed with Mr. King on the third-level assessment. Stated in all Winnett-area applications that the Program was undervaluing habitat. That needs fixing, even if won't go back and make changes for these projects. Policy dictates that third-level assessment is supposed to be part of the process. Wants assurances that will happen as soon as possible. Would like to see it as a priority.
- 02:45:48 Director Tubbs called for further public comment.
- 02:45:58 Sandy Morgan, landowner from south of Bridger: On the Mud Springs wind farm, wanted to know what the MSGOT was going to do for them and wanted commitment to look into it again. Does not want to be ignored. Was very frustrated.
- 02:47:58 Director Tubbs: Said the public comment period is not give and take. Accepted her material, saying it will be reviewed by the Program and attorneys. Understands their position and will need to read the material to see if their lands were included. Called for additional public comment. None.
- 02:49:13 Motion to adjourn. Seconded by Director McGrath. All in favor.

Chair for this meeting:

/s/ John Tubbs [approved by MSGOT June 9, 2020] _____ x

Director John Tubbs