

**MINUTES  
MONTANA SAGE GROUSE OVERSIGHT TEAM**

November 30, 2020 Meeting Summary  
Virtual Zoom Meeting

**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 proxy via Senator Lang)  
Ms. Diane Ahlgren, Rangeland Resources Committee  
Mr. Patrick Holmes, Governor's Natural Resource Policy Advisor (Absent, voting proxy via Director Tubbs)

**Staff Present**

Ms. Carolyn Sime, Sage Grouse Habitat Conservation, Program Manager  
Ms. Shawna Swanz, Administrative Attachment Coordinator

**Call to Order**

00:04:20 Director Tubbs: Called the meeting to order.

00:25:98 Ms. Carolyn Sime: Welcomed the group and announced that the meeting is being recorded. The audio file will be posted to the website a couple of days following the meeting.

00:01:12 Director Tubbs: Initiated introductions with a roll call of MSGOT members.

00:02:23 Approval of June 9, 2020 meeting minutes. Motion to approve by Director Tooley, seconded by Director Williams.

00:02:26 Director Tubbs: Called for changes or discussion. None.

00:02:33 Directors Tubbs: Conducted voice vote. Motion passed.

**Program Report and MSGOT Reports**

00:03:27 Ms. Carolyn Sime, Sage Grouse Habitat Conservation, Program Manager  
I will defer the Program Report until the December meeting to include a brief recap of 2020 and a review of program accomplishments.

00:04:21 Mr. John Tubbs, Chair, Montana Department of Natural Resources & Conservation, Director  
We continue to support the Program. We are working through some of the policies, specifically with Administrator Halvorson on oil and gas leasing and dry wells.

00:04:49 Ms. Martha Williams, Montana Department of Wildlife, Fish and Parks, Director

Catherine Wightman is moving on to a new opportunity that will continue to benefit sage grouse and Fish, Wildlife and Parks. We continue to support the Program the very best that we can.

00:05:30 Mr. Mike Tooley, Montana Department of Transportation, Director

Our various staffs continue to work towards programmatic exceptions. I will have an update later this week that will allow for a further report at the December 14 meeting.

00:05:57 Mr. Shaun McGrath, Montana Department of Environmental Quality, Director

No report.

00:06:07 Mr. Jim Halvorson, Montana Board of Oil and Gas, Administrator

No report.

00:06:20 Ms. Diane Ahlgren, Rangeland Resources Committee

- Rangeland Intern Program is in its third year with three interns in 2020. It has been going very well.
- Range Improvement Loan Program has some applications.
- The Leopold Award in Montana awarded its second recipients.
- Many 2020 Rangeland events were cancelled due to covid.
- Plans for 2021 events are cautiously moving forward.
- Rangeland Resources Program Coordinator, Stacey Barta, implemented monthly 406 Rangeland e-Newsletter. The content is very well done and articles are good.
- Strategic planning is underway.
- Public Hearing December 14 for proposed adoption of new rules for the Rangeland Resources Program.

### **Follow up Adaptive Management Discussion**

00:08:21 Director Tubbs: At the October meeting, Ms. Sime presented several options for new Program Tasks that will be discussed and voted upon at this meeting.

00:09:02 Ms. Sime: This is a continuation of the discussion, with the exact same slides.

[PowerPoint Presentation](#)

00:21:23 Director Tubbs: We have a question on what are “universal limitations”?

00:21:31 Ms. Sime: Universal limitations would be a circumstance that occurs with every single project that we review. The mitigation framework is applied consistently to a wide spectrum of different development projects regardless of the project type, duration, or the required permits. We have not encountered a universal limitation or problem with the HQT or mitigation framework that affects every single project we review in a problematic way or poses the same or frequent glitch. There is enough flexibility in MSGOT’s policy guidance and our ability to work directly with developers to account for anything that may come up that is unique or different about a specific project.

00:23:02 Director Tubbs: There are a couple tasks I think we should focus on, regardless of where the next administration takes this Program.

Update the Basemap: It has been nearly five years since the map was created. Based on some of the current project discussions, we should have the confidence of the next MSGOT group that they have the best data available when considering projects. There is some contract work already in progress.

Feedback Mechanism: The legislative audit will likely identify this as a potential issue that needs to be addressed. The Program does not currently have a formal way of being informed that the developer has received the necessary permits and or licenses and the project is implemented. The Program needs a feedback mechanism with knowledge of final project approval so that the Program can seek compensation for any mitigation commitments that were made as the project goes to construction. This is not part of MSGOT's workload—requires a conversation with the state agencies that issue the permits and licenses. While I don't think anything is improper, it is an important item to consider.

00:26:03 Director Tubbs: Called for public comment. None.

00:27:13 Director Tubbs: Called for discussion by MSGOT members.

Addressing technical issues.

00:28:22 Senator Lang: I believe the Basemap does need review. Currently, it is difficult to determine some of the boundaries. I think there are some areas that are in question. Are they core? Are they general? We have a lot of topographical and management habitat changes to consider.

I would also like to see the changes being made to the new Basemap in comparison with the current Basemap.

00:29:42 Senator Lang: Some questions for Ms Sime: Do we have any kind of a number that talks about the total number of mitigation dollars? Are there any figures on what state agencies, private taxpayers or private businesses in Montana have paid? Do you have a total since the inception of mitigation?

00:30:19 Ms. Sime: The most current Stewardship Account figures are on the blue paper in your meeting packet. If a developer chooses that option, they work with the Program to determine the dollar amount. Through consistency with the Executive Order, a developer can minimize impacts. This also decreases the contribution dollar amount.

00:31:09 Director Tubbs: \$7.9 million in general appropriation has been allocated over the last five years for grants. Of that, there has been \$1.6 million in each of the last four years (agreed to during the 2017 Legislative Session). There are two contributions shown in the table that have been received with a balance of \$955,267 from two private entities.

00:32:20 Senator Lang: I hear from constituents or from businesses that say, "I couldn't move forward because the Sage Grouse Program wasn't going to let me go, so I had to pay a fee." I would like to know, how much for example, the Montana Department of Transportation has had to pay the state of Montana Sage Grouse Program to proceed with a project? It costs \$7 million to put up a cell tower and when I see a lot of cell towers around the state, I want to know what those fees are that are being assessed. We can say that the Sage Grouse Program isn't directing that, but the developer can't get a permit unless they get the Program's approval. I need to know the gray area.

00:33:16 Director Tubbs: There are several projects that have gone through the Program. Big Flat Electric has negotiated a final determination on project debits. This particular entity has project-sponsored generated credits due to burying some distribution lines. They also have a planned contribution to the MSGOT account that has not been received. There are several obligations that are associated with projects that have been approved but have not been either fully permitted or implemented. It is similar to an accrual.

00:34:16 Ms. Sime: Added, if there is a state agency undertaking its own project, the mitigation framework is applied the same way it is applied to the private sector. Asked Senator Lang if that was the root of his question.

00:34:41 Senator Lang: The blue sheet on available funds for grants does not apply to my question.

- 00:34:47 Senator Lang: My question is; if a county calls up and says I have a sage grouse deal and it's going to cost me \$1,800 to get the Sage Grouse Committee to open this gravel pit or if Director Tooley wants to do something on a highway, but it is costing him too much money to do what he wants to do because of sage grouse. Are those numbers available?
- 00:35:19 Director Tubbs: Like the DY Junction cell tower project, we never got a payment, but we did tell them what the cost was. I think we can tell you what the final number of debits is per project and by project sponsor. It doesn't appear on this table report showing available funds to award 2020 Stewardship Account grants until we actually get the money in the bank. We should be able to provide a list of projects that have completed the MSGOT approval process and the amount of money owed to the state should those projects be executed.
- 00:36:08 Ms. Sime: That information has been provided to Mr. Sutcliffe with the Audit Division.
- 00:36:17 Ms. Sime: In addition, the root of the question seems to be about the private sector versus local government versus state agencies. Yes, we do apply the framework consistently across the board. If at any point in time an entity requests to come before MSGOT directly, we could accommodate that request.
- 00:36:41 Director Tubbs: Told Senator Lang that Program staff would work to get that information to him prior to the December meeting so there is opportunity to ask questions.
- 00:46:54 Ms. Sime: Confirmed she would forward the information to Senator Lang and MSGOT.
- 00:37:00 Director Tubbs: Called for any additional comments from MSGOT members on Program assignments.
- 00:37:19 Ms. Ahlgren: I agree with the update on the Basemap. Will it include an update on the shorter stature sagebrush in our area? We have talked about it being good habitat, but perhaps it is not currently being represented as it should be on the Basemap.
- 00:37:46 Ms. Sime: If there are new vegetation layers publicly available, we would use those. I cannot say for sure whether the sagebrush layer has been updated. We are not proposing to conduct fieldwork to inform the update. We would look at each layer, find out if there is more current GIS layer information available from the list of public sources that we have identified, and incorporate those that have been updated.
- 00:38:31 Director Tubbs: Called for further discussion.
- 0038:45 Director McGrath: I am comfortable with what you have laid out, keeping it narrow given where we are at the end of this administration and allowing the new administration to come in and set their priorities.
- 00:39:09 Director McGrath: Moved that the Oversight Team move forward along the lines that the Chairman laid out with supporting moving forward on the mapping and audit information [i.e. Basemap update and development of feedback mechanism proposals].
- 0039:27 Ms. Ahlgren: Second.
- 00:39:30 Director Tubbs: Called for further MSGOT discussion.
- 00:39:33 Senator Lang: Asked the Chairman to repeat the motion.
- 00:39:35 Director Tubbs: The motion is to: (1) update the map to the v1.1 Basemap over the next year; and (2) develop an approach where we would be able to answer the question that you asked more affirmatively -- which is when a project is finally approved for a permit license and proceeds into construction that we have assurances that the Program is notified and that any debits are matched by the credits either invested into the Account by a purchase of our credits or by user-created credits [permittee-responsible actions].

00:40:31 Senator Lang: What are the changes on the Basemap compared to what was first developed?

00:40:45 Ms. Sime: The Basemap is like a layer cake with lots of layers. Each layer of the cake has unique information or data. We would determine whether the most current information is incorporated into each data layer, respectively. Then we recalculate the map so each square box or pixel cell would potentially end up with a new number after the most current information is applied. If there are no updates to any of the individual GIS data layers that are used to create the single number assigned to a cell, that individual cell number would not change and the original value would carry forward into the next version of the basemap.

With MSGOT approval, a launch date would be set and V1.1 implemented. Any project in development up until that date would continue to use v1.0. as directed by the Administrative Rules.

00:41:56 Director Tubbs: In addition, we have a contractor working on updating disturbance information right now. Presently, in conversation with the project sponsor, who has a big blue swatch right in the middle of their project that represents a burn from 2012. In the vegetation layer, it is likely that a 2012 burn scar has healed and is now a grassland recovering back into a sage grouse habitat so the color will be different in a revised Basemap. At the same time, if someone plowed a new field in sage grouse territory, that color will turn from bright warm red color to the blue color denoting disturbed land.

I picked just a couple of layers. I think there are a half a dozen or more layers that have statewide data that we will impose on sage grouse habitat quality measures. It is not taking a new approach. It is bringing the current data up to date.

It is also important to recognize that the new data will not be used until it is adopted by the future MSGOT at a future meeting once that data is available.

00:43:36 Senator Lang: Are we changing Core, General and Connectivity aspects of the original Basemap?

00:43:53 Ms. Sime: That is not under consideration at this time.

00:44:03 Director Tubbs: Reminded members that HQT does not consider those variables. HQT looks at habitat quality factors that each one of the cells represents. The Core, General and Connectivity area boundaries are lines that were drawn by Montana Fish, Wildlife & Parks in a prior effort but also used for the MSGOT program.

The original boundaries were not intended to be precise. They used a contour-type line. The original boundary lines provide the most meaning in policy implications, not the Basemap side of it.

00:45:43 Director Tubbs: Call for other discussion. None.

00:45:46 Director Tubbs: There has been a motion and a second.

0045:51 Director Tubbs: Conducted voice vote. Motion passed. Mr. Holmes and Rep. Knudsen voted aye by proxy.

00:46:02 Director Tubbs: Good discussion. Thank you all.

## **2020 Stewardship Account Grants**

00:46:06 Director Tubbs: Invited Ms. Sime to provide an introduction.

00:46:19 Ms. Sime: MSGOT is considering seven applications seeking funding from the Stewardship Account. Thanked the applicants for their preparations and especially the private landowners. We will have presentations from all the grant applicants and we also have in attendance many of the landowners who have been working with the grant applicants. The grant requests exceed the amount currently

available from the Stewardship Account. All the applications have unique features that make them worthy of funding. The applications were reviewed independently by seven subject matter experts who know sage grouse, who know these areas, and are familiar with mitigation. You can be confident that we have reached out to obtain independent opinions.

00:48:16: Director Tubbs: Introduced 54 Ranch Livestock

00:49:08 54 Ranch Livestock - Brian Martin, The Nature Conservancy

[PowerPoint Presentation](#)

Additional Landowner Comments: Mike and Cheryl Goffena

01:00:07 Director Tubbs: Called for questions from MSGOT Members. Public comment will follow after the presentations.

01:03:39 Mr. Goffena: Brian did a wonderful job. We will go with what he had to say.

01:03:48 Director Tubbs: Thank you for considering conservation of your property. Those are big decisions.

01:03:53 Mr. Goffena: Well, we try to do what we can. We are trying to get some young farmers involved and ranchers back onto the property. We thought maybe this would be a vehicle to do that.

01:04:12 Director Tubbs: Called for MSGOT comment.

01:04:16 Director Williams: I want to add my thank you as well.

01:04:29 Mr. Goffena: Thank you much.

01:04:30 Director Tubbs: Thank you. I am glad we got you online.

01:04:51 Director Tubbs: Introduced Alexander Ranch

Alexander Ranch - Jim Berkey, The Nature Conservancy

[PowerPoint Presentation](#)

Additional Landowner Comments: Don Alexander

1:13:55 Don Alexander: Thank you for allowing us to present this. I think Jim has done an excellent job. We are a conservation family interested in trying to contribute what we can to maintain the conservation aspects. We are excited about the possibilities.

01:14:18 Director Tubbs: Thank also you for considering a long-term conservation easement on your property. These are big questions as a landowner—how to see the future and provide some benefit to the state through sage grouse conservation.

01:15:19 Director Tubbs: Introduced the Bequette Property

Bequette Property – Brad Hanson, Montana Land Reliance

[PowerPoint Presentation](#)

Additional Landowner Comments: Dave Bequette, unavailable

01:24:32 Director Tubbs: Called for questions by MSGOT members. None.

01:25:06 Director Tubbs: Introduced the Fauth Ranch

Fauth Ranch – Brad Hanson, Montana Land Reliance

[PowerPoint Presentation](#)

Additional Landowner Comments: KJ Fauth

01:27:57 Mr. Fauth: Thanks everyone for considering us and letting me speak today and for all of Brad's help. I appreciate that a lot. It means a ton to my family, of course, the grouse, our land and other wildlife in the area to be accepted into this program. A lot won't really change on our own property. We are more grass managers than ranchers. Some people have to worry about hitting a deer on the road, but in our habitat, we have to watch for grouse to pass. You see more of that than school bus stop signs. It is a privilege to see the sage grouse in their habitat. I think this will benefit our family and the ranch as well. We have participated in some NRCS programs in the past. Rotational grazing is a big thing for us on the ranch and I think that is why these grouse thrive so much in our area.

01:29:08 Director Tubbs: Called for questions from MSGOT members. None.

01:20:23 Director Tubbs: Introduced the Jackson Ranch

Jackson Ranch – Jim Berkey, The Nature Conservancy

[PowerPoint Presentation](#)

Additional Landowner Comments: Yvonne Frick

01:38:35 Ms. Frick: I am here with my sister Twila. Thank you for your time. Thank you, Jim, for presenting this; you did a great job. As Jim mentioned, we are fifth generation here, trying to hang on to what our ancestors put together. Our great, great grandfather came to this valley in the late 1800s and we are just really trying to hang on to everything. We don't want to see subdivision. We are conservation minded. We would really like your consideration on this proposal. It would allow us to keep ranching and provide for the sage grouse. Thank you so much for your time.

01:39:28 Director Tubbs: I thank you, as I did the others that are making these decisions on conservation easements. It is very personal, and I thank you for thinking about that for your ranch and certainly for the benefit of the sage grouse and the Sage Grouse Program.

01:39:51 Director Tubbs: Called for questions or comments from MSGOT members. None.

01:39:55 Director Tubbs: Introduced the Mussard-Barrett Property.

Mussard-Barrett – Jim Berkey, The Nature Conservancy

[PowerPoint Presentation](#)

Additional Landowner Comments: Bryan Mussard

01:46:38 Mr. Mussard: I think we have spent the last eight years meeting with Jim, trying to understand easements and if they fit for us. We have been on a place in the Big Hole for 15 years now that has an easement on it. The easement has allowed us to stay and continue to ranch as it has been traditionally ranched for the last 60 years. As we move forward as a family, we are the last stand between Montana, which has become the number one sticker in a real estate magazine in this country, and history. Having partners like the State of Montana, NRCS, and TNC as a trust to preserve these lands and allow us to keep using them, and our kids to keep using them, and their kids to keep using them and nobody gets to subdivide it and lose all that. That is pretty important to us. Thanks for taking your time and letting us be a part of it.

01:47:47 Director Tubbs: Again, thank you for your willingness to consider a long-term conservation easement on your property and help our program as well.

01:48:02 Director Tubbs: Is the "Barrett" the Past Senate President Debbie Barrett? Is she a current owner? I wasn't sure about the two-named ranch.

01:48:13 Mr. Mussard: It is under contract right now. The Barrett's financed it so their name is on all the paperwork until we take full ownership in 2028. The paperwork has to be filed with both names. It is pretty rare, but they have graciously allowed us to pursue an easement to preserve the property and we are very grateful for that.

01:48:42 Director Tubbs: I know that in past conversations with the good senator, she is very proud of this landscape that you are talking about.

01:48:56 Director Tubbs: Introduced the Peters Ranch.

Peters Ranch – Jim Berkey, The Nature Conservancy

[PowerPoint Presentation](#)

Additional Landowner Comments: Roger Peters

1:56:12 Mr. Peters: Talking about all this good rangeland is pretty exciting. I like seeing all these presentations. They are all great. You know, I talked to an old cowboy once. He said, I've seen a lot of changes in my life and I was against all of them. And that's certainly true for me when it comes to rangeland. I hate to see rangeland converted to crop land. Like Charlie Russell said, a rancher is man who turned the grass upside down. I hate to see rangeland converted to subdivisions and homes. I really appreciate the conservation efforts of this committee. We have been involved in some other conservation efforts, simply for that reason, to preserve what we have here. This rangeland, as it now presently is, is the sage grouse habitat. We're looking for a chance to do that here. I think it is also great because once it goes into a conservation easement, a perpetual easement; 50 years down the road there is not a battle among generations about what is going to happen to the land. It has to be highly tempting for those who aren't on the ranch, working the ranch to turn down huge dollars. In fifty years, I can only imagine what this property is going to be worth. We are very interested in preserving the sage grouse, it's great. You can't go across the property without seeing sage grouse every day. It's a lot of fun and it is truly remarkable habitat.

1:57:50 Director Tubbs: Thank you. Again, thank you for the commitment to conservation and seeing the future of your property move forward. I must admit, you must have dodged some tough fires this summer. That was a big fire down on that ridge line.

1:58:09 Mr. Peters: It was the Horse Prairie property that Jim referred to. It did have quite a lot of fire on it. The Bear Creek Fire took quite a lot of that out.

1:58:20 Director Tubbs: That burned down to the valley bottom. I think some of the decadent pine probably needed a little refreshing, but at least it didn't get carried away and move all the way down to the bottom of the valley.

1:58:34 Mr. Peters: We are going to be able to see our cows now.

1:58:39 Director Tubbs: I suppose that is true.

01:58:42 Director Tubbs: That concludes the presentations. Call for public comment concerning any of the seven proposed Stewardship Account grants or any other public comment.

01:59:32 Mr. Glenn Marx, Executive Director of the Montana Association of Land Trusts: I want to compliment all the presenters and landowners on the excellent presentations. MALT has been part of sage grouse discussions from the beginning. I read all the application information, but I still learned some things about these individual projects through these presentations. They each stand on their own merit. They each have very valuable things to add to what the Program is trying to accomplish.



MALT sincerely thanks the landowners for participating in this program. The stewardship commitment, the stewardship ethic, the love of the land, the love of wildlife clearly came through from the landowners. MALT salutes all these landowners for all the work that has brought them and their farms and ranches to this point. The stewardship effort is very remarkable and impressive.

We believe MSGOT should find a way to fund all the projects. They all conserve sage grouse habitat, they all conserve sage grouse populations, they all conserve open land, they all conserve agricultural operations, they all generate credits and they all accomplished what this program was designed to accomplish. The roughly 25,000 acres within these seven projects would produce close to 250,000 mitigation credits.

I am not sure if there is funding for all projects or if some adjustments could be made in the allocations. Based on the mission of the Program, the quality of applications, the commitment of the landowners, MALT believes that funding all the projects should be one of the goals of MSGOT today.

02:04:32 Director Tubbs: Thanked Mr. Marx for his comments and called for additional public comment.

02:04:35 Mr. Bill Milton, Rancher, Roundup, MT: Thanked the committee for the opportunity to speak in support of the Goffena family and the 54 Ranch Livestock project. I was quite impressed with the quality of all the projects and certainly don't want to favor one over the other, but I do have a fond spot for the 54 Ranch Project. It neighbors our Milton Ranch north of Roundup. What I particularly like about the Goffena family's project, which you have been working on for quite some time, is it not only protects quality habitat for sage grouse, but it creates a real opportunity for some young producers in our neighborhood. To get a lowering on the value of that ranch allows three, maybe four young producers to work together to use that grass to scale up their agricultural operations. The ability to marry some economic opportunity in the ag sector in our county as well as maintain some unfragmented quality sage grouse is exciting. If we are successful here, it is going to be a tool that can be applied to some other ranches in our region. Having some experience making this work will encourage some other producers in our area to take a hard look at this. There has been a lot of good conservation already ongoing in this part of the county and also in Petroleum County. The cooperation that is occurring among a lot of the landowners in the area who work with a variety of partners to get these things done is pretty darn exciting. I want to strongly support, particularly as a neighbor and a rancher in the region, the 54 Ranch project, but I am also quite impressed with all the projects that we have observed and learned about today. Thank you for the opportunity.

Good luck in dealing with hard decisions of how to allocate your dollars, but very grateful for MSGOT and the work of all the people who serve on the committee.

02:07:41 Director Tubbs: Called for any additional public comment. None.

02:07:47 Director Tubbs: Initiated discussion by MSGOT members.

02:07:59 Director Tubbs: If everything was perfect we would have enough money to fund all projects at full cost, and I would be happy to entertain that motion, but as Ms. Sime has pointed out, we have some restricted funds that will support projects within the counties that were impacted.

There are no applications from those counties in this package. As a result, there is \$4,037,904 available.

After review and discussion with Ms. Sime and some follow up discussions, even today, I have resolved that I like all of projects. I do not have a strong feeling about why we would cut out any projects other than we don't have the money.

We have \$4,037,000 available in grant funds. We have \$4.6 million in project requests. That is \$568,000 more than available funds. If we were to reduce all the projects by 12.4%, we could fund them all. I have talked to both Land Trust companies and it is acceptable to them to reduce funding across the board to 87.6%.

A second alternative recommended by Ms. Sime is to fund five of the projects and deny two; Jackson Ranch and Bequette Property. This frees up \$705,000 and would allow us to award full funding for the remaining projects, however, I think both of those projects have very strong merits.

As a representative of the Bullock administration, I would like to end on a positive note with our decision. We have sage grouse conservation funding available and we have good projects before us. We have the Biden administration coming on. You can be assured that the US Fish and Wildlife Service will conduct a full review of the sage grouse conservation across the nine-state region. I think with the adoption of these properties, Montana can stand proudly that we not only said we were going to implement a sage grouse conservation program, but that we have implemented one with significant conservation in place. I also think that full funding would provide the greatest number of credits so that the next administration can focus on understanding the development pressures and know that they have a bank of credits available if development increases in the next several years. They can count on a strong balance of credits within the MSGOT program for new development opportunities.

The Program goals are to keep control of the bird at the state level. In the commitment we made, we undertook no net loss of habitat as a cornerstone. In today's presentations, we saw that. We have met that target. With the award of these grants, we will meet and exceed that target.

02:13:12 Director Tubbs: Called for MSGOT discussion.

02:13:30 Director Tooley: I don't disagree with your approach, but how does this ultimately affect the projects at hand?

02:14:04 Director Tubbs: That was the primary question in the discussions with the two Land Trusts. This will create a deficit in all seven projects. Initially, both organizations said that they would make the efforts to raise the addition funding.

That is the risk. If we take the more cautious recommendation, we eliminate two conservation investments and preserve a balance of funds. I would lean towards making the conservation investment.

02:14:36 Director Tubbs: Called for additional discussion.

02:14:39 Ms. Ahlgren: We are at a deficit in the Northcentral and Southeastern Service Areas. We should hold on to some funds and attempt to promote some projects and generate credits in those areas. I understand that credits can be shifted among areas, however, I feel it would be better to keep some funds and be prepared for future projects in those areas.

02:15:55 Director Tubbs: The one major investment in the southeast area is the Denbury project. Denbury created permittee-responsible credits by working with Montana Land Reliance, but those are reserved for that specific project. That is another reason the 54 Ranch Livestock project is of interest to me; it is in that area. This is also true of the Bequette Property in Carbon County. That is an area where we need credits. We haven't seen the project development in the Southwestern Service Area, but we have a lot of wonderful conservation there.

02:17:21 Director Tubbs: Director Williams is offline, but texted asking if we are impacting the landowners with a 12.7% reduction across the board? Answered: only to the extent that they are asked to help make up that difference.

Screen shared spreadsheet: The ratio of total funding available, divided by the project requests is 87.6%. I imposed that reduction to each project. The amount of money left to be raised by each project is in the \$50,000-\$60,000 range. The Montana Land Reliance project (Fauth Ranch conservation easement) would be more because the project is more.

Another option, presented by Ms. Sime in the Program's report, was to not fund the Bequette Property

and Jackson Ranch. This would zero out their projects. This would more than make up for the \$568,000 deficit, leaving \$150,000 in the Account.

Those are the two approaches that I have looked at, but we wanted to make sure you saw the numbers in discussions.

The proportionate cut option would require the Land Trusts to raise the \$568,000 in order to affect the full development of these projects.

- 02:20:47 Director Tubbs: There is another policy question that I want to discuss. These projects include \$207,000 in requested funds to cover project costs (or expenses) such as land appraisals, other due diligence costs, investment in long-term monitoring, etc. We should award costs associated with these easements; they are real. The Land Trust organizations must pay these costs. It is very common for the upfront request to include these costs.
- 02:21:53 Director Tubbs: I would entertain a motion that we would pay only the proportional project costs associated with the conservation easement. For example: If the total cost of the conservation easement is \$1,000,000 and MSGOT was providing \$500,000 of the \$1,000,000; the Program would cover up to 50% of project costs and no more.
- 02:23:07 Director Tubbs: Called for additional MSGOT comments.
- 02:23:24 Senator Lang: Questioned percentage of cost calculations on specific figures using the green sheet (table in the meeting materials summarizing each 2020 project application and the requested amount).
- 02:24:02 Director Tubbs: Explained that he was trying to keep the example general because it is unknown if the Land Trusts have already proportioned the costs for their projects. The Program needs to analyze the dollars for these projects. At this time, we cannot say if the \$207,000 is proportionate or not to the overall costs. Looking for a general statement for a Project Cost Policy.
- 02:25:53 Director Williams: Asked for clarification on the overall project funding and project cost.
- 02:27:00 Director Tubbs: The total project costs do not make a big difference in the overall project funding. Project costs would be about 5%. The deficit to fully fund all the projects is 12-13%. We can't look to that as a source of available money because a Project Cost Policy hasn't been formalized and actual dollar amounts are unknown. That is not going to be a large number, but reflective of our share. I don't want the Program to get to a point where project costs are shifted to the Sage Grouse Program because it is difficult to fund in other places. That is not fair to our Program.
- To calculate the exact project costs, a Project Costs Policy needs to be established.
- 02:28:48 Director Tubbs: That's the project cost side of it—on the project funding side we are short just under \$600,000.
- 02:29:00 Director Tubbs: There are two ways we have addressed this.
- A proportionate reduction of all projects with Land Trusts raising the shortage of funds to complete the project, which could become the responsibility of the project sponsors and/or landowners. I like this option, because I like all seven projects.
- The other option is to take out the two lower scoring projects, Bequette Property and the Jackson Ranch. This would leave a remaining \$150,000.
- 02:30:22 Director Tubbs: After the discussion with the Land Trusts, they would accept the reduction overall across all projects, as a preferred method versus the alternative scenarios presented in the recommendations report. I'm pretty confident they will raise the money.
- 02:30:54 Senator Lang: According to the green sheet table summarizing the 2020 grant applications, the top

three projects are 54 Livestock, Mussard-Barrett, and Peters Ranch. They should definitely be approved. Those projects have money in-hand and we could say “shovel ready”. Projects that need more work could come back in the next grant cycle.

I recommend funding the top three leaving a balance in the Account.

- 02:32:16 Senator Lang: In the business world, if you want to buy something or you want to promote something you pay for your costs going in. I would like to remove project costs, but the percentage option could work.
- 02:33:57 Director Tubbs: Prepared a spreadsheet on his own computer with Senator Lang’s top three projects proposal, the total being \$1.56 million dollars, which leaves a balance in the Account.
- 02:34:49 Ms. Ahlgren: Agreed with Senator Lang. In looking at the numbers, those three are the best value and in Core Area. Projects in a General Habitat area must be pretty special to be considered. I am also more inclined toward traditional ranches and transitioning ranches. MSGOT is charged with getting the most credits out of the dollars paid out. Save some money for projects in other areas.
- 02:36:39 Director Tubbs: Called for additional comments.
- 02:36:36 Director Tubbs: Shared that Patrick Holmes wished to fund all the projects at a percentage reduction. But Mr. Holmes hasn’t been able to hear the benefit of this discussion.
- 02:37:14 Director McGrath: Came into the discussion with a preconception of how it would play out but did find the proposals compelling and think the suggestion of trying to accommodate all the projects makes sense. Struggling with the idea that all the projects could raise the additional funds. What if they aren’t successful? How long does that take or how much time do we give them? Do they have the opportunity to come back in the next grant cycle?

It also sounds like there is consensus in support of funding the three top proposals. Does it make sense to fund them wholly and make the remaining funds available to the other four projects, as opposed to making them all go out and raise additional funds?

Is there concern that supporting all the projects with good intent would have the opposite effect by forcing them to raise additional funds. What if they are unable to raise the funds and unable to advance their project?

- 02:39:48 Director Tubbs: It is a challenge. There is initial confirmation from the Land Trust organizations that they would be willing to meet that challenge. Experience shows us that some projects do not move forward for many reasons and a small percentage of approved projects are withdrawn.
- 02:41:02 Ms. Sime: Explained that a grant agreement is for three years. This allows more time for Land Trust organizations to work with landowners and any private funding sources to maximize the Account funds and close funding gaps to complete the project. Additional funding dollars from NRCS, for example, could become available. Sometimes final appraised values come in different than expected (higher or lower). Grant agreements can be amended to add more time.
- 02:43:34 Director Tubbs: If we were to fully fund 54 Livestock, Mussard-Barrett, and Peters Ranch it does create a larger percentage deficit reduction for the other projects. I don’t know the numbers on that, but it is reasonable to consider that. We have three top projects that are ready to move.

It does push more of the burden to the other projects, but we have been able to renegotiate funding situations for prior grants in the past if circumstances deemed it necessary. Could do so again in the future.

- 02:45:28 Director Tubbs: There is merit that the top three projects get full funding.

- 02:45:55 Director Tubbs: Possibly bifurcate the motions to the top three projects, then consider whether we fund the other projects and make a motion on that, and then a motion to pay a proportionate share of project costs.
- 02:46:42 Senator Lang: Asked to consider a decision on the Project Cost Policy first as that pertains to all the projects.
- 02:46:47 Director Tubbs: I would take a motion on that first.
- 02:47:00 Senator Lang: Asked for clarification on the language for the motion.
- 02:47:06 Director Tubbs: Motion would be: MSGOT would fund project costs [expenses], as defined by the Program, proportionate to the share of overall conservation easement costs and the grant provided by MSGOT. Up to that amount.
- 02:47:32 Senator Lang: Asked for examples of how project costs [expenses] will be calculated.
- 02:53:57 Senator Lang: Would like hard numbers instead of guessing.
- 02:54:08 Director Tubbs: I don't think it is a guess. The Program has not had clear direction. Currently, applicants can ask for more than their proportionate share of project costs [expenses], asking MSGOT to subsidize costs. The policy should establish: (1) MSGOT will pay project costs [expenses] because they are an eligible expense for the Stewardship Account; and (2) MSGOT will not pay more than the share that the grant represents to the overall project. I think it is fair to ask the State to contribute, but I don't think we should contribute more than our share.
- 02:55:40 Senator Lang: That is what I want to happen, too.
- 02:55:53 Director Tubbs: Asked to establish the Policy and have the Program report back at the next meeting with specific policy costs as they relate to the projects.
- 02:56:08 Senator Lang: What we are saying in the motion is that, if we vote for this, we think the State will have less than \$207,000 invested in project costs (expenses) if we were to fund all seven projects?
- 02:56:28 Director Tubbs: Yes. In my proposal that would become an ending fund balance that could be allocated in a future MSGOT. Rather than applied to the existing projects.
- 2:56:41 Senator Lang: I am willing and okay to go with that. It can be reviewed at a later time, if it has to be changed.
- 02:56:55 Director Tubbs: Okay. Do you want to make a motion?
- 02:57:15 Senator Lang: Please restate the motion.
- 02:57:06 Director Tubbs: The State will pay for project costs but only proportional to the grant received.
- 02:57:15: Senator Lang: I so move.
- 02:57:17 Director Williams: Seconded the motion.
- 02:57:22 Director Tubbs: Called for any further discussion. None.
- 02:57:26 Director Tubbs: Called for voice vote. Motion passed. Mr. Holmes and Rep. Knudsen voted aye by proxy.
- 02:57:37 Director Tubbs: Called for a motion for 54 Ranch, Alexander Ranch, and Peters Ranch.

- 02:57:48 Director Tooley: I will move.
- 02:57:49 Senator Lang: Did you mean the Alexander Ranch?
- 02:57:55 Director Tubbs: The 54 Ranch, the Mussard-Barrett Ranch, and the Peters Ranch. Projects 1, 6, and 7.
- 02:58:11 Ms. Sime: Asked Director Tubbs for clarification on the Project Costs Policy motion regarding the Fauth Ranch. Would like to confirm that because MSGOT is funding 75% of that project, 75% of project costs will be covered.
- 02:58:56 Director Tubbs: Yes, the proportionate share of the grant.
- 2:59:20 Director Tubbs: Ms. Ahlgren and Senator Lang identified the 54 Ranch Livestock, Mussard-Barrett and the Peters Ranch as deserving of full funding. Called for a motion to that effect.
- 2:59:39 Ms. Ahlgren: I would make that motion.
- 02:59:45 Director Tooley: Seconded motion.
- 02:59:56 Director Tubbs: Called for discussion.
- 02:59:47 Director Tubbs: This means the deficit is larger for the remaining projects, but we have heard good discussion about why these projects are “shovel ready”. I think it is in our interest to get all the projects implemented.
- 02:59:59 Director Tubbs: Called for further discussion. None.
- 03:00:14 Director Tubbs: Called for roll call vote. Motion passed unanimously. Mr. Holmes and Rep. Knudsen voted aye by proxy.
- 03:00:40 Director Tubbs: Alexander Ranch, Bequette Property, Fauth Ranch, and Jackson Ranch remain unfunded. MSGOT has two options: (1) drop the Bequette Property and Jackson Ranch and fund the remaining; or (2) fund all the remaining at a proportion that exhausts the remaining available balance.
- 03:01:16 Director Williams: Having read the reviews of the projects prior to the meeting today, I did think some were better than others. The presentations and comments from the landowners on the merit of each project was compelling. I don't know that we would be ready for a motion, but it leads me to prefer to fund all of the remaining projects proportionately to what we could, understanding it would not be fully funding all of the projects.
- I would prefer to allocate the funding to each project proportionately rather than fully funding one and cutting out the others.
- 03:02:26 Director McGrath: If that is a motion, I second it.
- 03:02:30 Director Williams: So moved.
- 03:02:30 Director Tubbs: Funding each of the remaining projects proportionately has been moved and seconded.

03:02:34 Director Tubbs: If the Land Trust organizations have concerns or questions, I remind them that we do have one more MSGOT meeting. If you need to come back, please do so.

We will instruct the Program to start the granting process for the first three fully funded projects. The next MSGOT meeting is in two weeks, so if there are issues, we will consider that.

03:03:28 Director Tubbs: Called for any additional discussion. None

03:40:17 Director Tubbs: Roll call vote. Motion passes 5-4.

Director Tooley	Aye
Director Williams	Aye
Director McGrath	Aye
Director Tubbs	Aye
Mr. Holmes	Aye, via proxy, Director Tubbs
Senator Lang	No
Rep Knudson	No, via proxy, Senator Lang
Ms. Ahlgren	No
Mr. Halvorson	No

03:05:17 Mr. Halvorson: Expressed concern that there was a lot of discussion and changes going on during the meeting. Having more time to consider the options would have been beneficial. Also, the group agreed under that vote to give money to projects that don't have matching funds and I think we overlooked one.

03:06:20 Director Tubbs: I appreciate that, Jim. You are a very steady member of the committee, and I appreciate your perspective.

I will ask the Land Trust organizations if we have created a big problem for them, and whether we need to revisit the issue.

And for a little bit hope and for the future, Ms. Ahlgren, I think we have some big projects on the horizon that are likely to contribute to the Stewardship Account should they move forward.

While I do not know what the legislature will provide for future grant funds, they have provided a fair amount already. There are some large projects that are moving forward that are likely to contribute some significant funds which gives me hope that there are future grant cycles available for the next administration.

03:07:30 Ms. Sime: Seeks clarification about the motion that just passed -- MSGOT intends to fund the remaining projects proportional to the available remaining funding balance? I understand that MSGOT intends to fully expend the balance of \$4,037,904, which was the balance available as of November 16.

03:07:56 Director Tubbs: Correct.

03:08:09: Director Tubbs: Called for public comment.

03:08:13 Mr. Brad Hansen, Montana Land Reliance: The proportional funding scenario changes things for both the Montana Land Reliance projects. I can't fully commit without discussion with the landowners that they would go forward. I couldn't recommend to the landowner to take less money than they might possibly get from a NRCS funded grassland project.

Would MSGOT be open to allowing the Land Trust to size down the easements to meet available funding in order that the landowners are getting a fair value in terms of funding for the credits?

*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.*

03:09:33 Director Tubbs: I don't like across the board cuts either. However, without more finite information that is what we typically get every legislative session. If both The Nature Conservancy and the Montana Land Reliance can agree upon a different proposal, we can reconsider that at the December meeting, while keeping in mind we are constrained by the revenue that we have available.

We can provide that opportunity to reconsider in the public notice of the agenda, so it is clearly before the public.

03:10:47 Senator Lang: Commented, as a legislator that's what you're trying to do. You're trying to get the most equitable option for the taxpayer. We have \$7.9 million of the taxpayer's money into these projects. If we can get more sage grouse habitat with less money, that's the way I'm going to go.

03:11:37: Director Tubbs: Called for public comment.

03:12:00 Mr. Marx: I will work with the Land Trust community. We will have comments at the next MSGOT meeting. Thank you very much for trying to make this work.

03:13:46 Director Tubbs: Called for any additional public comment for anything not on the agenda.

03:14:08 Director Tubbs: Second call for any public comment on agenda or not. None.

03:14:36 Director Tubbs: Called for motion to adjourn.

03:14:45 Director Williams: I moved to adjourn. The motion was seconded. Approved unanimously.

03:14:59 Meeting adjourned.

Chair for this meeting:

/s/ John Tubbs [approved by MSGOT December 14, 2020] x

Director John Tubbs