

MINUTES
MONTANA SAGE GROUSE OVERSIGHT TEAM

October 27, 2022
Meeting Summary
DNRC Building, Montana
Conference Room and
Virtual Zoom Meeting

Members Present

Mr. Michael Freeman, Chair, Governor's Natural Resource Policy Advisor
Ms. Diane Ahlgren, Rangeland Resources Committee Chairman
Mr. Chris Dorrington, Montana Department of Environmental Quality (DEQ), Director (Proxy Dir. Kaster)
Mr. Benjamin Jones, Montana Board of Oil and Gas, Administrator
Ms. Amanda Kaster, Montana Department of Natural Resources and Conservation (DNRC), Director
Representative Rhonda Knudsen, House District 34
Senator Mike Lang, Senate District 17 (Proxy Rep. Knudsen)
Mr. Malcolm Long, Montana Department of Transportation (MDT), Director
Mr. Hank Worsech, Montana Department of Fish, Wildlife, & Parks (FWP), Director

Staff Present

Mr. Mark Bostrom, DNRC Conservation and Resource Development Division, Administrator
Mr. Logan Cain, Sage Grouse Habitat Conservation Program, GIS Analyst
Ms. Therese Hartman, Sage Grouse Habitat Conservation, Program Manager
Mr. Adam Kauth, Sage Grouse Habitat Conservation Program, Biologist
Ms. Jamie McFadden, PHD, Sage Grouse Habitat Conservation Program, GIS Analyst
Ms. Emily Moran, Sage Grouse Habitat Conservation Program, Biologist
Ms. Erin Reather, Sage Grouse Habitat Conservation Program, Biologist
Mr. Nate Wold, Sage Grouse Habitat Conservation Program, GIS Analyst
Mr. Rick Northrup, Representing Montana Fish, Wildlife, Parks, Habitat Bureau Chief

Call to Order and Administrative Matters

12:00 pm: Chair Freeman called the October 27th Montana Sage Grouse Oversight Team (MSGOT) meeting to order.

Chair Michael Freeman introduced the Montana Sage Grouse Oversight Team members in attendance, quorum confirmed.

Representative Knudsen is the designated proxy for Senator Lang for the October 27th, 2022, MSGOT meeting.

12:04 pm: **Chair Freeman: Called for a motion to approve the draft May 27, 2022, MSGOT meeting minutes.**

Diane Ahlgren motioned to approve the draft May 27, 2022, MSGOT meeting minutes.

Second: Director Worsech

Voice vote conducted: voted unanimously to approve.

Discussion: None.

12:05 pm: **Motion Passed.**
Chair Freeman: Called for a motion to approve the draft June 28, 2022, MSGOT meeting minutes.

Rep. Knudsen motioned to approve the draft June 28, 2022, MSGOT meeting minutes.

Second: Director Warsech

Voice vote conducted: voted unanimously to approve.

Discussion: None.

Motion Passed.

Proposed Projects Overview 2022 Stewardship Account Grant Cycle Presentation- Program

12:06 pm: Therese Hartman presented the nine proposed grant projects for the 2022 Stewardship Account Grant Cycle.

See 'Montana's Greater Sage-Grouse 2022 Grant Cycle Proposed Projects' presentation.

Presentations from Grant Applicants

12:18 pm: **Common Ground Capital – Proposal to Investigate Price Discovery and Business Terms to Secure More Conservation Credits for the Montana Sage Grouse Habitat Conservation Program**

Wayne Walker and Greg Schildwachter presented their proposed project.

12:25 pm: Diane Ahlgren: Ms. Ahlgren believes the Program and MSGOT has collected a large portion of the information that Common Ground Capital is proposing to research and collect. It would be hard to justify funding \$100,000 for information that is already available. From talking with Ms. Hartman, the Program does have a need for an external entity to reach out to landowners in high priority sage grouse habitat.

Wayne Walker: Mr. Walker stated, the hardest and most challenging part is reaching out to landowners. Many challenges he has run into is that the landowners don't know about the Program, have misunderstandings of the Program, or have ideological concerns. He has also experienced the difficult business conversations where conservation practices and commercial operations come to balance. Mr. Walker believes Common Ground Capital brings value to the Program through landowner interaction, and by finding out what it would take to bring more landowners to the Program. The \$100,000 asking price is a 'ceiling' number, it contains funding for travel and legal services need to negotiate with landowners. Making and negotiating deals with landowners usually takes multiple visits and a lot of time.

Diane Ahlgren: What is Common Ground Capital's long-term goal with this proposal?

Wayne Walker: As previously presented in the June MSGOT meeting, Common Ground Capital is looking for a pay-for-performance business model. MSGOT and the Program would indicate which location new conservation leases or easements are needed and Common Ground Capital would go forth and try to secure the agreements. Once Common Ground Capital has achieved a predetermined milestone, then the Program would pay Common Ground Capital. Common Ground Capital recognizes MSGOT has established partners and a determined structure, Mr. Walker hopes that a pay-for-performance structure would not threaten any partnerships or structure that currently exists and would establish a long working relationship with MSGOT. With the current proposed

12:30 pm: payment model, Common Ground Capital would not see any return on their investment.
Director Worsech: Asked Mr. Walker why he wants to proceed with the proposal if Common Ground Capital will see no return on their investment.

Wayne Walker: Part of Common Ground Capital's job is to understand how different conservation programs across the nation work. Mr. Walker recognizes that the Program is at an early stage of a large-scale conservation program, and he would like to bring Common Ground Capital's skill set to the table in hopes of creating a relationship. There is a possibility that they might get a return on their investment later down the road. Mr. Walker also wants the Program to succeed and does not want the bird listed. The Montana Program is off to a good start and believes Common Ground Capital's experience can be beneficial.

12:33 pm: **Montana Land Reliance- Perpetual Easements_**

Mr. Hansen gave an overview of what the Montana Land Reliance (MLR) does and shared the MLR GIS Viewer:

(<https://mtlandreliance.maps.arcgis.com/apps/webappviewer/index.html?id=bb5002ce617b40c5b8961d46dcc8066f>).

On the interactive map, areas in blue are lands that are conserved by MLR in partnership with other conservation program, either through the state or federal government, or other sources.

Before 1975, private landowners only had a few options to conserve their land. Two women founded the MLR and introduced legislation in 1974 and 1975 to change the existing Open-Space Land Act to include private land conservation. The amended act, named the "Montana Open-Space Land and Voluntary Conservation Easement Act", allowed private landowners to maintain control of their property. In 1978 MLR was created. Currently MLR has a portfolio of over 1,000 easements totaling over 1.2 million acres conserved.

12:41 pm: Mr. Hansen began presenting the overview of each of the five potential perpetual easements held by MLR

12:42 pm: Clyde and Cindy Brewer - Brewer Ranch

Mr. Hansen pulled up Brewer property in the MLR GIS viewer. The Brewer project property is within close vicinity of the Roen Ranch, another proposed project. The Brewer property is with a designated Core Area for sage grouse and near multiple active sage grouse leks. Central area is unfairly recognized because sage brush is short.

Mr. Hansen showed pictures of Brewer Ranch from a site visit with the Natural Resources and Conservation Service (NRCS). The Brewer project has received matching funds from NRCS Sage Grouse Initiative at 75% easement value. The ask is only 25% of easement value, which allows the state to obtain the credits at a discount.

12:50 pm: Clyde and Cindy Brewer: The Brewer's are in the process of bringing their son, Ryan, back into the ranching business.

12:50 pm: Ryan Brewer: Since 2016, the Brewer's have focused on conservation activities, specifically, beginning an EQUIP project which has included installing 20 water tanks, 9.5 miles of livestock pipeline, 6.5 miles of cross fencing, and dividing pastures to use for rotational grazing. Receiving funds from the Program would complete the project.

12:52 pm: Bruce Johnson Ranch and Dan and Mary Anne Johnson Ranch (presented together)

Mr. Hansen showed multiple photos of the Bruce Johnson and Dan & Mary Ann Johnson Ranches. These properties are closest to wind energy development in Rosebud Co. The properties are within

core, have excellent sage grouse habitat, and have important riparian areas that sage grouse use while they need access to water in the springtime. The properties are working ranches with a mix of prairie grasslands and sage brush. The Johnson family has already engaged in a significant amount of sage grouse conservation activities, on their own. They have installed reflectors to miles of their fencing, added stock watering tanks that benefit wildlife, and manage their ranching activities around the sage grouse nesting habitat and timeframes.

12:54 pm: Bruce Johnson: The properties are about 25 miles southeast from Forsyth with mixed land use. The Ranch started in 1885 by Mr. Johnson's Great Grandfather who immigrated from Sweden. He was originally a sheep herder and eventually homesteaded. The original ranch was split into two as it was passed down through the generations. Currently, Mr. Johnson owns the top portion of the ranch and his parents, Dan and Mary Ann Johnson, own the bottom portion.

Water is a limiting factor on the ranch, wells are over a mile deep on the ranch. Previous range management practices included large open pastures centered around livestock watering from reservoirs. Overtime, the Johnson's have implemented conservation measures through an EQUIP project including over 75,000 feet of pipeline between the two ranches and over 15 miles of wildlife-friendly electric cross fences with sage grouse markers. The Johnson's have also divided their pastures to create multiple small pastures to promote rotational grazing.

Within the past six year, the Johnson's have been working with range management consultant to monitor the production, soil moisture, and litter in the smaller pastures. The Johnson's has been able to almost double production since implementation and are now working on decreasing the pastures for longer periods of rest. They have also found that the nearby sage grouse population has grown with the implementation of his conservation actions. Mr. Johnson shared the range management book that contains all monitoring, tests, and management strategies of the ranch with the MSGOT.

Mr. Johnson went through the Beginning Farmer Program and obtained a range management degree which he not only uses on the Ranch, but also as a Farm Manager at the Farm Service Agency. In 2012 Mr. Johnson used the beginning farmers program to purchase his part of the ranch.

If the two projects receive funding, the Johnson's will use all the money to purchase more land to put into production and continue current and new conservation practices. The ranch has been in the family for over 125 years and the Johnson's have intentions to continue to pass it on. All conservation projects are implemented with by the family.

The Johnson's had USFWS, and BLM representatives come assess the prairie dog population on the ranches, and while they were surveying, the USFWS representative noted that there are probably unidentified leks on the landscape in the prairie dog lands.

1:06 pm: Diane Ahlgren: Praised Mr. Johnson and his family for implementing the conservation measures. Wanted to know why the HQT looked blue and the leks were unidentified within their property.

Bruce Johnson: Is not sure how the leks are identified/ discovered, hopes someone with more knowledge can answer the question. From what he has been told, there is a lek right across the fence from his property and is surprised it did not show up on the basemap.

Rick Northrup with Fish Wildlife & Parks: The Lek layer is far from perfect; the layer is always building on past surveys. It is entirely possible that there are undocumented leks in the area. When surveying leks, private land access is limited, so aerial surveys are typically done, whereas land surveys are completed on public land.

Bruce Johnson: There are unconfirmed rumors that there may be another wind farm that will be south of Forsyth in addition to the current north Rosebud Co. wind farm. The Johnson's property

would fall between the two site and would be an excellent buffer for wildlife.

Brad Hansen: Matching funds have been secured through the National Fish and Wildlife Foundation. If these projects receive funding through the Program, there is a possibility for additional funding to be secured federally.

1:09 pm: Mitch and Jen Roen - Roen Ranch

Mr. Hansen presented multiple photos of the Roen Ranch. Funds have been secured through NRCS and all of the due diligence (i.e., appraisal, baseline report, etc.) has been completed. This project is ready to go. The Roen property contains fantastic habitat, with sage brush and native grasses. The Roen family has provided site photos with a five-gallon bucket next to sage brush, for scale. This is important because it showcases the quality of the habitat, even though the HQT shows blue, or lesser quality habitat. The birds utilize the grasses, forbs, and ephemeral streams located on the property. The Roen family works closely with NRCS; the Roundup NRCS Range Bio recommended not to change the habitat because it was already great. The property has a unique placement, it is fantastic habitat that is next to the highway. The HQT analysis dinged the property because it is close to the highway and had historic farming.

1:13 pm: Jen and Mitch Roen: The Roen Family purchased the property in 2016. The ranch had historically been used as a summertime operation, which the Roen's changed to year-round activities. The Roen family has added 6.5 miles of pipelines, storage tanks, and winter tanks for wintertime grazing. Since implementing wintertime grazing, the grass production has increased. Between the manure and forage that is added to the pastures, it is bringing the land back into production. There are many Creek beds, irrigation ditches, and pivots that showcase that the property can hold water. The property is not cross fenced, so no bird mortalities take place, it's more in lands natural state. The Roen property does have 110 acres used to be farm ground, working with NRCS, the Roen's plan to seed the 110 acres back to grass to and use it as improved pasture. The land has improved by changing the grazing practices and adding water to the land. The Roen's have seen a large number of sage grouse on the property. Any funding received from the Program would be used to pay off the ranch and to continue conservation practices.

Brad Hansen: Reiterated that this project has considerable matching funds and provides a cost benefit to the state for the credits produced.

1:19 pm: Chris Pfister - High Ridge Land, LLC.

Mr. Hansen presented multiple photos of the High Ridge Land, LLC. project. This project is comprised of two parts, a perpetual conservation easement and a restoration project. The restoration project component is what will allow the credits to make sense. It seems that the previous owners removed sage brush from the landscape, Chris and Susan Pfister are interested in bringing the property back to a native state. High Ridge Land, LLC. is outside core habitat but is in general habitat.

1:20 pm: Chris and Susan Pfister: The Pfister's purchased the High Ridge property about 1.5 years ago. The Pfister's own a ranch in Big Horn Basin that they have ranched for over 20 years. The Pfister's have also placed their ranch in the Big Horn Basin in a conservation easement. Mr. Pfister is a member and former Chair of the Big Horn Basin Local Working Group, under the Governor's office. He has been very involved in conservation for the past 20 years and is very knowledgeable in the issues surrounding sage grouse.

The Pfister's want to restore their land back to native prairie, with conservation being their top priority. Since getting the High Ridge property, Mr. Pfister has done a lot of research to see if restoring the land is feasible, from his research, it is. Mr. Pfister has looked to the MPG Ranch for valuable resources and information. The MPG Ranch has two botanists on staff and has been tackling the conservation issue for over 15 years. Mr. Pfister has also been in contact with Dr. Jane

Mangold from the Montana State University for resources on how to convert crested wheat grass back to native range. With Mr. Pfister's experience, he is well aware of what the project will consist of and successful techniques.

Ms. Pfister thanked Mr. Johnson, Ryan Brewer, and Mitch Roen for taking on the family ranches and participating in conservation. The Pfister's daughter is interested in conservation and hopes to continue on with the good work.

1:23 pm: Diane Ahlgren: Wants to know if this will be a working ranch, or if the Pfister's will be focusing on conservation.

Chris Pfister: The Pfister's will be focusing on conservation for now. High Ridge Land, LLC. is working with NRCS to secure funding through the EQUIP Program. The Pfister's don't plan to run their own cattle on the property but have set up agreements with neighbors that allow the neighbors cattle to be used as a conservation tool. The project will be mostly conservation and wildlife minded.

1:25pm: Rick Northrup: Wants to know if the crested wheatgrass is former cropland.

Chris Pfister: From the information he could find, it seems that the land was farmed in the late 90's and was enrolled in CRP since the early 2000's. The dominate seed mix used by CRP in the early 2000's was crested wheatgrass. The Roundup NRCS agent has done transects on the property to establish an inventory and found that little islands of slender wheatgrass, smooth Brom, and colored Indian grass are coming back between the crested wheatgrass monocultures. Mr. Pfister has also found in the literature that it is important to have islands of bridge species (i.e., the slender wheatgrass, smooth brome, and colored Indian grass mentioned above) when re-introducing sage brush to a crested wheatgrass monoculture. Luckily, crested wheatgrass acts as a buffer to cheatgrass. The Pfister's plan to follow the native island model he has researched. Mr. Pfister has the ability to receive 2,000 sage brush seedlings annually, if the project were to be funded.

1:28 pm: The Program presented drone footage of the High Ridge Land, LLC.

1:31pm: Diane Ahlgren: Posed a question to Mr. Northrup or other biologists. How long does it take for sage brush to come back on the landscape after restoration.

Rick Northrup: Crested wheatgrass is tricky to eliminate, it is very competitive. Mr. Northrup is glad to hear that Dr. Jane Mangold is involved because she is an expert. On Montana Fish, Wildlife & Parks properties, staff has found that the ground needs to be farmed for a few years in order for the crested wheatgrass seed to be eliminated from the ground. It takes a long time after crested wheatgrass has been eliminated for sage brush to establish and for the sage grouse to inhabit the property. In the context of a perpetual easement, the restoration makes sense.

Chris Pfister: From working with his ranch in Wyoming, he is very prepared to take on the project.

1:33 pm: Brad Hansen: The Pfister's have applied for matching funds through the EQUIP program for a portion of the restoration work and have donated a significant amount of landowner match.

1:33 pm: Mr. Hansen concluded the MLR perpetual easement presentations with a few key points. All projects generate credits to Central Service area, where there is a deficit. All projects have matching funds. MLR is committed to see that the easements are completed and monitored. The landowners are committed to seeing the projects through to completion.

Mr. Hansen likes to work with real ranchers, and people who have a conservation ethic. These folks are people who make a living from their lands, and multigenerational families. Mr. Hansen hopes all the projects are funded and pointed out that money spent on these easements will flow back into the rural Montana communities.

1:36pm: Rick Northrup: Mr. Northrup would like to know what stipulations and/or language will be put into the conservation easement to keep the properties in sage grouse habitat.

Brad Hansen: MLR is required to use language from the Executive Order that prohibits sod busting. There is flexibility in existing cropland areas; typically, no more than 10% of the total encumbered acres can be in cropland. With restoration projects, Mr. Hansen deferred to the Program how the easement language should be written, since no restoration projects have been funded through the Program. Projects that have matching funds through the NRCS require minimum deed terms written within the conservation easement that prohibit sod busting.

1:38 pm Schultz- Gran Prairie, Conservation Lease

Nick Schultz presented a power point that contained photos of the ranch and the Schultz's family. The Schultz's family originally homesteaded the property in 1910; last year, Mr. Schultz was able to purchase a portion of the Teigen Ranch. The Teigen ranch had over 14 miles of highway access and McDonald Creek running down center of the property. Mr. Schultz had a lot of concerns as to what was going to happen to the ranch. The Teigen Ranch was divided into five sections and sold to three ranchers and two recreational users. One portion of the ranch is proposed to be enrolled in a 25-year conservation lease. Mr. Schultz is not opposed to longer conservation lease but does not want to encumber his children. The other portions are proposed to be enrolled in a 20-year conservation lease. The entire proposed project area is in designated core area. The property contains two ranches, the Gran Prairie Ranch is a partnership between Mr. Schultz and his parents, while Schultz Ranch is a partnership with Mr. Schultz and his wife.

In 2018, Mr. Schultz submitted a project to the Program which did not result in a final conservation easement agreement. Previously, Mr. Schultz invested money by hiring a lawyer to negotiate with MSGOT and the Conservation District. The process resulted in a unanimous agreed upon document that MSGOT has access too. Mr. Schultz met with the conservation district yesterday and confirmed that they are willing to hold the lease under the previously agreed terms.

There were a few reasons why Mr. Schultz declined to move forward with the Program in 2018. He felt that there was a disconnect between how the HQT and Program assessed the land/ land value and how the landowners assess the land/ land value. The buffer zones applied to portions of the project seemed to be skewed. For example, there was a buffer placed around Elk Creek Rd, even though Mr. Schultz has seen sage grouse dancing on the road. In the final agreement in 2018, there was a written stipulation stating MSGOT reserved the right to review the buy-sell agreement if the Schultz family ever sold land. Mr. Schultz does not plan to sell the land and has worked with his lawyer to write a new rendition of the agreement, which has been sent to Ms. Hartman.

Mr. Schultz shared pictures of his ranch, family, and areas of the ranch that have potential for timber thinning work. The two ranches (Gran Prairie and Schultz) have over 20 years of monitoring data. Last year, the Schultz family added electric fences, divided his pastures for longer rest from grazing, they also added drought pipelines and tire tanks.

Mr. Schultz shared pictures of a pastures that was a successful reseeding project. In 2021 The portion of land was originally covered in crested wheat grass and cheatgrass. The Schultz's worked with NRCS to spray and reseed the area back to native grass. The seeds selected for the 2012 NRCS project worked but left bare ground in the pasture which has allowed cheatgrass to re-establish. If funded, Mr. Schultz proposed using a portion of the money to work with NRCS and reseed the area, again.

In the summer of 2022, there was a 16-acre fire on the ranch, Mr. Schultz has taped off the burned portion with electric fence; currently there are green shoots that are coming back up. The Schultz family works with a program to show children and young adults the ranching lifestyle. They also work with the Montana Conservation Corps to install beaver dam analogs (BDAs)

Mr. Schultz is shocked at how MSGOT appraises properties, he hopes MSGOT realizes he makes a living off the land and plans to pass the property to the next generation. Mr. Schultz does not think the MGSOT value can compete with recreational appraisals.

2:02 pm Haywire Ranch, Conservation Lease

Ms. Hartman shared a slideshow of Kelly Brady's Haywire property. The Haywire Ranch is located between Gran Prairie and Nowlin Ranch and is very spread out. It is also near a prior MSGOT approved project. There are 19 leks within 4 miles of the Haywire Ranch, and the property boundary is within the No Surface Occupancy (NSO) areas for four core leks which supports over 200 birds. The Brady family leases federal and state land, but the Habitat Quantification Tool (HQT) was only calculated for private property owned by the Brady family.

2:05 pm Nowlin Ranch, Conservation Lease

Laura Nowlin shared a power point presentation about her property. The Nowlin Ranch is near Winnett and close to the Haywire Ranch. Laura and Levi Nowlin lease the ranch from her parents. Ms. Nowlin's grandparents and great grandparents homesteaded near Winnett in 1914. Currently the Nowlin family currently runs a red angus calf-cow operation. In 2018, lek counts were conducted but no birds were counted. Using game cameras, the Nowlin family captures photos of sage grouse using the ranch property. Ms. Nowlin shared a video of a lek that is on the property.

The Nowlin Ranch project is split into two pieces, a north and south section. The land between the two sections are the Nowlin's haying grounds and have been excluded from the project. MSGOT received an original HQT results, which incorporated a large portion of cropland that has been reseeded; Ms. Nowlin explained that the HQT results included in the current meeting materials has the updated HQT results that account for the reseeded portions of cropland in and around the property.

Ms. Nowlin shared that the ranch is practicing rotational grazing, water development, and cross fencing, but also practicing soil and vegetation monitoring. The Nowlin family are interested to see how the carbon content has changed since the cropland areas have been reseeded. Now, the Nowlin's are implementing wildlife friendly fences with NRCS.

The Nowlin's have a long tradition of conservation and land stewardship that they would like to pass down to the next generation. This conservation lease would make the transition from Ms. Nowlin's parents to her and her husband possible. The funding would also allow the Nowlin's to purchase the land parcel that is next to the lek, which will allow them to fence around the lek. They have chosen to pursue a 15-year conservation lease to 'test the waters' and see if a conservation lease works for them. They are committed to stay on the land and practice conservation, but weary to commit the land to perpetuity as the future is unknown.

2:17pm: Rep. Knudsen: MSGOT has discussed the length between a conservation lease vs. a perpetual easement. Asked Ms. Nowlin if she would consider re-enrolling in an additional 15-year conservation lease once the first lease has expired.

Laura Nowlin: Ms. Nowlin believes she could see her family enrolling in another short-term conservation lease. The current proposed lease will be used to 'test the water'. The Nowlin family is also looking into ecosystem service payments and carbon credits, they may switch over to those practices once they are developed further.

2:19pm Diane Ahlgren: Comment about the leases. The leases are located very close together and are in the same area. It is also great to see consistent high male lek counts in the leks in and surrounding the proposed lease properties.

Public Comment on Proposed Projects of the 2022 Stewardship Account Grant Cycle

2:20 pm: No public comment was received.

2:20pm: 20 Minute Break

MSGOT Discussion

2:43 pm: MSGOT Discussion

Chair Freeman called the October 27th, 2023, MSGOT meeting back to order. He opened the discussion of the individual grant projects, reminding MSGOT that there was more funding request than there was funding available. MSGOT will be judicious in their decision making. All the presentations were very helpful, and Chair Freeman appreciates everyone who took time out of their day to present. MSGOT will look to the Program to help navigate and provide recommendations as MSGOT proceeds with discussion.

- **Common Ground Capital**

2:46 pm: Chair Freeman: Common Ground Capital could provide useful services but given the capability of the HQT and the work that has been put in from the Program and MSGOT, Chair Freeman would like to see if this work can be done in-house, or in the state. Chair Freeman is open to discuss with anyone who has projects like this one but would like to see what MSGOT and the Program can do with what they have.

Director Worsech: Agrees with Chair Freeman. Director Worsech believes the Program and MSGOT can work with FWP, specifically the Block Management cooperatives and using FWP's enforcement to share the funding opportunity with landowners. From looking at the high male lek count across the state, Director Worsech believes the Program and MSGOT are achieving no net loss.

Administrator Jones: Asked Ms. Hartman and the Program if they thought Common Ground Capital's services were needed.

Therese Hartman: The Program can identify landowners in high priority areas but is concerned with the Programs capacity to reach out to the landowner and negotiating an agreement. Ms. Hartman asked Director Worsech and Mr. Northrup how FWP negotiates deals through their habitat programs.

Chair Freeman: Believes spreading the word and advertising about the Program and funding opportunity would be very beneficial.

Rep. Knudsen: Believes the Conservation Districts (CDs) would be great partners to advertise the funding opportunity and to help find landowners to apply. The CDs are local, they interact with private landowners, they are knowledgeable in conservation programs, and know the economics of the local area.

Chair Freeman: Agrees that partnering with the CDs is a great idea. He also would like to look into other entities who would help advertise.

Diane Ahlgren: Also agrees that the CDs would be a great partner. She thinks that the State Conservation Organization could help the CDs organize a campaign. The Grazing Districts would also be a helpful resource in eastern Montana. Ms. Ahlgren believes that the Program and MSGOT can secure agreements with landowners in high priority sage grouse habitat but appreciates Common Ground Capital's presentation.

Chair Freeman: Agrees with Ms. Ahlgren but would encourage further discussion with Common Ground Capital in the future.

- **Bruce Johnson Ranch, and Dan and Mary Ann Johnson Ranch, MLR Perpetual Easements**

2:51pm: Chair Freeman: These two perpetual easements are more expensive per credit than other proposed projects. MSGOT has more asks than funds available and is looking to stretch their dollar to get the most credits.

Diane Ahlgren: Asked Mr. Hansen and Mr. Johnson if there were any other avenues to secure additional funding sources for the two projects.

Brad Hansen: Yes, the projects do have potential for additional funding sources. Mr. Hansen was limited initially, similar to the Program, many funding sources will not provide funding unless there are matching funds, it is a chicken-and-egg situation. If funding is secured from MSGOT, Mr. Hansen can secure additional matching funds from Fish and Wildlife National Foundation.

Chair Freeman: Chair Freeman is taking into consideration if projects are 'shelf ready'. Asked Mr. Hansen if the Bruce Johnson Ranch and Dan and Mary Ann Johnson Ranch are 'shelf ready'. Chair Freeman also asked Mr. Hansen for guidance on how MSGOT can work with MLR and the landowners, specifically what percent of matching funds are needed for these projects, is there any predictability in knowing what could be secured.

Brad Hansen: Mr. Hansen does not have the specifics; he could send that information to MSGOT after the meeting but the funds he would go after would require a 50% match. Mr. Hansen could find additional funding of the amount awarded by MSGOT, if not more.

Rep Knudsen: Asked Mr. Hansen if there was a drop-dead date to secure funding related to these Projects and if these projects could come back to MSGOT at a later date if these projects where not funded?

Brad Hansen: If MSGOT did not fund these projects the landowner would lose the \$450k of matching funds that he has already secured for both the projects.

Rep. Knudsen: Asked Mr. Hansen if both projects must be funded together in order to be functional.

Brad Hansen: Ideally yes, the ranches would be funded together to project the entire family ranch.

- **High Ridge Land LLC, MLR Perpetual Easement**

2:57pm: Chair Freeman: This project was ranked fairly high. Asked Ms. Hartman if she can walk through the ranking process and why the restoration portion of this project is important.

Therese Hartman: The restoration portion of this project is what makes it so valuable. Currently, the High Ridge property has blue, or less desirable habitat, with the proposed restoration, the habitat can turn red, or more desirable. This creates credits and uplift, where it is desperately needed. The restoration at High Ridge Land also aligns with the USGS 'Grow the Core' idea. This project has leks within four miles, if restoration is successful, more birds could be drawn to the leks. Conservation leases and perpetual easements do not change the habitat but keep the habitat at status quo.

Chair Freeman: Asked Ms. Hartman if the restoration portion is it a 1:1 credit conversion.

Therese Hartman: Yes, the restoration is adding functional acres. 100% of credits generated from

restoration go to market.

Administrator Jones: Asked Ms. Hartman when MSGOT would want to go from the 40% baseline to a 50% baseline? Also, many projects are asking for significantly more, when would MSGOT want to go towards the full asking prices?

Therese Hartman: MSGOT does have option to pay the full price and has in the past. In the Program Guidance Document, it states that if a project is at risk or is needed, MSGOT can increase the baseline it up to an additional 10%. MSGOT can fund any project partially. The HQT is the Program's tool to value the habitat, the HQT results are provided for guidance. MSGOT can provide more funding.

Administrator Jones: To clarify, the value from the 40% baseline is related to sage grouse, which is specific to the HQT. The easement value is based off the property value, which is not specific to sage grouse.

Therese Hartman: Correct, the property within the easements is appraised and MLR, or whoever brings the easement to MSGOT, creates an easement ask which is brought to MSGOT. Here MLR presented an ask that was 35% below fair market value to create the easement value. The HQT evaluates every property equally.

Chair Freeman: Following up on Administrator Jones question, it seems MSGOT should value things off of the sage grouse habitat value from the HQT to get the most credits for MSGOT's funding. It is MSGOT's job to make sure the credits and debits are balanced.

3:04 pm: Rep. Knudsen: Posed a question to Ms. Hartman. The restoration portion of the project would generate credits, correct? How will MSGOT and the Program know or measure that the restoration has taken place, was effective, will continue for the life of the project, and will turn out as predicted?

Therese Hartman: Correct, the restoration portions of any project will create credits. Once a project is approved for funding, the conservation easement portion will be paid in full. The restoration portions would require a site plan to be written. A portion of the awarded funds would be paid for the implementation of the restoration portion, typically this is a payment for buying the seeds. Then, depending on the activities taken place, an appropriate time interval will be established for when the restoration site will need to be evaluated for success. For example, The Schultz grant is proposing conifer removal, which is an activity that can see immediate results. Once he has demonstrated that the conifers are removed, then he would get the remaining portion of the awarded funding. For seeding restoration, the timeframe intervals would be based off the plants that were seeding. The site would be monitored until success. Once the plants have been established, say after five years, then the awarded funds would be released at a prorated amount. All numbers related to the restoration portions for all projects are based off the assumption of success.

Rep. Knudsen: What if the restoration project is a failure?

Therese Hartman: It is a risk MSGOT, and the Program take. The initial implementation amount would be lost, but the remaining awarded amount would not be released.

Rep. Knudsen: If a seed plot fails, would the landowners seed again?

Therese Hartman: The cost to re-seed an additional time would fall onto the landowner, our awarded funds have already paid for the initial try.

Rep. Knudsen: MSGOT and the Program are funding and creating credits upfront for projects with restoration, but there is a potential for a restoration project to fail, correct?

Therese Hartman: A project could fail, but the landowner would not receive the full amount of the

awarded funding.

Rep. Knudsen: What about the credits initially generated?

Therese Hartman: The credits shown in the meeting materials are under the assumption that the project will be successful, the credits will not be released until success is proven. The Reserve Account also is in place in case of an act of God resulting in complete failure through no fault of the landowner.

Chair Freeman: There is a lot of uncertainty built into the Program and all potential projects. We are always looking for ways to refine the program.

3:10pm: Diane Ahlgren: The project looks to be a good project but is lower ranking. The project is located in general habitat and has a lack of leks, Ms. Ahlgren's top priorities are projects within core habitat with a lot of leks.

- **Roan Ranch, MLR Perpetual Easement**

3:11 pm: Chair Freeman: The project is 'shovel ready' and could immediately see positive benefits. This project has a restoration component as well and was ranked high by the Program. There are fewer leks around the property but as it has been pointed out, monitoring leks is difficult. Relying on the HQT and getting the most benefit of the credits generated from the project is very important. Asked Ms. Hartman to refresh MSGOT on the cost per credit for this project compared to the other proposed projects.

Therese Hartman: The score on the Roan Ranch project was higher because of the restoration portion. The landowner will be using matching funds for the restoration work, which is why the project ranked higher than others.

Rep. Knudsen: Did they receive more credits because of the matching funds?

Therese Hartman: No, the credits stayed the same, the overall ranking increased because of the matching funds.

Chair Freeman: The Policy Guidance Document instructs MSGOT to prioritize projects with matching funds.

Therese Hartman: Correct, the Program is still having discussions with the NRCS about how credits created by projects partially funded by federal funds will be handled.

Rep. Knudsen: What are the restoration components comprised of for the Roan Ranch project?

Therese Hartman: I will defer to Mr. Hansen.

Brad Hansen: The Roen's will reseed 100 acres of their property with a native seed mix. MLR and the Roen family did not ask for MSGOT funding for the restoration portion of the project, the Roen's will be donating their time and money to do the restoration work. The donated restoration portion adds value to the land and enhances the number of credits generated without more funding.

Rep. Knudsen: What is the extent of the restoration?

Therese Hartman: The extent of the restoration was not provided in the original meeting materials.

Brad Hansen: I will defer to Mitch Roen.

Mitch Roen: 110 acres of previously dike irrigated fields will be reseeded with an NRCS

recommended native seed mix. The NRCS recommended that no further restoration work was needed on the remaining Roen property. The western portion of the property is located near a subdivision.

- **Brewer Ranch, MLR Perpetual Easement**

3:20 pm: Chair Freeman: This project generates the most credits per funding dollar. It is under the \$13/credit target, which is a large benefit.

- **All Conservation Leases: Schultz - Gran Prairie, Haywire Ranch, and Nowlin Ranch**

3:21 pm: Chair Freeman: The short-term lease project match up well with the short-term development projects. All three of the conservation lease projects stretch the MSGOT funding dollars. The short-term lease option gives the landowners more flexibility and allows the landowner the potential to extend or renew the lease, which is key for Program to engage more landowners.

Rep. Knudsen: There will be an additional cost associated with each lease that will be paid to the CDs, what will the amount be?

Therese Hartman: Based off of the Burgess project from a previous cycle, the Program paid the conservation district \$27,000. The Program anticipates that the Schultz – Gran Prairie project will require around the same amount because the CDs will be contracted to monitor the reseeded fields. Instances where the CDs are contracted to hold the lease and not monitor the site, the Program anticipates a lesser amount. Once a final amount has been agreed upon with the CDs, the Program will come back to MSGOT for approval.

3:24 pm: Diane Ahlgren: How long was the Burgess lease for?

Therese Hartman: 30 years.

- **Further MSGOT Discussion**

3:24 pm: Chair Freeman: Comparing the High Ridge Land project with the Roen Ranch project. In terms of credits generated and the cost to the Program, how can MSGOT define a decision point.

Therese Hartman: Both projects have a restoration component, but the High Ridge Land project is proposing to restore a much larger portion of land, over 200 acres. Whereas the Roen Ranch project is proposing to restore 110 acres.

Chair Freeman: Believes money should be left in the Stewardship Account so MSGOT can be flexible if new projects are submitted. Is there a deadline for when funding will be lost for the Roen and High Ridge Land projects?

Brad Hansen: The Roen Ranch has no flexibility for funding, if the project does not receive funds from MSGOT, the matching NRCS funds will be lost. Will defer to Mr. Pfister for the High Ridge Land's flexibility.

Chris Pfister: High Ridge Land is working with NRCS for EQUIP funding, which is not contingent on MSGOT's funding. Mr. Pfister has flexibility on timing and is open to discussions about the funding amount.

3:32 pm: Chair Freeman: Would like to continue conversations with High Ridge Land further down the road.

3:33 pm: The Program provided MSGOT members with a spreadsheet allowing them to compare the nine easement projects under various scenarios.

Members expressed support of the three conservation leases and the Brewer Ranch MLR perpetual easement. Using a spreadsheet provided by the Program, Chair Freeman asked for the total grants amount funded and cost per credit if MSGOT funded the Brewer Ranch MLR perpetual easement, Schultz – Gran Prairie conservation lease, Haywire Ranch conservation lease, and Nowlin Ranch conservation lease with lek multipliers at a 40% baseline.

3:33 pm: The Program calculated the results for the Brewer Ranch MLR perpetual easement, Schultz – Gran Prairie conservation lease, Haywire Ranch conservation lease, and Nowlin Ranch conservation lease with lek multipliers at a 40% baseline which resulted in:

That combination of funding resulted in \$3,201,297.99 remaining in the Stewardship Account, meaning MSGOT would award \$1,502,587.01 and generate 206,792.34 credits, leaving 623,712.47 debits remaining. The cost per credit would be \$7.27 over the life of the projects.

3:34 pm: Chair Freeman: Requested the addition of the Roen Ranch MLR perpetual easement to the spreadsheet with lek multipliers at 40% baseline. A 50% baseline would generate more credits at a higher cost.

Therese Hartman: A 50% baseline would still result in \$13.00/credit, but the total project would cost more overall.

3:35 pm: Administrator Jones: Suggested adding the 50% baseline to projects that contain restoration components.

3:36 pm: The Program calculated the results the Brewer Ranch MLR perpetual easement, Schultz – Gran Prairie conservation lease, Haywire Ranch conservation lease, and Nowlin Ranch conservation lease with lek multipliers at a 40% baseline. With the addition of funding the Roen Ranch MLR perpetual easement with lek multipliers at a 50% baseline which resulted in:

\$2,848,181.86 remaining in the Stewardship Account, meaning MSGOT would award \$1,855,703.14 and generate 290,249.76 credits, leaving 540,255.05 debits remaining. The cost per credit would be \$6.39 over the life of the projects.

3:37pm: Administrator Jones: Based off the Programs ranking and assessment of the High Ridge Land project, does not want to miss out on a project that creates so many functional acres per physical acre per year. It seems the Program values projects that create high quality habitat from existing poor habitat.

Freeman: That is taken into account in the HQT score. Asked the Program why the project was ranked so high.

Therese: The High Ridge Land project is located in very poor habitat right now because of the crested wheat grass, the conservation easement was given a low value because of the current habitat quality but the restoration provides uplift to bring the sage brush back. Ms. Hartman would like to see more project like this.

Chair Freeman: Referring to a prior MSGOT discussion, the Program does have assurances in place for restoration projects.

Therese Hartman: Correct, the Program will enter into a site plan with the landowner and CD to meeting monitoring and restoration requirements.

3:39 pm: Chair Freeman: Requested the addition of the High Ridge Land, LLC MLR perpetual easement to the spreadsheet with lek multipliers at 50% baseline.

3:39 pm: The Program calculated the results the Brewer Ranch MLR perpetual easement, Schultz – Gran Prairie conservation lease, Haywire Ranch conservation lease, and Nowlin Ranch conservation lease with lek multipliers at a 40% baseline. With the addition of funding the Roen Ranch MLR perpetual easement and High Ridge Land MLR perpetual easement with lek multipliers at a 50% baseline which resulted in:

That combination of funding resulted in \$2,174,365.19 remaining in the Stewardship Account, meaning MSGOT would award \$2,529,519.81 and generate 449,503.32 credits, leaving 381,001.49 debits remaining. The cost per credit would be \$5.63 over the life of the projects.

Chair Freeman: With the addition of the High Ridge Land project, only 381,001.49 debits would be remaining to be offset. Chair Freeman believes this scenario would be the best-balanced approach. Chair Freeman would like to continue conversations with the Bruce Johnson and Dan and Mary Ann Johnson perpetual easements, but at this time does not believe the projects produce enough credits for the funding ask.

3:41pm: Rep. Knudsen: Are the matching NRCS funds of the High Ridge Land project an awarded EQUIP project?

Chris Pfister: Everything has been submitted to NRCS and is waiting to be ranked and awarded.

Rep Knudsen: For clarification, the money is not in the bank today, correct?

Chris Pfister: Correct. Within the EQUIP program, the initial round of seeding is covered. This can give a good indication of proper seeding methods and if successful, the restoration funds from MSGOT may not be needed.

3:42pm: Diane Ahlgren: Asked Mr. Pfister if there is an option for MSGOT to fund the restoration portion of the High Ridge Land project and not fund the perpetual easement.

Chris Pfister: No, the perpetual easement and the restoration portion cannot be separated.

Chair Freeman: Mr. Pfister has indicated that there is flexibility with the timeline. Chair Freeman proposed to continue discussions with Mr. Pfister but to delay the funding decision until a later date.

Rep. Knudsen: If the EQUIP is not funded, will Mr. Pfister come back to request more money from MSGOT?

Chris Pfister: From talking with NRCS, Mr. Pfister is highly suspicious that it will not be funded through EQUIP and does not believe that he will need to come back to request more money from MSGOT.

Chair Freeman: Proposed making an offer contingent on obtaining the NRCS funding.

Rep. Knudsen: Proposed postponing the vote for High Ridge Land perpetual easement until MSGOT has an opportunity to discuss with Mr. Pfister further. Asked what MSGOT's timeline is for funding decisions.

Chair Freeman: MSGOT's goal is to show the Federal Government that the State of Montana can manage sage grouse habitat. To reach the goal, the debits and credits need to be balanced.

Rep. Knudsen: Agreed but suggested that the credits projected to be generated from the restoration portions will not be generated until the restoration has been proven successful. The restoration credits are projected or promised credits.

Chair Freeman: There are safeguards built into the Program to mitigate potential credit losses. Asked Mr. Pfister when the EQUIP funding decision will be made.

3:46 pm: Chris Pfister: Does not have a set date, will share the date when he finds out.

Chair Freeman: This topic can be brought up at any future MSGOT meeting. Proposed delaying the vote until further discussion.

Rep. Knudsen: Agreed. Would like to see what funding is secured from NRCS.

MSGOT Executive Action

3:47 pm: Chair Freeman called a MSGOT to vote on each individual project.

3:48 pm: **Common Ground Capital**

Chairman Freeman: Called for a motion to grant Common Ground Capital their full request of \$100,000.

Diane Ahlgren motioned to grant Common Ground Capital their full request of \$100,000.

Second: Director Worsech

Voice Vote Conducted:

Aye: None.

Nay: Director Dorrington no by proxy, Diane Ahlgren, Administrator Jones, Director Kaster, Representative Knudsen, Senator Lang, Director Long, Director Worsech

Discussion: None.

Motion Failed.

3:49 pm: **Dan and Mary Ann Johnson Ranch, MLR Perpetual Easement**

Chairman Freeman: Called for a motion to approve the Dan and Mary Ann Johnson Ranch Perpetual Easement Proposal.

Director Kaster motioned to approve the Dan and Mary Ann Johnson Ranch Perpetual Easement Proposal.

Second: Director Worsech

Voice Vote Conducted:

Aye: None.

Nay: Director Dorrington no by proxy, Diane Ahlgren, Administrator Jones, Director Kaster, Representative Knudsen, Senator Lang, Director Long, Director Worsech

Discussion: None.

Motion Failed.

3:50 pm: **Bruce Johnson Ranch, MLR Perpetual Easement**

Chairman Freeman: Called for a motion to approve the Bruce Johnson Ranch Perpetual Easement Proposal.

Director Kaster motioned to approve the Bruce Johnson Ranch Perpetual Easement Proposal.

Second: Administrator Jones

Voice Vote Conducted:

Aye: None.

Nay: Director Dorrington no by proxy, Diane Ahlgren, Administrator Jones, Director Kaster, Representative Knudsen, Senator Lang, Director Long, Director Worsech

Discussion: None.

Motion Failed.

3:50 pm: **High Ridge Land, MLR Perpetual Easement**

Chairman Freeman: Called for a motion to delay the vote for approval of the High Ridge Land Perpetual Easement Proposal.

Director Kaster motioned to delay the vote for approval of the High Ridge Land Perpetual Easement Proposal.

Second: Director Long

Voice Vote Conducted:

Aye: Director Dorrington no by proxy, Diane Ahlgren, Administrator Jones, Director Kaster, Representative Knudsen, Senator Lang, Director Long, Director Worsech

Nay: None.

Discussion: None.

Motion Passed.

3:51 pm: **Roen Ranch, MLR Perpetual Easement***

Chairman Freeman: Called for a motion to approve the Roen Ranch Perpetual Easement Proposal.

Director Worsech motioned to fund the Roen Ranch Perpetual Easement Proposal at \$353,116.13 with lek multipliers and 50% to baseline.

Second: Administrator Jones

Voice Vote Conducted:

Aye: Director Dorrington no by proxy, Diane Ahlgren, Administrator Jones, Director Kaster, Director Long, Director Worsech

Nay: Representative Knudsen, Senator Lang,

Discussion: None.

Motion Passed.

3:52 pm: **Brewer Ranch, MLR Perpetual Easement***

Chairman Freeman: Called for a motion to approve the Brewer Ranch Perpetual Easement Proposal at the full funding request.

Administrator Jones motioned to approve the Brewer Ranch Perpetual Easement Proposal.

Second: Director Kaster

Voice Vote Conducted:

Aye: Director Dorrington no by proxy, Diane Ahlgren, Administrator Jones, Director Kaster, Director Long, Director Worsech

Nay: Representative Knudsen

Discussion: None.

Motion Passed.

3:53 pm: **Schultz- Gran Prairie Conservation Lease***

Chairman Freeman: Called for a motion to approve the Schultz – Gran Prairie Conservation Lease Proposal.

Director Kaster motioned to approve the Schultz – Gran Prairie Conservation Lease Proposal.

Second: Diane Ahlgren

Voice Vote Conducted:

Aye: Director Dorrington no by proxy, Diane Ahlgren, Administrator Jones, Director Kaster, Representative Knudsen, Senator Lang, Director Long, Director Worsech

Nay: None.

Discussion: None.

Motion Passed.

3:53 pm: **Haywire Ranch Conservation Lease***

Chairman Freeman: Called for a motion to approve the Haywire Ranch Conservation Lease Proposal.

Diane Ahlgren motioned to approve the Haywire Ranch Conservation Lease Proposal.

Second: Administrator Jones

Voice Vote Conducted:

Aye: Director Dorrington no by proxy, Diane Ahlgren, Administrator Jones, Director Kaster, Representative Knudsen, Senator Lang, Director Long, Director Worsech

Nay: None.

Discussion: None.

Motion Passed.

3:54 pm: **Nowlin Ranch Conservation Lease***

Chairman Freeman: Called for a motion to approve the Nowlin Ranch Conservation Lease Proposal.

Diane Ahlgren motioned to approve the Nowlin Ranch Conservation Lease Proposal.

Second: Director Worsech

Voice Vote Conducted:

Aye: Director Dorrington no by proxy, Diane Ahlgren, Administrator Jones, Director Kaster, Representative Knudsen, Senator Lang, Director Long, Director Worsech

Nay: None.

Discussion: None.

Motion Passed.

Public Comment on Other Matters

3:54 pm: No public comment was received.

3:54 pm: **Chairman Freeman: Called for a motion to adjourn the October 27, 2022 MSGOT Meeting.**

Director Long motioned to adjourn the October 27, 2022 MSGOT Meeting.

Second: Director Kaster

Voice vote conducted: voted unanimously to approve.

Discussion: None.

Motion Passed.

Meeting Adjourned at 3:54 pm.

**** Executive action items annotated with an asterisk were clarified by the voting MSGOT members after the meeting. Results as follows:**

Roan Ranch Perpetual Easement Proposal:

MSGOT awarded the project \$353,116.133. The project was funded with lek multipliers and at a 50% baseline.

Brewer Ranch Perpetual Easement Proposal:

MSGOT awarded the project \$370,300.00. The project was funded with a 40% baseline.

Schultz – Gran Prairie Conservation Lease Proposal:

MSGOT awarded the project \$561,504.20. The project was funded with lek multipliers and at a 40% baseline.

Nowlin Ranch Conservation Lease Proposal

MSGOT awarded the project \$283,295.33. The project was funded with lek multipliers and at a 40% baseline.

Haywire Ranch Conservation Lease Proposal

MSGOT awarded the project \$332,487.49. The project was funded with lek multipliers and at a 40% baseline.

Chair for this meeting:

/s/ x  _____

Michael Freeman, Governor's Natural Resource Policy Advisor