



COMMON GROUND CAPITAL



MONTANA SAGE GROUSE
Habitat Conservation Program

*Montana Sage Grouse Program Observations & Proposal
For Collaboration on a Long-Term, Performance Based
Program to Eliminate the Programs Conservation Deficit in
Southeastern Montana.*



MSGOT PROGRAM OBSERVATIONS AND GENERAL MITIGATION INDUSTRY LESSONS LEARNED

What MSGOT is trying to do here is the only thing that has ever worked to avoid federal oversight through a needless listing under ESA.

You have a good administrator that understands the system and understands what needs to be fixed (rare).

There are a lot of ways to mess it up.

Examples of how it works (ABB & NC Wetland & Stream)

Example of how it doesn't work (LPC)

What we do/qualifications



MSGOT PROGRAM OBSERVATIONS AND GENERAL MITIGATION INDUSTRY LESSONS LEARNED CONT.

Really good job tracking project performance-Who does this? Critical for USFWS.

Must have market pricing on both sides of the landscape ledger-development and conservation (no waivers, eliminate price caps, be wary of carve outs). Designing a predictable market place will aid in price discovery and preclude price gouging.

Unspent funds in the Sage Grouse Stewardship Funds should be viewed as liabilities, not assets.

USFWS may view using government program funds (USDA) as double dipping during a future SSA for Sage-Grouse. This is counter to USFWS mitigation policy. USDA grants are also unpredictable from a sustained funding perspective.

Need to have a single mitigation standard for all mitigation options (program grants/fee payments, prm, conservation bank, term & permanent mitigation), ideally collaborate with USFWS to define a new standard so there is no question about what counts later.

Why do most industry projects donate to the stewardship account?

Why aren't there any traditional mitigation providers pursuing the program?



MSGOT PROGRAM OBSERVATIONS AND GENERAL MITIGATION INDUSTRY LESSONS LEARNED CONT.

Near term/long range goal: We can help you with all of these concerns. You need to be aware that if you don't succeed in these immediate steps for program improvement, your current trajectory leads you to where the LPC is now (lid blew off in 2019): Program effectively insolvent with 2x listing likely coming in 6 years and nothing left but the spin.

Long-buried audit finds misuse of protection funds

Scott Streater, E&E News reporter • Published: Wednesday, April 29, 2020



An audit has found misuse of money to protect the lesser prairie chicken. Larry Lamsa/Wikimedia Commons

The nonprofit group charged with carrying out a mostly voluntary federal recovery strategy for the imperiled lesser prairie chicken has mishandled funds meant to protect the bird, spending large sums on an office building and staff salaries instead of conservation, according to an internal audit that suggests the program should be terminated.



WAFWA 2019 AUDIT TABLE OF CONTENTS

4 Results of the Audit	12
4.1 Finances	12
4.1.1 Although accounting systems and procedures are in place, WAFWA does not properly administer the Program from a financial standpoint	12
4.1.2 REDACTED	13
4.1.3 WAFWA's financial reporting overvalues its assets	14
4.1.4 The purchase of the Boise building using SRF's administrative funds and the associated loan of SRF's funds to WAFWA were not appropriate uses of funds. WAFWA took 100% ownership of the building paid using SRF funds.....	15
4.1.5 The Program does not track its liabilities properly and may not have enough assets to cover its future potential liabilities.....	15
4.1.6 WAFWA did not manage its administrative endowment to ensure that it remains permanent	16
4.1.7 The Program does not generate the financial resources needed to support its administrative costs and will run out of administrative funds by the end of the July 2019.....	17
4.1.8 The Program does have appropriate resources to support its permanent conservation. However, the Tate Ranch endowment needs to be fully funded immediately.	18
4.1.9 The Program spending on temporary mitigation is unsustainable.....	18
4.1.10 Adaptive management cannot effectively solve the financial issues outlined in this audit.....	18

4.2 Conservation	22
4.2.1 The Program is supported by dedicated staff with deep subject matter expertise. However, the staffing structure of the conservation team may not be the most efficient	22
4.2.2 The goals of the Program do not match the criteria that USFWS is using to judge the effectiveness of LPC conservation	22
4.2.3 WAFWA does not have a well-articulated conservation strategy and does not properly track its progress against the needs and payments of participants.....	22
4.2.4 WAFWA has developed a sophisticated database to manage the Program. However, the database is expensive and was not included in the original budget.....	23
4.2.5 The design of the Program is overly complicated leading to a lack of understanding of the relationship between impacts and mitigation.....	23
4.2.6 The mitigation fee collected by WAFWA does not reflect the actual cost of conservation activities being implemented.....	23
4.2.7 Although the Program provided valuable mitigation in excess of its initial target, it is unclear if the effort was effective at reducing the threats to the LPC	24
4.2.8 WAFWA should have triggered the adaptive management plan because of the lack of progress on the conservation objectives	24
4.2.9 The Program as currently structured and operated does not provide a net gain in conservation	25
4.3 Regulatory	26
4.3.1 The Program does not offer any regulatory benefit to electric utility companies or any other industry beyond oil and gas, thereby limiting their potential participation in the Program.....	26
4.3.2 REDACTED.....	26
4.3.3 The Program is out of compliance with the CCAA. However, FWS is currently unlikely to either terminate the CCAA or to deny the issuance of the associated enhancement-of-survival permit	26
4.3.4 The Program may not be providing enough certainty of the effectiveness of the conservation effort to guaranty that the associated enhancement-of-survival permit will not be successfully challenged by environmental groups	27

[WHERE THINGS ARE HEADED WITH USFWS]

Moving to a world of strict conservation performance with same standards adhered to by all versus one-off, inconsistent conservation and mitigation programs that have largely not delivered successful outcomes, thus perpetuating the sue and settle dynamic that creates uncertainty for all.

Large-scale industry wide permits tied to detailed mitigation performance standards versus small and sequential project specific programs.

Increase in overall institutional knowledge of mitigation programs that will reduce gaming of program design that has perpetuated a slew of industry designed programs (DSL, LPC, legacy ABB program) that primarily focus on least cost/poor conservation outcomes that keep ESA gauntlet in play versus reasonable cost/high performance standards programs that actually help achieve conservation gains for the species and private landowners that allows the ESA gauntlet to be avoided.



WHAT IS THE ASK?

Seeking Permission to pursue a partnership with MSGOT staff & Montana Fish & Game to explore a strategic partnership to insure the programs near and long-term success:

Enter into a market based pay for performance contract for Southeastern service area with MSGOT.

Request up to a \$100,000 grant (capped) to be paid to CGC to perform preliminary site due diligence on a limited number of target sites with MSGOT/MF&G/other stakeholders to determine price discovery on strategic conservation sites that would eliminate credit deficit in Southeastern Region.

Should MSGOT want to pursue transactions to secure sites, payment milestones tied to CGC reaching agreed upon conservation milestones.

And...

Comprehensive program review (ideally working with USFWS) to further define areas of improvement needed to bolster long-term program success with an eye on avoiding ESA listing of Sage Grouse the next time around.



APPENDIX





LPC CONSERVATION

COMMON GROUND CAPITAL



*A Unique Perspective of Pursuing Conservation Success From a Landowner who is also
A Conservation Banker on ESA Challenges*



NRCS Headquarters Discussion

November 22, 2019

Washington DC



WHO IS COMMON GROUND CAPITAL (CGC)?

- Wayne Walker, Principal/Entrepreneur/Restoration Systems/EGI
 - <https://restorationsystems.com/> <https://www.egizell.com/>
- LPC Conservation LLC and ABBCB LLC Joint Ventures.
- Ultimately, CGC is a service provider that manages surface risk for sophisticated energy developers and delivers exceptional conservation outcomes with long term performance assurances for the resource.
- Execution is accomplished by working with a finite, best in class, set of private professionals and conservation partners in the requisite fields: biology, land, legal, policy, finance, etc.
- Company Value Proposition: Secure the best sites for conservation, deliver a meaningful return to private landowner and investment partners, understand customers commercial needs & execute with regulators and other stakeholders to design efficient, market based permitting options that are ecologically and legally sustainable.



BUSINESS EXECUTION TRACK RECORD

Initiated and led eight major conservation bank approval and HCP instruments over the past ten years:

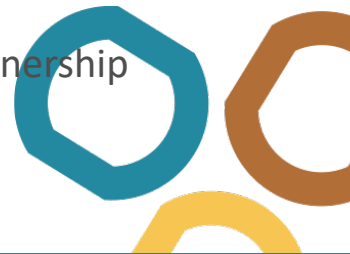
- ABB: TransCanada PRM & ABB Conservation Bank Phase I-IV
- LPC Programmatic Range-Wide Conservation Bank Agreement (First in USFWS): Short Grass Prairie LPC Bank Parcel Approval, Mixed Grass Prairie LPC Bank Parcel Approval, Tomahawk (Shinnery Oak) and Lost Draw (Shinnery Oak) LPC Bank Parcel Approval.
- LPC Range-Wide HCP: Approval of renewables HCP and Oil and Gas HCP in 2021/2022

Secured 100,000 acres of options or land purchase agreements in a difficult environment across four states for two species under multiple joint venture agreements

Secured two rounds of equity investment with major investors for LPC business line

Proven the business model with transaction success

- ABB: >40 transactions over 8 years with PRM and Banks via Wildwood Partnership
- LPC: Three voluntary transactions with major wind customers since 2016



Stewardship Grants – 4th Cycle:

PART 1: OVERVIEW OF GRANT PRE-APPLICATIONS

PART 2: UNDERSTANDING THE HQT

Montana Sage Grouse Oversight Team Meeting

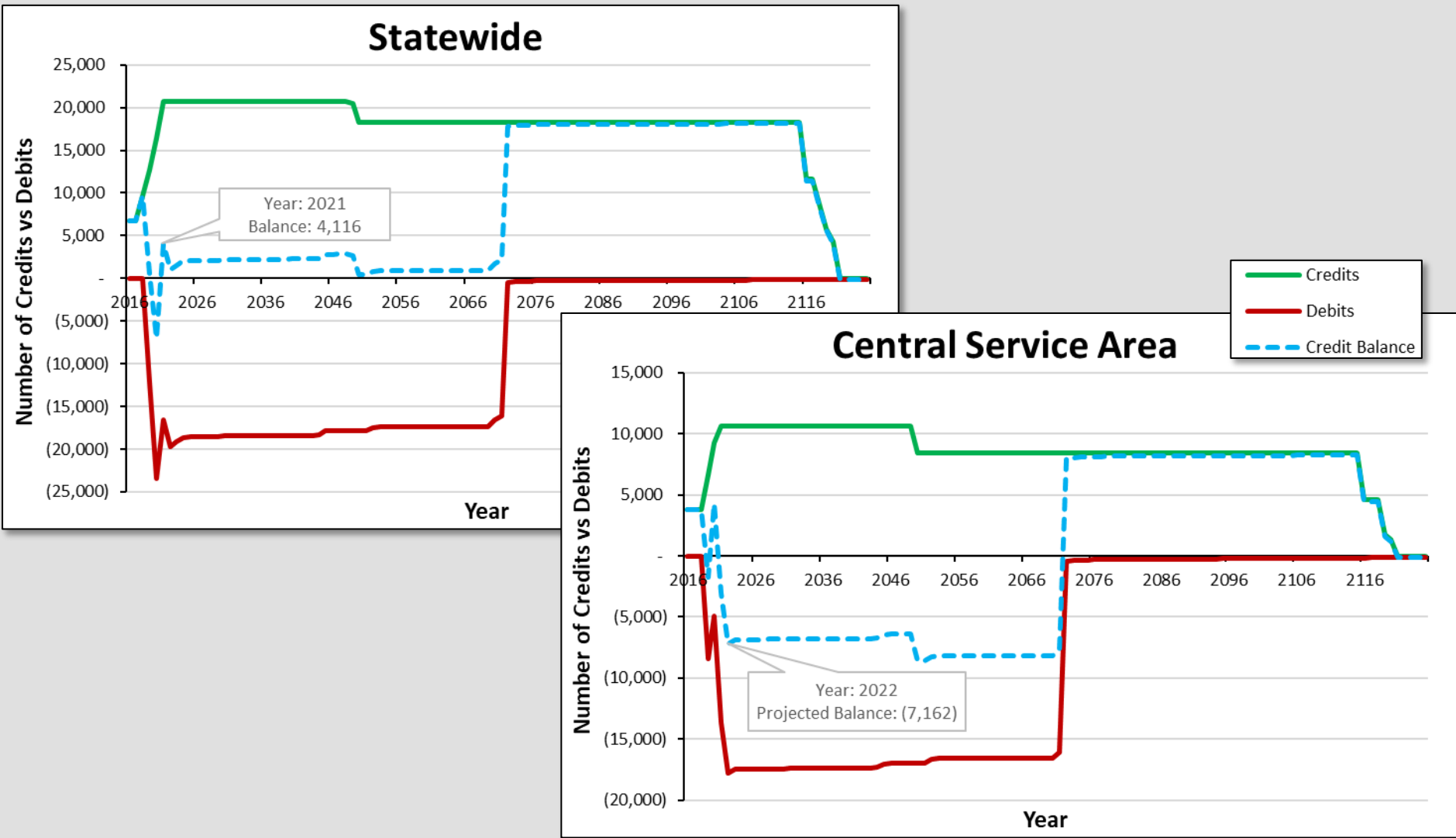
28 June 2022



MONTANA SAGE GROUSE
Habitat Conservation Program

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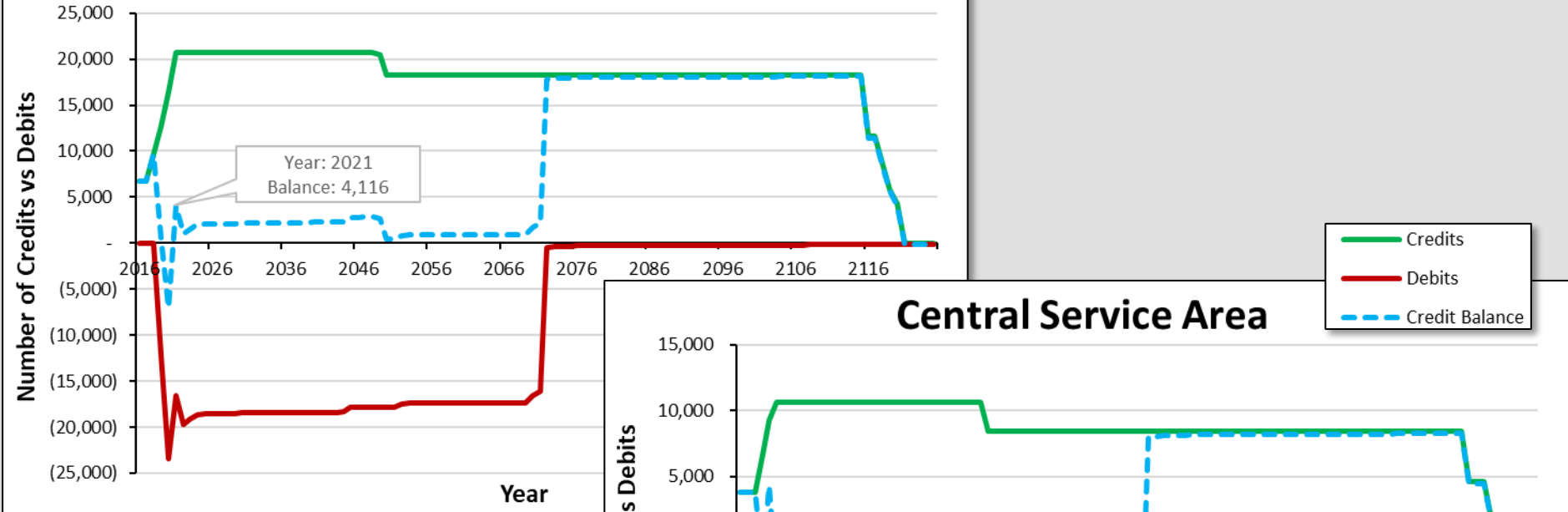
DECEMBER 2021



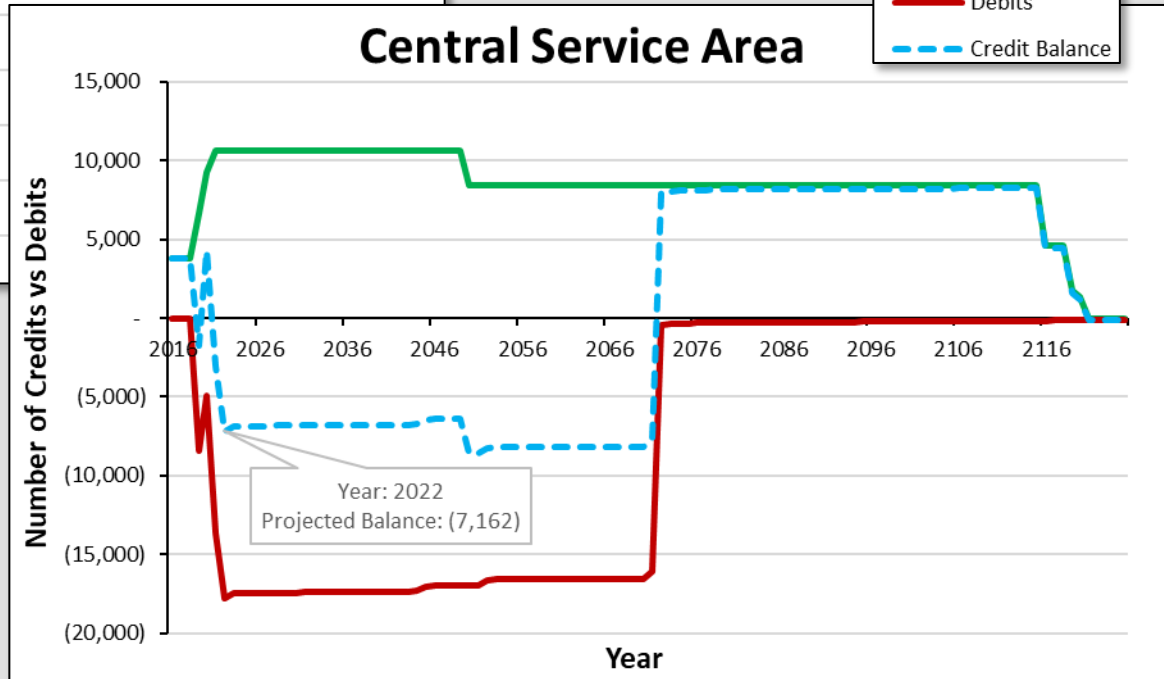
Stewardship Account Status:

DECEMBER 2021

Statewide



Central Service Area

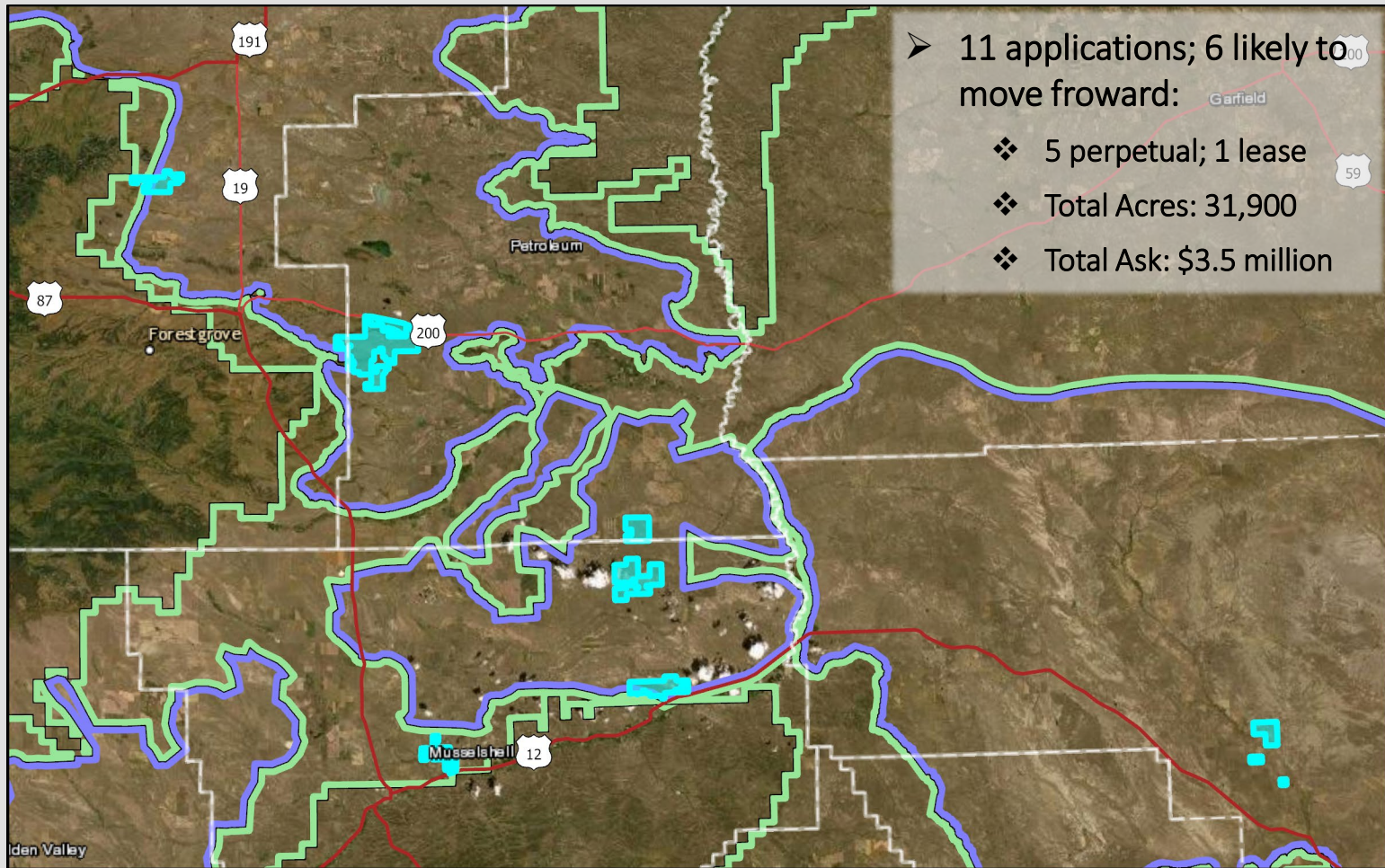


➤➤➤ **\$5.2 million**



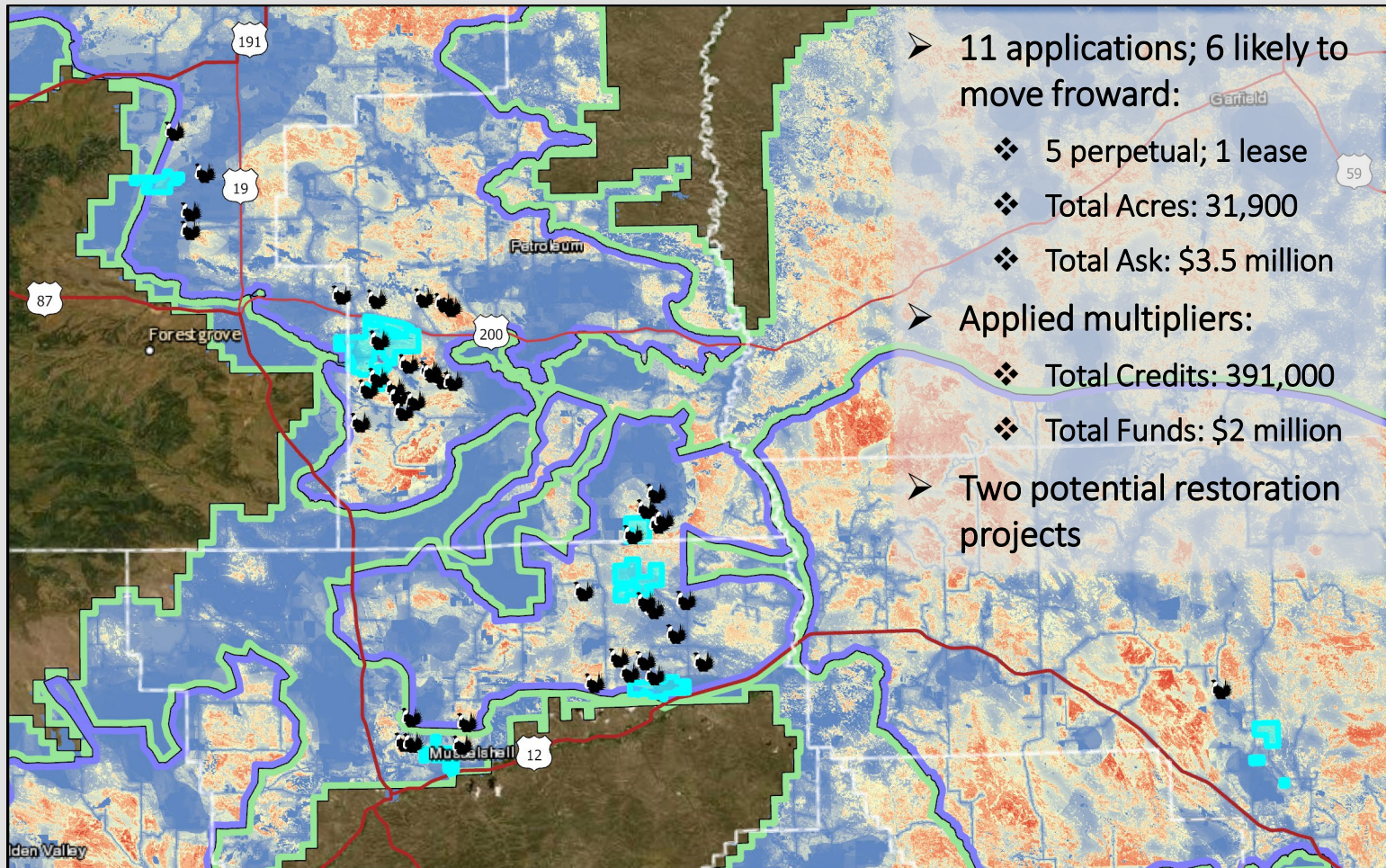
Stewardship Grant Pre-Applications:

PRELIMINARY GRANT INFO



Stewardship Grant Pre-Applications:

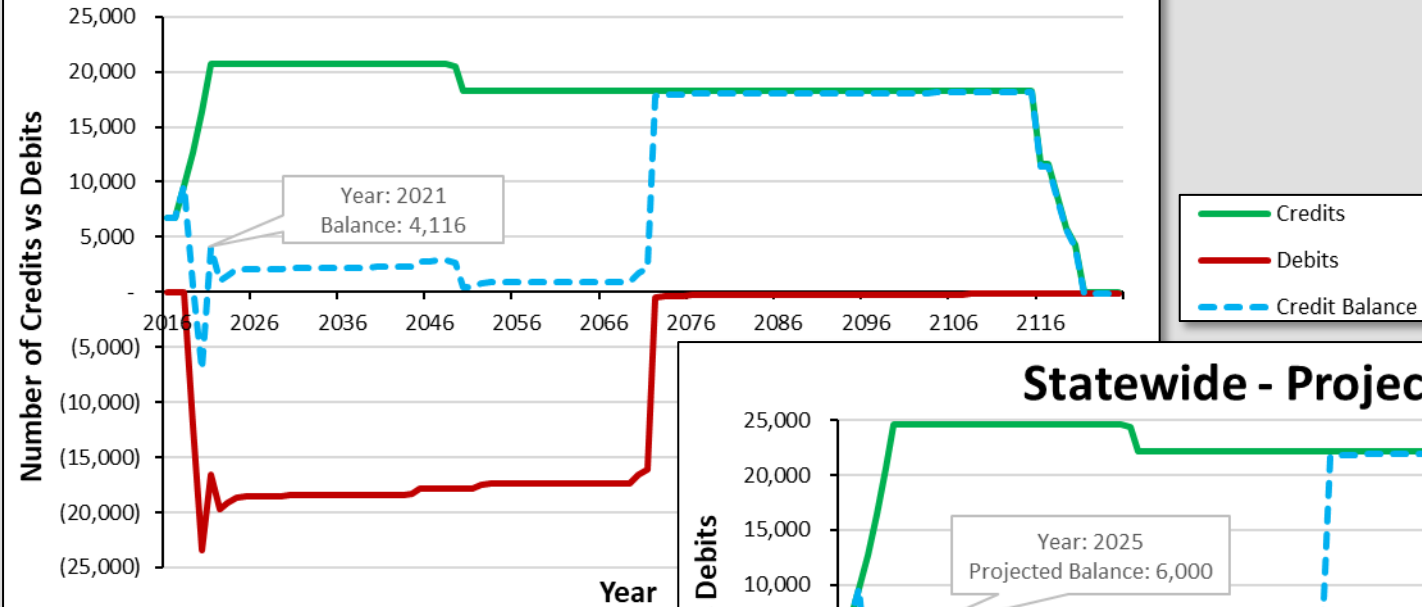
PRELIMINARY GRANT INFO



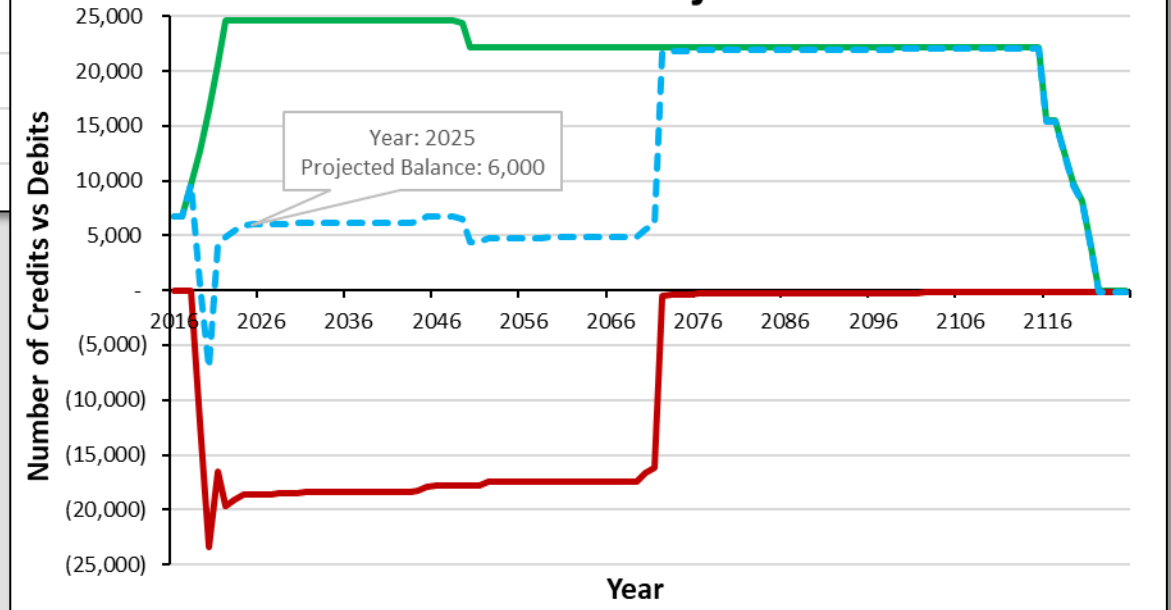
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Statewide



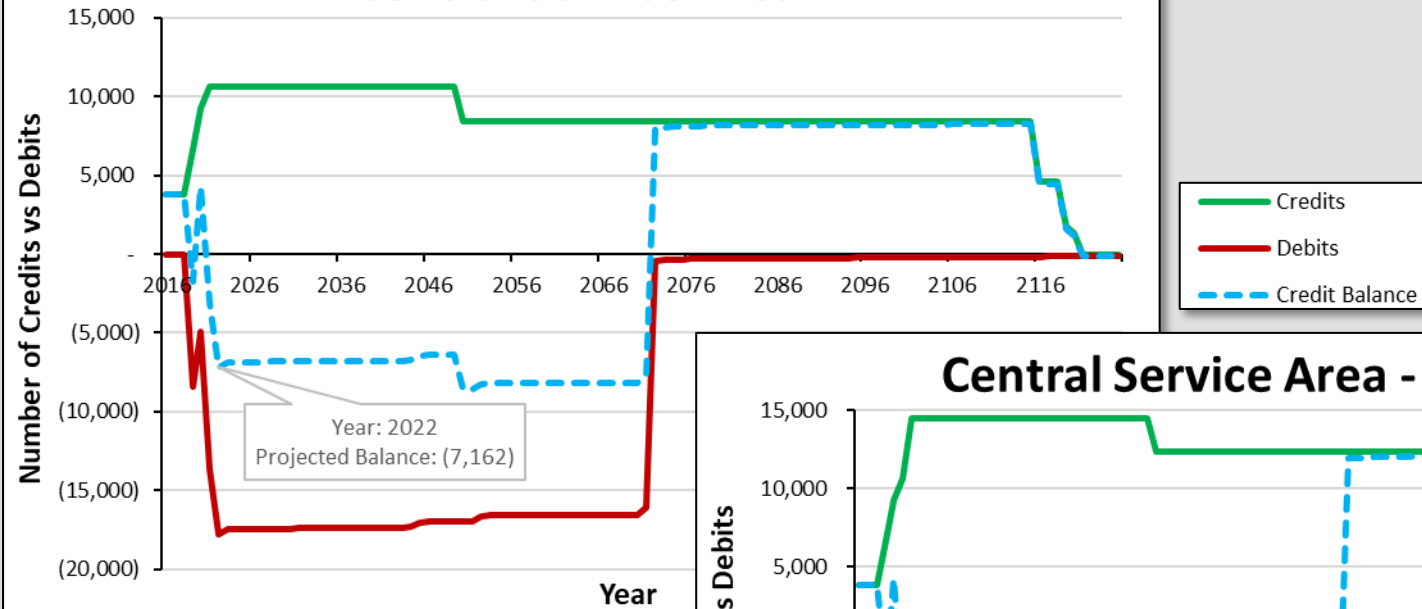
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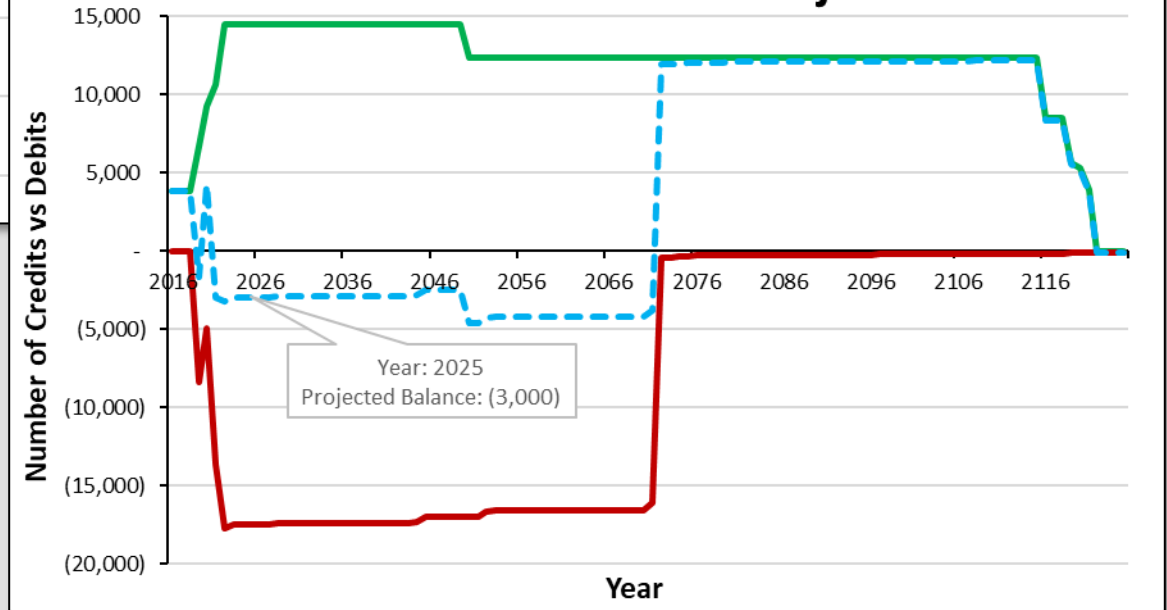
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Central Service Area



Central Service Area - Projected



Stewardship Grant Pre-Applications:

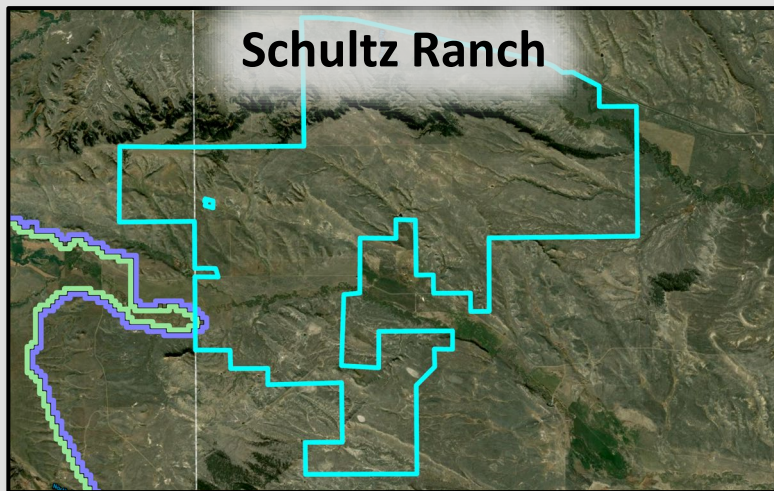
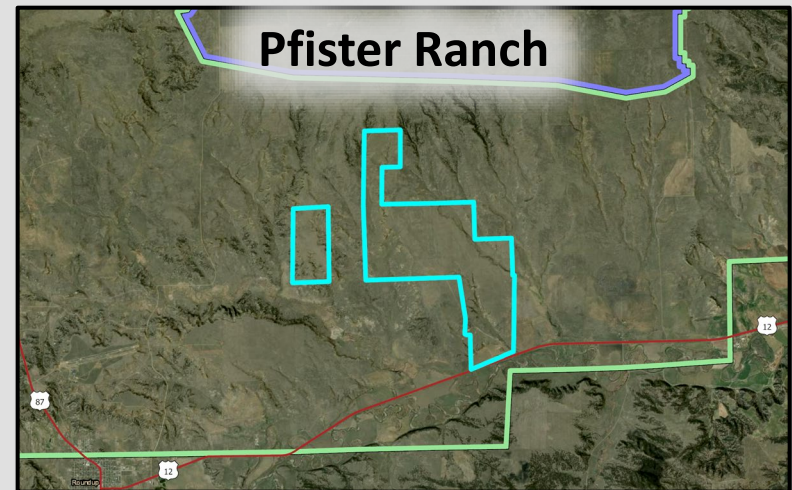
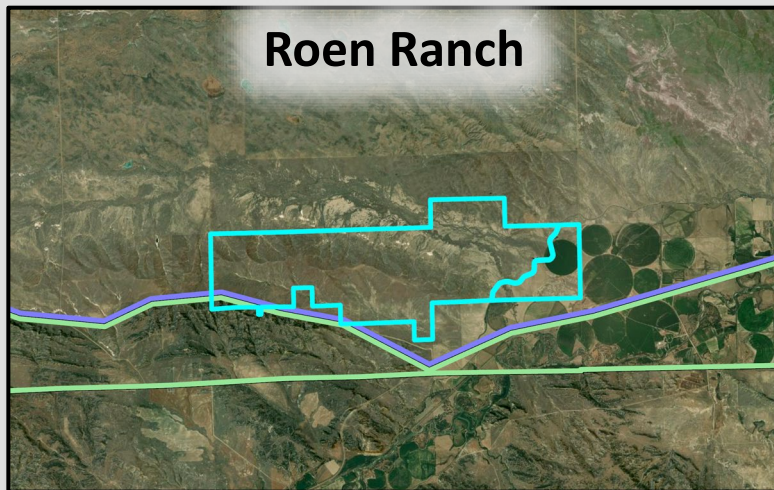
INCREASING INCENTIVE

- Borrow/transfer credits (*Policy Guidance Document, pg. 65*)
- Changing baseline percentage from default of 40% to 50% (*Policy Guidance Document, pg. 28*)
- Adjust the cost of a credit (*Policy Guidance Document, pg. 83*)
 - ❖ \$13/credit
 - ❖ 3% NPV adjustment
- Keep cycle open?



Part 2 – Understanding HQT Results:

MULTIPLE DATA SOURCES -> ONE BASEMAP

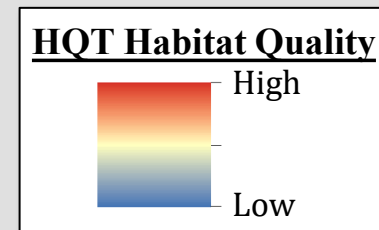
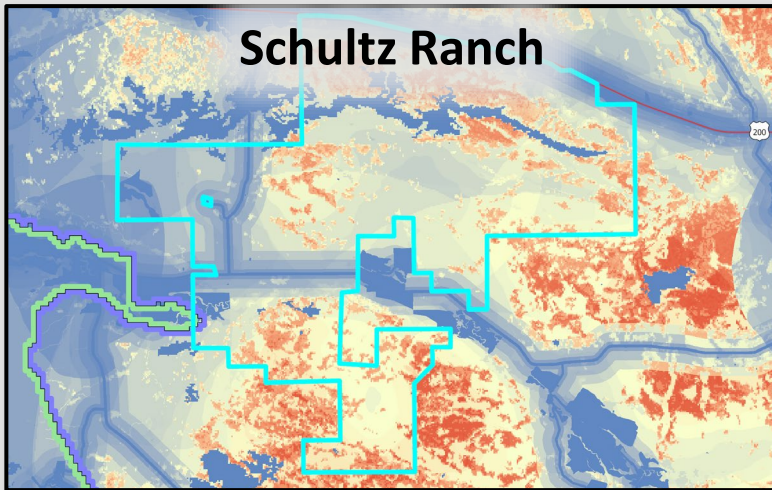
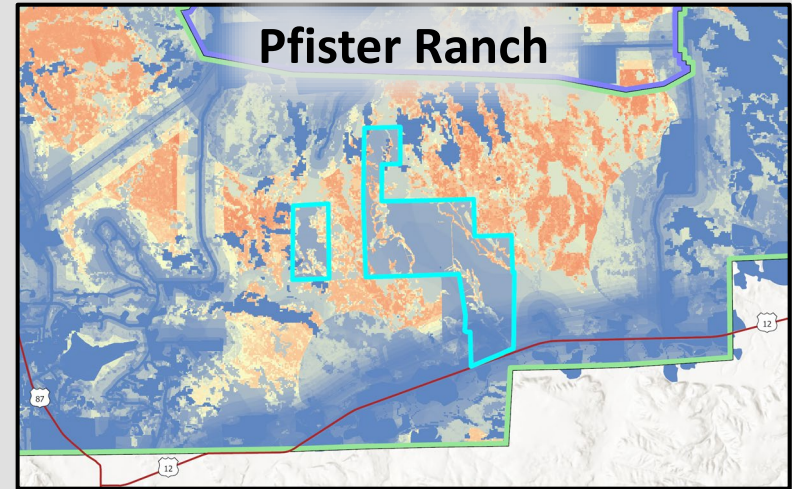
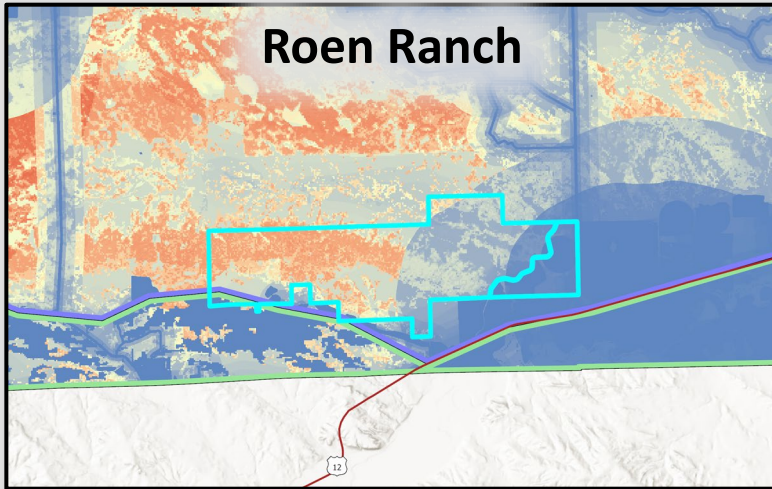


- Review HQT Basemap inputs
- Roen – preservation: ~650 credits/yr
- Pfister – preservation: ~200 credits/yr
 - ❖ Restoration potential: invasives to sagebrush
- Schultz – preservation: ~3,500 credits/yr
 - ❖ Restoration potential: crop to sagebrush



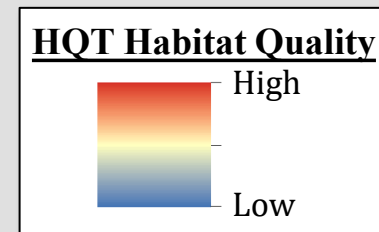
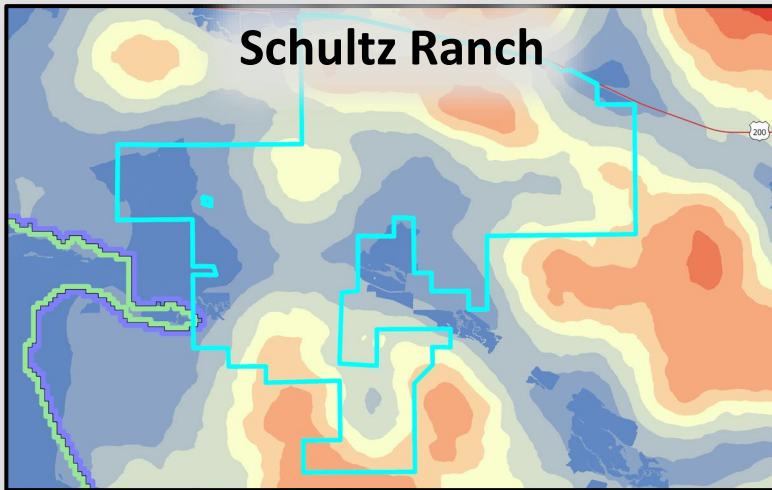
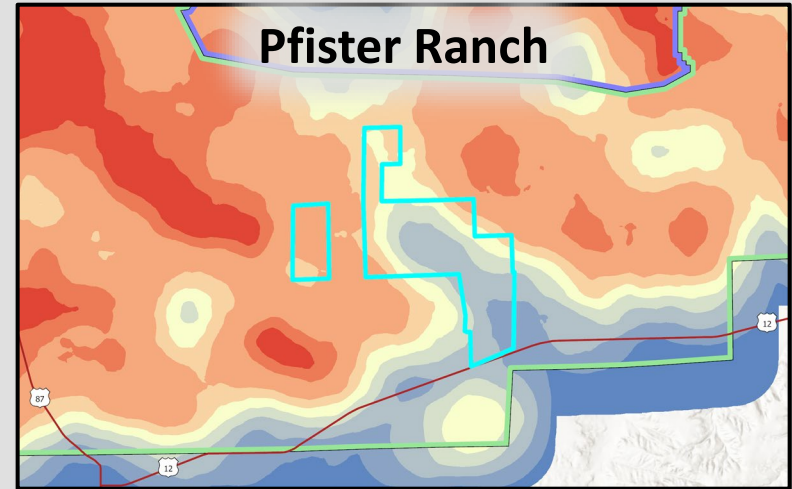
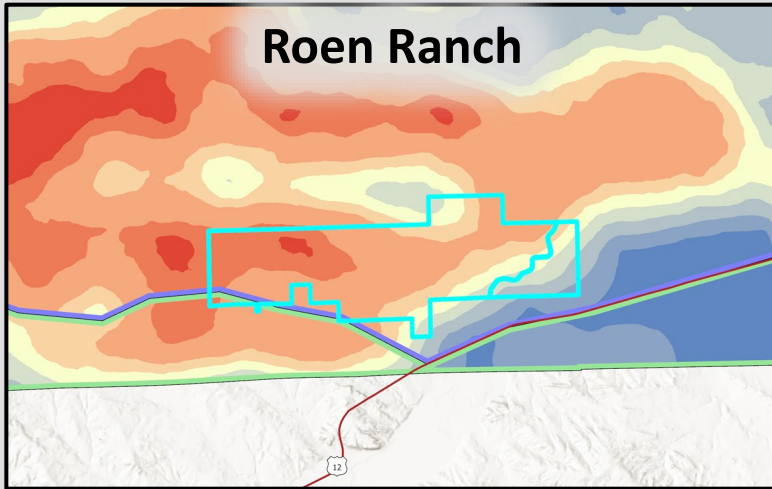
Part 2 – Understanding HQT Results:

HQT BASEMAP



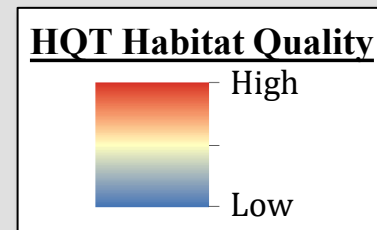
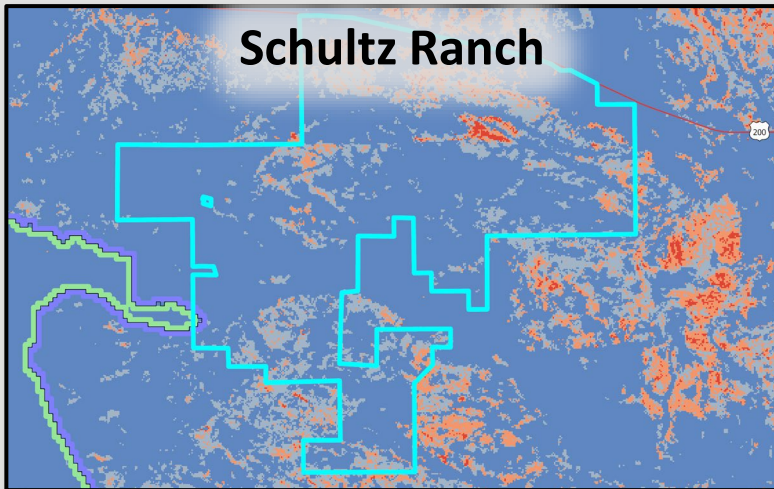
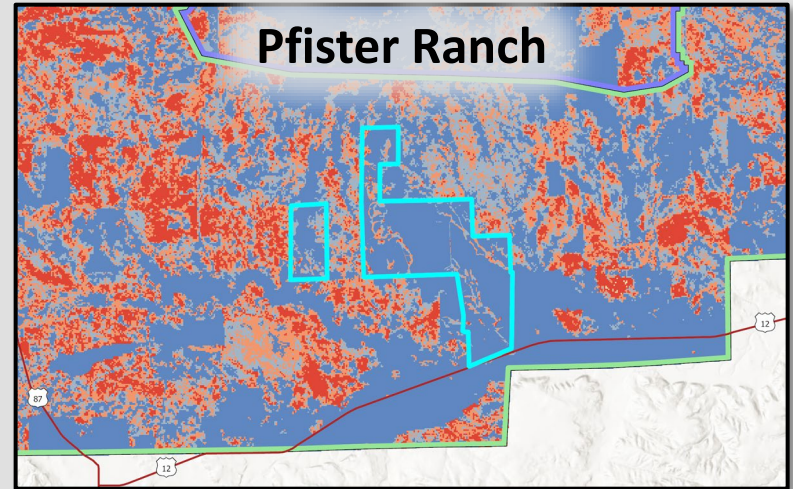
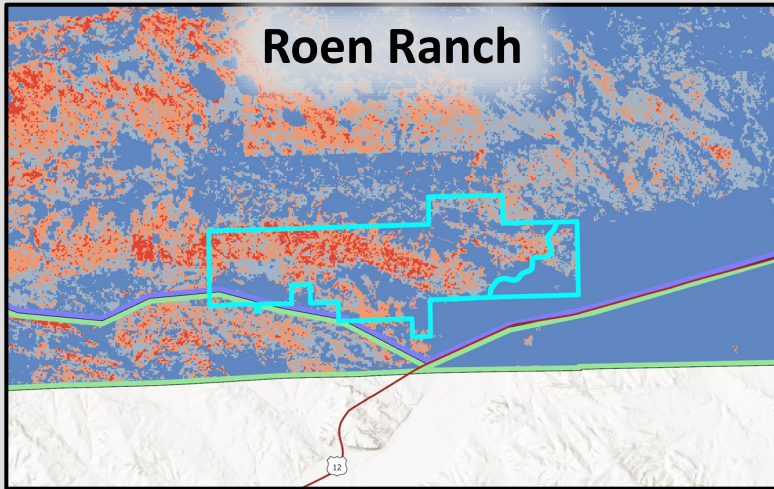
Understanding the HQT Results:

HQT BASEMAP – SAGEBRUSH ABUNDANCE



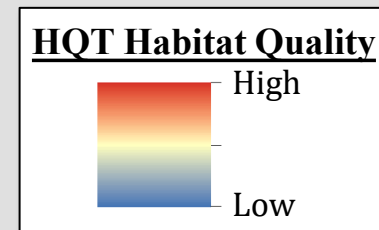
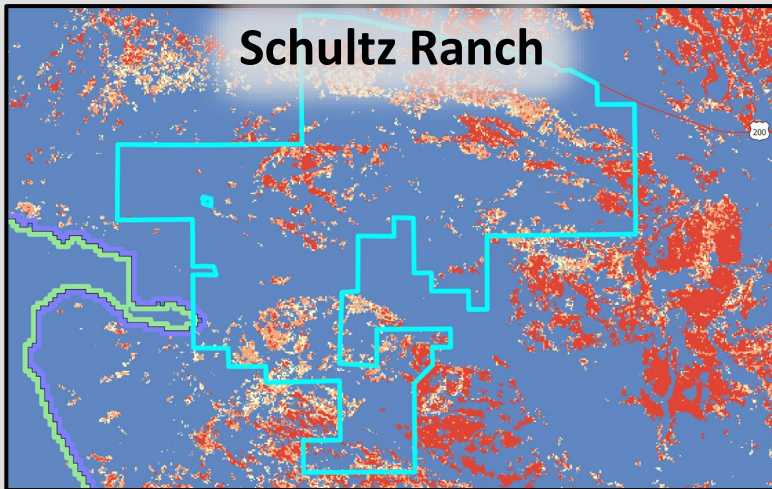
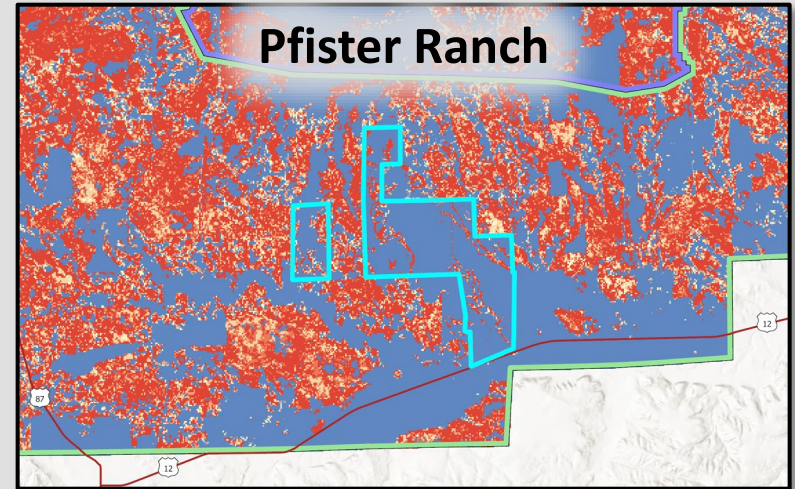
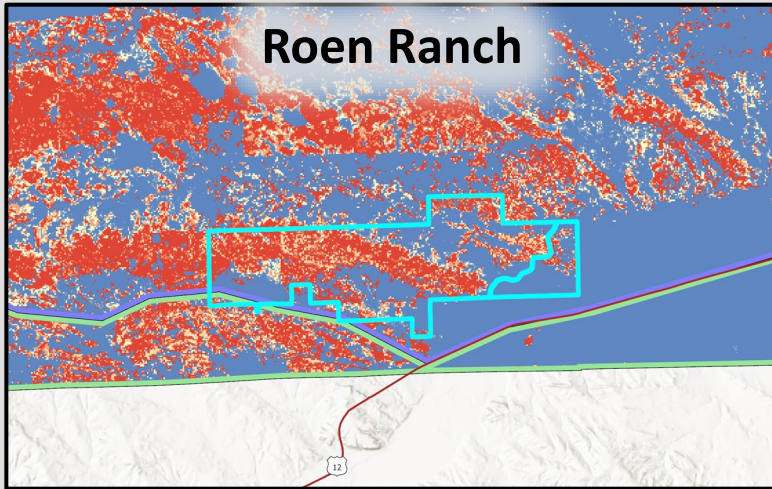
Part 2 – Understanding HQT Results:

HQT BASEMAP – SAGEBRUSH PERCENT COVER



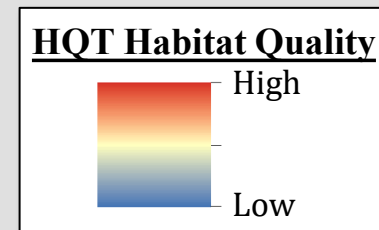
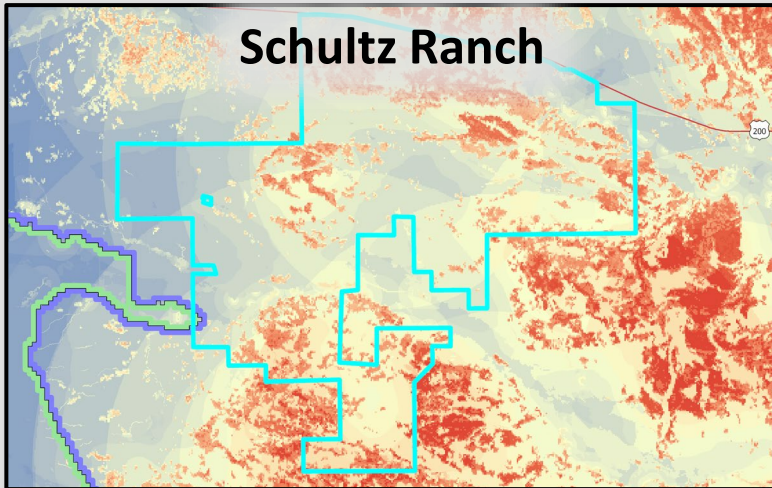
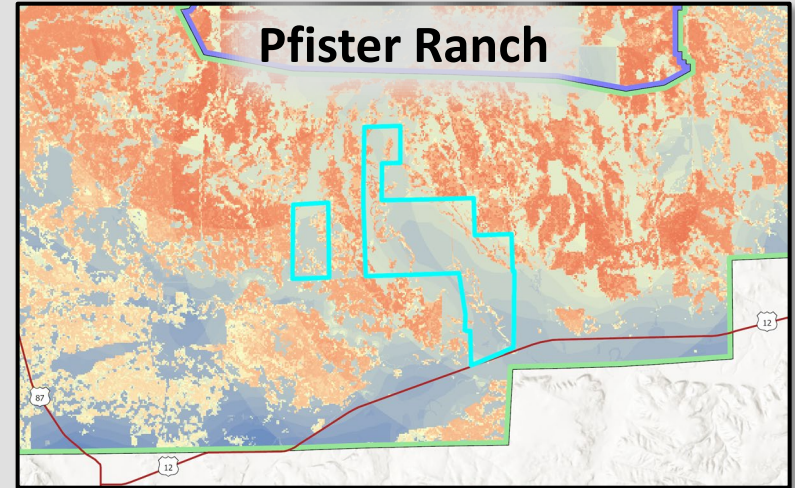
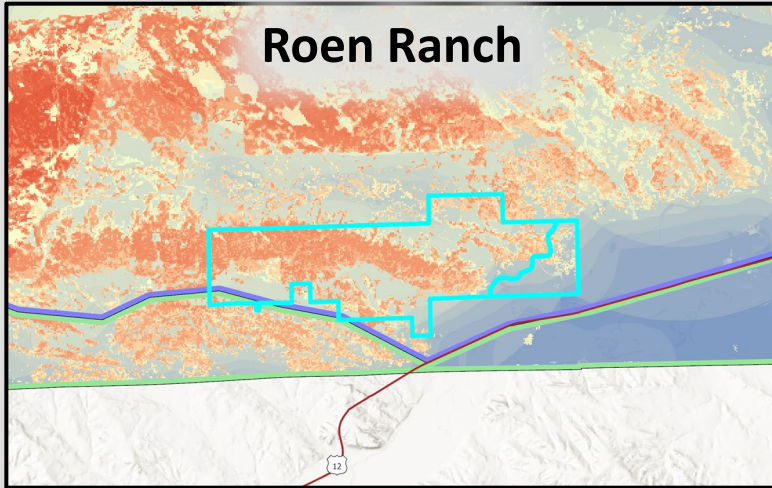
Part 2 – Understanding HQT Results:

HQT BASEMAP – SAGEBRUSH HEIGHT



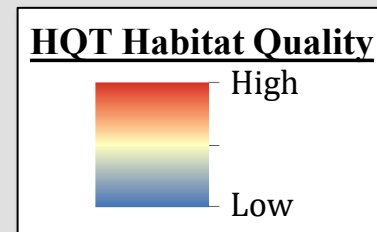
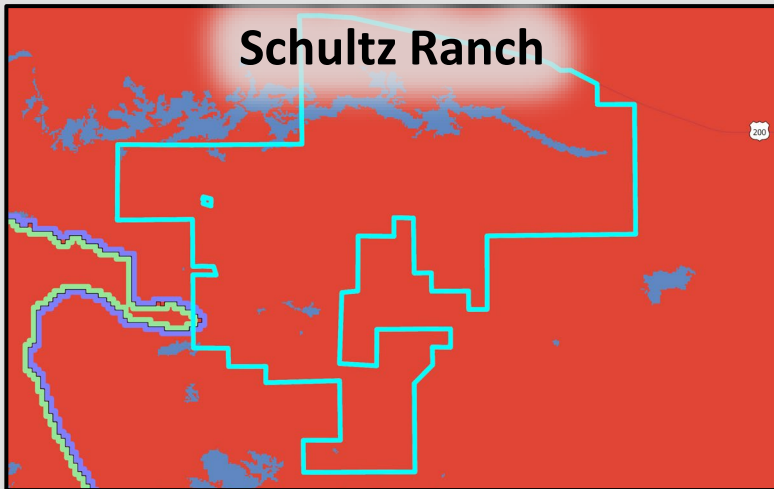
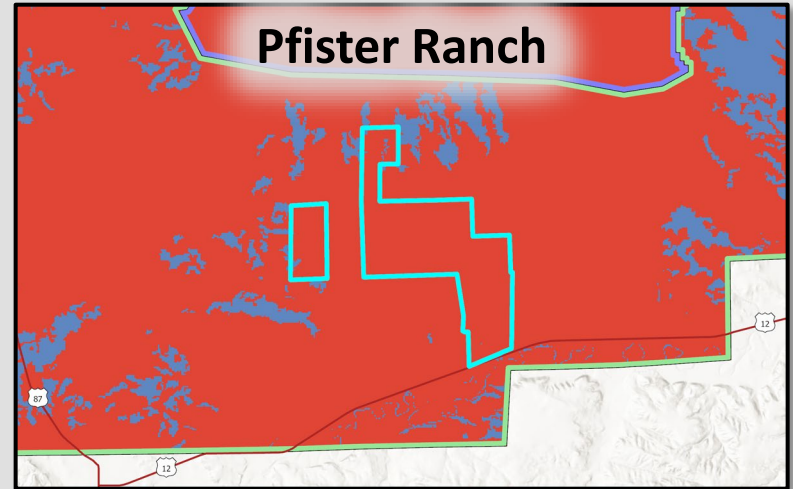
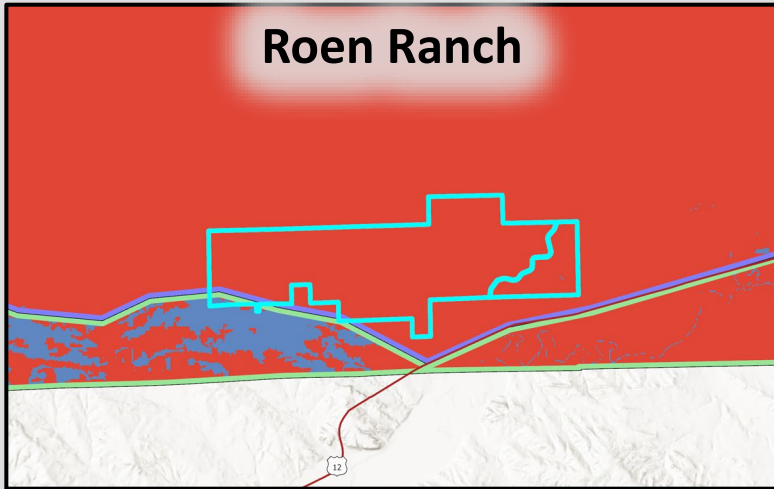
Part 2 – Understanding HQT Results:

HQT BASEMAP – HABITAT SCORE



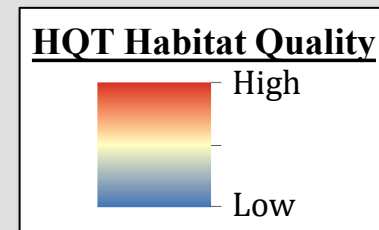
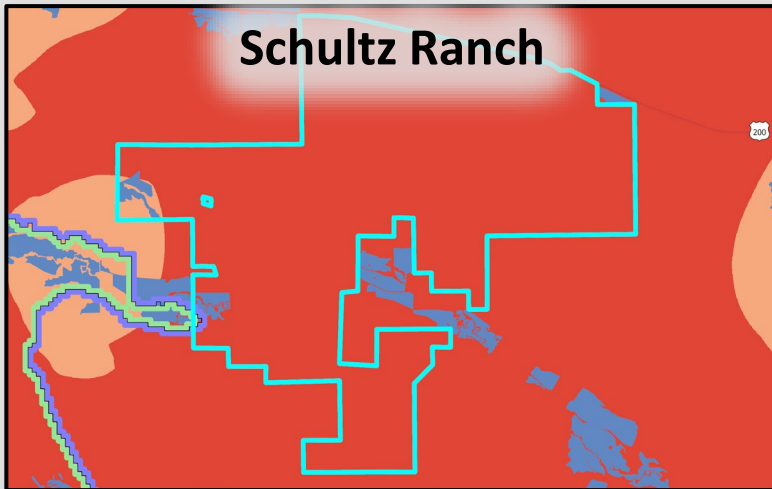
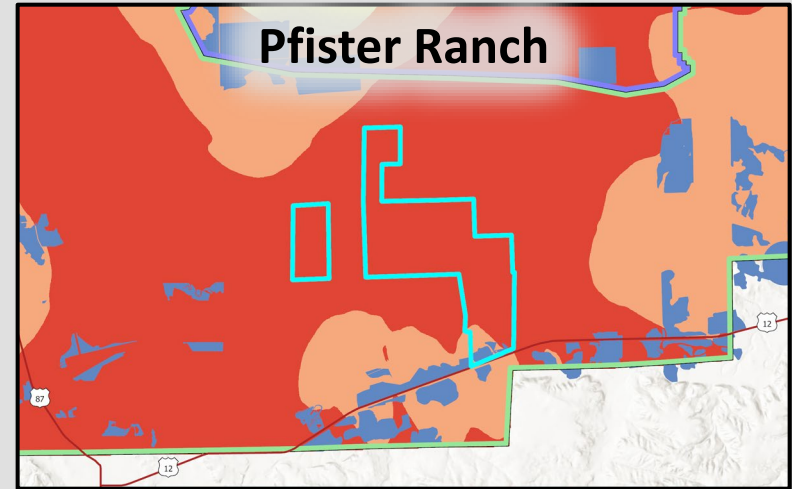
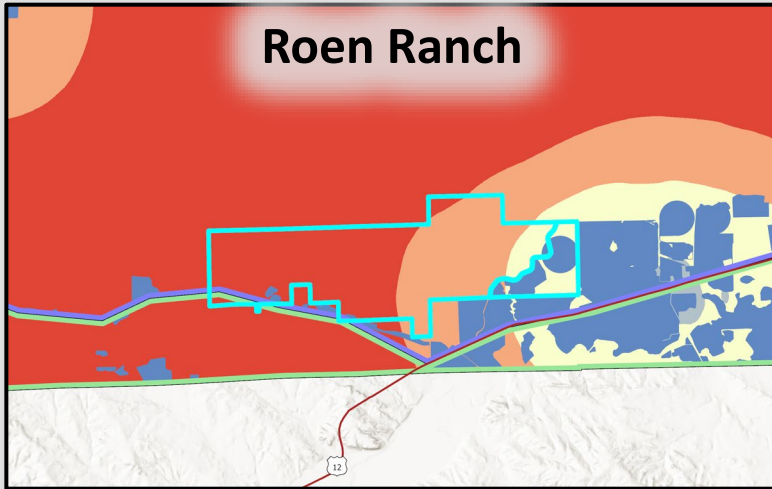
Part 2 – Understanding HQT Results:

HQT BASEMAP – UNSUITABLE LANDS



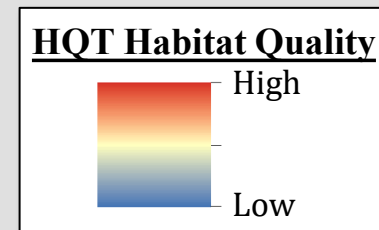
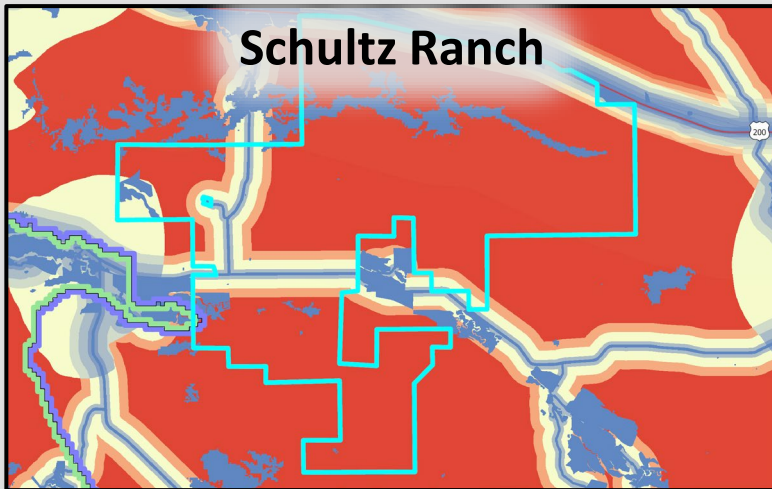
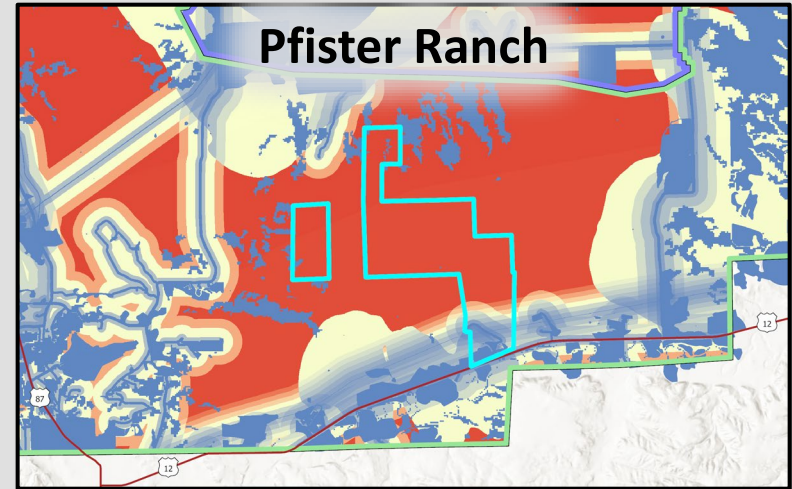
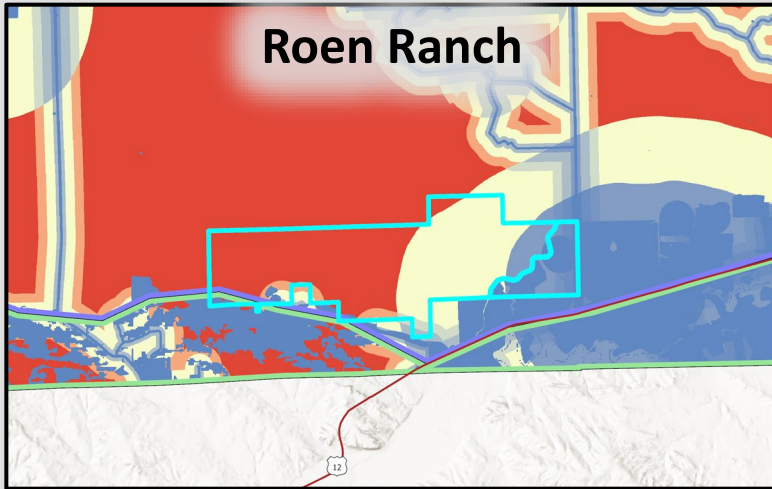
Part 2 – Understanding HQT Results:

HQT BASEMAP – AGRICULTURE/MINE DENSITY



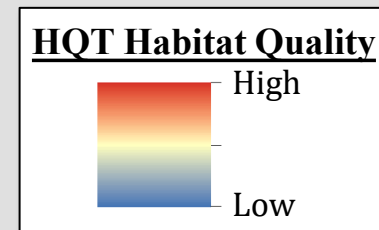
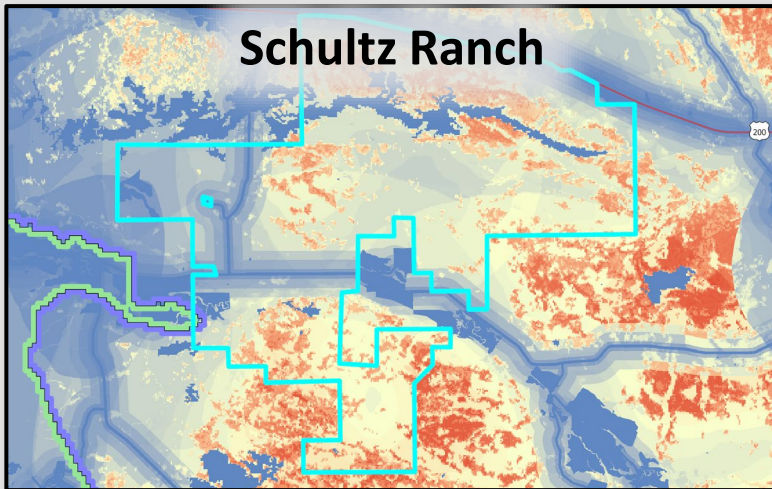
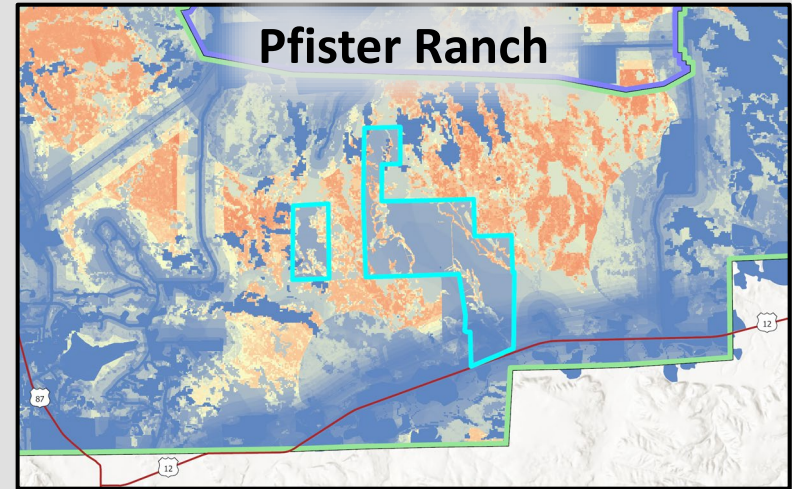
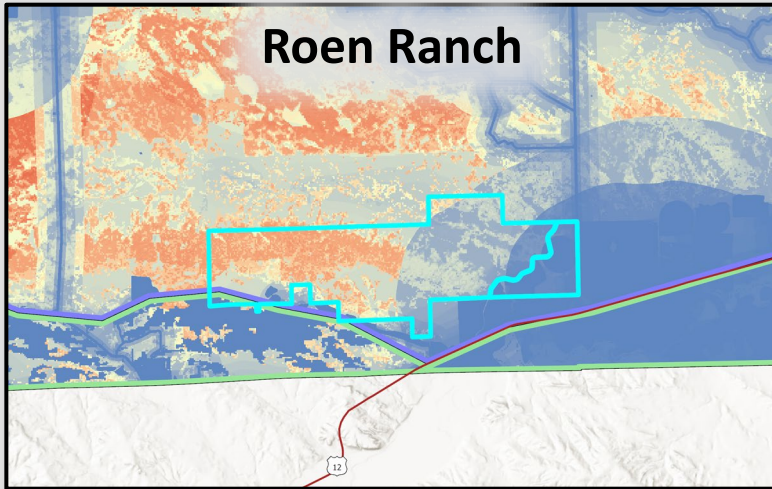
Part 2 – Understanding HQT Results:

HQT BASEMAP – ANTHROPOGENIC SCORE



Part 2 – Understanding HQT Results:

HQT BASEMAP





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Habitat Conservation Program