



STATE OF NEVADA
SAGEBRUSH ECOSYSTEM COUNCIL
201 South Roop Street, Suite 101
Carson City, Nevada 89701-5247
Phone (775) 684-8600 - Fax (775) 684-8604

APPROVED MINUTES

Date: Thursday, December 10 & 11, 2015
Time: 8:30 AM
Place: Nevada Department of Wildlife, Conference Room

A full audio recording of this meeting is accessible through the following website -
http://sagebrusheco.nv.gov/Meetings/Sagebrush_Ecosystem_Council_Meeting/

Council Members Present: Allen Biaggi (left at 11:30 a.m.), Jim Barbee (left at 9:51 a.m., Robert Little then represented him), Steven Boies, Jim Lawrence for Leo Drozdoff, Bill Dunkelberger (left at 11:17 a.m., returned at 1:50 p.m.), Ted Koch for Mary Grimm, Gerry Emm (left at 2:00 p.m.), Bevan Lister, John Ruhs, Chris MacKenzie, Tina Nappe, Sherman Swanson, Starla Lacy, and Tony Wasley (left at 12:29 p.m., returned 1:45 p.m.)

Council Members Absent: Mary Grimm, Leo Drozdoff, JJ Goicoechea

- 1. CALL TO ORDER** – Vice-chair MacKenzie called the meeting to order at 8:47 a.m. He noted Chair Goicoechea is unable to attend the meeting.
- 2. PUBLIC COMMENT** – Pam Robinson, Nevada Governor’s Office, provided an update on the Governor’s conversations with the Secretary (Secretary) of the Department of Interior (DOI). The Governor discussed with the Secretary the importance of the Nevada State Plan being a preferred plan, because it is the best option for Nevada. They discussed the Conservation Credit System (CCS) and the need for the DOI to approve the use of credits on public lands. The Secretary was receptive to these requests. The Governor noted the continued work of the Sagebrush Ecosystem Council and the adaptive management process noting the State Plan could be adjusted as needed to reflect current information. They also discussed maps and how important they are for sage-grouse. The Governor’s Office will be submitting comments through the scoping period concerning the proposed Mineral Withdrawal Areas.

A full account of the discussion is captured in the audio recording, which is available on the Program’s website.

3. REVIEW AND CONSIDERATION OF APPROVAL OF AGENDA - *FOR POSSIBLE ACTIONS

A. Member Emm moved to approve the Agenda; seconded by Member Swanson. Member Lister asked for clarification on the agenda for both scheduled meeting days. Bryan Stockton, Nevada Attorney General's Office, noted the items may be taken out of order, however, for public notice purposes, items listed for separate dates should be taken according to the dates where they are listed; motion passed unanimously. ***ACTION**

4. REVIEW AND CONSIDERATION OF APPROVAL OF MINUTES – *FOR POSSIBLE ACTIONS

A. Member Boies moved to approve the meeting minutes from October 15, 2015; seconded by Member Lister; motion passed unanimously. ***ACTION**

5. COUNCIL MEMBER ITEMS AND CORRESPONDENCE

A. Member Nappe felt there was a missed opportunity at the last Council meeting to acknowledge Amy Lueders, Bureau of Land Management (BLM), on her dedication, courtesy and hard work while on the Council.

Kacey KC, SETT, reviewed the correspondence included in Council packets.

Member Emm provided an update on the Traditional Ecological Knowledge Conference. The conference dates are set for March 1, 2 and 3 in Carson City at the Stewart Indian School. There will be an agenda and additional information forthcoming.

A full account of the discussion is captured in the audio recording, which is available on the Program's website.

6. PRESENTATION ON CREDIT SYSTEM PILOT PROJECT OUTCOMES AND DISCUSSION ON IMPROVEMENTS RECOMMENDED FOR POSSIBLE APPROVAL - *FOR POSSIBLE ACTION

Ms. KC, SETT, provided an overview on what the SETT has been doing over the last year in regards to pilot projects. She also noted that the Council was provided a copy of the 2015 Findings and Improvement Recommendations Report (Report) a month before the meeting. The SETT will provide details on the outcomes, processes and key findings of the pilot projects. The SETT is also submitting proposed changes for Council approval as a result of their findings.

The CCS Manual 1.0 (Manual) was developed and adopted in December 2014, with the understanding it would be subject to an adaptive management process. This update is part of the annual process required within the Manual, however this should NOT be considered the Annual Performance Report as this report is based upon credit and debit sales and there are none at this time.

Ms. KC began by reviewing a PowerPoint Slide with a flowchart regarding Annual Continual Improvement Process which included: 1. Track and Report Performance, 2. Synthesize Findings, and 3. Recommend Improvements. Ted Koch, US Fish and Wildlife Service (The Service), asked, if the SETT was absence data for Numbers 1 and 2, how did they get to 3.

Ms. KC noted the SETT was not absent data from Number 1. There was data collected through the pilot projects, which they will review in the PowerPoint.

Jim Lawrence, Department of Conservation and Natural Resources (DCNR), noted one goal of the pilot projects was to test the CCS to see: if it is user-friendly and functional; if it works; and how the survey methods work. The other goal was to run through some credits and debits to ensure the system is in equilibrium, which is required for the CCS to be functional. There are two things the Council will review for improvements. One is learning how the system functions from a user perspective. The other is to see if the correct policies and processes are in place. The SETT also reviewed the CCS based on specific concerns from the Council and stakeholders at the December 2014 meetings.

SETT Members reviewed the data and information derived from the pilot projects while taking Councilmember questions and comments. The first project reviewed was the pilot project on the Boies Ranch.

Member Lacy asked for clarification on how the powerline on the Boies Ranch was evaluated and if there would be an opportunity to go back and review the powerline area. Lara Niell, SETT, stated the indirect distances and weights were based upon the scientific literature. The SETT is using a 6 kilometer buffer zone. Ms. KC noted the SETT did do site-scale collection under the powerline. Member Lacy asked if the SETT anticipated doing this on all projects and they responded with yes.

There was discussion concerning the 6 kilometer distance.

Member Biaggi asked if the pilot project was done on private or federal land. Ms. Niell noted approximately 1,000 acres were on public land and 400 acres were on private land. Member Biaggi also asked how the SETT will ensure the durability of credits on federal lands. Ms. KC noted this was one reason the SETT performed the data collection the way they did, because the MOU references the need to determine how to develop credits on public lands, however, there is no clear direction on the methods for this. The data collected here was collected to inform those discussions. Mr. Lawrence noted that Secretary Jewell made a commitment to do pilot projects on public land, recognizing the importance of this.

Tony Wasley, Nevada Department of Wildlife (NDOW), asked about additionality. Ms. KC noted there has been a lot of discussion on additionality and the CCS uses the USFWS definition which is the only written one they were aware of. There was discussion on this topic and why the SETT selected specific areas for the pilot projects. Ms. KC noted it was because they wanted to see what a larger project area looked like in order to include public lands.

Member Lister asked how long credits maintain their worth. Ms. Niell stated there is a five year shelf life for the Habitat Quantification Tool (HQT) and the completed analysis. There will be a one-time sale, but the contract length is for 30 years. There is one number for the contract length, meaning all the credits are sold at once. The duration of the credits has to match the duration of the debits and the duration affects the value.

There was discussion concerning the credits and how they will be processed and the life of the credits.

Mr. Koch noted the way other mitigation programs have worked along these lines is the risk of habitat loss is avoided through investment by a private entity. He asked if the CCS can account for that and can it account for the risk to the habitat. For example, if a Walmart is being built. Ms. KC stated some of this would be addressed through the reserve account contribution for each credit project.

Mr. Koch stated he thinks about how the judge will look at this, noting that currently, by the measure there are 400 plus credits out there and a mining company comes in and buys up those credits and develops a piece of sage-grouse habitat. From the sage-grouse's point of view, there is less habitat tomorrow than there was today. He asked how it can be justified as a net conservation gain. It seems to him we talk about the risk of loss of habitat quality on the Boies Ranch which may inform our thinking. So we say to the judge, if we didn't empower the Boies' to protect, they would have sold it to Walmart. Mr. Koch clarified his comments by saying in other mitigation programs companies will buy up wetland habitat to prevent it from being developed and get credit for that. He feels the SETT should address the question, what is the risk to the habitat if all of us leave this meeting and nothing ever happens again, will Walmart go in tomorrow, probably not, but do we want to provide landowners with incentives, probably. He wonders if the SETT has thought about that relative level of risk. There is a risk that the Boies' sell and someone else comes in and changes their approach and there is less value. What is that risk and will it inform the final numbers.

Mr. Lawrence noted in rural Nevada this is difficult because there is not a lot of development and the COT Report does not identify developments as a primary threat in Nevada. Also, the SETT, with the Council, made a conscious decision early on to think about mitigation differently because of the frustrations that mitigation did not always work. The focus is on habitat value. The CCS is based upon the assumption the work will be based upon habitat, but there will always be a certain level of risk of development, particularly on private property, which is why the SETT secures the long-term management. This is also another argument for the creation of the baseline.

Mr. Koch noted he is not just talking infrastructure but changes in management. Perhaps the Council can talk about the risk of development. If there is the same habitat tomorrow that there is today on the Boies Ranch and if a mine takes a chunk of the habitat and the judge asks where the net conservation gain is, we need to really think about that. Vice-chair MacKenzie noted the judge would be told the CCS is protecting the habitat going forward and that is where the net value is. If not, the land is subject to whatever the private owner can do on it and this is where conservation easements come in for protection.

Mr. Koch stated he is trying to get to what the risk is and quantify that risk and persuade the judge that if not for this there would be risk. Vice-chair MacKenzie noted the private landowner has the rights to do what they want on their land.

Ms. KC noted the SETT did discuss the issue about net conservation gain in the CCS. There are multiple factors that go into it. Some of the avoided loss is the reason why the baseline was created the way it was. Restoration incentives were discussed at the meeting in December 2014, and it was decided not to do them at this time because of the possible perverse incentives that might occur. There are also a number of other factors in the CCS compounding to create net gain, including the ratios and the long-term maintenance. In the management plan there are financial penalties for backing out of the system. Unintentional reverses are built into the system as well (e.g. fire). Intentional reversals come with financial penalties to the landowner. There was discussion about this issue.

Mr. Wasley stated when you look at the species across the landscape, specifically concerning the credit side, there is a mitigation system allowing for credit establishment for the status quo, where status quo is good. It is a market-driven system so if someone is participating in the system, they are going to establish the credits the easiest way they know how. The SETT is setting itself up to encourage rewarding the status quo, where the status quo is good. Depending on how rigorous the ratios are it is possible to have a situation where we have a significant reduction in overall total amount of habitat. We do a really good job of rewarding and incentivizing those areas where people take good care, however, on the debit side of things we created this bank where we incentivize it,

rewarding or allowing the credits for maintaining the status quo where the status quo is good. He asked if there was a cap. For example, if someone said they can conserve 75 percent of existing habitat for sage-grouse, would you be willing to scratch the remaining 25 percent off the map, Mr. Wasley would say you bet. Where is that threshold and has the SETT looked at the scale of the whole state. The whole species distribution played some of those scenarios with mitigation ratios that come from allowing credits to be given to maintain the status quo where the status quo is good. He asked what could potentially be the end result of that for all of the habitat and should there be limitations on the amount of those types of projects given that you could essentially have close to 50 percent loss in the habitat where the ratio is.

Melissa Faigeles, SETT, stated that during previous discussions there had been a discussion about providing certain incentives for restoration; however there was not a lot of support for them. Perhaps the SETT should set up some sort of adaptive management guidelines. Mr. Lawrence acknowledged this is a complicated issue, however, the way the CCS is set up there will be an annual review where things can be adjusted to address the issue.

Mr. Wasley noted he liked the idea of having an adaptive management angle; however, looking at the precedents it is a lot easier to open that door when you realize your worst case scenario then it is to close it without some sideboards at the outset.

Mr. Wasley stated there are some great opportunities on both public and private lands and if there is too much opportunity to establish credits, it will not encourage some of the other things and it will be narrowly focused.

Ms. KC noted this is why in the management plan there is a section requiring certain things to maintain the habitat and an optional section on areas where the SETT thinks someone can get uplift in order to give people ideas on what they could do to increase their conservation benefit.

Ms. KC noted it is important to remember what the Council was tasked with doing concerning the map. It was to allow a process for the creation of a map, however, not for the map to be used to say what is habitat and what is not habitat. It is a Management Categories Map. The specific reason the map was created was to work with the State Plan and to work with the CCS.

Public Comment:

Robin Boies noted the public land issue is an integral piece of the CCS. To not include public lands is close to being one of the perverse incentives, because you will end up with multinational large landholders at the core of a project. You will lose the small family ranches. She noted the 30 year timeline of a project is a hurdle for people to overcome. She suggested the Council review the timeline. She proposed conservation easements be looked at like a working land easement instead of a traditional easement. Terminology is important when it comes to the CCS.

Mr. Wasley asked since the CCS is a market-driving system does the SETT have any idea on where they will end up in terms of value for credits. Mr. Lawrence stated it remains to be seen because it is market-driven, noting if a property owner invests to develop credits, and it costs \$50,000 to generate credits, and another \$50,000 to maintain it for the next 30 years, the market is going to dictate the value of the credits as being at least that much. On the debit side someone is going to have to buy those credits. A landowner will not sell the credits for a price less than it costs to produce them. The profit margin remains to be negotiated between the buyer and the seller. There was discussion about this issue. The SETT Members noted the larger the project area, the more economical it is. John Ruhs, BLM, noted it is almost impacted by what a project incurs from the debit standpoint as well.

Mr. Koch asked about the issue of evaluation. For example, why has the Boies family managed their land in the past in a way that establishes the land above baseline. Member Boies noted it was the right thing to do, there was a permit renewal and managing the way they manage is not only good for the wildlife, but good for the cows, good for business and good for families. Ms. Boies stated it started with self-interest, because of allotment evaluations and because of going through a process where they identified values (economic, ecological and family), which is an ongoing process. It has turned from self-interest to a larger interest of wanting to do good for the common good. Mr. Koch noted this makes sense and is similar to conversations he has been having with several rangers. What he heard is that you drive greater value in a variety of ways.

Mr. Wasley asked how much a credit or a debit costs. The SETT noted it is as much as it costs to produce them.

In the conversations Mr. Koch is having with other ranchers, which does not necessarily apply to the SETT specifically, but what he is hearing is you are motivated to be where you are to have credits today because it adds value and it does not cost you. Mr. Lawrence noted that Mr. Koch is correct in stating that a landowner can say they want to do this and make the credits available for less than it cost to produce them. As far as the credit system goes that would be fine. He is not sure how realistic it would be to think it will occur on a regular basis. The thought is when asked about the price realistically the landowner would at least want to recoup the value of what it cost to produce it. Ms. KC stated there is a cost to the ranching community to actively maintain what they are currently maintaining. Mr. Koch said there is no doubt that what he is hearing in this conversation is maybe the SETT needs to distinguish between cost and value, because so far the SETT has chosen to pay for costs that add value. His concern is if there is evidence that ranchers are willing to pay those costs because down the road you get greater value and then this conservation credit system comes along and pays you at least as much as it costs to produce the credits, you are already paying yourself to compensate for the costs to be above baseline and so how do we persuade the judge that this warrants an additional payment from the public for the next thirty years. Vice-chair MacKenzie noted the landowner is encumbering his land. Mr. Koch stated maybe it is a future commitment. Vice-chair MacKenzie also noted it is a future commitment that a subsequent buyer would be subject to that encumbrance and held to a higher level, which may make your land less marketable. There may be some that do not want the higher standard, but they are going to have to attain them because of the CCS and it will have to be incorporated into subsequent sales and it is an encumbrance that will affect the value. Member Lister noted the public does not pay for it. A debtor is paying for it. The idea of the CCS is not to make a profit from the public. What is being proposed is that sound management needs to be rewarded and the work that goes into sound management needs to be rewarded, because of the allotments that are not meeting baseline.

Mr. Koch asked Member Boies if he sold his ranch today did he think he would get more money because of the condition it is in today or more money if it was below baseline. Member Boies noted it would be more valuable the way it is now, however if they did sign the agreement for the CCS, it would be a distractor for a lot of buyers. There are a lot of people who would not be interested in a property where there are strings attached. Overall, his property is more valuable. Mr. Koch stated that is why he is asking about value. He wonders why Member Boies has chosen to pay those costs so far in his career as a rancher the answer he hears is because Member Boies thinks it adds value, which is good, he is not saying Member Boies should not be able to participate; he is just attempting to think through these questions.

Melissa Faigeles reviewed the debit desktop pilot projects. There was discussion and questions from the Council.

Mr. Koch noted the lithium mining in the pilot project had some degraded habitat mitigation ratio .17, which is relatively healthy habitat. Ms. KC stated that mitigation ratio is based upon how much

area within the larger boundary is in Core, Priority, or General Habitat. It is an area weighed average.

Break from 12:29 p.m. to 1:18 p.m.

Ms. KC reviewed operational findings and proposed changes from the SETT, which were included in a memo to the Council as part of Council packets. She noted there were other items the SETT discovered that will need attention within the next year that are not easily changed. The SETT will bring those forward to the Council in December 2016.

There was discussion on the cost of verification and initial administration management costs. Mr. Lawrence noted currently the SETT is not charging administrative fees, the program is absorbing them. This is something that will need to be reviewed as the CCS gets more momentum and when there is more work which may create an issue of capacity, which will mean hiring more people or contract people to do verifications. In the future, this fee could be wrapped into the cost of the credit when the person on the debit side needs to purchase a credit. It would not affect the credit producer, it would cost more for the people on the debit side.

Ms. KC reviewed the Operational and Research and Monitoring Findings for the Council as follows:

Operational Findings

The implementation of pilot projects in 2015 increased the understanding of how the CCS assesses credit and debit projects, and improved the user's guide, calculator, forms and templates.

The calculation of credits and debits is overly conservative because conservative assumptions influenced several elements of the HQT and Manual.

A protocol for verification of habitat condition should be streamlined to control cost while fulfilling the purpose of verification.

Research and Monitoring Findings

The permissible windows for field data collection produced inadequate results, and are inconsistent with the time period during which data were collected in the studies supporting the scoring curves.

Several desktop analysis and field data collection methods should be improved to reflect the intent defined in the HQT Methods Document, to be consistently applied by different users, and to reduce the time required to implement the methods.

Certain weights and distances used to measure indirect effects of anthropogenic disturbances should be revised based on further assessment of existing scientific studies, new data from scientific studies and applying indirect effects to pilot projects.

Ms. KC asked if the Council would like to review each of the proposed changes individually, as the SETT had planned or in a different way. Mr. Koch noted he is more interested in the specific changes. For example, if we have yet to have any customers on the credit or debit side and how do we know we need any changes, much less these changes. He asked what changed between this time last year and today to say we need to change these numbers or any of the other numbers. Ms. KC noted the "why" derived from some of the items and priorities set and provided at last December's meeting. Mr. Lawrence noted the desktop analysis was informative. One of the goals is to create net conservation benefit for net conservation gain, but at the same time have some sort of equilibrium in the system so that it is not weighed too far one way or the other.

Mr. Koch noted that Ms. KC used the word "balance" in discussion while Mr. Lawrence used the term "equilibrium" and the heart of his question is what are the criteria, this is mainly a SETT exercise over the last year, how did you value balance. He believes that by the end of the day there will be a lot of questions. The SETT needs to think more globally on how they communicate and describe the balancing that is done from last year. Ms. KC noted they have the numbers concerning the balancing of the pilot projects. Eoin Doherty, Environmental Incentives, LLC (EI), noted another way to say it is during the design of the program when looking at each individual part of the system there were a lot of conservative decisions made, which individually made a lot of sense, however when the SETT ran the pilot projects and compared the debits to credits it did not feel right. It felt like they were not being delivered, they were not balanced. The ratios from direct acres to direct acres, which unfortunately vary a lot in this system because of habitat quality still did not feel like it was appropriate and so part of the exercises last year was looking at different elements in the system to determine which were made conservatively and how to reduce the conservatism so that in aggregate it is not too conservative. This was one of the exercises they went through that influenced many of the proposed changes. There is still a strong argument for debt benefit, which is probably more conservative compared to other mitigation approaches, but it is more in the realm of reality and what the SETT feels is appropriate based upon the best science and other variables. Mr. Koch noted this was the assignment for SETT from last year and that is all good. When Mr. Doherty notes that it "doesn't feel right" he has a reaction that is probably different than if someone else saying it. Mr. Koch feels Mr. Doherty has more experience than the rest of the Council and the SETT. Mr. Koch believes that collectively they need to be able to articulate it, and he hopes he will be able to sit and write down a few sentences or phrases that describes why Mr. Doherty felt that way. Ms. KC noted to Mr. Koch if his answer is not provided at the end of the presentation the SETT will work on something. Mr. Koch stated he is saying if you have something upfront to say it would be helpful. It does not seem like the SETT is at that point right now, but when it gets to the end of the day Mr. Koch will need to step back and hopefully have more conversations today. Kelly McGowan, SETT, noted the system was built to be conservative because of a lot of issues. Mr. Koch noted this gets back to Mr. Wasley's question from earlier in the meeting where do we end up at the end of 30-years in terms of total amount of development and total amount of conservation. There was discussion about the numbers and the process the SETT used to come to the final numbers.

Member Swanson reiterated the proposed changes by the SETT. One being lowering the debit number on average and the other is to decrease the different between Core, Priority and General. His question is did the SETT try to balance things by lowering the average debit score without changing the ratios between Core, Priority and General by increasing their scores for the credits. There was discussion about this topic. Mr. Doherty explained the reasoning behind the current formula for the final numbers, noting there are two different things the CCS is trying to achieve. There's incentivizing credits in Core, debits out of Core. There is also the spread or the net benefit someone is achieving. He provided an explanation on the process. Mr. Koch noted this needs to be written down and he would ideally like a presentation focused on these ideas. As he recalls from a year ago or longer there was some thought put into the original numbers and that characterizing them as arbitrary isn't so. There needs to be a clear, succinct paper trail as to what changes and why. Ms. Faigeles noted the paper trail is included in the Report.

Mr. Wasley noted in the stated meaning for regulatory mechanism he has heard, it seemed, it felt, it appeared, and he is wondering what the analysis looked like and perhaps this goes to Mr. Koch's point of having a paper trail. He asked is it sufficient enough to provide the regulatory mechanism to push the impacts and the conservation in the areas where it will have the biggest uplift. There was discussion with Ms. Faigeles explaining the implication of the numbers.

Ms. Niell reviewed the numbers from the pilot projects comparing them to the proposed changes, including how they calculated fire risk, while answering Council questions.

The first proposed change is: Revise the Management Importance Factor values to prioritize high importance management areas while not impose inappropriately greater mitigation relative to the impacts being offset.

Public Comment:

Catherine Clark, Western Lithium, asked if the powerline on the Boies Ranch was retrofitted with anti-perching devices or if the powerline could go underground to get additional credits. Ms. Niell stated the option for minimizing the impact of powerlines is something the SETT still needs to develop in terms of how it is counted. There was discussion on powerlines. Member Lacy asked if the SETT used the Falcon-Gonder study for how to mitigate powerlines. Ms. Niell noted the SETT used several studies. Member Boies noted his concern that the CCS may be going too far in regards to powerlines. This could keep people from participating. Ms. Faigeles noted the SETT is looking at a number of factors.

Ms. Boies spoke about the powerline information and its dependence on the raven abundance. She asked unless you go into an area and do a raven census, how do you calculate the raven abundance in a remote area relevant to the powerline. Ms. Niell noted in regards to the weights and distances the SETT tried to go with the science in general and the responses they are seeing across the landscape. Granted the science does not translate well when it comes to weight, but the SETT did their best to translate it. The SETT is trying to do the best they can to capture the general response in all of the distances and weights while attempting to make the CCS accurate, but functional. Ms. Boies asked if there was a margin of error in the assumptions. Ms. Niell noted the SETT dropped a number of them down because looking at the science there was room to make those assumptions less conservative. Concerning the powerline, looking at the science, the SETT felt this was one needing higher adjustment. Member Lacy stated if there is no landfill within 50 miles of the property, raven abundance would be huge. She has a concern with making all powerlines have the same value/weight and that the SETT used the Falcon-Gonder study to establish the weight of powerlines. She disagrees with what the findings are in that study. She would like to talk about this more.

The Council agreed to move on to the second proposed change: Replace Limiting Seasonal Habitat Mitigation Ratio Factor with a Meadow Habitat Power Factor.

Ms. KC noted this proposed change is based upon the methods created prior to having some of the outputs from USGS. It did not work the way the SETT had anticipated it to work. The SETT reviewed multiple recommendation factors in the determination and ran it with all the scenarios to see where the right balance was on the importance of this. One thing to note is the SETT considered multiple different ways to look at this. There are other ways to get to limiting seasonal habitat that are valid working with NDOW and USGS, but the SETT could not use them at this point because the science is not ready. The SETT will consider that science and is looking to fund some of it for use with this system in the next round of changes. The proposed recommendation is the best option for right now to hold the concept for a future update. The SETT spoke with NDOW about this particular proposal. There was discussion about this proposed change and the definition of meadows.

Mr. Koch noted the Great Basin LCC is leading an effort to revise, The Service and BLM are involved in the funding, the National Wetland Inventory Map for the all the sage-grouse ranges, which has specific definitions, however, they are not done with all the sage-grouse habitat.

The SETT noted the recommendations are not set in stone, as technology and/or science develops, items within the CCS will adjust with it.

Mr. Wasley asked if there were a process in place on how the SETT would incorporate and/or adopt new science. Ms. KC stated the SETT would present any recommended changes to the Council. This will be done on an annual basis, which will provide enough time to evaluate issues.

Mr. McGowan noted the science workgroup still exists. As new science is discovered, it may help inform the SETT and be beneficial for the SETT to call the group together, especially those that are more familiar with the issues that may be discussed. Ms. KC noted the SETT has done this in the past.

Member Lister stated having a tool that is site-specific is important. Ms. KC noted that is the hope of the SETT and there have been discussions with NDOW. The concern is the information is not mapped in a good format for GIS at this time. It looks like that will be done in a year and will be considered at that time.

There was discussion on the Boies Pilot Project.

Ms. KC and the SETT reviewed the next two proposed changes: Include the Biological Significant Unit as an additional Proximity Ratio category to incentivize mitigation within the regional population when mitigation is not available within the specific population impacted; and Revise Proximity Ratio values to incentivize mitigation in close proximity to impacts while not imposing inappropriately greater mitigation when local credit supply is not available. There was discussion, including adding a common sense rule that says if you are right on the border you would use the common sense rule instead of these rules to apply some factors. Mr. Wasley proposed within a certain distance, e.g. 25 miles. There was discussion about this proposed change.

Ms. KC reviewed the next proposed change: Award credits for the indirect benefits generated on land outside of the credit developer's control from removal of existing anthropogenic features. This is a new concept that was not addressed in Version 1.0. There was discussion. Member Lacy noted it would be helpful if the SETT could run the calculations of the Boies Pilot Project without the powerline. There was discussion concerning the weight of powerlines. Mr. Koch stated that speaking of anthropogenic he asked if the SETT is thinking about Pinyon-Juniper (PJ) removal differently. He asked if a PJ removal project would go through the same process. Ms. KC noted it would go through the regular approach of running through the HQT. There was discussion about PJ removal on the private land. This is something the SETT is looking at for the future.

Ms. KC reviewed the next two proposed changes: Revise the scorecard used to determine the resistance and resilience of a credit site, and then a portion of the site's contribution to the Reserve Account, to streamline use of the scorecard within the Credit System; and Use proposed Ability to Control Wildfire scorecard to determine a portion of a credit site's contribution to the Reserve Account. There was discussion, including having one number for all stages of Pinyon Juniper (PJ). Sheila Anderson, Nevada Governor's Office, noted the fuel types were defined in a publication. She read the definition of PJs from the Report. It is the most severe fuel type and that is why it has the highest rating.

Ms. KC reviewed the next proposed change: Replace the Reserve Account contribution percentages for the Probability of Adverse Effects from Wildfire factors with a matrix that includes contribution percentages for both factors, and provide rebate for implementing wildfire risk recommendations. The SETT looked at the ability to control wildfire score card and resilience and resistance score card and felt that some combination of these over the site was the correct way to assess what the risk is from wildfire.

Ms. KC reviewed the next proposed change: Revise the weights and distances used to measure the indirect effects from anthropogenic features based on review of literature and pilot testing. There

was discussion, including how the SETT defined Urban, Suburban and Ex-Urban. Member Lacy noted her concern that the SETT review of current science led them to double the impact of a powerlines and then cut in half the impact of roads. Ms. KC stated the weights were not derived specifically from the scientific literature. The distances are emphasized in the literature. The weights require the knowledge of the literature and knowledge of how it is being applied in the CCS. Member Lacy stated she has not been given an explanation on how powerlines are treated within the CCS except for the issue concerning raven abundance and noted ravens utilize roads just as much as powerlines. The Falcon-Gonder study uses a powerline that runs along a major highway for most of its route and the powerline on the Boies Ranch will have a different signature footprint and impact on the sage-grouse population than one next to Elko landfill. She hopes there is a point to where there is more balance. She also stated there is no need for incentivizing for co-locates because NV Energy doesn't have a need to build new powerlines. NV Energy is aiming to get 100 percent renewable energy at some point in the future. The hope is they will be able to use the existing infrastructure for this. Issues like this are going to make it tough. There was discussion, including the impact of landfills and road kill and needing to deal with the ravens at the source. Member Nappe noted that a large amount of work has been done and agrees that everything is incremental and every year it should be looked at and reviewed, however this is something she does feel needs to be incorporated this year. There was discussion about this issue and impacts of individual powerlines per site. Ms. KC noted the SETT did take a close look at this issue and if there was some way to delineate the difference through the current science the SETT would have done it. This is something that needs to be addressed in the future. Member Lister noted his concern with establishing guidelines based upon one study. Member Nappe asked for Member Lacy's guidance on how to handle this issue, assuming the Council comes back next year and NV Energy is looking at where they will be developing powerlines. Member Lacy stated this sounds reasonable noting there is a need for more information. Member Nappe stated it is clear the SETT is utilizing the best-available science at this time. There was discussion on if the Council should look at addressing landfills and roadkill. Perhaps this can be added to a future agenda.

Mr. Wasley stated his concern about using one field pilot project as a basis for the proposed changes by the SETT and if it is weakening the ability of the CCS to be consistent with its primary and original goal of providing a regulatory mechanism of net conservation gain for sage-grouse. Member Nappe noted there was concern about having enough debits and credits to match each other. Member Boies stated the CCS will not work without participants and if it is brought down too much there may not be any participants. Mr. Wasley stated that the challenge is to provide an incentive for people to participate in both the debit and credit side where it makes sense economically and still delivers the conservation. He understands the need for some adjustments, however he would like to have the ability to look at the bottom line and the effects of these proposed changes on the project. Mr. Koch asked if he heard Member Boies suggest the reason there are no participants in the CCS currently is because the ratios are too far out of "whack." Member Boies stated he just does not want the formulas and ratios making it difficult for participants to create the credits they need for their participation to be worthwhile. Mr. Koch noted not specifically no, but what he hears Member Boies saying is with the numbers and Version 1.0 there were significant disincentives for people to participate. He wonders why Member Boies would think that. He would like to see the evidence of that. Is the evidence the fact that people have not participated. Member Boies stated that was not a fair statement as the CCS is not established yet. Mr. Koch noted that was where he was going with this. Mr. Lawrence stated the SETT is receiving a lot of calls now after the Record of Decision (ROD). People were not participating because they were waiting to see what The Service did with the decision. There was a lot of uncertainty. Mr. Koch stated his question is even more fundamental. He noted that, "You said you can understand the need for change. I cannot." It is not that he does not think there needs to be changes. He just still does not understand the need. The closest he has come to being rewarded in this conversation is when Mr. Doherty stood up earlier and said it didn't "feel right." Mr. Koch trusts that Mr. Doherty has a lot of experience and Mr. Koch thought if Mr. Doherty does not feel right then maybe

something needs to change. That is the only thing he feels he has to go on. He is sitting quietly through the meeting because he doesn't feel like he can engage in this. Member Boies stated if someone at any time came to him during the project and handed him literature and he noticed the six miles on either side of a transmission line, he probably would not participate. Highways, roads, anthropogenic disturbances, mines detract from the value of what you can do. Mr. Koch stated in general Member Boies agrees that they detract. Not having a powerline is better for sage-grouse than having one and so Mr. Koch does not know that the right numbers are the numbers the Council started with or if it is these numbers or different numbers. This is where he is coming from. There are all these changes being proposed and Mr. Koch does not understand why.

Member Lister asked what the overall effect would be using the proposed changes. What would happen if this proposal was not addressed until next year. How would it affect what the SETT is currently doing. Ms. KC stated it would reduce the amount of sellable credits for a credit developer. An overall affect overall would need to be determined by using all the factors. There was discussion concerning this issue.

Ms. KC reviewed the next proposed change: Revise permissible windows for collecting field data so that field data can be collected during a single timeframe (peak of the growing season) for all habitat types. Ms. KC noted this comes from the experience on the ground with the pilot projects. Ms. Faigeles stated this proposal was supported by the literature. Member Swanson stated he did not locate information in the literature to support this change. He believes the change concerning when to measure meadows is inappropriate, because it needs to be done when the meadows are green. There was discussion about this. Member Swanson suggested they put this proposed change as a goal for the future. Ms. Anderson noted in an attempt to simplify the process and make it more cost-effective for generating credits by having one sampling period where you can go out and collect the data creates efficiency. Member Swanson stated the SETT should look stronger at the wetland indicator rating of the other plants in the meadow, which will be an indication of how wet the area is and stays, which will be an indication if it will still be wet in July and August. Member Lacy, speaking on behalf of Member Biaggi, noted that cutting the time period down may be beneficial because there is a finite number of people to do the work. As there is growth will we be limiting ourselves. There was discussion on this issue. Ms. KC stated there are a lot of qualifiers in the language of this section. The SETT asked for Member Swanson to provide some language concerning his proposed change.

Ms. KC reviewed the next two proposed changes: Incorporate editorial corrections and improvements to Manual and HQT Methods Documents that increase the understandability and clarify the original intent of the documents; and Use proposed forms and templates developed in order to facilitate generation, acquisition and transfer of credits. This is an informational item for the Council. The forms are on the website and ready to use.

The SETT reviewed the final numbers for the pilot projects applying the proposed changes. There was discussion about the numbers concerning anthropogenic disturbances and how to construct a motion for the proposed changes.

A. Member Lister made a motion to approve I-1 (Page 8, 2015 Findings Report) with the change in the debit side Management Importance Factor while leaving the credit side Management Importance Factor the same and move forward this year that way. Seconded by Member Nappe. There was discussion about this motion. Mr. Doherty stated the difference between the debit and credit side is getting a net benefit. Keep in mind there is a reserve account and a conservative baseline. We have a conservative habitat function calculations compared to other mitigation approaches. Keep in mind there are other ways this system gets to net benefit. It is not just through this option. Ms. Anderson stated her concern on dis-incentivizing credit projects in General Habitat, because those may be areas with potential for the most improvement. She believes the number should be at least one to

give them a straight calculation. Member Lister voted for this motion; other Councilmembers voted against this motion; Motion failed. ***ACTION**

Member Swanson made a motion to approve I-3 (Page 8, 2015 Findings Report) adding the concept of the 25-mile buffer around the boundary line of the BSU and including the changes proposed by the SETT. There was discussion on voting for the list of proposed changes all at once.

B. Member Swanson amended his motion to approve the SETT proposed changes I-1 through I-8, with the 25 mile buffer language added to I-3; seconded by Member Lister; motion passed unanimously. ***ACTION**

Member Lister made a motion leave I-9 as it is currently written (not making changes) for 2016; seconded by Member Lacy. There was discussion. Member Boies opposed the motion; other Councilmembers voted in favor of the motion; motion passed. ***ACTION**

There was discussion concerning proposed change I-10. Member Nappe made a motion to approve I-10; seconded by Member Lacy; motion passed unanimously. ***ACTION**

Member Lister asked if in the CCS there this a potential project to install perch deterrents. Ms. Faigeles noted although the SETT has not developed a formal list for 2016, something they have discussed is looking at minimization action, which would also include timing of driving on roads. The Council could advise the SETT to work on this for 2016.

Member Lacy proposed doing a study project on the Boies' Ranch concerning the powerline and ravens. Ms. KC supported this.

A full account of the discussion is captured in the audio recording, which is available on the Program's website.

7. PUBLIC COMMENT – Ms. Clark noted it would be a good thing to somehow generate credits to do the right things, like installing perch deterrents that are good for the habitat.

A full account of the discussion is captured in the audio recording, which is available on the Program's website.

RECESS – Meeting ended for the day at 4:36 p.m.

FRIDAY, DECEMBER 11, 2015

Council Members Present: Allen Biaggi, Robert Little for Jim Barbee, Steven Boies, Jim Lawrence for Leo Drozdoff, Bill Dunkelberger, Ted Koch for Mary Grimm, Bevan Lister, John Ruhs, Chris MacKenzie, Tina Nappe, Sherman Swanson, Starla Lacy (left at 12:00 p.m.), and Tony Wasley

Council Members Absent: Jim Barbee, Gerry Emm, Mary Grimm, Leo Drozdoff, JJ Goicoechea

8. CALL TO ORDER - Vice-chair MacKenzie called the meeting to order at 8:35 a.m.

9. PUBLIC COMMENT – No Public Comment.

10. STATE MANAGEMENT CATEGORIES MAP UPDATE AND APPROVAL –

Dr. Pete Coates, USGS, reviewed the Management Categories Map and the process used for updating it via PowerPoint, addressing Council questions and comments. This included topics such as: process overview, what the map is and what it consists of and how it was put together. He will also discuss the updated habitat selection models, added seasonal models and a more accurate reflection of annual use by sage-grouse, space use models and abundance models and how it all develops into the composite Habitat Management Categories Map.

The collected information was divided into three sets: a validation set, a classification set and a training set. The USGS used the classification to do various components of the model like categorizing different habitat qualities, and then used an independent validation set to test and see how well it does.

The USGS went with three seasons: a nesting season, a brood-rearing season and a wintering season. This gives information on habitat use through the calendar year.

The presented information represents over 16 years of data.

Member Swanson asked if roads were included in the data. Dr. Coates stated they were not included. Member Biaggi asked if they included powerlines. Dr. Coates stated they had started including powerline data, but because obtaining some of the information was difficult from smaller and private utilities, they decided not to include them in the map.

Because it is important to the species the USGS included a high resolution PJ map. It is well known sage-grouse strongly avoid trees. This influences their distribution. The USGS collected this data from the Bi-state.

After collecting the input data, Sub-regional Resource Selection Functions (RSFs) were developed. This is essentially the probability of occurrence of a sage-grouse at each site. Twenty-four RSFs were developed.

Validation of the model was done. There are a number of different processes for this. Dr. Coates reviewed the ratios. Each of the maps was validated. As a whole, it validated much better than previous maps. The high resolution inputs made a big difference.

Mr. Koch noted Dr. Coates' comment about the high resolution inputs making a difference and asked if splitting out habitat made a difference as well. Dr. Coates noted he believed it did. Mr. Koch stated Dr. Coates may be misunderstanding his question. Previously there was one map, now there are three seasonal maps. Dr. Coates answered yes the process made a difference. The reason is because each season has a representation and the USGS uses the product of those seasons so the probability of it occurring in each of those seasons were multiplied by each other. Where you had habitat that fit all three seasons, it received a high value.

Management categories are a reflection of not just habitat, but also of space use and an abundance of sage-grouse. It gives information concerning sage-grouse occupancy, because you could have great conditions for sage-grouse, but the birds are not present, which would be a high habitat, low use area. There could also be sage-grouse present where the conditions are not ideal, which are rare. When the conditions are good and there is a presence of sage-grouse, these are the conditions to manage for.

Mr. Koch noted that approximately four years ago he started thinking about this with the first NDOW map and it was early 2012 and the perception at that time was there was a bias towards lek locations and brood-rearing habitat, moving away from winter habitat. Dr. Coates noted that was in fact the case on the bias toward lek locations and brood-rearing habitat, because the data was weighed heavily toward breeding and brood-rearing. This map is doing a better job than the previous version. There is better representation for winter in this map because the USGS modelled it explicitly and brought it in as a life phase, however some would argue that it should not have as much opportunity as the brood-rearing and the nesting, because those are the maintenance phases of the population and they are the limited habitats of a population.

The Management Categories are: Core, Priority, and General Quality Habitat. Core has bird populations represented and habitat quality. Priority is outside the core areas, and are areas conducive to sage-grouse, however the birds are not there or they have not been found. General represents low and moderate habitat that is outside the core area. Non-habitat, represents poor conditions for sage-grouse and little use areas.

Member Boies asked about the small spots, e.g. a mile, three miles, maybe a river canyon. How comfortable is Dr. Coates with those areas. Some of those areas were moved into priority. Dr. Coates noted they were moved only if they fell within a high use sage-grouse area. If they were outside of that, which was a large majority of the actual state, they received a Non-habitat classification. Member Boies stated making management decisions from the ground is going to be important in the future. Dr. Coates noted this is a valid concern. It will be up to the Council or the SETT to determine if these areas need their own category. Mr. Koch noted that he wanted to understand what Member Boies was asking stating this model may show some polygons that say habitat is important to sage-grouse even though you go out and look at them and it does not have any and you're wondering if that is a purposeful outcome to this. Member Boies stated there are areas out there where the telemetry may show a seasonal sage-grouse flying over, but it is not sage-grouse habitat. Mr. Koch noted then you go out and look at it and it doesn't look like sage-grouse habitat. Member Boies stated it could be surrounded by priority habitat and therefore it is blended in. Dr. Coates noted it is not blended in because it is surrounded by priority, it is blended in because sage-grouse are using it. There is evidence they are probably using it as flying over or they actually enter it. That is what the space use abundance is getting at. It is broad-scale, not site specific. The habitat isn't influencing other habitat in the model. Mr. Koch noted what he is taking from this is you go out and you know your range and you walk around and pull out this map and it says this polygon is priority habitat you know a little bit about sage-grouse and you are like, what, this doesn't make sense. The answer is it is just as likely to be purposeful as a result of Dr. Coates' model because you've got data suggesting sage-grouse use that specific area or areas like that as it is to be an error. Mr. Koch asked if this is the conversation that is taking place. Then you want to

ask more site specific questions. Dr. Coates noted the other rationale for it, which was located in one of the published papers, which went through a review process through the Journal of Applied Ecology, if there is a patch of Non-habitat out there in a high use area even if sage-grouse are not using it, but they are around that area not because of the habitat around the area, but because we have evidence of high use around the area through the space use model then indirect effects from whatever activities that take place within that one habitat can influence those populations of sage-grouse. Member Boies noted his example is a project would be an underground short pipeline like a waterline that could actually improve or enhance management. The movement of livestock may not have any effect except for in a ground disturbance, but yet the map may show it in a category. Mr. Koch noted in the CCS that chunk of habitat that might not be a big deal for the projects you described, are still going to show up as being high cost to sage-grouse.

Dr. Coates noted the main points of the map are: the high resolution inputs have changed from 30 meter resolution to less than 2 meter resolution; the seasonal maps originally had 12 sub-regions now they have 24 with the sub-region by site, or sub-region by season combinations; the map was updated with all the telemetry data from 2014; the urban masking are improving the accuracy by approximately 2 percent; and the map was updated with the 2015 lek counts. Ms. Niell stated that in addition to urban areas they did interstates and state routes.

Dr. Coates noted this is a living document and should be updated every three years.

Ms. KC was about to review two proposals from the SETT to the Council when Mr. Koch asked to share an observation before Ms. KC's review. He appreciates all the terrific work done by everyone and wanted to make sure the Council appreciates the opportunity they have been given by the state and the USGS to generate this information. On the endangered species' act listing decisions they are required to use the best scientific information available. When there was a conversation yesterday about powerlines he would like more data. Dr. Coates said 16 years of data, more robust data the analysis he's done and others are very insightful and appropriate to our management challenges and then lastly the ability to tell the story using data in a compelling way is another strength of Dr. Coates. He appreciates and notes they will always come back for more data. This is the most robust kind of information and analysis they have been given upon which to make decisions.

Ms. KC reviewed the proposal from the SETT to align boundaries with the BSU boundaries rather than being broader at the SGMA. The SETT worked with NDOW and Sean Espinosa, on this and it was agreed that NDOW would not traditionally manage for sage-grouse outside the BSU boundaries. A number of the first cases that came in are areas outside these boundaries. When looked at on the ground it did not make sense to manage for sage-grouse in these areas. Mr. Koch asked what Ms. KC meant by cases that came in. Ms. KC noted that some of the debtors that have come in on the debit side. They were going to run the data, but when they looked on the ground it did not make sense.

The SETT would also like to change the titles from Core, Priority and General to Priority (PHMA), General (GHMA) and Other (OHMA) for consistency with the federal agencies verbiage.

The SETT reviewed a handout included in Council packets on the BSU boundaries. There was discussion concerning using the BSU boundaries. Mr. Espinosa noted that BSU boundaries are the same as PMU boundaries they are just groups of PMUs together with a few slight modifications.

Mr. Koch stated that from what he is hearing, based on NDOW's management experience in developing the PMUs it makes more sense to make the model fit the PMUs/BSUs boundaries then it does to make the PMU/BSUs boundaries fit the model. Ms. Faigeles noted it is not necessarily making the model fit. This is how the SETT is going to manage sage-grouse and from NDOW's expertise and recommendations it does not make sense to manage outside of those boundaries. The

SETT is not adjusting the model. Mr. Koch noted because this is a management map you have to make the call one way or the other. Mr. Faigeles stated that is correct.

Member Biaggi asked what this would mean in terms of the state process and how would the maps change what the Council has been doing. He noted this is the best science and the best information on sage-grouse habitat that we have, how does this flow into the BLM process. Member Biaggi stated his understanding is the BLM is locked into the maps currently in the LUPA, but yet, this is the best science available, how does this fit into the state and federal levels. John Ruhs, BLM, noted the BLM does not have everything worked out as of yet, but the Secretary and the Governor have agreed the BLM will utilize the best available science. So that means the BLM will have to find a mechanism to adjust the maps, taking this new information and including it. He does not have an answer today on how the BLM plans to do that, but he can say that project by project they will start incorporating the new information. He is concerned about the significant changes and how much that is and whether that will require the BLM to do a Plan Amendment. Once they have a better chance to review the information, they will find a way to get there. Member Biaggi noted the BLM and the DOI have made a commitment to incorporate the best science and the best mapping available. Mr. Ruhs stated that is correct. Ms. KC stated from the state perspective, the SETT will use this map, once approved, with the CCS and that fits with the requirement on using the best available science on the ground even if the LUPA is using the August 2014 map for allocations. It will be used at the project level with the BLM's current plan.

Member Biaggi stated there needs to be field verification on the ground project by project and noted the maps are often used inappropriately. It needs to be clearly stated these are intended for gross level identification purposes and on the ground determinations need to be made for actual habitat presence. Ms. KC stated her agreement with this. The map creation was for the landscape scale in the CCS and to determine the management areas for sage-grouse.

Member Swanson asked for clarification that NDOW was involved and supports this proposed change. Mr. Wasley noted the NDOW has participated in the discussions and their management occurs at the PMU level, and the PMUs are comprised of the BSUs. From their perspective, it does not make a huge difference. They are hopeful there are mechanisms to make the appropriate changes when necessary to the maps. They have no problem with what is being proposed by the SETT. Certainly, if it jeopardized the ability for the BLM to adopt the map because it pushes it over some threshold of change with the solicitors, e.g. if it is within 10 percent they can adopt it as a maintenance rather than having to do it as Plan Amendment. If the recommendation change pushes it over this threshold where it changes too much to adopt it, they may reconsider. It is not worth jeopardizing adopting the new product as part of the Land Use Plan. This may be a consideration. Ms. KC stated it decreases the size therefore it would decrease the amount of change, because the amount of change is affected by those larger areas that are pulled in. Mr. Wasley noted depending on how you measure that change if it is just total acreage then Ms. KC would be correct, but if its pluses and minuses, if it is just net change at the end of the day it might be a smaller change, but depending on how they look at what constitutes change.

There was discussion concerning this proposed change.

Ms. Faigeles noted in discussions with NDOW the original drawing of the PMUs, which is now the BSUs were already drawn to be conservative so any habitat located on the edge of those boundaries was already on the periphery. It was agreed that having indirect disturbances that are outside of the BSU boundary into that periphery was not necessarily a huge concern. They had discussed going 6 Kilometers outside that boundary but as a group agreed it was not necessary.

Ms. Anderson noted the intention was never to manage every single bird in every single habitat. There needs to be a defined boundary and the BSU boundary is a good choice and the boundaries are based upon management.

Mr. Dunkelberger noted that on public lands concerning the NEPA Process they still have to consider potential impacts to sage-grouse even it is outside the BSU. So with powerlines they would have to use the best science for distances.

There was discussion concerning a certain point on the map that was displayed in Lincoln County.

Member Lister stated he appreciates the hard work put into this. He requested staff bring a comparable spreadsheet that shows the changes in the different habitat types as far as numbers. Ms. KC noted they have a spreadsheet for the Council to review. Member Lister stated he would like to receive these, but not approve the proposed items at this time.

Ms. KC asked Member Lister if he was concerned with the scientific process and how it works with the CCS or with the land disposal on the BLM's part because of the approved LUPAs. He noted he has a number of concerns, including the 6 or 8 percent increase in habitat. He would like to see where that increase is. He would like to have time to review the map and study it before making a decision.

Ms. Anderson noted the map is a result of the process chosen to create the map and it is based upon the best scientific processes that the USGS has. It is based upon the best data the USGS has available to this date and time, therefore any change that would be made to the map would mean changing the process for habitat delineation. This was a process that was approved that the SETT asked the USGS to do and they have taken it beyond expectations. The SETT cannot start changing boundaries and drawing things. This is the landscape scale. There are two more scales below that need to be looked at and the CCS does look for impacts and calculating credits and debits. For the purposes the map was intended to serve for the state's use, and the approved process, this is the result.

Vice-chair MacKenzie noted that for the state's purposes that is true, however it has not always been used the same way by all agencies. This is a concern. His understanding is that the BLM is using it as a habitat map rather than a management map. If it was just for the state's purposes it would be easy to move forward, however the way the map is interpreted and applied by other agencies is a concern. There needs to be clarification from other agencies as to how that map is used.

Mr. Espinosa noted there may be some additional things that can be done in terms of masking urbanized setting that may help alleviate some of those issues, maybe buffering some of those, e.g. road density that need to be removed from that habitat.

Member Nappe stated that she also sees issues with literal interpretations causing problems and suggests putting a statement on the map stating that any agency using the map should be referred to the SETT.

Mr. Lawrence noted for the SETT to be able to use this map is important for the CCS as it is based at a landscape level and the fact that it is the best available science also supports moving forward. The state always intended for this to be a landscape level tool. He stated the BLM's ROD contains spots that make land use management decisions based specifically on the habitat classification. He is not sure if there is flexibility as they implement the ROD to use these maps as they were intended to be used at the landscape level and not at the project level. Mr. Ruhs noted the BLM is committed to utilizing the new maps in their processes as they move forward with implementation. There is no way he can say they have the implementation processes down, because they do not. This is not just

the BLM as they look at a specific project they are relying on NDOW and others to provide them with the information they need to make the decision on what to use project by project. They are already starting to do that. They are relying on their partners in helping them to make their decisions. This is the type of information they have to have to get there. This is not a look at a map noting green areas and red areas and then they are done. This is not the way it is going to work and that is not what the Land Use Plan says. It is not what the processes being put into place for implementation tells us. Mr. Dunkelberger agreed and noted they have already had a couple of mineral projects that were in mapped habitat which is the first level screening then the project level specific NEPA went down deeper and said there is no impact to sage-grouse and the project was approved. The maps are being used as the state intended. They are still using the 2014 Coates Map because that was adopted in their Decision. He does have some concerns about what kind of NEPA will need to be done to adopt the new map.

Member Lister disagreed stating that he has seen the maps adopted approximately a year ago used as sage-grouse exclusion zones for any kind of permits and projects. He noted that what is heard or seen at some levels are not the same for all levels.

Member Lister also noted he would like a month to review the map before making any decisions. Member Nappe stated her concern with adding personal exclusions. She would rather look at how the SETT can use the map as the best science and work around it stating things as they go out to other agencies. She noted she also has an example of something being automatically rejected when the first map was adopted. The information is not getting down to the people on the ground on how to use the map correctly. She is concerned about the BLM's ability to bring their internal people up to par on how to use the map correctly. The map can be approved with the addition of a statement on the map itself and a cover memo that accompanies the map with an explanation on how it should be used. This can go out to all the offices using the map. Member Nappe does not want to change the map right now.

There was discussion. Member Swanson asked if there was language the SETT could include on the maps and additional language from the BLM and the US Forest Service to explain the use of the maps to be attached to the map. Mr. Dunkelberger noted the US Forest Service was receptive to doing this. He stated he and Mr. Ruhs are going to be going around the state doing implementation sessions for all their employees and that is where they need to relay this message. Maybe they do memorandums in addition to having the language on the map. Member Nappe asked when they were planning to do go out on their implementation sessions. Mr. Ruhs noted they are still trying to work through how and when to do that. Last week they got new information from the Secretary giving them some latitudes that now change things concerning the implementation strategies. He noted they are starting to work through projects as they come forward that have sage-grouse issues. There were some issues in Washoe County that have been reviewed and are moving forward. Things are happening. He cannot go back and say that people have not used the map correctly, however in everyone's defense they have not known what else to say, but they are at the point of learning. The BLM and the US Forest Service are setting up trainings and setting up to go out and do individual site specific visits. They have gotten an actual track record down with their field forms that are being submitted from the field offices in the districts coming through the state offices and running them through the system and they are able to make decisions. They are relying on their partners to help them do that. On the implementation trainings they would like to involve their partners. So the things they are teaching their specialists they want to ensure they have the SETT and others involved to make sure there is agreement with what the message is on the ground. Ms. KC noted the SETT has been involved in many of the trainings for the BLM's staff. The SETT is tacking on their CCS training for the BLM and the US Forest Service staff. They have been consulted on many issues being discussed today.

There was discussion concerning moving forward with the map.

Public Comment:

Debbie Struhsacker, Nevada Mineral Resources Alliance, is pleased to hear there are thoughts on the flexibility of the map particularly ground-truthing it. The problem is not just the habitat map that needs to be addressed in the BLM and the US Forest Services' RODs and their maps, because you have a lot of other maps. For instance, wind and solar energy maps that create categorical exclusions against the use of priority habitat management areas that also need to be addressed in concert with the ability to use site-specific data to make a project decision. She hopes there is a way to also revisit the Sagebrush Focal Areas (SFAs). It is a proposed categorical exclusion of the land.

Mr. Dunkelberger asked if the SETT could send out the document containing the acre comparison to him and Mr. Ruhs. Ms. KC noted they would.

The group reviewed a USGS map of Caliente and Lincoln County areas and the acreage difference document. Dr. Coates reviewed the scale of the maps.

Public Comment:

Meghan Brown, Congressman Amodei's Office, via telephone, asked about the scale and using the term "ground-truthing" versus "site-specific data." She asked Dr. Coates if the wrong terms were being used to make an informed decision. The concern is that we have this map and broad strokes are being made from the land management agencies about what can and cannot occur. Staff goes and visits a potential site to try and get more information so the information that is received becomes site-specific data, but not necessarily changing or adding information to that you provided.

Dr. Coates noted the distinction he is making is the information that you will get from the ground is different than the information that went into the model, therefore you cannot necessarily ground-truth the model with that information. You can truth the model with better and large-scale information as it becomes available in a GIS type of exercise, because those are the variables that went into the model. He explained the process and natural order of selection.

Mr. Koch spoke about an example that occurred recently concerning the Washoe County land parcels. The model showed that they had habitat characteristics that sage-grouse could theoretically use. If you went out on the ground and looked at that and grabbed your tape measure you may say, yes, this is sage-grouse habitat, but within the context within which those parcels lay, it seemed highly unlikely by staff that those would be important for sage-grouse conservation. It fell within the parameter of the BLM's plan that said that they could dispose of those lands. Mr. Wasley stated this was correct. The challenge is communication with the BLM and that raises some of the concerns that have been brought up during this meeting. That was not NDOW's understanding or intent and they could look at that at the large landscape scale and then go look at it on the ground and see about the likelihood of sage-grouse being there, because of the absence of it, the adjacent population and other factors.

There was discussion about ground-truthing and how it is done concerning the larger special scale.

Member Lister noted with the new map and the new data there is significant changes to the northern border of the state. He asked if the BLM will write a supplemental EA to address changes in the boundaries of the SFAs. Mr. Ruhs stated he could not answer this specific question. He read from the Governor's press release concerning his meeting with Secretary Jewel. The other important point for the SFAs is they are categorized as Priority habitat. The mineral withdrawal component of it is different from the Priority habitat so any decisions made in an SFA will be based upon the Priority habitat component of it unless it concerns mining or oil and gas.

Member Biaggi stated there is segregation with the SFAs now that removes them based upon current maps from mineral entry, but there is scoping and an EIS that will be developed for the withdrawal itself that could be informed by the current maps, as it is better information, it is better science. Mr. Ruhs noted that is correct. Member Biaggi noted the Nevada Mining Association intends to provide all information to better inform the size and scope of those withdrawal areas to reflect what is habitat and what is potential and actual mining areas. He asked if there is still opportunity for input. Mr. Ruhs noted, yes, and next week the BLM will be having two scoping meetings. One will be in Sparks and one in Elko on January 15 and 16. The point of the meetings is to talk about the withdrawal process and the EIS that will be part of that and to provide opportunity for people to understand the comment process and how to provide comment.

Member Biaggi made a motion to adopt the State Management Categories map as presented today and include specific notations on the map that it is not to be used for decision making on a project scale level. Vice-chair MacKenzie clarified that this motion included pushing back to include the boundaries of the BSUs as purposed by the SETT. Member Biaggi stated that is correct. Seconded by Member Nappe. Member Lister noted the Council has worked hard to do things by consensus. He will go along with the vote noting another month or some more time to review the map and understand it better would have been helpful to him, however he will go along with the vote. Vice-chair MacKenzie ask for a vote; motion passed unanimously. ***ACTION**

A full account of the discussion is captured in the audio recording, which is available on the Program's website.

11. STATE SOLICITATION FOR CONSERVATION CREDIT SYSTEM PROJECT FUNDS AND STATE AGENCY PROJECT UPDATES - *FOR POSSIBLE ACTION

Mr. Lawrence stated as part of the Governor's approved budget two million dollars were allocated for the Sagebrush Program. One Million dollars in Fiscal Year 2016 and one million dollars in Fiscal Year 2017 with the purpose of soliciting for projects on the ground and getting the bank up and running. The Council directed the SETT to check in with state agencies for projects. The SETT has some projects from NDOW and they have been working with the Nevada State Parks, at the direction of the Council, to identify some potential Park's projects. The SETT's intention is not to use all the funds for state projects as they would like to get broad-based participation. Two days ago the SETT posted on their website a solicitation for letters of interest from any public agencies, non-profits, or private landowners on whether they have projects and would be interested in participating in the CCS, utilizing a portion of state funds. He provided an overview of the expectation and the letter of interest.

The SETT will have a webinar with the assistance of EI.

Final recommendations will come to the Council for approval.

There was discussion concerning using the funds for state projects versus private projects with Mr. Lawrence noting that for the success of the CCS there needs to be broad participation.

Member Boies asked if an agency would be awarded credits. Mr. Lawrence stated this was possible. He noted the CCS needs credits and this was the legislative intent. He provided project examples.

Mr. Wasley asked if in the event there is more interest than funding, has there been discussion on developing evaluation criteria or prioritization criteria for involvement of the science working group to provide some initial conservation value. Mr. Lawrence noted there are criteria.

Member Lister asked for clarification on how the process would work concerning state agencies. Mr. Lawrence noted the state is the landowner, the state is the implementer and they would be State of Nevada credits that would be up for sale. Any money derived from the sale goes back into the CCS and is made available for the next round.

There was discussion with Member Lister asking if within the state system there is the infrastructure and ability to make funding work. Bryan Stockton, Attorney General's Office, noted it can be done by contract, ensuring budget accounts and any federal grant monies are properly accounted. All the agencies who work with federal grants have mechanisms in place to properly account for those monies.

Member Lister stated he hopes in the Strategic Action Plan (SAP) there will be involvement of the Conservation Districts at a local level with them being a funding avenue. Mr. Lawrence noted the SETT will be reaching out to the Conservation Districts.

A full account of the discussion is captured in the audio recording, which is available on the Program's website.

12. REVIEW OF ACTION ITEMS AND FUTURE AGENDA ITEMS DRAFTED ON FLIPCHARTS DURING THIS MEETING

A. With staff assistance, the Council reviewed items discussed, as well as items acted upon during this meeting, and items directed to the SETT.

Member Biaggi asked for clarification on when the map would be available online. Ms. KC noted the USGS would now have to go through a peer review of the map, however the SETT could post a pdf version of the map online after the meeting. The shapefiles will not be available, but Councilmembers and others may contact the SETT and they will offer their assistance with viewing them. After the peer review the shapefiles will be posted. Dr. Coates added that the actual process has been reviewed and approved by the USGS. It is the update that needs to be reviewed. It needs to be considered preliminary information at this time.

Approved Items

- Approved agenda for December 10 & 11, 2015.
 - Approved meeting minutes for October 15, 2015.
 - Approved the SETT proposed changes I-1 through I-8, with the 25 mile buffer language added to I-3.
 - Approved leaving I-9 as it is currently written (not making changes) for 2016.
 - Approved I-10.
 - Approved the State Management Categories map as presented, including specific notations on the map that it is not to be used for decision making on a project scale level and the change to BSU boundaries.
- B. The Council determined specific items they would like to work on at their next scheduled Council meeting.
- Review how Powerlines are Weighed in the CCS
 - Review Debit Projects, Processes, and Demand
 - Public Relations, Communications Concerning CCS
 - Report on What Other States are Doing
 - Review of Implementation Strategies the Federal Agencies' are Rolling Out to Their Staff
 - Strategic Action Plan (SAP) – On the Ground Communication/Action

- MOU with Federal Agencies

Ms. KC noted the SETT has been involved in multiple project discussions concerning debit projects.

The Council decided February 10, 2016, as a tentative date for the next meeting. Ms. KC will send out a Doodle Poll to Councilmembers to determine a final date.

- Wednesday, February 10, 2016, TBD

A full account of the discussion is captured in the audio recording, which is available on the Program's website.

Items still needing dates for a future agenda:

- Federal Update – Congressman Amodei
- FIAT Working Group Update
- Reports from Different Agencies on Sage-grouse items
- Review adding areas of the Bi-state to be eligible for the CCS
- Review a comparison between the BEA and the State Plan, specifically looking at ratios
- Concept of SETT to host a central database for the State on conservation actions
- Establish measurables for the next two years

A full account of the discussion is captured in the audio recording, which is available on the Program's website.

13. FEDERAL AGENCY UPDATES AND COMMENTS:

A. US Fish and Wildlife Service (The Service)

Mr. Koch noted that in June the Sagebrush Program wrote to The Service seeking formal agreement that the CCS would be recognized should sage-grouse become listed as providing assurances as listed in the letter. The Service decided to not list the sage-grouse for now. He asked if the Program and the state still seek a formal agreement. Ms. KC noted yes for the assurances from the Program perspective. The SETT would still like to go through the review process such as Colorado has done. Mr. Koch noted that makes sense and it is reflected in the Governor's Letter. He just wanted clarification and stated that his question was more for the Councilmembers. The Councilmembers agreed with the SETT request.

Mr. Koch noted the ultimate goal is to get the CCS adopted by the federal land management agencies as a tool for mitigation. He asked if this was correct. Mr. Lawrence noted it is already in the ROD as a tool. Mr. Koch noted as *a* tool, but not *the* tool and that's where we want to be. Mr. Lawrence noted that would be ideal. Mr. Dunkelberger stated it is one alternative. Mr. Koch just wanted to make sure everyone is on the same page. Mr. Koch noted he is thinking about how we get there and he loves the little metaphor that we are building a car trying to drive it and then there was a comment that our approach is sophisticated enough that we are building a flying car, which he thinks is true. He thinks there are pluses and minuses of building a flying car. As he acknowledged earlier, the mapping products and the data are great. He is so grateful for that. He spoke about feeling the pain of an endangered species biologists about evaluating data and then making decisions. The struggle some Councilmembers articulated in the meeting about the maps and the uncertainties is what he lives every day, making listing decisions and other things that are a part of his job and frankly part of him feels he has a lot of empathy for the Councilmembers in the face of having someone like Dr. Coates, who does it better than any

scientist he has seen, present all this data and then you have to decide and frankly he felt that yesterday afternoon, well he felt this way about the CCS along, last year, a year and a half ago they were more integrated with the SETT and Mr. Doherty and had a little higher level of buy-in into the CCS at that point. Since then he knows the SETT has been doing an assessment. Time has gone by now and the SETT came in yesterday and provided this blast of information and a bunch of recommended changes. He knows, for himself, if he was a voting member, he felt yesterday the way Member Lister felt today, he couldn't vote one way or the other on adopting the changes because he feels as if there is so much change and he felt like he was fully up to speed on what the CCS was looking like a year ago at this time that he would not have voted to adopt it. So he is just saying all this so the Council and the SETT know his uncertainties of where he is coming from. Now, as Mr. Ruhs reminded him the DOI Secretary has committed to the Governor that The Service is going to do all they can to meet the Governor's request in his letter and one of them is that committing to the Nevada CCS is crucial and The Service is here to live that. He is trying to figure out what that looks like. He has spoken a little to Mr. Lawrence and Ms. KC on how to do that and he feels like what needs to happen as a trained professional. He struggles to keep up with all that was talked about at yesterday's meeting. He thinks all this is just a prelude to we all want to be here and in agreement. It is mainly a matter of communication. We are falling behind with trying to keep up with, for example, the changes that the Council voted to adopt yesterday, not that the changes are bad or good. He just does not know he cannot keep up. Mr. Koch noted his agency's offer to the state and the Council is that we try and get together in a smaller group with technical staff to work through a lot of the CCS and figure out what we think about it and what we think are the strengths and weaknesses. He hopes this body will remain open to The Service coming back to it at some point in the future with observations, opinions and potential changes. Ms. KC stated this is exactly why the SETT asked for the review process. This is what the mitigation review team is going to do through the process. They will review the HQT and the manual, as far as she understands from what was done with Colorado's process and let the SETT know where there is agreement and where there is not agreement and where things may need to be changed. This is the urgency not just for the assurances, but for the buy-in across the board. The SETT asked for the process to be expedited for Nevada. Colorado is a little farther behind in moving forward with their system. Nevada is ready. Ms. KC also noted she is not sure who to contact in Mr. Koch's office. She has been working with Genevieve Skora who is a member of the mitigation team. Mr. Koch noted that is all true and there are a many primary reasons for lack of progress from his perspective, two of which from The Service camp is, one, they knew the SETT was working on changes and it seemed unwise to invest a lot of time and energy reviewing the CCS if it might change, and two, of course they were tied up for the later part of 2014, with the ESA and western decisions however, by all means the SETT can communicate directly with Mr. Koch, Genevieve, and Mary Grimm. These individuals can all make sure the SETT gets to the right point. He thinks the fact the Council has made a decision on the latest version of the CCS puts them, based upon the last year, and working with recommendations, The Service in a good position to move forward, including recent actions with the Governor and the Secretary. Mr. Lawrence had two requests, one, is not doing two processes. The state does not have the bandwidth to work with a smaller group and get to a level of understanding only to do a separate mitigation review team process with the same agency. Secondly, Mr. Lawrence would request not going over things that were already reviewed and approved. Mr. Lawrence would like to start with a common understanding on a review process.

Mr. Koch asked for clarification on the two requests. One being "do it in one process." Mr. Lawrence clarified the second not revisiting things The Service already stated they were comfortable with.

Ms. KC stated because The Service has already reviewed Colorado's plan it should greatly simplify the process for Nevada, because the processes are very similar.

B. Bureau of Land Management (BLM)

Mr. Ruhs expressed thanks to the Council for allowing the BLM to be a part of the discussion. Finding Nevada the correct process is important. The BLM is committed to resolving any differences that there are and any minor tweaks that need to be done in the MOU and finish it. It is important to get some commitment and start using the CCS. Internally, the BLM is working to develop consistency on their implementation process making sure everyone is comfortable and understands those processes. It is important to share the processes externally and get input and feedback on them before they dive in and say that is the only thing we are gonna do and this is the way to do it. The outside input is important before they finalize anything. The BLM will reach out and involve the SETT and others to make sure everyone is comfortable with what they are doing. When the BLM gets to that point he hopes to have some public meetings and workshops to show people across the state how they are working through some of the implementation issues. He also reminded the Council about the SFA open houses next week in Sparks and Elko, January 15 and 16. There was discussion about the open houses.

C. US Forest Service

Mr. Dunkelberger stated it is an honor and privilege to serve on the Council. He noted it is important to collaborate. The US Forest Service is looking forward to finalizing the MOU and talk about the procedures that will be used for the CCS pilot projects. This needs to be finished sooner rather than later. There will be learning as the pilot projects are identified and processed.

Mr. Dunkelberger also noted they selected two new district rangers in Tonopah and Elko. They will be starting on January 24, 2016.

D. Other – No update.

A full account of the discussion is captured in the audio recording, which is available on the Program's website.

14. STATE AGENCY UPDATES AND COMMENTS:

A. Department of Conservation and Natural Resources (DCNR)

Mr. Lawrence noted there is work being done finalizing the MOU. The MOU just covers the CCS.

The Board of Examiners approved the contract to keep EI on board for another two years.

Member Biaggi asked when the MOU is signed will the CCS be used for mitigation purposes in Nevada along with the criteria for that. There is uncertainty with regard to mitigation ratios and payments. Does the MOU provide some level of certainty after it is signed and what does the MOU mean to actual on the ground projects for mitigation purposes.

Mr. Lawrence stated the MOU is the vehicle between the BLM, the US Forest Service and the state to utilize the CCS on public lands. For the agencies to use the CCS as part of future projects, EIS, EA review.

Mr. Dunkelberger noted that a lot of the projects will probably not apply. The hierarchy of the US Forest Service is avoid, minimize and mitigate. So all the projects they can avoid or minimize, they will. It is when they get involved in mitigation projects where the CCS will come into play.

Mr. Lawrence stated there is language in the MOU in the BLM section stating at least one alternative in all affected NEPA documents will analyze the CCS as a tool for compensatory mitigation for sage-grouse habitat.

Member Nappe asked if the CCS would cover other species. Mr. Lawrence noted the CCS currently covers just sage-grouse. Member Lister noted the CCS does not cover species, but covers habitat. There was clarification that it covers sage-grouse habitat. Ms. KC noted the CCS could be changed to cover other habitat in the future.

Mr. Dunkelberger stated the US Forest Service is establishing the SETT as one of their cooperating agencies. This will ensure the SETT will be copied on all pre-scoping and scoping documents. They are leaving it up to the SETT to tell the US Forest Service when they would like to be involved.

B. Department of Wildlife (NDOW)

Mr. Wasley highlighted a number of projects that NDOW is currently working on, including initiation of treatment work on the overland project, PJ removal in the Ely and Austin ranger districts in central Nevada, Austin ranger district is also involved in PJ removal near McGinnis Hill. They continue to work with Ely and Elko BLM on initiation of fire rehab on 2015 fires which impacted sage-grouse habitats. They are participating with the Elko BLM in weed control. Staff attended the Western Invasive Weed Summit in Boise, ID. Staff also attended the Rangeland Area Agency Sage-grouse Conservation Team meeting.

C. Department of Agriculture

Robert Little spoke on behalf of Jim Barbee. He noted the Department has filled their Deputy Administrator position. Meghan Brown from Congressman Amodei's office is the successful candidate. She will be starting with the Department on January 4. The position is being relocated to the Elko office. They are also relocating their Rangeland Health Program Manager Position to the Elko office and recruiting for it.

D. Conservation Districts (CD) Program

Tim Rubald noted there was a vacancy in Winnemucca for some time. This position is now filled as of November 30. The successful candidate is named Bettina Scherer. Ben Bolton in Ely, through the Lincoln County Conservation Districts, received a \$300,000 grant to do PJ work. All field staff will spend some time with the SETT to get them trained on some of the technical aspects of the CCS.

E. Sagebrush Ecosystem Technical Team (SETT)

Ms. KC noted the SETT has been doing a traveling roadshow to try to get the word out on the CCS. They have been to the Cattleman's Association, the Nevada Association of Conservation Districts and the Council of Western State Foresters talking about the CCS and learning from other states and other areas. They also have a training and information sharing meeting set up with the NDOW staff. The roll out to federal agencies is coming in mid to late January.

They will be working on filling the Forestry Position on the team.

F. Other

Ms. Anderson, Policy Analyst for Natural Resources and Conservation, noted her newness to her position and she looks forward to working with the federal agencies in implementing the ROD and still being involved with the SEC. Helping the SETT with some items she still needs to complete from her last position, such as the SAP.

A full account of the discussion is captured in the audio recording, which is available on the Program's website.

15. PUBLIC COMMENT

Mr. Rubald noted his position as president-elect of the Nevada Section of Society for Range Management and stated the Society is having a meeting in early January. It is titled: Sage-grouse on Nevada Rangeland: Positive Management Actions Moving Forward. There will be a number of speakers, who will be familiar to the Council. It is in Elko on January 14. The registration includes lunch. He has copies of agendas for anyone interested.

A full account of the discussion is captured in the audio recording, which is available on the Program's website.

16. ADJOURNMENT – Member Lister made a motion to adjourn; seconded by Member Boies; meeting adjourned by acclamation at 12:39 p.m. ***ACTION**