



STATE OF NEVADA
SAGEBRUSH ECOSYSTEM COUNCIL
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APPROVED MINUTES

Date: Thursday, January 26, 2017
Time: 8:30 am
Place: Public Employee Benefits Program Conference Room
901 S. Stewart Street, Carson City, NV 89701

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: JJ Goicoechea, Chris MacKenzie, Allen Biaggi (left at 2:00 p.m.), Steven Boies, Bill Dunkelberger (arrived at 8:55 a.m. and left at 4:15 p.m.), Bevan Lister, Tina Nappe, Sherman Swanson, Tony Wasley, Jim Barbee - Proxy: Cheva Gabor for Bill Dunkelberger, Genevieve Skora for Carolyn Swed, Marci Todd for John Ruhs, Julie Malvitz for Ray Dotson

Council Members Absent: Starla Lacy, Gerry Emm, John Ruhs, Carolyn Swed, Ray Dotson

1. **CALL TO ORDER** – Chairman Goicoechea called the meeting to order at 8:32 AM.
2. **PUBLIC COMMENT** – Brian Jackson, Environmental Defense Fund (EDF) stated that he is thankful for the leadership the State of Nevada has shown. EDF had an opportunity to review the changes outlined in the document released early in the week and are supportive of the Adaptive Management process and the proposed changes.

Agee Smith, Cottonwood, introduced that he is attending the meeting via telephone conference and is available to answer any questions the Council may have.

3. **APPROVAL OF AGENDA** –

- A. *Approval of agenda for January 26, 2017* – Member Boies moved to approve the agenda; seconded by Member MacKenzie, motion passed unanimously. ***ACTION**

4. **APPROVAL OF MINUTES** –

- A. *Approval of minutes from the meeting held on November 10, 2016* - Member Swanson questioned a possible typo on pg.3 of 13 – paragraph 3. Chairman Goicoechea suggested tabling this item until Member Dunkelberger arrived; all present members agreed. The Council revisited this item after Item #7, Member Dunkelberger clarified the word “they” should be stricken. “...Humboldt-Toiyabe as there is...” instead of “Humboldt-Toiyabe as *they* there is...” Member Boies made a motion to approve the minutes with the proposed amendment; seconded by Member Lister, motion passed. Member Biaggi and Member MacKenzie abstained, as they were not in attendance at the November 10, 2016 meeting. ***ACTION**

5. COUNCIL MEMBER ITEMS AND CORRESPONDENCE –

- A. Council members may make comments at this time and the Program Manager will bring forward any pertinent correspondence directed to the Council.

Member Lister noted he did not attend the BLM Grazing Conference; cancellation caused by poor weather.

Member Boies expressed his appreciation in receiving the meeting materials earlier.

Kelly McGowan, Sagebrush Ecosystem Technical Team (SETT) Program Manager, noted that he received a letter from Adrian Juncosa, Certified Verifier. Mr. Juncosa submitted a list of recommendations from his field data collection. The SETT intends to hold a meeting to exchange information with the field verifiers from last season. The SETT has already started this process and some of the verifiers' feedback is included in today's report. The SETT will conduct a verifier refresher-training course to ensure all verifiers have received the training and are aware of all the updates.

Mr. McGowan checked with Jeff White, Newmont Mining, as he requested to be a standing item on the agenda; however, he was unable to attend today. Mr. White indicated they would use the Conservation Credit System (CCS) when mitigating for the Greater Phoenix project, preloading credits for IL Ranch.

Mr. McGowan will send out registration information for the live broadcast of the National Society for Range Management meeting. The topic is the impacts of woodland on range management and best management practices for its treatment. The live broadcast will be on Monday, January 31, 2017. In addition, there will be a one-day Greater Sage-Grouse Symposium at the Peppermill in Reno, Nevada on February 7, 2017. Katie Andrie, SETT will be presenting on the CCS.

Mr. McGowan noted there is a Director's Order from the United States Fish and Wildlife Service (USFWS) regarding a voluntary pre-list of conservation actions. It provides direction to landowners on Candidate Conservation Agreement Assurances (CCAA) and there is potential for the CCS to be recognized as a mitigation system and a way to protect landowners.

6. USING DRONES FOR RANGELAND ANALYSIS & MONITORING – Mr. Kirk Ellern, Co-Founder – *AboveNV Inc.*, reviewed a PowerPoint presentation pertaining to Drone Data and Services. *Presentation available upon request.* *NO ACTION

Mr. Ellern addressed Councilmembers' questions and/or concerns. A lengthy conversation ensued, for full account of the conversation; please refer to the audio recording.

Member Biaggi noted that the business seems to have two components, the flying and the analysis, and asked if the work is outsourced. Mr. Ellern stated that it is a matter of scale; they currently have employees who handle both the flying and analysis, but that could change based on need as the company grows.

Member MacKenzie asked if Mr. Ellern and AboveNV, Inc. are affiliated with the University of Nevada Reno's Nevada Advanced Autonomous Systems Innovation Center (NAASIC) program, and how other states can benefit if we start this program. Mr. Ellern stated that AboveNV, Inc. works closely with them. Mr. Ellern noted that there are seven test sites in America, most are fields and University areas, but the entire state of Nevada is a test site. NAASIC is working with Drone America who is establishing corridors for firefighting drones, which pose benefits for the State of Nevada. He said his company has been working with Desert Research Institute (DRI) and various other agencies on projects.

Member Swanson asked how the technology would detect ground occupied by perennial bunch grasses as shrubs and bushes usually cover it? Mr. Ellern responded that it is difficult to detect perennial bunch grasses. However, AboveNV Inc. is working on a height model; for each use, the drones can be reprogrammed for different variables.

Mr. McGowan stated that Dr. Peter Coates would like to use information gathered from drones to form his model and truth the Habitat Suitability Index (HSI) values. It could potentially allow HSI values to replace field data collection. The hope is the technology will minimize field-data collection. He noted that the current five-year verification process is costly for everyone, but this technology could help lower those costs by reducing time spent in the field collecting data.

Member Boies asked if pilots, private or otherwise, know that drones are in the air. Mr. Ellern said that they put up a notice to pilots every time they fly, and that by law, without special clearance, drones have to stay below four hundred feet. If other aircraft are detected, they take every precaution to avoid damage to the drone.

Chairman Goicoechea asked Mr. Ellern about the issues that flying at night may pose, to which Mr. Ellen responded that they do not fly at night. He also stated that they have the capability of flying one hour before dawn & dusk, and that they have infrared technology that could identify hotspots after fires.

Mr. Lawrence stated that what they have learned with the CCS is that field and data information increased because project areas increased. He noted that it would be nice to have technology that would decrease the amount of time that it takes to get through these large project areas, in turn cutting costs and decreasing time spent in the field. Mr. Lawrence expressed his concern of how this will actually work as the CCS has specific attributes plugged into the model; would specific programs need to be developed and would it be proprietary? Mr. Ellern stated that AboveNV, Inc. would do whatever is required to validate the data and that the data is proprietary to the client with AboveNV, Inc. having rights for marketing purposes.

Member Nappe expressed her concerns about the impacts on wildlife, asking if the drones scare the animals. Mr. Ellern responded that it is unclear if the drones scare the wildlife, but that some drones look similar to hawks but do have a low tone buzzing noise. AboveNV Inc. is working on projects with the Nevada Department of Wildlife (NDOW) and more information regarding the effect on wildlife will surface. Member Nappe also expressed her concerns about privacy, to which Mr. Ellern responded that privacy is a big issue especially near ranches, but that his company reaches out to land or homeowners when flying.

Mr. Lawrence asked how QA/QC would be implemented as the technology is still being refined; saying consistency is critical. Mr. Ellern responded saying his company is the only one providing this service at this time and he is creating the standards.

7. REVIEW AND DISCUSSION ON THE CONJUNCTIVE MANAGEMENT OF THE HUMBOLDT RIVER BASIN – Mr. Jason King, State Engineer – *Nevada Division of Water Resources (DWR)*, lead a discussion on the conjunctive management of the Humboldt River Basin; prompted by a 2014 summer listing session in Lovelock, NV. ***NO ACTION**

Chair Goicoechea asked Mr. King about any possible wildlife issues as surface water becomes fallow and if a mitigation account could be a possible funding source. Mr. King responded by stating that water rights are still changing and the Nevada Division of Water Resources (DWR) performs regular water analysis and if they determine the movement is greater than a ten percent depletion within a five-year period, the application is denied.

Chair Goicoechea then asked what happens to the denied applicant when the water right cannot be moved. Mr. King responded that there is the option to divert surface water to use or to pump into the river. If surface water is pumped into the river to equal out the depletion, the applicant can then use the well water.

Member MacKenzie acknowledged that completing the model in four years would be a great accomplishment. However, he felt that it could be a double-edged sword if water or ground water is needed for a project further away from the river. Member MacKenzie noted that if you could take ground water from an adjacent source it would be a net gain for the river. If water is moved away from a water source in proximity to the surface flow, that may be a positive effect. Mr. King noted that some areas are using this method to offset water depletion and there is some precedent in this method.

Member Biaggi asked if domestic wells would be evaluated in this scenario.. Mr. King noted that Member Biaggi's thinking is correct and domestic wells will be exempt under the current draft regulations.

Member Nappe stated that her understanding of Nevada water law, ground and surface water are not considered one source; asking if the DWR is getting around that law with this study? Mr. King stated that he stands by those remarks and that this is a step in the right direction. DWR has broad discretion granted to their office by NRS. Mr. King noted DWR has a bill in the upcoming session, SB73 Conjunctive Management, as a legislative declaration that would give the State Engineer's office the ability regulate surface and ground water to maximize the beneficial use.

Member Boies stated it could be fairly damaging if an applicant is denied; one well could affect the habitat and grazing plan for thousands of acres for wildlife and livestock. Mr. King said the DWR will be hosting a number of workshops and will consider all feedback provided to the agency at those meetings.

Member Swanson noted that the capture study will be looking at the evapotranspiration and has asked the question whether DWR considers the influence of vegetation and inducing sediment deposition to rebuild an aquifer. He knows of streams that have become perennial because of the recovery of riparian vegetation and the riparian functions that go along with that vegetation. Member Swanson also stated that he has no suggestions and he is just raising this issue so they can start the conversation. Mr. King responded saying he has considered these issues since he last spoke with Member Swanson, and recognized how this could potentially be augmentation work in the future.

Member Nappe noted that the DWR allows for reasonable drawdown that seems to be able to last hundreds of years and if this included the reasonable drawdown for sustaining plants, it would be different. Mr. King noted that it also limits the groundwater in favor of saving x percent of plants, however, it is difficult to analyze.

Member Lister noted that the Woody species are the perfect example of first in time, first in right. He stated that they collect the first water that falls and they have the fibrous root system to hold it. Mr. Lister said this is the reason other parts of the state have a huge expansion of Woody species, and feels they must be factored into the analysis of those areas. Mr. Lister said the removal of Pinion Juniper would be an asset water resource and Sage-grouse wise. ***NO ACTION**

8. OVERVIEW AND DISCUSSION ON THE RECEIVED 'LETTERS OF INTEREST' FOR STATE FUNDING TO IMPROVE, RESTORE, OR MAINTAIN SAGEBRUSH ECOSYSTEMS WITH THE INTENT TO GENERATE CREDITS –

Mr. McGowan announced the SETT would be going out for Round 2 project solicitation with \$1.2 million available for award; a little less than Round 1 solicitations that totaled \$2 million. Mr. McGowan added that eleven proposals have been submitted totaling \$6.2 million. He noted information and input from NDOW would be beneficial in reviewing the received proposals. SETT project funding recommendations to the Council

may be ready by the March meeting, if not, then the following meeting. Mr. McGowan updated the Council on timeline dates, noting the January 20 deadline had to be pushed back and additional modifications to the timeline may be necessary because of inclement weather.

Chair Goicoechea noted that the project listed as number four is in Eureka County, not Lander County.

Member Dunkelberger asked if any of the proposed projects include public lands, to which Mr. McGowan pointed out that project number eight includes some public land. Member Dunkelberger indicated a process needs to be developed to coordinate with federal partners.

Member Boies asked how the costs of these projects are determined. Mr. McGowan stated that costs are estimates and further research into the proposals project cost will be reviewed. Mr. Lawrence pointed out that the funds requested on the proposals are not the total cost of the project, and requests usually include other funding sources.

Member Wasley asked if the ranking criteria factors in functional acres, to which Mr. Lawrence said yes.

Member Biaggi noted that durable public lands include right-of-ways, etc. and asked if these details have been addressed. Mr. Lawrence responded that in some ways they have, in others they have not. Durability has been discussed and the mechanisms and tools used will be on a project-by-project basis.

Member MacKenzie asked if there has been any payback from last year's projects. Mr. McGowan said there has not been, but of the four projects funded, one is very close to finalization. He noted two projects are in draft, and one is close to being finalized. Mr. McGowan stated that the SETT is close to having credits in the system, and is hopeful they will see that by summer.

Member Lister asked if the process would move faster in the future and how long Mr. McGowan estimates it will take from the start of a project to credits being in the system. Mr. McGowan said that it is difficult to say. The SETT is addressing this concern and ways to expedite the process, stating a basic preservation credit project would be completed within six months to a year. The more complicated projects usually have a preservation element to them, so the completion of the project could take years, but there could still be producing credits in the system in the same one-year timeframe.

Member Biaggi asked if the Governor's budget requested any funding for the SETT. Mr. Lawrence responded that there was no money requested through the Governor's budget, but the \$2 million received last session functions as a revolving account.

Member Nappe noted that there are limitations of time, money, and processes that the organizations have to go through, and asked if there are contracts being completed outside of this process in Nevada right now, similar to the way Newmont was dealt with. Mr. McGowan responded by stating that there are no other contracts outside of the agreements the SETT currently has, but there is a number of interested private landowners who are looking to create credits outside of the state solicitation process. Mr. McGowan noted that credits developed outside of the solicitation would still be part of the CCS. He clarified that private landowners must go through the State's CCS in order for their work to generate conservation credits.

Member Boies noted that he is disappointed that Member Dunkelberger had to ask when a meeting with the United States Forest Service (USFS) would take place. Member Boies felt involvement with federal partners is extremely important to the success of the program, and meetings should be happening in tandem to maximize time.

Mr. Lawrence clarified saying the SETT has been meeting and collaborating with the Federal agencies and did not want anyone to feel that those conversations had not been happening.

Mr. Lawrence addressed Member Nappe's previous statement, explaining there is other work happening on the land outside of the credit system. Federal agencies are working with grants on ongoing projects and starting new ones. Mr. Lawrence acknowledged that these are not necessarily credit projects but that good work is happening for the Sage-grouse and habitat.

Mr. Lawrence also stated that with valid and existing rights, some Federal agencies do not see the CCS as a requirement. There are projects going through the Environmental Impact Statement process right now that will not be using the CCS. Member Biaggi asked Mr. Lawrence if he was using the term 'valid and existing rights' in a mining context or a more general context. Mr. Lawrence responded by saying that the specific examples he was thinking of were pertaining to mining. Chair Goicoechea reminded the Council that these changes must be implemented to move forward to complete project and if they cannot make this a usable system, four years will have been wasted.

Member Lister asked if the amount of acres listed on the project summaries are functional acres or the total amount of acres associated with the project, to which Mr. McGowan responded that it is the total amount of acres. Member Lister also asked if adding a column that lists the total project cost, not just the SETT request, would be possible. Mr. McGowan stated the SETT would add an additional column when they submit the final recommendations to the Council. Member Lister noted that he would like to see that and the amount of functional acres. ***NO ACTION**

9. REVIEW AND DISCUSS THE 2016 FINDINGS AND IMPROVEMENTS RECOMMENDATIONS REPORT RELATED TO THE IMPLEMENTATION OF THE NEVADA CONSERVATION CREDIT SYSTEM – Mr. Kelly McGowan, Program Manager, SETT led the discussion and reviewed a PowerPoint presentation. Presentation available upon request. A lengthy conversation ensued after Mr. McGowan's presentation, for full details please refer to the audio recording. ***ACTION**

Mr. McGowan stated that there are some internal improvements proposed that did not have findings.

Item I.9, Page 26 of the NV Credit System Findings and Improvement Recommendations Report 2016, Presented by Mr. McGowan.

Incorporate editorial corrections and improvements to Manual and Habitat Quantification Tool (HQT) Methods Documents that increase the understandability and clarify the original intent of the documents.

Item I.10, Page 26 of the NV Credit System Findings and Improvement Recommendations Report 2016, Presented by Mr. McGowan.

Use new and revised forms and templates, protocols and tools developed in order to facilitate generation, acquisition, and transfer of credits.

Item I.11, Page 27; corresponding with Item F.2, Page 5 of the NV Credit System Findings and Improvement Recommendations Report 2016, presented by Mr. McGowan.

I.11 - Automate portions of the HQT Geographic Information System (GIS) process in order to reduce inaccurate HQT results, increase efficiency of applying the HQT, and reduce administrative quality assurance costs.

F.2 – Application of the HQT requires many manual steps be described in tremendous detail; however, unintentional and intentional erroneous application of the HQT by users can cause inaccurate results.

Mr. McGowan explained this is another item needing to be addressed within the SETT internally.

Member Lister asked what he means by "automating" the GIS process. Mr. McGowan stated that within GIS, very little automation occurs without inputting information. He noted that this process will reduce the number

of steps necessary and that automation of the computation will require less information to be manually entered into the system.

Item I.12, Page 27 of the NV Credit System Findings and Improvement Recommendations Report 2016, presented by Mr. McGowan.

Invest SETT and contractor effort to collaborate with federal and state agencies and other partners to evaluate opportunities to improve site-scale habitat function quantification.

Item I.13, Page 28; corresponding to Item F.6 of the NV Credit System Findings and Improvement Recommendations Report 2016, presented by Mr. McGowan.

I.13 – Invest SETT and contractor effort to collaborate with credit developers, Bureau of Land Management (BLM), and US Forest Service (USFS) to define improvements to the Credit System necessary to generate credits on public lands.

F.6 – Developing credits on public lands is expected to be necessary to fulfill expected mitigation obligations and more effectively contribute to the conservation of greater Sage-grouse, and BLM and USFS are committed to working with the State of Nevada to enable generation of credits on public lands.

Member MacKenzie asked if this is directed toward permittee lands. Mr. McGowan noted that there has been no designation at this time, however for convenience and simplicity the SETT would prefer to work with permittees. Chair Goicoechea stated that if a Non-Governmental Organization goes out to do a project in an allotment that already has a permitted use, such as grazing, we would want to make sure everyone is on the same page to ensure durability. Member Dunkelberger noted that the USFS would be happy to entertain the idea of projects outside of allotments. He also suggested to Mr. McGowan and the SETT enter language into the next solicitation notifying applicants that BLM and USFS are interested in working on credit projects. Mr. McGowan explained that there are costs associated with any kind of credit work, and no matter the size of an allotment, data collection will still need to be completed, which becomes quite costly. He stated that there has been hesitation to work on public lands because in some instances they are looking at six-figure costs. Applicants want to make sure that credits they will receive will be marketable. Member Boies noted that it is always possible to come back to projects to do more work and apply for more credits, but it is important to continue moving forward.

Member Lister asked if, in I.12 and I.13, there is a consequence in using the word coordinate rather than the word collaborate. He also asked if the SETT is changing language somewhere to implement this change. Mr. Biaggi noted that he sees this as a SEC policy direction to the SETT, where we are telling them to do these things as priority items for moving forward with this document. Mr. McGowan agreed with Member Biaggi.

Item I.4, Page 16; corresponding with Item. F.9, Page 8 of the NV Credit System Findings and Improvement Recommendations Report 2016, presented by Mr. McGowan.

I.4 - Evaluate credit invalidation or remediation based on site-specific, objective-based performance measures as opposed to aggregate HQT scores for the site.

F.9 – The habitat function for credit and debit projects, and thus credit estimates, credit obligations, and performance verification, are significantly influenced by inter-annual variability associated with climatic conditions and the timing of grazing relative to field data collection.

Member Nappe stated that the flexibility element could be too much. If something does not look good in the fifth year, address the problem in the sixth year instead of waiting another five years. Mr. McGowan stated that he agrees, however, funding for data collection often is on a five-year schedule, which will cause a hardship. He said it could be possible to have a mitigation fee set aside and earmarked for this purpose. Ms. Skora, USFWS, noted she would like to see set procedures for the different events/scenarios. Mr. McGowan responded that each time verification occurs; the same variables are measured, and once developed there will be set procedures. Member Swanson stated that short term and long term monitoring is important,

and expecting everything to stay the same is unrealistic. Forming a collaboration with other agencies would be beneficial as things may or may not be a concern, it is important to identify that. Ms. Sheila Anderson, Governor's Office noted that drought is a good example of when the collaboration could be used; we want to make sure we aren't duplicating the HQT scores. Chairman Goicoechea asked about seasonal habitats and if applicants would be required to go back to collect data during the appropriate season. Member Wasley commented that he would like something defensible and transparent. Mr. Eoin Doherty, Environmental Incentives (EI), said that some people are not participating in the CCS because they do not want penalized. Mr. Doherty also stated that the goal of the system should be to compliment the HQT scores and not duplicate them. Member Lister stated he believes this is a management plan issue not a program issue. He stated that sites can be vastly different and the management plan can cover these differences. Ms. Anderson commented that credit developers should be monitoring annually, not just every five years. Member Wasley stated that Nevada will experience more drought and it is important to address these concerns now and not make excuses. Mr. Lawrence noted that there is concern about people participating, and that he would like projects to meet the HQT but also have good goals for their management plans. He expressed that if everything within the project is moving in the right direction they should be generating credits, a mechanism needs to be in place to make sure that is happening. Member Lister asked if the recommended change on page 16 of Mr. McGowan's presentation is an addition, replacement or modification of existing language. Mr. Doherty stated that it would be a replacement of the existing language.

Item I.5, Page 17; corresponding to Item F.1, Page 5 of the NV Credit System Findings and Improvement Recommendations Report 2016, presented by Mr. Dan Huser, SETT.

I.5 - Provide an objective, science-based and transparent process for assessing and adopting reductions in indirect effects from anthropogenic features with effective and durable minimization measures that reduce impacts to greater Sage-grouse.

F.1 – Effective credit and debit project minimization measures that reduce indirect impacts to greater Sage-grouse are not incorporated into the assessment of anthropogenic feature impacts by the Credit System.

Member Biaggi asked why field reviews are being paired with peer-reviewed science. Mr. Huser responded by stating that peer reviews determine weights, etc., and when something is inconsistent across the board, it can be addressed. Mr. McGowan stated that science could generally be sparse on these minimizations. Member Boies noted that new science and information could allow the Council to make necessary changes as it develops. Ms. Skora noted that the Service is happy to see the minimum eligibility criteria outlined. She also commented that Technical Review Group (TRG) should be engaged in these processes for a broad range of information and a pulse on the scientific community's feelings about these items. Mr. McGowan said the intent is to get feedback and involvement from TRG and other agencies. Member MacKenzie noted that adaptability is a good thing and he would like to encourage minimization on the front end. He also noted that he would like to have SEC review new science information as it becomes available along with conversations with these other agencies. Mr. Doherty noted that because of the quantification tool, the SETT can pull out specific impacts of the project. He explained that this allows for minimization efforts to be put only on that specific impact. Mr. Doherty commented that some minimization measures if not maintained or implemented correctly may not be durable. Applicants need to be informed that the measure must remain in place for the duration of the agreement. Member MacKenzie noted that it is important to be careful when working with minimizations to ensure there is no impact to another area, virtually canceling out the original minimization. Mr. Doherty responded that it has already been addressed. Member Wasley asked if there are any incentives. Mr. Lawrence commented that there are no incentives for a rancher to put Required Design Features (RDFs) up, as the system does not account for minimization.

Item I.6, Page 19; corresponding to F.5, Page 6 of the NV Credit System Findings and Improvement Recommendations Report 2016, presented by Ms. Sara McBee, SETT.

I.6 – Revise credit and debit project assessment and verification policy to increase clarity, reduce project proponent and administrator costs, and produce quality results.

F.5 – Current verification processes for credit and debit projects need to be more clearly defined, and there are opportunities to make them more practical.

Item I.7, Page 20; corresponding to F.9, Page 8 of the NV Credit System Findings and Improvement Recommendations Report 2016, presented by Ms. Sara McBee.

I.7 - Incorporate timing of grazing restrictions into the permissible window for field data collection guidelines.

F.9 - The habitat function for credit and debit projects, and thus credit estimates, credit obligations, and performance verification, are significantly influenced by inter-annual variability associated with climatic conditions and the timing of grazing relative to field data collection.

Member Swanson stated there might be an incentive by the debit creator to have a relatively grazed or beat up site with less habitat quality than one that has been undisturbed. Then, when thinking of the baseline, Member Swanson recommended not using on the ground measurements for baseline but using the AIM database as a way of understanding what baseline might be, so there is not a built in incentive to do things differently in a given year in order to generate a different number of credits. Member Swanson then stated, in his opinion, that the SETT should modify the tool so they are not even going to the field to collect data, they are just using the data that has already been collected. He recognized that this probably cannot be done today, but would like the SETT to research the possibility. Ms. McBee stated that the intention of the SETT is to explore that path. Member Lister asked how this would work for significant threats, such as, cheat grass and wildfire, and less prominent as grazing. Member Goicoechea noted that this is more along the lines of targeted grazing. Mr. McGowan noted that additional credits are possible as cheat grass is controlled and perennials take over. Member Swanson pointed out that it would be cheaper and simpler not to send personnel out to debit sites, but rather collect information about the land. Ms. Anderson said that an advantage is that credits and debits are equally comparable.

Item I.8, Page 23; corresponding to F.12, Page 8 of the NV Credit System Findings and Improvement Recommendations Report 2016, presented by Ms. Katie Andrie.

I.8 - Eliminate distance decay curve for natural meadows and provide partial habitat function for irrigated meadow habitat greater than 300m from sagebrush.

F.12 – The current shape of the distance decay curves used to assess the indirect effects from anthropogenic features does not reflect the best available science.

Member Lister asked what science the curve is based on, and noted he has seen large groups of birds strutting five to six hundred yards away from any sagebrush. Ms. Skora said that members of the Service who attended the Technical Review Group (TRG) meeting support the changes for natural meadows, but she wanted to ensure it does not include giving credits to meadows not near sagebrush. She said that there are still questions as to where the irrigated meadow should level off, and recommend that the Council table this matter until there can be more discussion with the TRG. Chair Goicoechea asked Ms. Skora if she was opposing the twenty percent reduction, to which Ms. Skora said yes, and stated that she felt there was not consensus at the meeting on what the change should be. Member Lister suggested changing the twenty percent to fifteen percent. Member Swanson noted that he attended the TRG meeting and felt the members present were comfortable with the twenty percent, but recognized that there is not a lot of science to back this up. Member Nappe noted that modifications could be made next year if necessary. Chair Goicoechea noted that he does not want to be too loose or too tight with these items. Chair Goicoechea said he would like to make a move on this now, since there is a possibility to come back to this matter if it needs to be modified. Member Nappe asked how things will be measured in the next year, and how this will benefit the Sage-grouse. Chair Goicoechea asked Member Wasley if he believes the Council could expect to see progress on these items in a twelve-month period, to which Member Wasley stated that climate, noise and other elements would have an effect.

Member Nappe made a motion to move forward with items I.4 through I.13; seconded by Member MacKenzie, Chair Goicoechea asked if there were any additional comments on the motion to move forward with items I.4 through I.13 and then called for the vote, motion carried unanimously. ***ACTION**

Chair Goicoechea expressed the importance of the CCS moving forward. Ms. Marci Todd, USBLM, questioned what these changes mean to previous proponents and their credits. Mr. Lawrence stated that he would like to see some certainty. He wants the team to be able to change things without having a retroactive change for proponents. Mr. Lawrence noted that as things stand now, guidelines stay with applicants through the term of their agreement. Member Lister asked if the project and management plan is a similar contract, and applicants would be expected to follow the rules outlined in the contract that they signed. Mr. Lawrence stated that this thinking is correct, and for now that will give the program and its permittees some certainty. Member MacKenzie noted that the mutual agreement of all parties on any amendments to these contracts is important. Mr. Lawrence stated that he agrees, and he would like to get all of these changes made now but he realizes modification may need to occur and can be brought back to the SEC when necessary for approval.

Item I.1, Page 12 of the NV Credit System Findings and Improvement Recommendations Report 2016, presented by Mr. Dan Huser, SETT.

Designate areas within Sagebrush Focal Areas (SFAs) as Preferred Conservation Areas (PCAs) and revise the Proximity Ratio in order to incentivize enhancement and protection of both greater sage-grouse populations in close proximity to the debit project and greater sage-grouse strongholds in the State.

Mr. Lawrence noted that early on discussions regarding identifying PCAs and incentivizing conservation work in high quality areas, excluded them from being part of the system. However, there was an addition to the system to incentivize mitigation around disturbance areas, which is where the proximity ratios came from. He continued by explaining that now, due to limited disturbances within the SFAs, there are no incentives to do mitigation or conservation work within those SFAs. Mr. Lawrence stated that he is hopeful this item will provide a way to encourage and incentivize conservation work in SFAs. Chair Goicoechea noted that he likes the idea of this, but asked why it is necessary to add another layer by creating PCAs. Mr. Lawrence stated that within the system, PCAs line up with the focal areas, and if down the road, the Council identifies areas they want to incentivize work, we can do that by naming that area a PCA. Chair Goicoechea noted that by lining up PCAs with SFAs, we are endorsing those boundary lines. He also pointed out that there is science that shows some areas were missed. Mr. Lawrence stated that from what he understands, the draft Environmental Impact Statement that is out for comment right now only addressed mineral withdrawal areas and will not change any closures that are currently in the Land Use Plan Amendment (LUPA) and the SFAs. Chair Goicoechea stated if there is a need for debits, it will probably come from mineral withdrawal and that concerns him. Ms. Skora noted that SFAs are designated on a range-wide basis and suggested it be looked at as just Nevada. She also stated that it is important to identify which SFA maps are being used if this goes forward, and no changes should discount developers moving out of these areas. Ms. Mary Grimm, USFWS (via teleconference) noted that the pre-listing mitigation policy just put out by the Service, to the extent that she understands, will be looking for a conservation strategy that makes clear what different types and locations of activity will look like in certain areas if mitigation occurs. Member MacKenzie stated that there were some designations within SFAs on our maps of OHMAs. He felt that the SETT is now throwing out the map, when there are places much more critical within the state that might deserve this protection, to follow the USFWS SFAs. He stated that although he understands why it would be of help to potential credit producers in the SFA areas, we are not protecting the bird based on our science. Member MacKenzie stated that as it is right now, he cannot support this item. Mr. Lawrence stated that he would like to clarify that the only thing that is changing is the proximity ratio factor; the habitat still has to be evaluated and go through the HQT, data collection, and all other steps. Mr. Lawrence stated that people have approached the SETT wanting to do produce credits, but because there are so many factors involved with being in an SFA and question if there is a feasibility of generating credits. By adjusting the proximity ratio, the SETT hopes to address that concern. Chair Goicoechea noted that he recognizes all of the concerns voiced, and he thinks it would be easier to designate areas as PCAs. Member Nappe noted that she looks at this differently and questions why it matters

if this map is used or not, there is still an effort to recognize it. Chair Goicoechea noted that this will free up more land to mitigate and to generate credits, but it missed many places that should be addressed. Mr. Lawrence noted that from a program standpoint, this is neither endorsing nor not endorsing, it is simply acknowledging and dealing with SFAs and closures within them. Chair Goicoechea noted the wording in this case should be modified, and PCAs should be designated. Ms. Meghan Brown, Nevada Department of Agriculture, commented that regardless of whether the SEC endorses SFAs, the LUPA still cannot be changed. Chair Goicoechea specified that designating PCAs could take care of that issue. Member MacKenzie added that he could support areas within the SFAs that also fall within the SETTs Priority Habitat Management Areas. Mr. Doherty stated data analysis found that there was a one hundred percent intersection, if the SEC would like that intersection to be "called" a PCA that change could be made. Member Wasley said that the NDOW does have some modifications that include state specific data to be considered as part of the mineral withdrawal exercise. Mr. Matt Magaletti, BLM, stated that a plan amendment would have to take place in order for the BLM to adopt a new map and is currently working on that. Mr. Lawrence stated that the SETT can work on the language, but the notable change in this item is the chart. There are no proposals to eliminate or change any maps; the proximity ratio is the only thing that is changing. Chair Goicoechea noted that this is only on private land, so there should be no conflict with the LUPA. Member Lister stated that he is in agreement with removing the SFAs to use PCAs and to revise the proximity ratios, but to make that right, the Plan needs to be amended to list PCAs and the associated map. Member MacKenzie stated that he would like to stay away from the "preferred conservation area" language at this time but could support PHMA.

Member Lister motioned to accept the proposed proximity ratios; seconded by Member MacKenzie, motion passed unanimously. ***ACTION**

Item I.2, Page 13; corresponding to Item F. 3, page 5 of the NV Credit System Findings and Improvement Recommendations Report 2016, presented by Mr. Kelly McGowan

I.2 - Establish administrative fees that fully or partially recover SETT administrative costs.

F.3 - Assisting Credit Developers and Credit Buyers, and ensuring credit and debit projects fulfill the requirements of the Credit System, requires meaningful SETT resources.

Member Boies noted that this is tough because one project could demand more work than another could. Mr. Doherty noted the manual does mention an administrative fee, and the SETT has the idea to get all of this issued worked out this year. Chair Goicoechea noted that this item is more along the lines of giving direction than "improvements". He also said he does not support taxing credits as overhead, and that he would be more comfortable on the debit side. Mr. Lawrence stated that this conversation is premature, but that discussion on the possibility of assessing fees to pay for the program has come up. Chair Goicoechea suggested tabling this matter as this will be a contractual issue and will not need legislative attention.

Member MacKenzie motioned to table this item; seconded by Member Boies, motion passed unanimously.

***ACTION**

Item I.14, Page 29; corresponding with Item F.10, Page 8 of the NV Credit System Findings and Improvement Recommendations Report 2016, presented by Ms. Katie Andrle.

I.14 - Revise HSI scoring approach to appropriately score HSI values associated to credit and debit projects.

F.10 - The method for incorporating the HSI into assessment of local-scale habitat function by the HQT does not accurately reflect local-scale habitat quality.

Ms. Skora, USFWS, suggested a discussion with TRG before finalizing anything. Chair Goicoechea asked for a timeframe to bring this matter back to the Council, to which Ms. Andrle, SETT, responded the next SEC meeting. Mr. Lawrence stated that he will ask the SETT and rely on the contractors for GIS work and TRG for scheduling, and noted that he thinks this matter will be ready in three or four weeks. Chair Goicoechea tabled this matter until the next SEC meeting. ***NO ACTION**

Item I.3, Page 14; corresponding with Item F.12, Page 8 of the NV Credit System Findings and Improvement Recommendations Report 2016, presented by Ms. Katie Andrlé.

I.3 - Revise the shape of the distance decay curves used to assess indirect effects from anthropogenic features from sigmoidal curve to an exponential decay curve, and increase the distance decay curve weights and distances for towers and power lines.

F.12 – The current shape of the distance decay curves used to assess the indirect effects from anthropogenic features does not reflect the best available science.

Mr. Lawrence stated that this scientifically is the best way model this data, and the SETT needs time to run through different scenarios to make sure they have the curve right. Member Lister asked if this fits into the HQT, to which Ms. Andrlé responded that it does. Member Boise questioned how all power lines can rationally be in one category. Ms. Andrlé stated that if it is evident ravens are not nesting on a specific power line then minimization can take place. She added that any deterrents for ravens nesting on power lines would follow the same guidelines.

Chair Goicoechea tabled this matter until the next SEC meeting. ***NO ACTION**

10.OVERVIEW AND DISCUSSION ON THE USDA-NRCS ENVIRONMENTAL QUALITY INCENTIVES PROGRAM AND THE CONSERVATION CREDIT SYSTEM

Ms. Julie Malvitz, Natural Resources Conservation Service (NRCS); proxy for Member Ray Dotson, stated that NRCS has no issues and is looking forward to working with the State on this program. Ms. Malvitz noted that NRCS has to wait for their current contract to end, which could be two to five years and then the State can come in. Mr. McGowan stated that he intends to work closely with NRCS and complement their work. Mr. Lawrence noted that not all contracts are centered on the Greater Sage-grouse, there has been some discussion on this matter and that will be addressed on a case-by-case basis. ***NO ACTION**

11.REVIEW AND DISCUSSION ON THE HUMBOLDT-TOIYABE ANNUAL REPORT –

Ms. Cheva Gabor, USFS, proxy for Member Dunkelberger handed out correspondence to the Council. She referenced the paragraph on page one citing Sage-grouse habitat improvements and on paragraph on page two, which highlighted 25,622 acres of fuels treatment. She also noted that the full report is available on their website. ***NO ACTION**

12.REVIEW OF ACTION ITEMS AND FUTURE AGENDA ITEMS DRAFTED ON FLIP CHARTS DURING THIS MEETING AND SCHEDULED NEXT SEC MEETING –

A. Chair Goicoechea explained that there was no flip chart for this meeting, but improvement items I.3 and I.14 discussed under Agenda item #9 will be agenzized for the next SEC meeting to be revisited.

B. No comment.

C. The Council scheduled their next meeting for Friday, March 3, 2017, location and time to be determined.

13.FEDERAL AGENCY UPDATES AND COMMENTS –

- A. USFWS – Ms. Skora noted that the Service has adopted some new mitigation policies outlined on their website, and she is available to discuss if there are any questions.
- B. BLM – Ms. Marci Todd announced BLM is initiating two programmatic EIS' within the Great Basin region to look at fuel breaks and fuel reductions in Sage-grouse habitats. Ms. Todd added that the BLM hosted livestock grazing workshops last week, which were very successful; there will be some upcoming meetings in Austin and Ely. She also explained that BLM has entered into two MOUs, one with the USFWS and one with NDOW, finalized in February.
- C. USFS – Ms. Cheva Gabor mentioned to the Council that the US Forest Service hired a new sage-grouse Program Coordinator, Monique Nelson, before the New Year.
- D. USDA-NRCS – Ms. Julie Malvitz noted NRCS has a new state biologist named Deb Cozil. In addition, NRCS has received funding for the Regional Conservation Partnership Program (RCPP), an \$8 million contract was awarded to improve water quality and conservation of Sage-grouse in the Eastern Sierra. The Eastern Sierra Land Trust will be partnering with NRCS in this endeavor.
- E. Other – No update.

14.STATE AGENCY UPDATES AND COMMENTS

- A. Office of the Governor – Ms. Sheila Anderson reported that the Governor's Office conducted collaboration training in December, which was a success. She continued by noting that this has two elements; facilitator training which will take place in March, and working groups that will focus on implementation of Table 2.2 - Flexibility in Management and Communications.
- B. Department of Conservation and Natural Resources – Mr. Lawrence provided a DCNR staff update, welcoming Director, Mr. Brad Crowell. His schedule is very busy but he is looking forward to meeting the Council members and SETT staff in the near future. He thanked Julie for her help pertaining to the \$1.1 million contracts for Greater Sage-grouse Conservation in Nevada using the HQT system. In addition, Mr. Lawrence reported that DCNR applied for two new grants under the CIP program.
- C. Department of Wildlife – They are currently looking at funding and monitoring in eight different funding areas. The department is working on the Bi-State Report; the first draft should be prepared by the end of March.
- D. Department of Agriculture – Meghan Brown reported for Jim Barbee that the NDA SETT member position has is currently under recruitment. The app that the department has been working on is continuing to progress.
- E. Conservation Districts Program – Tim Rubald, Conservation Districts, noted that NRCS's Resource Conservation Partnership Program (RCPP) grant application was unsuccessful but the commission has decided to move forward with implementation of the Cooperative Resource Management Plans and the planning process for all 28 Conservation Districts.
- F. Sagebrush Ecosystem Technical Team – No update.
- G. Other – No update.

15.PUBLIC COMMENT

Kim Summers, a credit producer, stated that today there seemed to be more red flags raised than solutions and there are still a lot of questions. He is looking at buying into the CCS for 30 years, but he noted that it is difficult to be motivated to move forward because there is no solid information. He felt there was concern especially when applying for public lands, which seems to be a lot more problematic than private lands. He and other credit producers still have many questions and their comfort levels are low.

Member Lister stated that it is troublesome to hear some entities in the EIS process are having a less difficult and much quicker time getting through the necessary processes than the SEC is.

16. ADJOURNMENT – Chair Goicoechea made a motion to adjourn; meeting adjourned by acclamation at 5:12 p.m. ***ACTION**