

Agenda
Jonah Interagency Mitigation and Reclamation Office (JIO)
and
Pinedale Anticline Project Office (PAPO)
Managers Committee Meeting
December 9, 2010
8:30 a.m.
Wyoming BLM State Office
Cheyenne

8:30 PAPO SESSION: WELCOME AND INTRODUCTIONS by Board Chairman:

meeting conducted via conference call; information for public to participate posted on JIO/PAPO website with the agenda; Conference call in #: **888-810-4796 Participant passcode: 54341**

BOARD: John Corra (WDEQ Director), Steve Ferrell (WG&F Director), Jason Fearneyhough (WDA Director), Don Simpson (BLM Director), absent: Joel Bousman (Sublette County Commissioner)

STAFF: John Ruhs (District Manager, Wyoming BLM High Desert District), Shane DeForest (Field Manager, Pinedale Field Office), John MacDonald (JIO PAPO Coordinator), Dan Sprangers, JIO PAPO; Windy Kelley, WDA/JIO/PAPO

PUBLIC: Kyle Geffre, 1st Interstate Bank; Craig Showalter, Wildlife Heritage Foundation of Wyoming; Ben Arambel, Midland Ranch; Jeni Cederle, Wyoming DEQ Air Quality Division; John Bickley, Shell; Belinda Salinas, Ultra; Margaret Spearman, USQ; Mike Smith, QEP; Linda Baker (on phone), UGRA

AGENDA: ADDITIONS OR CHANGES

- Steve Ferrell: add issue re contractor publishing study results

REVIEW AND APPROVAL OF MEETING MINUTES, PAPO Board Meeting of August 5, 2010:

electronic approval given prior to meeting after being circulated via email

Steve Ferrell moved, Don Simpson seconded; Board approved unanimously

minutes are and have been posted on the web [note: technical problems have locked JIO PAPO out of the website, soon to be corrected and back up for public viewing]

8:45 Kyle Geffre, Investment Advisor, 1st Interstate Bank, Cheyenne:

new options for PAPO escrow account after being transferred from Laramie bank to First Interstate Bank in Cheyenne

- handout: fixed income yield spreads, from examples of what other public entities are doing
- handout: example of earnings of an anonymous school district client
- presentation of handout contents, demonstrating ways PAPO escrow funds can be actively managed for a higher yield; because interest rates are so low there are better ways to maximize earnings
- Discussion:
 - *Don Simpson*: what happens if there are early withdrawals from bonds which haven't reach maturity?
 - *Kyle Geffre*:
 - only penalty would be the potential for the asset to be worth less on liquidation than when purchased
 - funds are very liquid
 - no penalty per se by institution(s)
 - *Steve Ferrell*: how are the escrow funds currently invested?
 - *Kyle Geffre*:
 - cash money market, Ginnie May Fund
 - moving to Vanguard would remove some of the fund expenses currently experienced
 - *Steve Ferrell*: because this is public money, need low risk investments; question now is how long the money should be tied up in an investment, i.e. 3 – 5 years
 - *Chairman*: is there a minimum investment amount?
 - *Kyle Geffre*:
 - not really, depends on the instrument
 - those shown on the handouts are the guaranteed sorts of instruments; there are others with higher risk which aren't shown
 - *Steve Ferrell*: asked for a recommendation from the Foundation's Financial Committee like the board got the last time the investment instrument was changed

Craig Showalter:

- would like to get the parameters of what the Board is comfortable doing and then let the investment managers do their work
- will inform the finance committee of the Board's decision
- *Don Simpson:* is it known what is needed to meet the short term expenses and what will be available for a longer term investment?
- *John MacDonald:* have about \$2.5m available to invest right now for 2011
- *Chairman:* there is a fairly established pattern in which expected amounts are to be deposited at certain times, with prescribed expenses, providing an expectation of what could be available to invest
- *John MacDonald:* operator contributions were deposited by December 1, but would wait until the project spending decisions for the year have been made at the April meeting, so the unencumbered balance is certain
- *Chairman:* if there's only about \$5m available to invest for 5 years, probably not worth doing this; if there's \$10m then it could be worthwhile
- *Don Simpson:* we know when and what spending will be taking place within a 3 to 9 month time frame; other amounts have a longer time frame to be spent
- *John MacDonald:* once the expenditures are known those funds are obligated and they are not included in the balance of available funds although the money could be sitting in the bank waiting for disbursement
- *Craig Showalter:* earnings now are at a .1 to .15 annual yield
- *Craig Showalter:* the Federated funds have .83 as imbedded fees; can set aside \$1 to \$1.2m for 3 years or so and be okay
- *Chairman:* there is at least a million dollars which remain as a constant which could be available to invest
- *John MacDonald:* could take that off the top; leaving approximately half a million to work with throughout the year; or could start smaller and monitor to determine the amount which could be invested
- *Don Simpson:* we can determine in advance what is going to be needed

9:15 Craig Showalter, Wildlife Heritage Foundation of Wyoming: Escrow administrative costs

handout .. guidelines for WHFW Fiscal Agent and Full Administrator Services - a comparison

- currently PAPO not incurring any fees for administrative services by the Foundation
- handout shows description of the 2 kinds of services Foundation can provide, from case by case basis to full control
- recommends a 2% fiscal agent fee to cover minimum costs of Foundation
- would provide a monthly accounting but assess on a quarterly basis, with year-end statement
- Discussion:
 - *Don Simpson:* why the growing scale for smaller amounts of accounts?
 - *Craig Showalter:* thought more fair; and could make an annual assessment if Board wishes
 - *Steve Ferrell:* current agreement in MOU establishes no fees will be incurred; what Showalter is proposing is to change that
 - *Craig Showalter:* now that a good record has been established, Foundation believes it should be compensated for their work
 - *Chairman:* Summarize:
 - existing agreements for JIO PAPO have zero cost to JIO PAPO from the Foundation
 - What benefits has the Foundation experienced from this arrangement?
 - *Craig Showalter:* In general their track record has brought in more clients
 - have moved to a professional service because they do handle a variety of accounts
 - have decisions to make; Board indicated not ready to make those and need staff to provide additional information in preparation for a decision:
 - show the income and spending patterns within the escrow account over a period of 1 to 5 years
 - laddering is a smart idea in times of uncertainty but need to make sure it is understood completely
 - need to think about benefits received from using the Foundation and detail other options as alternatives
 - if the Foundation receives a financial gain from managing the escrow account it would positively influence the decision in favor of the Foundation
 - if not receiving a financial gain, then perhaps need to look at other options

- *Steve Ferrell*: recused himself from decisions about existing funds as the Foundation originally came from Game and Fish actions;
- *Chairman*: recused on decisions regarding the MOU and fees only; be part of all discussions
- *Don Simpson*: per the guidelines, is there room for negotiation on the fees?
- *Craig Showalter*: yes
- *Don Simpson*: suggests the information be gathered and given to the Board for a post Christmas phone call
- *Craig Showalter*: Foundation's timeline needs the funds to be transferred to Cheyenne First Interstate Bank by December 15; can make the decision later as to how funds will be managed
- *Chairman*: Board is able and prepared to authorize that transfer; today will sign an addendum to the MOU to move funds to the new bank by the 15th of December
- *Chairman*: Board decision can be made via phone call; Steve Ferrell to be in on all phone calls
- *Chairman*: legislature starts in January and three Board members may or may not be renewed
- *Don Simpson*: reason for preference for making decisions by January 3
- *Chairman*: 2 decisions need to be made:
 - fee to Craig Showalter which can be resolved by discussion among Board
 - should the investments be changed, which can be answered by assessing if the earnings cover the expenses
- *Jason Fearneyhough*: services deserve to be paid for
- *Chairman*: question on the fee comes down the value received from what they get from the Foundation
- *Don Simpson*: per investing, show the 3, 6, and 9 month income, expenses and balances and determine best instrument for those; then determine the balance available to invest and decide what to do with that
- *John Ruhs*: will commit his staff so the Board is prepared to have the decision discussion prior to January 3
- *Chairman*: need to be cognizant of legal entity issues which require 'outside' financial services;
- *John MacDonald*: JIO fee was one quarter of 1% plus expenses
- *Craig Showalter*: haven't assessed any expenses; if expenses charged, likely the 2% proposed
- *Chairman*: what is available for 3, 6 and 9 month investing; also what is available for 5 year, 3 year, 1 year bond investment; average monthly checking balances
- *Kyle Geffre*: has no time line to meet so good with whenever the Board makes its decision; that is the same information he will need to make investment decisions
- *Chairman*: schedule call 2pm Monday January 3
- *Don Simpson*: staff to have materials to the Board for review at least a week before the call

9:50 JIO/PAPO Staffing Update John MacDonald presentation:

- Deej Brown, has gone to the BLM Kemmerer Field Office as the Reclamation Lead; not filling the vacancy at this time; that work will be covered by Cara Farr and Windy Kelley
- Dan Sprangers, BLM State Office staff, has been on detail to JIO PAPO since fall in Pinedale to get the USGS database on line; JIO is complete and he will be continuing to work on the PAPO data base from the State Office
- Data Manager position has been advertised; closed 3 weeks ago but hasn't seen the list yet; the position will be filled after the first of the year and Dan will be filling in until then
- there will be a new DEQ air inspector, who will start next Monday; Jeni Cederle has been doing the work and will be part of the transition
- Project Coordinator position hasn't been posted yet

Chairman: welcome to Shane DeForest, new BLM Pinedale Office Field Manager

10:00 Break

10:15 PAPO Budget Update see handout John MacDonald presentation

- will get clarification for the line item in the budget for Foundation admin fees
- updated Board with 12/6/2010 version of budget
- \$5.3m in the account currently, about 50% has been obligated for 2011 admin expenses including wildlife monitoring contracts
- \$2.5m is available after discounting \$1.7m annual operating costs
- most of current project costs are for on-going monitoring of species in the matrix; no end date has been established for that monitoring
- \$5.4 million in checking account now but \$2.8m is needed for 2011 expenses;
- *Chairman*: summary \$5.4m total for the checkbook, less \$2.7m expenses leaves \$2.7m

- *John MacDonald*; \$2.5 is available for projects or investment

Report accepted by the Board

10:30 Sage Grouse Winter Flight memo for 2011 funding see handout

- COOP recommended this be done for 3-5 years; was done in 2009, need to consider when enough has been done
- funding is just for the aircraft; staff costs are part of their regular duties and covered by salary
- Discussion:
- *Don Simpson*: can we make annual recommendations to do or not?
- *Board*: yes

Don Simpson moved to fund for 2011 not exceed \$100k; Steve Ferrell seconded; unanimous by the Board

10:45 PAPO Project Applications for 2011 overview see handout John MacDonald presentation

- the list represents applications which staff will be reviewing; staff will be making recommendations for spring Board meeting
- 11 applications were received totaling @ \$5 million; 4 of the applications are redundant to JIO applications
- Mule Deer application deadline extended to December 30; heavy public notification was done
- priorities are based on what needs to be done per ROD
- as soon as the website is open again, all the applications will be posted; will continue to take public comment
- Chairman confirmed: applications will be available to public (can pick up at the office or view on the website once up and running); recommendations made for spring Board meeting
- Simpson: John MacDonald will also provide Board with an assessment of funded projects and monitoring protocols

10:30 Compensatory Mitigation Guidelines see handout John MacDonald presentation

- handout attempts to compare mitigation opportunities
- operators are already doing many of these measures
- it is an interesting document but it would take more work to make it relevant to be relevant to JIO/PAPO
- what would be done with the results if a full comparison were made retroactively
- Discussion:
 - *Steve Ferrell*: the handout was made by the Association of Fish and Wildlife Agencies; found it to be most interesting; would be good to run Jonah and Pinedale Anticline through this matrix to see how all compares; then decide how to react to the results, especially if there are differences from the matrix; could show what is being gained for the dollars spent; highlight improvements and conservation easements; use as guidance for future project expenditures
 - *Don Simpson*: he sent the report to John MacDonald; purpose was a 'what if' exercise to start with a clean slate; the word 'credit' in the report isn't valid to existing PAPO, JIO work; but a substitute value could be found and used to show how and where the gains are made; useful tool to show the public what is being done with the offsite mitigation dollars; an opportunity to display benefits of what has been done; can also tally all project components i.e. fences, acres, wildlife numbers etc; however it is done it can be used to produce an end of year review
 - *John MacDonald*: can run everything through the matrix with those goals in mind and produce an assessment
 - *Chairman*:
 - can use retroactively
 - can be used as screening criteria for new projects
 - need staff to determine which/what in the report is of value to PAPO, JIO
 - *John MacDonald*: assessment will be ready and available for the spring meeting
 - *Shane DeForest*: extremely useful for comparing projects; need to consider also that much of current efforts are not final and those final results will be missing from the analysis; need to be able to state what the goal is to be for the mitigation so the public has a better understanding of what the projects/effort is designed to do
 - *Don Simpson*: the value of the evaluation is to provide a year-end report, a 'where we are now' and how workable the tool would be for future decisions
 - *Chairman*: agrees; public is expressing concerns there haven't been any results yet from JIO PAPO; this is a way to show what kind of results are we getting

- *John MacDonald:* at the Board's direction staff has been starting the effort to determine what sort of monitoring is needed; data gathering in Anticline of mule deer this winter - where they are, how many there are, what they are doing - as well as discover other efforts to monitor mule deer to incorporate into efforts
- *Shane DeForest:* tool can be used to assess what the money has accomplished so far, before more money is spent

11:05 Contractor release of data collection information

- since original communication re this, have determined all that will be published is technique.. timing and gathering data methods
- contractor promised not to publish actual results
- contractor promised to show PAPO the draft before publishing
- *Don Simpson:* technique okay to talk about
- *Chairman:* ascertained that the Board is comfortable with report moving forward; Board wants to see the draft
- *Chairman:* does Board want to establish a policy regarding publications?
- *Steve Ferrell:* there is a certain degree of policy now
- *Chairman:* is there a more extensive policy needed stating the Board needs to approve all publications by contractors? is the Board satisfied with the procedure now, which is to put the language into each contract
- *Shane DeForest:* for the future, the Board could recommend agencies put publication policy requiring Board approval into contracts

Consensus: Board is comfortable with existing procedure which is have the Board review/discuss any proposed publication before agreeing to allow the publication to be made public

11:15 Public Comment Period

- John Bickley, Shell: noted a clarification in PAPO budget report
- Linda Baker, UGRA, via conference phone: have conservation plans been written and approved for all the easements?
 - *John MacDonald:* some have and some haven't; can get the staff to get back to her with status
 - *Steve Ferrell:* at some point in the process a decision was made that conservation plans would be required to be written for each proposed easement; prior to that decision there could have been some done without conservation plans
 - *Chairman:* that is a good description; asked staff to inform Board as well re the status
- Linda Baker: appreciates Board discussion re public concerns about what mitigation has accomplished; it is JIO PAPO public duty to do so; acreage total is not adequate to show full picture; need to show wildlife numbers; etc; wildlife inventories would be a good place to spend project money
- Linda Baker: will project applications be discussed today?
 - *John MacDonald:* today's report is just to show what has come in by the deadlines; an overview as stated on agenda; public information part will be fulfilled when the website is fixed; anyone can also stop by and pick up the list; he will email them to Linda
- Linda Baker: who supervises the JIO PAPO Board?
 - *state agencies:* the Governor is their supervisor
 - *Chairman:* the ROD supervises what they do; provides their guidance

Chairman: no further business, having called for and received none

Don Simpson move; Steve Ferrell second; unanimous decision to adjourn

11:25 Adjourn