Florida Panther Conservation Bank, II (Florida)

I. OVERVIEW & BACKGROUND

Location:	Hendry County, Florida
Date established:	April 2010
Size of bank:	472.4 acres
Species:	Florida panther (*Puma concolor coryi*) Panthers with radio collars have been tracked on and adjacent to the property. Additionally, uncollared male and female panthers have been observed on the site.
Method of credit generation:	Preservation and management of habitat
Credits available:	14,857.5 (none sold as of May 2010)
Interesting feature:	This bank is unique in that it provides credits for a large mammal, the Florida panther, and has potential carbon credits reserved.

II. INTRODUCTION / SITE SELECTION

Located in Hendry, Florida, the Florida Panther Conservation Bank, II (Panther II) is owned and managed by two brothers, Les and James Alderman. Panther II was established in 2010 through a Conservation Bank Agreement (CBA) between Florida Panther Conservation, II, L.L.C. and the U.S. Fish & Wildlife Service (USFWS). Florida Panther Conservation Endowment Fund Trust holds a permanent conservation easement on the property for long-term stewardship.

The Florida panther (*Puma concolor coryi*) is federally listed as an endangered species under the Endangered Species Act. With the Florida panther population dwindling, USFWS conducted a breeding program with the Texas cougar in the 1990s. Today, it is estimated that only 80 to 100 adult panthers exist in the wild in Florida. USFWS has declined to designate critical habitat for the panther, a decision which is the subject of litigation.

The Aldermans worked closely with USFWS in the selection of the site. USFWS preferred a site within the panther dispersal zone, an area that provides connectivity between south and central Florida. The chosen parcel, which was used for limited white-tailed deer hunting and cattle grazing, is within the dispersal zone. In addition, the bank is set within the limits of land specified for the Florida Forever program (a state land acquisition program) in the

Caloosahatchee Ecoscape area. Most of the property is forested, with about 65 percent as wetland habitat. An example of the Florida panther can be seen in Figure 1.

Figure 1. The Florida panther (*Puma concolor coryi*).

III. SERVICE AREA DETERMINATION

The bank's approved service area spans from Miami-Dade County in the south up through parts of Highlands and Charlotte County in the north. This area includes parts of Miami-Dade, Collier, Monroe, Broward, Hendry, Lee, Charlotte, Glades, DeSoto, Highlands, and Okeechobee counties in southwest Florida, west of Lake Okeechobee. Appendix A shows the service area.

IV. CREDIT DETERMINATION / METHODOLOGY

Credits—Panther Habitat Unit (PHUs)—are based on a Habitat Suitability Value (HSV) assigned to different types of habitat. For example, basin swamp and mesic hammock communities were assigned a HSV of 9.3. The site contains 314.3 acres of basin swamp and mesic hammock. Multiplying the HSV and the number of acres results in 2,923 PHUs.

The initial credit evaluation assessment contemplated that the bank would generate a total of 4,184.4 PHUs. A post-mitigation evaluation, which took into account the restoration of cropland and perpetual management activities, yielded a slightly higher number of PHUs (4,341.5). USFWS took the difference between the two assessments (193.1), divided in it two (96.55), and added this figure to the initial assessment. With rounding, this calculation resulted in 4,245 PHUs.

Because this site was within the panther dispersal zone and ecologically important, and because the Aldermans expressed some concern about the economic feasibility of the acquisition, USFWS was willing to consider a multiplier. In the end, USFWS and the Aldermans agreed to a multiplier of 3.5. Accordingly, the PHUs would be multiplied by 3.5,

which meant that the bank will generate 14,857.5 PHUs. The entire credit evaluation is attached in Appendix B.

One interesting element of the CBA is how it deals with carbon sequestration and potential carbon credits. The CBA specifically states that "the Bank's sponsors, with USFWS approval, reserve the right to participate in carbon sequestration or other carbon banking programs and native seed harvesting, if appropriate." While there is currently no regulatory market for carbon offsets in Florida, USFWS viewed the carbon credits as a potential source of revenue that could be an added incentive to bringing the land under a conservation easement. A bank sponsor stated that they would wait until a formal carbon trading system with adequate controls is established by statute or regulation.

V. FINANCIAL ASSURANCES

The CBA calls for the sponsors to establish an interest-bearing interim management account, managed by an independent Trust. Funds from this account will be used to manage the bank site during the interim management period. The interim management period is defined as "that time between Bank Approval by the Service and the earliest of: the Target Date, or the full funding of the Target Amount (maximum of five years)." Per the terms of the CBA, the sponsors are to provide $135,000 to the Trust for the interim management account.

The CBA also calls for a non-wasting account called the FPC II Endowment Fund. The FPC II Endowment Fund is to be funded primarily by proceeds from the sale of credits. Panther II is to provide the Trust $43.75 for each conservation credit sold, which is to be deposited into the Endowment Fund up to the point that the Fund's principal equals $650,000.

VI. MANAGEMENT (CURRENT & LONG TERM)

An active management program will be put in place in order to replicate natural disturbance regimes, control invasive exotic plant species, provide for long term maintenance and management, provide habitat for prey species, and provide assurances that the bank will allow for these improvements in perpetuity.

Initially, the bank will provide habitat compensation for the Florida panther. In the future, the bank may also be eligible to provide compensation for other species, such as the endangered wood stork, snail kite, Florida sandhill crane, and the threatened crested caracara. If a portion of the bank lands generates any of these credits and the credits are sold, then that area would no longer be available for panther credits. Thus, for example, although the same acre may generate both panther and wood stork credits, the credits from that acre cannot be unbundled and sold separately to different permittees.

In contrast, the potential carbon credits suggest a true credit stacking scenario. The bank's sponsors have reserved the right (with USFWS's permission) to participate in carbon sequestration or carbon banking programs. Accordingly, the same parcel of land may generate two sources of income: panther credits and carbon credits, which could be sold to separate entities. At this point, the credit stacking scenario is largely hypothetical. Although a voluntary carbon market exists, there is currently no regulatory-driven market in Florida.

VII. LESSONS LEARNED

In this particular case, the use of a credit multiplier helped facilitate the acquisition of land that the USFWS considered to be of high conservation value.

If a banker wishes to participate in credit stacking, it is best to negotiate these matters up front. The USFWS official who approved the reservation of the carbon credits remarked that he would probably be reluctant to amend an existing conservation bank agreement to allow such stacking. One possible benefit of credit stacking is that by providing an additional revenue stream it may encourage more landowners to consider participating in banking arrangements.

VIII. APPENDICES

Appendix