

Exhibit E – ILF Project Development Process

Processes for ILF Project Development

The Compensation Planning Framework (**Exhibit D of the Instrument**) sets forth a basic analysis of threats to wetland resources, historic wetland resource loss, and current wetland resource conditions, with corresponding goals and objectives, for each Service Area. The Compensation Planning Framework builds from this analysis with a prioritization strategy for selecting and implementing restoration, enhancement, creation, and in certain cases preservation ILF Projects based on landscape position, historic and current threats, hydrology, wetlands functions and services, and species or habitat benefits. As funding becomes available within a Service Area to implement an ILF Project, areas and/or functions of greatest mitigation need will be determined based on additional and more specific evaluation of the Service Area at that time based on then-current technical data. Once priority areas and/or functions have been identified, mitigation opportunities to address those needs will be identified and evaluated using the prioritization strategy set forth in the Compensation Planning Framework.

After the first Transfer of Advance Credits within a Service Area, the Program Sponsor is required to commence within three years the development and implementation of an ILF Project. As funding becomes available within a Service Area to implement an ILF Project, areas of greatest mitigation need, will be evaluated based on the framework developed in the Compensation Planning Framework coupled with detailed technical research of the specific Service Area. Once priority areas and/or functions have been identified, mitigation opportunities will be filtered and evaluated based upon the ability to provide functional lift to those targeted needs. If the Transfer rate of Advance Credits does not generate sufficient funds to commence the development and implementation of an ILF Project in the Service Area within the designated timeframe, alternative mitigation implementation approaches will be evaluated in consultation with the IRT. The process described below (and depicted in **Figure 1**) is intended to address likely scenarios for each Service Area and is iterative:

General Process for ILF Project Site Selection

- 1) On an on-going basis, collected funds will be calculated for each Service Area.
- 2) Funding needs to be a minimum of \$50,000 (threshold) within a Service Area to warrant Project development consideration. Determine if minimum threshold funding is available within the Service Area to consider project development. If threshold level of funding does not exist, proceed to step 9.
- 3) If threshold funding is present, conduct evaluation of critical needs within the Service Area and generate list of potential projects and project partners.
- 4) In addition to 3) above, determine if there is a bank in the Service Area with applicable available credits.
- 5) Evaluate and compare potential projects, including the purchase of any applicable available bank credits, using the Project Evaluation Criteria worksheet (**Exhibit D**). The worksheet references the requirements of the 2008 Mitigation rule, and specifically uses

the first three requirements that are applicable at the project prospectus stage as a screen to determine whether a project should be considered and evaluated. The worksheet is intended as a tool to aid the Program Sponsor and IRT in evaluating and comparing proposed projects for funding consideration.

- 6) Select the highest priority project that can be implemented with available funds.
- 7) Prepare an Initial Project Prospectus and budget for the IRT defining the project and justifying how the compensatory mitigation requirements will be met.
- 8) Seek IRT Approval to proceed with the site as an ILF Project.
- 9) If minimum threshold funding is not available to consider project development, the Sponsor will wait for additional time (not to exceed 24 months total after first funds collected in the Service Area) to determine if minimum threshold funding has developed to consider project development. If funding is sufficient after waiting an additional period of time, proceed with steps 3 through 8. If funding is not sufficient by the end of the 24 month period, proceed to step 10.
- 10) Consult with the IRT as to how to proceed, which may include, but not be limited to the following; continuing to wait a specified period of time as determined by the IRT, merge funds with another Service Area or purchase bank credits.

Initial Project Prospectus

After an ILF Project site has been selected, an Initial Project Prospectus will be prepared and submitted to the IRT. This Initial Project Prospectus will provide (at a minimum) the following information:

- Property location and ownership;
- Compensatory Mitigation proposal describing benefits to aquatic resources and/or vernal pools Consistency with the Compensation Planning Framework
- Completed Project Evaluation Criteria worksheets
- An evaluation of how the ILF Project achieves a watershed priority(ies) for the Service Area, as well as any relevant updates to be incorporated into the Compensation Planning Framework for that Service Area;
- Project partners (if applicable);
- Number of proposed Released Credits to be generated by the ILF Project;
- Budget; and
- Title review (if applicable).

The Program Sponsor intends to collaborate with partners, experienced and technically capable in establishing wetlands compensation projects (e.g., non-profit conservation organizations, private entities, governmental entities, and others), with knowledge of the applicable Service Area to develop and implement ILF Projects. These ILF Projects may be fully developed through funds from credit sales, or ILF Projects may be a component of larger restoration efforts. In all cases, the Program Sponsor will be responsible for ensuring the Projects are developed and

implemented in compliance with the Instrument. The Program Sponsor may engage partners in various ways, e.g., direct selection of existing restoration efforts; requests for assistance with Project development and/or implementation; formal requests for proposals (RFPs); etc.

Upon IRT approval of the Initial Project Prospectus, each Party shall identify whether it will participate in or abstain from participating on the IRT for the applicable ILF Project. If species benefits are proposed as a component of the ILF Project, the appropriate fish and wildlife agencies would be requested to participate on the IRT and review the Initial Project Prospectus and all other Project related documents. A full Project Development Plan will be developed in accordance with the requirements of the 2008 Rule. The Project Development Plan will be developed utilizing prevailing IRT mitigation templates, as applicable, to address all site specific planning, implementation, monitoring, and protection aspects of the ILF Project. To the extent desired by any agency Party, the Party may be designated a third party beneficiary to any contracts, agreements or conservation easements for the long-term management, monitoring, and protection of an ILF Project site. The Project Development Plan must be approved by the participating Parties on the IRT for the ILF Project. An approved Project Development Plan shall become legally enforceable upon its incorporation into the Instrument through an amendment to the Instrument signed by the Parties that approved the ILF Project. As a component of the ILF Project development, CRAM will be used to assess Project site conditions and achievement of performance standards and the relevant data from the ILF Project will be uploaded to EcoAtlas or similar database system as directed by the IRT.

Figure 1 – Process for ILF Project Development

