



2004 Annual Report

In 1989, the Governors of the Great Lakes states created the Protection Fund to help them protect and restore their shared natural resources. The fund is the first private endowment created to benefit a specific ecosystem. It is designed to support the creative work of collaborative teams that test new ideas, take risks, and share what they have learned. It is a source of financial support for groups that value innovation and entrepreneurship, focus on tangible benefits for the Great Lakes ecosystem, and learn by doing. Seven Great Lakes states have contributed \$81 million to the Fund's permanent endowment.

The Fund does three things. First, it invests the endowment to produce income. This income supports its operations, supports regional projects, and supports its member states' individual Great Lakes priorities. Second, it designs and finances regional projects. These projects identify, demonstrate, and promote regional action to enhance the health of the Great Lakes ecosystem. Third, it monitors those regional projects to ensure that they are successful, modified when necessary, or terminated if they are not creating value for the ecosystem.

From its inception through December 2004, the Fund has made a total of 202 grants and program-related investments, representing a \$44.7 million commitment to protecting and restoring the ecological health of the Great Lakes ecosystem. Additionally, the Fund has returned more than \$33.3 million to its seven member states to support their Great Lakes priorities.

Activities During 2004

In the past year, the Fund generated just over \$3 million in income from the endowment. The Fund returned \$366,094 to its member states in support of their Great Lakes priorities. The Fund paid \$1.8 million to support regional projects. Audited financial statements can be found in Appendix 1.

The Fund entered 2004 with 27 active projects focused on efforts to prevent Biological Pollution, restore Natural Flow Regimes, engage Market Forces, and provide Leadership for Ecosystem Restoration in the Basin. These projects represented an investment by the Fund of just over \$10.7 million.

Over the course of the year, work was completed on 11 of these projects. These projects are identified in Appendix 2. All projects generated new information on how to protect and restore the health of the Great Lakes basin ecosystem. Seven of these projects met or exceeded the Fund's original expectations. The remaining four adapted successfully to circumstances which caused a change of focus during the project. Not a single project failed to provide a good return on the Fund's investment.



During 2004, the Fund developed and supported five new projects, maintaining the portfolio of active, supported work at just over \$10.7 million. A list of new projects is included as Appendix 3. The complete portfolio of supported work is included as Appendix 4. The Fund also continued its operating support of the Council of Great Lakes Governors' Great Lakes Water Management Initiative in 2004. The Council focused on building public support for the Annex 2001 Implementing Agreements and tracking print and radio coverage on the topic.

The Fund's Board of Directors also took groundbreaking steps in corporate governance by establishing its Audit and Personnel Committee. With a charter adoption in December, 2004, this committee began implementing state-of-the-art governance tools, reviewing and updating all operational policies and procedures, and establishing a point of primary contact with the Fund's external auditors.

Evaluation of the Corporation's Performance

The Fund accomplished all three duties in 2004. The endowment generated sufficient income to provide state share payments. Regional projects were designed and funded to address a key gubernatorial priority—the sustainable use of Great Lakes water. Ongoing regional efforts were monitored, adjusted when required, and closed-out when appropriate.

Emerging Trends and Future Needs

The Governors have identified their priorities for Great Lakes Basin ecosystem protection and restoration. A copy of those is included as Appendix 5. The Fund will continue to focus on those priorities that are not already the responsibility of governments or regulated entities. In the near term, the Fund is likely to focus on identifying and demonstrating options for stopping invasive species, testing new ecosystem restoration techniques, and engaging new stakeholders in the protection of the Great Lakes.

Actions Taken by the Directors in Response to Public Comments

The Directors have sought, but not received, public comments on this report.



APPENDIX 1
AUDITED FINANCIAL STATEMENTS



Great Lakes Protection Fund

Financial Statements

December 31, 2004 and 2003



Altschuler, Melvoin and Glasser LLP
Certified Public Accountants and Consultants



Great Lakes Protection Fund
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December 31, 2004 and 2003

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Altschuler, Melvoin and Glasser LLP
Certified Public Accountants and Consultants

Independent Auditors' Report

Board of Directors of
Great Lakes Protection Fund

We have audited the statements of financial position of Great Lakes Protection Fund (the "Fund") as of December 31, 2004 and 2003 and the statements of activities and of cash flows for the years then ended. The financial statements are the responsibility of the Fund's management. Our responsibility is to express an opinion on the financial statements based on our audits.

We conducted our audits in accordance with U.S. generally accepted auditing standards. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Great Lakes Protection Fund as of December 31, 2004 and 2003 and its activities and cash flows for the years then ended in conformity with U.S. generally accepted accounting principles.

Altschuler, Melvoin & Glasser LLP

Chicago, Illinois
February 17, 2005



Great Lakes Protection Fund
Statements of Financial Position
December 31, 2004 and 2003

	<u>2004</u>	<u>2003</u>
Assets		
Cash and cash equivalents	\$ 3,939,299	\$ 4,630,045
Receivable from broker for sales of securities	16,154	73,369
Investments	115,702,379	107,947,231
Accrued interest	133,393	162,495
Other assets	20,873	15,956
Furniture and equipment (net of accumulated depreciation of \$203,899 and \$171,445 in 2004 and 2003)	<u>87,355</u>	<u>109,071</u>
	<u>\$119,899,453</u>	<u>\$112,938,167</u>
Liabilities and Net Assets		
Liabilities		
Member state shares	\$ 366,094	\$ 1,649,291
Liability to brokers for purchase of securities	22,022	274,192
Accrued expenses	303,689	132,218
Accrued pension contribution	<u>3,593</u>	<u>3,465</u>
	<u>695,398</u>	<u>2,059,166</u>
Net assets		
Unrestricted	35,677,067	27,352,013
Permanently restricted	<u>83,526,988</u>	<u>83,526,988</u>
	<u>119,204,055</u>	<u>110,879,001</u>
	<u>\$119,899,453</u>	<u>\$112,938,167</u>

See accompanying notes.

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Great Lakes Protection Fund
Statements of Activities
Years Ended December 31, 2004 and 2003

	2004		2003		Total
	Unrestricted	Permanently Restricted	Unrestricted	Permanently Restricted	
Revenue					
Investment income	\$ 3,008,836	-	\$ 3,008,836	\$ -	\$ 6,420,841
	<u>3,008,836</u>	<u>-</u>	<u>3,008,836</u>	<u>-</u>	<u>6,420,841</u>
Expenses					
Program grants	1,817,278		1,817,278		3,471,046
Member state shares	366,094		366,094		1,649,291
Investment management and advisory fees	344,096		344,096		422,097
Administrative expenses	1,566,459		1,566,459		1,050,871
	<u>4,093,927</u>	<u>-</u>	<u>4,093,927</u>	<u>-</u>	<u>6,593,305</u>
Decrease in net assets before unrealized gain on investments	(1,085,091)	-	(1,085,091)	-	(172,464)
Unrealized gain on investments	9,410,145		9,410,145		16,056,669
Increase in net assets	8,325,054	-	8,325,054	-	15,884,205
Net assets					
Beginning of year	27,352,013	83,526,988	110,879,001	83,526,988	94,994,796
End of year	\$ 35,677,067	\$ 83,526,988	\$ 119,204,055	\$ 83,526,988	\$ 110,879,001

See accompanying notes.



Great Lakes Protection Fund
Statements of Cash Flows
Years Ended December 31, 2004 and 2003

	<u>2004</u>	<u>2003</u>
Operating activities		
Increase in net assets	\$ 8,325,054	\$ 15,884,205
Depreciation	32,454	30,075
Realized (gain) loss on sales of investments	202,255	(3,841,328)
Unrealized (gain) on investments	(9,410,145)	(16,056,669)
Changes in		
Accrued interest	29,102	98,587
Other assets	(4,917)	2,037
Member state shares	(1,283,197)	1,649,291
Accrued expenses	171,471	(36,926)
Accrued pension contribution	128	(418)
Net cash used in operating activities	<u>(1,937,795)</u>	<u>(2,271,146)</u>
Investing activities		
Purchases of investments	(69,156,777)	(111,684,173)
Proceeds from sales of investments	70,414,564	112,041,450
Purchases of equipment and improvements	(10,738)	(6,585)
Net cash provided by investing activities	<u>1,247,049</u>	<u>350,692</u>
Decrease in cash and cash equivalents	(690,746)	(1,920,454)
Cash and cash equivalents		
Beginning of year	<u>4,630,045</u>	<u>6,550,499</u>
End of year	<u>\$ 3,939,299</u>	<u>\$ 4,630,045</u>

See accompanying notes.

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Great Lakes Protection Fund
Notes to the Financial Statements
Years Ended December 31, 2004 and 2003

Note 1 Nature of Activities and Significant Accounting Policies

Great Lakes Protection Fund (the "Fund") is a nonprofit organization designed to have as its members the governors of the eight states bordering on the Great Lakes. Seven of the states have joined the Fund and have made contributions, as specified in the Fund's articles of incorporation, to establish their membership in the Fund. Income earned on the contributions is used to provide grants which finance projects advancing the goals of the Great Lakes Toxic Substances Control Agreement and the binational Great Lakes Water Quality Agreement, so as to advance the health of the ecosystem of the Great Lakes Basin.

The Fund is exempt from income taxes under Section 115(1) of the Internal Revenue Code and applicable state law.

Basis of Accounting—Under U.S. generally accepted accounting principles, not-for-profit organizations report net assets in each of the three classes: permanently restricted, temporarily restricted, or unrestricted based on the existence or absence of donor-imposed restrictions.

Cash and Cash Equivalents—For purposes of the statements of cash flows, the Fund considers all highly liquid debt instruments purchased with a maturity of three months or less to be cash equivalents.

The Fund maintains cash accounts at financial institutions, which at times, may exceed \$100,000. The accounts are insured by the Federal Deposit Insurance Corporation (FDIC) up to \$100,000. A significant portion of cash equivalents is invested in money market accounts. Such amounts are insured by the Securities Investors Protection Company up to \$500,000. Amounts in excess of those levels are insured by the manager to the balance of the account. The Fund has not experienced any losses in such accounts. Management believes that the Fund is not exposed to any significant credit risk on cash and cash equivalents.

Investments—Investments are reflected at current market value. Realized gains for mutual funds are computed using the specific-identification method. Realized gains for all other investments are computed using the first-in, first-out method.

Furniture and Equipment—Furniture and equipment is stated at cost. Depreciation is recorded on a straight-line basis over the estimated useful lives of the assets.

Use of Estimates—The preparation of financial statements in conformity with U.S. generally accepted accounting principles requires management to make estimates and assumptions affecting the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements, as well as the reported amounts of revenue and expenses during the reporting period. Actual results could differ from the estimates.



Great Lakes Protection Fund
Notes to the Financial Statements
Years Ended December 31, 2004 and 2003

Note 2 Investments

Investments consist of the following:

	2004	
	Cost	Market
Bond mutual funds	\$ 28,171,396	\$ 29,158,284
Common stocks and stock equivalents	<u>75,714,664</u>	<u>86,544,095</u>
	<u>\$103,886,060</u>	<u>\$115,702,379</u>

	2003	
	Cost	Market
Bond mutual funds	\$ 28,171,396	\$ 29,069,134
Common stocks and stock equivalents	<u>77,369,660</u>	<u>78,878,097</u>
	<u>\$105,541,056</u>	<u>\$107,947,231</u>

The market value of the investments was based on quoted market prices at the respective year-ends.

Note 3 Member State Shares

In accordance with the articles of incorporation, the Fund is required to disburse to the member states one-third of its realized investment income after deducting operating expenses, excluding grants. Amounts paid to the states are to be used for the furtherance of the Fund's activities and are allocated on the basis of the state's respective contribution. Accrued member state shares were \$366,094 and \$1,649,291 at December 31, 2004 and 2003, respectively.

Note 4 Grants Committed

Grant activity for 2004 and 2003 is as follows:

	Grants Approved	Grants Paid	Grants Committed at December 31
2004	\$ 2,273,000	\$ 1,817,278	\$ -
2003	1,847,000	3,440,046	

As of December 31, 2004, total grants approved since the Fund's inception amounted to \$44,808,213, of which \$4,596,014 related to grants for which the contingencies have not been met and, therefore, the grant expenses have not been recognized. Upon satisfaction of the contingencies by the recipients, the Fund will recognize the grant expenses and disburse the remaining payments.



Great Lakes Protection Fund
Notes to the Financial Statements
Years Ended December 31, 2004 and 2003

Note 5 Permanently Restricted Net Assets

Permanently restricted net assets represent the contributions received from member states in accordance with the Fund's articles of incorporation, along with interest on delayed payments. These amounts cannot be expended.

With the exception of Indiana, all states have made their required contributions, which were as follows:

Illinois	\$ 15,000,000
Michigan	25,000,000
Minnesota	1,500,000
New York	12,000,000
Ohio	14,000,000
Pennsylvania	1,500,000
Wisconsin	<u>12,000,000</u>
	<u>\$ 81,000,000</u>

There is no due date for the contribution payable by Indiana, which has not yet joined the Fund.

In accordance with its articles of incorporation, the Fund charges interest to states electing to extend the time to make the required contributions. No such interest was charged in 2004. No interest is due from the state of Indiana until such time as it elects to join the Fund and to determine the time to make its required contributions.

Note 6 Commitments

The Fund is obligated under an office lease expiring in December 2010.

Rent expense totaled \$131,150 and \$118,866 for 2004 and 2003, respectively.

Minimum payments required under the lease are as follows:

2005	\$ 127,514
2006	145,556
2007	148,067
2008	150,579
2009	153,090
Thereafter	<u>155,600</u>
	<u>\$ 880,406</u>

Note 7 Retirement Plan

The Fund maintains a retirement plan under the provisions of the Internal Revenue Code applicable to governmental retirement plans. All employees are eligible to participate upon commencement of employment. The Fund makes contributions equal to 10 percent of each employee's compensation. Employees cannot contribute to the plan. The Fund contributed \$43,323 and \$45,333 to the plan for 2004 and 2003, respectively.



APPENDIX 2

PROJECTS COMPLETED IN 2004

BIOLOGICAL POLLUTION

Developing Procedures for Utilizing a Sex Pheromone to Increase the Efficacy of the Sterile Male Release Program in Control of Sea Lamprey Populations of the Great Lakes

Michigan State University \$325,000
Contact: Weiming Li
517-353-9837
liweim@pilot.msu.edu

Risk Management and Risk Financing as Tools for Preventing Biological Pollution

Sommer Barnard Ackerson Attorneys, PC \$171,000
Contact: Thomas Barnard
202-833-8833

LEADERSHIP FOR ECOSYSTEM RESTORATION

Integrating Water Quantity and Quality in Great Lakes Communities

American Rivers \$75,000
Contact: Betsy Otto
202-347-7550 x3033
botto@americanrivers.org

Phase III - Great Lakes Community Foundation Environmental Collaborative

Council of Michigan Foundations \$250,000
Contact: Robert Collier
616-842-7080
rcollier@cmif.org

MARKET MECHANISMS

Developing Markets to Manage Ecosystems

Kieser and Associates \$155,000
Contact: Mark Kieser
269-344-7117
mkieser@kieser-associates.com



NATURAL FLOW REGIMES

Degradation and Recovery in Urban Watersheds: The Role of Floodplain Restoration in Recoupling Stream Structure and Ecological Function

University of Wisconsin – Milwaukee \$322,000
Contact: Timothy Ehlinger
414-229-4358
ehlinger@uwm.edu

Demonstration of Drainage Channel Restoration to Improve Stream Integrity and Maintain Flow Capacity

The Ohio State University \$394,000
Contact: Larry Brown
614-292-3826
brown.59@osu.edu

Developing a Conservation “Tool Kit” for the Great Lakes Region

Great Lakes Commission \$67,000
Contact: Thomas Crane
734-971-9135
tcrane@glc.org

Developing a Model Framework for Assessing Impacts of Water Withdrawals

Limno-Tech, Inc. \$120,000
Contact: Joseph DePinto
734-332-1200
jdepinto@limno.com

Impacts of Watershed Fragmentation and Restoration on Fish Habitat, Migration and Production in Great Lakes Tributaries

University of Michigan \$212,000
Contact: Edward Rutherford
734-663-3554 x104
edwardr@umich.edu

Restoration of Coastal Wetlands in the St. Lawrence River Through Re-establishment of Natural Hydrologic Regimes

State University of New York \$222,000
Contact: John Farrell
315-470-6990
jmfarrell@esf.edu



APPENDIX 3

PROJECTS INITIATED IN 2004

Creating Improvements to the Great Lakes Ecosystem to Offset Withdrawal Requests

Land and Water Resources, Inc. \$459,000
Contact: David Urban
847-692-7170
dturban@lawrinc.com

Developing a Process to Quantify and Facilitate Water Withdrawal Driven Ecosystem Improvements

CH2M HILL \$525,000
Contact: Mark Mittag
414-272-2426
mark.mittag@ch2m.com

Identifying and Valuing Restoration Opportunities at Watershed and Subwatershed Scales

Applied Ecological Services \$499,000
Contact: Steven Apfelbaum
608-897-8547
steve@appliedeco.com

Restoration of the Great Lakes Basin Water through the Use of Conservation Credits

Michigan State University \$540,000
Contact: Jon Bartholic
517-353-9785
bartholi@msu.edu

Restoring Flow Regimes Through Growing Water Transactions: Basin-Wide Case Studies

Environmental Trading Network \$250,000
Contact: Mark Kieser
269-344-7117
mkieser@kieser-associates.com



APPENDIX 4 PORTFOLIO OF PROJECTS IN 2004

BIOLOGICAL POLLUTION

*ANS-HACCP Training Initiative to Prevent the Spread of Aquatic Nuisance Species by Resource Managers,
Researchers, and Enforcement Officers*

Minnesota Sea Grant Program \$246,000
Contact: Jeffrey Gunderson
218-726-8715
jgunder1@umn.edu

Aquatic Nuisance Species Dispersal Barrier for the Chicago Sanitary and Ship Canal

Great Lakes Commission \$71,000
Contact: Shamel Ebou-El-Seoud
734-971-9135

*Assessment of Transoceanic NOBOB Vessels and Low-Salinity Ballast Water as Vectors for Nonindigenous
Species Introductions to the Great Lakes*

University of Michigan \$1,123,000
Contact: Thomas Johengen
734-764-2426
johengen@umich.edu

Great Lakes Ballast Technology Demonstration Project

Northeast Midwest Institute \$647,000
Contact: Allegra Cangelosi
202-464-4007
acangelo@nemw.org

Great Lakes Ballast Technology Demonstration Project-Final Phase

Northeast Midwest Institute \$750,000
Contact: Allegra Cangelosi
202-464-4007
acangelo@nemw.org

Great Lakes Pollution Prevention Project: Biological Pollution and the Waterborne Transportation System

Northeast Midwest Institute \$325,000
Contact: Allegra Cangelosi
202-464-4007
acangelo@nemw.org



Identifying, Verifying, and Establishing Options for Best Management Practices for NOBOB Vessels

University of Michigan \$770,000
Contact: Thomas Johengen
734-764-2426
ijohengen@umich.edu

St. Lawrence Seaway: Issues and Options

The National Academies \$260,000
Contact: Stephen Godwin
202-334-3261
sgodwin@nas.edu

The Effectiveness of Filtration at Minimizing the Uptake and Transfer of Viable Organisms in the Ballast Water of a Commercial Vessel

Northeast Midwest Institute \$1,572,000
Contact: Richard Munson
202-544-5200
dickmunson@nemw.org

LEADERSHIP FOR ECOSYSTEM RESTORATION

PBT-Free Purchasing in the Great Lakes Basin

INFORM, Inc. \$300,000
Contact: Joanna Underwood
212-361-2400

Public Benefit Charges: A Promising New Avenue to Reduce Toxics Deposition to the Great Lakes

Center for Clean Air Policy \$300,000
Contact: Stacey Davis
202-408-9260
sdavis@ccap.org

Quality Hunting Ecology

Sand County Foundation \$300,000
Contact: Kevin McAleese
608-242-5237
mcaleese@mailbag.com



MARKET MECHANISMS

Insuring Environmental Improvement in the Great Lakes Ecosystem: A Collaboration with the Insurance and Great Lakes Industries

Tellus Institute \$299,700
Contact: Karen Shapiro
617-266-5400
kshapiro@tellus.org

Municipal Clean Power Tagging & Brokering Program

Environmental Resources Trust, Inc. \$525,000
Contact: Alden Hathaway
202-785-8577
ahathaway@ert.net

Using Market Mechanisms to Reduce the Use of Fertilizers and Pesticides in States Bordering the Great Lakes

American Farmland Trust \$373,000
Contact: Brian Brandt
614-221-8610
bbrandt@farmland.org

NATURAL FLOW REGIMES

Coupling Ecological, Economic, and Engineering (E3) Studies to Formulate Guidelines for Dam Removal and River Restoration in Great Lakes Watersheds

The Ohio State University Research Foundation \$832,000
Contact: Timothy C. Granata
614-688-8125
granata.6@osu.edu

Groundwater and the Great Lakes: A Coordinated Binational Basin-Wide Assessment in Support of Annex 2001 Decision Making

U.S. Geological Survey \$418,000
Contact: Jim Nicholas
517-887-8903
jnichol@usgs.gov



Implementing and Documenting the Benefits and Costs of "Stormwater Treatment Trains" in Three Model Conservation (Watershed Sensitive) Developments

Applied Ecological Services, Inc. \$369,000
Contact: Steven Apfelbaum
608-897-8547
steve@appliedeco.com

Improving the Ecological Health of the Water Resources of the Great Lakes

University of Michigan \$300,000
Contact: J. David Allan
734-764-6553
dallan@umich.edu

Restoring the Great Lakes Ecosystem's Natural Flow Regime: Three Demonstration Projects

The Nature Conservancy \$653,000
Contact: Lois Morrison
312-759-8017
lmorrison@tnc.org

Riverine Habitat Assessment and Flow Regime Restoration

Ohio Department of Natural Resources \$207,000
Contact: Constance Livchak
419-626-4296
constance.livchak@dnr.state.oh.us



APPENDIX 5
GOVERNORS' PRIORITIES



October 1, 2003

The Honorable Michael DeWine
140 Russell Senate Office Building
Washington, D.C. 20510

As the Governors of our nation's Great Lakes States, we would like to express our appreciation for the introduction of S.1398, "The Great Lakes Environmental Restoration Act" and H.R.2720, the "Great Lakes Restoration Financing Act." We recognize that despite the many federal, state and local efforts currently underway to restore and protect them, the Great Lakes remain at risk of damage from continuing pollution, environmental degradation and unsustainable water resource management practices. We applaud the bills' sponsors and cosponsors for acting to address these threats and are heartened by the potential for substantial additional federal dollars to abate them.

Two decades ago our States jointly formed the Council of Great Lakes Governors, in part to fulfill our lead responsibilities as stewards of the Great Lakes Basin's water resources and in recognition of the tremendous ecological, economic and social benefits they provide. The Great Lakes Governors remain committed to protecting and restoring the natural habitat and water quality of the Great Lakes Basin; preserving diverse and thriving plant and animal communities; protecting the water supply; and, safeguarding human health.

The Region's Governors have reached consensus that the following priorities should guide Great Lakes restoration and protection efforts:

- Ensure the sustainable use of our water resources while confirming that the States retain authority over water use and diversions of Great Lakes waters.
- Promote programs to protect human health against adverse effects of pollution in the Great Lakes ecosystem.
- Control pollution from diffuse sources into water, land and air.
- Continue to reduce the introduction of persistent bioaccumulative toxics into the Great Lakes ecosystem.
- Stop the introduction and spread of non-native aquatic invasive species.
- Enhance fish and wildlife by restoring and protecting coastal wetlands, fish and wildlife habitats.
- Restore to environmental health the Areas of Concern identified by the International Joint Commission as needing remediation.
- Standardize and enhance the methods by which information is collected, recorded and shared within the region.
- Adopt sustainable use practices that protect environmental resources and may enhance the recreational and commercial value of our Great Lakes.

BOB TAFT
CHAIRMAN
Governor of Ohio

ROD BLAGOJEVICH
Governor of Illinois

JIM DOYLE
Governor of Wisconsin

JENNIFER M. GRANHOLM
Governor of Michigan

JOSEPH E. KERNAN
Governor of Indiana

GEORGE E. PATAKI
Governor of New York

TIM PAWLENTY
Governor of Minnesota

ED RENDELL
Governor of Pennsylvania

DAVID NAFTZGER
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Last year, in response to the request of members of the Great Lakes Congressional Task Force and under the leadership of its Chairman, Governor Bob Taft, the Council launched the *Great Lakes Governors' Priorities Task Force*. The premise of the Task Force's work to date has been that coordinated planning is needed to achieve comprehensive restoration and protection of the Great Lakes while making efficient use of limited resources. Working with the Great Lakes Congressional delegation, Great Lakes Mayors, and stakeholders throughout the region, we believe a broad based plan can be constructed in the context of pending legislation, thus providing both a blueprint for restoration and protection and critically needed federal resources to implement it. This plan should build on the significant State and Federal investments to date, value broad public participation, foster sound public policy and sustainable behavior, and address the environmental issues of the present and anticipate the challenges of tomorrow so that the Great Lakes experience full restoration and protection, balanced with economic prosperity.

We will soon present to Congress detailed comments on S. 1398 and H.R. 2720. As the legislative process moves forward, the Great Lakes Governors encourage Congress to work toward enactment of a bill that encompasses these overarching principles:

- minimal bureaucracy, allowing efforts to be directed toward protection and restoration rather than toward process and paperwork;
- affordable non-federal match requirements, particularly in light of ongoing and significant State investments in Great Lakes restoration;
- coordination of the efforts of the many government and non-governmental entities involved in protection and restoration activities; and,
- recognition of the leadership role of the Great Lakes Governors in defining regional priorities.

While the approach of the House and Senate bills is not identical, there are elements of these principles in each. The two bills are a similarly strong expression of Congressional intent to invest significant additional resources in Great Lakes protection and improvements, while seeking coordination throughout the region. We are also pleased to see both bills address the development of water quality indicators as a measure of progress.

In addition to detailed comments on the legislation, we plan to submit a short-term agenda to help guide spending decisions while a more comprehensive protection and restoration funding program is being developed. We believe it is vital to maintain the momentum of federal, state, and local governments, along with multiple stakeholder groups, on those projects and programs that are furthering our restoration goals today.

We welcome the opportunity to join you in building momentum for this historic advance in national support for the world's largest source of fresh surface water. We look forward to building on the partnership between the region's Governors and the Great Lakes Congressional Task Force to secure the protection and restoration of the Great Lakes ecosystem for generations to come.



Rod Blagojevich
Rod Blagojevich
Governor of Illinois

Joseph E. Kernan
Joseph E. Kernan
Governor of Indiana

Jennifer Granholm
Jennifer Granholm
Governor of Michigan

Tim Pawlenty
Tim Pawlenty
Governor of Minnesota

George E. Pataki
George E. Pataki
Governor of New York

Bob Taft
Bob Taft
Governor of Ohio

Edward Rendell
Edward Rendell
Governor of Pennsylvania

Jim Doyle
Jim Doyle
Governor of Wisconsin



APPENDIX 6

MEMBERS OF THE CORPORATION

Rod R. Blagojevich	Governor of Illinois
James E. Doyle	Governor of Wisconsin
Jennifer M. Granholm	Governor of Michigan
George E. Pataki	Governor of New York
Tim Pawlenty	Governor of Minnesota
Edward G. Rendell	Governor of Pennsylvania
Bob Taft	Governor of Ohio

BOARD OF DIRECTORS

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Mr. Michael Elmendorf
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Mr. Scott Harrison
Mr. A. Bart Holaday
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Mr. Gerald Mikol
Dr. Jeffrey Reutter
Mr. Craig Shaver
Ms. Maureen Smyth
Mr. Peter Wise

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