



## 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



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**Great Lakes Protection Fund**  
**Table of Contents**  
**December 31, 2004 and 2003**

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	Page
<b>Independent Auditors' Report</b>	1
<b>Financial Statements</b>	
Statements of Financial Position	2
Statements of Activities	3
Statements of Cash Flows	4
Notes to the Financial Statements	5 - 7



**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>
<b>Assets</b>		
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><b>\$119,899,453</b></u>	<u><b>\$112,938,167</b></u>
<b>Liabilities and Net Assets</b>		
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><b>119,204,055</b></u>	<u><b>110,879,001</b></u>
	<u><b>\$119,899,453</b></u>	<u><b>\$112,938,167</b></u>

See accompanying notes.

2



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

	2004		2003		Total	Total
	Unrestricted	Permanently Restricted	Unrestricted	Permanently Restricted		
Revenue						
Investment income	\$ 3,008,836	-	\$ 3,008,836	\$ -	\$ 6,420,841	\$ 6,420,841
	<u>3,008,836</u>	<u>-</u>	<u>3,008,836</u>	<u>-</u>	<u>6,420,841</u>	<u>6,420,841</u>
Expenses						
Program grants	1,817,278		1,817,278		3,471,046	3,471,046
Member state shares	366,094		366,094		1,649,291	1,649,291
Investment management and advisory fees	344,096		344,096		422,097	422,097
Administrative expenses	1,566,459		1,566,459		1,050,871	1,050,871
	<u>4,093,927</u>	<u>-</u>	<u>4,093,927</u>	<u>-</u>	<u>6,593,305</u>	<u>6,593,305</u>
<b>Decrease in net assets before unrealized gain on investments</b>	<b>(1,085,091)</b>	<b>-</b>	<b>(1,085,091)</b>	<b>-</b>	<b>(172,464)</b>	<b>(172,464)</b>
Unrealized gain on investments	9,410,145		9,410,145		16,056,669	16,056,669
<b>Increase in net assets</b>	<b>8,325,054</b>	<b>-</b>	<b>8,325,054</b>	<b>-</b>	<b>15,884,205</b>	<b>15,884,205</b>
Net assets						
Beginning of year	27,352,013	83,526,988	110,879,001	83,526,988	11,467,808	94,994,796
<b>End of year</b>	<b>\$ 35,677,067</b>	<b>\$ 83,526,988</b>	<b>\$ 119,204,055</b>	<b>\$ 83,526,988</b>	<b>\$ 27,352,013</b>	<b>\$ 110,879,001</b>

See accompanying notes.





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

	<u>2004</u>	<u>2003</u>
<b>Operating activities</b>		
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)
<b>Net cash used in operating activities</b>	<u>(1,937,795)</u>	<u>(2,271,146)</u>
<b>Investing activities</b>		
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)
<b>Net cash provided by investing activities</b>	<u>1,247,049</u>	<u>350,692</u>
<b>Decrease in cash and cash equivalents</b>	(690,746)	(1,920,454)
<b>Cash and cash equivalents</b>		
Beginning of year	<u>4,630,045</u>	<u>6,550,499</u>
<b>End of year</b>	<u>\$ 3,939,299</u>	<u>\$ 4,630,045</u>

See accompanying notes.

4



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

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**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**

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**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.



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

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**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.



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## 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](mailto: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](mailto: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](mailto: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](mailto:mkieser@kieser-associates.com)



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## 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](mailto: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](mailto: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](mailto: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](mailto: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](mailto: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](mailto:jmfarrell@esf.edu)



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### 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](mailto: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](mailto: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](mailto: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](mailto: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](mailto:mkieser@kieser-associates.com)



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## 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](mailto: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](mailto:johengen@umich.edu)

*Great Lakes Ballast Technology Demonstration Project*

Northeast Midwest Institute \$647,000  
Contact: Allegra Cangelosi  
202-464-4007  
[acangelo@nemw.org](mailto: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](mailto: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](mailto: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](mailto:ijohengen@umich.edu)

*St. Lawrence Seaway: Issues and Options*

The National Academies \$260,000  
Contact: Stephen Godwin  
202-334-3261  
[sgodwin@nas.edu](mailto: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](mailto: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](mailto:sdavis@ccap.org)

*Quality Hunting Ecology*

Sand County Foundation \$300,000  
Contact: Kevin McAleese  
608-242-5237  
[mcaleese@mailbag.com](mailto: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](mailto:kshapiro@tellus.org)

### *Municipal Clean Power Tagging & Brokering Program*

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

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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.



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*Jennifer Granholm*  
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## APPENDIX 6

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