



February 1, 2002

Ms. Sarah Miller
Canadian Environmental Law Association
517 College Street
Suite 401
Toronto, Ontario M6G 4A2
CANADA

BOB TAFT
CHAIRMAN
Governor of Ohio

JOHN ENGLER
Governor of Michigan

SCOTT MCCALLUM
Governor of Wisconsin

FRANK O'BANNON
Governor of Indiana

GEORGE E. PATAKI
Governor of New York

GEORGE H. RYAN
Governor of Illinois

MARK S. SCHWEIKER
Governor of Pennsylvania

JESSE VENTURA
Governor of Minnesota

MARGARET M. GRANT
Executive Director

Dear Ms. Miller:

On June 18, 2001 the Great Lakes Governors and Premiers signed the Great Lakes Charter Annex. The Charter Annex is an amendment to the Great Lakes Charter of 1985, both good-faith agreements signed by all the Great Lakes Governors and Premiers, and is important to the ongoing process to create a stronger regional water management system for the use and enjoyment of future generations.

In the Annex, the Governors and Premiers outline the framework for a set of binding agreement(s) among the Great Lakes States and Provinces and establish a series of principles for a new standard for reviewing proposed withdrawals of Great Lakes water. The Governors and Premiers also call for this work to be completed within three years of the signing of the Annex and for active public participation while developing the agreement(s).

Therefore, on behalf of the Great Lakes Governors and Premiers, I would like to invite you to join the Advisory Committee on the implementation of the Great Lakes Charter Annex. Your expertise and representation on the Committee will provide the members of the Governors' and Premiers' Water Management Working Group with valued insight and consultation during the development of the binding agreement(s).

The Governors and Premiers believe that active stakeholder participation is integral to the successful creation of a sound water management system. Along with direct exchange of ideas and information with the Advisory Committee on an individual basis and during full Working Group/Advisory Committee meetings, project progress will be shared with interested and affected parties through a quarterly Council of Great Lakes Governors newsletter, periodic updates posted on the Council website (www.cglg.org), and periodic email communiqués. The Great Lakes States and Provinces will also develop public participation programs tailored for their respective jurisdictions.

Specifically, the role of the Advisory Committee is to provide advice, counsel, expertise, and input during the development of the binding agreement(s). The Water Management Working Group looks forward to an active exchange of ideas and information with you and the other members

35 East Wacker Drive
Suite 1850
Chicago, Illinois 60601

Voice 312-407-0177
Fax 312-407-0038
E-mail cglg@cglg.org
Website www.cglg.org

Page Two

of the Advisory Committee, both individually and as a group. As a member of the Advisory Committee, we encourage you to share your expertise during the development of the binding agreement(s) as well as provide sound comments when language is formally put to paper. We also hope that you would report to the members of your organization on the progress of our efforts. I know you would agree that it is incumbent upon us who care about the health and permanence of this precious natural resource to work together to ensure that a sound regional water management system is developed for future generations.

The Advisory Committee will meet with the full Water Management Working Group twice a year during the course of the project and your individual input will be solicited on an ongoing basis once you accept our invitation to join the Committee. Tentatively, we would like to schedule the first formal meeting of the Advisory Committee and the Water Management Working Group for March 15th in Washington, DC. This meeting will coincide with the annual Great Lakes Congressional breakfast. At this time we are unable to provide financial compensation for participation or out-of-pocket expenses related to Advisory Committee responsibilities and meeting attendance. Please know that when scheduling meetings we will make every effort to economize.

In order for you to better understand your role as an Advisory Committee member and expedite your infusion into the early stages of the Water Management Working Group's work, enclosed you will find a copy of the Great Lakes Charter Annex, the Great Lakes Charter, and the Great Lakes Water Management Initiative's work plan for this calendar year. We also have included the February 2000 report presented by the International Joint Commission and the 1985 Great Lakes Water Level Facts presented by the Army Corps of Engineers, Detroit District. The work plan provides an overview of participants and responsibilities. A brief description of the professional courtesy that we hope will be extended to all those involved in this initiative, and a timeline of meetings and deliverables are also included. The timeline is ambitious, but with your assistance the objectives can be met. We ask that you familiarize yourself with all these materials so that a common foundation exists for all the members of the Working Group and Advisory Committee.

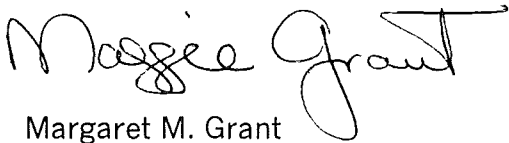
In addition, please know that the Working Group is divided into three Sub-committees: compact structure, inter-provincial/international agreement(s), and decision making standard. They are currently defining the parameters of what the binding agreement(s) should look like and include. A list of preliminary questions to be answered is attached for your information and review. Should you decide to join the Advisory Committee, the full Working Group and Sub-committees welcome your responses to the existing questions and ask that you provide us with your responses and suggestions of other issues that you believe need to be addressed by February 15th. We look forward to providing a progress report to the Governors at this year's National Governors Association meeting in Washington, DC at the end of February and your input would be well received. Please know that we see your response to this request as an initial step in the development of sound ideas and options for our work together.

Page Three

In the interest of time and the limited travel budgets of the Great Lakes States and Provinces and Advisory Committee members, the Sub-committees will independently call for your expert advice via conference calls. The full Working Group and/or Management Team look forward to meeting with the entire Advisory Committee several times this year to collectively develop binding water management agreement(s) that will stand the test of future water needs, demands, and protection.

Please know that I will follow up with you personally to answer any questions you may have regarding the implementation of the Annex and/or your involvement on the Advisory Committee. On behalf of Council Chairman Governor Bob Taft of Ohio, I hope you will consider joining the Advisory Committee as an opportunity to have a lasting impact on the creation of sound water management for the Great Lakes.

Sincerely,

A handwritten signature in cursive script that reads "Maggie Grant". The signature is written in black ink and is positioned above the printed name and title.

Margaret M. Grant
Executive Director

Enclosures

Tasks Assigned to the Water Management Working Group Sub-committees

COMPACT STRUCTURE Sub-Committee

- Regardless of how detailed the final standard is, which details of the final standard should be included in the compact itself and what details should be left to any implementing document(s) that may be adopted concurrently or subsequently to the adoption of the compact?
- When should water withdrawal proposals be subjected to regional review and when should they be left to the states and provinces? Should these details be in the compact or left for an implementation document?
- What other issues should or should not be addressed in the compact? The ASCE model compacts as well as Michigan's proposed compact can serve as sources for potential additions to the compact.
- Who should have the authority to implement the powers contained in the compact?
 - Should a commission be created consisting of the Governors and Premiers or their designees that meets on an ad hoc basis?
 - Should a secretariat be created that is institutionalized as a separate entity with staff that reports to the Governors and Premiers?
 - Should there be no commission of any kind but rather an occasional meeting of Agency directors who occasionally meet to resolve specific disputes or meet to exercise the powers contained in the compact?
 - If a commission is created, what if any role should the Federal Governments, Great Lakes Commission or IJC have?

DECISION MAKING STANDARD Sub-Committee

- How should the principles of environmentally sound and economically feasible water conservation measures, adverse impact, and improvement be adopted into a standard?
 - Should the principles contained in Annex 2001 Directive #3 be renamed the standard (with further definitions of the terms)?
 - Should new standard language be written that incorporates the principles contained in Annex 2001 Directive #3?
- How should the principles of environmentally sound and economically feasible water conservation measures, adverse impact, and improvement be defined, if at all?
- How can the standard be written to allow flexibility to incorporate future advances in science that will improve decision making, or to take into consideration local conditions when decisions are made?
- What is the best way to incorporate the work of the Decision Support System project currently underway with the Great Lakes Commission?
- What is the best way to handle a definition of the ground water basin at this time?

- How should new or increased water withdrawals or water withdrawal capacity be defined? For example, if a facility has capacity that is already constructed but not currently being utilized, how should a future request to increase water withdrawal to fully utilize the capacity be handled?

INTER-PROVINCIAL/INTERNATIONAL AGREEMENT(S) Sub-Committee

- What is the nature of an inter-provincial agreement (a binding agreement between two or more entities that cannot be altered unilaterally)?
- What is the provincial process for enacting laws?
- How would the provincial counterpart to the compact be adopted by the provinces, and what is the difference as to their enforceability? The difference as to their flexibility?
- How do we make certain that laws and regulations regarding standards to be applied to water withdrawal proposals are harmonized between the States and Provinces?
- How should disputes be resolved and enforced between the provinces and states?
- What if any additional legal support is needed to make certain that laws and regulations between the States and Provinces are properly harmonized and that cross border disputes can be properly resolved?

Great Lakes Water Management Initiative Annex 2001 Implementation Work Plan & Timeline

INITIATIVE OBJECTIVE

The Charter Annex is an amendment to the Great Lakes Charter of 1985, a good-faith agreement signed by all the Great Lakes Governors and Premiers on June 18, 2001 in Niagara Falls, New York. The Governors and Premiers agreed to immediately prepare a basin-wide binding agreement(s), such as an interstate compact and such other agreement(s), protocols or other arrangements including a dispute resolution process between the states and provinces as may be necessary to create the binding agreement(s) within three years of the effective date of the Annex, June 18, 2001.

The Governors and Premiers also committed in Niagara Falls to continue a process that ensures ongoing public input in the preparation and implementation of the binding agreement(s) called for in the Annex. Included in this process will be periodic progress reports to the public. To assure public access, understanding, and support for the Governors' and Premiers' water management program, public meetings and consultation will be conducted at the discretion of the Great Lakes States and Provinces. Along with periodic meetings with the Advisory Committee, project progress will be shared with interested and affected parties through a quarterly Council newsletter, regular updates posted on the Council website, and periodic email blast communiqués.

The purpose of the next phase of the initiative is for the Water Management Working Group to develop and make recommendations to the Great Lakes Governors and Premiers on how best to formulate a decision-making standard based upon the Annex principles, binding agreement(s), a process for dispute resolution, and corresponding implementing documents that provide the flexible framework for individual state and provincial water withdrawal statutes, programs, and regulations.

ORGANIZATION

Management Team

The Great Lakes Water Management Initiative enters the next phase of operation under the leadership of Council Chairman Governor Bob Taft of Ohio. The implementation of Annex 2001 will fall under the day-to-day direction of Sam Speck, Director, Ohio Department of Natural Resources; Denny Schornack, Special Advisor to Michigan Governor John Engler for Strategic Initiatives; and Maggie Grant, Executive Director of the Council of Great Lakes Governors. To support the efforts of the Management Team and Working Group, legal counsel and policy research experts will be contracted by the Council of Great Lakes Governors and provide support to the initiative under the direction of the Management Team.

Water Management Working Group

Under Governor Taft's chairmanship of the Council of Great Lakes Governors, Sam Speck will chair the Water Management Working Group. Denny Schornack will serve as co-chair and chair Working Group meetings in Director Speck's absence. The co-chairs will work together with Council staff to design the process for the project and establish meeting agendas.

The Working Group will consist of the Council staff and two members from each state/province as appointed by their respective Governor/Premier. Each Governor/Premier will select one member to represent technical expertise on water management issues and one member to represent policy issues who is able to speak on behalf of his/her respective Governor/Premier. Any state/province may select additional individuals to attend meetings as needed.

The role of the Water Management Working Group is to perform the work necessary to implement Annex 2001 as described in the Initiative Objective.

Working Group Sub-committees

The Working Group will break into Sub-committees to address specific tasks related to the project. Members of the Sub-committees must be members of the Working Group or their designees within respective state/provincial government and not represent outside entities or organizations. The Sub-committees will be chaired by one member of the Working Group. The Sub-committee members may bring outside experts to meetings as deemed necessary.

The three Sub-committees will address the structure of the compact, the decision making standard, and the provincial/international agreement(s). The charge of each Sub-committee is broken into three phases; Phase One – Provide a progress report to the Governors and Premiers on the Sub-committees work to date; Phase Two – Draft the binding agreement(s); Phase Three – Draft the implementing documentation. The Sub-committees, through consultation with the Sub-committee chairmen and Management Team, will have the authority to seek outside policy and legal support in order to better meet their objectives.

It is recommended the Sub-committees set, at a minimum, weekly conference calls through February 14 to complete Phase One of providing the Governors and Premiers at the NGA Winter Meeting in Washington, DC with a report on the direction of the water management initiative and preliminary recommendations of the structure of the binding agreement(s). Sub-committee meetings thereafter will be scheduled at the discretion of the Sub-committee chairmen and membership and will reflect the deadlines for the Working Group. The Council staff will assist in the coordination and facilitation of the Sub-committee meetings as well as in the development and distribution of the work products.

Advisory Committee

The Working Group will receive advice and comment from the Advisory Committee during the course of the project. The role of the Advisory Committee is to advise the Working Group during all phases of the project. Advisory Committee members are encouraged to provide the Working Group, through the Council and Management Team, with information they deem relevant to the implementation of Annex 2001. Sub-committee members are encouraged to contact Advisory Committee members as they deem necessary. In addition to providing input to the Working Group, the Advisory Committee members will provide information to members of their respective organizations. It is anticipated that there will be no financial compensation for participation in or out-of-pocket expenses related to Advisory Committee responsibilities and meeting attendance.

The Advisory Committee will meet with the Water Management Working Group periodically and is expected to meet formally at least twice a year during the course of the project. The membership list and letter of invitation are attached. The timeline of recommended scheduled meetings is listed below.

Resource Group

The Resource Group will be an informal group of governmental and quasi-governmental bodies that have technical expertise regarding Great Lakes issues and will serve as collaborating organizations to the Working Group. The members may include, but are not limited to, the Great Lakes Commission, International Joint Commission, the Great Lakes Congressional Task Force, USGS, Army Corps of Engineers, the US EPA, the NOAA, and Environment Canada.

Members of the Resource Group will also provide their advice independent of the Advisory Committee and, on occasion, independent of each other. There will be no formal formation of the Resource Group and it will not meet on a regular schedule but may be asked to provide specific work products and give periodic status reports to the Water Management Working Group.

Legal and Policy Support

Outside legal counsel and policy research support may be utilized by the Council of Great Lakes Governors on an as-needed basis and for specific sub-projects to advise the Water Management Working Group.

All outside consultants to the project will be engaged upon request of the project's Management Team and via strictly defined work orders. Their work will be overseen by the project's Management Team to ensure that the Governors'/Premiers' objectives are met, the Governors/Premiers and Working Group are receiving value-added information, the Management Team and Working Group are in control of the project directives, and the project remains within budget.

Legal support may include, but is not limited to, assisting in the preparation of necessary legislation at the state and federal levels, and addressing outstanding questions regarding the nature and scope of tribal water rights. Legal support may also provide counsel to ensure that all binding agreement(s) and other relevant documents are defensible, they meet Constitutional requirements, and are in agreement with existing treaties and/or international agreements.

Policy support may include, but not be limited to, research of the current regulatory structures in place in the Great Lakes States and Provinces, scenario building in regards to individual and cumulative impacts, and analysis on the measurement of the impacts of conservation and identification of current conservation technologies that are environmentally sound and economically feasible. The Management Team and Sub-committees will determine when and what specific policy support is needed.

Guidelines for Communicating with the Press

Individuals and organizations involved with this initiative are free to speak individually with the press as a representative of their state/province or organization, but not in reference to the specific work of the Working Group. All press inquiries regarding the overall efforts of the Working Group should be referred to Maggie Grant, Executive Director of the Council. Maggie Grant will work with project co-chairmen Sam Speck and Dennis Schornack to respond appropriately to individual press questions. No drafts or pending products will be released until the full Working Group agrees on the appropriate time to release them. If a document needs to be released to the press or a statement needs to be made on behalf of the Working Group, it will be released by Governor Taft as Chair of the Council of Great Lakes Governors, his designee, or the Council staff.

Public Participation

The Governors and Premiers believe that active stakeholder participation is integral to the successful creation of a sound water management system. To assure active public participation, access, understanding, and support for the Governors' and Premiers' water management program, opportunities will be provided for public meetings and consultation in all the Great Lakes States and Provinces. Along with direct exchange of ideas and information with the Advisory Committee and Resource Group, project progress will be shared with interested and affected parties and stakeholders through a quarterly Council of Great Lakes Governors newsletter, periodic updates posted on the Council website, and periodic email blast communiqués. The Great Lakes States and Provinces will also develop public participation programs tailored for their respective jurisdictions.

Deliverables

The Governors and Premiers agree to prepare a basin-wide binding agreement(s), such as an interstate compact and such other agreements, protocols or other arrangements including a dispute resolution process between the states and

provinces as may be necessary to create the binding agreement(s) within three years of the effective date of the Annex, June 18, 2001. The timeline found below provides a detailed schedule of when work will be completed to meet the Governors' and Premiers' objectives.

The Governors and Premiers commit to continue a process that ensures ongoing public input in the preparation and implementation of the binding agreement(s) called for the Annex. Included in this process will be periodic progress reports to the public.

Funding

It is understood that members of the Water Management Working Group will provide their time and expertise to this initiative and will fund their individual travel related expenses. The member states and provinces will make their best efforts to contribute funds for the administration of the initiative. The Council of Great Lakes Governors is unable to provide financial compensation for participation in or out-of-pocket expenses related to Advisory Committee and Resource Group responsibilities and meeting attendance. Monies being sought through grants will directly fund the legal support, policy research and public input needed to assist the Working Group meet the mandate set forth by the Governors and Premiers in the Great Lakes Charter Annex of 2001. Following the first meetings of the Working Group Sub-committees, a proposed funding budget will be drafted to meet the needs identified at these meetings.

TIMELINE AND MEETING OBJECTIVES

The timeline listed below encompasses the 2002 calendar year. It lists the scheduled meeting dates and deadlines for deliverables. In addition, a full Working Group Meeting (whether in person or via conference call) is scheduled for the third Thursday of every other month. Sub-committee meetings and conference calls will be scheduled at the discretion of the Sub-committee chairmen and membership and will reflect the deadlines for work products. Formal meetings with the full Advisory Committee and either the Management Team or the full Working Group are also listed below. Meetings between the Advisory Committee and the Sub-committee members will be ongoing and informal and occur at the discretion of the Sub-committees and their chairmen.

January 17, 2002 (Entire Working Group meeting via conference call)

- Review and approval of work plan
- Progress reports from Working Group Sub-committees
- Review and approval of Advisory Committee membership and charge

February 14, 2002

- Sub-committees provide Phase One progress reports to the Management Team (to be compiled by the Council staff for review by the full Working Group and prior to submission to the Governors and Premiers)

February 23-26, 2002 (National Governors Association Winter Meeting –Washington, DC)

- Management Team provides progress report to Governors at the NGA meeting and seeks approval of the work and direction of the Working Group

March 15, 2002 (Entire Working Group meeting in Washington, DC to coincide with The Great Lakes Breakfast)

- Meeting to include progress reports from the Working Group Sub-committees
- Formal meeting with full Working Group and Advisory Committee

May 2002

Full Working Group and/or Management Team meet with the Advisory Committee and members of the Resource Group to review language of agreement(s). The meetings will be held independent of each other. Dates TBD.

May 5 or 9, 2002 (Entire Working Group Meeting – Quebec City, Quebec to coincide with GLC semi annual meeting)

- Review and finalize draft agreement(s) in anticipation of the kick-off of the public comment period
- Finalize strategy for public comment period
- Working Group Sub-committees provide Phase Two progress reports and deliverables

June 2002 – September 2002

- Release draft binding agreement(s) for public comment (to last 90 days)
- Individual state and provincial public comment programs

July 18, 2002 (Entire Working Group Meeting via conference call)

- Review directives from the Governors'/Premiers' at their annual meeting
- Council staff provides progress report on public comment period
- Progress reports from the Working Group Sub-committees

September 19, 2002 (Entire Working Group Meeting via conference call)

- Council staff provides progress report on public comment period
- Progress reports from the Working Group Sub-committees
- Management Team meets with Advisory Committee
- Public comment period ends

November 21, 2002 (Entire Working Group Meeting in Detroit)

- Final reports from the Working Group Sub-committees for Phase Three
- Preparation and approval of binding agreement(s) for the Governors and Premiers

***The outcomes from the Sub-committees Phase One work will determine how and when the binding agreement(s) will be presented to the state legislatures and federal governments as well as provide guidelines for determining the elements of and timeline for Phase Three deliverables.