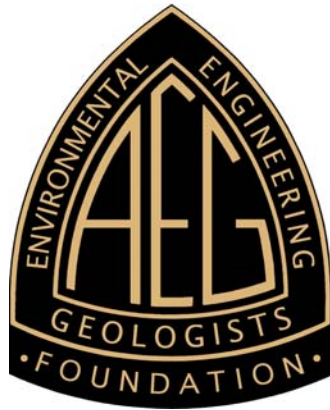


AEG FOUNDATION



CHARTER

LEMKE FUND

SUPPORTING STUDENT MEMBER PARTICIPATION IN AEG ANNUAL MEETINGS AND AEG SPONSORED OR CO-SPONSORED MEETINGS AND CONFERENCES THROUGH SCHOLARSHIP GRANTS

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THE PURPOSE OF AEG FOUNDATION FUND CHARTERS

An AEG Foundation Fund Charter is a document adopted by the Board of Directors. It describes (as applicable)

- the history of a fund,
- donor intent,
- the purposes for which the fund may and may not be used,
- the Board's goals for the fund,
- administrative operating criteria, and
- financial operating criteria.

A Fund Charter demonstrates the Board's commitment to prudent management of the Foundation's resources and compliance with applicable law and regulation. Within the framework of AEG Foundation governance, a Fund Charter is a policy document that may be amended or interpreted by the Board through a simple majority vote. A Fund Charter may refer to other documents that further describe the operations and nature of a fund. Formal Resolutions of the Board that apply to a particular fund will be attached to the Fund Charter as appendices.

This Charter for the Lemke Fund was *originally* adopted by the Board of Directors of the AEG Foundation on April 15, 2007. *This revision to the Charter was duly adopted by the Board of Directors of the AEG Foundation on November 29, 2007.*

By:

David F. Fenster, Secretary

FUND CHARTER

LEMKE FUND

INTRODUCTION

The Lemke Fund was created by a bequest received in 2007 from the estate of Richard W. and June T. Lemke. The fund name honors the memory of Richard W. Lemke (1913-2003) and June T. Lemke (1919-2005). This career summary is drawn from the citation for his election to Honorary Member of AEG (Anonymous, 1980) and the Memorial article by Hansen and Colton (2004). Richard (Dick) Lemke enjoyed a long and active career with the U. S. Geological Survey from 1938 to 1976. His early experience was with the USGS mineralogy and petrology laboratory, followed by a supervisory position in the Missouri River Basin Geologic Mapping program. He worked in the Engineering Geology Branch of the U. S. Geological Survey from 1950 until his retirement. His assignments included a vehicular crossing of the Greenland ice cap in World War II, studying earthquake effects and participating in post-earthquake recovery operations in Chile and Alaska, and seminal studies of the geology of underground nuclear testing sites in Nevada. Dick married Ellenor June Thomas in August of 1940, while he was employed by the U.S. Geological Survey in Washington DC. June was his companion on many geological assignments and trips. During World War II, she worked for defense agencies in Washington, and was a secretary to Edward Teller.

Dick was president of the Association of Engineering Geologists in 1970, and was elected an Honorary Member in 1980. He was supportive of students, his fellow geologists, and the profession of engineering geology.

PURPOSE AND SCOPE

The terms of the bequest are straightforward. It is to be used “to establish the Lemke Fund for scholarships for the study of engineering geology.”

Original Charter Scope

In *originally* adopting this Fund Charter by motion at the AEG Foundation Board of Directors meeting on April 15, 2007, the Board considered

- the nature of the Lemke bequest,
- the range of scholarships currently offered by the AEG Foundation, and
- the oft-stated need for scholarships to assist students with the cost of attending Annual Meetings of the Association of Environmental and Engineering Geologists.

The Board reviewed similar programs of other professional geological associations, and selected one as a model for the Lemke Fund scholarships.

Expanded Charter Scope

In September 2007, the Association of Environmental and Engineering Geologists (AEG) provided additional funding to the Lemke Fund with a gift of proceeds from a successful multi-disciplinary and multi-organization international conference held in Vail, Colorado. With the positive experience of student participation in this type of conference, the AEG Executive Council proposed to the AEG Foundation that the Lemke Fund Charter be expanded, upon receipt of AEG's additional funding, to provide scholarship grants to student members of AEG to attend selected national or international meetings or conferences in which AEG participates substantially as a sponsor, co-sponsor, organizer, or manager.

The Board believes that the Lemke Fund fills a need in its portfolio of scholarship funds by using it to support student member participation in AEG Annual Meetings. The Board adopts this statement of scope for the Lemke Fund:

The Lemke Fund supports the scholarly and professional development of student members of the Association of Environmental and Engineering Geologists by awarding grants intended to offset part of the cost of attending and participating in scientific and technical conferences and association meetings . These grants are named "Lemke Scholarships" and may be awarded to students at the undergraduate or graduate levels. Awards will be made by the AEG Foundation to deserving student members who are sole author or first author of a paper or poster that they personally present at the meeting or conference. The number of awards and value of the awards will be determined annually by the Foundation Board.

FUND MANAGEMENT

General Conditions

Grants from the Lemke Fund are intended to recognize and support deserving undergraduate or graduate students who are student members of the Association of Environmental and Engineering Geologists. Grants are made directly to the student recipients. The Lemke Fund does not support general and administrative (overhead) costs, technical or scientific consulting fees, or equipment purchase or maintenance costs of an educational institution employing or teaching individuals who receive grants from it. Lemke Scholarship grants are not payment for services. In keeping with the Internal Revenue Code classification of the AEG Foundation as a 501(c)3 charitable organization, the Foundation will not make grants supporting activities or publications that are designed to be used to influence political decisions or processes. The AEG Foundation Board of Directors will make all decisions regarding disbursement of grants from the Lemke Fund in its sole discretion.

In applying for a grant from the AEG Foundation, the grant applicant recognizes that the funds received from the AEG Foundation are intended to offset some costs of attending and participating in substantially all days of technical sessions at the meeting or conference. Applicants must be Student Members of the Association of Environmental and Engineering Geologists at the time of application, or apply for student membership at time of application. Lemke Scholarship application forms are available on the AEG Foundation web site. Membership application forms are available on the AEG web site.

The AEG Foundation may issue an IRS Form 1099 to scholarship recipients. Recipients will be asked to provide the necessary information upon application. Recipients should consult their tax advisors regarding taxability of the award.

Application Review and Awards

Application due dates are stated on the application form. A student may receive only one Lemke Scholarship per meeting. Recipients of other AEG Foundation scholarships may also apply for and receive a Lemke Scholarship in the same year.

Applications are reviewed and awards recommended by a Selection Committee appointed by the AEG Foundation Board of Directors. Awards will be made based primarily on the scientific quality and relevancy to engineering geology of the abstract submitted for the meeting or conference. If the number of acceptable applications exceeds the number of grants available, the Selection Committee may develop prioritization criteria or use a random selection method. The number of awards made each year and the value of the awards are both variable, depending on available funding, the number of applicants, and other factors. The Committee may recommend no award if it chooses.

The award checks will be presented to the student authors after they present their paper or poster.

MANAGEMENT PROTOCOLS FOR THE LEMKE FUND

Introduction

The fund management protocols represent a desire by the Board to achieve long-term stability in the administration of the Foundation's assets and consistency in the administration of its scholarship funds and programs.

Accounting Standards

Consistent with Board Resolution No. 2006-1 (adopted on May 26, 2006), accounting terminology used in this Fund Charter is intended to conform to Statement of Financial Accounting Standards No. 117, published by the Financial Accounting Standards Board (1993).

Classification of Fund Assets

With the advice of its independent accountant, the Foundation Board determined to classify all gifts and donations to the Lemke Fund, including founding gifts, as a *Temporarily Restricted Net Asset*. Earnings of the Lemke Fund will be *Unrestricted Support*.

Sub-Funds

For fund administration purposes, the Lemke Fund has two sub-funds, 1) AEG Annual Meeting Support, and 2) Other Meeting and Conference Support. Sub-Fund 1 includes the original Lemke bequest and all donations and earnings of the Lemke Fund through September 30, 2007. Sub-Fund 2 includes \$15,359.82 allocated to the Lemke Fund from AEG's gift to the Foundation dated September 27, 2007.

Lemke Scholarships for AEG Annual Meetings (Sub-Fund 1)

In general, the Board intends to limit distributions from this sub-fund to earnings of the sub-fund and pass-through donations.

Lemke Scholarships for Other Meeting and Conference Support (Sub-Fund 2)

In conformance with donor intent, Sub-Fund 2 may be spent down or exhausted. The Board will establish an annual budget for expenditures from this sub-fund.

Lemke Fund Management Protocols

1. The Board will at least annually review the Lemke Fund balance and its allocation, giving consideration to establishing or changing Board-designated set-asides.
2. With respect to classifying the earnings of invested assets of the Lemke Fund, the Board determines that all earnings are Unrestricted Support.
3. The Foundation may accept donor-designated gifts to the Lemke Fund that have time or purpose limits consistent with this charter. These donations are Temporarily Restricted Net Assets, and earnings from them are Unrestricted Support. The Board's Gift Acceptance Policy will apply.
4. Identifiable costs directly related to the operation of the Lemke Fund may be expensed to the Lemke Fund.
5. Unless otherwise directed by the donor, donations to the Lemke Fund will be allocated equally between Sub-Fund 1 and Sub-fund 2.
6. Earnings of the Lemke Fund will be allocated pro-rata to Sub-Fund 1 and Sub-Fund 2.
7. The Board may assess an operational support fee to assist in funding the Foundation's general administrative and fundraising expenses.

GOALS ADOPTED BY THE BOARD OF DIRECTORS

Long-Term Use of the Lemke Fund

The Board believes that the Lemke Fund Purpose and Scope made a part of this Fund Charter are consistent with the Foundation's mission and authority. The Board believes that the Lemke Fund should grow to make more awards, and eventually may be used to make grants to student attendees of AEG Annual Meetings for field trip registration costs. These opportunities exceed the support level available from the present fund balance.

Fund Balance Goals

Additional donations are invited. The Board sets the long-term funding goal for the Lemke Fund at \$100,000 for Sub-fund 1. For fund development purposes, this goal is divided into \$25,000 increments. No long-term goal is set for Sub-fund 2 because it is donor-designated as a "spend down" fund.

SCHEDULE FOR REVIEW OF CHARTER, FUND OPERATIONS, AND GOALS

The board may maintain this charter unchanged or make revisions at any time. This fund charter shall be reviewed by the Board of Directors in even-numbered calendar years at its spring meeting. The Program Committee shall prepare a review report with recommendations for consideration by the board at that time. The Board may reclassify net assets described in this Charter under the concepts of SFAS 117 to meet the Foundation's mission and operational needs as they change from time to time, provided that, as to the funds from the original bequest, the terms of the bequest are honored.

REFERENCES CITED

Anonymous, 1980, Honorary Member of the Association of Engineering Geologists Richard W. Lemke. Bulletin of the Association of Engineering Geologists, Vol. XVII, No. 4, Fall, 1980, p. 223.

Hansen, Wallace R., and Colton, Roger B., 2004, Memorial to Richard W. Lemke, 1913-2003. AEG News, Vol. 47, No. 2, pp. 13-14.

APPENDIX ONE: FUND HISTORY

Donations and Donor Intent

Sub-Fund 1

The distribution from the Lemke estate for \$25,000 was made, in accordance with the terms of the will, to the Association of Engineering Geologists “to establish the LEMKE FUND for scholarships for study in the field of engineering geology.” The Association (now Association of Environmental and Engineering Geologists) received the funds in January 2007 and transferred \$25,000 to the AEG Foundation, instructing the Foundation to create and administer the Lemke Fund in accordance with the terms of the will.

The entire amount of the bequest was classified as a Temporarily Restricted Asset upon receipt by the Foundation. By the statement of donor intent quoted from the will, there is no requirement placed on the Foundation to hold any of the assets for income and protect them from invasion.

Sub-Fund 2

Sub-Fund 2 was created in October 2007, to accept and administer the gift from AEG of \$15,359.82 as advised by the donor.

Additional donations are invited.

APPENDIX TWO: HISTORY OF FUND BALANCE AND DISBURSEMENTS

(To be written)

APPENDIX THREE: BOARD RESOLUTIONS AND MOTIONS

(Attach)