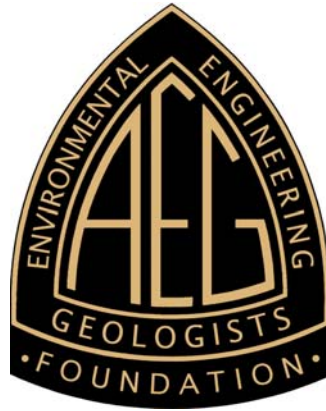


AEG FOUNDATION



CHARTER

NORMAN R. TILFORD FIELD STUDIES SCHOLARSHIP FUND

SUPPORTING FIELD STUDIES IN ENVIRONMENTAL AND ENGINEERING
GEOLOGY BY UNDERGRADUATE AND GRADUATE UNIVERSITY STUDENTS

**AEG FOUNDATION
P. O. BOX 460518
DENVER, CO 80246**

(303) 757-2629

**EMAIL: STAFF@AEGFOUNDATION.ORG
WEB: WWW.AEGFOUNDATION.ORG**

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 revision of the Charter for the Norman R. Tilford Field Studies Scholarship Fund was duly adopted by the Board of Directors of the AEG Foundation on April 15, 2007..

By:

David F. Fenster, Secretary

FUND CHARTER

NORMAN R. TILFORD FIELD STUDIES

SCHOLARSHIP FUND

The Tilford Fund of the AEG Foundation was established by the Foundation (then the Engineering Geology Foundation) in 1998 to create a scholarship fund that emphasized and supported field studies. The fund name honors the memory, work, and professional contributions of Norman R. Tilford, (1934-1997), a consultant, professor, past president of the Association of Engineering Geologists, and the Executive Director of the Association at the time of his death. Historical background of the Tilford Fund is provided in Appendix One to this Charter.

PURPOSE AND SCOPE

From the description in the 2005 AEG Directory: “This scholarship fund was established in 1998 in memory of Norman R. Tilford.... This fund is distributed as grants awarded to graduate and undergraduate students in support of field studies. The awards are based on demonstrated scholarship, ability, participation, and the potential for contributions to the profession.”

In initially adopting this Fund Charter by motion at the AEG Foundation Board of Directors meeting on April 9-10, 2006, the Board stated the purpose and scope of the Tilford Fund as:

The Tilford Field Studies Scholarship Fund supports geologic field studies by students at the undergraduate and graduate levels. Recipients of grants will be designated as “Tilford Scholars.” Awards will be made by the AEG Foundation to outstanding students based on demonstrated ability, scholarship, potential for contributions to the profession, character, and activities in student/professional societies.

FUND ADMINISTRATION AND OPERATION

General Conditions

Grants from the Tilford Fund are intended to recognize and support deserving undergraduate or graduate geology students who are Student Members of the Association of Environmental and Engineering Geologists. The Tilford 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. Tilford Scholarship grants are not payment for services, and are intended by the Foundation to be “qualified scholarships” as defined by the Internal Revenue Service. 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, in its sole discretion, all decisions regarding disbursement of grants from the Tilford Fund, acceptance of donor conditions on gifts, and fund management.

In applying for a grant from the AEG Foundation, the grant applicant agrees to abide by the terms of the Grant Application and Agreement, and to

- use the funds received from the AEG Foundation for the proposed use
- use the funds in accordance with applicable law and regulation
- avoid activities in the use of the funds that would jeopardize the AEG Foundation's tax-exempt status,
- provide the Foundation with a brief written report on the research sponsored by the grant (suitable for publication in the AEG News), and
- maintain student membership in the Association of Environmental and Engineering Geologists during the life of the grant.

Application Review

Applications are reviewed by a panel (Selection Committee) of professional geologists. Awards will be made based on demonstrated ability, scholarship, potential for contributions to the profession, character, and activities in student/professional societies. The Application Form, available on the AEG Foundation web site, provides full instructions. All decisions of the Committee are final. The Committee may recommend no award if it chooses.

Management Protocols for the Tilford Fund

Prior to the adoption of this Fund Charter, the Foundation Board initially agreed for start-up purposes that only the earnings from the invested corpus of the Tilford Fund would be used to fund awards. Later, the Foundation Board accepted donor-designated time-limited and purpose-limited donations for current use to fund awards if the available earnings were not sufficient to fund all the scheduled awards.

Recognizing the value of structured management of the funds, the Board adopted this Fund Charter and protocols for the management of Tilford Fund assets by a motion approved at its April 9-10, 2006, meeting. Concurrent with the subsequent adoption of Board Resolution No. 2006-1, this Fund Charter was revised to conform to Statement of Financial Accounting Standards No. 117, published by the Financial Accounting Standards Board (1993).

The fund management protocols represent a desire by the Board to achieve long-term stability in the administration of the Foundation's assets and uniformity in the administration of its scholarship funds and programs. The objective of protecting certain funds from invasion is supported by implementing Board-Designated Set-Asides as the fund balance grows.

Tilford Fund Management Protocols

1. The Board will at least annually review the Tilford Fund balance and its allocation, giving consideration to establishing or changing Board-designated set-asides.
2. With respect to classifying donations to the Tilford Fund made through May 26, 2006, the Board determined that all donations are Temporarily Restricted Net Assets.
3. With respect to classifying the earnings of invested assets of the Tilford Fund, the Board determined that all earnings are Unrestricted Support.
4. Donations to the Tilford Fund made after May 26, 2006, are Temporarily Restricted Net Assets unless the donor stipulates another specific purpose or classification.
5. The Board may accept donor-designated gifts to the Tilford Fund that have time or purpose limits. These donations are Temporarily Restricted Net Assets, and earnings from them are Unrestricted Support. The Board's Gift Acceptance Policy will apply.
6. Identifiable costs directly related to the operation of the Tilford Fund may be expensed to the Tilford Fund.
7. The Board may assess an administrative support fee to assist in funding the Foundation's general administrative and fundraising functions.

GOALS ADOPTED BY THE BOARD OF DIRECTORS

Long-Term Use of the Tilford Fund

The Board believes that the Tilford 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 Tilford Scholarship Awards occupy a special niche by their emphasis on field geology, the essential core skill in applying geology to human endeavor.

At the time of this revision to the Charter, the annual Tilford scholarship awards consist of 1) \$1000 to an undergraduate student, 2) \$1500 to a Master's candidate, and 3) \$1500 to a doctoral candidate.

The Board may consider increasing the value of the awards if sufficient funding develops. These opportunities exceed the support level available from the present fund balance.

Fund Balance Goals

The Board sets the long-term funding goal for the Tilford Fund at \$100,000. For fund development purposes, this goal is divided into \$25,000 increments.

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 odd-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 if additional information is brought forward justifying such reclassification.

APPENDIX ONE FUND HISTORY

From the Foundation Board Minutes of 18 December 1997: *“Ivey discussed a proposal by Susan Steele Weir that a special scholarship fund be established in memory of Norman Tilford. Steele Weir has been in contact with Deborah Green-Tilford [Norman’s widow] requesting any contributions in the memory of Tilford be applied for educational purposes. The Board concurred that a scholarship in his name be established either as a one-time item or continuing as appropriate depending on amount of contributions.”*

From Board Minutes 20 May 1999: *“Tilford Scholarship: ...The Board agreed that the rules of this award should prohibit exceeding the interest available from the principal and permit a modest increase in principal to account for inflation.”*

From Board Minutes 27 September 1999: *“Tilford Scholarship: At present about \$27,000.00 are available.... The goal of the Tilford Scholarship committee is to raise about \$45,000.00.... Only the interest would be available for the scholarships.... The scholarships are to be used primarily for student field work, in accordance with the philosophy of the late Norman Tilford.”*

The Foundation’s fund-raising literature does not make (and has not made) a promise that a donation to the Tilford Fund, absent specifically stated donor intent, will be treated as “restricted” in any way or that some specific percentage of the donation will be retained as an “endowment” in that named fund.

It could be said that the Foundation board in 1999 agreed to treat donations to the Tilford Fund as Permanently Restricted in SFAS 117 terms, although the Board did not adopt Statement of Financial Accounting Standards No. 117 as the basis of Foundation accounting until 2006. Through April 8, 2006, the Board was unaware of SFAS 117 and its nomenclature and standards. The intent of the Board of 1999 to protect net assets from invasion was stated in the only terms familiar to the Board, without knowledge of the options offered by applicable accounting standards. This obligation can be met by classifying the donations through May 26, 2006, as Temporarily Restricted Net Assets and treating the total as a Board-Designated Set-Aside. In fact, donors made donations with no stated restrictions, and none of record specifically stipulated that their donations were restricted in the SFAS 117 sense of Permanently Restricted. From the standpoint of future operational flexibility, a more convenient protocol would be to classify all donations as Temporarily Restricted (unless the donor clearly stipulates a different classification), and then to use the mechanism of Board-Designated Set-Asides from time to time to provide additional emphasis on using only the earnings from certain pools of invested funds.

APPENDIX TWO BIOGRAPHICAL INFORMATION

(From an obituary)

Norman Ross Tilford, professor of geology at Texas A&M University and executive director of the Association of Engineering Geologists (AEG), died in an airplane accident on Nov. 13, 1997, while flying his Cessna 180 from College Station, Texas. Tilford, who was 62 years old, joined Texas A&M in 1985 with 30 years of international geology experience.

Professor Tilford was en route Nov. 13 to Van Horn, Texas, where he was meeting his students for a field trip. They reported him missing on Nov. 14. Intense searching by the Civil Air Patrol proved unsuccessful, but two hunters found the plane's wreckage on Dec. 13 in a densely wooded area about nine miles west of Johnson City, Texas. Tilford apparently died on impact.

"We have lost a good friend and colleague," says Christopher Mathewson, who is also a professor of geology at Texas A&M. "The engineering geology profession has lost a dedicated servant, Texas A&M University has lost a great teacher, and the Association of Engineering Geologists has lost an outstanding leader."

Tilford was born in Moscow, Kan., On Dec. 14, 1934. He started his engineering geology career working on foundation geology with the U.S. Army Corps of Engineers in Los Angeles. Subsequently, he worked in west Pakistan for the Harza Engineering Company. After he earned his master's degree in geology from Arizona State University in 1966, he worked for the Philadelphia Port Corp. and then joined Ebasco Services Inc. in 1969. Tilford was the company's head geologist when it constructed the Keban Dam in Turkey, one of the largest dams in the world at that time. Beginning in 1975, he served as Ebasco's chief geologist and traveled throughout the United States and the world as a consulting geologist.

As a Texas A&M professor, Tilford was known for his incorporation of real life situations into his classroom teaching and on field trips, Mathewson says. Tilford focused on active tectonics, water resources development, evaluation of geological hazards, and site selection studies.

He was a member of several associations and was particularly active the Earthquake Engineering Research Institute, the U.S. Committee on Large Dams, and AEG, serving as AEG's executive director since last June. AEG gave him its Floyd T. Johnston Service Award in 1992.

**APPENDIX THREE
HISTORY OF INCOME, EXPENSES, AND DISBURSEMENTS**

(To be written)

**APPENDIX FOUR
BOARD RESOLUTIONS AND MOTIONS**

(Attach)