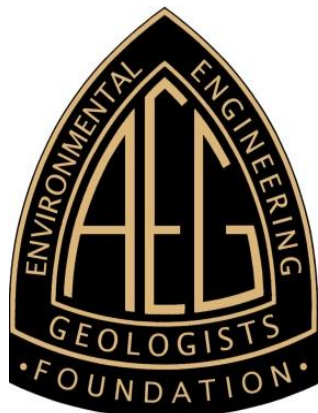


AEG FOUNDATION



CHARTER

RESEARCH FUND

FUNDING APPLIED ENVIRONMENTAL AND ENGINEERING GEOLOGY
RESEARCH PROJECTS FOR CONSULTANTS, ACADEMICS, AND GRADUATE
STUDENTS

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THE PURPOSE OF AEG FOUNDATION FUND CHARTERS

An AEG Foundation Fund Charter is a document adopted by the Foundation's 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 accounting and legal standards. 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 history, nature, and operations of a fund. Formal Resolutions of the Board that apply to a particular fund are attached to the Fund Charter in an appendix.

This Charter for the Research Fund of the AEG Foundation was originally adopted by the Board of Directors of the AEG Foundation on November 29, 2007. This revision was adopted by the Board of Directors on February 29, 2012.

By:

William K. Smith, Secretary

FUND CHARTER

AEG FOUNDATION RESEARCH FUND

PURPOSE AND SCOPE

The AEG Foundation Research Fund was established by the AEG Foundation on September 25, 2007 to support small research projects performed by consultants, retired geologists, university professors, or graduate students. Initial funding was provided by a gift from John and Nancy Peck. Appendix One to this Charter will list fund growth and disbursements.

The purpose and scope of the AEG Foundation Research Fund, developed in cooperation with the original donors, is:

The purpose of the Fund is to provide financial support for small research projects that advance the science and application of environmental and engineering geology. The Fund will expend \$5000 each year for proposed research if one or more projects are approved by a review committee and recommended to the Board for funding. The proposed research must be completed within one year unless special provisions are agreed to by the participant and the Board. A written report on the results of the research, or a progress report on continuing research, will be required to fulfill the terms of the research grant. The grants may be used in conjunction with grants from other professional organizations to support larger projects if warranted by the specific project requirements. The intent is to encourage individuals to propose on research that is not generally funded by other institutions or agencies.

The Board finds that the Research 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 Research Fund serves a valid need to support small applied research projects that will advance scientific knowledge in the profession of environmental and engineering geology. In adopting this Fund Charter by motion at the AEG Foundation Board of Directors meeting on November 29, 2007, the Board accepts the purpose and scope stated above.

FUND ADMINISTRATION AND OPERATION

General Conditions

Grants from the AEG Foundation Research Fund are intended to support small research projects in applied environmental and engineering geology leading to publication of results that will be useful to practitioners and (or) the public. Grants from the Research Fund may be used by recipients to support the direct costs of fieldwork, laboratory services, library services, photography and imaging services, expendable supplies,

consulting fees, and page charges for publication in a peer-reviewed journal or book. The Research Fund does not support general and administrative (overhead) costs, or the purchase or maintenance costs of assets with a depreciable life of one year or more. All publications based on work performed under a grant from the AEG Foundation Research Fund must be peer reviewed. 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 publications that are designed to be used to influence political decisions or processes. The AEG Foundation Board of Directors will make all decisions regarding grants from the Research Fund in its sole discretion.

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 directly 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,
- track the receipt and expenditure of grant funds in its bookkeeping and accounting system in a way that provides a clear audit trail demonstrating compliance with appropriate accounting standards and the terms of the Grant Application and Agreement,
- provide the Foundation with written interim (if required) and final reports that document the project and demonstrate compliance with grant conditions,
- acknowledge the support of the AEG Foundation in publications and presentations that make use of the work supported by the grant, and
- provide the Foundation with one paper copy or offprint of any publication that incorporates work supported by the grant, and with references to any electronic publication that incorporates work supported by the grant.

Additional grant conditions are imposed on each grant as appropriate through the mechanism of the Grant Application and Agreement.

The AEG Foundation issues an IRS Form 1099 to grant recipients. Recipients will be asked to provide the necessary information to complete the Form 1099 upon receipt of their grant. Recipients should consult their tax advisors regarding taxability of the grant.

Donor Intent

Recognizing donor intent, the establishing gift to the AEG Foundation is classified as a Temporarily Restricted Net Asset. The donor places no restrictions on "spending down" the gift. Additional gifts will be treated identically unless there are clearly stated donor restrictions that differ.

Management and Operational Protocols for the AEG Foundation Research Fund

Recognizing the value of structured management of the funds, the Board adopted this Fund Charter and protocols for the management of the AEG Foundation Research Fund assets by a motion approved at its November 29, 2007, meeting.

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 funds and programs. Accounting terminology in this charter is intended to conform to Accounting Standards Codification (ASC).

Research Fund Management Protocols

1. Unless otherwise specified by the donor, contributions to the Research Fund are classified as Temporarily Restricted Net Assets in accordance with Accounting Standards Codification (ASC) until such contributions are expended for purposes consistent with this Charter. Earnings from contributions are classified as Unrestricted Net Assets, unless otherwise specified by the donor. The Fund may accept contributions with time or purpose limits consistent with this Charter. The Foundation's gift acceptance policy will apply. The Board may from time to time reclassify assets of the Fund in accordance with ASC, consistent with donor intent.
2. Identifiable costs directly related to the operation of the Research Fund may be expensed to the fund.
3. The Board may assess an operational support fee on gifts to the Research Fund to assist in funding the Foundation's general administrative and fundraising functions.

Research Fund Operational Protocols

1. The Foundation contemplates funding projects that can be carried to completion within one year of initiation unless specific exception is approved by the Board.
2. The expected range of grant values is \$2,000.00 to \$5,000.00.
3. Grant applications will be reviewed by the Programs Committee or another committee appointed by the President, which will make a recommendation to the full Board.
4. Grants will be approved or further conditioned only by approval of a motion made at a board meeting.
5. Grant applications should be received at least 90 days before funding is required.
6. The Foundation may disburse grants in stages, depending on progress made.

GOALS ADOPTED BY THE BOARD OF DIRECTORS

Long-Term Use of the Research Fund

The life of the Research Fund will depend on spending rate, earnings, and additional donations to the fund. The original donor placed no restrictions on “spending down” the gift. Additional donations will be treated in like manner unless the donor specifically designates otherwise.

Fund Balance and Spending Goals

Given the authority to “spend down” the fund, the Board does not establish any fund balance or rate-of-spending goals.

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 at least every five years on a schedule to be determined by the Board. The Programs Committee shall prepare a review report with recommendations for consideration by the Board at that time.

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

Research Grants Awarded

- 2008 William C. Hanneberg, Reconnaissance Engineering Geology of the Laprak Landslide, Gorkha District, Nepal.
- 2010 Edmund Medley, Field Trip Presentation for Civil Engineering Students to Demonstrate the Importance of Engineering Geology.
- 2011 Christopher J. Stohr, Satellite Imagery for Environmental Reuse of Cement Kiln Dust and Sewage Disposal Discharge in East Beni Suef, Egypt.
- 2012 Matthew Wyman, A Geotechnical Investigation of Structurally Controlled Failures in Underground Openings in Volcanic Tuff, Cappadocia, Turkey.
- 2014 John Peck, Investigation of a possible impact structure in western Texas.

**APPENDIX TWO
BOARD RESOLUTIONS AND MOTIONS**

- 11/29/2007 Original charter approved by the AEG Foundation Board of Directors.
- 4/9/2011 Review schedule changed to at least every five years.
- 2/29/2012 Changes to Fund Management Protocols.