

The Alpha Foundation for the Improvement of Mine Safety and Health, Inc.-The First Six Months

The Alpha Foundation for the Improvement of Mine Safety and Health, Inc. (Foundation) is pleased to present its first semi-annual report, *The First Six Months*. The purpose of this report is to introduce the foundation, its history and mission; to discuss the research path and processes charted, as we commence the proposal and funding cycle; and, to emphasize our goal of attracting participation and proposals from outstanding researchers and organizations.

But first, a historical account. In December 2011, The United States Attorney's Office for the Southern District of West Virginia, the United States Department of Justice and Alpha Natural Resources, Inc. ("Alpha") and Alpha Appalachia Holdings, Inc. entered into a Non-Prosecution Agreement related to the explosion at Upper Big Branch Mine, which was owned by Performance Coal Company, a former affiliate of Massey Energy Company, which Alpha acquired in June 2011, over a year following the UBB explosion. Pursuant to that agreement:

- *Alpha agrees to establish a trust within 120 days from the date of the execution of this Agreement to fund projects designed to improve mine health and safety*
- *During the two-year period commencing on the date of this Agreement, Alpha will pay a total of \$48,000,000 into the trust, and those monies will be used solely to fund research and development projects by qualified academic institutions, not-for-profit entities, or individuals associated with either of those types of entities*
- *The trust will be administered by three highly qualified individuals with academic and/or professional backgrounds in mine health and safety*

In April 2012, **The Alpha Foundation for the Improvement of Mine Safety and Health, Inc.** was created by completing and filing the necessary legal and founding documents, including the Foundation Certificate of Incorporation in the state of Delaware, By-Laws, a Resolution to Appoint Directors and a Conflict-of-Interest Policy. The three Directors, Michael Karmis, Foundation President, David Wegman, Vice President-Treasurer and Keith Heasley, Vice President-Secretary (see biographies in www.alpha-foundation.org/directors.html) began work immediately.

In May 2012, the Foundation applied to the IRS for tax-exempt status, as described in Section 501(c)(3) of the Internal Revenue Code. The Directors met and agreed that the Foundation should expend interest and principal, aiming at an 8-10 year research horizon to deplete all funds. The Foundation also appointed David Belden, an experienced manager of non-profits and professional associations, as the part-time Executive Director of the Foundation (see biography at www.alpha-foundation.org/executive_team.html).

The Board also established the guiding principles of the Foundation, as follows:

- **Mission:** *To improve mine health and safety through funding research and development projects by qualified academic institutions and other not-for-profit organizations*
- **Vision:** *To enable miners in the future to be free of work-related injury or disease by the implementation of the results of the projects funded by the Foundation and undertaken by the best researchers from any discipline that can contribute.*

For the next six months, through October 31, 2012, the Foundation made significant steps in completing its organization and structure, including:

- Selected the Glenmede Trust Company (Glenmede) to be the investment manager of the Foundation, following a rigorous competitive process that included nine firms. Glenmede (<http://www.glenmede.com>) has a widely known practice, including a large number of not-for-profit organizations. Glenmede will also provide administrative and operational management services, including foundation and tax management, as a supplement to the investment management services
- Appointed Shapiro & Duffalo LLC, a New York CPA firm with extensive experience with not-for-profit organizations, to be the financial auditor of the Foundation
- Engaged the legal firm of Davidoff Hutcher & Citron, LLP, having broad experience with not-for-profit organizations, to be the Foundation's independent outside counsel
- Obtained business as well as Directors and Officers liability insurance coverage, using the resources of a Washington, DC insurance broker with a substantial not-for-profit experience base

The Foundation has established an initial website (www.alpha-foundation.org) that contains basic information on the Foundation (mission and vision statements, Director biographical information, an events page and a contact page). In the future, the website will be expanded to publish the Requests for Proposals (RFPs) and also document the research results as the funded research projects progress.

A major initiative of the Foundation was to convene a research meeting to discuss priorities and issues in mine safety and health research with the broad research community, and to solicit recommendations for attracting participation and projects from outstanding researchers and organizations. This meeting was held on October 10 and 11, 2012, in Charleston, West Virginia. Specifically, the meeting's major goals were to:

- Introduce the Foundation
- Address, with the broad research community and key stakeholders, priorities and issues in mine safety and health research
- Discuss how to complement existing research efforts and to nurture new initiatives
- Address major research barriers and gaps

- Solicit recommendations for attracting participation and projects from outstanding researchers and organizations

On the opening day, the program included a keynote session with participation of major stakeholders, followed by focused panels aimed to discuss in more detail several major safety and health areas where research might be targeted. The second day was devoted to an open discussion on developing research priorities, identifying potential barriers and attracting innovative projects. The meeting was very well attended, with 65 organizations and entities represented, more than 140 attendees during the opening day and about 60 participants contributing to discussions on the second day. The complete meeting program, including the formal presentations, can be found at: www.alpha-foundation.org/events.html. The Foundation also greatly appreciates the written comments, ideas and suggestions submitted for consideration.

The Directors feel that the meeting and the discussions were extremely valuable and will allow the Foundation to be more informed in developing research priorities for the first solicitation. The meeting also helped to facilitate the engagement of the scientific research community and promote involvement by the key stakeholders, e.g., the mining industry, government agencies, mine-worker organizations and support companies and vendors, in the discussions. Finally, the meeting also provided the first forum to inform the interested public about the Foundation, its mission, vision and goals.

Looking forward, the Foundation is anticipating the IRS will grant its application for tax-exempt status and receipt of an installment of funding from Alpha. Pursuant to the Agreement, the Foundation will be fully funded by December 2013.

The project selection cycle will commence with review of submitted brief concept papers (pre-proposals). The most promising projects will then be invited to submit full proposals for review. The review at both stages will be performed by outside independent experts and the Foundation Directors. In terms of schedule, it is anticipated that the Foundation will announce a Call for Proposals in January 2013 that would include details of the submission process, deadlines and other information and guidelines. The review of concept papers and, subsequently, of full proposals will be completed by June 2013, when the Directors expect to announce the selected projects in the first round of solicitation.

The Directors are looking forward to working with the safety and health research community and all stakeholders to advance projects that can fulfill the Foundation's vision of eliminating work-related injury and disease for the nation's miners.



Michael Karmis, President
Alpha Foundation for the Improvement of Mine Safety and Health, Inc.
November 1, 2012