

South Dakota Science and Technology Authority Board of Directors
Meeting Minutes
Monday, May 11, 2015
Lead, South Dakota

The Board of Directors of the South Dakota Science and Technology Authority (SDSTA) convened at 10:01 AM Mountain Time (MT) on Monday, May 11, 2015 via teleconference. Listening posts for the public were established at the office of the South Dakota Science and Technology Authority, 630 East Summit Street, Lead, South Dakota, and at the conference room of the South Dakota Department of Tourism and State Development, 711 East Wells Avenue, Pierre, South Dakota.

MEMBERS OF THE BOARD IN ATTENDANCE BY TELEPHONE

Mr. Paul Christen
Mr. Dana Dykhouse
Ms. Pat Lebrun
Vice Chairperson Ron Wheeler

MEMBERS OF THE BOARD NOT IN ATTENDANCE

Mr. Thomas Adam
Dr. Ani Aprahamian
Chairperson Casey Peterson
Dr. Heather Wilson

SDSTA STAFF

Mr. Tim Engel, Legal Counsel (by telephone)
Ms. Nancy Geary, Chief Financial Officer
Mr. Mike Headley, Executive Director
Ms. Mandy Knight, User Support Office Manager
Ms. Leatta Mathis, Contracts Specialist

ITEM 1. – CALL TO ORDER

Vice Chairperson Ron Wheeler called the meeting to order at 10:01 AM (MT). Roll call was held. A quorum of members was present by telephone and included Mr. Christen, Mr. Dykhouse, Ms. Lebrun, and Vice Chairperson Wheeler. There was no response from the Pierre listening post.

ITEM 2. – APPROVE AGENDA

Vice Chairperson Wheeler asked for a motion to approve the agenda.

Motion by Mr. Christen and second by Ms. Lebrun to approve the agenda. By roll call vote, the motion passed unanimously.

ITEM 3. – CAPTIVE INSURANCE DISCUSSION AND APPROVAL OF JOINT POWERS AGREEMENT AND SDSTA MEMBERS TO CAPTIVE BOARD

SDSTA Legal Counsel Mr. Tim Engel updated members on the Joint Power Agreement (JPA) and the status of the Captive Insurance project.

Mr. Engel conveyed the captive insurance project is progressing very well and several issues have been addressed. As of last Friday, the extension of the coverage period for the existing SDSTA commercial general liability policy challenge appears nearly resolved. Coverage will be extended until the Captive policy is issued, with no cancellation charge and, hopefully, no increase in premium. The project

remains on target for applications to be submitted to the South Dakota Division of Insurance in late July, with approval anticipated by Labor Day. The Captive policies would be issued shortly thereafter.

Mr. Engel explained the JPA, sometimes referred to as an intergovernmental agreement, states that the South Dakota Bureau of Administration (BOA), South Dakota Science and Technology Authority (SDSTA), South Dakota Building Authority (SDBA), South Dakota Health and Educational Facilities Authority (HEFA), Educational Enhancement Funding Corporation (EEFC), South Dakota Housing Development Authority (SDHDA), and South Dakota Ellsworth Development Authority (SDEDA) agree to form a Captive Insurance Company and that certain formation and administrative services will be provided by the BOA. The BOA is the parent entity of the Office of Risk Management (ORM), which serves as the Authorities' partner in this project. The Bureau of Finance and Management will provide accounting services and the Department of Legislative Audit will serve as the auditor. Mr. Engel stressed that the JPA is the agreement to form the limited liability company (LLC) that will be governed by a board of managers; the documentation establishing the LLC is still in process.

The Captive will establish two cells. Cell One will provide coverages for the SDSTA and anticipates funding from repurposing \$2.5 million of the existing \$10 million indemnification fund. Cell Two will provide coverages for the other five Authorities, with a \$2 million Legislative appropriation to the BOA as its funding source.

Mr. Engel reported on recent communications with Homestake/Barrick about the proposed amendment to the Property Donation Agreement (PDA), which would allow the Captive to provide some of the coverage required by the PDA and repurpose the \$2.5 million from the indemnification fund.

Vice Chairperson Wheeler thanked Mr. Engel for the status report on the Captive Insurance Project and overview of the JPA. Hearing no further questions, he requested a motion to authorize signing the Joint Powers Agreement between the Authorities and to select two representatives to serve on the Captive Board.

Motion by Mr. Dykhouse and second by Mr. Christen to authorize SDSTA Chairperson Casey Peterson or Executive Director Mike Headley to sign the Joint Powers Agreement and to name SDSTA Vice Chairperson Ron Wheeler and Mike Headley to the Captive Board. By roll call vote, the motion passed unanimously.

ITEM 4. – EXECUTIVE SESSION

Motion by Ms. Lebrun and second by Mr. Christen to enter into executive session to discuss personnel matters and to consult with legal counsel concerning contractual matters. By roll call vote, the motion passed unanimously.

The board recessed at 10:14 AM for Executive Session and reconvened at 10:33 AM.

ITEM 5. – REPORT FROM EXECUTIVE SESSION

Vice Chairperson Wheeler reported that the board discussed personnel matters and consulted with legal counsel concerning contractual matters. He relayed that the updated Long Baseline Neutrino Facility (LBNF) management structure was discussed as it relates to SDSTA personnel. No action was taken.

Motion by Mr. Christen and second by Mr. Dykhouse to approve the executive session report. By roll call vote, the motion passed unanimously.

ITEM 6. – CONSIDERATION OF UPDATED LONG BASELINE NEUTRINO FACILITY (LBNF) MANAGEMENT STRUCTURE

Vice Chairperson Wheeler explained the updated LBNF management structure is a shared employment arrangement wherein Mr. Headley will continue as the SDSTA Executive Director while contracting

with Fermilab to serve as the Far Site Manager for the LBNF. The board's concerns with this dual role center on potential conflict of interest issues and avoiding any perception that the Sanford Underground Research Facility (SURF) would not be available to projects other than LBNF. Concerns will be mitigated by preparation of a Conflict of Interest document outlining how contractual actions between SDSTA and Fermilab will be conducted and by hiring a Laboratory Director to oversee day-to-day operation. The Laboratory Director position will report to the Executive Director and to the SDSTA Board of Directors.

Motion by Ms. Lebrun and second by Mr. Dykhouse to approve the updated LBNF management structure as presented wherein Executive Director Mike Headley remains an SDSTA employee while contracting with Fermilab to serve as Far Site Manager for the LBNF, and the SDSTA hires a Laboratory Director to oversee Sanford Laboratory's day-to-day operations. By roll call vote, the motion passed unanimously.

ITEM 7. – BOARD COMMENTS

Mr. Christen said he would see everyone on June 30 and looked forward to attending the Grand Opening of the new Sanford Lab Homestake Visitor Center. Vice Chairperson Wheeler reiterated that it would be a very big day.

ITEM 8. – ADJOURN

Vice Chairperson Wheeler asked if anyone had any other questions or comments, then called for a motion to adjourn.

Motion by Mr. Dykhouse and second by Mr. Christen to adjourn. Motion by roll call passed unanimously.

Meeting adjourned at 10:39 AM.