

**South Dakota Science and Technology Authority Board of Directors**  
**Meeting Minutes**  
**Thursday, March 17, 2016**  
**Lead, South Dakota**

The Board of Directors of the South Dakota Science and Technology Authority (SDSTA) convened at 9:00 AM Mountain Time (MT) on Thursday, March 17, 2016 in the 2<sup>nd</sup> Floor Vault Conference Room at the South Dakota Science and Technology Authority, 630 East Summit Street, Lead, South Dakota.

**MEMBERS OF THE BOARD IN ATTENDANCE**

Dr. Ani Arahamian (by phone)  
Secretary/Treasurer Patricia Lebrun (by phone)  
Chairperson Casey Peterson  
Vice Chairperson Ron Wheeler  
Dr. Heather Wilson (by phone)  
Dr. Robert Wilson (by phone)

**MEMBERS OF THE BOARD NOT IN ATTENDANCE**

Mr. Paul Christen  
Vice Chairperson Dana Dykhouse

**SDSTA STAFF**

Ms. Michelle Andresen, ESH Administrative Assistant  
Ms. Billi Bierle, Sanford Lab Homestake Visitor Center Director  
Mr. Tim Engel, Legal Counsel  
Ms. Nancy Geary, Chief Financial Officer  
Mr. Mike Headley, Executive Director  
Dr. Jaret Heise, Science Director  
Ms. Sharon Hemmingson, Business Services and Contracts Manager  
Dr. Markus Horn, Research Scientist  
Ms. Mandy Knight, Administrative Services Manager  
Mr. KC Russell, Cultural Diversity Coordinator  
Mr. Noel A. Schroeder, Environment, Safety and Health (ESH) Director  
Ms. Constance Walter, Communications Director  
Mr. Walter Weinig, Laboratory Director

**ALSO PRESENT DURING ALL OR PART OF THE MEETING**

Dr. June Apaza, Education and Outreach Director (BHSU)  
Ms. Kay Jorgensen, Cultural Advisory Committee Member

**ITEM 1. CALL TO ORDER**

Chairperson Peterson called the meeting to order at 9:00 AM (MT). Roll call was held. Chairperson Peterson and Vice Chairperson Wheeler were present in person and Dr. Robert Wilson joined the meeting by telephone. Mr. Paul Christen and Vice Chairperson Dana Dykhouse were absent. Chairperson Peterson asked guests to introduce themselves.

*At 9:02 AM, Dr. Heather Wilson joined the meeting by telephone. At 9:03 AM, Ms. Pat Lebrun joined the meeting by telephone and a quorum was established.*

## **ITEM 2. APPROVE AGENDA**

Chairperson Peterson asked for a motion to approve the agenda. Mr. Mike Headley asked if agenda items under the Executive Director's Report could be moved out of order, if needed, and Chairperson Peterson said yes.

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

## **ITEM 3. APPROVE MINUTES**

Chairperson Peterson asked for comments, changes or corrections to the Minutes of the December 10 and December 22, 2015 meetings. Hearing none, a motion to approve was requested.

*Motion by Mr. Wheeler and second by Dr. Robert Wilson to approve the Minutes of the December 10 and December 22, 2015 meetings as presented. By roll call vote, the motion passed unanimously.*

## **ITEM 4. AUDIT COMMITTEE REPORT**

Audit Committee Chairperson Ms. Patricia Lebrun reported the Audit Report for Fiscal Year Ended June 30, 2015 was finalized and is in the board packet for discussion. She said the letter from the Auditor's Office to the Governor in regard to compliance stated a clean audit, no non-compliance and no discrepancies. Ms. Lebrun pointed out Item h in the report, under the Federal Awards, "The SDSTA as a component unit of the State of South Dakota did not qualify as a low-risk auditee." Dr. Robert Wilson asked for clarification of what a "low-risk auditee" meant. Chairperson Peterson advised the board that when any auditor takes an audit engagement they must determine a risk level, they analyze the auditee as an entity and also based on federal funding, federal programs per their testing and types of operations and contracts to give them what types of testing to perform as part of their audit process.

Chairperson Peterson requested the language should be corrected on page 5, last paragraph, Item 8: "Significant Commitments, Contracts and Subsequent Events" and wording modified from "private investors" to "non-profit". Vice Chairperson Wheeler assured the board there are no private partnerships and asked Chief Financial Officer Ms. Nancy Geary to follow up on the language with the Auditor and provide an update at the June board meeting.

Chairperson Peterson noted a second wording modification on the same page, third paragraph per the Property Donation Agreement should read "the" instead of "our."

Ms. Lebrun congratulated and thanked Ms. Geary and her staff for yet another audit with no deficiencies noted. Chairperson Peterson acknowledged the Audit Committee report and said a motion to approve the report will be necessary at the June board meeting.

Ms. Lebrun ended with stating the Audit Committee had a teleconference on the topic of internal controls as it relates to SDSTA. She said the committee has decided to take a "wait and see" approach and do what is expected after the Governor's State Board of Internal Control establishes guidelines for internal controls.

## **ITEM 5. FINANCIAL REPORT**

Executive Director Mr. Mike Headley and Ms. Geary discussed the new water inflow pipe project and explained the underground water diversion plan. Ms. Geary said the project has been added to the CapEx list at an estimated cost of \$200,000.

*Dr. Aprahamian joined the meeting by telephone at 9:20 AM.*

The xenon purchase was discussed. Vice Chairperson Wheeler said bids were received in January at set prices and the option can be exercised within the next year to purchase additional liters at the locked in price.

## **ITEM 6. REPORT FROM THE EXECUTIVE DIRECTOR**

Mr. Headley discussed the SDSTA February Monthly Report beginning with the current safety performance, then proceeded with the following: Status update of both underground campuses, Ross Shaft rehabilitation 70% complete, LZ designs and construction plans advancing for the Department of Energy (DOE) Critical Decision (CD)-2/3b Review scheduled in April at Lawrence Berkeley National Laboratory (LBNL) and the Long-Baseline Neutrino Experiment/Deep Underground Neutrino Laboratory (LBNF/DUNE) progress.

Mr. Headley also provided an overview of the Strategic Planning objectives and said it has been entered into the P6 plan and is being reviewed monthly. Mr. Headley discussed the two Declarations of Surplus: the 125HP Roots blowers and the Yates Crusher equipment.

Mr. Headley discussed the revised Intergovernmental Agreement between the South Dakota Office of Risk Management and SDSTA. Mr. Engel said this was initially authorized for safety compliance purposes and it was time to update to exclude the property to be the leased property to DOE and update some other provisions.

*Dr. Heather Wilson left the teleconference at 9:46 AM.*

Mr. Headley discussed the First Amendment to the Memorandum of Understanding between the Homestake Visitor Center and SDSTA concerning the Creation and Operation of the Visitor Center and the related Instrument of Conveyance. Dr. Robert Wilson asked how the Visitor Center is shown on the balance sheet. Ms. Geary said this would be handled as a donation of approximately \$5 million, to occur before June 2016 and off the books by the end of the fiscal year.

Mr. Headley introduced SDSTA Laboratory Director Mr. Walter Weinig who gave a presentation on major operations activities. Mr. Weinig provided an update on the Ross Shaft Rehabilitation, Yates Top-Down Maintenance, water inflow mitigation, 4850L fire protection water system and current contracts. Mr. Weinig asked if there were any questions; there were none.

Mr. Headley then introduced SDSTA Science Director Dr. Jaret Heise who gave a presentation on Science Integration. Dr. Heise provided an update on the following: Davis Campus—Large Underground Xenon (LUX) and MAJORANA DEMONSTRATOR (MJD), Ross Campus—Black Hills State University Underground Campus (BHUC) and Compact Accelerator for Performing Astrophysical Research (CASPAR), and the newest experiment added to the Ross Campus, LUX-ZEPLIN (LZ) SOLO which relocated from the Soudan Mine in Minnesota.

*Dr. Aprahamian left the teleconference at 10:13 AM.*

*Motion by Mr. Wheeler and second by Dr. Robert Wilson to re-authorize the executive director to sign the amended Intergovernmental Agreement between the South Dakota Office of Risk Management and SDSTA. By roll call vote, the motion passed unanimously.*

*Motion by Mr. Wheeler and second by Dr. Aprahamian to authorize the executive director to sign the First Amendment to the Memorandum of Understanding between the Homestake Visitor Center and SDSTA concerning the Creation and Operation of the Visitor Center and the chairperson to sign the Instrument of Conveyance. By roll call vote, the motion passed unanimously.*

*Motion by Dr. Robert Wilson and second by Mr. Wheeler to accept the executive director's report. By roll call vote, the motion passed unanimously.*

## **ITEM 7. CONTRACTS**

Mr. Headley introduced Business Services and Contracts Manager Ms. Sharon Hemmingson to discuss contracts that were not included in the original budget from last June. The first contract discussed was to repair a section of the Yates Administrative Building parking lot. The lowest bidder, RCS Construction, was selected.

The second contract discussed was to replace the Administrative Building and Foundry roofs. Ms. Hemmingson stated three bids were submitted and the lowest bidder, Ainsworth Benning Construction, was selected.

The third contract discussed was to refurbish Yates Hoist Motor Generator sets. The LBNL operations contract has carry forward money which will be used for infrastructure upgrades to rebuild the motor generator sets. The total will be \$1.42 Million from the DOE funding. The lowest bidder, JoyGlobal, was selected.

The final contract discussed was the LZ Surface Radon Control System. Mr. Headley said a portion of the \$2 Million future fund grant for facility upgrades from the SD Governor's Office of Economic Development (GOED) will be used for this.

Mr. Headley thanked Ms. Hemmingson for all her work with the contracts.

*Motion by Mr. Wheeler and second by Ms. Lebrun to authorize the executive director to sign the final contract to repair the Yates Administrative Building parking lot as presented. By roll call vote, the motion passed unanimously.*

*Motion by Mr. Wheeler and second by Ms. Lebrun to authorize the executive director to sign the final contract to replace the Administrative Building and Foundry roofs as presented. By roll call vote, the motion passed unanimously.*

*Motion by Mr. Wheeler and second by Dr. Robert Wilson to authorize the executive director to sign the final contract to refurbish the Yates hoist motor generator sets as presented. By roll call vote, the motion passed unanimously.*

*Motion by Mr Wheeler and second by Ms. Lebrun to authorize the executive director to sign the final contract for the LZ Surface Radon Control System as presented. By roll call vote, the motion passed unanimously.*

Chairperson Peterson asked Vice Chairperson Wheeler to discuss the loan agreement for the additional xenon purchase. Vice Chairperson Wheeler said he submitted a proposal for the final purchase and met with the chairperson of the University Foundation as well as the chairperson of the Investment Committee for the Foundation. He said he is waiting to hear the outcome in the next couple of weeks.

## **ITEM 8. EXECUTIVE SESSION**

*Motion by Mr. Wheeler and second by Mr. Robert Wilson 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 10:38 AM for Executive Session and reconvened at 11:30 AM.*

## **ITEM 9. REPORT FROM EXECUTIVE SESSION**

Chairperson Peterson reported that the board discussed personnel matters and consulted with legal counsel concerning contractual and legal matters. No action was taken.

*Motion by Mr. Wheeler and second by Dr. Robert Wilson to approve the executive session report. By roll call vote, the motion passed unanimously.*

## **ITEM 10. REVIEW OF SDSTA POLICIES**

Mr. Headley briefly discussed the following policy recommendations and said they had been reviewed by Mr. Engel.

The following policies were recommended for approval:

- Manual Contents Page (*updated*)
- Policy 2:23 Identity Standards and Style Guide Policy (*new*)
- Policy 3:28 Delegation of Authority-Procurement (*updated; established upper limit on each level of authorization and clarified wording*)

The following procedures were presented for informational purposes only.

- Procedure 2:23A Identity Standards and Style Guide (*new*)
- Procedure 5.2A Code of Business Ethics and Conduct (*updated to include external hotline and third party website address*)

Ms. Lebrun inquired if the Sanford Lab logo is a registered trademark. Mr. Engel said the Sanford name is registered but the logos are not registered at this time as they are relatively new. SDSTA Communications Director Ms. Constance Walter mentioned it would be an expense of approximately \$3,000. Vice Chairperson Wheeler asked Ms. Walter to verify if DUSEL had registered it previously and to report the status to the board at the June meeting.

*Motion by Mr. Wheeler and second by Ms. Lebrun to approve the new and updated policies as presented. By roll call vote, the motion passed unanimously.*

## **ITEM 11. 2016 LEGISLATIVE UPDATE**

Mr. Engel said that the state legislators are very supportive of Sanford Lab. He said during the Legislative Session, he monitored bills relating or potentially relating to SDSTA such as building codes, personnel matters, bidding processes, mineral interests, open meetings and conflicts of interest.

Those relating to the SDSTA were the international building and fire codes, international mechanic codes and plumbing codes. He said the mineral interest bill relates to the mineral rights which Homestake donated to SDSTA. We will analyze what needs to be done to preserve those interests for SDSTA. He said House Bill 1066 Open Meeting laws will now require 48-business hours meeting notice instead of 24-hour notice effective July 1, 2016.

Mr. Engel said Senate Bill 73 contains the definition of an official meeting as one at which official business is discussed. SB 73 also includes meetings undertaken by telephone conference, Skype, etc., as "official meetings." There is nothing new for the SDSTA. He said Senate Bill 90 allows persons to record the meetings openly as long as it is not disruptive.

In regard to House Bill 1214, Mr. Engel said a conflict of interest disclosure and approval process adopted last year only applied to state employees. House Bill 1214 extends those same procedures to members of the SDSTA and other authority boards. This new law is almost identical to the Sanford Lab's current policy so there is no significant change.

## **ITEM 12. SDSTA EMPLOYEES LEAVING TO WORK FOR SDSTA VENDORS**

Mr. Engel advised the board that the conflicts of interest bills adopted in both 2015 and 2016 would not apply to persons leaving SDSTA employment to go to work for SDSTA vendors, but the 2016 legislation does apply to board members.

### **ITEM 13. SELECT NOMINATING COMMITTEE**

Chairman Peterson reminded the board of the annual election of officers. He said Dr. Aprahamian and Mr. Dykhoush have agreed to serve on the Nominating Committee. The election of officers will be held at the June meeting.

### **ITEM 14. CONFIRM DATE AND TIME OF NEXT MEETING**

Chairperson Peterson asked if there were any concerns with the board meeting scheduled for Thursday, June 16, 2016 at 9:00 A.M. (MT). There were none.

*Ms. Lebrun left the teleconference at 11:56 AM.*

### **ITEM 15. BOARD COMMENTS**

Dr. Robert Wilson said everything looks on track and SDSTA is doing great work as usual.

Vice Chairperson Wheeler complimented the entire staff, including Mr. Headley and Mr. Weinig. He said the optimism expressed at the last meeting still continues today. He said the meetings in Washington D.C. were very positive.

Mr. Headley thanked Ms. Andresen and Ms. Knight for their support and keeping the meeting on task. He said it is clear that the SDSTA has amazing professional people working and advocating for the Sanford Lab. He thanked the board for their continuous support. He also thanked the staff for making forward movement each day at Sanford Lab.

Mr. Engel thanked the board for the opportunity to represent them.

Chairperson Peterson thanked everyone and for working as a team. He wished everyone a Happy St. Patrick's Day and reminded everyone to be safe.

### **ITEM 16. ADJOURN**

Chairperson Peterson asked if anyone had any other questions or comments and called for a motion to adjourn.

*Motion by Mr. Wheeler and second by Dr. Robert Wilson to adjourn. Motion passed unanimously.*

**Meeting adjourned at 12:00 PM.**