

South Dakota Science and Technology Authority Board of Directors
Telephonic Meeting Minutes
Tuesday, April 19, 2016
Lead, South Dakota

The Board of Directors of the South Dakota Science and Technology Authority convened at 2:00 PM Mountain Time (MT) on Tuesday, April 19, via teleconference. Listening posts for the public were established at the office of the SDSTA at 630 E. 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

Dr. Ani Aprahamian
Mr. Paul Christen
Ms. Patricia Lebrun, Secretary/Treasurer
Mr. Casey Peterson, Chairperson
Mr. Ron Wheeler, Vice-Chairperson
Dr. Robert Wilson

MEMBERS OF THE BOARD WHO WERE NOT IN ATTENDANCE

Mr. Dana Dykhouse
Dr. Heather Wilson

SDSTA STAFF IN ATTENDANCE

Mr. Tim Engel, Legal Counsel (*by telephone*)
Ms. Nancy Geary, Chief Financial Officer
Mr. Mike Headley, Executive Director
Ms. Mandy Knight, Administrative Services Manager
Mr. Noel A. Schroeder, Environment, Safety and Health Director
Ms. Constance Walter, Communications Director

ALSO PRESENT DURING ALL OR PART OF THE MEETING

Mr. Joshua Willhite, Long-Baseline Neutrino Facility FSCF Project Manager

ITEM 1. CALL TO ORDER

Chairman Casey Peterson called the meeting to order. All members were present by roll call except Mr. Dana Dykhouse and Dr. Heather Wilson.

Chairperson Peterson asked participants at the listening posts in Pierre and Lead to identify themselves. There was no response at the Pierre listening post.

ITEM 2. APPROVE AGENDA

Chairman Peterson requested a motion to approve the agenda.

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

ITEM 3. DISCUSS EASEMENT FOR A CONVEYOR SYSTEM TO THE OPEN CUT

SDSTA Legal Counsel Mr. Tim Engel said the purpose of the easement is to allow for an overhead rock conveyor system to go across the Ellison Hill, the highway, city property and then deposit the excavated rock into the Open Cut. Mr. Engel referenced the draft Easement that was provided to the

board, and reported the city may have some concerns with the issue that relates to the term or termination date, of the draft Easement. Mr. Engel said that SDSTA would be obligated to indemnify the city if there were any claims that arose out of something SDSTA had done or not done, and that the SDSTA would be obligated to provide proof of insurance. Also, the SDSTA would have an obligation to maintain the conveyor system and dismantle it at the end of the project.

Because a final easement has not been approved by the City of Lead, Mr. Engel recommended a slightly different motion than noted on the agenda.

Motion by Mr. Ron Wheeler and second by Mr. Paul Christen to authorize the chairman, in consultation with executive director and legal counsel, to finalize the terms of, and execute, the easement to the Open Cut.

Mr. Christen asked if the city's only concern is the term? SDSTA Executive Director Mike Headley responded that the feedback from the City Administrator relates to the open-ended nature of the draft. Mr. Headley said he would be willing to shorten the period as long as it supported the needs of the project, but he had not seen any revised language relating to the term yet. LBNF Project Manager Mr. Joshua Willhite and Mr. Headley attended Lead City Commission meetings held on April 4 and 18 and fielded a number of questions. One of the issues would be the dust generated from the dumping of rock into the Open Cut. Mr. Headley said they have been discussing a game plan for dust control methods with some of the residents in the vicinity of the Open Cut.

Dr. Robert Wilson referenced the "Perpetual Easement" in the draft and said 20 years seemed like a long time. He asked if there is a clear reason to keep it open beyond the project and the cost to dismantle the system? Mr. Headley said the language was mimicked from an easement with Homestake for putting rock in the Open Cut. Mr. Headley said it is hoped there would be a possibility for future excavation for other experiments, but at this point there has been no funding from any of the federal agencies. If the SDSTA does not have a reasonable expectation of excavation, the SDSTA would work with the Department of Energy (DOE) to fund the dismantling of the conveyor system.

The cost of construction and operation of the waste rock handling system overall is built into the Long Baseline Neutrino Facility (LBNF) project cost, and LBNF Project Manager Elaine McCluskey is aware of the need for funding of potential dismantling of the conveyor system as well as decommissioning at end of construction. The conveyor system is a tagged asset and could be transitioned to the operations contract and maintained as part of our operations effort.

Mr. Christen asked if the easement is in perpetuity; Mr. Engel responded that it is perpetual, but with conditions. He said if SDSTA does not begin construction within 20 years, it goes away or if it is not needed within 10 years, it has to be removed. He said it is perpetual in that if it was in regular use, then it would go on as long as it was needed.

Mr. Christen asked the timeframe of bringing the rock up from underground? Mr. Headley said it would be approximately two and half years of excavation as the project is currently scoped.

Dr. Robert Wilson asked if the cost of the liability insurance is budgeted? Mr. Engel said this could be added to one of the SDSTA policies at no additional cost. Dr. Wilson asked what would happen if the City of Lead asked to double the insurance? Mr. Engel said he would have to discuss higher limits with the Captive Insurance Company. Currently, it would fall under the SDSTA's second tower of insurance with a \$20M limit of liability.

If the City asked for a significant increase in insurance, then the easement will be brought back to the board for discussion and further consideration.

Chairman Peterson asked about the time sensitivity to complete approval of the easement. Mr. Headley replied that SDSTA is working in parallel with the DOE's process for construction approval and would like to give assurance to the design process. He said he would like to see the easement approved in the next month so the design for the waste rock handling system is not delayed.

By roll call vote, the motion passed unanimously.

ITEM 4. – BOARD COMMENTS

Chairperson Peterson reminded members of the next regularly scheduled meeting on June 16 at 9am. He asked if board members had any comments.

Mr. Christen had no comment.

Dr. Aprahamian had no comment.

Dr. Robert Wilson had no comment.

Mr. Wheeler said he is glad it is moving forward.

Mr. Headley thanked everyone for their time and appreciated the support. He said the SDSTA will keep pushing forward.

Mr. Engel had no comment.

Chairperson Peterson said he would make sure that any changes to the Easement would be to the SDSTA's advantage and if not, the Board would meet again to discuss and consider the changes.

Chairperson Peterson repeated that the next board meeting will be held on Thursday, June 16 at 9:00 AM (MT).

ITEM 5. – ADJOURN

Chairperson Peterson asked for a motion to adjourn.

Motion by Dr. Robert Wilson and second by Dr. Ani Aprahamian to adjourn. By roll call vote, the motion passed unanimously.

The meeting adjourned at 2:22 PM (MT) on April 19, 2016.