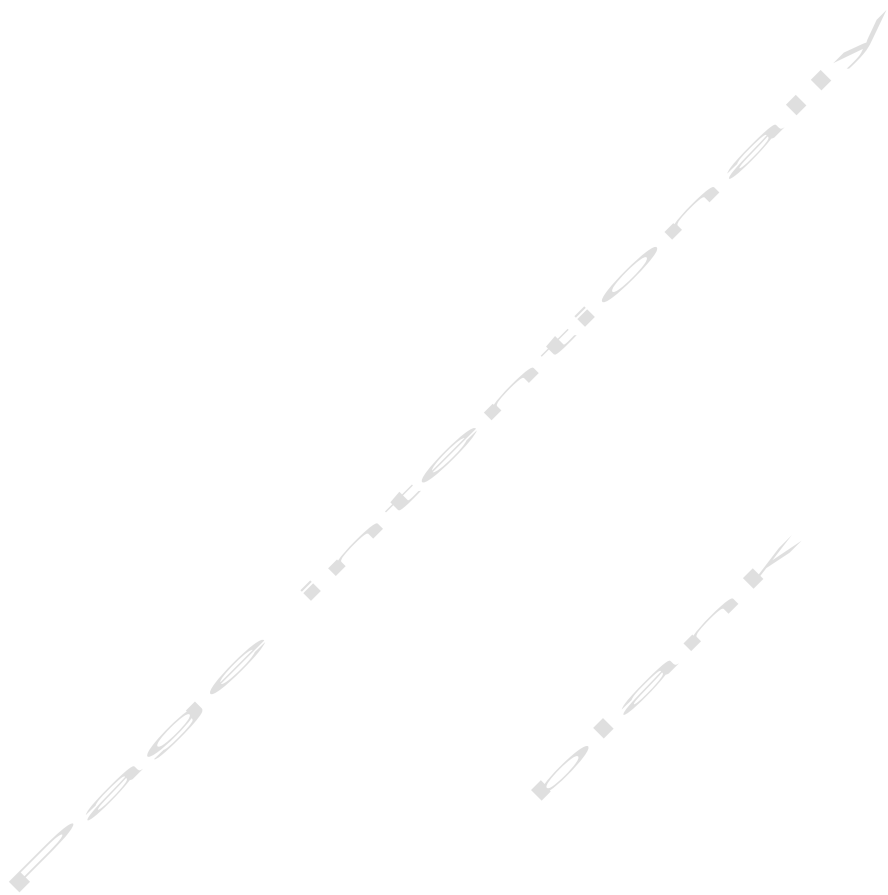


South Dakota Science and Technology Authority

**Board Meeting
March 16, 2023**



630 East Summit Street
Lead, SD 57754



Call to Order—Chairperson Casey Peterson

1A. Call Roll

Dr. Ani Aprahamian
Mr. Dana Dykhouse
Dr. Chris Fall
Ms. Pat Lebrun
Mr. Roger Musick
Mr. Casey Peterson
Mr. Ron Wheeler
Dr. James Rankin, ex-officio member

1B. Introduce guests—ask to announce name and affiliation

1C. Public comment form (submit forms prior to start of board meeting)

Procedure for Public Comment Periods

Pursuant to SDCL 1-25-1 as amended by House Bill 1172 in the 2018 Legislative Session the procedure for conducting public comment periods during meetings of the South Dakota Science and Technology Authority (SDSTA) shall be as follows:

The chair of the SDSTA shall reserve a period for public comment, limited at the chair's discretion, at each meeting.

Before the beginning of the meeting, all persons who wish to make comments during the comment period shall indicate their desire to do so on a form that will be provided by the Executive Director. The form shall indicate the person's name, city of residence and generally describe the matter or matters on which the person wishes to comment.

The amount of time allocated to each interested person who wishes to make comments will be determined at the chair's discretion at each meeting.

Comments must be limited to matters which are under the jurisdiction of the SDSTA.

All persons making public comments at meetings of the SDSTA must do so in a manner that maintains civility. Comments which contain offensive language or profanity will not be tolerated.

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SOUTH DAKOTA SCIENCE AND TECHNOLOGY AUTHORITY

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Adopted June 28, 2018



Public Comment Form

Full Name: _____

City of Residence: _____

General Subject Matter of Comments: _____

Approve Agenda—Chairperson Casey Peterson

Attached is the SDSTA Board agenda for the December 15, 2022 meeting.

See recommended motion below.

Recommended Action:

Motion to approve agenda as presented.

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AGENDA

South Dakota Science and Technology Authority

630 East Summit Street, Lead, South Dakota

Meeting of the Board of Directors

Thursday, March 16, 2023 at 8:00 AM (MT)

****Yates Education & Outreach Conference Room****

Public (Open) Session: 1-669-900-6833, Meeting ID: 605 722 4000, Passcode: 8650, <https://zoom.us/join>

NOTICE: Members of the public may listen to the meeting by calling 1-669-900-6833 and entering Meeting ID code: 605 722 4022. Please mute your phone after joining.

SDSTA Mission: *We advance world class science and inspire learning across generations.*

Title	Report	Recommendations
1. Call to order	-- Chair Casey Peterson	
A. Call roll		<i>1A. Confirm quorum by calling roll</i>
B. Introduce guests		<i>1B. Ask guests to announce their name and affiliation</i>
C. Public comment form		<i>1C. Reminder request to submit public comment form(s)</i>
2. Approve agenda	-- Chair Casey Peterson	<i>Motion to approve agenda</i>
3. Approve minutes	-- Chair Casey Peterson	<i>Motion to approve the December 15, 2022 minutes</i>
4. Conflict of interest disclosure	-- Mr. Tim Engel	<i>Informational</i>
5. Conflict of interest disclosure and waiver under SDCL CH. 3-23	-- Mr. Tim Engel	<i>"Motion to approve or deny" (as appropriate)</i>
6. SURF Foundation (SURFF)	-- Mr. Mike Headley	
A. SURFF status update	-- Ms. Michelle Kane	<i>Informational</i>
B. Institute branding	-- Ms. Elizabeth Freer	<i>Informational</i>
7. Report from Audit Committee	-- Mr. Casey Peterson	
A. Audit Committee meeting update	-- Ms. Pat Lebrun	<i>7A. See board packet for audit committee minutes and audit report</i>
B. Eide Bailly LLC audit update	-- Mr. Paul Kane	
C. SDSTA Audit Report-fiscal year ended June 30, 2022	-- Ms. Pat Lebrun	<i>7C. Motion to accept Audit Committee Report and to discuss Audit Report approval at the next regularly scheduled board meeting per statute</i>

Please do not place or accept cell phone calls during this meeting. A copy of this agenda has been posted in a manner visible to the public at the entrance to the South Dakota Science and Technology Authority office located at 630 East Summit Street, Lead, South Dakota at least 72 hours prior to this meeting. Telephone: (605) 722-8650.

AGENDA
South Dakota Science and Technology Authority
630 East Summit Street, Lead, South Dakota
Meeting of the Board of Directors
Thursday, March 16, 2023 at 8:00 AM (MT)

****Yates Education & Outreach Conference Room****

Public (Open) Session: 1-669-900-6833, Meeting ID: 605 722 4000, Passcode: 8650, <https://zoom.us/join>

Title	Report	Recommendations
8. Financial Report—January Financial statements	-- Mr. Mike Headley -- Mr. Terry Miller	<i>Motion to accept report as presented</i>
9. Report from Executive Director	-- Mr. Mike Headley	
A. SDSTA quarterly update		<i>Informational</i>
B. Sanford Lab Homestake Visitor Center (SLHVC) update	-- Ms. Kelly Kirk	<i>Informational</i>
C. Science / P5 update	-- Dr. Jaret Heise	<i>Informational</i>
		<i>Motion to accept executive director's report</i>
10. Approval of updated SDSTA Policies	-- Mr. Mike Headley	<i>Motion to approve updated Accounting and Audit Policy, Leave Policy, Management and Control of Certain Funds Policy and Reimbursement of Alcohol Policy as presented</i>
11. Select Nominating Committee	-- Chair Casey Peterson	<i>Chairperson to appoint members of nominating committee for election of officers at annual meeting</i>
12. Executive session (closed meeting)	-- Chair Casey Peterson	<i>Motion to enter executive session to discuss personnel matters and to consult with legal counsel concerning contractual and legal matters—SDCL 1-25-2(1), (3) and (4); 19-19-502</i>
13. Report from executive session	-- Chair Casey Peterson	<i>"The board consulted with legal counsel concerning contractual and legal matters. No action was taken."</i> <i>OR</i> <i>...as discussed and stated otherwise</i>
14. Approval of revised Risk Transfer Protocols	-- Mr. Tim Engel	<i>Motion to approve the revised Risk Transfer Protocols as presented, subject to presentation to Homestake</i>

AGENDA

South Dakota Science and Technology Authority
630 East Summit Street, Lead, South Dakota
Meeting of the Board of Directors
Thursday, March 16, 2023 at 8:00 AM (MT)

****Yates Education & Outreach Conference Room****

Public (Open) Session: 1-669-900-6833, Meeting ID: 605 722 4000, Passcode: 8650, <https://zoom.us/join>

Title	Report	Recommendations
15. Confirm date and time of next meeting	-- Chair Casey Peterson	<i>Thursday, June 22, 2023 at 8:00am (MT)—annual meeting</i>
16. Public comments	-- Chair Casey Peterson	
17. Board comments	-- Chair Casey Peterson	
18. Adjourn	-- Chair Casey Peterson	<i>Motion to adjourn</i>

**Meeting of the Board of Directors
Thursday, March 16, 2023**

SDSTA Board Member Terms of Service, Committees and Schedule

	Board Members and Terms of Service		
	Board Members	Appointed	Term Expires
1.	Dr. Ani Aprahamian	Re-appointed December 10, 2015	December 9, 2027
2.	Mr. Dana Dykhouse, Vice-Chair	Re-appointed August 15, 2020	August 14, 2026
3.	Ms. Patricia Lebrun, Secretary-Treasurer	Re-appointed August 5, 2016	August 8, 2022
4.	Dr. Chris Fall	Appointed December 1, 2021	August 8, 2027
5.	Mr. Roger Musick	Appointed September 19, 2018	August 21, 2022
6.	Mr. Casey Peterson, Chair	Re-appointed December 1, 2021	August 8, 2027
7.	Mr. Ron Wheeler	Re-appointed April 28, 2020	April 9, 2025
8.	Dr. James Rankin, <i>ex-officio member</i>	SDSM&T President as of Jan 8, 2018	
	Committees and Members (2022-2023)		
	Audit Committee Members (Sep):	Nominating Committee Members (Jun):	
	➤ Pat Lebrun-Chair, tbd	➤ Dana Dykhouse	
	➤ Dana Dykhouse, tbd	➤ Roger Musick	
	➤ Casey Peterson, ex-officio, tbd		
	2023 Board Schedule		
	Thursday, March 16 2023	8:00 am (MT)	E&O Bldg
	Thursday, June 22, 2023	8:00 am (MT), annual	E&O Bldg
	Thursday, September 21, 2023	8:00 am (MT)	E&O Bldg
	Thursday, December 14, 2023	8:00 am (MT)	E&O Bldg

Please do not place or accept cell phone calls during this meeting. A copy of this agenda has been posted in a manner visible to the public at the entrance to the South Dakota Science and Technology Authority office located at 630 East Summit Street, Lead, South Dakota at least 72 hours prior to this meeting. Telephone: (605) 722-8650.

Approve Minutes—Chairperson Casey Peterson

Attached are the December 15, 2022 Minutes for approval.

See recommended motion below.

Recommended Action:

Motion to approve the December 15, 2022 Minutes as presented.

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South Dakota Science and Technology Authority Board of Directors
Meeting Minutes
Thursday, December 15, 2022
Lead, South Dakota

The Board of Directors of the South Dakota Science and Technology Authority (SDSTA) convened at 9:00 A.M. Mountain Time (MT) on Thursday, December 15, 2022, in the Education and Outreach (E&O) Building Conference Room at the SDSTA, 630 East Summit Street, Lead, South Dakota. A conference number was posted on the agenda with an invitation for members of the public to participate in the meeting by telephone or videoconference.

MEMBERS OF THE BOARD IN ATTENDANCE

Dr. Chris Fall (by videoconference)
Secretary/Treasurer Patricia Lebrun (by videoconference)
Mr. Roger Musick (by videoconference)
Chairperson Casey Peterson (by videoconference)
Dr. James Rankin, ex-officio (by videoconference)
Mr. Ron Wheeler (by phone)

MEMBERS OF THE BOARD ABSENT

Dr. Ani Aprahamian
Mr. Dana Dykhous

SDSTA STAFF PRESENT DURING ALL OR PART OF THE MEETING VIA ZOOM

Ms. Christine Burger, Human Resource Manager (by phone)
Mr. Tim Engel, General Counsel (by videoconference)
Ms. Kim Flock, Controller (by phone)
Mr. Mike Headley, SDSTA Executive Director and SURF Laboratory Director (by videoconference)
Ms. Juliet Jones, Communications Marketing Specialist (by phone)
Mr. Bill Kelly, Contracts & Procurement Manager (by phone)
Ms. Mandy Knight, Administrative Services Manager (by phone)
Mr. William McElroy, Operations Division Deputy Director (by phone)
Mr. Terry Miller, Chief Financial Officer (by phone)
Ms. Nicol Reiner, Education & Outreach Director (by videoconference)
Dr. Priscilla Romkema, Interim SURF Foundation Director (by videoconference)
Ms. Deb Wolf, Outreach and Culture Director (by phone)

ALSO PRESENT DURING ALL OR PART OF THE MEETING

Ms. Elizabeth Freer, principal of dialogue LLC (by videoconference)
Ms. Michelle Kane, upcoming SURF Foundation Director (by videoconference)
Ms. Nicol Reiner, Education & Outreach Director (SURF/BHSU) (by videoconference)
Dr. Ben Saylor, BHSU Sanford Science Education Center Director/Professor (by videoconference)

ITEM 1. CALL TO ORDER

Chairperson Casey Peterson called the meeting to order at 9:00 A.M. (MT). Roll call was held. Ms. Pat Lebrun, Mr. Roger Musick, Chairperson Casey Peterson, Mr. Wheeler and Dr. James Rankin were present via Zoom. Dr. Chris Fall joined the meeting at 9:06 A.M. Mr. Dana Dykhous and Dr. Ani Aprahamian were absent. Chairperson Peterson then asked guests to introduce themselves. He said if any of the guests had any questions or comments for the board to address, time will be given at the end of the agenda to discuss. He reported no comment forms were submitted at this time.

ITEM 2. APPROVE AGENDA

Chairperson Peterson asked if there were any modifications to the agenda. SDSTA General Counsel Tim Engel suggested the deletion of Item No. 14 Risk Transfer Protocol since the draft is still being worked on and modification to Item No. 15's motion to add action on Directors and Officers Liability limits of insurance.

Chairperson Peterson asked for a motion to approve the agenda as amended.

Motion by Mr. Wheeler and seconded by Mr. Musick to approve the agenda as amended. Motion passed unanimously.

ITEM 3. APPROVE MINUTES

Chairperson Peterson asked if there were any comments on the September 22, 2022 Minutes. Hearing none, he asked for a motion to approve the minutes.

Motion by Mr. Musick and seconded by Ms. Lebrun to approve the September 22, 2022 minutes as presented. Motion passed unanimously.

Dr. Chris Fall joined the meeting at 9:06 A.M.

ITEM 4. GENERAL CONFLICT OF INTEREST DISCLOSURE

Mr. Tim Engel invited members of the board to disclose anything that might be construed to be a conflict of interest with respect to items under consideration at today's meeting.

There were no other disclosures.

ITEM 5. CONFLICT OF INTEREST DISCLOSURE AND WAIVER UNDER SDCL CH. 3-23

Mr. Engel said, in regard to disclosures and waivers under SDCL Ch. 3-23, he polled the board members prior to the meeting and no disclosures were made.

ITEM 6. SURF FOUNDATION REPORT

ITEM 6A. FOUNDATION STATUS UPDATE

Interim Foundation Director Dr. Priscilla Romkema provided an update on the SURF Foundation's status. She thanked the SDSTA for this opportunity and said it has been an honor to serve as the Interim SURF Foundation Director during the last 12 weeks as her role ends on December 16. She explained her role served as a bridge between the prior director and the search for a permanent Foundation Director as well as to provide stability and an objective set of eyes to the Foundation. She also welcomed incoming SURF Foundation Director Ms. Michelle Kane, who will start on January 9. Dr. Romkema said it is important not to underestimate philanthropy and the power the Foundation can bring. She recited several quotes on what can happen with philanthropy and how they relate to the Foundation's mission and vision. The overview included the following: 1) Professional role as Interim SURF Foundation Director-Purpose and Focus, 2) Individual and Collective Efforts at SURF, 3) Quarterly initiatives including messages to SDSTA and SURF Foundation Boards, participation and engagement in meetings, development of 2022 Annual Donor Appeal letter, participation in South Dakota Day of Giving, creation of fundraiser *Full STEAM Ahead!* (rescheduled for January 21, 2023 proceeds to benefit Education & Outreach and the Sacred Circle Garden at SURF, which is 70% funded). Dr. Romkema concluded with questions and comments.

Chairperson Peterson asked Dr. Romkema's assessment of SURF's outreach activities. She replied that E&O activities, Deep Talks, etc. have helped keep individuals informed. She said events bring new

relationships and new connections for follow up. She recommended doing more of the same and to provide talks to service entities such as Kiwanis, Zonta Club, and Rotary across the state and more strategic opportunities. She said work done to date has been fabulous, but it is also important to think about what groups that are missing and how to disseminate the message.

Mr. Headley thanked Dr. Romkema for her work and introduced incoming Foundation Director Michelle Kane. Ms. Kane provided a brief talk on her background and said events take time and effort but it is a great way to thank people. She said her connections outside of South Dakota will also be important.

ITEM 6B. INSTITUTE KICKOFF PLAN

Dr. Fall asked, relevant to SDSTA and Institute and SURF Foundation, if a relationship with the Kavli Foundation has been pursued? Mr. Headley replied it was one of the institutes that was looked at during the Institute scoping study. Dr. Fall spoke highly of Kavli and upon agreement, said he would connect Kavli with SDSTA.

Mr. Headley then introduced principal and owner of dialogue LLC Elizabeth Freer who gave an overview of the Institute Kick-Off Plan. She discussed the following: 1) Institute Vision, Kick-Off Plan Goal, Process and Developments in 2021-2022. 2) Initial Science Programs, which included Long-Range Planning efforts, Center for Theoretical Underground Physics & Related Areas (CETUP) plans, Science Community Talks for Scientists (seminars and colloquia), Collaboration Meetings, Reviews and Conferences. 3) Education & Outreach, and Public Programs including Internships, Davis-Bahcall Scholars, Public Outreach Events; Sanford Lab Homestake Visitor Center (SLHVC). 4) Logistics: Partnerships & Available Facilities including Non-SDSTA/Community Facilities. 5) Next Steps including Logo & Facility Design including Branding, Logo and Website, 2023 Organization and Kick-Off Staffing Plan, 2024 Draft Staffing Plan. 6) Summary of Funds Required in Calendar Year 2023. 7) Recommendations and 8) Questions & Discussion.

Mr. Wheeler asked how much additional money is in the budget and where will the money come from? Mr. Headley replied from a funding perspective the recommendation is to add \$185,000.00 to the budget from SDSTA funds as seed money to get the Institute kicked-off.

Ms. Lebrun asked if Mr. Headley is considering asking for federal money? Mr. Headley replied no, and that the strategy is to raise private funds. Ms. Lebrun asked if allocating money from SDSTA will be on a permanent basis, and Mr. Headley replied the goal is to raise money for the Institute in the future. She asked how does the Institute relate to the Foundation and does the Foundation raise the money? Mr. Headley replied that the expectation is for the Foundation to raise money for the Sacred Circle Garden and then transition to fundraising for the Institute.

Chairperson Peterson asked about the Major Gifts Officer and Program Manager roles as it relates to the SURF Foundation Director's role in raising money? Mr. Headley explained the amount of money needed to be raised and programs implemented will require more staffing than the Foundation Director alone. However, staffing can be done incrementally based on needs and what resources are available.

Dr. Rankin commented that Elevate Rapid City is very excited to partner with SDSTA on rental space.

Chairperson Peterson thanked Ms. Freer for her contributions to the project and invited a motion to extend her contract in order for Ms. Freer to provide follow-up services pending the hiring of a Program Manager. He said it would be difficult to find the right person to do the scope of work proposed for dialogue LLC, especially a non-conflicted person, as Ms. Freer has the expertise and background knowledge of SDSTA and this particular project. Chairperson Peterson said he will continue to be Ms.

Freer's supervisor during this short term and he said it is important to state that there are no better and economically advantageous options.

Mr. Wheeler said there is no comparable person and agreed with Chairperson Peterson.

Before further discussion, Mr. Headley stated he has a conflict of interest due to the fact Ms. Freer is his spouse.

Mr. Headley left the meeting at 10:11 A.M.

Mr. Engel said Ms. Freer has had familiarity with the project before working on the Institute project. Ms. Freer said she has been involved with various phases of the lab since 2007 when previously working with a consulting company Oppenheim Lewis. She said she also worked in a couple different capacities on the project including CASPAR's project manager. She said to clarify the scope of work Chairperson Peterson described, it is a continuation of the Kick-Off Plan to help with facility visioning and branding and it takes the knowledge of the scoping document as it would be difficult for someone new coming on. She said her continued work will help get the groundwork ready for the next person to pick up and carry through the work that is needed.

Mr. Wheeler said the board granted an exception when Ms. Freer's original contract was approved and although this expands the scope, the board has done its due diligence in that respect.

Mr. Engel read the proposed motion.

Motion by Mr. Wheeler and seconded by Mr. Musick that (a) the board finds a more advantageous transaction with a non-conflicted person is not possible, (b) the board finds the proposed transaction is in the SDSTA's best interest, for its own benefit, and is fair and reasonable; and (c) authorizing the Chair to execute an amendment to the contract with dialogue LLC for the sum of \$15,000.00 for participation in the Institute for Underground Science at SURF facility concept design and branding development and for support to the onboarding of new Institute staff and the SURF Foundation Director, with the chairperson to provide a copy of the contract modification to the board upon execution. Motion passed unanimously.

Mr. Headley returned to the meeting at 10:17 A.M.

ITEM 6C. FY2023 BUDGET AMENDMENT

Mr. Headley said he would like the board to approve \$185,000.00 of SDSTA funds allocated to the Institute kick-off activities. He confirmed that there is enough money in depreciation-funded cashflow to cover the amount.

Mr Wheeler asked Mr. Headley whether reserve funds were still in place. As a reminder to the Board, Mr. Headley said the SDSTA has reserve funds that can be used if federal funds are unavailable to advance the mission. He said those funds may be used for cashflow if there is a government shutdown or an interruption in federal funding; it allows SDSTA to keep operating. In addition, with a local bank, SDSTA has a \$5M line of credit that can be tapped for cashflow in an emergency.

Motion by Dr. Fall and seconded by Mr. Wheeler to amend the SDSTA FY2023 budget to add \$185,000.00 to fund the kick-off of the Institute for Underground Science at SURF. Motion passed unanimously.

ITEM 7. AUDIT COMMITTEE UPDATE

Ms. Lebrun said the Audit Committee Charter has not met because the Department of Legislative Audit is no longer auditing SDSTA and an independent auditor Eide Bailly has been hired to complete a

thorough audit, which is not ready at this time. Ms. Lebrun said it should be ready for review at the March meeting, with approval requested at the June meeting.

Chair Peterson thanked Ms. Lebrun for continuing to help the Board in the interim until a new Board member is appointed by the Governor.

ITEM 8. FINANCIAL REPORT

ITEM 8A. OCTOBER FINANCIAL STATEMENTS

Mr. Miller said statements through October 31, 2022, were included in the board packet. Finance and Accounting has been diligently helping the auditors, and the meeting is earlier in the month than normal, so the November statements were not completed in time for the board meeting. He pointed out a couple of changes from the prior month and last board meeting, including fixed assets increased for construction work in progress for infrastructure improvement projects. Mr. Miller said new this year highlighted by Eide Bailly is GASB No. 83 Asset Retirement Obligation Allocation. He said SDSTA is reporting it in two areas on the balance sheet: Deferred Outflows which is depreciated over time and also under Liabilities. Mr. Miller said with an Asset Retirement Obligation, if the SDSTA facility had to close, it has to be reported on the financial statements as an external and internal obligation. He said external obligations would include, for example, if the US Environmental Protection Agency (EPA) or the SD Department of Agriculture and Natural Resources (DANR) helped with the SDSTA closure; an internal obligation was created at the time SDSTA signed the Property Donation Agreement and established a \$1M Closure Fund. Mr. Miller said he worked with internal experts on the dollar amount on the financial statement. He said it is a \$1.1M obligation which is less than the actual cash balance in the mine closure fund of approximately \$1.5M.

Mr. Miller said under Xenon Purchased, SDSTA sold excess xenon inventory. He said when the November Financial Statements are distributed, there will be a receivable of \$2.8M reported from Linde. The money will be used to pay off a portion of the loans from the three foundations (South Dakota Community Foundation, University of South Dakota Foundation and South Dakota State University Foundation).

Chairperson Peterson asked how the gain on sale of xenon is going to be reported and if it is passed through to the foundations? Mr. Miller replied that is currently shown as a sale of assets and will eventually go to equity in the November Financials and zero out.

Chairperson Peterson asked several questions regarding the comparative financial statements. He said there are larger than normal variations in the following: Other Income is lower by ~\$220,000.00 compared to the Wastewater Treatment Plant (WWTP) and Other; Overhead is up by ~\$600,000.00, Supplies are down by ~\$600,000.00 and Capital Outlay up by ~\$1.5M which then shows a deficit year-to-date.

Mr. Headley said in regard to the WWTP, the deep well pump was replaced a few months ago and went down within a few weeks of replacement. He said the new replacement will be installed in February 2023. SDSTA has drastically reduced using Barrick water as a result, so Barrick is not paying SDSTA to treat water. Once the deep well pump is up and running, water treatment for Barrick should go back to normal.

Chairperson Peterson said he is comfortable having Mr. Miller research his questions and get back to the board with answers.

Motion by Ms. Lebrun and seconded by Mr. Musick to accept the financial report as presented. Motion passed unanimously.

ITEM 9. REPORT FROM EXECUTIVE DIRECTOR

ITEM 9A. DECLARATIONS OF SURPLUS (2)

Mr. Headley said two items for surplus are included in the board packet and asked if anyone had any questions or comments. No comments or questions were raised.

ITEM 9B. SDSTA QUARTERLY UPDATE

Mr. Headley said recent accomplishments include 46% completion of the Long Baseline Neutrino Facility (LBNF) excavation by volume; a completed contract and construction to begin on the Sacred Circle Garden next spring and to be completed by the end of August 2023; Institute for UG Science at SURF Kickoff; fundraising efforts underway to excavate additional 4850L underground lab space; “Snowmass” Summer Study and Underground Facility Recommendations; SURF Foundation Director Michelle Kane was hired and starts January 9, 2023; Yates Shaft maintenance increased in the upper 500 feet of the shaft and around the 4100 Level; New Oro Hondo backup fan installation is continuing with commissioning planned in January 2023; and new HR Information System implementation is underway, with rollout in late December 2022.

Mr. Headley shared several photos illustrating LBNF construction progress and said he would like to plan a time in the next few months for the SDSTA Board members to visit the work underground.

Mr. Headley said a tour was held on December 9 for several state legislators (the second tour in the last two months) during which he talked about the proposed build out, all of which was well received.

Mr. Headley reported that Conclusion No. 4 of the Snowmass Recommendation (“Following the 2014 P5 Recommendation No. 20, R&D and decision making for a third-generation direct detection dark matter program should commence immediately to enable a construction start in the late 2020s”) is one of the future types of science that SDSTA is targeting and additional underground space must be on a track to host those new experiments by the end of this decade. Therefore, it is urgent to get the funding in 2023.

Mr. Headley thanked Chairperson Peterson for organizing the blessing of the Sacred Circle Garden with Mr. Moves Camp. He also said the fundraiser with the SDSTA staff and the local Foundation for Health, for the October Breast Cancer Awareness, was a great success.

The space at Elevate Rapid City is 320 square feet and ready for SDSTA to begin utilizing it in January.

Motion by Dr. Fall and seconded by Mr. Wheeler to accept the executive director’s report as presented. Motion passed unanimously.

ITEM 10C. E&O UPDATE

Mr. Headley introduced Education & Outreach Director Ms. Nicol Reiner who began her presentation by sharing a table of data illustrating the number of student interactions for the Education and Outreach (E&O) Department, including a total of 6,678 student contacts during the 2022-2023 school year. She said numbers are only one way of measuring success and stories are another way of highlighting achievements. Ms. Reiner then shared The Stories of E&O: Cheyenne Eagle Butte, Nations Classroom and Box Elder Job Corp, and Always Learning. In conclusion, Ms. Reiner briefly discussed upcoming work, including professional development support, continued work with South Dakota Established Program to Stimulate Competitive Research (EPSCoR) programs to help teachers facilitate professional development, continued week-long face-to-face science institute, working on a two-year contract with the Spearfish School District to support them, attending additional conferences and helping post-secondary teachers.

Dr. Rankin said it is great to get students excited about STEM, but in the smaller schools of South Dakota, many do not have good math and science education. Ms. Reiner agreed and said E&O does not collect those types of numbers, but the team is trying to focus on rural school districts since students do not have solid interactions or highly qualified teachers that stay long-term. E&O is finding out which schools need the help and will focus on those interactions.

Motion by Dr. Fall and seconded by Mr. Musick to accept the Executive Director's report as presented. Motion passed unanimously.

ITEM 10. APPROVAL OF UPDATED SDSTA POLICIES

Mr. Headley said HR Manager Chris Burger has joined the meeting; Ms. Burger assisted with updates to the policies presented as part of the effort to get ready for the new HR Information System. Areas were found where SDSTA needed to be better aligned with the Fair Labor Standard Acts for example. Mr. Headley reviewed the updates and asked if there were any specific questions. There were none.

Mr. Engel noted that Mr. Aaron Scheibe from his firm reviewed the SDSTA policies before they were finalized.

Motion by Mr. Wheeler and seconded by Ms. Lebrun to approve updated Absenteeism and Tardiness Policy, Alcohol, Controlled Substances and Testing Non-DOT Policy, Salary & Hourly Payroll Policy and Telephone Reimbursement Policy as presented. Motion passed unanimously.

ITEM 11. DISCUSS REGISTRATION OF LOBBYISTS

Mr. Engel explained that every year at the December meeting, the board authorizes several persons to register as lobbyists for SDSTA. In the past, he and Mr. Headley have attended the Joint Appropriations Committee budget hearing and met with leadership. He suggested the board authorize Mr. Headley, Mr. Engel, Mr. Doug Abraham, Chairperson Peterson (to help obtain appropriations) and GSG Strategies, an advocacy firm based out of Pierre, to help focus on the appropriations.

Motion by Mr. Wheeler and seconded by Dr. Fall to designate Mike Headley, Tim Engel, Doug Abraham, Casey Peterson, and GSG Strategies as lobbyists for the SDSTA for the 2023 Legislative Session. Motion passed unanimously.

ITEM 12. EXECUTIVE SESSION

Motion by Mr. Musick and seconded by Dr. Fall to enter into executive session to discuss personnel and contractual matters and to consult with legal counsel concerning legal and contractual matters as permitted by SDCL 1-25-2(1), (3) and (4), and SDCL 19-19-502. Motion passed unanimously.

The board recessed at 11:05 A.M. for a ten-minute break followed by executive session.

The board reconvened in open session at 12:18 PM.

A quorum was confirmed.

ITEM 13. REPORT FROM EXECUTIVE SESSION

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

Motion by Mr. Wheeler and seconded by Dr. Fall to approve the executive session report. Motion passed unanimously.

ITEM 14. APPROVAL OF REVISED RISK TRANSFER PROTOCOLS

This agenda item was removed per the agenda as amended in Item No. 3.

ITEM 15. 2022 COMMERCIAL GENERAL LIABILITY RENEWAL

Mr. Engel said the commercial general liability renewal is still in process and that the agent indicated the packet with quotes would be available at latest by this Monday. He is hopeful to have it done and renewed before Christmas; otherwise, there is nothing substantive to report.

In regard to Directors and Officers Liabilities Insurance and limits of liability for the policy, historically, SDSTA has had \$5M of limits. Assuming the board would like to continue, Mr. Engel suggested the board adopt a motion to direct SDSTA staff to procure \$5M of limits of Directors and Officers Liability coverage.

Motion by Mr. Wheeler and seconded by Mr. Musick to direct SDSTA staff procure \$5M of limits of Directors and Officers Liability coverage. Motion passed unanimously.

ITEM 16. APPROVAL OF THREE XENON LOAN EXTENSIONS AND EXECUTION OF PAYMENTS

Mr. Headley said he worked with the LZ Collaboration on a portion of reserved xenon to be sold to fund a principal payment to the three foundations (South Dakota Community Foundation, University of South Dakota Foundation, and South Dakota State University Foundation) that helped to finance the initial purchase of xenon for LZ. A total of 45,000 liters of xenon gas was sold to Linde and SDSTA is expecting payment of \$2.85M, which will be paid in equal one-third shares on each of the foundation loans. Mr. Engel has drafted loan extension agreements to extend out the period of the loans by two additional years from 2026 to 2028. Mr. Headley said all three of the foundations are willing to sign the extensions.

Motion by Mr. Musick and seconded by Mr. Wheeler to approve the Change in Terms Agreements with the South Dakota Community Foundation, University of South Dakota Foundation, and South Dakota State University Foundation, and to pay over to each 1/3 of the net xenon sale proceeds (approximately \$959,603.33 each) after payment is received from Linde and to authorize the Chairperson to execute the Change in Terms Agreements. Motion passed unanimously.

ITEM 17. CONFIRM DATE AND TIME OF NEXT MEETING

Chairperson Peterson reminded the board of the next meeting, scheduled for Thursday, March 16, 2023, at 8:00 A.M. (MT) in the E&O Conference room and via Zoom.

ITEM 18. PUBLIC COMMENTS

Chairperson Peterson said he did not receive any public comment request forms and there were no questions.

ITEM 19. BOARD COMMENTS

Ms. Lebrun said it was a good meeting.

Dr. Fall said he continues to be incredibly impressed with activities at the lab and thanked everyone for a great meeting.

Mr. Musick said he had no comments.

Mr. Wheeler said Mr. Headley and his staff are doing an absolutely great job and is pleased with the progress that is being made as well as the xenon sale.

Dr. Rankin echoed Mr. Wheeler's comments and appreciated the excellent presentations.

Mr. Engel said thank you to everyone and wished everyone Happy Holidays.

Mr. Headley thanked the SDSTA staff and said it has been an incredibly busy year, and SDSTA has accomplished a lot. He said it is exciting to talk about getting funding for the expansion of future science and the amazing things that came out of Snowmass as well as the endorsement from the Science Community. He thanked the Board and said they are an amazing team to have helping and pushing the SDSTA to go in new directions. He wished everyone a great Holiday.

Chairperson Peterson said he appreciates everyone on the team and SDSTA is an amazing organization. He said SDSTA has not hit its stride yet with people being stretched with greater things to do. He said there is going to be a press release on the year in summary, which will be shared with the Board. He wished everyone a Merry Christmas and a Happy New Year.

ITEM 20. ADJOURN

Chairperson Peterson called for a motion to adjourn.

Motion by Dr. Fall and seconded by Mr. Musick to adjourn. Motion passed unanimously.

Meeting adjourned at 12:38 P.M.

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Conflict of Interest Disclosure—Mr. Tim Engel

Invite members of the board to disclose anything that might be construed to be a conflict of interest relative to their role on the board.

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Disclosures Under SDCL CH. 3-23—Mr. Tim Engel

Recommended Action:

Motion to approve or deny as appropriate.

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SURF Foundation—Mr. Mike Headley

SURF Foundation report:

- 6A. SURF Foundation status update—Foundation Director Ms. Michelle Kane, *informational*.
- 6B. Institute for Underground Science at SURF Branding—Ms. Elizabeth Freer, *informational*.

Recommended Action:
Informational.

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Report from Audit Committee—Ms. Patricia Lebrun

Audit Committee report:

- 7A. Audit Committee meeting update—Ms. Lebrun, *informational, minutes attached.*
- 7B. Eide Bailly LLC audit update—Mr. Paul Kane, *informational, reports attached.*
- 7C. SDSTA Audit Report-Fiscal Year ended June 20, 2022, *report attached for review.*

See suggested motion below.

Recommended Action:

7C. Motion to accept Audit Committee Report and to discuss Audit Report approval at the next regularly scheduled board meeting per statute.

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Audit Committee Meeting

February 6, 2023

Participants:

Ms. Pat Lebrun, SDSTA Board of Directors and Audit Committee Chair
Mr. Dana Dykhouse, SDSTA Board of Directors and Audit Committee Member
Mr. Terry Miller, SDSTA Chief Financial Officer
Ms. Kimberly Flock, SDSTA Controller
Mr. William Kelly, Contracts and Procurement Manager

A teleconference was held February 6, 2023 to discuss the Financial and Compliance Audit of the South Dakota Science and Technology Authority (SDSTA). Both items had been sent out to the Audit Committee previously. The audited financials statements on December 28, 2022, and the compliance audit on February 2, 2023.

Greetings were exchanged and the following items were discussed:

1. The Audit Committee discussed the financial statement audit.
2. Pat stated the financial statement audit appears to be complete and thorough. Dana concurred.
3. Pat and Dana discussed and both agree, the financial statements of the SDSTA appear to be in good shape.
4. Terry explained in more detail the two items that were noted as a material weakness to the financial statements and that a corrective action plan had been prepared and submitted to the auditors. Pat and Dana had no further questions.
5. It was moved by Dana to accept the financial statement audit as presented. Pat seconded it. Both voted Yea.
6. The Audit Committee discussed the compliance audit.
7. Terry explained in more detail the two significant deficiencies identified during the audit, but they were not considered to be a material weakness. Also, that a corrective action plan was submitted to the auditors. Pat and Dana discussed how the compliance audit is important as a good protection for the SDSTA Board.
8. Pat and Dana would like the auditor to present at the board meeting in March, especially with the compliance audit being a separate report this year.
9. It was moved by Dana to accept the SDSTA compliance audit and to request the auditor to present at the March SDSTA board meeting. Pat seconded it. Both voted Yea.

Meeting adjourned.

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December 15, 2022

The Honorable Kristi Noem
Governor of South Dakota

and

Board of Directors
South Dakota Science and Technology Authority

We have audited the financial statements of South Dakota Science and Technology Authority, ("the Authority"), as of and for the year ended June 30, 2022, and have issued our report thereon dated December 15, 2022. Professional standards require that we advise you of the following matters relating to our audit.

Our Responsibility in Relation to the Financial Statement Audit under Generally Accepted Auditing Standards and *Government Auditing Standards*

As communicated in our letter dated September 15, 2022, our responsibility, as described by professional standards, is to form and express an opinion about whether the financial statements that have been prepared by management with your oversight are presented fairly, in all material respects, in accordance with accounting principles generally accepted in the United States of America. Our audit of the financial statements does not relieve you or management of your respective responsibilities.

Our responsibility, as prescribed by professional standards, is to plan and perform our audit to obtain reasonable, rather than absolute, assurance about whether the financial statements are free of material misstatement. An audit of financial statements includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control over financial reporting. Accordingly, as part of our audit, we considered the internal control of the Authority solely for the purpose of determining our audit procedures and not to provide any assurance concerning such internal control.

We are also responsible for communicating significant matters related to the audit that are, in our professional judgment, relevant to your responsibilities in overseeing the financial reporting process. However, we are not required to design procedures for the purpose of identifying other matters to communicate to you.

We have provided our comments regarding a significant control deficiency during our audit in our Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards* dated December 15, 2022.

Planned Scope and Timing of the Audit

We conducted our audit consistent with the planned scope and timing we previously communicated to you.

Compliance with All Ethics Requirements Regarding Independence

The engagement team, others in our firm, as appropriate, our firm, and other firms utilized in the engagement, if applicable, have complied with all relevant ethical requirements regarding independence.

Qualitative Aspects of the Entity's Significant Accounting Practices

Significant Accounting Policies

Management has the responsibility to select and use appropriate accounting policies. A summary of the significant accounting policies adopted by South Dakota Science and Technology Authority is included in Note 1 to the financial statements. As described in Note 1, South Dakota Science and Technology Authority changed accounting policies related to accounting for leases to adopt the provisions of GASB Statement No. 87, Leases and GASB Statement No. 83, Certain Asset Retirement Obligations. No matters have come to our attention that would require us, under professional standards, to inform you about (1) the methods used to account for significant unusual transactions and (2) the effect of significant accounting policies in controversial or emerging areas for which there is a lack of authoritative guidance or consensus.

Significant Accounting Estimates

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's current judgments. Those judgments are normally based on knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ markedly from management's current judgments.

The most sensitive accounting estimates affecting the financial statements are management's estimate of net pension asset and management's estimate of the asset retirement obligation.

Management's estimate of the net pension asset is based on an actuarial valuation as of June 30, 2021. We evaluated the key factors and assumptions used to develop the net pension asset and determined that it is reasonable in relation to the basic financial statements taken as a whole.

Management's estimate of the asset retirement obligation was determined using a team of internal experts to develop the estimate including: mining engineers, mechanical engineers, construction managers, heavy equipment experts, all with expertise in mining, underground, and environmental industries. The methods and assumptions used by these experts were to estimate hours associated with completing the required tasks using a current average salary and benefit rate, plus any associated contractor fees.

Financial Statement Disclosures

Certain financial statement disclosures involve significant judgment and are particularly sensitive because of their significance to financial statement users. The most sensitive disclosures affecting South Dakota Science and Technology Authority's financial statements relate to:

The disclosure of Cash and Investments in Note 2, Long-Term Debt in Note 4, Retirement /Pension Plan in Note 6, Significant Commitments, Contracts, and Subsequent Events in Note 8, Related Party Transactions in Note 12 and Restatement of Net Position in Note 13.

Significant Difficulties Encountered during the Audit

We encountered no significant difficulties in dealing with management relating to the performance of the audit.

Uncorrected and Corrected Misstatements

For purposes of this communication, professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that we believe are trivial, and communicate them to the appropriate level of management. Further, professional standards require us to also communicate the effect of uncorrected misstatements related to prior periods on the relevant classes of transactions, account balances or disclosures, and the financial statements as a whole. Uncorrected misstatements or matters underlying those uncorrected misstatements could potentially cause future-period financial statements to be materially misstated, even though the uncorrected misstatements are immaterial to the financial statements currently under audit.

The following misstatements that we identified as a result of our audit procedures were brought to the attention of, and corrected by, management:

To correct CIP and Net Position balances at both June 30, 2021 and for the year ended June 30, 2022:

Understatement of CIP at 6/30/21	\$ 2,300,282
Understatement of CIP at 6/30/22	\$ 4,079,797
Overstatement of Capital Outlay expenditures FY 2022	\$ 4,079,797
Understatement of Net Position at 6/30/21	\$ 2,300,282

To record ARO at June 30, 2022:

Understatement of Asset Retirement Option Deferred Outflow	\$ 1,129,638
Understatement of Asset Retirement Obligation Liability	\$ 1,129,638

The following summarizes uncorrected financial statement misstatements whose effects in the current and prior periods, as determined by management, are immaterial, both individually and in the aggregate, to the financial statements taken as a whole.

To record effect of implementation of GASB 87, Leases:

Understatement of Right to use Asset	\$ 117,000
Understatement of Lease Liability	\$ 117,000

To record unrecorded prepaid insurance related to original contribution into the South Dakota Authority Captive Insurance Company:

Understatement of Prepaid Insurance	\$ 728,767
Understatement of Insurance Expense	\$ 250,000
Understatement of Beginning Net Position	\$ 978,767

Disagreements with Management

For purposes of this letter, professional standards define a disagreement with management as a matter, whether or not resolved to our satisfaction, concerning a financial accounting, reporting, or auditing matter, which could be significant to the the Authority's financial statements or the auditor's report. No such disagreements arose during the course of the audit.

Circumstances that Affect the Form and Content of the Auditor's Report

For purposes of this letter, professional standards require that we communicate any circumstances that affect the form and content of our auditor's report. As described in Note 13 to the financial statements, due to the Errors noted with recording Construction in Process at June 30, 2021, South Dakota Science and Technology Authority restated opening balance in net position and construction in process as of July 1, 2021. We have included an emphasis of matter in our report regarding this restatement.

Representations Requested from Management

We have requested certain written representations from management which are included in the management representation letter dated December 15, 2022.

Management's Consultations with Other Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters. Management informed us that, and to our knowledge, there were no consultations with other accountants regarding auditing and accounting matters.

Other Significant Matters, Findings, or Issues

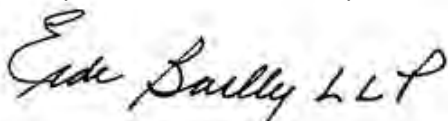
In the normal course of our professional association with the Authority, we generally discuss a variety of matters, including the application of accounting principles and auditing standards, significant events or transactions that occurred during the year, operating conditions affecting the entity, and operating plans and strategies that may affect the risks of material misstatement. None of the matters discussed resulted in a condition to our retention as the Authority's auditors.

Existence of a Material Misstatement that Affects the Financial Statements of a Prior Period in Which There Was a Predecessor Auditor

We have identified the existence of a material misstatement that affects the prior period financial statements on which the predecessor auditor had previously reported without modification.

Through the process of our FY22 financial statement reporting, it was found that \$2,300,282 of Construction in Progress (CIP) in FY21 was not recorded in the financial statements as an asset but left in expenditures. We have restated beginning net position to reflect this exclusion. Of this amount, \$2,209,018 has moved from CIP to depreciable assets in FY22, and \$91,263 was left in FY22 CIP.

This report is intended solely for the information and use of the Governor, Board of Directors, and management of South Dakota Science and Technology Authority and is not intended to be, and should not be, used by anyone other than these specified parties.



Denver, Colorado



January 30, 2023

The Honorable Kristi Noem
Governor of South Dakota
and
Board of Directors
South Dakota Science and Technology Authority
Lead, South Dakota

We have conducted our compliance audit and have issued our report thereon dated January 30, 2023. Professional standards require that we advise you of the following matters relating to our compliance audit.

Our Responsibility in Relation to the Compliance Audit under *Government Auditing Standards*

As communicated in our letter dated September 15, 2022, our responsibility, as described by professional standards, is to conduct a compliance audit in accordance with *Government Auditing Standards*. Our compliance audit does not relieve you or management of your respective responsibilities.

We are also responsible for communicating significant matters related to the objectives of the compliance audit. However, we are not required to design procedures for the purpose of identifying other matters to communicate to you.

We have provided our comments regarding internal controls during our audit in our Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with Government Auditing Standards dated December 15, 2022. We have also provided our comments regarding compliance with the types of compliance requirements referred to above and internal controls over compliance during our audit in our Independent Auditor's Report on Compliance for the Cooperative Agreement with the U.S. Department of Energy's Office of Science for the Sanford Underground Research Facility (SURF); Report on Internal Control Over Compliance; and Report on the Schedule of Expenditures of Federal Awards of the South Dakota Science and Technology Authority's Cooperative Agreement dated January 30, 2023.

Planned Scope and Timing of the Audit

We conducted our compliance audit consistent with the planned scope and timing we previously communicated to you.

Compliance with All Ethics Requirements Regarding Independence

The engagement team, others in our firm, as appropriate, our firm, and other firms utilized in the engagement, if applicable, have complied with all relevant ethical requirements regarding independence.

Significant Difficulties Encountered during the Compliance Audit

We encountered no significant difficulties in dealing with management relating to the compliance of the audit.

Disagreements with Management

For purposes of this letter, professional standards define a disagreement with management as a matter, whether or not resolved to our satisfaction, concerning a financial accounting, reporting, or auditing matter, which could be significant to South Dakota Science and Technology Authority 's financial statements or the auditor's report. No such disagreements arose during the course of the compliance audit.

Representations Requested from Management

We have requested certain written representations from management which are included in the management representation letter dated January 30, 2023.

Management's Consultations with Other Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters. Management informed us that, and to our knowledge, there were no consultations with other accountants regarding auditing and accounting matters.

Other Significant Matters, Findings, or Issues

In the normal course of our professional association with South Dakota Science and Technology Authority, we generally discuss a variety of matters, including the application of accounting principles and auditing standards, operating and regulatory conditions affecting the entity, and operational plans and strategies that may affect the risks of material misstatement. None of the matters discussed resulted in a condition to our retention as South Dakota Science and Technology Authority's auditors.

This report is intended solely for the information and use of the Governor, Board of Directors, and management of South Dakota Science and Technology Authority and is not intended to be, and should not be, used by anyone other than these specified parties.

A handwritten signature in black ink that reads "Eide Sully LLP". The signature is written in a cursive, flowing style.

Denver, Colorado



Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*

The Honorable Kristi Noem
Governor of South Dakota

and

Board of Directors
South Dakota Science and Technology Authority

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the business-type activities of South Dakota Science and Technology Authority, ("the Authority"), a component unit of the State of South Dakota, as of and for the year then ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements and have issued our report thereon dated December 15, 2022.

Report on Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered South Dakota Science and Technology Authority's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of South Dakota Science and Technology Authority's internal control. Accordingly, we do not express an opinion on the effectiveness of South Dakota Science and Technology Authority's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph and was not designed to identify all deficiencies in internal control over financial reporting that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that have not been identified. We did identify a certain deficiency in internal control, described in the accompanying Schedule of Findings and Responses as item 2022-001, that we consider to be a material weakness.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether South Dakota Science and Technology Authority's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

The Authority's Response to the Finding

Government Auditing Standards requires the auditor to perform limited procedures on the Authority's response to the findings identified in our audit and described in the accompanying Schedule of Findings and Responses. The Authority's response was not subjected to the other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the response.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the result of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

A handwritten signature in black ink that reads "Eide Bailly LLP". The signature is written in a cursive, flowing style.

Denver, Colorado
December 15, 2022

Section II -Financial Statement Findings

2022-001 Restatement and Material Audit Adjustments
Material Weakness

Criteria: The Authority is required to provide accurate GAAP basis financial data for preparation of the annual financial statements. Additionally, a good system of internal accounting control contemplates an adequate system for reviewing, recording, processing and reconciling account balances to the financial statements.

Condition: Based on audit procedures performed as of June 30, 2022, we identified the following material adjustments that were recorded in order to fairly present the financial statements in accordance with GAAP:

- During 2022, We identified a material audit adjustment related to recording an Asset Retirement Obligation (ARO) in accordance with GASB Statement No. 83, Certain Asset Retirement Obligations, in order to appropriately reflect the future obligation to close and clean up the site that the Authority operates on. GASB Statement No. 83 was effective for the year ending June 30, 2020, however, was not appropriately implemented at the time, and accordingly, was corrected during Fiscal Year 2022.
- During 2022, it was determined that an error had been made in the prior year related to the recording of construction in process (CIP) on projects that were ongoing as of June 30, 2021. Specifically, it was determined that various projects in progress at June 30, 2021 were left in expenses at June 30, 2021 and were not moved to capital assets until the projects were completed during Fiscal Year 2022. These expenses should have been capitalized as CIP at June 30, 2021. The Authority rectified this by determining the projects in progress and correcting CIP at June 30, 2021 and also correcting balances at June 30, 2022 for projects in progress and completed during fiscal year 2022.

Cause: In Fiscal Year 2020, the Authority failed to implement GASB 83 guidance and did not identify that an ARO should be recorded as a result. Management did not revisit implementation guidance during Fiscal Year 2022 until discussions surrounding GASB 83 and mine closure costs were had during the audit. As a result of the discussions and further research performed, it was determined that the entry should be recorded.

As it relates to the CIP, management failed to record CIP as projects were not being capitalized until they were completed and thus, ongoing projects as of June 30, 2021 were left in expenses. This carried forward into the processes and control system in place during Fiscal Year 2022 and was corrected as of June 30, 2022.

Section II – Financial Statement Findings (continued)

Effect: Management has posted correcting journal entries for the material items noted above. Management has written a corrective action plan to ensure errors of similar nature do not occur going forward.

Recommendation: We recommend the Authority continue to improve controls surrounding the recording of costs related to projects in progress and ensure completeness of CIP balances. Additionally, the ARO should be carried forward and adjusted each year as assumptions and estimates change related to future understanding of closure costs and requirements.

Views of Responsible Officials: Agree.



Federal Awards Reports
June 30, 2022

South Dakota Science and Technology Authority

Independent Auditor’s Report on Compliance for the Cooperative Agreement with the U.S. Department of Energy’s Office of Science for the Sanford Underground Research Facility (SURF); Report on Internal Control Over Compliance; and Report on the Schedule of Expenditures of Federal Awards of the South Dakota Science and Technology Authority’s Cooperative Agreement	1
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Notes to Schedule of Expenditures of Federal Awards	6
Schedule of Findings and Questioned Costs – Cooperative Agreement	7



Independent Auditor's Report on Compliance for the Cooperative Agreement with the U.S. Department of Energy's Office of Science for the Sanford Underground Research Facility (SURF); Report on Internal Control Over Compliance; and Report on the Schedule of Expenditures of Federal Awards of the South Dakota Science and Technology Authority's Cooperative Agreement

The Honorable Kristi Noem
Governor of South Dakota
and
Board of Directors
South Dakota Science and Technology Authority
Lead, South Dakota

Report on Compliance

Opinion on the Cooperative Agreement

We have audited the South Dakota Science and Technology Authority's (the Authority) compliance with the Cooperative Agreement applicable to the Authority's U.S. Department of Energy's Office of Science for the Sanford Underground Research Facility (SURF) – Operations Program (Cooperative Agreement) for the year ended June 30, 2022.

In our opinion, the Authority complied, in all material respects, with the compliance requirements referred to above that are applicable to the Cooperative Agreement for the year ended June 30, 2022.

Basis for Opinion on the Cooperative Agreement

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*); and the and with the compliance criteria prescribed in the *OMB Compliance Supplement* that we considered to be direct and material to the Cooperative Agreement. Our audit does not purport to, and does not meet, the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform and Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*. Our responsibilities under those standards and the Cooperative Agreement are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the Authority and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for the Cooperative Agreement. Our audit does not provide a legal determination of the Authority's compliance with the compliance requirements referred to above.

Other Matter – Federal Expenditures Not Included in the Compliance Audit

As discussed in Note A, the schedule of expenditures of federal awards of the Authority's Cooperative Agreement is intended to present only the expenditures of federal awards of the Cooperative Agreement. The schedule does not purport to, and does not, present fairly the expenditures of federal awards of the State of South Dakota or the South Dakota Science and Technology Authority as of and for the year ended June 30, 2022, in conformity with the Title 2 U.S. *Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*. Our opinion is not modified with respect to this matter.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules and provisions of contracts or grant agreements applicable to the Authority's government programs.

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the Authority's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS, *Government Auditing Standards*, and the OMB Compliance Supplement will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material, if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the Authority's compliance with the requirements of the government program as a whole.

In performing an audit in accordance with GAAS, *Government Auditing Standards*, and the OMB Compliance Supplement, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the Authority's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.

- Obtain an understanding of the Authority's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the OMB Compliance Supplement, but not for the purpose of expressing an opinion on the effectiveness of The Authority's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report on Internal Control over Compliance

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance and therefore, material weaknesses or significant deficiencies may exist that were not identified. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, as discussed below, we did identify a certain deficiency in internal control over compliance that we consider to be a significant deficiency.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a compliance requirement will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance. We consider the deficiency in internal control over compliance described in the accompanying schedule of findings and questioned costs as item 2022-001 to be a significant deficiency.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

Government Auditing Standards requires the auditor to perform limited procedures on The Authority's response to the internal control over compliance findings identified in our audit described in the accompanying schedule of findings and questioned costs. The Authority's response was not subjected to the other auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the OMB Compliance Supplement. Accordingly, this report is not suitable for any other purpose.

Report on Schedule of Expenditures of Federal Awards of the Cooperative Agreement

We have audited the financial statements the South Dakota Science and Technology Authority, a component unit of the State of South Dakota, as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements. We issued our report thereon dated December 15, 2022, which contained an unmodified opinion on those financial statements. Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the basic financial statements. The accompanying schedule of expenditures of federal awards of the Cooperative Agreement is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards of the Cooperative Agreement is fairly stated in all material respects in relation to the basic financial statements as a whole.



Denver, Colorado
January 30, 2023

South Dakota Science and Technology Authority

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS OF THE COOPERATIVE AGREEMENT WITH THE U.S.
DEPARTMENT OF ENERGY'S OFFICE OF SCIENCE FOR THE SANFORD UNDERGROUND RESEARCH FACILITY (SURF)
– OPERATIONS PROGRAM (COOPERATIVE AGREEMENT)
Year ended June 30, 2022

<u>Program Description</u>	<u>Federal Assistance Listing/CFDA Number</u>	<u>Federal Expenditures</u>
U.S. DEPARTMENT OF ENGERGY		
Office of Science - Chicago Office of Acquisition/Assistance	81.049	\$ 32,448,003

South Dakota Science and Technology Authority
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS OF THE COOPERATIVE AGREEMENT WITH
THE U.S. DEPARTMENT OF ENERGY'S OFFICE OF SCIENCE FOR THE SANFORD UNDERGROUND RESEARCH
FACILITY (SURF) – OPERATIONS PROGRAM (COOPERATIVE AGREEMENT)
Year ended June 30, 2022

Note A – Basis of Presentation

The South Dakota Science and Technology Authority (Authority) is a discretely presented business-type activities component unit of the State of South Dakota. The accompanying schedule of expenditures of federal awards of the Authority's Cooperative Agreement is intended to present only the expenditures of federal awards of the Cooperative Agreement as directed by the South Dakota Department of Legislative Audit. The schedule does not purport to, and does not, present fairly the expenditures of federal awards of the State of South Dakota or the South Dakota Science and Technology Authority as of and for the year ended June 30, 2022, in conformity with the Title 2 *U.S. Code of Federal Regulations Part 200, Uniform and Administrative Requirements, Cost Principles, and the Audit Requirements for Federal Awards*. In addition, the schedule presents only a selected portion of the operations of the Authority, it is not intended to, and does not, present the financial position, changes in net position or cash flows of the Authority.

Note B – Summary of Significant Accounting Policies

Expenditures reported on the schedule are reported on the cash basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

Note C – Indirect Cost Rate

The SDSTA has elected not to use the 10-percent indirect cost rate as allowed under the Uniform Guidance.

Section I – Summary of Auditor’s Results

Federal Awards

Internal control over major programs:

Material weaknesses identified No

Significant deficiencies identified not considered
to be material weaknesses Yes

Type of auditor's report issued on compliance for major programs Unmodified

Any audit findings disclosed that are required to be reported
in accordance with 2 CFR 200.516 Yes

Identification of the program audited:

<u>Name of Federal Program or Cluster</u>	<u>Federal Financial Assistance Listing/CFDA Number</u>
SURF (Sanfor Underground Research Facility) Operations Support	81.049

Section II – Federal Award Findings and Questioned Costs

**2022-001 U.S. Department of Energy
Passed Through the State of South Dakota
Federal Financial Assistance Listing/CFDA Number 81.049
Sanford Underground Research Facility (SURF) Operations Support**

**Procurement, Suspension and Debarment
Significant Deficiency in Internal Controls over Compliance**

Criteria: The Sanford Underground Research Facility (SURF) Operations Support program provides federal funds to support its mission of advancing world-class science and inspire learning across generations. There are compliance requirements regarding procurement, suspension and debarment to ensure federal funds are being expended in accordance with the grant agreements. Furthermore, the Uniform Guidance, Section 200.303 Internal Controls, requires that the non-Federal entity must establish and maintain documentation of effective internal controls over Federal awards that provide reasonable assurance that awards are being managed in compliance with Federal statutes, regulations and the terms and conditions of the Federal award.

Condition: We tested procurement, suspension and debarment for 22 vendor expenditures. We noted the following in our testing:

- One instance where the required request for proposal was not able to be located.
- One instance where various applicable provisions required by Appendix II to 2 CFR Part 200 were not included in the contract.

Cause: The Authority failed to ensure that the internal controls surrounding compliance over the program's procurement, suspension and debarment criteria were in place related to data maintained by employee's that are no longer employed with the Authority. As such, information related to the request for proposal work that was performed by an employee no longer with the Authority could not be located when requested for the audit. Additionally, controls were not in place to ensure that all applicable required provisions are included in all federal contracts.

Effect: Transactions could be entered into with vendors that do not follow the Authority's written procurement policies and that do not include the proper contract provisions.

Questioned Costs: None to report

Context/Sampling: A nonstatistical sample of 22 vendors out of 144 were selected for procurement, suspension and debarment testing.

Repeat Finding from Prior Year(s): No

Recommendation: We recommend the Authority implement controls which include a review of contracts to ensure they contain the proper provisions and institute document retention policies.

Views of Responsible Officials: Agree

SOUTH DAKOTA SCIENCE
AND TECHNOLOGY AUTHORITY
(A BUSINESS TYPE ENTERPRISE ACTIVITY COMPONENT UNIT OF
THE STATE OF SOUTH DAKOTA)

ANNUAL FINANCIAL REPORT
JUNE 30, 2022

SOUTH DAKOTA SCIENCE AND TECHNOLOGY AUTHORITY

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Independent Auditor's Report

Board of Directors of
South Dakota Science and Technology Authority
Denver, Colorado

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of the business-type activities of South Dakota Science and Technology Authority, a component unit of the State of South Dakota, as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the South Dakota Science and Technology Authority's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the South Dakota Science and Technology Authority, as of June 30, 2022, and the respective changes in financial position and cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States (*Government Auditing Standards*). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of South Dakota Science and Technology Authority, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Correction of an Error

As described in Note 13 to the financial statements, certain errors resulting in an understatement of amounts previously reported for Construction in Process as of June 30, 2021 was discovered by management of South Dakota Science and Technology Authority. Accordingly, a restatement has been made to the business-type activities net position as of June 30, 2021, to correct the error. Our opinion is not modified with respect to that matter.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about South Dakota Science and Technology Authority's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of South Dakota Science and Technology Authority's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about South Dakota Science and Technology Authority's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Required Supplementary Information

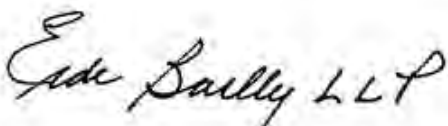
Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 1 – 7 and the South Dakota Science and Technology Authority's proportionate share of the net pension liability (asset) and schedule of contributions on pages 29-31 be presented to supplement the basic financial statements. Such information is the responsibility of management and although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise South Dakota Science and Technology Authority's basic financial statements. The schedule of operating expenses and supplemental schedule of expenditures of federal awards are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplementary information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 15, 2022 on our consideration of the 's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of 's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering 's internal control over financial reporting and compliance.



Denver, Colorado
December 15, 2022

SOUTH DAKOTA SCIENCE AND TECHNOLOGY AUTHORITY

MANAGEMENT'S DISCUSSION AND ANALYSIS

JUNE 30, 2022

This section of the South Dakota Science and Technology Authority's (SDSTA's) annual financial report presents management's discussion and analysis of the SDSTA's financial performance during the fiscal year ended June 30, 2022 (FY 2022). This analysis should be read in conjunction with the financial statements and notes to the financial statements.

The SDSTA's financial statements include the operations of funds that the SDSTA has established to achieve its goal of maintaining the Sanford Underground Research Facility (SURF) in support of the science mission under the agreement with the Department of Energy's (DOE's) Office of Science. The property was donated by Homestake Mining Company of California, to the State of South Dakota and SDSTA in April 2006.

The activity of the SDSTA is accounted for as a proprietary fund type. The SDSTA is a component unit of the State of South Dakota, and its financial statements are included in the Annual Comprehensive Financial Report of the State of South Dakota.

Included in the financial statements presented is a current year comparison to prior year balance sheet summary, revenue and expense summary, and capital assets. Further reports reflect current year detailed statement of net position, statement of revenue, expense and changes in net position, cash flow, and schedule of operating expenses. Comparisons of current year to prior year are important to display increases and decreases in various elements of the financial reports for the SDSTA. Current year detailed reports provide significant detail for statement of net position, revenues, expenses, and cash flows for the SDSTA.

FINANCIAL HIGHLIGHTS:

- Total Assets at year-end increased to \$132,304,090.
- Current Assets increased by \$666,226. Cash on Deposit with State Treasurer decreased by \$163,991 primarily due to payments made on the Xenon Notes Payable to the foundations. Yet, Cash in the Local Bank increased by \$411,599 due to funds received from federal contracts late in the month on open accounts receivable. Prepaid expenses increased by \$378,311 primarily for insurance premiums paid. Inventory of Supplies also increased by \$293,344 for assets added.
- Capital Assets increased by \$7,872,459, net of depreciation expense. Page 5 details the major capital asset additions and deletions. Furthermore, page 16 summarizes the changes in capital assets by major categories. Most notable was the Sanford Lab Homestake Visitor Center donated from the Lead Area Chamber of Commerce. The current funding to manage and operate the facility comes from a Cooperative Agreement with the DOE – Office of Science that was effective September 30, 2019. Additional property purchased under this agreement is kept separate under the Capital Assets category, as this property has become vested in the SDSTA upon acquisition.
- Net Pension Asset increased to \$4,730,555. The State's retirement system is fully funded (see Note 6 – page 19). The SDSTA's total contributions to the South Dakota Retirement System (SDRS) increased by \$39,396 from 2021 to 2022. This was due primarily to an increase in personnel wages. GASB standards allow entities to use a pension measurement date up to one year prior to the entities reporting period. Therefore, the SDSTA is using a June 30, 2021, pension measurement date for our fiscal year end June 30, 2022, statements. GOED funding of \$2,000,000 received in 2017 along with loans from various South Dakota Foundations have enabled the SDSTA to purchase xenon to be used in the future LZ experiment. Xenon purchased remains the same as last year at \$8,934,350 as of June 30, 2022. In summary, Net Pension Asset and Xenon Purchased have increased by \$4,730,555.
- Pension Related Deferred Outflows is also related to our retirement plan with SDRS. The amounts recorded relate to our proportionate share of the differences between expected and actual experience in pension earnings along with the SDSTA's pension contributions made subsequent to June 30, 2021. Asset Retirement Obligation Deferred Outflows is the estimated costs associated with closing the SURF facility. The total Deferred Outflows of Resources have increased to \$7,642,751.

SOUTH DAKOTA SCIENCE AND TECHNOLOGY AUTHORITY

MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)

JUNE 30, 2022

- Total Liabilities at year end increased to \$10,695,495. Accounts payable is slightly lower when comparing the two time periods. However, liabilities associated with employee wages, leave and benefits increased due to additional personnel wages and increases in vacation and sick accruals. Also, the increase is due to reporting an Asset Retirement Obligation liability for the first time at June 30, 2022.
- Pension Related Deferred Inflows is also connected to our retirement plan with SDRS. The recorded amount relates to our portion of the difference between projected and actual earnings on pension plan investments and changes in various assumptions. Our portion has increased to \$9,300,127.
- Total Restricted Net Position increased to \$12,282,139. This increase is primarily due to the increase in the restricted net pension. There was a slight decrease due to spending the funds restricted for the MSF for final construction costs and outfitting of the facility, and payments made on the Xenon Notes Payable to the foundations.
- Unrestricted Net Position increased by \$792,294 to \$13,269,156.
- Total Net Position at year end increased by \$9,814,430 to \$119,951,220.
- Charges for Services increased slightly to \$473,945. New revenue source for gift store sales at the Sanford Lab Homestake Visitor Center and an increase from Homestake due to an increase in the amount of water being treated and discharged for Homestake. Additional income was received from private corporations, Caterpillar Global Mining LLC for rental charges as well as Thyssen Mining, subcontractors with Fermi National Accelerator Laboratory (FNAL) that has been contracted to excavate the rock for the large experimental facility underground at the 4850 foot level (4850L) for the Long Baseline Neutrino Facility (LBNF).
- Operating Grants increased to \$38,389,624. The revenue received in this classification includes \$32,512,365 from the Cooperative Agreement with DOE, \$4,569,536 from FRA, and \$1,307,723 from various smaller contracts.
- Miscellaneous revenue decreased to \$410,953 primarily due to a decrease in revenue from the Sanford Underground Research Facility Foundation and other miscellaneous receipts.
- Capital Grants and Contributions increased to \$4,066,941. This amount is related to the various property that was transferred by the Department of Energy (DOE) Fermi Site Office to the SDSTA as well as property acquired during the prior fiscal year from the Cooperative Agreement. This also includes the donation of the Sanford Lab Homestake Visitor Center from the Lead Area Chamber of Commerce.
- Investment Earnings for fiscal year 2022 are at \$171,113. The unrealized appreciation and undistributed earnings that were reversed from the prior year when compared to the current year unrealized appreciation and undistributed earnings results in an increase in investment earnings. Also, investment earnings of \$102,964 were received on the cash on deposit with State Treasurer. This actual allocation compared to last year decreased by \$123,262 due to a lower amount of cash being deposited for investment with the State Treasurer.
- Total Program Expenses for the SDSTA were \$33,698,146 which represents a decrease of 0.88% percent from the previous year. Included in Total Program Expenses are Operating Expenses which decreased by \$2,550,382 to \$33,331,675. Personnel Services represent 57 percent of the Operating Expenses; Contractual Services represent 24 percent; and Supplies, Materials, Travel, Depreciation, and Other Expenses represent 19 percent of these expenses. Most of the decrease in Operating Expenses is due to increased Construction in Progress recorded.
- Net Position increased by \$9,814,430 for fiscal year 2022.

SOUTH DAKOTA SCIENCE AND TECHNOLOGY AUTHORITY

MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED) JUNE 30, 2022

FINANCIAL STATEMENT ELEMENTS:

NET POSITION

	2022	2021 (restated)	Dollar Change	Percent Change
Current Assets	\$ 24,239,260	\$ 23,573,034	\$ 666,226	2.83%
Capital Assets	94,399,925	86,527,467	7,872,458	9.10%
Net Pension Asset and Xenon Purchased	13,664,905	8,958,957	4,705,948	52.53%
Total Assets	132,304,090	119,059,458	13,244,632	11.12%
Pension Related Deferred Outflows	6,513,113	4,111,205	2,401,908	58.42%
Asset Retirement Obligation Deferred Outflows	1,129,638	-	1,129,638	100.00%
Total Deferred Outflow of Resources	7,642,751	4,111,205	3,531,546	85.90%
Long-Term Liabilities Outstanding	7,911,151	6,812,442	1,098,709	16.13%
Other Liabilities	2,784,343	2,753,532	30,811	1.12%
Total Liabilities	10,695,494	9,565,974	1,129,520	11.81%
Pension Related Deferred Inflows	9,300,127	3,467,899	5,832,228	168.18%
Net Position:				
Net Investment in Capital Assets	94,399,925	86,527,467	7,872,458	9.10%
Restricted	12,282,139	11,132,462	1,149,677	10.33%
Unrestricted	13,269,156	12,476,862	792,294	6.35%
Total Net Position	\$ 119,951,220	\$ 110,136,791	\$ 9,814,429	8.91%

CHANGE IN NET POSITION

	2022	2021 (restated)	Dollar Change	Percent Change
Revenues				
Program Revenues:				
Charges for Services	\$ 473,945	\$ 370,420	\$ 103,525	27.95%
Operating Grants	38,389,624	33,963,788	4,425,836	13.03%
Miscellaneous	410,953	482,810	(71,857)	-14.88%
Capital Grants and Contributions	4,066,941	1,563,103	2,503,838	160.18%
General Revenues:				
Investment Earnings	171,113	(274,708)	445,821	-162.29%
Total Revenue	43,512,576	36,105,413	7,407,163	20.52%
Program Expenses:				
Science and Technology Authority	33,698,146	33,998,168	(300,022)	-0.88%
Total Expense	33,698,146	33,998,168	(300,022)	-0.88%
Change in Net Position	9,814,430	2,107,245	7,707,185	365.75%
Net Position-Beginning (restated)	110,136,790	108,029,545	2,107,245	1.95%
Net Position-Ending	\$ 119,951,220	\$ 110,136,790	\$ 9,814,430	8.91%

By June 30, 2022, the SDSTA had invested \$94,399,926 in a broad range of capital assets, including computer equipment, land, buildings, improvements to infrastructure and the underground, and various machinery and equipment. \$20,551,152 of this \$94,399,925 (approximately 22% of this total value) was donated by Barrick Gold.

SOUTH DAKOTA SCIENCE AND TECHNOLOGY AUTHORITY

MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED) JUNE 30, 2022

CAPITAL ASSETS (Net of Depreciation)

	2022	2021 (restated)	Change
Improvements	\$ 43,887,893	\$ 45,214,485	\$ (1,326,592)
Underground	17,936,955	17,936,955	-
Buildings	14,776,029	11,298,152	3,477,878
Computer Equipment	69,868	115,866	(45,998)
Machinery and Equipment	4,006,075	4,356,769	(350,694)
Construction in Progress	4,118,733	2,300,282	1,818,451
Land	1,924,136	1,814,136	110,000
Infrastructure	1,451,642	1,504,097	(52,455)
Furniture	6,737	11,224	(4,487)
Archive Material	70,000	70,000	-
Auto	334,972	205,147	129,825
DOE Property Transfer	5,816,885	1,700,354	4,116,531
Total Capital Assets	\$ 94,399,926	\$ 86,527,467	\$ 7,872,459

This year's major capital asset additions and deletions included:

Purchased Capital Assets:

Land Donated for the Sanford Lab Homestake Visitor Center from the Lead Area Chamber \$ 110,000

Improvements in Progress (Current Year Additions): -

Sanford Lab Homestake Visitor Center Upgrade and Design Displays 38,937

IIP Projects (net) 1,779,515

Autos (Current Year Additions):

(4) Dodge Pickups Purchased for SDSTA Fleet 121,322

(1) Ford Transit Passenger Van Purchased for SDSTA Fleet 49,293

Buildings (Current Year Additions):

Building Donated for the Sanford Lab Homestake Visitor Center from the Lead Area Chamber 3,793,589

Computer Equipment, Machinery and Equipment (Current Year Additions):

Davis Ring Experiment Donated for the Sanford Lab Homestake Visitor Center from the Lead Area Chamber 52,133

Mine Refuge Changer Donated from KAJV 62,447

Joy Fan in Ross Tramway 6,710

Termination Cabinets for Ross Pump System 15,914

Computer Equipment, Machinery and Equipment (Current Year Deletions): -

(2) 8 Ton Locomotive (End of Life) (260,000)

(2) Micro 1000 Data Loggers (End of Life) (15,410)

Vertical Diesel Symo Power Unit (End of Life) (14,023)

Laser Scan Station (End of Life) (59,609)

DOE Property Transfer:

Pipe Cutter, Bobcat Skid steer, Doors for the Ross and Yates Cages, HPE Gen Server, Ross Complex Waterline, Yates Hoist Gen Set Refurbished, Mini Excavator w/ Angle Blade and Buckets, Gravity Flow System, Alpha Guard Pump and Radon Monitor, Yates complex Waterline and Meter Building, Meastro Mine Regulator and Air Quality Station, and Pumps. 4,451,801

SOUTH DAKOTA SCIENCE AND TECHNOLOGY AUTHORITY

MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)

JUNE 30, 2022

LONG-TERM DEBT

At the year-end, the SDSTA had \$7,911,151 in other long-term obligations. This is an increase of approximately 16% as shown below.

	2022	2021	Total Dollar Change	Total Percentage Change
Compensated Absences	\$ 781,513	\$ 812,442	\$ (30,929)	-3.81%
Asset Retirement Obligation	1,129,638	-	1,129,638	100.00%
Xenon Notes Payable	6,000,000	6,000,000	-	0.00%
Total Long-Term Debt	\$ 7,911,151	\$ 6,812,442	\$ 1,098,709	16.13%

- The SDSTA is liable for the accrued vacation leave payable to all full-time employees. In addition, the SDSTA is liable for a portion of the earned sick leave of employees who have been employed for seven consecutive years. The \$30,929 decrease in compensated absences is due to a decrease in the corresponding amount of leave accumulated and outstanding at the end of the year for employees. There was not an increase in the xenon notes payable in fiscal year 2022. The Asset Retirement Obligation is being reported for the first time at June 30, 2022. Note (4) Long-Term Debt in the Notes to Financial Statements on page 17 details the activity for the period for compensated absences, asset retirement obligation and the xenon note payable.
- On October 31, 2019 the SDSTA signed a Promissory Note with the First Interstate Bank for \$5,000,000. This agreement represents a variable rate revolving line of credit. Collateral for this line of credit includes the SDSTA's Account Receivable. The SDSTA put this loan in place if government funding were to be slowed due to a government shutdown. The SDSTA has not drawn down any funding from this line of credit. The maturity date is October 31, 2022 at which time we will renew for another one-year term.

ECONOMIC FACTORS

- A report released from the Particle Physics Project Prioritization Panel (P5) in May 2014, outlined the 10-year strategic plan for high-energy physics in the United States. The report provides strong support for science programs envisioned to be located at SURF, including research into neutrinos and dark matter, both of which are being researched at SURF. This panel formally advises both the DOE Office of Science and the National Science Foundation (NSF) on support for physics. This report has played a key role in the evolution of SURF and its experiments. The next P5 report is in development and is planned to be released in 2023.
- The SDSTA's Board of Directors approved an operating budget of \$2,226,624 for fiscal year 2023 in favor of SDSTA supported activities
- The SDSTA transitioned to a five-year Cooperative Agreement with the Department of Energy's (DOE) Office of Science in September 2019 including a budget of \$123,458,448 for five years of SURF Operations. We are in the third year of this award with a current budget of \$24,236,978. An additional \$15,391,601 has been received to date for Infrastructure Improvement Projects (IIP). Contract to date expenditures through the end of June 2022 are at \$63,046,355 for the Operations portion and \$12,746,126 for the IIP portion.

SOUTH DAKOTA SCIENCE AND TECHNOLOGY AUTHORITY

MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)

JUNE 30, 2022

ECONOMIC FACTORS (Continued)

- In late 2012, the DOE approved the Long Baseline Neutrino Experiment (LBNE) to proceed with preliminary designs to construct a large neutrino detector at SURF. In October 2014, the United States along with international partners agreed that SURF was to remain the host for the LBNE related detectors. After further meetings, the LBNE collaboration officially dissolved and transferred all experiment responsibilities to a new collaboration referred to as the associated Deep Underground Neutrino Experiment (DUNE) consisting of United States and International support. The facility to host DUNE, called the Long Baseline Neutrino Facility (LBNF), will send neutrinos through the earth from Fermilab in Batavia, Illinois to SURF in Lead, SD. More recent developments (September 2016) involve the DOE formally approving plans for construction at SURF. The first step of installing LBNF systems to transport 875,000 tons of rock to the surface began in January 2019. Underground activities to excavate rock in order to house the neutrino detectors and related utilities began in June 2021. DOE Support for professional engineering management services continues into fiscal year 2023 for this LBNF effort.
- The LBNF/DUNE Logistics Support Services contract continues with our support to the Long-Baseline Neutrino Facility (LBNF)/Deep Underground Neutrino Experiment (DUNE) construction efforts with the buildout of the large underground caverns at SURF for this experiment.
- Further funding was received in fiscal year 2022 through Lawrence Berkeley National Laboratory (LBNL) in support of various experiments. Included was support for the LUX-ZEPLIN (LZ) experiment operations as well as a geothermal energy research project called SIGMA-V. These awards reimbursed the SDSTA for expenses incurred in support of the various experiments for materials and supplies as well as a percentage of the salaries of the design team members for their project management skills essential to the work being performed. Support continues in fiscal year 2023 for these same activities through LBNL.
- Additional funding was received during the fiscal year from Oak Ridge National Laboratory and South Dakota Mines. Funds were received to support the Majorana Demonstrator experiment located at the 4850L Davis Campus. Support continues in fiscal year 2023 from Oak Ridge. The CASPAR experiment funded by SD Mines was decommissioned in April 2021. Most of their equipment remains in the current 4850L for future use in their experiment at SURF. This experiment could resume as early as 2024.
- Additional funding was received from the Kiewit/Alberici Joint Venture and Thyssen Mining Inc. for equipment rentals and miscellaneous items associated with the LBNF project. Amounts charged were then credited to the Cooperative Agreement as the equipment maintenance charges were covered under that funding. An additional agreement was signed with Thyssen Mining Inc. in March 2021 to lease the Ross Pipe Shop and the Ross Maintenance Shop during their excavation of the cavern for the DUNE project. The term of the lease commenced July 1, 2021 and will end upon the completion of the LBNF construction phase 1B, which is estimated to be February 28, 2024.
- A lease agreement was signed on September 15, 2020 whereby Caterpillar Global Mining LLC is leasing two existing rooms located on the SURF 1700-foot level underground. The initial term of the lease began on October 1, 2020 and shall continue until September 30, 2030. The vendor will be developing and testing new mining technology for the industry and intends to commercially sell the newly developed technology. The base rent of \$150,000 per annum is considered "Program Income" by the DOE Cooperative Agreement and is added to the funds committed to the award and will be used to further eligible SURF Operations projects.
- A Letter Agreement dated February 24, 2014 between the SDSTA and Black Hills State University (BHSU) provided up to \$300,000 per year for three years from the SDSTA to BHSU to administer the Sanford Science Education Center. Matching funds of \$150,000 per year by BHSU is documented. An amended agreement dated June 6, 2017 committed an additional \$275,000 toward education and outreach priorities for the period July 2017 – June 2018. The agreement was amended as of June 8, 2018 for \$275,000 for the period July 2018 –

SOUTH DAKOTA SCIENCE AND TECHNOLOGY AUTHORITY

MANAGEMENT'S DISCUSSION AND ANALYSIS (CONCLUDED) JUNE 30, 2022

ECONOMIC FACTORS (Continued)

June 2019. Furthermore, the agreement was amended as of July 2019 and again in May 2020 and May 2021 for \$660,000 each year for additional one-year periods. The agreement was again amended as of June 2022 for \$620,000 for an additional one-year period. The full period of performance now extends from June 2014 through June 2023. The funding going forward for the Sanford Science Education Center program through BHSU is included in the indirect expenses of the Cooperative Agreement with the DOE Office of Science. This type of funding is encouraged as Cooperative Agreements require the support of a public purpose.

- An additional Letter Agreement between SDSTA and BHSU was initiated in August 2020 to administer and advance the success of the SURF Artist in Residence (AiR) program. \$38,000 was committed by the SDSTA towards collaborative efforts in artistic works and activities. The agreement was amended in August 2022 for an additional year of support for \$42,500. This agreement is funded through SDSTA funds.
- The SDSTA is compliant with all legal and environmental regulations.

CONTACTING THE SDSTA'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, customers, and investors and creditors with a general overview of the SDSTA's finances and to demonstrate the SDSTA's accountability for the money it receives. If you have any questions about this report or need additional information, contact the South Dakota Science and Technology Authority, 630 East Summit Street, Lead, SD 57754.

SOUTH DAKOTA SCIENCE AND TECHNOLOGY AUTHORITY**STATEMENT OF NET POSITION****JUNE 30, 2022****ASSETS****Current Assets**

Cash in Local Bank and Petty Cash	\$ 5,798,703
Cash on Deposit with State Treasurer	11,396,219
Accounts Receivable	2,399,204
Interest Receivable	28,944
Prepaid Expenses	970,079
Inventory of Supplies & Warehouse	3,646,111
Total Current Assets	24,239,260

Noncurrent Assets

Xenon Purchased (note 5)	8,934,350
Net Pension Asset	4,730,555
Land	1,924,136
Underground	17,936,955
Buildings, Machinery, Equipment, Infrastructure, & DOE Property Transferred (Net) (Note 3)	74,538,834
Total Noncurrent Assets	108,064,830

TOTAL ASSETS **132,304,090****Deferred Outflows of Resources**

Asset Retirement Obligation Deferred Outflows	1,129,638
Pension Related Deferred Outflows	6,513,113
Total Deferred Outflow of Resources	7,642,751

LIABILITIES**Current Liabilities**

Accounts Payable	912,430
Accrued Wages and Benefits	1,090,401
Accrued Leave, Benefits (Note 4)	781,512
Total Current Liabilities	2,784,343

Long-Term Liabilities

Accrued Leave, Benefits (Note 4)	781,513
Asset Retirement Obligation (Note 4)	1,129,638
Long-Term Xenon Notes Payable	6,000,000
Total Long-Term Liabilities	7,911,151

TOTAL LIABILITIES **10,695,494****Deferred Inflows of Resources**

Pension Related Deferred Inflows	9,300,127
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NET POSITION

Invested in Capital Assets	94,399,925
Restricted for:	
Mine Closure	1,567,553
Experiments	744,642
Indemnification	7,500,000
Pension	1,943,542
Foundation	526,402
Unrestricted Net Position	13,269,156
TOTAL NET POSITION	\$ 119,951,220

The accompanying notes are an integral part of this statement.

SOUTH DAKOTA SCIENCE AND TECHNOLOGY AUTHORITY

**STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
FOR THE YEAR ENDED JUNE 30, 2022**

Operating Revenue

Charges for Goods and Services	\$ 473,945
Operating Grants	38,389,624
Miscellaneous	410,953
Total Operating Revenue	39,274,522

Operating Expenses

Personnel Services	18,894,843
Travel	156,521
Contractual Services	8,163,051
Supplies, Materials and Other Operating Expenses	3,467,222
Depreciation Expense	2,650,038
Total Operating Expenses	33,331,675

Operating Gain	5,942,847
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Nonoperating Revenues/Expenses

Interest Revenue	171,113
Contributions	86,472
Other Expense	(366,471)
Total Nonoperating Revenues/Expenses	(108,886)

Capital Grants	3,980,469
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Change in Net Position	9,814,430
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Net Position -- Beginning of Year (as restated)	110,136,790
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Net Position -- End of Year	\$ 119,951,220
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The accompanying notes are an integral part of this statement.

SOUTH DAKOTA SCIENCE AND TECHNOLOGY AUTHORITY

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED JUNE 30, 2022

Cash Flows from Operating Activities:

Other Operating Cash Receipts	\$ 948,147
Cash Receipts from Operating Grants	38,646,890
Cash Payments to Employees for Services	(20,129,502)
Cash Payments to Suppliers of Goods and Services	(12,520,489)
Net Cash Used by Operating Activities	6,945,046

Cash Flows from Noncapital Financing Activities:

Interest/Insurance Paid on Xenon	(350,224)
Grants & Donations Paid	-
Net Cash Used by Noncapital Financing Activities	(350,224)

Cash Flows from Capital and Related Financing Activities:

Purchase of Capital Assets	(6,519,266)
Net Cash Used by Capital and Related Financing Activities	(6,519,266)

Cash Flows from Investing Activities:

Interest Earnings	172,051
Net Cash Provided by Investing Activities	172,051

Net increase in Cash and Cash Equivalents 247,608

Cash and Cash Equivalents at Beginning of Year 16,947,314

Cash and Cash Equivalents at End of Year 17,194,922

Reconciliation of Operating Loss to Net Cash Used in Operating Activities:

Operating Gain	5,942,847
<i>Adjustments to Reconcile Operating Loss to Net Cash Used in Operating Activities:</i>	
Depreciation & Amortization Expense	2,650,038
Change in Assets and Liabilities:	
Receivables	320,515
Prepaid Expenses	(354,349)
Inventory of Supplies	(376,384)
Net Pension Asset	(4,705,949)
Decrease(Increase) in Deferred Outflow of Resources - Pension	(2,401,908)
Increase (Decrease) Deferred Inflow of Resources - Pension	5,832,228
Accounts and Other Payables	(2,961)
Accrued Wages Payable	102,828
Accrued Leave Payable	(61,859)
Net Cash Used in Operating Activities	\$ 6,945,046

Continued on next page

SOUTH DAKOTA SCIENCE AND TECHNOLOGY AUTHORITY

**STATEMENT OF CASH FLOWS (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2022**

Cash and Cash Equivalents:

Cash in Local Bank	\$	5,797,653
Petty Cash		1,050
Cash with State Treasurer		11,396,219
Total Cash and Cash Equivalents		17,194,922

Non-Cash Capital and Related Financing Activities:

Loss on Disposal of Assets		11,849
Donated Capital Assets		3,980,469
Donated Inventory of Supplies		293,344
Total Non-Cash Activities	\$	4,285,662

The accompanying notes are an integral part of this statement.

SOUTH DAKOTA SCIENCE AND TECHNOLOGY AUTHORITY

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2022

(1) Summary of Significant Accounting Policies

a. Reporting Entity

The South Dakota Science and Technology Authority (SDSTA) was created and organized by Chapter 1-16H of the South Dakota Codified Laws. The purposes of the SDSTA is to foster and facilitate scientific and technology investigation, experimentation, and development by creating a mechanism through which laboratory, experimental and development facilities may be acquired, developed, constructed, maintained, operated, and decommissioned. The initial focus of the SDSTA is to support the transfer of the Homestake Gold Mine in Lead, South Dakota for development by the research community to become the world's premier Underground Science and Engineering Laboratory; more specifically, the Sanford Underground Research Facility (SURF). Additional focus is maintained by the SDSTA for an education and outreach program detailing the progress. The SDSTA is a business type component unit of the State of South Dakota (the State). As such, the accompanying financial statements are included in the Annual Comprehensive Financial Report of the State of South Dakota.

The Sanford Underground Research Facility Foundation (SURFF) is a legally separate, tax exempt component unit of the SDSTA. The SURFF was established as a fundraising organization to supplement resources for the SDSTA programs related to education, internships, public outreach, and the development of the SURF Institute. Thus, the services the SURFF provides is for the SDSTA. The sitting Chairperson of the SDSTA serves as a voting Director on an ex officio basis and is included in the total number of Directors as listed by the Bylaws. Two board members from the SDSTA are also on the Board of the SURF Foundation. The SDSTA is also responsible for any outstanding debt.

b. Fund Accounting

The SDSTA Fund is accounted for as an enterprise fund. Enterprise funds are used to account for operations (a) that are financed and operated in a manner similar to private business enterprises, where the intent of the governing body is that the costs (expenses, including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges; or (b) where the governing body has decided that periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability, or other purposes.

c. Measurement Focus, Basis of Accounting

The SDSTA Fund follows the economic resources measurement focus and accrual basis of accounting, wherein revenues are recognized when earned and expenses are recognized when incurred. Likewise, the SURFF follows the accrual basis of accounting. Revenues are recognized when they are earned, and expenses are recognized when they are incurred.

d. Inventory of Supplies

Inventory of supplies consists primarily of expendable equipment/supplies, donated and purchased, not yet in service. Donated inventory of supplies are revalued at their estimated fair value on date of donation. Purchased equipment values are reported at cost. Reported cost values include ancillary charges necessary to place the asset into its intended location and condition for use at a later date.

e. Capital Assets

Capital assets include land, buildings, machinery and equipment, and all other tangible or intangible assets that are used in operations and that have initial useful lives extending beyond a single reporting period. Infrastructure assets are long-lived capital assets that normally are stationary in nature and normally can be preserved for a significantly greater number of years than most capital assets. Capital assets are recorded at historical cost. Donated capital assets are valued at their estimated fair value on the date donated. Reported cost values include ancillary charges necessary to place the asset into its intended location and condition for use.

SOUTH DAKOTA SCIENCE AND TECHNOLOGY AUTHORITY

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2022

(1) Summary of Significant Accounting Policies (Continued)

e. Capital Assets (Continued)

Subsequent to initial capitalization, improvements or betterments that are significant, and which extend the useful life of a capital asset are also capitalized. Depreciation of all exhaustible capital assets is recorded as an expense in the Statement of Revenues, Expenses, and Changes in Net Position, with net capital assets reflected in the Statement of Net Position. Accumulated depreciation is reported on the Statement of Net Position.

Capitalization thresholds (the dollar values above which asset acquisitions are added to the capital asset accounts), depreciation methods, and estimated useful lives of capital assets reported in the SDSTA's financial statements are as follows:

	Capitalization Threshold	Depreciation Method	Estimated Useful Life
Land and Land Rights	All Land	N/A	N/A
Improvements	\$ 5,000	Straight-line	10-50 yrs.
Infrastructure	5,000	Straight-line	25-50 yrs.
Buildings	5,000	Straight-line	10-50 yrs.
Automobiles, Furniture, Machinery and Equipment	5,000	Straight-line	2-75 yrs.

f. Revenue and Expense Classifications

In the Statement of Revenues, Expenses, and Changes in Net Position, revenues and expenses are classified in a manner consistent with how they are classified in the Statement of Cash Flows. That is, transactions for which related cash flows are reported as capital and related financing activities, non-capital financing activities, or investing activities are not reported as components of operating revenue or expenses. The Authority's proprietary fund distinguishes between operating and non-operating revenues and expenses. Operating revenues and expenses of the SDSTA consist of reimbursement of the costs of operations from Homestake Mining Company and other entities, and the costs of providing those services, including depreciation. All other revenues and expenses are reported as non-operating.

g. Cash and Cash Equivalents

Cash includes cash on hand, demand deposits, and participating interest in the State's internal investment pool held by the State Treasurer. The amount held in the State's internal investment pool is reported at fair value. The SDSTA essentially has access to the entire amount of their cash resources on demand. Accordingly, equity in the cash management pool is considered to be cash and cash equivalents for the purpose of the Statement of Cash Flows.

h. Equity Classifications

Equity is classified as net position and is displayed in three components:

1. Net investment in capital assets consists of capital assets, including restricted capital assets, net of accumulated depreciation (if applicable) and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvements of those assets.
2. Restricted net position consists of net position with constraints placed on their use either by (a) external groups such as creditors, grantors, contributors, or laws and regulations of other governments; or (b) law through constitutional provisions or enabling legislation.
3. Unrestricted net position all other net position that do not meet the definition of "restricted" or "net investment in capital assets."

SOUTH DAKOTA SCIENCE AND TECHNOLOGY AUTHORITY

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2022

(1) Summary of Significant Accounting Policies (Concluded)

i. Application of Net Position

It is the SDSTA's policy to first use restricted net position, prior to the use of unrestricted net position, when an expense is incurred for purposes for which both restricted and unrestricted net position are available.

j. Accrued Leave

Compensated absences consist of vacation and sick leave earned. The vacation leave is earned by full-time employees at the rate of 4.62 hours per pay period, increasing to 6.16 hours per pay period after 15 years of service. The vacation leave may accumulate only to a maximum of twice the annual accrual. Upon retirement or resignation, only full-time employees with 180 days of continuous service will be paid for accumulated vacation leave. Sick leave is earned at the rate of 4.32 hours per pay period. Upon termination, some employees are entitled to receive compensation for a portion of their sick leave balance. Those with seven years of service or more will receive compensation at the rate of 25 percent of their balance up to a maximum of 480 hours.

k. Pensions

For purposes of measuring the net pension liability (asset), deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense (revenue), information about the fiduciary net position of the South Dakota Retirement System (SDRS) and additions to/deletions from SDRS's fiduciary net position have been determined on the same basis as they are reported by SDRS. The SDSTA's contributions and net pension liability (asset) are recognized on an accrual basis of accounting.

l. Leases

GASB 87 was implemented in FY2022. We evaluated all current leases to determine if they meet the GASB definition of a lease. For those that did meet the definition of a lease, we concluded they were immaterial for reporting in FY2022. We will analyze this each Fiscal Year.

m. Asset Retirement Obligation

GASB 83 "Certain Asset Retirement Obligations" was implemented in FY2022. We reported an asset retirement obligation see note 4. This cost will be evaluated each fiscal year and updated for any changes.

(2) Deposits and Investments

Deposits

The majority of the SDSTA's cash is on deposit with the State Treasurer. Such funds are invested through the South Dakota Investment Council. Management of the State's internal investment pool is the statutory responsibility of the South Dakota Investment Council (SDIC). The investment policy and required risk disclosures for the State's internal investment pool are presented in the audit report of the South Dakota Investment Council, which can be obtained by contacting the Department of Legislative Audit, 427 South Chapelle, c/o 500 East Capitol, Pierre, South Dakota 57501.

Custodial credit risk is the risk that in the event of a bank failure, the SDSTA's deposits may not be returned to it. The SDSTA does not have a deposit policy for custodial credit risk. None of the SDSTA's deposits were exposed to custodial credit risk.

SOUTH DAKOTA SCIENCE AND TECHNOLOGY AUTHORITY

NOTES TO FINANCIAL STATEMENTS (CONTINUED) **JUNE 30, 2022**

(2) Deposits and Investments (continued)

Investments

In general, SDCL 1-16H-18 permits funds to be invested in (a) direct obligations of, or obligations the principal of the interest on which are fully guaranteed or insured by, the United States of America; or (b) obligations of any solvent insurance company or other corporation or business entity if rated in the two highest classifications established by a standard rating service or insurance companies or a nationally recognized rating agency; or (c) short term discount obligations of the Federal National Mortgage Association; or (d) obligations of any state of the United States or any political subdivision, public instrumentality, or public authority of any state of the United States, which obligations are not callable before the principal is to be paid, are fully secured as to both sufficiency and timely payment by, and payable solely from, obligations described in (a). The SDSTA did not have any investments as of June 30, 2022.

SOUTH DAKOTA SCIENCE AND TECHNOLOGY AUTHORITY

NOTES TO FINANCIAL STATEMENTS (CONTINUED) JUNE 30, 2022

(3) Changes in Capital Assets

A summary of changes in capital assets for the year ended June 30, 2022, is as follows:

	Balance June 30, 2021 (restated)	Reclassified*	Increases	Decreases	Balance June 30, 2022
Business-Type Activities:					
Capital Assets, not Being Depreciated:					
Land	\$ 1,814,136	\$ -	\$ 110,000	\$ -	\$ 1,924,136
Underground	17,936,955	-	-	-	\$ 17,936,955
Archive Materials	70,000	-	-	-	\$ 70,000
Construction Work in Progress (CIP) (see Note 10)	2,300,282	(3,542,500)	5,360,951	-	\$ 4,118,733
Total Capital Assets, not Being Depreciated	22,121,373	(3,542,500)	5,470,951	-	\$ 24,049,824
Capital Assets, Being Depreciated:					
DOE Property Transferred	1,876,476	3,542,500	909,301	-	\$ 6,328,277
Automobiles	306,996	-	170,615	-	\$ 477,611
Buildings	13,589,656	-	3,793,589	-	\$ 17,383,244
Furniture	74,212	-	-	6,914	\$ 67,298
Computer Equipment	354,678	-	-	15,044	\$ 339,634
Improvements	55,625,517	-	-	-	\$ 55,625,517
Infrastructure	2,003,189	-	-	-	\$ 2,003,189
Machinery and Equipment	10,465,473	-	194,040	476,070	\$ 10,183,443
Total Capital Assets, Being Depreciated	84,296,197	3,542,500	5,067,545	498,028	\$ 92,408,213
Total Capital Assets, Before Depreciation	106,417,570	-	10,538,496	498,028	\$ 116,458,037
Less Accumulated Depreciation:					
DOE Property Transferred	176,122	-	335,270	-	\$ 511,392
Automobiles	101,849	-	40,790	-	\$ 142,639
Buildings	2,291,504	-	315,711	-	\$ 2,607,215
Computer Equipment	238,812	-	45,998	15,044	\$ 269,766
Furniture	62,988	-	4,486	6,913	\$ 60,561
Improvements	10,411,032	-	1,326,592	-	\$ 11,737,624
Infrastructure	499,092	-	52,455	-	\$ 551,547
Machinery and Equipment	6,108,704	-	528,735	460,071	\$ 6,177,368
Total Accumulated Depreciation	19,890,103	-	2,650,037	482,028	\$ 22,058,112
Capital Assets, Net	\$ 86,527,467	\$ -	\$ 7,888,459	\$ 15,999	\$ 94,399,925

*Reclassifications are due to the SDSTA performing analysis of assets that were previously grouped in construction work in progress costs. Various items were transferred to the correct category as they were placed into service.

SOUTH DAKOTA SCIENCE AND TECHNOLOGY AUTHORITY

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2022

(4) Long-Term Debt

A summary of changes in long-term debt follows:

	Beginning Balance	Additions	Deletions	Ending Balance	Due Within One Year
Accrued Compensated Absences	\$ 1,624,884	\$ 863,122	\$ 924,981	\$ 1,563,025	\$ 781,512
Asset Retirement Obligation	-	1,129,638	-	1,129,638	-
Xenon Notes Payable	6,000,000	-	-	6,000,000	-
	<u>\$ 7,624,884</u>	<u>\$ 1,992,760</u>	<u>\$ 924,981</u>	<u>\$ 8,692,663</u>	<u>\$ 781,512</u>

Xenon Notes Payable

Loan Agreements with S.D. Community Foundation (SDCF), S.D. State University Foundation (SDSUF), and University of S.D. Foundation (USDF) to purchase xenon.

Repayment of Xenon Notes Payable

Each Foundation's share of the xenon shall be sold at a time such that the loans will be paid by the maturity date provided by the loan documents. Furthermore, if the SDSTA sells the xenon for more than the cost to purchase it, the Foundations shall be paid the full principal amount payable plus an amount equal to the Average Return times the number of liters of xenon purchased using Foundation Funds. The "Average Return" means the total price received for the sale of all xenon owned by SDSTA within the Project minus the amount paid to all Foundations providing funding, with the difference then divided by the total number of liters sold. Furthermore, if the SDSTA fails to pay any payment required on or before the due date, the Foundations may declare the entire remaining balance immediately due and payable.

The loans are 11 year, unsecured non recourse loans with 2.5% simple interest paid quarterly. The SDCF note is due on October 1, 2026. The SDSUF and USDF notes are due December 1, 2026.

Also see Note 8. \$ 6,000,000

The annual requirements to amortize long-term debt outstanding as of June 30, 2022, are as follows:

	Xenon Notes Payable		Totals	
	Interest	Principal	Interest	Principal
2023	150,000	-	150,000	-
2024	150,000	-	150,000	-
2025	150,000	-	150,000	-
2026	150,000	-	150,000	-
2027	62,500	6,000,000	62,500	6,000,000
Total	<u>\$ 662,500</u>	<u>\$ 6,000,000</u>	<u>\$ 662,500</u>	<u>\$ 6,000,000</u>

Asset Retirement Obligation

South Dakota Science and Technology Authority has deemed there would be costs associated with closing the SURF facility, if abandoning the site would occur. Outside regulatory agencies that would be involved with oversight of the closure would be the U.S. Environmental Protection Agency, and the South Dakota Department of Agriculture and Natural Resources. The capital assets on SDSTA's financial statements that would be included in the asset retirement obligation are land, above ground and underground infrastructure, and buildings. We used a team of internal experts to develop the estimate including: mining engineers, mechanical engineers, construction managers, heavy equipment experts, all with expertise in mining, underground, and environmental industries. The methods and assumptions used by these experts were to estimate hours associated with completing the below tasks using a current average salary and benefit rate, plus any associated contractor fees. Using these assumptions, they have determined the below actions would need to be taken and associated costs incurred:

SOUTH DAKOTA SCIENCE AND TECHNOLOGY AUTHORITY

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2022

SDSTA Estimate: SURF Site Closure Cost	
Project 1. Shutdown Dewatering System	\$ 18,535
Project 2. Secure Surface to UG Access Points	116,230
Project 3. Remove Underground Hazardous Materials	160,043
Project 4. Underground Inspection/Documentation	242,721
Project 5. Utility Reduction	8,238
Project 6. Secure Surface Area(s) and Building	68,535
Project 7. Secure Yates Shaft Entrance	110,446
Project 8. Secure Ross Shaft Entrance	110,446
Project 9. Secure Oro Hondo Shaft Entrance	75,446
Project 10. Secure 5 Shaft Entrance	130,892
Project 11. Remove Hoists from Service	29,421
Project 12. Remove Hazardous Material from Surface	58,685
Grand Total	\$ 1,129,638

Per our land donation agreement from Homestake Mining Company in 2006, we assumed all liability for closure, and were obligated to restrict \$1,000,000 for such an event; SDSTA complied with this agreement. Since then, interest has accrued and been restricted by SDSTA; current restricted and separately reported cash on hand for site abandonment is \$1,567,553.

For calculating useful life of this liability, we correlate to our relationship with LBNF/DUNE (Long Based Neutrino Facility/Deep Underground Neutrino Experiment). This relationship is expected to continue until 2045 per the Snowmass/P5 (Particle Physics Project Prioritization Panel), thus we deem a conservative useful life of 30 years.

(5) Xenon Purchases

Xenon purchased is valued at a cost per liter with additional freight, customs, and analysis charges. Total xenon purchased to date is \$8,934,350 as shown by the detail below.

<u>Fiscal Year</u>	<u># of Liters</u>	<u>Total Cost</u>	<u>Average Cost/Liter</u>
2014	20,000	\$332,855	\$16.64/liter
2016	200,000	1,273,808	6.37/liter
2017	600,295	3,433,693	5.72/liter
2018	260,000	1,473,544	5.67/liter
2019	300,000	1,650,450	5.50/liter
2020	140,000	770,000	5.50/liter
Total Purchased	1,520,295	\$8,934,350	\$ 5.88/liter

SOUTH DAKOTA SCIENCE AND TECHNOLOGY AUTHORITY

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2022

(6) Retirement/Pension Plan

Plan Information:

All employees, working more than 20 hours per week during the year, participate in the South Dakota Retirement System (SDRS), a cost sharing, multiple employer defined benefit pension plan administered by SDRS to provide retirement benefits for employees of the State of South Dakota and its political subdivisions. The SDRS provides retirement, disability, and survivors' benefits. The right to receive retirement benefits vests after three years of credited service. Authority for establishing, administering, and amending plan provisions are found in SDCL 3-12. The SDRS issues a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained at <http://www.sdrs.sd.gov/publications/> or by writing to the SDRS, P.O. Box 1098, Pierre, SD 57501-1098 or by calling (605) 773-3731.

Benefits Provided:

SDRS has three different classes of employees, Class A general members, class B public safety and judicial members, and Class C Cement Plant Retirement Fund members.

Members that were hired before July 1, 2017 are Foundation members. Class A Foundation members and Class B Foundation members who retire after age 65 with three years of contributory service are entitled to an unreduced annual retirement benefit. An unreduced annual retirement benefit is also available after age 55 for Class A Foundation members where the sum of age and credited service is equal to or greater than 85 or after age 55 for Class B Foundation judicial members where the sum of age and credited service is equal to or greater than 80. Class B Foundation public safety members can retire with an unreduced annual retirement benefit after age 55 with three years of contributory service. An unreduced annual retirement benefit is also available after age 45 for Class B Foundation public safety members where the sum of age and credited service is equal to or greater than 75. All Foundation retirement benefits that do not meet the above criteria may be payable at a reduced level.

Members that were hired on/after July 1, 2017, are Generational members. Class A Generational members and Class B Generational judicial members who retire after age 67 with three years of contributory service are entitled to an unreduced annual retirement benefit. Class B Generational public safety members can retire with an unreduced annual retirement benefit after age 57 with three years of contributory service. At retirement, married Generational members may elect a single-life benefit, a 60 percent joint and survivor benefit, or a 100 percent joint and survivor benefit. All Generational retirement benefits that do not meet the above criteria may be payable at a reduced level. Generational members will also have a variable retirement account (VRA) established, in which they will receive up to 1.5 percent of compensation funded by part of the employer contribution. VRA's will receive investment earnings based on investment returns.

Legislation enacted in 2017 established the current COLA process. At each valuation date:

- Baseline actuarial accrued liabilities will be calculated assuming the COLA is equal to the long-term inflation assumption of 2.25%.
- If the fair value of assets is greater or equal to the baseline actuarial accrued liabilities, the COLA will be:
 - The increase in the 3rd quarter CPI-W, no less than 0.5% and no greater than 3.5%.
- If the fair value of assets is less than the baseline actuarial accrued liabilities, the COLA will be:
 - The increase in the 3rd quarter CPI-W, no less than 0.5% and no greater than a restricted maximum such that, that if the restricted maximum is assumed for future COLA's, the fair value of assets will be greater or equal to the accrued liabilities.

All benefits except those depending on the Member's Accumulated Contributions are annually increased by the Cost-of-Living Adjustment.

SOUTH DAKOTA SCIENCE AND TECHNOLOGY AUTHORITY

NOTES TO FINANCIAL STATEMENTS (CONTINUED) **JUNE 30, 2022**

(6) Retirement/Pension Plan (Continued)

Contributions:

Per SDCL3-12, contribution requirements of the active employees and the participating employers are established and may be amended by the SDRS Board. Covered employees are required by state statute to contribute the following percentages of their salary to the plan; Class A Members 6.0% of salary; Class B Judicial Members, 9.0% of salary; and Class B Public Safety Members, 8.0% of salary. State Statute also requires the employer to contribute an amount equal to the employee's contribution. The SDSTA's share of contributions to the SDRS for the fiscal years ended June 30, 2022, 2021, and 2020 was \$880,457, \$841,062, and \$746,095, respectively, equal to the required contributions each year.

Pension Liabilities (Assets), Pension Expense (Revenue), and Deferred Outflows of Resources and Deferred Inflows of Resources to Pensions:

As of June 30, 2022, SDRS is 105.52% funded and accordingly has a net pension asset. The proportionate share of the components of the net pension asset of the South Dakota Retirement System for the SDSTA as of the measurement period ending June 30, 2022 and reported by the SDSTA as of June 30, 2022 are as follows:

Proportionate share of pension liability	\$85,653,123
Less Proportionate share of net pension restricted for pension benefits	90,383,678

Proportionate share of net pension liability (asset)	<u><u>\$(4,730,555)</u></u>

At June 30, 2022, the SDSTA reported a liability (asset) of \$ (4,730,555) for its proportionate share of the net pension liability (asset). The net pension liability (asset) was measured as of June 30, 2022, and the total pension liability (asset) used to calculate the net pension asset was based on a projection of the SDSTA's share of contributions to the pension plan relative to the contributions of all participating entities. At June 30, 2022, the SDSTA's proportion was .61770400% which is an increase of 0.0511155% from its proportion measured as of June 30, 2021.

For the year ended June 30, 2022, the SDSTA recognized pension expense of \$1,275,629. At June 30, 2022, the SDSTA reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows Of Resources	Deferred Inflows Of Resources
Difference between expected and actual experience.	\$ 169,839	\$ 12,402
Changes in assumption.	5,440,092	2,368,994
Net Difference between projected and actual earnings on pension plan investments.	-	6,757,693
Changes in proportion and difference between SDSTA contributions and proportionate share of contributions.	22,725	161,038
SDSTA contributions subsequent to the measurement date.	880,457	-
	-----	-----
TOTAL	<u><u>\$ 6,513,113</u></u>	<u><u>\$ 9,300,127</u></u>

SOUTH DAKOTA SCIENCE AND TECHNOLOGY AUTHORITY

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2022

(6) Retirement/Pension Plan (Continued)

\$880,457 reported as deferred outflow of resources related to pensions resulting from the SDSTA's contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending June 30, 2023. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense (revenue) as follows:

Year Ended June 30:

2023	\$ (938,461)
2024	(651,261)
2025	(176,764)
2026	(1,900,985)

TOTAL	<u><u>\$ (3,667,471)</u></u>

Actuarial Assumptions:

The total pension liability (asset) in the June 30, 2022 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.25 %
Salary Increases	6.50% at entry to 3.00% after 25 years of service
Discount Rate	6.50% net of plan investment expense. This is composed of an average inflation rate of 2.25% and real returns of 4.25%
Future COLAs	2.25%

Mortality rates were based on 97% of the RP-2014 Mortality Table, adjusted to 2006 projected generationally with Scale MP-2016, white collar rates for females and total dataset rates for males. Mortality rates for disabled members were based on the RP-2014 Disabled Retiree Mortality Table, adjusted to 2006 and projected generationally with Scale MP-2016.

The actuarial assumptions used in the June 30, 2022 valuation were based on the results of an actuarial experience study for the period of July 1, 2011 to June 30, 2016.

Investment portfolio management is the statutory responsibility of the South Dakota Investment Council (SDIC), which may utilize the services of external money managers for management of a portion of the portfolio. SDIC is governed by the Prudent Man Rule (i.e., the council should use the same degree of care as a prudent man). Current SDIC investment policies dictate limits on the percentage of assets invested in various types of vehicles (equities, fixed income securities, real estate, cash, private equity, etc.). The long-term expected rate of return on pension plan investments was determined using a method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighing the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of real rates of return for each major asset class included in the pension plan's target asset allocation as of June 30, 2022 (see the discussion of the pension plan's investment policy) are summarized in the following table using geometric means:

SOUTH DAKOTA SCIENCE AND TECHNOLOGY AUTHORITY

NOTES TO FINANCIAL STATEMENTS (CONTINUED) **JUNE 30, 2022**

(6) Retirement/Pension Plan (Concluded)

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Global Equity	58.0%	4.3%
Fixed Income	30.0%	1.6%
Real Estate	10.0%	4.6%
Cash	2.0%	0.9%

Total	100%	
	=====	

Discount Rate:

The discount rate used to measure the total pension liability (asset) was 6.50%. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rate and that matching employer contributions will be made at rates equal to the member rate. Based on these assumptions, the pension plan's fiduciary net position was projected to be available to make all future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability (asset).

Sensitivity of (liability) to changes in the discount rate:

The following presents the SDSTA's proportionate share of the net pension liability (asset) calculated using the discount rate of 6.50% as well as what the SDSTA's proportionate share of the net pension liability (asset) would be if it were calculated using a discount rate that is 1-percentage point lower (5.50%) or 1-percentage point higher (7.50%) than the current rate:

	<u>1% Decrease</u>	<u>Current Discount Rate</u>	<u>1% Increase</u>
SDSTA's proportionate share of the net pension liability (asset)	\$7,659,946	\$ (4,730,555)	\$(14,788,759)

Pension Plan Fiduciary Net Position:

Detailed information about the plan's fiduciary net position is available in the separately issued SDRS financial report.

(7) Risk Management

The SDSTA is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. There were no insurance claims exceeding insurance coverage during the past three years. During the period ended June 30, 2022, the SDSTA managed its risks as follows:

Building Structure Charges:

The buildings and permanent structures owned by the SDSTA are not covered by commercial insurance. However, the recently erected MSF and the SLHVC is covered by commercial insurance.

SOUTH DAKOTA SCIENCE AND TECHNOLOGY AUTHORITY

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2022

(7) Risk Management (Continued)

Personal Property Insurance:

The SDSTA purchases insurance for the contents of the administration building from a commercial insurance carrier. However, the contents of the SDSTA's other buildings are not insured.

Employee Health Insurance:

The SDSTA purchases health insurance for its employees from a commercial insurance carrier. Settled claims resulting from these risks have not exceeded the liability coverage during the past three years.

Liability Insurance:

The SDSTA purchases liability insurance for risks related to torts, theft or damage of property, errors and omissions of public officials, employee practices liability coverage, employee dishonesty, cybersecurity, and professional engineers' coverage through its participation in the South Dakota Authority Captive Insurance Company, a component unit of the State of South Dakota. Additional liability coverage including auto liability coverage and environmental liability is purchased from commercial insurance carriers. Settled claims resulting from these risks have not exceeded the liability coverage during the past three years.

Worker's Compensation:

For the policy renewal date of January 1, 2022 through January 1, 2023, the SDSTA continued to purchase workmen's compensation through a commercial insurance carrier. Settled claims resulting from these risks have not exceeded the liability coverage during the past three years.

Unemployment Benefits:

The SDSTA provides coverage for unemployment benefits by paying into the Unemployment Compensation Fund established by state law and managed by the State of South Dakota.

(8) Significant Commitments, Contracts, and Subsequent Events

On December 23, 2009, the SDSTA received \$20,000,000 designated as Sanford Gift No.2. Gift No.2 was originally established for the construction of the Sanford Center for Science Education. Two amendments to the Homestake Gift Agreement were signed in June 2010 and October 2011, respectively, whereby it was agreed to use \$15 million of this \$20 million for infrastructure and safety upgrades at the Underground Davis Campus and for replacing steel and other rehabilitation of the Ross Shaft. In early August 2012, the SDSTA signed a third amendment to the Gift Agreement and received the remaining \$15 million of Gift No.2 called for by Section 2 of the Gift Agreement. The Gift No.2 balance of \$20 million was to be held in a restricted fund whereby the principal was not to be expended until a written approval of a business and operational plan for the Sanford Center for Science Education was received from Mr. Sanford. Furthermore, the third amendment allowed the SDSTA to utilize and expend interest and other earnings on Gift No.2 restricted funds. In May, 2013, the SDSTA signed a fourth amendment to the Gift Agreement whereby it was agreed to expend up to \$7,000,000 of Gift No.2 for the construction or remodeling of the Yates Dry Building (located at SURF), the remodeling or replacement of the Lead Homestake Visitor's Center and the remodeling of Jonas Hall (located on the campus of Black Hills State University in Spearfish, SD). This authorization was conditioned on the SDSTA raising \$1.5 million from other sources for the Black Hills State University project and \$1 million for the SURF Homestake Visitor's Center (SLHVC) in Lead. The SDSTA secured a \$2 million Future Fund grant from the State of South Dakota in October 2013 and an additional \$500,000 was received in July 2014 from Great Plains Education Foundation that satisfied this monetary obligation. Both outside facilities agreed in writing to incorporate and use the name "Sanford" in the naming of the facilities. Operating agreements are in place which reasonably provide for the ongoing operations of the respective facilities by the Homestake Visitor Center, Inc. and Black Hills State University. Given the construction budget of

SOUTH DAKOTA SCIENCE AND TECHNOLOGY AUTHORITY

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2022

(8) Significant Commitments, Contracts, and Subsequent Events (Continued)

the SLHVC and the Jonas Science Building renovation costs, it was not possible to undertake the upgrades to the Yates Dry. These details were reported in the Fifth Amendment to the Homestake Gift Agreement in February 2015. Furthermore, any part of Gift No.2 not used for the three construction projects may be used for the construction and operation of additional underground laboratory space at SURF to accommodate other experiments, and for related infrastructure to access or support the new laboratory space through the shafts. After the above projects were finished approximately \$1,000,000 remained. On June 23, 2016 the sixth amendment was signed allowing the SDSTA to use the remaining funds to purchase real estate known as “Ellison Hill” and to conduct needed environmental assessments and remediation of the property. This will provide needed storage and construction material laydown space for the LBNF and DUNE projects. The “Ellison Hill” property was purchased in May 2017.

The cost of this remediation was shared equally by the SDSTA and Homestake Mining Company per the purchase agreement.

With additional change orders, the contract amount was decreased to \$302,319. Remediation of the property was completed in November 2017. At fiscal yearend 2022, a balance of \$127 remained as Gift No. 2 funds. This will be transferred to the SDSTA’s operating account.

The SDSTA’s long-term cooperative agreement with Homestake Mining Company of California continues. The SDSTA agrees to combine Homestake’s wastewater from Grizzly Gulch with the mine wastewater, as well as treat, and discharge the water. For the first year of this agreement, Homestake agreed to pay the SDSTA an amount ranging from \$.58 to \$.84 per 1000 gallons based on average total gallons treated per minute per month. Revenue from this agreement for the past two years was \$205,127 and \$257,854, respectively. Revenue was lower this last year due to the number of gallons treated being lower. The terms of the agreement were amended in September 2020 adjusting the price per 1000 gallons to \$.75 and extending this price and the contract to September 30, 2030. Estimated revenues for the upcoming year are at \$225,000.

A lease between the SDSTA and DOE for land (above ground) and space (underground) for the LBNF was signed on March 29, 2016. The term of the lease goes through April 30, 2036 but shall remain in force thereafter from year to year without further notice but shall in no event extend beyond a total of 65 years. Additional amendments to this lease executed in June 2017 and May 2018 (Amendment #1 and Amendment #2) added additional space in the Ross Dry Facility in support of the Long Baseline Neutrino Facility. An easement was signed with Homestake Mining Company for the construction and maintenance of conveyor facilities for the transportation of excavated rock to the Open Cut (open mine pit) owned by Homestake. The LBNF will include a large experimental facility underground at the 4850’L. Waste rock excavated from that level will be deposited into the Open Cut. An additional easement was negotiated with the City of Lead across their property to construct, maintain, and operate this overhead conveyance system. The conveyance system has been constructed and waste rock is being transported into the Open Cut starting June 2021.

Homestake Mining Company agreed with the signing of the Third Amendment to the Property Donation Agreement in August 2015 to release \$2,500,000 from the Indemnification Fund for the SDSTA to fund the captive insurance company. The original appropriation for the indemnification fund found at 2004 SD Session Laws, Chapter 14, Section 1 was revised by the State Legislature per Legislative Session 2015 HB 1186, to allow the use of up to \$2,500,000 to provide initial capital and pay expenses for the SDSTA’s purposes in the captive insurance company.

Letter Agreement #1586 was signed in August 2015 between the GOED and the SDSTA whereby the State is granting up to \$6,000,000 between July 14, 2015 and September 30, 2018. The State has chosen to engage in a partnership with the SDSTA, the South Dakota Community Foundation, the South Dakota State University Foundation, and the University of South Dakota Foundation to assist with the costs of infrastructure/laboratory upgrades, procurement of xenon for the LUX-ZEPLIN (LZ) dark matter experiment, and interest payments to these foundations. The full \$6,000,000 has been received from the State as well as \$2,000,000 each from the South Dakota Community Foundation, the University of South Dakota Foundation, and the South Dakota State University Foundation. Loan agreements are in place between the SDSTA and the three foundations for a total of \$6,000,000

SOUTH DAKOTA SCIENCE AND TECHNOLOGY AUTHORITY

NOTES TO FINANCIAL STATEMENTS (CONTINUED) JUNE 30, 2022

(8) Significant Commitments, Contracts, and Subsequent Events (Continued)

to be used for the purchase of xenon for the future LZ experiment. The loans extend to the last quarter of 2026. They are unsecured nonrecourse loans with 2.5% simple interest to be paid quarterly to each lender. The loans will be repaid at the end of the LZ experiment (approximately October 2026) from the sale proceeds of the xenon previously purchased. A total of 1,520,295 liters of xenon have been purchased for experiment use. The processed xenon has all been received at SURF and is being used in the LZ experiment.

Letter Agreement #1640 was signed in October 2019 between the GOED and the SDSTA. The SDSTA received \$4,000,000 to design, build, and maintain a new Maintenance Support Facility (MSF). The legacy facilities were dated and needed to be replaced. Therefore, the State of South Dakota provided funding to assist in the construction of a new MSF. This is appropriate to accomplish the SDSTA's present and future requirements. Additionally, GOED Letter Agreement #1659 was signed in June 2019 for an additional \$2,500,000 to assist in the construction and outfitting of the new facility. This was necessary to ensure that it will be completed on schedule. An additional amendment to Letter Agreement #1659 was signed in June 2020 to extend the period of performance to June 30, 2021. This was necessary due to a work stoppage during March and April 2020 due to concerns related to the COVID-19 pandemic. The building construction was completed in June 2021.

However, approximately \$127,000 had not been spent as of yearend due to delays in shipments of various outfitting equipment. An additional amendment was signed in June 2021 to extend the period of performance to September 30, 2021. All funds have been spent on the final outfitting of the new building.

In November 2022, the South Dakota Science and Technology Authority negotiated the sale of 45,274 Liters of Xenon for \$2,878,810. Current Book value at 6/30/2022 of the Xenon sold is \$266,211.12 (See Note 5). Proceeds from this sale will be used to satisfy part of the long-term debt on loan agreements with the three foundations. (See Note 4). The remaining balance of the notes payable will be renegotiated and extend the due date of these notes by two years.

On October 31, 2019 the SDSTA signed a Promissory Note with the First Interstate Bank for \$5,000,000. This agreement represents a variable rate revolving line of credit. Collateral for this line of credit includes the SDSTA's Account Receivable. The SDSTA has not drawn down any funding from this line of credit. The maturity date is October 31, 2022 at which time we will renew for another one-year term.

(9) Significant Contingencies - Litigation

At June 30, 2022 the SDSTA was involved in no lawsuits.

(10) Construction Work in Process

The SDSTA accumulates the costs of construction projects in Construction Work in Progress until the projects are completed and/or placed in service. Some of the ongoing improvement projects are capitalized as they progress. As of June 30, 2022 construction work in progress was at \$4,118,733 for IIP projects.

(11) Continuing Operations

On September 30, 2019, the SDSTA transitioned to a five-year Cooperative Agreement totaling \$119,200,000 with the DOE's Office of Science – Integrated Support Center. This will fund the SDSTA's operations for SURF. The federal fiscal year 2023 budget totals \$25,125,065. Additionally, SDSTA has been awarded \$15,391,601 in Infrastructure Improvement Projects (IIPs) with \$12,702,366 spent through FY2022; \$2,689,235 budgeted in FY2023. We have proposed for fiscal year 2023 and 2024 approximately \$25M of additional IIPs that will be awarded separately, if approved. LBNF/DUNE Logistics Support Services continues with FNAL through March 31, 2024. Additionally, SDSTA support for the LZ experiment operations efforts and the SIGMA-V project have both been extended to September 2022.

SOUTH DAKOTA SCIENCE AND TECHNOLOGY AUTHORITY

NOTES TO FINANCIAL STATEMENTS (CONTINUED) **JUNE 30, 2022**

(12) Related Party Transactions

The SDSTA has a consulting contract with Dialogue, LLC, which is a company owned and operated by the SDSTA Executive Director's spouse. The consultant reports to the Chairman of the Board of Directors under this agreement and not the Executive Director. All contract and invoice payments to Dialogue LLC, were signed and approved by the SDSTA's Chairman of the Board of Directors. Payments totaled \$11,875 in FY2022. Additionally, Mr. Ron Wheeler was appointed to the Board of Directors by the Governor effective July 1, 2013, and is a current member of the Board of Directors. As of July 1, 2013, Ron Wheeler transitioned from the Executive Director role to the position of Director of Governmental & External Affairs for the SDSTA. Mr. Wheeler was a full-time employee of the SDSTA until January 3, 2014, at which time he retired from full-time employment. Effective January 3, 2014, the SDSTA signed a contract with Mr. Wheeler as a consultant for the SDSTA. The contract, including amendments, is for \$539,000, extended to January 15, 2022, and is now complete, with \$24,000 paid in FY2022.

(13) Adjustment to Prior Period Net Position

Through the process of our FY22 financial statement reporting, it was found that \$2,300,282 of Construction in Progress (CIP) in FY21 was not recorded in the financial statements as an asset but left in expenditures. We have restated beginning net position to reflect this exclusion. Of this amount, \$2,209,018 has moved from CIP to depreciable assets in FY22, and \$91,263 was left in FY22 CIP.

SOUTH DAKOTA SCIENCE AND TECHNOLOGY AUTHORITY

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2022

(14) Blended Component Unit Condensed Financial Information

SANFORD UNDERGROUND RESEARCH FACILITY FOUNDATION
CONDENSED STATEMENT OF NET POSITION
JUNE 30, 2022

ASSETS

Current Assets

Cash in Local Bank	\$	423,446
Accounts Receivable		-
Contributions Receivable		45,000
Total Current Assets		468,446

TOTAL ASSETS	468,446
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NET POSITION

Restricted for:

Davis-Bachall	45,000
Garden	403,326
Interns	17,757
Public Outreach	1,000
Visitor Center	925
Unrestricted Net Position	438

TOTAL NET POSITION	\$ 468,446
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CONDENSED STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
JUNE 30, 2022

Restricted Revenue

Garden	\$	156,272
Interns		18,318
Public Outreach		21,250
STEM Education		27,250
Visitor Center		3,296
Miscellaneous and Unrestricted Revenue		41,680
Total Revenue		268,066

Expenses

Miscellaneous Expenses	\$	26,385
Payments to Primary Government		158,095
Total Expenses		184,480

Change in Net Position	83,586
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Net Position -- Beginning of Year	384,860
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Net Position -- End of Year	\$ 468,446
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CONDENSED STATEMENT OF CASH FLOWS
JUNE 30, 2022

Cash Provided from Operating Activities		
Cash Received from Donations	\$	286,681
Cash Payments for Operating Activities		158,095
Net Increase in Cash and Cash Equivalents		128,586
Cash and Cash Equivalents at Beginning of Year		294,860
Cash and Cash Equivalents at End of Year	\$	423,446

REQUIRED SUPPLEMENTARY INFORMATION OTHER THAN MD&A

SCHEDULE OF PROPORTIONATE SHARE OF THE NET PENSION LIABILITY (ASSET)

South Dakota Retirement System

Last 10 Fiscal Years *

	2022	2021	2020	2019	2018	2017	2016	2015
SDSTA's proportion of the net pension liability (asset)	0.6177040%	0.5665885%	0.4949484%	0.4444633%	0.4881662%	0.5027360%	0.5089089%	0.5287996%
SDSTA's proportionate share of net pension liability (asset)	\$ (4,730,555)	\$ (24,607)	\$ (52,451)	\$ (10,366)	\$ (44,302)	\$ 1,698,193	\$ (2,158,428)	\$ (3,809,788)
SDSTA's covered employer payroll	\$ 13,727,913	\$ 12,193,592	\$ 10,237,119	\$ 8,995,993	\$ 9,596,007	\$ 9,256,007	\$ 9,042,866	\$ 8,888,749
SDSTA's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	34.46%	0.20%	0.51%	0.12%	0.46%	18.35%	23.87%	42.86%
Plan fiduciary net position as a percentage of the total pension liability (asset)	105.52%	100.04%	100.09%	100.02%	100.10%	96.89%	104.10%	107.30%

* The amounts presented for each fiscal year were determined as of the measurement date of the collective net pension liability (asset) which is 6/30 of previous fiscal year. Until a full 10-year trend is compiled, the SDSTA will present information for those years for which information is available.

SCHEDULE OF THE AUTHORITY CONTRIBUTIONS

South Dakota Retirement System

Last 10 Fiscal Years

	2022	2021	2020	2019	2018	2017	2016	2015
Contractually required contribution	\$ 880,457	\$ 841,062	\$ 746,095	\$ 631,417	\$ 554,398	\$ 595,112	\$ 573,626	\$ 557,420
Contributions in relation to the contractually required contribution	\$ 880,457	\$ 841,062	\$ 746,095	\$ 631,417	\$ 554,398	\$ 595,112	\$ 573,626	\$ 557,420
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
SDSTA's covered-employee payroll	\$ 14,431,476	\$ 13,727,913	\$ 12,193,592	\$ 10,237,119	\$ 8,995,993	\$ 9,596,007	\$ 9,256,007	\$ 9,042,866
Contributions as a percentage of covered-employee payroll	6.10%	6.13%	6.12%	6.17%	6.16%	6.20%	6.20%	6.16%

* Until a full 10-year trend is compiled, the SDSTA will present information for those years for which information is available.

SOUTH DAKOTA SCIENCE AND TECHNOLOGY AUTHORITY
NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
Schedule of the Proportionate Share of the Net Pension Liability (Asset) and
Schedule of the SDSTA Contributions.

Changes from Prior Valuation:

The June 30, 2021 Actuarial Valuation reflects no changes in actuarial methods from the June 30, 2020 Actuarial Valuation. One change in actuarial assumptions and two plan provision changes are reflected and described below.

The details of the changes since the last valuation are as follows:

Benefit Provision Changes:

Legislation enacted in 2021 reduced the minimum SDRS COLA from 0.5% to 0%. This change will impact the SDRS COLA only when inflation is very low or when the restricted maximum COLA of 0.5% is not affordable. The change had no impact on the current assets or liabilities of SDRS.

Actuarial Assumption Changes:

The SDRS COLA equals the percentage increase in the most recent third calendar quarter CPI-W over the prior year, no less than 0% (0.5% prior to 2021) and no greater than 3.5%. However, if the FVFR assuming the long-term COLA is equal to the baseline COLA assumption (currently 2.25%) is less than 100%, the maximum COLA payable will be limited to the increase that if assumed on a long-term basis, results in a FVFR equal to or exceeding 100%. That condition existed as of June 30, 2020, and the July 2021 SDRS COLA was limited to a restricted maximum of 1.41%. As of June 30, 2021, the FVFR assuming the COLA is equal to the baseline COLA assumption is greater than 100%. The July 2022 SDRS COLA will equal inflation, between 0% and 3.5%. For the June 30, 2020, Actual Valuation, future COLAs were assumed to equal the restricted maximum COLA of 1.41%. For this June 30, 2021, Actual valuation, Future COLAs are assumed to equal the baseline COLA assumption of 2.25%

The changes in COLA assumption increased the Actuarial Accrued Liability by \$1,135 million, or 8.9% of the Actuarial Accrued Liability based on the 1.41% restricted maximum COLA.

Actuarial assumptions are reviewed in depth periodically, with the next experience analysis anticipated before the June 30, 2022 Actuarial Valuation and any recommended changes approved by the Board of Trustees are anticipated to be first implemented in the June 30, 2022 Actuarial Valuation.

Actuarial Method Changes:

No changes in actuarial methods were made since the prior valuation.

SUPPLEMENTARY INFORMATION

SOUTH DAKOTA SCIENCE AND TECHNOLOGY AUTHORITY

SCHEDULE OF OPERATING EXPENSES FOR THE YEAR ENDED JUNE 30, 2022

Personnel Services		
Employee Salaries	\$	12,902,079
Employee Benefits		5,992,764
Total Personal Services		18,894,843
Travel		
Meals and Lodging		74,448
Auto and Fleet Services		58,468
Air - Commercial and Charter		18,523
Incidentals to Travel		3,181
Non-Employee Travel		1,901
Meals (Not Overnight)		-
Total Travel		156,521
Contractual Services		
Equipment Rental		105,963
Contractual - Other		3,636,156
Insurance		1,217,349
Lobbying		215,000
Computer Services		20,059
Telecommunications		77,563
Monitoring and Programming		23,840
Legal Consultant		90,843
Training		81,394
Consultant Fees - Accounting and Auditing		17,505
Promotion and Advancement		25,928
Dues and Memberships		30,034
Utilities		2,420,338
Maintenance and Repairs		201,079
Total Contractual Services		8,163,051
Supplies, Materials and Other Operating Expenses		
Maintenance and Repairs		2,586,871
Other Supplies and Equipment		647,432
Other Expenses		127,841
Office Supplies and Equipment		29,632
Licenses and Permits		54,089
Workshop and Registration Fees		11,251
Postage		7,938
Bank Charges		2,168
Total Supplies, Materials and Other Operating Expenses		3,467,222
Depreciation Expense		2,650,038
Total Operating Expenses	\$	33,331,675

SOUTH DAKOTA SCIENCE AND TECHNOLOGY AUTHORITY

**SUPPLEMENTAL SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2022**

	Pass-Through Numbers	CFDA Numbers	Amount
<i>U.S. Department of Energy</i> Pass-Through the Regents of the University of California LUX/Zeplin (LZ) Experiment Operations - Engineer/Research Supp.	7525117	81.UNKNOWN	\$ 783,925
<i>U.S. Department of Energy</i> Pass-Through the Regents of the University of California LBNL SIGMA-V Project	7371823	81.UNKNOWN	\$ 323,559
<i>U.S. Department of Energy</i> Pass-Through Oak Ridge National Laboratory Experiment Support for Majorana Demonstrator	4000193681	81.UNKNOWN	\$ 15,981
<i>U.S. Department of Energy</i> Pass-Through Oak Ridge National Laboratory Experiment Support for Majorana Demonstrator	4000185715	81.UNKNOWN	\$ 8,663
<i>U.S. Department of Energy</i> Pass-Through Fermi National Accelerator Laboratory SURF (Sanford Underground Research Facility) Operations Support	685922	81.UNKNOWN	\$ 8,088
<i>U.S. Department of Energy</i> Pass-Through Fermi National Accelerator Laboratory SURF (Sanford Underground Research Facility) Ross Shaft Rehab	630223	81.UNKNOWN	\$ 231
<i>U.S. Department of Energy</i> Pass-Through the Regents of the University of California LUX/Zeplin (LZ) Experiment Operations - Engineer/Research Supp.	7650068	81.UNKNOWN	\$ 43,660
<i>U.S. Department of Energy</i> Pass-Through Fermi National Accelerator Laboratory SURF(Sanford Underground Research Facility)LBNF/DUNE Support	674969	81.UNKNOWN	\$ 4,451,775
<i>U.S. Department of Energy</i> Pass-Through Fermi National Accelerator Laboratory SURF (Sanford Underground Research Facility)Ross H.Bearing Rec.	658208	81.UNKNOWN	\$ 6,224
<i>U.S. Department of Energy</i> Pass-Through Fermi National Accelerator Laboratory SURF(Sanford Underground Research Facility)LBNF Prof.Staff Serv.	671265	81.UNKNOWN	\$ 90,171
<i>U.S. Department of Energy</i> Pass-Through RESPEC Thermal Breakout Project	03506A	81.UNKNOWN	\$ 18,194
<i>U.S. Department of Energy</i> Office of Science - Chicago Office of Acquisition/Assistance	DE-SC0020216	81.049	\$ 32,448,003
Total			\$ 38,198,474

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Financial Report—Mr. Mike Headley

Financial Report update by SDSTA CFO Terry Miller—Financial Summaries for January 2023, *attached*.

See suggested motion below.

Recommended Action:

Motion to accept financial report as presented.

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DIVISION: ALL

BALANCE SHEET

ASSETS

AS OF
01/31/23

CURRENT ASSETS

First Interstate Checking	\$	3,171,991.84

Total in Local Checking		3,171,991.84
SD Treas: Indemnification		7,500,000.00
SD Treas: Mine Closure		1,533,566.14
SD Treas: Operating		1,386,598.52
SD Treas: Experiments		650,766.50

Total with SD Treasurer		11,070,931.16
Billed A/R		3,147,466.72
Unbilled A/R		4,411.04
Other A/R		3,229,482.11
Inventory - Supplies		3,150,678.11
Inventory - Warehouse		439,646.62
Other Current Assets		1,387,749.25

Total Current Assets		25,602,356.85

FIXED ASSETS

Land, Underground & Other		12,743,473.13
Bldgs & Infrastructure		19,321,800.42
Improvements		62,813,135.62
Work in Progress		4,088,796.90
Computer Equipment		381,499.81
Equipment & Fixtures		10,705,072.13
DOE Property Transfer		6,476,092.97
Accum Depr & Amort		(22,719,612.55)
DOE Prop. Accum Deprec.		(737,909.69)

Total Fixed Assets		93,072,348.74

OTHER ASSETS

Asset Retirement Obligation Deferred Outflows		1,129,637.92
Pension Deferred Outflows		11,243,668.96
Xenon Purchased		8,668,139.27

Total Other Assets		21,041,446.15

TOTAL ASSETS

=====

\$ 139,716,151.74

=====

DIVISION: ALL

BALANCE SHEET

LIABILITIES & EQUITY

		AS OF 01/31/23
		<hr/>
CURRENT LIABILITIES		
Accounts Payable	\$	1,598,011.62
Other Payables		217.75
		<hr/>
Total Accounts Payable		1,598,229.37
Accrued Payroll Liab		1,696,701.94
		<hr/>
Total Current Liabilities		3,294,931.31
OTHER LIABILITIES		
LT Xenon Notes Payable		6,000,000.00
Pension Deferred Inflows		9,300,127.02
Asset Retirement Obligation		1,129,637.92
		<hr/>
Total Other Liabilities		16,429,764.94
EQUITY		
Restricted: Indemnificati		7,500,000.00
Restricted: Mine Closure		1,533,566.14
Restricted: Pension		1,943,541.94
Restricted: Experim. Int.		650,766.50
Restricted: Foundation		-
		<hr/>
Total Restricted Funds		11,627,874.58
Investment in Gen FA		93,072,348.74
Unrestricted Funds		15,291,232.17
		<hr/>
Total Equity		119,991,455.49
		<hr/>
TOTAL LIABILITIES & EQUITY	\$	139,716,151.74
		<hr/>

ALL

STATEMENT OF INCOME

FOR THE PERIOD ENDING 1/31/2023

	YR-TO-DATE
REVENUE	
DOE Subcontracts	\$ 20,518,699.23
Checking Interest	6,108.96
Interest Income	64,715.19

TOTAL REVENUE	20,589,523.38
DIRECT COSTS	
Direct Labor	5,065,926.11
Board of Directors	3,738.46
Capital Outlay >\$5K	2,314,606.28
Contractual Svcs	1,920,243.79
Inventory	183,674.37
Supplies	835,865.37
Travel - Domestic	54,614.78
Travel - Foreign	4,226.84
Utilities	1,364,342.81
Other Direct Costs	159,282.33
Unallow/Unbill Costs	280,546.89

TOTAL DIRECT COSTS	12,187,068.03
INDIRECT COSTS	
Fringe Benefits	4,317,787.86
Overhead	6,302,416.05

TOTAL INDIRECT COSTS	10,620,203.91

GROSS PROFIT/LOSS ()FROM OPERATIONS	(2,217,748.56)

OTHER INCOME	
Water Treatment	100,304.86
Miscellaneous Income	30,517.74
Other Operating Income	17,421.21

TOTAL OTHER INCOME	148,243.81
OTHER EXPENSES	
Misc. Expenses & Donations	(292,628.64)
Loss (Gain) on Sale of FA	(2,512,076.27)
Other Unallowable Expense	226,517.69
Reclass Incr Net Assets	(1,327,576.57)

TOTAL OTHER EXPENSES	(3,905,763.79)
	=====
NET INCOME/LOSS ()	\$ 1,836,259.04
	=====

DIVISION: ALL

COMPARATIVE BALANCE SHEET

ASSETS

	AS OF 01/31/23	AS OF 01/31/22	\$ CHANGE	% CHANGE
<hr/>				
CURRENT ASSETS				
First Interstate Checking	\$ 3,171,991.84	\$ 5,030,261.45	\$ (1,858,269.61)	-36.94%
First Interstate Other	-	-	-	0.00%
<hr/>				
Total in Local Checking	3,171,991.84	5,030,261.45	(1,858,269.61)	-36.94%
SD Treas: Indemnification	7,500,000.00	7,500,000.00	-	0.00%
SD Treas: Mine Closure	1,533,566.14	1,520,425.48	13,140.66	0.86%
SD Treas: Operating	1,386,598.52	1,304,075.96	82,522.56	6.33%
SD Treas: Sanford Gift #2	-	4,569.97	(4,569.97)	-100.00%
SD Treas: Experiments	650,766.50	793,465.53	(142,699.03)	-17.98%
<hr/>				
Total with SD Treasurer	11,070,931.16	11,122,536.94	(51,605.78)	-0.46%
Billed A/R	3,147,466.72	2,715,037.48	432,429.24	15.93%
Unbilled A/R	4,411.04	137,439.92	(133,028.88)	-96.79%
Other A/R	3,229,482.11	281,572.94	2,947,909.17	1046.94%
Inventory - Supplies	3,150,678.11	3,233,197.57	(82,519.46)	-2.55%
Inventory - Warehouse	439,646.62	258,717.42	180,929.20	69.93%
Other Current Assets	1,387,749.25	1,244,530.22	143,219.03	11.51%
<hr/>				
Total Current Assets	25,602,356.85	24,023,293.94	1,579,062.91	6.57%
<hr/>				
FIXED ASSETS				
Land, Underground & Other	12,743,473.13	12,743,473.13	-	0.00%
Bldgs & Infrastructure	19,321,800.42	19,386,433.19	(64,632.77)	-0.33%
Improvements	62,813,135.62	62,813,135.62	-	0.00%
Work In Progress	4,088,796.90	-	4,088,796.90	100.00%
Computer Equipment	381,499.81	354,677.81	26,822.00	7.56%
Equipment & Fixtures	10,705,072.13	10,916,775.04	(211,702.91)	-1.94%
DOE Property Transfer	6,476,092.97	4,221,314.91	2,254,778.06	53.41%
Accum Depr & Amort	(22,719,612.55)	(21,007,374.58)	(1,712,237.97)	8.15%
DOE Prop. Accum Deprec.	(737,909.69)	(367,376.62)	(370,533.07)	100.86%
<hr/>				
Total Fixed Assets	93,072,348.74	89,061,058.50	4,011,290.24	4.50%
<hr/>				
OTHER ASSETS				
Asset Retirement Obligation Deferred Outflows	1,129,637.92	-	1,129,637.92	100.00%
Pension Deferred Outflows	11,243,668.96	4,135,812.00	7,107,856.96	171.86%
Xenon Purchased	8,668,139.27	8,934,350.39	(266,211.12)	-2.98%
<hr/>				
Total Other Assets	21,041,446.15	13,070,162.39	7,971,283.76	60.99%
<hr/>				
TOTAL ASSETS	\$ 139,716,151.74	\$ 126,154,514.83	\$ 13,561,636.91	10.75%
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DIVISION: ALL

COMPARATIVE BALANCE SHEET

LIABILITIES & EQUITY

	AS OF 01/31/23	AS OF 01/31/22	\$ CHANGE	% CHANGE
<hr/>				
CURRENT LIABILITIES				
Accounts Payable	\$ 1,598,011.62	\$ 1,331,839.57	266,172.05	19.99%
Other Payables	217.75	6,510.85	(6,293.10)	-96.66%
	-----	-----	-----	-----
Total Accounts Payable	1,598,229.37	1,338,350.42	259,878.95	19.42%
Accrued Payroll Liab	1,696,701.94	1,875,710.91	(179,008.97)	-9.54%
	-----	-----	-----	-----
Total Current Liabilities	3,294,931.31	3,214,061.33	80,869.98	2.52%
 OTHER LIABILITIES				
LT Xenon Notes	6,000,000.00	6,000,000.00	-	0.00%
Pension Deferred Inflows	9,300,127.02	3,467,898.62	5,832,228.40	168.18%
Asset Retirement Obligation	1,129,637.92	-	1,129,637.92	100.00%
	-----	-----	-----	-----
Total Other Liabilities	16,429,764.94	9,467,898.62	6,961,866.32	73.53%
	-----	-----	-----	-----
TOTAL LIABILITIES	19,724,696.25	12,681,959.95	7,042,736.30	55.53%
 EQUITY				
Restricted: Indemnificati	7,500,000.00	7,500,000.00	-	0.00%
Restricted: Lab	-	-	-	#DIV/0!
Restricted: Mine Closure	1,533,566.14	1,520,425.48	13,140.66	0.86%
Restricted: Sanford Gift2	-	4,569.97	(4,569.97)	-100.00%
Restricted: Pension	1,943,541.94	667,913.38	1,275,628.56	190.99%
Restricted: Experim. Int.	650,766.50	793,465.53	(142,699.03)	-17.98%
Restricted: Foundation	-	-	-	#DIV/0!
	-----	-----	-----	-----
Total Restricted Funds	11,627,874.58	10,486,374.36	1,141,500.22	10.89%
Investment in Gen FA	93,072,348.74	89,061,058.50	4,011,290.24	4.50%
Unrestricted Funds	15,291,232.17	13,925,122.02	1,366,110.15	9.81%
	-----	-----	-----	-----
TOTAL EQUITY	119,991,455.49	113,472,554.88	6,518,900.61	5.74%
 =====				
TOTAL LIABILITIES & EQUITY	\$ 139,716,151.74	\$ 126,154,514.83	\$ 13,561,636.91	10.75%
	=====	=====	=====	=====

COMPARATIVE STATEMENT OF INCOME

FOR THE PERIOD ENDING 1/31/23

	YEAR TO DATE		PRIOR YEAR TO DATE		\$ CHANGE	% CHANGE
REVENUE						
DOE Subcontracts	\$	20,518,699.23	\$	22,180,026.92	\$ (1,661,327.69)	-7.49%
NSF/NASA Subcontracts		-		-	-	0.00%
State Revenue		-		-	-	0.00%
Checking Interest		6,108.96		1,228.77	4,880.19	397.16%
Interest Income		64,715.19		65,184.00	(468.81)	-0.72%
		-----		-----	-----	-----
TOTAL REVENUE		20,589,523.38		22,246,439.69	(1,656,916.31)	-7.45%
DIRECT COSTS						
Direct Labor		5,065,926.11		4,960,280.78	105,645.33	2.13%
Board of Directors		3,738.46		5,003.52	(1,265.06)	-25.28%
Capital Outlay >\$5K		2,314,606.28		2,511,265.66	(196,659.38)	-7.83%
Contractual Svcs		1,920,243.79		2,865,810.49	(945,566.70)	-32.99%
Inventory		183,674.37		149,063.49	34,610.88	23.22%
Supplies		835,865.37		1,323,746.46	(487,881.09)	-36.86%
Travel - Domestic		54,614.78		26,289.62	28,325.16	107.74%
Travel - Foreign		4,226.84		-	4,226.84	0.00%
Utilities		1,364,342.81		1,305,654.44	58,688.37	4.49%
Other Direct Costs		159,282.33		105,389.32	53,893.01	51.14%
Unallow/Unbill Costs		280,546.89		218,995.49	61,551.40	28.11%
		-----		-----	-----	-----
TOTAL DIRECT COSTS		12,187,068.03		13,471,499.27	(1,284,431.24)	-9.53%
INDIRECT COSTS						
Fringe Benefits		4,317,787.86		4,155,257.04	162,530.82	3.91%
Overhead		6,302,416.05		5,215,954.97	1,086,461.08	20.83%
		-----		-----	-----	-----
TOTAL INDIRECT COSTS		10,620,203.91		9,371,212.01	1,248,991.90	13.33%
		-----		-----	-----	-----
GROSS PROFIT/LOSS ()		(2,217,748.56)		(596,271.59)	(1,621,476.97)	517.81%
		-----		-----	-----	-----
OTHER INCOME						
Water Treatment		100,304.86		164,578.64	(64,273.78)	-39.05%
Miscellaneous Income		30,517.74		54,419.78	(23,902.04)	-43.92%
Other Operating Income		17,421.21		167,148.43	(149,727.22)	-89.58%
		-----		-----	-----	-----
TOTAL OTHER INCOME		148,243.81		386,146.85	(237,903.04)	-61.61%
OTHER EXPENSES						
Misc. Expenses & Donations		(292,628.64)		(6,418,686.10)	6,126,057.46	-95.44%
Loss (Gain) on Sale of FA		(2,512,076.27)		(3,600.29)	(2,508,475.98)	69674.28%
Other Unallowable Expense		226,517.69		191,254.62	35,263.07	18.44%
Reclass Incr Net Assets		(1,327,576.57)		4,833,874.28	(6,161,450.85)	-127.46%
		-----		-----	-----	-----
TOTAL OTHER EXPENSES		(3,905,763.79)		(1,397,157.49)	(2,508,606.30)	179.55%
		=====		=====	=====	=====
NET INCOME/LOSS ()	\$	1,836,259.04	\$	1,187,032.75	\$ 649,226.29	54.69%
		=====		=====	=====	=====

South Dakota Science & Technology Authority
Available Resources
1/31/2023

Cash Total Checking	\$ 3,171,992
Cash With State Treasurer	<u>\$ 11,070,931</u>
Total Cash	\$ 14,242,923
Less: Restricted Funds	
Indemnification/Mine Closure	\$ (9,033,566)
Experiments (Xenon, Interest, Infrastructure)	<u>\$ (650,767)</u>
Total Cash Available for Infrastructure Upgrades and Authority Operations	\$ 4,558,590
Plus: Accounts Receivable Billed	\$ 3,147,467
Accounts Receivable Unbilled	\$ 4,411
Less: Current Liabilities (Accounts Payable & Accrued Payroll)	<u>\$ (3,294,931)</u>
Available Cash and Receivables	<u><u>\$ 4,415,537</u></u>

SDSTA Operating Budget Summary FY2023

Actual vs Budget January 2023 & YTD

	\$ Over/Under				\$ Over/Under				
	January 2023	Budget	Budget	% of Budget	Actual YTD	YTD Budget	Budget	% of Budget	% Remaining
									100%
SDSTA (Authority) Direct Charges									
Board of Directors	\$21,534.00	\$29,750.00	\$8,216.00	72.38%	\$149,661.00	\$208,250.00	\$58,589.00	71.87%	28.13%
Executive Office	\$50,500.00	\$79,694.00	\$29,194.00	63.37%	\$433,273.00	\$557,858.00	\$124,585.00	77.67%	22.33%
Science Center E & O	\$2,149.00	\$1,000.00	-\$1,149.00	214.9%	\$87,387.00	\$96,549.00	\$9,162.00	90.51%	9.49%
Science Liaison	-\$1,575.00	\$0.00	\$1,575.00	100.0%	\$1,502.00	\$0.00	-\$1,502.00	100.00%	0.00%
SLHVC (Visitor Center)	\$6,442.00	\$64,577.00	\$58,135.00	9.98%	\$341,504.00	\$451,810.00	\$110,306.00	100.00%	0.00%
Subtotal	\$79,050.00	\$175,021.00	\$95,971.00	45.17%	\$1,013,327.00	\$1,314,467.00	\$301,140.00	77.09%	22.91%
Federal/State Funding - Direct Charges									
Fermi C#671265 Prof. St.Services	\$5,172.00	\$5,000.00	-\$172.00	103.44%	\$64,368.00	\$35,000.00	-\$29,368.00	183.91%	-83.91%
Fermi C#685922 Op Serv Support	\$0.00	\$0.00	\$0.00	0.0%	\$0.00	\$0.00	\$0.00	0.00%	100.00%
Fermi C#674969 Ross Logist.Supp.	\$217,278.00	\$250,000.00	\$32,722.00	86.91%	\$1,634,377.00	\$1,750,000.00	\$115,623.00	93.39%	6.61%
Fermi Misc. Contracts	\$0.00	\$0.00	\$0.00	0.0%	\$0.00	\$0.00	\$0.00	0.00%	100.00%
Office of Science Coop.Agree	\$1,587,723.00	\$1,445,701.00	-\$142,022.00	109.82%	\$9,555,774.00	\$9,801,165.00	\$245,391.00	97.50%	2.50%
Office of Science IIP Projects	\$149,954.00	\$149,954.00	\$0.00	100.0%	\$2,581,849.00	\$2,581,849.00	\$0.00	100.00%	0.00%
LBNL SIGMA-V C#7371823	\$0.00	\$10,000.00	\$10,000.00	0.0%	\$22,196.00	\$70,000.00	\$47,804.00	31.71%	68.29%
LBNL LZExp.Operat.C#7650068 & DE-SC0022857	\$88,118.00	\$55,000.00	-\$33,118.00	160.22%	\$366,327.00	\$385,000.00	\$18,673.00	95.15%	4.85%
MJD (Majorana) ORNL144149 & SDSM&T CT001412	\$2,611.00	\$2,000.00	-\$611.00	130.55%	\$11,980.00	\$14,000.00	\$2,020.00	85.57%	14.43%
* Kiewit/Thyssen/DakotaT.	\$1,525.00	\$4,000.00	\$2,475.00	38.13%	\$8,240.00	\$28,000.00	\$19,760.00	29.43%	70.57%
* Caterpillar Inc.	\$0.00	\$0.00	\$0.00	0.0%	\$0.00	\$0.00	\$0.00	0.00%	100.00%
RESPEC Thermal Breakout	\$264.00	\$264.00	\$0.00	100.0%	\$264.00	\$264.00	\$0.00	100.00%	0.00%
Subtotal	\$2,052,645.00	\$1,921,919.00	-\$130,726.00	106.8%	\$14,245,375.00	\$14,665,278.00	\$419,903.00	97.14%	2.86%
Indirect Expenses									
Indirect Charges Personnel	\$315,872.00	\$316,419.00	\$547.00	99.83%	\$3,175,102.00	\$3,389,464.00	\$214,362.00	93.68%	6.32%
Indirect Charges Other	\$770,148.00	\$633,956.00	-\$136,192.00	121.48%	\$4,089,170.00	\$4,147,449.00	\$58,279.00	98.59%	1.41%
Subtotal	\$1,086,020.00	\$950,375.00	-\$135,645.00	114.27%	\$7,264,272.00	\$7,536,913.00	\$272,641.00	96.38%	3.62%
Totals	\$3,217,715.00	\$3,047,315.00	-\$170,400.00	105.59%	\$22,522,974.00	\$23,516,658.00	\$993,684.00	95.77%	4.23%
* Private Corporations (Commercial Group)									

Executive Director's Report—Mr. Mike Headley

The Executive Director's Report includes the following:

- 9A. SDSTA quarterly update—*informational, progress report attached.*
- 9B. Sanford Lab Homestake Visitor Center (SLHVC) quarterly update—SLHVC Director Ms. Kelly Kirk, *informational.*
- 9C. Science / Particle Physics Project Prioritization Panel (P5) update—Science Director Dr. Jaret Heise, *informational.*

See recommended motion below.

Recommended Action:

Motion to accept the Executive Director's Report as presented.

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December – February 2023 Progress Report

Submitted March 8, 2023

Submitted to:

South Dakota Science and Technology Authority Board of Directors

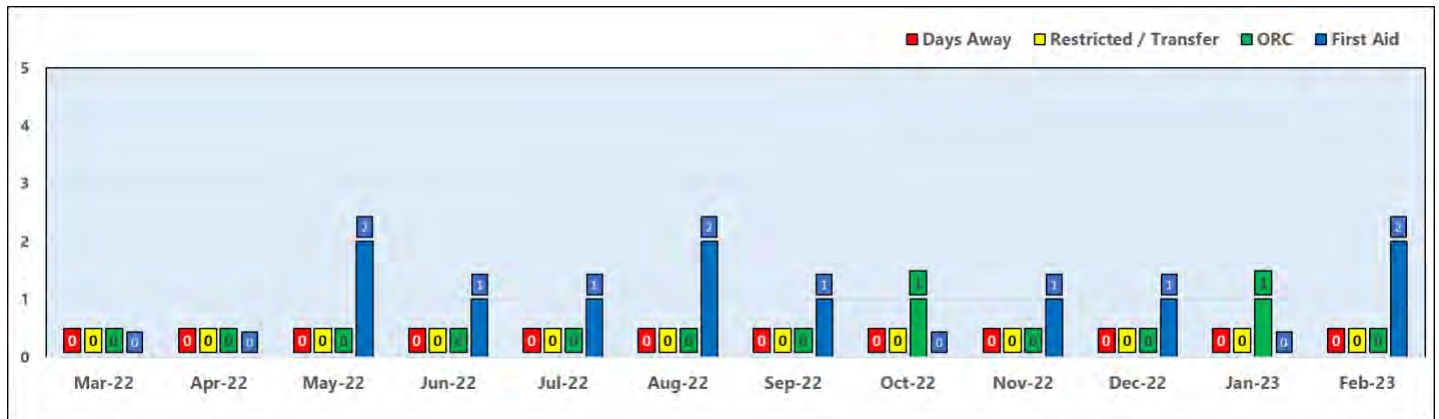
Mike Headley

SDSTA Executive Director

Sanford Underground Research Facility Laboratory Director

Environment, Safety and Health (ESH) Status

Health and Safety Status



SDSTA Rolling 12 Months – Days Away Restricted or Transferred Rate 0.00

December 2022 thru February 2023: Recordable Cases

- 1/9: SDSTA – Other Recordable Case (ORC) ~ Injury to finger; Medical evaluation conducted by off-site medical facility. Stitches, surgical glue, and splint applied by physician. Follow up conducted by on-site Occupational Health Nurse.

December 2022 thru February 2023: First Aid Cases

- 12/19 – SDSTA employee closed hand in file cabinet – ice applied
- 2/27 – SDSTA employee slipped on ice – ice applied
- 2/27 – SDSTA employee slipped on ice – ibuprofen administered

ESH Support

- Open Security Guard position filled – February

Work Accomplishments

- ESH Manual Standards approved:
 - Waste Management
 - Machine Safeguarding
 - Industrial Hygiene
 - Personal Protective Equipment
- ESH personnel conducted the following safety sweeps:
 - Ross Shaft stations and pump rooms
 - Yates Yard
 - 4850L
 - Wastewater Treatment Plant
 - Foundry
 - Core Storage Building
- ESH completed the following incident investigations:
 - Ross Skip overtravel incident
 - Infrastructure Technician finger caught in-between
- ESH coordinated with Fermi Research Alliance/Thyssen Mining Inc. to establish a schedule for science personnel to complete refresher training on the refuge chamber and egress pathways.

- ESH supported the Department of Energy (DOE) Test Site Verification Team, who surveyed the facility for future training purposes.
- In collaboration with the Emergency Response Team (ERT), MineArc completed the triannual maintenance on the refuge chambers.
- ESH shared 2023 key performance indicators (KPIs) at the management review meeting with the SDSTA Top Management team. The measurable KPIs for 2023 are as follows:
 - Occupational Health and Safety - Reduce recordable cases by 15%
 - Occupational Health and Safety - Conduct 10 safety sweeps per quarter
 - Environmental - Comply with National Pollutant Discharge Elimination System (NPDES) Permit
 - Environmental - Minimize public complaints from visible air emissions from SDSTA
- Members of the SDSTA team attended the Mental Health First Aid course hosted by ESH.
- SURF conducted a quarterly evacuation drill, simulating a fire at the liquid nitrogen (LN) storage near the Davis Campus with a malfunctioning stench system. Communication of the drill was delivered via Femco, hand-held radios, word of mouth, digital signs and email. Accountability of all underground personnel was achieved within 59 minutes, and all personnel were on the surface in 69 minutes.
- ESH participated in the Yates Shaft rehabilitation meeting and presented underground occupancy and egress plans to the DOE.
- ERT conducted the sitewide annual fall protection inspections.
- The new stench system has been installed and commissioned. A test of the system will be completed when system training is complete.

Upcoming Activities/Trainings

- MSHA Train the Trainer – March
- CPR/First Aid – March

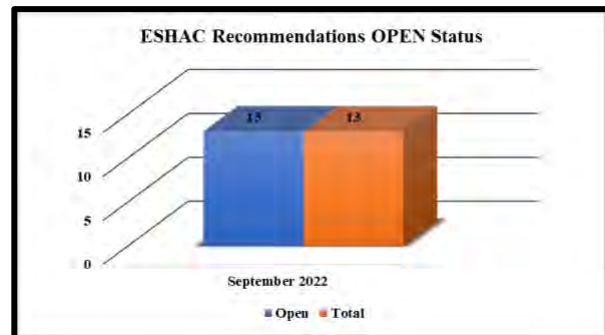
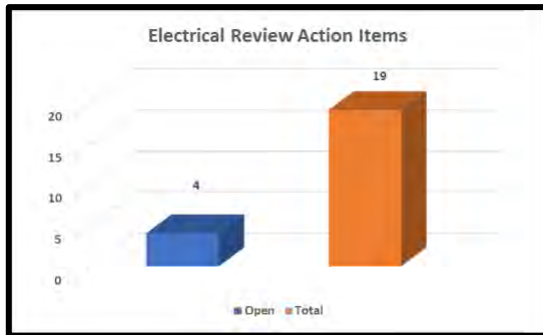
Wellness Initiatives

- On-site health fair for February Heart Health Month was conducted.

Environmental Support

- All monthly Discharge Monitoring Reports as required by the NPDES Permit were prepared and submitted to the South Dakota Department of Agriculture and Natural Resources (SD DANR). All water discharge was within permit limits.
- The Annual Water Use Report (dewatering volume) was submitted to SD DANR.
- The Annual Tier II Report (Emergency Planning and Community Right-To-Know Act) was submitted to the SD DANR, State Emergency Response Commission, Local Emergency Planning Committee and Lead Fire Department.
- All Sill Prevention Control and Countermeasure (SPCC) Inspections were completed.
- A Semi-Annual Storm Water Inspection was completed.
- Pacific Steel and Recycling of Rapid City removed 1,880 lbs. of cardboard, 415 lbs. of white paper, and 220 lbs. of brown paper for recycling.
- Three Integrated Management System (IMS) 2022 Environmental Objectives and four IMS 2022 Significant Environmental Aspect (SEA) Objectives were documented as “Objective Met” and reported at the Management Review.
- Two IMS 2023 Environmental Objectives and One IMS 2023 SEA Objective were approved during the Management Review.
- The Environmental team inspected onsite transformers to ensure proper containment was in place.

Third Party Review Recommendations Status



Surface and Underground Operations Status

Yates Shaft

Work Accomplishments

- Yates Shaft idled for maintenance activities indefinitely.
- Major winter storm resulted in essential personnel operations 12/22/2022 – 12/17/2022.
- Extreme cold temperatures the last week of December prevented crews from working in the shaft.
- Updates were presented to the DOE, Facility Advisory Committee (FAC) members and SDSTA All Hands outlining schedule of events and alternative plan, 4550L ramp, for support during the Ross brow excavation.
- Top Down Maintenance (TDM) currently complete through set 49 (between the concrete and the 800L).

Upcoming Activities

- DOE presentation for Yates Shaft rehabilitation.
- Focus on TDM in all compartments from the 1100L – 1700L.
- Continue TDM to reach the loose rocks below 4100L.

Ross Shaft

Work Accomplishments

- Ross Shaft successfully supporting all SURF operations.
- Shaft crews have safely slung over 180 separate loads to support LBNF/DUNE.
- Continued issues with the new skip guide wheels. Crew invented a modified design to keep the skips running when new wheels were not available.

Upcoming Activities

- Support deep well replacement.
- Install new cage counterweight install.
- Accelerometer testing during hoist commissioning on the ore hoists.
- Third party review of shaft rehabilitation. Recommendations for hoist speeds.

Hoist Maintenance

Work Accomplishments

- Ross ore hoist motors hydraulic systems froze during cold weather temperatures the last week of December.
- Long time hoist maintenance employee Gary Larson retired.
- Annual hoist inspections complete.

Upcoming Activities

- Ross skip rope cuts.
- Yates cage rope cuts.
- Ross accelerometer tests to consider increasing the speed of the ore hoists, currently at 2,000 fpm.
- Ross Seimag Tecberg hoist commissioning the ore hoist and cage at higher speeds. This is commissioning only; operating speeds will depend on accelerometer tests on the ore hoist. The cage speeds will be reviewed separately.
- Perform preventive maintenance activities ongoing on all hoists.

Underground Hazard Mitigation

Work Accomplishments

- Installed multiple ventilation stoppings on the 2300L.
- Completed cleaning out the 3650L pump room sump.
- Supported rail installation on the 1700L.
- MineStar system operational in the Ross Shaft on the 1700L.

Upcoming Activities

- Install MineStar system on the 4850L at the Davis Campus.
- Complete installation of on-demand regulator at 2000L Oro Hondo bulkhead (remaining parts still back ordered).
- Complete prepping the 3650L for future pump replacement project.
- Continue improvement of rail on the 1700L.
- Muck out ditch on the 1700L from the Ross station to the Yates crossover.
- Muck out #2 Air Raise on the 1700L.

Surface Operations and Utilities Support

Facility Maintenance (Surface and 4850L) and Mobile Equipment

Work Accomplishments

- Completed annual fire hydrant inspections in December.
- Worked with Contracts team to update services contracts.
- Recycling efforts continued.
- Team focused on staying diligent with snow removal and sand/salt application.
- Working with procurement to develop Request for Bids (RFBs) for equipment purchases.
- Site cleanup activities included selling (17) electrical transformers through surplus.

Upcoming Activities

- Working to develop plan for replacement of chilled water pipe insulation for Davis Campus.

Electrical / Cyber Infrastructure / Dewatering

Work Accomplishments

- Fiber termination cross-training started.
- Researching fiber path mapping software.
- Continued work on Lighting Project for 4850L West Drift.
- Continue to support Oro Hondo Fan Upgrade project (IIP).
- Supported 3D DAS project with fiber install.

Upcoming Activities

- Support upcoming deep well pump replacement.

Wastewater Treatment Plant (WWTP)

Work Accomplishments

- Improvements to underground WWTP showing positive results.
- Completed new Yardney Filter Building in February.
- Adjusted WWTP operations to accommodate deep well pump issue.

Upcoming Activities

- Continue to work on design for the Rotating Biological Contactor (RBC) Replacement Project.

Operations Integration and Maintenance Planning

Work Accomplishments

- Continued to work on IMS documentation conversions.
- Worked with ERT to help setup vending locker for fall protection gear.
- Annual warehouse cycle count is 35% complete.

Upcoming Activities

- Continue working with QA/QC to prepare for next audit.

Engineering Support

Work Accomplishments

- TSP/Banner Engineering design for the WWTP RBC replacement 95% complete. Final drawings due in March.
- Completed the Ross/Yates Hoist Room Building Roof Drains & Re-Pointing project.
- The existing Yates Hoistroom membrane roof requires replacement. The design has been completed and the project is out for advertising.
- The design is complete for Surface Access Control, Phase II. A Request for Proposal (RFP) is posted with proposals due March 31.
- Developed preliminary plan and budget for installation of an electrical power cross tie on the 4850L between the Ross and Yates Shafts. The cross tie will be needed in the future to back feed power when the Yates Shaft rehabilitation occurs.
- Created initial model and drawing supporting the development of the critical lift plan for the installation of new Ross Shaft counterweight.
- Performed a walkthrough of 1700L and mapped utility data in support of Geographic Information Systems development. Received the conceptual design submittal for the web application that will display the 1700L mapping information.
- Received the final SURF Medium-Voltage Recapitalization Program report from HDR. The report included a 10-year recapitalization plan and an Inspection, Testing and Maintenance plan.
- Investigated axial movements (a shifting motion) of the shaft along the Yates Ore Hoist MG Set. Visual and thermal inspections discovered that the brush holders on the AC Motor had become misaligned. This caused an uneven current flow to the rotor windings in the AC motor, resulting in visible axial movements in the MG set's common shaft.
- Oro Hondo Backup Fan 3-day ventilation outage completed for main exhaust elbow changeout to new dovetail transition. This allows both the new and old fans to use the same intake.
- Completed the 3650L Pump Room Rehabilitation RFP and the package has been sent out for advertising. Received the 100% General Arrangement drawings for the new pump. Delivery set for mid-May.
- Deep Well Pump Changeout: Received proposal for pump changeout from Hydro Resources. Completed the summary selection report and awarded the contract to Hydro.

- Complete design and construction estimate in support of proposal development for an underground germanium crystal growth lab being submitted to the National Science Foundation (NSF) for funding.
- Yates Shaft Rehabilitation Feasibility Study: Stantec finalized a follow-up study to consider a new Yates shaft cost comparison analysis.
- Received the 4850L Refuge Chamber HVAC design proposal from Western Plains Engineering and completed negotiations of the design level of effort/fee.

Quality Assurance / Quality Control Status

- Change Control Request Submittals and Approval/Pending (11/28/22 – 2/21/23)
 - Initiated 52 CCRs
 - Approved 49 CCRs
 - Pending 3 CCRs, converted 313 SDSTA internal documents to IMS format as of 2/21/23

CCR#	Title	Status	Approval Date
645	SOP Template	Approved	11/29/2022
646	Underground Ops Ventilation Map	Approved	11/15/2022
647	Fall Protection and Prevention Standard	Approved	11/29/2022
648	Update to WI 750-001	Approved	11/29/2022
649	Haz Coms Updates	Approved	11/29/2022
650	Opportunity and Risk Standard	Approved	12/6/2022
651	Machine Safeguarding Standard	Approved	12/20/2022
652	Industrial Hygiene Standard	Approved	12/20/2022
653	Blast Permit Update	Approved	12/1/2022
654	Changes due to WI-750 #1	Approved	12/20/2022
655	Changes due to WI-750 #2	Approved	12/1/2022
656	Finance Documents	Approved	12/2/2022
657	IMSM Docs Update with Related QA/QC Docs	Approved	12/20/2022
658	SDSTA Guideline for Authority Having Jurisdiction	Approved	12/12/2022
659	Waste Management Standard	Approved	12/20/2022
660	Surface ERP Maps	Approved	12/13/2022
661	Update to SDSTA Manual	Approved	12/20/2022
662	HR Documents	Approved	12/19/2022
663	Construction Management Docs	Approved	1/3/2023
664	HR Document	Approved	12/21/2022
665	Hoists and Shafts Documents	Approved	1/12/2023
666	Update to SOP Template	Approved	1/3/2023
667	Changes to Emergency Management Standard	Approved	1/17/2023
668	Update to ESH Contractor Project slide	Approved	1/6/2023
669	Personal Protective Equipment (PPE) Docs	Approved	2/8/2023
670	First Report and Incident Investigation Update	Approved	1/9/2023
671	Project File Structure Document	Approved	1/17/2023
672	A&F doc changes	Approved	1/17/2023

CCR#	Title	Status	Approval Date
673	Archive 5-Point WI - 202125	Approved	1/17/2023
674	SOP 26 Update	Approved	1/17/2023
675	Updates to multiple organizational charts	Approved	1/16/2023
676	IMSM Document Updates	Approved	2/7/2023
677	SPCC and SWPPP maps converted to ISO format	Approved	1/17/2023
678	New underground inspection forms	Approved	1/19/2023
679	Updating SPCC inspection forms	Approved	1/19/2023
680	SOP 40 Update	Approved	1/24/2023
681	IT Work Instructions Internal and External	Approved	1/25/2023
682	GSB-SO IMS Training Info Update	Approved	1/25/2023
683	Spill Assessment Form change	Approved	1/25/2023
684	GSB-SO IMS Training Info Management Review Update	Approved	1/26/2023
685	SDSTA Standard Document Template Update	Approved	2/7/2023
686	Vent Maps Updates	Approved	1/27/2023
687	Hearing Conservation Standard Update	Approved	2/8/2023
688	New Inspection Form	Approved	1/30/2023
689	Incident Log & OSHA Report Update	Approved	1/30/2023
690	IMSM Doc Updates	Pending	
691	Safety Sweep Forms	Approved	2/8/2023
692	Active Directory Change Form	Approved	2/9/2023
693	Respiratory Protection Docs	Pending	
694	SOU WWTP SOPs 009 & 039	Approved	2/10/2023
695	New SOP and Converted SOP	Approved	2/13/2023
696	SPCC Plan	Pending	

- Completed projects and other activities
 - Ross/Yates Hoist Rooms Roof Drains and Tuckpointing
 - Internal Process Audit
 - IMS Internal Audit
 - Administrative Services Office Internal Audit
 - Selection and purchase of Audit/NC/CA Software
 - Held first Management Review for CY 2023
 - Established CY 2023 Quality Objectives
 - Established CY 2023 Significant Environmental Aspects
 - QC Specialist Level I candidate interviews and selection

Upcoming Activities

- Upcoming Development and Release of QA/QC Training

Upcoming Development and Release of QA/QC Training
Title
ART Training based on ISO Section 4-6 (Release in February)
ART Training based on ISO Section 7-10 (CY 2023 Q2, Q3 & Q4)
QA/QC Internal Auditor Training based off of new software

- Upcoming (UC) and In-Process (IP) Projects
 - Access Control Project (Phase II) (UC)
 - 3650L Pump Room Rehab Project (UC)
 - WWTP RBC Replacement (UC)
 - Deep-well Pump Replacement of Failed Pump (UC)
 - Completion of Saddles Torquing 5,6,7 Locations (Est. Date 8/2023) (UC)
 - East Switchyard Power Cable Replacement (UC)
 - Oro Hondo Fan Project (IP)
 - Ross Cage Counterweight Install (IP)
- Upcoming (UC) and In-Process (IP) other activities
 - Executive Leadership Internal Audit (UC)
 - Environment, Safety and Health Department Internal Audit (UC)
 - Information Technology Department Internal Audit (UC)
 - Underground Operations Department Internal Audit (UC)
 - Education and Outreach Department Internal Audit (UC)
 - Communications Internal Audit (IP)
 - Accounting & Finance Office Internal Audit (IP)
 - Implementation of new Audit/NC/CA Software (IP)
 - Department COTO log reviews (IP)

Science Support Status

- The final report from the November Science Program Advisory Committee meeting included recommendations for the DOE to provide additional infrastructure funding and to designate SURF as a User Facility plus a strong endorsement for expanding laboratory space to ensure global competitiveness.
- The Report of the 2021 U.S. Community Study on the Future of Particle Physics (Snowmass 2021) was released on January 30, with strong support for SURF and the proposed underground laboratory expansion:
<https://inspirehep.net/literature/2627711>.
- Four community Town Hall meetings are planned as the P5 panel begins its process of distilling Snowmass input into a strategic plan for high energy physics for the next 10 years within a 20-year context. The first P5 Town Hall focused on the cosmic frontier (including dark matter) in which xenon-based detectors (like XLZD) and quantum sensors (like TESSERACT) were highlighted; SURF's expansion plans were also embraced in the context of next-generation dark matter experiments.
- Planning is underway to resume Center for Theoretical Underground Physics and Related Areas (CETUP*) topical workshops in Lead. More than 100 invitations for the summer workshop have been circulated to dark matter and neutrino scientists world-wide.
- A Texas-based DOE RENEW funding proposal was successful (3-year program with 4 students at SURF for ~1 week each year). Two other RENEW proposals involving SURF were not funded.
- The User Association election was announced to 386 user addresses. Voting closed in February, and elected members of the User Association Executive Committee include a mixture of new and returning representatives.
- A Science Department employee transferred to the ESH/Security Department, with no immediate plans to backfill.
- Planning is underway for additional long-term background characterization measurements (gamma-ray, neutron).

- Interruptions: For the foreseeable future, all researchers will continue to use the Ross Shaft to access underground areas. SURF was closed for a total of six days in December due to winter weather, with some groups briefly running out of liquid nitrogen (LN) for MJD and BHUC. Some recent bulk liquid nitrogen deliveries have been “just in time” (the last time the bulk tank was completely empty was April 2022).

LUX-ZEPLIN—LZ

- Xenon flow was altered to minimize mixing inside the detector and improve backgrounds in the fiducial region for science run #2. Water purity in the water shielding tank reached a record high.
- Science run #2 that started late November continued until early February (60 days), when high-voltage instabilities prevented detector operation at nominal settings. Weakly Interacting Massive Particle (WIMP)-search data collection is on hold as of early March while troubleshooting continues and attempts are made to establish new stable running conditions.
- Maintenance was successfully completed on xenon compressor #1 – it has been re-integrated into the circulation system and leak testing for krypton (Kr) shows no issues. Maintenance on compressor #2 is expected to begin in March.
- The stationary xenon sampling system was restored to full operation following efforts over several months.
- An in-situ gamma-ray survey of Davis Cavern started using a sodium iodide (NaI) detector, following weeks of calibrations.
- Small amounts of dirty xenon have been consolidated into dedicated high-pressure cylinders; a few remaining items (fitting plug, labels) are needed to complete the task.
- Replacement of UPS batteries is underway – PLC racks are complete and data acquisition racks will follow.
- The cryocooler vendor is being contacted following adjustments to the oil pressure regulator on unit #2.
- A procedural incident delayed transportation of a waste gas cylinder to the surface (also need to work out logistics for shipping the waste cylinder offsite).

MAJORANA DEMONSTRATOR—MJD

- The paper with the final MJD experiment neutrinoless double-beta decay result was published: <https://doi.org/10.1103/PhysRevLett.130.062501>.
- Many members were at SURF in February for a collaboration meeting, symposium presentations summarizing the rich science program afforded by DEMONSTRATOR and a public lecture (SURF Deep Talks series).
- Initial results were announced for the Ta-180m rare decay search: a half-life limit of 10^{19} years, representing an improvement of ~50x over previous efforts with data collected May - December. Analysis of tantalum data continues with a goal of submitting a paper by April.
- Lack of LN led to the failure of a purge dewar probe, and the group is using the shield purge system until a new probe is installed. The experiment ran out of LN again in January, when the shield purge was interrupted for ~2 hours (no significant issues).
- Lab re-organization efforts continue: a significant amount of polyethylene shielding was moved from the Electroforming Room and prepared for transport to the surface. Some surface storage items have been transferred to SD Mines (e.g., laser engraver).
- Copper (Cu) electroforming continues, with 2 of 4 baths operating; refurbishment of two electroforming baths will begin in March. Copper machining is expected to resume in March (several mandrels are awaiting processing).
- A new slow controls computer was installed at the Davis Campus and brought online.
- The LEGEND-1000 project is preparing a DOE CD-1 “analysis of alternatives” that will include SURF.

Low-Background Counting

Black Hills State University Underground Campus—BHUC:

- Regular sample swaps LN logistics continue with SDSTA support. BHSU personnel were onsite in February to swap samples, including materials associated with the proposed Theia water-based liquid scintillator experiment. A number of samples are now in counting queue (e.g., CUPID and NEXT).
- The nEXO Ge-IV detector arrived at SURF in February. The initial performance looks good, and crews will assemble the lead (Pb) shield and begin operation in March (a load test will be required for the re-engineered hoisting system). The detector is expected to have decreased sensitivity to low-energy events (such as Pb-210).
- SDSTA staff participated in a low-background counter workshop held at Lawrence Livermore National Lab (LLNL).

SIGMA-V

- The final decommissioning paperwork for the project is complete, and the final invoices for chemical waste disposal are being processed.
- Electrical resistivity data were shared with Eden Geopower to inform zones of influence, allowing multiple geothermal groups to be located near the Yates rock formation on the 4100L.
- The collaboration is continuing to interact with the geothermal community regarding future work at SURF.

DEMO-FTES

- An updated draft Experiment Planning Statement (EPS) was received to support a Request for Proposal from Pacific Northwest National Lab (PNNL) for onsite preparation and experiment activities (mainly electrical enhancements and personnel effort).

Compact Accelerator System for Performing Astrophysical Research—CASPAR

- The $^{14}\text{N}(p,\gamma)^{15}\text{O}$ paper was published: <https://doi.org/10.1103/PhysRevC.106.065803>.

Other Current Research Activities

Physics

- TESSERACT: Discussions continue, including feedback on EPS comments and a preliminary schedule related to necessary Davis Campus preparations. An in-person meeting in April is being considered.
- Other: A support letter was provided for Virginia Tech's full NSF proposal to establish a cryogenic test facility at SURF with a dilution refrigerator (equipment would benefit double-beta decay, dark matter and quantum groups).

Biology

- 2D BEST: Researchers from SD Mines and a visiting professor from Nigeria conducted sampling on the 4850L.
- Other: A support letter was provided regarding biological mechanisms for underground methane oxidation.

Geology

- 3D DAS: SURF personnel along with local collaborators assisted with bringing systems online for "Global DAS Month" (Feb 2023), efforts included improving optical fiber coupling to the rock and installing the laser interrogator system. In March, SURF personnel conducted seismic calibrations then retrieved the laser system.
- Black Hills Seismic: The 4100L instrument registered the Turkey/Syria earthquake events.
- DGC: Work resumed at the surface Core Archive in January; implementation documents are also being updated.
- Eden Geopower: An initial EPS regarding electrical geothermal methods is in review by SURF personnel.
- Other: A group is preparing a NASA geochemistry proposal for Black Hills water sampling, including SURF.

Engineering

- Thermal Breakout: Acoustic televiewer data were collected from the group's 4100L vertical hole – reaming to create the large-diameter holes resulted in some unique features that the group is studying. Some seismic monitoring equipment was also swapped. The new heater tool is still in fabrication.

- PDR: The Department of Defense (DOD) intelligence information systems group will gather sensor data underground during a March trip.

Quarterly Work Plan Variances

- The Quarter (November – January) shows an overall underrun of \$581,065.
- Labor for the three months shows an overrun of \$165,190. This was due to the three payrolls in December.
- Nonlabor for the three months shows an overrun of \$415,875. It includes:
 - Yates Shaft budget is over \$238K.
 - The new stench system that was unbudgeted at \$130K.
 - Balance of the deep well pump work budgeted in October was \$84K.

Financial Status

Included in the Financial Report are the following:

- Cooperative Agreement SURF Services FY2023 (federal fiscal year) SPA Curve as of January 2023 (included as Appendix A at the end of the report)
- Financial Summary (included as Appendix B at the end of the report)
 - 1) Balance Sheet as of January 2023
 - 2) Comprehensive Statement of Income January 2023
 - 3) Comparative Balance Sheet – January 2023 vs. January 2022
 - 4) Comparative Statement of Income – January 2023 vs. January 2022
 - 5) Available Resources as of January 2023
 - 6) Operating Budget Summary

Cooperative Agreement (CA) SURF Services FY2023 Scheduled Performed Actual (SPA) Curve

- The SPA curve presented in Appendix A provides a summary of the CA-SURF Services Award No. DE-SC0020216 scheduled financial performance compared to the actual costs. The report shows funding through January 2023 along with information related to Funded-to-Date dollars, Scheduled dollars, and Actual dollars by month. Actual dollars represent actual invoices for the months sent to the DOE Office of Science for reimbursement. For January, the invoices totaled \$2,388,689 which is higher than the anticipated reimbursements of \$2,171,367 by \$217,322. Cumulative expenses are at \$77,696,409 which is lower than the budgeted \$77,916,451 by \$220,043. Large projects, purchasing and hiring are on track.

Balance Sheet Items

- Cash in Local Checking—Total on hand January 2023 was \$3,171,992; down from last month by \$397,897. Funds on hand were necessary to pay operating expenses including employee salaries, medical/life/vision insurance, and other items. Cash was down mainly due to payments for insurance renewals.
- Cash with State Treasurer—Total balance of \$11,070,931; This amount remains unchanged from last month.
- Billed Accounts Receivable (A/R)—Billed A/R represents any open invoices based on contracts from sources such as the DOE Office of Science, LBNL, Fermilab, other smaller contracts from other universities/private entities, and Barrick-Homestake Mining Company. Total is at \$3,147,467; Up from last month by \$18,954. Included in the balance are open invoices to LBNL for \$4,598, representing invoices for the LUX-ZEPLIN (LZ) experiment support contract, and the SIGMA-V experiment support. Additional open invoices include \$463,320 from Fermilab primarily from the contract for Ross Shaft Logistics Support. Furthermore, the open balance from the Cooperative Agreement is at \$2,658,601. Additionally, there are open invoices for \$20,948 from Barrick/Homestake, RESPEC, SDSM&T for MJD project, and Thyssen Mining Inc. (TMI).

- Unbilled A/R—Current balance is \$4,411. The unbilled A/R represents items that have not been billed on various contracts, in this case it was non-labor expenses. January's balance decreased by \$12,442, from December. These items will be taken care of in the near future.
- Other A/R—Current balance of \$3,229,482. This balance represents Interest Receivable and Miscellaneous Accounts Receivable. The majority of this balance is the receivable from the sale of xenon. The balance increased by \$8,879. Activity for this month includes recording the interest accrual for January.
- Inventory/Supplies—Balance at \$3,150,678 for fixed assets being stored but not in service. This balance remained unchanged from last month.
- Inventory Warehouse/Personal Protective Equipment (PPE)—Current balance of \$439,647. This balance represents the warehouse inventory that was purchased by SDSTA prior to federal funding, the warehouse inventory purchased with federal funds, and an inventory category for the SLHVC inventory. The balance increased by \$36,649 from the previous month mainly due to inventory at the SLHVC. All three inventories have separate account balances that are tracked. Yet they are summarized on the balance sheet under one category.
- Other Current Assets—This listing on the balance sheet represents the balances of both prepaid insurance—\$1,247,677 and prepaid other – \$140,072. Total balance of \$1,387,749 increased from last month by \$722,527. This increase is primarily due to insurance purchased in January.
- Fixed Assets—Current balance of \$93,072,349. Fixed assets activity since last month includes recording items for the stench gas system – \$80,850; and, the purchase of a water sensor and transmitter for the LZ project - \$33,534. The net decrease of \$110,665 since last month includes depreciation on fixed assets. Note: depreciation for the DOE Property Transfer items is separated as this amount will not be included in our indirect cost recovery on contracts.
- Asset Retirement Obligation Deferred Outflows (ARO) —We have deemed there would be costs associated with closing of SURF, if abandoning the site would occur. Outside regulatory agencies that would be involved with oversight of the closure would be the U.S. Environmental Protection Agency and South Dakota Department of Agriculture and Natural Resources. The capital assets on SDSTA's financial statements that would be included in the asset retirement obligation are land, above ground and underground infrastructure, and buildings. An internal team of experts was used to develop the estimate including: mining engineers, mechanical engineers, construction managers, heavy equipment experts, all with expertise in mining, underground, and environmental industries. The methods and assumptions used by these experts were to estimate hours associated with completing all necessary tasks using a current average salary and benefit rate, plus any associated contractor fees. The ARO balance is \$1,129,638 and will be depreciated over an estimated useful life of 30 years.
- Pension Deferred Outflows—This designation on our Balance Sheet reflects the requirements related to the Governmental Accounting Standards Board (GASB) No. 68 and No. 71 in reference to pensions. SDSTA is required to report the net pension asset or liability on the face of our financials along with related deferred inflows and outflows. The State's retirement system is now fully funded. The Net Pension Asset is a restricted asset. Thus, the equity created is also restricted. The balance Pension Deferred Outflows shown as a noncurrent asset is \$11,243,669 created by FY2022 financial entries. The balance has increased from the previous year by \$7,107,857.
- Xenon Purchased—Balance of \$8,668,139 represents the value of xenon purchased for use by experiments. The xenon inventory is considered a non-current asset and includes all the purchases through fiscal year 2020. The processed xenon has all been shipped from SLAC National Accelerator Laboratory to SDSTA for use in the LZ experiment. It is now in their closed loop system. In November 2022, SDSTA negotiated the sale of 45,274 liters of xenon for \$2,878,810. Current book value of the xenon sold is \$246,517. The proceeds from this sale will be used to pay down the Long-Term Xenon Notes Payable owed to the three foundations.
- Total Assets—Total of \$139,716,152. This balance has increased from last month by \$266,005 which represents the net activity as listed above.
- Accounts Payable—Our Total Accounts Payable balance of \$1,598,229 at the end of the month compared to last month has increased by \$660,246.

- **Accrued Payroll Liabilities**—Current balance of \$1,696,702 has decreased by \$95,733 from last month. This represents the net change between earned vacation and vacation taken and other changes in employee benefit-related liabilities.
- **Long-Term Xenon Notes Payable**—This designation represents \$2M of funding received from the South Dakota Community Foundation, \$2M received from the University of South Dakota Foundation and \$2M received from the South Dakota State University Foundation. The \$6,000,000 balance was designated for purchasing xenon for experiment use at SURF. The balance is unchanged from last month. Note: SDSTA will make a principle payment in the amount of \$2,878,810. This is the proceeds from the sale of a small portion of the xenon.
- **Pension Deferred Inflows**—This classification reflects the requirements of GASB No. 68 and No. 71, as discussed earlier. The balance of \$9,300,127 represents our portion of the difference between projected and actual earnings on pension plan investments with the South Dakota Retirement System.
- **Asset Retirement Obligation (ARO) s**—This is an estimated liability for costs associated with closing SURF, if abandoning the site would ever occur. The ARO balance is \$1,129,638 and will be adjusted annually.
- **Total Liabilities**—Total Liabilities increased by \$564,513 (from \$19,160,183 to \$19,724,696), which reflects the net activity listed above.
- **Total Equity**—decreased to \$119,991,455 from the previous months \$120,289,963.
- **Total Liabilities & Equity**—Increased to \$139,716,152 from the previous month of \$139,450,147.

Statement of Income Items

- On the SDSTA's Statement of Income, the DOE Subcontracts are consolidated into one line on the report. Included in this amount are various subcontracts from LBNL, Fermi National Accelerator Laboratory (FNAL), the Cooperative Agreement with the DOE Office of Science, as well as a small contract for the MAJORANA project with the SDSM&T. Total revenue through January is \$20,518,699 (increase from December of 3,002,396).
- Interest income recorded for the current fiscal year on State Funds is at \$64,715. This represents interest accruing at 1% on the cash held by the state on behalf of the SDSTA.
- Direct Costs are then listed on the Statement of Income. The classifications for Unallowable Costs and Indirect Costs are listed as well on this report to follow the federal contracting format. Direct Costs/Unallowable Costs are at \$12,187,068 for the current fiscal year. Indirect Costs including fringe benefits are at \$10,620,204. Costs are higher than revenue by \$2,217,749.
- Other Income is at \$148,244 which primarily represents miscellaneous income received from TMI, scrap metal receipts, and amounts from Barrick.
- Miscellaneous Expenses and Donations is at 292,629 for current year fixed assets that were purchased on federal funds through the Cooperative Agreement, and sales at the SLHVC.
- Loss (Gain) on Sale of Fixed Assets is at \$2,512,076 for the current year and is primarily from the sale of xenon.
- Net Income through January is at \$1,836,259.

Comparative Balance Sheet

- Total in Local Checking is lower by \$1,858,270 from this time last year.
- Total Cash with State Treasurer is lower by \$51,606 from this time last year as funds have been used for the Experiment funds for the xenon-related expenses, along with states interest proration.
- Total Current Assets are higher than last year by \$1,579,063 primarily from Other Accounts Receivable due to the sale of xenon.
- Total Fixed Assets are higher by \$4,011,290 when comparing the two-time frames, particularly due to including the fixed assets purchased on the Cooperative Agreement federal funds as well as finalizing the gravity flow system, Yates Complex waterline, and meter building. Also, included the recording of Work in Progress mainly for IIP projects.
- Asset Retirement Obligation Deferred Outflows is being reported for \$1,129,638.

- Pension Deferred Outflows is higher by \$7,107,857 due to fiscal year 2022 entries.
- In summary, Total Assets have increased by \$13,561,637.
- Total Current Liabilities are slightly higher by \$80,870 when comparing the two-time frames. Total Current Liabilities is higher primarily due to Accounts Payable for the period being higher.
- Other Liabilities—Pension Deferred Inflows have increased by \$5,832,228 for fiscal year 2022 and reporting an Asset Retirement Obligations of \$1,129,638.
- Total Restricted Funds are higher by \$1,141,500, primarily due to the entry for Restricted Pension amount.
- Investment in General Fixed Assets has increased by \$4,011,290 for the various additions of fixed assets and projects purchased on federal funds, and work in progress being reported.
- Unrestricted Funds are higher by \$1,366,110 when comparing the two-time frames.
- Total Equity has increased by \$6,518,901 from this time last year.
- In summary, Total Liabilities & Equity have increased by \$13,561,637.

Comparative Profit/Loss

- Total Revenue for year-to-date January 2023 compared to year-to-date January 2022 has decreased by \$1,656,916. This decrease is due to decreased activity on DOE IIP contracts. Direct Costs and Indirect Costs for year-to-date January 2023 compared to this time last year show a combined decrease of \$35,439. Net Income/Loss for the comparative time periods shows an increase of \$649,226.

Available Resources

- This report reflects SDSTA's available cash/accounts receivable after noting the restricted cash balances in the Indemnification, Mine Closure, and funds held for Experiments—interest for investors. This report reflects available cash and (short term) accounts receivable as compared to current liabilities including accrued payroll liabilities. After noting current obligations, \$4,415,537 is available. It is also important to note that the accrued payroll liabilities include accrued vacation and sick pay. Therefore, the report reflects SDSTA's available resources compared to current obligations.

Operating Budget Analysis

- This report is separated into three sections: SDSTA-funded activities, Federal, State, and Commercial funded activities and Indirect expenses that benefit various activities. Total operating expenses are over budget for January by \$170,400.
- Year-to-date figures are under budget by \$993,684.

Human Resources

Projects

- Conducted Fair Labor Standards Act Audit
- Deployed Human Resources Information System, Paylocity
- Coordinated General Ledger mapping with Paylocity
- Vetted and implemented new Background Screening Company, Checkr
- Facilitate API between Paylocity and Deltek Costpoint
- Negotiated benefits renewal effective 4/1/2023
- Preparations began for digital open enrollment

New Hires: 3

Terminations: 4

Data

Owner	Title	Goal	Average	March	February
CB	# of Employees (Headcount)	>= 205	196		199
CB	# of Regular Full-Time Employees	>= 185	179.6		179
CB	# of Regular Part-Time Employees	>= 5	6.5		6
CB	# of Non-Benefit Part-Time Employees	>= 7	7.7		14
CB	# of Temporary Employees	>= 8	2.2		0
CB	FTE	>= 196	187.35		189
CB	Demographics - White	<= 95 %	95.73%		94.5%
CB	Demographics - Black or African American	>= 1 %	0%		0%
CB	Demographics - American Indian or Alaska Native	>= 2 %	0.5%		0.5%
CB	Demographics - Native Hawaiian or Other Pacific Islander	>= 0 %	0%		0%
CB	Demographics - Asian	>= 1 %	0%		0%
CB	Demographics - Two or More Races	>= 2 %	2%		2%
CB	Demographics - Hispanic or Latino	>= 2 %	1%		1%
CB	Demographics - Gender - Male	<= 78 %	77.74%		76.4%
CB	Demographics - Gender - Female	>= 22 %	22.26%		23.6%
CB	Demographics - Age	>= 48	49.18		48
CB	Vacancy Rate	< 3 %	3.22%		3.7%
CB	Time to Fill	< 90	72.39		87.67
CB	App to Interview Ratio	< 4	3.05		3.44
CB	App to Hire Ratio	< 19	14.47		14.73
CB	Attrition(Turnover) Rate	< 2 %	1.49%		1.1%
CB	HR to Employee Ratio	<= 2	1.04		1.01
CB	Average Tenure	>= 6	6.49		6.18
CB	FLSA - Exempt (Salary)	<= 30 %	30.13%		30.7%
CB	FLSA - Non-Exempt (Hourly)	>= 70 %	69.87%		69.3%

Professional Staff Services – Subcontract No. 607915

Long-Baseline Neutrino Facility (LBNF) and Deep Underground Neutrino Facility (DUNE)

- The Engineering Team worked with Fermi Research Alliance (FRA)/Arup to review and update the DUNE electrical calculation. Significant changes have occurred, particularly with the DUNE Detector cryogen system power requirements, since LBNF Final Design. Changes in equipment, capacities and general arrangement of the Central Utility Cavern were required.
- Worked with FRA/Arup to update the drawings and specifications for issue to bidders for the LBNF electrical infrastructure.
- Performed analysis of the electrical infrastructure at the Ross Tramway to support the addition of an air compressor. Additional compressed air needed to support construction and material handling system.

LZ Operations Phase I – Subcontract No. 7525117

Other Experiment Support

LUX-ZEPLIN (LZ)

- The rebuild of LZ xenon circulation compressor 1 was completed and the compressor was put back into service.
- Working with Stirling Cryogenics, the cryogenerator on Cryocooler #2 was replaced.
- Working with Precision Fabricators, four Department of Transportation cryogenic temperature-rated cylinders were procured to replace existing cryopumping cylinders which were not DOT-rated.

Indirect Funded Activities Status

Contracts Status

Department of Energy (DOE) subcontracts to SDSTA

US Department of Energy, Office of Science

- SDSTA received Modification No. 25 for Incremental Funding.
- SDSTA submitted a request for funding for additional operations and supplies.

Fermi Research Alliance

- No additional actions this period.

Lawrence Berkeley National Laboratory

- No additional actions this period.

Oak Ridge National Laboratory

- No additional actions this period.

Summary of Contracts Awarded by SDSTA December 2022 – February 2023

Contract No.	Contractor/Vendor	Type	Project
2022-35	Mid-Dakota Vegetation	CO# 02	Second Annual Services
2021-23	ATEN Design Group	CO#03	Add Scope (Exhibit I) and Funds
2022-47	Anderson Services	RFP	Annual Crane Inspections
2016-34	Professional Mapping & Surveying, LLC	CO#05	Oro Hondo Ventilation Shaft Mapping
2016-13	Black Hills Urgent Care	CO#12	Extend one-year, add funds
2019-40	Silver State Wire Rope	CO#09	Extend for another year and add funding
2020-05	West Plains Engineering	TSK#6.1	Additional Work and Funds
2020-16	Western States Fire Protection	CO#12	Add Scope
2020-16	Western States Fire Protection	CO#13	Service and Replace Fire Extinguishers
2022-52	G&G Garbage	NEW	Drain and Waste Line Services - Surface
2022-55	Black Hills Physical Therapy Inc	NEW	Physical Therapy and Ergonomics
2013-39	G.L. Tiley & Associates	CO#26	Extend one-year
2019-02	MidContinent Testing Laboratories, Inc.	CO#11	Extend one-year
2019-28	Jacobs Welding & Machining	CO#25	Extend one-year
2022-44	Moxie Marketing of the Black Hills	CO#01	Update payment terms
2022-53	Amick Sound	NEW	Inspection and Maintenance services
2022-37	Dialogue LLC	CO#01	Add scope, funds and extend date
2022-38	Priscilla Romkema	CO#01	Add Scope of Work, Additional Funds
2022-56	Machelle Vieux	NEW	FAC Member
2022-01	RCS	CO#08	Extend End Date 4-30-23
2022-27	MineArc	CO#01	Add Portable Refuge Chambers
2021-14	Fastenal	CO#01	Add ERT Stock
2020-07	Avid4 Engineering	CO#2	Company Name Change (formerly Ferber)
2022-01	RCS	CO#9	Ross and Yates Plumbing Changes
2019-28	Jacobs Welding & Machining	CO#26	J-hooks Yates
2019-05	Servall	CO#12	Purchase Additional Coveralls
2022-46	Black Hills Doors	NEW	WWTP Overhead Doors

Contract No.	Contractor/Vendor	Type	Project
2022-41	Albertson Engineering	RFP	TSK#03 RFP for Conveyance Inspection
2022-33	RCS	TSK#01	Conference Room Remodel
2022-47	Anderson Services	NEW	Annual Crane Inspections
2019-28	Jacobs Welding & Machining	CO#27	Additional J-hooks
2020-04	Reventus, LLC	CO#03	Extend End Date 1 yr
2019-28	Jacobs Welding & Machining	CO#28	Refurbish Skip Runners
2022-48	Hydro Resources	CO#1	Revise Contractor's Proposal
2019-28	Jacobs Welding & Machining	CO#29	J-hooks
2023-01	Northern Strands	NEW	Ross Skips Thimbles
2019-39	North Central Supply	CO#08	Replace Hardware at 5 Various Locations
2019-28	Jacobs Welding & Machining	CO#30	Fabricate Material into J-hooks
2023-03	Professional Mapping & Surveying	NEW	General Services – Surveying & Mapping
2022-33	RCS	TSK#03	SLHVC Remodel
2019-23	Orion Registrar	CO#3	Extend Deadline, Change Contractor
2019-28	Jacobs Welding & Machining	CO#31	WO# 66742 Misc Fabrication
2022-33	RCS	TSK#04	Transport Jersey Barriers
2022-41	Albertson Engineering	TSK#03	Ross Yates Conveyance Inspections
2023-04	Paradigm	NEW	On-site Occupational Health Nurse
2019-44	Ventilation Innovation	CO#04	Extend to 9/30/23
2023-07	Safety-Kleen	NEW	3-year contract
2020-12	True Clean Carpet & Janitorial Services	CO#10	Add Scope and Funding
2019-31	Wolff's Plumbing & Heating	CO#07	Add funding for Davis Campus Chiller
-	TBD	RFQ	Nitrogen Generator RFQ
2023-05	TBD	RFP	Access Control: Phase 2
2019-28	Jacobs Welding & Machining	CO#32	WO# 66742A Material
2019-28	Jacobs Welding & Machining	CO#33	WO# 66742A Labor

- Purchase Orders (POs): 547 POs were issued December 1, 2022 – February 28, 2023 totaling \$1,177,862.45.
- Warehouse Inventory: Warehouse inventory as of February 28, 2023 totaled \$292,523.11.

Inclusion, Diversity, Equity and Access (IDEA) Status

- IDEA is working with Education and Outreach (E&O) to develop understandings of tribal communities in South Dakota and traveled to Pine Ridge to visit Red Cloud Renewable, whose founder will speak at Neutrino Day this year. The team also visited the Center for American Indian Research and Native Studies (CAIRNS) and the Red Cloud Heritage Center.
- IDEA is piloting a book study of *The Lakotas and the Black Hills* by Jeffrey Ostler with Communications, Education and Outreach, and the Sanford Lab Homestake Visitor Center (SLHVC) to begin creating a understanding of indigenous history and culture in the region. IDEA plans to offer the book study to broader groups at SURF after the soft launch with the aforementioned group.
- IDEA has planned a year of leadership training around SDSTA's core values. The first quarter focuses on safety, followed by care for others, professionalism and team players.
- IDEA convened the third meeting of the Star Knowledge Working Group. The group began discussing ideas about Native ways of knowing that could be implemented easily at SURF, as well as some long-term ideas. Next

steps will include assigning roles to implement the easier ideas and creating project timelines for the long-term ideas.

- The IDEA Office formed a working group for the Sacred Circle Garden. Comprised primarily of Native individuals, the group will help shape and develop programming for the Garden going forward.
- The IDEA Office is working with Racing Magpie, a Native-operated arts non-profit organization in Rapid City to develop a Call to Artists for four sculptures to be placed at the Sacred Circle Garden. Racing Magpie is helping draft the call and will help distribute it to Native artists in the region who would be interested in developing sculptures for the project.
- IDEA is working with the Diversity, Equity and Inclusion (DEI) team at SNOLAB and other additional underground laboratories to develop a paper for Frontiers in Physics regarding best practices in DEI.
- The IDEA Office has launched a survey to pulse staff on their interest in attending lunch and learns at SURF. After the survey closes, the IDEA team will develop a plan to implement Lunch and Learns based on employee interest in various topics (professional development, cultural interests, hobbies, experts in their field at SURF, and others).
- IDEA is developing language regarding indigenous history in the region to better communicate SURF's history in the Black Hills, and to better connect with tribal communities in the state.
- A kick-off event for the Sacred Circle Garden is tentatively scheduled for June 21, 2023.
- Coffee breaks continue at SURF. In December, Education and Outreach hosted a holiday treat contest, and the Executive Team hosted a coffee break following the All Hands meeting in January. IDEA hosted a coffee break at the end of February celebrating President's Day with a bit of trivia.
- IDEA is providing guidance to the SLHVC to ensure that the space is welcoming to all visitors, provides diverse perspectives in its presentations and exhibits, and that the gift store has offerings that reflects the cultural offerings of our local community.
- The IDEA Office, E&O Team, and colleagues from CAMSE are collaborators on the CIRCLES Alliance, an NSF Grant geared at increasing Indigenous STEM education opportunities. South Dakota is working closely with the North Dakota team on developing a library of Indigenous Based STEM curricular resources and continuing education opportunities for teachers.
- IDEA staff attended the Lakota Nations Education Conference in December to connect with Native educators from around the state and the SD STEM ED conference in February to better understand what science teachers need and help inform the work of the E&O Team.

Education and Outreach (E&O) Status

K-12 Education and Outreach

Curriculum units

- From August through February of the 2022-23 school year, 40 curriculum units were utilized in districts in South Dakota, North Dakota and Wyoming, impacting the science learning of 2,112 students.
- A new curriculum unit is being written for upper elementary students with a tentative piloting date in late 2023.

Field trips (onsite)

- During Fall 2022 the E&O team hosted field trips with 11 school groups from South Dakota, Montana, Wyoming, Missouri, and California.
- The Spring field trip schedule is completely full. New requests are being referred to next year. The Spring field trip season starts on March 7th with several schools attending for a Quarknet masterclass and field trip.
- Nations Classroom, an educational group who organizes school field trips across the country, had excellent feedback from the California schools that attended an on-site field trip at SURF in November of 2022 and has scheduled a return trip for students in November of 2023.

Classroom presentations (includes virtual field trips)

- From August through February of the 2022-23 school year, presentations have been made in 43 school districts in South Dakota, Wyoming, and California (virtual), serving 10,596 students.
- The E&O team has put an increased focus on building relationships with South Dakota Native American communities. So far during the 2022-23 school year, presentations have been made in Wagner, Kadoka, Crow

Creek, St. Joseph's Indian School (Chamberlain), Cheyenne-Eagle Butte, and Marty Indian School. Each of the listed schools include populations of Native American students that are greater than 40% of their student body.

Professional Development (PD)

- In February 2023, the E&O team worked with 170 teachers in the Spearfish school district for a half day professional development session.
- During the spring semester, the E&O team is offering two online courses through Black Hills State University (BHSU) to support K-12 educators in both science and mathematics.
- Regional professional development in the area of effective elementary science teaching is being developed and will be delivered during a three-day session in July 2023 to a group of four schools in northeastern South Dakota. The professional development will be hosted at Warner School District and will include follow-up sessions during the 2023-24 school year.
- In February 2023, Education and Outreach team members offered 12 different conference sessions at the state math and science teachers conference (SDSTEM) in Huron.
- E&O team members facilitated an elementary science teachers workshop in Huron in February in collaboration with SD Established Program to Stimulate Competitive Research (EPSCoR) for a group of 33 elementary science educators. An additional workshop is planned in March at Crazy Horse.

Undergraduate

- In January, the E&O team hosted physics undergraduates from Dordt University (IA) for a tour, engineering challenge, and discussion about underground physics with Doug Tiedt.
- Pre-service educators from BHSU will be on-site in March for a hoistroom tour, engineering activity, and discussion about best practices in the classroom for high quality science learning experiences.

Other

- The E&O team is partnering with the Lead-Deadwood School District to support elementary science teachers for a STEM grant awarded to the district from the SD Department of Education. The grant supports writing and implementing high quality elementary science lessons with connections to relevant underground science research at SURF. Support will include two professional development sessions in Spring 2023 as well as follow-up support in summer 2023.
- E&O team members will be working with the Boys and Girls Club in Lead-Deadwood on March 16th to provide an interactive science activity to students.
- E&O team members engaged with families at the Sanford Lab Homestake Visitor Center (SLHVC) for a DeSTEMber "pop-up" learning event. The event was kicked off with a STEM calendar of activities that students could complete at home during their holiday break and culminated with a set of three different problem solving and engineering activities hosted at the SLHVC.
- Eight Davis-Bahcall Scholars have been selected for Summer 2023 and will be announced soon. The 2023 Davis-Bahcall Scholars Program will run from June 11th through July 9th, 2023.
- E&O Science Education Specialist Chad Ronish presented a session at the American Association of Physics Teachers (AAPT) conference in Portland in January 2023.
- E&O team members Chad and Science Education Specialist Ashley Armstrong have had proposals accepted to present at the National Science Teachers Association (NSTA) conference in Atlanta in March 2023.
- Chad presented a virtual professional development session to the PHYSCON Physics Education Conference to educators in Melbourne, Australia.
- E&O Director Nicol Reiner is working with the SD EPSCoR group to develop the Broader Impacts plan for the next 5-year proposal due to NSF in Fall 2023.
- The E&O team visited the Pine Ridge Indian Reservation for a learning session with Dr. Craig Howe and to visit Red Cloud Indian School and Red Cloud Renewable Energy Center.
- Refer to Table 1 below for the annual numbers from fiscal year 2016 to present.

Table 1. K-12 Students: Fiscal year final numbers (July 1 – June 30)

	2015-2016	2016-2017	2017-2018	2018-2019	2019-2020	2020-2021	2021-2022	2022-2023*
Curriculum Units	934	3504	2286	3598	3236	3384	3718	2112
Presentations	8734	8157	6304	6704	3704	2005	14038	10596
Field trips	595	660	796	1117	254	58	485	227
Other	10	891	825	1055	918	298	1468	645
Total	10273	13212	10211	12474	8112	5745	19709	13580

*Includes numbers from July 1 through February 28, 2023

Communications Status

- Presented SDSTA Executive Leadership with tactics to support the organization’s Statewide Awareness goal.
- Continued to develop partnerships with Rapid City Regional Airport (RAP) and Sioux Falls Regional Airport (FSD) for purposes of statewide awareness.
- Identified state-wide media outlets and publications and national publications and podcasts to develop media advisory and pitch opportunities in support of statewide and national awareness.
- Worked with Aten, the website vendor, to develop a Neutrino Day logo and introduced the logo to the public through a social media take over.
- In conjunction with the SLHVC, Communications continues to identify third-party travel resources hosting tourism-related content to ensure accurate information is available to potential visitors.
- Began actively tracking print and digital advertising to develop improved analytics to inform future marketing and advertising opportunities.
- Planned and hosted three Deep Talks events with a total attendance of 276 (Dec/Jan/Feb).
- Planned and hosted two symposium events to share SURF science with employees and the scientific community (1200 Seconds of Science, MJD/SURF colloquium).
- Hosted webinar for MJD’s final results announcement with virtual 110 attendees.
- Hired Stephen Kenney as the new SDSTA Multimedia Specialist.
- Working with leadership to develop a brand and logo for the Institute for Underground Science at SURF.
- Work continues to progress on the new SURF website, with touchscreen content for the SLHVC nearly complete.
- Published two science stories with widespread readership (arrival of DUNE APAs, legacy of MJD).
- Made three successful pitches to East River media outlets: KOKK in Huron, Brookings Register, Dakota News Now.

Community Outreach/Media/Site Visits/Presentations

- Feb. 1: Science Education Specialist Ashley Armstrong and Education and Outreach Director Nicol Reiner presented to Huron Kiwanis Club.
- Feb. 2: Outreach and Culture Director Deb Wolf presented to Brookings Kiwanis Club.
- Feb. 19: Communications Director Constance Walter presented to First Congregational Church Adult Forum.
- Media visits: Feb. 10: Dakota News Now.
- Other media: Interview with KOKK, stories in the BH Pioneer, Rapid City Journal, Brookings Register and on SDPB.

Upcoming Community Outreach/Media/Site Visits/Presentations

- Dakota Wesleyan University, Deb Wolf and Nicol Reiner, March 28.
- SD Mines Lunch and Learn, Mike Headley, April 20.
- National Guard conference, Will McElroy, Jake Davis, Wendy Straub, at SURF, April 21
- Launch of Stephen Mitchell’s new book, *The Riches of our Universe*, April 22.
- Deep Talks with Caterpillar (March 9), Mike Headley (April 13), Buzz in Bees (May 11).

Video, Web, Graphics

- Communications continues to create new video and animations to illustrate articles that are used on a variety of

platforms, including social media, PowerPoint Presentations and the website.

- Fresh content is created weekly for all social media platforms.
- General web maintenance, digital signage content; media assistance to science collaborations and educational institutions are ongoing.

Photos of recent events/milestones are included as Appendix A.

News Coverage

- [Funding proposal for SURF advances past appropriations committee](#), SDPB, Feb. 22
- [The legacy of the Majorana Demonstrator](#), Phys.org, Feb. 22, 2023
- [Sanford Underground Research Facility \(SURF\) seeks \\$13 million appropriation](#), Dakota News Now, Feb. 21.
- [MAJORANA Collaboration to discuss final results, announce new measurements of tantalum-180m experiment](#), Interactions Collaboration, Feb. 16.
- [SURF to update Brookings on Black Hills lab's progress, future](#), Brookings Register, Feb. 3.
- [SURF Education and Outreach Team at Huron Event Center](#), KOKK, Feb. 3.
- [Nicholas Kahn and Richard Selesnick are the 2023 Artists in Residence at SURF](#), NewsCenter1, Jan. 30

Information Technology Status

Projects

- Deployed two new switches, seven phones and five Access Points for the WWTP network upgrade.
- Completed adjustments to the Trip Action Plan (TAP) and other related sites to display correct maximum underground counts with overnight shifts.
- Set up and distributed all Paylocity kiosks to various locations across SURF.
- Created register to log changes made to Active Directory.
- Migrated CAT virtual machines for MineStar from old infrastructure to new infrastructure.
- Implemented Barracuda Email Gateway.
- Obtained interim Secret clearance from the Department of Homeland Security to receive classified cyber threats.
- Deployed virtual network computing for WWTP and MineStar monitoring/access.
- Migrated MineStar's underground tracking system MURC from old hardware to SURF infrastructure.
- Deployed SURF MineOffice and network integration.
- Onboarded and upgraded 60 Meraki Access Points; built new networks to support Meraki.

Daily Activities

In addition to work order activity, IT monitors and reviews wireless and general network activity and counts, network hardware readiness, VPN Remote Access logs, Firewall logs, and establishes new VPN and DocuShare accounts for individuals and user groups, as requested.

December 2022 – February 2023 Events

- The Administrative Services team registered 255 visitors from December 1 to February 28. Access badge requests continued to be processed and monthly badging reports distributed.
- The Visitor Registration Monthly Reports were submitted electronically to the SD Fusion Center/Homeland Security utilizing the SURF database reporting tool.
- The Monthly SURF Foreign National Visits Reports and Restricted Party Screening Audits were generated and distributed.

Number of New Visitors, Users and Contractors On-Site



Administrative Services Activities

- The Front Desk Support position was filled by Cheryl Hess in early February and training continues with support from Administrative Assistant Ashley Hansen. The additional open Administrative Assistant position will not be backfilled at this time. Administrative Services Manager Mandy Knight is continuing to help the SURF Foundation Director Michelle Kane, as needed, until a new Foundation Support Specialist is hired.
- Work continued with the following: Purchase orders invoiced and closed in ManagerPlus; monthly office supply orders received and sorted; access badges printed and logged; monthly reports uploaded to DocuShare; breakroom and espresso machine regularly cleaned; conference rooms scheduled; researcher hours tracked; safety waivers witnessed; and visitors registered into the database.
- An audit of the Administrative Services Office was conducted in early January and the team began working on Integrated Management System (IMS) document conversion. The Neutrino Day planning committee began meeting monthly to prepare for the July 8 annual event. Over 100 invitations were sent for the CETUP* summer workshop in Lead, June 18-July 14. Assistance with the coordination of office moves and furniture continued.
- Events and meetings onsite have steadily increased through the winter. The Administrative Services team provided logistical support for the following:
 - Dec 5 – Cultural Advisory Committee Meeting
 - Dec 8 – Nobel Day at SLHVC
 - Dec 9 – SD State Legislators Site Visit #1
 - Dec 15 – SDSTA Board Meeting and SURF Foundation Board Meeting
 - Dec 29 – SD State Legislators Site Visit #2
 - Jan 11 – SDSTA All Hands Meeting and Coffee Break, The ROC
 - Jan 13 – Deep Talk SURF Deep Talks Series at SLHVC
 - Jan 19 – EOS Quarterly Planning Meeting, Elevate RC
 - Jan 30-Feb 1 – Audit training for SDSTA staff
 - Feb 10 – SURF Deep Talks Series at SLHVC
 - Feb 17 – SD State Legislators Site Visit #3
 - Feb 22-23 – MJD Collaboration Meeting and Symposium Presentations at SLHVC
 - Feb 27 – Office of Risk Management Site Visit
 - Feb 28 – CAT Site Visit
- The SDSTA Board of Directors quarterly meeting was held on December 15, 2022. All Board materials and meeting minutes were posted to the Boards & Commissions portal. Preparations began for the next quarterly meeting on March 16. Several SDSTA Policies were updated and reviewed by legal counsel Tim Engel; approval is being requested at the March board meeting. Planning began for the next Entrepreneurial Operating System (EOS) quarterly summit with Consultant Mike Roth at SURF on April 4, 2023.

SANFORD LAB HOMESTAKE VISITOR CENTER

Sanford Lab Homestake Visitor Center (SLHVC) Status

Outreach and Programming

- In December, Nobel Day was hosted at the SLHVC, welcoming Dr. Neta Bahcall as the Deep Talks presenter. In addition, SURF sponsored “1200 Seconds of Science,” a series of short presentations on science and education programs at SURF.
- The MJD collaboration held their meeting at the SLHVC at the end of February. They also hosted a Zoom Webinar, “The broad physics program of the MAJORANA DEMONSTRATOR at SURF: Final results and new directions,” a small group colloquium, and were the presenters at the February Deep Talks.
- The SLHVC provided the venue for the Lead Area Chamber of Commerce’s Winterfest VIP fireworks event, hosting over 60 people.
- In collaboration with the SURF Artist-in-Residence Program Coordinator Professor Gina Gibson, a closing reception was held for 2022 AiR Gary Sczerbaniewicz at the Lead-Deadwood Arts Center.
- A pictorial scavenger hunt was developed for young visitors to the SLHVC, encouraging engagement with the exhibits.
- The digital kiosks have been updated, including new content, and different features, such as closed captioning, photo albums, a help screen and announcement banners. The new kiosk software allows SLHVC to continually add updated content.
- The SLHVC classroom continues to be utilized for meetings and trainings for Fermilab, Kiewit Alberici, Caterpillar, Coeur Wharf, Handley Center and the Lead Area Chamber of Commerce.
- In coordination with the Communications team, the SLHVC is preparing for the book launch of Steven Mitchell’s *The Riches of Our Universe*, including a book signing event on April 22.
- SLHVC staff have taken part in a staff development series, including speakers from SURF and the community, to prepare for summer docent tours. In addition, staff have completed SD Department of Tourism hospitality training.

Updates

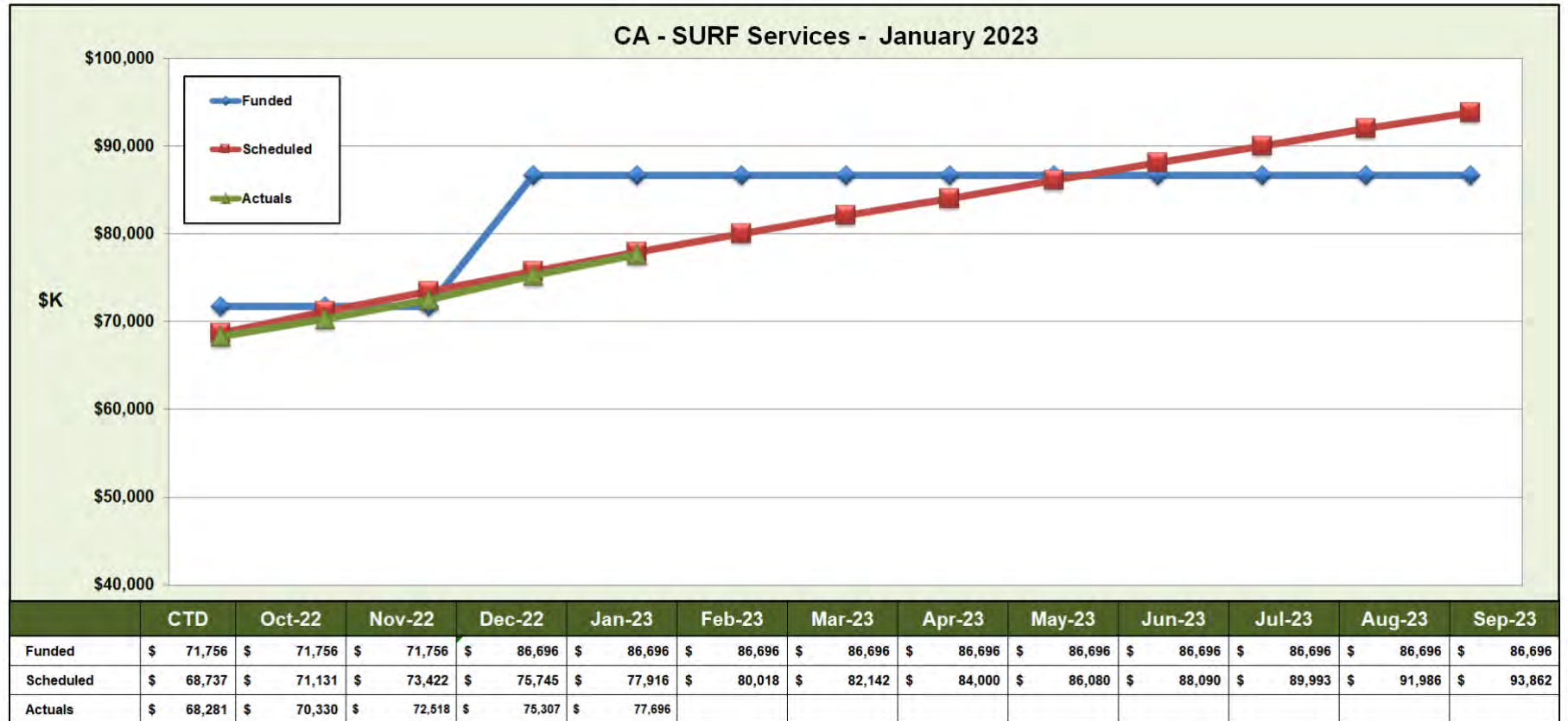
- As of December 2022, inventory totaled \$155,193.79, up from \$40,000 at acquisition in January.
- The SURF Foundation Director Michelle Kane has moved into the SLHVC.
- Summer seasonal positions for the SLHVC are now open for hire.
- New marketing campaigns for tour bus and international tour group recruitment are in development. The team is also working with travel websites to update their information about the SLHVC.
- The SLHVC is collaborating with the Communications team to develop Neutrino Day swag and merchandise utilizing the newly launched Neutrino Day logo.
- Guest Experience Manager represented the SLHVC at the state tourism conference in January.
- The SLHVC became an officially recognized member of the Association for Science and Technology Centers.

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APPENDIX

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**Business Services Department
Appendix A**



DOE SDSTA Fiscal Year 2023 SPA Curve

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January Financial Summaries - Appendix B

REPORT DATE 2/13/2023

SOUTH DAKOTA SCIENCE & TECHNOLOGY

13:00

PAGE 0001

DIVISION: ALL

BALANCE SHEET

ASSETS

AS OF
01/31/23

CURRENT ASSETS

First Interstate Checking	\$	3,171,991.84

Total in Local Checking		3,171,991.84
SD Treas: Indemnification		7,500,000.00
SD Treas: Mine Closure		1,533,566.14
SD Treas: Operating		1,386,598.52
SD Treas: Experiments		650,766.50

Total with SD Treasurer		11,070,931.16
Billed A/R		3,147,466.72
Unbilled A/R		4,411.04
Other A/R		3,229,482.11
Inventory - Supplies		3,150,678.11
Inventory - Warehouse		439,646.62
Other Current Assets		1,387,749.25

Total Current Assets		25,602,356.85

FIXED ASSETS

Land, Underground & Other		12,743,473.13
Bldgs & Infrastructure		19,321,800.42
Improvements		62,813,135.62
Work in Progress		4,088,796.90
Computer Equipment		381,499.81
Equipment & Fixtures		10,705,072.13
DOE Property Transfer		6,476,092.97
Accum Depr & Amort		(22,719,612.55)
DOE Prop. Accum Deprec.		(737,909.69)

Total Fixed Assets		93,072,348.74

OTHER ASSETS

Asset Retirement Obligation Deferred Outflows		1,129,637.92
Pension Deferred Outflows		11,243,668.96
Xenon Purchased		8,668,139.27

Total Other Assets		21,041,446.15

TOTAL ASSETS

=====

\$ 139,716,151.74

=====

DIVISION: ALL

BALANCE SHEET

LIABILITIES & EQUITY

		AS OF 01/31/23
		<hr/>
CURRENT LIABILITIES		
Accounts Payable	\$	1,598,011.62
Other Payables		217.75
		<hr/>
Total Accounts Payable		1,598,229.37
Accrued Payroll Liab		1,696,701.94
		<hr/>
Total Current Liabilities		3,294,931.31
OTHER LIABILITIES		
LT Xenon Notes Payable		6,000,000.00
Pension Deferred Inflows		9,300,127.02
Asset Retirement Obligation		1,129,637.92
		<hr/>
Total Other Liabilities		16,429,764.94
EQUITY		
Restricted: Indemnificati		7,500,000.00
Restricted: Mine Closure		1,533,566.14
Restricted: Pension		1,943,541.94
Restricted: Experim. Int.		650,766.50
Restricted: Foundation		-
		<hr/>
Total Restricted Funds		11,627,874.58
Investment in Gen FA		93,072,348.74
Unrestricted Funds		15,291,232.17
		<hr/>
Total Equity		119,991,455.49
		<hr/>
TOTAL LIABILITIES & EQUITY	\$	139,716,151.74
		<hr/>

ALL

STATEMENT OF INCOME

FOR THE PERIOD ENDING 1/31/2023

	YR-TO-DATE
REVENUE	
DOE Subcontracts	\$ 20,518,699.23
Checking Interest	6,108.96
Interest Income	64,715.19

TOTAL REVENUE	20,589,523.38
DIRECT COSTS	
Direct Labor	5,065,926.11
Board of Directors	3,738.46
Capital Outlay >\$5K	2,314,606.28
Contractual Svcs	1,920,243.79
Inventory	183,674.37
Supplies	835,865.37
Travel - Domestic	54,614.78
Travel - Foreign	4,226.84
Utilities	1,364,342.81
Other Direct Costs	159,282.33
Unallow/Unbill Costs	280,546.89

TOTAL DIRECT COSTS	12,187,068.03
INDIRECT COSTS	
Fringe Benefits	4,317,787.86
Overhead	6,302,416.05

TOTAL INDIRECT COSTS	10,620,203.91

GROSS PROFIT/LOSS ()FROM OPERATIONS	(2,217,748.56)

OTHER INCOME	
Water Treatment	100,304.86
Miscellaneous Income	30,517.74
Other Operating Income	17,421.21

TOTAL OTHER INCOME	148,243.81
OTHER EXPENSES	
Misc. Expenses & Donations	(292,628.64)
Loss (Gain) on Sale of FA	(2,512,076.27)
Other Unallowable Expense	226,517.69
Reclass Incr Net Assets	(1,327,576.57)

TOTAL OTHER EXPENSES	(3,905,763.79)
	=====
NET INCOME/LOSS ()	\$ 1,836,259.04
	=====

DIVISION: ALL

COMPARATIVE BALANCE SHEET

ASSETS

	AS OF 01/31/23	AS OF 01/31/22	\$ CHANGE	% CHANGE
<hr/>				
CURRENT ASSETS				
First Interstate Checking	\$ 3,171,991.84	\$ 5,030,261.45	\$ (1,858,269.61)	-36.94%
First Interstate Other	-	-	-	0.00%
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Total in Local Checking	3,171,991.84	5,030,261.45	(1,858,269.61)	-36.94%
SD Treas: Indemnification	7,500,000.00	7,500,000.00	-	0.00%
SD Treas: Mine Closure	1,533,566.14	1,520,425.48	13,140.66	0.86%
SD Treas: Operating	1,386,598.52	1,304,075.96	82,522.56	6.33%
SD Treas: Sanford Gift #2	-	4,569.97	(4,569.97)	-100.00%
SD Treas: Experiments	650,766.50	793,465.53	(142,699.03)	-17.98%
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Total with SD Treasurer	11,070,931.16	11,122,536.94	(51,605.78)	-0.46%
Billed A/R	3,147,466.72	2,715,037.48	432,429.24	15.93%
Unbilled A/R	4,411.04	137,439.92	(133,028.88)	-96.79%
Other A/R	3,229,482.11	281,572.94	2,947,909.17	1046.94%
Inventory - Supplies	3,150,678.11	3,233,197.57	(82,519.46)	-2.55%
Inventory - Warehouse	439,646.62	258,717.42	180,929.20	69.93%
Other Current Assets	1,387,749.25	1,244,530.22	143,219.03	11.51%
<hr/>				
Total Current Assets	25,602,356.85	24,023,293.94	1,579,062.91	6.57%
<hr/>				
FIXED ASSETS				
Land, Underground & Other	12,743,473.13	12,743,473.13	-	0.00%
Bldgs & Infrastructure	19,321,800.42	19,386,433.19	(64,632.77)	-0.33%
Improvements	62,813,135.62	62,813,135.62	-	0.00%
Work In Progress	4,088,796.90	-	4,088,796.90	100.00%
Computer Equipment	381,499.81	354,677.81	26,822.00	7.56%
Equipment & Fixtures	10,705,072.13	10,916,775.04	(211,702.91)	-1.94%
DOE Property Transfer	6,476,092.97	4,221,314.91	2,254,778.06	53.41%
Accum Depr & Amort	(22,719,612.55)	(21,007,374.58)	(1,712,237.97)	8.15%
DOE Prop. Accum Deprec.	(737,909.69)	(367,376.62)	(370,533.07)	100.86%
<hr/>				
Total Fixed Assets	93,072,348.74	89,061,058.50	4,011,290.24	4.50%
<hr/>				
OTHER ASSETS				
Asset Retirement Obligation Deferred Outflows	1,129,637.92	-	1,129,637.92	100.00%
Pension Deferred Outflows	11,243,668.96	4,135,812.00	7,107,856.96	171.86%
Xenon Purchased	8,668,139.27	8,934,350.39	(266,211.12)	-2.98%
<hr/>				
Total Other Assets	21,041,446.15	13,070,162.39	7,971,283.76	60.99%
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TOTAL ASSETS	\$ 139,716,151.74	\$ 126,154,514.83	\$ 13,561,636.91	10.75%
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DIVISION: ALL

COMPARATIVE BALANCE SHEET

LIABILITIES & EQUITY

	AS OF 01/31/23	AS OF 01/31/22	\$ CHANGE	% CHANGE
CURRENT LIABILITIES				
Accounts Payable	\$ 1,598,011.62	\$ 1,331,839.57	266,172.05	19.99%
Other Payables	217.75	6,510.85	(6,293.10)	-96.66%
	-----	-----	-----	-----
Total Accounts Payable	1,598,229.37	1,338,350.42	259,878.95	19.42%
Accrued Payroll Liab	1,696,701.94	1,875,710.91	(179,008.97)	-9.54%
	-----	-----	-----	-----
Total Current Liabilities	3,294,931.31	3,214,061.33	80,869.98	2.52%
OTHER LIABILITIES				
LT Xenon Notes	6,000,000.00	6,000,000.00	-	0.00%
Pension Deferred Inflows	9,300,127.02	3,467,898.62	5,832,228.40	168.18%
Asset Retirement Obligation	1,129,637.92	-	1,129,637.92	100.00%
	-----	-----	-----	-----
Total Other Liabilities	16,429,764.94	9,467,898.62	6,961,866.32	73.53%
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TOTAL LIABILITIES	19,724,696.25	12,681,959.95	7,042,736.30	55.53%
EQUITY				
Restricted: Indemnificati	7,500,000.00	7,500,000.00	-	0.00%
Restricted: Lab	-	-	-	#DIV/0!
Restricted: Mine Closure	1,533,566.14	1,520,425.48	13,140.66	0.86%
Restricted: Sanford Gift2	-	4,569.97	(4,569.97)	-100.00%
Restricted: Pension	1,943,541.94	667,913.38	1,275,628.56	190.99%
Restricted: Experim. Int.	650,766.50	793,465.53	(142,699.03)	-17.98%
Restricted: Foundation	-	-	-	#DIV/0!
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Total Restricted Funds	11,627,874.58	10,486,374.36	1,141,500.22	10.89%
Investment in Gen FA	93,072,348.74	89,061,058.50	4,011,290.24	4.50%
Unrestricted Funds	15,291,232.17	13,925,122.02	1,366,110.15	9.81%
	-----	-----	-----	-----
TOTAL EQUITY	119,991,455.49	113,472,554.88	6,518,900.61	5.74%
	=====	=====	=====	=====
TOTAL LIABILITIES & EQUITY	\$ 139,716,151.74	\$ 126,154,514.83	\$ 13,561,636.91	10.75%
	=====	=====	=====	=====

COMPARATIVE STATEMENT OF INCOME

FOR THE PERIOD ENDING 1/31/23

	YEAR TO DATE	PRIOR YEAR TO DATE	\$ CHANGE	% CHANGE
REVENUE				
DOE Subcontracts	\$ 20,518,699.23	\$ 22,180,026.92	\$ (1,661,327.69)	-7.49%
NSF/NASA Subcontracts	-	-	-	0.00%
State Revenue	-	-	-	0.00%
Checking Interest	6,108.96	1,228.77	4,880.19	397.16%
Interest Income	64,715.19	65,184.00	(468.81)	-0.72%
	-----	-----	-----	-----
TOTAL REVENUE	20,589,523.38	22,246,439.69	(1,656,916.31)	-7.45%
DIRECT COSTS				
Direct Labor	5,065,926.11	4,960,280.78	105,645.33	2.13%
Board of Directors	3,738.46	5,003.52	(1,265.06)	-25.28%
Capital Outlay >\$5K	2,314,606.28	2,511,265.66	(196,659.38)	-7.83%
Contractual Svcs	1,920,243.79	2,865,810.49	(945,566.70)	-32.99%
Inventory	183,674.37	149,063.49	34,610.88	23.22%
Supplies	835,865.37	1,323,746.46	(487,881.09)	-36.86%
Travel - Domestic	54,614.78	26,289.62	28,325.16	107.74%
Travel - Foreign	4,226.84	-	4,226.84	0.00%
Utilities	1,364,342.81	1,305,654.44	58,688.37	4.49%
Other Direct Costs	159,282.33	105,389.32	53,893.01	51.14%
Unallow/Unbill Costs	280,546.89	218,995.49	61,551.40	28.11%
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TOTAL DIRECT COSTS	12,187,068.03	13,471,499.27	(1,284,431.24)	-9.53%
INDIRECT COSTS				
Fringe Benefits	4,317,787.86	4,155,257.04	162,530.82	3.91%
Overhead	6,302,416.05	5,215,954.97	1,086,461.08	20.83%
	-----	-----	-----	-----
TOTAL INDIRECT COSTS	10,620,203.91	9,371,212.01	1,248,991.90	13.33%
	-----	-----	-----	-----
GROSS PROFIT/LOSS ()	(2,217,748.56)	(596,271.59)	(1,621,476.97)	517.81%
	-----	-----	-----	-----
OTHER INCOME				
Water Treatment	100,304.86	164,578.64	(64,273.78)	-39.05%
Miscellaneous Income	30,517.74	54,419.78	(23,902.04)	-43.92%
Other Operating Income	17,421.21	167,148.43	(149,727.22)	-89.58%
	-----	-----	-----	-----
TOTAL OTHER INCOME	148,243.81	386,146.85	(237,903.04)	-61.61%
OTHER EXPENSES				
Misc. Expenses & Donations	(292,628.64)	(6,418,686.10)	6,126,057.46	-95.44%
Loss (Gain) on Sale of FA	(2,512,076.27)	(3,600.29)	(2,508,475.98)	69674.28%
Other Unallowable Expense	226,517.69	191,254.62	35,263.07	18.44%
Reclass Incr Net Assets	(1,327,576.57)	4,833,874.28	(6,161,450.85)	-127.46%
	-----	-----	-----	-----
TOTAL OTHER EXPENSES	(3,905,763.79)	(1,397,157.49)	(2,508,606.30)	179.55%
	=====	=====	=====	=====
NET INCOME/LOSS ()	\$ 1,836,259.04	\$ 1,187,032.75	\$ 649,226.29	54.69%
	=====	=====	=====	=====

South Dakota Science & Technology Authority
Available Resources
1/31/2023

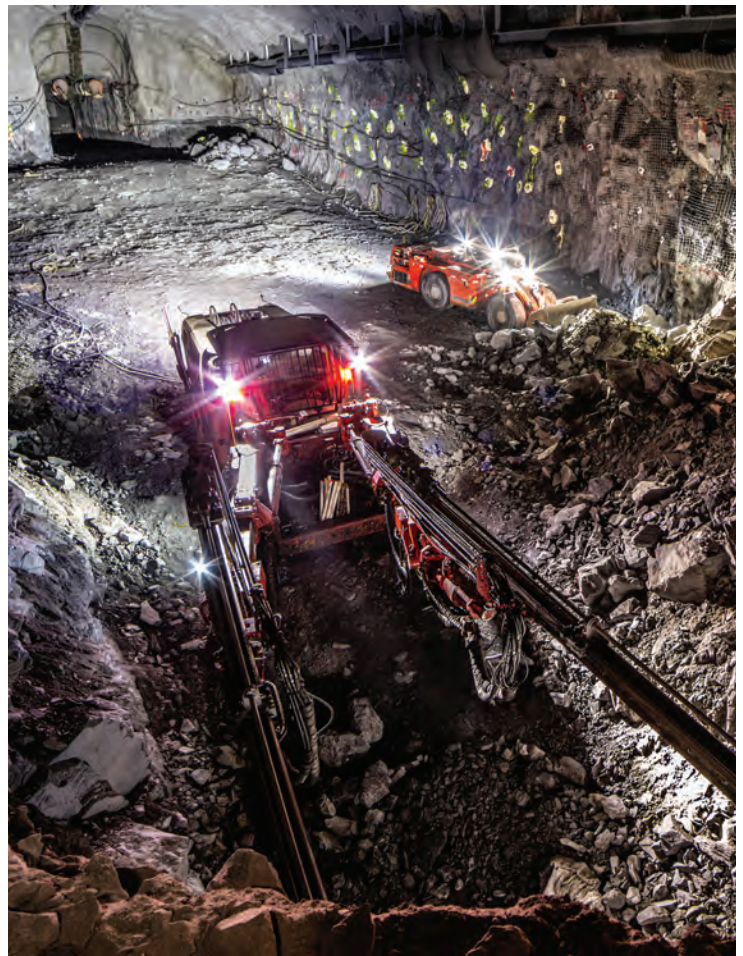
Cash Total Checking	\$ 3,171,992
Cash With State Treasurer	<u>\$ 11,070,931</u>
Total Cash	\$ 14,242,923
Less: Restricted Funds	
Indemnification/Mine Closure	\$ (9,033,566)
Experiments (Xenon, Interest, Infrastructure)	<u>\$ (650,767)</u>
Total Cash Available for Infrastructure Upgrades and Authority Operations	\$ 4,558,590
Plus: Accounts Receivable Billed	\$ 3,147,467
Accounts Receivable Unbilled	\$ 4,411
Less: Current Liabilities (Accounts Payable & Accrued Payroll)	<u>\$ (3,294,931)</u>
Available Cash and Receivables	<u><u>\$ 4,415,537</u></u>

SDSTA Operating Budget Summary FY2023

Actual vs Budget January 2023 & YTD

	January 2023	Budget	\$ Over/Under Budget	% of Budget	Actual YTD	YTD Budget	\$ Over/Under Budget	% of Budget	% Remaining
									100%
SDSTA (Authority) Direct Charges									
Board of Directors	\$21,534.00	\$29,750.00	\$8,216.00	72.38%	\$149,661.00	\$208,250.00	\$58,589.00	71.87%	28.13%
Executive Office	\$50,500.00	\$79,694.00	\$29,194.00	63.37%	\$433,273.00	\$557,858.00	\$124,585.00	77.67%	22.33%
Science Center E & O	\$2,149.00	\$1,000.00	-\$1,149.00	214.9%	\$87,387.00	\$96,549.00	\$9,162.00	90.51%	9.49%
Science Liaison	-\$1,575.00	\$0.00	\$1,575.00	100.0%	\$1,502.00	\$0.00	-\$1,502.00	100.00%	0.00%
SLHVC (Visitor Center)	\$6,442.00	\$64,577.00	\$58,135.00	9.98%	\$341,504.00	\$451,810.00	\$110,306.00	100.00%	0.00%
Subtotal	\$79,050.00	\$175,021.00	\$95,971.00	45.17%	\$1,013,327.00	\$1,314,467.00	\$301,140.00	77.09%	22.91%
Federal/State Funding - Direct Charges									
Fermi C#671265 Prof. St.Services	\$5,172.00	\$5,000.00	-\$172.00	103.44%	\$64,368.00	\$35,000.00	-\$29,368.00	183.91%	-83.91%
Fermi C#685922 Op Serv Support	\$0.00	\$0.00	\$0.00	0.0%	\$0.00	\$0.00	\$0.00	0.00%	100.00%
Fermi C#674969 Ross Logist.Supp.	\$217,278.00	\$250,000.00	\$32,722.00	86.91%	\$1,634,377.00	\$1,750,000.00	\$115,623.00	93.39%	6.61%
Fermi Misc. Contracts	\$0.00	\$0.00	\$0.00	0.0%	\$0.00	\$0.00	\$0.00	0.00%	100.00%
Office of Science Coop.Agree	\$1,587,723.00	\$1,445,701.00	-\$142,022.00	109.82%	\$9,555,774.00	\$9,801,165.00	\$245,391.00	97.50%	2.50%
Office of Science IIP Projects	\$149,954.00	\$149,954.00	\$0.00	100.0%	\$2,581,849.00	\$2,581,849.00	\$0.00	100.00%	0.00%
LBNL SIGMA-V C#7371823	\$0.00	\$10,000.00	\$10,000.00	0.0%	\$22,196.00	\$70,000.00	\$47,804.00	31.71%	68.29%
LBNL LZExp.Operat.C#7650068 & DE-SC0022857	\$88,118.00	\$55,000.00	-\$33,118.00	160.22%	\$366,327.00	\$385,000.00	\$18,673.00	95.15%	4.85%
MJD (Majorana) ORNL144149 & SDSM&T CT001412	\$2,611.00	\$2,000.00	-\$611.00	130.55%	\$11,980.00	\$14,000.00	\$2,020.00	85.57%	14.43%
* Kiewit/Thyssen/DakotaT.	\$1,525.00	\$4,000.00	\$2,475.00	38.13%	\$8,240.00	\$28,000.00	\$19,760.00	29.43%	70.57%
* Caterpillar Inc.	\$0.00	\$0.00	\$0.00	0.0%	\$0.00	\$0.00	\$0.00	0.00%	100.00%
RESPEC Thermal Breakout	\$264.00	\$264.00	\$0.00	100.0%	\$264.00	\$264.00	\$0.00	100.00%	0.00%
Subtotal	\$2,052,645.00	\$1,921,919.00	-\$130,726.00	106.8%	\$14,245,375.00	\$14,665,278.00	\$419,903.00	97.14%	2.86%
Indirect Expenses									
Indirect Charges Personnel	\$315,872.00	\$316,419.00	\$547.00	99.83%	\$3,175,102.00	\$3,389,464.00	\$214,362.00	93.68%	6.32%
Indirect Charges Other	\$770,148.00	\$633,956.00	-\$136,192.00	121.48%	\$4,089,170.00	\$4,147,449.00	\$58,279.00	98.59%	1.41%
Subtotal	\$1,086,020.00	\$950,375.00	-\$135,645.00	114.27%	\$7,264,272.00	\$7,536,913.00	\$272,641.00	96.38%	3.62%
Totals	\$3,217,715.00	\$3,047,315.00	-\$170,400.00	105.59%	\$22,522,974.00	\$23,516,658.00	\$993,684.00	95.77%	4.23%
* Private Corporations (Commercial Group)									

Communications Department Photo Appendix C



Top left: The north cavern of the DUNE excavatoin, light streaks were created in process of capturing this image.

Top right: Seen from above a double arm drill, drills into a bench.

Center left: Seen from below the double arm drill works the bench in the north cavern.

Center right: The north cavern of the DUNE excavation looking back toward the entrance.

Bottom: A bolter sits ready for use.





Top: Dr. Vince Guiseppe examines components used in the Majorana Demonstrator.

Center left: A group photo of the Majorana Collaboration at the Sanford Lab Homestake Visitor Center (SLHVC).

Center right: Dr. Markus Horn talks to a citizen at an Ask a Scientist event in the SLHVC.

Bottom: Dr. Jaret Heise speaks with Dr. Neta Bahcall at the Davis Campus.



SDSTA Policies—Mr. Mike Headley

SDSTA Policies and Policy-Procedures Manual:

Attached are the following updated SDSTA policies reviewed by legal counsel and recommended for approval:

- Section 2 “Employee Handbook” and Section 3 “Business and Finance” of the Manual:
 - Accounting and Audit Policy (*updated*)
 - Leave Policy (*updated*)
 - Management and Control of Certain Funds Policy (*updated*)
 - Reimbursement of Alcohol Policy (*updated*)

Informational (reviewed by legal counsel and approved by Executive Director):

- *Accounting and Audit Procedure, updated*

Recommended Action:

Motion to approve the updated Accounting and Audit Policy, Leave Policy, Management and Control of Certain Funds Policy and Reimbursement of Alcohol Policy as presented.

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Accounting and Audit Policy (for board approval Mar 16, 2023)

It is the policy of the South Dakota Science and Technology Authority (SDSTA) that all financial transactions ~~is~~are documented, approved and recorded properly in the financial accounting system on a consistent and timely basis in accordance with applicable federal, state and local regulations.

A. Accounting and audit procedures

Procedures have been developed to ensure internal controls, cash management, and compliance with other necessary financial and accounting requirements of applicable federal, state and local rules.

1. An independent audit of financial records shall be conducted annually.
2. The Chief Financial Officer (CFO) shall direct and monitor adherence to generally accepted accounting principles to ensure compliance with all applicable laws and regulations.
3. The SDSTA Audit Committee Charter, as updated, mandates the Audit Committee as the proactive steward for oversight of the financial reporting and disclosure process for SDSTA.

B. Operating revenues and expenses

The SDSTA proprietary fund shall distinguish between operating and non-operating revenues and expenses.

~~1. Operating revenues and expenses shall consist of:~~

~~a. Charges for the use of the underground facility;~~

~~b. Reimbursement of the costs of operations from Homestake Mining Company and other entities; and~~

~~c. The costs of providing those services and facilities, including depreciation and excluding interest cost.~~

~~2. All other revenues and expenses shall be reported as non-operating.~~

C. Interest earned

Monies earned by the SDSTA from investments made through the State Investment Council, pursuant to legislation approved by the South Dakota State Legislature, will be budgeted at the Board of Director's discretion.

D. Use of net assets

~~Subject to the provisions of the Property Donation Agreement and the Gift Agreement, the~~ SDSTA will first use restricted net assets when an expense is incurred for purposes for which both restricted and unrestricted net assets are available.

E. Capital assets

The SDSTA will capitalize all expenditures for assets with a life of greater than one year and a cost of \$5,000 or more. They will be depreciated over their estimated useful life on a straight line basis. An accurate account of all ~~furniture and equipment fixed assets~~ shall be maintained. The CFO ~~or designee~~ shall ~~conduct coordinate and manage~~ an annual ~~physical~~ inventory, ~~and report~~ ~~Any changes will be reported~~ to the Executive Director and Board of Directors.

F. Invoices and receipts

All invoices/~~receipts~~ shall be paid on or by the 15th of ~~each the following~~ month ~~by paper check, Automated Clearing House (ACH) through online bill pay, or wire transfer~~. Payment of invoices/~~receipts~~ will follow guidelines established in the SDSTA Accounting and Audit Procedures.

G. Petty cash fund

~~Cash disbursements are limited to \$50 per occurrence for items not included on travel expense reimbursement forms or for items not available from the office supplies inventory.~~ The petty cash fund ~~balance~~ shall not exceed \$50 and a log will be maintained ~~by the Accounting and Finance department~~ ~~Office~~.

H. Credit card usage

Credit cards issued to the SDSTA Executive Director and Procurement Specialist are limited to use for SDSTA-related business and travel expenses and shall not be used for any personal travel-related or other ~~personal~~ expenses of an employee.

1. Charges may be made against the card by employees upon prior approval of the Executive Director, ~~the Sanford Laboratory Director or the CFO, or designee~~.
2. Charges exceeding \$5, ~~10~~,000 must be approved in advance by the Executive Director, ~~Laboratory Director or the CFO, or designee~~.

I. Reimbursement of incidental expenses

SDSTA employees and Board members shall be reimbursed for incidental expenses related to SDSTA business and is limited to \$500 per occurrence, ~~unless the Executive Director (or board Chairperson~~ ~~man~~, if the Executive Director or another board member will be the claimant) provides prior approval. ~~-Reimbursement in which the Executive Director or a board member is the claimant must be approved by the board Chairperson~~ ~~man~~ or a majority vote of the board. ~~-All expenses must be included on the approved reimbursement form, with all itemized receipts attached.~~ SDSTA will provide reimbursement for the purchase of alcoholic beverages in accordance with its Alcohol Reimbursement and Purchase Policy. ~~unless prior approval is provided by the Executive Director.~~

Management and Control of Certain Funds (to be approved at the Mar 16 board mtg)

This policy is adopted by the South Dakota Science and Technology Authority (SDSTA) to comply with the terms of the “Property Donation Agreement between and among Homestake Mining Company of California, the State of South Dakota and the South Dakota Science and Technology Authority” dated April 14, 2006 (the “Agreement”). In the event of a conflict between the terms of this policy and the Agreement, except as otherwise required by applicable law, the terms of the Agreement shall govern the maintenance of the Funds. Capitalized terms used but not defined in this Policy shall be used and construed as defined in the Agreement.

1. All monies appropriated to and held by the SDSTA, other than those that are held at a commercial bank or banks for the immediate cash flow needs of the SDSTA, shall be invested by the South Dakota Investment Council in the state pooled fund account for benefit of the SDSTA. The SDSTA requests and directs the Bureau of Finance and Management to account for and credit interest earned to the SDSTA as provided by SDCL 4-5-30.
2. Monies held at a commercial bank or banks shall be actively managed to meet cash flow requirements and will be held to a minimum in order to maximize Investment Council interest earnings.
3. The SDSTA hereby establishes the following Funds (the “Funds”) within the monies invested with the Investment Council:
 - a. Closure Fund.
 - b. Indemnification Fund.
 - c. General Operating Fund.
4. The SDSTA shall maintain separate accounts for each of the Funds, although the Funds may be maintained by the Investment Council together within the pooled fund account.
5. The initial deposits into the Closure Fund shall be \$800,000 appropriated by the South Dakota Legislature plus \$200,000 delivered to the SDSTA by Homestake. The SDSTA will maintain a ~~n-unencumbered-restricted~~ balance of \$1,000,000 in the Closure Fund, reduced only by any sums expended by the SDSTA for closure, reclamation, restoration, remediation and subsequent monitoring of the Assets as required by any Governmental Authority pursuant to any Environmental, Health and Safety Law. Interest earned on the principal of the Closure Fund shall remain in and become a part of the Closure Fund. In the event the balance of the Closure Fund decreases below \$1,000,000 for any other reason, the SDSTA shall promptly restore it to a minimum balance of \$1,000,000.
6. The initial deposit into the Indemnification Fund shall be \$10,000,000 appropriated by the South Dakota Legislature. Pursuant to the Third Amendment to the Agreement, the SDSTA will maintain a ~~n-unencumbered-restricted~~ balance of \$7,500,000 in the Indemnification Fund reduced only by any sums actually spent by the SDSTA for indemnification of the Homestake Indemnified Parties. In the event the balance of the Indemnification Fund decreases below \$7,500,000 for any other reason, the SDSTA shall promptly restore the amount of any

decrease to the Indemnification Fund. Interest earned on the principal of the Indemnification Fund shall be transferred to the General Operating Fund not less often than annually.

7. The General Operating Fund shall consist of all other accounts and monies established by and appropriated to the SDSTA and other investments in which the SDSTA is authorized to invest its funds pursuant to applicable law. The General Operating Fund shall be used only for activities related to general operating costs, rehabilitation, development and operation of the Assets for the purposes established by the SDSTA and consistent with the Agreement, including solicitation of scientific, research and development projects to use the Assets.
8. The Chief Financial Officer shall prepare semi-annual certifications showing the balance in each of the Closure Fund, the Indemnification Fund and the General Operating Fund, and shall make them available for public inspection.

Leave Policy (updated for approval at Mar 16, 2023 board mtg)

A. Vacation leave

The South Dakota Science and Technology Authority (SDSTA) provides paid vacation leave for eligible employees to rest, relax and recharge and/or attend to nonwork matters and encourages employees to use available vacation time throughout the year.

Eligibility:

The ~~company~~ organization provides paid vacation leave to regular full-time employees that work 30 or more hours per week. Regular part-time employees who are regularly scheduled to work 20 to 29 hours per week will be eligible for paid vacation accrual on a half-time basis. Non-benefited part-time employees working less than 20 hours per week on a regular basis, and temporary employees are not eligible to accrue vacation. Vacation accrual begins on the first day of regular full and/or part-time employment or transfer into a benefits eligible position.

Accrual:

Vacation is accrued according to the schedule in this policy. The amount of vacation accrued is determined by the employee's length of service as of their employment anniversary date or benefits eligibility. Vacation leave does not accrue during an unpaid leave of absence. Employees become eligible for the higher accrual rate on the first day of the pay period in which the employee's anniversary date or benefits eligibility falls.

Full-time accrual rates effective 4/1/2023:

<u>Years of Service</u>	<u>Accrual Rate per Bi-Weekly Pay Period</u>	<u>Annual PTO Accrual*</u>	<u>Maximum Accrual**</u>
<u>1-3 years</u>	<u>4.62 hours</u>	<u>15 days (120 hours)</u>	<u>30 days (240 hours)</u>
<u>4-7 years</u>	<u>6.15 hours</u>	<u>20 days (160 hours)</u>	<u>40 days (320 hours)</u>
<u>More than 8 years</u>	<u>7.69 hours</u>	<u>25 days (200 hours)</u>	<u>50 days (400 hours)</u>

*regular part-time accrual rates are at half the rate in the schedule

~~Only full-time employees will accumulate leave credits of 4.62 hours per bi-weekly pay period and may accumulate a maximum of twice the annual accrual. When an employee completes 15 years of service, the employee will receive 6.16 hours of leave credits per bi-weekly pay period, and may accumulate a maximum of twice the annual accrual.~~

- ~~1. Vacation leave may be granted for vacation or to supplement other permitted and authorized leaves of absence.~~

~~2. Salaried employees will not be required to use vacation leave while traveling when the purpose of the trip is specifically for SDSTA business. When SDSTA business is incidental to the trip, vacation leave will be required.~~

~~4. Upon retirement or resignation, only full-time employees with 180 days of continuous service will be paid for accumulated vacation leave. Vacation cannot be used to extend employment beyond the last actual day of work.~~

Use and ~~s~~Scheduling of ~~v~~Vacation

Vacation can be used after it is earned. Vacation may be taken in minimum increments of one-half hour. Employees may not use more vacation leave than they have accumulated or go into the negative. Employees are required to use available vacation leave when taking time off from work to cover up to the employee's regularly scheduled workday. Salary (exempt) employees are required to only request full days of vacation. Unpaid time off is not permitted if there is a vacation balance for which the employee meets eligibility requirements.

Whenever possible, vacation must be scheduled in advance. Requests for vacation leave must be submitted to the employee's supervisor via an electronic Time Off Request in the Human Resources Information System. Vacation is subject to supervisory approval. To ensure that SDSTA's staffing and operational needs are met at all times, SDSTA reserves the right to grant vacation requests at its discretion.

Vacation will be paid at the employee's base rate at the time the leave is taken. Vacation pay does not include overtime or any special forms of compensation such as incentives, bonuses or shift differentials. Paid vacation does not count towards hours worked for purposes of calculating overtime. If a holiday falls during the employee's vacation, the day will be charged to holiday pay, if applicable, rather than to vacation pay.

~~Employees may not use more vacation leave than they have accumulated.~~

~~Vacation leave will be substituted for sick leave when an employee's sick leave balance has been exhausted. Vacation leave may be granted for vacation or to supplement other permitted and authorized leaves of absence.~~

~~Salaried employees will not be required to apply use vacation leave for absences coincidental with while traveling when the purpose of the trip is specifically for SDSTA business. When SDSTA business is incidental to the trip, vacation leave will be required to be applied for all days absent except when business is being conducted.~~

~~3.~~

Payment upon ~~t~~Termination

Upon retirement, resignation, or separation, regular full-time employees and/or regular part-time employees will be paid for all accumulated but not used vacation leave. Vacation cannot be used to extend employment beyond the last actual day of

work. Employees whose hours regularly drop below 20 hours per week will be paid vacation on the effective date of the change in hours.

Cash Out

In November of each year, an employee may make a one-time request to cash out and receive payment for up to forty (40) hours of vacation, provided the employee has a minimum balance of 120 hours of vacation accrual as of the cash out request and 80 hours of vacation remaining immediately following the cash out. Vacation leave that has been preapproved will be considered when the request is made in order to determine if the minimum vacation balance requirement is maintained. Cash-outs shall be processed at the employee's current rate of pay. The employee must submit a "Vacation Cash-Out Request" form to ~~Human Resources~~Payroll by the 15th of November of each year for payment on the first payday in December).

A.B. Sick leave

The ~~South Dakota Science and Technology Authority (SDSTA)~~ provides paid sick leave for eligible employees so health and wellness needs can be addressed without losing pay.

~~It is the policy of the SDSTA that all sick leave accruals shall commence from the employee's first date of service.~~

Eligibility:

Regular fFull-time employees accrue accumulate ~~4.32~~ hours of sick leave credits of 4.32 hours per bi-weekly pay period without a maximum limitation. Regular part-time employees accrue 2.16 hours of sick leave per bi-weekly pay period without a maximum limitation. Non-benefited part-time employees working less than 20 hours per week on a regular basis, and temporary employees are not eligible to accrue sick leave.

Accrual:

~~B. It is the policy of the SDSTA that all sick leave accruals shall commence from the employee's first date of service~~service or transfer into a benefits eligible position.

~~1. Sick leave may be granted for personal illness or disability, pregnancy of the employee or the employee's spouse, exposure to a contagious disease that would endanger the health of co-workers, eye and dental care, required medical examinations, counseling or treatment at approved centers for alcohol or drug abuse or psychiatric care. There is no minimum period of employment before sick leave may be used. If an employee gives notice of resignation and uses any sick leave hours during the notice period, a doctor's note will be required before the employee is compensated for time otherwise compensated for as sick leave.~~

C. Use and Scheduling of Sick Leave ~~General provisions for the accumulation and use of vacation and sick leave~~

Eligible employees may use their paid sick leave for the following reasons:

1. ~~4.~~ The birth or adoption of an employee's child.
2. ~~2.~~ The employee's own mental or physical illness, injury or medical condition.
3. ~~3.~~ The employee's need for medical diagnosis, care or treatment of a physical or mental illness, injury or health condition or need for preventive medical care.
4. ~~4.~~ To care for or assist a family member who needs treatment for a mental or physical illness, injury or health condition or who needs medical diagnosis, treatment or preventive medical care.
5. ~~5.~~ If the employee is excluded from work by law, health authorities or business policy due to health concerns.
6. ~~6.~~ To care for a child whose school or place of care has been closed by order of a public official due to a public health emergency.
- ~~7. If the employee experiences domestic violence, sexual assault, or stalking in order to obtain counseling, seek relocation, seek assistance from a victim's services organization, prepare or participate in related legal action (whether criminal or civil), or to assist an immediate family member experiencing such circumstances.~~
- ~~8. All other FMLA qualifying reasons.~~

~~Sick leave may be granted for personal illness or disability, pregnancy of the employee or the employee's spouse, exposure to a contagious disease that would endanger the health of co-workers, eye and dental care, required medical examinations, counseling or treatment at approved centers for alcohol or drug abuse or psychiatric care. There is no minimum period of employment before sick leave may be used. If an employee gives notice of resignation and uses any sick leave hours during the notice period, a doctor's note will be required before the employee is compensated for time otherwise compensated for as sick leave.~~
- 1.7. Effective June 23, 2011, for all new hires, accumulated hours of sick leave can be carried over from the State of South Dakota to the SDSTA only at the discretion of the Executive Director. With approval, only those hours that have not been paid out by the State of South Dakota will be credited as a beginning balance at the SDSTA. Documentation to verify hours not paid by the state must be provided in writing to the SDSTA. These hours will be used only after hours accrued through employment with the SDSTA have been used.
8. ~~98.~~ There is no minimum period of employment before sick leave may be used.
9. ~~109.~~ Requests for sick leave for non-FMLA qualifying events of fewer than 3 consecutive days at a time must be submitted to the employee's supervisor in advance and in writing via the Time Off Request in the Human Resources Information System. When the circumstances do not permit the prior submission of requests for sick leave, the request must be submitted as soon as is

reasonably ~~conveniently~~ possible upon the employee's return to work. SDSTA reserves the right to require documentation from a health care professional to verify the need for sick leave for 3 or more consecutive days and/or authorizing the employee to return to work. SDSTA shall protect the confidentiality of any documentation received concerning the employee's request for sick leave.

~~10. 10.~~ SDSTA may contact the employee's doctor, health care provider, or other individual to authenticate or clarify documentation relating to the employee's sick leave. However, only a human resources representative, not the employee's immediate supervisor, may make any such contact allowed under this policy. ~~1011.~~ Sick leave may be granted to supplement other permitted and authorized leaves of absence.

~~11. 121.~~ Paid sick leave does not count towards hours worked for purposes of calculating overtime.

~~12. 132.~~ Sick leave will not be paid out to an employee upon separation of employment unless the employee has been employed with the SDSTA continuously for at least 7 years, measured from the first date of employment. ~~In such a case, then u~~ Upon an employee's resignation, retirement or dismissal from employment because of reduction in staff, 25 percent of accumulated sick leave, up to a maximum of 480 hours, will be paid to such employee but only if the employee has been employed with the SDSTA continuously for at least 7 years, measured from the first date of employment. The accumulated leave will be paid at the pay rate as of the employee's last date on the payroll. In the case of dismissal other than a reduction in staff, no payment for accumulated sick leave will be made. For the purpose of this subsection, employment with the State of South Dakota immediately preceding employment with the SDSTA shall count toward the 7-year requirement for payment of accumulated sick leave.

~~13. 14.~~ For employees rehired by SDSTA within 12 months of separation from employment, the employee's accrued sick leave balance at the time of separation will be restored unless the employee previously accepted a sick leave payout upon separation.

~~14. 1315.~~ Effective June 23, 2011, for all new hires, accumulated hours of sick leave can be carried over from the State of South Dakota to the SDSTA only at the discretion of the Executive Director. With approval, only those hours that have not been paid out by the State of South Dakota will be credited as a beginning balance at the SDSTA. Documentation to verify hours not paid by the state must be provided in writing to the SDSTA. These hours will be used only after hours accrued through employment with the SDSTA have been used.

~~2. 15.~~ ~~1416.~~ Employees who use sick time for an unauthorized reason or abuse the policy are subject to disciplinary action, up to and including termination.

~~3.~~ Employees terminated during the onboarding period will not be paid accrued vacation leave.

~~4.1. Employees may not use more vacation leave than they have accumulated.~~

~~5.16. 1417. FMLA qualifying requests for leave other than leave, including sick leave must be submitted to and approved through by Human Resources via a Leave of Absence Request form the employee's immediate supervisor prior to the requested departure time if at all reasonably possible.-~~

~~6. Employees must notify their supervisor of illness prior to the start of their work shift.~~

~~7. Any time absent from the job without prior authorization or notification may at the supervisor's discretion be considered absence without leave, for which the employee may not use sick or vacation leave and will not be paid. Unauthorized or unreported absences may be cause for disciplinary action.~~

~~8. Upon an employee's resignation, retirement or dismissal from employment because of reduction in staff, 25 percent of accumulated sick leave, up to a maximum of 480 hours, will be paid to such employee but only if the employee has been employed with the SDSTA continuously for at least 7 years, measured from the first date of employment. The accumulated leave will be paid at the pay rate as of the employee's last date on the payroll. In the case of dismissal other than a reduction in staff, no payment for accumulated sick leave will be made. For the purpose of this subsection, employment with the State of South Dakota immediately preceding employment with the SDSTA shall count toward the 7-year requirement for payment of accumulated sick leave.~~

D.C. Personal leave

~~If necessary, full-time employees~~Eligible employees may use accumulated sick leave for personal leave via a Leave of Absence Request form submittal and approval by Human Resources. ~~The~~ leave may be used for:

1. A death in the immediate family of the employee or the immediate family of the spouse or significant other of the employee. For the purposes of this Policy, the term "immediate family" means father, mother, step-parents, spouse, significant other, children, foster children, step-children, mother-in-law, father-in-law, son-in-law, daughter-in-law, brother-in-law, sister-in-law, siblings, step-siblings, grandparents, grandparents-in-law grandchildren, aunts, uncles, aunts-in-law, uncles-in-law, nieces and nephews.
2. Non-FMLA qualifying ~~The~~ temporary care of members of the immediate family of the employee or the employee's spouse or significant other (see list above).
3. Non-FMLA qualifying ~~The~~ birth or adoption of a child.
4. Volunteer police or rescue work.
5. A call to active duty of military reserve or National Guard members.

~~5.~~

E.D. Administrative Leave

Administrative leave is an administratively authorized absence from normal duty without loss of pay and benefits or use of other types of leave. Administrative leave may be approved in cases of reaction to natural, human-made or health-related emergencies. An emergency includes but is not limited to: inclement weather, utility failure, fire, terrorism, other forced evacuations or state of emergency. Administrative leave is not an entitlement, and SDSTA is not required to grant it. Only the Executive Director may approve a grant of administrative leave.

F. Family and Medical Leave Act (FMLA)

SDSTA employees may be entitled to a leave of absence under the Family and Medical Leave Act (FMLA). This policy provides employees information concerning FMLA entitlements and obligations employees may have during such leaves. If employees have any questions concerning FMLA leave, they should contact Human Resources.

1. Eligibility

FMLA leave is available to “**eligible employees**”. To be an “**eligible employee**,” the employee must:

- a) have been employed by SDSTA for at least 12 months (which need not be consecutive);
- b) have been employed by SDSTA for at least 1,250 hours of service during the 12-month period immediately preceding the commencement of the leave; and
- c) be employed at a worksite where 50 or more employees are located within 75 miles of the worksite.

2. Entitlements

As described below, the FMLA provides eligible employees with a right to leave, health insurance benefits and, with some limited exceptions, job restoration.

a) Basic FMLA Leave Entitlement

The FMLA provides eligible employees up to 12 workweeks of unpaid leave for certain family and medical reasons during a 12-month period. The 12-month period is determined based on a rolling 12-month period measured backward from the date the employee uses their FMLA leave.

Leave may be taken for any one, or for a combination, of the following reasons:

- The birth of a child and to care for a newborn child of the employee;

- The placement of a child for adoption or foster care with an employee;
- To care for the employee's spouse, son, daughter, parent, or in-law who has a **serious health condition**;
- For the employee's own serious health condition (including any period of incapacity due to pregnancy, prenatal medical care, or childbirth) that makes the employee unable to perform one or more of the essential functions of the employee's job; and/or
- Because of any **qualifying exigency** arising out of the fact that the employee's spouse, son, daughter, or parent is a military member on covered active duty or called to covered active-duty status (or has been notified of an impending call or order to covered active duty) in the Reserves component of the Armed Forces for deployment to a foreign country in support of contingency operation or Regular Armed Forces for deployment to a foreign country.

A **serious health condition** is an illness, injury, impairment or physical or mental condition that involves either (i) an overnight stay in a medical care facility, or (ii) continuing treatment by a health care provider for a condition that either prevents employees from performing the essential functions of their job or prevents the qualified family member from participating in school or other daily activities. Subject to certain conditions, the continuing treatment requirement may be met by a period of incapacity of more than three (3) consecutive calendar days combined with at least two visits to a health care provider or one visit and a regimen of continuing treatment, or incapacity due to pregnancy, or incapacity due to a chronic condition. Other conditions may meet the definition of continuing treatment.

Qualifying exigencies may include attending certain military events, arranging for alternative childcare, addressing certain financial and legal arrangements, attending certain counseling sessions, caring for the parents of the military member on covered active duty and attending post-deployment reintegration briefings.

b) Additional Military Family Leave **e**Entitlement (Injured Servicemember Leave)

In addition to the basic FMLA leave entitlement discussed above, an eligible employee who is the spouse, son, daughter, parent or next of kin of a **covered servicemember** is entitled to take up to 26 weeks of leave during a single 12-month period to care for the servicemember with a serious injury or illness. Leave to care for a servicemember shall only be available during a single-12-month period and, when combined with other FMLA-qualifying leave, may not exceed 26 weeks during the single 12-month period. The single 12-month period begins on the first day an eligible employee takes leave to care for the injured servicemember.

A "**covered servicemember**" is a current member of the Armed Forces,

including a member of the National Guard or Reserves, who is undergoing medical treatment, recuperation, or therapy, is otherwise in outpatient status or is on the temporary retired list, for a serious injury or illness. These individuals are referred to in this policy as "current members of the Armed Forces." **Covered servicemembers** also include a veteran who is discharged or released from military services under condition other than dishonorable at any time during the five years preceding the date the eligible employee takes FMLA leave to care for the covered veteran, and who is undergoing medical treatment, recuperation or therapy for a serious injury or illness. These individuals are referred to in this policy as "covered veterans."

The FMLA definitions of a "serious injury or illness" for current Armed Forces members and covered veterans are distinct from the FMLA definition of "serious health condition" applicable to FMLA leave to care for a covered family member.

c) Intermittent ~~l~~Leave and ~~r~~Reduced ~~l~~Leave ~~s~~Schedules

FMLA leave usually will be taken for a period of consecutive days, weeks, or months. However, employees also are entitled to take FMLA leave intermittently or on a reduced leave schedule when medically necessary due to a serious health condition of the employee or covered family member or the serious injury or illness of a covered servicemember. Qualifying exigency leave also may be taken on an intermittent basis.

d) No ~~w~~Work ~~w~~While on ~~l~~Leave

The taking of another job while on family/medical leave or any other authorized leave of absence is grounds for immediate discharge, to the extent permitted by law.

e) Protection of Group Health Insurance ~~b~~Benefits

During FMLA leave, eligible employees are entitled to receive group health plan coverage on the same terms and conditions as if they had continued to work, subject to any other requirements set forth in this policy.

f) Restoration of ~~e~~Employment and ~~b~~Benefits

At the end of FMLA leave, employees generally have a right to return to the same or equivalent positions with equivalent pay, benefits, and other employment terms. Use of FMLA leave will not result in the loss of any employment benefit that accrued prior to the start of an eligible employee's FMLA leave.

g) Notice of ~~e~~Eligibility for, and ~~d~~Designation of, FMLA ~~l~~Leave

Employees requesting FMLA leave are entitled to receive written notice from SDSTA informing them whether they are eligible for FMLA leave and, if not eligible, the reasons why they are not eligible.

When eligible for FMLA leave, employees are entitled to receive written notice of:

1. Their rights and responsibilities in connection with such leave.
2. SDSTA's designation of leave as FMLA-qualifying or non-qualifying, and if not FMLA-qualifying, the reasons why.
3. The amount of leave, if known, that will be counted against the employee's leave entitlement.

SDSTA may retroactively designate leave as FMLA leave with appropriate written notice to employees provided SDSTA's failure to designate leave as FMLA-qualifying at an earlier date did not cause harm or injury to the employee. In all cases where leaves qualify for FMLA protection, SDSTA and employee can mutually agree that leave be retroactively designated as FMLA leave.

3. Employee FMLA Leave ~~o~~Obligations

a) Provide ~~n~~Notice of the ~~n~~Need for ~~l~~Leave

Employees who take FMLA leave must timely notify SDSTA of their need for FMLA leave. The following describes the content and timing of such employee notices.

1. Content of ~~e~~Employee ~~n~~Notice

To trigger FMLA leave protections, employees must inform their manager and/or their supervisor and Human Resources of the need for FMLA-qualifying leave and the anticipated timing and duration of the leave, if known. Employees may do this by either requesting FMLA leave specifically or explaining the reasons for leave so as to allow SDSTA to determine that the leave is FMLA-qualifying. For example, employees might explain that:

- a medical condition renders them unable to perform the functions of their job;
- they are pregnant or have been hospitalized overnight;
- they or a covered family member are under the continuing care of a health care provider;

- the leave is due to a qualifying exigency caused by a military member being on covered active duty or called to covered ~~active duty~~active-duty status to a foreign country; or
- if the leave is for a family member, that the condition renders the family member unable to perform daily activities or that the family member is a covered servicemember with a serious injury or illness.

Calling in "sick," without providing the reasons for the needed leave, will not be considered sufficient notice for FMLA leave under this policy. Employees must respond to SDSTA's questions to determine if absences are potentially FMLA-qualifying.

If employees fail to explain the reasons for FMLA leave, the leave may be denied. When employees seek leave due to FMLA-qualifying reasons for which SDSTA has previously provided FMLA-protected leave, they must specifically reference the qualifying reason for the leave or the need for FMLA leave.

2. Timing of ~~e~~Employee ~~n~~Notice

Employees must provide 30 days' advance notice of the need to take FMLA leave when the need is foreseeable. When 30 days' notice is not possible, or the approximate timing of the need for leave is not foreseeable, employees must provide SDSTA notice of the need for leave as soon as practicable under the facts and circumstances of the particular case. Employees who fail to give 30 days' notice for foreseeable leave without a reasonable excuse for the delay, or otherwise fail to satisfy FMLA notice obligations, may have FMLA leave delayed or denied.

- b) Cooperate in the ~~s~~Scheduling of ~~p~~Planned ~~m~~Medical ~~t~~Treatment (~~i~~ncluding ~~a~~Accepting ~~t~~Transfers to ~~a~~Alternative ~~p~~Positions) and ~~i~~Intermittent ~~l~~Leave or ~~r~~Reduced ~~l~~Leave ~~s~~Schedules

When planning medical treatment, employees must consult with SDSTA and make a reasonable effort to schedule treatment so as not to unduly disrupt SDSTA's operations, subject to the approval of the employee's health care provider. Employees must consult with SDSTA prior to the scheduling of treatment to work out a treatment schedule that best suits the needs of both SDSTA and the employees, subject to the approval of the employee's health care provider. If employees providing notice of the need to take FMLA leave on an intermittent basis for planned medical treatment neglect to fulfill this obligation, SDSTA may require employees to attempt to make such arrangements, subject to the approval of the employee's health care provider.

When employees take intermittent or reduced work schedule leave for foreseeable planned medical treatment for the employee or a family member, including during a period of recovery from a serious health condition or to care for a covered servicemember, SDSTA may temporarily transfer employees, during the period that the intermittent or reduced leave schedules are required, to alternative positions with equivalent pay and benefits for which the employees are qualified and which better accommodate recurring periods of leave.

When employees seek intermittent leave or a reduced leave schedule for reasons unrelated to the planning of medical treatment, upon request, employees must advise SDSTA of the reason why such leave is medically necessary. In such instances, SDSTA and employee shall attempt to work out a leave schedule that meets the employee's needs without unduly disrupting SDSTA's operations, subject to the approval of the employee's health care provider.

- | c) Submit ~~m~~Medical ~~c~~Certifications ~~s~~Supporting ~~n~~Need for FMLA Leave (unrelated to requests for Military Family Leave)

Depending on the nature of FMLA leave sought, employees may be required to submit medical certifications supporting their need for FMLA qualifying leave. As described below, there generally are three types of FMLA medical certifications: an **initial certification**, a **recertification**, and a **return to work/fitness for duty certification**.

It is the employee's responsibility to provide SDSTA with timely, complete, and sufficient medical certifications. Whenever SDSTA requests employees to provide FMLA medical certifications, employees must provide the requested certifications within 15 calendar days after SDSTA's request, unless it is not practicable to do so despite the employee's diligent, good faith efforts.

SDSTA will inform employees if submitted medical certifications are incomplete or insufficient and provide employees at least seven calendar days to cure deficiencies. SDSTA will deny FMLA leave to employees who fail to timely cure deficiencies or otherwise fail to timely submit requested medical certifications.

With the employee's permission, SDSTA's Human Resources may contact the employee's health care provider to authenticate or clarify completed and sufficient medical certifications. If employees choose not to provide SDSTA with authorization allowing it to clarify or authenticate certifications with health care providers, SDSTA may deny FMLA leave if certifications are unclear.

Whenever SDSTA deems it appropriate to do so, it may waive its right to receive timely, complete and/or sufficient FMLA medical certifications.

1. Initial ~~m~~Medical ~~c~~Certifications

Employees requesting leave because of their own, or a covered relation's, serious health condition, or to care for a covered servicemember, must supply medical certification supporting the need for such leave from their health care provider or, if applicable, the health care provider of their covered family or service member. If employees provide at least 30 days' notice of medical leave, they should submit the medical certification before leave begins. A new initial medical certification will be required on an annual basis for serious medical conditions lasting beyond a single leave year.

If SDSTA has reason to doubt initial medical certifications, it may require employees to obtain a second opinion at SDSTA's expense. If the opinions of the initial and second health care providers differ, SDSTA may, at its expense, require employees to obtain a third, final and binding certification from a health care provider designated or approved jointly by SDSTA and the employee.

2. Medical Recertifications

Depending on the circumstances and duration of FMLA leave, SDSTA may require employees to provide recertification of medical conditions giving rise to the need for leave. SDSTA will notify employees if recertification is required and will give employees at least 15 calendar days to provide medical recertification.

3. Return to ~~w~~Work/~~f~~Fitness for ~~d~~Duty ~~m~~Medical ~~c~~Certifications

Unless notified that providing such certifications is not necessary, employees returning to work from FMLA leaves that were taken because of their own serious health conditions that made them unable to perform their jobs must provide SDSTA with medical certification confirming they are able to return to work and the employees' ability to perform the essential functions of the employees' position, with or without reasonable accommodation. SDSTA may delay and/or deny job restoration until employees provide return to work/fitness for duty certifications.

d) Submit ~~c~~Certifications ~~s~~Supporting ~~n~~Need for Military Family Leave

Upon request, the first time employees seek leave due to qualifying exigencies arising out of the covered active duty or call to covered active duty status of a military member, SDSTA may require employees to provide:

1. a copy of the military member's ~~active-duty~~active-duty orders or other documentation issued by the military indicating the military member is on covered active duty or call to covered active duty status and the dates of the military member's covered active duty service; and
2. a certification from the employee setting forth information concerning the nature of the qualifying exigency for which leave is requested.
Employees shall provide a copy of new active-duty orders or other documentation issued by the military for leaves arising out of qualifying exigencies arising out of a different covered active duty or call to covered active-duty status of the same or a different military member.

When leave is taken to care for a covered servicemember with a serious injury or illness, SDSTA may require employees to obtain certifications completed by an authorized health care provider of the covered servicemember. In addition, and in accordance with the FMLA regulations, SDSTA may request that the certification submitted by employees set forth additional information provided by the employee and/or the covered servicemember confirming entitlement to such leave.

e) Substitute ~~pPaid~~ ~~lLeave~~ for uUnpaid FMLA Leave

Employees taking uUnpaid FMLA must use their accrued paid time off concurrently; sick leave first, and then vacation leave.

The substitution of paid time for unpaid FMLA leave time does not extend the length of FMLA leave and the paid time will run concurrently with the employee's FMLA entitlement.

Leaves of absence taken in connection with a disability leave plan or workers' compensation injury/illness shall run concurrently with any FMLA leave entitlement. Upon written request, SDSTA will allow employees to use accrued paid time to supplement any paid disability benefits.

f) Benefits ~~wWhile~~ on FMLA Leave

Sick Leave: Employees do not accrue sick leave while on unpaid FMLA Leave.

Vacation Pay: Employees do not accrue vacation pay while on unpaid FMLA Leave.

Holidays: Employees are not eligible for holiday pay while on FMLA unless they are using accrued sick and/or vacation pay surrounding the paid holiday.

Inclement Weather Pay: Employees are not eligible for inclement weather

pay while on FMLA.

SDRS Contributions: SDRS ~~c~~CContributions are suspended while on unpaid FMLA Leave.

g) Pay ~~e~~EEmployee's ~~s~~SShare of ~~h~~HHealth ~~i~~iInsurance ~~p~~PPremiums

During FMLA leave, employees are entitled to continued group health plan coverage under the same conditions as if they had continued to work. Unless SDSTA notifies employees of other arrangements, whenever employees are receiving pay from SDSTA during FMLA leave, SDSTA will deduct the employee portion of the group health plan premium from the employee's paycheck in the same manner as if the employee was actively working.

If FMLA leave is unpaid, employees must pay their portion of the group health premium through a method determined by the SDSTA.

SDSTA's obligation to maintain health care coverage ceases if the employee's premium payment is more than 30 days late. If the employee's payment is more than 15 days late, SDSTA will send a letter notifying the employee that coverage will be dropped on a specified date unless the co-payment is received before that date. If employees do not return to work within 30 calendar days at the end of the leave period (unless employees cannot return to work because of a serious health condition or other circumstances beyond their control), they will be required to reimburse SDSTA for the cost of the premiums SDSTA paid for maintaining coverage during their unpaid FMLA leave.

4. Questions and/or ~~c~~CComplaints about FMLA Leave

If you have questions regarding this FMLA policy, please contact Human Resources. SDSTA is committed to complying with the FMLA and, whenever necessary, shall interpret and apply this policy in a manner consistent with the FMLA.

The FMLA makes it unlawful for employers to:

1. interfere with, restrain, or deny the exercise of any right provided under FMLA; or
2. discharge or discriminate against any person for opposing any practice made unlawful by FMLA or involvement in any proceeding under or relating to FMLA.

If employees believe their FMLA rights have been violated, they should contact Human Resources immediately. SDSTA will investigate any FMLA complaints and take prompt and appropriate remedial action to address and/or remedy any FMLA violation. Employees also may file FMLA

complaints with the United States Department of Labor or may bring private lawsuits alleging FMLA violations.

5. Coordination of FMLA Leave with Other State and Federal Laws and Other Leave Policies.

The FMLA does not affect any federal, state, or local law prohibiting discrimination, or supersede any State or local law that provides greater family or medical leave rights. For additional information concerning leave entitlements and obligations that might arise when FMLA leave is either not available or exhausted, please consult SDSTA's Human Resources.

G.E. Paid pParental lLeave

SDSTA will provide up to eight (8) weeks of paid parental leave to eligible employees following the birth of an employee's child or the placement of a child with an employee in connection with adoption. The purpose of paid parental leave is to enable the employee to care for and bond with a newborn(s) or a newly adopted child. Paid Parental Leave will run concurrently with ~~Family and Medical Leave Act (FMLA)~~ Leave, as applicable.

1. Eligibility

Eligible employees must meet the following criteria:

- Have been employed with SDSTA for at least 12 months (the 12 months do not need to be consecutive).
- Have worked at least 1,250 hours during the 12 consecutive months immediately preceding the date the leave would begin.
- Be a full- or part-time, regular employee (temporary employees and interns are not eligible for this benefit).

In addition, employees must meet one of the following criteria:

- Have given birth to a child/children.
- Be a spouse of a woman who has given birth to a child/children.
- Have adopted a child/children (the child/children must be age 17 or younger). The adoption of a new spouse's child/children is excluded from this policy.

2. Amount, time frame and duration of paid parental leave

- Eligible employees will receive a maximum of eight (8) weeks of paid parental leave per birth or adoption of a child/children. The fact that a multiple birth or adoption occurs (e.g., the birth of twins or adoption of siblings) does not increase the 8-week total amount of paid parental leave granted for that event. In addition, in no case will an employee receive more than eight (8) weeks of paid parental leave in a rolling 12-month period, regardless of

whether more than one birth or adoption event occurs within that 12-month time frame.

- If both parents are SDSTA employees, both are eligible for paid parental leave. The parents may utilize paid parental leave concurrently or consecutively.
- Each week of paid parental leave is compensated at 100 percent of the employee's regular, straight-time weekly pay. Paid parental leave will be paid on a biweekly basis on regularly scheduled pay dates.
- Approved paid parental leave may be taken at any time during the 12-month period immediately following the birth, or placement of a child with the employee for adoption. Paid parental leave may not be used or extended beyond this 12-month time frame.
- Employees must take paid parental leave in one continuous period of leave and must use all paid parental leave during the 12-month time frame indicated above. Any unused paid parental leave will be forfeited at the end of the 12-month time frame.
- Upon termination of the individual's employment at the company, he or she will not be paid for any unused paid parental leave for which he or she was eligible.

3. Coordination with other policies

- Paid parental leave taken under this policy will run concurrently with leave under the FMLA; thus, any leave taken under this policy that falls under the definition of circumstances qualifying for leave due to the birth or placement of a child due to adoption, the leave will be counted toward the 12 weeks of available FMLA leave per a 12-month period. All other requirements and provisions under the FMLA will apply. In no case will the total amount of leave—whether paid or unpaid—granted to the employee under the FMLA exceed 12 weeks during the 12-month FMLA period. Please refer to the Family and Medical Leave Policy for further guidance on the FMLA.
- After the paid parental leave is exhausted, the balance of FMLA leave (if applicable) will be compensated through employees' accrued sick and/or vacation pay. Upon exhaustion of accrued sick and/or vacation pay, any remaining leave will be unpaid leave. Please refer to the Family and Medical Leave Policy for further guidance on the FMLA.
- SDSTA will maintain all benefits for employees during the paid parental leave period just as if they were taking any other company paid leave such as paid vacation leave or paid sick leave.
- If an SDSTA holiday occurs while the employee is on paid parental leave, such day will be charged to holiday pay; however, such holiday pay will not extend the total paid parental leave entitlement.
- An employee who takes paid parental leave that does not qualify for FMLA leave will be afforded the same level of job protection for the period of time that the employee is on paid parental leave as if the employee was on FMLA-qualifying leave.

4. Requests for paid parental leave

- The employee will provide his or her supervisor and the Human Resources (HR) with notice of the request for leave at least 30 days prior to the proposed date of the leave (or if the leave was not foreseeable, as soon as possible). The employee must complete the necessary HR forms and provide all documentation as required by the HR Office to substantiate the request.
- As is the case with all SDSTA policies, the organization has the exclusive right to interpret this policy.

H.F. Court and jury leave

Full-time employees are eligible for court and jury leave. The employee shall immediately notify the employee's supervisor if the employee expects to be absent from work due to the court and jury obligations. Absences will be administered as follows:

1. Testifying in official capacity—If the employee is subpoenaed by either party to testify in any civil or criminal proceeding because of the employee's official capacity or is instructed by the supervisor to testify in an official capacity without being subpoenaed, the employee shall receive the employee's regular salary without loss of leave credits and may receive actual expenses according to state rates, but may not receive witness fees. The employee's supervisor and the SDSTA shall determine if the employee is testifying in an official capacity.
2. Subpoenaed to testify in non-official capacity—If an SDSTA employee is subpoenaed to testify in court in a non-official capacity and is not a party to the case, the employee shall receive the employee's regular salary from the SDSTA without loss of leave credits for the time spent testifying during regular working hours and may receive in accordance with SDCL 19-5-1 or any comparable federal law, witness fees and mileage from the party who issued the subpoena. However, the employee may not take court and jury leave for travel time or time when the employee is not reasonably expected to testify regardless of whether the employee has been subpoenaed for that period of time. If the employee is absent from the workplace while not testifying, the employee must use vacation leave or leave without pay. This leave must be requested in advance and is subject to the supervisor's approval.
3. Party or witness not subpoenaed to testify—If an employee is a party to or witness who has not been subpoenaed, the employee must use vacation leave or leave without pay. This leave must be requested in advance and is subject to the supervisor's approval.
4. Service on jury—If an SDSTA employee is summoned to serve on a jury, the employee shall receive the employee's regular salary without loss of leave credits for the time spent on jury duty during regular working hours and shall be entitled to retain the per diem and mileage provided for by SDCL 16-13-46 or any comparable federal law.

5. The Executive Director is the final arbiter of whether an employee is eligible for court and jury leave.

I.G. Military training leave

Full-time employees are entitled to military training leave of up to 15 days per calendar year. Employees requesting military training leave must obtain a written certification from the commander of their reserve or National Guard unit indicating dates of the training period. This notice is to be submitted to the employee's supervisor at least 15 calendar days prior to the date of the employee's departure for training.

J.H. Leave of absence without pay

Prior permission must be obtained from the employee's supervisor to take a leave of absence without pay. If an employee has paid leave accumulated, the employee must use that before leave without pay is granted (see the Absenteeism and Tardiness Policy). While on leave without pay, employees will not accumulate leave credits and they must make provisions to pay for their own voluntary payroll deductions.

K.I. Absence without leave

Unauthorized and unreported absences may result in a deduction of pay and may be cause for disciplinary action. Employees must report the reason for any absence to their supervisor as soon as possible.

L.J. Exceptions

1. The Executive Director may grant specific employees leave in addition to or different than that provided for in this policy if the Executive Director deems such changes necessary to hire or retain a key employee. All exceptions will be made in writing.
2. Vacation leave granted by the Executive Director may be accumulated to a maximum of twice the annual accrual.

~~Non~~-Reimbursement of Alcohol Policy

The South Dakota Science and Technology Authority (SDSTA) will not pay or reimburse employees or other individuals for alcoholic beverages with Federal or State funds. -On limited occasions, with approval from the Executive Director, unrestricted SDSTA funds may be used to purchase alcohol for events with the approval of the Executive Director. Unrestricted SDSTA funds may also be used to reimburse an employee or board member for alcohol purchased as part of a business meeting, meal, or other representational function with non-SDSTA guests held to further SDSTA's goals and activities. -Reimbursement for any business meeting, meal, or representational purpose must be approved by the Executive Director, or, if the individual claiming the reimbursement is either the Executive Director or a board member, by the board Chair~~man~~person or by majority vote of the board.

Accounting and Audit Policy-Procedure (*approved by Director Headley, 3/6/23*)

Accounting and audit procedures have been developed by the South Dakota Science and Technology Authority (SDSTA) to ensure internal controls, cash management, and compliance with other necessary financial and accounting requirements of applicable federal, state and local regulations.

A. Internal controls

The SDSTA has established and maintains a system of accounting and audit procedures which define basic duties and responsibilities, safeguard SDSTA assets, and identify and correct any errors and irregularities in the financial records on a timely basis.

The Chief Financial Officer (CFO) shall direct and monitor adherence to generally accepted accounting principles to ensure compliance with all applicable laws and regulations.

The Audit Committee, as defined by the SDSTA Audit Committee Charter is the pro-active steward for oversight of the financial reporting and disclosure process for SDSTA. Audit Committee members are appointed annually to fulfill the responsibilities and duties detailed in the Charter.

B. SDSTA funds (Cash)

1. SDSTA Management and Control of Certain Funds Policy authorizes the establishment of the Closure Fund, the Indemnification Fund and the General Operating Fund.

- a. The Closure Fund maintains a n-unencumbered-restricted balance of \$1,000,000.00, reduced only by any sums expended by the SDSTA for closure, reclamation, restoration, remediation and subsequent monitoring of the Assets as required by any Governmental Authority pursuant to any Environmental, Health and Safety Law. Interest earned on the principal of the Closure Fund shall remain in and become a part of the Closure Fund. In the event the balance of the Closure Fund decreases below \$1,000,000.00 for any other reason, the SDSTA shall promptly restore it to a minimum balance of \$1,000,000.00.
- b. The Indemnification Fund maintains a n-unencumbered-restricted balance of \$7,500,000.00, reduced only by any sums actually spent by the SDSTA for indemnification of the Homestake Indemnified Parties. In the event the balance of the Indemnification Fund decreases below \$7,500,000.00 for any other reason, the SDSTA shall promptly restore the amount of any decrease to the Indemnification Fund. Interest earned on the principal of the Indemnification Fund shall be transferred to the General Operating Fund not less often than annually.
- c. The General Operating Fund consists of all other accounts and monies established by and appropriated to the SDSTA and other investments in which the SDSTA is authorized to invest its funds.

The General Operating Funds may be used for activities related to general operating costs, rehabilitation, development and operation of the Assets for the purposes

established by the SDSTA and consistent with the Agreement, including solicitation of scientific, research and development projects to use the Assets, as defined in the "Property Donation Agreement between and among Homestake Mining Company of California, the State of South Dakota and the South Dakota Science and Technology Authority, dated April 14, 2006" (PDA).

- d. The CFO shall prepare semi-annual certifications showing the balance in each of the Closure, Indemnification and General Operating Funds and shall make them available for public inspection.

2. Check and Cash Deposits

~~The CFO or Executive Director will designate an employee to be the originator. The originator will open the mail and photocopy the cash or check item. When cash or checks are delivered in person, the employee who receives it immediately takes it to the originator. The originator will log the source, amount and date received and then the item will be forwarded to the bookkeeper who then prepares a bank deposit slip. The bookkeeper will stamp any and all checks with a "For Deposit Only" stamp and return the checks and/or cash, along with a completed deposit slip, to the originator. The originator verifies the deposit slip is completed accurately and takes it to the bank holding the SDSTA's account.~~

~~In addition, the originator will write pre-numbered duplicate receipts for all cash and checks received and will make certain that when cash is involved the original receipt is given to the individual paying the cash. Duplicate receipts are filed in the CFO's office.~~

One individual in the finance department will receive all checks and cash. A photocopy of all checks will be produced. This individual will log the item into the electronic receipt document and code. The check or cash will then be given to a second party to initiate a deposit slip and take to the financial institution. A receipt of the deposit will be returned to the originator of the transaction. The originator will verify the correct amount of the deposit and attach to the photocopy of the check/cash. This will be provided to a separate accountant in the finance department to initiate the transaction in the accounting software. A copy shall be maintained in the finance department.

3. The SDSTA will request the transfer of funds from the State Treasurer's Office to the SDSTA's local bank account as necessary in accordance with the State's procedures. A copy of such requests will be retained by SDSTA in its records. Quarterly bank statements for SDSTA's local bank account will be provided to the South Dakota State Auditor and the South Dakota State Treasurer consistent with SDCL 4-4-3.

- a. ~~SDSTA will prepare a voucher and email it to the State Treasurer's office and to the Bureau of Finance and Management (BFM).~~
- b. ~~The SDSTA will mail the signed original voucher to the State Treasurer's office.~~
- c. ~~The BFM will load the document onto the State's accounting system.~~

~~d. The SDSTA will keep copies of these transactions.~~

4. Reconciliation—A designated employee shall complete a monthly bank account reconciliation statement for funds held in the SDSTA's bank account(s). Once completed, each bank reconciliation is reviewed by another designated employee.

C. Proprietary fund

The financial activity of the SDSTA is accounted for as a proprietary fund type and for the purposes of the State's Comprehensive Annual Financial Report is treated as-is a component unit of the State of South Dakota. SDSTA's proprietary fund follows all GASB and FASB requirements to fairly present all monetary accounts listed in B. above, and will distinguish between operating and non-operating revenues and expenses.

The Authority uses the proprietary fund as the basis of accounting for the Authority's various funds, which include those listed in B.1.a through B.1.c above along with any local bank account established for the SDSTA's day-to-day operations. In all financial reporting, the SDSTA's proprietary fund distinguishes between operating and non-operating revenues and expenses.

- ~~1. Operating revenues and expenses of the SDSTA consist of charges for the use of the underground facility (when placed in service), reimbursement of the costs of operations from Homestake Mining Company and other entities, and the costs of providing those services and facilities, including depreciation and excluding interest cost.~~
- ~~2. All other revenues and expenses are reported as non-operating.~~

D. Asset capitalization

The SDSTA will capitalize all expenditures for assets with a life of greater than one year and a cost of \$5,000 or more. They will be depreciated over their estimated useful life on a straight-line basis.

E. Fixed asset inventory

1. The SDSTA shall maintain an accurate account of all furniture and equipment fixed assets. As items are purchased (or donated), their date of purchase, source of purchase, cost or fair market value, serial numbers, warranty period, etc. shall be noted. The CFO shall ensure a ~~An annual inventory shall is be made completed as close as possible to the last week of June~~ each year, and the property files checked and updated, if necessary.
2. Fixed assets with a life greater than one year and a cost of \$5,000 or more that are purchased with federal funds will be accounted for on a separate Subcontractor Acquired Property (SAP) report ~~as well as tagged with a federal property number.~~

F. Budgeting

It is the responsibility of the CFO to oversee the budget process. ~~The CFO will offer general guidance and define the goals of the SDSTA.~~

1. Monies earned by the SDSTA from investments made through the State Investment Council, pursuant to legislation approved by the South Dakota State Legislature, will be budgeted at the Board's discretion.
2. Department budgets will be developed with the assistance of Project Controls and Department Directors.

G. Financial statements

~~1. The Deltek Accounting System is the foundation of the SDSTA's official accounting records.~~

~~2.1.~~ The CFO or designee shall prepare monthly financial statements, including:

- a balance sheet and a statement of income and expenses;
- a budget-to-actual report for all accounts included in the annual operating budget; and
- ~~• a cash flow statement.~~

~~3.2.~~ The monthly statements will be finalized by the ~~10th~~ 12th business day of the following month.

~~4.3.~~ The monthly statements shall be reviewed by the Executive Director prior to distribution to the SDSTA Board of Directors.

H. Indirect rate analysis

An indirect rate analysis is prepared annually. Upon acceptance by the Department of Energy, the rate will be used for charging the SURF Operations Cooperative Agreement and subcontracts.

I. Petty cash

~~The Petty Cash Fund may be used for reimbursement for purchased items not included on travel expense reimbursement forms or not available from the office supplies inventory.~~ All petty cash slips shall be dated, and state the purpose of the expenditure, ~~and be signed by the person receiving the funds.~~ Disbursements greater than \$1 must be accompanied by a sales receipt. Petty cash disbursements are limited to \$50 per occurrence. A log is maintained by the CFO finance department. The fund will be reconciled monthly and replenished by the CFO as needed.

J. ~~Invoice and receipt~~ Accounts Payable procedures

When an invoice ~~or receipt~~ is received it is date stamped by the employee designated as the originator, included in the 'Monthly Bills to Be Paid' file, and added to the list of bills and budgetary coding to be approved.

The list, and all related invoices and documents, are submitted for approval by the Executive Director, ~~or~~ CFO, or designee. The originator may not be an authorized signatory. Once the invoices and related documents are reviewed ~~by the Executive Director or CFO~~ and the list of bills ~~is are~~ approved ~~by signature of the Executive Director or CFO~~, the invoices, ~~related documents and the list~~ are ready to be then processed for payment by the Accountant.

~~Approved invoices are paid by paper check, Automated Clearing House (ACH) through online bill pay, or wire transfer.~~

~~1. Once an invoice approval list is completed and signed by the Executive Director or the CFO, a paper check is written by the bookkeeper or by an individual who has signature authority. The check is then signed by the CFO or the Executive Director. A Board member who has signature authority and whose signature is on file with the bank holding the account may sign the check if the Executive Director or CFO had previously signed the invoice approval list containing reference to that check.~~

~~2. ACH or Online Bill Pay — For payment to be made through ACH or online bill pay the invoice approval procedure is followed. The ACH transfer is activated and an online bank draft or other online bill pay procedure is then approved online by the CFO or the Executive Director, authorized Board member or authorized personnel.~~

~~3. Vendor — A vendor may authorize the SDSTA to deposit payments directly into the vendor's preferred depository.~~

~~4.1. _____ Reimbursement of Incidental Expenses (Not to include Travel) — Reimbursement for incidental expenses in excess of \$50 related to SDSTA business, such as film, recording tape, after hours shipping and mailing, etc., shall be by submitting the reimbursement form prescribed by the SDSTA together with the required documentation of expenses incurred. Reimbursement is limited to \$500 per occurrence, unless the Executive Director (or board Chairman, if the Executive Director or another board member will be the claimant) provides prior approval from the Executive Director. Reimbursement in which the Executive Director or a board member is the claimant must be approved by the board Chairman or a majority vote of the board. All expenses must be included on the approved reimbursement form, with all itemized receipts attached. SDSTA will not provide reimbursement for the purchase of alcoholic beverages with federal funds. SDSTA will provide reimbursement for the purchase of alcoholic beverages in accordance with its Alcohol Reimbursement and Purchase Policy.~~

~~5.2. _____ Credit Card Payments – The monthly invoices for the two SDSTA credit cards are viewed by the CFO or designee. The person within the Finance Department designated as the Accountant will assign each charge to a budget category and include the total amount due on the list of items to be paid as outlined in Section J. Supporting documentation must accompany the credit card statement.~~

~~6.3. _____ Paper and electronic files are kept as official SDSTA records the following per the Record Retention Policy. The invoices and the signed list of bills are filed together.~~

K. Annual audit of financial records

An independent audit of all financial records shall be conducted annually.

The results of the annual audit report shall be provided to the SDSTA Board of Directors.

L. Reporting compliance or ethical issues

SDSTA employees have a responsibility to report suspected fraudulent or other dishonest acts to their supervisor, Human Resources, Executive Director or the SDSTA Board of Directors.

Employees can ask questions or raise concerns about suspected or actual compliance or business ethics issues with their supervisor, manager, Human Resources, the Executive Director or by calling the third-party external ethics hotline.

Employees raising questions and/or concerns in good faith are protected against retaliation.

M. Related documents

- Accounting and Audit Policy
- Lighthouse Services, Inc. external third-party hotline and website: 1-844-280-0005, www.lighthouse-services.com/sanfordlab
- Management and Control of Certain Funds Policy
- Open Door Policy and Policy-Procedure
- Records Retention Policy

Select Nominating Committee—Chairperson Casey Peterson

Chairperson to appoint members of nominating committee for election of officers at the June annual meeting.

Recommended Action:

None.

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Executive Session—Chairperson Casey Peterson

Meeting closed to public during executive session.

See recommended motion below.

Recommended Action:

Motion to enter executive session to discuss personnel matters and to consult with legal counsel concerning contractual and legal matters—SDCL 1-25-2(1), (3) and (4); 19-19-502.

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Report from Executive Session—Chairperson Casey Peterson

See recommended motion below.

Recommended Action:

“The board consulted with legal counsel concerning contractual and legal matters. No action was taken.”

OR

...as discussed and stated otherwise

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Revised Risk Transfer Protocol—Mr. Tim Engel

Approval of revised Risk Transfer Protocol, *see suggested motion below*.

Recommended Action:

Motion to approve the revised Risk Transfer Protocols as presented, subject to presentation to Homestake.

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Confirm date and time of next meeting—Chairperson Casey Peterson

The next board meeting will be held on Thursday, June 22, 2023 beginning at 8:00 AM (Mountain Time).

2023 Regular Quarterly Board Meeting Schedule 8:00 AM (Mountain Standard Time)
Thursday, March 16
Thursday, June 22—Annual Mtg
Thursday, September 21
Thursday, December 14

*South Dakota Science and Technology Authority / Sanford Underground Research Facility
Education & Outreach Building (large conference room and zoom)
630 E. Summit Street
Lead, SD 57754
Questions? Contact Mandy Knight, mknight@sanfordlab.org*

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Public Comments—Chairperson Casey Peterson

- Reminder to ask guests who did not identify themselves at the beginning of the meeting to do so at this time.
- Discuss any public comment request forms submitted.

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Board Comments—Chairperson Casey Peterson

1. Dr. Ani Aprahamian
2. Mr. Dana Dykhouse, Vice-Chairperson
3. Dr. Chris Fall
4. Ms. Pat Lebrun, Secretary-Treasurer
5. Mr. Roger Musick
6. Mr. Ron Wheeler
7. Dr. Jim Rankin, Ex-officio member
8. Mr. Casey Peterson, Chairperson

Recommended Action:

None.

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Adjourn—Chairperson Casey Peterson

Adjourn board meeting, *see recommended motion below.*

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