

**South Dakota Science and Technology Authority
Board Meeting
March 19, 2026**



**SANFORD
UNDERGROUND
RESEARCH
FACILITY**

630 East Summit Street
Lead, SD 57754

Call to Order—Chairperson Casey Peterson

1A. Call Roll

Dr. Ani Aprahamian
Mr. Dana Dykhouse
Mr. Linn Evans
Ms. Pat Lebrun
Mr. Roger Musick
Mr. Casey Peterson
Mr. Ron Wheeler
President Steve Elliott/BHSU, ex officio member
President Brian Tande/South Dakota Mines, ex officio member

1B. Thank Dr. Fall for his service to the board, introduce new board member Mr. Linn Evans, and ask guests to announce their name and affiliation

1C. Public comment form – Ask if there are any public comment form(s) submitted or to submit form(s) at the start of the board; announce time will be given towards the end of the agenda to discuss

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.

Page intentionally
blank

Approve Agenda—Chairperson Casey Peterson

Attached is the SDSTA Board agenda for the March 19, 2026, meeting.

See recommended motion below.

Recommended Action:

Motion to approve agenda as presented.

Page intentionally
blank



AGENDA

**South Dakota Science and Technology Authority
Meeting of the Board of Directors
Thursday, March 19, 2026 at 8:00 a.m. (MDT)**

Education & Outreach Building, Large 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 4000. Please mute your phones after joining.

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

	Topic/Description	Presenter	Recommendation	Page
1.	Call to order A. Call roll B. Introduce guests C. Submit public comment form (<i>form can be found on the boards & commissions portal</i>)	-- Chair Casey Peterson	<i>1A. Call roll to confirm a quorum 1B. Thank Dr. Fall for his service to the board, introduce new board member Mr. Linn Evans, and ask guests to announce their name and affiliation 1C. Ask if there are any public comment form(s) submitted and announce time will be given towards the end of the agenda to discuss</i>	3-4
2.	Approve agenda	-- Chair Casey Peterson	<i>Motion to approve agenda</i>	5-9
3.	Approve minutes	-- Chair Casey Peterson	<i>Motion to approve the December 11, 2025 minutes</i>	11-22
4.	Disclosures and Laws: A. General conflict of interest disclosure B. Conflict of interest disclosure and waiver under SDCL CH. 3-23 C. 2026 Legislative Session updates pertaining to SDSTA	-- Mr. Tim Engel	<i>4A. Informational 4B. Reference board packet for Evans completed disclosure. (No board action required.) 4C. Informational</i>	23-28
5.	Report from Audit Committee—consider acceptance of Audit Report for fiscal year ended June 30, 2025	-- Ms. Pat Lebrun	<i>Motion to accept SDSTA Audit Report for Fiscal Year Ended June 30, 2025 as reviewed and discussed at the December 11, 2025 board meeting</i>	29-68

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.

Meeting of the Board of Directors
Thursday, March 19, 2026 at 8:00 a.m. (MT)

	Topic/Description	Presenter	Recommendation	Page
6.	Financial Report update— A. January Financial Summaries B. Consider authorization of budget increase to include FY26 Federal appropriations funds for SURF Operations	-- Mr. Terry Miller -- Mr. Mike Headley	<i>6A. Informational</i> 6B. <i>Motion to amend the FY2026 budget to include additional federal appropriations funds under the FY2026 DOE appropriation for SURF infrastructure improvements, as presented</i> <i>Motion to accept financial report as presented</i>	69-80
7.	SURF Foundation update	-- Ms. Tracy Kerwin	<i>Introduction and presentation</i>	81-82
8.	Report from Executive Director A. SDSTA quarterly update B. Science update	-- Mr. Mike Headley -- Dr. Markus Horn	<i>Informational</i> <i>Presentation</i> <i>Motion to accept executive director's report</i>	83-128
9.	Discuss forming an Executive Advisory Committee	-- Chair Casey Peterson -- Mr. Tim Engel	<i>Reference SDSTA Bylaws Article 2, Section 7 of board packet.</i>	129-144
10.	Select Nominating Committee	-- Chair Casey Peterson	<i>Chairperson to appoint members of nominating committee for election of officers at June's annual meeting</i>	145-146
11.	Executive session <i>(closed meeting)</i>	-- 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>	147-148
12.	Report from executive session	-- Chair Casey Peterson	<i>"The board consulted with legal counsel concerning contractual and legal matters. No action was taken."</i> OR <i>...as discussed and stated otherwise</i>	149-150
13.	Confirm date and time of next meeting	-- Chair Casey Peterson	<i>Thursday, June 25, 2026 at 8:00 a.m. (MT)—annual meeting held at Elevate Rapid City, 2nd floor board room</i>	151-152

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.

**Meeting of the Board of Directors
Thursday, March 19, 2026 at 8:00 a.m. (MT)**

	Topic/Description	Presenter	Recommendation	Page
14.	Public comments	-- Chair Casey Peterson		153-154
15.	Board comments	-- Chair Casey Peterson		155-156
16.	Adjourn	-- Chair Casey Peterson	<i>Motion to adjourn</i>	157

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 January 7, 2022	December 9, 2027
2.	Mr. Dana Dykhouse, Vice-Chair	Re-appointed August 15, 2020	August 14, 2026
3.	Mr. Linn Evans	Appointed January 28, 2026	August 8, 2027
4.	Ms. Patricia Lebrun, Secretary-Treasurer	Re-appointed August 8, 2022	August 8, 2028
5.	Mr. Roger Musick	Reappointed August 8, 2022	August 8, 2028
6.	Mr. Casey Peterson, Chair	Re-appointed December 1, 2021	August 8, 2027
7.	Mr. Ron Wheeler	Re-appointed April 28, 2020	April 9, 2026
8.	<i>Mr. Steve Elliott, ex officio member</i>	<i>Black Hills State University (BHSU) President</i>	
9.	<i>Dr. Brian Tande, ex officio member</i>	<i>South Dakota School of Mines & Technology (SD Mines) President</i>	
Committees and Members (2024-2025)			
	Nominating Committee Members (selected in March):	Audit Committee Members (selected in June):	
	➤ Dana Dykhouse	➤ Pat Lebrun-Chair	
	➤ Roger Musick	➤ Dana Dykhouse	
		➤ Roger Musick	
		➤ Casey Peterson, ex officio	
2026 Board Schedule			
<u>SD Boards & Commissions Portal</u>			
	Thursday, March 19, 2026	8:00 am (MT)	SURF E&O Bldg
	Thursday, June 25, 2026 — Annual Meeting	8:00 am (MT)	Elevate Rapid City, 2 nd floor board room
	Thursday, September 17, 2026	8:00 am (MT)	Washington Pavilion, Sioux Falls, SD
	Thursday, December 10, 2026	8:00 am (MT)	SURF 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.

Page intentionally
blank

Approve Minutes—Chairperson Casey Peterson

Attached are the December 11, 2025, Minutes for approval.

See recommended motion below.

Recommended Action:

Motion to approve the December 11, 2025, Minutes as presented.

Page intentionally
blank

South Dakota Science and Technology Authority Board of Directors
Meeting Minutes
Thursday, December 11, 2025
Lead, South Dakota

The Board of Directors of the South Dakota Science and Technology Authority (SDSTA) convened at 8:00 a.m. Mountain Time (MT) on Thursday, December 11, 2025, in the Education and Outreach (E&O) Building Conference Room at the South Dakota Science and Technology Authority, 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

Vice-Chairperson Dana Dykhouse (videoconference)
Dr. Chris Fall (in person)
Secretary/Treasurer Patricia Lebrun (videoconference)
Mr. Roger Musick (videoconference)
Chairperson Casey Peterson (in person)
Mr. Ron Wheeler (by phone)

MEMBERS OF THE BOARD ABSENT

Dr. Ani Aprahamian
Mr. Steve Elliott, ex officio
Dr. Brian Tande, ex officio

SDSTA STAFF PRESENT IN PERSON OR BY PHONE DURING ALL OR PART OF THE MEETING

Mr. Tim Engel, SDSTA General Counsel
Ms. Kim Flock, Controller
Ms. Stacie Granum, The Institute Program Manager
Mr. Mike Headley, SDSTA Executive Director and SURF Laboratory Director
Dr. Jaret Heise, Science Director
Ms. Michelle Kane, SURF Foundation Interim Director/Donor Relations Manager
Mr. Bill Kelly, Contracts & Procurement Manager
Ms. Kelli Kirk, Sanford Lab Homestake Visitor Center Director
Ms. Mandy Knight, Chief of Staff
Mr. Christopher Kreitzinger, Science Support Specialist (by phone)
Ms. Ann Metli, Communications Director
Mr. Terry Miller, Chief Financial Officer
Mr. Mike Ray, Media Relations Manager
Ms. Nicol Reiner, Director of Education & Outreach
Ms. Al Stratman, Engineering Director
Ms. Wendy Straub, Chief Operating Officer
Ms. Becky Wilcox, Senior Administrative Assistant
Ms. Deb Wolf, Director of Strategic Partnerships and External Relations (by phone)

ALSO PRESENT DURING ALL OR PART OF THE MEETING

Ms. Brittany Burns, Eide Bailly Auditor (videoconference)
Mr. Clayton Hollowell, DOE HEP SURF Program Manager (in person)
Mr. Paul Kane, Eide Bailly Auditor (videoconference)
Ms. Amy Koenig, Dakota Gold Corp SVP Chief Legal Officer and Corporate Secretary (in person)

Mr. Tom Regan, retired SDSTA employee (by phone)
Dr. Barbara Szczerbinska, SURF Foundation Board of Directors (by phone)
Dr. Robert Wilson, SURF Foundation Board of Directors (by phone)

ITEM 1. CALL TO ORDER

Chair Casey Peterson called the meeting to order at 8:00 a.m. (MT). Roll call was held, and a quorum was declared. Dr. Chris Fall and Chair Peterson attended in person. Ms. Lebrun, Mr. Dykhouse, Mr. Musick, and Mr. Wheeler joined remotely. Mr. Elliott and Dr. Tande (ex officios), and Dr. Ani Aprahamian were absent.

Chair Peterson asked guests to introduce themselves.

Chair Peterson referenced Item 1C—Public Comments—and said if anyone from the audience had any questions or comments for the Board to address, please complete the public comment form, and time would be given at the end of the agenda to discuss. No comment forms were submitted during the meeting.

ITEM 2. APPROVE AGENDA

Chair Peterson asked if there were any modifications to the agenda, and there were none.

Motion by Mr. Dykhouse and seconded by Ms. Lebrun to approve the agenda as presented. Motion passed unanimously.

ITEM 3. APPROVE MINUTES

Chair Peterson asked if there were any comments on the September 18, 2025, Minutes. Hearing none, he asked for a motion to approve the minutes as presented.

Motion by Dr. Fall and seconded by Mr. Wheeler to approve the September 18, 2025, minutes as presented. Motion passed unanimously.

ITEM 4. DISCLOSURES AND LAWS

SDSTA General Counsel 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. No conflicts of interest were disclosed.

Mr. Engel said he contacted all Board members before the December 11, 2025, meeting to request any disclosures required by SDCL Ch. 3-23. No disclosures were provided, and there are no waiver requests requiring action by the Board.

ITEM 5. AUDIT COMMITTEE REPORT

ITEM 5A. AUDIT COMMITTEE – REPORT UPDATE

Ms. Lebrun said the Audit Committee convened on November 4 to discuss the external audit and final report; the minutes from the committee meeting were included in the board packet. She said they discussed the audit report, and it was clean. Ms. Lebrun complimented SDSTA CFO Mr. Terry Miller and his team for doing an excellent job. She requested approval of the Audit Report for the fiscal year ended June 30, 2025, at the next meeting in March. Ms. Lebrun noted the state auditor general accepted the report on October 23, and the Eide Bailly auditors will report on the audit at this meeting.

ITEM 5B. EIDE BAILLY LLC AUDIT UPDATE

Eide Bailly auditors Mr. Paul Kane and Ms. Brittany Burns introduced themselves via videoconference. Ms. Burns said this is her fourth year working with the SDSTA. She complimented Mr. Miller and his

team and said they were very responsive and accommodating during the week they were onsite in September. Because everyone was so well prepared, the Eide Bailly team had nearly the entire audit done by the time they left at the end of the week.

Ms. Burns and Mr. Kane's presentations highlighted three areas: the Financial Statement Audit; Federal Awards Report, which includes the Compliance Report Package; and Required Communication. Ms. Burns also said they will review a couple of new Government Accounting Standard Board (GASB) announcements.

She discussed the independent auditor's report and referenced information that was provided in the board packet. She said the report was once again a clean "unmodified" opinion and that it is the best an organization can receive. A few highlights from the presentation included the following: The Financial Statements are fairly presented in all material respects in accordance with accounting principles generally accepted in the United States; and Eide Bailly's opinion states they followed all applicable required audit standards and were independent and met all ethical requirements and responsibilities.

Ms. Burns explained this year's report includes the adoption of a new accounting standard—GASB Statement 101 related to compensated absences—which is not typically part of every annual audit. The financial statements were restated as of July 1, 2024, to reflect this change; however, the adoption did not affect the auditor's overall opinion.

She stated auditors are responsible for conducting the audit in accordance with Generally Accepted Auditing Standards (GAAS) and Government audit standards, including exercising professional judgment and maintaining professional skepticism, and gaining an understanding of controls relevant to designing Eide Bailly's audit procedures. Ms. Burns reviewed the responsibilities of management and the auditing team. Management is responsible for the fair presentation of the financial statements and ensuring that they have considered if there are conditions that may raise substantial doubt about the SDSTA as a going concern. In regard to required supplementary information, which includes the Management's Discussion and Analysis (MD&A), Eide Bailly applies limited procedures but does not express an opinion.

Ms. Burns then summarized the Financial Statements noting a significant increase of approximately \$55 million in net position for fiscal year 2025. This increase was driven primarily by a \$62 million rise in capital assets, largely attributable to Department of Energy (DOE) property transfers and other donated assets. Donations included approximately \$16.5 million for the conveyor system, as well as DOE property such as the Ross assets and rehabilitation (\$38 million), and additional equipment and infrastructure totaling about \$8 million.

Ms. Burns also discussed the change in net position, noting that revenues increased by 138% year-over-year, driven by \$54 million in capital grants and contributions related to the donated and transferred assets. Expense growth was modest at 3% (\$1.3 million), largely from normal personnel cost increases. This disparity between revenue and expense growth resulted in the \$54 million increase in ending net position. She concluded that part of the presentation highlighting key note disclosures:

- Note 1: Significant accounting policies.
- Note 2: Accounting changes and restatements, including the adoption of GASB Statement 101.
- Note 3: Deposits and investments, providing detail on cash and investment changes.
- Note 4: Capital assets, reflecting the substantial asset increases during the year.

Chair Peterson raised a question regarding the evaluation of subscription-based information technology arrangements and why these were not considered material. Mr. Kane explained under GASB 96, subscription-based software contracts longer than one year must be treated similarly to leased assets,

requiring recognition of a right-to-use asset and a corresponding liability for the present value of future payments. Many software contracts fall outside the standard because they are one year or less. Mr. Kane noted all applicable contracts were reviewed, and none exceeded the SDSTA's materiality threshold; therefore, they were not required to be reported in the financial statements. While Mr. Kane did not recall the exact dollar amounts without referencing work papers, he affirmed the items were immaterial.

Mr. Kane noted the disclosures are detailed but fully compliant. He said management can streamline them next year if desired, focusing on information most useful to the SDSTA team.

He then reviewed the Federal Awards Report package and said it is a separate report issued in their compliance testing, which includes SDSTA's Cooperative Agreement (CA) with the DOE. Mr. Kane said last year the State of South Dakota selected the Fermi National Accelerator Laboratory (FNAL) contract as part of their statewide single audit, but excluded the FNAL program this year. He reminded the Board this is a report and not an opinion. They are required to consider controls for planning and performing their audit; however, Eide Bailly does not test internal controls and does not express an opinion on their controls. Mr. Kane said there were no significant deficiencies or material weaknesses identified during the audit, including no findings concerning the statements or federal awards.

Mr. Kane then reviewed communication with governance and said two separate letters were issued to the SDSTA and the Governor of South Dakota for the 2025 audit—a letter in connection with the Financial Statement Audit and a letter in connection with the Compliance Audit. Mr. Kane also said there was one uncorrected misstatement during the audit, noting the misstatement relating to a lease was immaterial as decided by management. He said there were no disagreements or significant difficulties with management and then asked if there were any questions.

Mr. Kane concluded his presentation by providing a brief overview of the new GASB standards. He said GASB 103, effective June 30, 2026, relates to the financial reporting model and will result in minor changes to the format of financial statements, clarification of operating versus nonoperating revenues and expenses, and additional detail in the MD&A. GASB 104, also effective June 30, 2026, pertains to disclosures of certain capital assets, including leases, right-to-use, and subscription-based assets. He emphasized that while these standards require attention, the overall implementation effort is expected to be manageable compared to prior standards such as GASB 87, 96, and 101, and would have very little impact on SDSTA.

Dr. Fall asked if artificial intelligence (AI) would affect the audit process in the future and possibly reduce the cost to SDSTA? Mr. Kane replied Eide Bailly recently started using the Enterprise Edition of Copilot to help efficiently run their business, but it is too early in the process to know its impact.

Ms. Lebrun thanked the auditors for providing a thorough and understandable review of the audit statements, noting the complexity of the material and expressing appreciation for the detailed explanation. The auditors acknowledged the feedback.

ITEM 5C. AUDIT REPORT-FISCAL YEAR ENDED JUNE 30, 2025

Chair Peterson thanked Mr. Kane and Ms. Burns and requested a motion to accept the Audit Committee report and to approve the fiscal year-end audit report at the March board meeting.

Motion by Ms. Lebrun and seconded by Dr. Fall to accept the audit committee report and to request fiscal year-end Audit Report approval at the next regularly scheduled board meeting per statute. Motion passed unanimously.

Mr. Miller added additional appreciation, recognizing the auditors for being easy to work with and supportive throughout the audit process. The auditors thanked the Board.

ITEM 6. FINANCIAL REPORT

ITEM 6A. REVIEW FINANCIAL STATEMENTS

Chair Peterson invited Mr. Miller to discuss the financial statements. Mr. Miller began by referring the Board members to the information provided in the SDSTA board packet, highlighting a few key points.

In the board packet, members were directed to the financial analysis in the progress report (pages 134-137), the Cooperative Agreement SURF Services FY2025 SPA Curve as of October 2025 (page 157), and the financial summary (pages 159–166), which includes the balance sheet, the comprehensive statement of income, the comparative balance sheet and income statement, available resources, and the operating budget summary.

As of October 2025, cumulative Cooperative Agreement expenses were \$152.7 million, which is \$3.3 million under budget.

Indirect cost true-up rebills of \$512,000.00 are anticipated, and staff is tracking \$2.4 million in critical projects.

On the balance sheet, the remaining Senate Bill 35 funds were shown at approximately \$50,000.00 in the October report; however, these funds have now been fully expended due to late-arriving invoices. To date, \$13 million has been spent and capitalized for the 4850L underground expansion project.

Accounts receivable include the indirect true-ups for FY2022 and FY2023, with FY2024 still awaiting approval. Revenue to date totals \$12.4 million, which is tracking normally.

The comparative balance sheet shows fixed assets increasing by \$44.5 million year over year, primarily due to the capitalization of the Ross rehabilitation and the 4850L underground expansion project.

On the comparative income statement, the bottom line decreased by \$4.9 million, largely due to the prior year's 4850L underground expansion costs no longer flowing through expenses now that the project has been capitalized.

In the operating budget analysis (page 166), unbudgeted funds total \$6.3 million, mainly resulting from federal projects and indirect spending that are currently below projections.

Ms. Lebrun thanked Mr. Miller for the update and said providing page numbers on the agenda would help Board members follow along with the presentation.

Motion by Dr. Fall and seconded by Mr. Wheeler to accept the financial report as presented. Motion passed unanimously.

ITEM 6B. APPROVAL OF FDC LOGISTICS SUPPORT CONTRACT

Mr. Headley reminded the Board they recently approved a contract for SDSTA to provide logistics services for the LBNF portion of the LBNF/DUNE project, supporting facility infrastructure needs. He said that work has been underway for several months and is progressing well.

Fermilab has now requested that SDSTA provide a similar scope of logistics services for all DUNE detector-related components, including the cryostat and associated materials that must be transported to the site, moved underground via the shaft, and delivered to the designated work areas.

He requested approval of an additional contract to support this expanded scope and reported that anticipated expenditures between now and the end of June total approximately \$3.1 million, with a total contract value of \$12.45 million. The period of performance extends through the end of April 2027. He also noted the total headcount supporting this work is 23.2 FTE across 36 individuals.

Mr. Engel said he had reviewed the contract, and it addresses the concern regarding insurance for the property SDSTA is handling. There were no comments from the Board.

Motion by Mr. Wheeler and seconded by Dr. Fall to approve the agreement between SDSTA and Fermi Forward Discovery Group (FFDG) for Far Detectors and Cryogenics logistics support services, and to authorize the SDSTA executive director to sign the agreement. Motion passed unanimously.

ITEM 6C. AMEND FY2026 BUDGET

Mr. Miller referred to a two-page FY2026 budget prepared for the December board meeting and discussed the addition of the FDC logistics support contract highlighted on the second page. He noted the contract is approximately \$1.9 million for the remainder of FY2026. The request is to amend the FY2026 budget to include additional funds for the contract.

Motion by Dr. Fall and seconded by Ms. Lebrun to amend the FY2026 budget to include additional funds for Far Detectors and Cryogenics logistics support. Motion passed unanimously.

ITEM 7. SURF FOUNDATION UPDATE

SURF Interim Foundation Director/Donor Relations Manager Ms. Michelle Kane then shared the successes and activities of the Foundation. The first topic included updates on the SURF Foundation support areas: 1) VIP surface tours, 2) donor database cleanup and segmentation, 3) past donor thank you campaign, 4) year-end appeal is underway, and 5) preparation for a new director.

The second topic included Foundation Focus: 1) Deep Talks season is in full swing and fully funded, 2) SURF Artist in Residence received approximately 40 applications and reviews are underway, 3) sponsor outreach for Neutrino Day July 11, 2026 has begun—its 18th year, 4) internship applications are under review including the Chris Bauer engineering internship and Jack Headley STEM internship. Ms. Kane thanked these generous families for their continued support. Also, the Davis Bahcall application process has been opened. Ms. Kane noted the program is an important educational initiative generously supported by Black Hills State University, First Premier Bank - Mr. Dykhouse, and the SD Space Grant Consortium. 5) Several grant applications or Letters of Inquiry have been submitted or are in process for support of Institute programming.

The last topic included tasks for the next three months: 1) Support a successful onboarding and transition for the new Foundation director, 2) continue identifying and pursuing new grant opportunities, 3) advance sponsor discussions for upcoming public programs, and 4) strengthen donor relationships through one-on-one outreach.

ITEM 8. REPORT FROM EXECUTIVE DIRECTOR

ITEM 8A. DECLARATION OF SURPLUS

Mr. Headley referenced the declaration of surplus included in the board packet and asked if there were any questions. While there were no questions regarding the specific declaration, Chair Peterson inquired about a \$547,000 line item noted in the audit report. It was explained the Fletcher rock bolter had experienced significant wear and tear and had reached the end of its useful life; it was scrapped.

ITEM 8B. SDSTA QUARTERLY UPDATE

Mr. Headley reported on the following:

- Cooperative Agreement funding utilization has an underrun of \$3 million. Sixteen positions are currently on hold until the FY2026 federal budget is finalized. The Senate recently marked \$44

million for SURF, and the House remains at \$40 million; \$38 million is needed to stay on track with the Cooperative Agreement.

- Support has expanded for LBNF, performing end-to-end construction logistics from the surface to underground for LBNF Building and Site Infrastructure (BSI).
- Lowering cryostat steel is expected to begin by the end of Q1 2026.
- Yates Shaft top-down maintenance continues on nights and weekends, with hoist upgrades and shaft rehabilitation plans advancing.
- Discussions with the XLZD dark matter experiment continue in support of site selection planning, with an announcement expected next year.
- Science Strategic Plan (non-physics emphasis) is nearing completion.
- The Ross Campus is operational again, supporting Compact Accelerator System Performing Astrophysical Research (CASPAR) and Black Hills State University Underground Campus (BHUC) activities. The first beam for CASPAR was recently achieved, and preparations have begun for beam on target in 2026.
- 3650L pumphouse rehabilitation & 4850L bathrooms are completed. Electrical upgrades and 1250L pumphouse are up next for 2026, which are critical to begin updating the Yates Hoist.
- Institute for Underground Science program planning is underway with a five-year strategic plan and the establishment of a new science advisory committee. Deeper Talks is being rebranded to honor the late Dr. John Bahcall. Dr. Neta Bahcall, his wife, will join the rebranding event in March at the Journey Museum in Rapid City.

Mr. Headley highlighted the FY2026 goals that are being tracked in the SDSTA strategic plan for the year (due September 30, 2026):

- The first structural steel is transported to the 4850L for LBNF/DUNE.
- Davis Campus space will be available for a cryogenic facility.
- 1250L pumphouse is complete.
- Designs complete for Yates Complex electrical upgrades.
- Implement a revised strategic plan for The Institute.
- Design is complete for the Yates Hoist upgrade.
- Advance plans to host the Generation 3 Dark Matter experiment at SURF.

Chair Peterson asked Mr. Headley to discuss the dark matter announcement made this week.

Mr. Headley said the LZ experiment had announced a new world-leading limit in dark matter searches. The experiment will continue data collection through the end of 2027.

Science Director Dr. Jaret Heise added the LZ team's recent analysis extended their dark matter sensitivity to lower masses. To reach these new levels of sensitivity, LZ for the first time also had to understand and quantify background events related to solar neutrinos, which were expected and had been hinted at by other underground dark matter experiments. LZ's announcement established the world's strongest evidence for this important background and represents significant progress on the road to the discovery of dark matter.

ITEM 8C. LONG-BASELINE NEUTRINO FACILITY/DEEP UNDERGROUND NEUTRINO EXPERIMENT (LBNF/DUNE) UPDATE

Mr. Headley introduced Far Site Conventional Facilities (FSCF) BSI Project Manager, Mr. Joshua Willhite. Mr. Willhite began his presentation with an illustration of the "Big Picture". He said the Long-Baseline Neutrino Experiment/Deep Underground Neutrino Experiment (LBNF/DUNE) begins with an accelerator that exists at Fermilab in Batavia, IL (Near Site Facility), which will generate an intense

beam of neutrinos that will travel through the earth to SURF (Far Site Facility). He said there are five subprojects: Two subprojects are at Fermilab: 1) NSCF+B – Near Site Conventional Facilities, and 2) Beamline and ND – Near Detectors. Three subprojects are at the Lead site: 1) FSCF EXC – Far Site Excavation, which is nearly complete (CD4 review is coming up in Jan 2026), 2) FSCF BSI – Far Site Building & Site Infrastructure, and 3) FDC – Far Detectors and Cryogenic Infrastructure.

Mr. Willhite showed a graphic of the LBNF DUNE experiment’s location on a map and gave an excavation overview explaining the enormous size of the excavations in the North/South Caverns and Central Utility Cavern (CUC). He said outfitting the caverns will take a long time due to the long-lead time for equipment, electrical transformers, switch gears, etc., expected to arrive in 2027.

Ms. Lebrun said the caverns and cryostats are enormous and asked how difficult it will be to get all the detector pieces underground. Mr. Willhite said it will be a challenge, but he is confident Fermilab and SDSTA are up to the challenge. He provided an example of a large fleet of equipment that was moved underground for LBNF excavation. He also mentioned there had been some setbacks regarding building walls underground. One wall had to be demolished and rebuilt due to quality issues, but the team continues to learn from the process and improve.

In addition, he provided updates on the following: Construction status on the surface, Underground status of the detector caverns, CUC—plumbing, duct insulation, and building structure—Ross skip cage and double deck cage being built, headframe, and applying an additional protective layer in cavern walls due to shotcrete coming loose in areas. He reminded the Board of issues with shotcrete loosening.

Mr. Willhite showed a photo of the cryostat steel, currently stored in Rapid City, awaiting transport to the underground. He said the project is targeting March 2026 to start moving steel. Chair Peterson asked if rust is an issue. Mr. Willhite said there is a sealant on the ends, but each piece of steel will be washed off as it is being delivered. He concluded his report by stating installation will start in July on the nitrogen system in the CUC. Additional systems—including argon purification and condensers—will follow, beginning with the South Cavern cryostat. These components are installed after the cryogenic detectors and are separated by a mezzanine for grounding requirements.

ITEM 8D. INFRASTRUCTURE IMPROVEMENT PROJECT (IIP) PLAN UPDATE

Mr. Headley introduced SDSTA Engineering Director Mr. Al Stratman. He provided a presentation on the IIP Plan and began by highlighting completed and ongoing projects in the FY2024 and FY2025 Program. He said these projects total \$8 million and include the following six projects: 1) Wastewater Treatment Plant (WWTP) Rotating Biological Contactors Replacement-Year 2, 2) Dewatering System Programmable Logic Controller (PLC) Recapitalization, 3) 1250L Pumphoom System Rehabilitation, 4) 4850L Ross Campus Bathrooms, 5) Electrical Distribution Rehabilitation-Phase 1, and 6) Yates Hoists Upgrades-Year 1.

Mr. Stratman then reviewed the FY2026 draft plans based on two scenarios. He said if the CA Program budget is \$35 million, the effort will focus on the Yates Complex Electrical Distribution Rehabilitation-Year 2 project. If the CA Program budget is \$45 million, effort will focus on the above project and Yates Hoists Upgrades-Year 2 and Yates Shaft Rehabilitation Engineering Assessment/Concept Design.

He concluded his presentation reviewing projects in the five-year IIP Plan for program years 2026 – 2030. Mr. Stratman noted SDSTA annually updates its five-year plan for DOE, with major priorities including the Yates Hoist and Shaft, dewatering systems, and electrical distribution. Broader facility deficiencies are not expected to be addressed until around FY2030. Yates Shaft rehabilitation would require a separate funding and approval process and is not included in this program.

Mr. Headley asked Mr. Stratman to review the assessment program. Mr. Stratman reviewed the ongoing condition assessment program used to prioritize infrastructure needs. He said the program evaluates all major systems that support the lab—including hoists, shafts, roads, and utilities—using both in-house reviews and third-party assessments. For example, an external firm completed a comprehensive assessment of the electrical distribution system to identify vulnerabilities and rank critical risks based on mission needs. The highest-priority systems identified were the Yates Hoist, Yates Shaft, dewatering system, electrical distribution system, and the WWTP. The WWTP has since been rehabilitated. Mr. Stratman said a full update of the condition assessment report will occur in FY2026, with results provided to DOE at the end of the fiscal year.

Dr. Fall said, as the team begins to move steel, are there any concerns relating to safety? Mr. Headley replied that SDSTA’s rigging program is well established, with a dedicated specialist developing all critical lift plans, and coordination is underway with Fermilab and CERN on lifting fixtures. Practice lifts are being conducted in preparation for moving large steel components. SDSTA now has roughly 27-30 trained riggers ensuring coverage on all crews. He said many components will be transported underground using the skip or double-deck cage, reducing the need for sling loads. Overall, the rigging program is well-positioned for upcoming work.

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

ITEM 9: DISCUSS REGISTRATION OF LOBBYISTS

Regarding South Dakota lobbyists, Mr. Engel explained to represent an entity before the legislature, a person or organization is required to register with the Secretary of State, and the represented entity must authorize the registration before filing. Every year at the December meeting, the Board authorizes several persons to register as lobbyists on behalf of SDSTA. Mr. Engel recommended the Board authorize the following to register as lobbyists: Mr. Headley, Chair Peterson, Mr. Engel, and Mr. Aaron Scheibe, who is a partner in his law firm.

Motion by Mr. Wheeler and seconded by Ms. Lebrun to designate Mr. Mike Headley, Mr. Casey Peterson, Mr. Tim Engel, and Mr. Aaron Scheibe, as lobbyists for the SDSTA for the 2026 Legislative Session. Motion passed unanimously.

ITEM 10. EXECUTIVE SESSION

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

The Board recessed at 9:45 a.m. for a ten-minute break followed by an executive session.

The Board reconvened in open session at 10:22 a.m., and a quorum was confirmed.

ITEM 11. REPORT FROM EXECUTIVE SESSION

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

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

ITEM 12. CONFIRM DATE AND TIME OF NEXT MEETING

Chairperson Peterson said the next Board meeting is scheduled for 8:00 a.m. (MT) on Thursday, March 19, 2026, at SURF in the Education & Outreach large conference room.

ITEM 13. PUBLIC COMMENTS

Chair Peterson said he did not receive any public comment request forms during the meeting, and there was no one present in the room asking to provide public comment.

ITEM 14. BOARD COMMENTS

Mr. Dykhouse said Eide Bailly provided an excellent audit summary. He also expressed appreciation for the underground updates and noted the progress at SURF continues to be very positive.

Dr. Fall echoed the previous comments and expressed continued admiration for the way the team manages the organization. He said he was glad to be part of this project.

Ms. Lebrun noted Eide Bailly provided an excellent audit summary presentation. She requested page numbers be included next to item numbers on future agendas to make it easier to follow during meetings. She thanked everyone for all the good work being done.

Mr. Musick agreed that page numbers on the agenda would be helpful and said it was a good meeting.

Mr. Wheeler commended SDSTA CFO Terry Miller and the finance team for their excellent work leading up to the audit. He noted the audit results reflect positively and should enhance SDSTA's credibility with insurance companies.

Mr. Headley thanked the board for their continued support and acknowledged the strength of the SDSTA team. Additional thanks were offered to Mr. Miller and the finance team for their diligent work in managing and tracking multiple funding streams. He wished everyone a wonderful holiday season.

Mr. Engel said he appreciated the opportunity to work on the project and wished everyone a happy holiday.

Mr. Peterson stated he is proud to be associated with SDSTA and applauded the audit presentation, noting the Eide Bailly team is outstanding. He concluded by wishing everyone a Merry Christmas and a Happy New Year.

ITEM 15. ADJOURN

Chair Peterson called for a motion to adjourn.

Motion by Ms. Lebrun and seconded by Mr. Musick to adjourn. Motion passed unanimously.

Meeting adjourned at 10:28 a.m.

Disclosures and Laws—Mr. Tim Engel

4A. General Conflict of Interest Disclosure—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.

4B. Conflict of Interest Disclosure and Waiver under SDCL CH. 3-23—Attached is Linn Evan’s disclosure; *no motion necessary*.

4C. 2026 Legislative Session updates pertaining to SDSTA.

See suggested motion below.

Recommended Action:

4B. Motion to approve or deny (as appropriate).

Page intentionally
blank

ANNUAL DISCLOSURE FOR AUTHORITY/BOARD/COMMISSION MEMBER
PURSUANT TO SDCL CHAPTER 3-23

THIS IS A PUBLIC DOCUMENT

Name of Member: Linden R. Evans

Name of Board, Authority or Commission: South Dakota Science and Technology Authority

The Member shall disclose below any contract in which the Member has an interest or from which the Member derives a direct benefit if the contract is:

- 1) With the state agency to which the Member's board, authority or commission is attached for reporting or oversight purposes and which contract requires the expenditure of government funds;
- 2) With the state and which contract requires the approval of the Member's board, authority or commission and the expenditure of government funds; or
- 3) With a political subdivision of the state if the political subdivision approves the contract and:
 - a. Is under the regulatory oversight of the authority, board, or commission, or
 - b. Is under the regulatory oversight of the agency to which the Member's board, authority or commission is attached.

The Member shall disclose the contract even though no additional authorization is needed from the Member's board, authority or commission to have an interest or derive a benefit from the contract.

The Member shall also identify every entity in which the Member possesses an ownership interest of five percent or greater if:

- 1) The entity receives grant money from the State, either directly or by a pass-through grant or
- 2) The entity contracts with the State or any political subdivision for services.

1. **Contracts in which you have an interest pursuant to SDCL Chapter 3-23 and which do not violate any other provision of law** - Provide the following for each contract in which you have, or will have, an interest. For further information see SDCL 3-23-2.1 and 3-23-3.1.

Description of the contract	Parties	Description of your interest/role in the contract	Date contract was previously disclosed, if applicable
Electric Service Agreement between Black Hills Power (BHP) and the SDSTA to provide energy services to SDSTA, dated June 2014, conforming to BHP's South Dakota Public Utilities Commission-Approved Tariff	Black Hills Power and SDSTA	CEO of Black Hills Power with no direct pecuniary interest in the agreement	N/A

Attach additional pages, if necessary.

2. **Contracts in which you have a direct benefit pursuant to SDCL Chapter 3-23** - Provide the following for each contract from which you derive, or will derive, a direct benefit. For more information see SDCL 3-23-2, 3-23-2.2 and 3-23-3.1.

Description of the contract	Parties	Description of the direct benefit	Date contract was authorized
None			

Attach additional pages, if necessary.

3. **Entities in which you possess an ownership interest of five percent or more that receive grant money from the State, either directly or by a pass-through grant, or that contract with the State or any political subdivision for services** – Provide the following for each such entity. See SDCL 3-23-3.1.

Description of the contract or grant	Party in which you possess the interest	State agency or subdivision
None		

Attach additional pages, if necessary.

The member shall complete a separate authorization request for any contract identified above that requires authorization from the Member’s board, authority or commission in order for the Member to legally derive a direct benefit.

Signature of Member:  Date: 2/25/26

Page intentionally
blank

Report from Audit Committee—Ms. Patricia Lebrun

The Audit Committee Report: Board review and consideration of acceptance of the SDSTA Audit Report for the fiscal year ended June 30, 2025.

See recommended motion below.

Recommended Action:

Motion to accept the SDSTA Audit Report for Fiscal Year Ended June 30, 2025, as reviewed and discussed at the December 11, 2025, board meeting.

Page intentionally
blank



**SANFORD
UNDERGROUND
RESEARCH
FACILITY**

SOUTH DAKOTA SCIENCE AND TECHNOLOGY AUTHORITY



ANNUAL FINANCIAL REPORT

JUNE 30, 2025

SOUTH DAKOTA SCIENCE AND TECHNOLOGY AUTHORITY

A Business Type Enterprise Activity Component Unit of the State of South Dakota

Page 31 of 158

SOUTH DAKOTA SCIENCE AND TECHNOLOGY AUTHORITY

TABLE OF CONTENTS

	<u>PAGE</u>
Independent Auditor's Report	i-iii
Management's Discussion and Analysis	1 - 6
Financial Statements:	
Statement of Net Position	7
Statement of Revenues, Expenses, and Changes in Fund Net Position	8
Statement of Cash Flows	9 - 10
Notes to Financial Statements	11 - 26
Required Supplemental Information:	
Schedule of Proportionate Share of the Net Pension Liability (Asset) & Contributions	28
Notes to the Required Supplemental Information	29
Supplemental Information:	
Schedule of Operating Expenses	31
Supplemental Schedule of Expenditures of Federal Awards	32



Independent Auditor's Report

Board of Directors of
South Dakota Science and Technology Authority
Lead, South Dakota

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, 2025, 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, 2025, and the respective changes in financial position, and its 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 the South Dakota Science and Technology Authority and to meet our other ethical responsibilities, in accordance with the 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 audit opinion.

Adoption of New Accounting Standard (restatement)

As discussed in Note 2 to the financial statements, the Authority has adopted the provisions of Governmental Accounting Standards Board (GASB) Statement No. 101, *Compensated Absences*, for the year ended June 30, 2025. Accordingly, a restatement has been made to the government-wide business-type activities net position as of July 1, 2024, to restate beginning net position. Our opinion is not modified with respect to this 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 the 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 the 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 the 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 1–6 and the South Dakota Science and Technology Authority proportionate share of the net pension liability (asset) and schedule of contributions on pages 28-29 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 GAAS, 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 the 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 GAAS. 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 October 9, 2025 on our consideration of the Authority's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, 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 the Authority'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 the Authority's internal control over financial reporting and compliance.



Denver, Colorado
October 9, 2025

SOUTH DAKOTA SCIENCE AND TECHNOLOGY AUTHORITY

MANAGEMENT'S DISCUSSION AND ANALYSIS

JUNE 30, 2025

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, 2025. 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 revenues, expenses and changes in fund net position, statement of cash flows, 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 reports provide significant details for statement of net position, revenues, expenses, and cash flows for the SDSTA.

FINANCIAL HIGHLIGHTS:

- Total Assets at year-end increased to \$197,062,404.
- Current Assets decreased by \$8,270,669. Cash on Deposit with State Treasurer decreased by \$7,811,435 due to the Underground Expansion construction in progress. Cash in the Local Bank increased by \$723,648 due to decreases in prepaids and accounts receivable of \$752,632. Inventory of Supplies decreased by \$376,135 for surplus of assets.
- Capital Assets increased by \$62,230,684, net of depreciation expense largely due to \$54,276,361 of donated and DOE abandoned property. Page 4 details the major capital asset additions and deletions. Furthermore, page 15 summarizes the changes in capital assets by major categories. 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 decreased to \$25,502. The State's retirement system is fully funded (see Note 7 – page 18). The SDSTA's total contributions to the South Dakota Retirement System (SDRS) increased by \$40,031 from 2024 to 2025. This was due primarily to changes in accrual adjustments. 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, 2024, pension measurement date for our fiscal year-end June 30, 2025, 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 did not change from June 30, 2024, and remains at \$8,687,833 as of June 30, 2025. In summary, the Pension Asset and Xenon Purchased have decreased by \$35,209.
- The total Deferred Outflows of Resources have decreased to \$5,861,763. Pension Related Deferred Outflows is 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, 2024. Asset Retirement Obligation Deferred Outflows is the estimated costs associated with closing the SURF facility.
- Total Liabilities at year-end decreased by \$1,506,090. Accounts payable decreased by \$2,607,885 primarily due to the Underground Expansion Project. Accrued wages, leave and associated benefits increased by \$746,475 due to wage increases and leave accrual policy changes. The SDSTA entered into a new loan during FY2025 for insurance premiums. At year end this balance is \$292,100. The Asset Retirement Obligation increased by \$64,855 for inflationary factors. There were no changes in Xenon notes payable.

SOUTH DAKOTA SCIENCE AND TECHNOLOGY AUTHORITY

MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)

JUNE 30, 2025

- The total Deferred Inflows of Resources have increased to \$3,330,807. Pension Related Deferred Inflows is 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 by \$185,370. New this year is deferred revenues of \$100,000 due to written commitment for our annual Davis Bachall scholars' program in future years.
- Total Restricted Net Position decreased by \$7,690,791. This decrease is primarily due to the Underground Expansion Project and pension-related activities.
- Unrestricted Net Position increased by \$161,909 to \$8,979,248 due to consistent spending.
- Total Net Position at year-end increased by \$54,701,801 to \$189,781,856 due to the donation of the conveyor system and Ross Shaft Federal abandoned property.
- Charges for Goods and Services decreased to \$491,861 due to a decrease in fees for discharge water treatment and Sanford Lab Homestake Visitor Center sales.
- Operating Grants increased by \$4,154,066 to \$44,405,262, due to increased DOE grants.
- Miscellaneous revenue is \$144,112 which is consistent from previous years.
- Investment Earnings for fiscal year 2025 are \$420,152. 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 a decrease in investment earnings. Also, investment earnings of \$581,393 were received on the cash on deposit with State Treasurer. This actual allocation compared to last year decreased by \$282,297 due to cash withdrawals for the Underground Expansion funds held with the State Treasurer.
- Total Program Expenses for the SDSTA were \$43,476,267 which represents an increase of \$1,348,334 or 3.2% from the previous year. Personnel Services represent 60% of the Operating Expenses; Contractual Services represent 19%; and Supplies, Materials, Travel, Depreciation, and Other Expenses represent 21% of these expenses. Most of the increase in Operating Expenses is due to increased Depreciation expense of \$2,376,278.

SOUTH DAKOTA SCIENCE AND TECHNOLOGY AUTHORITY

MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)

JUNE 30, 2025

FINANCIAL STATEMENT ELEMENTS:

STATEMENT OF NET POSITION

	2025	2024	Dollar Change	Percent Change
Current Assets	\$ 19,086,068	\$ 27,356,737	\$ (8,270,669)	-30.23%
Capital Assets	169,263,000	107,032,317	62,230,683	58.14%
Net Pension Asset and Xenon Purchased	8,713,335	8,748,544	(35,209)	-0.40%
Total Assets	197,062,403	143,137,598	53,924,805	37.67%
Pension Related Deferred Outflows	4,845,088	5,251,158	(406,070)	-7.73%
Asset Retirement Obligation Deferred Outflows	1,016,674	1,054,329	(37,655)	-3.57%
Total Deferred Outflows of Resources	5,861,762	6,305,487	(443,725)	-7.04%
Long-Term Liabilities Outstanding	5,897,174	5,702,091	195,083	3.42%
Current Liabilities	3,914,329	5,615,502	(1,701,173)	-30.29%
Total Liabilities	9,811,503	11,317,593	(1,506,090)	-13.31%
Deferred Inflows of Resources	3,330,807	3,045,437	285,370	9.37%
Net Position:				
Net Investment in Capital Assets	169,263,000	107,032,317	62,230,683	58.14%
Restricted	11,539,608	19,230,399	(7,690,791)	-39.99%
Unrestricted	8,979,248	8,817,339	161,909	1.84%
Total Net Position	\$ 189,781,856	\$ 135,080,055	\$ 54,701,801	40.50%

CHANGE IN NET POSITION

	2025	2024	Dollar Change	Percent Change
Revenues				
Program Revenues:				
Charges for Services	\$ 491,861	\$ 623,587	\$ (131,726)	-21.12%
Operating Grants	44,405,262	40,251,196	4,154,066	10.32%
Miscellaneous	144,112	137,724	6,388	4.64%
Capital Grants and Contributions	54,276,361	-	54,276,361	100.00%
General Revenues:				
Investment Earnings	420,152	815,882	(395,730)	-48.50%
Total Revenue	99,737,748	41,828,389	57,909,359	138.45%
Expenses				
Program Expenses	43,476,267	42,127,933	1,348,334	3.20%
Loss on Disposal of Assets	687,684	617,569	70,115	11.35%
Non-Operating Expenses	346,573	522,132	(175,559)	-33.62%
Total Expense	44,510,524	43,267,634	1,242,890	2.87%
Change in Net Position	55,227,224	(1,439,244)	56,666,468	3937.24%
Net Position-Beginning, as restated	134,554,632	136,519,299	(1,964,667)	-1.44%
Net Position-Ending	\$ 189,781,856	\$ 135,080,055	\$ 54,701,801	40.50%

SOUTH DAKOTA SCIENCE AND TECHNOLOGY AUTHORITY

MANAGEMENT’S DISCUSSION AND ANALYSIS (CONTINUED)

JUNE 30, 2025

CAPITAL ASSETS (Net of Depreciation)

	2025	2024	Change
Improvements	\$ 40,676,282	\$ 41,712,223	\$ (1,035,941)
Underground	29,574,711	17,936,955	11,637,756
Buildings	13,697,110	14,058,673	(361,563)
Computer Equipment	41,534	39,254	2,280
Machinery and Equipment	18,169,609	3,015,289	15,154,320
Construction in Progress	10,561,711	17,646,809	(7,085,098)
Land	1,974,147	1,974,147	-
Infrastructure	1,215,919	1,266,029	(50,110)
Archive Material	70,000	70,000	-
Auto	343,997	435,684	(91,687)
DOE Property Transfer	52,937,978	8,877,252	44,060,726
Total Capital Assets	\$ 169,262,998	\$ 107,032,315	\$ 62,230,683

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

Purchased Capital Assets:

Construction in Progress (Current Year Additions/Deletions):

IIP Projects (net) \$ (7,085,098)

Improvement changes (Current Year Additions/(Deletions)):

Underground Expansion 11,974,418

Computer Equipment, Machinery and Equipment changes (Current Year Additions/(Deletions)):

IT Equipment (37,694)

Fletcher Bolter (546,643)

Misc Pumps, transformers, motors (91,575)

Loader, Generator, Blast Doors, Misc Equipment 466,261

Conveyor System 16,500,000

DOE Property Transfer:

Ross Headframe and Shaft Rehab 37,776,360

Yates Hoist Reroof, Pumps, Motors, Oro Honda Ventilation System, Mine Regulator, Bobcats, Loaders, 7,991,693

Snowplow, Trailer, Infrared Camera

\$ 66,947,722

SOUTH DAKOTA SCIENCE AND TECHNOLOGY AUTHORITY

MANAGEMENT’S DISCUSSION AND ANALYSIS (CONTINUED)

JUNE 30, 2025

LONG-TERM DEBT

At the year-end, the SDSTA had \$5,897,174 in other long-term obligations. This is a decrease of approximately 4% as shown below.

	2025	2024	Total Dollar Change	Total Percentage Change
Compensated Absences*	\$ 1,120,725	\$ 1,221,461	\$ (100,736)	-8.25%
Asset Retirement Obligation	1,655,259	1,590,404	64,855	4.08%
Xenon Notes Payable	3,121,190	3,121,190	-	0.00%
Total Long-Term Debt	\$ 5,897,174	\$ 5,933,055	\$ (35,881)	-4.17%

*Beginning balance as restated.

- 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 \$100,736 decrease in compensated absences is primarily due to implementation of Governmental Accounting Standards Board Statement No. 101: *Compensated Absences*, which requires an estimated usage accrual, along with pay rate increases. The Asset Retirement Obligation increased due to inflationary factors. Note (5) Long-Term Debt in the Notes to Financial Statements on page 16 details the activity for the period for compensated absences, asset retirement obligation and the xenon note payable.
- On December 19, 2024, 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 Accounts 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, 2025, 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 December 2023, 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 U.S. Department of Energy’s (DOE) Office of Science and the National Science Foundation (NSF) on support for physics. Previous P5 reports have played a key role in the evolution of SURF and its experiments to date.
- The SDSTA’s Board of Directors approved an operating budget of \$58,018,802 for fiscal year 2026. This includes \$36,931,033 for federal activities, \$2,076,992 for SDSTA supported activities, and \$19,010,777 for indirect functions.
- The SDSTA’s day-to-day operations are funded by DOE’s Office of Science through a Cooperative Agreement (CA). This established a direct relationship between the SDSTA and DOE. This CA was established in September 2019 for an initial five-year period at \$128 million. The CA was extended in September 2024 with a budget of \$208 million for five additional years of SURF operations. This award includes an initial \$15.6 million for Infrastructure Improvement Projects (IIPs).
- In October 2014, the DOE established the Long-Baseline Neutrino Facility (LBNF) / Deep Underground Neutrino Experiment (DUNE) Project, with strong international support, to build the largest science experiment ever attempted on U.S. soil. When operational, LBNF/DUNE will send neutrinos through the earth from Fermi National Accelerator Laboratory (Fermilab) in Batavia, Illinois, to the DUNE detectors located 4,850 feet underground at SURF in Lead, South Dakota. In September 2016, DOE formally approved plans for LBNF/DUNE construction at SURF. In February 2024, LBNF completed the excavation of 800,000 tons of rock to create large caverns to house DUNE. The current contract for the SDSTA’s support for the

SOUTH DAKOTA SCIENCE AND TECHNOLOGY AUTHORITY

MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)

JUNE 30, 2025

ECONOMIC FACTORS (continued)

LBNF/DUNE construction was replaced on August 15, 2024, to support the next phase of the LBNF/DUNE Project for the Building Site Infrastructure and Far Detector and Cryogenics Sub Projects and will end on December 31, 2026. We expect this work will continue through a contract extension or a new contract with the Fermi Forward Discovery Group (FFDG) who operates Fermilab and is leading the LBNF/DUNE Project. In May 2025, the SDSTA entered into an additional contract with FFDG to supply logistical and material transport services for managing the flow of materials in support of the LBNF/DUNE Building and Site Infrastructure (BSI) subproject. DOE support for professional engineering management services continues into FY2026 for this LBNF effort.

- Funding was received through Lawrence Berkeley National Laboratory (LBNL) and DOE in support of the LUX-ZEPLIN (LZ) physics experiment operations. These awards reimbursed the SDSTA for expenses incurred for materials and supplies as well as a percentage of the salaries of the SDSTA staff members directly supporting these projects. Support continues through FY2027 for LUX-ZEPLIN (LZ).
- Additional funding was received during the fiscal year from South Dakota School of Mines to support the Majorana Demonstrator experiment located at the 4850L Davis Campus. A portion of this program is currently being decommissioned in FY2026. The remaining experiment with SD Mines will continue. The CASPAR experiment funded by SD Mines was mothballed in April 2021, during the LBNF excavation. This experiment resumed in 2025.
- The SDSTA entered into a lease with Caterpillar (CAT) on September 15, 2020, for CAT to utilize 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. CAT will be developing and testing new mining related products to sell commercially. The base rent under the lease is \$150,000 per annum is considered "Program Income" by the DOE Cooperative Agreement.
- The SDSTA is compliant with all legal and environmental regulations.

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, 2025**

ASSETS

Current Assets

Cash in Local Bank and Petty Cash	\$ 1,926,534
Cash on Deposit with State Treasurer	10,791,798
Accounts Receivable	2,642,165
Interest Receivable	78,450
Prepaid Expenses	1,300,628
Inventory of Supplies & Warehouse	2,346,493
Total Current Assets	19,086,068

Noncurrent Assets

Xenon Purchased (Note 6)	8,687,833
Net Pension Asset (Note 7)	25,502
Land (Note 4)	1,974,147
Underground (Note 4)	29,574,711
Buildings, Machinery, Equipment, Infrastructure, & DOE Property Transferred (Net) (Note 4)	137,714,142
Total Noncurrent Assets	177,976,335

TOTAL ASSETS **197,062,403**

Deferred Outflows of Resources

Asset Retirement Obligation Deferred Outflows	1,016,674
Pension Related Deferred Outflows (Note 7)	4,845,088
Total Deferred Outflows of Resources	5,861,762

LIABILITIES

Current Liabilities

Accounts Payable	1,151,419
Accrued Wages and Benefits	921,416
Accrued Leave, Benefits (Note 5)	1,549,394
Insurance Loan Payable	292,100
Total Current Liabilities	3,914,329

Long-Term Liabilities

Accrued Leave, Benefits (Note 5)	1,120,725
Asset Retirement Obligation (Note 5)	1,655,259
Long-Term Xenon Notes Payable (Note 5)	3,121,190
Total Long-Term Liabilities	5,897,174

TOTAL LIABILITIES **9,811,503**

Deferred Inflows of Resources

Deferred Revenue	100,000
Pension Related Deferred Inflows (Note 7)	3,230,807
Total Deferred Inflows of Resources	3,330,807

NET POSITION

Invested in Capital Assets	169,263,000
Restricted for:	
Mine Closure	1,705,502
Experiments	521,463
Indemnification	7,500,000
Underground Expansion	65,768
Pension	1,639,783
Foundation	107,092
Unrestricted Net Position	8,979,248

TOTAL NET POSITION **\$ 189,781,856**

The accompanying notes are an integral part of this statement.

SOUTH DAKOTA SCIENCE AND TECHNOLOGY AUTHORITY

**STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION
FOR THE YEAR ENDED JUNE 30, 2025**

Operating Revenue	
Charges for Goods and Services	\$ 491,861
Operating Grants	44,405,262
Miscellaneous	144,112
Total Operating Revenue	45,041,235
Operating Expenses	
Personnel Services	25,900,476
Travel	461,157
Contractual Services	8,453,625
Supplies, Materials and Other Operating Expenses	3,316,619
Depreciation and Amortization Expense	5,344,391
Total Operating Expenses	43,476,268
Operating Income	1,564,967
Nonoperating Revenues (Expenses)	
Loss on Sale of Assets	(687,684)
Interest Revenue	420,152
Other Expense	(346,573)
Total Operating Expenses	(614,105)
Capital Grants and Contributions	54,276,361
Change in Net Position	55,227,223
Net Position - Beginning of Year, as previously reported	135,080,055
Adjustments (Note 2)	(525,422)
Net Position -- Beginning of Year, as restated	134,554,633
Net Position -- End of Year	\$ 189,781,855

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, 2025**

Cash Flows Provided by (used for) Operating Activities:

Other Operating Cash Receipts	\$	619,487
Cash Receipts from Operating Grants		45,051,147
Cash Payments to Employees for Services		(25,052,775)
Cash Payments to Suppliers of Goods and Services		(14,664,786)
Net Cash Provided by Operating Activities	\$	5,953,073

Cash Flows Used by Noncapital Financing Activities:

Insurance Loan Payments	\$	(424,391)
Interest/Insurance Paid on Xenon		(244,956)
Net Cash Used by Noncapital Financing Activities	\$	(669,347)

Cash Flows Used by Capital and Related Financing Activities:

Purchase of Capital Assets	\$	(12,843,176)
Net Cash Used by Capital and Related Financing Activities	\$	(12,843,176)

Cash Flows from Investing Activities:

Interest Earnings	\$	471,664
Net Cash Provided by Investing Activities	\$	471,664

Net Decrease in Cash and Cash Equivalents **\$ (7,087,787)**

Cash and Cash Equivalents at Beginning of Year 19,806,118

Cash and Cash Equivalents at End of Year **\$ 12,718,331**

Reconciliation of Operating Gain to Net Cash Provided by Operating Activities:

Operating Gain	\$	1,564,966
<i>Adjustments to Reconcile Operating Gain to Net Cash Provided by Operating Activities:</i>		
Depreciation & Amortization Expense		5,344,391
<i>Change in Assets and Liabilities:</i>		
Receivables		629,398
Prepaid Expenses		38,018
Inventory		73,262
Net Pension Asset		35,209
Decrease in Deferred Outflow of Resources - Pension		406,070
Increase Deferred Inflow if Resources - Pension		185,370
Increase in ARO		64,855
Accounts and Other Payables		(2,609,519)
Accrued Wages Payable		57,350
Accrued Leave Payable		163,702
Net Cash Provided by Operating Activities	\$	5,953,072

Continued on next page

SOUTH DAKOTA SCIENCE AND TECHNOLOGY AUTHORITY

**STATEMENT OF CASH FLOWS (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2025**

Cash and Cash Equivalents:

Cash in Local Bank	\$	1,925,484
Petty Cash		1,050
Cash with State Treasurer		10,791,798
Total Cash and Cash Equivalents	\$	12,718,332

Non-Cash Capital and Related Financing Activities:

Loss on Disposal of Assets	\$	(697,436)
Donated Capital Assets		(54,276,361)
Donated Inventory of Supplies		(29)
Total Non-Cash Activities	\$	(54,973,826)

The accompanying notes are an integral part of this statement.

SOUTH DAKOTA SCIENCE AND TECHNOLOGY AUTHORITY

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2025

(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 purpose 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 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 blended component unit of the SDSTA (Note 14). 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 uses 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 uses the economic resources measurement focus and 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, 2025

(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 Fund 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	\$ 10,000	Straight-line	10-50 yrs.
Infrastructure	10,000	Straight-line	25-50 yrs.
Buildings	10,000	Straight-line	10-50 yrs.
Automobiles, Furniture, Machinery and Equipment	10,000	Straight-line	2-75 yrs.

f. Revenue and Expense Classifications

In the Statement of Revenues, Expenses, and Changes in Fund 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 primarily from the Department of Energy 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 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, 2025

(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. Compensated Absences

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 from 4-8 years of service, and 7.69 hours earned after 8 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

We evaluated all current leases to determine if they meet the GASB 87 definition of a lease. For those that did meet the definition of a lease, we concluded they were immaterial for reporting in FY2025. We will analyze this each fiscal year.

m. Asset Retirement Obligation

We report an asset retirement obligation (see note 5). This cost will be evaluated each fiscal year and updated for any changes.

n. Subscription Based Information Technology Arrangements (SBITA's)

We evaluated all current information technology contracts to determine if they meet the GASB 96 definition of a SBITA. For those that did meet the definition of a SBITA, we concluded they were immaterial for reporting in FY2025. We will analyze this each fiscal year.

o. Adoption of New Standard

As of July 1, 2024, the SDSTA adopted GASB Statement No. 101, *Compensated Absences*. The provision of this standard modernizes the types of leave that are considered a compensated absence and provides guidance for a consistent recognition and measurement of the compensated absence liability. The effect of the implementation of this standard on beginning net position is disclosed in Note 2.

SOUTH DAKOTA SCIENCE AND TECHNOLOGY AUTHORITY

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2025

(2) Accounting Changes, Restatements, and Reclassifications

Change in Accounting Principle

As of July 1, 2024, the SDSTA adopted GASB Statement, 101, *Compensated Absences*. Compensated absences current portion and compensated absences noncurrent portion were increased by \$525,422, respectively as of July 1, 2024. The effect of this change on net position is described in the table below.

	July 1, 2024 As Previously Reported	Change in Accounting Principle	July 1, 2024 As Restated
Government - Wide			
Business -Type Activities	\$ 135,080,055	\$ (525,422)	\$ 134,554,632
Total Primary Government	<u>\$ 135,080,055</u>	<u>\$ (525,422)</u>	<u>\$ 134,554,632</u>

(3) 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.

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, 2025.

SOUTH DAKOTA SCIENCE AND TECHNOLOGY AUTHORITY

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2025

(4) Changes in Capital Assets

A summary of changes in capital assets for the year ended June 30, 2025, is as follows:

	Balance June 30, 2024	Increases	Decreases	Balance June 30, 2025
Business-Type Activities:				
Capital Assets, not Being Depreciated:				
Land	\$ 1,974,147	\$ -	\$ -	\$ 1,974,147
Underground	17,936,955	11,637,756	-	29,574,711
Archive Materials	70,000	-	-	70,000
Construction Work in Progress (CIP) (see Note 10)	17,646,809	12,923,024	20,008,122	10,561,711
Total Capital Assets, not Being Depreciated	37,627,911	24,560,780	20,008,122	42,180,569
Capital Assets, Being Depreciated:				
DOE Property Transferred	10,322,592	46,215,786	447,733	56,090,645
Automobiles	718,659	-	-	718,659
Buildings	17,329,639	-	-	17,329,639
Furniture	67,298	-	-	67,298
Computer Equipment	366,435	28,061	65,755	328,741
Improvements	56,124,418	336,662	-	56,461,080
Infrastructure	1,885,943	-	-	1,885,943
Machinery and Equipment	9,397,809	16,966,261	638,218	25,725,852
Total Capital Assets, Being Depreciated	96,212,793	63,546,770	1,151,706	158,607,857
Total Capital Assets, Before Depreciation	133,840,704	88,107,550	21,159,828	200,788,426
Less Accumulated Depreciation:				
DOE Property Transferred	1,445,340	1,919,944	212,618	3,152,666
Automobiles	282,975	91,687	-	374,662
Buildings	3,270,966	361,563	-	3,632,529
Computer Equipment	327,181	25,779	65,753	287,207
Furniture	67,298	-	-	67,298
Improvements	14,412,195	1,372,603	-	15,784,798
Infrastructure	619,914	50,110	-	670,024
Machinery and Equipment	6,382,520	1,485,050	311,327	7,556,243
Total Accumulated Depreciation	26,808,389	5,306,736	589,698	31,525,427
Capital Assets, Net	\$ 107,032,315	\$ 82,800,814	\$ 20,570,130	\$ 169,262,999

On July 1, 2024 the SDSTA received a property donation from the Department of Energy resulting in additional \$34,776,361 of capital assets. These donated assets were comprised of upgrades to the steel in the Ross Shaft, the Ross Hoist, skip, and headframe repairs and reinforcements. Along with this donation, on July 19, 2024, Sanford Underground Research Facility Foundation received a charitable donation from Thyssen Mining Inc. of the Rock Conveyor System with an appraised value of \$16,500,000.

SOUTH DAKOTA SCIENCE AND TECHNOLOGY AUTHORITY

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2025

(5) 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*	\$ 2,442,922	\$ 227,196		\$ 2,670,119	\$ 1,549,394
Asset Retirement Obligation	1,590,404	64,855	-	1,655,259	-
Xenon Notes Payable	3,121,190	-	-	3,121,190	-
	<u>\$ 7,154,516</u>	<u>\$ 292,051</u>	<u>\$ -</u>	<u>\$ 7,446,568</u>	<u>\$ 1,549,394</u>

* The roll-forward schedule only reports the net change in the compensated absences liability with beginning balance as restated.

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 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 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 13 year, unsecured non recourse loans with 2.5% simple interest paid quarterly. The SDCF note is due on October 1, 2028. The SDSUF and USDF notes are due December 31, 2028.

Also see Note 8. \$ 3,121,190

The annual requirements to amortize long-term debt outstanding as of June 30, 2025, are as follows:

	Xenon Notes Payable	
	Interest	Principal
2026	78,030	-
2027	78,030	-
2028	78,030	-
2029	32,780	3,121,190
Total	<u>\$ 266,870</u>	<u>\$ 3,121,190</u>

SOUTH DAKOTA SCIENCE AND TECHNOLOGY AUTHORITY

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2025

(5) Long-Term Debt (Continued)

Asset Retirement Obligation (ARO)

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:

SDSTA Estimate: SURF Site Closure Cost		
Project 1.	Shutdown Dewatering System	\$ 20,449
Project 2.	Secure Surface to UG Access Points	125,762
Project 3.	Remove Underground Hazardous Materials	174,500
Project 4.	Underground Inspection/Documentation	267,778
Project 5.	Utility Reduction	9,088
Project 6.	Secure Surface Area(s) and Building	124,449
Project 7.	Secure Yates Shaft Entrance	125,720
Project 8.	Secure Ross Shaft Entrance	125,720
Project 9.	Secure Oro Hondo Shaft Entrance	85,680
Project 10.	Secure 5 Shaft Entrance	148,481
Project 11.	Remove Hoists from Service	32,458
Project 12.	Remove Hazardous Material from Surface	84,121
	Contingency	331,052
Grand Total		\$ 1,655,258

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 \$1,705,502.

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.

SOUTH DAKOTA SCIENCE AND TECHNOLOGY AUTHORITY

**NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2025**

(6) Xenon

Xenon on hand is valued at a purchase cost per liter with additional freight, customs, and analysis charges. Total Xenon purchased to date is \$8,687,833 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
2023	(45,274)	(246,517)	5.89/liter
Total on Hand	1,475,021	\$8,687,833	\$ 5.89/liter

Xenon gas is used in science experiments in a closed containment system which does not deplete liters on hand.

(7) 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). SDRS is a hybrid defined benefit plan designed with several defined contribution plan type provisions and is administered by SDRS to provide retirement benefits for employees of the State of South Dakota and its political subdivisions. The SDRS provide retirement, disability, and survivor benefits. 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://sdrs.sd.gov/publications.aspx> or by writing to the SDRS, P.O. Box 1098, Pierre, SD 57501-1098 or by calling (605) 773-3731.

Benefits Provided:

SDRS has four classes of members: Class A general members, class B public safety and judicial members, Class C Cement Plant Retirement Fund members, and Class D Department of Labor and Regulation 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. Class A and B eligible spouses of foundation members will receive a 60 percent joint survivor benefit when the member dies.

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.

SOUTH DAKOTA SCIENCE AND TECHNOLOGY AUTHORITY

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2025

(7) Retirement/Pension Plan (Continued)

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.

Legislation enacted in 2021 reduced the minimum COLA from 0.5 percent to 0.0 percent.

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

Contributions:

Per SDCL 3-12, 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, 2025, 2024, and 2023, equal to required contributions each year, were as follows: \$1,100,499, \$1,060,468, and \$962,630, respectively.

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

As of June 30, 2024, SDRS is 100.1% 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, 2024, and reported by the SDSTA as of June 30, 2025, are as follows:

Proportionate share of pension liability	\$ 93,984,152
Less Proportionate share of net pension restricted for pension benefits	94,009,654
Proportionate share of net pension liability (asset)	\$ (25,502)

At June 30, 2025, the SDSTA reported a liability (asset) of \$ (25,502) for its proportionate share of the net pension liability (asset). The net pension liability (asset) was measured as of June 30, 2024, 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, 2024, the SDSTA's proportion was 0.62999400% which is an increase of 0.0079870% from its proportion measured as of June 30, 2023.

SOUTH DAKOTA SCIENCE AND TECHNOLOGY AUTHORITY

**NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2025**

(7) Retirement/Pension Plan (Continued)

For the year ended June 30, 2025, the SDSTA recognized pension expense of \$626,649. At June 30, 2025, 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.	\$ 2,361,501	\$ -
Changes in assumption.	420,453	3,204,929
Net Difference between projected and actual earnings on pension plan investments.	960,594	-
Changes in proportion and difference between SDSTA contributions and proportionate share of contributions.	2,041	25,878
SDSTA contributions subsequent to the measurement date.	1,100,499	-
TOTAL	<u>\$ 4,845,088</u>	<u>\$ 3,230,807</u>

\$1,100,499 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, 2026. 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:

2026	\$ (904,004)
2027	1,221,748
2028	120,340
2029	<u>75,698</u>
TOTAL	<u>\$ 513,782</u>

Actuarial Assumptions:

The total pension liability (asset) in the June 30, 2024, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.5 %
Salary Increases	Graded by year of service, from 7.66% at entry to 3.15% after 25 years of service.
Discount Rate	6.50% net of plan investment expense. This is composed of an average inflation rate of 2.50% and real returns of 4.00%
Future COLAs	1.71%

All mortality rates are based on Pub-2010 amount-weighted mortality tables, projected generationally with improvement scale MP-2020.

SOUTH DAKOTA SCIENCE AND TECHNOLOGY AUTHORITY

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2025

(7) Retirement/Pension Plan (Continued)

Active and Terminated Vested Members:

Teachers, Certified Regents, and Judicial: PubT-2010

Other Class A Members: PubG-2010

Public Safety Members: PubS-2010

Retired Members:

Teachers, Certified Regents, and Judicial Retirees: PubT-2010, 108% of rates above age 65

Other Class A Retirees: PubG-2010, 93% of rates through age 74, increasing by 2% per year until 111% of rates at age 83 and above.

Public Safety Retirees: PubS-2010, 102% of rates at all ages

Beneficiaries:

PubG-2010 contingent survivor mortality table

Disabled Members:

Public Safety: PubS-2010 disabled member mortality table

Others: PubG-2010 disabled member mortality table

The actuarial assumptions used in the June 30, 2024, valuation was based on the results of an actuarial experience study for the period of July 1, 2016, to June 30, 2021.

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, 2024 (see the discussion of the pension plan's investment policy) are summarized in the following table using geometric means:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Public Equity	56.3%	3.6%
Investment Grade Debt	22.8%	2.3%
High Yield Debt	7.0%	2.8%
Real Estate	12.0%	4.0%
Cash	1.9%	0.8%
Total	<u>100%</u>	

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).

SOUTH DAKOTA SCIENCE AND TECHNOLOGY AUTHORITY

**NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2025**

(7) Retirement/Pension Plan (Concluded)

Sensitivity of (asset) 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)	\$12,958,736	\$ (25,502)	\$(10,650,653)

Pension Plan Fiduciary Net Position:

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

(8) 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, 2025, 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 Rounds Operation Center and the SLHVC is covered by commercial insurance.

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, 2025, through January 1, 2026, the SDSTA continued to purchase workers’ compensation through a commercial insurance carrier. Settled claims resulting from these risks have not exceeded the liability coverage during the past three years.

SOUTH DAKOTA SCIENCE AND TECHNOLOGY AUTHORITY

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2025

(8) Risk Management (Continued)

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.

(9) 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 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 the SLHVC and the Jonas Science Building renovation costs, it was not possible to undertake the upgrades to the Yates Dry Building. 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. Remediation of the property was completed in November 2017.

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 fiscal years 2025 and 2024 were \$174,471 and \$225,078, respectively. Revenue was lower in 2025 due to decreased pumping activities. 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 fiscal year 2026 are at \$225,000.

SOUTH DAKOTA SCIENCE AND TECHNOLOGY AUTHORITY

NOTES TO FINANCIAL STATEMENTS (CONTINUED) JUNE 30, 2025

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

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.

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 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 1,475,021 liters of xenon are on hand for experiment use. The processed xenon has all been received at SURF and is being used in the LZ experiment.

On December 19, 2024, 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, 2025, at which time we will renew for another one-year term. As of October 2, 2025, this line of credit was increased by \$3,000,000 to \$8,000,000.

On July 19, 2024, Sanford Underground Research Facility Foundation received a charitable donation from Thyssen Mining Inc. of the Rock Conveyor System with an appraised value of \$16,500,000. This asset will be transferred to the SDSTA on January 1, 2028.

The SDSTA is reliant on Department of Energy funding to continue operations. Due to this concentration, cash flow is vulnerable to government shutdowns. The above-noted line of credit has been increased to ensure continued operations through these events.

SOUTH DAKOTA SCIENCE AND TECHNOLOGY AUTHORITY

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2025

(10) Significant Contingencies - Litigation

At June 30, 2025, the SDSTA was engaged in no lawsuits.

(11) Construction Work in Process

The SDSTA accumulates the costs of construction projects in Construction Work in Progress until the project is completed and/or placed in service. Some of the ongoing improvement projects are capitalized as they progress. As of June 30, 2025, construction work in progress was at \$10,561,711.

(12) Continuing Operations

On September 30, 2019, the SDSTA transitioned to a five-year Cooperative Agreement, with a five-year extension effective September 29, 2024, totaling \$208,000,000 with the DOE's Office of Science – Integrated Support Center. SDSTA has been awarded \$32,761,374 in Infrastructure Improvement Projects (IIPs) with \$31,403,445 spent through FY2025; \$4,257,382 has been budgeted in FY2026. The federal fiscal year 2026 proposed operating budget is \$33,742,618.

LBNF/DUNE Logistics Support Services was renewed in August 2024 and will continue with Fermi Forward Discovery Group through December 31, 2026, to include general site services through September 30, 2026, and Bullgang operations through May 31, 2026. Additionally, SDSTA support for the LZ experiment operations through a DOE grant have been extended to February 2026.

(13) Related Party Transactions

None at time of issuance.

SOUTH DAKOTA SCIENCE AND TECHNOLOGY AUTHORITY

**NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2025**

(14) Blended Component Unit Condensed Financial Information

**SANFORD UNDERGROUND RESEARCH FACILITY FOUNDATION
CONDENSED STATEMENT OF NET POSITION
JUNE 30, 2025**

ASSETS

Current Assets

Cash in Local Bank	\$	107,091
Contributions Receivable		100,000
Total Current Assets		207,091

Noncurrent Assets (Net) (Note 4)	\$	15,400,000
---	-----------	-------------------

TOTAL ASSETS	\$	15,607,091
---------------------	-----------	-------------------

Deferred Inflows of Resources	\$	100,000
--------------------------------------	-----------	----------------

NET POSITION

Restricted for:

Davis-Bachall	\$	15,000
Interns		43,620
Public Outreach		47,902
Restricted for Capital Assets		15,400,000
The Institute for Underground Science at SURF		300
Unrestricted Net Position		269

TOTAL NET POSITION	\$	15,507,091
---------------------------	-----------	-------------------

**CONDENSED STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
JUNE 30, 2025**

Restricted Revenue

Garden	\$	968
Donation of Asset		16,500,000
Interns		19,192
Public Outreach		58,898
STEM Education		214
Institute for Underground Science		600
Miscellaneous and Unrestricted Revenue		8,055

Total Revenue		16,587,927
----------------------	--	-------------------

Expenses

Depreciation Expense	\$	1,100,000
Payments to Primary Government		58,512

Total Expenses		1,158,512
-----------------------	--	------------------

Change in Net Position		15,429,415
-------------------------------	--	-------------------

Net Position -- Beginning of Year		77,676
--	--	---------------

Net Position -- End of Year	\$	15,507,091
------------------------------------	-----------	-------------------

**CONDENSED STATEMENT OF CASH FLOWS
JUNE 30, 2025**

Cash Provided by (used for) Operating Activities

Cash Received from Donations	\$	87,927
Cash Payments for Operating Activities		(58,512)
Net Decrease in Cash and Cash Equivalents		29,415

Cash and Cash Equivalents at Beginning of Year		77,676
--	--	--------

Cash and Cash Equivalents at End of Year	\$	107,091
--	-----------	----------------

REQUIRED SUPPLEMENTARY INFORMATION OTHER THAN MD&A

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

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

South Dakota Retirement System

Last 10 Fiscal Years *

Fiscal Year	SDSTA's Proportion of the Net Pension Liability/Asset	SDSTA's Proportionate Share of the Net Pension Liability/(Asset)	SDSTA'S Covered Payroll	SDSTA's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered Payroll	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability (Asset)
2025	0.629994%	\$ (25,502)	\$ 17,195,333	0.15%	100.00%
2024	0.622007%	\$ (60,711)	\$ 15,829,925	0.38%	100.10%
2023	0.614540%	\$ (58,078)	\$ 14,431,476	0.40%	100.10%
2022	0.617704%	\$ (4,730,555)	\$ 13,727,913	34.46%	105.52%
2021	0.566589%	\$ (24,607)	\$ 12,193,592	0.20%	100.04%
2020	0.494948%	\$ (52,451)	\$ 10,237,119	0.51%	100.09%
2019	0.444463%	\$ (10,366)	\$ 8,995,983	0.12%	100.02%
2018	0.488166%	\$ (44,302)	\$ 9,596,007	0.46%	100.10%
2017	0.502736%	\$ 1,698,193	\$ 9,256,007	18.35%	96.89%
2016	0.508909%	\$ (2,158,428)	\$ 9,042,866	23.87%	104.10%

* 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.

SCHEDULE OF THE AUTHORITY CONTRIBUTIONS

South Dakota Retirement System

Last 10 Fiscal Years

Fiscal Year	Contractually Required Contribution	Contributions in Relation to the Contractually Required Contribution	Contribution Deficiency (Excess)	Covered Payroll	Contributions as a Percentage of Covered Payroll
2025	\$ 1,100,499	\$ 1,100,499	\$ -	\$ 17,750,795	6.20%
2024	\$ 1,060,468	\$ 1,060,468	\$ -	\$ 17,195,333	6.17%
2023	\$ 962,630	\$ 962,630	\$ -	\$ 15,829,925	6.08%
2022	\$ 880,457	\$ 880,457	\$ -	\$ 14,431,476	6.10%
2021	\$ 841,062	\$ 841,062	\$ -	\$ 13,727,913	6.13%
2020	\$ 746,095	\$ 746,095	\$ -	\$ 12,193,592	6.12%
2019	\$ 631,417	\$ 631,417	\$ -	\$ 10,237,119	6.17%
2018	\$ 554,398	\$ 554,398	\$ -	\$ 8,995,983	6.16%
2017	\$ 595,112	\$ 595,112	\$ -	\$ 9,596,007	6.20%
2016	\$ 573,626	\$ 573,626	\$ -	\$ 9,256,007	6.20%

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

Changes from Prior Valuation

The June 30, 2024, Actuarial Valuation reflects no changes to the plan provisions or actuarial methods and one change to the actuarial assumptions from June 30, 2023, Actuarial Valuation.

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

Benefit Provision Changes

During the 2024 Legislative Session no significant SDRS benefit changes were made.

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% and no greater than 3.5%. However, if the Fair Value Funded Ratio (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%.

As of June 30, 2023, the FVFR assuming the long-term COLA is equal to the baseline COLA assumption (2.25%) was less than 100% and the July 2024 SDRS COLA was limited to a restricted maximum of 1.91%. For the June 30, 2023 Actuarial Valuation, future COLAs were assumed to equal the restricted maximum COLA assumption of 1.91%.

As of June 30, 2024, the FVFR assuming future COLAs equal to the baseline COLA assumption of 2.25% is again less than 100% and the July 2025 SDRS COLA is limited to a restricted maximum of 1.71%. The July 2025 SDRS COLA will equal inflation, between 0% and 1.71%. For this June 30, 2024, Actuarial Valuation, future COLAs were assumed to equal the restricted maximum COLA of 1.71%.

Actuarial assumptions are reviewed for reasonableness annually and reviewed in depth periodically, with the next experience analysis anticipated before the June 30, 2027, Actuarial Valuation and any recommended changes approved by the Board of Trustees are anticipated to be first implemented in the June 30, 2027 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, 2025**

Personnel Services	
Employee Salaries	\$ 15,616,027
Employee Benefits	10,284,449
Total Personal Services	25,900,476
Contractual Services	
Equipment Rental	142,122
Contractual - Other	2,042,745
Insurance	1,793,049
Lobbying	244,450
Computer Services	9,544
Telecommunications	148,278
Monitoring and Programming	41,327
Legal Consultant	62,346
Training	70,043
Consultant Fees - Accounting and Auditing	67,028
Promotion and Advancement	53,168
Dues and Memberships	88,814
Utilities	2,489,589
Maintenance and Repairs	1,201,124
Total Contractual Services	8,453,627
Supplies, Materials, Travel and Other Operating Expenses	
Supplies and Equipment	2,317,433
Information Technology Supplies & Fees	798,457
Other Expenses	64,855
Office Supplies and Equipment	26,986
Licenses and Permits	54,849
Workshop and Registration Fees	51,377
Travel	461,157
Bank Charges	2,662
Total Supplies, Materials and Other Operating Expenses	3,777,776
Depreciation and Amortization Expense	5,344,391
Total Operating Expenses	\$ 43,476,270

SOUTH DAKOTA SCIENCE AND TECHNOLOGY AUTHORITY

**SUPPLEMENTAL SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2025**

	Pass-Through Numbers	Federal AL Number	Amount
<i>National Science Foundation</i>			
Pass-Through Black Hills State Universtiy STEM Education - K-12 Teacher Professional Development Support	CT004853	41.076	\$ 26,301
<i>National Science Foundation</i>			
Pass-Through Black Hills State Universtiy STEM Education - SURF Education & Outreach Professioanl Development	CT004854	41.076	\$ 3,676
<i>National Science Foundation</i>			
Pass-Through Black Hills State Universtiy STEM Education - Collaborative Reseach: E-CORE	2412055	41.076	\$ 60,156
<i>National Science Foundation</i>			
Pass-Through South Dakota School of Mines & Technology CASPAR Project	UA-20150201-Rev2	47.049	\$ 281
<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	\$ 96,450
<i>U.S. Department of Energy</i>			
Pass-Through Fermi National Accelerator Laboratory SURF(Sanford Underground Research Facility)LBNF/DUNE Support	674969	81.UNKNOWN	\$ 692,893
<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	\$ 254,582
<i>U.S. Department of Energy</i>			
Pass-Through Fermi National Accelerator Laboratory SURF(Sanford Underground Research Facility)LBNF Bull Gang	724345	81.UNKNOWN	\$ 178,327
<i>U.S. Department of Energy</i>			
Pass-Through Fermi National Accelerator Laboratory SURF(Sanford Underground Research Facility)LBNF BSI Logs Support	713179	81.UNKNOWN	\$ 3,285,604
<i>U.S. Department of Energy</i>			
Pass-Through Fermi National Accelerator Laboratory SURF(Sanford Underground Research Facility)LBNF Electrical Study	711513	81.UNKNOWN	\$ 56,472
<i>U.S. Department of Energy</i>			
Pass-Through Fermi National Accelerator Laboratory SURF(Sanford Underground Research Facility)LBNF Misc. Engineering	717402	81.UNKNOWN	\$ 47,185
<i>U.S. Department of Energy</i>			
Pass-Through Fermi National Accelerator Laboratory SURF(Sanford Underground Research Facility)LBNF General Site Services	711484	81.UNKNOWN	\$ 240,544
<i>U.S. Department of Energy</i>			
Pass-Through Battelle Memorial Institute, Pacific Northwest Division Development, Monitoring, and Control of Fracture Thermal Energy Storage in Crystalline Rock (DEMO-FTES)	700997	81.UNKNOWN	\$ 34,789
<i>U.S. Department of Energy</i>			
Office of Science - Chicago Office of Acquisition/Assistance	HEBYAQ8MUEU3	81.049	\$ 39,633,339
<i>U.S. Department of Energy</i>			
Office of Science - Chicago Office of Acquisition/Assistance	HEBYAQ8MUEU3	81.049	\$ 922,662
<i>National Nuclear Security Administration</i>			
Pass-Through South Dakota School of Mines & Technology Small Business Technology Transfer Program	CT008480	81.RD	\$ 31,050
<i>National Nuclear Security Administration</i>			
Pass-Through South Dakota School of Mines & Technology Small Business Technology Transfer Program	CT005350	81.RD	\$ 9,712
<i>National Aeronautics & Space Administration</i>			
Pass-Through South Dakota School of Mines & Technology South Dakota Space Grant Consortium	SDSMT-SDSTA 21-19	43.008	\$ 6,454
Total			\$ 45,580,477

Note: The schedule of expenditures of federal awards is presented on the cash basis of accounting.

Page intentionally
blank

Financial Report—CFO Terry Miller

The Financial Report includes the following:

6A. Financial Summaries for January 2025, *attached. (see suggested motion below)*

6B. Consider authorization of a budget increase to include FY26 Federal appropriations funds for SURF Operations.

See suggested motion below.

Recommended Action:

6A. Motion to accept the financial report as presented.

6B. Motion to amend the FY2026 budget to include additional federal appropriations funds under the FY2026 Department of Energy (DOE) appropriation for SURF infrastructure improvements, as presented.

Page intentionally
blank

DIVISION: ALL

BALANCE SHEET

ASSETS

	AS OF
	01/31/26

CURRENT ASSETS	
First Interstate Checking	\$ 2,165,416.74

Total in Local Checking	2,165,416.74
SD Treas: Indemnification	7,500,000.00
SD Treas: Mine Closure	1,700,093.84
SD Treas: Operating	465,626.05
SD Treas: SB35 Appropriation	-
SD Treas: Experiments	460,928.65

Total with SD Treasurer	10,126,648.54
Billed A/R	1,147,033.95
Unbilled A/R	1,238,418.08
Other A/R	242,418.83
Inventory - Supplies	2,304,320.06
Inventory - Warehouse	326,536.35
Other Current Assets	1,788,016.97

Total Current Assets	19,338,809.52
FIXED ASSETS	
Land, Underground & Other	12,793,484.40
Bldgs & Infrastructure	19,215,582.35
Improvements	75,753,792.11
Work in Progress	772,961.26
Computer Equipment	328,740.71
Equipment & Fixtures	9,861,614.44
DOE Property Transfer	65,493,086.16
Accum Depr & Amort	(28,555,018.91)
DOE Prop. Accum Deprec.	(4,755,448.51)

Total Fixed Assets	150,908,794.01
OTHER ASSETS	
Asset Retirement Obligation Deferred Outflows	1,129,637.92
Asset Retirement Obligation Accumulated Depr.	(112,963.80)
Pension Deferred Outflows	4,870,590.39
Xenon Purchased	8,687,833.46

Total Other Assets	14,575,097.97
TOTAL ASSETS	
	=====
	\$ 184,822,701.50
	=====

DIVISION: ALL

BALANCE SHEET

LIABILITIES & EQUITY

	AS OF
	01/31/26

CURRENT LIABILITIES	
Accounts Payable	\$ 993,977.70
Other Payables	731,605.75

Total Accounts Payable	1,725,583.45
Accrued Payroll Liab	3,604,879.23

Total Current Liabilities	5,330,462.68
OTHER LIABILITIES	
LT Xenon Notes Payable	3,121,190.01
Pension Deferred Inflows	3,230,807.47
Asset Retirement Obligation	1,655,259.24

Total Other Liabilities	8,007,256.72
EQUITY	
Restricted: Indemnification	7,500,000.00
Restricted: SB35 Appropriation	-
Restricted: Mine Closure	1,700,093.84
Restricted: Pension	1,639,782.92
Restricted: Experiment. Int.	460,928.65

Total Restricted Funds	11,300,805.41
Investment in Gen FA	150,908,794.01
Unrestricted Funds	9,275,382.68

Total Equity	171,484,982.10
	=====
TOTAL LIABILITIES & EQUITY	\$ 184,822,701.50
	=====

ALL

STATEMENT OF INCOME

FOR THE PERIOD ENDING 1/31/2026

	YR-TO-DATE

REVENUE	
DOE Subcontracts	\$ 22,669,118.50
Checking Interest	2,450.12
Interest Income	122,794.00

TOTAL REVENUE	22,794,362.62
DIRECT COSTS	
Direct Labor	6,538,984.77
Board of Directors	11,451.98
Capital Outlay >\$5K	86,459.51
Contractual Svcs	2,174,791.15
Inventory	193,260.97
Supplies	1,027,672.97
Travel - Domestic	42,210.83
Travel - Foreign	6,593.57
Utilities	1,358,710.20
Other Direct Costs	129,963.84
Unallow/Unbill Costs	125,622.05

TOTAL DIRECT COSTS	11,695,721.84
INDIRECT COSTS	
Fringe Benefits	5,895,265.24
Overhead	6,792,703.22

TOTAL INDIRECT COSTS	12,687,968.46

GROSS PROFIT/LOSS ()FROM OPERATIONS	(1,589,327.68)

OTHER INCOME	
Water Treatment	108,592.70
Miscellaneous Income	7,839.04
Other Operating Income	74,420.94

TOTAL OTHER INCOME	190,852.68
OTHER EXPENSES	
Misc. Expenses & Donations	(287,780.20)
Loss (Gain) on Sale of FA	67,472.47
Other Unallowable Expense	1,611,615.24
Reclass Incr Net Assets	(2,954,206.45)

TOTAL OTHER EXPENSES	(1,562,898.94)
	=====
NET INCOME/LOSS ()	\$ 164,423.94
	=====

DIVISION: ALL

COMPARATIVE BALANCE SHEET

ASSETS

	AS OF 01/31/26	AS OF 01/31/25	\$ CHANGE	% CHANGE
CURRENT ASSETS				
First Interstate Checking	\$ 2,165,416.74	\$ 1,734,127.62	\$ 431,289.12	24.87%
Total in Local Checking	2,165,416.74	1,734,127.62	431,289.12	24.87%
SD Treas: Indemnification	7,500,000.00	7,500,000.00	-	0.00%
SD Treas: Mine Closure	1,700,093.84	1,631,104.50	68,989.34	4.23%
SD Treas: Operating	465,626.05	1,275,910.58	(810,284.53)	-63.51%
SD Treas: SB35 Appropriation	-	241,161.70	(241,161.70)	100.00%
SD Treas: Experiments	460,928.65	516,269.79	(55,341.14)	-10.72%
Total with SD Treasurer	10,126,648.54	11,164,446.57	(1,037,798.03)	-9.30%
Billed A/R	1,147,033.95	1,665,404.96	(518,371.01)	-31.13%
Unbilled A/R	1,238,418.08	989,545.04	248,873.04	25.15%
Other A/R	242,418.83	428,542.58	(186,123.75)	-43.43%
Inventory - Supplies	2,304,320.06	2,135,473.49	168,846.57	7.91%
Inventory - Warehouse	326,536.35	398,291.88	(71,755.53)	-18.02%
Other Current Assets	1,788,016.97	1,587,893.78	200,123.19	12.60%
Total Current Assets	19,338,809.52	20,103,725.92	(764,916.40)	-3.80%
FIXED ASSETS				
Land, Underground & Other	12,793,484.40	12,793,484.40	-	0.00%
Bldgs & Infrastructure	19,215,582.35	19,215,582.35	-	0.00%
Improvements	75,753,792.11	63,312,036.57	12,441,755.54	19.65%
Work In Progress	772,961.26	11,548,590.23	(10,775,628.97)	-93.31%
Computer Equipment	328,740.71	394,495.88	(65,755.17)	-16.67%
Equipment & Fixtures	9,861,614.44	9,873,301.85	(11,687.41)	-0.12%
DOE Property Transfer	65,493,086.16	18,313,829.22	47,179,256.94	257.62%
Accum Depr & Amort	(28,555,018.91)	(26,411,742.13)	(2,143,276.78)	8.11%
DOE Prop. Accum Deprec.	(4,755,448.51)	(1,896,479.17)	(2,858,969.34)	150.75%
Total Fixed Assets	150,908,794.01	107,143,099.20	43,765,694.81	40.85%
OTHER ASSETS				
Asset Retirement Obligation Deferred Outflows	1,129,637.92	1,129,637.92	-	0.00%
Asset Retirement Obligation Accumulated Depr.	(112,963.80)	(75,309.20)	(37,654.60)	100.00%
Pension Deferred Outflows	4,870,590.39	5,311,868.62	(441,278.23)	-8.31%
Xenon Purchased	8,687,833.46	8,687,833.46	-	0.00%
Total Other Assets	14,575,097.97	15,054,030.80	(478,932.83)	-3.18%
TOTAL ASSETS	\$ 184,822,701.50	\$ 142,300,855.92	\$ 42,521,845.58	29.88%

DIVISION: ALL

COMPARATIVE BALANCE SHEET

LIABILITIES & EQUITY

	AS OF 01/31/26	AS OF 01/31/25	\$ CHANGE	% CHANGE
CURRENT LIABILITIES				
Accounts Payable	\$ 993,977.70	\$ 1,540,082.79	(546,105.09)	-35.46%
Other Payables	731,605.75	651,148.54	80,457.21	12.36%
	-----	-----	-----	-----
Total Accounts Payable	1,725,583.45	2,191,231.33	(465,647.88)	-21.25%
Accrued Payroll Liab	3,604,879.23	2,430,404.98	1,174,474.25	48.32%
	-----	-----	-----	-----
Total Current Liabilities	5,330,462.68	4,621,636.31	708,826.37	15.34%
OTHER LIABILITIES				
LT Xenon Notes	3,121,190.01	3,121,190.01	-	0.00%
Pension Deferred Inflows	3,230,807.47	3,045,436.77	185,370.70	6.09%
Asset Retirement Obligation	1,655,259.24	1,590,404.24	64,855.00	4.08%
	-----	-----	-----	-----
Total Other Liabilities	8,007,256.72	7,757,031.02	250,225.70	3.23%
	-----	-----	-----	-----
TOTAL LIABILITIES	13,337,719.40	12,378,667.33	959,052.07	7.75%
EQUITY				
Restricted: Indemnificati	7,500,000.00	7,500,000.00	-	0.00%
Restricted: SB35 Appropriation	-	241,161.70	(241,161.70)	100.00%
Restricted: Mine Closure	1,700,093.84	1,631,104.50	68,989.34	4.23%
Restricted: Pension	1,639,782.92	2,266,431.85	(626,648.93)	-27.65%
Restricted: Experim. Int.	460,928.65	516,269.79	(55,341.14)	-10.72%
	-----	-----	-----	-----
Total Restricted Funds	11,300,805.41	12,154,967.84	(854,162.43)	-7.03%
Investment in Gen FA	150,908,794.01	107,143,099.20	43,765,694.81	40.85%
Unrestricted Funds	9,275,382.68	10,624,121.55	(1,348,738.87)	-12.70%
	-----	-----	-----	-----
TOTAL EQUITY	171,484,982.10	129,922,188.59	41,562,793.51	31.99%
	=====	=====	=====	=====
TOTAL LIABILITIES & EQUITY	\$ 184,822,701.50	\$ 142,300,855.92	\$ 42,521,845.58	29.88%
	=====	=====	=====	=====

COMPARATIVE STATEMENT OF INCOME

FOR THE PERIOD ENDING 1/31/2026

	YEAR TO DATE	PRIOR YEAR TO DATE	\$ CHANGE	% CHANGE
REVENUE				
DOE Subcontracts	\$ 22,669,118.50	\$ 27,670,028.88	\$ (5,000,910.38)	-18.07%
Checking Interest	2,450.12	2,611.91	(161.79)	-6.19%
Interest Income	122,794.00	141,253.04	(18,459.04)	-13.07%
TOTAL REVENUE	22,794,362.62	27,813,893.83	(5,019,531.21)	-18.05%
DIRECT COSTS				
Direct Labor	6,538,984.77	5,997,880.86	541,103.91	9.02%
Board of Directors	11,451.98	11,964.51	(512.53)	-4.28%
Capital Outlay >\$5K	86,459.51	125,189.87	(38,730.36)	100.00%
Contractual Svcs	2,174,791.15	12,884,054.98	(10,709,263.83)	-83.12%
Inventory	193,260.97	220,133.12	(26,872.15)	-12.21%
Supplies	1,027,672.97	1,090,721.49	(63,048.52)	-5.78%
Travel - Domestic	42,210.83	148,986.58	(106,775.75)	-71.67%
Travel - Foreign	6,593.57	12,355.67	(5,762.10)	-46.64%
Utilities	1,358,710.20	1,309,746.67	48,963.53	3.74%
Other Direct Costs	129,963.84	76,063.98	53,899.86	70.86%
Unallow/Unbill Costs	125,622.05	126,251.48	(629.43)	-0.50%
TOTAL DIRECT COSTS	11,695,721.84	22,003,349.21	(10,307,627.37)	-46.85%
INDIRECT COSTS				
Fringe Benefits	5,895,265.24	5,334,917.94	560,347.30	10.50%
Overhead	6,792,703.22	7,054,119.91	(261,416.69)	-3.71%
TOTAL INDIRECT COSTS	12,687,968.46	12,389,037.85	298,930.61	2.41%
GROSS PROFIT/LOSS ()	(1,589,327.68)	(6,578,493.23)	4,989,165.55	517.81%
OTHER INCOME				
Water Treatment	108,592.70	140,913.49	(32,320.79)	-22.94%
Miscellaneous Income	7,839.04	26,179.18	(18,340.14)	-70.06%
Other Operating Income	74,420.94	152,145.00	(77,724.06)	-51.09%
TOTAL OTHER INCOME	190,852.68	319,237.67	(128,384.99)	-40.22%
OTHER EXPENSES				
Misc. Expenses & Donations	(287,780.20)	(2,065,457.24)	1,777,677.04	-86.07%
Loss (Gain) on Sale of FA	67,472.47	425,434.98	(357,962.51)	-84.14%
Other Unallowable Expense	1,611,615.24	460,957.17	1,150,658.07	249.62%
Reclass Incr Net Assets	(2,954,206.45)	110,782.41	(3,064,988.86)	-2766.67%
TOTAL OTHER EXPENSES	(1,562,898.94)	(1,068,282.68)	(494,616.26)	46.30%
NET INCOME/LOSS ()	\$ 164,423.94	\$ (5,190,972.88)	\$ 5,355,396.82	-103.17%

South Dakota Science & Technology Authority
Available Resources
1/31/2026

Cash Total Checking	\$	2,165,417
Cash With State Treasurer	\$	<u>10,126,649</u>
Total Cash	\$	12,292,065
Less: Restricted Funds		
Indemnification/Mine Closure	\$	(9,200,094)
SB35 Appropriation	\$	-
Experiments (Xenon, Interest, Infrastructure)	\$	(460,929)
 Total Cash Available for Infrastructure Upgrades and Authority Operations	 \$	 2,631,043
Plus: Accounts Receivable Billed	\$	1,147,034
FY21 and FY22 Indirect True up in A/R above	\$	407,322
Transfer from SURF Foundation	\$	-
Accounts Receivable Unbilled	\$	1,238,418
Less: Current Liabilities (Accounts Payable & Accrued Payroll)	\$	(2,137,212)
 Available Cash and Receivables	 \$	 <u>3,286,606</u>

SDSTA Operating Budget Summary FY2026

Actual vs Budget
January 2026 & YTD

	\$ Over/Under				\$ Over/Under				
	January 2026	Budget	Budget	% of Budget	Actual YTD	YTD Budget	Budget	% of Budget	% Remaining
100%									
SDSTA (Authority) Direct Charges									
Board of Directors	\$1,364	\$2,910	\$1,546	46.88%	\$13,035	\$20,370	\$7,335	63.99%	36.01%
Executive Office	\$52,803	\$73,730	\$20,927	71.62%	\$384,066	\$520,755	\$136,689	73.75%	26.25%
Science Center E & O	-\$1,963	\$0	\$1,963	100.0%	\$9,147	\$45,500	\$36,353	20.10%	79.90%
SURF Foundation	\$19,904	\$61,981	\$42,077	32.11%	\$197,246	\$410,834	\$213,588	48.01%	51.99%
Science Liaison	\$1,175	\$0	(\$1,175)	100.0%	\$3,545	\$0	(\$3,545)	100%	NA
SLHVC (Visitor Center)	\$9,515	\$26,430	\$16,916	36.0%	\$148,729	\$194,025	\$45,296	76.65%	23.35%
Subtotal	\$82,798	\$165,051	\$82,253	50.17%	\$755,768	\$1,191,484	\$435,716	63.43%	36.57%
Federal/State Funding - Direct Charges									
FRA C#671265 Prof. St.Services	\$3,355	\$14,351	\$10,996	23.38%	\$145,200	\$100,457	(\$44,743)	144.54%	-44.54%
FRA C#717402 Ross H.F. Misc. Eng.	\$4,807	\$4,807	\$0	100.0%	\$36,600	\$36,600	\$0	100.00%	0.00%
FRA C#713179 BSI Logs Support	\$117,559	\$339,642	\$222,083	34.61%	\$1,051,056	\$2,377,492	\$1,326,436	44.21%	55.79%
Fermi C#711484 Gen Site Services	\$16,528	\$43,121	\$26,593	38.33%	\$87,591	\$301,846	\$214,255	29.02%	70.98%
Fermi C#724345 BGBSI	\$175,883	\$479,878	\$303,995	36.65%	\$1,221,388	\$3,359,146	\$2,137,758	36.36%	63.64%
Fermi C#730766 BGFDC	\$0	\$282,467	\$282,467	0.0%	\$0	\$564,935	\$564,935	0.00%	100.00%
Office of Science Coop.Agree	\$1,439,068	\$1,926,778	\$487,710	74.69%	\$9,549,806	\$12,191,770	\$2,641,964	78.33%	21.67%
Office of Science IIP Projects	\$103,755	\$103,755	\$0	100.0%	\$1,824,589	\$1,824,589	\$0	0.00%	0.00%
US EPA Brownfields #4B-00108600-1	\$744	\$55,556	\$54,812	1.34%	\$11,929	\$222,223	\$210,294	5.37%	94.63%
LBNL LZExp.Operat.C#7650068 & DE-SC0022857	\$40,217	\$53,509	\$13,292	75.16%	\$350,116	\$374,561	\$24,445	93.47%	6.53%
Battelle Mem. Inst - DEMO-FTES	\$0	\$930	\$930	0.0%	\$1,516	\$6,510	\$4,994	23.29%	76.71%
MJD (Majorana) SDSM&T CT008480 CT010819	\$16	\$909	\$893	1.73%	\$1,164	\$6,361	\$5,197	18.31%	81.69%
BHSU E & O - CT004853, CT011875, & BHSU-2412055-SURF	\$0	\$3,116	\$3,116	0.0%	\$31,060	\$21,812	(\$9,248)	142.40%	-42.40%
Caspar	\$9	\$500	\$491	1.71%	\$9	\$3,500	\$3,491	0.24%	99.76%
* RESPEC	\$0	\$167	\$167	0.0%	\$1,610	\$1,168	(\$442)	137.83%	-37.83%
Subtotal	\$1,901,939	\$3,309,484	\$1,407,545	57.47%	\$14,313,633	\$21,392,969	\$7,079,336	66.91%	33.09%
Indirect Expenses									
Indirect Charges Personnel	\$636,095	\$771,747	\$135,652	82.42%	\$3,178,386	\$5,081,298	\$1,902,912	62.55%	37.45%
Indirect Charges Other	\$536,009	\$832,899	\$296,890	64.35%	\$3,924,734	\$6,285,557	\$2,360,823	62.44%	37.56%
Subtotal	\$1,172,104	\$1,604,646	\$432,541	73.04%	\$7,103,120	\$11,366,855	\$4,263,735	62.49%	37.51%
Totals	\$3,156,842	\$5,079,182	\$1,922,340	62.15%	\$22,172,521	\$33,951,308	\$11,778,787	65.31%	34.69%
* Private Corporations (Commercial Group)									

SDSTA Operating Budget Summary FY2026

July 2025 - June 2026

Sources of Revenue

	Federal Funding	SDSTA Funds	Total Budget \$ FY2026	Budget \$ FY2025	Difference	
Board of Directors		\$34,920	\$34,920	\$28,920	\$6,000	Added budget for travel expenses
Executive Office (Includes Xenon Interest/Insurance, Marketing and Unallowable)		\$889,000	\$889,000	\$783,500	\$105,500	Added budget for interest expense and decreased budget to reflect some cost saving measures
SURF Foundation		\$698,898	\$698,898	\$359,704	\$339,194	Increase in projected wages
Science Liaison - Collecting Liquid Nitrogen Costs (bill to contract users)		\$0	\$0	\$0	\$0	No Change
Science Center E & O		\$56,000	\$56,000	\$81,000	(\$25,000)	Moved Neutrino Day and Deep Talks to indirect budget
SURF Institute		\$0	\$0	\$274,411	(\$274,411)	Moved to indirect budget
SLHVC (Sanford Visitor Center)		\$333,174	\$333,174	\$330,337	\$2,837	Slight increase
4850 UG laboratory Expansion Phase 1		\$65,000	\$65,000	\$4,732,910	(\$4,667,910)	a few misc. items to complete in FY2026
Total		\$2,076,992	\$2,076,992	\$6,590,782	(\$4,513,790)	
Total Authority Operating Budgets	\$0	\$2,076,992	\$2,076,992	\$6,590,782	(\$4,513,790)	
Federal Funding (includes Indirect Budget)	\$64,419,082		\$64,419,082	\$43,275,575	\$21,143,506	See Details on Difference on Next Tab
Total for Approval	\$64,419,082	\$2,076,992	\$66,496,073	\$49,866,357	\$16,629,716	

Total FTE

SDSTA Funds	4.0 FTE + 1.0 FTE interns
Other & Indirect	232
Total FTE	237 Net Increase of 38

SDSTA Funds includes funding from GOED for Xenon Interest
 SDSTA Funds includes funding from SB35 for UG Lab Expansion
 SDSTA Funds includes funding from SURF Foundation Approx. \$100K

**SDSTA
FY2026Budget**

<u>Funding Source</u>	<u>P.O/Subc.</u>	<u>FY26 Amount</u>	<u>FY25 Amount</u>	<u>Difference</u>	<u>Details on Differences</u>
CA Cooperative Agreement	DE-SC0020216	\$ 31,593,484	\$ 21,915,327	\$ 9,678,157	The FY2026 budget is from the CA2 - year 1, for July to Sept of 2025, and year 2, for Oct to June 2026 including IIP budgets. The primary reason for the increase is salary increases, new positions, and inflation. Increase budget for CA2 - Year 2 - \$6M for funding the Yates Hoist upgrade project.
DOE LZ Experiment Support/Research Grant	DE-SC0022857	589,837	584,703	5,134	Supported by DOE grant in FY2026
LBNL LZ Experiment Support/Research Grant	7650068	52,265	54,758	(2,493)	Continued minimal support in FY26
FFDG Ross Logistics BSI Support	674969	4,075,698	3,612,239	463,459	Change primarily due to salary increases in FY2026.
FFDG LBNF/DUNE-US Bull Gang - BSI	724345	5,758,532	-	5,758,532	New FFDG contract assisting with buildings and site infrastructure (BSI)
FFDG LBNF/DUNE-US Bull Gang - FDC	730766	1,977,271	-	1,977,271	New FFDG contract assisting with Far Detectors and Cryogenics (FDC)
FFDG Engineer Support	671265	172,212	133,539	38,673	Change primarily due to inclinometer replacement
FFDG LBNF Grounds Keeping Support	711484	517,450	512,611	4,839	Very comparable to prior year
SDM&T MJD	CT005350	10,902	24,097	(13,195)	Project will be decommissioning in FY2026
BHSU Education Grants	CT004854/CT004853	37,392	35,614	1,778	Very comparable to prior year
CUSSP	New Contract	10,000	13,500	(3,500)	Very comparable to prior year
CASPAR	New Contract	6,000	2,626	3,374	CASPAR will be resuming activities again in FY2026
DEMO FTES	700997	11,165	23,499	(12,334)	Project will be decommissioning in FY2026
Respec		2,000	-	2,000	Will have a small amount to bill in FY2026
EPA's Brownfields Program	grant # 4B-00I08600-1	500,000	-	500,000	EPA Brownfields funding will be used on asbestos abatement in legacy buildings and a small amount for one known site of fuel contamination.
Caterpillar	Lease	94,097	93,598	499	Same Contract
Indirects		19,010,777	16,269,464	2,741,313	Increased primarily for: employee compensation, depreciation, and liability insurance. Also moved the Institute, Neutrino Day, and Deep Talks programs from SDSTA funding.
-					
Totals		<u>\$ 64,419,082</u>	<u>\$ 43,275,575</u>	<u>\$ 21,143,506</u>	

SURF Foundation—Ms. Tracy Kerwin

New SURF Foundation Director introduction and background, and Foundation update.

Page intentionally
blank

Executive Director's Report—Mr. Mike Headley

The Executive Director's Report includes the following:

- 8A. SDSTA quarterly update—Director Headley, *presentation*.
- 8B. Science update—SDSTA Senior Research Scientist Markus Horn, *presentation*.

Page intentionally
blank



December 2025 – February 2026 Progress Report

Submitted March 12, 2026

South Dakota Science and Technology Authority Board of Directors

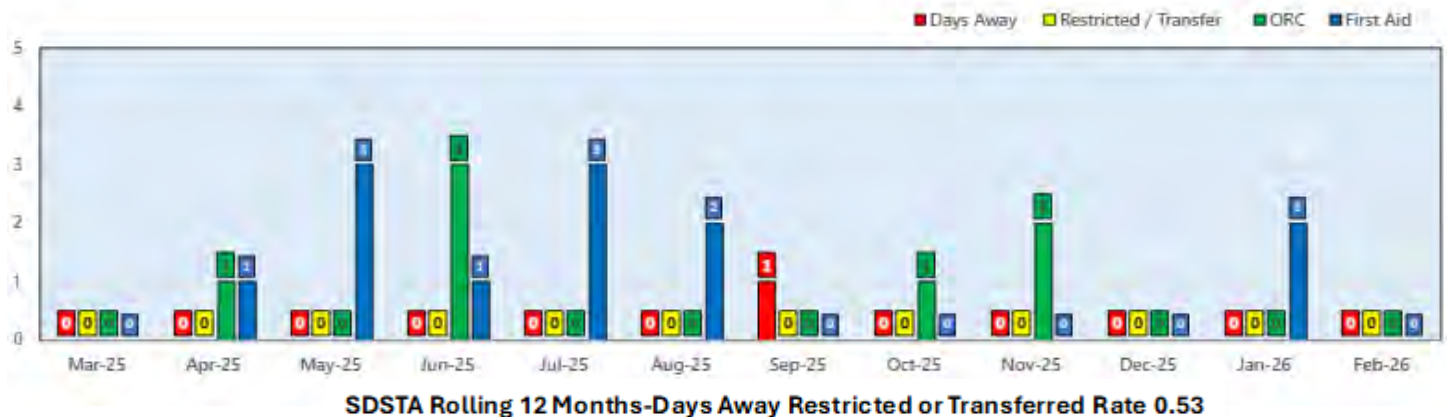
Mike Headley

SDSTA Executive Director

SURF Laboratory Director

Environment, Safety, and Health (ESH) and Quality Status

Health and Safety Status



December 2025 through February 2026: Recordable Cases

- Contractor – N/A
- SDSTA – N/A

December 2025 through February 2026: First Aid Cases

- Researcher – N/A
- SDSTA – strained lower back; strained shoulder.

ESH Support Team – Staffing Updates

- TBD – Safety Specialist.

Work Accomplishments

- ESH representatives from FFDG, KAJV, and SDSTA conducted an underground inspection of the 4850L LBNF/DUNE areas; no significant deficiencies were identified.
- The Emergency Response Team (ERT) completed quarterly inspections of portable refuge chambers and resource bins.
- ERT coordinated First Aid/CPR/AED and fire extinguisher training. The fire extinguisher training includes the use of the Bulux machine that includes a simulation.
- In coordination with Operations teams, ESH updated the personal protective equipment (PPE) Standard and related PPE policies to align with upcoming workwear changes recently communicated to the SURF team at the All-Hands meeting. These changes will support PPE alignment with stakeholders.
- The OSHA 300 Log has been completed and posted. While not required for SDSTA by OSHA, it is maintained and shared as a best practice to provide transparency on employee injury and illness data.
- ESH, ERT, and Building and Grounds developed a Job Hazard Analysis (JHA) for securing loose tin on the Yates Headframe using rope systems. The work was completed safely.
- ESH collaborated with Underground Operations to develop a JHA for installing a plug in the 3650L Dump. ERT developed associated rescue plans for this work and for the LBNF/DUNE guardrail projects on the 4850L, ensuring alignment with the methods and scope of the work being performed.
- ESH participated in FFDG's Material Handling Assessment Review for work in the LBNF/DUNE areas. Corrective actions were identified and are scheduled for completion by the end of the first quarter.
- ERT completed the annual inspection of fall protection and fall prevention equipment.
- ESH met with FFDG to align understanding of natural ventilation and its impact on oxygen deficiency hazard (ODH) response.
- The ESH Training Team is conducting training needs assessments with supervisors to ensure appropriate training is assigned to personnel. They have also conducted multiple guide training walks and classroom sessions for contractors, scientists, and new SDSTA guides.

Upcoming Activities/Trainings

- March - May 2026 – First Aid, CPR, AED, and Fire Extinguisher trainings.
- May 2026 – Environment, Safety, and Health Advisory Committee (ESHAC) meeting.

Wellness Initiatives

- January – Nutrition Initiative and Wellness Potluck.
- February – American Heart Health Month & Health & Wellness Fair.
- March – SURF’s Up for Gratitude.

Environmental

- 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 (SDDANR). All water discharges were within permit limits.
- The CY2025 Water Use Report was submitted to the SDDANR Water Rights Permit Administrator. The quantity of water pumped from the underground, as well as the pumping rate, were within permitted limits.
- The CY2025 Tier II Report (Emergency Planning and Community Right-To-Know Act) was submitted to the SDDANR, the State Emergency Response Commission, the Local Emergency Planning Committee, and the Lead Fire Department.
- The Spill Prevention Control and Countermeasures (SPCC) Plan was updated and signed by the certified professional engineer.
- All SPCC Inspections were completed and documented.
- One Integrated Management System (IMS) 2025 Environmental Objective and one IMS Significant Environmental Aspect (SEA) Objective were documented as “Objective Met” and reported at the Management Review.

Third Party Review Recommendations Status



Quality Assurance / Quality Control Status

Work Accomplishments

- Completed Internal audits for the following: Surface Operations and Utilities, Science, Human Resources, Quality Assurance/Quality Control as well as Integrated Management System procedures IMS-P-912 Customer Satisfaction, IMS-P-930 Management Review, IMSM-P-910 Monitoring, Measurement, Analysis and Evaluation, IMS-P-916 Evaluation of Compliance, IMS-P-920 Internal Audit, IMS-P-1010 Improvement, and IMS-P-1020 Nonconformity & Corrective Action.
- Transferred all department-controlled documents, except ESH documents, from DocuShare to SharePoint.
- Completed training on new Survey Module in uniPoint.
- Change Control Request (CCR) submittals and approval/pending (11/18/2025 – 2/19/2026):
 - Initiated CCRs – 31
 - Approved CCRs – 34
 - Pending CCRs – 1
- SDSTA documents for the Integrated Management System (IMS) as of 2/19/2026 – total of 870.
- Quality Nonconformances and Corrective Actions:
 - Typical nonconformances – 2
 - Opportunities for improvement (OFI) external and internal audit nonconformances – 8
 - Corrective Actions – 0

Current/Upcoming Activities

- Upcoming projects and other activities
 - Accounting & Finance Internal Audit
 - Communications Internal Audit
 - Engineering Internal Audit
 - Quarter 2 IMS Internal Audit (IMS-P-400 Organizational Context, IMS-P-500 Leadership, IMS-P-600 Planning for the Integrated Management System, IMS-P-610 Risk Management Planning, IMS-P-710 Resource Management, and IMS-P-715 Control of Monitoring and Measuring Equipment)
- Current projects and other activities
 - Completing corrective action from Amtivo for the external ISO Audit
 - Continue to migrate IMS-controlled documents from DocuShare to SharePoint
 - Completion of Saddle Torquing in the Ross Shaft - location #5
 - Ross Campus Bathrooms/WWTP
 - 1250L Pump Room Rehabilitation Project
 - 4850L Substation Project
 - Oxy-K Plus to Ocenco Replacement
 - Receiving Inspection for Yates Shaft Steel Purchased Parts
 - SSPS update to new system
 - Yates Skip Conveyance Replacement Project
 - COTO log reviews (continuous)

Surface and Underground Operations Status

Yates Shaft

Work Accomplishments

- Received initial shipments of shaft top-down maintenance (TDM) materials. The TDM work continues to make good progress.
- Design work is underway for the skip conveyance refurbishment.
- Performed initial test of potential new ground support methods.
- Worked with Caterpillar to demobilize materials from 1700L.

Upcoming Activities

- Will support future efforts to decommission MJD lead shields.
- Additional phases of hollow bolt ground support are being planned.

Ross Shaft

Work Accomplishments

- Mobilized additional equipment to support Far Detector and Cryogenics (FDC) phase of the LBNF-DUNE project.
- Began recruiting additional team members to support FDC phase of the LBNF-DUNE project.
- Supported the Ross headframe improvement project.
- Began demobilization of equipment for BSI phase of the LBNF-DUNE project.

Upcoming Activities

- Planning for movement of cryostat beams for LBNF-DUNE project.

Hoist Maintenance

Work Accomplishments

- Fabricated 1200+ feet of trench drain covers for 4850L (LBNF-DUNE areas).
- Finalized plan for Ross Hoist Rope replacement.
- Replaced bearing on Yates Ore Hoist MG-Set.
- Fabrication of the permanent Cerberus shaft communications system is underway.

Upcoming Activities

- Work with the Underground Operations team on future air door modifications required on 4850L.

Underground Mitigation Crew Support

Work Accomplishments

- Completed installation of foam plug in the Ross 3650L ore pass.
- Began placing sand backfill into the Ross 3650L ore pass.
- Completed installation of the concrete foundation for the 3950L exhaust drift ventilation regulator.
- Completed multiple Annual Level Inspections (ALIs).
- Completed the quarterly Ventilation Survey.
- Completed transition of department files from DocuShare to SharePoint.
- Removed fire suppression system ahead of the 4850L electrical room build-out.
- Completed demobilization of the MineStar Underground Research Center (MURC) from the 1700L.

Upcoming Activities

- Continue placing sand backfill into the Ross 3650L ore pass.
- Continue installation of the 3950L exhaust drift ventilation regulator.
- Complete installation of the pneumatic air door on the 3950L.
- Complete the quarterly Ventilation Survey.
- Continue 2026 ALIs.

Surface Operations and Utilities (SOU) Support

Facility Maintenance (Surface and 4850L) and Mobile Equipment

Work Accomplishments

- Parts washers were cleaned and refreshed with new cleaning agents.
- Assisted with the demobilization of MJD lead, poly, etc.
- Repaired siding on the Yates Crusher building.
- Repaired walls and ceilings in the SLHVC women's bathroom.
- Completed the annual fire alarm inspections on the surface and underground.

Upcoming Activities

- Working with the Sanford Lab Homestake Visitor Center committee to find ways to increase functionality of the current space.
- Continue to plan for upcoming summer improvement projects.

Electrical / Cyber Infrastructure / Dewatering

Work Accomplishments

- Removed and replaced the deep well pump.
- Power was restored after a major windstorm.
- Repaired the 1250L pipe column.
- Completed the 4850L restroom project.
- Completed electrical work on the Ross Headframe overhead door project.

Upcoming Activities

- Continue working on the new 4850L substation project.
- Continue work on Ross Headframe upgrades.
- Crews will attend continuing education classes to keep licenses current.

Wastewater Treatment Plant (WWTP)

Work Accomplishments

- Received training on the new moving bed biofilm reactor (MBBR) system from World Water Works, Great Northern Environmental, and Kaeser.
- Completed final inspection of the new MBBR system; deemed fully commissioned.
- Working to complete the whole effluent test.
- As of March 2, 2026, the deep pool level was 5,527 feet, and the WWTP discharge was averaging 1,400 GPM.
- To reduce the deep pool level, pumping has been altered from on-peak, off-peak times to 24/7 pumping.

Upcoming Activities

- Assist with the installation of VFD for Baker pumps.
- WWTP operators to attend required continuing education classes for certification.
- Prepare for spring and summer operations.

Operations Integration and Maintenance Planning

Work Accomplishments

- Began beta testing new ManagerPlus features.
- Attended several administrator training sessions held online by ManagerPlus on various modules of the software.
- Completed a quarterly inventory count of all stock items in the warehouse.
- Transferred all Surface Operations documents from DocuShare to SharePoint.

Upcoming Activities

- Continue cleaning up unused inventory items in the warehouse and replacing them with items used more frequently across the property.
- Creating work instructions within the IMS structure for various ManagerPlus tasks.
- Working with ManagerPlus support to generate reports on maintenance history, costs, and labor to create key performance indicators (KPIs).
- Continue to participate and explore training opportunities.

Engineering Support

Work Accomplishments

- Yates Complex Electrical Distribution Rehab: The construction Request for Proposal (RFP) package has been finalized and released for advertisement, with proposals due by the end of March.
- An easement was granted for the new Park Avenue water line between SDSTA and City of Lead.
- Yates Hoists Upgrades – The 100% design was completed in January, including the Scope of Work and Performance Specification documents. Due to future project funding constraints, SDSTA commissioned Stantec to develop a revised phased execution approach. Phase 1 would upgrade both Yates Hoists Electrical & Controls over three years, and Phase 2 would upgrade both Yates Hoists Brakes & Clutches (Mechanical) over two years. Draft documents reflecting the requested modifications were submitted to SDSTA for review in February.
- Yates Skip Conveyance Replacement – Results of regular conveyance 2-year inspections determined it would be prudent for SDSTA to replace the two Yates Skip conveyances within the next 6-8 months. Engineering and Hoists & Shafts jointly developed a skip replacement plan, cost estimate and schedule to exchange the units with retrofitted surplus Ross conveyances in the Spring of 2026. Third-party structural inspection and conveyance modification drawings were developed with final drawings issued for fabrication in February.
- Electrical Distribution Rehab Phase 1: All six cable packages have now been received. Substation room construction is in progress. The East Concrete Masonry Unit (CMU) wall is fully erected. The West CMU wall is under construction. Anchors for ductwork in the West Access Drift have been installed and are ready for quality control (QC) pull testing. Transformers and switchgear are being fabricated. Delivery is scheduled for late April and early May, respectively.
- Drawings were created for the new 2600L pump room concept that would potentially eliminate the 2450L pumphouse for better dewatering efficiency.
- Brownfield Grant: The Quality Assurance Project Plan has been submitted to the Environmental Protection Agency (EPA). The first Site Eligibility Determination has been submitted to EPA for the Yates Compressor Building fuel contamination. The first Deep Thoughts article informing the public of our progress was published.
- Enterprise Application Software Evaluation: The Enterprise Application RFP was released in January. Proposals are due March 27, 2026.
- 1250L Pump Room Rehab: The contract was awarded to Dean Kurtz Construction, and a kickoff meeting was held. Long lead equipment submittals are under review.
- 5000L Pump Room Bypass: SDSTA is actively planning to rebuild each of the dewatering pump rooms as part of a program to recapitalize the entire dewatering system. A task order has been awarded to Stantec to assess potential opportunity to bypass the 5000L pump room entirely. The bypass could be accomplished by installing a larger deep well pump along with some additional piping configuration changes. If deemed feasible, this would eliminate the need to rehabilitate the 5000L pump room and future operations.

Science Support Status

- In January, the Steering Committee for the SURF Scientific Strategic Plan (Non-Physics) completed their report, which identifies areas of opportunity and next steps. The report is currently in review by other SURF committees.
- Further updates were made to the SURF manuscript submitted to the *Annual Review of Nuclear and Particle Science* journal (publication date September 2026); preprint: <https://arxiv.org/abs/2603.06504>.
- The SURF User Association Executive Committee (SUAEC) held regular meetings in December and early March to discuss upcoming elections and progress on engagement topics. For the first time, SDSTA and SUAEC personnel are participating in an organized congressional advocacy trip to Washington DC March 23-26.
- The SD Board of Regents selected a new Director of Research & Economic Development, who also oversees the state EPSCoR office (Patrick Weber). Planning is underway for the 2026 Higher Education Connections Workshop, including recent discussions with public/private/tribal university leadership.
- A SURF exhibit booth was staffed at the American Geophysical Union (AGU) annual conference in December, and while attendance was down by ~1/3 (20,000 attendees), SURF exhibit booth visits were down only slightly.
- Plans are advancing for a SURF exhibit booth at APS Global Physics Summit in March as well as a corresponding media event organized by SDSTA and FNAL Communications groups. Discussions are also underway for a SURF exhibit at the American Rock Mechanics Association (ARMA) in June.
- Invitations are essentially complete for CETUP* 2026. A Letter of Inquiry was submitted to the Sloan Foundation for CETUP* support (it was declined).
- Recent Deeper Talks seminars featured Joe Formaggio (MIT) on neutrino lasers and Brianna Mount (BHSU) on low-background counting at SURF. Discussions continue regarding ideas from Jose Alonso's October talk, including possible ties to LZ follow-on projects. The Deeper Talks series is on track for re-branding in March as the "John Bahcall Colloquium" series.
- Two meetings have been held so far with the Science Planning Committee regarding Institute strategic planning.
- Interruptions: There were power issues due to high winds that affected experiments in December and January; also, 4550L water supply issues affected the Ross Campus chiller. There were also two water leak events at the CASPAR laboratory involving the water system filter (addressed, no significant impact).

LUX-ZEPLIN—LZ

- An announcement was held at SURF for a new low-mass dark matter limit ($3\text{-}9 \text{ GeV}/c^2$) and evidence ($> 3\sigma$) for ^8B solar neutrino detection: <https://arxiv.org/abs/2512.08065> (submitted to PRL).
- The detector is currently operating well following a significant mid-December power outage that affected xenon circulation as well as the high-voltage grids, which caused light emission to return briefly.
- Regular calibration activities continue. A new Xe-131m source from University of Massachusetts was delivered to SURF mid-January. An AmBe source returning from the University of Alabama following a holder change.
- DD generator maintenance was performed, including the shield rail system (the next campaign is planned to take place in about a year).
- Efforts continue at PSL with incremental success regarding the development of new compressor diaphragms.
- A sample of LZ Xe was collected to conduct a high-precision analysis of isotopic abundances.
- The measurement of the cosmic-ray muon flux with the LZ detector was submitted to the *Astroparticle Physics Journal* (also available on the preprint server: <https://arxiv.org/abs/2602.16799>).
- The FY26 General Services Agreement was signed, including a provision for approving use of the two Surface Laboratory cleanrooms by others (e.g., LBNL/DUNE).
- The DOE is requesting LZ follow-on proposal(s) in 2026, and several workshops have been organized to explore concepts, including low-mass dark matter with a small amount of hydrogen (HydroX) or a neutrino source. Some LZ materials are being made available to others: titanium for TESSERACT and a sample cylinder for HydroX.

MAJORANA DEMONSTRATOR—MJD

- Decommissioning activities continue: the shield liquid nitrogen purge system and two modules were fully dismantled. The Module #2 vacuum system was shipped to the University of Washington to support LEGEND work (the dewar and ballast tank were recycled). With staging areas and dedicated transport carts prepared and hazard analyses updated, removal of the outer layer of polyethylene began in early March and was essentially completed in one week with assistance from SDSTA personnel.
- Mid-December power issues prompted early removal of a copper mandrel from its bath (no significant issues).

- Two deliveries of nitric acid were transferred underground, unpackaged and brought into cleanroom.
- New plastic material (PEN) was processed at SURF for possible use in LEGEND-1000 to encapsulate Ge detectors. Samples were sent for counting at the Canfranc Underground Laboratory in Spain.
- Copper electroforming continues for LEGEND and COSI projects. Initial pieces for the COSI telescope were completed, and if acceptable, requests for more components are expected.
- Electrowinning at the surface WWTP was re-started as sufficient waste had accumulated from leaching processes.
- The annual check of LANL property inventory is underway (somewhat of a moving target given decommissioning and disposition of materials to other institutions).

Low-Background Counting

Black Hills State University Underground Campus—BHUC:

- Sample counting continues in four systems at the Ross Campus, including a niobium sample from PNNL/LANL; a new sample from TESSERACT is expected soon. Some LZ samples may be re-counted to provide better background limits. A new 3D-printed calibration vessel is being used to characterize geometric efficiencies.
- Following the completion of the shield, the new LBNL counter (Merlin) is almost ready for operation. Stainless steel tubing was recovered from the previous installation in the Davis Campus Machine Shop to set up a nitrogen purge line for the new LBNL counter (Merlin) at the Ross Campus.
- A failing amplifier was swapped in one of the LBNL-managed detectors (Mordred).
- The Ge-IV detector system remains at Davis Campus (ready to transport to Ross Campus).

Compact Accelerator System for Performing Astrophysical Research—CASPAR

- Beamline alignment was completed, and helium bottles were reinstalled at the accelerator terminal. Various components were replaced to improve ion production and resolve beamline vacuum issues.
- The surface WWTP provided deionized water for beamline and target cooling systems.
- SDSTA personnel performed rigging equipment inspections.
- An upcoming trip with University of Notre Dame experts is planned for mid-March, focusing on accelerator training. Initial energy calibrations using an Al-27 target are expected to be performed in March.
- The first data campaign of CASPAR Phase 2 (F-19 target) is now expected to take place in April (5 years after the last campaign in CASPAR Phase 1).

Geothermal—Demonstration of Fracture Thermal Energy Storage (DEMO-FTES) and Center for Understanding Subsurface Signals and Permeability (CUSSP)

- DEMO-FTES: SNL personnel successfully cleared mineralized lines in the heat exchanger unit, and arrangements are being made to ship some equipment back to SNL. An Experiment Decommissioning Statement is underway.
- CUSSP: Testing of new geophysical systems could begin on the 4100L in the next 1-2 months.
- Other: DOE-BES released a call for proposals for new energy frontier research centers, with start dates this year.

Other Current Research Activities

Physics

- LBNF/DUNE: Registration opened for the DUNE collaboration meeting in May 2026 (Rapid City and Lead).
- Neutrons: Progress on access to conduct measurements in LBNF/DUNE space is stalled as discussions continue regarding language in the Fermilab Site Access Agreement.
- Muon Attenuation: Initial implementation documentation is complete, and muon measurements have started.
- Other: SDSU physics faculty are reviving discussions regarding quantum research as well as low-dose radiation biology. An international workshop related to low-background counting is planned for April.

Biology

- DULIA-Bio/REPAIR: Yeast samples were received and will be installed in surface and underground locations.
- Other: Discussions continue regarding possible SDSU nursing research projects related to SURF.

Engineering

- SDSU Mesonet: Initial documentation is complete to support the installation of a weather station.
- Water Uses: With documentation complete, a kickoff meeting was held, and WWTP data were shared. With water pumping back online, sampling dates are being coordinated.
- Other: SD Mines researchers asked for SURF participation in a multi-disciplinary team related to mining safety.

Quarterly Work Plan Variances

- The Quarter (November – January) ended with a Cooperative Agreement contract-to-date underrun of \$5.1M.
- Additional operations needs and expected indirect “true-ups” are allocated to the contract-to-date underrun. \$2.1M remains.
- November had an underrun of \$334K. Labor was under \$71K, and nonlabor had an underrun of \$263K.
- December had an underrun of \$764K. Labor had an underrun of \$340K, and nonlabor had an underrun of \$424K.
- January had an underrun of \$708K. Labor had an underrun of \$681K, and nonlabor had an underrun of \$27K.

Financial Status

Included in the Financial Report are the following:

- Cooperative Agreement SURF Services FY2026 (federal fiscal year) SPA Curve as of January 2026 (included as Appendix A at the end of the report)
- Financial Summary (included in Appendix B at the end of the report)
 - Balance Sheet as of January 2026
 - Comprehensive Statement of Income as of January 2026
 - Comparative Balance Sheet – January 2026 vs. January 2025
 - Comparative Statement of Income – January 2026 vs. January 2025
 - Available Resources as of January 2026
 - Operating Budget Summary

Cooperative Agreement (CA) SURF Services FY2026 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 2026, 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 \$2,216,885, which is lower than the anticipated reimbursements of \$2,925,486 by \$708,601. Cumulative expenses are \$159,556,048, which is lower than the budgeted \$164,695,662 by \$5,139,614.

Balance Sheet Items

- Cash in Local Checking—Total on hand January 2026 was \$2,165,417; up from last month by \$986,515. Funds on hand were necessary to pay operating expenses, including employee salaries, medical/life/vision insurance, and other items.
- Cash with State Treasurer—Total balance of \$10,126,649; This amount decreased from last month by \$500,000, with cash drawn from SDSTA’s operating account to help with annual insurance premiums and a delay in one of the payroll invoices being paid over the holidays.
- 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, FFDG, other smaller contracts from other universities/private entities, and Barrick-Homestake Mining Company. Total is \$1,147,034; down from last month by \$963,911. This balance also includes a true-up of our FY2021, FY2022, and FY2023 indirect and employee benefit costs from the rate used and billed compared to the final approved rate. Included in the balance are open invoices for the following: \$535,182 from FFDG primarily from the contract for Ross Shaft Logistics Support, Site Services, and Bull Gang Services; \$600,618 from the DOE for the CA and LZ project; \$1,998 from SDSM&T for MJD, Space Grant, and CASPAR projects; \$781 from the EPA for the Brownfield grant; (\$7,796) true-up owed to LBNL for the LZ project; \$10,950 from Barrick-Homestake Mining Company for electricity usage and water treated; and \$5,301 from BHSU for Education and Outreach grants.
- Unbilled A/R—Current balance is \$1,238,418. The unbilled A/R represents items that have not been billed on various contracts, primarily for payroll expenses at the end of December paid in January. January’s balance increased \$1,238,418 from December.
- Other A/R—Current balance of \$242,419. This balance represents Interest Receivable and Miscellaneous Accounts Receivable. The balance increased by \$16,699. Activity for this month includes recording the interest accrual for January.
- Inventory/Supplies—Balance at \$2,304,320 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 \$326,536. This balance represents the warehouse inventory purchased by SDSTA prior to federal funding, the warehouse inventory purchased with federal funds, and an inventory category for the SLHVC inventory. The balance decreased from last month by \$880. 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—\$1,265,366 and prepaid other – \$522,651. Total balance is \$1,788,017, an increase from last month by \$1,125,646, primarily due to insurance premiums paid for CY2026.
- Fixed Assets—Current balance is \$150,908,794. Fixed assets activity since last month included recording depreciation expense - \$500,407. Note depreciation for the DOE Property Transfer items is separated, as this amount will not be included in the indirect cost recovery on contracts.
- Asset Retirement Obligation Deferred Outflows (ARO)—SDSTA has deemed there would be costs associated with the closure of SURF, if abandoning the site were to occur. Outside regulatory agencies 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. SDSTA 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 all necessary tasks using a current average salary and benefit rate, plus any associated contractor fees. The ARO balance is \$1,129,638 and is depreciated over an estimated useful life of 30 years. Depreciation remained the same from last month.
- Pension Deferred Outflows—This designation on SDSTA’s 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 of Pension Deferred Outflows shown as a noncurrent asset is \$4,870,590 created by the FY2025 financial entries.
- Xenon Purchased—Balance of \$8,687,833 represents the value of xenon purchased for use by experiments. The xenon inventory is considered a non-current asset and includes all purchases.
- Total Assets—\$184,822,702. This balance has increased from last month by \$1,402,080, which represents the net activity listed above.
- Accounts Payable—Our total Accounts Payable balance of \$1,725,583 at the end of the month, compared to last month, has increased by \$934,686, primarily from the other payables balance for our excess liability insurance that was financed with Capital Premium Financing.
- Accrued Payroll Liabilities—Current balance of \$3,604,879 increased by \$738,260 from last month. This is primarily wages payable for the last pay period ended in January paid in February.
- 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 was designated for purchasing xenon for experiment use at SURF. The balance is currently \$3,121,190.
- Pension Deferred Inflows—This classification reflects the requirements of GASB No. 68 and No. 71, as discussed earlier. The balance of \$3,230,807 represents SDSTA’s portion of the difference between projected and actual earnings on pension plan investments with the South Dakota Retirement System.
- Asset Retirement Obligation (ARO)—This is an estimated liability for costs associated with the closure of SURF, if abandonment of the site were to occur. The ARO balance is \$1,655,259 and is adjusted annually.
- Total Liabilities—Total Liabilities increased by \$1,672,946 (from \$11,664,773 to \$13,337,719), which reflects the net activity listed above.
- Total Equity—Decreased to \$171,484,982 from the previous month of \$171,755,848.
- Total Liabilities & Equity—Increased to \$184,822,702 from the previous month of \$183,420,621.

Statement of Income Items

- On the SDSTA’s Statement of Income, the DOE Subcontracts are consolidated into one line in the report. Included in this amount are various subcontracts from LBNL, FFDG, the CA with the DOE Office of Science, as

well as small contracts for the MAJORANA project with the SDSM&T and E&O grants with BHSU. Total revenue through January is \$22,669,119.

- Interest income recorded for the current fiscal year on State Funds is \$125,244. This represents interest accruing at 2.00% on the cash held by the state on behalf of the SDSTA and checking interest in First Interstate Bank.
- Direct Costs are then listed on the Statement of Income. The classifications for Unallowable Costs and Indirect Costs are listed as well in this report to follow the federal contracting format. Direct Costs/ Unallowable Costs are \$11,695,722 for the current fiscal year. Indirect Costs including fringe benefits are \$12,687,968. Costs are higher than revenue by \$1,589,328.
- Other Income is \$190,853, which primarily represents miscellaneous income received from scrap metal receipts and amounts from Barrick.
- Other Expenses are \$1,562,899 for the current year and are primarily from the reclass to increase net assets from depreciation expense on DOE and FFDG assets.
- Net Income through January is at a gain of \$164,424.

Comparative Balance Sheet

- Total in Local Checking is higher by \$431,289 from this time last year.
- Total Cash with State Treasurer is lower by \$1,037,798 from this time last year, as funds received from the State in SB35 were spent on the 4850L Underground Expansion Phase A project. Operating funds were also used for normal operating costs, and funds were used from the Experiment fund for the xenon interest on the notes payable.
- Total Current Assets are lower than last year by \$764,916, primarily from the cash received from SB35 being spent on the 4850L Underground Expansion Phase A project, use of operating funds held with the state, and from a lower billed accounts receivable balance.
- Total Fixed Assets are higher by \$43,765,695 when comparing the two-time frames. The biggest change was in fixed assets purchased on the CA federal funds and donated by FFDG also from federal funds – an increase of \$47,179,257; primarily from assets purchased by FFDG with DOE funds and donated to the SDSTA, finalizing the Dewatering Control System PLC Recapitalization, and various other assets purchased. Improvements accounted for the second largest change - an increase of \$12,441,756; primarily from the 4850L Underground Expansion Phase A project being capitalized. Work in Progress decreased by \$10,775,629 since last year, and accumulated depreciation increased by \$5,002,246.
- Asset Retirement Obligation Deferred Outflows is being reported at \$1,129,638. An accumulated depreciation amount is included for this item, currently at \$112,964, an increase of \$37,655.
- Pension Deferred Outflows are reported at \$4,870,590 based on the FY2025 entries, a decrease of \$441,278.
- Xenon purchases stayed the same as last year at \$8,687,833.
- In summary, Total Assets have increased by \$42,521,846.
- Total Current Liabilities are higher by \$708,826 when comparing the two-time frames. This is primarily due to accrued payroll liabilities are higher for leave balances reflecting a change in reporting standards and wages payable at the end of January.
- Other Liabilities—LT Xenon Notes Payable - \$3,121,190 remained the same; Pension Deferred Inflows - \$3,230,807 increased by \$185,371; and Asset Retirement Obligation - \$1,655,259 increased by \$64,855.
- Total Restricted Funds are lower by \$854,162, primarily due to spending the Restricted Senate Bill (SB)35 Appropriation for the 4850L Underground Expansion Phase A project and for a reduction in the restricted Pension equity, based on the FY2025 year-end accrual entry.
- Investment in General Fixed Assets has increased by \$43,765,695 for the various additions of fixed assets, primarily donated from FFDG, projects purchased on federal funds, the 4850L Underground Expansion Phase A project capitalized, and depreciation being reported.
- Unrestricted Funds are lower by \$1,348,739 when comparing the two-time frames.
- Total Equity has increased by \$41,562,794 from this time last year.
- In summary, Total Liabilities & Equity have increased by \$42,821,846.

Comparative Profit/Loss

- Total Revenue year-to-date January 2026 compared to year-to-date January 2025 has decreased by \$5,019,531. This decrease is primarily from billing IIP project costs as of January 2025 compared to January 2026: WWTP rotating biological contactors (RBC) Replacement project, 3650L Pump Room construction, Oro Hondo Ventilation system final payment, and the Yates roof repair. Net Income/Loss for the comparative time periods

shows a decrease in the net loss of \$5,355,396 primarily from completing the 4850L underground expansion (SB35).

Available Resources

- This report reflects SDSTA’s available cash/accounts receivable after noting the restricted cash balances in the Indemnification, Mine Closure, SB35 Appropriation, 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, \$3,286,606 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 under budget for January by \$1,922,340. This is primarily from Ross Logistics/BSI Support, Bull Gang Support, General site Services, cooperative agreement, as well as expenses for indirect services, all lower than budgeted.
- Year-to-date figures are under budget by \$11,778,787.

Human Resources Status

Work Accomplishments:

- Implemented COLA increases and market adjustments for all eligible employees.
- Updated the Compensation Philosophy Policy.
- Selected and confirmed all Summer 2026 interns.
- Quickly onboarded Sharon Hemmingson (retired employee) on an interim basis to support the Contracts and Procurement Department.
- Revised the Longevity Policy to include bonus pay at five-year service milestones:

YEARS OF SERVICE	LONGEVITY PAY BONUS
5	\$ 1,000.00
10	\$ 2,250.00
15	\$ 3,500.00
20	\$ 4,750.00
25	\$ 6,000.00
30	\$ 7,250.00
35	\$ 8,500.00
40	\$ 9,750.00
45	\$ 11,000.00
50	\$ 12,250.00

Data:

- **Headcount: 220**
 - Regular Full-Time: 199
 - Regular Part-Time: 6
 - Non-Benefit Part-Time: 13
 - Temporary: 2
- **Hires: 4**
 - 1 Reliability Engineer
 - 1 Contracts and Procurement Manager (Part-time Temporary)
 - 1 Director of the SURF Foundation
 - 1 CAD Intern

- **Terms: 4**
 - 3 Retirement
 - 1 Voluntary
 - 0 Involuntary
- **Turnover: 1.8%**
- **Annual Tenure: 7.5 years**
- **Pay Type:**
 - Salary: 30.5% (67)
 - Hourly: 69.5% (153)
- **Gender:**
 - Male: 75.9% (167)
 - Female: 24.1% (53)



**SANFORD
UNDERGROUND
RESEARCH
FACILITY**

SOUTH DAKOTA SCIENCE AND TECHNOLOGY AUTHORITY

Professional Staff Services – Subcontract No. 607915

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

- LBNF Cryostat Beam Planning – The DUNE cryostat beam planning is ongoing. The focus for the DUNE cryostat beam planning is ensuring all required hardware is onsite and the movements into and out of the Ross Shaft are planned.
- The Ross Headframe Trolley Beam strengthening project has been completed. This work increased the main trolley beam supporting Ross cage operations to 10 tons.
- The testing plan has been finalized for drop-testing procedures to be completed by the vendor for the new double-deck Ross cage. This testing is required to ensure the cage dogging system performs within the standards set to ensure safe movement of personnel in the shaft.



**SANFORD
UNDERGROUND
RESEARCH
FACILITY**

SOUTH DAKOTA SCIENCE AND TECHNOLOGY AUTHORITY

LZ Operations Phase I – Subcontract No. 7525117

Other Experiment Support

LUX-ZEPLIN (LZ)

- **HydroX Future Planning:** The Engineering team participated in a planning workshop at LBNL to support HydroX development and LZ extension strategy discussions. The team also contributed to early evaluation of infrastructure and operational impacts associated with future modifications.
- **Preventive Maintenance & Critical Spares Review:** A large organizational campaign was conducted around the Davis Cavern and LN Drift for better LZ hardware and spare parts management. Common hardware and stock were replenished to reduce downtime/delays.
- **UPS Infrastructure Reliability:** Replacement of PLC, DAQ, and Getter UPS battery banks, totaling over 1,000 lbs. of batteries, was completed. This work restored full backup power reliability for critical control, data acquisition, and xenon purification systems.
- **Budget & DOE Reporting:** Completed the annual LZ budget review and prepared the DOE progress report along with a supplemental funding request.
- **Power Outage Recovery:** Recovery from four unplanned power outages was supported this quarter, including a 16+ hour event — the longest in LZ history — as well as holiday outages on Christmas and New Year's. Systems were stabilized safely and returned to normal operation without lasting impact.



Indirect Funded Activities Status

Contracts Status

Department of Energy (DOE) subcontracts to SDSTA

U.S. Department of Energy, Office of Science

- SDSTA received Modification No. 51 on the Cooperative Agreement for incremental funding.

Fermi Forward Discovery Group

- SDSTA received Subcontract No. 730766 for FDC Bull Gang Services.
- SDSTA received SA Nos. 9, 10, and 11 on subcontract No. 671265 Staff Services, updating the period of performance through March 31, 2026, and adding funds.
- SDSTA submitted a proposal in response to RFP LBNF-375638 for Occupational Health Services.
- SDSTA submitted a proposal in response to RFP LBNF-377544 for Professional Services.

Lawrence Berkeley National Lab

- None

Pacific Northwest National Lab

- None

Table 1 Summary of Contracts Awarded by SDSTA in December 2025 - February 2026

Contract #	Contractor/Vendor	Type	Project
2025-17	Multiple Award Task Order	IDIQ	General Property Maintenance Services
2025-26	Anderson Service Inc	NEW	Annual Crane Inspection& Wire Rope Repair
2026-03	Payscale	NEW	Wage Determination
2026-01	American Engineering Testing Inc	NEW	Inclinometer Monitoring for the SLHVC
2026-04	Rylan Sprague	NEW	CRC Consultant
2023-25	Wolff's Plumbing Heating	CO#1	4850L Ross campus restroom RFC
2024-31	Hydro Resources	CO#3	Deep Well Pump Repair
2025-19	Dean Kurtz Const	NEW	1250L Pump Room Rehab
2024-20	Stantec	TO#3	5000L Pump Room Assessment/Design
2025-01	ATEN	CO#1	Accessibility Audit of SURF Websites
2023-22	JCI	CO#3	Repl Batteries in AHUs & SDSTA Rep Change
2024-20	Stantec	CO#2	2026 Update Rate Change
2021-20	Siemag Tecberg	CO#3	Ross Cage Hoist Overwind Clutch
2025-24	Fortis Engineering&Manuf	NEW	Ross Cage Hoist Rope Replacement
2025-14	Overhead Systems	NEW	OH Door Inspections & Maintenance Service
2025-06	Stone Land Services LLC	CO#1	Date extension & add funds
2022-06	Agility/Preparis	CO#1	Extension of limited services
2024-06	Mid Dakota Vegetation	CO#1	Added scope to spray electrical enclosures
2025-10	Stantec	NEW	Brownfield Assessment & Grant Management
2024-04	Reventus LLC	CO#4	Date Extension Add Funding
2022-33	RCS	TSK#15	Repair Gutter & Flashing
2026-06	Butler Machinery Comp	NEW	Generator Inspections & Maintenance

Purchase Orders (POs): 585 POs were issued December 1, 2025 – February 28, 2026, totaling **\$895,161.**

Warehouse Inventory: Warehouse inventory at the end of February 2026 totaled **\$290,177.40.**

Community Relations Status

- Community Relations worked alongside the Sanford Lab Homestake Visitor Center Director and SURF Artist in Residence Coordinator to host a STEM-themed graphic novel academy on December 22, 2025. Middle school students from Rapid City received an overview of experiments currently at SURF, experienced a hoistroom tour, learned the art of visual storytelling, engaged with practitioners in the STEM field, and expressed what they learned throughout the day in visual form. Future iterations of the graphic novel academy are in the planning phases for Summer and Fall 2026.
- Community Relations is working with several other SURF teams to help develop an exhibit about SURF at the Journey Museum in Rapid City next year. The exhibit will feature the history and science of SURF, and the importance of the work to the larger Black Hills community.
- Community Relations has updated the Respect the Land Standard to include Buildings and Grounds.
- Community Relations is participating in the planning process for Neutrino Day 2026, which will include cultural programming, engagement with plant specialists at Čhaŋglěška Wakǵáŋ, and more.
- Community Relations is participating in a community-building group hosted by the Badlands National Park Conservancy. Efforts include dark skies programming at Badlands National Park, Lakota Star Knowledge, and engaging students in the region in these efforts.
- Community Relations continues to work alongside the Phoebe Apperson Hearst Library to host programming for preschoolers at the Sanford Lab Homestake Visitor Center.
- Several groups have reached out for tours of Čhaŋglěška Wakǵáŋ this summer, both as a tourist destination and as a reference for planning ethnobotanical gardens in other locations.
- Community Relations has assisted in planning the DUNE Collaboration Meeting, including scheduling cultural programming and efforts to welcome scientists to the Black Hills region.

Education and Outreach (E&O) Status

K-12 Education and Outreach

Professional Development (PD)

- In December 2025 through February 2026, the E&O team facilitated a total of 464 people-hours of professional development for educators. Professional development highlights from December through February are listed below.
- In February 2026, E&O team members, in partnership with SD E-CORE and Black Hills State University (BHSU), facilitated a STEM Leadership Academy for educators in Huron, SD. This leadership workshop is the final in a series of three for the cohort of 28 South Dakota educators.
- In February 2026, E&O team members supported the SD state math and science educator conference, SD STEM, in Huron with an exhibitor booth. Four SURF presentations were a part of the conference and were led by the two 2025 SURF Fellows, as well as a math faculty member from the University of South Dakota. All four sessions highlighted the learning in classrooms that is happening with students and teachers around SURF science and engineering.

Curriculum Resources

- In December 2025 through February 2026, curriculum units were utilized by students and teachers in classrooms in 23 different SD schools, providing interactive learning experiences for 1,113 students and 7,545 total student learning hours.
- Currently, there are 15 curriculum units in SD schools impacting the learning of 947 students.
- Work continues to design a new curriculum unit focused on science related to DUNE. Feedback is being reviewed, and it continues to be shared with others connected to the project.

Classroom Presentations

- In December 2025 through February 2026, presentations were made at 17 school districts impacting the learning of 2,076 students for 1,919 total student learning hours.

Field Trips

- In December 2025 through February 2026, there were five field trips serving 113 students from South Dakota for a total of 264 learning hours.

Undergraduate

- In February 2026, Dr. John Williams from the University of South Dakota (USD) presented at the state math and science education conference the work that his undergraduate math education students had completed with E&O. Undergraduates from USD tried and then reflected upon the activities with E&O, and then the undergraduates engaged middle school students in Vermillion with the lessons.

Other

- In February 2026, E&O staff members along with support from Science, Engineering, and Operations hosted an activity booth at the Sturgis Regional 8th grade career fair, interacting with 110 students and encouraging them to think about STEM careers.
- 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	2023-2024	2024-2025	2025-2026*
Curriculum Units	934	3504	2286	3598	3236	3384	3718	2554	3965	4171	3019
Presentations	8734	8157	6304	6704	3704	2005	14038	12799	10281	14712	4007
Field trips	595	660	796	1117	254	58	485	972	966	1501	544
Other	10	891	825	1055	918	298	1468	1596	1368	1729	545
Total	10273	13212	10211	12474	8112	5745	19709	17921	16580	22113	8115

*Numbers for 2025-2026 represent June 1 through February 28, 2026

Communications Status

- Communications supported the annual Legislative visit and reception in Pierre in early February. Outstanding event turnout, including numerous legislative leaders and members of the executive branch of state government.
- Communications attended the annual Governor’s Conference on Economic Development in Pierre making several connections including some in the biotechnology related SURF research.
- Communications supported Deb Wolf in SURF overview presentations in multiple east river communities. Communications supported and promoted the Polar Plunge in Lead—as a positive community outreach effort.
- Communications designed, edited, and completed print and digital material for the John Bahcall Colloquium and The Institute for Underground Science at SURF.
- Members of the communications team attended a full day of science communications training.

Community Outreach/Media/Site Visits/Presentations

- Dec. 16, 2025 – Members of the communications team attended and supported Steam Cafe and Mark Hanhardt’s presentation “Into the Hearts of Stars”
- Feb. 18, 2026 – Mike Ray gave a presentation on SURF science communication at two South Dakota Mines classes
- Feb. 24-26, 2026 - Communications attended the annual GOED Conference in Pierre
- Feb. 28, 2026 - Presentation at Gloria Dei Lutheran Church “Where Science Meets Spirit”

Media Interviews / interactions

- Dec. 11, 2026, interview with CASPAR researchers and Katrina Miller of the New York Times
- Dec. 10, 2026, interview with Majorana Researchers and Katrina Miller of the New York Times
- Jan. 15, 2026, Mike Ray and Ann Metli meet with Chris Hornic, Rapid City Post editor
- Jan. 16, 2026, meeting with Mike Ray and Matt Chibe, News Director for KOTA-TV
- Feb. 12, 2026, interview with Black Hills Pioneer reporter Wendy Pitlick and Mike Headley and Wendy Straub
- Feb. 17, 2026, Background Interview with art filmmaker/Emerson College professor Kathryn Ramey and Mike Ray
- Feb. 18, 2026, Interview with KOTA-TV journalist Brad Walton and Julie Dahl, SURF education specialist

Video, Web, Graphics

- [The Institute: Where knowledge, people, and place converge](#)
- [December 2025 Deep Talks](#)
- [January 2026 Deep Talks](#)
- [February 2026 Deep Talks](#)
- [December 2025 Deeper Talks](#)
- [February 2026 Deeper Talks](#)
- [January 2026 Deeper Talks](#)

Online and Social Media Performance

- 405,456 impressions
- 27,789 engagements
- 781 new followers

News Coverage

- SDSTA's media tracking platform, Meltwater, shows that SURF received 316 media mentions between Dec. 1, 2025, and Feb. 28, 2026. This coverage is estimated to have an advertising value equivalent of \$13.2 million.
- The top national and international media outlets covering SURF include MSN, Yahoo News, and Live Science News Break. Major stories included coverage of LUX-ZEPLIN, DUNE, and other local news stories.
- Multiple interviews and news stories were coordinated with local media as well, including KOTA-TV and Black Hills Pioneer.
- The top-performing social media post was a tweet from @grok on DUNE at SURF; it had a reach of 7.92 million people.
- The top news story published by MSN mentioning DUNE and the Engineering at SURF included a reach of 99.8 million people and had an advertising value equivalent of \$6.02 million.

A sampling of the many news articles mentioning SURF since September 1, 2025:

- LZ sets a world's best in the hunt for galactic dark matter and gets a new look at neutrinos from the sun's core, Dec. 8, 2026, <https://sanfordlab.org/news/lz-sets-worlds-best-hunt-galactic-dark-matter-and-gets-new-look-neutrinos-suns-core>
- SURF helps shift South Dakota brain-drain into reverse, Jan 13, 2026, <https://sanfordlab.org/news/surf-helps-shift-south-dakota-brain-drain-reverse>
- SURF launches John Bahcall Colloquium with inaugural lecture by Neta Bahcall in Rapid City, Jan. 27, 2026, <https://sanfordlab.org/news/surf-launches-john-bahcall-colloquium-inaugural-lecture-neta-bahcall-rapid-city>
- Rachel Berg, 2026 SURF Artist in Residence, makes a Homecoming to Lead, Feb. 2, 2026, <https://sanfordlab.org/news/rachel-berg-2026-surf-artist-residence-makes-homecoming-lead>

Information Technology Status

Projects

- All DocuShare calendars have been transferred to Microsoft or the SURF Portal.
- MineStar Configuration stations were deployed at both the Ross and Yates ramps.
- SARF JotForm to CCure integration was completed with additional search functionality created on the SDSTA Portal home page for SDSTA staff use.
- The IT Operations Manager attended various security-related meetings, including the Infragard quarterly meeting and Cybersecurity Council of SD meeting.
- SURF's virtual server environment was upgraded to the latest operating system to implement new features and mitigate security vulnerabilities.
- The IT Operations Manager was Guide-certified on the 1250L, 2450L, 3650L, and 5000L.
- Department documents were migrated to SharePoint and access to documents on DocuShare was removed for all users as of February 27.
- CostPoint login was configured for single sign-on (SSO).
- A new standard was created requiring all SDSTA account holders to keep accounts active to prevent deletion.
- Account cleanup of security/distribution groups was performed and inactive accounts were removed.
- Migrated CAT 1700L-managed switches to SURF-managed switches.

- Onboarded disaster recovery network infrastructure and configured new disaster recovery firewall.
- Performed firmware updates on all network switches and firewalls.
- As part of IT's ongoing initiative to improve backup power systems, SDSTA implemented remote management, alerting, and additional fixes for the areas below. These improvements increase visibility into power issues and enable faster recovery time.
 - CASPAR
 - Yates Hoist Room
 - Ross Bat Cave
 - Ross Dry

Ongoing/Upcoming projects

- Continue replacing the remaining back haul cabinet switches and deploy new cabinet switches.
- Install a wireless bridge at the dam to enable communications to #5 Shaft.
- Remove unused network rack and consolidate space in the Administration data center.
- Replace outdated network equipment across various underground locations.

December 2025 – February 2026 Events

- The Visitor Registration Monthly Reports were submitted electronically to the SD Fusion Center/Homeland Security utilizing the SURF database reporting tool. The Monthly Foreign National Visits Reports and Restricted Party Screening Audits were generated and distributed. The Administrative Services team registered 246 visitors from December 1 to February 28. Access badge requests were processed, and monthly badging reports were generated.



Number of New Visitors, Users, and Contractors On-Site

Administrative Services Activities

- A working group completed its review of site access protocols and approval processes during the quarter. Updates to the Facility Access Standard and related work instructions are underway to reflect the agreed changes. A Bridge training module will be developed to communicate the new requirements to staff, and an interim Executive Order has been issued to guide personnel until the formal approval process for all visits and work at SURF is finalized.
- As part of a site-wide initiative to improve management of work-related documents, Administrative Services has completed the migration of documents for a selected group of departments from DocuShare to SharePoint.
- The internal audit was conducted for Administrative Services with zero non-conformances.
- SDSTA announced a “Friends and Family Day” at SURF, offering an opportunity to visit the DUNE caverns at the 4850L. This event is open only to SDSTA employees and Fermilab LBNF/DUNE staff. Each employee may register one guest to accompany them on an underground tour. Employees who choose to volunteer during the event may instead bring two guests (one additional guest) but will not participate in a tour themselves.
- Facility usage continued as onsite events and meetings slowed slightly for the winter months. The Administrative Services team provided logistical and coordination support for the following events:
 - Dec 1-2 - Theia site visit
 - Dec 22 - Graphic Novel Academy site visit
 - Jan 13 - Q2 EOS Summit with Mike Roth
 - Jan 27 - Well-being Nutrition Potluck

- Jan 28 - SURF All Hands meeting
- Jan 29 - Science Communications Train the Trainer workshop
- Jan 30 - Empower Ed field trip
- Feb 8 - City of Lead Administrator site visit
- Feb 20 - SURF Polar Plunge
- In addition, the Administrative Services team is actively preparing for upcoming meetings and events including:
 - March 19 SURF Foundation quarterly board meeting
 - April 7 Q3 EOS Summit with the Executive Leadership Team
 - April 15 SURF All Hands Meeting
 - DUNE Collaboration meeting May 18-22, 2026 - Registration has opened and logistics planning continues in collaboration with the Science team and SD Mines Physics staff.
- SDSTA Board of Directors support—The quarterly meeting was held at SURF on December 11, 2025. Supporting materials and meeting minutes were posted to the Boards & Commissions portal. Preparations are currently underway for the next board meeting, which will be held at SURF on March 19, 2026. The June and September quarterly board meetings will be held offsite in Rapid City and Sioux Falls, respectively, and the December meeting will return to SURF.



**SANFORD
UNDERGROUND
RESEARCH
FACILITY**

SOUTH DAKOTA SCIENCE AND TECHNOLOGY AUTHORITY

SANFORD LAB HOMESTAKE VISITOR CENTER

Sanford Lab Homestake Visitor Center (SLHVC) Status

- The 2026 Deep Talks season, hosted at the SLHVC, has continued to be a success.
 - December’s Deep Talks celebrated the milestone LUX-ZEPLIN announcement with Professor Alvine Kamaha (UCLA) presenting on “Putting the Puzzle Together to Understand the Universe with the LUX ZEPLIN Experiment.”
 - In January, Mark Hanhardt presented “Into the Heart of Stars with CASPAR.”
 - February’s Deep Talks, “An Evening with the Regan Brothers,” brought in a record 150 attendees.
- In direct support of DUNE, the SLHVC has been a site of numerous meetings and trainings, including:
 - Fermilab Community update.
 - Fermilab employee and subcontractor trainings.
 - KAJV monthly All-Hands.
- A variety of activity tables were set up throughout the SLHVC for families to enjoy while attending Winterfest. The Chamber advertised the SLHVC’s participation, leading to around 250 guests throughout the festival.
 - The SLHVC also worked with the Chamber as the host site for the Chamber’s VIP fireworks party and concert.
 - SURF also sponsored the inaugural Lead Polar Plunge on the Friday of Winterfest, hosted at the SLHVC, which brought in over 200 attendees. With 80+ jumpers and \$23,000 raised, it was an incredibly successful event supporting Special Olympics South Dakota.
- The SLHVC Director, Community Relations Specialist, and SURF Artist in Residence coordinator collaborated on hosting a STEM-themed Graphic Novel Academy in December with a student group from Ateyapi.
- The SLHVC is collaborating with several SURF teams on a guest exhibit at the Journey Museum in Rapid City exploring the history and science of SURF, which will open in 2027.
- The SLHVC has continued to support the Lead Area Chamber of Commerce’s 2nd Saturday initiative, hosting STEM-themed activities for the whole family to enjoy.
- The 18th annual Neutrino Day is scheduled for July 11, 2026. Planning is well underway, with initial save the dates sent, spaces reserved, and several presenters and performances confirmed.
- With assistance from the Communications Department, a new targeted drip email campaign has been launched to recruit additional tour bus groups to the SLHVC. The Road Scholars groups have already confirmed for summer 2026.
- The SLHVC team has begun preparations for the summer tour season, revising past tours and preparing new options for visitors to enjoy.
- The SLHVC Director, serving on the national Science Events board (an organization based out of MIT), is assisting with the annual conference program and developing a regional cohort.
- The SLHVC classroom continues to be utilized for a variety of community meetings and events, including:
 - Barrick-Homestake meetings.
 - New York Life meeting and training.
 - SD Mines classroom presentations and field trips.
 - Northern Hills Prospectors monthly meetings.



**SURF FOUNDATION
501(c)(3)**

SURF Foundation Status

Fundraising Performance and Milestones:

- Fundraising total (12/1/2025 to 2/28/2026): \$39,118 from 14 donors
- Highest gift: \$25,000. Average gift: \$2,794
- FY26 cash-to-date (7/1/2025 to 2/28/2026): \$52,687
- FY26 year-end projection: \$1.8M (includes a significant major gift ask in progress)

Community Events

These events expand public awareness of SURF and support sponsor and donor engagement throughout the year.

- Deep Talks: Monthly public science lectures, offered in person and online.
 - Partnered with sponsors to support Deep Talks and helped secure \$8,000 in funding for the 2026 season.
 - Average attendance for three events was 72 in person and 39 online.
 - New registration process in February capturing attendees in a new online form.
 - Upcoming events: March 12, April 9, May 21 (tentative)
- Neutrino Day: A free, community-wide science festival in Lead with hands-on activities for all ages on July 11, 2026.
 - Sponsorship goal: \$50,000. Updated sponsorship package. Outreach underway to new corporate sponsors.

Priority Programs & Partnerships:

- John Bahcall Colloquium: Research-focused science talks featuring leading experts, offered in person and online.
 - Launch event March 10 at the Journey Museum in Rapid City featuring Dr. Neta Bahcall. Future lectures are the second Wednesday of each month, in person and online.
 - Donor support is in progress.
- Center for Theoretical Underground Physics and Related Areas (CETUP*): A summer research program for theoretical underground physics and related areas.
 - Case for support in development for the June 22 to July 27, 2026 program, and beyond.
- Davis Bahcall Scholars Program: A four-week, all-expense-paid summer STEM experience for students.
 - Fundraising is in progress to fully support the 2026 cohort.

Donor Communications:

- Three newsletters were sent to our ~250 donor list.
 - Email performance: 43.9% open rate and 9.1% click-through rate in line with nonprofit best practices.

Welcomed Tracy Kerwin, new SURF Foundation Director on February 2.



**SANFORD
UNDERGROUND
RESEARCH
FACILITY**

SOUTH DAKOTA SCIENCE AND TECHNOLOGY AUTHORITY

The Institute for Underground Science at SURF

The Institute Status

Programming and Outreach

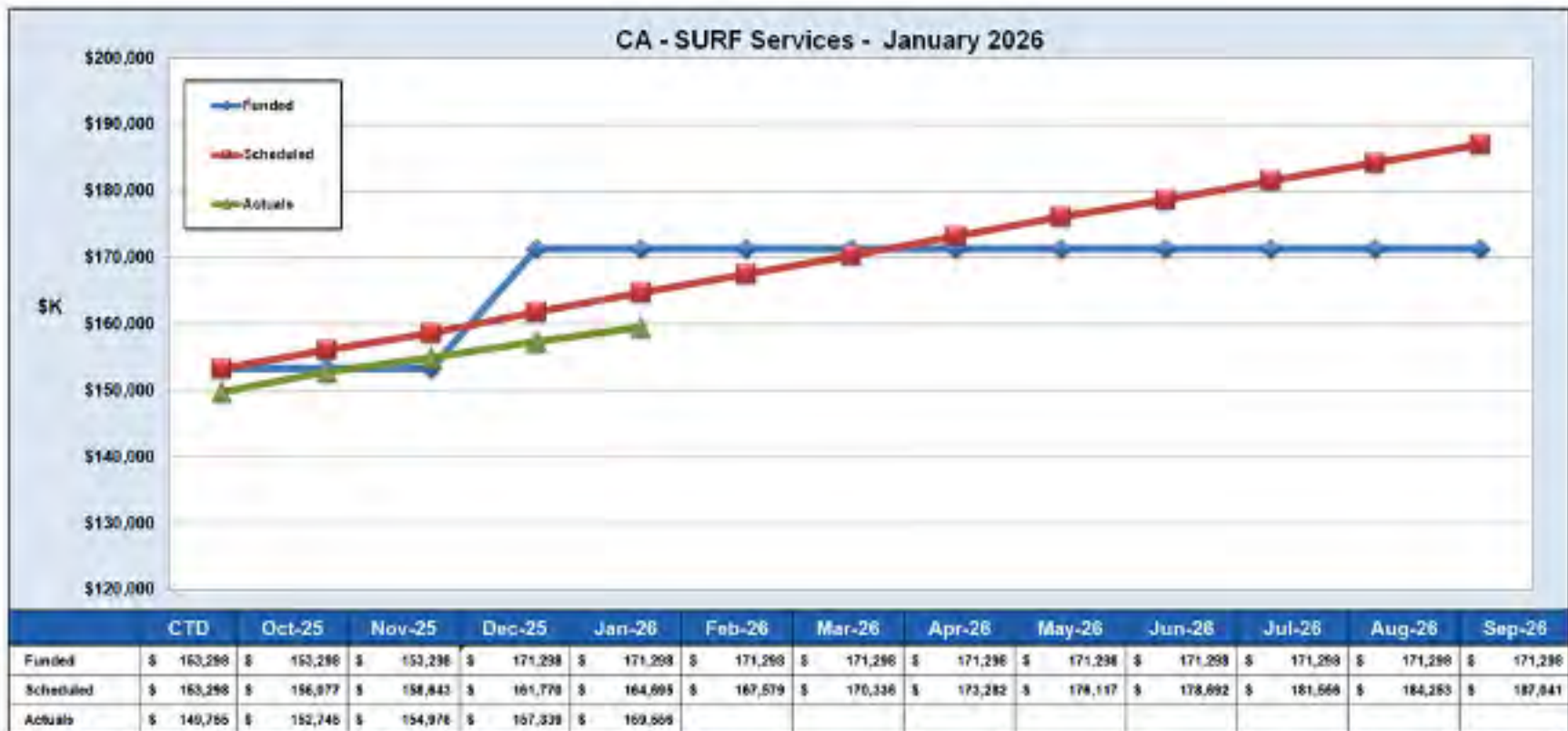
- The Institute concluded the year with a 125% increase in program participation compared to 2024, with 842 participants engaging in Institute programs, surpassing the annual participation goal. Since launching programming in 2024, engagement has expanded to 170 institutions across 24 countries and 33 U.S. states, demonstrating the Institute's growing global reach and strong demand for opportunities that connect the global underground science community.
- Looking ahead, 2026 goals include a 10% increase in overall participation and a 12% increase in the number of countries represented across Institute programs, further strengthening the Institute's global engagement.
- January and February programming, including the Deeper Talks series and the Davis-Bahcall Scholars Program, has begun the year with strong engagement, already representing 16% of the 2025 annual participation to date.
- Planning and coordination for key 2026 programs, including the Deeper Talks seminar series (renamed the John Bahcall Colloquium beginning in March), CETUP*, the Quantum Partnership Workshop, and the Higher Education Connections Workshop, are underway, ensuring continued collaboration across institutions and alignment with Institute programming priorities.
- Institute Science Planning Committee (ISPC)
 - The ISPC met twice to onboard members, review programming from the past two years, and begin identifying strategic priorities to guide the Institute's future programming and fundraising strategies.
- Deeper Talks: SURF Seminar Series
 - The Deeper Talks series continued to show strong growth, with participation in 2025 increasing 109% year-over-year, driven by both a higher number of talks and increased attendance per event. Nine of twelve months experienced higher participation compared to 2024, with international attendees present in nearly every session.
 - Digital engagement with recorded talks remained strong, with several seminar recordings generating significant post-event viewership and sustained viewing times, demonstrating continued interest in Institute programming beyond the live events.
 - The monthly talk series featured Dr. James Bowen (Dec), Dr. Joseph Formaggio (Jan), and Dr. Brianna Mount (Feb). Their presentations covered topics related to heavy ion collisions, neutrino lasers, and low-background counting.
 - Early 2026 programming began with strong engagement, with Deeper Talks participation in January–February up 53% compared to the same period in 2025, indicating continued growth in audience reach.
- Davis-Bahcall Scholars Program
 - The Davis-Bahcall Scholars Program continues to gain momentum, with applications increasing 9% year over year and strong interest from students across the region. Interviews were conducted with 18 candidates from a pool of 47 applicants, resulting in the selection of eight scholars for the 2026 cohort. The cohort includes high school seniors and first-year undergraduate students from Flandreau Indian School, Stevens High School, South Dakota Mines, Black Hills State University, the University of South Dakota, and MIT.
- CETUP* (Center for Theoretical Underground Physics and Related Areas) Workshop
 - Registration for the 2026 CETUP* workshop (June 22–July 17) is strong, with 66 participants currently registered, representing 10 countries and 22 U.S. states. With program capacity set at 60, registrations are being managed to account for typical attrition, reflecting continued strong interest and global engagement in the workshop. Planning continues, including consideration for the tenth anniversary.



APPENDIX

**Business Services Department
Appendix A**

DOE SDSTA Fiscal Year 2026 SPA Curve



APPENDIX B - FINANCIAL SUMMARIES

REPORT DATE 2/11/2026

SOUTH DAKOTA SCIENCE & TECHNOLOGY

PAGE 0001

DIVISION: ALL

BALANCE SHEET

ASSETS

		AS OF 01/31/26

CURRENT ASSETS		
First Interstate Checking	\$	2,165,416.74

Total in Local Checking		2,165,416.74
SD Treas: Indemnification		7,500,000.00
SD Treas: Mine Closure		1,700,093.84
SD Treas: Operating		465,626.05
SD Treas: SB35 Appropriation		-
SD Treas: Experiments		460,928.65

Total with SD Treasurer		10,126,648.54
Billed A/R		1,147,033.95
Unbilled A/R		1,238,418.08
Other A/R		242,418.83
Inventory - Supplies		2,304,320.06
Inventory - Warehouse		326,536.35
Other Current Assets		1,788,016.97

Total Current Assets		19,338,809.52
FIXED ASSETS		
Land, Underground & Other		12,793,484.40
Bldgs & Infrastructure		19,215,582.35
Improvements		75,753,792.11
Work in Progress		772,961.26
Computer Equipment		328,740.71
Equipment & Fixtures		9,861,614.44
DOE Property Transfer		65,493,086.16
Accum Depr & Amort		(28,555,018.91)
DOE Prop. Accum Deprec.		(4,755,448.51)

Total Fixed Assets		150,908,794.01
OTHER ASSETS		
Asset Retirement Obligation Deferred Outflows		1,129,637.92
Asset Retirement Obligation Accumulated Depr.		(112,963.80)
Pension Deferred Outflows		4,870,590.39
Xenon Purchased		8,687,833.46

Total Other Assets		14,575,097.97
TOTAL ASSETS	\$	===== 184,822,701.50 =====

DIVISION: ALL

BALANCE SHEET

LIABILITIES & EQUITY

	AS OF
	01/31/26

CURRENT LIABILITIES	
Accounts Payable	\$ 993,977.70
Other Payables	731,605.75

Total Accounts Payable	1,725,583.45
Accrued Payroll Liab	3,604,879.23

Total Current Liabilities	5,330,462.68
OTHER LIABILITIES	
LT Xenon Notes Payable	3,121,190.01
Pension Deferred Inflows	3,230,807.47
Asset Retirement Obligation	1,655,259.24

Total Other Liabilities	8,007,256.72
EQUITY	
Restricted: Indemnification	7,500,000.00
Restricted: SB35 Appropriation	-
Restricted: Mine Closure	1,700,093.84
Restricted: Pension	1,639,782.92
Restricted: Experiment. Int.	460,928.65

Total Restricted Funds	11,300,805.41
Investment in Gen FA	150,908,794.01
Unrestricted Funds	9,275,382.68

Total Equity	171,484,982.10
	=====
TOTAL LIABILITIES & EQUITY	\$ 184,822,701.50
	=====

ALL

STATEMENT OF INCOME

FOR THE PERIOD ENDING 1/31/2026

	YR-TO-DATE

REVENUE	
DOE Subcontracts	\$ 22,669,118.50
Checking Interest	2,450.12
Interest Income	122,794.00

TOTAL REVENUE	22,794,362.62
DIRECT COSTS	
Direct Labor	6,538,984.77
Board of Directors	11,451.98
Capital Outlay >\$5K	86,459.51
Contractual Svcs	2,174,791.15
Inventory	193,260.97
Supplies	1,027,672.97
Travel - Domestic	42,210.83
Travel - Foreign	6,593.57
Utilities	1,358,710.20
Other Direct Costs	129,963.84
Unallow/Unbill Costs	125,622.05

TOTAL DIRECT COSTS	11,695,721.84
INDIRECT COSTS	
Fringe Benefits	5,895,265.24
Overhead	6,792,703.22

TOTAL INDIRECT COSTS	12,687,968.46

GROSS PROFIT/LOSS ()FROM OPERATIONS	(1,589,327.68)

OTHER INCOME	
Water Treatment	108,592.70
Miscellaneous Income	7,839.04
Other Operating Income	74,420.94

TOTAL OTHER INCOME	190,852.68
OTHER EXPENSES	
Misc. Expenses & Donations	(287,780.20)
Loss (Gain) on Sale of FA	67,472.47
Other Unallowable Expense	1,611,615.24
Reclass Incr Net Assets	(2,954,206.45)

TOTAL OTHER EXPENSES	(1,562,898.94)
	=====
NET INCOME/LOSS ()	\$ 164,423.94
	=====

DIVISION: ALL

COMPARATIVE BALANCE SHEET

ASSETS

	AS OF 01/31/26	AS OF 01/31/25	\$ CHANGE	% CHANGE
CURRENT ASSETS				
First Interstate Checking	\$ 2,165,416.74	\$ 1,734,127.62	\$ 431,289.12	24.87%
Total in Local Checking	2,165,416.74	1,734,127.62	431,289.12	24.87%
SD Treas: Indemnification	7,500,000.00	7,500,000.00	-	0.00%
SD Treas: Mine Closure	1,700,093.84	1,631,104.50	68,989.34	4.23%
SD Treas: Operating	465,626.05	1,275,910.58	(810,284.53)	-63.51%
SD Treas: SB35 Appropriation	-	241,161.70	(241,161.70)	100.00%
SD Treas: Experiments	460,928.65	516,269.79	(55,341.14)	-10.72%
Total with SD Treasurer	10,126,648.54	11,164,446.57	(1,037,798.03)	-9.30%
Billed A/R	1,147,033.95	1,665,404.96	(518,371.01)	-31.13%
Unbilled A/R	1,238,418.08	989,545.04	248,873.04	25.15%
Other A/R	242,418.83	428,542.58	(186,123.75)	-43.43%
Inventory - Supplies	2,304,320.06	2,135,473.49	168,846.57	7.91%
Inventory - Warehouse	326,536.35	398,291.88	(71,755.53)	-18.02%
Other Current Assets	1,788,016.97	1,587,893.78	200,123.19	12.60%
Total Current Assets	19,338,809.52	20,103,725.92	(764,916.40)	-3.80%
FIXED ASSETS				
Land, Underground & Other	12,793,484.40	12,793,484.40	-	0.00%
Bldgs & Infrastructure	19,215,582.35	19,215,582.35	-	0.00%
Improvements	75,753,792.11	63,312,036.57	12,441,755.54	19.65%
Work In Progress	772,961.26	11,548,590.23	(10,775,628.97)	-93.31%
Computer Equipment	328,740.71	394,495.88	(65,755.17)	-16.67%
Equipment & Fixtures	9,861,614.44	9,873,301.85	(11,687.41)	-0.12%
DOE Property Transfer	65,493,086.16	18,313,829.22	47,179,256.94	257.62%
Accum Depr & Amort	(28,555,018.91)	(26,411,742.13)	(2,143,276.78)	8.11%
DOE Prop. Accum Deprec.	(4,755,448.51)	(1,896,479.17)	(2,858,969.34)	150.75%
Total Fixed Assets	150,908,794.01	107,143,099.20	43,765,694.81	40.85%
OTHER ASSETS				
Asset Retirement Obligation Deferred Outflows	1,129,637.92	1,129,637.92	-	0.00%
Asset Retirement Obligation Accumulated Depr.	(112,963.80)	(75,309.20)	(37,654.60)	100.00%
Pension Deferred Outflows	4,870,590.39	5,311,868.62	(441,278.23)	-8.31%
Xenon Purchased	8,687,833.46	8,687,833.46	-	0.00%
Total Other Assets	14,575,097.97	15,054,030.80	(478,932.83)	-3.18%
TOTAL ASSETS	\$ 184,822,701.50	\$ 142,300,855.92	\$ 42,521,845.58	29.88%

DIVISION: ALL

COMPARATIVE BALANCE SHEET

LIABILITIES & EQUITY

	AS OF 01/31/26	AS OF 01/31/25	\$ CHANGE	% CHANGE
CURRENT LIABILITIES				
Accounts Payable	\$ 993,977.70	\$ 1,540,082.79	(546,105.09)	-35.46%
Other Payables	731,605.75	651,148.54	80,457.21	12.36%
	-----	-----	-----	-----
Total Accounts Payable	1,725,583.45	2,191,231.33	(465,647.88)	-21.25%
Accrued Payroll Liab	3,604,879.23	2,430,404.98	1,174,474.25	48.32%
	-----	-----	-----	-----
Total Current Liabilities	5,330,462.68	4,621,636.31	708,826.37	15.34%
OTHER LIABILITIES				
LT Xenon Notes	3,121,190.01	3,121,190.01	-	0.00%
Pension Deferred Inflows	3,230,807.47	3,045,436.77	185,370.70	6.09%
Asset Retirement Obligation	1,655,259.24	1,590,404.24	64,855.00	4.08%
	-----	-----	-----	-----
Total Other Liabilities	8,007,256.72	7,757,031.02	250,225.70	3.23%
	-----	-----	-----	-----
TOTAL LIABILITIES	13,337,719.40	12,378,667.33	959,052.07	7.75%
EQUITY				
Restricted: Indemnificati	7,500,000.00	7,500,000.00	-	0.00%
Restricted: SB35 Appropriation	-	241,161.70	(241,161.70)	100.00%
Restricted: Mine Closure	1,700,093.84	1,631,104.50	68,989.34	4.23%
Restricted: Pension	1,639,782.92	2,266,431.85	(626,648.93)	-27.65%
Restricted: Experim. Int.	460,928.65	516,269.79	(55,341.14)	-10.72%
	-----	-----	-----	-----
Total Restricted Funds	11,300,805.41	12,154,967.84	(854,162.43)	-7.03%
Investment in Gen FA	150,908,794.01	107,143,099.20	43,765,694.81	40.85%
Unrestricted Funds	9,275,382.68	10,624,121.55	(1,348,738.87)	-12.70%
	-----	-----	-----	-----
TOTAL EQUITY	171,484,982.10	129,922,188.59	41,562,793.51	31.99%
	=====	=====	=====	=====
TOTAL LIABILITIES & EQUITY	\$ 184,822,701.50	\$ 142,300,855.92	\$ 42,521,845.58	29.88%
	=====	=====	=====	=====

COMPARATIVE STATEMENT OF INCOME

FOR THE PERIOD ENDING 1/31/2026

	YEAR TO DATE	PRIOR YEAR TO DATE	\$ CHANGE	% CHANGE
REVENUE				
DOE Subcontracts	\$ 22,669,118.50	\$ 27,670,028.88	\$ (5,000,910.38)	-18.07%
Checking Interest	2,450.12	2,611.91	(161.79)	-6.19%
Interest Income	122,794.00	141,253.04	(18,459.04)	-13.07%
TOTAL REVENUE	22,794,362.62	27,813,893.83	(5,019,531.21)	-18.05%
DIRECT COSTS				
Direct Labor	6,538,984.77	5,997,880.86	541,103.91	9.02%
Board of Directors	11,451.98	11,964.51	(512.53)	-4.28%
Capital Outlay >\$5K	86,459.51	125,189.87	(38,730.36)	100.00%
Contractual Svcs	2,174,791.15	12,884,054.98	(10,709,263.83)	-83.12%
Inventory	193,260.97	220,133.12	(26,872.15)	-12.21%
Supplies	1,027,672.97	1,090,721.49	(63,048.52)	-5.78%
Travel - Domestic	42,210.83	148,986.58	(106,775.75)	-71.67%
Travel - Foreign	6,593.57	12,355.67	(5,762.10)	-46.64%
Utilities	1,358,710.20	1,309,746.67	48,963.53	3.74%
Other Direct Costs	129,963.84	76,063.98	53,899.86	70.86%
Unallow/Unbill Costs	125,622.05	126,251.48	(629.43)	-0.50%
TOTAL DIRECT COSTS	11,695,721.84	22,003,349.21	(10,307,627.37)	-46.85%
INDIRECT COSTS				
Fringe Benefits	5,895,265.24	5,334,917.94	560,347.30	10.50%
Overhead	6,792,703.22	7,054,119.91	(261,416.69)	-3.71%
TOTAL INDIRECT COSTS	12,687,968.46	12,389,037.85	298,930.61	2.41%
GROSS PROFIT/LOSS ()	(1,589,327.68)	(6,578,493.23)	4,989,165.55	517.81%
OTHER INCOME				
Water Treatment	108,592.70	140,913.49	(32,320.79)	-22.94%
Miscellaneous Income	7,839.04	26,179.18	(18,340.14)	-70.06%
Other Operating Income	74,420.94	152,145.00	(77,724.06)	-51.09%
TOTAL OTHER INCOME	190,852.68	319,237.67	(128,384.99)	-40.22%
OTHER EXPENSES				
Misc. Expenses & Donations	(287,780.20)	(2,065,457.24)	1,777,677.04	-86.07%
Loss (Gain) on Sale of FA	67,472.47	425,434.98	(357,962.51)	-84.14%
Other Unallowable Expense	1,611,615.24	460,957.17	1,150,658.07	249.62%
Reclass Incr Net Assets	(2,954,206.45)	110,782.41	(3,064,988.86)	-2766.67%
TOTAL OTHER EXPENSES	(1,562,898.94)	(1,068,282.68)	(494,616.26)	46.30%
NET INCOME/LOSS ()	\$ 164,423.94	\$ (5,190,972.88)	\$ 5,355,396.82	-103.17%

South Dakota Science & Technology Authority
Available Resources
1/31/2026

Cash Total Checking	\$	2,165,417
Cash With State Treasurer	\$	<u>10,126,649</u>
Total Cash	\$	12,292,065
Less: Restricted Funds		
Indemnification/Mine Closure	\$	(9,200,094)
SB35 Appropriation	\$	-
Experiments (Xenon, Interest, Infrastructure)	\$	(460,929)
 Total Cash Available for Infrastructure Upgrades and Authority Operations	 \$	 2,631,043
Plus: Accounts Receivable Billed	\$	1,147,034
FY21 and FY22 Indirect True up in A/R above	\$	407,322
Transfer from SURF Foundation	\$	-
Accounts Receivable Unbilled	\$	1,238,418
Less: Current Liabilities (Accounts Payable & Accrued Payroll)	\$	(2,137,212)
 Available Cash and Receivables	 \$	 <u>3,286,606</u>

SDSTA Operating Budget Summary FY2026

Actual vs Budget
January 2026 & YTD

	\$ Over/Under				\$ Over/Under				
	January 2026	Budget	Budget	% of Budget	Actual YTD	YTD Budget	Budget	% of Budget	% Remaining
									100%
SDSTA (Authority) Direct Charges									
Board of Directors	\$1,364	\$2,910	\$1,546	46.88%	\$13,035	\$20,370	\$7,335	63.99%	36.01%
Executive Office	\$52,803	\$73,730	\$20,927	71.62%	\$384,066	\$520,755	\$136,689	73.75%	26.25%
Science Center E & O	-\$1,963	\$0	\$1,963	100.0%	\$9,147	\$45,500	\$36,353	20.10%	79.90%
SURF Foundation	\$19,904	\$61,981	\$42,077	32.11%	\$197,246	\$410,834	\$213,588	48.01%	51.99%
Science Liaison	\$1,175	\$0	(\$1,175)	100.0%	\$3,545	\$0	(\$3,545)	100%	NA
SLHVC (Visitor Center)	\$9,515	\$26,430	\$16,916	36.0%	\$148,729	\$194,025	\$45,296	76.65%	23.35%
Subtotal	\$82,798	\$165,051	\$82,253	50.17%	\$755,768	\$1,191,484	\$435,716	63.43%	36.57%
Federal/State Funding - Direct Charges									
FRA C#671265 Prof. St.Services	\$3,355	\$14,351	\$10,996	23.38%	\$145,200	\$100,457	(\$44,743)	144.54%	-44.54%
FRA C#717402 Ross H.F. Misc. Eng.	\$4,807	\$4,807	\$0	100.0%	\$36,600	\$36,600	\$0	100.00%	0.00%
FRA C#713179 BSI Logs Support	\$117,559	\$339,642	\$222,083	34.61%	\$1,051,056	\$2,377,492	\$1,326,436	44.21%	55.79%
Fermi C#711484 Gen Site Services	\$16,528	\$43,121	\$26,593	38.33%	\$87,591	\$301,846	\$214,255	29.02%	70.98%
Fermi C#724345 BGBSI	\$175,883	\$479,878	\$303,995	36.65%	\$1,221,388	\$3,359,146	\$2,137,758	36.36%	63.64%
Fermi C#730766 BGFDC	\$0	\$282,467	\$282,467	0.0%	\$0	\$564,935	\$564,935	0.00%	100.00%
Office of Science Coop.Agree	\$1,439,068	\$1,926,778	\$487,710	74.69%	\$9,549,806	\$12,191,770	\$2,641,964	78.33%	21.67%
Office of Science IIP Projects	\$103,755	\$103,755	\$0	100.0%	\$1,824,589	\$1,824,589	\$0	0.00%	0.00%
US EPA Brownfields #4B-00108600-1	\$744	\$55,556	\$54,812	1.34%	\$11,929	\$222,223	\$210,294	5.37%	94.63%
LBNL LZExp.Operat.C#7650068 & DE-SC0022857	\$40,217	\$53,509	\$13,292	75.16%	\$350,116	\$374,561	\$24,445	93.47%	6.53%
Battelle Mem. Inst - DEMO-FTES	\$0	\$930	\$930	0.0%	\$1,516	\$6,510	\$4,994	23.29%	76.71%
MJD (Majorana) SDSM&T CT008480 CT010819	\$16	\$909	\$893	1.73%	\$1,164	\$6,361	\$5,197	18.31%	81.69%
BHSU E & O - CT004853, CT011875, & BHSU-2412055-SURF	\$0	\$3,116	\$3,116	0.0%	\$31,060	\$21,812	(\$9,248)	142.40%	-42.40%
Caspar	\$9	\$500	\$491	1.71%	\$9	\$3,500	\$3,491	0.24%	99.76%
* RESPEC	\$0	\$167	\$167	0.0%	\$1,610	\$1,168	(\$442)	137.83%	-37.83%
Subtotal	\$1,901,939	\$3,309,484	\$1,407,545	57.47%	\$14,313,633	\$21,392,969	\$7,079,336	66.91%	33.09%
Indirect Expenses									
Indirect Charges Personnel	\$636,095	\$771,747	\$135,652	82.42%	\$3,178,386	\$5,081,298	\$1,902,912	62.55%	37.45%
Indirect Charges Other	\$536,009	\$832,899	\$296,890	64.35%	\$3,924,734	\$6,285,557	\$2,360,823	62.44%	37.56%
Subtotal	\$1,172,104	\$1,604,646	\$432,541	73.04%	\$7,103,120	\$11,366,855	\$4,263,735	62.49%	37.51%
Totals	\$3,156,842	\$5,079,182	\$1,922,340	62.15%	\$22,172,521	\$33,951,308	\$11,778,787	65.31%	34.69%
* Private Corporations (Commercial Group)									

Communications Department Photo Appendix C



Top: Kyle Jankord initiates a LiDAR scan of the Yates hoistroom.

Center left: Brooke Anderson inspects a piece of equipment at the ROC Warehouse.

Center right: Steve Gabriel, Jason Connot, and Bryce Pieztyk examine an area on the 3650L to help mitigate hazards.

Bottom: Mark Hanhardt speaks to a group of SD Mines students about CASPAR and nuclear astrophysics.



Communications Department Photo Appendix C



Top: Dan and Tom Regan engage a packed audience at February's Deep Talks, marking the most attended session yet.

Center left: Elementary students explore the DUNE caverns in VR during the Little Shop of Physics (LSOP) Open House. LSOP has partnered with SURF at Neutrino Day for three years.

Center right: SURF's Emergency Response Team hone their skills with monthly training in low-visibility conditions.

Bottom: The executive management team and a few other brave SURF employees pose for a photo at the polar plunge. (Taken pre-plunge.)



New Advisory Committee Discussion—Chair Casey Peterson/Mr. Tim Engel

Discuss forming an Executive Advisory Committee.

Reference SDSTA Bylaws Article 2, Section 7 of the board packet.

Recommended Action:

Motion tbd.

Page intentionally
blank

AMENDED AND RESTATED BY-LAWS

OF

SOUTH DAKOTA SCIENCE AND TECHNOLOGY AUTHORITY

(as of September 21, 2023)

ARTICLE I.

NAME, PRINCIPAL OFFICE AND SEAL

Section 1. Name. The name of this Authority, a public body politic and corporate, shall be SOUTH DAKOTA SCIENCE AND TECHNOLOGY AUTHORITY (SDSTA), as provided in SDCL Ch. 1-16H.

Section 2. Principal Office. The principal office of the SDSTA shall be located at the City of Lead, Lawrence County, South Dakota. The SDSTA may have such other offices within the State of South Dakota as the Directors designate or as the business of the SDSTA may require.

Section 3. Seal. The corporate seal of the SDSTA shall be a circular disk having inscribed around the periphery thereof the words, "South Dakota Science and Technology Authority", and in the center the word, "Seal."

ARTICLE II.

BOARD OF DIRECTORS

Section 1. Membership of the Board. The Board shall consist of seven voting members to be appointed by the Governor and the Presidents of the South Dakota School of Mines and Technology and Black Hills State University as ex-officio, non-voting members. Not

all Directors shall be of the same political party.

Section 2. Terms of Office. The terms of the voting members of the Board shall be six (6) years.

Section 3. Vacancies and Reappointments. Any person appointed to fill a vacancy on the Board of Directors shall serve for the unexpired term of his predecessor. All voting Directors shall be eligible for reappointment.

Section 4. Removal. Any Director may be removed by the Governor for cause, including incompetence, neglect of duty or malfeasance in office.

Section 5. Powers. The Board of Directors of the SDSTA shall possess and exercise all of the powers granted by SDCL Ch. 1-16H (the "Act"), as the same has been or hereafter may be amended, and by all other laws consistent with said Act and as may be necessary to effectuate the purpose of said Act.

Section 6. Indemnification of Directors.

Section 6.1. The SDSTA shall indemnify and hold harmless any person, including Directors, officers, members of committees, employees, agents, and their heirs, executors, administrators, representatives and successors, who was or is a party or is threatened to be made a party to any threatened proceedings or completed action, suit or proceeding, whether civil, criminal, administrative or investigative (other than an action by or in the right of the SDSTA) by reason of the fact that he or she is or was a Director, officer, employee or agent of the SDSTA, or is or was

serving at the request of the SDSTA as a Director, officer, employee or agent of another authority, partnership, joint venture, trust or other enterprise, against expenses, including attorney's fees, judgments, fines and amounts paid in settlement actually and reasonably incurred by him or her in connection with the action, suit or proceeding if he or she acted in good faith and within the scope of his or her functions and duties on behalf of the SDSTA and in a manner not constituting willful and wanton misconduct by such individual and, with respect to any criminal action or proceeding, had no reasonable cause to believe his or her conduct was unlawful. The termination of any action, suit or proceeding by judgment, order, settlement, conviction, or upon a plea of nolo contendere or its equivalent, shall not, of itself, create a presumption that the person did not act in good faith and in a manner not constituting willful and wanton misconduct by such individual and, with respect to any criminal action or proceeding, had reasonable cause to believe that his or her conduct was unlawful.

Section 6.2. The SDSTA shall indemnify any person who was or is a party or is threatened to be made a party to any threatened, pending, or completed action or suit, including all appeals, by or in the right of the SDSTA to procure a judgment in its favor by reason of the fact that he or she is or was a Director, officer, employee or agent of the SDSTA, or is or was serving at the request of the SDSTA as a director, trustee, officer, employee or agent of another authority, partnership, joint venture, trust or other enterprise,

against expenses (including attorney's fees) actually and reasonably incurred by him or her in connection with the defense or settlement of such action or suit if he or she acted in good faith and in a manner not constituting willful and wanton misconduct by such individual, except that no indemnification shall be made in respect of any claim, issue or matter as to which such person shall have been finally adjudged to be liable for willful and wanton misconduct in the performance of his or her duty to the SDSTA unless and only to the extent that the court in which such action or suit was brought shall determine upon application that, despite the adjudication of liability but in view of all the circumstances of the case, such person is fairly and reasonably entitled to indemnity for such expenses as such court shall deem proper.

Section 6.3. To the extent that a Director, officer, employee or agent has been successful on the merits or otherwise in defense of any action, suit or proceeding referred to in Section 6.1 or 6.2, or in defense of any claim, issue or matter therein, he or she shall be indemnified against expenses (including attorney's fees) actually and reasonably incurred by him or her in connection therewith.

Section 6.4. Except in a situation governed by Section 6.3, any indemnification under Section 6.1 or 6.2 (unless ordered by a court) shall be made by the SDSTA only as authorized in the specific case upon a determination that indemnification of the Director, officer, employee or agent is proper in the circumstances because he or she has met the applicable standard of conduct set forth in Section 6.1

or 6.2. Such determination shall be made (a) by a majority vote of the Directors of the SDSTA acting at a meeting at which a quorum consisting of directors who were not parties to such action, suit or proceeding is present, or (b) if such a quorum is not obtainable (or even if obtainable), and a majority of disinterested Directors so directs, by independent legal counsel (compensated by the SDSTA) in a written opinion, or (c) an action is brought before any Circuit Court in South Dakota and a determination is made that indemnification is proper because he or she has met the standard of conduct in Section 6.1.

Section 6.5. Expenses of each person indemnified hereunder incurred in defending a civil, criminal, administrative, or investigative action, suit, or proceeding (including all appeals), or threat thereof, may be paid by the SDSTA in advance of the final disposition of such action, suit or proceeding as authorized by the Directors, whether a disinterested quorum exists or not.

Section 6.6. The indemnification provided by this Article shall not be deemed exclusive of any other rights to which those seeking indemnification may be entitled as a matter of law or under these Bylaws, any agreement, vote of members, any insurance purchased by the SDSTA, or otherwise both as to action in his or her official capacity and as to action in other capacity while holding such office, and shall continue as to a person who has ceased to be a Director, officer, employee or agent and shall inure to the benefit of the heirs, executors, and administrators of such a person.

Section 6.7. The SDSTA may purchase and maintain insurance on behalf of any person who is or was a Director, officer, employee or agent of the SDSTA, or is or was serving at the request of the SDSTA as a director, trustee, officer, employee or agent of another authority, partnership, joint venture, trust or other enterprise against any liability asserted against him or her and incurred by him or her in any such capacity, or arising out of his or her status as such, whether or not the SDSTA would have the power to indemnify him or her against such liability under the provisions of this Article or of the laws of the State of South Dakota. Anything in this Article II, Section 6 to the contrary notwithstanding, the SDSTA's obligation to indemnify as provided for in this Article II, Section 6 is limited to the extent to which the SDSTA has insurance coverage available to cover and pay any such obligation.

Section 7. Committees. There shall be three standing committees and such ad hoc committees as the Board or the Chairperson deem necessary and appropriate from time to time. The Audit Committee shall review and report to the Board on the budget and finances of the authority, arrange for and report on audits of the SDSTA's books and records and perform such other duties as may be assigned from time-to-time by the Board or the Chairperson or as set out in a charter approved by the Board. The Audit Committee may retain legal counsel, auditors and such other consultants as it deems necessary to perform its duties. The Nominating Committee shall make nominations for the various offices of the SDSTA. The Chairperson

shall determine the number of members of each committee and make appointments to the committees.

Section 8. Compensation and Expenses. Voting members of the Board shall be compensated from SDSTA funds as provided in SDCL 1-16H-7 and 4-7-10.4. Voting members of the Board shall be reimbursed at such rates as are established from time-to-time by the South Dakota Board of Finance for necessary expenses, including travel and lodging expenses, incurred in connection with the performance of their duties as Board members.

ARTICLE III.

OFFICERS OF THE SDSTA

Section 1. Officers and Election of Officers. The officers of the SDSTA shall be a Chairperson, one or more Vice-Chairpersons and a Secretary-Treasurer, all of whom shall be members of the Board of Directors. Officers shall be elected annually by the Directors at the annual meeting. All duly-elected officers shall hold office until their successor has been duly elected and qualified.

Section 2. Chairperson. The Chairperson of the SDSTA shall preside at all meetings of the SDSTA, have general supervision over the affairs of the SDSTA and shall perform such other duties as shall be necessary or desirable by reason of his or her position as Chairperson, or as may be assigned by resolution of the SDSTA, duly adopted by at least four Directors, at a meeting held pursuant to these By-Laws.

Section 3. Vice-Chairperson. The Vice-Chairperson so

designated by the Board shall perform all duties incumbent upon the Chairperson during the absence or disability of the latter, and each Vice-Chairperson shall perform such other duties as shall be assigned by resolution of the SDSTA, duly adopted by at least four Directors, at a meeting held pursuant to these By-Laws.

Section 4. Secretary-Treasurer. The Secretary-Treasurer shall be responsible for the funds, books and records of the SDSTA, and shall perform such other duties as shall be assigned by resolution of the SDSTA, duly adopted by at least four Directors, at a meeting held pursuant to these By-Laws.

ARTICLE IV.

MEETINGS

Section 1. Annual Meetings. The annual meeting of the SDSTA shall be held during the month of June at such time and date, and in such place, as may be designated by the Board of Directors.

Section 2. Special Meetings. A special meeting of the SDSTA may be held upon call by the Chairperson, the Executive Director or any four (4) Directors of the SDSTA upon at least forty-eight (48) hours' notice to each Director, which notice may be waived so long as such a waiver is provided by all Directors. Such notice shall specify the time and place and general purpose of the meeting and shall be given to each Director, either personally, or by telefax, United States mail or contract carrier (if by United States mail or contract carrier, notice shall be deemed adequate if deposited in the United States mail or delivered to the contract carrier 72 hours or

more before the meeting) or by email (if the email is acknowledged by the Director by email, including by automated return receipt); provided, however, that at any meeting at which all of the directors of the SDSTA are present, notice of the time and place and purpose of the meeting shall be deemed waived.

Section 4. Quorum. Four voting Directors shall constitute a quorum. The affirmative vote of no less than four voting Directors shall be necessary for any action taken by the SDSTA. Except as otherwise provided herein or in the Act, a vacancy among the membership of the Board shall not impair the right of a quorum to exercise all the rights and perform all the duties of the SDSTA.

Section 5. Electronic Meetings. Any regular or special meeting of the Directors may be held by telephone, video link, via the Internet or via any other electronic medium, provided that all of the participants can fully participate in the meeting, and further provided that an appropriate, reasonably convenient place is made available for the public to monitor the meeting.

Section 6. Open Meetings. Anything in these By-Laws to the contrary notwithstanding, except as otherwise required or permitted by the Act, all meetings of the Board shall be open to the public, and notice thereof shall be given, as required by SDCL Ch. 1-25.

ARTICLE V.

ADMINISTRATIVE PERSONNEL

Section 1. Executive Director. The SDSTA may employ an Executive Director upon such terms and conditions as the SDSTA shall

deem proper. The Executive Director shall have general and active supervision, control and management of the affairs and business of the SDSTA, subject to the orders and resolutions of the SDSTA and supervision of the Chairperson. The Executive Director shall have general supervision and direction of all agents and employees of the SDSTA and shall see that all orders and resolutions of the SDSTA are carried into effect.

Section 2. Delegation of Duties. Whenever an officer is absent or whenever for any reason the Directors may deem it desirable, the board may delegate the powers and duties of an officer to any other officer or officers or to any Director or Directors.

Section 3. Other Personnel. The SDSTA may employ consulting engineers, architects, attorneys, accountants, construction and financial experts, superintendents, managers, and such other employees and agents as may be necessary in its judgment and fix their compensation.

Section 4. Bond. The Executive Director and such other officers or employees as the Board may from time-to-time designate shall execute a bond in the penal sum of \$100,000 or, in lieu thereof, the Chairperson of the SDSTA shall execute a blanket bond covering each Director, the Executive Director and the employees or other officers of the SDSTA, each bond to be conditioned upon the faithful performance of the duties of the office or offices covered and shall be executed by a surety company authorized to transact business in this state and filed in the office of the Secretary of

State. In lieu of the purchase of bonds, the SDSTA may purchase insurance providing the same general protection as the above-mentioned bonds, with a limit of liability not less than the amount set forth above. The cost of such bonds or insurance shall be paid by the SDSTA.

ARTICLE VI.

ADMINISTRATION

Section 1. Annual Audit and Accounting Procedure. The SDSTA may cause an audit of its books to be made at least once each year by an auditor or auditors designated by the Board of Directors, and the cost thereof shall be paid as a part of the administrative costs of the SDSTA.

Section 2. Documents. The Executive Director shall keep a record of the proceedings of the SDSTA and shall be custodian of all books, documents and papers filed with the SDSTA, the minute book or journal of the SDSTA, and its official seal. The Executive Director may cause copies to be made of all minutes and other records and documents of the SDSTA and may give certificates under the official seal of the SDSTA to the effect that such copies are true copies, and all persons dealing with the SDSTA may rely upon such certificates.

Section 3. Execution of Documents. Unless the Directors otherwise direct in the action approving the document, all agreements entered into by the SDSTA shall be executed by the Executive Director or by an officer of the Board of Directors authorized so to do by a general motion or resolution adopted by the Board.

The Directors and officers of the SDSTA shall be permitted by resolution to use facsimile or electronic signatures where such are not prohibited by any rule of law.

Section 4. Fiscal Year. The SDSTA shall operate on a fiscal year basis beginning July 1 of each year and ending June 30 of the next succeeding year.

Section 5. Payments. All bills, notes, checks or other instruments for the payment of money shall be signed and countersigned by such officers and in such manner as may be prescribed by resolution of the Directors.

Section 6. SDSTA Action. Any action taken by the SDSTA under the Act may be authorized by motion or resolution at any regular or special meeting, and each such motion or resolution shall, unless otherwise provided therein or as required by applicable law, take effect immediately and need not be published or posted.

ARTICLE VII.

ANNUAL REPORT

The SDSTA shall keep an accurate account of all its activities and of all its receipts and expenditures and shall annually in the month of November, make a report thereof to the Directors, the Governor's Office of Economic Development and the Legislature.

ARTICLE VIII.

AMENDMENT

These By-Laws may be amended by the affirmative vote of at least four Directors of the SDSTA at any regular meeting, provided ten (10)

days' previous written notice of the proposed amendment has been given to all Directors. Such notice may, however, be waived if unanimous consent is given to the adoption of the amendment.

Adopted as amended and restated this 21st day of September, 2023.



Casey Peterson
Chairperson

ATTEST:

Patricia Lebrun
Secretary/Treasurer

Page intentionally
blank

Select Nominating Committee—Chairperson Casey Peterson

Chairperson to appoint members to the Nominating Committee to prepare and present a slate of candidates for the election of officers at the June Annual Meeting.

Recommended Action:

None.

Page intentionally
blank

Executive Session—Chairperson Casey Peterson

The Board will enter executive session. This portion of the meeting is closed to the public.

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.

Page intentionally
blank

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.)

Page intentionally
blank

Confirm date and time of next meeting—Chairperson Casey Peterson

The next board meeting is the Annual Meeting, which will be held Thursday, June 25, 2026, beginning at 8:00 AM (Mountain Daylight Time) at **Elevate Rapid City, 2nd floor board room.**

Request confirmation that a quorum is present for the Annual Meeting. *(Members may participate in person or remotely, and remote participation will count toward the quorum.)*

Note the new location for June and September 2026 board meetings.

2026 Regular Quarterly Board Meeting Schedule 8:00 AM (Mountain Time)
Thursday, March 19, 2026 (SURF)
Thursday, June 25, 2026 — Annual Meeting (Elevate Rapid City)
Thursday, September 17, 2026 (Washington Pavilion, Sioux Falls, SD)
Thursday, December 10, 2026 (SURF)

*South Dakota Science and Technology Authority at Sanford Underground Research Facility
630 E. Summit Street*

Lead, SD 57754

Questions? Contact Mandy Knight, mknight@sanfordlab.org

Direct Line: 605.722.4022, Cell: 605.641.0475

Recommended Action:
Informational.

Page intentionally
blank

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.

Page intentionally
blank

Board Comments—Chairperson Casey Peterson

1. Dr. Ani Aprahamian
2. Mr. Dana Dykhouse, Vice-Chairperson
3. Mr. Linn Evans
4. Ms. Pat Lebrun, Secretary-Treasurer
5. Mr. Roger Musick
6. Mr. Ron Wheeler
7. *BHSU Pres. Steve Elliott, ex officio member*
8. *South Dakota Mines Pres. Brian Tande, ex officio member*
9. Mr. Casey Peterson, Chairperson

Page intentionally
blank

Adjourn—Chairperson Casey Peterson

See recommended motion below.

Recommended Action:
Motion to adjourn.

Page intentionally
blank