

**BOARD OF REGENTS
MINUTES OF THE MEETING
August 20, 2017**

Contents

FULL BOARD

Approval of the Agenda	3390
DSU Naming Request – College of Computing	3391; 3393-3398
Acceptance of Gift - DSU	3391; 3399-3421
 ADJOURN	 3392

**BOARD OF REGENTS
MINUTES OF THE MEETING
August 20, 2017**

The South Dakota Board of Regents met at 4:40 p.m. Central Time on August 20, 2017 with the following members in attendance:

ROLL CALL:

Conrad Adam – PRESENT
John Bastian – PRESENT*
Jim Morgan – PRESENT
Pam Roberts – PRESENT
Randy Schaefer – PRESENT
Jim Thares – PRESENT*
Joan Wink – PRESENT
Kevin Schieffer – PRESENT
Bob Sutton – PRESENT

*Regents Bastian and Thares participated by teleconference.

Also present were Mike Rush, Executive Director and CEO; Guilherme Costa, BOR General Counsel; Molly Weisgram, System Director of Student Affairs and Executive Assistant to the CEO/Board; Patrick Weber, Policy Advisor for Governor Daugaard; Dave Knudson, Sanford Health; and other members of the public and media.

Regents' President Bob Sutton called the meeting of the Board of Regents to order and declared a quorum present.

APPROVAL OF THE AGENDA

IT WAS MOVED by Regent Schaefer, seconded by Regent Schieffer, to approve the agenda as published.

ROLL CALL:

Adam – AYE
Bastian – AYE
Morgan – AYE
Roberts – AYE
Schaefer – AYE
Thares – AYE
Wink – AYE
Schieffer – AYE
Sutton – AYE

Motion passed.

2-A DSU NAMING REQUEST – COLLEGE OF COMPUTING

Dr. Mike Rush, SDBOR Executive Director, said this is a key gift given by a worthy donor.

IT WAS MOVED by Regent Schaefer, seconded by Regent Adam, to approve Dakota State University's request to rename the College of Computing as the "Beacom College of Computer and Cyber Sciences."

ROLL CALL:

Adam – AYE
Bastian – AYE
Morgan – AYE
Roberts – AYE
Schaefer – AYE
Thares – AYE
Wink – AYE
Schieffer – AYE
Sutton – AYE

Motion Passed.

A copy of the item entitled DSU Naming Request – College of Computing can be found on pages **3393** to **3398** of the official minutes.

2-B ACCEPTANCE OF GIFT – DSU

Regent Sutton expressed his appreciation for the transformative gift by T. Denny Sanford of \$30 million. He said this is a historic day and thanked all involved in helping to make this possible.

IT WAS MOVED by Regent Roberts, seconded by Regent Morgan, to approve the Dakota State University Cyber Security Gift Agreement included as Attachment I.

ROLL CALL:

Adam – AYE
Bastian – AYE
Morgan – AYE
Roberts – AYE
Schaefer – AYE
Thares – AYE
Wink – AYE
Schieffer – AYE
Sutton – AYE

Motion Passed.

A copy of the item entitled Acceptance of Gift – DSU can be found on pages **3399** to **3421** of the official minutes.

ADJOURN

IT WAS MOVED by Regent Morgan, seconded by Regent Adam, to adjourn the meeting of the full Board at 4:45 p.m.

ROLL CALL:

Adam – AYE
Bastian – AYE
Morgan – AYE
Roberts – AYE
Schaefer – AYE
Thares – AYE
Wink – AYE
Schieffer – AYE
Sutton – AYE

Motion passed. Meeting adjourned.

SOUTH DAKOTA BOARD OF REGENTS

Full Board

AGENDA ITEM: 2 – A

DATE: August 20, 2017

SUBJECT: DSU Naming Request – College of Computing

Dakota State University (“DSU”) requests authorization to rename the College of Computing as the “Beacom College of Computer and Cyber Sciences.” The name would be effective immediately.

Miles and Lisa Beacom, and T. Denny Sanford in honor of Miles Beacom, pledged a gift of \$30 million to DSU. The gift is intended to be utilized in connection with DSU’s cyber security program and its development into the leading cyber security program in the United States. This gift will enable DSU to perform cutting edge applied research and development in cyber security and related areas, and will help make possible the construction of the Madison CyberLabs, the creation of additional scholarships, the hiring of additional faculty and staff, the development of new academic programs, and the advancement of marketing efforts for the college. Miles and Lisa Beacom have a long and distinguished history of furthering the interests of DSU and its foundation. Additionally, Mr. Beacom is an alumnus of DSU.

[Board Policy 1:27](#) requires Board approval of names of all new or existing campus facilities costing more than \$250,000. Sections 2 and 3 state the pertinent standards for naming:

2. When naming a facility or programmatic unit for a person, family, or organization where there is a gift to the institution, consideration shall be given to the following factors:
 - A. the significance of the gift to the likely realization or success of a facility project or programmatic unit, based on the following guidelines:
 - i. A name proposed for a new facility or a facility to be renovated so as to recognize a gift to the institution may be

(Continued)

DRAFT MOTION 20170820_2-A: I move to approve Dakota State University’s request to rename the College of Computing as the “Beacom College of Computer and Cyber Sciences.”

considered when the gift represents a substantial component of the projects' total cost.

...

- iii. A name may be proposed for a programmatic unit to recognize an endowed gift to the institution if the gift is similar to donations received for comparable naming at peer institutions, provided that any associated endowment will be sufficient to sustain the program or a substantial portion of it, since the naming shall be in effect for the life of the program
- iv. If a fund raising drive or a contractual agreement may involve naming that is subject to Board approval, the Board must be apprised of such initiatives in advance.
- v. Before recommending a name in honor of an individual, corporate, or commercial entity, institutions must avoid any appearance of commercial influence or conflict of interest by taking additional due diligence. The naming for an individual associated with a corporation should be handled as any naming for an individual.

...

- B. the urgency or need for the project or program, or continuing support for the program,
 - C. the standing of the individual, family, or entity in the community or profession,
 - D. the nature and duration of the relationship of the proposed honoree to the university.
3. Prior to recommending to the Board the naming of a facility or programmatic unit for a person, family or organization, the president or superintendent shall have a reasonable assurance that:
- A. the proposed name will bring additional honor and distinction to the institution,
 - B. the recognition implied by the naming is appropriate for the behavior exhibited by the individual, family, or organization, and

- C. any philanthropic commitments connected with the naming can be realized.

For the reasons described above and further detailed in Attachment I, DSU recommends approval of the proposed name under these guidelines without hesitation or reserve.



South Dakota Board of Regents

Naming Request Form

*Request for Naming of Campus Facilities,
Programmatic Units, or Funded Academic Honors*

Please send this completed form to BORSEC@sdbor.edu.

Date Request Submitted: August 11, 2017

Name of Institution: Dakota State University

Current Name: College of Computing

Proposed Name: Beacom College of Computer and Cyber Sciences

Effective Date and Duration of Proposed Name: Immediately

Location on Campus: No designated location, but mostly in East Hall

Purpose of Facility, Space, or Program to be Named: Home of relevant academic programs, faculty, and staff

If the naming request is the result of a gift, is the institution currently in possession of the gift? : No

If the naming request is the result of a gift agreement that provides the donor the right to name the facility, when and how was the Board apprised of such an agreement in advance? (Please submit the gift agreement with this form.)

The Board was notified in May

Rationale for Proposed Name (Include in the space below, or attach documentation):

See attached.

Authorization for Use of Name

I, the undersigned, authorize the use of my name for the proposed naming request specified above.

Miles K. Beacom
Signature

8/8/17
Date

Miles K. Beacom
Printed Name

Campus Authorization of Naming Request

I, the undersigned President/Superintendent, have a reasonable assurance that the proposed name will bring additional honor and distinction to the institution, the recognition implied by naming is appropriate for the behavior exhibited by the individual, family, or organization, and any philanthropic commitments connected with the naming can be realized. I certify that this naming request meets the criteria required by Board of Regents Policy 1:27, which key requirements are stated below:

1. When naming a facility or programmatic unit for a person, family, or organization where there is no gift, the proposed honoree shall have achieved distinction in one or more of the following ways:
 - a. Serving the university in an academic or administrative capacity with high distinction, or
 - b. By contributing in other exceptional ways to the welfare and reputation of the university, to education, or the community in general.

OR

2. When naming a facility or programmatic unit for a person, family, or organization where there is a gift to the institution, consideration has been given to the following factors:
 - a. The significance of the gift to the likely realization or success of a facility project or programmatic unit, based on the following guidelines:
 - i. A name proposed for a new facility or a facility to be renovated so as to recognize a gift to the institution may be considered when the gift represents a substantial component of the projects' total cost.
 - ii. A name proposed for an existing but presently untitled facility so as to recognize a gift to the institution may be considered when the gift represents a significant proportion of the value of the facility.
 - iii. A name may be proposed for a programmatic unit to recognize an endowed gift to the institution if the gift is similar to donations received for comparable naming at peer institutions, provided that any associated endowment will be sufficient to sustain the program or a substantial portion of it, since the naming shall be in effect for the life of the program.
 - iv. If a fund raising drive or a contractual agreement may involve naming that is subject to Board approval, the Board must be apprised of such initiatives in advance.
 - v. Before recommending a name in honor of an individual, corporate, or commercial entity, institutions must avoid any appearance of commercial influence or conflict of interest by taking additional due diligence. The naming for an individual associated with a corporation should be handled as any naming for an individual.
 - a. Corporate names may be used to designate individual rooms or suites of rooms, as well as endowed chairs and professorships. Plaques in public spaces within buildings may recognize the contributions of corporations. The size, design, and wording of plaques and other signs that acknowledge corporate generosity and express institutional appreciation should be modest in size and appropriate to the public university or school setting.
 - b. the urgency or need for the project or program, or continuing support for the program,
 - c. the standing of the individual, family, or entity in the community or profession,
 - d. the nature and duration of the relationship of the proposed honoree to the university.

Jose Maria Guffee
President/Superintendent Signature

08-08-17
Date



In August 2017, Miles and Lisa Beacom, and T. Denny Sanford in honor of Miles Beacom, pledged a gift of \$30 million to Dakota State University. The gift was to raise DSU's successful cybersecurity programs to the lead in the United States and to enable DSU to perform cutting edge applied research and development in cybersecurity and related areas. The gift will be used to construct the Madison CyberLabs, scholarships additional faculty and staff, new academic program development and marketing for the college.

The Beacom Institute of Technology

In 2014, Miles and Lisa Beacom made a \$2.5million pledge toward the construction of a building on the campus of Dakota State University that would further the university's mission of infusing technology along the entire curriculum.

The Beacoms made a one-to-one challenge pledge in 2015 in honor of the Beacom family where they matched donations from donors who established new endowments or who gave gifts to their existing endowments. DSU completed the challenge in June of 2015, with the Beacoms fulfilling their matching pledge.

Miles is a 1981 graduate of Dakota State, and the CEO of First PREMIER Bankcard. Under his leadership, the PREMIER organization has grown to over 3,000 employees at locations throughout South Dakota. The credit card base also grew from 30,000 accounts to over 3.5 million accounts, and was recognized as the 9th largest issuer of MasterCard® and Visa® cards in the nation in 2007. Miles has started five companies while at PREMIER; two have been sold to out-of-state companies. He has been with First PREMIER since 1993.

Miles is dedicated to serving Sioux Falls and the greater South Dakota community. He has served on the Board of Directors of the Sioux Falls Area Community Foundation, Catholic Foundation of Eastern South Dakota, United National Corporation, the Board of Governors of the University of South Dakota Beacom School of Business, and the Sioux Falls Catholic School System. Miles is also a member of the DSU Foundation Board of Trustees.

Miles and Lisa believe in giving back and that a strong education is a necessity. Along with the gifts they have made to Dakota State, they have established scholarship endowments at the University of South Dakota and the Sioux Falls Catholic School System. They are supporters of the United Way, Sanford Health, Avera McKennan, St. Lambert Parish, Children's Home Society, Ronald McDonald House, the Cathedral restoration, Special Olympics, Crazy Horse, Make-A-Wish, Blood Run, and the tennis and ice facilities at the Sanford Sports Complex.

Miles was recognized by his alma mater in 1993 as an Outstanding Alumnus and as Distinguished Alumnus in 2000. In 2006, the University of South Dakota named its School of Business in honor of Miles. In 2009, he was inducted to the Lincoln High School Hall of Fame.

SOUTH DAKOTA BOARD OF REGENTS

Full Board

AGENDA ITEM: 2 – B

DATE: August 20, 2017

SUBJECT: Acceptance of Gift – DSU

Dakota State University (“DSU”) requests that the Board approve the Dakota State University Cyber Security Gift Agreement contained as Attachment I, pursuant to [Board Policy 5:8](#) and consistent with [SDCL § 13-52-1](#), which empowers the Board to accept this gift on behalf of DSU on the condition that it “shall be used by it only for the specific purposes for which they are given.”

T. Denny Sanford and Miles Beacom jointly desire to make a gift to DSU to be utilized in connection with DSU’s cyber security program and its development into the leading cyber security program in the United States. The gift amount is \$30 million over a period of three years, and is subject to certain preconditions being met and milestones achieved.

DRAFT MOTION 20170820_2-B: I move to approve the Dakota State University Cyber Security Gift Agreement included as Attachment I.

DAKOTA STATE UNIVERSITY CYBER SECURITY GIFT AGREEMENT

THIS GIFT AGREEMENT, made and entered into as of the ____ day of July 2017 by and among T. Denny Sanford, a resident of Sioux Falls, South Dakota, (hereinafter referred to as “Sanford”), Miles Beacom, a resident of Sioux Falls, South Dakota, (hereinafter referred to as “Beacom”), Dakota State University, a state supported university of South Dakota, (hereinafter referred to as “DSU”), the South Dakota Board of Regents, (hereinafter referred to as the “Regents”) and the State of South Dakota, acting through its Governor (hereinafter referred to as the “State”).

RECITALS

- A. **WHEREAS**, DSU has a program focused on computer science, programming and technology with a special emphasis on the field of cyber security; and
- B. **WHEREAS**, DSU’s existing cyber security program is one of only 4 universities recognized with a Center of Academic Excellence (CAE) designation as a Cyber Defense Consultative Regional Resource Center and one of only 2 universities with 4 CAE designations and approved cyber security programs by the National Security Agency (“NSA”) and Department of Homeland Security (“DHS”); and
- C. **WHEREAS**, the State, the Regents and DSU desire to move the DSU cyber security program into a nation-leading level; and
- D. **WHEREAS**, Sanford and Beacom (hereinafter jointly referred to as “Donors”) desire to make a contribution to DSU to be utilized in connection with DSU’s cyber security program and its development into the leading cyber security program in the United States;

NOW, THEREFORE, the Parties here to agree as follows:

1. **DSU’s CYBER SECURITY PROGRAM.**

Attached as Exhibit A, is a description of the current DSU cyber security program along with notations of its special recognitions and current achievements for excellence. Attached as Exhibit B is a description of DSU’s plan to move its program to the top of United States cyber security programs and to be at and remain at the cutting edge of cyber security research and development in the United States. Hereinafter the DSU cyber security program is referred to as the “Program”.

2. **GIFT FROM DONORS.**

Donors agree to contribute to DSU a total of \$30 million over a period of three years. The contribution shall be made in one installment of \$10 million on or before December 31, 2017, and two more annual installments of \$10 million payable on or before December 31 of 2018 and 2019. Donors' obligations to make the gift payments is conditioned upon the achievement by the State, Regents and DSU of the milestones and preconditions set forth in Sections 4 and 5 of this Agreement.

Donors may elect to accelerate payments at any time. To the extent Donors elect to make prepayment on their donation obligations, the parties agree that the size of the donation obligation, which is being prepaid, shall be reduced to its net present value discounted at a rate of 5% for the time period between the scheduled payment date and the actual prepayment date.

3. **SOURCES AND USE OF FUNDS.**

State, Regents and DSU shall use the gift funds to support the Program. Donors anticipate that

State, Regents and DSU will provide through their own resources and through federal grants and contracts and capital contributions an additional \$ 30 million in matching contributions of Donors. The proposed use of the entire gift proceeds plus matching funds is shown on attached Exhibit C. Attached as Exhibit D, is more detailed description of each of the major expenditure categories as shown on Exhibit C. The parties acknowledge that Exhibits C and D represent a general plan of the State, Regents and DSU for sources and use of the gift funds. It is not a rigid schedule, but State, Regents and DSU agree that all of the gift funds shall be used solely for purposes of supporting the Program and developing and maintaining it at a top of nation quality and that such use of the funds shall generally cover the major items set forth in Exhibit C.

4. **PRECONDITIONS TO GIFT.**

The following conditions must be met by State, Regents and DSU prior to the making of each payment including the December 31, 2017 payment:

- A. DSU shall maintain its status as an NSA recognized Center of Academic Excellence Cyber Defense Consultative Regional Resource Center.
- B. DSU shall build an increased educational presence in Sioux Falls through a variety of programs including degree programs, certificates, badges, and focused training programs to meet ongoing and emerging workforce needs.
- C. The name of the academic division of DSU that houses the computer science, programming, and technology programs of DSU and also houses the Program shall be the Beacom College of Computer and Cyber Sciences at DSU or similar mutually agreed upon name. Notwithstanding any other language in this section, this precondition need not be met prior to September 1, 2018.
- D. DSU shall hire an acknowledged cyber security leader as Program Director. Donors believe such leader shall have the skills to generate the matching funds needed to complete the goals and visions outlined in Exhibits C and D. The Donors believe that such individual should have a strong business and technical background that will allow such person to direct the Program to develop into the best in the nation. The Director shall be named prior to December 31, 2017 and approved by the Donors. Any replacement of the Program's Director shall also be made in consultation with the Donors prior to their obligation to make any installment of the gift subsequent to any Director's departure from the Program.

5. **MILESTONES:**

Attached as Exhibit E is a set of Milestones upon which Donors and the State, Regents and DSU have agreed. Donors' obligation to make each scheduled payment after December 31, 2017, is contingent upon achievement by the State, Regents and DSU of all of the Milestone set forth in Exhibit E prior to the due date of a particular contribution from Donors. Donors' obligation to make a scheduled payment shall be deferred until all of the Milestone associated with that payment are accomplished or completed. In the case of Milestone being completed after their scheduled date as set forth in Exhibit E, Donors' shall have 90 days after the completion or accomplishment of delayed Milestones to make the payment associated with that Milestone. Donors retain at all times the right to waive the requirement of achieving any particular Milestone in the Donors' sole discretion.

6. **RELIANCE**

State, Regents and DSU have relied upon the gift commitment from Donors set forth in Section 2 of this Agreement. In consideration of those gift commitments, State, Regents and DSU have made and will make certain financial and other commitments in pursuit of the activities and facilities described in Exhibit C and D. Donors acknowledges the reliance of State, Regents and

DSU on the payment obligations set forth in this Agreement which are subject to the terms and conditions of this Agreement.

7. REPRESENTATIONS, WARRANTIES AND COVENANTS OF STATE, REGENTS AND DSU.

State, Regents and DSU and the signatories to this Agreement do hereby represent, warrant, agree and covenant with Donors as follows:

- (a) The signatories to this Agreement on behalf of State, Regents and DSU represent that they have the full authority to execute this Agreement.
- (b) DSU is a subdivision of the State governed by and through the Regents.
- (c) DSU has the full capacity, right, power and authority to enter into this Agreement, to accept the gift funds, and to perform its representations, warranties and obligations under this Agreement and that this Agreement is binding on DSU and will not violate any of the provisions of its governing instrument or any provision of law applicable to it.
- (d) DSU agrees that to the extent it has received gift funds, which have been prepaid by Donors, it will not expend such funds until the appropriate Milestones set forth in Exhibit E has been achieved or the achievement of such Milestones has been waived by Donors. The unexpended gift funds shall be held in a segregated account and invested in accordance with the provisions of Section 13.
- (e) DSU shall provide an annual written report to Donors, including in these reports a summary of expenditures made out of gift funds, a description of progress on achieving the relevant Milestones set forth in Exhibit E and a discussion with regard to the achievement or progress on annual Milestones, other programmatic goals and key activities as set forth in Exhibits C and D. The annual report shall also include a statement of investment income related to the gift funds and a listing of current investments made with the gift funds. In addition, Donors shall have the right to inspect all financial books and records relating to the Program subject to any restrictions set forth in applicable State and Federal laws. DSU, State and the Regents shall also be available for an annual face to face meeting with Donors at the request of the Donors.
- (f) DSU agrees to abide by and accept the gift made by this Agreement subject to the conditions set forth in this Agreement.
- (g) Periodically, as reasonably requested by Donors and in no event less than annually, Donor and/or his designated representative and DSU, State and the Regents will meet to review current activities and progress toward the Milestones set forth in Exhibit E and the annual Milestones, other programmatic goals and key activities set forth in Exhibits C and D. Such meetings shall occur in person, unless otherwise agreed to by Donors.
- (h) State, Regents and DSU agree to use reasonable efforts to seek additional philanthropic support and outside grant support for the Program for use to meet

its matching gift goals as set forth in Exhibits C and E.

8. REPRESENTATION AND WARRANTIES OF DONORS.

Donors represent and warrant that they have the full authority and capacity to execute this Agreement.

9. NO OTHER REPRESENTATIONS OR WARRANTIES.

No representations or warranties whatsoever are made by any party to this Agreement except as specifically set forth in this Agreement. All representations and warranties made by a party pursuant to this Agreement shall be deemed to be continuing.

10. DISPUTE RESOLUTION/FURTHER DEVELOPMENTS.

(a.) The parties have developed a strong mutual confidence and understanding. In this Agreement, the parties have set forth careful provisions to ensure that Donors are kept fully informed as to development and activities by DSU, Regents and the State related to this gift. Donors understand that his gift is irrevocable as provided in this Agreement and State, Regents and DSU understand that they have certain commitments to Donors also as provided in this Agreement. The parties further (a) agree that in the event Donors have a serious concern with DSU over the direction of the Program, DSU, Regents and State agree that they will have the President of DSU, the Governor and the Executive Director of the Regents meet one-on-one with Donors to keep Donors informed of actions and proposed actions and to understand first hand Donors' concerns about the current or proposed development of the Program. Donors acknowledge that the ultimate decision as to the governance and development of the Program is the responsibility of the DSU and Regents but Donors appreciate the commitment of State, Regents and DSU to face-to-face, one-on-one meetings to ensure that any future concerns Donors may have are heard at an appropriate level within State, Regents and DSU.

(b.) If there is a material breach by any party to this Agreement and resolution to such breach cannot be achieved through the process outlined in Section 10 (a), then the non-breaching party may either request mediation or pursue judicial remedies to enforce the terms of this Agreement as provided in Section 11.

11. REMEDIES AND BREACH.

- a. In the event any party to this Agreement believes that the other party has breached its obligation under the Agreement, the non-breaching party (ies) shall give written notice to the breaching party specifying the breach of that party's obligations. The breaching party shall have 30 days to cure the breach but if the breach is not cured within that timeframe, the non-breaching party(ies) may exercise its full rights at law or in equity in any court of competent jurisdiction.
- b. Each of the parties acknowledges that a breach of its obligations under this Agreement could cause irreparable harm to one or more of the other parties and accordingly each party give the other the right to seek before any court of competent jurisdiction, the remedy of specific performance of any party's obligations under this Agreement.
- c. All actions at law or in equity related to this Agreement shall be venued in the South Dakota Unified Judicial System's Sixth Judicial Court sitting in Hughes County, South Dakota.

12. PUBLICITY.

State, Regents and DSU shall work with Donors to plan a media event to announce and celebrate Donors' donation under this Agreement. Any and all publicity concerning the gift in this Agreement shall be jointly made by the parties to this Agreement and shall be subject to their mutual consent. Except as required by law and except for disclosure to financial, accounting and legal advisors and consultants, the terms of this Agreement may not be disclosed by any of the parties without the prior express written consent of the others. It is anticipated that a public announcement will be made in the third quarter of 2017.

13. INVESTMENT OF GIFT FUNDS

DSU may utilize the services of the DSU Foundation for the purpose of investing the gift funds until they are utilized to support the gift purposes. The gift funds shall be invested in a manner consistent with current investment practices of the DSU Foundation.

14. ASSIGNMENT

Neither this Agreement nor any right, remedy, obligation or liability arising hereunder or by reason hereof shall be assignable by any party to this Agreement without prior written consent of all of the other parties.

15. SUCCESSORS/BINDING NATURE OF AGREEMENT.

This Agreement shall be binding on, and shall inure to the benefit of, the parties and their respective heirs and successors-in-interest.

16. WAIVER.

The waiver by a party of a breach of any provision of this Agreement shall not operate as or be considered a waiver by that party of any subsequent breaches.

17. NOTICES.

All notices, requests, demands and other communications under this Agreement shall be in writing and shall be deemed to have been duly given on the date of service if served personally on the party to whom notice is to be given, or on the third day after mailing if mailed to the party to whom notice is to be given, by first class mail, registered or certified, postage prepaid and properly addressed as follows:

TO: DONORS:

To be provided by separate letter

TO: THE STATE:

To be provided by separate letter

TO: THE REGENTS:

To be provided by separate letter

TO: DSU:

To be provided by separate letter

Any party or representative may change his, her, or its address for purposes of this paragraph by

giving the other parties and representatives written notice of the new address in the manner set forth above. As a courtesy, at the time any notice, request, demand or other communication is made pursuant to this Section 13, it shall also be emailed to the email addresses set forth by separate letter.

18. GOVERNING LAW.

This Agreement shall be construed in accordance with the laws of the State of South Dakota. The parties agree that the venue of any action under this agreement shall be the South Dakota Unified Judicial System's Sixth Judicial Court in Hughes County, South Dakota.

19. ENTIRE AGREEMENT.

This Agreement with its incorporated exhibits, if any, constitutes the entire agreement between the parties and superseded all prior negotiations, representations, commitments, offers, contracts and writings. In the event that any exhibit conflicts with this Agreement, the language of the Agreement shall be controlling. Any amendments or further addenda hereafter made shall be in writing and executed with the same formality.

20. THIRD PARTY BENEFICIARY.

The Denny Sanford Foundation shall be a third party beneficiary of the Agreement solely for the purpose of enforcing the provisions of this Agreement.

21. COUNTERPARTS.

This Agreement may be executed in one or more counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same instrument.

22. SEVERABILITY.

If any provision of this Agreement is held invalid or unenforceable by any court of final competent jurisdiction, it is the intent of the parties that all other provisions of this Agreement be construed to remain fully valid, enforceable and binding upon the parties.

23. EXPENSES.

Each party shall pay all costs and expenses incurred or to be incurred by it in negotiating and preparing this Agreement and in closing and carrying out the transactions or requirements contemplated by this Agreement.

IN WITNESS WHEREOF, the parties hereto have caused these presents to be signed by their respective duly authorized officers that day and year first above written.

STATE OF SOUTH DAKOTA**T. DENNY SANFORD**

BY: _____

BY: _____

Name: Dennis DaugaardName: T. Denny SanfordTitle: Governor**DAKOTA STATE UNIVERSITY****MILES BEACOM**

BY: _____

BY: _____

Name: José-Marie Griffiths

Name: Miles BeacomTitle: President**SOUTH DAKOTA BOARD OF REGENTS**

BY: _____

Name: Bob SuttonTitle: President

List of Exhibits

- | | |
|-----------|--|
| Exhibit A | Description of current DSU Cyber Security Program |
| Exhibit B | Description and Vision for the future DSU CyberSecurity Program |
| Exhibit C | Use of Funds |
| Exhibit D | Written Description of Key Items in the Use of Funds Exhibit |
| Exhibit E | Milestones to be achieved by DSU prior to each year's gift installment |

EXHIBIT A**DESCRIPTION OF DSU CYBER SECURITY PROGRAMS****ENROLLMENT**

Within a total university enrollment of 3,190 students, Dakota State University's College of Computing now has over 1,000 students; 500 in cyber security (23% increase in 2 years), and 500 in computer science (20% increase in 2 years). Placement rates for DSU graduates are high. DSU College of Computing students are distributed as follows: 87% of those students are in undergraduate degree programs, 10% are in graduate programs, and about 3-4% are in certificate programs.

DEGREES

The College of Computing offers the following degree majors and minors:

- Doctorate
 - Cyber Security (DSc)
- Masters
 - Applied Computer Science - Cyber Operations (MS)
 - Information Assurance & Computer Security (MS)
 - Applied Computer Science (MS)
 - Applied Computer Science - Custom (MS)
 - Info Assurance/Computer Security - General (MS)
 - Applied Computer Science - Software Development (MS)
 - Info Assurance/Computer Security - Banking/Finance (MS)
- Bachelor's
 - Network & Security Administration (BS)
 - Computer Game Design (BS)
 - Computer Science (BS)
 - Cyber Operations (BS)
 - Computer and Network Security (BS)
 - Network & System Administration (BS)
- 4+1 Program – B.S. in Cyber Operations and M.S. in Applied Computer Science in five years
- Associate
 - Software Development (AS)
 - Web Development (AS)
 - Network/Security Administration (AS)
 - Network & System Administration (AS)
- Certificates
 - Information Assurance - Ethical Hacking (CERTG)
 - Bank Security (CERTG)
 - High-Performance/Research Computing (CERTU)
 - Object Oriented Programming (CERTU)
 - Network/Telecommunications Administration (CERTU)
- Minors
 - Computer Forensics
 - Computer Science
 - Cyber Operations
 - High-performance Computing
 - Mobile Application Development
 - Networking Security Administration

The College of Computing is developing plans for the following new academic programs:

- Certificate, Associate and Bachelor's in Cyber Security and Intelligence
- Doctorate in Cyber Defense
- Master's in Security Policy
- Bachelor's in Data Science
- Bachelor's in Augmented Intelligence
- Master's in Cryptology

FACULTY

The College of Computing presently has 27.82 FTE of faculty, 22.97 covered by full-time faculty, and 4.86 FTE covered by adjunct faculty.

CREDENTIALS

U.S. National Security Administration (NSA) and Department of Homeland Security (DHS)

Designations:

- Cyber Defense Consultative Regional Resource Center – CRRC
Responsible for cyber defense education consulting for 11 states and 32 institutions
DSU's CRRC is one of only four in the U.S.
- National Center of Academic Excellence in Cyber Operations (CAE-CO)
DSU is one of the first four schools in the nation to receive this designation
- Center of Academic Excellence in Cyber Defense Research – CAE-R
Universities are designated after meeting stringent CAE criteria and mapping curricula to a core set of cyber defense knowledge units.
- National Centers of Academic Excellence in Cyber Defense Education - CAE-CDE 4Y
DSU was the first university to be awarded this designation in the Upper Midwest

NSA National Cryptologic School (NCS) Partnership

- Allows NSA employees to apply on-the-job training toward a bachelor's degree in DSU's online cyber operations program
- Military and civilian employees at NSA may transfer NCS course credits to DSU's associate, bachelor's and/or master's degree programs
- DSU's partnership is the first time NCS has entered into such an agreement with a public academic institution

U.S. National Science Foundation

- **Cyber Corps Scholarship Program** - DSU awarded participation in this full-ride scholarship program
 - DSU has the largest cohort of recipients in the U.S.
 - Recipients receive (annually):
 - 100% tuition and fees covered
 - \$20,000 to \$32,000 stipend
 - \$3,000 in professional development funding
 - \$1,000 for books and supplies
 - Paid summer internship
 - Guaranteed cyber security job following graduation in federal, state, local or tribal government.
 - Scholarship can be renewed for up to 3 years

- **DSU Middle-School and High-School GenCyber Camps.**
 - NSA, NSF and privately-funded cybersecurity summer residential camps at DSU for middle school and high school students
 - 2015: funded for 300 students
 - One co-ed camp with 200 students from 23 states,
 - One girls-only camp with 100 students from 10 states
 - Had over 180 applicants, initially had only 60 slots available — able to get private funding for 40 more slots but still left 80 girls on the waiting list
 - 2016: NSA and NSF provided funding for 525 students
 - The girls camp, with 144 spaces, was the largest all-girl program in the country.
 - The co-ed campus enrolled 400 students, making DSU's the largest residential program for the 2nd year.

Sample Graduate Placements

Virtually 100% placement with highly competitive salaries and positions. In addition to NSA, DSU's cybersecurity programs have placed graduates with:

- U.S. CIA
- U.S. Navy SPAWAR
- U.S. Department of Homeland Security
- Johns Hopkins University's Applied Physics Lab
- U.S. Army INSCOM
- Carnegie Mellon's Software Engineering Institute
- MIT's Lincoln Labs
- Pacific Northwest Labs
- Private sector companies

EXHIBIT B**CYBER LEADERSHIP VISION**

Defense, military, and national security experts agree that cyberwarfare is the greatest threat facing the United States, outstripping even terrorism. Warnings about an “imminent cyber Pearl Harbor” are echoing more loudly every day. The most recent ransomware attacks are shots across our bow. We’ve been warned. Will we be armed? The U.S. desperately needs more cyber warriors and better cyber warfare tools now. Every aspect of life in the nation is at risk.

South Dakota and Dakota State University (DSU) have an enviable and unprecedented opportunity – and thus responsibility – to leverage a rich storehouse of cyber security expertise to serve the country in this time of significant need. The vision for Dakota State University is to be the leading cyber education, research and development university in the nation, and for South Dakota to be the state leading the charge in cyber warfare research and development for the rest of the country.

To realize this vision, DSU and South Dakota must immediately move toward accomplishing four goals: 1) build capacity, 2) attract and retain talent, 3) differentiate the university and the State in the cyber universe, and 4) create visibility for DSU and South Dakota in the cyber arena such that leadership across the country knows who we are, what it is we are doing, and how we can help them win the cyber war.

Building capacity means that DSU must expand and enhance its cyber programs. The nation needs more cyber warriors. There are presently over 300,000 known unfilled cyber jobs in the U.S. We must recruit, retain, and graduate more students. We must develop students in middle and high school who are eager to serve in cyber security and are prepared to move into highly technical programs their first semester at DSU. To teach these students we need more faculty. To support their teaching/learning we need more hardware, software, and networking infrastructure, along with more staff to obtain, configure, and support its effective use, and researchers to push it to the next level.

How do we do this? We must attract and retain talent: students, faculty, researchers, and staff. We must fund scholarships, endow faculty chairs, and pay high-level technical and administrative staff at market levels. We must pay it forward in proactive hiring, recruiting personnel who will start new programs and endeavors. We must creatively reach out to potential funding sources, creating partnerships and collaborations that will also strengthen the region’s economic strength and leading-edge expertise and create long-term sustainability of DSU’s cyber programs.

We need to differentiate ourselves from the multiple other universities and organizations that are scrambling to enter the cyber security arena. We must expand our existing and enviable established team of cyber security experts and programs to create a comprehensive cyber security roster that will give us the bench strength necessary to deliver top flight cyber warriors and tools for our country. The MadLabs with its large SCIF space, SD5G with its potential to provide a model for secure 5G networking for the nation, the continuing NSA/DHS Centers of Academic Excellence, all are components necessary to fulfill our responsibilities to secure and protect our country’s cyber resources.

However, the first three endeavors are for naught if no one knows what we have to offer. The reality is that DSU and our cyber security strength is barely known in our region, much less across the United States. A few well-positioned cyber leaders, from organizations like NSA, DHS, NSF, the FBI, Google, and Facebook, have almost inadvertently discovered our programs and have been universal in their “seals of approval” that what South Dakota has at DSU is unique and powerful. However, the university and the state must be better known in the cyber arena if we are to achieve the impact demanded by our resources.

Leveraging South Dakota's foundational investment in DSU requires that Dakota State and South Dakota move rapidly to build capacity, attract and retain talent, differentiate the university and the State in the cyber universe, and let the country – and the world – know what is here and how we can help. Generally only the first shot crosses the bow. It is only a matter of time before much more targeted cyber volleys reach our nation. DSU and South Dakota can make a difference. It is critical that we somehow assemble the necessary resources to meet our cyber responsibility to this nation.

EXHIBIT C1
USE OF GIFT FUNDS

DSU may use up to \$15 million of gift funds to pay a portion of the cost of building a roughly 40,000 square foot MadLabs facility on the DSU Campus in Madison, South Dakota. The remainder of the gift is intended to cover student scholarships, additional faculty expense, new Cyber Security programs and additional staff and marketing expenses all related to the enhanced Cyber Security program to be established at DSU as outlined in Exhibits A and B. To the extent Donor's funds have not yet been expended, they shall be held in a segregated account and invested in accordance with the provisions of Section 13. Donor's funds shall be utilized only to cover the expenses set forth in this Exhibit C1.

DSU shall expend no more than \$5 million of Donor's gift funds utilized for an approved purpose other than construction and equipping of the MadLabs facility in any one calendar year. For gift funds expended in calendar year 2019, all Milestones contained in Exhibit E (A) shall have been approved. Prior to the expenditure of any gift funds in calendar year 2020, all Milestones contained in Exhibit E (B) shall have been achieved. Prior to the expenditure of any gift funds during calendar year 2021, all Milestones set forth in Exhibit E (C) shall have been approved. Prior to the expenditure of any gift funds during calendar year 2022, all Milestones set forth in Exhibit E (D) shall have been achieved.

It is Donor's intent that all gift funds shall be completely expended by December 31, 2027.

EXHIBIT C2
USE OF FUNDS

Expenses by Programmatic Area	Source	CY17	CY18	CY19	CY20	CY21	CY22	CY23-27	Total
MadLabs	Gift		\$10,000,000	\$4,000,000					\$14,000,000
MadLabs	State	\$1,000,000	\$3,000,000						\$4,000,000
Student Scholarships	State		\$125,000						\$125,000
Student Scholarships	Gift			\$300,000	\$400,000	\$500,000	\$700,000	\$2,200,000	\$4,100,000
Student Scholarships	Federal	\$1,000,000	\$1,000,000	\$1,000,000	\$1,000,000	\$1,000,000	\$1,000,000		\$6,000,000
New Program Development and 5G	State		\$50,000	\$100,000	\$100,000				\$250,000
New Faculty	State		\$150,000	\$460,000					\$610,000
New Faculty	Gift				\$700,000	\$800,000	\$850,000	\$4,270,000	\$6,620,000
New Staff	State		\$75,000	\$150,000					\$225,000
New Staff	Gift				\$250,000	\$260,000	\$270,000	\$1,500,000	\$2,280,000
Endowment	State	\$3,000,000							\$3,000,000
Sioux Falls Agenda	Gift			\$500,000	\$500,000	\$500,000			\$1,500,000
Marketing	State	\$200,000	\$850,000	\$740,000					\$1,790,000
Marketing	Gift				\$500,000	\$500,000	\$500,000		\$1,500,000
Federal R&D	Federal		\$2,000,000	\$2,000,000	\$3,000,000	\$4,000,000	\$4,000,000		\$15,000,000
Total Expenditures by Fund Source and Year		CY17	CY18	CY19	CY20	CY21	CY22	CY23-27	Total
State		\$4,200,000	\$4,250,000	\$1,450,000	\$100,000	\$0	\$0	\$0	\$10,000,000
Gift		\$0	\$10,000,000	\$4,800,000	\$2,350,000	\$2,560,000	\$2,320,000	\$7,970,000	\$30,000,000
Federal		\$1,000,000	\$3,000,000	\$3,000,000	\$4,000,000	\$5,000,000	\$5,000,000	\$0	\$21,000,000
Total		\$5,200,000	\$17,250,000	\$9,250,000	\$6,450,000	\$7,560,000	\$7,320,000	\$7,970,000	\$61,000,000
Receipt of Funds By Fund Source and Year		CY17	CY18	CY19	CY20	CY21	CY22	CY23-27	Total
State		\$5,000,000	\$5,000,000						\$10,000,000
Gift		\$10,000,000	\$10,000,000	\$10,000,000					\$30,000,000
Federal		\$1,000,000	\$3,000,000	\$3,000,000	\$4,000,000	\$5,000,000	\$5,000,000		\$21,000,000
Total		\$16,000,000	\$18,000,000	\$13,000,000	\$4,000,000	\$5,000,000	\$5,000,000	\$0	\$61,000,000
Revenue Minus Expenses - By Year		CY17	CY18	CY19	CY20	CY21	CY22	CY23-27	Total
State		\$800,000	\$750,000	-\$1,450,000	-\$100,000	\$0	\$0	\$0	\$0
Gift		\$10,000,000	\$0	\$5,200,000	-\$2,350,000	-\$2,560,000	-\$2,320,000	-\$7,970,000	\$0
Federal		\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Total		\$10,800,000	\$750,000	\$3,750,000	-\$2,450,000	-\$2,560,000	-\$2,320,000	-\$7,970,000	\$0
Rev Minus Exp - Cumulative (Available Bal)		CY17	CY18	CY19	CY20	CY21	CY22	CY23-27	
State		\$800,000	\$1,550,000	\$100,000	\$0	\$0	\$0	\$0	
Gift		\$10,000,000	\$10,000,000	\$15,200,000	\$12,850,000	\$10,290,000	\$7,970,000	\$0	
Federal		\$0	\$0	\$0	\$0	\$0	\$0	\$0	
Total		\$10,800,000	\$11,550,000	\$15,300,000	\$12,850,000	\$10,290,000	\$7,970,000	\$0	

EXHIBIT D1

DESCRIPTION OF KEY ITEMS IN EXHIBITS C1, and C2

Program Director: Reporting directly to the President of DSU, the Program Director is the chief administrative officer for a comprehensive, integrated and innovative program designed to provide national leadership in cyber education and related fields. The Program Director will demonstrate critical competencies in 4 broad categories: 1) commitment to results, 2) business savvy, 3) identifying, soliciting and stewarding sponsors and partners, and 4) leading change. DSU will fund the position with institutional funds.

MadLabs: The Madison Cyber Labs is both an organizational structure and a new facility to house the organization and its activities. The organization is made up of a number of interdisciplinary labs whose researchers will conduct applied research and development relating to cybersecurity in a variety of domains, for example, healthcare, banking, utilities, etc. To house the organization, DSU plans to build and equip a new 40,000 sq. ft. facility, which will include secure facilities for the conduct of classified, sensitive and confidential research and development. The secure facilities (SCIFs) will be certified by the NSA at the highest level of classification. NSA will fund a Security Officer and will provide contracts for work to be conducted by faculty, students and NSA personnel on the site. Other partners will include Federal agencies, Federal contractors and, potentially, other universities. The availability of a SCIF of a significant size will attract faculty and partners and will differentiate DSU from some of its competitors in cybersecurity education.

Marketing: Recent research has shown that DSU, its programs and levels of excellence in cybersecurity education are relatively unknown to its potential audiences. A comprehensive branding and marketing effort early in the program timeline will launch the newly named Beacom College and the next phase of DSU's development and identity as a leader not only in cyber education but also in applied research and development.

5G: As the Internet of Things (IoT) continues to evolve, the necessary enabling networking infrastructure will be developed and deployed by the telecommunications providers. DSU anticipates a role in working to ensure security in this emerging environment and be an early adopter of 5G capability.

New Programs: In order to maintain a national leadership role in cyber education, DSU's Master Academic Plan identifies several new cyber-related degree programs. Planned starts for these programs are:

Fall 2018: Cyber Security and Intelligence – certificate, AA, BS

Cyber Defense – doctorate

Security Policy – Master's

Fall 2019: Data Science: BS

Augmented Intelligence – BS

Fall 2020: Cryptology – Master's

New Faculty: As DSU increases enrollment in existing College of Computing programs and adds new programs, there is an accompanying need for additional faculty. This funding will enable the proactive hiring of new faculty to meet the needs of the Program. A total of 5 additional faculty will be hired the first four years of the Program. The University will pick up funding for these faculty positions following CY 2028.

Staff: As student enrollment in the College grows, there will be a need for staff directly supporting students in the areas of enrollment, advising, and other student services areas. Additional staff will also be needed to provide support for expanded IT services as well as new academic and R&D enterprises. A total of 3 staff are planned.

Sioux Falls Presence: DSU will expand its presence in Sioux Falls with an expanded portfolio of education programs including degrees at multiple levels (associate through doctoral), badges, certificates, continuing education and training programs, etc. DSU will also expand its work with K-12 schools including cyber-related camps, dual credit programs and other Cyber/STEM-related opportunities. DSU will also actively include Sioux Falls and develop partnerships related to the

MadLabs and related endeavors. More details are provided in Exhibit D2.

Scholarships: Critical to the recruitment and retention of increased numbers of students are scholarship funds. DSU will expand its scholarship funding for Beacom College students to include both merit and need-based scholarships. Funds identified for the Program are intended to supplement and not replace existing scholarship funding for Beacom College students as enrollment grows. Matching funds can further enhance the long-term sustainability of increased enrollments.

Endowment: The state will fund an endowment to support the program. The endowment will not contain any funding from the private gift. The proceeds of the endowment may be spent to support the program.

Federal R&D: DSU has experienced success with federal funding for R&D contracts. However, it is anticipated that the availability of the MadLabs facilities, especially the SCIFs, will attract both federal and corporate contracts for R&D work that they can support.

EXHIBIT D2**A REGIONAL/SIOUX FALLS AGENDA FOR DAKOTA STATE UNIVERSITY****Pillar 1 – 5G Wireless Network Development**

1. Compared to 4G, the 5G network will increase system capacity by more than 1000 times, enhance spectral efficiency, energy efficiency and data rates by 10 times, and increase average cell throughput by 25 times
2. One element to 5G development is the creation of corporate partnerships in the communication industry (SDN, Verizon, AT&T, etc.) necessary to create the network
3. A second element is to bring together the corporate entities who will benefit significantly by the development of 5G networks (Sanford Research, Avera, CitiBank, Premier Bank, the Sioux Falls Discovery District, University Center, Foundation Park, and so on)
4. Leveraging our resources, DSU will facilitate the early adoption of 5G across South Dakota through relationships with the telecom companies that will invest in the infrastructure, focusing on Madison and Northern Sioux Falls.

Pillar 2 – K-12 Initiative

1. Partner with SF Schools to create an educational network of programming for K-12 students
 - a. STEM Elementary, Cyber/STEM Middle School, High School Cyber-STEM Academy
 - b. Middle and high school mentor program for aspiring cyber professionals
2. Extensive expansion of summer and weekend cyber education and support programs for K-12 students (elementary, middle school and high school)
3. Strong expression of GenCybHER education, focused on education and support for girls and young women in cyber-related education and career development
4. Instructional design and assessment support for teachers and administrators in emerging and innovative pedagogies, e.g., the use of three-dimensional (3D) immersive virtual worlds

Pillar 3 – Preparation of Cyber Professionals: Entry and Midlevel Opportunities

1. Provision of certificate, diploma, degree credentials for cyber careers
2. Working partnerships with the University Center Sioux Falls and the Southeast Technical Institute that will provide coordinated credentialing opportunities for aspiring cyber professionals
 - a. Move away from parochial and institutional concerns to a set of partnerships focused on educational outcomes and viable working credentials for the students
 - b. This effort would go far beyond the primitive notion of a single provider or a “single owner” of the market for these essential credentialing activities to the creation of a responsive network that provides current and relevant credentials
 - c. Outcome metrics will need to be developed
 - d. Non-proprietary leadership of the effort is required
3. Construct a working network of Colleges, Universities, Institutes, Policymakers, Advocates, Students, and their families
4. Responsive to the needs of industry and responsive to the needs of students

Pillar 4 – Business Partnerships and Support: Cyber Security and Risk Management

1. Bringing together the talents and resources of Dakota State University, Forward Sioux Falls, the Chamber, and others: We will create the first community based cyber security/risk management stability and intervention Community Implementation Team.
2. Business, education, political and social partnerships designed to anticipate change, develop strategies for change management, and develop competitive early warning insights that produce realistic and effective strategies.³⁴¹⁷

3. A series of partnerships and supportive relationships that identify and react to changes in the areas of cyber security and risk management.
4. Specifically, we are proposing sector partnerships: regional, employer-driven consortia that are highly responsive to industry demand. Comprised of businesses within information technology, as well as education, workforce, economic development, community organizations, and others who play supportive roles, these partnerships focus on the specific workforce needs of key industries in the region.

EXHIBIT E**MILESTONES****A. Milestones to be achieved by December 1, 2018**

1. DSU shall have started construction of the Madison Cyber Labs (MadLabs) facility which shall include a Sensitive Compartmental Information Facility ("SCIF") on not less than 10,000 square feet.
2. DSU shall have received during the fiscal year ending June 30, 2018 not less than \$ 5 million from the State as enhanced support of the Program. This shall be in addition to any additional support for the Program from the Regents.
3. DSU, the State and the Regents shall have entered into contracts with Federal parties for operating support of the Program and its facilities, or shall have received Federal support for scholarships, of not less than \$1 million for calendar year 2017 and \$3 million for calendar year 2018.
4. DSU, the State and the Regents shall have presented a plan to Donors showing how the Program will generate at least \$3.0 million of funding by September 30, 2019 to cover items shown on Exhibit C and D as being paid through other matching funds.
5. DSU shall have provided scholarships totaling \$125,000 to students in the Program for the 2018-2019 academic year.
6. DSU shall have hired 2 additional faculty and 1 additional staff member for the Program for the 2018-2019 academic year. These new faculty and staff members shall be over and above the number of faculty and staff for the Program in the preceding academic year.
7. DSU shall have developed relationships with IEEE, NIST and telecom companies that will implement 5G.

B. Milestones to be achieved by December 1, 2019

1. DSU shall have completed construction on the MadLabs facility which shall include a Sensitive Compartmental Information Facility ("SCIF") on not/less than 10,000 square feet. The SCIF shall have the highest level of security clearance utilized by the NSA.
2. DSU shall have received during the fiscal year ending June 30, 2019 not less than \$ 5 million from the State as enhanced support of the Program. This shall be in addition to any additional support for the Program from the Regents.
3. DSU, the State and the Regents shall have entered into contracts with Federal parties for operating support of the Program and its facilities, or shall have received Federal support for scholarships, of not less \$ 3 million for calendar year 2019.
4. DSU, the State and the Regents shall have presented a plan to Donors showing how the Program will generate at least \$4.0 million of funding by September 30, 2020 to cover items shown on Exhibit C and D as being paid through other matching funds.
5. DSU shall have provided scholarships totaling \$ 300,000 to students in the Program for the 2019-2020 academic year.
6. DSU shall have hired 2 additional faculty and 1 additional staff member for the Program for the 2019-2020 academic year. These new faculty and staff members shall be over and above the number of faculty and staff for the Program in the preceding academic year.
7. DSU shall have presented to Donors a plan to leverage early telecom adoption of 5G in South Dakota and begun the development of a security protocol for 5G technology.

C. Milestones to be achieved by December 1, 2020

1. DSU, the State and the Regents shall have entered into contracts with Federal parties for operating support of the Program and its facilities, or shall have received Federal support for scholarships, of not less \$4 million for calendar year 2020.
2. DSU, the State and the Regents shall have presented a plan to Donors showing how the Program will generate at least \$5.0million of funding by September 30, 2021 to cover items shown on Exhibit C and D as being paid through other matching funds.
3. DSU shall have provided scholarships totaling \$ 400,000 to students in the Program for the 2020-2021 academic year.
4. DSU shall have hired 1 additional faculty and 1 additional staff member for the Program for the 2020-2021 academic year. These new faculty and staff members shall be over and above the number of faculty and staff for the Program in the preceding academic year.
5. The State, the Regents and DSU shall have commenced implementation of the plan for early adoption by telecom companies of 5G in South Dakota and begun work developing a security protocol for 5G technology, if such a standard has been defined at that time.
6. The DSU SCIF shall continue to have the highest level of security clearance utilized by the NSA.

D. Milestones to be achieved by December 1, 2021

1. DSU, the State and the Regents shall have entered into contracts with Federal parties for operating support of the Program and its facilities, or shall have received Federal support for scholarships, of not less \$5 million for calendar year 2021.
2. DSU, the State and the Regents shall have presented a plan to Donors showing how the Program will generate at least \$5.0 million of funding by September 30, 2022 to cover items shown on Exhibit C and D as being paid through matching funds.
3. DSU shall have provided scholarships totaling \$ 500,000 to students in the Program for the 2021-2022 academic year.
4. If telecom companies have installed a 5G network in Madison or Sioux Falls, DSU shall develop a plan to test the proposed security protocol on the 5G network.
5. The DSU SCIF shall continue to have the highest level of security clearance utilized by the NSA.
6. The State, the Regents and DSU shall have presented a plan to Donors showing all of the intended Use of Funds as described in Exhibits C and D that are anticipated to be completed by December 31, 2022 and that all matching funding shall have been received by that same date.

E. Milestones to be achieved by December 1, 2022

1. DSU, the State and the Regents shall have entered into contracts with Federal parties for operating support of the Program and its facilities, or shall have received Federal support for scholarships, of not less \$5 million for calendar year 2022. This final milestone shall be a requirement for the expenditure of any remaining gift funds.

EXHIBIT E2
MILESTONES SUMMARY

MILESTONE	2016-17	2017-18	2018-19	2019-20	2020-21	2021-22
MadLabs Facility		Start construction	Complete construction and SCIF certification			
State funds		\$ 5 million	\$ 5 million			
Federal funds	\$ 1 million (CY 2017)	\$ 3 million (CY 2018)	\$ 3 million (CY 2019)	\$ 4 million (CY 2020)	\$ 5 million (CY 2021)	\$ 5 million (CY 2022)
Scholarships awarded		\$125,000	\$300,000	\$400,000	\$500,000	\$700,000
New faculty and staff hired		2 faculty starting 08/18; 1 staff	2 faculty starting 08/19; 1 staff	1 faculty starting 08/20; 1 staff		

*5G milestones are outlined in Exhibit E.

The South Dakota Board of Regents adjourned its special business meeting on August 20, 2017 and will meet again in regular session on October 3-5, 2017 in Madison, South Dakota.

I, Mike Rush, Executive Director and CEO of the South Dakota Board of Regents, declare that the above is a true, complete and correct copy of the minutes of the Board of Regents meeting held on August 20, 2017.

A handwritten signature in black ink that reads "Mike Rush". The signature is written in a cursive, flowing style.

Mike Rush
Executive Director and CEO