

The Regents of the University of California

**COMMITTEE ON OVERSIGHT OF THE
DEPARTMENT OF ENERGY LABORATORIES**

September 17, 2009

The Committee on Oversight of the Department of Energy laboratories met on the above date at UCSF – Mission Bay Community Center, San Francisco.

Members present: Regents Kieffer, Marcus, Pattiz, Ruiz, Stovitz, and Varner; Ex officio members Blum, Gould, and Yudof; Advisory member Simmons

In attendance: Regents Bass, Bernal, De La Peña, Garamendi, Island, Johnson, Lansing, Makarechian, Nunn Gorman, Schilling, Wachter, and Zettel, Regents-designate Cheng, DeFreece, and Hime, Faculty Representative Powell, Secretary and Chief of Staff Griffiths, Associate Secretary Shaw, General Counsel Robinson, Chief Investment Officer Berggren, Chief Compliance and Audit Officer Vacca, Interim Provost Pitts, Executive Vice Presidents Darling and Taylor, Interim Executive Vice President Brostrom, Senior Vice Presidents Dooley and Stobo, Vice Presidents Beckwith, Duckett, Lenz, and Sakaki, Chancellors Birgeneau, Block, Blumenthal, Desmond-Hellman, Drake, Fox, Kang, Katehi, White, and Yang, and Recording Secretary Harms

The meeting convened at 9:50 a.m. with Committee Chair Pattiz presiding.

1. **APPROVAL OF MINUTES OF PREVIOUS MEETING**

Upon motion duly made and seconded, the minutes of the meeting of July 16, 2009 were approved.

2. **UPDATE ON THE DEPARTMENT OF ENERGY LABORATORIES**

Committee Chair Pattiz reported on the last meeting of the Board of Governors (BOG) of the limited liability corporations (LLCs) for Lawrence Livermore National Laboratory (LLNL) and Los Alamos National Laboratory (LANL). For the past several months, the BOG has been involved in a self-evaluation of the operations of the laboratories. This evaluation is an outgrowth of the creation of the LLCs two to three years ago. The Committee Chair noted that the evaluation included feedback from the Department of Energy (DOE) and the National Nuclear Security Administration (NNSA) – both of which fund the laboratories. In addition, it featured input from BOG members, committee members, and a wide variety of people within the organizations. The evaluation sought to assess how the new structure, which has been controversial, is working.

Committee Chair Pattiz reminded the Regents that the LLC structure was created by the federal government as a result of repeated management errors at many of the laboratories. As a result, the University was regularly defending itself in the press. When it was time to rebid the LANL contract – which the University had managed for 60 years – the federal government came forward and said that the requests for proposals (RFPs) would require private-sector partnerships to ensure better administration and management. Committee Chair Pattiz emphasized that no questions were ever raised regarding the quality of the scientific work conducted by the laboratories. The LLC, with companies like Bechtel Corporation, the Babcock & Wilcox Company, and Washington Group International, won the bidding process. The University retained the majority of the members of the BOG and also has the right to appoint its chair. He remarked that he is currently the chair of the Board of Governors.

Committee Chair Pattiz recounted that the internal review gave positive marks from DOE and NNSA because issues such as on-the-job injuries – items that could be calculated and put on a spreadsheet – demonstrated marked improvement. The discussion on science was focused on how the nation is looking for world-class scientific solutions that are uniquely available at the laboratories and that go far beyond nuclear stockpile stewardship. He remarked that some of the partners believe that nuclear weaponry and nuclear stockpile stewardship are not growth industries and that the laboratories need to find other ways to contribute to national security that are more in keeping with twenty-first century issues. One such initiative is the National Ignition Facility at LLNL, which is going to create fusion in the laboratory for the first time in history.

Committee Chair Pattiz recalled that one of the Mission Committee members for the LLC is former Secretary of Defense William Perry. At a previous meeting of the LLC, Mr. Perry discussed some topics related to new sources of energy – rather than to nuclear defense – that will effect tremendous change. Mr. Perry indicated that he was personally going Washington to lobby for funding. The Committee Chair said that the BOG is developing strategies to secure additional funding from NNSA to compensate for the cutbacks that have affected all government agencies. He noted that he was very pleased with the tone that LLC's Board is starting to take; the active involvement of both the University and all of its partners will result in new developments for the laboratories in the years ahead.

The Committee Chair reminded the Regents that the University is currently conducting a search to replace former LBNL Director Chu who is currently serving as the U.S. Secretary of Energy. He noted that President Yudof has assembled an excellent search committee and that it has conducted a thorough consultation with various constituencies at the University and the laboratories to determine the desired characteristics and criteria for this very important position.

The Administrator of the NNSA, Thomas D'Agostino, has been reappointed to that position, said the Committee Chair. He observed that the laboratories have had a very collegial relationship with the NNSA. He noted that discussions are ongoing regarding bureaucratic issues and expenses, which are frustrating for the scientific community.

Committee Chair Pattiz informed the Regents about some of the innovative activities taking place at the laboratories, such as the development of an artificial retina and strategies regarding nuclear non-proliferation. He stated that a number of the members of the BOG subscribe to the idea of eventually eliminating nuclear weapons, and that the BOG regularly debates how this goal can be achieved.

Committee Chair Pattiz strongly urged the Regents to visit the laboratories if they have not already done so. He stated that the laboratories are an important facet of the University's function, and that the Regents should acquaint themselves with their facilities and activities. He observed that many members of the public are displeased that the University is involved with the laboratories, and that the Regents should be well informed about their critical role with regard to the University, to the State, to the nation, and to the world. He informed the new Regents that they can contact Executive Vice President Darling to arrange a visit to the laboratories.

3. **AUTHORIZATION TO APPROVE AND EXECUTE MODIFICATION TO THE DEPARTMENT OF ENERGY CONTRACT FOR THE LAWRENCE BERKELEY NATIONAL LABORATORY AS A RESULT OF CHANGES TO THE FEDERAL ACQUISITION REGULATIONS AND THE DEPARTMENT OF ENERGY ACQUISITION REGULATIONS**

The President recommended that he be authorized to execute a modification to the provisions of Lawrence Berkeley National Laboratory contract DE-AC02-05CH11231 in order to incorporate clause updates and one clause addition.

[Background material was mailed to the Committee in advance of the meeting, and copies are on file in the Office of the Secretary and Chief of Staff.]

Upon motion duly made and seconded, the Committee approved the President's recommendation and voted to present it to the Board.

Regent Kieffer pointed out that the research function at the laboratories historically has been closely tied to the University's public service function. In parallel, he recalled a presentation made during the meeting of the Committee on Health Services about the public service mission of the University and its relationship to health care. Regarding the UC Commission on the Future, he emphasized that the Commission should consider the important role of public service during its assessment of the University's mission. Regent Kieffer added that in addition to the laboratories' research, the willingness of the University to be involved in their management and oversight is a public service function that should not be overlooked. Committee Chair Pattiz concurred.

Regent Stovitz remarked that he had the opportunity to tour Los Alamos National Laboratory, and reported that senior scientists at the laboratory placed a high priority on forging the strongest possible bonds with UC.

Committee Chair Pattiz remarked that the LLC structure has provided a significant increase in fee income for the University and that the new income is to be used for scientific purposes, for research, for outreach, and to build a closer relationship between the laboratories and the campuses. Through the laboratories, UC is providing a public service that no other university in the country can provide. Furthermore, he stated, the University is benefiting from an improved fee structure that allows it to foster more scientific and research endeavors that strengthen the relationships between the laboratories and the campuses.

The meeting adjourned at 10:00 a.m.

Attest:

Secretary and Chief of Staff