

The Regents of the University of California

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

May 7, 2009

A special meeting of the Committees on Finance and Oversight of the Department of Energy Laboratories was held by teleconference on the above date at the following locations: UCSF–Mission Bay Community Center, 1675 Owens Street, San Francisco; International Room, Tom Bradley International Hall, Los Angeles Campus; Moss Cove A and B, Student Center, Irvine Campus; 355 Highlander Union Building, Riverside Campus; Ballroom B, Price Center, San Diego Campus; Chancellor’s Conference Room, 5123 Cheadle Hall, Santa Barbara Campus; 501 S. Alta Avenue, Dinuba; 700 S. Flower Street, Los Angeles; 2220 Lodgepole Circle, Modesto; 777 California Avenue, Palo Alto; 3110 Main Street, Santa Monica; 12006 Bennett Flat Road, Truckee; Board Room, 1806 N. Nimitz Street, Victoria, Texas.

Members present: Representing the Committee on Finance: Regents Garamendi, Gould, Island, Lozano, Scorza, Varner, and Wachter; Ex officio members Blum and Yudof; Advisory members Bernal, Croughan, and Nunn Gorman; Staff Advisors Abeyta and Johansen
 Representing the Committee on Oversight of the DOE Laboratories:
 Regents Gould, Marcus, Shewmake, and Varner; Ex officio members Blum and Yudof; Advisory member Croughan

In attendance: Regents Cole, De La Peña, Johnson, Kieffer, Lansing, Makarechian, Reiss, Ruiz, Schilling, and Zettel, Regent-designate Stovitz, Faculty Representative Powell, Secretary and Chief of Staff Griffiths, Associate Secretary Shaw, General Counsel Robinson, Chief Investment Officer Berggren, Interim Provost Pitts, Executive Vice Presidents Darling, Lapp, and Taylor, Senior Vice Presidents Dooley and Stobo, Vice Presidents Lenz and Sakaki, Chancellors Birgeneau, Bishop, Block, Blumenthal, Drake, Fox, Kang, Vanderhoef, White, and Yang, and Recording Secretary Johns

The meeting convened at 1:05 p.m. with Committee on Finance Chair Gould presiding.

1. READING OF NOTICE OF MEETING

For the record, notice was given in compliance with the Bylaws and Standing Orders for a special meeting of the Committee on Finance and the Committee on Oversight of the Department of Energy Laboratories, to accommodate a scheduling change.

2. AUTHORIZATION FOR APPROVAL OF APPROPRIATIONS FROM LOS ALAMOS NATIONAL SECURITY LLC AND LAWRENCE LIVERMORE NATIONAL SECURITY LLC FEE INCOME TO BE EXPENDED IN FISCAL YEAR 2009-10

The President recommended that he be authorized to expend, for the following purposes and in the following amounts, from the University's net share of Los Alamos National Security (LANS) and Lawrence Livermore National Security (LLNS) limited liability company (LLC) income earned between September 30, 2008 and December 31, 2009:

- A. Supplemental compensation and other payments (including accruals) approved by the Regents for certain LANS LLC and LLNS LLC employees, from July 1, 2009 through June 30, 2010 – \$ 2.2 million (no change from 2008-2009).
- B. An appropriation to the Office of the President for federally unreimbursed costs of University oversight of its interest in LANS LLC and LLNS LLC, paid or accrued July 1, 2009 through June 30, 2010, including but not limited to an allocable share of the costs of the Regents, Academic Senate, Research Security Office, Human Resources, Finance, Compliance and Audit, Laboratory Management Office, Federal Government Relations, Office of Research, the General Counsel, and the University appointed Governors on the Boards of the LLCs – \$3.85 million (\$4.05 million in 2008-2009).
- C. An appropriation in 2009-10 to a post-contract contingency fund – \$1.3 million (no change from 2008-2009).
- D. An appropriation for research funding in accordance with the Laboratory Fees Research Program process for 2009-2010 – \$18.7 million (\$19.4 million in 2008-2009).

Summary

Estimated Funds Available

Estimated Net FY 2009 LLC Management Fee	\$31.9M
Estimated Carryover from 2008-2009	\$1.1M
Total	\$33.0M

Recommended Allocation

Supplemental compensation	\$2.2M
UCOP oversight	\$3.85M
Post-contract contingency	\$1.3M
2009-2010 Lab Fees Research Program	\$18.7M
Continuation of:	\$2.8M
UCD – LLNL Biophotonics Center	
UC– LANL Institutes	
Contingency for Research 2009-2010	\$1.15M

Contingency for factors affecting the final fee	\$3.0M
Total Allocation for 2009-2010	\$33.0M

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

Committee on Finance Chair Gould noted that Regent Pattiz, the Chair of the Committee on Oversight of the Department of Energy Laboratories, had been engaged in this issue and supported the present action.

Executive Vice President Lapp explained that this item was an authorization to expend the University's net share of the management fee from Los Alamos National Security LLC and Lawrence Livermore National Security LLC. The total fee amount was \$33 million, from September 30, 2008 to December 31, 2009. The background materials submitted with the item explained how funds would be expended; most would be directed to research. Some funds would be directed to Office of the President activities which support these two Laboratories. The proposed action was consistent with actions taken in previous years.

Upon motion duly made and seconded, the Committee on Finance approved the President's recommendation and voted to present it to the Board, Regents Blum, Garamendi, Gould, Island, Lozano, Scorza, Varner, Wachter, and Yudof (9) voting "aye."¹

The meeting adjourned at 1:10 p.m.

Attest:

Secretary and Chief of Staff

¹ Roll call vote required by the Bagley-Keene Open Meeting Act [Government Code §11123(b)(1)(D)] for all meetings held by teleconference.