

The Regents of the University of California

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

July 21, 2016

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

Members present: Regents Blum, De La Peña, Kieffer, Pattiz, Reiss, Varner, and Zettel; Ex officio members Lozano and Napolitano; Advisory member Chalfant

In attendance: Regents Brody, Island, Lansing, Makarechian, Ortiz Oakley, Pérez, Ramirez, Schroeder, and Sherman, Regents-designate Lemus, Mancia, and Monge, Faculty Representative Hare, Secretary and Chief of Staff Shaw, General Counsel Robinson, Chief Compliance and Audit Officer Vacca, Provost Dorr, Executive Vice President and Chief Financial Officer Brostrom, Executive Vice President and Chief Operating Officer Nava, Senior Vice President Henderson, Vice Presidents Brown, Budil, Duckett, and Humiston, Chancellors Block, Blumenthal, Dirks, Hawgood, Khosla, Leland, Wilcox, and Yang, Acting Chancellor Hexter, and Recording Secretary McCarthy

The meeting convened at 9:40 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 May 12, 2016 were approved.

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

[Background material was provided to Regents in advance of the meeting, and a copy is on file in the Office of the Secretary and Chief of Staff.]

Committee Chair Pattiz expressed appreciation to Regent Varner for his dedicated service as an advisory member of the Los Alamos National Security LLC and Lawrence Livermore National Security LLC Boards of Governors. Regent De La Peña has been appointed as an advisory member to both LLC Boards.

3. **APPROVAL OF A SUBSTANTIVE MODIFICATION TO THE LOS ALAMOS NATIONAL SECURITY, LLC OPERATING AGREEMENT TO AMEND THE ALLOCATION OF NET FEE INCOME EARNED BY THE LLC MEMBERS DURING FEDERAL FISCAL YEARS 2017 AND 2018**

The President of the University recommended that the President be authorized to enter into such written agreements as are necessary to accomplish a substantive modification to the Los Alamos National Security, LLC (LANS) Operating Agreement to modify the fee income distribution between the members to ensure that no LLC Member is disproportionately advantaged or disadvantaged from the modified fee structure in the prime contract negotiated between and executed by LANS and the Department of Energy for the final two years of the contract (fiscal years 2017 and 2018).

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Committee Chair Pattiz recalled that he had reported at the prior meeting that the Los Alamos National Security LLC (LANS) and the Department of Energy (DOE) had negotiated a modification to the Los Alamos National Laboratory (LANL) contract, which, among other things, would extend the term of the contract until September 30, 2018, amend the maximum available fee that can be earned by LANS for 2017-18, and change the fee structure to include more guaranteed fee and less performance-based fee. The LANS executive committee provided significant guidance to the LANS management team that negotiated with the DOE. The University views the shift to a fixed fee, rather than a performance-based fee, as very positive. The proposed contract modification was drafted following instruction from the LANS general counsel and the General Counsel of the University. The modification had been approved by all other LLC members and was pending only Regents' approval.

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

The meeting adjourned at 9:45 a.m.

Attest:

Secretary and Chief of Staff