

The Regents of the University of California

NATIONAL LABORATORIES SUBCOMMITTEE

May 17, 2017

The National Laboratories Subcommittee met on the above date at UCSF–Mission Bay Conference Center, San Francisco.

Members present: Regents De La Peña, Napolitano, and Pattiz; Advisory members Chalfant and Mancía

In attendance: Secretary and Chief of Staff Shaw, General Counsel Robinson, Vice Presidents Brown and Budil, Chancellor Hawgood, and Recording Secretary McCarthy

The meeting convened at 12:00 p.m. with Subcommittee Chair Pattiz presiding.

1. APPROVAL OF MINUTES OF PREVIOUS MEETING

Upon motion duly made and seconded, the minutes of the meeting of March 15, 2017 were approved.

2. PREPARATIONS FOR ANTICIPATED COMPETITION FOR LOS ALAMOS NATIONAL LABORATORY CONTRACT

[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.]

Subcommittee Chair Pattiz said the Subcommittee would be kept apprised of developments regarding the anticipated contract competition for management of the Los Alamos National Laboratory.

3. AMENDMENT TO THE ALLOCATION OF LOS ALAMOS NATIONAL SECURITY, LLC AND LAWRENCE LIVERMORE NATIONAL SECURITY, LLC FEE INCOME TO BE EXPENDED IN FISCAL YEAR 2016-17

The President of the University recommended that the National Laboratories Subcommittee recommend that Regents approve an amendment to the allocation of the University's net share of Los Alamos National Security, LLC and Lawrence Livermore National Security, LLC fee income to be expended in fiscal year 2016-17, as shown in Display 1.

Display 1: Fiscal Year 2016-17 Fee Income Allocation:

<u>Estimated Funds Available</u>	<u>Original</u>	<u>Amended</u>
<u>Estimated Net Fee Income for Calendar Year 2016</u>	<u>\$23.1 M</u>	<u>\$26.5 M</u>
Total Funds Available	\$23.1 M	\$26.5 M

Recommended Allocation

A. Contract Non-Reimbursable Compensation for LLC Employees in UC-Designated Key Personnel Positions	\$2.2 M	\$2.2 M
B. UC Office of the President Oversight	\$4.9 M	\$4.9 M
C. Post-Contract Contingency Fund	\$2.3 M	\$3.1 M
D. LLC Fee Contingency Fund	\$0 M	\$0 M
E. UC Laboratory Fees Research Program (including UC-NL Graduate Student Fellowships)	\$13.4 M	\$15.0 M
F. Livermore Lab Foundation	\$0.3 M	\$0.3 M
<u>G. Accelerating Therapeutic Opportunities for Medicine</u>	<u>N/A</u>	<u>\$1.0 M</u>
Total allocation 2016-2017	\$23.1 M	\$26.5 M

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Subcommittee Chair Pattiz expressed support for this action.

Vice President Budil explained that each year her office estimates a budget based on anticipated fee income from the Los Alamos National Security, LLC and Lawrence Livermore National Security, LLC. Once the actual allocation is received, the budget is brought back to the Regents for approval of the distribution of actual earned income from Los Alamos National Laboratory and Lawrence Livermore National Laboratory (LLNL). The proposed amendment reflected the slightly higher fee income than originally anticipated in July. The increase would be allocated to three areas: a slight increase to the Post-Contract Contingency Fund; an increase to the UC Laboratory Fees Research Program, which includes a graduate student fellowship program; and an allocation of \$1 million to a new collaboration Accelerating Therapeutic Opportunities for Medicine (ATOM).

Chancellor Hawgood described ATOM, a new collaboration among the National Cancer Institute, the Department of Energy, LLNL, UCSF, and the for-profit pharmaceutical firm GlaxoSmithKlein to develop a new model for the drug discovery pipeline. The current model of experimental iteration takes six to seven years to move from a target to a new therapy at a cost of billions of dollars. ATOM was based on the belief that the advent of high-performance computing, machine learning, artificial intelligence, and in silico modelling in drug development would enable a fundamental paradigm shift in drug development. Molecular simulation modelling would be conducted early in drug development using the unique computational power available at LLNL combined with the biological capability of UCSF and the resources of GlaxoSmithKlein. Chancellor

Hawgood expressed hope that the \$1 million funding proposed in this item would be matched in two subsequent years. The project would be located at UCSF's Mission Bay campus and would bring together employees from GlaxoSmithKlein, LLNL, the National Cancer Institute, and UCSF to remake the paradigm of drug development. Each of the partners would contribute both in kind and cash. The project would launch in the current summer.

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 12:10 p.m.

Attest:

Secretary and Chief of Staff

Pending Approval