REPORT OF THE NATIONAL LABORATORIES COMMITTEE
July 30, 2020

1. ALLOCATION OF LLC FEE INCOME TO BE EXPENDED IN FISCAL YEAR 2020–21

The President of the University recommends that the National Laboratories Committee recommend to the Regents that the President be authorized to expend an estimated $23.7 million from the University’s net share of Triad National Security, LLC (Triad) and Lawrence Livermore National Security, LLC (LLNS) income earned in the respective LLC 2020 fiscal years (FY),¹ as projected by the LLCs, for the purposes and in the amounts described below:

1. The University’s contractually-required share of compensation-related costs for LLC employees that are not reimbursed by the federal government under the prime contracts. Compensation for LLC employees in key personnel positions is paid by the LLCs as approved by the LLC governing board. A portion of these compensation-related expenses are deemed non-reimbursable by the federal government. Moreover, Triad LLC pays labor-related costs associated with the UC/LANL Entrepreneurial Postdoctoral Fellowship Program up to $400,000 per year. The amount of UC’s contractual share of unreimbursed compensation for UC-designated key personnel positions, in addition to the costs associated with the UC/LANL Entrepreneurial Postdoctoral Fellowship Program, for FY 2020–21 is estimated at $1.8 million.

2. An appropriation to the Office of the President’s budget for federally unreimbursed costs of University oversight of its interests at LANL and LLNL, paid or accrued July 1, 2020 through June 30, 2021, including, but not limited to, an allocable share of the costs of the President’s Executive Office, the Provost, the Academic Senate, Human Resources, Compliance and Audit, Financial Accounting, UC National Laboratories (UCNL), Federal Government Relations, Office of Research and Graduate Studies, Office of the General Counsel, Office of the Secretary and Chief of Staff to The Regents, Office of the President facility charges, and the University-appointed Governors on the Boards of the LLCs, in the amount of $5.9 million for FY 2020–21. Any unspent funds allocated for this purpose will be transferred, at the President’s discretion, to the UC Laboratory Fees Research Program (paragraph E below), to one or more of the UCNL reserve funds identified herein, or for extraordinary expenses related to COVID-19 (paragraph K below).

3. No appropriation to the LLNS/LANS Post-Contract Contingency Fund (PCCF) for FY 2020-21. The balance in the LANS/LLNS PCCF as of May 31, 2020 is $18.0 million. The target balance for the LLNS/LANS PCCF approved by the

¹ The University also remains a member of Los Alamos National Security, LLC (LANS), which managed Los Alamos National Laboratory through October 31, 2018. It is not expected that LANS will earn any net fee income during this next fiscal year.
Regents in 2013 is $27 million, which includes about $7 million held as equity in the LANS and LLNS LLC accounts. No appropriation is proposed due to anticipated extraordinary expenses related to COVID-19 (paragraph K). Any income generated by the PCCF reserve fund under the University’s Short Term Investment Pool (STIP) shall be reserved exclusively for the LLNS/LANS PCCF.

4. The Regents previously approved a target balance for the LLC Fee Contingency Fund of $7 million. This reserve fund is currently fully funded with a balance of $7 million as of May 31, 2020. No allocation to the Fund is required for FY 2020–21. Any income generated by the LLC Fee Contingency Fund under the University’s STIP shall be reserved exclusively for the LLC Fee Contingency Fund.

5. An appropriation in the amount of $10 million for FY 2020–21 for the UC Laboratory Fees Research Program and other research relevant to the missions of the National Laboratories and the University, including the UC-National Laboratory Graduate Student Fellowship Program, subject to any reallocation up or down required after the end of LLC 2020 fiscal years as a result of reporting by the LLCs of actual net fee income earned by the University in order to meet the ongoing appropriations under paragraphs A through D above and F through K below. In the event all or part of this funding for the UC Laboratory Fees Research Program is not needed in FY 2020–21, the funding will be carried over to FY 2021–22 for the same purpose.

6. The Regents previously approved appropriations in the amount of $300,000 per year for FYs 2016–17 through 2018–19, with unspent funds carried forward for the same purpose, to fund an affiliation agreement between the University and the Livermore Lab Foundation. Of the $900,000 appropriated for this purpose, $331,000 remains unspent as of May 31, 2020. No new appropriation is requested for FY 2020–21 but the unspent funds from prior appropriations may be used in FY 2020–21 to continue funding the affiliation agreement. If the remaining funds are not spent in FY 2020–21, the funding will be carried over to FY 2021–22 for the same purpose.

7. An appropriation in the amount of $1 million for FY 2020–21 for the Accelerating Therapeutic Opportunities for Medicine (ATOM) collaboration. The Regents previously approved three appropriations for ATOM in the amounts of $1 million per year for FYs 2016–17 through 2018–19.

8. An appropriation in the amount of $2.7 million for FY 2020–21 for the Capital and Campus Opportunity Fund (CCOF). Previous allocations to the CCOF total $4.8 million. The target allocation to this Fund is $10 million for the three-year period ending in FY 2021–22. Use of CCOF funds on specific projects would be subject to further Regental approval. Any income generated by this fund under the University’s STIP shall be reserved exclusively for this fund.
9. No appropriation in FY 2020–21 for the Triad Reserve Fund. Previous allocations to this fund total $2.15 million. The target balance for the Triad Reserve Fund is $10 million by 2028, at the end of the ten-year anticipated length of the Triad contract. Any income generated by this fund under the University’s STIP shall be reserved exclusively for this fund. No appropriation is proposed due to anticipated extraordinary expenses related to COVID-19 (paragraph K).

10. An appropriation in the amount of $1 million for FY 2020-21 for the purpose of business development. This funding would support the University’s efforts to explore and develop opportunities to participate in the management of one or more DOE National Laboratories and other Federally Funded Research and Development Centers (FFRDCs) beyond the current three UC-affiliated National Laboratories. Formal bids on specific Lab or FFRDC contracts would be subject to further Regental approval. In the event all or part of this funding for business development is not spent in FY 2020–21, the funding will be carried over to FY 2021–22 for the same purpose.

11. An appropriation in the amount of $1.3 million for FY 2020–21 for the purpose of extraordinary expenses at UC’s affiliated National Laboratories related to COVID-19. It is anticipated that one or more of UC’s three affiliated National Laboratories may incur expenses related to the COVID-19 pandemic that are not reimbursed by the federal government. Any portion of this $1.3 million unspent in FY 2020–21 will be transferred, at the President’s discretion, to the UC Laboratory Fees Research Program (paragraph E above) or one or more of the UCNL reserve funds (paragraphs C, H, and I above).

Committee vote: Regents Estolano, Kieffer, Kounalakis, Mart, Ortiz Oakley, Pérez, Reilly, Sures, and Zettel voting “aye” and Cohen voting “no.”

Board vote: Regents Anguiano, Butler, Estolano, Kieffer, Kounalakis, Lansing, Leib, Makarechian, Mart, Muwwakkil, Napolitano, Ortiz Oakley, Pérez, Reilly, Sherman, Stegura, and Zettel voting “aye” and Regents Cohen, Elliott, and Park voting “no.”

2. APPROVAL OF USE OF CAPITAL AND CAMPUS OPPORTUNITY FUND FOR REVITALIZATION OF HERTZ HALL COMPLEX AT LAWRENCE LIVERMORE NATIONAL LABORATORY

The President of the University recommends that the National Laboratories Committee recommend to the Regents that she be authorized to expend up to $5 million of Capital and Campus Opportunity Fund monies for the Hertz Hall Complex revitalization project.

Committee vote: Regents Cohen, Estolano, Kieffer, Kounalakis, Mart, Napolitano, Ortiz Oakley, Pérez, Reilly, Sures, and Zettel voting “aye.”

Board vote: Regents Anguiano, Butler, Cohen, Elliott, Estolano, Kieffer, Kounalakis, Lansing, Leib, Makarechian, Mart, Muwwakkil, Napolitano, Ortiz Oakley, Park, Pérez,
Reilly, Sherman, Stegura, and Zettel voting “aye.”