

The Regents of the University of California

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

May 18, 2011

The Committees on Finance and Oversight of the Department of Energy Laboratories met jointly on the above date at UCSF–Mission Bay Community Center, San Francisco.

Members present: Representing the Committee on Finance: Regents Blum, DeFreece, Island, Lozano, Makarechian, Mireles, Schilling, Varner, and Wachter; Ex officio members Gould and Yudof; Advisory members Pelliccioni and Simmons; Staff Advisors Herbert and Martinez
Representing the Committee on Oversight of the Department of Energy Laboratories: Regents Blum, DeFreece, Marcus, Reiss, and Varner; Ex officio members Gould and Yudof; Advisory member Simmons

In attendance: Regents Crane, Hime, Johnson, Kieffer, Lansing, Newsom, Torlakson, and Zettel, Regent-designate Hallett, Faculty Representative Anderson, Associate Secretary Shaw, General Counsel Robinson, Chief Investment Officer Berggren, Provost Pitts, Executive Vice Presidents Brostrom and Taylor, Senior Vice Presidents Dooley and Stobo, Vice Presidents Beckwith, Darling, Duckett, Lenz, and Sakaki, Chancellors Block, Blumenthal, Desmond-Hellmann, Drake, Fox, Kang, Katehi, White, and Yang, and Recording Secretary McCarthy

The meeting convened at 12:35 p.m. with Committee on Finance Chair Lozano presiding.

APPROVAL OF APPROPRIATIONS FROM LOS ALAMOS NATIONAL SECURITY LLC AND LAWRENCE LIVERMORE NATIONAL SECURITY LLC FEE INCOME TO BE EXPENDED IN FISCAL YEAR 2011-12

The President recommended that the Committees on Finance and Oversight of the Department of Energy Laboratories recommend that:

1. The President 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) LLC income earned between January 1, 2011 and December 31, 2011, the following amounts:
 - A. Supplemental compensation and other payments (including accruals) approved by the Regents for certain LANS LLC and LLNS LLC employees, from July 1, 2011 through June 30, 2012. The amount includes an estimate for incentive awards in the amount of \$900,000 and also includes the fulfillment of the commitment approved by the Regents at their meeting of June 2, 2006, for an

annuity for Los Alamos National Laboratory Director and LANS President Michael Anastasio to cover loss of pension attributable to his actual period of service at LANS (up to five years) rather than having remained under the UC Retirement Plan – \$3.0 million (\$2.0 million in 2010-11).

- B. An appropriation to the Office of the President budget for federally unreimbursed costs of University oversight of its interest in LANS LLC and LLNS LLC, paid or accrued July 1, 2011 through June 30, 2012, including but not limited to an allocable share of the costs of the Regents, the President, the Provost, the Academic Senate, the Secretary and Chief of Staff to the Regents, Human Resources, Policy and Analysis, Financial Management, Compliance and Audit, Laboratory Management Office, Research Security Office, External Relations, Office of Research, Office of the General Counsel, and the University-appointed Governors on the Boards of the LLCs – \$3.85 million (\$4 million in 2010-11).
 - C. An appropriation in 2011-12 to a post-contract contingency fund – \$1.3 million (no change from 2010-11).
 - D. An appropriation of \$0.4 million for oversight and administration of ongoing awards (\$0.3 million in 2010-11).
2. The President shall return to the Regents at the later of the Regents' July 2011 meeting or when the President presents the Office of the President 2011-12 budget for the Regents' approval with recommended research allocations for the balance of the University's 2011 LLC net income, estimated at \$20.45 million.

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

Executive Vice President Brostrom explained that this item regarded the annual appropriation of the University's net share of the contract for managing both Los Alamos National Laboratory and the Lawrence Livermore National Laboratory. Of the total estimated \$29.7 million, including carry-over from the prior fiscal year, \$9.25 million would be allocated for various items including supplemental compensation, UC Office of the President oversight, and a contingency fund; the remaining \$20.5 million would be allocated for research within the UC system.

Upon motion duly made and seconded, the Committees on Finance and Oversight of the Department of Energy Laboratories approved the President's recommendation and voted to present it to the Board.

The meeting adjourned at 12:40 p.m.

Attest:

Associate Secretary