

The Regents of the University of California

NATIONAL LABORATORIES COMMITTEE

September 21, 2022

The National Laboratories Committee met on the above date at the Price Center, San Diego campus and by teleconference meeting conducted in accordance with California Government Code §§ 11133.

Members present: Regents Cohen, Hernandez, Kounalakis, Ortiz Oakley, Reilly, Sures, and Timmons; Ex officio member Leib; Advisory members Raznick and Powell, Chancellors Hawgood, Khosla, and May; Staff Advisor Mackness

In attendance: Regents Blas Pedral, Chu, Matosantos, and Sherman, Regent-designate Ellis, Interim Secretary and Chief of Staff Lyall, General Counsel Robinson, Executive Vice President and Chief Financial Officer Brostrom, Executive Vice President Byington, Executive Vice President and Chief Operating Officer Nava, Vice President Leasure, Chancellors Block, Christ, Gillman, and Muñoz, and Recording Secretary Li

The meeting convened at 1:05 p.m. with Committee Chair Sures presiding.

1. APPROVAL OF MINUTES OF PREVIOUS MEETING

Upon motion duly made and seconded, the minutes of the meeting of July 20, 2022 were approved, Regents Cohen, Kounalakis, Ortiz Oakley, Reilly, and Sures voting “aye” and Regent Timmons abstaining.¹

2. APPROVAL OF USE OF CAPITAL AND CAMPUS OPPORTUNITY FUND MONIES TO SUPPORT DEVELOPMENT OF CHILDCARE FACILITY FOR LOS ALAMOS NATIONAL LABORATORY COMMUNITY

The President of the University recommended that the President, or his delegate, be authorized to expend up to \$2 million of Capital and Campus Opportunity Fund funds to support the development of a childcare facility for the Los Alamos National Laboratory workforce and community.

[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.]

Vice President Leasure recalled that, earlier this year, he, Committee Chair Sures, and UC National Laboratories leadership had met and discussed concerns related to recruitment and retention of staff. In particular, Los Alamos National Laboratory (LANL) sought help to expand its childcare capacity in the area. The \$2 million requested would be used to

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

modify office space in existing buildings in the Los Alamos into childcare facilities. In a recent LANL survey, about 1,000 respondents noted childcare needs, about 50 percent of respondents cited availability of childcare as important for their retention, and about one-third of respondents stated that local childcare capabilities were lacking. LANL was considering a childcare model similar to that of Lawrence Livermore National Laboratory (LLNL), in which an employee-sponsored, nonprofit organization would provide the childcare capability. The University's role would be to prepare facilities such that childcare could be provided without a large upfront cost.

Committee Chair Sures asked about the branding opportunity for the University. Mr. Leasure replied that UC was considering a location on a main road close to the Laboratory. There would be UC signage on the street and on the building to make clear that this was made possible by the Regents and the University.

Committee Chair Sures asked about the source of the funds being requested. Mr. Leasure responded that they would be drawn from the Capital and Campus Opportunity Fund, which itself came from the fees earned by LANL and LLNL.

Regent Cohen expressed discomfort with the lack of information included in the written materials regarding the proposed use of the \$2 million and the cost estimate. He did not believe that the Regents had met their fiduciary responsibility without further knowledge of how the \$2 million would be spent, and he suggested the Regents be provided with a greater level of detail. Mr. Leasure responded that the space being considered for the childcare facility was approximately 11,000 square feet of office space. A large part of the cost would come from upgrading 20 to 30 percent of the space from fire detection to fire suppression, as well as ensuring that bathrooms are compliant with Americans with Disabilities Act requirements. The cost of furniture and other expenses needed to be covered so that there would not be a large, upfront cost for the employee-sponsored, nonprofit organization.

Regent Cohen clarified that he was not opposed to spending \$2 million. He asked whether there was an analysis of the childcare facility's operations demonstrating that it could be self-sustaining. Mr. Leasure replied that Triad National Security LLC had a community commitment fund that it contributed to community-based activities. LLNL contributed a small amount annually to the 501(c)(3) organization that operated the daycare facility to ensure that daycare costs did not far exceed what was available in the community. A similar model would be employed for LANL. There was no intent to put existing daycare providers out of business; rather, the University wished to provide additional capacity.

Regent Cohen asked if there was an urgent need to approve this funding. Mr. Leasure replied that UC was engaging in discussion with a developer, and having funds in hand would make conversations more concrete. The proposal would set money aside, but money would not be spent until plans were finalized. More detail could be provided to the Regents.

Regent Cohen stated that he could provide conceptual support but was not prepared to authorize the expenditure of funds until the Regents receive a document with details of the plan for the childcare facility.

Committee Chair Sures proposed that the item be modified such that the Committee votes to approve an expenditure of up to \$500,000 for development purposes. The University could return to seek Regental approval of the full amount at a future meeting. He remarked that UC National Laboratories would need some funding to work with developers and architects in order to determine the budget. Regent Cohen noted that Committee Chair Sures' suggestion was an improvement; Regent Cohen did not wish to delay the provision of childcare services.

Committee Chair Sures stated that the Regents were trying to expedite a complex process. This would be a University-branded childcare center that people would pay money to attend. He reiterated his suggested amendment of the recommendation.

Regent Cohen asked Mr. Leasure if the suggested amendment would be sufficient for the project to proceed in the next several months. Mr. Leasure responded in the affirmative, explaining that the original proposed amount was meant to expedite the project. While he appreciated the need for more detail, there was no written agreement with the developer and owner of the facility, which still had tenants. Mr. Leasure stressed having a commitment as most important.

In response to a question by Committee Chair Sures, Regent Cohen stated that he would be more comfortable approving the item with Committee Chair Sures' suggested amendment.

Regent Kounalakis recognized Regent Cohen's in-depth experience with and understanding of the financial bases of investments. She suggested that, when presenting the item at a future meeting, Mr. Leasure include pro forma analysis and the structure of the deal with the developer.

Regent-designate Raznick, noting the University branding of the future childcare facility, asked if there was any recommendation or request regarding early childhood education at this facility. Committee Chair Sures remarked that the priority was to establish the childcare facility first.

Staff Advisor Mackness requested that, when this project is presented at a future meeting, the Committee examine the arrangement with the third-party organization that would provide the childcare services, especially with regard to employment. Committee Chair Sures expressed hope that the University would be able to enter into a long-term contract with the provider that it chooses.

Committee Chair Sures moved to amend the item such that the President of the University, or his delegate, would be authorized to expend up to \$500,000 of Capital and Campus Opportunity Fund funds to support the development of a childcare facility for the Los

Alamos National Laboratory workforce and community. Up to an additional \$1.5 million would be considered by the Regents at a future meeting.

Upon motion duly made and seconded, the Committee approved the President's recommendation as amended and voted to present it to the Board, Regents Cohen, Hernandez, Kounalakis, Ortiz Oakley, Reilly, Sures, and Timmons voting "aye."

The meeting adjourned at 1:20 p.m.

Attest:

Secretary and Chief of Staff

Pending Approval