



*Office of the Chair  
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*Assembly of the Academic Senate, Academic Council  
University of California  
1111 Franklin Street, 12th Floor  
Oakland, California 94607-5200*

February 6, 2006

**ROBERT C. DYNES  
PRESIDENT**

**Re: Los Alamos National Security and UCRS: Proper Shift of Assets**

Dear Bob:

At its January 25, 2006 meeting the Academic Council endorsed the shared position of the University Committee on Planning and Budget (UCPB) and the University Committee on Faculty Welfare (UCFW) regarding the proper shift of assets between the University of California Retirement System and the Loa Alamos National Security LLC. I am enclosing UCPB's and UCFW's letters on this matter for your consideration.

In endorsing these letters, the Academic Council agrees that there is a potential conflict of interest in having one person serve both as a senior manager of UCRS and also as a member of the board of directors of LANS, which is the dual role currently played by Senior Vice President Mullinix. Since Mr. Mullinix will soon be resigning, we recommend that those two functions be separated and that whoever takes on the role of negotiating the transition of UCRS assets not have any business or financial relationship with the LANS LLC.

Sincerely,

A handwritten signature in cursive script, appearing to read "Cliff".

Clifford Brunk, Chair  
Academic Council

Copy: Academic Council  
María Bertero-Barceló, Executive Director

Encl.: 2

CB:bgf



*UNIVERSITY COMMITTEE ON PLANNING AND BUDGET*  
*Stan Glantz, Chair*  
glantz@medicine.ucsf.edu

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January 12, 2006

**CLIFFORD BRUNK, CHAIR**  
**ACADEMIC COUNCIL**

Dear Cliff:

Under the terms of the contract that DOE awarded to the Los Alamos National Security LLC (LANS), employees at the Los Alamos National Laboratory are required to leave the University of California Retirement System (UCRS) and have their pensions and associated financial obligations and assets transferred to LANS. The calculation of the amount of money to be transferred from UCRS to LANS is a complex issue.

With regard to this process, UCPB has been concerned about the potential conflict of interest that was created by the fact that Joe Mullinix, UC's Senior Vice President of Business and Finance, both plays an important management role in UCRS and also serves as a member of the board of directors of the new private corporation LANS. The fact that Mr. Mullinix has announced his resignation as Senior Vice President has created an opportunity to restructure the situation to avoid the possibility of such a conflict.

UCPB asks the Academic Council to formally request that, in making the arrangements for Mr. Mullinix's successor, the President ensure that the individual or individuals charged with negotiating the shift of assets from UCRS to LANS have no financial or other business relationship with LANS and be clearly charged with the mission of minimizing the effect of the creation of LANS on the UCRS.

We also recommend that the University Committee on Faculty Welfare urgently consider this issue and offer its views to Council.

Sincerely yours,

Stanton A. Glantz  
Chair, UCPB

cc: UCPB  
Raymond Russell, UCFW Chair  
Maria Bertero-Barcelo, Academic Senate Executive Director



UNIVERSITY COMMITTEE ON FACULTY WELFARE (UCFW)  
Raymond Russell, Chair  
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January 17, 2006

**CLIFF BRUNK, CHAIR  
ACADEMIC COUNCIL**

**RE: Los Alamos National Security LLC (LANS) and the UCPB Letter of January 12, 2006**

Dear Cliff:

UCFW discussed the question whether someone sitting on the LANS board of directors could also represent UC in determining the proper allocation of UCRS assets to LANS. Our conclusion is that two things are very important:

- UC's representative on the LANS board must be a high-powered UC official who is sophisticated and knowledgeable about the intricacies of the Los Alamos operations.
- The allocation of UCRS assets to LANS must be done properly and without any appearance of conflict of interest or other impropriety.

We recommend that the Academic Council request that the President bear these two considerations in mind as he moves to fill the positions now held by Senior Vice President Joe Mullinix. We recommend that he separate the function of sitting on the LANS board from the function of handling the allocation of assets to LANS.

Sincerely yours,

A handwritten signature in cursive script that reads "Raymond Russell".

Raymond Russell, Chair  
University Committee on Faculty Welfare

Copy: UCFW  
Mariá Bertero-Barceló, Executive Director