

The Regents of the University of California

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

July 15, 2004

The Committees on Finance and Oversight of the Department of Energy Laboratories met jointly on the above date at UCSF–Laurel Heights, San Francisco.

Members present: Representing the Committee on Finance: Regents Blum, Connerly, Dynes, Hopkinson, Kozberg, Lee, Ornellas, Parsky, and Sayles; Advisory members Juline, Rominger, and Pitts
Representing the Committee on Oversight of the Department of Energy Laboratories: Regents Blum, Dynes, Johnson, Marcus, Montoya, Ornellas, and Parsky; Advisory member Blumenthal

In attendance: Regents Anderson, Lansing, Novack, and Wachter, Secretary Trivette, General Counsel Holst, Treasurer Russ, Provost Greenwood, Senior Vice Presidents Darling and Mullinix, Vice Presidents Broome, Foley, Gomes, and Hershman, Chancellors Berdahl, Bishop, Carnesale, Cicerone, Tomlinson-Keasey, Vanderhoef, and Yang, Acting Chancellor Chemers, Laboratory Directors Anastasio and Nanos, and Recording Secretary Bryan

The meeting convened at 11:10 a.m. with Committee on Finance Chair Blum presiding.

1. **APPROVAL OF MINUTES OF PREVIOUS MEETING**

Upon motion duly made and seconded, the minutes of the meeting of January 15, 2004 were approved.

2. **INDEMNIFICATION OF INDIVIDUALS SERVING ON THE UC PRESIDENT’S COUNCIL ON THE NATIONAL LABORATORIES**

The President recommended that The Regents:

- A. Indemnify and defend individual members of the UC President’s Council on the National Laboratories, including its associated panels, as to claims and liabilities that may arise or occur in the course and scope of their service as members of the council or its associated panels, except for claims resulting from fraud, corruption, or actual malice.
- B. Authorize the President to issue any necessary guidelines to implement this policy.

It was recalled that since 1992 the University has used the UC President's Council on the National Laboratories to provide advice and counsel to the Board, the Office of the President, and the University's laboratory directors on matters relating to the management and operation of the three laboratories that the University manages for the U.S. Department of Energy.

The council includes some 20 members, appointed by the President, who are experts in their fields and who are drawn from the ranks of academia, other research organizations, private industry, and government and military service. In addition, the council includes 13 ex officio members who are drawn from the ranks of University and laboratory officials.

The council has established five panels that address particular functional areas: science and technology; national security; environment, safety and health; laboratory security; and project management. Collectively, these panels and the full council advise University management on a range of matters relating to the operation of the laboratories, including:

- The programmatic missions of the laboratories
- Maintenance of the core capabilities of the laboratories
- Maintenance of an atmosphere conducive to scientific inquiry
- Maintenance of efficient and supportive operational and administrative functions
- Planning for the future vitality of the laboratories in the performance of their missions

The council meets three times each year; the panels meet on varying schedules throughout the year. Recommendations of the council and its panels are implemented by way of reports and other communications to University management.

Members of the council and the panels who are not University employees are compensated for their service by reimbursement of their travel and lodging expenses and by payment of a daily honorarium. No University insurance policy covers these individuals.

Certain indemnification requirements of California law and related University policies already protect individual members of the council and its panels who are employees of the University. This proposed action is intended primarily to protect those members who are not University employees. The source of funds for any defense and indemnification resulting from the action would be from those authorized by the Department of Energy for the purpose or from fees earned by the University from the operation of the laboratories, as appropriate. The President is authorized to issue implementing guidance in acting on this authorization.

The University's operations at the national laboratories are highly visible and are of national importance; consequently, it is essential that the University continue to be able to attract and retain highly qualified individuals who will serve on the council and its panels and who will participate openly and without reservation in their deliberations and in their formulation of recommendations to the University. With corporate governance at all institutions having come under increased scrutiny since the council was established in 1992, it is appropriate to review and strengthen the relationship between the University and these individuals.

In January 1988, The Regents adopted a policy on defense and indemnification of individual Regents in civil proceedings. The proposed action would provide the same level of protection to individual members of the council and its panels as is provided to individual Regents under that policy. Briefly, a member would be indemnified and defended against civil claims, litigation, and liabilities that may arise as a result of acts or omissions committed by the member in the course of his or her service as a member of the council or one of its panels.

Upon motion duly made and seconded, the Committees approved the President's recommendation and voted to present it to the Board.

The meeting adjourned at 11:12 a.m.

Attest:

Secretary