

UNIVERSITY OF CALIFORNIA
GUIDELINES FOR OUTSIDE COUNSEL
NON-RISK PROGRAM MATTERS

I. INTRODUCTION

The following are the standard University of California (“University”) Outside Counsel Defense Panel Guidelines. Any law firm or attorney retained by the University is expected to comply fully with all of the elements of these guidelines. You will be asked to certify annually that you and your firm are in compliance with these Guidelines. Failure to comply with the guidelines may result in reduction or non-payment of legal bills, and may subject you and or your firm to removal from the University’s list of outside counsel.

The Guidelines can be summarized as requiring: (a) proactive representation of the University; (b) solid understanding the University’s public mission; (c) efficiency in legal representation; (d) clear, open and complete reporting, particularly in advance of significant activity.

II. PHILOSOPHY AND UNIVERSITY REPRESENTATION STRATEGY

The University’s philosophy is to defend non-meritorious claims or disputes and to resolve as soon as practicable claims or disputes where liability is reasonably clear. The University takes a proactive approach to defending cases. Legal services should be directed towards collecting necessary information about the matter as quickly as possible, then making a realistic evaluation of the matter with an appropriate case handling plan. The budget for this retention, described below in these guidelines, is an important tool in managing and planning for this retention. Outside Counsel (“Counsel”) for the University is expected to take initiative in order to assess and resolve matters at their earliest practical stage. Counsel should not simply react to the opposing side or case developments.

As an integral part of implementing this philosophy and representation strategy, the University expects Counsel to master the facts, circumstances, and legal issues as early as possible and to prioritize tasks and chart a course for the matter with specific objectives and timing estimates. As the matter progresses, Counsel is expected to reevaluate the case posture and to ensure the best possible outcome, particularly as new facts, legal issues, or other matters are discovered. Successful implementation of this philosophy and representation strategy is one of the fundamental professional responsibilities of Counsel.

Early dispute resolution is a key objective for the University in any disputed matter and Counsel will be evaluated on its ability to bring matters to a rapid and successful conclusion. Initial efforts of Counsel should therefore be directed to accomplishing only those items necessary to evaluate the matter under retention and facilitate early resolution if such is warranted. In coordination with attorneys in The Regents of the University of California Office of the General Counsel (“UC Counsel”), Counsel shall pursue early dispute resolution (including informal settlement negotiations). All settlement offers/demands shall be discussed in advance with UC Counsel and the campus before being communicated. If informal settlement negotiations fail but other alternatives become at all encouraging, Counsel, in consultation with UC Counsel, shall seek the use of programs such as mediation or stipulated arbitration. UC Counsel will participate

in any resolution process. Settlement will require prior approval of UC Counsel in consultation with campus and/or Office of the President representatives and, depending upon the terms, may require approval by the University's Board of Regents. UC Counsel may elect at UC Counsel's discretion to employ separate settlement counsel for purposes of pursuing settlement negotiations while the matter progresses. In such event, Counsel will be expected to cooperate fully in supplying necessary information and work product to settlement counsel.

Counsel is responsible for gathering available records and other pertinent information at the outset, including all available records and internal reviews. UC Counsel will assist in this process, where appropriate. Counsel must be familiar with rules regarding preservation of documents and electronically stored information, and take appropriate steps, if not already taken, to meet notice and preservation requirements.

The Office of the General Counsel has recently initiated a formal diversity initiative including adopting a Diversity Statement (attached as Exhibit A). Counsel should be familiar with this Statement and be aware that OGC will be developing a program to measure and evaluate firms' diversity goals, initiatives and results.

III. ROLE OF OUTSIDE COUNSEL.

A. General Instructions:

Unless otherwise noted retained Counsel shall be the primary legal representative of the University and its employees in the matter under retention and shall be responsible for complying with all court or other dates, responding promptly to requests for information, e-discovery, correspondence and so forth, and generally responsible for the proper handling of the matter under retention.

All retentions of Counsel are made on behalf of The Regents of the University of California, Office of the General Counsel, by an attorney located at the Oakland Office, or at a campus or medical center. UC Counsel will identify appropriate campus representatives, if necessary. Since open and continuous communication between Counsel and UC Counsel is essential to ensuring efficient outside counsel work and the best possible results, UC Counsel shall be fully apprised and kept current on all developments and participate in all decisions concerning legal tactics and strategy. UC Counsel or his/her designee shall be provided with copies of all legal opinions and advice, and significant correspondence. All significant submissions shall be submitted to UC Counsel, preferably in electronic form, in time for thorough review and discussion before any court or other deadline. UC Counsel will be responsible for planning and coordination with appropriate University administrative personnel and outside consultants. UC Counsel shall be consulted prior to direct communication with other University personnel unless prior consent has been given for such communication. If other University personnel request Counsel to perform legal work, Counsel shall advise UC Counsel before proceeding and inform the University person requesting the work that Counsel is advising UC Counsel of such request. UC Counsel will make the final decision regarding tactics and/or strategy in any given matter. UC Counsel may assume other responsibilities in individual cases, including -- although rarely -- the role of lead counsel, in which case, Counsel shall assist UC Counsel as assigned.

B. Attorney E&O Coverage

Counsel firms must carry Errors & Omissions insurance with limits per individual attorney of at least \$1,000,000 per claim and \$3,000,000 in the aggregate. Certificates of insurance must be provided to UC Counsel annually by no later than July 1 of each year. Any changes in this requirement must be pre-approved by UC Counsel.

C. Establishing Legal Fees

Counsel hourly rates are approved within established ranges by the University. The University does not accept unilateral rate increases. Requests for adjustments of hourly rates should be directly raised with UC Counsel and will be approved only in writing.

D. Relationships with Opposing Counsel and the Court

As a state-wide public agency, the public expects and deserves the University and its personnel and agents to represent its interests in a professional and ethical manner. The University fully expects that Counsel will maintain the highest ethical and professional standards on behalf of the University, and will establish and maintain cordial and professional working relationships with opposing counsel, the judiciary, mediators, third parties witnesses, and any others.

E. Media Contact or Exposure

Counsel must immediately notify UC Counsel if he or she becomes aware of possible media exposure or contact by media in the retained matter so that the University may designate the appropriate spokesperson to respond to inquiries. Typically, Counsel will not will not make comments to the press, and will do so only with the prior input and approval of UC Counsel.

IV. PERSONNEL.

It is expected that the principal attorney responsible for each matter will be a partner. The assigned partner will be responsible for assigning other attorneys and legal assistants as necessary. *All of Counsel's attorneys must be pre-approved by UC Counsel.*

UC Counsel and Counsel will jointly evaluate, decide to employ and supervise expert witnesses and other consultants. UC Counsel will make the final decision on selection or termination of expert witness services in any given matter. Experts will be evaluated for selection in a given matter based on qualifications, cost, willingness to accept University form agreements and willingness to follow other University policies and procedures. Expert and consultant bills shall be reviewed and approved by Counsel prior to submitting them for payment in accordance with Section VII of these Guidelines.

Counsel shall be responsible for immediately notifying UC Counsel when any approved Counsel leaves the firm. Additionally, Counsel will ensure that all approved Counsel are licensed to practice law in California, are not presently subject to any disciplinary proceedings in the state, and have not previously been subject to any disciplinary proceedings in the state. Counsel must notify UC Counsel of any past or present disciplinary proceedings, or any change in approved Counsel's license status with any state bar organization.

UC Counsel recognizes that firms may reorganize or dissolve. These circumstances require special attention and must be reported immediately to UC Counsel. Any newly organized firm must be approved by UC Counsel to represent the University. Under no circumstances are any University files to be removed from the originally approved law firm's office without prior written permission of UC Counsel.

On rare occasions, the University may choose to discontinue its relationship with a firm. UC Counsel will review the circumstances, and make the decision whether to remove the firm from its panel. If the firm is removed, cases will be reassigned to other approved firms.

V. REPORTING REQUIREMENTS, MATTER PLANNING AND BUDGET.¹

A. Overview

Counsel must report on all significant developments as they occur, including emerging facts, shifting claims or strategies, and other changes in a matter. Report letters should be directed to UC Counsel, unless instructed otherwise by UC Counsel. E-mail attachment, and appropriate confidentiality notation, is the preferred mode of communication for required reports which are sent to UC Counsel. When e-mail is used, appropriate copy recipients must be carefully considered to avoid inadvertent waiver of attorney-client privilege and unintended distribution. Reports should be concise and well-written and analyze all of the relevant facts. Routine correspondence need not be copied to UC Counsel.

A Budget is required for each matter in which Counsel has been retained. Although budgets are intended to be estimates of the scope, cost and duration of the matter, the University will rely on these reports in planning and funding the matter. Amended or corrected Budgets should be provided immediately if Counsel becomes aware of changes in the estimation of matter costs and fees.

B. Specific Reports and Formats

Unless instructed otherwise by UC Counsel, Counsel are required to provide the following reports:

- A letter of acknowledgement as soon as a new matter is received;
- An Initial Case Evaluation Plan within the first 60 days, including a description of the matter, an estimated timeline for disposition, and discussion of early disposition potential;
- An Initial Budget within the first 60 days for litigated matters or within 45 days for non-litigated matters;
- A Revised Budget as appropriate;
- A written Status Report every 60 days or sooner if developments warrant;
- A Counsel Evaluation at least 72 hours before any conference call or meeting where settlement authority will be requested.

Compliance with timely reporting will promote timely payment of Counsel.

1. Format for Initial Case Evaluation Plan

• Summary of Facts – Briefly describe, based on review of records, discussions with campus personnel and witness interviews:

-Any relevant history of the matter;

¹ If this is a Short Term Retention, please note, the reporting obligations outlined in Sections V and VI do not apply.

- The incident that forms the subject of the matter;
- Information about other parties (if any);
- Any applicable contracts or affiliation agreements.

- Liability – Provide an opinion on potential liability against or in favor of the University (if any)
- Damages – Provide any known information on potential damages (if any)
- Legal Issues – Describe all known legal issues
- Early Disposition Potential (if any)
- Settlement History (if any)
- Plan and Timeline – Describe anticipated handling of the matter, including an estimated timeline. If any out of the ordinary expenses, such as travel outside of the local area (e.g. out of state or between Northern and Southern California) or expensive expert or consultant fees are anticipated, Counsel should include an estimate of such fees and/or costs.
- Identify consultants and potential experts by name, expertise, or specialty, sub-specialty (if any)

If plans change, please provide a written update.

2. Format for Budget Reports

An Initial Budget is required to be submitted to UC Counsel within 60 days of assignment for litigated matters and within 45 days of assignment for non-litigated matters. **No invoices will be paid until the initial budget is received.** UC Counsel must approve the Initial Budget. If estimated fees and/or costs change, Counsel must discuss a modified budget with UC Counsel and provide an updated budget report before incurring any additional expenses. If Counsel invoices exceed the current budget estimate amount, an updated budget will be required before any new invoices will be paid.

The budget should name the matter, provide a brief overview of the case, and estimate costs and attorneys' fees for the matter.

3. Format for Written Status Reports

In addition to the name and a brief overview of the matter, please use the following headings:

- Report on activity since the last status report (use sub-headings, e.g. "Interview with Witness X;" "Potential Conflicts of Interest;" etc.).
- Summary and Analysis – Briefly summarize the reported activity and analyze its impact on the matter.

4. Format for Counsel Evaluation

The Counsel Evaluation is designed to give the reader the best and most up-to-date information on a claim prior to any voluntary or mandatory settlement meeting, conference, mediation or arbitration. After a Counsel Evaluation is prepared, it must be edited for content and signed by Counsel. This report must be distributed 72 hours in advance of a scheduled conference call or any meeting where settlement authority will be requested. In cases where there is not a scheduled event providing opportunity for a Counsel Evaluation, the report must be delivered to the University promptly upon request by UC Counsel.

In addition to the name and a brief overview of the matter, please use the following headings:

- Factual Background – Provide a summary of the facts pertinent to the evaluation.
- Parties – Identify each party, including your opinion as to the strength of that party's position.
- University Parties – Identify all University employees involved in the matter, including your opinion as to the strength of that person as a witness.
- Liability – Present a thorough discussion of each party's position, including a discussion of all claims asserted and the strengths and weaknesses of those claims.
- Damages – Identify and fully discuss all monetary and non-monetary damages asserted by each party.
- Attorneys' Fees and Costs – For any statutory claims provide an estimated calculation of attorneys' fees and costs to date.
- Percipient Witnesses – Identify each percipient witness, and for each, state whether the witness is currently or has been previously affiliated with the University, as well as your opinion as to how that witness will be viewed.
- Expert Witnesses/Consultants – Describe the opinions of the experts and consultants for all parties. If experts and consultants have not been disclosed, describe any anticipated opinions.
- Settlement Discussions/Demand – Report on any settlement discussions with opposing parties. Please include any demands or statements by the attorney for any party with reference to case value.
- Matter Evaluation – In this section, summarize overall position and make recommendations for settlement and/or continued handling of the matter. A settlement range may be recommended with a maximum recommended settlement figure. Also discuss the likelihood that the opposing party will prevail or the chances for success of the University. Provide information on similar cases or settlements. Elaborate on the rationale for recommendations if necessary or useful. If settlement is appropriate, identify any obstacles to settlement and suggest a strategy for negotiations and addressing any such obstacles.
- Anticipated fees/costs through the conclusion of the matter.
- Conclusion – If additional work needs to be done, or you have additional recommendations not included previously in the report, please describe. Also state anticipated dates of completion or time constraints relevant to such additional work or recommendations.

VI. SETTLEMENTS²

Where liability is apparent, whether in favor of or against the University (including exposure to statutory attorneys' fees), early settlement frequently is the recommended course. Counsel is responsible for assessing liability exposure as soon as practicable and for recommending timely resolution strategies.

A. Settlement Demands

All settlement demands and offers to mediate or arbitrate must be immediately reported to UC Counsel.

B. Settlement Authority

Counsel may not enter into negotiation, agreement or binding settlement without first obtaining the appropriate prior authorization. Proposals for negotiations should be made to UC Counsel, who will schedule a conference call with the appropriate representatives of the University. **The written Counsel Evaluation, in the format set forth in Section V(B)(4) above must be provided to all conference call participants at least 72 hours before the scheduled call.**

Settlement authority may be provided during the conference call, but any settlement is contingent on approval by The Regents or its designee, and this fact should be communicated during any settlement negotiations. UC Counsel maintains template letters that may be sent to opposing counsel explaining the contingent nature of settlement authority, as well as allocation and tax issues related to settlement. In cases involving statutory attorneys' fees, all settlement offers including statutory offers to compromise should be structured to resolve all claims including attorneys' fees.

Counsel is encouraged to explore the settlement of cases informally with opposing counsel after obtaining the appropriate authorization. The University also encourages mediations and participation in voluntary settlement in appropriate cases. Approval to mediate a case must be given by the University through UC Counsel. A representative of the University will be present at the mediation. If a proposed settlement is reached, Counsel must emphasize that recommendations for all settlements are subject to approval by The Regents or its designee.

C. Settlement Agreements

A settlement agreement accurately reflecting the terms of a proposed settlement shall be prepared by Counsel immediately following an oral agreement. Following any mediation, it is critical to have the parties and their attorneys, at the very least, sign a written memorandum of the material terms and conditions. Counsel is responsible for assuring that the Settlement Agreement and Release ("Release") is accurate and legally enforceable. The University maintains standard, approved settlement and release language which should be used in most cases. Approval must be obtained from UC Counsel for any language modifications in the standard Releases. Upon execution of the Release by the opposing party and his/her/its counsel, the same shall be mailed by Counsel to UC Counsel to secure the necessary University signatures.

² If this is a Short Term Retention, please note, the reporting obligations outlined in Sections V and VI do not apply.

VII. LEGAL BILLING PROCEDURES.

Legal fees and related expenses represent a significant cost to the University. In most cases, the University is self-insured, which means that the institution pays for all legal fees and costs from its operating funds. As such, the University considers efficiency in the delivery of legal services as a critical component of successful legal representation and closely scrutinizes the invoices of all counsel. The University reserves the right to require backup documents to support charges and/or require that they be submitted in a format that permits the invoice information to be electronically analyzed. By representing the University, Counsel agrees to comply with such requests and to do so at firm expense. Payment of any invoice by the University, at any time, does not constitute a waiver of the University's rights to subsequently question, dispute, obtain reimbursement of, compromise or request repayment or future credit, or any bill or invoice previously paid.

A. Billing Submissions

Invoices for counsel fees and expenses must be submitted monthly and within 30 days of the end of the billing period. All invoices for work performed during a fiscal year (7/1 – 6/30) must be received by July 15th. Final invoices must be received by UC Counsel or their designee no later than 30 days from receipt of the conformed copy of the settlement agreement. If the final bill cannot be submitted within 30 days, Counsel must advise UC Counsel or their designee as soon as practical. It is Counsel's responsibility to obtain all outstanding invoices from outside vendors, including consultants and experts, before submitting the final bill. Unless there are exigent circumstances, bills submitted after the final bill will not be paid. Expenses must be substantiated with receipts.

B. Billing Format

Invoices shall identify and describe each item of service in sufficient detail to identify the persons involved and the work performed by date and time billed and the person providing the services (with the hourly rate for each such person also indicated.) Legal assistants and law clerk time shall be separated by category in the billing statement and identified as such. Statements must accurately itemize in detail all work performed on a matter in a task or activity based format. Attorneys and paralegals are to bill actual time incurred. If an activity warrants a minimum billing entry, it should not exceed 1/10th (.10) of an hour. Minimum charges for any activity in any amount above 1/10th (.10) of an hour are not acceptable.

Each bill must include the following:

- Law firm name and address;
- Date of the bill;
- Name of the UC Counsel;
- Name of involved Campus/Medical Center;
- Law firm tax identification number;
- The claim number (if any);
- Matter name(s);
- Date(s) of the task and/or activity;
- Detailed description of the task and/or activity so as to permit the University to determine the exact name, purpose and necessity of the expense;

- Actual time spent, in increments no greater than 1/10th of an hour for each entry or task.
- Summary at the end of the bill subtotaling number of hours for each specific billing rate and the name and initials of each attorney and paralegal;
- Summary at the end of the bill subtotaling fees, costs, consultants, and experts.
- Each billing entry must indicate the name or initials of the timekeeper who performed the work, the date the work was performed, the hours billed, a description of the services performed, and the total amount billed for that entry. Narrative and/or block billing is not permitted;
- Final bills should be so designated;
- Bills must reflect activity for only one case or matter;
- Billing entries on each invoice are to be structured chronologically (in order of occurrence) and not sub-divided by individual or task. Every entry must include the related work product. For example, “Researched law pertaining to jurisdiction of Florida state court over the University of California for motion.”
- If numerous tasks are undertaken in one day, each task must be separately identified with a specified time for performing that task, i.e., a telephone call, a meeting and legal research.
- Telephone calls must specify the participants and the subject matter discussed.
- Travel costs should identify the person who traveled and the reason for the travel. For example: “Airline ticket to New York for Jane Smith to interview consultant John Doe.”

Generic descriptions such as the following, without further detail, are not acceptable:

- Attention to matter;
- Review case and issues;
- Conference;
- Review correspondence/documents;
- Telephone call;
- Meeting;
- Trial Preparation;
- Motion Work;
- Work on project or case;
- Work on file;
- Prepare for meeting;
- Work on discovery;
- Research;
- Any other nondescript activity.

Vendor invoices (e.g., experts, consultants, mediators, photocopy services, court reporters, and others) in an amount up to five thousand dollars (\$5,000) should be paid by the law firm and included with the monthly attorney billing. Counsel must review and approve all vendor invoices, which are subject to the formatting and content requirements as Counsel bills.

C. Level of Work Performed

1. Firm staffing on all cases will be as lean as possible. As a general rule, there will be no more than two (2) attorneys and one (1) paralegal doing most of the work and billing most of the time on a case. These individuals are the “core” billers and must be identified in writing at the outset. They must be drawn from the group of individuals at the firm who are pre-designated to handle University work. For larger, more complex cases, UC Counsel may be consulted regarding whether additional “core” billers on the case will be allowed.

2. Firm personnel may occasionally have to work on a case because of job departures, vacations, illnesses, schedule conflicts, etc., but this is to be the exception, not the rule. These occasional billers will not record more than ten percent (10%) of the total firm time on a case. Overly-fragmented staffing produces duplication of effort and inefficiencies.

3. All billers at your firm who are working on University cases must be either members, full-time employees, or of counsel attorneys at your firm, unless you notify UC Counsel in advance to the contrary. Contract, temporary, or part-time personnel, whether attorneys or otherwise, working on University cases may be billed at a reasonable mark-up over and above the hourly rate which they are being paid by your firm to reflect associated administrative and overhead costs. However, the amount of any such mark-up must first be approved in writing by UC Counsel; mark-ups shall not exceed 20%.

4. The University will not pay for “learning” time or “orientation” time as occasional billers become involved in a matter and are brought up to speed on the facts and issues. Such time will be written off on your own initiative, and it is recommended, but not required, that UC Counsel be notified of such write offs by the notation of “No Charge” or “NC”.

5. If new or inexperienced attorneys are going to be working on a case in any capacity, the University will not pay for “training” time, i.e., time spent on research or other matters which would likely be within the knowledge of more experienced attorneys. If the University is retaining your firm for its expertise in a given field, attorneys should not need to learn that area of the law and any such time should be written off by your firm. The time of summer associates shall not be billed without the prior approval of UC Counsel.

6. As a general rule, two or more billers should not be performing the same task or activity on a case when one biller is sufficient. Unnecessary duplication of effort will be avoided, but, in certain cases, this can sometimes be a judgment call. When in doubt, please discuss such situations with UC Counsel in advance.

7. Generally, only one attorney should bill for attending mediations, arbitrations or meetings. You will advise UC Counsel in advance and get prior approval before having two or more attorneys attend such proceedings. The University reserves the right to require you to absorb all or part of any charges for the involvement of more than one attorney without prior approval.

8. While the University is willing to pay for office conferences which relate to a given case, billing should only be for the time spent by the most senior individual in attendance. The senior biller should indicate the other individuals in attendance in their time entry for the

conference. Please do not bill for the time spent by additional billers in office conferences by using alternative billing terminology, such as “strategize.” Notwithstanding the above, in certain cases two billers may be allowed to attend office conferences together, so long as that practice is pre-approved for the case. If the amount of conferencing time appears out of proportion to the total firm time spent on the case, you will be asked to justify it.

9. If there is consistent billing of more than *7 hours* in a given day or more than *150 hours per month* by a single biller on a given case, that level of billing activity must be justified.

10. Work will be assigned to those individuals who are most appropriate for the task in terms of their competency and experience. Whenever it is possible, in your judgment, to assign a certain task or activity to a less expensive biller without a loss of competency, please do so. For example, you should make liberal use of paralegals for work which does not require an attorney’s involvement, but paralegals shall not perform tasks usually performed by secretaries, clerks, and messengers (i.e., photocopying, filing and delivering materials). Also, a senior attorney should not perform work which can be handled by a more junior attorney.

11. Clerical, secretarial, and administrative work is a part of law office overhead and non-billable, regardless of who performs it. However, sometimes billable and non-billable work are intermixed, e.g., a paralegal who is examining evidentiary documents for privilege before production to the opposing party (billable activity) may simultaneously be sorting, bates-stamping, and labeling them (non-billable work). For such necessary “mixed” work you should use less expensive staff than paralegals, so long as they are not billing purely for clerical or secretarial work.

12. When the University asks you to research, analyze or brief a particular legal issue and report back, you should provide the clearest, most concise answer possible. The quicker the response, the better for University purposes, and you should provide copies (in electronic form) of all of your completed written work product in this regard. All work product should be submitted to UC Counsel directly prior to your billing the University for it, unless UC Counsel instructs you to post it on an extranet. When the document extranet is operational you must search its knowledge database and make use of any available and suitable content for all your research, analysis, drafting or briefing needs before creating and billing the University for an original new work. **The University reserves the right not to pay for any billings that do not adhere to this requirement. You must justify why you could not avail yourself of the expertise of internal lawyers or previously produced research.**

13. You must justify any document review charges which seem excessive or disproportionate for the particular task or activity involved, or which seem to involve too many billers without apparent explanation.

14. Detailed document summaries should be performed by paralegals, wherever possible.

15. Please note that the University may decide to waive or modify some or all of the above staffing and efficiency guidelines as the situation demands. **However, you are expected to adhere to these guidelines as written, unless you are specifically exempted from any of their provisions in writing.**

16. Each firm must identify means of utilizing information technology to make the provision of services to the University more efficient. Also, you are expected to cooperate with the University when it takes the initiative and proposes the introduction of efficiency-enhancing information technology. Because the University expects that all firms are introducing new information technology continuously for the general benefit of the firm, it would not be expected to pay for its use of such technology except where it was installed and utilized expressly for the University's benefit. **In such case, the University must give its approval in writing before such technology is purchased or installed if the firm expects repayment for the work or materials.**

D. Maximum Allowable Charges

The following guidelines are provided regarding maximum allowable charges:

- The University will pay only the actual costs for reasonable expenses without any premiums or markups.
- A firm may conduct research up to three hours per case. In the event more extensive research is necessary, UC Counsel should be contacted.
- Photocopy Costs: Actual cost to the law firm not to exceed \$.10 per page. Firms are expected to limit the making of photocopies and, wherever cost effective, to use the resources of designated copy services. Bill entries for photocopies must provide the number of copies made, the per page rate, and the total amount billed. The \$.10 per page rate may be exceeded only when the firm cannot control costs, such as certified copies from the courthouse.
- Telephone: Actual long distance charges only.
- FAX: For actual long distance charges only. No charge for an incoming FAX. No per-page fax charge.

E. Travel

- Travel expenses are reimbursable only to the extent permitted under the University of California travel guidelines absent specific prior approval. See Business and Finance Bulletin G-28 ("BUS-G28") at <http://www.ucop.edu/ucophome/policies/bfb/g28.pdf> for the University's travel policies.
- Prior to attending an "out of town" matter-related meeting, (e.g. out of state or between Southern and Northern California), the firm must obtain the approval of UC Counsel. Travel expenses are reimbursable only to the extent permitted under the University of California travel guidelines absent specific prior approval.
- Mileage: Reimbursement Rate provided in Appendix A to BUS-G28 at <http://www.ucop.edu/ucophome/policies/bfb/g28a.pdf>. Indicate the actual number of miles driven.
- Air travel is limited to coach or economy rate.
- Rental cars are acceptable only if such vehicles are the most economical means of accomplishing necessary business; reimbursement is limited to the mid-size class.
- When counsel is out of town overnight, reasonably priced meals and incidentals that do not exceed the dollar limits provided in Appendix B to BUS G-28 (<http://www.ucop.edu/ucophome/policies/bfb/g28b.pdf>), are allowed. Incidentals, such as movies, alcohol, and entertainment, are not allowed.

- Travel time shall be prorated if the travel includes time spent on non-University business.
- Travel for current University employees must be processed through the University and not through Counsel. Travel for former University employees will be reimbursed through the University, however, expenses will be limited according to University travel policy.
- Travel billing should indicate the actual round trip travel time, reduced by the usual commuting time from home to office or vice versa, if appropriate.

F. Disallowed Charges

The University considers the following items to be overhead and therefore, part of the basic hourly rate and will not reimburse for these items:

- Telephone calls and all cellular phone charges.
- Per-page fax charges.
- Routine postage, such as U.S. Postal Service rates for letters. Any necessary extraordinary postage charges (such as certified mail, overnight service, or oversized packages) must be delineated on the bill with an explanation of the nature and purpose of the charge. Any postage charges that are not explained will not be reimbursed.
- File opening, file organization, or other administrative charges.
- Books, magazines, subscriptions, or library charges unless prior written specific approval by UC Counsel is obtained.
- Intraoffice conferences between members of the firm, including assigning files or tasks to members of the firm.
- Case administration (e.g., reviewing status of assignments given to associates and paralegals; directing associates, paralegals or secretaries; preparing or reviewing bills).
- Clerical tasks (e.g., transcription, pulling files, photocopying documents, arranging for copying, labeling documents for production, communication with court clerks, updating master case caption, preparing proofs of service, indexing pleadings, faxing, etc.).

The University considers the following items to be inappropriate and will not reimburse for these items:

- More than one attorney/staff at arbitrations, mediations, third party meeting, conference call or any similar event without prior UC Counsel approval.
- Absent prior approval, meals, except in conjunction with University authorized out-of-town travel.
- Entertainment.
- Staff overtime charges.
- Routine or elementary legal research, including issues considered to be common knowledge among reasonably experienced counsel in the local jurisdiction (e.g., research on local rules, special verdict forms, standards for motions for summary judgment).
- Lexis/NEXIS and other database legal research search costs.

- Billing more than once for documents which are reproduced for multiple witnesses, such as subpoenas.
- Routine file review and learning time to get up to speed (even when "filling in" for personnel assigned to the file) or in-firm transfer of file reviews.
- Staffing inefficiencies caused by the unavailability of the firm's personnel.
- Unnecessary or premature summaries of medical records.
- Routine scheduling or rescheduling of depositions, hearings, and the like.
- All work customarily performed by secretaries and other administrative personnel.
- Reviewing or analyzing the firm's conflict of interest issues.
- Subscription services (e.g., Westlaw, Lexis-Nexis or other legal database charge), unless the service provides a case specific invoice for actual charges incurred.
- Time and/or expenses incurred due to change or departure of law firm resources.
- Work performed by an attorney not on approved defense panel list.
- Expenses/disbursements without supporting invoices.
- Responding to requests from University auditors.

G. Audits

The University retains the right to audit all invoices or files that are or have been the subject matter of any billing in the past. Such an audit will require the firm to produce any and all documentation that would support the billing submitted by the firm. The firm will produce any individual that has submitted billing on behalf of the firm, as well as any firm personnel who would have knowledge or information regarding any billing, and the firm shall produce such persons to answer any and all questions regarding the billings. Each firm subject to these guidelines acknowledges, without protest, that the University may utilize either its own personnel, an outside auditing service, or such other company or service as the University designates, to perform such audits.

H. Bill Review by Counsel

The firm's responsible UC Counsel or their designee must review and verify all of the firm's bills before submitting them for payment. Each invoice should contain the following verification statement, signed by the Counsel:

I personally examined this billing statement. All entries are in accordance with the University's Guidelines for Outside Counsel – Non-Risk Program Matters and are correct and reasonable for the services performed and costs incurred. No item in this statement has been previously billed to the University of California. All work has been performed in compliance with the University of California Defense Counsel Guidelines

Counsel

I. Billing Questions

Any billing questions, discrepancies, or payments must be resolved with UC Counsel or their designee.

Attachments:

Addendum A: OGC Diversity Statement

Addendum B: University of California Requirements for Electronic Invoice Submission

ADDENDUM A

University of California Office of the General Counsel Diversity Statement

The University of California Office of the General Counsel (“OGC”) embraces the University of California Diversity Statement, which the President of the University of California endorsed on June 30, 2006, and The Board of Regents adopted on September 20, 2007.

The UC Diversity Statement describes the value of diversity to the University at large. Diversity is equally valuable to OGC’s goal of providing the institution with the best possible legal services. The University of California serves one of the world’s most diverse communities and draws its student body, its faculty, and its employees from a wide array of backgrounds, cultures, and experiences. Providing effective legal representation and advice therefore demands that the University’s legal representatives and staff are capable of understanding and communicating with individuals from many backgrounds. Diversity within OGC enhances the ability of all of the University’s lawyers and staff to stay connected to the communities we serve and to more effectively anticipate and resolve potential legal issues. Diversity of ideas, backgrounds, and experiences among OGC staff also promotes creativity in analyzing and solving legal problems. OGC’s commitment to diversity can improve the quality of its legal service by removing barriers and therefore broadening the pool of talented individuals available to serve the University both within OGC and in the ranks of retained counsel. By establishing a diverse workplace and a culture that respects individual differences, OGC can foster the qualities necessary to provide excellent legal service in a diverse community. Furthermore, the legal profession has a special obligation to ensure equal opportunity because of its privileged societal status, its commitment to law and justice, and the historical underutilization of women and minorities in its ranks. For the same reasons, OGC values a commitment to diversity in its retained counsel.

To achieve these benefits the Oakland and campus office of OGC will:

- Broaden the pool from which the office recruits to ensure inclusion of all qualified individuals, including members of traditionally underrepresented groups;
- Foster a culture of inclusion and respect for differences in the workplace;
- Evaluate and revise office policies and practices relating to employee hiring, retention and advancement to identify and eliminate barriers to diversity;
- Retain outside counsel with a demonstrated commitment to diversity.

ADDENDUM B
UNIVERSITY OF CALIFORNIA
REQUIREMENTS FOR ELECTRONIC INVOICE SUBMISSION

Invoices must be submitted electronically, in LEDES format, using Bridgeway's Corridor web portal. Secure login information and instructions will be provided under separate cover.

Each firm must complete Corridor onboarding, which involves registering for Bridgeway's Corridor portal and providing a formatted list of approved timekeepers and rates.

- Each invoice must reference the UC matter number provided to you in the CLIENT_MATTER_ID field.
- Each invoice number must be unique.
 - If re-submitting an invoice, append "-1", "-2", "revised" or some other indicator to the original invoice number.
 - Invoices resubmitted with the same invoice number will be automatically rejected by the system.
- Only one matter per invoice. If submitting invoices for multiple matters, please use separate invoice numbers and separate files.
- Billing Start and End Dates are required.
- Standard UTBMS Task Codes are required.
 - Note: Activity Codes and Phase Codes may be used, but are not required.
- Standard UTBMS Expense Codes are required.
- Descriptions are required for all Fees and Expenses.
- All invoice details must include Fee or Expense dates.
- All fees must be billed by the 1/10th (.10) of an hour.
 - E.g., billings of the .25 or .75 of an hour are not accepted.