AGENDA

COMMITTEE OF THE WHOLE

Meeting: 3:30 p.m., Tuesday, March 22, 2011
Glenn S. Dumke Auditorium

Herbert L. Carter, Chair
A. Robert Linscheid, Vice Chair
Roberta Achtenberg
Nicole M. Anderson
Carol R. Chandler
Debra S. Farar
Kenneth Fong
Margaret Fortune
George G. Gowgani
Melinda Guzman
William Hauck
Raymond W. Holdsworth
Hsing Kung
Linda A. Lang
Peter G. Mehas
Henry Mendoza
Lou Monville
Charles B. Reed, Chancellor
Glen O. Toney

Consent Items

Approval of Minutes of Meeting of September 22, 2010

Discussion Items

1. General Counsel’s Report, Information
Members Present
Herbert L. Carter, Chair
Robert Linscheid, Vice Chair
Roberta Achtenberg
Nicole M. Anderson
Carol R. Chandler
Debra S. Farar
Kenneth Fong
George G. Gowgani
Melinda Guzman
William Hauck
Peter G. Mehas
Henry Mendoza
Lou Monville
Charles B. Reed, Chancellor
Glen O. Toney

Approval of Minutes

Chair Carter, hearing no objections, approved the minutes of July 13, 2010.

General Counsel’s Report

General Counsel Helwick presented her semi-annual update on legal issues facing the CSU, including a PowerPoint presentation of litigation and claim statistics.

Chair Carter thanked General Counsel Helwick for her report.

The meeting adjourned.
COMMITTEE OF THE WHOLE

General Counsel’s Report

Presentation By

Christine Helwick
General Counsel

Litigation
This is the semi-annual report on the status of significant litigation confronting the CSU, and is presented for information. “Significant” for purposes of this report is defined as litigation: (1) with the potential for a systemwide impact on the CSU; (2) that raises significant public policy issues; (3) brought by or against another public agency; or (4) which, for other reasons, has a high profile or is likely to generate widespread publicity. New information since the date of the last report is printed in italics. The cases contained in this report have been selected from 49 currently active litigation files.

New Cases

Howard v. CSU, et al.
Santa Clara County Superior Court
Courtney Howard, a former San Jose State University student, filed this lawsuit for damages against SJSU and several SJSU employees, alleging that they failed to protect her and take adequate remedial measures following a hazing incident at her sorority. Howard transferred to another school shortly after the incident. This case is in the discovery stage.

Noori v. CSU, et al.
Los Angeles County Superior Court
Mohammad Noori was Cal Poly's Dean of the College of Engineering until June 2010, when he was non-retained and exercised his retreat rights to a faculty position. Noori claims he was removed as dean because of his race/national origin and religion, and was retaliated against because he complained about discrimination. He further alleges that he was defamed by Cal Poly employees related to his involvement in a partnership between Cal Poly and a Saudi Arabian University, and that Cal Poly did nothing to stop this defamation.

Noori has stated claims against CSU, Provost Koob and a Cal Poly faculty member (Menon). This case is in the pleading stage.
Ridgeway v. Board of Trustees of the CSU, et al.
Los Angeles County Superior Court
On January 17, 2010, 10 year-old Joshua Ridgeway attended a performance by a third-party vendor, Clown Action Productions, at the Carpenter Performing Arts Center on the Long Beach State campus. As the performance was coming to a conclusion, the performers invited the children in the audience to approach the stage to catch streamers that were being thrown by the clowns. When Joshua did so, a wooden barricade that surrounded the stage gave way, and he fell approximately 10 feet to the concrete floor of the orchestra pit. Joshua was admitted to the pediatric intensive care unit with significant head and face injuries. He is being treated by various specialists. Joshua appears to be making good progress and was able to return to school within a few weeks of the accident. The contract with Clown Action Productions does not require indemnification for personal injuries during their event and states instead that the Carpenter Center is responsible for providing liability insurance through the CSU risk pool. Even though the Carpenter Center, which is operated by the campus Foundation, had that coverage in place, this action will be defended by the CSU because the Long Beach campus constructed the allegedly defective wooden barricade long before the Foundation took over the operation of the Carpenter Center.

Riolli v. CSU, et al.
Sacramento County Superior Court
Laura Riolli is a faculty member at CSU Sacramento. Following the successful claim of one of her Business School colleagues, Riolli alleges violation of the California Equal Pay Act because she makes less money than the males in her department, which she claims has been a discriminatory practice since 2002. The case is in the discovery phase.

WAC v. CSU, Fresno, et al.
District Court, Jefferson County, Colorado
CSU Fresno was invited to join the Mountain West Conference and gave notice to the Western Athletic Conference of its planned departure. The WAC sued Fresno and Nevada Reno which had also chosen to join the MWC, in Colorado claiming that both universities owed the WAC $5 million for breaching a WAC resolution that allegedly required both universities to remain in the WAC for five years or pay that penalty. The WAC also claimed that neither university could depart the WAC until June 30, 2012. The dispute was settled. The universities agreed to remain in the WAC through June 30, 2012, and each agreed to pay $900,000 over a five-year period.
Construction Cases

San Diego County Superior Court
In 2007, NetVersant Solutions, a subcontractor, brought an action against Helix Electric, the general contractor on SDSU's telecommunications infrastructure project. The lawsuit includes claims for the reasonable value of work performed, breach of the subcontract, breach of the implied warranty of the fitness of plans, recovery on the bonds, and declaratory relief. In 2009, Helix cross-complained against CSU for breach of the prime contract due to alleged seriously and broadly deficient SDSU plans, which allegedly underwent approximately 9,000 outlet changes during the course of construction, and for implied contractual indemnity for any damages arising out of NetVersant's claims against Helix. CSU filed a cross-complaint against Helix, its surety and NetVersant. The construction history was quite complicated, and a trial promised to be lengthy and expensive, whatever the outcome. In October 2010, the parties settled the litigation with Helix paying NetVersant $1,855,000 and CSU paying Helix $1,440,000.

Employment Cases

Baxter-White v. CSU, et al.
San Diego County Superior Court
Kathryn Baxter-White, a former temporary SDSU student health center accounting technician, sued CSU and three individuals under the state whistleblower statute, alleging she was retaliated against for complaining that SDSU incorrectly billed a Medi-Cal program. The lawsuit requests that the court reverse the University's determination that there was no whistleblower retaliation, and allow her to pursue her claim for money damages for breach of contract and violation of the whistleblower statutes.

In May 2010, the court upheld the SDSU determination that there was no retaliation. However, in Runyon, another CSU whistleblower retaliation case (see below), the California Supreme Court held that whistleblower retaliation plaintiffs may proceed with a civil action for damages without having overturned the CSU administrative determination, which reinstated this case. Trial is set for April 15, 2011.

In September 2010, Baxter-White filed a federal lawsuit against CSU seeking reinstatement and a declaration that the California Whistleblower Protection Act and CSU's procedure for investigating such complaints violate the U.S. Constitution, and against 10 individuals alleging they deprived her of property rights in her job without a due process hearing. CSU filed a motion to dismiss and is awaiting the court's decision.
Brown v. CSU, et al.
Fresno County Superior Court
Auwana Brown, a former Fresno State police officer, settled a sexual harassment lawsuit against the University in 1998. As a part of the settlement, Brown agreed to a future resignation after she vested in the state retirement plan (i.e., by August 31, 2000). After a large verdict in another Fresno State police department case was entered on August 11, 2000, Brown asked to unilaterally rescind her resignation less than two weeks before it was to become effective. The campus denied her request. Brown petitioned the State Personnel Board to reinstate her. The SPB refused, and Brown then petitioned the court to order the SPB to set aside her resignation. The court instead sent the case back to the SPB for further findings. After three years of inactivity, the SPB issued a second decision denying Brown reinstatement. Brown also filed a civil suit for damages. Both cases were consolidated, but her civil suit was stayed while Brown further challenged the SPB's decision.

In November 2008, the court denied Brown's (second) petition to set aside her resignation. Brown claimed in her lawsuit for damages that the term in her settlement agreement that bars her reemployment is in violation of public policy.

CSU filed a challenge to the legal sufficiency of her civil claim. The court imposed a further stay of the proceedings, and ordered Brown to appeal the November 2008 writ decision before any ruling would be made on her claim for damages. The court of appeal denied Brown's request. The trial court then granted CSU's legal challenge to the sufficiency of Brown's remaining claims, dismissing the case. Brown has filed an appeal of the trial court judgment. The appeal is in the briefing stage.

Sacramento County Superior Court
Nicole Buffard, Marjorie Gelus and Kathleen Moore, female faculty members in the Foreign Languages department at CSU Sacramento, claim that their colleague, Wilfrido Corral, who had served as department chair, discriminated, harassed and retaliated against them based on their gender and sexual orientation. They also claim that the University was on notice of Corral's behavior and failed to adequately investigate or correct it. The case settled for $900,000 and has been dismissed against the University. Plaintiffs continue to pursue their claims against Corral individually (see below).

Corral v. CSU, et al.
Sacramento County Superior Court
Wilfrido Corral is a faculty member of Hispanic and "Amerindian" descent at CSU Sacramento and former chair of the Foreign Languages department. He was investigated in 2006 for sexually harassing four students and ultimately reprimanded. The university paid $15,000 in settlement
on the claim of one of the students. Corral now claims that he was subjected to discrimination on the basis of his race, national origin and gender. He also claims that the University did not give him proper notice of the underlying allegations during the investigation. The case is in the discovery phase, and the individual claims of Buffard, Gelus and Moore (see above) whom he harassed have been consolidated into this lawsuit.

Ohton v. SDSU, et al.
San Diego County Superior Court
David Ohton, a SDSU strength and fitness coach, sued CSU and various individuals for alleged retaliation under the state whistleblower statute, claiming he was retaliated against for statements he made in CSU's investigative audit of alleged improprieties in the SDSU Athletics Department and equipment room. The trial court granted CSU's motion for summary judgment on the ground that Ohton had not sought to reverse the University's administrative determination that there was no retaliation in his removal as the strength coach for football and only minor retaliation in the change of his work schedule. Ohton appealed. The Court of Appeal reversed and instructed the trial court to give Ohton an opportunity to amend his complaint. Ohton then amended his complaint and added a new petition for writ of mandate to reverse the University's administrative determination. The trial court again ruled in CSU's favor, finding that CSU's process met the requirements of the California Whistleblower Protection Act.

Ohton filed a second lawsuit and writ petition seeking to set aside a later administrative finding that subsequent actions were not retaliatory for his participation in the 2002-03 audit. The court stayed the second Ohton lawsuit as Ohton appealed the decision in the first.

In January 2010, the Court of Appeals reversed and ordered the trial court to grant's Ohton's petition to overturn CSU's administrative determination. The Court found that CSU did not satisfactorily address Ohton's complaint because it incorrectly found that Ohton's allegation about a coach being drunk was not made in good faith, and because CSU's final determination failed to address whether employees were disciplined or referred for criminal prosecution.

The Supreme Court held in Runyon, another CSU whistleblower retaliation case (see below), that whistleblower plaintiffs may pursue a civil action without first overturning an administrative determination. This case was returned to the trial court for a trial on the merits of the underlying claim, which, if even minor retaliation were to be found, could have exposed CSU to liability for payment of plaintiff's attorneys fees over the many years of his appeals, in addition to other damages. In January 2011, the parties agreed to a settlement of both lawsuits in which plaintiff would resign and CSU would pay $2.7 million.
Runyon v. CSULB, et al.
Los Angeles County Superior Court
L.R. Runyon, a professor in the Finance Department of the College of Business at CSU Long Beach, alleged he was removed from his position as department chair in retaliation for reporting alleged improper activities by the Dean of the College of Business, Luis Calingo. Runyon made various complaints to his supervisors and others that the Dean made inappropriate and wasteful business trips and spent too much time away from campus. The Dean subsequently removed Runyon as chair of the department citing Runyon's failure to meet certain performance objectives. An investigation into Runyon's claims of retaliation concluded that he was removed as department chair for performance reasons and not in retaliation for his complaints about the Dean. In 2006, the court granted CSU's motion for summary judgment. Runyon appealed. In 2008 the Court of Appeal upheld the judgment in CSU's favor.

On May 3, 2010, the California Supreme Court set aside the summary judgment. The Court ruled that a whistleblower must be satisfied with the outcome of an internal administrative process before CSU can argue that the complaint has been "satisfactorily addressed." The case was sent back to the trial court for trial on the merits of the underlying claim. A mediation was held on December 13, 2010, and this case settled for $1.8 million, a significant portion of which was attributed to the substantial attorney's fees Runyon incurred during the four years this case was on appeal.

Verellen v. CSU, et al. - writ
Los Angeles County Superior Court
Paul Verellen, a systemwide HR manager in the Chancellor's Office, was non-retained in March 2008 for performance reasons. In September 2007, immediately after learning informally of his supervisor's dissatisfaction with his performance, Verellen filed a whistleblower complaint that a labor relations consultant was improperly retained by the CSU. After he was formally advised a few days later that he would not receive a merit salary increase because of his performance, he filed a whistleblower retaliation complaint and a complaint of age discrimination. He filed a second retaliation complaint after he was non-retained. His retaliation and age discrimination complaints were investigated and rejected. Verellen then filed a petition for writ of mandate claiming the retaliation investigative outcomes are wrong and requesting reinstatement. He also filed a separate complaint for damages for whistleblower retaliation (under other statutes) and age discrimination. Following the California Supreme Court's decision in Runyon (see above), Verellen withdrew his writ proceeding and filed an amended damages complaint. The case is in the discovery stage.
Environmental Cases

City of Hayward v. CSU
Alameda County Superior Court
The City of Hayward filed a CEQA challenge to the 2009 CSUEB Master Plan Environmental Impact Report, claiming, among other things, that the University failed to adequately analyze impacts on public services, including police, fire, and emergency services. The City specifically demands that the University provide funding for additional fire facilities.

The Hayward Area Planning Association and Old Highlands Homeowners Association, two local residential homeowners' associations, filed a second CEQA challenge to the 2009 CSUEB Master Plan EIR, alleging shortcomings in nearly every aspect of the environmental findings, with a particular emphasis on the University's alleged failure to consider bus and other improvements to public transit access to the campus.

On September 9, 2010, the court ruled in favor of the petitioners on nearly every issue and enjoined the University from proceeding with construction. The University has filed an appeal.

City of San Diego v. Trustees, et al.
SDMTS v. CSU, et al.
SANDAG v. CSU, et al.
San Diego County Superior Court
The EIR for the 2005 SDSU Master Plan was challenged in three lawsuits filed by the City of San Diego, Alvarado Hospital and Del Cerro Neighborhood Association, each alleging the EIR did not adequately address necessary mitigation measures. The Alvarado lawsuit was dismissed. After the Supreme Court's City of Marina decision, SDSU prepared a revised 2007 Master Plan EIR that was challenged again by the City of San Diego, the San Diego Metropolitan Transit System and the San Diego Association of Governments. Each alleged that the EIR did not adequately address necessary mitigation measures and that the CSU must fund all mitigation cost, irrespective of Legislative funding. The Del Cerro lawsuit and these three lawsuits have been consolidated.

In February 2010, the court denied the challenges to SDSU's 2007 Master Plan EIR, finding that CSU met all of the requirements of the City of Marina decision and CEQA by requesting Legislative funding to cover the cost of local infrastructure improvements. CSU is not required to fund those projects on its own, or to consider other sources of funding for them. The decision also held that the EIR properly considered potential impacts, was supported by substantial evidence, that CSU properly consulted with SANDAG, and that petitioners were barred from proceeding on the issue of other sources of funding because it was not raised by them in the underlying administrative proceedings. The City of San Diego, SANDAG and MTS have appealed. Del Cerro agreed to dismiss its lawsuit in exchange for CSU's waiver of its costs. Briefing is underway on the appeal.
Fresno County Superior Court
LandValue 77, a private business entity in Fresno, filed a CEQA challenge to the Campus Pointe project, together with a claim of conflict of interest involving former Trustee Moctezuma Esparza, whose company had a sublease to operate a movie theater in the project. In July 2009, the court determined that the Environmental Impact Report for Campus Pointe is in full compliance with CEQA, except for additional analysis required on overflow parking and traffic, and certain water and air quality issues. The court also determined that because former Trustee Esparza had a financial interest in the sublease between Maya Cinemas and Kashian Enterprises, the developer on the project, an irresolvable conflict of interest existed when the Board took the vote on the Campus Pointe EIR, and the theater sublease must be voided as a result. LandValue appealed the trial court's ruling.

On February 23, 2011, the appellate court ruled that voiding the Esparza theater sublease was a sufficient remedy to address the conflict of interest issue. The court formally set aside the EIR, but did not expand the scope of the required environmental review. The University will have an opportunity to fix the original three deficiencies identified by the trial court and reissue the EIR. The request for an injunction against construction while those corrections are being made was denied.

Personal Injury Cases

Bordessa v. MacDonald, et al.
Contra Costa Superior Court
Lauren Bordessa, a San Jose State University student, filed this lawsuit for damages against SJSU lecturer Terry MacDonald and the university, alleging negligence for providing her with an herbal tea (yohimbe) in her sociology class without warning of the side effects for persons taking ADHD medication, and for not adequately investigating the incident or issuing a timely warning about the potential harm of the yohimbe. In October 2010, the case settled for $50,000.

Daves v. City of San Bernardino, et al.
San Bernardino County Superior Court
The father and son of decedent, Russell Daves, filed this wrongful death action against CSU, the City and County of San Bernardino and the State. Daves presented as a suspicious person in the hillside of the CSUSB campus at the time of the severe wild land fires of 2007. University police attempted to approach Daves and he fled. The police pursued him and were joined by the San Bernardino Police Department. The decedent was shot and killed after he backed his vehicle in the direction of the officers threatening their lives. CSU agreed to settle the action for $5,000 in exchange for a full release. Plaintiffs settled their claim with the City of San Bernardino for $10,000. The Court has approved the minor plaintiff’s settlement, and this case is concluded.
Sandford v. Louis, et al.
San Diego County Superior Court
Nicholas Sandford, a member of the 2008 SDSU football team, filed this action against former teammate Louis, CSU, and former head football coach Long for battery, negligent supervision and intentional infliction of emotional distress. The action arises out of an altercation between Sandford and Louis, which culminated in Louis attacking Sandford in a meeting room at the SDSU athletic center. Sandford suffered a concussion, ruptured eardrum and facial injuries. In March 2010, Louis pled guilty to misdemeanor battery in a separate criminal action.

In October 2010, the court dismissed CSU from the lawsuit. In January 2011, the court dismissed former Coach Long from the lawsuit. The court entered judgment in favor of CSU and Long. Sandford and Louis settled the remaining litigation for undisclosed terms.

Steward v. Guseman
San Diego County Superior Court
Norma Steward alleges that Dennis Guseman, an employee of CSU San Marcos, struck her and her husband with his car while they were walking in an intersection. Steward suffered severe injuries, and her husband died. Guseman was driving to meet friends for breakfast. Steward contends that he was acting in the course and scope of his employment. The case is in the discovery stage.

Santa Clara County Superior Court
Melissa Vega, a freshman San Jose State University student, fell out of a second floor dormitory window and is now a paraplegic. She had a blood alcohol of .19 at the time of the accident. She filed this lawsuit alleging that the university's premises were unsafe. She claims that there should have been safety locks on the windows, bunk beds should not have been placed adjacent to a large window, and three students should not have been in a room designed for two. Vega's life care planner estimated $10 million in future medical expenses to provide for her care. In January 2011, the case settled in mediation for $5.85 million. SJSU has since amended its residence hall policy to prohibit placement of bunk beds next to windows and also conducts more visual inspections to ensure adherence.

Student Cases

Alpha Delta-Chi-Delta Chapter, et al. v. Reed, et al.
U.S. District Court, San Diego
A group of Christian student organizations and students at the San Diego and Long Beach campuses sued under various legal theories to challenge the constitutionality of the CSU anti-discrimination policy, which refuses recognition of student organizations that discriminate on the basis of religion, sexual orientation or marital status. The plaintiff groups exclude non-
Christians, homosexuals and others from joining or becoming officers. They allege that their First Amendment rights of freedom of religion and association trump CSU's anti-discrimination prohibition, and that they must be recognized and provided full access to University facilities. The court denied plaintiffs' motion for a preliminary injunction, and both sides filed summary judgment motions. In 2009, the court found CSU's non-discrimination policy constitutional, and granted CSU's summary judgment motion. Plaintiffs appealed. In 2010, the United States Supreme Court affirmed a judgment upholding a similar University of California policy. The oral argument in the Ninth Circuit Court of Appeals took place in November 2010. The decision is expected soon.

Donselman, et al. v. CSU
San Francisco County Superior Court
Five students brought this class action to challenge the state university fee and non-resident tuition increases, and the Graduate Business Professional fee, from Fall 2009. The case is in the discovery stage. The court has granted plaintiffs' motion to certify two subclasses that exclude four campuses where fees were posted late and students who received financial aid to cover their increased fees. The two subclasses consist of approximately 200,000 students (down from over 400,000). CSU sought a writ in the court of appeal to challenge the class certification decision, which was denied. CSU has filed a writ in the California Supreme Court.

Yolo County Superior Court
This is a class action filed by non-resident citizen students against UC, CSU, and the California Community Colleges, challenging the exemption from out-of-state tuition for those, including undocumented immigrants, who meet the three-year California high school attendance requirement of AB540. Plaintiffs allege AB540 violates federal immigration laws, the U.S. and California Constitutions, and the Unruh Act. Plaintiffs seek an injunction enjoining enforcement of AB540, a declaration that the statute is unlawful, class-wide tuition restitution, damages, and attorney fees. Defendants collectively filed motions to dismiss, which were granted. Plaintiffs appealed. The appellate court ruled in favor of the plaintiffs, remanding the matter back to the trial court. Defendants petitioned the California Supreme Court. In November 2010 decision, the California Supreme Court found that AB540's high school attendance requirement is not a residency requirement and therefore, that no federal immigration laws were violated. Plaintiffs have petitioned the United States Supreme Court for review.
**Other Cases**

CSU v. CFA  
Los Angeles County Superior Court  
CSU filed this petition to vacate the ruling in an arbitration of several consolidated CFA grievances regarding workload in the Faculty Early Retirement Program. One grievance covering a group of FERP faculty alleged they had impermissibly been assigned a teaching load entirely of classroom work. Another grievance, on behalf of an individual, claimed that his FERP workload didn't properly reflect his pre-FERP workload. After an initial award against CSU on both grievances, which treated the recoveries separately, the arbitrator issued a supplemental ruling extending the monetary award from the individual case to a wide group of faculty who did not grieve that issue. This supplemental ruling increases CSU's liability significantly. The petition was denied, and CSU appealed. The Court of Appeal ruled in CFA's favor, affirming the arbitrator's supplemental ruling. CSU's petition for review to the California Supreme Court was denied. *CFA filed a motion to clarify the court's judgment, seeking pre-judgment or post-judgment interest on the award. The court denied CFA's motion.*

Kemper v. CSU, et al.  
Sacramento County Superior Court  
Edward Kemper, a campus visitor, alleges that he encountered architectural barriers on the CSU Sacramento campus, such as an impeded path of travel, lack of access to a performance stage, insufficient handrails, and lack of appropriate ramps, all of which impeded his ability to attend an event and constitute disability discrimination. Kemper has sued several other public agencies on similar theories. *The case is in the discovery stage.*

SETC-United v. CSU, et al.  
San Francisco County Superior Court  
The State Employees Trades Council's collective bargaining agreement with CSU expired on June 30, 2008. The Education Code requires that prevailing wages be paid to certain hourly laborers unless a collective bargaining agreement states otherwise. SETC claims that when its collective bargaining agreement expired, its employees should have been paid prevailing wages. Because CSU pays SETC employees on a monthly, not an hourly basis, the Education Code requirement should not apply. *The case is in the discovery phase.*
Administrative Hearings

The outcomes in the following administrative hearings during this reporting period raise significant public policy issues and/or have broad impact on the CSU system.

CFA v. CSU
This grievance challenged the process by which CSU awards tenure to Executives. CFA had alleged that CSU was out of compliance with Article 13.16 of the collective bargaining agreement when tenure was awarded to former Executive Vice Chancellor Richard West, former Vice Chancellor Jackie McClain and General Counsel Christine Helwick. After a hearing, the arbitrator found that CSU had complied with Article 13.16 in these cases and upheld the tenure of these Executives. However, at the last moment, CFA submitted the names of 10 campus administrators whose tenure process they also sought to challenge. The arbitrator has ordered the relevant documents and information be presented to determine the appropriateness of tenure in these additional cases, and that work is underway.