OPERATING AGREEMENT
BETWEEN CALIFORNIA STATE UNIVERSITY
AND ASSOCIATED STUDENTS, INC. OF CALIFORNIA STATE UNIVERSITY
SAN MARCOS

This agreement is made and entered into by and between the Chancellor of the California State University on behalf of the Board of Trustees (CSU) and Associated Students, Inc. of California State University San Marcos (herein after called Auxiliary). The term of this agreement shall be July 1, 2014 through June 30, 2019 unless sooner terminated as herein provided.

1. PURPOSE

The purpose of this agreement is to set forth the terms and conditions under which Auxiliary may operate as an auxiliary organization pursuant to Education Code Sections 89900 et seq. and Sections 42400 et seq. of Title 5 of the California Code of Regulations (CCR). In entering this agreement, CSU finds that certain functions important to its mission are more effectively accomplished by the use of an auxiliary organization rather than the usual state procedures.

2. PRIMARY FUNCTION OF THE AUXILIARY

In consideration of receiving recognition as an official auxiliary organization of the CSU, Auxiliary agrees, for the period covered by this agreement, that its primary activity generally can be classified as

Student Body Organization programs

In carrying out this activity, the Auxiliary engages in the following functions authorized by Section 42500, Title 5, CCR, which are activities essential and integral to the educational mission of the University:

1. Student Body Organization Programs
2. Campus Services that enhance and support student life
3. Loans, scholarships, grants-in-aids, reimbursements and related financial assistance
4. Externally funded projects including research, workshops, conferences, and institutes.

Auxiliary further agrees to receive and apply exclusively the funds and properties coming into its possession toward furthering these purposes. Prior to initiating any additional functions, Auxiliary agrees to amend the existing operating agreement.

3. CAMPUS OVERSIGHT AND OPERATIONAL REVIEW
The responsibility and authority of the campus president regarding auxiliary organizations is outlined in Title 5 Section 42402, which in part requires that auxiliary organizations operate in conformity with policy of the Board of Trustees and the campus. The campus President has been delegated authority by the CSU Board of Trustees (Standing Orders Section IV) to carry out all necessary functions for the operation of the campus. The operations and activities of Auxiliary under this agreement shall be integrated with campus operations and policies established by the President and shall be overseen by the campus Chief Financial Officer or designee so as to assure compliance with objectives stated in Title 5 Section 42401.

Auxiliary agrees to assist the Chief Financial Officer and his or her designee in carrying out the compliance and operational reviews required by applicable Executive Orders and related policies.

4. OPERATIONAL COMPLIANCE

Auxiliary agrees to maintain and operate its organization in accordance with all applicable laws, regulations and policies proglamated by the Federal Government, the State, Chancellor and Campus on which the Auxiliary operates. Failure of Auxiliary to comply with any term of this agreement may result in the removal, suspension or placing on probation of Auxiliary as an auxiliary organization in good standing. Such action by CSU may involve the limitation or removal of Auxiliary's right to utilize the resources and facilities of Campus (ref. Title 5, CCR, 42406).

5. CONFLICT OF INTEREST

No officer or employee of the CSU shall be appointed or employed by Auxiliary if such appointment or employment would be incompatible, inconsistent or in conflict with his or her duties as a CSU officer or employee.

6. EXPENDITURES AUGMENTING CSU APPROPRIATIONS

With respect to expenditures for public relations or other purposes which would serve to augment appropriations for CSU operations, Auxiliary may expend funds in such amount and for such purposes as are approved by Auxiliary's governing body. Auxiliary shall file, as Attachment 1 to this Agreement, a statement of Auxiliary's policy on accumulation and use of public relations funds. The statement shall include the policy and procedures for solicitation of funds, the purposes for which the funds may be used, the allowable expenditures and procedures of control.

7. FISCAL AUDITS

Auxiliary agrees to comply with CSU policy and the provisions of Section 42408 of Title 5, CCR regarding fiscal audits. All fiscal audits shall be conducted by auditors meeting the guidelines established the Integrated CSU Administrative Manual (ICSUAM).
The campus Chief Financial Officer shall submit to the Chancellor’s Office (see Notices below) the written evaluation of the external audit firm selected by the Auxiliary. This review must be conducted annually and prior to entering into an engagement letter with an external audit firm. If the Auxiliary has not changed auditor and the audit firm was previously subjected to this review only a limited review need be submitted.

8. CHANGE OR MODIFICATION OF CORPORATE STATUS

Auxiliary shall provide notice to the CSU upon any change in Auxiliary's legal, operational or tax status including but not limited to changes in Articles of Incorporation, bylaws, tax status, bankruptcy, dissolution or change in name.

9. FAIR EMPLOYMENT PRACTICES

In the performance of this agreement, and in accordance with Government Code 12900 et. seq., Auxiliary shall not deny employment opportunities to any person on the basis of race, religious creed, color, national origin, ancestry, physical disability, mental disability, medical condition, marital status, sex, age, or sexual orientation or veteran's status. Auxiliary shall adopt employment procedures consistent with the policy statement on nondiscrimination and affirmative action in employment adopted by the CSU.

10. DISPOSITION OF ASSETS

Attached hereto as Attachment 2 is a copy of Auxiliary's Constitution or Articles of Incorporation (as applicable) which establishes that upon dissolution of Auxiliary, the net assets other than trust funds shall be distributed in accord with Section 42600, Title 5, CCR. For the period covered by this agreement, Auxiliary agrees to maintain this provision as part of its Constitution or Articles of Incorporation. In the event Auxiliary should change this provision to make other dispositions possible, this agreement shall terminate as of the date immediately preceding the date such change becomes effective and all net assets shall become the property of CSU.

Alternatively, upon termination or breach of this agreement, CSU, at its sole discretion, may require Auxiliary to transfer all assets in its possession to a successor nonprofit corporation qualifying as an auxiliary organization. This remedy shall be in addition to any other remedies available to CSU upon termination or breach of this agreement.

11. USE OF CAMPUS FACILITIES

Auxiliary may use those facilities identified for its use in a lease agreement executed between Campus and Auxiliary.

Auxiliary may use Campus facilities and resources for research projects and for institutes, workshops, and conferences only when such use does not interfere with the instructional program of Campus and upon the written approval from appropriate Campus
administrators with such specific delegated authority. Auxiliary shall reimburse Campus for costs of any such use.

12. **DISPOSITION OF NET EARNINGS**

Auxiliary agrees to comply with CSU and Campus policy on expenditure of funds including, but not limited to, CSU guidelines for the disposition of revenues in excess of expenses and CSU policies on maintaining appropriate reserves.

13. **ACCEPTANCE, ADMINISTRATION, AND USE OF GIFTS**

Auxiliary agrees, if authorized to do so in Section 2 above, that it will accept and administer gifts, grants, contracts, scholarships, loan funds, fellowships, bequests, and devises in accordance with policies of CSU and Campus.

A. Delegation of Authority to Accept Gifts

If authorized, Auxiliary may evaluate and accept gifts, bequests and personal property on behalf of CSU. In acting pursuant to this delegation, due diligence shall be performed to ensure that all gifts accepted will aid in carrying out the CSU mission as specified in Education Code Sections 89720 and 66010.4(b).

B. Reporting Standards

Gifts shall be recorded in compliance with the Council for Advancement and Support of Education and California State University reporting standards and shall be reported to the Chancellor's Office on an annual basis in accordance with Section 89720 of the Education Code.

C. Donor Rights

All donors of gifts, bequests and personal property shall be treated openly and fairly in accordance with the “Donor Bill of Rights” found at: [http://www.calstate.edu/foundation/donor.shtml](http://www.calstate.edu/foundation/donor.shtml).

15. **INDEMNIFICATION**

Auxiliary agrees to indemnify, defend and save harmless the CSU, its officers, agents, employees and constituent campuses (all of which are hereafter referred to as “CSU”) from any and all loss, damage, or liability that may be suffered or incurred by CSU, caused by, arising out of, or in any way connected with the operation of Auxiliary as an auxiliary organization.
16. **INSURANCE**

Auxiliary shall maintain insurance protecting the CSU and Campus as provided in this section. CSU’s Systemwide Office of Risk Management shall establish minimum insurance requirements for Auxiliaries, based on the insurance requirements described in Technical Letter RM “RM 2011-04” or its successor then in effect. Auxiliary agrees to maintain at least these minimum insurance requirements.

Auxiliary’s participation in a coverage program of the California State University Risk Management Authority (CSURMA) shall fully comply with the insurance requirement for each type of required coverage (which may include but not be limited to, general liability, auto liability, directors and officers liability, fiduciary liability, professional liability, employer’s liability, pollution liability, workers’ compensation, fidelity, property and any other coverage necessary based on Auxiliary’s operations). Auxiliary shall ensure that CSU and campus are scheduled as additional insured or loss payee as its interests may appear.

17. **NOTICES**

All notices required to be given, or which may be given by either party to the other, shall be deemed to have been fully given when made in writing and deposited in the United States mail, certified and postage prepaid and addressed to all parties as provided below.

**Notice to Auxiliary shall be addressed as follows:**

Associated Student Inc. of California State University San Marcos  
Executive Director  
California State University San Marcos  
San Marcos, CA 92096-0001

**Notice to the CSU shall be addressed to:**

Trustees of the California State University  
401 Golden Shore  
Long Beach, California 90802  
Attention: Director, Contract Services & Procurement

**Notice to the Campus shall be addressed as follows:**

Procurement, Contract & Support Services  
California State University San Marcos  
333 S. Twin Oaks Valley Road  
San Marcos, CA 92096-0001
IN WITNESS WHEREOF, this agreement has been executed by the parties hereto.

Approved: __________
California State University San Marcos
By __________
Linda L. Hawk, Ed.D.
Vice President
Finance and Administrative Services

Executed: 9/30/14
Associated Students Inc. of California State University San Marcos
By __________
Rodger D’Andreas, Executive Director

Execute: 10/10/14
California State University
Office of the Chancellor
Contract Services and Procurement
By __________
ASSOCIATED STUDENTS, INC.

STANDARD OPERATIONS POLICY & PROCEDURE MANUAL

POLICY: PUBLIC RELATIONS POLICY

EFFECTIVE DATE: AUGUST 21, 2014

APPROVAL DATE: AUGUST 21, 2014

PURPOSE

Funds are provided through Associated Students, Inc. for the purpose of public relations under the purview of Title 5. These funds, which materially affect the success of the University and the Associated Students, Inc., are used to establish relationships with educational and surrounding communities and to foster public understanding and goodwill.

POLICY AND PROCEDURES

I. POLICY

A) Sources of Funds:
   Associated Students, Inc. funds, which may be used for public relations, are generated through gifts and University- and Associated Students, Inc.-sponsored activities. Specific allocations may be made by the University on an annual basis from the net revenues resulting from various events for campus and community outreach or public relations.

B) Uses of Funds:
   The use of funds is limited to those expenditures which promote the mission of the University.

C) Public Relations Allowable Expenses Guidelines:

1) Allowable expenses fall into several categories, including but not limited to:
   a) Dues, memberships, subscriptions providing continuing contact with key organizations.
   b) Meals and accommodations for visitors.
   c) Community affairs, lectures, conferences, meetings, and special events.
   d) Travel and constituent relations.

2) A partial list of the most frequently occurring expenses is listed below:
   a) Business breakfast/lunch/dinner
   b) Events (receptions, golf, sporting events)
   c) Farewell and retirement parties
   d) Beverages (non-alcoholic and alcoholic)
   e) Greeting Cards
   f) Gifts and flowers (farewell, birthdays, sympathy, get well, graduation, etc.)
   g) Tuxedo and gown rental
   h) Other public relations expenses
II. PROCEDURES

A) An Expenditure Request Form (ERF) must be completed to receive reimbursement. There are two different forms:

1) ASI ERF (Attachment A) requires the signature of the individual requesting the reimbursement and the department supervisor or the Executive Director, or designee.

2) Campus Sponsored Student Organization ERF (Attachment B) requires the signatures of the Organization President, Treasurer, and Advisor.

B) Requisitions with back up documentation should be submitted within one week of purchase.

C) All requisitions with original invoices, supporting documentation and brief description of the event and the attendees are submitted to the ASI Corporate Office, which then follows the procedures outlined in the Accounts Payable Policy.
ASI Expenditure Request Form

DATE: ________________

ASI DEPARTMENT NAME:
(i.e. Administration, BOD, Programming Board, Recreation, Intramurals)

ACCOUNT # ________________________________
Expense Account # __________________________
Fund Account # ______________________________
Dept Account # ______________________________
Class Account # ______________________________

ISSUE A CHECK PAYABLE TO:

NAME: ________________________________

PHONE: ( ) ____________________

ADDRESS: ________________________________

________________________________________

________________________________________

________________________________________

AMOUNT: ________________________________

REASON FOR EXPENDITURE REQUEST:

________________________________________

________________________________________

________________________________________

________________________________________

AUTHORIZATION SIGNATURES

INDIVIDUAL REQUESTING REIMBURSEMENT ____________________________

DEPARTMENT SUPERVISOR ____________________________

White – ASI Accounting  Yellow – ASI Business Office  Pink – ASI Staff

Attachment A
CAMPUS SPONSORED STUDENT ORGANIZATIONS
Expenditure Request Form

DATE: ________________

CLUB/ORGANIZATION NAME: ______________________________________

ACCOUNT # 660090 - 2112

ISSUE A CHECK PAYABLE TO:

NAME: ___________________________ PHONE: (_____) __________

ADDRESS: ___________________________ AMOUNT $____________

STUDENT I.D. ________________

REASON FOR REQUEST:

________________________________________________________________

DATE OF EVENT: ________________ LOCATION OF EVENT: __________

PLEASE CHECK ONE:

☐ Original Receipts Attached

☐ Original Invoice Attached

☐ Itemized Invoice/Receipts Attached

☐ Purchase Order Request

CLUB AUTHORIZATION SIGNATURES
(FOR APPROVAL ALL SIGNATURES ARE NEEDED)

<table>
<thead>
<tr>
<th>CLUB PRESIDENT</th>
<th>CLUB TREASURER</th>
<th>CLUB ADVISOR</th>
<th>ASI STAFF</th>
</tr>
</thead>
</table>

FOR OFFICE USE ONLY:

Date Paid: ________________ Check No. __________ Staff Initial __________

White – ASI Accounting Yellow ASI Office Pink – Club/Organization Treasurer

Attachment B
RESTATED ARTICLES OF INCORPORATION

Scott Silviera and Audrey Juarez certify that:

1. They are the president and secretary, respectively, of The Associated Students of California State University, San Marcos, a California nonprofit corporation.

2. The Articles of Incorporation of this corporation are amended and restated to read as follows:

ARTICLE I
Name

The name of this corporation is:

ASSOCIATED STUDENTS, INC. OF CALIFORNIA STATE UNIVERSITY SAN MARCOS

ARTICLE II
Corporate Status

This corporation is a nonprofit public benefit corporation and is not organized for the private gain of any person. It is organized under the Nonprofit Public Benefit Corporation Law for public purposes.

ARTICLE III
Purposes

This corporation is organized and operated solely for the benefit of California State University San Marcos. This corporation is organized as a student body organization under Section 89300, et seq. of the California Education Code, exclusively for educational and charitable purposes within the meaning of Section 501(c)(3) of the Internal Revenue Code of 1986 as amended and for the following purposes:

(a) To operate exclusively for public and charitable purposes within the meaning of the California Revenue and Taxation Code Section 23701(d) (or corresponding provisions of any future California Revenue Law).
(b) Subject to the direction and approval of the University President or designee, to develop, manage and oversee campus programs at California State University San Marcos, for the benefit of students, faculty, staff, and alumni in order to promote and assist the educational program of the University operating as an integrated part of the overall University campus program, and to apply the funds and properties coming into its control toward furthering the educational mission of the University.

(c) To provide student leadership, self-governance, and civic and cultural development opportunities as the Board of Directors and members of this corporation may find or consider to be suited to the primary purpose of advancing the welfare of California State University San Marcos, and for promoting the common educational interests of students of California State University San Marcos, as approved by the University President or a designee.

(d) To do or refrain from doing any lawful act or thing which at anytime may be authorized by the Board of Directors or members of this corporation, so long as the doing or refraining from doing the lawful act will advance the welfare of California State University San Marcos, and promote the common educational interests of students of California State University San Marcos.

(e) To provide service and support to the students of California State University, San Marcos.

This corporation is formed, and shall operate exclusively at California State University San Marcos in accordance with Internal Revenue Code Section 509(a)(3).

ARTICLE IV
Conformity with Law

The corporation shall be an auxiliary organization to California State University San Marcos, and shall conduct its operations in conformity with the California statutes governing such organizations (Chapter 7, commencing with Section 89900, of Part 55, Division 8, Title 3 of the Education Code) and the Regulations adopted by the Board of Trustees of California State
University (Subchapter 6, commencing with Section 42400, of Chapter 1, Division 5 of Title 5 of the California Code of Regulations) as required by the Education Code, Section 89900(c).

ARTICLE V
Exempt Status

No part of the net earnings of this corporation shall inure to the benefit of or be distributable to its members, directors, officers, or other private persons, except that this corporation shall be authorized and empowered to pay reasonable compensation for services rendered and to make payments and distributions in furtherance of the purposes set forth in Article III hereof.

ARTICLE VI
Limitation on Activities

No substantial part of the activities of this corporation shall be the carrying on of propaganda, or otherwise attempting to influence legislation, and this corporation shall not participate in, or intervene in (including the publishing or distribution of statements) any political campaign on behalf of any candidate for public office.

ARTICLE VII
Irrevocable Dedication and Dissolution

This corporation irrevocably dedicates its assets for the benefit of California State University San Marcos. Upon the dissolution of this corporation, net assets other than trust funds shall be distributed for one or more exempt purposes within the meaning of section 501(c)(3) of the Internal Revenue Code (or corresponding section of any future federal tax code) or to a government for public purposes, as approved by the President of California State University San Marcos and by the Chancellor of the California State University. Trust funds shall be distributed consistent with the terms of the trust instruments and section 501(c)(3) of the Internal Revenue Code (or corresponding section of any future federal tax code).
ARTICLE VIII
Officers and Directors

The Officers and number of Directors, their qualifications, powers, duties, terms of office, manner of removal and filling vacancies on the Board, and the manner of calling and holding meetings of Directors, shall be as stated in the Bylaws.

ARTICLE IX
Members

The qualifications of membership, any member classifications, the property, voting and other rights, preferences, privileges, conditions and duties, and termination or suspension of each membership class, and the dues, fees or assessments, shall be stated in the Bylaws.

ARTICLE X
Voting

Each member of the Board of Directors shall have one vote. There shall be no proxy voting permitted for the transaction of any of the business of this corporation.

ARTICLE XI
Amendment

The Articles of Incorporation of this corporation may be amended only by resolution of the Board of Directors adopted by the majority vote of the Board of Directors, and approved by the University President, and consistent with the Article IX and the Bylaws.

3. The foregoing amendment and restatement of Articles of Incorporation has been duly approved by the board of directors.

4. The foregoing amendment and restatement of Articles of Incorporation has been duly approved by the required vote of the members.
Verification

We further declare under penalty of perjury under the laws of the State of California that the matters set forth in this certificate are true and correct of our own knowledge.

Date: 4/19/2013

Scott Silviera, President

Audrey Juarez, Secretary