

**OPERATING AGREEMENT
BETWEEN CALIFORNIA STATE UNIVERSITY
AND *California State University San Marcos Corporation*
Effective April 5, 2021**

This agreement is made and entered into by and between the Trustees of the California State University by their duly qualified Chancellor (CSU) and California State University San Marcos Corporation (Auxiliary) serving California State University San Marcos (Campus). The term of this agreement shall be April 5, 2021 through April 4, 2031.

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 California Education Code §89900 et seq. and California Code of Regulations (CCR) Title 5, § 42400 et seq. 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 by the Campus under the usual state procedures.

2. PRIMARY FUNCTION(S) OF THE AUXILIARY

In consideration of receiving recognition as an official CSU auxiliary organization, Auxiliary agrees, for the period covered by this agreement, that the primary function(s), which the Auxiliary is to manage, operate or administer is/are:

Housing
Externally Funded Projects
Real Property Acquisition / Real Property Development
Commercial

In carrying out the above, the Auxiliary engages in the following functions authorized by, CCR tit.5, §42500, which are activities essential and integral to the educational mission of the University:

1. Bookstores, Food Services, and Campus Services
2. Child Care Center
3. Housing; including Summer Conferences
4. Loans, Scholarships, Grants-in-Aids, Stipends, and Related Financial Assistance
5. Externally Funded Projects Including Research, Workshops, Conferences, and Institutes
6. Instructionally related Programs and activities, including Agriculture, Athletics, Radio and Television Stations, Newspapers. Films, Transportation. Printing and other Instructionally Related Programs and Activities

7. Alumni Programs
8. Provide Technology Transfer services for the benefit of the campus including:
 - Commercializing such Auxiliary-owned technology developed by the campus;
 - Assisting start-up companies based upon campus inventions
 - Securing, executing and administering agreements with respect to intellectual property
9. Acquisition, development, sale, and transfer of real and personal property including financing transactions related to these activities

Auxiliary agrees to receive and apply exclusively the funds and properties coming into its possession toward furthering these purposes for the benefit of CSU and the Campus. Auxiliary further agrees that it shall not perform any of the functions listed in CCR tit.5, §42500 unless the function has been specifically assigned in this operating agreement with the Campus. Prior to initiating any additional functions, Auxiliary understands and agrees that CSU and Auxiliary must amend this agreement in accordance with Section 21, *Amendment*.

3. CAMPUS OVERSIGHT AND OPERATIONAL REVIEW

The responsibility and authority of the Campus president regarding auxiliary organizations is set forth in CCR tit.5, §42402, which requires that auxiliary organizations operate in conformity with CSU and Campus policies. The Campus President has been delegated authority by the CSU Board of Trustees (Standing Orders §VI) 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 and shall be overseen by the campus Chief Financial Officer (CFO) or designee so as to assure compliance with objectives stated in CCR tit.5, §42401.

The Campus shall review Auxiliary to ensure that the written operating agreement is current and that the activities of Auxiliary are in compliance with this agreement at least every five (5) years from the date the operating agreement is executed and at least every five years thereafter. Confirmation that this review has been conducted will consist of either an updated operating agreement, or a letter from the Campus CFO or designee to the Campus President with a copy to the Chancellor's Office, certifying that the review has been conducted. As part of these periodic reviews, the Campus President should examine the need for each auxiliary and look at the efficiency of the auxiliary operation and administration.

Auxiliary agrees to assist the Campus CFO or designee in carrying out the compliance and operational reviews required by applicable CSU Executive Orders and related policies.

4. OPERATIONAL COMPLIANCE

Auxiliary agrees to maintain and operate its organization in accordance with all applicable laws, regulations and CSU and Campus rules, regulations and policies. Failure of Auxiliary to comply with any term of this agreement may result in the removal, suspension or probation of Auxiliary as an auxiliary organization in good standing. Such action by CSU may result in the limitation or removal of Auxiliary's right to utilize the CSU or campus name, resources and facilities (CCR tit.5, §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.

Auxiliary has established and will maintain a conflict of interest policy. The Auxiliary's Conflict of Interest Policies are attached as **Attachment 1a and Attachment 1b**.

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 2** 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 CCR tit.5, §42408, regarding fiscal audits. All fiscal audits shall be conducted by auditors meeting the guidelines established the Integrated CSU Administrative Manual (ICSUAM).

The Campus CFO shall annually review, and submit a written evaluation to the Chancellor's Office in accordance with Section 20, Notices, *of* the external audit firm selected by the Auxiliary. This review by the Campus CFO must be conducted prior to the Auxiliary engaging an external audit firm and annually thereafter. If the Auxiliary has not changed audit firms, and the audit firm was previously reviewed and received a satisfactory evaluation, a more limited review may be conducted and submitted.

8. USE OF NAME

Campus agrees that Auxiliary may, in connection with its designated functions as a CSU auxiliary organization in good standing and this agreement, use the name of the Campus,

the Campus logo, seal or other symbols and marks of the Campus, provided that Auxiliary clearly communicates that it is conducting business in its own name for the benefit of Campus. All correspondence, advertisements, and other communications by Auxiliary must clearly indicate that the communication is by and from Auxiliary and not by or from CSU or Campus.

Auxiliary shall use the name of Campus, logo, seal or other symbols or marks of Campus only in connection with services rendered for the benefit of Campus and in accordance with Campus guidance and direction furnished to Auxiliary by Campus and only if the nature and quality of the services with which the Campus name, logo, seal or other symbol or mark are used are satisfactory to the Campus or as specified by Campus.

Campus shall exercise control over and shall be the sole judge of whether Auxiliary has met or is meeting the standards of quality of the Campus for use of its name, logo, seal or other symbol or mark.

Auxiliary shall not delegate the authority to use the Campus name, logo, seal or other symbol or mark to any person or entity without the prior written approval of the Campus President or designee. Auxiliary shall cease using the Campus name, logo, seal or other symbol or mark upon expiration or termination of this agreement, or if Auxiliary ceases to be a CSU auxiliary organization in good standing, dissolves or disappears in a merger.

9. 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 its Articles of Incorporation, bylaws, tax status, bankruptcy, dissolution, merger, or change in name.

10. FAIR EMPLOYMENT PRACTICES

In the performance of this agreement, and in accordance with California 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, genetic information, marital status, sex, gender, gender identity, gender expression, age, sexual orientation, military and veteran status. Auxiliary shall adopt employment procedures consistent with the policy statement on nondiscrimination and affirmative action in employment adopted by the CSU.

11. BACKGROUND CHECK POLICY COMPLIANCE

In compliance with governing laws and CSU policy, Auxiliary shall confirm that background checks are completed for all new hires and for those independent contractors, consultants, outside entities, volunteers and existing employees in positions requiring background checks as set forth in CSU systemwide policy. Auxiliary will provide confirmation of completed and cleared background checks to the University

President/Chancellor upon request, or as established by campus policy. (See HR 2016-08).

12. DISPOSITION OF ASSETS

Attached hereto as **Attachment 3** is a copy of Auxiliary's Constitution or Articles of Incorporation (as applicable) which, in accordance with CCR tit.5, §42600, establishes that upon dissolution of Auxiliary, the net assets other than trust funds shall be distributed *to the CSU or to another affiliated entity subject to financial accounting and reporting standards issued by the Government Accounting Standards Board*. 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.

13. USE OF CAMPUS FACILITIES

Auxiliary may use those facilities identified for its use in a lease agreement executed between Campus and Auxiliary. If this Operating Agreement terminates or expires and is not renewed within 30 days of the expiration, the lease automatically terminates, unless extended in writing by the parties.

Auxiliary and Campus may agree that Auxiliary may use specified 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.

14. CONTRACTS FOR CAMPUS SERVICES

Auxiliary may contract with Campus for services to be performed by state employees for the benefit of Auxiliary. Any agreement must be documented in a written memorandum of understanding between Auxiliary and Campus. The memorandum of understanding shall among other things, specify the following: (a) full reimbursement to Campus for services performed by a state employee in accord with CCR tit.5, §42502(f); (b) Auxiliary must clearly identify the specific services to be provided by state employee, (c) Auxiliary must specify any performance measures used by Auxiliary to measure or evaluate the level of service; (d) Auxiliary must explicitly acknowledge that Auxiliary does not retain the right to hire, supervise or otherwise determine how to fulfill the obligations of the Campus to provide the specified services to Auxiliary.

15. 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. Cal. Educ. Code §89904; Executive Order 1059.

16. FINANCIAL CONTROLS

Recovery of allowable and allocable indirect costs and maintenance and payment of operating expenses must comply with ICSUAM §13680. CCR tit. 5, §42502(g) and (h).

17. 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. 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 §§89720 and 66010.4(b).

Auxiliary agrees, before accepting gifts of real estate or gifts with any restrictive terms or conditions that impose an obligation on CSU or the State of California to expend resources in addition to the gift, to obtain written approval from the appropriate campus authority. Auxiliary agrees that it will not accept a gift that has any restriction that is unlawful.

Campus Designation of Authority to Auxiliary re: Administration of Grants and Contracts is attached as **Attachment 4**.

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 Education Code §89720.

18. INDEMNIFICATION

Auxiliary agrees to indemnify, defend and save harmless the CSU, its officers, agents, employees and constituent campuses and the State of California, collectively "CSU indemnified parties" from any and all loss, damage, or liability that may be suffered or incurred by CSU indemnified parties, caused by, arising out of, or in any way connected with the operation of Auxiliary as an auxiliary organization.

19. 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 in [Technical Letter RM 2012-01](#) 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 named as additional insured or loss payee as its interests may appear.

20. 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:

California State University San Marcos Corporation
 Attn: Executive Director
 333 South Twin Oaks Valley Road
 San Marcos, CA 92096

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:

California State University San Marcos
 Attn: Office of the President
 333 South Twin Oaks Valley Road
 San Marcos, CA 92096

21. AMENDMENT

This agreement may be amended only in writing signed by an authorized representative of all parties.

22. RECORDS

Auxiliary shall maintain adequate records and shall submit periodic reports as required by CSU showing the operation and financial status of Auxiliary. The records and reports shall cover all activities of Auxiliary whether pursuant to this agreement or otherwise.

23. TERMINATION

CSU may terminate this agreement upon Auxiliary's breach of or failure to comply with any term of this agreement by providing Auxiliary with a minimum of ninety (90) days advance written notice. Auxiliary may use the ninety-day advance notice period to cure the breach. If, in the judgment of CSU, the breach has been cured, the termination notice will be cancelled.

24. REMEDIES UPON TERMINATION

Termination by CSU of this agreement pursuant to Section 23, *Termination*, may result in Auxiliary's removal, suspension or probation as a CSU auxiliary in good standing, and loss of any right for Auxiliary to use the name, resources or facilities of CSU or any of its campuses.

Upon expiration of the term of this agreement, the parties shall have 30 days to enter into a new operating agreement which period may be extended by written mutual agreement.

25. SEVERABILITY

If any section or provision of this Agreement is held illegal, unenforceable or in conflict with any law by a court of competent jurisdiction, such section or provision shall be deemed severed and the validity of the remainder of this Agreement shall not be affected thereby.

IN WITNESS WHEREOF, this agreement has been executed by the parties hereto.

Approved: 04/26/2021

California State University San Marcos

By *Ellen f. Neufeldt*
Ellen Neufeldt, President

Executed on: 04/28/2021

California State University San Marcos Corporation

By *Bella Newberg*
Bella Newberg, Executive Director

Executed on: 05/12/2021

California State University
Office of the Chancellor
Contract Services and Procurement

By *Verna Ale Paniani*



CONFLICT OF INTEREST POLICY

CSUSM CORPORATION BOARD OF DIRECTORS

PURPOSE:

California State University San Marcos Corporation (CSUSM Corporation) work on campus and in the community depends upon the continued trust and confidence in the integrity of the CSUSM Corporation. That integrity is grounded in fair and responsible decision making by its Board of Directors ('Board of Directors'). All Board Directors are expected to conduct their personal and business matters so as to avoid actual, potential or apparent conflict between self-interests and the interests of the CSUSM Corporation and/or California State University San Marcos (CSUSM).

SCOPE:

It is the policy of the CSUSM Corporation that all members of the CSUSM Corporation Board of Directors, shall strictly adhere to the provisions of the California Education Code, Sections 89906, 89907, 89908 and 89909 and to the provisions of the California Corporations Code, Section 5233 (Reference Exhibit A).

POLICY:

I. BOARD OF DIRECTORS:

No Board Director shall be financially interested in any contract or other transaction entered into by the Board that is not in accordance with the conflict of interest provisions set forth in California Education Code Sections 89906-89909. The following contractual relationships are specifically not allowed:

- A. Any contract, other than an employment contract, directly between the corporation and a Board Director.
- B. Any contract between the corporation and a partnership or unincorporated association in which a Board Director is a partner, or an owner, or a holder, directly or indirectly, of a proprietorship interest.
- C. Any contract between the corporation and a for-profit corporation in which a Board Director is the owner or holder, directly or indirectly, of five percent (5%) or more of the outstanding stock.

Any Board Director who has a conflict and cannot divest himself/herself of such interest within a reasonable period of time shall be asked to resign his/her Board position.

A Board Director must disclose any financial interest, which could be impacted by the action of the Board. Under these circumstances the Board Director must recuse himself or herself from the action to approve such a transaction on the part of the Board. Failure to disclose may result in avoidance (voiding) of the contract.

It is the CSUSM Corporation policy that a Board Director employed at a company or organization otherwise eligible to bid on CSUSM Corporation services, such as accounting, finance, legal, etc., would not be eligible to bid while he/she serves as a Board Director.

II. PROCEDURES FOR BOARD OF DIRECTORS:

- A. At the beginning of each fiscal year, all members of the CSUSM Corporation Board of Directors shall be required to sign a Conflict of Interest Statement Acknowledgement.
- B. The Executive Director shall administer the Conflict of Interest Policy for the CSUSM Corporation Board of Directors. The administrator's responsibilities include:
 - a. Ensuring that the conflict of interest statements are distributed to the Board of Directors at the first meeting of a new fiscal year;
 - b. Ensuring that all statements are collected in a timely manner, retained in files, and treated as confidential information;
 - c. Referring any reported conflict or potential conflict to the Finance and Operations Committee.

III. REVIEW AND ADMINISTRATION OF REPORTED CONFLICT:

Any unresolved conflicts will be reviewed by the Finance and Operations Committee and the Committee will determine if the conflict or potential conflict can be resolved. In the absence of resolution, the Finance and Operations Committee will refer the matter to the Board of Directors. The Board of Directors will review and take final action on the matter.

IV. BREACH OF POLICY AND REMEDIES:

In the event there is a breach of this policy or allegation of a breach, the matter shall be reviewed and considered by the Finance and Operations Committee. In its review of the matter, the Finance and Operations Committee shall decide what remedy, if any, is appropriate and which shall be imposed by the Corporation. Any party to the matter may appeal the decision of the Finance and Operations Committee to the Board of Directors for review, consideration, and final decision, in a process to be determined by the Board. The decision by the Board shall be final.

CALIFORNIA EDUCATION CODE 89906-89909

89906. FINANCIAL INTEREST PROHIBITION. No member of the governing board of an auxiliary organization shall be financially interested in any contract or other transaction entered into by the board of which he is a member, and any contract or transaction entered into in violation of this section is void.

89907. EXCEPTION. No contract or other transaction entered into by the governing board of an auxiliary organization is void under the provisions of Section 89906, nor shall any member of such board be disqualified or deemed guilty of misconduct in office under said provisions, if the circumstances specified in the following subdivisions exist:

- (a) The fact of such financial interest is disclosed or known to the governing board and noted in the minutes, and the governing board thereafter authorizes, approves, or ratifies the contract or transaction in good faith by a vote sufficient for the purpose without counting the vote or votes of such financially interested member or members, and
- (b) The contract or transaction is just and reasonable as to the auxiliary organization at the time it is authorized or approved.

89908. OTHER PROHIBITED FINANCIAL INTERESTS. The provisions of Section 89907 shall not be applicable if the circumstances specified in any of the following subdivisions exist:

- (a) The contract or transaction is between an auxiliary organization and a member of the governing board of that auxiliary organization.
- (b) The contract or transaction is between an auxiliary organization and a partnership or unincorporated association of which any member of the governing board of that auxiliary organization is a partner or in which he is the owner or holder, directly or indirectly, of a proprietorship interest.
- (c) The contract or transaction is between an auxiliary organization and a corporation in which any member of the governing board of that auxiliary organization is the owner or holder, directly or indirectly, of five (5) percent or more of the outstanding common stock.
- (d) A member of the governing board of an auxiliary organization is interested in a contract or transaction within the meaning of Section 89906, and without first disclosing such interest to the governing board **at a public meeting** of the board, influences or attempts to influence another member or members of the board to enter into the contract or transaction.

89909. UNLAWFUL TO UTILIZE NON-PUBLIC INFORMATION FOR PERSONAL PECUNIARY GAIN. It is unlawful for any person to utilize any information, not a matter of public record, which is received by him by reason of his membership on the governing board of an auxiliary organization, for personal pecuniary gain, regardless of whether he is or is not a member of the governing board at the time such gain is realized.



CSUSM Corporation Board of Directors
Conflict of Interest Annual Acknowledgement Form

FILING YEAR: Fiscal Year 2020-2021

Print Name

The California Education Code requires the monitoring of potential conflicts of interest between CSUSM Corporation and its Board of Directors. As a result, CSUSM Corporation requires that each Director sign an annual acknowledgement form.

In accordance with the CSUSM Corporation conflict of interest policy and provisions set forth in Education Code §89906-89908, the only relationships that are specifically deemed **not** permissible are as follows:

- (a) Any contract, other than an employment contract, directly between CSUSM Corporation Board of Directors and a Board Member.
- (b) Any contract between CSUSM Corporation Board of Directors and a partnership or unincorporated association in which a CSUSM Corporation Board Member is a partner, or an owner, or a holder, directly or indirectly, of a proprietorship interest.
- (c) Any contract between CSUSM Corporation Board of Directors and a for-profit corporation in which a CSUSM Corporation Board Member is the owner or holder, directly or indirectly, of five percent (5%) or more of the outstanding common stock.

Additionally, Education Code §89909 prohibits any CSUSM Corporation Board Member from using CSUSM Corporation information, not a matter of public record, for personal pecuniary gain.

I acknowledge that I have read, understand, and agree to comply with the CSUSM Corporation Conflict of Interest Policy (No. 202) and that over the past calendar year I have not entered into any impermissible transactions as a member of the CSUSM Corporation the Board of Directors. Further, I have not utilized non-public CSUSM Corporation information for personal pecuniary gain.

Bella Newberg

Signature

04/28/2021

Date

CC: Bella Newberg
Executive Director, California State University San Marcos Corporation



CONFLICT OF INTEREST POLICY CSUSM CORPORATION EMPLOYEES & OTHER INTERESTED PARTIES

PURPOSE:

The purpose of this policy is to protect the integrity of CSUSM Corporation including, but not limited to, its information and services. This policy establishes guidelines to prevent persons having a financial interest in the business activities of CSUSM Corporation while employed by or conducting business on behalf of CSUSM Corporation.

SCOPE:

This policy applies to directors, managers, supervisors and employees who have significant exposure and/or decision-making authority. This policy also applies to any individual who has significant exposure and/or decision-making authority related to CSUSM Corporation's business activities. Such individuals may include, but are not limited to, employees of California State University San Marcos, and any other Corporation positions (Central Office or project) which have significant exposure and/or decision making authority to warrant regular monitoring of Conflict of Interest activities (herein referred to as "employees").

DEFINITIONS:

A Conflict of Interest is any situation in which an employee has an outside personal economic interest which has the potential of being in conflict with the best interest of CSUSM Corporation. This includes utilizing any information (not a matter of public record) for personal gain not contemplated by the terms of employment, whether the person is or is not employed by CSUSM Corporation at the time the gain is realized.

POLICY:

I. STANDARDS

- A. An actual or potential conflict of interest occurs when an employee is in a position to influence a decision, which may result in a personal gain for that employee or a relative as a result of Corporation or University business activities.
- B. All employees are expected to conduct their personal and business matters so as to avoid actual, potential or apparent conflict between self-interests and the interests of the CSUSM Corporation and/or California State University San Marcos.
- C. The California Education Code has specific requirements for the employees of an auxiliary organization regarding conflict of interest. This policy addresses those requirements.
§89006 It is unlawful for any person to utilize any information, not a matter of public record, that is received by that person by reason of his or her employment by, or contractual relationship with, the trustees, the California State University, or an auxiliary organization of the California State University, for personal pecuniary gain, not contemplated by the terms of the employment or contract, regardless of whether the person is or is not so employed or under contract at the time the gain is realized.

II. DISCLOSURE

When any employee with significant exposure and/or decision-making authority, or any member of his or her immediate family, has a conflict of interest, that employee shall promptly report the conflict to the Executive Director. All persons to whom this policy applies are required to annually review this policy, including the applicable portion of the California Education Code, and to confirm that they do not have any conflicting financial interests by filling out the Conflict of Interest Declaration form. Employees of the Corporation are required to disclose the following:

- A. Interests in real property, which within the last two (2) years have been the subject of a lease or license with CSUSM Corporation for valuable consideration or have been otherwise made the subject of a contract with CSUSM Corporation for valuable consideration, or which in the future foreseeably may be so leased, licensed or otherwise made the subject of a contract with CSUSM Corporation.
- B. Interests in real property, investments and business positions in business entities, and income from sources located in whole or in part within two (2) miles of California State University San Marcos or within two (2) miles of any property owned or leased by CSUSM Corporation.
- C. Investments and business positions in any business entity, or income from any sources, which within the last two (2) years has contracted or in the future may foreseeably contract with CSUSM Corporation to provide supplies, materials (including books and periodicals), machinery, equipment, services or work of the type utilized by CSUSM Corporation.
- D. Investments and business positions in any business entity or income from any sources, which within the last two (2) years has contracted or in the future foreseeably may contract with CSUSM Corporation to perform construction work or to perform services in connection with such construction work or which, within the last two (2) years, has contracted or in the future foreseeably may contract as a subcontractor or supplier for such construction work or which, within the last two (2) years, has contracted or in the future foreseeably may contract with a service contractor to perform services in connection with such construction work pursuant to a separate contract with the service contractor.
- E. Changes occurring prior to their next complete declaration, if such changes either give rise to an actual or potential conflict of interest or eliminate a conflict previously disclosed.

III. PROCEDURE

- A. Any questions regarding a possible conflict of interest or outside work should be discussed with the immediate supervisor; department director; Director of Human Resources; or Executive Director.
- B. Failure to abide by these expectations or failure to disclose or discuss information related to potential conflict situations as outlined above may lead to disciplinary action up to and including dismissal.

IV. RESPONSIBILITIES

- A. Human Resources will provide Conflict of Interest forms to be completed by all regular employees during new employee orientation. Conflict of Interest forms are available on the CSUSM Corporation website or can be requested from the CSUSM Corporation Human Resources office.
- B. Supervisors shall annually distribute Conflict of Interest Statements to all employees who have purchasing signature authority or who influence the selection or purchase of goods and services used by CSUSM Corporation.

CONFLICT OF INTEREST – CSUSM CORPORATION EMPLOYEES

- C. Supervisors are responsible for seeing that the statements are completed and returned to Human Resources in a timely manner.

V. CONFLICT RESOLUTION

The Executive Director will review all reported conflicts of interest and will issue a decision that defines what activities are permissible, not permissible, and any special conditions that must be met. The Executive Director will inform the Director of Human Resources of all reviews and decisions relative to conflict of interests.

In the event the conflict or potential conflict cannot be resolved by that person and the Executive Director, the disputed matter will be reviewed by the Executive Committee. In the absence of resolution, the Executive Committee will refer the matter to the Board of Directors, and the Board of Directors will review and take final action on the matter.

If the Executive Director has a conflict of interest with CSUSM Corporation business activities, he/she will disclose the circumstances to the Chair of the CSUSM Corporation Board of Directors.



DESIGNATION AND USE OF PUBLIC RELATIONS FUNDS POLICY

PURPOSE:

Funds are provided through the California State University San Marcos Corporation (CSUSM Corporation) for the purpose of public relations under the purview of Title 5. These funds, which materially affect the success of the University and CSUSM Corporation, are used to establish relationships with educational and surrounding communities and to foster public understanding and goodwill.

SOURCES OF FUNDS:

CSUSM Corporation funds, which may be used for public relations, are generated through gifts, various events, and University- and CSUSM Corporation-sponsored activities. Specific allocations may also be made for campus and community relations by the University annually from the net revenues resulting from various events for campus and community outreach or public relations.

USE OF FUNDS:

The use of funds is limited to those expenditures which promote the mission of the University.

PUBLIC RELATIONS ALLOWABLE EXPENSES GUIDELINE:

Allowable expenses fall into several categories, including but not limited to (see Grid of Allowable/Unallowable Expenditures for more specific guidelines):

- I. Dues, memberships, and subscriptions providing continuing contact with key organizations
- II. Meals and accommodations for visitors
- III. Community affairs, lectures, conferences, meetings, and special events
- IV. Travel and constituent relations

PROCEDURES:

- I. All authorizations for reimbursement are vested in the CSUSM Corporation Executive Director or designee. Certain reimbursements also require the approval of the appropriate University Vice President (see Grid of Allowable/Unallowable Expenditures).
- II. A purchase request or request for reimbursement must include the following:
 - a. Name of the person requesting the expenditure and signature of the project director or department/division head.
 - b. Complete description of the item(s) or service(s). For events, a brief description of the event and names of those attending or for events, the approximate number expected to attend.

DESIGNATION AND USE OF PUBLIC RELATIONS FUNDS POLICY

- c. A brief statement of how the expenditure benefits the mission of the University (e.g., retreat for, faculty convocation, donor meeting, flowers expressing sympathy, etc.)
- d. Signature of University Vice President or designee (when required) and CSUSM Corporation Executive Director or designee approving payment.

PUBLIC RELATIONS EXPENDITURES GRID OF ALLOWABLE/ UNALLOWABLE EXPENDITURES		
	CSUSM CORPORATION GRANTS & CONTRACTS	CSUSM CORPORATION CAMPUS PROGRAM/ PUBLIC RELATIONS (Footnote 1)
Categories for reimbursement for Public Relations expenses		
1. Employee's local meals when University business with visitors, guests, job candidates, students, advisory committees, industry committees, search committees, college/ department retreats, seminars, colloquiums, picnics, working/planning/staff meetings (not weekly/monthly/routine or regular), open house, receptions for event, speakers, lecturers, artists, performers, etc. (Payments are usually due to restaurant, caterers, grocery stores or reimbursed to an individual.)	See Footnote 3	Allowable
2. Flowers for official University or CSUSM Corporation functions and for donors. Additionally flowers may be purchased for funeral arrangements for deceased employees; in lieu of flowers, monetary contributions (not to exceed \$100) to a non-profit charity, research or educational organization is permitted.	Unallowable	Allowable
3. Plaques, certificates of achievement, similar recognitions for employees	See Footnote 3	Allowable
4. Memberships of employees to professional organizations	See Footnote 3	Allowable
5. At home, department or campus-sponsored event for employee morale	Unallowable	See Footnote 4
6. Decorative office supplies	Unallowable	Allowable
7. Water service for campus offices	Unallowable	Allowable
8. Alcoholic beverages	Unallowable	See Footnote 4
9. Coffee service for campus offices (except President's Board Room)	Unallowable	Unallowable
10. Birthday, wedding, baby shower gifts	Unallowable	Unallowable
11. Financial assistance for student or employees	See Footnote 3	Unallowable
12. Flowers for events other than official functions (birthdays, get well, etc.) (Ref. #2)	Unallowable	Unallowable
13. Local or out-of-state/country meals for official University visitors, guests, job candidates, or students in excess of state meal regulations.	Unallowable	Allowable
14. Overnight accommodations for employees within 25 miles of home or office	Unallowable	Allowable, with justification
15. Overnight accommodations for official visitors and job candidates within 25 miles of home or office	See Footnote 3	Allowable
16. Spousal travel for job candidates	Unallowable	See Footnote 2
17. Expenditure for travel/hotel/meals beginning more than 24 hours in advance of start of conferences/seminar	Unallowable	Allowable, with justification
18. Business related entertainment at home for official guests of the University	Unallowable	See Footnote 4
19. Department sponsored campus entertainment for official guests of the University	Unallowable	Allowable
20. Personal use of club memberships	Unallowable	Unallowable
21. Noncash gifts/awards to nonemployees for business/public relations purposes: campus event tickets, plaques, certificates, cards	See Footnote 3	Allowable
22. Nonmeal expenses of employees at official function where attendance required, i.e., event tickets, cap and gown rental, tuxedo/gown rental, etc.	See Footnote 3	Allowable
23. Nonmeal expenses of official visitors at official functions, i.e., event tickets, cap and gown rental	Unallowable	Allowable
24. Awards to employees or volunteers for recognition of University service	See Footnote 3	See Footnote 4
25. Tuition and/or books for classes taken	See Footnote 3	See Fte 4 & Fte 5

- (1) Some allowable categories are restricted by individual campus program agreement or restricted by purpose as designated by the President
- (2) Use travel request/authorization and reimbursement forms
- (3) Unallowable unless approved by funding agency
- (4) Vice President's approval required
- (5) Must be job related

Restated and Amended Articles of Incorporation

ARTICLE I. Name

The name of this corporation is: California State University San Marcos Corporation

ARTICLE II. Purposes

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 and charitable purposes.

The charitable purposes for which this corporation is organized and will be operated exclusively are to perform the authorized functions which carry out and enhance the mission and educational programs for California State University San Marcos (University). This corporation is organized exclusively for charitable purposes within the meaning of §501(c)(3) of the Internal Revenue Code of 1986, as amended.

The corporation is and at all times hereafter shall be operated as an auxiliary organization under §89900 *et seq.*, of the California Education Code, and within regulations adopted by the Board of Trustees of the California State University.

The foregoing provisions shall be construed as both purposes and powers, but no recitation, expression or declaration of specific or special powers or purposes herein enumerated shall be deemed to be exclusive, and it is hereby expressly declared that all other lawful powers not inconsistent herewith are hereby included.

ARTICLE III. Exempt Status and Limitation of Activities

This corporation is organized and operated exclusively for the charitable purposes described in Article II, and it shall be nonprofit and nonpartisan.

Nothing in Article II shall be construed as allowing the corporation to carry on any other activities not permitted to be carried on (1) by a corporation exempt from federal income tax under §501(c)(3) of the Internal Revenue Code of 1986, as amended, or (2) by corporation contributions which are deductible under §§170(c)(2), 2055(a)(2), 2106(a)(2)(A)(ii), 2522(a)(2), or 2522(b)(2) of the Internal Revenue Code.

No substantial part of the activities of this corporation shall consist of carrying on propaganda, or otherwise attempting to influence legislation, and the corporation shall not participate or intervene in any political campaign (including the publishing or distribution of statements) on behalf of, or in opposition to, any candidate for public office except as otherwise provided in Section 501 (h) of the Internal Revenue Code of 1986.

ARTICLE IV. Principal Office

The principal office for the transaction of the business of this corporation will be located in the County of San Diego, State of California.

ARTICLE V. Dedication and Dissolution

The property of this corporation is irrevocably dedicated to charitable purposes. No part of the net income or assets of this corporation shall ever inure to the benefit of its directors or officers, or to any private person, except that the corporation is 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 II.

Upon dissolution or winding up of this corporation, net assets remaining after payment, or provision for payment, of all debts and liabilities of this corporation, other than trust funds shall be distributed to one or more nonprofit corporations organized and operated for the benefit of the California State University San Marcos, as approved by this corporation's Board of Directors, the President of the University, and by the Chancellor of California State University. Such nonprofit corporation or corporations must be qualified for Federal income tax exemption under §501(c)(3) of the Internal Revenue Code of 1986, as amended, and have established its tax exempt status under §23701d of the California Revenue and Taxation Code, as amended, be organized and operated exclusively for charitable or educational purposes, and meet the requirement for exemption specified in §214 of the California Revenue and Taxation Code.

ARTICLE VI. Amendments

The Articles of Incorporation of this corporation shall be amended only by the two-thirds vote of a majority of the qualified directors then in office, subject to the approval of the President of California State University San Marcos.



I hereby certify that the foregoing transcript of 25 page(s) is a full, true and correct copy of the original record in the custody of the California Secretary of State's office.

JUN 13 2017

VM

Date: _____

Alex Padilla

ALEX PADILLA, Secretary of State

Attachment 4

**Administration of Grants and Contracts
Addendum to Auxiliary Operating Agreement
Between Trustees of the California State University,
California State University San Marcos
And
California State University San Marcos Corporation**

This is an addendum to the Operating Agreement between the Trustees of the California State University (CSU) and CSUSM Corporation (Auxiliary) serving California State University San Marcos (Campus), effective from April 5, 2021 through April 4, 2031 and authorizes the Auxiliary to perform the function "7. Externally Funded Projects Including Research, Workshops, Conferences and Institutes" as specified in Title 5 CCR (California Code of Regulations) 42500.

With this addendum, Campus designates Auxiliary as:

- The primary Sponsored Program Administrator (SPA) for the Campus for the following types of grants:
State
Federal
Private
- A SPA for specific types of grants and contracts for Auxiliary primary business purpose.¹

Auxiliary will ensure that all proposals for external funding are reviewed by the President or designees to provide programmatic and fiscal written approval in accordance with CSU systemwide policy, [ICSUAM 11002.01](#) (formerly [EO 890](#)).²

Auxiliary, when acting as SPA, agrees to provide grant and contract administration services in compliance with all CSU (see [ICSUAM](#), Section 11000), Campus and Auxiliary policies related to sponsored program administration, federal and state regulations and funding agency (sponsor) regulations and guidelines.

Approved:

California State University San Marcos

Ellen f. Neufeldt

Ellen Neufeldt
President

04/26/2021

Date

California State University San Marcos Corporation

Bella Newberg

Bella Newberg
Executive Director

04/28/2021

Date

¹ For example: certain grants may be awarded to the associated students (AS) auxiliary that directly support AS programs; or a non-profit foundation may require the grant recipient to be qualified under a particular IRS code, such as 501(c)(3) or its subsections. In either case, the auxiliary accepting the grant may choose to enter into an agreement with the Campus primary SPA for more effective grant administration.

² ICSUAM Policy 11002.01 incorporates the relevant policy sections from EO890, including proposal review and approval requirements. EO890 is superseded by ICSUAM Section 11000 et al.