

# OPERATING AGREEMENT

BETWEEN CALIFORNIA STATE UNIVERSITY  
AND  
ASSOCIATED STUDENTS OF  
CALIFORNIA STATE UNIVERSITY, LOS ANGELES, INC.

**DRAFT V3 (FINAL) – APRIL 2025**

This agreement is made and entered into by and between the Trustees of the California State University by their duly qualified Chancellor (CSU) and **Associated Students of California State University, Los Angeles, Inc.** (Auxiliary) serving **California State University, Los Angeles** (University). The term of this agreement shall be July 1, 2025 through June 30, 2035.

## 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 University under the usual state procedures.

## 2. PRIMARY FUNCTIONS

In consideration of receiving recognition as an official CSU auxiliary organization, Auxiliary agrees that the primary function(s) that the Auxiliary is to manage, operate or administer are listed below as authorized by [5 CCR § 42500](#):

- a. Student Body Organization Programs, including responsibility for Registered Student Organization banking
- b. Loans, Scholarships, Grants-in-Aids, Stipends, and Related Financial Assistance

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 University. Auxiliary further agrees that it shall not perform any of the functions listed in [5 CCR § 42500](#) unless the function has been specifically assigned in this operating agreement with the University. 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**

Auxiliary must operate in conformity with CSU and University policies and under the oversight of the University. As stated in Cal. Educ. Code §§ [89756](#), [89900](#), the University President is primarily responsible for administrative compliance and fiscal oversight of Auxiliary. The University 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 University. The operations and activities of Auxiliary under this agreement shall be integrated with University operations and policies and shall be overseen by the university Chief Financial Officer (CFO) or designee so as to assure compliance with objectives stated in [5 CCR § 42401](#).

Each auxiliary organization governing board shall conduct an annual review and prepare a report of the fiscal viability of the auxiliary organization pursuant to Cal. Educ. Code § 89904-89905 (not including § 89905.5) 5 CCR § 42401(d), and 5 CCR § 42404. Each auxiliary organization shall prepare and submit a report of the results of the annual review of auxiliary financial standards and control self-assessment to the university president or designee for review and approval by June 30th as outlined in the [CSU Auxiliary Organizations](#) policy. A record of the approval shall be retained by the university pursuant to the [Records Retention and Disposition Schedules](#) policy.

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

### **4. OPERATIONAL COMPLIANCE**

Auxiliary agrees to maintain and operate its organization in accordance with all applicable laws, regulations and CSU and University 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 university name, resources and facilities ([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 their duties as a CSU officer or employee.

Auxiliary has established and will maintain a conflict of interest policy. The Auxiliary's Conflict of Interest Policy is attached as [Exhibit 1](#).

## **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 a statement of Auxiliary's policy on accumulation and use of public relations funds and attach to this agreement as **Exhibit 2**. 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 [5 CCR § 42408](#), regarding fiscal audits. All fiscal audits shall be conducted by auditors meeting the guidelines established in CSU policy [Auxiliary Organization's External Audit Firm Qualifications](#).

The University 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 University 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**

University 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 University, the University logo, seal or other symbols and marks of the University, provided that Auxiliary clearly communicates that it is conducting business in its own name for the benefit of University. 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 University.

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

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

Auxiliary shall not delegate the authority to use the University name, logo, seal or other symbol or mark to any person or entity without the prior written approval of the University President or designee. Auxiliary shall cease using the University 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. 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 STATUS**

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 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 policy [Background Checks](#). Auxiliary will provide confirmation of completed and cleared background checks to the University President/Chancellor upon request, or as established by university policy.

## **12. DISPOSITION OF ASSETS**

Attached hereto as [Exhibit 3](#) is a copy of Auxiliary's Constitution or Articles of Incorporation (as applicable) which, in accordance with [5 CCR § 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 University 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 University may agree that Auxiliary may use specified University facilities and resources for research projects and for institutes, workshops, and conferences only when such use does not interfere with the instructional program of University and upon the written approval from appropriate University administrators with such specific delegated authority. Auxiliary shall reimburse University for costs of any such use.

### **14. CONTRACTS FOR CAMPUS SERVICES**

Auxiliary may contract with University for services to be performed by state employees for the benefit of Auxiliary. Any agreement must be documented as a contract or written memorandum of understanding between Auxiliary and University. The contract shall among other things, specify the following: (a) full reimbursement to University for services performed by a state employee in accord with [5 CCR § 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 University to provide the specified services to Auxiliary.

### **15. DISPOSITION OF NET EARNINGS**

Auxiliary agrees to comply with CSU and University 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, pursuant to [Cal. Educ. Code § 89904](#); CSU policy [University Auxiliary Organizations](#), and CSU policy [Designated Balances and Reserves](#).

## **16. FINANCIAL CONTROLS**

Recovery of allowable and allocable indirect costs and maintenance and payment of operating expenses must comply with CSU policy [Placement and Control of Receipts for University Activities and Programs, 5 CCR § 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 University.

### **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 Cal. Educ. 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 university authority. Auxiliary agrees that it will not accept a gift that has any restriction that is unlawful.

### **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 [Cal. Educ. Code § 89720](#).

## **18. INDEMNIFICATION**

Auxiliary agrees to indemnify, defend and save harmless the CSU, its officers, agents, employees and constituent universities 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 University 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 [California State University Insurance Requirements](#) 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 University 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:

Associated Students of Cal State LA, Inc.  
Attention: ASI Executive Director  
5154 State University Dr., Suite 203  
Los Angeles, CA 90032  
Phone: (323) 343-4778  
asicalstatela.org

Notice to the University shall be addressed as follows:

California State University, Los Angeles  
Attention: University President  
5151 State University Dr.  
Los Angeles, CA 90032  
(323)343-3000

Notice to the CSU shall be addressed as follows:

Trustees of the California State University

Attention: Executive Vice Chancellor & CFO, Business and Finance  
401 Golden Shore  
Long Beach, California 90802

## **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 canceled. The ninety-day notice provision is not required for a breach noted in Section 12 of this Agreement.

## **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: \_\_\_\_\_

California State University, Los Angeles

By \_\_\_\_\_  
Berenecia Johnson Eanes, President

Executed on \_\_\_\_\_

Associated Students of Cal State LA, Inc.

By \_\_\_\_\_  
Barnaby Peake, ASI Executive Director

Executed on \_\_\_\_\_

California State University  
Office of the Chancellor

By \_\_\_\_\_  
Steve Relyea, Executive Vice Chancellor and Chief  
Financial Officer



# Exhibit 1

## ASI Conflict of Interest Policy

[Auxiliary Conflict of Interest policy](#)

# Exhibit 2 – N/A

*Auxiliary does not have expenditures for public relations or other purposes which would serve to augment appropriations for CSU operations.*

# Exhibit 3

## ASI Articles of Incorporation

[Auxiliary Constitution or Articles of Incorporation](#)

# Exhibit 4 – N/A

*Auxiliary does not administer grants or contracts, so this policy is not needed.*