



San Diego State University
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THE PRESIDENT

June 28, 2013

TO: Christina Brown,
Executive Director, Associated Students

Donna Tusack
Associate Vice President for Business and Financial Affairs
and Chief Executive Officer, Aztec Shops, Ltd.

Bob E. Wolfson
Executive Director, San Diego State University Research
Foundation

Mary Ruth Carleton
Chief Executive Officer, The Campanile Foundation

FROM: Elliot Hirshman *EH*
President

SUBJECT: Revised **Scope of Authority – Auxiliary Organizations**

Attached is a revised version of the University Policy **Scope of Authority – Auxiliary Organizations**. I have signed this revision to the policy that was first put in place in 1976 and first revised in 2001. These new revisions update the currently assigned functions for each auxiliary organization, clarify that all auxiliary organization activities are solely for the benefit of the University, and state that auxiliary organizations may be assigned to provide a financial contribution to the University on an annual or periodic basis as determined by the President.

Thank you for the important work the auxiliary organizations conduct for the benefit of the University.

EH:rjl

c: Nancy A. Marlin, Provost
Steve Welter, Vice President for Research and Dean of Graduate Affairs
Eric Rivera, Acting Vice President for Student Affairs
Sally Roush, Vice President for Business and Financial Affairs

Scope of Authority – Auxiliary Organizations

Purpose

The Education Code of the State of California provides that “the operation of auxiliary organizations shall be conducted in conformity with regulations established by the Trustees” (§89900). The Trustees have established those regulations in Title 5 of the California Code of Regulations. Title 5 provides that the San Diego State University (“University”) President is responsible for the general welfare of the campus; therefore, the President is required to ensure that each auxiliary organization operates in conformity with policies of the University.

Because the auxiliary organizations of the University are incorporated under the laws of the State of California, governing boards have authorities and responsibilities under corporate statutes. In fact, Title 5 language providing that “Each auxiliary governing board has a responsibility to conduct its operations in accordance with all statutes that are applicable to auxiliary organizations” is inclusive of all applicable statutes, e.g., corporate, Education Code and Title 5. This document clarifies the authorities and responsibilities of the governing board as provided to it under its corporate status within the requirement for the University auxiliary organizations to act as a California State University System (“CSU”) auxiliary in good standing.”

This document provides University policy regarding functions, business transactions and activities of the auxiliary organizations. For purposes of this policy, the term ‘business transaction’ includes all transactions, agreements, grants, contracts or other arrangements which have impact on the financial or economic resources of the University or of the auxiliary organization.

Policy Principle and Objectives

All University business functions and transactions shall be conducted exclusively by the University or one of its established auxiliary organizations as set forth below. The University retains unto itself the authority to regulate all business transactions that are executed for its benefit or are executed in its name. Because auxiliary organizations are an integral part of the overall campus program, all auxiliary activities – whether conducted on or off campus – shall be only for the benefit of the University and are subject to this policy.

In implementing this policy the objectives are two:

1. To ensure that the activities of the auxiliaries are consistent with and supportive of the President’s responsibility and authority to set academic, research, programmatic, and financial direction and strategies.
2. To conserve and effectively use University resources with the avoidance of unnecessary duplication of effort and to maintain the fiscal integrity of the University.

It is the duty of the auxiliaries to ensure that activities are conducted within the scope of these objectives. Nothing in this policy or in the individual auxiliary operating agreement shall be interpreted or assumed to limit the ability of the University to engage directly in such functions or to assign and/or re-assign particular functions to or from an auxiliary organization on a case by case basis.

Policies

Under the direction of their governing boards, auxiliary organizations operate for the exclusive benefit of the University. The determination of what benefits the University inures to the President. In accordance with Executive Order 731, the President has designated the Vice President of Business and Financial Affairs as Chief Financial Officer ("CFO") for the University, including each auxiliary organization, who shall ensure that the auxiliaries operate in accordance with this "Scope of Authority" statement and applicable University and CSU policy. Accordingly,

- In order that the President retains maximum ability to execute strategies towards the benefit of the University, auxiliary organizations must ensure that the University's flexibility is retained and/or supported when major agreements are executed by the auxiliary. Major agreements include financing/bonding, property acquisition and/or sale, development or use and acceptance of major gifts. Such agreements shall not be entered into without prior written approval by University.
- If a conflict between Trustee or University policy and corporate obligations arises, Trustee and University policy take precedence, and corporate obligations of the auxiliary must be modified accordingly, as determined by the President. If the auxiliary organization, through its board and/or management, does not or cannot modify its corporate obligations as determined by the President, the President shall notify the Chancellor's Office that the auxiliary is not in compliance with University policy and may therefore lose its status as an auxiliary organization in good standing.
- Any agreement entered into by an auxiliary organization must be for the exclusive benefit of the University. Auxiliary organizations shall not obtain, receive or hold funds, properties or assets for their own purposes or for any other purpose than for the benefit of the San Diego State University.
- Each auxiliary organization shall be responsible for providing effective services within its permitted area of activity. These organizations shall recognize that their unique relationship with the University results in a special responsibility to perform services – sometimes in spite of costs exceeding revenues – which are consistent with and for the benefit of the overall mission of the University. Should new services be authorized by the University, they shall be conducted within the provisions of this document.
- Each auxiliary organization shall make fair and equitable reimbursement to the University for services rendered by the University and for use of facilities and other resources. Upon

approval of the CFO and preparation of appropriate documentation, this reimbursement need not be only in the form of cash, and the net reimbursement may be calculated across a variety of services.

- Auxiliary organizations may be assigned to provide a financial contribution to the University on an annual or periodic basis as determined by the President.
- The Vice President for Business and Financial Affairs shall reconcile any conflicts that may arise among or between auxiliaries.
- An approved auxiliary organization operating for the benefit of the University shall have an operating agreement with the Trustees of the CSU and may perform activities as specified in its agreement. This Scope of Authority shall be incorporated by reference in the operating agreement.
- Any and all other entities, including but not limited to, approved student organizations, chartered University organizations (such as Greek or other student organizations), departmental groups, or independent public or private enterprises that wish to conduct any form of business activity at the University shall do so only under the auspices of the Vice President for Business and Financial Affairs.

Rules of Auxiliaries

Regulations defining the appropriate and permitted functions of University auxiliary organizations are listed under Title V of the California Code of Regulations, Subchapter 6, Article 2. §42500 of Article 2 delineates functions which may be assigned to auxiliaries as approved by the Trustees. §42501 of Article 2 specifies the requirement for a written agreement for an auxiliary to operate at the University. The written operating agreement constitutes each auxiliary's permission by the University to perform selected functions enumerated in §42500.

Subject to the determination of the President that assigned activities are supportive of and consistent with the academic mission of the University, University auxiliaries have permission to engage in:

Associated Students: Student Body Organization activities within the allowable programs enumerated in Title V, Subchapter 6, Article 4. Operation of certain assigned University facilities for the benefit of the University.

Aztec Shops: All commercial activities, including the vending and sale of food, supplies, and resale merchandise anywhere on or for the benefit of the University, facility operation for the benefit of the University as assigned by University, trademark licensing, housing, property acquisition and development, and administration of other business activities as determined by the Vice President for Business and Financial Affairs when it is deemed by the University to be more effective to accomplish such functions and activities through Aztec Shops.

San Diego State University Foundation(dba Research Foundation): Subject to the concurrence of the President that the activity is supportive of and consistent with the academic mission of the University and is conducted solely for the benefit of University; administration of grants and contracts for research and educational projects; administration of special programs such as bureaus, institutes, centers, workshops, conferences and seminars; securing, executing and administering agreements with respect to intellectual property; investment and management of certain endowment funds that predate the creation of The Campanile Foundation; administration of funds for University-affiliated organizations; providing technology transfer services, protecting intellectual property, commercializing technology developed on campus, and assisting spin-off companies based on University inventions with the understanding that all intellectual property is held for the benefit of the University; identifying, acquiring, and managing real property in support of sponsored programs; performing specified human resource and other business functions, including purchasing, accounting, and financial reporting support for research and project funds, scholarships, institutes, KPBS, Extension programs and The Campanile Foundation.

The Campanile Foundation: Accumulation and management of gift, bequest and endowment funds; handling of trust accounts for student scholarship and short term student loan funds donated to the University and administered by the University Financial Aid Office.

Approved: _____



Elliot Hirshman
President

Date: _____

6.13.2013