

## **Authorities Governing Auxiliary Organizations of the California State University and of San Diego State University**

- The Education Code, which is California State Law pertaining to the auxiliary organizations:
- *The operation of auxiliary organizations shall be conducted in conformity with regulations established by the trustees*
- Title V of the California Code of Regulations, which are codified regulations of the trustees to which the Education Code refers:
- *Auxiliary organizations activities are an integral part of the campus program and shall be so operated. [In order for] the president to exercise his responsibility over the entire campus program, he shall require that auxiliary organizations operate in conformity with policy of the Board of Trustees and the campus...A written agreement on behalf of the State of California by the Chancellor of The California State University and the auxiliary organization is required for the performance by such auxiliary organization.*
- The Operating Agreement, which is the Title V-required agreement referred to above:
- *Foundation shall not obtain, receive or hold funds, properties or assets for its own purpose or for any other purpose than on behalf of and for the benefit of San Diego State University. Operations of Foundation...shall be integrated with campus operations and shall be supervised by campus officials...this agreement incorporates the SDSU Scope of Authority...*
- The SDSU Scope of Authority:
- *This document does not limit the authorities or responsibilities of the governing board as provided to it under its corporate status, but does provide campus policy for the SDSU auxiliary organizations to act as a CSU "auxiliary in good standing"...the University retains unto itself the authority to regulate all business transactions that are executed on its behalf or executed in its name... If a conflict between Trustee or campus policy and corporate obligations arises, Trustee and campus 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 and 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 campus policy*

## **Authorities Governing Auxiliary Organizations (Financing For and Debt of)**

- The Education Code:
- *Any obligation of an auxiliary organization, which obligation is authorized by the Trustees of the California State University, is an obligation of the State of California*
- Title V:
- *Auxiliary organizations may issue debt instruments to finance or refinance projects in connection with their mission upon prior approval of the campus president and pursuant to policies of the Board of Trustees as may be implemented by the Chancellor.*
- Executive Order No. 876, which is trustee policy as implemented by the Chancellor
- *Projects of auxiliary organizations shall be financed through the SRB (Systemwide Revenue Bond) program [except as alternate financing might be approved by the Office of the Chancellor]*
- Office of the Chancellor, by July 6, 2004 letter:
- *The project must be financed through the Systemwide Revenue Bond program...We continue to be apprehensive about the impact of a project of this magnitude on the campus' overall debt capacity.*
- Office of the Chancellor by April 29, 2005 letter:
- *The project is of a size and visibility that the CSU will not be able to downplay or explain away its connection to the project. If we are going to proceed, then we need to finance it as SRB debt and clearly declare the project as ours, and not try to rely on subtle differences...the granting of flexibility [for the campus to exceed its share of the overall CSU debt capacity] can come only with your assurances that a significant amount of capacity be preserved for future SDSU administrators' use beyond 2010.*