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

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 Sonoma State University. The term of this agreement shall be July 1, 2012 through June 30, 2017 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

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. Loans, Scholarships, Grants-in-Aids, Stipends, and Related Financial Assistance

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. ADDITIONAL CONDITIONS

A. Auxiliary agrees to maintain its organization and to operate in accordance with all applicable regulations and polices of State, Chancellor, and Sonoma State University.
B. The auxiliary agrees to adopt the fiscal, human resources, and logistical practices, processes, procedures, and polices of Sonoma State University in their entirities.

4. RECORDS

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

5. 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.

6. OPERATIONAL COMPLIANCE

Auxiliary agrees to maintain and operate its organization in accordance with all applicable laws, regulations and policies proclaimed 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).

7. 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.
8. **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.

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

10. **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.

11. **DISPOSITION OF ASSETS**

Attached hereto as **Attachment 1** 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.
12. 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.

13. 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.

14. 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.
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 Students Inc.
1801 E. Cotati Avenue
Rohent Park, CA 94928
Attention: Erik Dickson

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:

Sonoma State University  
1801 E. Cotati Avenue  
Rohnert Park, CA 94928  
Attention: Financial Services, Contracts and Procurement

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

Approved: 7/2/2012  
Sonoma State University  
By  
Ruben Arminana  
President

Executed on 6/19/2012  
Associated Student, Inc.  
By  
Karen Paniagua  
President

Executed on 8/2/2012  
California State University  
Office of the Chancellor  
Contract Services and Procurement  
By  
Tom Roberts  
Director, Contracts and Procurement
I, BILL JONES, Secretary of State of the State of California, hereby certify:

That the attached transcript of 12 page(s) was prepared by and in this office from the record on file, of which it purports to be a copy, and that it is full, true and correct.

IN WITNESS WHEREOF, I execute this certificate and affix the Great Seal of the State of California this

Bill Jones
Secretary of State
ARTICLES OF INCORPORATION
OF THE
ASSOCIATED STUDENTS
OF
SONOMA STATE COLLEGE

We, the undersigned, being the President and Secretary, of the Associated Students of Sonoma State College, an unincorporated association, and being two natural persons of lawful age, pursuant to authorization first had and obtained from said association, adopt the following Articles of Incorporation under the provisions of the General Nonprofit Corporation Law of the State of California.

FIRST: The name of this corporation is:
ASSOCIATED STUDENTS OF SONOMA STATE COLLEGE.

SECOND: The specific and primary purpose for which said corporation is formed are:

(a) To engage in educational and charitable plant, programs, and activities, and in connection therewith to provide for the educational, recreational, and social welfare and advancement of its members;

(b) To foster and develop character building and good citizenship;

(c) To establish, acquire, maintain and operate any and all businesses at a profit, or otherwise, incidental to the main purposes of the corporation or other buildings, establishments, club houses, theaters, athletic plants or establishments of any and every type, kind and structure necessary to carry on the purposes, functions and activities of this corporation.

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(d) To associate or affiliate with, join or become a member of any local, state, national or international associations, groups or societies whose purposes, ideals, functions, and activities are the same or substantially the same as this corporation.

(e) To take, receive and accept gifts, devises, bequest donations, contributions, endowments, trusts, foundations, or other funds, grants and advances of property, whether real, personal or mixed and whether limited or unlimited for particular uses or purposes or otherwise, from persons, firms, corporations, associations, societies or governmental agencies and to administer the same for the particular purposes or for its own unlimited use;

(f) To buy, own, hold, lease, rent, sell, transfer, assign, convey, mortgage, pledge, encumber and hypothecate, or otherwise, handle, receive or deal in, properties of all kinds (including stocks, bonds and evidences of indebtedness) whether real, personal or mixed and wheresoever situated, as principal, agent, or otherwise;

(g) To borrow money or other property, and to secure the payment thereof by promissory notes, mortgages, deed of trust, bonds or otherwise; to lend money or other property of this corporation upon security or otherwise;

(h) To act as partner or joint venturer or in any other legal capacity in any transaction;

(i) To act as trustee, to the extent permitted by law, under any trust incidental to the principal objects and purposes of this corporation and to receive, hold
administer and expend funds and properties in accordance with and subject to any such trusts.

(i) To engage in any other lawful activity related or unrelated to those described in clauses (a) through (i) of this Article Second and from time to time authorize or approved by the Board of Directors of this corporation;

(k) To exercise and enjoy all rights, powers and privileges granted from time to time to corporations of this character by law; and

(l) To conduct its business anywhere in the world.

The foregoing statement of purposes shall be construed as a statement of both purposes and powers and the purposes and powers in each case shall not be limited or restricted by reference to or inference from one another but each purpose clause shall be regarded as independent purposes and power.

THIRD: This corporation does not contemplate the distribution of gains, profits, or dividends to the members thereof and is organized pursuant to the General Nonprofit Corporation Law of the State of California. Upon dissolution or winding up of this corporation, all assets shall be distributed for such charitable uses and purposes as the members shall designate by a two-thirds vote; otherwise such assets shall be disposed of for such charitable purposes and in such manner as may be directed by decree of the proper court of the County in which this corporation then has its principal office upon petition therefore by any person or by the attorney general of the State of California; provided, however, that no transfer of assets to a successor organization shall be affected by this provision concerning dissolution.

FOURTH: The principal office of the corporation for the transacting of business is located in the County of Sonoma, State of California.

FIFTH: This corporation is the incorporation of the existing unincorporated association known as the Associated Students of Sonoma State College.
SIXTH: The number of directors of this corporation shall be
seventeen and shall not be changed by the by-laws to exceed twenty-five
(25) nor to be less than three (3). The directors shall be drawn from the
members of this corporation and at least three directors shall be members
of the faculty and/or administrative staff of Sonoma State College
appointed to the board by the president or acting president of the College.

The names and addresses of the persons who are to act as the first
directors and until the selection and qualification of their successors
are as follows:

1. Ellamae Riddell, President
   1006 Michigan Drive, Santa Rosa, California.

2. Robert Parker,
   4855 Haney Drive, Santa Rosa, California.

3. Marilyn Dailey,
   265 College View Drive, Rohnert Park, California.

4. Mary Breshears,
   1811 Albany Drive, Santa Rosa, California.

5. Gene Luttrell
   265 College View Drive, Rohnert Park, California.

6. William J. Webbey
   265 College View Drive, Rohnert Park, California.

7. Linda Lynn
   265 Pacific Avenue, Santa Rosa, California.

8. Richard Garvin
   265 College View Drive, Rohnert Park, California.

9. Kenneth McGee
   265 College View Drive, Rohnert Park, California.

10. Dr. Dorothy Overly
    265 College View Drive, Rohnert Park, California.

11. Dr. Wright Putney
    265 College View Drive, Rohnert Park, California.
12. Dr. George McCabe
Sonoma State College
265 College View Drive, Rohnert Park, California.

SEVENTH: All registered students of Sonoma State College who have paid their student activity fee shall be members of this corporation. The definition of student, the various classes of membership, if any, and provision for non-student members, if any, shall be as provided by the By-Laws of this corporation.

IN WITNESS WHEREOF, the undersigned, designated and authorized presiding officer and secretary, respectively, of the Associated Students of Sonoma State College, have executed the Articles of Incorporation as such officers, pursuant to authority first had and obtained from said unincorporated association, this 17th day of May, 1962.

[Signatures]
Ellamae Riddell, President

[Signatures]
Marilyn Bailey, Secretary

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STATE OF CALIFORNIA  
COUNTY OF SONOMA  

On this 17th day of May, 1962, before me, Lawrence S. Swenson, a Notary Public in and for the County of Sonoma, State of California, duly commissioned and sworn, personally appeared Ellamae Riddell and Marilyn Dailey, known to me to be the President and Secretary, respectively, of the unincorporated association described in the within instrument and also known to me to be the persons who executed the within instrument on behalf of the said association therein named, and acknowledged to me that they had executed said instrument on behalf of said association.

IN WITNESS WHEREOF I have hereunto set my hand and affixed my official seal in the County of Sonoma the day and year in this certificate first above written.

[Signature]

Lawrence S. Swenson, Notary Public
My Commission Expires: July 23, 1962
STATE OF CALIFORNIA  \\
COUNTY OF SONOMA  \\

The undersigned, Ellamae Riddell and Marilyn Bailey, being first duly sworn on oath, deposes and says:

(1) That they now are and at all times herein mentioned have been the duly elected and acting President and Secretary, respectively, of Associated Students of Sonoma State College, an unincorporated association, that they are the subscribing officers of the Articles of Incorporation attached hereto and that they subscribed the same as the presiding officer and secretary, respectively, of said association.

(2) That said association has duly authorized this incorporation; and

(3) That said association has authorized the undersigned officers to execute the attached Articles of Incorporation.

We certify under penalty of perjury the foregoing Affidavit to be true and correct.

IN WITNESS WHEREOF, the undersigned, have set their hands this 17th day of [Month], 1962, at Sonoma State College, Sonoma County, California.

Ellamae Riddell

Marilyn Bailey
State of California
Franchise Tax Board
May 25, 1962

Associated Students of Sonoma State College
P. O. Box 272
Gatati, California

Re: Exemption from Franchise Tax

Gentlemen:

It is the opinion of this office, based upon the evidence presented, that you are exempt from State Franchise Tax under the provisions of Section 23721d of the Revenue and Taxation Code, as it is shown that you are organized and operate exclusively as a charitable and educational organization.

Accordingly, you will not be required to file franchise tax returns unless you change the character of your organization, the purposes for which you were organized, or your method of operation. Any such changes should be reported immediately to this office in order that their effect upon your exempt status may be determined.

If in any year your gross income exceeds $25,000, you are required to file an information return on Form 199 on or before the 15th day of the 5th month following the close of your fiscal year. These forms will be mailed to you if you provide us with your current postal address.

If you have income from an unrelated trade or business that is taxable under the provisions of Section 23731 of the Revenue and Taxation Code, you must file a return on Form 109 on or before the 15th day of the 3rd month following the close of your fiscal year. Copies of this form may be obtained from this office or any of its branches.

Contributions made to you are deductible by the donor in arriving at their taxable net income in the manner and to the extent provided by Sections 17216, 17215, 17216, and 24357 of the Revenue and Taxation Code.

If the organization is not yet incorporated or has not yet qualified to do business in California, this approval will expire unless incorporation or qualification is completed within 30 days.

Very truly yours,

FRANCHISE TAX BOARD
John J. Campbell
Executive Officer

James T. Philbin
Associate Tax Counsel
CERTIFICATE OF AMENDMENT
OF
ARTICLES OF INCORPORATION

TERRY BRENNAN and ELLEN JOHNSON certify:

1. That they are the president and secretary, respectively, of ASSOCIATED STUDENTS OF SONOMA STATE COLLEGE, a California corporation.

2. That at a meeting of the board of directors of said corporation, duly held at Rohnert Park, California, on June 7, 1968, the following resolution was adopted:

"RESOLVED, that Article Second of the Articles of Incorporation be, and the same hereby is, stricken from the Articles of Incorporation of this corporation and the following paragraph is added in its place;"

"SECOND:

The purposes of this corporation are:

(a). The specific and primary purpose is to promote the welfare of the students of Sonoma State through educational, and charitable plans, programs and activities.

(b). The general purposes are:

1. To acquire and operate such facilities as are necessary and convenient for the furtherance of the primary purposes of the corporation.

2. To associate or affiliate with, join, or become a member of any association, groups or societies whose purposes, ideals, functions and activities are the same or substantially the same as this corporation.

3. To take, receive and accept gifts, devises, bequests, trusts, or other funds, grants and advances of property of any kind.

4. To act as partner or joint venturer in any transaction which is necessary or appropriate to the furtherance of the primary purpose of this corporation.

5. To act as trustee, to the extent permitted by law, under any trust necessary or appropriate to the furtherance of the primary purpose of this corporation, and pursuant thereto to hold, administer and expand funds and properties according to the terms of such trust.

6. To engage in any other lawful activity which is necessary or appropriate to the attainment of the primary purpose of this corporation and from time to time authorized or approved by the board of directors of this corporation.

7. To conduct its business anywhere in the world. Notwithstanding any of the purposes and powers set forth here (continued)

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this corporation may engage only to an insubstantial extent in activities which in themselves are not in furtherance of its primary purpose as set forth in subparagraph (a) of this Article Second.

3. That at a meeting of the members of said corporation, duly held at Rohnert Park, California, on June 7, 1968, a resolution was adopted, and that wording of the amended article as set forth in the members' resolution is the same as that set forth in the directors' resolution in Paragraph 2 of this certificate.

4. That the number of members who voted affirmatively for the adoption of said resolution is 13, and that the number of members constituting a quorum is 12.

   Terry Brennan
   Terry Brennan, President

   Ellen Johnson
   Ellen Johnson, Secretary

Each of the undersigned declares under penalty of perjury that the matters set forth in the foregoing certificate are true and correct. Executed at Rohnert Park, California, on

   7-7-1968

   Terry Brennan
   Terry Brennan, President

   Ellen Johnson
   Ellen Johnson, Secretary
CERTIFICATE OF AMENDMENT TO ARTICLES OF INCORPORATION

and

certify that:

1. They are the President and Secretary, respectively, of the Associated Students of Sonoma State College, a California corporation.

2. Article Third of the Articles of Incorporation of this corporation is amended to read as follows:

Notwithstanding any other provisions of these Articles, the corporation shall not carry on any other activities not permitted to be carried on by a corporation exempt from Federal income tax under Section 501(c)(3) of the Internal Revenue Code of 1954. This corporation shall not contemplate the distribution of gains, profits, or dividends to the members thereof, and is organized pursuant to the General Nonprofit Corporation Law of the State of California. "Upon the winding up and dissolution of this corporation, after paying or adequately providing for the debts and obligations of the corporation, the remaining assets shall be distributed to a nonprofit fund, exclusively for charitable, educational, or religious and/or scientific purposes and which has established its tax-exempt status under Section 501(c)(3) of the Internal Revenue Code. The successor nonprofit fund, foundation, or corporation shall be approved by the President of the campus and the Board of Trustees."

3. Article Fifth of the Articles of Incorporation of this corporation is hereby stricken.

4. Article FIRST of the Articles of Incorporation of this corporation is amended to read as follows: "The name of this corporation is ASSOCIATED STUDENTS OF SONOMA STATE UNIVERSITY".

5. The foregoing amendments of Articles of Incorporation as well as the name change have been approved by the Board of Directors.

6. That the foregoing amendments of Articles of Incorporation have been duly approved by the required vote of members.

GARY SANDY, President

BRUCE GWYNN, Secretary
Each of the undersigned declare under penalty of perjury that the matters set forth in the foregoing certificate are true to their own knowledge. Executed at Rohnert Park, California, on November 11, 1982.

GARY SANDY, President

BRUCE GWYNNE, Secretary
LEGEND:
1. Associated Students Office
2. Associated Students Accounting Office
3. JUMP Office