

**OPERATING AGREEMENT  
BETWEEN CALIFORNIA STATE UNIVERSITY  
AND CALIFORNIA STATE UNIVERSITY CHANNEL ISLANDS FOUNDATION**

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 Channel Islands Foundation (Auxiliary) serving California State University Channel Islands (Campus). ***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 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 (*Check each category that applies*):

- ☐ Student Body Organization
- ☐ Student Union
- ☐ Housing
- ☒ Philanthropic
- ☐ 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:

*Note to document authors:*

***List only functions from the following as specified in, CCR tit.5, §42500. Greater specificity of any function may be included but you MUST include one of the following twelve functions. Example:***

- “1. Student Body Organization Programs, which includes the operation of a physical fitness facility.”***

1. Loans, Scholarships, Grants-in-Aids, Stipends, and Related Financial Assistance
2. Alumni Programs
3. Gifts, bequests, devises, endowments, trusts and similar funds
4. Public relations, fundraising, fund management, and similar development programs
5. 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 Foundation operates under the delegated authority of the President of CSU Channel Islands to conduct philanthropic activities, including fundraising, gift acceptance, stewardship, and donor engagement. All such authority remains subject to Presidential oversight and may be revoked or amended at the discretion of the President.

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.

The Foundation shall coordinate all fundraising activities with the Office of the President and relevant campus departments to ensure alignment with campus strategic priorities and to avoid fundraising duplication or conflict.

#### **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 Policy is attached as **Attachment 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, 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.

The Foundation agrees to conduct all philanthropic functions in accordance with CSU policy, including adherence to ethical standards for fundraising, donor confidentiality, and honoring donor intent. The Foundation shall maintain procedures for accurate recording, acknowledgement, and reporting of all gifts.

##### **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.

Gifts involving naming rights, deferred giving instruments, or those imposing material financial or operational obligations on the University shall be subject to legal and financial review and require Presidential approval prior to acceptance.

The Foundation Board-approved Gift Acceptance Policy is included as **Attachment 4** and shall be maintained in accordance with CSU policy.

#### 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.

The Foundation shall maintain a comprehensive donor stewardship program and provide annual reporting to the Chancellor's Office (CO) in alignment with CSU gift recording and reporting standards, including the use of standardized templates provided by the CO.

### 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 the [California State University Insurance Requirements](#) policy. 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:

CSU Channel Islands Foundation  
Rush Hall  
1 University Drive  
Camarillo, CA 93012  
Attn: Vice President for University Advancement

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:

*Office of the President*  
CSU Channel Islands  
Rush Hall  
1 University Drive  
Camarillo, CA 93012

## **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: 05/30/2025

*California State University Channel Islands*

By   
Richard Yao (May 30, 2025 05:38 PDT)  
Richard Yao, President

Executed on 05/30/2025

*California State University Channel Islands Foundation*

By   
Mark Lisagor (May 30, 2025 19:14 GMT+2)  
Mark Lisagor, Foundation Board Chair

Executed on Jun 2, 2025

*California State University  
Office of the Chancellor*

By   
Steven Relyea (Jun 2, 2025 11:29 PDT)  
Steve Relyea, Executive Vice Chancellor and Chief  
Financial Officer

# ***CONFLICT OF INTEREST HANDBOOK***



PREPARED BY:

OFFICE OF GENERAL COUNSEL  
THE CALIFORNIA STATE UNIVERSITY

REVISED: JULY 2024

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# **Conflict of Interest**

## **Handbook**

### **I. Introduction**

The purpose of conflict of interest laws is to prohibit public employees from personally benefitting at the expense of the public interest. There is a wide variety of different conflict of interest statutes, the bulk of which are addressed in this handbook.

While the Political Reform Act of 1974 (Government Code §§ 81000 *et seq.*) is often regarded as the principal conflict of interest law, and is the authority for the [CSU Conflict of Interest Code](#), there are a number of other conflict of interest restrictions with which CSU employees should be familiar. All flow from the basic premise that it is a violation of the public trust for public employees to benefit personally from their public positions.

### **II. Political Reform Act of 1974**

The Political Reform Act of 1974 contains a general prohibition against conflicts of interest in public decision making, as well as a provision for the adoption of a CSU conflict of interest code. It prevails over any other conflict of interest law. Gov't Code § 81013. The restrictions of this Act apply to all CSU employees, without regard to whether they are required to file an annual conflict of interest form.

#### **A. The General Prohibition**

##### **1. What It Is**

“A public official at any level of state or local government shall not make, participate in making, or in any way attempt to use the public official's official position to influence a governmental decision in which the official knows or has reason to know the official has a financial interest.” Gov't Code § 87100. Any person who willfully violates the general prohibition is guilty of a misdemeanor. Gov't Code § 91000. *This prohibition applies to all CSU employees.*

##### **2. Conflicting Personal Financial Interests**

###### **a. Personal Finances**

A personal financial interest extends beyond the public employee's own finances or investments. A public employee has a personal financial interest in a university decision if it is reasonably foreseeable that the decision will have a material financial effect on the employee, or a member of the employee's immediate family, in any one of five economic interests. Gov't Code § 87103.

b. **Five Economic Interests**

- (1) **Business Investment.** Any business entity in which the employee has a direct or indirect investment worth \$2,000 or more.
- (2) **Real Property.** Any real property in which the employee has a direct or indirect interest worth \$2,000 or more. The employee's home is not included in this calculation, but any other investment property would be.
- (3) **Income.** Any source of income that provides \$500 or more in value promised to, or received by, the employee within 12 months prior to the time when the decision is made.
- (4) **Business Position.** Any business entity in which the employee is a director, officer, partner, trustee, employee, or holds any position of management.
- (5) **Gift.** Any donor of, a gift or gifts totaling \$590 or more, received, or promised to the employee within 12 months prior to the decision being made. Meals, travel costs, or anything else of value are included in the \$590. (This amount is tied to a consumer price index and is occasionally adjusted.)

3. **When Disqualification is Required**

If it is foreseeable that the employee will be involved in or influence a university decision that will affect any of these five types of economic interests, the employee has a conflict of interest. The Fair Political Practices Commission ("FPPC"), the agency assigned to administer and interpret the Political Reform Act, has provided an analysis to determine when an employee has a conflict of interest that would require the employee to be disqualified from being part of the decision-making process.<sup>1</sup> For assistance in determining whether disqualification is required, please contact University Counsel or the [FPPC](https://www.fppc.ca.gov/helpdesk) helpline (866-ASK-FPPC)/[advice@fppc.ca.gov](mailto:advice@fppc.ca.gov).

Where a conflict of interest exists, employees must publicly announce the financial interest creating the conflict and must also disqualify themselves from involvement in the decision. At a minimum, announcement of a conflict requires that the employee notify their direct supervisor and may require that the employee publicly announce the conflict during a public meeting and leave the room. University Counsel should be consulted.

Even where specific criteria are not met and a true conflict of interest does not exist, CSU employees should be sensitive to the *appearance of conflict*, and should

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<sup>1</sup> See: <https://oag.ca.gov/sites/all/files/agweb/pdfs/publications/coi.pdf> at page 7.

carefully consider whether to participate in a decision-making process whenever they have a financial interest at stake.

The disqualification rule applies to all CSU employees—regardless of whether they file a Form 700.

## **B. CSU Conflict of Interest Code**

The Political Reform Act requires CSU to adopt a formal conflict of interest code. The CSU Conflict of Interest Code requires employees who are most likely to be involved in university decision-making to file an annual disclosure form. The purpose of this form is to alert employees to personal interests that might be affected while they are performing their official duties. Disclosure also helps inform the public about potential conflicts of interest.

### **1. Form 700 (Disclosure)**

Every employee in a position designated by the CSU Conflict of Interest Code must complete an annual statement of economic interests called a [Form 700](#). A list of designated positions is published by the CSU every year, and is occasionally amended to reflect changes in position names and decision-making authority.

CSU assigns disclosure categories to each designated employee position, depending on the level of the position and the likelihood that the person holding it will be drawn into particular conflict situations. The disclosure categories identify the types of personal economic interests which the employee must disclose. Each employee in a position designated by the code will receive an annual notification about how to complete a Form 700, including the specific disclosure categories assigned to the position held by the employee.

The combined list of designated positions and disclosure categories constitutes the CSU Conflict of Interest Code.

Designated employees must file a Form 700 by April 1 each year. In addition to the annual filing, the Form 700 must also be filed when the employee first comes in to a designated position, and when the employee leaves a designated position. Failure to file a Form 700, or disclose a reportable interest may result in a penalty being assessed against the individual employee including monetary penalties for as much as \$5,000 per violation or three times the amount illegally obtained.

The Form 700 is a public document and must be made available for public inspection within two business days of any request. Copies of the Form 700 can be provided to the public at a cost of \$.10 per page. The forms must be kept for seven years.

2. **Training**

Employees in positions designated by the code are required to participate in conflict of interest ethics training upon assuming office and every two years thereafter.

3. **Restrictions Regarding Honoraria, Gifts and Travel**

The CSU Conflict Code also prohibits the receipt of any honoraria and gifts over \$590. Gov't Code §§ 89500 *et seq.*; 2 CCR § 18730. A detailed discussion of these limitations is included in the FPPC publication: [Limitations and Restrictions on Gifts, Honoraria, Travel and Loans](#).

a. **Honoraria Prohibition: Speeches, Publications, Conferences, etc.**

With limited exception, an employee in a position designated by the code cannot accept payment for a speech, publishing an article, serving as an emcee or simply participating in a conference, meeting, event or other gathering, from a source that the employee has or will be required to disclose on their Form 700.

The *exceptions* to the honoraria prohibition are:

(1) Payment for transportation, food, and necessary lodging for giving a speech, participating in a seminar, or serving on a panel *within California* from any source, or *outside of California* if provided by a 501(c)(3) nonprofit agency.

(2) Payments made as part of separate, non-CSU employment.

(3) Under certain circumstances, the return, donation or reimbursement of an honorarium. *See* 2 CCR § 18930 *et seq.*

Honorarium payments can always be made to the CSU or donated to a nonprofit organization without raising a conflict issue if: (1) the donation is made directly to CSU or nonprofit; (2) the employee does not make the donation a condition of the speech, article, or attendance; (3) the employee does not claim a deduction for the donation; (4) the employee is not identified in connection with the donation and (5) the donation has no reasonably foreseeable financial effect on the official or on any member of the employee's immediate family. Of course, speeches can be given at any event for free.

b. **Prohibition on Gifts**

A CSU employee may not accept gifts worth more than \$590 in a calendar year from a source that the employee has been or will be required to disclose on their Form 700. With limited exception the reported value of a gift is the fair market value on the date it was received. Frequently the donor is the only



source that can provide information as to fair market value and must be consulted.

Gifts given to the CSU or a CSU auxiliary do not violate this prohibition. Gifts provided to a family member of an employee may be deemed a gift to the employee unless there is an independent and established relationship between the donor and the family member. 2 CCR §18943.

If the value of a gift or gifts exceeds \$50, it must be reported on the employee's Form 700 if it is received from a source that is reportable based on the employee's disclosure categories. It makes no difference that the employee transfers the gift to another employee. An employee may, within 30 days of receipt of a gift, return that gift to the donor, reimburse the donor for the cost, or donate the gift unused to a public entity, or to a charitable organization in which neither the employee nor the employee's family member is an officer, without taking a tax deduction, to avoid violation of the prohibition on gifts. 2 CCR §§ 18941.

c. **Travel Payments**

Payment of travel costs for CSU employees by another party constitutes a gift. In most instances, designated employees must disclose gifted travel worth \$50 or more on their Form 700 and cannot receive any gift (travel or otherwise) in which the aggregate value exceeds \$590 from the same source within a twelve-month period. Before accepting any travel gift, employees should carefully consider whether doing so will result in disqualification from participating in an important decision involving the donor.

Air transportation is valued as follows:

Commercial Aircraft: the value is the actual cost of the ticket.

Private Aircraft: the value is determined by taking the fair market value of the normal charter fare or rental charge for a comparable plane, divided by the number of passengers who shared the flight. 2 CCR §18946.5.

The actual cost of any other benefit provided to the employee on the flight including food, beverages, or entertainment is treated as a separate gift unless the benefit is included as part of the fare.

In some situations, an employee may accept a travel payment without being subject to the \$590 gift threshold. Even if the gift threshold does not apply, the employee may still have to report the travel payment on their Form 700 and may be disqualified from making decisions concerning the donor. Examples of these common travel scenarios include situations where:

(1) Travel is *not subject to the \$590 gift threshold* and is *not reportable*:

- The travel payment is from a source that is not reportable based on the employee's assigned disclosure categories.
- The travel payment is from another government agency and travel is for education or training purposes.
- The travel payment is from a non-profit 501(c)(3) entity for which the employee provides equal or greater consideration.
- The travel payment is made to fulfill the terms of a contract.

(2) Travel is *not subject to the \$590 gift threshold*, but *must be reported* and may *disqualify* the employee from decisions regarding the donor:

- The travel is reasonably related to an issue of state, national or international policy and is either:
  - a) in connection with a speech given by the employee within the United States and limited to the day before and following the speech, or
  - b) provided by a government agency (including foreign government) an educational institution or nonprofit organization (national or foreign).

d. **Gifts to CSU—Not the Individual**

There are limited circumstances where gifts that afford a personal benefit to a CSU employee can be considered a gift to the CSU, and therefore need not be reported on the employee's Form 700. Mostly, these are travel gifts, including accommodations and food associated with the travel. See [Gifts to Agency, Distribution of Tickets, and Reporting of Ceremonial Roles](#).

To qualify as a gift to the CSU, the following strict statutory requirements must be met:

- Travel payments must be pre-approved in writing by the campus representative appointed to handle such gifts;
- The designated campus representative must receive and control the gift and make the determination of which CSU employees will travel. The donor may not designate by name, title, class or otherwise who will travel or use the gift;

- The travel must be for a limited purpose to constitute official CSU business; **AND**
- CSU must report the payment on a [Form 801](#). If the value of the payments received by the campus is \$2,500 or more in a quarter year, the campus must post the Form 801 on its website and provide it to the FPPC within 30 days of the close of the quarter.

Failure to comply with any of these requirements will result in the gift being classified as personal to the individual who traveled, and likely will need to be reported on the employee's Form 700.

Travel payments are limited to the amount of CSU's own reimbursement rates. Additionally, the duration of the travel must be limited to the time necessary to accomplish the purpose for which it was provided.

For additional guidance on CSU travel gifts see FPPC publication: [Limitations and Restrictions on Gifts, Honoraria, Travel and Loans](#).

e. **Tickets and Passes to Events**

There are circumstances where receiving a ticket or pass does not result in a gift to the employee and need not be reported on the employee's Form 700. See [CSU Policy for the Distribution of Tickets and Passes to Events and Report of Ceremonial Roles](#).

A ticket or pass is **not** a gift to the employee where:

1. The ticket or pass is provided by a source for which the employee performs a ceremonial role or function on behalf of CSU; or
2. The recipient of the ticket or pass is not identified by the third party, but is selected by CSU; and
3. The ticket or pass is distributed per CSU policy to meet one of the stated public purposes.

CSU must record the distribution of tickets or passes on a [Form 802](#) and post the form, or a summary of the information on the form on its website and email the FPPC the link displaying this information no later than 45 days from the distribution of the tickets. Failure to comply with this requirement will result in the ticket or pass being classified as personal to the individual and reportable on the employee's Form 700.

f. **Tickets to Nonprofit and Political Fundraising Events**

A CSU employee may accept for personal use, tickets, or other admission privilege to a fundraising event for a nonprofit or political organization as follows:

- (1) **501(c)(3) Organization Fundraiser**: the 501(c)(3) organization may provide two tickets per event to an official that shall be deemed to have no value. Additional tickets for admission, or tickets provided by someone other than the 501(c)(3) organization, are valued as set forth below in Section II.B.f.(3).
- (2) **Political Fundraiser**: the committee or candidate may provide two tickets to the event that shall be deemed to have no value. Additional tickets for admission are valued as set forth below in Section II.B.f.(3).
- (3) **Other Nonprofit Fundraiser**: the value of the ticket is the nondeductible portion of the admission (i.e., the ticket price less the amount donated to the organization). If no face value is listed, the gift is the pro rata share of the cost of the food and beverage, plus the cost of any items given to the attendees. See 2 CCR §18946.4.

4. **Enforcement**

Violations of the Conflict of Interest Code are punishable by disciplinary action, civil action, and criminal prosecution (See Gov't Code § 91000 *et seq.*).

C. **Lobbying Disclosures**

The Political Reform Act limits gifts to elected officials or their staff and imposes strict reporting requirements. CSU must comply with rules applicable to Lobbyist Employers. The FPPC publishes helpful resource materials. See [Lobbyist Rules](#).

III. **Contract Conflicts**

A. **Government Code Section 1090**

Government Code Section 1090 is an early statute that strictly prohibits CSU employees from making a contract with CSU in which the employee has a personal financial interest. Section 1090 ***voids*** any contract where the CSU employee has any personal financial interest in the contract, including being an officer, employee, agent, attorney, broker, supplier, landlord, or tenant of the contracting party:

However diverse and winding the chain may be which connects the officer with the forbidden contract, if it can be followed and the

connection made, [Section 1090 is violated]. *People v. Daysher* (1934) 2 Cal.2d 141, 146; *People v. Honig* (1996) 48 Cal. App.4th 289, 315.

In *Thompson v. Call* (1985) 38 Cal.3d 633, the California Supreme Court stated that the purpose of this statute is to make certain that “every public officer [is] guided solely by the public interest.” The statute therefore targets the **appearance** of conflict in addition to actual conflicts of interest:

It follows from the goals of eliminating temptation, avoiding the appearance of impropriety, and assuring the [public] of the [public] officer’s undivided and uncompromised allegiance that the violation of section 1090 cannot turn on the question of whether actual fraud or dishonesty was involved. Nor is an actual loss to the public agency necessary for a section 1090 violation. *Id.* at 648.

The “making of a contract” under this statute can include preliminary discussions, negotiations, compromises, reasoning, planning, drawing of plans and solicitation of bids, in addition to the actual formation of a contract. *Millbrae Ass’n for Residential Survival v. City of Millbrae* (1968) 262 Cal.App.2d 222, 237; 77 Ops.Cal.Atty.Gen. 112 (1994).

The reach of this statute is very broad and the consequences draconian. It is not enough for a CSU employee to disqualify themselves from the decision-making process. See *Thompson*, 38 Cal, 3d 633; *Stigall v. City of Taft* (1962) 58 Cal.2d 565, 569. ***The contract is still void*** and the employee is subject to disciplinary, civil and criminal consequences.

B. **Restrictions on CSU Employees Contracting with the CSU and Other State Agencies**

There are four prohibitions on CSU employees contracting with the CSU set forth in the Public Contract Code:

1. A CSU employee may not "contract on their own individual behalf as an **independent contractor** with any [CSU] department to provide services or goods." Pub. Cont. Code §10831.
  - Although Public Contract Code §10831 exempts employees with teaching and research responsibilities from this prohibition, state and federal law provide that an individual cannot be both an employee and an independent contractor for the same employer at the same time. This restriction applies to all employees and obviates the exception in the Public Contract Code for employees with teaching and research responsibilities. *Dynamex Operation*

*West, Inc. v. Superior Court* (2018) 4 Cal.5th 903; Lab. Code §2750.3. Additionally, CSU policy provides that all CSU campuses and the State of California must be treated as a single employer. Accordingly, an individual employed by a CSU campus who seeks to perform services at any CSU campus (including their home campus) or at another state agency cannot be an independent contractor at any CSU campus or state agency. See [CSU Independent Contractor Guidelines](#) (only accessible to CSU employees).

2. A CSU employee may not engage in any activity for compensation which is sponsored or funded by the CSU through or by a CSU contract. (This restriction may not apply to certain employees with teaching or research responsibilities or those acting within the course and scope of their CSU employment.) Pub. Cont. Code §10831.
  - The contract is subject to the restrictions against serving as an independent contractor set forth in Section III.B.1.
  - While an employee with teaching and research responsibilities may be financially interested in a contract for the limited purpose of engaging in an activity for compensation which is sponsored or funded by the CSU through or by a CSU contract, the employee may not be involved in the University's decision to enter into that contract. See *People v. Lofchie* (2014) 229 Cal.App.4th 240, 255; Gov't Code §1090. The employee entering into the contract remains subject to the general prohibition in the Political Reform Act to not "make, participate in making, or in any way attempt to use the public official's official position to influence a governmental decision in which the official knows or has reason to know the official has a financial interest." Gov't Code § 87100.
3. For two years following retirement or separation from CSU employment, no former CSU employee "may enter into a contract in which he or she engaged in any of the negotiations, transactions, planning, arrangements, or any part of the decision-making process relevant to the contract while employed in any capacity by any [CSU] department." Pub. Cont. Code §10832(a).
  - For other post-retirement employment restrictions see Govt. Code §§ 7522.56 and 7522.57; See also [Post-Retirement Employment: CalPERS' Retirees](#) (only accessible to CSU employees).
4. For 12 months following retirement or separation from the CSU, no former CSU employee may contract with the CSU if the individual was employed by the CSU "in a policymaking position in the same general subject area as

the proposed contract within the 12-month period prior to his or her retirement ... or separation.” Excepted from this restriction are contracts for expert witness services and contracts to continue attorney services. This prohibition relates to CSU contracts and not a resumption of CSU employment (*e.g.*, a retired annuitant does not come under this restriction), nor does it address contracts with auxiliary organizations. Pub. Cont. Code §10832(b).

- For other post-retirement employment restrictions see Govt. Code §§ 7522.56 and 7522.57; See also [Post-Retirement Employment: CalPERS’ Retirees](#) (only accessible to CSU employees).

#### IV. **Miscellaneous “Conflicts”**

Additional rules forbid other forms of private gain from public service.

##### A. **Use of Nonpublic Information for Personal Gain**

Education Code § 89006 provides that it is unlawful to utilize nonpublic information received by reason of CSU or CSU auxiliary employment, or a CSU or CSU auxiliary contract, for personal gain not contemplated by the terms of the employment or contract. This restriction applies to all officers, employees, and contractors of CSU, and CSU auxiliaries. Violation of this prohibition is punishable as a misdemeanor. Penal Code §19.4.

##### B. **Gift of Public Funds**

California Constitution, Article 16, § 6 prohibits making gifts of any public funds. The state must receive commensurate value whenever its resources are used, including time, equipment, materials, supplies and facilities.

Government Code § 8314 additionally prohibits the use of state resources for nonstate purposes, except uses that are “incidental and minimal” (*e.g.* de minimis personal telephone or photocopy use, see campus policy). There are civil penalties for violation of this section.

##### C. **Salary as Compensation in Full**

California Constitution Article 4, § 17 prohibits the payment of bonuses or other forms of extra compensation to a public employee after service has been rendered. A similar restriction for state appointed officers exists in Government Code § 18000 which states: “[t]he salary fixed by law ... is compensation in full for that office and for all services rendered in any official capacity or employment whatsoever ....” Neither section prohibits the identification of incentive awards prior to performing a government service.

**D. Consulting into Another Contract**

A consulting services contractor may not bid on a contract for services, goods, or supplies “that is required, suggested, or otherwise deemed appropriate in the end product of the consulting services contract.” Pub. Cont. Code § 10830.

This prohibition does not apply to architectural, landscape architectural, engineering, environmental, land surveying, or consultation project management firms. Gov’t Code § 4525. However, courts have determined that “follow-on” contracts by a consultant that performs pre-construction work could violate Government Code section 1090 where the consultant is entrusted with acting on behalf of the public agency. *People v. Superior Court (Sahlolbei)* (2017) 3 Cal. 5th 230. The legislature clarified that an independent contractor is not subject to the restrictions of Government Code section 1090 if the duties and services related to the initial contract do not include engaging in or advising on public contracting on behalf of the public entity. “Engaging in or advising on” means preparing or assisting the public entity with any portion of the public entity’s preparation of a request for proposals, request for qualifications, or any other solicitation regarding a subsequent or additional contract with the public entity. Gov’t. Code §1097.6(a).

**E. Legislator/Federal Officer May Not Be CSU Employee**

California Constitution Article 4, § 13 forbids California legislators from holding any other State office or employment. Article 7, § 7 forbids paid federal officers from simultaneously being paid State officers, except for limited military service.

**F. Incompatibility of Public Offices**

California courts have determined that a public officer may not accept a second public office with duties that potentially overlap and/or significantly clash with the duties of the first office. The two positions are incompatible, will result in the automatic vacation of the first office. *Chapman v. Rapsey* (1940) 16 Cal.2d 636, 641-644; *People v. Santa Clara* (1996) 49 Cal.App.4th 1471, 1481, 1490; 87 Ops.Cal.Atty.Gen. 153 (2004); 78 Ops.Cal.Atty.Gen. 316 (1995).

**G. Outside Employment**

1. **Management and Executive Employees:** CSU full-time management and executive employees must identify and disclose all outside employment for which they receive compensation to the appropriate administrator. 5 CCR §42740. The Outside Employment Policy is designed to prevent any conflicts of interest or commitment. See [Outside Employment Disclosure Requirements for Management Personnel Plan \(MPP\) and Executives Employees](#).
2. **Faculty:** Outside employment shall not conflict with normal work assignments or satisfactory performance of all duties of the faculty unit employee. See Unit 3



[Collective Bargaining Agreement](#), California Faculty Association at Article 35.

**H Federal Lobbying and Ethics**

The Lobbying Disclosure Act restricts permissible gifts and travel to members of Congress or their staff. These restrictions are set forth in the ethics rules of the House and Senate. CSU may not provide gifts, including food or travel, to members of Congress or their staff, unless a specific exception applies (e.g., items of nominal value, such as t-shirts, baseball caps, greeting cards, and commemorative plaques or trophies). Helpful resources concerning these rules are posted on the [website](#) of the Office of Federal Relations. Knowing violation of these rules can result in civil or criminal penalties.

The Lobbying Disclosure Act also requires CSU to file a quarterly “lobbying activities” report and a semi-annual report of certain contributions.

**I. Restrictions Concerning Student Loan Programs**

CSU has adopted a number of internal safeguards for the administration of student loan programs to avoid the perception of any conflict of interest and promote public confidence. They include restrictions on lenders, procedures for the development of lender lists, and disclosure requirements to prospective student borrowers. Campuses, the financial aid office and university personnel may not accept payments or other benefits from student loan providers. See Policy No. [11189847](#).

**J. Restrictions Concerning Study Abroad Programs**

CSU has adopted internal principles to guide its relationships with outside study abroad programs. CSU employees are proscribed from receiving personal benefits from program providers (e.g., the payment of conference, training or registration fees, transportation or lodging costs, advertising or payment for a site visit). See Policy No. [11357705](#).

**K. Auxiliary Organizations**

Auxiliary organizations must establish and maintain a conflict of interest policy. The legislature has established restrictions on certain contracts and transactions involving auxiliary organization governing board members that could result in, or be perceived as a conflict of interest. See Cal. Educ. Code §89906 *et seq.*

Additionally, an auxiliary organization incorporated as a California nonprofit public benefit corporation must also comply with the California Corporations Code prohibitions on self-dealing transactions in which a member of its governing board has a material financial interest and prohibitions on loans of money or property to, and guarantees of obligations of, its board members or officers. Cal. Corp. Code §§5233 and 5236.

## V. **Resources**

This handbook includes hyperlinks to various resources and policies that also can be accessed by searching the following sources:

- CSU policies are posted to the CSU Policy Library: <https://www.calstate.edu/policies>
- The CSU Conflict of Interest Code is posted on the CSU Transparency & Accountability Page: <https://www.calstate.edu/csu-system/transparency-accountability>
- Many resources are included on the FPPC website: <https://www.fppc.ca.gov/>

## VI. **Conclusion**

Even where conflicts of interest are not defined in specific statutes, courts have found they violate the public trust:

A public office is a public trust created in the interest and for the benefit of the people. Public officers are obligated ... to discharge their responsibilities with integrity and fidelity... [T]hey may not exploit or prostitute their official position for their private benefits. When public officials are influenced in the performance of their public duties by base and improper considerations of personal advantage, they violate their oath of office and vitiate the trust reposed in them, and the public is injured by being deprived of their loyal and honest services. *Terry v. Bender* (1956)143 Cal.App.2d 198, 206.

CSU employees must be vigilant to avoid conflicts of interest and always act in the best interest of the CSU. Determining whether an actual or potential conflict of interest exists can be a complicated process. Consultation with University Counsel is strongly encouraged.



## **Policy on Source and Use of Public Relations Funds**

**PURPOSE:** To provide policy guidance on the accumulation and use of funds by the CSU Channel Islands Foundation ("Foundation") for public relations purposes.

**EFFECTIVE DATE:** 1 July 2016

### **I. BACKGROUND**

A. Title 5 California Code of Regulations §42502(i) provides that each auxiliary organization shall maintain a policy on the "accumulation and use of public relations funds if such funds are obtained and used by the auxiliary organization to augment State appropriations for public relations." The policy must include "...the policy and procedure on solicitation of funds, source of funds, amounts, and purpose for which the funds will be used, allowable expenditures, and procedures of control."

### **II. POLICY**

#### **A. Solicitation and accumulation of public relations funds**

- I. The Foundation conducts fundraising activities to support the functions and activities of CSU Channel Islands ("University" or "CI"). Certain funds raised by the Foundation will be made available for the unrestricted use of the University, including, at the University's discretion, public relations. All fundraising conducted by the Foundation, for public relations or any other purpose authorized by the University, must comply with all requirements and policies for fundraising activity applicable to CSU Channel Islands University Advancement. Likewise, all gift and endowments accepted by the Foundation for the benefit of the University also must satisfy all standards and policies applicable to gifts and endowments accepted by CI University Advancement.

#### **B. Source of public relations funds**

- I. Public relations funds, when expended, may originate from discretionary or restricted funds that permit such use. These funds may be derived from various sources including earnings on gifts or endowment payouts prior to application to their intended purposes, donations, or the proceeds from the sale of non-cash gifts made to the University.

2. Every expenditure must advance an objective of the University, and comply with all applicable procurement and accounting practices. In general, expenditures must be appropriate for campus authorized educational, social, development, hospitality, community and employee relations, employee business travel and related considerations, student aid, and for other purposes that benefit the University. All expenditures from a restricted fund must be clearly consistent with the restricted purpose.

#### C. Use of Funds:

The use of funds is limited to those expenditures which promote the mission of the University. Public Relations allowable expenses are not limited to, but typically fall into the following categories:

1. Dues, memberships and subscriptions providing continuing contact with key organizations
2. Meals and accommodations for visitors
3. Community affairs, lectures, conferences, meetings, and special events
4. Travel and constituent relations

For further information, reference the University's Policy on Hospitality, Prizes, Awards and Gifts, <http://policy.csuci.edu/FA/01/fa.01.004.htm>.

#### D. Procedures

Any expenditure of Foundation funds for purposes of public relations shall only be at the direction of the University President or his/her designee. The source of funds would be any discretionary or restricted fund account that is available to the President or his/her designee. Pursuant to all purchasing policies and procedures of the Foundation or of CSU Channel Islands as are adopted by the Foundation, all such requests shall be accompanied by appropriate supporting documentation, with dates, purpose and individuals or groups involved, location, and amounts clearly stated, and any other requirements.

#### E. Policy Filing

1. The Foundation shall file a copy of this Policy with the Chancellor's Office, per the requirements of Title 5 California Code Regulations. §42502(i)

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FILED KA

CERTIFICATE OF AMENDMENT AND RESTATEMENT  
OF  
ARTICLES OF INCORPORATION

Secretary of State  
State of California

FEB 09 2015

OF

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CALIFORNIA STATE UNIVERSITY, CHANNEL ISLANDS FOUNDATION

George Leis and Neil Paton each hereby certify  
that:

1. They are the Chair of the Board and Secretary, respectively, of CALIFORNIA STATE UNIVERSITY CHANNEL ISLANDS FOUNDATION, a California nonprofit public benefit corporation.
2. The Articles of Incorporation are hereby amended and restated in its entirety to read as follows:

ARTICLE I  
Name

The name of this corporation is

CALIFORNIA STATE UNIVERSITY CHANNEL ISLANDS FOUNDATION

ARTICLE II  
Corporate Status

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 charitable purposes.

ARTICLE III  
Purposes

This corporation is organized exclusively for charitable purposes within the meaning of Section 501(c)(3) of the Internal Revenue Code, as amended, or any successor thereto. This corporation is organized, and at all times hereafter will be operated exclusively for the benefit of, to perform the functions of, and to carry out the purposes of California State University Channel Islands. The charitable purposes for which this corporation is organized are to further the educational purposes of California State University Channel Islands.

ARTICLE IV  
Conformity With Law

This Corporation shall be an auxiliary organization of the California State University, and shall conduct its operations in conformity with the California statutes governing such organizations (Chapter 7, commencing with Section 89900, of Part 55, Division 8, Title 3 of the Education Code) and the Regulations established by the Board of Trustees of the California State University (Subchapter 6, commencing with Section 42400, of Chapter 1, Division 5 of Title 5 of the California Code of Regulations) as required by Education Code, Section 89900(c).

ARTICLE V  
Exempt Status and Limitations on Activities

No substantial part of the activities of this corporation shall consist of the carrying on of propaganda, or otherwise attempting to influence legislation, nor shall this corporation participate in or intervene in any political campaign (including publishing or distributing of statements) on behalf of or in opposition to any candidate for public office. Notwithstanding any other provision of these articles, this corporation shall not carry on any other activities not permitted to be carried on (a) by a corporation exempt from Federal income tax under section 501(c)(3) of the Internal Revenue Code of 1986 or (b) by a corporation contributions to which are deductible under section 170(c)(2) of the Internal Revenue Code of 1986.

ARTICLE VI  
Directors

The number of Directors, the method of their selection, and the terms of their office shall be as specified by the Bylaws of this corporation.

ARTICLE VII  
Members

This corporation shall have no members other than the persons constituting its Board of Directors. The persons constituting its Board of Directors shall, for the purpose of any statutory provision or rule of law relating to nonprofit corporations or otherwise, be taken to be the members of such corporation and exercise all the rights and powers of members thereof.

ARTICLE VIII  
Voting

Each member of the Board of Directors shall have one vote. There shall be no proxy voting permitted for the transaction of any of the business of this corporation.

ARTICLE IX  
Irrevocable Dedication and Dissolution

The property of this corporation is irrevocably dedicated to the charitable purposes set forth in Article III, and no part of the net income or assets of this corporation shall ever inure to the benefit of any private person. Upon dissolution or winding up of this corporation, its assets (other than trust funds) remaining after payment, or provision for payment, of all debts and liabilities of this corporation shall be distributed to a successor approved by the President of the University and the Chancellor of the California State University.

ARTICLE X  
Amendment


The Articles of Incorporation of this corporation shall be amended only by the vote of a majority of the total voting membership of the Board of Directors, subject to the approval of the President of California State University Channel Islands.

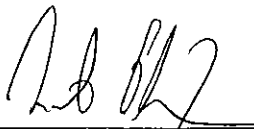
The foregoing Amendment and Restatement of the Articles of Incorporation have been unanimously approved by the Board of Directors of this Corporation.

This Corporation has no members.

We further declare under penalty of perjury under the laws of the State of California that the matters set forth in this Certificate of Amendment and Restatement of Articles of Incorporation are true and correct of our own knowledge.

Dated: December 2, 2014

  
\_\_\_\_\_  
George Leis, Chair of the Board

  
\_\_\_\_\_  
Neil Paton, Secretary



## Policy on Acceptance of Gifts

*Approved: 11/16/16*

### References:

California State University – Executive Order No. 1059;

<https://www.calstate.edu/eo/EO-1059.pdf>

ICSUAM Section 13000 - Auxiliary Organizations Administration

<http://www.calstate.edu/icsuam/documents/section13000.pdf>

### Background:

The purpose of this policy is to outline the process for the review and acceptance of gifts to be administered by the California State University Channel Islands Foundation (Foundation). The Foundation was organized and operates for the purpose of fostering private giving, managing gifts and endowment funds and providing other support for the benefit of California State University Channel Islands. One of the primary functions of the Foundation is to propose, solicit and accept any gift, grant, contract, bequest, or trust which is consistent with the policies, guidelines, and directives of the CSU Board of Trustees, CSU Chancellor's Office, and CI Foundation Board of Directors.

These standards should be interpreted in the light of two overriding principles:

1. A gift shall not be accepted by the Foundation if such acceptance would not be in the interest of the University. While this document is intended to provide guidance to University personnel regarding the acceptance of prospective gifts, donors are ultimately responsible for ensuring the proposed gift furthers their own charitable, financial, and estate planning goals. Therefore, each prospective donor is urged to seek the advice of independent legal counsel in the gift planning process. It is not within the province of the Foundation or University staff to give legal, accounting, tax, or other advice to prospective donors.
2. The University / Foundation should not accept a gift unless there is a reasonable expectation that acceptance of the gift will ultimately benefit the University. The University encourages private support that will not encumber the University with gifts that may be restricted in a manner not in keeping with the University's mission or that are likely to generate a disproportionate cost or inappropriate obligation in relation to the benefit received.



**Policy:**

This policy establishes appropriate delegation to the campus President or his/her designee, authority to accept any gift, in accord with the terms specified by the donor, as well as policies, guidelines, and directives of the CSU Board of Trustees, CSU Chancellor's Office, and CI Foundation Board of Directors.

**GIFT REVIEW AND ACCEPTANCE**

By operating agreement between the University and the Foundation, the Foundation Board of Directors is responsible for accepting or declining all gifts to the Foundation for the benefit of the University.

Except for gifts requiring review and approval of the Gift Acceptance Committee or the John Spoor Broome Library, the Foundation delegates responsibility for this review and acceptance to the University President or designee with the acceptance process and level of review determined by the type of gift involved. Legal counsel for the Foundation will be consulted for advice on any gift as appropriate.

Gifts determined to pose moderate or material risk to the institution will be reviewed and considered for approval by the Gift Acceptance Committee ("GAC" defined in the following section) before being accepted and before any representations are made to the donor that the gift will be accepted.

The GAC shall consider all matters it believes are relevant to the question of whether to accept such a gift, including, but not limited to, the source of funds out of which the gift or pledge is to be made, the background of the donor, and any other material factors.

Gifts of equipment that a vice president, associate vice president, or director certifies would otherwise have been purchased by the institution may be accepted at the administrative level determined by a vice president, associate vice president, or director unless acceptance of the gift would also commit the University to unbudgeted carrying costs, in which case the gift should also be reviewed by the appropriate member of the President's Cabinet overseeing the area(s) that may be impacted.

Gifts of art or other objects (including fractional interests) must be accompanied by appropriate documentation or provenance to ensure the objects being gifted have been legally and ethically collected, purchased, or held. The Campus Acquisitions Committee ("CAC" defined in the following section) recommends acceptance of gifts of art or artifacts to the CI President. Further, the University will review risk, liability, insurance requirements, financial implications and any other aspect of the gift that may need to be taken into consideration.

The University President or his /her designee has authority and responsibility to accept gifts in kind, in accordance with the Foundation's policy.

Each gift, including its terms and conditions, and the identity of the donor, shall be considered to be confidential to the extent allowed by law.

#### GIFT ACCEPTANCE COMMITTEE (GAC)

The Gift Acceptance Committee (GAC) shall consist of the University President or designee, the Executive Committee of the Foundation Board of Directors, and the Vice President for Business and Financial Affairs. The GAC is a committee of the CSU Channel Islands Foundation Board.

The GAC shall meet or communicate in person, telephonically, or electronically as needed to approve all gifts of real property, non-publically traded securities, any gift that requires the Foundation to act as a trustee or a trust, and any gift determined to pose moderate or material risk to the Foundation or the University. The committee must have a majority of then-sitting members in order to recommend acceptance to the CI President or to decline gifts.

Additional GAC members may be appointed at the discretion of the University President. The committee shall consult with legal and /or audit counsel, as appropriate, in matters related to the acceptance of gifts. The University President has ultimate authority.

A draft gift agreement shall be included as part of presentations to the GAC. It is understood that upon acceptance by the GAC, all gifts or gift commitments, unless received by bequest, shall be documented with a written agreement between the donor and the Foundation.

A gift may be held and not immediately booked if there are questions or if documentation is incomplete and will work to resolve issues or complete documentation of the gift.

#### CAMPUS ACQUISITIONS COMMITTEE (CAC)

The Campus Acquisitions Committee (CAC) is a University advisory committee that works collaboratively with University Advancement on behalf of the Campus President. Objects are recommended to and provisionally confirmed for acquisition, acceptance, and loan by the CAC in consultation with appropriate campus departments and committees. Final approval is determined by the President or President's designee.

#### TYPES OF GIFTS

Gifts to the Foundation may be in the form of outright gifts, in-kind gifts, pledges or deferred commitments. Gift acceptance details and procedures for gift recording vary according to the gift type.

#### OUTRIGHT GIFTS

Outright gifts include cash and cash equivalents, securities, real property, interests in business entities, and personal property.

##### Cash and Cash Equivalents

Cash gifts of any amount are accepted by the Foundation. These gifts can take the form of currency, check, electronic funds transfer (EFT), wire transfer or credit card transaction.

### Securities

Publically traded securities (stocks, bonds, and mutual funds) are accepted by the Foundation. Gifts of publically traded securities are typically sold immediately but may be retained under certain circumstances.

Gifts of securities are valued at the mean of the high and low price of the security as of the date of the gift. The date of the gift is defined as the date of the postmark on the envelope or the date of the security in hand-delivered (physical certificates) or the date the stock is received in one of the Foundation's brokerage accounts (book-held securities). The Foundation will liquidate gifted securities as soon as possible.

Proposed gifts of stock options will go to the GAC. The GAC must approve gifts of all non-publically traded (closely held) securities prior to acceptance, taking into consideration measures such as potential legal liabilities, valuation, marketability, restrictions, and any other issue that may arise either in the gift negotiation or in a corresponding shareholders' agreement.

### Real Property

Real property can be used for deferred gifts (see below) as well as outright gifts. To be accepted as an outright gift or as a bargain sale gift (selling under fair market value), the gift portion of a property's fair market value must be of net benefit to the Foundation.

Real property includes improved or unimproved land, personal residences, farmland, commercial property, and rental property. These types of gifts are often complicated and require involvement of a number of professionals, advisors, and University staff. This policy shall be communicated to donors when the Foundation or University receives notification of the donor's intent to gift real property. If it is the intention of the donor that the Foundation not immediately dispose of real property, an agreement must be made in writing between the Foundation and the donor before such property may be accepted by the Foundation; in general, the Foundation shall not accept real estate gifts if the donor places restrictions limiting the choices of the Foundation to owning, managing, or disposing of property. Gifts of timeshares will go before the GAC.

If the Foundation sells or otherwise disposes of the donated property within three years of the date of the gift, the Foundation must follow IRS regulations (completion of Information Return on IRS Form 8282) and notify donor.

The donor of real property should discuss any possible charitable deduction with his or her attorney before making the decision to donate the property. The gift value of a bargain sale will be determined as described by the IRS in Publication 562. Real property may be gifted at three different times; during the donor's lifetime, upon notification by the donor of the intent to give a gift through a bequest, and upon receipt of a bequest.

Prepaid expenses shall be deducted from the gift proceeds when said proceeds are or become available for disbursement. Prepaid expenses are those that are incurred by the Foundation in securing the donated property, as well as in maintaining the donated property, such as but not limited to any and all appraisal costs, environmental impact report costs, real property taxes, escrow

and title insurance fees, personal property taxes, maintenance repair, and upkeep costs and expenses as well as disposition costs and other expenses attributable to the donated property and paid by or to be paid by the Foundation.

#### Personal Property: Accepted with an Intent to Sell

The Foundation may consider gifts of personal property. Such gifts may be tangible or intangible. Examples of tangible personal property include, but are not limited to, works of art, **artifacts** or other objects, manuscripts, literary works, vehicles, and equipment. Examples of intangible personal property include, but are not limited to, various intellectual properties such as patents and copyrights. Such gifts retained by the Foundation are considered to be gifts-in-kind.

The University in furtherance of its mission can immediately put to use, sell, or otherwise dispose of all gifts of personal property. The Foundation's intention to sell the property and use the proceeds to further the mission of the University shall be communicated to the donor in writing at the time of the gift, specifying if the gift were to be retained by the Foundation, it would be for a use unrelated to its mission and could potentially affect the deductibility of the gift.

Gifts of personal property shall be valued at their full fair market value. Gifts with fair market values exceeding \$5,000 will be reported at the values placed on them by qualified independent appraisers as required by the IRS for valuing non-cash charitable contributions. The responsibility of choosing and securing the independent appraiser and covering the costs associated with the appraisal is that of the donor. Gifts of \$5,000 or under may be reported at either the value declared by the donor or the value placed on them by a qualified expert on the faculty or staff of the University. If a value, as specified above, is not placed on a gift of personal property, the value shall be recorded as \$1. Gifts of intellectual property shall be valued according to applicable IRS guidelines.

Title to the gift property shall be clear and unencumbered, and property documented. Careful consideration should be given to marketability, storage, transportation and disposal costs of all gifts of personal property.

The GAC will consider all gifts of personal property with a fair market value greater than \$5,000 if not to be used by the University.

#### Personal Property (or Gifts-In-Kind): Retained for University Use

Gifts-in-kind are a form of personal property that will be retained and used by the University faculty, staff, administrators or students. Such gifts shall be used to further the core mission and priorities of the University and may include gifts of art, artifacts or other objects (including fractional interests). The use, need of, and (if applicable) identified funds needed to maintain the property should be clearly documented and approved by the appropriate vice president, associate vice president, or director. If applicable, Risk Management or Staff Counsel may be asked to provide approvals as well. These approvals will be coordinated through the office of University Advancement. Gifts-in-kind to the John Spoor Broome Library are handled separately.

The University reserves the right to sell or otherwise deaccession objects in accordance with the guidelines established in the Procedures for Acquisition, Loans to the University, and Deaccession.

With the exception of software, gifts-in-kind shall be valued by the donor, or the donor's non-campus designee, at their full fair market value. Gifts with fair market values exceeding \$5,000 will be reported at the values placed on them by qualified independent appraisers as required by the IRS for valuing non-cash charitable contributions. The responsibility of choosing and securing the independent appraiser and covering the costs associated with the appraisal is that of the donor. Gifts of \$5,000 or under may be reported at either the value declared by the donor or the value placed on them by a qualified expert on the faculty or staff of the University. If a value as specified above is not placed on a gift of personal property, the value shall be recorded as \$1. Gifts of intellectual property shall be valued according to applicable IRS guidelines.

#### DEFERRED GIFTS

The Foundation accepts deferred gifts including charitable bequests, charitable gift annuities, charitable remainder trusts, charitable lead trusts, gifts of life insurance and retained life estates. Whenever possible, the Foundation will outsource management of CRAT's, CRUT's and CGAs. The Foundation will not act as trustee of any trust (whether charitable or revocable) without the advance approval of the GAC.

#### Charitable Bequests

A donor can make a charitable bequest to the Foundation in a will and / or a living trust. A bequest of cash or publically traded securities is always acceptable. A bequest of any asset defined in this document as possibly needing approval of the GAC must be approved or declined by the GAC. Such bequests and devises shall not be recorded as gifts to the Foundation until such time as the gift is irrevocable. Where the gift is irrevocable, but is not due until a future date, the present value of that gift may be recorded at the time the gift becomes irrevocable. For a bequest involving real property, the executor, personal representative or trustee may be asked to sell the property within the estate or trust and distribute the net proceeds to the Foundation. The Foundation may also choose to decline to accept the property.

#### Matching Gifts

The University honors each organization's matching gift policies while optimizing matching gift opportunities as much as possible. If University staff has reason to believe that a donor is not in compliance with a matching entity's policies, staff will contact the donor for clarification. Examples may be gifts directed to non-qualifying programs or pooling of gifts with non-employee donors. The University will not knowingly submit claims for non-qualifying gifts.

The Foundation will not accept matching gifts when such gifts are associated with memberships, benefits, or naming opportunities.

#### Commemorative (Memorial, Honorarial and "On behalf of") Gifts

Memorial and honorarial gifts are encouraged by the Foundation as generous and thoughtful ways to recognize people's lives and accomplishments. When a memorial gift is made, the decedent's next of kin is notified by University Advancement staff, such notifications must not specify gift amounts. When necessary, and unless there is a gift instrument designating the use of such donation(s), the

next of kin will be consulted about the designation of memorial monies. In the case of honorarial gifts, the honored person is notified of the gesture without detail about gift amounts.

#### Diversity Gifts

If a donor wishes to designate a gift with provisions relating to ethnic, religious, gender or other descriptions, the Foundation will follow federal and state regulations in effect at the time.

#### Gift Refunds

There may be circumstances when it is in the best interest of donor relations to reimburse a donor. The GAC shall review such requests if the reimbursement exceeds \$5,000. If approved, in recognition of the fact that all gifts are permanent (a gift is not a gift unless it is irrevocably given), with donors likely having claimed a tax deduction for the gift, any reimbursements to donors shall be treated as income to the individual. If the payment is equal or greater than \$600, and was made in a prior tax year, such payments shall result in the generation of a 1099 to the donor who will then be obligated to pay taxes on the stated amount.