

INFORMATION NOTE TO FILE:

Per John Francis (1/84), the legal documents that show the Cal Poly Kellogg Unit Foundation, Inc. is exempt from Federal income tax are the 7/26/66 letter from the IRS and the 12/22/71 letter from the IRS. Both of these letters are the first and second pages of the clasped documents in this folder. All other documents in this clasped section are back-up documentation for these two letters.



U. S. TREASURY DEPARTMENT  
INTERNAL REVENUE SERVICE

DISTRICT DIRECTOR  
P. O. BOX 231  
LOS ANGELES, CALIFORNIA 90053

July 26, 1966

IN REPLY REFER TO  
Form L-178  
Code 414:JEG  
LA-EO-66-773

The Cal Poly Kellogg Unit Foundation, Inc.  
California State Polytechnic College  
Pomona, California 91766

PURPOSE Educational, Charitable, Scientific	
ADDRESS INQUIRIES & FILE RETURNS WITH DISTRICT DIRECTOR OF INTERNAL REVENUE	
Los Angeles	
FORM 990-A RE- QUIRED	ACCOUNTING PERIOD ENDING
<input checked="" type="checkbox"/> YES <input type="checkbox"/> NO	June 30

Gentlemen:

On the basis of your stated purposes and the understanding that your operations will continue as evidenced to date or will conform to those proposed in your ruling application, we have concluded that you are exempt from Federal income tax as an organization described in section 501(c)(3) of the Internal Revenue Code. Any changes in operation from those described, or in your character or purposes, must be reported immediately to your District Director for consideration of their effect upon your exempt status. You must also report any change in your name or address.

You are not required to file Federal income tax returns so long as you retain an exempt status, unless you are subject to the tax on unrelated business income imposed by section 511 of the Code, in which event you are required to file Form 990-T. Our determination as to your liability for filing the annual information return, Form 990-A, is set forth above. That return, if required, must be filed on or before the 15th day of the fifth month after the close of your annual accounting period indicated above.

Contributions made to you are deductible by donors as provided in section 170 of the Code. Bequests, legacies, devises, transfers or gifts to or for your use are deductible for Federal estate and gift tax purposes under the provisions of section 2055, 2106 and 2522 of the Code.

You are not liable for the taxes imposed under the Federal Insurance Contributions Act (social security taxes) unless you file a waiver of exemption certificate as provided in such act. You are not liable for the tax imposed under the Federal Unemployment Tax Act. Inquiries about the waiver of exemption certificate for social security taxes should be addressed to this office, as should any questions concerning excise, employment or other Federal taxes.

This is a determination letter.

Very truly yours,

R. A. Riddell  
District Director

We have concluded that you are not an organization coming within the intentment of section 6033(a)(2), therefore, you are required to file Form 990-A annually.

April 25, 1966

District Director of Internal Revenue  
300 North Los Angeles Street  
Los Angeles, California

Attn: Exempt Organization Section

Dear Sir:

Enclosed are two copies each of Form 1023 (Exemption Application) and the appropriate attachments thereto.

We are applying for exemption under section 501(a) as an "educational" organization described in section 501(c)(3) of the Internal Revenue Code of 1954.

In addition to being declared exempt from Federal income taxes generally, we desire to have the following additional specific determinations made on our behalf:

1. We wish to be exempted as an organization designated in section 5033(a)(2), from any requirement to file an annual information return (Form 990-A). In this regard, we are also relying upon Rev. Rul. 56-133, 1956-1 C.B. 559. The California Franchise Tax Board has declared that we are not required to file the analogous State annual information return (Form 199). (SEE ATTACHMENT #2).
2. We wish to be classified as an organization described in section 512(b)(8) in so far as the exclusion of "all income derived from research performed for any person" in determining unrelated business taxable income is concerned.
3. We wish to be considered as an educational organization described in section 503(b)(2) for the following purposes:
  - a. Obtaining the additional ten (10) percent charitable deduction provided in section 170 (b)(1)(A)(ii) for donors.
  - b. Inapplicability of sections 503 and 504 to our organization.

- c. Exemption from excise taxes under sections 4057 (a), 4221 (a)(5), 4233 (a)(1)(A)(ii), and 4294 (a).

In support of the above requests, we would like to present the following statement.

The first published recognition by the Service of the exempt status of corporations such as ours is apparently Rev. Rul. 58-194, 1958-1 C.B. 240. There the Service said:

\*\*\* Since the corporation is controlled by and serves almost exclusively the members of the faculty and student body and since it is performing functions for their benefit and convenience and in furtherance of the educational program of the university, it is for all intents and purposes an integral part of the university. (emphasis added)  
\*\*\*

Thus, it appears that the determination that such a corporation was an integral part of the university was essential to the determination that it was exempt as an "educational" organization.

Webster's Third New International Dictionary (1961 Edition) defines "Integral" as follows:

1a: of, relating to or serving to form a whole: essential to completeness: organically joined or linked: constituent, inherent.

It is our position that if an organization is an integral part of and controlled by an educational institution it is entitled to all tax privileges enjoyed by such institution. The Service gave a degree of recognition to such a rationale in Rev. Rul. 56-133, 1956-1 C.B. 559, when it:

\*\*\* held that a student government association which is an integral part of and controlled by a university (emphasis added) exempt from Federal income tax as an educational organization under section 501 (c)(3) of the Internal Revenue Code of 1954, is not required to file an annual return Form 990-A, U.S. Return of Organizations Exempt From Tax.

We believe that it is clear that the CAL POLY KELLOGG UNIT FOUNDATION, INC., is organized and will be operated as an integral part of the educational program of the California State Polytechnic College, Kellogg Unit.

First, our Articles of Incorporation provide at Article III (SEE ATTACHMENT #3) as follows:

This Corporation shall be operated as an integral part of the educational program of the California State Polytechnic College, Kellogg Unit, hereinafter called the "College", as required by

the California Administrative Code, Title V, Section 42401; and its operations shall be integrated with College operations and administered or supervised by the existing College administrative organization as required by the California Administrative Code, Title V, Section 42601 (c).

The California Administrative Code Sections referred to above (SEE ATTACHMENT #12 - PAGES 7 AND 13) provide:

42401. Declaration of Policy.

All activities necessary to the educational program of a state college, including service functions, are an integral part of the college program and should be so operated. \*\*\*

42601. Operation.

(c) Operations of the auxiliary organization shall be integrated with college operations and administered or supervised by the existing college administrative organization.

Second, Article IV further states:

\*\*\*

(a) The specific activity in which this Corporation is primarily to engage is to promote and assist the educational program of the College or such institution as shall succeed to the properties and functions of said College and to apply the funds and properties coming into its hands toward furthering the educational program carried on or approved by the administrative officers of the College. This Corporation shall not carry on any activities not approved by the administrative officers of the College. (emphasis added).

Third, Article VI states:

\*\*\* The President of the College or his designated representative shall be a member of the Board of Directors of this Corporation in order to insure that this Corporation operates in conformity with College policy as required by the California Administrative Code, Title V, Section 42600 (b). This Article is not subject to amendment, change or alteration in any of its clauses or provisions by the By-Laws of the Corporation.

Section 42600 (b) referred to above provides:

In order to insure conformity with college policy, the president of the college shall have representation on the governing body of an auxiliary organization.

Fourth, there are a number of clauses in the various leases under which State College Foundations such as ours operate which demonstrate the integral relationship between such organizations and the Colleges with which they are associated. Using the lease covering Research, Workshops, Institutes, Gifts, Etc. (SEE ATTACHMENT #11 - PART 1) as an example, I would like to call your attention to the following:

Paragraph I (1):

The purposes for which the property described herein is to be used under this lease are related to the activities of the COLLEGE, or to the activities or organizations of students or activities or organizations of members of the faculty thereof.

Paragraph IV (9):

Operations of the LESSEE under this lease shall be integrated with COLLEGE operations and shall be under the general supervision of the COLLEGE officials. Such supervision shall be provided without cost to the LESSEE.

Paragraph VI (2):

~~With~~ During the term of this lease, the LESSEE shall conform to COLLEGE policy with respect to the activities and functions described herein. In order to insure such conformity, the president of the COLLEGE or his representative shall be a member of the governing body of the LESSEE during the term hereof.

One last point should be mentioned. In the Regulations at section 1.501 (c)(3) -1 (d)(3)(i) "educational" is defined as:

- (a) The instruction or training of the individual for the purpose of improving or developing his capabilities;
- or
- (b) The instruction of the public or subjects useful to the individual and beneficial to the community.

While our organization will do neither of the above directly, we are an integral part of an institution that does the function described in (a).

Four examples of "educational organizations" are then provided in the Regulations. None of the examples relate directly to our organization, but again we are an integral part of the type of organization described in Example (1):

An organization, such as a primary or secondary school, a college, or a professional or trade school, which has a regularly scheduled curriculum, a regular faculty, and a regularly enrolled

body of students in attendance at a place where the educational activities are regularly carried on.

A brief statement concerning the reason for the existence of organizations such as this Foundation may be useful:

The development of auxiliary organizations in the California State College System is a historical anomaly. There are three segments of California higher education: The University of California, with its constitutional grant of relative autonomy, has enjoyed a substantial degree of freedom from State fiscal procedures. The junior colleges, while receiving some support from the State, have local control of the expenditure of tax revenues. The State Colleges, on the other hand, have been administered successively through the Department of Education and now the Trustees of the California State Colleges subject to very rigid financial procedures administered through the State Department of Finance. Over forty years ago the State Colleges began to carry on various service functions closely related to their educational programs through auxiliary organizations in order to have the flexibility of fiscal operation not available under these State procedures. These auxiliary organizations are under the direct control and supervision of the College and are an integral part of the total educational programs at the respective college campuses. They are officially recognized by the State through legislative action, administrative code regulation and formal lease requirements. It is apparent that the activities and functions performed by auxiliary organizations in the State College System are substantially identical to those found in other institutions of higher education. In most colleges and universities these activities and functions are carried on through the college or university directly. In the face of rigid fiscal procedures that would otherwise have to be followed, the California State Colleges have found it appropriate to use auxiliary organizations. The focus of the problem and the justification for the existence of these organizations can be found in the California Administrative Code, Title V, Section 42401 (SEE ATTACHMENT #12 - PAGE 7):

~~\*\*\*~~ because some activities cannot be operated effectively and without undue difficulty under the usual governmental budgetary, purchasing, and other fiscal controls, activities may be undertaken by an auxiliary organization ~~\*\*\*~~ to provide effective operation and to eliminate the undue difficulty which would otherwise arise under such controls.

In summary, we feel that our organization is so structurally and functionally integrated with the College that its curriculum, faculty and students should be considered to be our curriculum, faculty and students for the purpose of giving us the tax privileges that would be afforded the College were it to operate directly all of the activities and functions that we intend to operate on its behalf and for its benefit.

This application includes a considerable number of attachments, several of which deserve explanatory comment at this point:

Attachment #1:

At the President's request we are awaiting the formal legal separation of the California State Polytechnic College by the California State Legislature before this corporation becomes an operational entity. It was, however, considered appropriate to form the corporation and obtain the necessary State and Federal tax exemptions prior to the actual date it is separated from the parent Foundation which will continue to function on the San Luis Obispo Campus.

Attachment #5:

The first set of financial statements included here are the consolidated statements of operations for both the San Luis Obispo and Kellogg-Voorhis Campuses of the College for the period ending June 30, 1965. Following this is the statement of assets and liabilities for the Kellogg Unit for the same period. We have maintained separate accounting systems for both campuses, but have used a consolidated statement for all external reporting purposes (primarily annual reports required by the Trustees of the California State Colleges). The third item is a financial statement for bookstore operations on the Kellogg Campus for the period ending June 30, 1965. It is the intention of the College to integrate bookstore operations into this Foundation when it becomes operational. At the present time the bookstore is not a part of the existing Foundation's scope of responsibilities, but is operated as a separate unincorporated association under the direct control of the President of the College.

Attachment #6:

We are including a "classified statement of receipts and disbursements" for Foundation operations on the Kellogg Campus for the period ending June 30, 1965; and, while bookstore operations are not presently a Foundation function, we are including parallel information for their operations for the same period.

Attachment #7:

We are paralleling the statement of purposes (which involves a recital of activities or proposed activities) with the description in detail of such activities required by item 10h and presented in Attachment #8.

Attachment #11:

We are including a complete set of leases that will be submitted on behalf of this organization once it becomes operational. Each of these lease forms has been approved as to content by both the State through the Department of Finance and the Trustees



of the California State Colleges through the Office of the Chancellor of the California State Colleges after an extensive period of negotiation with representatives of the College. These leases cannot be processed and signed by the appropriate parties until our organization takes over the administration of its designated functions for the College; and, as I indicated, this must await the action of the State Legislature in completing the legal separation of the College. The processing will, however, be merely a formality as all questions regarding the content of the leases have been finally resolved to the satisfaction of all parties concerned.

Attachment #12:

Included here are all California laws and administrative regulations concerning the operation of auxiliary organizations (such as our Foundation) within the State College System. This is included as numerous references to this material are found in the various attachments to our Form 1023 Exemption Application.

Attachment #13:

This is the appropriate "power of attorney" authorization for me to represent the CAL POLY KELLOGG UNIT FOUNDATION, INC., before the Internal Revenue Service and the Treasury Department in any matters that may concern this application for exemption from Federal taxes or any other questions that concern this corporation.

We recognize that this is a rather extensive "package". We will appreciate any consideration that may be given in processing our application for exemption at your earliest convenience.

If I can be of any assistance in clarifying any material contained herein, I will be pleased to make our files and/or myself available.

Thank you very much for your assistance in this matter.

Very truly yours,

John W. Francis  
Attorney At Law

JWF:bp

**EXEMPTION APPLICATION**

(To be made only by a principal officer of the organization claiming exemption)

To be filed in duplicate with the District Director for your District.

For use of organizations applying for exemption under section 501(a) and described in section 501(c)(3) of the Internal Revenue Code, which are organized and operated (or will operate) exclusively for one or more of the following purposes (check purpose(s)):

- Religious  Charitable  Scientific  Testing for Public Safety  
 Educational  For the prevention of cruelty to children or animals  Literary

Every organization that claims to be exempt must furnish the information and data specified in duplicate. If any organization fails to submit the information and data required, this application will not be considered on its merits and the organization will be notified accordingly.

This application shall be open to public inspection in accordance with section 6104(a)(1) of the Internal Revenue Code. See separate instructions for Form 1023 to properly answer the questions below.

1a. Full name of organization **CAL POLY KELLOGG UNIT FOUNDATION, INC.** b. Employer identification number **95-2417645**

2. Complete address (number, street, city or town, State and Postal ZIP code) **Cal Poly Kellogg Unit Foundation, Inc. California State Polytechnic College, Pomona, California 91766**

3a. Is the organization incorporated?  Yes  No b. If "Yes," in which State and under which law (General corporation, not for profit, membership, educational, eleemosynary, etc.)? Cite statutory provisions. **General Nonprofit Corporation Law (Stats. 1947, C. 1038, p. 2410, Section 9000 Et. Seq.)**

4a. If not incorporated, what is form of organization? b. Date incorporated or organized **February 28, 1966** c. Month and day on which the annual accounting period ends **July 1**

5a. Has organization filed Federal income tax return(s)?  Yes  No b. If "Yes," form number of return filed and Internal Revenue District where filed. c. Year(s) filed

6. After July 1, 1950, did the creator of your organization (if a trust), or a contributor to your organization, or a brother or sister (whole or half blood), spouse, ancestor, or lineal descendant of such creator or contributor, or a corporation controlled directly or indirectly by such creator or contributor, enter into any of the transactions (or activities) enumerated below? NOTE: If you have any knowledge or contemplate that you will be a party to any of the transactions (or activities) enumerated in 6a through 6f, check "planned" in the applicable black(s) and see instructions.

	Yes	No	Planned		Yes	No	Planned
a. Borrow any part of your income or corpus?		<input checked="" type="checkbox"/>		d. Purchase any securities or other property from you?		<input checked="" type="checkbox"/>	
b. Receive any compensation from you?		<input checked="" type="checkbox"/>		e. Sell any securities or other property to you?		<input checked="" type="checkbox"/>	
c. Have any part of your services made available to him?		<input checked="" type="checkbox"/>		f. Receive any of your income or corpus in any other transaction?		<input checked="" type="checkbox"/>	

	Yes	No
7. Have you issued or do you plan to issue membership, stock, or other certificates evidencing voting power in the organization?		<input checked="" type="checkbox"/>
8a. Are you the outgrowth or continuation of any form of predecessor(s)? <b>(See Attachment #1)</b>	<input checked="" type="checkbox"/>	
b. Do you have capital stock issued and outstanding?		<input checked="" type="checkbox"/>
c. Have you made or do you plan to make any distribution of your property to shareholders or members?		<input checked="" type="checkbox"/>
d. Did you receive or do you expect to receive 10 percent or more of your assets from any organization, group of affiliated organizations (affiliated through stockholding, common ownership, or otherwise), any individual, or members of a family group (brother or sister whether whole or half blood, spouse, ancestor, or lineal descendant)?		<input checked="" type="checkbox"/>
e. Does any part or will any part of your receipts represent payment for services of any character rendered or to be rendered by you?		<input checked="" type="checkbox"/>
f. Are you now, have you ever been, or do you plan to be engaged in carrying on propaganda, or otherwise advocating or opposing pending or proposed legislation?		<input checked="" type="checkbox"/>
g. Do you participate or plan to participate in or intervene in (including the publishing or distributing of statements) any political campaign on behalf of or in opposition to any candidate for public office?		<input checked="" type="checkbox"/>
h. Have you made or do you plan to make any payments to members or shareholders for services rendered or to be rendered?		<input checked="" type="checkbox"/>
i. Does any part or do you plan to have any part of your net income inure to the benefit of any private shareholder or individual?		<input checked="" type="checkbox"/>
j. Are you now or are you planning to be affiliated in any manner with any organization(s)?		<input checked="" type="checkbox"/>
k. Do you hold or plan to hold 10 percent or more of any class of stock or 10 percent or more of the total combined voting power of stock in any corporation?		<input checked="" type="checkbox"/>

9. Has any State or any court (including a Court of Probate, Surrogate's Court, etc.) ever declared whether you were or were not organized and operated for charitable, etc., purposes?  Yes  No. If "Yes" attach copies in duplicate of pertinent administrative or judicial decisions. **(See Attachment #2)**

10. You must attach copies in duplicate of the following:

a. If incorporated, a copy of your articles of incorporation, or if not incorporated, a copy of your constitution, articles of association, declaration of trust, or other document whereby you were created setting forth your aims and purposes, a copy of all amendments thereto, and any changes presently proposed. **(See Attachment #3)**

**(See Attachment #4)**

b. A copy of your bylaws or other similar code of regulations, all amendments thereto, and any changes presently proposed.

**(See Attachment #5)**

c. A complete statement of assets and liabilities as of the end of each annual accounting period (or as of the date of the filing of this application, if you were in existence for less than a year).

**(See Attachment #6)**

d. A statement of receipts and expenditures for each annual accounting period of operation (or for the period for which you were in existence, if less than a year).

**(See Articles of Incorporation at Article x)**

e. A statement which clearly indicates what State statutes or court decisions govern the distribution of assets upon dissolution. (This statement may be omitted if your charter, certificate, or other instrument of organization makes provision for such distribution.)

**(See Attachment #7)**

f. A brief statement of the specific purposes for which you were formed. (Do not quote from or make reference to your articles of incorporation, constitution, articles of association, declaration of trust, or other document whereby you were created for this question.)

**(Not Applicable)**

g. A statement explaining in detail each fund-raising activity and each business enterprise you have engaged in or plan to engage in, accompanied by copies of all agreements, if any, with other parties for the conduct of each fund-raising activity or business enterprise.

**(See Attachment #8)**

h. A statement which describes in detail the nature of each of your activities which you have checked on page 1, activities which you sponsor, and proposed activities.

**(Not Applicable)**

i. A statement which explains fully any specific activities that you have engaged in or sponsored and which have been discontinued. Give dates of commencement and termination and the reasons for discontinuance.

**(See Attachment #9)**

j. A statement which describes the purposes, other than in payment for services rendered or supplies furnished, for which your funds are expended or will be expended.

**(See Attachment #10)**

k. A schedule indicating the name and position of each officer, director, trustee, etc., of the organization and the relationship, if any, by blood, marriage, adoption, or employment, of each such person to the creator of the organization (if a trust), to any person who has made a substantial contribution to the organization, or to a corporation controlled (by ownership of 50 percent or more of voting stock or 50 percent or more of value of all stock), directly or indirectly, by such creator or contributor. The schedule shall also indicate the time devoted to position and compensation (including salary and expense account allowance), if any, of each officer, director, trustee, etc., of the organization.

**(See Attachment #11)**

l. A copy of each lease, if any, in which you are the lessee or lessor of property (real, personal, gas, oil, or mineral) or in which you own an interest under such lease, together with copies of all agreements with other parties for development of the property.

### SIGNATURE AND VERIFICATION

Under penalties of perjury, I declare that I have examined this application, including accompanying statements, and to the best of my knowledge and belief it is true, correct, and complete.

Date

Signature of officer

President

Title

Julian A. McPhee

ATTACHMENT #1 TO FORM 1023

QUESTION 8a

- a. CALIFORNIA STATE POLYTECHNIC COLLEGE FOUNDATION.
- b. It received an exemption ruling on April 4, 1944.
- c. It is a corporation.
- d. It was incorporated on April 23, 1940 as the "CALIFORNIA POLYTECHNIC SCHOOL FOUNDATION" and amended its articles of Incorporation on June 18, 1948 to change its name to the "CALIFORNIA STATE POLYTECHNIC COLLEGE FOUNDATION".
- e. It is not terminating its existence but will confine its operations to the San Luis Obispo campus of the College.

The California State Polytechnic College, a segment of the California State College System, is a single administrative unit with instructional programs carried on at San Luis Obispo and at the Kellogg Unit near Pomona. The College is in the process of being reorganized into two separately administered units of coordinate rank with the other colleges within the State College System. It is, therefore, considered necessary to create a separate incorporated entity for the Kellogg Unit to carry on those functions previously carried on for both campuses through the CALIFORNIA STATE POLYTECHNIC COLLEGE FOUNDATION.

We have maintained separate accounting records in the existing Foundation to reflect operations on each campus (consolidated for external reporting purposes). We now propose to divide the assets and liabilities of the existing corporation between itself and this new corporation on the basis of these accounting records. The existing corporation will continue to serve the San Luis Obispo Campus.

The following resolution which applies to the establishment of the Kellogg-Voorhis Campus of California State Polytechnic College as a separate state college, was adopted by the Board of Trustees of the California State Colleges on March 3, 1966:

ATTACHMENT #1 TO FORM 1023 - Page 2

WHEREAS, the geographical distance between the San Luis Obispo and Kellogg-Voorhis campuses of the California State Polytechnic College, and the size, development and growth of each, have reached a point whereby the present and future students of each can best be served by the establishment of the latter as a separate State College; and

WHEREAS, it is in the public interest that such separation be effective by the beginning of the next academic year; and

WHEREAS, such separation cannot occur by that time, nor can necessary recruitment be completed, until legislative authorization has been given; now, therefore, be it

RESOLVED, By the Board of Trustees of the California State Colleges, that this Board respectfully urges the Legislature to establish the campus of the California State Polytechnic College located in the area of the cities of Pomona and San Dimas (the Kellogg-Voorhis campus) as a separate State College, as of the beginning of the 1966-67 academic year; and be it further

RESOLVED, That the Legislature be requested to provide in such legislation, for the continuation of faculty and staff rights and benefits, and for the application of Education Code Sections 24751 and 24753 to the new State College; and be it further

RESOLVED, That the Governor be respectfully requested to include the subject of establishment of the Kellogg-Voorhis Campus of the California State Polytechnic College as a separate State College in his call for an Extraordinary Session of the Legislature to be held concurrently with the 1966 Budget Session; and be it further

RESOLVED, That the W. K. Kellogg Foundation, the donor of the Kellogg Unit of this campus, be notified of this Resolution and proposed legislation, and of this Board's intention to abide by the terms of the deed from the W. K. Kellogg Foundation to the State of California, dated October 31, 1949, and as subsequently amended.

ATTACHMENT #1 TO FORM 1023 - Page 3

The Governor has Included the matter in his call for an Extraordinary Session of the Legislature; and the following proposed legislation has been introduced:

An act to add Sections 23602, 23602.1, and 23602.2 to the Education Code, relating to the California Polytechnic College.

The people of the State of California do enact as follows:

Section 1. Section 23602 is added to the Education Code, to read:

23602. The California State Polytechnic College included within the California State Colleges is comprised of the two separate campuses or complexes of buildings, facilities, and land described as follows:

(a) The campus or complex situated within the County of San Luis Obispo.

(b) The campus or complex situated within the County of Los Angeles and within or near the City of Pomona and the City of San Dimas.

Sec. 2. Section 23602.1 is added to said code, to read:

23602.1. The trustees shall have all power necessary to provide for the establishment of a separate California State Polytechnic College at the campus or complex situated in the County of Los Angeles, more particularly described in subdivision (b) of Section 23602, including the power to execute any necessary agreements and to receive, on behalf of the state, any property or interest in property which may be conveyed to the state in connection therewith or for any purposes of this section.

From and after the date upon which final action for the establishment of such separate college has been taken by the trustees, there shall be, within the California State Colleges, two separate California State Polytechnic Colleges, comprised of the respective campuses or complexes described

ATTACHMENT #1 TO FORM 1023 - Page 4

in Section 23602. The provisions of Section 23658, the provisions of Article 2 (commencing with Section 24751) of Chapter 13 of this division, and any provisions of law limited in applicability specifically to the California State Polytechnic College, unless otherwise therein specified, shall be deemed applicable to either or both of such California State Polytechnic Colleges.

Sec. 3. Section 23602.2 is added to said code, to read:

23602.2. It is the intent and purpose of the Legislature, in authorizing the establishment of the separate California State Polytechnic College in the County of Los Angeles at the campus or complex described in subdivision (3) of Section 23602, that the educational program there provided continue to be conducted in accordance with the essential aims and policies expressed in Section 24751, and in that certain grant deed dated November 22, 1949, as amended or modified by subsequent agreements and conveyances, whereby the W. K. Kellogg Foundation, a Michigan corporation, has granted to the State of California, for the use and benefit of the California State Polytechnic College, certain real property situated in the County of Los Angeles, which will form a part of such separate California State Polytechnic College.

Education Code Sections 24751 and 24753 read as follows:

Sec. 24751. Functions of California State Polytechnic College.

In addition to the functions provided by Section 22606 the California State Polytechnic College shall be authorized to emphasize the applied fields of agriculture, engineering, business, home economics and other occupational and professional fields. This article shall be liberally construed.

ATTACHMENT #1 TO FORM 1023 - Page 5

Sec. 24753. Disposal of property belonging to the State  
and used for California Polytechnic School; use of  
proceeds.

The trustees, with the consent of the Director of Finance, may sell or trade such of the property belonging to the State and used for the California State Polytechnic College as may in the judgment of the trustees be disposed of advantageously. The proceeds of the sale shall be used for the purchase of such other land for the use of the California State Polytechnic College as the trustees and the Director of Finance may deem necessary.



FRANCHISE TAX BOARD

ATTACHMENT #2 TO FORM 1023

1025 P STREET  
SACRAMENTO, CALIFORNIA 95814

QUESTION 9

February 24, 1966

The Cal Poly Kellogg Unit Foundation, Inc.  
California State Polytechnic College  
Pomona, California 91766

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 23701d of the Revenue and Taxation Code, as it is shown that you are organized and operated exclusively as an 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.

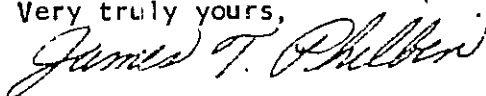
If in any year your gross income exceeds \$25,000, you are required to file an information return on Form 199 on or before the 15th day of the 5th month following the close of your fiscal year. These forms will be mailed to you if you provide us with your current postal address.

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 donors in arriving at their taxable net income in the manner and to the extent provided by Sections 17214, 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,



James T. Philbin  
Associate Tax Counsel  
JTP:ef  
cc: Secretary of State  
(2)

ATTACHMENT #2 TO FORM 1023 - Page 2

Mr. James T. Philbin  
Associate Tax Counsel  
Franchise Tax Board  
1025 P Street  
Sacramento, California 95814

Dear Mr. Philbin:

We are pleased that the CAL POLY KELLOGG UNIT FOUNDATION, INC. was, on February 24, 1966, declared exempt from State franchise tax under the provisions of Section 23701 d of the Revenue and Taxation Code "as an educational organization".

The only question we have relates to the requirement that we file an information return (Form 199) annually.

As you are aware, from your review of our Articles of Incorporation, this corporation structurally and functionally is an integral part of the College. It is our view that we come within the provisions of Section 23772 of the Revenue and Taxation Code which says:

Every organization exempt under Article 1 except:

~~\*\*\*~~  
(b) An educational organization exempt under Section 23701 d, if such organization normally maintains a regular faculty and curriculum and normally has a regularly organized body of pupils or students in attendance at the place where its educational activities are regularly carried on;  
~~\*\*\*~~ shall file an annual return, with the Franchise Tax Board ~~\*\*\*~~.

The Kellogg Unit of the California State Polytechnic College obviously fits the above criteria. The Cal Poly Kellogg Unit Foundation should be considered as a part of the total college community for the purposes of exempting it from the requirement of filing an information return.

There is a precedent for such an interpretation from the analogous requirement for filing an annual information return at the Federal level. Revenue Ruling 56-133 provides:

~~\*\*\*~~ Among the organizations qualifying for exemption under section 501(c)(3) of the Internal Revenue Code of 1954 which are not required annually to file Form 990-A, U.S. Return of Organizations Exempt from Tax, are educational organizations which normally maintain a regular faculty and curriculum and normally have a regularly

organized body of pupils or students in attendance at the place where its activities are regularly carried on.

Accordingly, it is held that a student government association which is an integral part of and controlled by a university exempt from Federal income tax as an educational organization under section 501(c)(3) of the Internal Revenue Code of 1954, is not required to file an annual return Form 990-A, U.S. Return of Organizations Exempt from Tax.

Any consideration that you can give of our request to be exempted from the requirement of filing information return Form 999 would be appreciated.

Thank you very much.

Very truly yours,

(Signed)

John W. Francis  
Attorney At Law

JWF:bp

## FRANCHISE TAX BOARD

1025 P STREET  
SACRAMENTO, CALIFORNIA 95814

ATTACHMENT #2 TO FORM 1023 - Page 3

ALAN CRANSTON, State Controller—Chairman  
HALE CHAMPION, Director of Finance  
GEORGE R. REILLY, Chairman Board of Equalization  
MARTIN HUFF, Executive Officer

March 11, 1966

California State Polytechnic College  
Kellogg-Voorhis Campus  
Pomona, CaliforniaAttn: John W. Francis  
Attorney at Law

Re: Cal Poly Kellogg Unit Foundation, Inc.

Gentlemen:

This is in reply to your letter of March 2, 1966.

Based upon the information contained in your letter and our interpretation of Section 23772(b) of the Revenue and Taxation Code, it is not necessary for an educational organization to file an information return (Form 199) annually. This is because our law and the federal law in this area are basically the same and as a result we generally follow the federal regulations and revenue rulings.

If you have any questions in regard to the above please contact us.

Very truly yours,

A handwritten signature in cursive script that reads "Donald H. Reinholdt".

Donald H. Reinholdt  
Assistant Counsel

DHR:ef

ATTACHMENT #3 TO FORM 1023

ITEM 10a

ARTICLES OF INCORPORATION OF THE

CAL POLY KELLOGG UNIT FOUNDATION, INC.

DOCUMENT FILED  
Los Angeles County  
MAR - 4, 1966  
Office of County Clerk  
CORPORATION DIV.

E N D O R S E D  
FILED  
In the office of the Sec'y of State  
of the State of California  
FEB. 28, 1966—  
FRANK M. JORDAN, Secretary of State  
By JAMES E. HARRIS  
Deputy

The name of this corporation is:

THE CAL POLY KELLOGG UNIT FOUNDATION, INC.

II

The CAL POLY KELLOGG UNIT FOUNDATION, INC., hereinafter called the "Corporation", shall conduct its operations in conformity with regulations established by the Trustees of the California State Colleges and approved by the Director of Finance as required by the California Education Code, Section 24054.

III

This Corporation shall be operated as an integral part of the educational program of the California State Polytechnic College, Kellogg Unit, hereinafter called the "College", as required by the California Administrative Code, Title V, Section 42401; and its operations shall be integrated with College operations and administered or supervised by the existing College administrative organization as required by the California Administrative Code, Title V, Section 42601 (c).

ATTACHMENT #3 TO FORM 1023

ITEM 10a

IV

1  
2  
3 The purposes for which this Corporation is formed, the specific  
4 and primary purpose for which it is formed being set forth in sub-  
5 paragraph (a) of this Article IV, are as follows:

6 (a) The specific activity in which this Corporation is primarily  
7 to engage is to promote and assist the educational program of the  
8 College or such institution as shall succeed to the properties  
9 and functions of said College and to apply the funds and proper-  
10 ties coming into its hands toward furthering the educational  
11 program carried on or approved by the administrative officers  
12 of the College. This Corporation shall not carry on any activities  
13 not approved by the administrative officers of the College.

14 (b) To operate exclusively for educational purposes within the  
15 meaning of Section 501 (c)(3) of the Internal Revenue Code of  
16 1954 (or the corresponding provision of any future United States  
17 Internal Revenue Law), and the California Revenue and Taxation  
18 Code, Section 23701 (d) (or the corresponding provision of any  
19 future California Revenue Law).

20 Provided, further, that in all events and under all circumstances, and  
21 notwithstanding any other provision of these articles:

22 1. This Corporation shall not carry on any activities not per-  
23 mitted to be carried on (a) by a corporation exempt from Federal  
24 income tax under Section 501 (c)(3) of the Internal Revenue Code  
25 of 1954 (or the corresponding provision of any future United  
26 States Internal Revenue Law) or (b) by a corporation, contributions  
27 to which are deductible under Section 170 (c)(2) of the Internal  
28 Revenue Code of 1954 (or the corresponding provision of any future  
29 United States Internal Revenue Law).

30 2. No part of the net earnings of this Corporation shall inure  
31 to the benefit of or be distributable to its members, directors,  
32 officers, or other private persons, except that this Corporation

ATTACHMENT #3 TO FORM 1023

ITEM 10a

1 shall be authorized and empowered to pay reasonable compensation  
2 for services rendered and to make payments and distributions in  
3 furtherance of the purposes set forth in Article IV hereof.

4 3. No substantial part of the activities of this Corporation  
5 shall be the carrying on of propaganda, or otherwise attempting  
6 to influence legislation, and this Corporation shall not partici-  
7 pate in, or intervene in (including the publishing or distribution  
8 of statements) any political campaign on behalf of any candidate  
9 for public office.

10 4. This Corporation shall not make personal loans of a non-  
11 scholarship nature, except that loans to faculty members or  
12 employees may be made when such loans are specifically authorized  
13 by a trust instrument under which the funds were received, as  
14 required by the California Administrative Code, Title V, Section  
15 42403 (b) (2).

16 5. This Corporation shall never be operated for the primary pur-  
17 pose of carrying on a trade or business for profit.  
18  
19

20 V

21  
22 The County in the State of California where the principal office  
23 for the transaction of the business of this Corporation is to be located  
24 is Los Angeles County.  
25

26 VI

27  
28  
29 The members, directors, and officers of this Corporation shall be  
30 drawn exclusively from the membership of the faculty and administrative  
31 personnel of the College, or from the faculty and administrative personnel  
32 of such institution as shall succeed to the properties and functions of

ATTACHMENT 93 TO FORM 1003

ARTICLE 10A

1 said College, and this Corporation shall have no members other than the  
2 persons constituting its Board of Directors. The persons constituting  
3 its Board of Directors shall, for the purpose of any statutory provision  
4 or rule of law relating to nonprofit corporations or otherwise, be taken  
5 to be the members of such Corporation and exercise all the rights and  
6 powers of members thereof. If a Director terminates his employment  
7 with the College, he shall cease to be a Director of this Corporation.  
8 The President of the College or his designated representative shall be  
9 a member of the Board of Directors of this Corporation in order to in-  
10 sure that this Corporation operates in conformity with College policy  
11 as required by the California Administrative Code, Title V, Section  
12 42600 (b). This Article is not subject to amendment, change or alter-  
13 ation in any of its clauses or provisions by the By-Laws of the Cor-  
14 poration.

VII

15  
16  
17  
18  
19 The number of Directors of this Corporation shall consist of not  
20 less than three (3) persons, nor more than seven (7) persons; and the  
21 names and addresses of the persons who are appointed to act in the  
22 capacity of Directors until the selection of their successors are as  
23 follows:

24	NAME	ADDRESS
25	Julian A. McPherson	California State Polytechnic College
26		Kellogg Unit, Pomona, California
27	Robert C. Kramer	California State Polytechnic College
28		Kellogg Unit, Pomona, California
29	Cecil W. Jones	California State Polytechnic College
30		Kellogg Unit, Pomona, California



ATTACHMENT #3 TO FORM 1000

ITE, 10a

VIII

The number of Directors of this Corporation may be changed to a maximum of seven (7) from time to time pursuant to the By-Laws. The Directors shall not be personally liable for the debts, liabilities, or obligations of this Corporation.

IX

This Corporation is organized pursuant to the General Nonprofit Corporation Law of the State of California.

X

Upon dissolution of this Corporation net assets other than trust funds shall be distributed to one or more nonprofit corporations organized and operated for the benefit of the California State Polytechnic College, Kellogg Unit or the students or the students and faculty at that college, such corporation or corporations to be selected by the Board of Directors of this Corporation, as required by the California Administrative Code, Title V, Section 42600 (a).

XI

The Articles of Incorporation of this Corporation shall not be amended except with the vote or written consent of a two-thirds majority of its members.

ATTACHMENT AA TO FORM 1001

ART. 10a

1 IN WITNESS WHEREOF, for the purpose of forming this Corporation  
2 as a nonprofit corporation for the purposes set forth in Article IV  
3 hereof, under and pursuant to the provisions of the General Nonprofit  
4 Corporation Law of the State of California, we the undersigned, con-  
5 stituting the incorporators of this Corporation, including the persons  
6 named hereinabove as its first Directors, have executed these Articles  
7 of Incorporation this 7th day of February, 1966.

8  
9  
10 Julian A. McPhee  
Julian A. McPhee

11  
12 Robert C. Kramer  
Robert C. Kramer

13  
14 Cecil W. Jones  
Cecil W. Jones

17 State of California }  
18 County of Los Angeles }

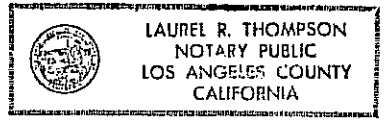
20 On this 7th day of February, 1966, before me,  
21 the undersigned, a Notary Public in and for said State, personally  
22 appeared Julian A. McPhee, Robert C. Kramer, and Cecil W. Jones, known  
23 to me to be the persons whose names are subscribed to the foregoing  
24 Articles of Incorporation, and acknowledged to me that they executed  
25 the same.

26 WITNESS my hand and official seal.

27  
28  
29 (Seal)

Laurel R. Thompson  
Notary Public in and for the State  
of California

My Commission Expires April 5, 1968



ATTACHMENT #4 TO FORM 1023

ITEM 10b

BY-LAWS

OF

CAL POLY KELLOGG UNIT FOUNDATION, INC.

ARTICLE I

Principal Office

The principal office for the transaction of the business of this corporation is hereby fixed and located at the Kellogg Unit of the California State Polytechnic College.

ARTICLE II

Seal

The corporate seal shall consist of a circle, having at its circumference the words, "CAL POLY KELLOGG UNIT FOUNDATION, INC., CALIFORNIA," and inside the circle the date of the incorporation of this corporation.

ARTICLE III

Membership

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 this corporation and shall exercise all the rights and powers of members thereof.

ATTACHMENT #4 TO FORM 1023

ITEM 10b

ARTICLE IV

Board of Directors

Section 1. Number of Directors.

The Board of Directors shall consist of three (3) members until changed by amendment to these By-Laws as hereinafter provided.

Section 2. Powers of Directors.

All corporate powers of this corporation shall be exercised by or under the authority of, and the business and affairs of this corporation shall be controlled by, the Board of Directors. Without limiting the generality of the foregoing, the Board of Directors shall have the following powers:

(a) To appoint and remove all the other officers, agents and employees of the corporation, prescribe such powers and duties for them as may not be inconsistent with law, with the Articles of Incorporation or the By-Laws, fix their compensation, and may require from them a security bond.

(b) To conduct, manage and control the affairs and business of this corporation, and to make such rules and regulations therefor not inconsistent with law, with the Articles of Incorporation or the By-Laws, as they may deem best.

(c) To borrow money and incur indebtedness for the purposes of this corporation, and to cause to be executed and delivered therefor, in the corporate name by the President and Secretary, all evidences of debt and security therefor.

(d) To supervise all officers, agents and employees of this corporation, and see that their duties are properly performed.

Section 3. Election and Term of Office

The present Directors of this corporation shall serve until the termination of their employment with the College or their death,

ATTACHMENT #4 TO FORM 1023

ITEM -10b

1 resignation or removal.

2  
3 **Section 4. Vacancies.**

4 All Directors in addition to the present number and those succeeding  
5 the present directors shall be nominated by the President of the Board of  
6 Directors and elected by a majority of the members of the Board though  
7 less than a quorum. If three successive nominees for a given office  
8 shall be rejected by the Board; or if the President shall for a period  
9 of six months after a vacancy occurs fail, refuse or neglect to exhaust  
10 his rights to nominate, then the Board of Directors shall proceed to  
11 fill the vacancy. A vote of two-thirds of the Board of Directors shall  
12 be necessary to elect without the nomination of the President.

13  
14 **Section 5. Voting.**

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

18  
19 **Section 6. Regular Meetings.**

20 There shall be a regular meeting of the Board of Directors on the  
21 third Monday of May each year.

22  
23 **Section 7. Special Meetings.**

24 Special meetings of the Board of Directors for any purpose or  
25 purposes shall be called at any time by the President or by a majority  
26 of the members of the Board.

27  
28 **Section 8. Place of Meetings.**

29 Regular meetings of the Board of Directors shall be held at any  
30 place within this State which has been designated from time to time by  
31 resolution of the Board or by written consent of all members of the Board.  
32 In the absence of such designation regular meetings shall be held at the

ATTACHMENT #4 TO FORM 1023

ITEM 10b

1 principal office of this corporation. Special meetings of the Board  
2 may be held either at a place so designated or at the principal office.

3  
4 Section 9. Notices.

5 Written notice of the time and place of both regular and special  
6 meetings shall be delivered personally to each Director or sent to each  
7 Director by mail or by other form of written communication, addressed to  
8 him at his College address. Such notices shall be transmitted in such a  
9 manner that they be delivered at least forty-eight (48) hours prior to  
10 the time of the meeting.

11  
12 Section 10. Quorum.

13 A majority of the whole number of Directors shall constitute a  
14 quorum for the transaction of business. Every act or decision of a  
15 majority of the Directors present at a meeting at which a quorum is  
16 present, made or done when duly assembled, shall be valid as the act  
17 of the Board of Directors; but a majority of those present at the time  
18 and place of any regular or special meeting, although less than a quorum,  
19 may adjourn the same from time to time or from day to day, without fur-  
20 ther notice, until a quorum shall attend, any business may be transacted  
21 which might have been transacted at the meeting had the same been held  
22 on the day on which the same was originally called.

23  
24 Section 11. Removal of Directors.

25 Any Director of this corporation may be removed at any time by a  
26 two-thirds vote of the whole number of Directors.

27  
28 Section 12. Compensation.

29 The Directors of this corporation shall serve without compensation,  
30 except their actual expenses.

31  
32

ATTACHMENT #4 TO FORM 1023

ITEM 10b

ARTICLE V

Officers

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Section 1. Officers.

The officers of this corporation shall be a President, Vice President, Secretary and Treasurer, and such other officers as the Board of Directors may appoint. The office of Secretary-Treasurer may be vested in one person.

Section 2. Election.

The Board of Directors shall elect all officers of this corporation for terms of one year, or until their successors are elected and qualified. The annual election shall be held at the regular meeting on the third Monday of May.

Section 3. Vacancies.

A vacancy in any office because of termination of employment with the College, death, resignation, removal or otherwise shall be filled by the remaining members of the Board of Directors.

Section 4. President.

Subject to the control of the Board of Directors, the President shall have general supervision, direction and control of the business and affairs of this corporation. He shall preside at all meetings of the Board of Directors, and shall have such other powers and duties as may be prescribed from time to time by the Board of Directors.

Section 5. Vice President.

In the absence or disability of the President, the Vice President shall perform all the duties of the President, and in so acting shall have all the powers of the President. The Vice President shall have such other powers and perform such other duties as may be prescribed

APPROVED BY BOARD 10/25

1 from time to time by the Board of Directors.

2  
3 **Section 6. Secretary.**

4 The Secretary shall keep a full and complete record of the proceed-  
5 ings of the Board of Directors, shall keep the seal of this corporation  
6 and affix the same to such papers and instruments as may be required in  
7 the regular course of business, shall make service of such notices as  
8 may be necessary or proper, shall supervise the keeping of the books of  
9 this corporation and shall discharge such other duties as pertain to the  
10 office or as prescribed by the Board of Directors. In case of the absence  
11 or disability of the Secretary, or his refusal or neglect to act, notices  
12 may be given and served by the President, or by the Vice President or by  
13 any person thereunto authorized by the President or by the Vice Presi-  
14 dent, or by the Board of Directors.

15  
16 **Section 7. Treasurer.**

17 The Treasurer shall supervise the deposit of all funds of this  
18 corporation in such bank or banks as may be designated by the Board of  
19 Directors. Such funds shall be paid out only on the check of this cor-  
20 poration signed as directed by the Board of Directors. The Treasurer  
21 shall have such other powers and perform such other duties as may be  
22 prescribed from time to time by the Board of Directors.

23  
24 **ARTICLE VI**

25 **Amendment of By-Laws**

26  
27 These By-Laws may be amended or repealed and new By-Laws adopted by  
28 the vote of a majority of the members of the Board of Directors at any  
29 Directors' meeting, except that a By-Law fixing or changing the number  
30 of Directors may be adopted, amended or repealed only by the vote or  
31 written consent of two-thirds of the members of the Board of Directors.  
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ATTACHMENT #4 TO FORM 1023

ITEM 10b

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I, the undersigned, do hereby certify that I am the duly  
elected and acting Secretary-Treasurer of the CAL POLY KELLOGG UNIT  
FOUNDATION, INC., a California nonprofit corporation, and that the  
foregoing By-Laws comprising 7 pages constitute the By-Laws of said  
corporation as duly adopted at a meeting of the Board of Directors  
thereof duly held on Monday, March 7, 1966.

IN WITNESS WHEREOF, I have hereunto subscribed my name and  
affixed the seal of said corporation this 10th day  
of March, 1966.

(Signed)

Cecil W. Jones  
Secretary-Treasurer

ATTACHMENT #5 TO FORM 1023

ITEM 10c

CALIFORNIA STATE POLYTECHNIC COLLEGE FOUNDATION  
 CONSOLIDATED STATEMENT OF FINANCIAL CONDITION  
 SAN LUIS OBISPO AND KELLOGG-VOORHIS

JUNE 30, 1965

ASSETS

Current Assets:

Cash on Hand-Change Funds	\$	\$ 13,140.00	\$
Cash In Checking Account		205,807.54	
Cash in Savings Accounts		364,280.12	
Security Deposits		35.00	
Accounts Receivable-Regular	69,753.40		
Gov't. Agencies	48,464.30		
El Patio	36,150.00		
Less: Allowance for Doubtful Accounts	2,124.63	152,243.07	
Inventories-Livestock		206,693.68	
Feed		92,854.12	
Material & Supplies		154,599.15	
<b>TOTAL CURRENT ASSETS</b>			<b>1,189,652.68</b>

Fixed Assets:

Linen & Supply Complement		19,136.15	
Unamortized Improvements		42,999.35	
Equipment	451,511.90		
Less: Accrued Depreciation	279,704.02	171,807.88	
<b>TOTAL FIXED ASSETS</b>			<b>233,943.38</b>

Assets Held In Trust:

Cash in Savings-War Memorial Fund		3,708.51	
Bumphrey Fund		4,943.74	
Estelle Fund		1,395.38	
Erhart Fund		1,790.02	
Cash in Checking Acc't.-Misc. Trusts		50,436.83	
Grants Receivable		8,600.00	
On Deposit-United Student Aid Fund		2,100.00	
<b>TOTAL ASSETS HELD IN TRUST</b>			<b>72,974.48</b>

Other Assets:

Travel Advances		175.53	
Equity In Poultrymen's Coop. Ass'n.		4,148.70	
Prepaid Insurance		1,789.82	
Prepaid Expenses		1,753.19	
Investment in Student Projects		29,260.96	
On Deposit-United Student Aid Fund		5,000.00	
Work Orders		21,593.75	
<b>TOTAL OTHER ASSETS</b>			<b>63,721.95</b>

**TOTAL ASSETS** 1,560,292.49

DINING HALL Equipment Replacement Funds on  
 Deposit with College at 6-30-65 . . . . \$119,432.13

ATTACHMENT #5 TO FORM 1023 - Page 2

LIABILITIES AND NET WORTH

<b>Current Liabilities:</b>		
Accounts Payable-Regular	\$194,542.60	\$
Payroll Deductions	21,739.19	
Accrued Taxes	22,513.92	
Accrued Leave	13,840.36	
<b>TOTAL CURRENT LIABILITIES</b>		<b>252,636.07</b>
<b>Deferred Credits:</b>		
Prepaid House Rent	210.00	
Prepaid Health Fees	42.00	
Departmental Clearing Accounts	1,336.44	
<b>TOTAL DEFERRED CREDITS</b>		<b>1,588.44</b>
<b>Accountability for Trust Funds:</b>		
President's Fund	2,726.46	
War Memorial Fund	3,708.51	
Bumphrey Fund	4,943.74	
Estelle Fund	1,395.38	
Erhart Fund	1,703.39	
Unclaimed Checks Fund	129.58	
Wilbur May Fund	2,000.00	
Instructional Materials Fund	17,113.53	
Brochure Funds	457.70	
Restricted Grants	29,324.30	
Housing Deposits	740.00	
Instructional Revolving Accounts	4,134.85	
Conference Clearing Accounts	1,535.13	
Miscellaneous Trust Funds	3,061.91	
<b>TOTAL TRUST FUNDS</b>		<b>72,974.48</b>
<b>Special Reserves:</b>		
Dining Hall Reserve	12,761.25	
National Science Foundation Reserve	41.25	
Food Processing Reserve	180.00	
Housing Maintenance Reserve	52,314.90	
State Share Reserve Account	63,818.34	
State Share Reserve Projects	118,652.00	
Health Fund Reserve	32,110.26	
Publications Reserve	9.47	
Cal Poly Housing Reserve	35,744.66	
Kellogg Horse Show Reserve	10,800.83	
Light Horse Judging School Reserve	464.73	
<b>TOTAL SPECIAL RESERVES</b>		<b>326,897.69</b>
<b>Net Worth:</b>		
Surplus-Dining Hall	249,777.20	
Housing	166,226.01	
Aid to Instruction	480,920.56	
Other	22,430.14	
Education Center	(13,158.10)	
<b>TOTAL NET WORTH</b>		<b>906,195.81</b>
<b>TOTAL LIABILITIES AND NET WORTH</b>		<b>1,560,292.49</b>

CALIFORNIA STATE POLYTECHNIC COLLEGE FOUNDATION  
 STATEMENT OF FINANCIAL CONDITION  
 KELLOGG-VOORHIS \*JUNE 30, 1965

ASSETS

Current Assets:

Cash on Hand-Change Funds	\$	\$ 3,615.00	\$
Cash in Checking Account		127,934.00	
Security Deposits		35.00	
Accounts Receivable-Regular	37,148.05		
Vet Hill	529.90		
Less: Allowance for Doubtful Accts.	300.00	37,377.95	
Inventories-Livestock		33,448.93	
Feed		5,970.09	
Material and Supply		21,404.27	
<b>TOTAL CURRENT ASSETS</b>			<b>229,785.24</b>

Fixed Assets:

Supply Complement		5,966.61	
Unamortized Improvements		10,691.49	
Equipment		140,709.79	
Less: Allowance for Depreciation		80,140.17	
<b>TOTAL FIXED ASSETS</b>			<b>77,227.72</b>

Other Assets:

Cash for Restricted Grants & Trusts		5,702.74	
Equity in Poultrymen's Coop. Ass'n.		444.58	
Work Orders		8,741.49	
Investment in Student Projects		17,404.13	
On Deposit-United Student Aid Fund		2,000.00	
<b>TOTAL OTHER ASSETS</b>			<b>34,292.94</b>

**TOTAL ASSETS** 341,305.90

Dining Hall Equipment Replacement Funds on Deposit with College 62,101.90

ATTACHMENT #5 TO FORM 1023 - Page 4

LIABILITIES

Current Liabilities:

Accounts Payable	\$ 62,411.07	\$
Accounts Payable - S.L.O.	46,209.31	
Payroll Deductions	400.05	
Accrued Salary Taxes - Employers Share	2,462.17	
<b>TOTAL CURRENT LIABILITIES</b>		<b>111,482.60</b>

Trust Liabilities:

Miscellaneous Trust Funds	3,061.91	
Unclaimed Checks and Funds	18.10	
Restricted Grants	2,010.69	
Instructional Revolving Funds	612.04	
<b>TOTAL TRUST LIABILITIES</b>		<b>5,702.74</b>

Special Reserves:

Kellogg Horse Show Reserve	10,800.83	
Light Horse Judging School Reserve	464.73	
Health Fund Reserve	18,536.31	
State Share Reserve Account	23,335.55	
<b>TOTAL SPECIAL RESERVES</b>		<b>53,137.42</b>

Net Worth:

Surplus - Dining Hall	128,037.43	
- Housing	41,457.72	
- Aid to Instruction	12,354.99	
- Other	2,291.10	
- Educational Center	(13,158.10)	
<b>TOTAL NET WORTH</b>		<b>170,983.14</b>

<b>TOTAL LIABILITIES AND NET WORTH</b>		<b>341,305.90</b>
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ATTACHMENT #5 TO FORM 1023 - Page 5

CALIFORNIA STATE POLYTECHNIC COLLEGE BOOKSTORE  
STATEMENT OF FINANCIAL CONDITION  
KELLOGG-VOORHIS \* JUNE 30, 1965

ASSETS

Current Assets:

Cash on Hand-Change Funds	\$	\$ 400.00	\$
Cash in Checking Account		54,957.00	
Cash in Savings Account		488.64	
Accounts Receivable		5,847.41	
Inventory-Merchandise		153,080.99	
Store & Office Supplies		686.94	

TOTAL CURRENT ASSETS

215,460.98

Fixed Assets:

Building	64,400.00	
Less Allowance for Depreciation	<u>3,220.00</u>	
		61,180.00
Furniture and Equipment	32,884.61	
Less Allowance for Depreciation	<u>6,445.67</u>	
		26,438.94

TOTAL FIXED ASSETS

87,618.94

TOTAL ASSETS

303,079.92

ATTACHMENT #5 TO FORM 1023 - Page 6

LIABILITIES

**Current Liabilities:**

Accounts Payable	\$ 1,375.95	\$
Payroll Deductions	625.80	
Accrued Taxes-Salary-Excise-Sales	4,993.03	
<b>TOTAL CURRENT LIABILITIES</b>		<b>6,994.78</b>

**Trust Liabilities:**

Graduation Fee Accrual	3,511.51	
<b>TOTAL TRUST LIABILITIES</b>		<b>3,511.51</b>

**Long Term Liability:**

Notes Payable	23,650.00	
<b>TOTAL LONG TERM LIABILITY</b>		<b>23,650.00</b>

**Net Worth:**

Surplus		268,923.63
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<b>TOTAL LIABILITIES AND NET WORTH</b>		<b>303,079.92</b>
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ATTACHMENT #6 TO FORM 1023

ITEM 10d

Attached is an operating statement covering all receipts and disbursements for all Foundation operations on the Kellogg-Voorhis Campus of the California State Polytechnic College for the period of July 1, 1964 to June 30, 1965.

The last page is an operating statement for the College Bookstore, which presently is not a Foundation function.



DINING HALL  
KELLOGG CAMPUS

INCOME	
Sales - Meals	
Sales - Snack Bar	\$371,759.28
Sales - Catering	129,832.07
Sales - Staff	30,554.63
Sales - Vending	23,654.61
TOTAL INCOME	615.26
EXPENSE	\$556,415.85
Food & Beverages	
Salaries & Wages, Regular	\$249,177.97
Salaries & Wages, Student	155,643.91
Repair & Renewal	25,220.20
Laundry	26,984.24
Utilities	3,593.54
Telephone	2,767.35
Supplies	248.75
Insurance	16,958.57
Payroll Taxes	150.84
Sales Tax	15,268.44
Depreciation	65.12
Transportation	8,873.00
Miscellaneous	273.38
Administration	110.00
Equipment Replacement	15,055.57
TOTAL EXPENSE	12,300.00
NET PROFIT	\$532,690.88
	\$ 23,724.97

BEEF DEPARTMENT

KELLOGG CAMPUS

INCOME

Sales - Livestock	\$40,559.91
Sales to Projects, Livestock	13,586.14
TOTAL INCOME	\$54,146.05

EXPENSE

Feed	\$18,689.04
Cost of Livestock Sold	32,987.80
Marketing Costs	183.68
Supplies	3.64
Veterinary	46.00
Miscellaneous	8.00
Fees & Entries	58.50
Administration	1,200.00
TOTAL EXPENSE	\$53,176.66

Share of Student Projects	\$ 66.72
Livestock Inventory Gain	5,830.03
Loss on Student Projects	(8,755.65)
NET LOSS	\$(1,889.51)

SWINE DEPARTMENT  
KELLOGG CAMPUS

INCOME

Sales-Livestock	\$10,757.08
Sales - Miscellaneous	567.52
Sales to Projects - Feed	6,371.95
Sales to Projects, Livestock	6,721.25
TOTAL INCOME	\$24,417.80

EXPENSE

Feed	\$14,445.89
Cost of Livestock Sold	6,421.68
Supplies	53.90
Veterinary	61.17
Administration	2,220.00
TOTAL EXPENSE	\$23,202.64

Share of Student Projects	\$ 156.79
Livestock Inventory Gain	517.39
Loss on Student Projects	\$ (159.05)
NET PROFIT	\$ 1,730.29

SWINE DEPARTMENT

KELLOGG CAMPUS

INCOME

Sales-Livestock	\$10,757.08
Sales - Miscellaneous	567.52
Sales to Projects - Feed	6,371.95
Sales to Projects, Livestock	6,721.25
TOTAL INCOME	\$24,417.80

EXPENSE

Feed	\$14,445.89
Cost of Livestock Sold	6,421.68
Supplies	53.90
Veterinary	61.17
Administration	2,220.00
TOTAL EXPENSE	\$23,202.64

Share of Student Projects	\$ 156.79
Livestock Inventory Gain	517.39
Loss on Student Projects	\$ (159.05)

NET PROFIT

\$ 1,730.29

FEEED MILL DEPARTMENT

KELLOGG CAMPUS

INCOME

Sale of Products	\$31,864.00
Sale to Projects	11,372.53
TOTAL INCOME	\$43,236.53

EXPENSE

Salaries and Wages	\$ 1,832.39
Cost of Feed Sold	38,992.26
Inventory Gain or Loss	127.85
Repairs	92.70
Supplies	83.62
Administration	1,700.00
TOTAL EXPENSE	\$42,828.82

NET PROFIT	\$ 407.71
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MEAT DEPARTMENT

Kellogg Campus

INCOME

Sales of Products	\$86,849.23
Sales - Miscellaneous	622.36
TOTAL INCOME	\$87,471.59

EXPENSE

Salaries & Wages	\$ 9,523.23
Products Purchased for Resale	69,984.02
Maintenance & Repairs	572.39
Telephone & Utilities	3.15
Supplies	2,747.57
Depreciation	1,312.28
Laundry	198.04
Travel	20.80
Insurance	125.00
Fees & Entries	20.00
Administration	2,400.00
TOTAL EXPENSE	\$86,906.48

NET PROFIT

\$ 565.11

POULTRY DEPARTMENT

KELLOGG CAMPUS

INCOME

Sales of Products	\$1,813.70
Sales - Miscellaneous	56.32
Sales to Projects, Livestock	1,493.45
TOTAL INCOME	\$3,363.47

EXPENSE

Feed	\$1,176.47
Salaries & Wages	119.87
Cost of Livestock Sold	1,663.00
Repairs	131.69
Supplies	285.45
Administration	1,150.00
TOTAL EXPENSE	\$4,526.48

Share of Student Projects	\$1,587.11
Livestock Inventory Gain	18.10

NET PROFIT	\$ 442.20
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AGRONOMY DEPARTMENT  
KELLOGG CAMPUS

INCOME

Sales - Crops	\$8,045.13
Sales - Miscellaneous	650.69
TOTAL INCOME	\$8,695.82

EXPENSE

Salaries & Wages - Student	\$ 497.77
Equipment Rental	197.20
Fertilizer, Insecticides, and Herbicides	829.92
Utilities	187.93
Material & Supplies	681.14
Depreciation	144.72
Miscellaneous	5.00
Insurance	3.00
Fees & Entries	25.00
Administration	2,220.00
TOTAL EXPENSE	\$4,791.68

Share of Student Projects	\$ 646.00
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NET PROFIT

\$4,550.14



FRUIT DEPARTMENT  
KELLOGG CAMPUS

INCOME

Sales - Fruit

\$1,994.54

TOTAL INCOME

\$1,994.54

EXPENSE

Salaries & Wages

\$1,061.10

Fertilizer, Insecticides & Herbicides

467.55

Utilities

92.15

Material & Supplies

83.66

Amortization of Improvements

144.72

Miscellaneous

5.00

Administration

840.00

TOTAL EXPENSE

\$2,694.18

Share of Student Projects

\$1,361.44

NET PROFIT

\$ 661.80

STUDENT PROJECT OPERATIONS  
1964-65  
KELLOGG CAMPUS

DEPART- MENT	PROJECTS IN OPERATION 6-30-64	PROJECTS OPENED 1964-65	PROJECTS CLOSED 1964-65	PROJECTS IN OPERATION 6-30-65	STUDENTS PARTICIPAT- ING 1964-65	STUDENT'S SHARE OF PROFITS 1964-65	FOUNDATION SHARE OF PROFITS 1964-65	LOSSES AD- SORBED BY FOUNDATION 1964-65	FOUNDATION GAIN OR (LOSS) 1964-65
Beef	13	9	14	8	110	312.63	66.72	8,755.65	(8,688.93)
Swine	10	29	16	23	48	313.42	156.79	159.05	(2.26)
Sheep	7	16	17	6	36	534.70	260.22	318.68	(58.46)
Agronomy	4	6	6	4	16	1,534.78	646.00		646.00
Poultry	3	6	3	6	20	3,113.08	1,587.11		1,587.11
Fruit	4	0	4	0	8	1,947.72	1,361.44		1,361.44
O.H.	7	4	4	7	67	321.12	428.63		428.63
Photo	2	0	0	2	10				
Printing	1	0	0	1	2				
<b>TOTALS</b>	<b>51</b>	<b>70</b>	<b>64</b>	<b>57</b>	<b>317</b>	<b>\$8,077.45</b>	<b>\$4,506.91</b>	<b>\$9,233.38</b>	<b>\$(4,726.47)</b>

CALIFORNIA STATE POLYTECHNIC COLLEGE EDUCATION CENTER  
 VCORHIS CAMPUS

INCOME

Conference Fee	\$10,661.00
Conference Rent	43,896.00
Catering	52,223.90
Coffee Breaks & Sundries	5,175.15
Miscellaneous	830.10
Vet Hill Washers	225.85

TOTAL INCOME

\$113,012.00

EXPENSE

Administration

Assistant Director	\$ 8,216.20
Clerical	4,578.00
Clerical Assistance	2,456.94
Telephone	220.22
Office Expenses	330.75
Travel & Vehicle	942.83
Insurance	133.00
Payroll Taxes and Insurance	2,754.76
Miscellaneous	42.45
Depreciation	3,635.23
Administration	4,800.00
Promotion & Brochures	1,061.36

Custodial & Structures

Lifeguard - Other	686.14
Custodial Salaries & Wages	12,768.69
Operating Expense	3,169.82

Utilities

Other Utilities

4,000.00

Maintenance

Salaries & Wages	6,375.95
Operating Expense	1,128.31
Washer & Dryer Maintenance	17.99
Painting Cycle	359.79

Replacements

Miscellaneous Replacements

1,778.61

Catering

Meals	47,176.30
Coffee Breaks & Snacks	2,081.77

TOTAL EXPENSE

\$108,715.11

NET PROFIT

\$ 4,296.89

HEALTH CENTER

KELLOGG CAMPUS

INCOME

Sales - Regular	\$4,066.30
TOTAL INCOME	\$4,066.30

EXPENSE

Repairs	\$ 20.70
Supplies	3,161.91
Depreciation	383.69
Administration	500.00
TOTAL EXPENSE	\$4,066.30

HORSE SHOW  
KELLOGG CAMPUS

INCOME

Regular	\$ 7,457.75
Livestock	1,633.15
Miscellaneous	927.98
TOTAL INCOME	\$10,018.88

EXPENSE

Salaries & Wages	\$ 2,954.50
Cost of Livestock Sold	1,123.54
Repairs	944.73
Supplies	709.05
Depreciation	425.30
Miscellaneous	59.00
Laundry	165.91
Travel	169.70
Insurance	452.59
Fees & Entries	1,222.00
Administration	1,800.00
Public Relations	20.80
TOTAL EXPENSE	\$10,047.12

NET LOSS

\$ (28.24)

ADMINISTRATION

KELLOGG CAMPUS

INCOME

Charges to Departments	\$36,451.74
TOTAL INCOME	\$36,451.74

EXPENSE

Salaries & Wages	\$25,881.89
PR Taxes & Health Insurance	2,071.87
Supplies	1,222.88
Loss on Bad Accounts	90.93
Insurance	2,403.49
Travel	1,332.93
Telephone	115.00
Depreciation	1,298.58
Miscellaneous	20.10
Public Relations	917.17
Overage & Shortage	30.15
Publications	870.75
Prior Year Adjustment	196.00
TOTAL EXPENSE	\$36,451.74

PUBLIC RELATIONS

KELLOGG CAMPUS

INCOME

Foundation Contribution	\$ 917.17
El Patio Contribution	917.16
TOTAL INCOME	\$1,834.33

EXPENSE

Meals & Refreshments	\$1,163.90
Printing	82.03
Photography	145.87
Dues & Membership	170.10
Miscellaneous	272.43
TOTAL EXPENSE	\$1,834.33

REVENUE BOND HOUSING CONTRACT

KELLOGG CAMPUS

EXPENSES

Salaries & Wages	
Housing Manager	\$ 4,302.00
Head Residents	20,766.00
Student Assistants - Range A	15,728.55
Student Assistants - Range B	16,202.07
Clerical	5,148.00
Custodial	27,369.52
Office Supplies	.60
Travel	69.35
Insurance	755.00
Payroll Taxes	6,424.92
Building Supplies	4,587.46
Laundry & Bedding Supplies	7,834.92
Repair & Replacement	1,600.32
TOTAL EXPENDITURES	\$110,788.71
CONTRACT INCOME	\$110,788.71



OPERATING STATEMENT

MISCELLANEOUS FUNDS

	Revolving Funds	Grants and Trust Funds	Student Projects
Income:	5,711.26	16,698.28	50,130.17
Expense:			
Payroll & Payroll Taxes	355.27	5,435.86	3,396.40
Livestock			15,537.09
Supplies & Equipment	4,552.29	7,552.94	4,914.37
Feed			12,145.43
Administration			
Charges	500.00	420.50	
Other Expenses	404.39	994.90	174.83
Student Profits			4,054.72
Total Expenses:	5,811.95	14,404.20	40,222.84
Balance:	(100.69)	2,294.08	9,907.33

Note: The above listed balances do not represent profit or loss from operations but indicate only transactions during the fiscal period July 1, 1964-June 30, 1965. Balances in accounts on July 1, 1964 or July 1, 1965 are not shown. Student project information does not show income received for projects after July 1, 1965, but does show all expenses incurred and financed by the Cal Poly Foundation for the fiscal period.

COLLEGE BOOKSTORE

KELLOGG CAMPUS

INCOME

Sales	500,338.89
Interest and Other Income	717.77
<b>TOTAL INCOME</b>	<b>501,056.66</b>

COST OF GOODS SOLD

Beginning Inventory, July 1, 1964	119,721.44
Purchases	411,982.64
<b>Total</b>	<b>531,704.08</b>
Less Ending Inventory, June 30, 1965	153,080.99
<b>COST OF GOODS SOLD</b>	<b>378,623.09</b>

EXPENSE:

Salaries & Wages	39,976.35
Repairs & Maintenance	460.45
Utilities	487.44
Telephone	441.89
Supplies	1,672.82
Insurance	776.74
Payroll Taxes	710.65
Depreciation	4,898.45
Advertising	2,015.72
Accounting & Auditing	1,275.00
Interest	1,084.50
Public Relations	1,088.40
Over & Short	101.49
Miscellaneous	244.87
<b>TOTAL EXPENSE</b>	<b>55,234.77</b>

**NET PROFIT** \$ 67,198.80

ATTACHMENT #7 TO FORM 1023

ITEM 10f

This corporation is being organized and will be operated solely for the purpose of providing essential services and facilities which are an integral part of the educational program of the California State Polytechnic College, Kellogg Unit. Its activities will include the operation and management of, or furnishing of research projects, workshops, institutes, conferences, gifts, grants, scholarships, loan funds, fellowships, bequests, trusts, travel study courses, supplemental health services, instructional materials projects, foreign aid programs, student instructional projects, Arabian horse shows, food services, bookstores, housing services, college unions and/or student activity buildings, student activity camps and recreation areas.

All operations of this corporation will be under the direct supervision and control of College administrative personnel.

(See attachment #8 for description of each of above activities and/or functions)

ATTACHMENT #8 TO FORM 1023

ITEM 10h

All activities which a State College Foundation may engage in must be pursuant to authority given in a lease agreement between the Foundation (as lessee) and the State of California through the Trustees of the California State Colleges. (See Education Code Section 24101 - ATTACHMENT #12 - Page 2).

The activities listed as the "purposes" of this Foundation in ATTACHMENT #7 are specifically authorized by the leases made a part of this application as ATTACHMENT #11.

This attachment (#8) will include a reference to the specific lease (including the pertinent paragraph) authorizing each activity and such supplementary description of the activity as appears appropriate.

ITEM 10h

LEASE COVERING WORKSHOPS,  
INSTITUTES, GIFTS, ETC.  
(SEE ATTACHMENT #11 - PART 1)

1. RESEARCH PROJECTS. (PARAGRAPHS IV (1), V (4) and VII)

The "guidelines" mentioned above provide as follows:

RESEARCH ACTIVITY IN RELATION TO OTHER AUTHORIZED FUNCTIONS  
OF THE COLLEGE

As a fundamental principle, each college should formulate controls for research activity carried on in facilities furnished by the State of California in such manner as to protect, maintain, and promote the excellence of other authorized programs in which it is engaged.

The same standards of excellence should be met in the research program of each college. Each state college has its own unique combination of staff, facilities, and experience, and should conduct research in such a way as to make optimum use of its strengths in these areas.

Under this principle of formulating controls for all research activity carried on in college facilities, a research project should not be accepted by a state college if its acceptance would require the services of a faculty member for whom a qualified substitute could not be found, or if the performance of the project would interfere materially with the normal use of laboratory or classroom space furnished by the State for the instructional program of the college.

RESEARCH AND INCOMPATIBLE ACTIVITIES OF STATE COLLEGE PERSONNEL

A further important principle to be observed in establishing controls is that no activity, including research, engaged in by a state college employee shall be "inconsistent, incompatible, or in conflict" with his duties as a state employee.

GUIDELINES FOR ENGAGING IN RESEARCH

The procedures set forth below are not intended to be rigid

ATTACHMENT #8 TO FORM 1023 - Page 3

ITEM 10h

rules. They are in the nature of guidelines which permit local college authorities to exercise judgement in the administration of research activity. The procedures permit an orderly development of the research function in relation to the other established programs of the college.

**CONDITIONS UNDER WHICH FACULTY MEMBERS MAY ENGAGE IN RESEARCH**

A faculty member desiring to engage in research sponsored by the college, on a released time basis or under contract with an outside agency, may qualify to do so provided:

1. The research activity is not in conflict with his teaching assignment.
2. The research activity does not constitute an overload which exceeds the equivalent of one-quarter time, as defined in the guidelines for extension activities.
3. A competent substitute instructor can be found for replacement, when required.
4. When a reduced teaching assignment is requested, salary for a substitute instructor shall be made available through the regular State support budget or the State shall be reimbursed for that portion of the salary of the instructor devoted to research, plus the State's normal contribution to the State Employee's Retirement System and the cost of vacation and sick leave accumulated for the period involved.
5. Approval of the president of the college to engage in the research activity is secured.

The College has developed some additional policies governing research:

**CALIFORNIA STATE POLYTECHNIC COLLEGE**

**STATEMENT OF POLICIES FOR FACULTY RESEARCH ACTIVITIES**

The primary application of research activities and findings at Cal Poly should be improvement in effectiveness of undergraduate instruction,

ATTACHMENT #8 TO FORM 1023 - Page 4

ITEM 10h

and therefore, of student success and retention. Research activities to improve instruction should include concern with updating current curricula, or planning new curricula, to better serve the needs of employers of Cal Poly graduates. Where feasible, research activities should assist in providing appropriate training and involvement of undergraduate or graduate students. Faculty and staff members are encouraged to engage in research projects that will strengthen the instructional program of the college. Research activities should contribute to the fund of knowledge of the technical fields involved, and/or to the improvement of instruction in all fields.

1. Research projects may include the following types of activities: community service research, institutional research, research in state college graduate programs, and individual faculty research.
2. Research projects must be compatible with appropriate rules and regulations to the State of California, Trustees of the California State Colleges, Office of the Chancellor, and College administration.
3. Research activities should increase the effectiveness of instructional assignments. Faculty members employed to teach full-time by the College are not permitted to reduce teaching load for research projects, whether such projects are supported by the College budget or by funds outside the College budget.
4. Faculty members employed full-time by the College during the academic year shall not undertake research projects for extra compensation during the same period of more than the equivalent of 1/5th the full-time load. (See Handbook, 401.422 and 501.13.)
5. Compensation to a faculty member from a research project, when authorized, shall be at no more than the same rate of fraction of total annual salary earned for full-time College employment. For Group A faculty, this means 1/9th the annual salary per month, or 1/35th per week. Overtime pay for Group A faculty would be at the rate of 1/175th annual salary per week. (For B-12 faculty or 12-months staff members, the overtime rate of pay would be 1/240th annual salary per week for research work done outside the normal work period.) Group A faculty (Handbook, 501.1) may engage in full-time research projects for not more than 15 weeks in any one calendar year.
6. Research projects should not interfere with the normal use of laboratory, classroom, or other space furnished by the State

ATTACHMENT #8 TO FORM 1023 - Page 5

ITEM 10h

for the instructional program of the College.

7. Equipment of \$25 or more in value purchased or given for research projects carried on in College facilities will become the property of the College or College Foundation, unless prohibited by the funding contract.
8. Research project requests, to be supported by the College budget or other sources, should be prepared in accordance with established procedures, and must be reviewed at all appropriate levels, and approved by the Research Committee and the Dean of the College. Projects of an interdisciplinary nature should be reviewed by the several subject areas involved.
9. Suitable provision by the Research Committee at each campus should be made for adequate records of all projects considered, the disposition of each, and periodic reports made to the Dean of the College.

The State College Administrative Manual provides for the appropriate relationship between College Foundations and research activities:

Section 3640. Relation of College Foundations to Research Activities.

The purpose of a foundation is to promote and assist in the development of the educational program and to apply funds and properties coming under its jurisdiction toward furthering the educational services, development, maintenance and operation of the college. Education Code Section 258 reads as follows:

The Director of Education may enter into agreements with agencies of the Federal Government, county superintendent of schools, county boards of education, any school district, and state college foundations or other auxiliary organizations, including those established pursuant to Sections 23603 to 23607, inclusive; Sections 23751 to 23803 inclusive; Sections 24051 to 24104 inclusive; Sections 24451 to 24455 inclusive; Sections 24581 and 24582; and Section 24601, for the performance of any



ATTACHMENT #8 TO FORM 1023 - Page 6

ITEM 10h

services for such agencies by any school or college under the jurisdiction of the Department of Education. All moneys received under any such agreement except recovery of contributions to the State Employees' Retirement Fund, are hereby appropriated for the support of such school or college in addition to such other funds as may be appropriated therefore to the Legislature.

The Education Code permits foundations to contract with the colleges for the use of personnel and/or facilities to perform services in connection with foundation projects, including approved research activities. The statement of Principles Governing the Operation of Auxiliary Organizations in the California State Colleges, recognizes that certain college activities cannot be operated effectively and without undue difficulty under state budgetary, purchasing and other fiscal procedures and, therefore, provides that such activities may be handled through foundations. Such activities must, however, continue to be handled as a part of the educational program and come under the control of college and state officers.

The above principles give recognition and status to foundations and place them in a position to manage the business and financial affairs for projects which are difficult to handle through state procedures. They indicate that foundations are now in a position to manage and handle the financial affairs for projects which cannot be processed through regular state procedures without undue difficulty. Research activities fall in this category.

Research activities are experimental in nature. Flexibility is essential. This can be achieved only where there is flexibility in budgetary procedures and other fiscal controls. Research activities cannot be handled through state procedures without extreme difficulty and delays which may interfere with carrying out the terms of the project.

Federal, state, local governments, and other agencies which sponsor and finance research activities are flexible in their budget allocations and funds can generally be transferred from one category to another and used for various purposes if the objective of the project is carried out. The state budgetary and fiscal controls under which the colleges operate will not permit such flexibility and a change in the approach to a research problem results in the need for budget revisions, additional state approvals, and additional administrative and

ATTACHMENT #8 TO FORM 1023 - Page 7

ITEM 10h

clerical workload and delays. Flexibility can be maintained, transfers handled quickly, delays eliminated, workload reduced and the purposes and objectives of a project observed if re-search activities are managed through a foundation.

At Section 3646 appears the following:

Research projects financed by funds other than those derived from the state should be managed and directed through the state college foundation and that when released time of faculty members is re-quired, the college foundation should be authorized to contract with the college (state) for the use of college personnel on a reimbursement basis under provisions of Education Code Section 258.

The State Administrative Manual at Section 910 provides further recog-nition to the administration of research projects by auxillary organ-izations:

The Legislature has authorized and appropriated funds to some departments specifically to conduct research in connection with the department's authorized functions and programs. These departments administer grant funds through normal state financial procedures.

Many grants are made that involve state employees, facilities, and operating costs of state agencies and institutions that the Legislative has not specifically authorized for the perfor-mance of research and for which no appropriation of state funds have been made for this purpose. Often such grants are accepted and administered by "auxillary" organizations and corporations formed by state employees of the agency or institution involved. The research is performed at the state institution or agency using state facilities and often by or under the direction of state employees. It is probable that many of these grants are awarded in recognition of the state facility and state employ-ment of the personnel involved.

**WE DO NOT PLAN TO ENGAGE IN ANY RESEARCH ACTIVITIES NOR IS IT ANTICI-PATED THAT ANY RESEARCH WILL BE CONDUCTED ON OUR BEHALF. WE DO, HOW-EVER, PLAN TO ADMINISTER RESEARCH PROJECTS OBTAINED BY FACULTY AND STAFF MEMBERS OF THE COLLEGE AND WHICH WILL BE CONDUCTED BY THEM IN THEIR INDIVIDUAL CAPACITY.**

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2. WORKSHOPS, INSTITUTES AND CONFERENCES . (PARAGRAPHS IV (2) and VII)

3. GIFTS, GRANTS, SCHOLARSHIPS, LOAN FUNDS, FELLOWSHIPS, BEQUESTS  
AND TRUSTS. (PARAGRAPHS IV (3) and VIII)

The California Administrative Code, Title 5, Section 42300 provides:

Determination of Beneficial Nature of Gift and Acceptance.

(a) The Board of Trustees, pursuant to Education Code Section 24000 has determined that the following gifts, donations, or bequests to the California State Colleges will aid in carrying out the primary functions of the state colleges as specified in Education Code Section 22606, regardless of the date of proffer and regardless of the amount, if money, and regardless of the kind, if personal property other than money:

- (1) Unconditional gifts of money.
- (2) Gifts of money granted upon a condition that it be expended for the purchase of property described in subparagraph (3) hereof or for personal services not to exceed \$500.
- (3) Personal property other than an automobile, truck, or bus when all of the following facts pertain to the gift:
  - (A) The property is not subject to any trust, condition, reservation or restriction of any kind.
  - (B) The property will not require more than 100 square feet of floor space for housing or the construction of specialized facilities.
  - (C) The property will not require amounts of state funds for operation, repair, or maintenance that are unreasonable in relation to the item received.
  - (D) The president having jurisdiction of the state college to which the gift, donation, or bequest

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is made transmits to the Board of Trustees two copies of the notice of acceptance required by Section 42301.

(b) The Board of Trustees, therefore, pursuant to Education Code Section 24000, accepts on behalf of, and in the name of the State, any gift, donation or bequest described in subsection (a) which may hereafter be proffered.

(c) The Chancellor may refer any other gift, donation or bequest which may hereafter be proffered, to the Board of Trustees for acceptance; or he may, on behalf of the Board of Trustees, accept, on behalf of, and in the name of the State, any such other gift, donation or bequest upon his determination that the same will aid in carrying out the primary functions of the state colleges as specified in Education Code Section 22606. The Chancellor shall report to the Board of Trustees all gifts accepted by him on behalf of the Board of Trustees, pursuant to this subdivision.

(d) Each college shall report to the Board of Trustees all gifts received pursuant to this section.

On February 17, 1961 the following gift acceptance procedure was suggested by the President to the existing Foundation and approved by its Board of Directors:

Under the provisions of the Lease entitled "Lease of Property for Auxiliary Organization Activities in the Fields of Research Projects, Workshops, Institutes, and Conferences, Administration of Gifts and Trusts; and Travel Study Courses" dated February 17, 1961, between the State and the Foundation, authorization is given to the Foundation to accept gifts under certain conditions as set forth in Paragraph VIII. Paragraph VIII also requires that the President of the College must give prior approval of the acceptance of gifts of personal property and conditional gifts.

I wish to retain my authority of prior approval of all gifts that have a condition attached to them. However, as my prior approval of all personal property gifts would be administratively impossible and too cumbersome of a procedure, I will hereby give prior authorization of acceptance in these carefully limited areas:

1. Unconditional gifts of money.

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2. Gifts of breeding stock of the same breeds now in the herds and flocks providing that the gifts do not increase the herds or flocks beyond the authorized size limits.
3. Gifts of expendable supplies or materials to be used in the Foundation program of supplementing the instructional, service, or administrative program of the College when the value of any one gift of such supplies or materials does not exceed \$500 and when the on-campus floor space necessary to house the gifts is available and is not in excess of 100 square feet and when the acceptance of the property will not require unreasonable amounts of money in relation to value and use for operation, repair, or maintenance.
4. Unconditional personal property gifts, except cars, trucks, or buses, when the on-campus floor space necessary to house the gift is available and is not in excess of 100 square feet and when the acceptance of the property will not require unreasonable amounts of money in relation to value and use for operation, repair, or maintenance.

All gifts of any nature and their disposition shall be reported to the Foundation Manager upon receipt. The Foundation Manager shall report to the College President a summary of all gifts accepted by the Foundation on a periodic basis not less than semi-annually.

The responsibility of the Foundation Manager for the acceptance of allowable gifts can be delegated by him to such college employees as are agreed upon by the Foundation Board of Directors.

On November 18, 1963 the following change was made in the procedure:

Item 1.

- a. All gifts of cash are to be considered "conditional".
- b. Gifts of cash may be accepted with prior approval of the Foundation Manager or the Assistant Foundation Manager subject that such funds will be held in suspense, an immediate report will be made by the Foundation Manager to the President of the College on amount and conditions, written or implied, with recommendations for approval or otherwise, and a follow-up resolution accepting approved gifts is to be presented at the following Foundation Board of Directors meeting.

This Foundation plans to continue the above gift acceptance procedure.

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SCHOLARSHIPS.

Neither the College nor the Foundation awards or plans to award scholarships. The College may, however, ask the Foundation to administer scholarship funds contributed by private donors to assist students with their educational expenses.

LOAN FUNDS.

The predecessor of this Foundation has participated in supplying matching funds to support a student loan program under United Student Aid Funds, Inc. It also has administered loan funds contributed to the College by private donors. This Foundation plans to continue this activity.

4. TRAVEL STUDY COURSES. (PARAGRAPHS IV (4) and IX)

No programs of this type have been developed at the Kellogg Unit of the College to date.

5. SUPPLEMENTAL HEALTH SERVICES. (PARAGRAPH IV (5) and X).

The only supplemental health service currently being administered by the Foundation at the Kellogg Unit of the College is the maintenance of a revolving fund for handling pharmaceutical supplies for sale to students. No extension of Foundation activity in this area is contemplated.

6. INSTRUCTIONAL MATERIALS PROJECTS. (PARAGRAPHS IV (6) and XI)

The above activity has not been carried on at the Kellogg Unit of the College to date; and no immediate implementation of such a program is contemplated.

7. FOREIGN AID PROGRAMS. (PARAGRAPHS IV (7) and XII).

The above activity has not been carried on at the Kellogg Unit of the College to date; but we contemplate undertaking such programs.

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LEASE COVERING AGRICULTURAL  
AND OTHER INSTRUCTIONAL PROJECTS  
(SEE ATTACHMENT #11 - PART II)

8. STUDENT PROJECTS. (PARAGRAPHS IV (4)(a)-(d) and V).
9. KELLOGG HORSE SHOW. (PARAGRAPH (3) FOURTH ON PAGE 8).

The deed from the W. K. Kellogg Foundation by which the Kellogg Unit was given to the State of California for the use of the California State Polytechnic College contains the following statement:

Grantee also shall cause at least twenty-four (24) public exhibitions of pure-bred Arabian horses to be conducted on said property each year, to which the public will be admitted either without payment of admission fees or if admission fees are charged, they shall be such as not to discourage public attendance and such as Grantee estimates will not exceed the cost of such exhibitions.

At least three (3) of such public exhibitions will be held in each of at least six (6) months of each year, "cost of such exhibitions" shall include all direct costs and all costs incident thereto and may include among other things, cost of training, care and upkeep of exhibition animals and of promotion and advertising of the exhibitions.

The above required activity has been administered through the Foundation and this Foundation plans to continue this function. The present public admission fee schedule is 50 cents for adults and 25 cents for children.

LEASE COVERING CAFETERIA  
(SEE ATTACHMENT #11 - PART III)

10. FOOD SERVICES. (PARAGRAPHS IV and V).

The following resolution which applies to the operation of food services was adopted by the Board of Trustees of the California State Colleges on May 10, 1963:

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RESOLVED, by the Board of Trustees of the California State Colleges that it is the policy of the Trustees that cafeterias and other food service operations on State College campuses be open, and their services available, only to students, faculty and staff and their bona fide guests, and to persons participating in State College sponsored functions such as meetings and conferences; and be it further

RESOLVED, that all such food service facilities be posted to restrict their use in accordance with this resolution.

The cafeteria strictly adheres to the above policy.

LEASES COVERING BOOK STORES  
(SEE ATTACHMENT #11 - PART IV)

II. BOOKSTORES. (PARAGRAPHS IV and V.)

There are two bookstore leases included. One is a "Ground Lease" covering the rental of the land itself. The second is a facility lease permitting the use of the space within the building occupied by the bookstore.

The bookstore is operated solely for the purpose of providing services for the convenience of students, faculty and staff members of the College. It sells textbooks, school supplies and other educationally related materials. No rebates or patronage dividends are paid to any individual; and no part of the net earnings inures to the benefit of any individual.

The following resolution which applies to the operation of student stores was adopted by the Board of Trustees of the California State Colleges on July 29, 1965:

RESOLVED, By the Board of Trustees of the California State Colleges, that this Board hereby reiterates and reaffirms the policy which has governed the operation of student stores since their inception in the California State Colleges, that they be open, and their services be available, only to students, faculty and staff of the college, and persons participating in State College sponsored functions such as meetings and conferences.

The bookstore strictly adheres to the above policy.



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12. HOUSING SERVICES. (SEE ATTACHMENT #11 - PART V)

The Foundation at the Kellogg Unit of the California State Polytechnic College contracts with the State of California to supply certain supervisory personnel and the performance of certain custodial and maintenance services for the on-campus residence hall program. This Foundation intends to continue to serve this function for the College.

13. COLLEGE UNIONS AND/OR STUDENT ACTIVITIES BUILDINGS, STUDENT ACTIVITY CAMPS AND RECREATION AREAS.

The "net earnings" section of the Cafeteria Lease (SEE ATTACHMENT #11 - PART III - PARAGRAPH XII (4)) provides:

Third, at the end of each fiscal year and upon completion of audit, surplus funds, excepting those needed to meet current obligations, to maintain approved reserves, and to provide working capital, will by resolution of the LESSEE, be deposited in Reserve Accounts for purposes of meeting operating losses, aiding in the construction and equipping of new food service facilities, operating and maintaining of College Unions and/or Student Activities buildings, and providing, maintaining and operating student activity camps and recreation areas. (emphasis added).

The "net earnings" section of the Bookstore Lease (SEE ATTACHMENT #11 - PART IV - PARAGRAPH XII (4)) provides:

Third, at the end of each fiscal year and upon completion of audit, surplus funds, excepting those needed to meet current obligations and to maintain approved reserves and working capital, will, by resolution of the LESSEE, be deposited in Reserve Accounts for purposes of aiding in the construction and equipping of new college stores, the construction and equipping of College Unions and/or Student Activities buildings, and for the operation and maintenance of such facilities. (emphasis added). The Reserve Accounts will be administered as authorized by the LESSEE's Board of Directors.

The Kellogg Unit of the College is currently in the process of planning a College Union and related student activity centers.

ATTACHMENT #9 TO FORM 1023

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The leases included as ATTACHMENT #11 include restrictions on the use of funds accumulated through the operation and management of, or the furnishing of the activities and functions listed in ATTACHMENT #7 as amplified by ATTACHMENT #8.

The lease covering research, workshops, institutes, gifts, etc., (ATTACHMENT #11 - PART I) provides for the use of net earnings in Paragraph XVIII (4).

The lease covering agricultural and other instructional projects (ATTACHMENT #11 - PART II) provides for two special reserves in Paragraph XIV (3) THIRD and FOURTH.

The lease covering cafeterias, etc., (SEE ATTACHMENT #11 - PART III) provides for the use of net earnings in Paragraph XII (4).

The lease covering bookstores, etc., (SEE ATTACHMENT #11 - PART IV) provides for the use of net earnings in Paragraph XII (4).

ATTACHMENT #11 TO FORM 1023

Research Workshops  
Institutes Gifts, etc.

ITEM 10-L                      PART 1

CAL POLY KELLOGG UNIT FOUNDATION, INC.

AGREEMENT AND LEASE

This agreement and lease made and entered into this \_\_\_\_\_ Day of \_\_\_\_\_, 19\_\_\_\_, by and between the State of California, through its duly qualified and acting Chancellor of the California State Colleges, with the approval of the Departments of General Services and Finance, hereinafter called the "STATE" and the Cal Poly Kellogg Unit Foundation, Inc., hereinafter called the "LESSEE", a non-profit organization composed of members of the faculty or students or both of the California State Polytechnic College, hereinafter called the "COLLEGE".

W I T N E S S E T H:

I. FINDINGS

The Chancellor of the California State Colleges hereby finds that:

(1) The purposes for which the property described herein is to be used under this lease are related to the activities of the COLLEGE, or to the activities or organizations of students or activities or organizations of members of the faculty thereof.

(2) Administration by the LESSEE of the functions and activities described herein, instead of administration by the STATE through State procedures, is deemed to be more effective in accomplishing these functions and activities than would be possible under the usual governmental budgetary, purchasing and other fiscal procedures.

II. PROPERTY LEASED

Pursuant to the provisions of Education Code Section 24101, and in accordance with Section 42400 to 42601 inclusive of Title V, California Administrative Code, the STATE, for and in consideration of the agreements of the LESSEE hereinafter expressed, hereby leases to the LESSEE, and the LESSEE hires from the STATE, those certain premises together with appurtenances, rights, privileges, and easements thereunto belonging or appertaining, on the campus of the COLLEGE located in or near the City of Pomona, State of California, known as Kellogg Unit, and on the campus of the COLLEGE located about six miles from the City of Pomona, State of California, known as the Voorhis Unit, and more specifically described as follows:

The land, buildings, appurtenances, improvements and personal properties making up and comprising the California State Polytechnic College, Kellogg-Voorhis.

SUBJECT, HOWEVER, TO:

(a) Any presently existing leases, and

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- (b) The use of the property for civil defense purposes in the event of a state or national emergency, and
- (c) Prior need of college facilities to meet the demands of the educational objectives and program of the COLLEGE, and

SUBJECT TO THE CONDITIONS THAT:

If the need for additional property, not hitherto specified, to provide services and functions included in this lease is determined by the President and any such determination states that the property is available and such use will not interfere with the educational objectives and program of the COLLEGE, this lease may be amended by the LESSEE and the Chancellor of the State Colleges to include such property of the COLLEGE,

AND

The right to the use of any property included in this lease shall cease upon written notice by the President to the LESSEE that the property is needed for the exclusive use of the COLLEGE or the STATE.

III. TERM OF LEASE

This lease is for the term beginning on the \_\_\_\_\_ day of \_\_\_\_\_, 19\_\_\_\_, and ending on the \_\_\_\_\_ day of \_\_\_\_\_, 19\_\_\_\_, unless sooner terminated as hereinafter provided.

IV. USE OF PREMISES

The property herein leased may be separately or jointly, as determined by the President, occupied, operated, and used by the COLLEGE and LESSEE.

The LESSEE may occupy, operate and use the leased property only in connection with the following functions and activities in accordance with the terms of this agreement and only when such activities and functions come within the terms of Education Code Section 24101:

(1) Conducting research projects financed by funds other than STATE funds and approved by the state college president acting under guidelines and policies which have been or may be adopted by the Trustees of the California State Colleges and the Chancellor of the California State Colleges.)

(2) With the prior written approval of the president of the COLLEGE:

- (a) conducting workshops, institutes and conferences for which no academic credit is given by the COLLEGE.
- (b) Making arrangements for workshops, institutes, and conferences for which credit is given by the COLLEGE in those instances where state fiscal procedures cannot be employed without undue difficulty.

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- (3) Administering gifts made to the LESSEE and trusts of which LESSEE is trustee.
- (4) Performing services in connection with travel study courses.
- (5) Performing services in connection with health center activities.
- (6) Developing and distributing instructional materials for vocational education.
- (7) Conducting foreign country training projects both on and off-campus financed by funds other than STATE funds and approved by the president of the COLLEGE and the Chancellor of the California State Colleges.
- (8) The LESSEE shall use the leased property only for those functions and activities that are consistent with the Guidelines and Policies which have been or may hereafter be adopted by the Trustees of the California State Colleges and the Chancellor of the California State Colleges.
- (9) Operations of the LESSEE under this lease shall be integrated with COLLEGE operations and shall be under the general supervision of the COLLEGE officials. Such supervision shall be provided without cost to the LESSEE.

#### V. RENTAL

(The LESSEE agrees to pay as rental hereunder the total sum of \$1.00 per month, payable in advance. The Chancellor of the California State Colleges hereby finds such rental to be reasonable in view of the benefits received by the STATE and the COLLEGE indicated hereunder.

- (1) The primary function of the California State Colleges is the transmission of knowledge. The achievement of this objective requires that certain supportive and educational functions surround this central function. Some of these educational activities and functions are instructional projects, student governed activities, workshops and institutes, gifts, grants and scholarships and research projects;
- (2) Research grants and contracts involving both students and faculty are directly and inherently related to overcoming ignorance which is the chief task of education. Students become skilled in the research techniques and approaches they will need on their jobs after graduation or in advancing to higher academic degrees. Research by faculty members keeps them intellectually alive, brings fresh new materials and examples to their classes and through enhancing the reputation of the institution, attracts strong new faculty and students;
- (3) Consistent with the terms of this agreement, local campus control of projects, purchasing, personnel, and merchandising provides a flexible method to meet the needs of the college; and

(4) Auxiliary management of research projects financed by other than state funds, workshops and institutes and other such education supportive activities consistent with the terms of this agreement affords the state with a controlled but flexible method of providing and operating supportive activities. Soundly developed guidelines, clear cut local administrative responsibilities through auxiliary organizations and fiscal post audit and policy review will provide the maximum enhancement of the educational programs together with financial responsibility. )

#### VI. CONFORMANCE WITH STATE LAW, RULES, REGULATIONS AND POLICIES

In the conduct, administration and performance of the functions and activities described in Paragraph IV, LESSEE shall at all times conform to:

(1) All applicable regulations of the Trustees of the California State Colleges and the Chancellor of the California State Colleges.

(2) All "Guidelines" and policies which have been or may hereafter be adopted by the Trustees of the California State Colleges or the Chancellor of the California State Colleges relating to such functions and activities.

✓ During the term of this lease, the LESSEE shall conform to COLLEGE policy with respect to the activities and functions described herein. In order to insure such conformity, the president of the COLLEGE or his representative shall be a member of the governing body of the LESSEE during the term hereof. )

Violation of this section shall make the LESSEE subject to the CESSATION provision of Article XV, Section (5), paragraph (b) of this lease, unless corrections of violations are made within thirty (30) days of written notice from the Chancellor of the California State Colleges. Exercise of this provision shall not foreclose any other legal remedy of the Trustees of the California State Colleges.

#### VII. SPECIFIC PROVISIONS RELATING TO RESEARCH PROJECTS AND INSTITUTES, WORKSHOPS AND CONFERENCES

COLLEGE facilities may be used for research projects and for institutes, workshops and conferences only when such use does not interfere with the instructional program of the COLLEGE.

#### VIII. SPECIFIC PROVISIONS RELATING TO THE ADMINISTRATION OF GIFTS AND TRUSTS

The LESSEE may accept and administer such gifts, grants, scholarships, loan funds, fellowships, and bequests which the auxiliary organization may determine by resolution are:

(1) Consistent with the policies and welfare of the COLLEGE as determined by the president acting in accordance with "guidelines" established by the Trustees of the California State Colleges and the Chancellor of the California State Colleges.

and

(2) Of aid to the LESSEE in supplementing the instruction, service or administrative programs of the COLLEGE but which will not place undue burden or obligation upon the STATE.

Except that in the instance of acceptance of any gift which is conditional in its terms, or gifts of personal property to be utilized on the COLLEGE campus, prior approval of the COLLEGE president and the Chancellor of the California State Colleges shall be obtained.

LESSEE's records shall reflect the acceptance and dispositions of gifts and trusts, and compliance with the terms of trust instruments.

#### IX. SPECIFIC PROVISIONS RELATING TO TRAVEL STUDY COURSES

The LESSEE may, with the prior written approval of the president of the COLLEGE, perform the following services in connection with authorized travel study courses:

(1) Collect from participants in a travel study course costs of travel, meals, accommodations, insurance and other costs authorized by the president or his representative, except that the collection of STATE fees shall be handled in accordance with established STATE procedures.

#### X. SPECIFIC PROVISIONS RELATING TO HEALTH SERVICES

The LESSEE may, with prior written approval of the president of the COLLEGE, perform the following services in connection with health services:

(1) Supplement Health Center services provided students by the COLLEGE through the collection of student fees. The provisions of staff, supplies and equipment to augment COLLEGE health services shall have prior approval of the Chancellor of the California State Colleges.

#### XI. SPECIFIC PROVISIONS RELATING TO VOCATIONAL EDUCATION INSTRUCTIONAL MATERIALS

The LESSEE may, with prior written approval of the president of the COLLEGE, develop, distribute and market vocational education instructional materials through the use of COLLEGE facilities only when such use does not interfere with the instructional program of the COLLEGE.

## XII. SPECIFIC PROVISIONS RELATING TO FOREIGN AID PROGRAMS

The LESSEE may, with prior written approval of the president of the COLLEGE and the Chancellor of the California State Colleges, enter into contracts with agencies of the government of the United States of America, private agencies, foreign governments, and foundations or similar entities for purposes of conducting overseas programs, participant programs, special training programs, surveys and studies, workshops, seminars and other similar activities.

## XIII. SIGNS, FIXTURES AND EQUIPMENT

During the term of the lease, the LESSEE shall have the right to place and attach fixtures, signs and equipment in and upon the leased property. The number, size and location of signs is subject, however, to prior written approval of the president of the COLLEGE or his designated representative. Fixtures, signs and equipment so erected, placed or attached by the LESSEE shall be and remain the property of the LESSEE and may be removed therefrom by the LESSEE prior to the termination of this lease.

## XIV. ALTERATIONS

The leased premises shall not be altered or changed in any manner or respect without the written consent of the president of the COLLEGE, and changes that may be authorized shall be made under the direction of the president of the COLLEGE and at the expense of the LESSEE. Permanent alterations shall have prior approval of the Chancellor of the California State Colleges.

## XV. RIGHT OF ENTRY

It is understood and agreed that at any time, the STATE and its agents shall have the right to enter the leased premises or any part thereof for the purpose of examination or supervision.

## XVI. CHARGES FOR SERVICES PROVIDED BY THE STATE

The LESSEE shall reimburse the STATE for expenditures incurred by the STATE as a result of activities of the LESSEE under the terms of this agreement. This reimbursement shall include, but not be limited to utility costs, custodial services, maintenance cost and supplies. Said reimbursement shall be computed on a simple but equitable basis, pursuant to the provisions of the State Administrative Manual, Section 8755. The business manager with the approval of the COLLEGE president shall determine and specify such costs and the amount thereof and reimbursement shall be made by LESSEE within 30 days of receipt of a notice of such determination.



XVII. CARE, MAINTENANCE AND REPAIR

Care, maintenance and repair of the leased property shall be provided as follows:

- (1) Care and Maintenance - the LESSEE agrees that it will keep and maintain the leased property in a clean and orderly condition and shall, at its own expense, at reasonably frequent intervals, and in a lawful manner, dispose of all waste from the leased property.

XVIII. MISCELLANEOUS PROVISIONS

The following provisions are included in order to carry out the provisions of Sections 42400 and 42601, inclusive, of Title V, California Administrative Code:

- (1) Expenditures for Public Relations

With respect to expenditures for public relations or other purposes which would serve to augment STATE appropriations for operation of the COLLEGE, LESSEE may expend funds in such amount and for such purposes as are approved by LESSEE's governing body. The LESSEE shall file with the Chancellor of the California State Colleges a statement of the LESSEE's policy on accumulation and use of public relations funds. The statement will include the policy and procedure on solicitation of funds, source of funds, purposes for which the funds will be used, allowable expenditures and procedures of control.

- (2) Expenditures Augmenting State Appropriations

The use of auxiliary organization funds to augment State appropriations for the operation of the COLLEGE shall have prior approval of the Chancellor of the California State Colleges when such are used to purchase equipment or provide services previously denied in principle by the STATE through normal State procedures.

- (3) Allowable Expenditures

Normal operating expenditures.  
Travel reimbursement at STATE rates.  
Equipment not furnished by STATE but used in the function.  
Salary and wages.  
Administrative costs including expenditures for public relations.

- (4) Net Earnings

The LESSEE's net earnings and residual amounts derived from the use of the leased premises or from administration of the functions and activities described herein shall be applied as follows:

First, to the payment of any amount due upon any obligation incurred by the LESSEE.

Second, for the establishment by the LESSEE of equipment and maintenance reserves and working capital in such amounts as shall be deemed necessary by the LESSEE's Board of Directors to insure fulfillment by LESSEE of this agreement.

Third, to any other purpose specified in the Articles of Incorporation of the LESSEE and authorized by resolution of LESSEE's Board of Directors or officers.)

(5) Disposition of Assets

(a) Dissolution - The LESSEE's Articles of Incorporation provide that upon dissolution of the corporation net assets other than trust funds shall be distributed to one or more non-profit corporations organized and operated for the benefit of the California State Polytechnic College at San Luis Obispo, California, or the students or the students and faculty at that college, such corporation or corporations to be selected by the Board of Directors of this corporation. LESSEE agrees that during the term of this lease it will not change that part of the Articles of Incorporation which relates to disposition of net assets upon dissolution, except with the written approval of the Chancellor. In the event the LESSEE should, without the required approval, change its Articles of Incorporation to make other disposition of the net assets, this lease and agreement shall terminate as of the day immediately preceding the day such amendment becomes effective, and all such assets other than funds held in trust shall be and become the property of the STATE.

(b) Cessation - Upon cessation of operations of the LESSEE under this lease, unless the lease is extended or renewed, the net assets of the LESSEE resulting or arising from this lease shall either be transferred to the STATE or used by the LESSEE at the option of the Chancellor for such purposes as the President of the State COLLEGE, with the approval of the Chancellor of the California State Colleges shall direct.

(6) Records

LESSEE shall maintain adequate records and shall submit to the COLLEGE and the STATE periodic reports as required showing the operations and financial status of LESSEE. The records and reports shall cover all activities of the LESSEE whether pursuant to this lease or otherwise.

(7) Audits

The LESSEE is subject to the provisions of Education Code Section 24054 and Section 42404 of Title V, of the California Administrative Code. In accordance with these provisions:

(a) The LESSEE may elect or contract with either an independent public accountant or the Department of Finance for audits at the expense of the LESSEE. The examination shall meet standards developed by the Department of Finance with the cooperation of the Chancellor of the California State Colleges; and such examinations will be made not less than every two years. The reports on such examinations will be furnished to the Chancellor of the California State Colleges.

(b) All records of the LESSEE shall be open to examination by the Chancellor of the California State Colleges and the State Department of Finance.

#### XIX. INSURANCE, INDEMNIFICATION AND RESTORATION

(1) The LESSEE shall maintain in force during the term of this lease and all extensions thereof public liability and property damage insurance and products liability insurance in the sum of One Hundred Thousand Dollars (\$100,000.00) for injury to or death of any one person for each occurrence, in the sum of Three Hundred Thousand Dollars (\$300,000.00) for injury to or death of more than one person for each occurrence, and in the sum of Fifty Thousand Dollars (\$50,000.00) for damages to property and products damage for each occurrence. This policy or policies of liability insurance shall contain the following special endorsement:

"The State of California, California State Colleges, Board of Trustees, and all of its other departments, boards and commissions and its officers, employees and agents, are hereby declared to be additional insureds under the terms of this policy, both as to the activities of the LESSEE and as to the activities of the State, California State Colleges, Board of Trustees, all of its other departments, boards and commissions and its officers, employees and agents within the demised premises and all access thereto."

"This insurance policy will not be cancelled without thirty (30) days prior written notice to said California State Colleges, Board of Trustees. The State of California is not liable for the payment of premiums or assessments on this policy."

No cancellation provision in any insurance policy shall be construed in derogation of the continuous duty of LESSEE to furnish insurance during the term of this lease. Said policy or policies shall be underwritten to the satisfaction of the STATE. A complete and signed certified copy of the policy shall be submitted to the STATE concurrently with the execution of the lease. At least thirty (30) days prior to the expiration of any such policy, a signed certified copy of the policy showing that such insurance coverage has been renewed or extended shall be filed with the STATE.

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(2) The LESSEE agrees to indemnify and save harmless the STATE, its officers, agents, and employees, from any and all loss, damage, or liability that may be suffered or incurred by the STATE, its officers, agents, and employees, caused by, arising out of, or in any way connected with, the use of the leased premises herein described by the LESSEE.

(3) Upon termination of this lease, STATE shall have the option to require LESSEE, at his own expense and risk, to restore the demised premises as nearly as possible to the condition existing prior to the execution of the lease. But, if the LESSEE shall fail to do so within 90 days after STATE exercises said option, STATE may restore the property at the risk of LESSEE, and all costs and expense of such removal or restoration shall be paid by LESSEE upon demand of STATE. STATE shall have the right to exercise this option within 30 days after the expiration of this lease, but not thereafter.

#### XX. NONASSIGNABILITY

This lease is not assignable by the LESSEE either in whole or in part, nor shall the LESSEE sublet the leased premises or any part thereof without written permission of the Chancellor of the California State Colleges.

#### XXI. NOTICES

All notices herein 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 as herein provided.

Notice to the LESSEE shall be addressed as follows:

Cal Poly Kellogg Unit Foundation, Inc.  
California State Polytechnic College  
Pomona, California

Notice to the President shall be addressed as follows:

California State Polytechnic College  
Pomona, California

Notice to the STATE shall be addressed to:

Trustees of the California State  
Colleges 5670 Wilshire Boulevard  
Los Angeles, California 90036

March 1966

IN WITNESS WHEREOF, this indenture has been executed in quadruplicate by the parties hereto as of the date first above written.

ATTEST:

STATE OF CALIFORNIA

\_\_\_\_\_  
Business Manager

By \_\_\_\_\_  
Chancellor, California State Colleges

APPROVED:

LESSEE:

\_\_\_\_\_  
President, California State Poly-  
technic College

\_\_\_\_\_  
Cal Poly Kellogg Unit Foundation, Inc.

\_\_\_\_\_  
Secretary

ATTACHMENT #11 TO FORM 1023

PART II - ITEM 10-L

CAL POLY KELLOGG UNIT FOUNDATION, INC.

AGREEMENT AND LEASE

This lease made and entered into this \_\_\_\_\_ of \_\_\_\_\_, 19\_\_\_\_, by and between the State of California, through its duly qualified and acting Chancellor of the California State Colleges, with the approval of the Department of Finance, hereinafter called the "STATE" and the Cal Poly Kellogg Unit Foundation, Inc., hereinafter called the "LESSEE", a nonprofit organization composed of members of the faculty or students or both of California State Polytechnic College, hereinafter called the "COLLEGE".

W I T N E S S E T H:

I. FINDINGS

The Chancellor of the California State Colleges hereby finds that:

(1) The purposes for which the property described herein is to be used under this lease are related to the activities of the COLLEGE, or to the activities or organizations of students or activities or organizations of members of the faculty thereof.

(2) Administration by the LESSEE of the functions and activities described herein, instead of administration by the STATE through State procedures, is deemed to be more effective in accomplishing these functions and activities than would be possible under the usual governmental budgetary, purchasing and other fiscal procedures.

II. PROPERTY LEASED

Pursuant to the provisions of Education Code Section 24101, and in accordance with Section 42400 to 42601 inclusive of Title 5, California Administrative Code, the STATE, for and in consideration of the agreements of the LESSEE hereinafter expressed, hereby leases to the LESSEE, and the LESSEE hires from the STATE, those certain premises together with appurtenances, rights, privileges, and easements thereunto belonging or appertaining, on the campus of the COLLEGE located about six miles from the City of Pomona, County of Los Angeles, State of California, known as the Voorhis Unit, and the Campus located immediately north and west of the City of Pomona, County of Los Angeles, State of California, known as the Kellogg Unit, and more specifically described as follows:

The land, buildings, appurtenances, improvements and personal properties making up and comprising the California State Polytechnic College.

SUBJECT; HOWEVER, TO:

(a) Any presently existing leases, and

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- (b) The use of the property for civil defense purposes in the event of a state or national emergency, and
- (c) Prior need of college facilities to meet the demands of the educational objectives and program of the COLLEGE, and

SUBJECT TO THE CONDITIONS THAT:

If the need for additional property, not hitherto specified, to provide services and functions included in this lease is determined by the President and any such determination states that the property is available and such use will not interfere with the educational objectives and program of the COLLEGE, this lease may be amended by the LESSEE and the Chancellor of the State Colleges to include such property of the COLLEGE,

and

The right to the use of any property included in this lease shall cease upon written notice by the President to the LESSEE that the property is needed for the exclusive use of the COLLEGE or the STATE.

III. TERM OF LEASE

This lease is for the term beginning on the \_\_\_\_\_ day of \_\_\_\_\_, 19\_\_\_\_, and ending on the \_\_\_\_\_ day of \_\_\_\_\_, 19\_\_\_\_, unless sooner terminated as hereinafter provided.

IV. USE OF PREMISES

- (1) The property herein leased may be separately or jointly, as determined by the President, occupied, operated, and used by the COLLEGE and the LESSEE.
- (2) The LESSEE shall use the leased property only for those functions and activities that are consistent with the Guidelines and Policies which have been or may hereafter be adopted by the Trustees of the California State Colleges and the Chancellor of the California State Colleges.
- (3) Operations of the LESSEE under this lease shall be integrated with COLLEGE operations and shall be under the general supervision of the COLLEGE officials. Such supervision shall be provided without cost to the LESSEE.
- (4) The LESSEE may occupy, operate and use the leased property only in connection with the following functions and activities in accordance with the terms of this agreement and only when such functions and activities come within the terms of Education Code 24101:
  - (a) Student agricultural projects, including dairy, livestock, horses, fowl, crop, food processing, ornamental horticulture, and mechanical projects, and such other general types of student agricultural projects as may be approved by the President of the COLLEGE.

(b) Student engineering projects, including service and repair operations and the manufacture and testing of equipment and products, and any other such general types of student project operations approved by the President of the COLLEGE.

(c) Student projects in the arts, and sciences, including business management, home management, biological and physical sciences, arts, audio-visual aids, publications, community studies, and any other such general types of student project operations approved by the President of the COLLEGE.

(d) Semi-commercial operations of the LESSEE which furnish students with educational experiences not provided by the COLLEGE in courses offered for credit and which involve the management, production, and marketing of products, goods, and commodities, including dairy manufacturing and production, meat laboratory, food processing, feed mill, semi-commercial production of beef, dairy, swine, sheep, horses, and other animals and poultry, crops and ornamental horticulture, Kellogg horse show, campus stores, print shop, audio-visual aids, electronics shop, and any other semi-commercial operations approved by the President of the COLLEGE.

#### V. RENTAL

The LESSEE agrees to pay as rental for said leased property a total sum of Fifty Dollars (\$50.00) payable in annual installments of Ten Dollars (\$10.00) each, the first installment to be paid on the date of execution of this lease and subsequent installments to be paid on the same date of the same month of each successive year during the term of this lease. The Chancellor hereby finds such a rental to be reasonable in view of the benefits received by the STATE and by the COLLEGE and its students as indicated hereunder:

- (1) The LESSEE's student project system contributes to the overall educational program of the COLLEGE;
- (2) The project and semi-commercial programs cause and create extra-curricula situations wherein a student may advance his skills, both manual and mental, in an atmosphere similar to that experienced in the commercial world;
- (3) The project program provides an extra-curricula method for students to create, test, or explore through his own endeavors, and under college supervision, knowledge, methods, skills and techniques;
- (4) Campus control, consistent with the terms of this agreement, provides a prompt, flexible method of meeting student and staff requirements in a manner consistent with best commercial practices; and
- (5) Auxiliary management of instructional projects and semi-commercial operations, consistent with the terms of this agreement, affords the STATE with a controlled but flexible method of providing additional educational experiences to students.



(Reference is made to supporting documents, dated March 4, 1961, submitted to the Chancellor of the California State Colleges concerning activities of the LESSEE)

#### VI. CONFORMANCE WITH STATE LAW, RULES, REGULATIONS, AND POLICIES

In the conduct, administration and performance of the functions and activities described in Article IV, LESSEE shall at all times conform to:

- (1) All applicable regulations of the Trustees of the California State Colleges and the Chancellor of the California State Colleges.
- (2) All "Guidelines" and policies which have been or may hereafter, be adopted by the Trustees of the California State Colleges or the Chancellor of the California State Colleges relating to such functions and activities.

During the term of this lease the LESSEE shall conform to COLLEGE policy with respect to the activities and functions described herein. In order to insure such conformity, the President of the COLLEGE or his representative shall be a member of the governing body of the LESSEE during the term hereof.

During the term of this lease the LESSEE shall maintain its organization and operate in accordance with the regulations of the California Administrative Code, Title 5, Subchapter 5. AUXILIARY ORGANIZATIONS.

Violation of this section shall make the LESSEE subject to the CESSATION provision of Article XII, Section (5), paragraph (b) of this lease, unless corrections of violations are made within thirty (30) days of written notice from the Chancellor of the California State Colleges. Exercise of this provision shall not foreclose any other legal remedy of the Trustees of the California State Colleges.

#### VII. SIGNS, FIXTURES AND EQUIPMENT

During the term of the lease, the LESSEE shall have the right to place and attach fixtures, signs, and equipment in and upon the leased property. The number, size and location of signs is subject, however, to prior written approval of the President of the COLLEGE or his designated representative. Fixtures, signs, and equipment so erected, placed, or attached by the LESSEE shall be and remain the property of the LESSEE and may be removed therefrom by the LESSEE prior to the termination of this lease.

#### VIII. ALTERATIONS

The leased premises shall not be altered or changed in any manner or respect without the written consent of the President of the COLLEGE, and changes that may be authorized shall be made under the direction of the President of the COLLEGE and at the expense of the LESSEE. Permanent alterations shall have prior approval of the Chancellor of the California State Colleges.

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(g) Vehicles used by the faculty and staff of the COLLEGE for supervision of LESSEE's operations.

(h) Natural, uncultivated range feed used by the breeding herds and flocks.

(i) All other expenses customarily allowed by the STATE. )

(2) In connection with the LESSEE's use of the leased property or off-campus operations the LESSEE, at its own expense, shall provide, first out of the gross income, or if such gross income is not sufficient, out of any assets of the LESSEE:

(a) Labor.

(b) Replacement of breeding stock and birds.

(c) Feed, feeder stock, meat birds, seed, fertilizer, plants, materials, and other supplies in amounts to keep operations on a commercially productive basis.

(d) Rental of state vehicles and mobile equipment used in the productive and marketing activities of the operations.

(e) Maintenance of STATE-owned equipment used primarily for commercial operations.

(f) Emergency maintenance or alterations on STATE-owned equipment and facilities used on the leased property with advance permission of the business manager of the COLLEGE.

(g) Prorated share of utilities, as determined under the provisions of Article X.

(h) Purchase of equipment that will be used for semi-commercial operations.

(i) Miscellaneous costs of operation including freight, association memberships, operating supplies, breeding fees, travel on LESSEE business, communications, advertising, public relation charges, insurance and similar costs.

(j) Operating costs of LESSEE's off-campus instructional units including maintenance of the property, labor, rent, utilities, equipment use, and similar costs.

(k) Accounting and business management including office supplies, office equipment, auditing, and similar expenses.

(l) Cost of feed grown for harvest or as feed on STATE-owned lands and purchased by the LESSEE. The grade and price of the cultivated feeds shall be established in accordance with prevailing markets.

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- (m) Reimbursement to the STATE of the cost to the STATE of repair or replacement of buildings and equipment damaged beyond reasonable wear and tear through the fault of the LESSEE.

(3) In the operation of student projects in agriculture the STATE will charge the LESSEE and the LESSEE, in turn, will charge the student project for use of farm equipment, use of any pasturage (natural or cultivated) and for the transportation of produce.

## XII. OFF-CAMPUS OPERATIONS

The LESSEE is authorized to provide and conduct off-campus agricultural and other instructional and student project operations which use state personnel and/or equipment. The leasing of off-campus lands for off-campus instructional use under the terms of this agreement requires the prior approval of the COLLEGE President. The purchase of off-campus lands for instructional use under the terms of the agreement requires the prior approval of the COLLEGE President and Chancellor of the California State Colleges. It is understood that all such operations shall be governed by the provisions of this lease.

## XIII. COMPLIANCE WITH DEED

In the operation of those facilities known as the Voorhis unit and the Kellogg unit, the LESSEE shall be bound by the provisions of the deeds and the bills of sale, including all amendments thereto, transferring the real and personal property from the Voorhis family or from the W. K. Kellogg Foundation to the STATE, all other provisions in this agreement notwithstanding.

## XV. MISCELLANEOUS PROVISIONS

The following provisions are included in order to carry out the provisions of Sections 42400 to 42601, inclusive, of Title 5, California Administrative Code:

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(1) Expenditures for Public Relations.

With respect to expenditures for public relations or other purposes which would serve to augment STATE appropriations for operation of the COLLEGE, LESSEE may expend funds in such amount and for such purposes as are approved by LESSEE's governing body. The LESSEE shall file with the Chancellor of the California State Colleges a statement of the LESSEE's policy on accumulation and use of public relations funds. The statement will include the policy and procedure on solicitation of funds, source of funds, purposes for which the funds will be used, allowable expenditures, and procedures of control.

(2) Expenditures augmenting State appropriations.

The use of auxiliary organization funds to augment STATE appropriations for operation of the COLLEGE shall have prior approval of the Chancellor of the California State Colleges when such are used to purchase equipment or provide services previously denied in principle by the STATE through normal STATE procedures.

(3) Net Earnings.

The LESSEE's net earnings derived from the use of leased property shall be applied as follows:

First, to the payment of any amount due upon any obligation incurred by the LESSEE.

Second, for the establishment by the LESSEE of equipment and maintenance reserves and working capital in such amounts as shall be deemed necessary by the Board of Directors of Lessee to insure fulfillment by LESSEE of this agreement.

( Third, a STATE SHARE RESERVE ACCOUNT shall be established by the LESSEE. At the close of each fiscal year net profit or loss, except net profits or losses accruing to the Kellogg Horse Show Reserve Account, shall be transferred to or deducted from this reserve. At the request of the President of the COLLEGE and upon written approval by the Chancellor of the California State Colleges portions or all of this reserve fund may be used for improvement or alteration of leased equipment or facilities, for the development of new extra-curricula instructional activities, or for studies and programs designed to improve the instructional program at the COLLEGE. At the termination of this lease the net balance of this reserve shall be applied by the LESSEE for such purposes as the President of the COLLEGE, with the approval of the Chancellor of the California State Colleges and the Director of Finance, shall direct.)

Fourth, a KELLOGG HORSE SHOW RESERVE ACCOUNT shall be established by the LESSEE. Earnings from the Kellogg Arabian Horse program and Horse Show shall be credited to this account. Expenditures from this account by the LESSEE shall be credited to this account. Expenditures from this account by the LESSEE shall be confined to the support and maintenance of the Kellogg Arabian Horse Program and Horse Show.

(4) Disposition of Assets.

(a) Dissolution. The LESSEE's Articles of Incorporation provide that upon dissolution of the corporation its net assets other than trust funds shall be distributed to one or more non-profit corporations organized and operated for the benefit of the California State Polytechnic College at San Luis Obispo, California, or the students or the students and faculty at that college, such corporation or corporations to be selected by the Board of Directors of this corporation. LESSEE agrees that during the term of this lease it will not change that part of the Articles of Incorporation which relates to disposition of net assets upon dissolution, except with the written approval of the Chancellor. In the event the LESSEE should, without the required approval, change it Articles of Incorporation to make other disposition of the net assets, this lease and agreement shall terminate as of the day immediately preceding the day such amendment becomes effective, and all such assets other than funds held in trust shall be and become the property of the STATE.

(b) Cessation. Upon cessation of operations of the LESSEE under this lease, unless the lease is extended or renewed, the net assets of the LESSEE, resulting or arising from this lease shall either be transferred to the STATE or used by the LESSEE at the option of the Chancellor for such purposes as the President of the State COLLEGE, with the approval of the Chancellor of the California State Colleges shall direct.

(5) Records.

LESSEE shall maintain adequate records and shall submit to the COLLEGE and the STATE periodic reports as required showing the operations and financial status of LESSEE. The records and reports shall cover all activities of the LESSEE whether pursuant to this lease or otherwise.

(6) Audits.

The LESSEE is subject to the provisions of Education Code Section 24054 and Section 42404 of Title 5 of the California Administrative Code. In accordance with these provisions:

(a) The LESSEE may elect to contract with either an independent public accountant or the Department of Finance for audits at the expense of the LESSEE. The examination shall meet standards developed by the Department of Finance with the cooperation of the Chancellor of the California State Colleges; and such examinations will be made not less than every two years. The reports on such examinations will be furnished to the Chancellor of the California State Colleges.

- (b) All records of the LESSEE shall be open to examination by the Chancellor of the California State Colleges and the State Department of Finance.

XV. INSURANCE, INDEMNIFICATION AND RESTORATION

(1) The LESSEE shall maintain in force during the term of this lease and all extensions thereof public liability and property damage insurance and products liability insurance in the sum of One Hundred Thousand Dollars (\$100,000.00) for injury to or death of any one person for each occurrence, in the sum of Three Hundred Thousand Dollars (\$300,000.00) for injury to or death of more than one person for each occurrence, and in the sum of Fifty Thousand Dollars (\$50,000.00) for damages to property and products damage for each occurrence. This policy or policies of liability insurance shall contain the following special endorsement:

"The State of California, California State Colleges, Board of Trustees, and all of its other departments, boards and commissions and its officers, employees and agents, are hereby declared to be additional insureds under the terms of this policy, both as to the activities of the LESSEE and as to the activities of the State, California State Colleges, Board of Trustees, all of its other departments, boards and commissions and its officers, employees and agents within the demised premises and all access thereto."

"This insurance policy will not be cancelled without thirty (30) days prior written notice to said California State Colleges, Board of Trustees. The State of California is not liable for the payment of premiums or assessments on this policy."

No cancellation provisions in any insurance policy shall be construed in derogation of the continuous duty of LESSEE to furnish insurance during the term of this lease. Said policy or policies shall be underwritten to the satisfaction of the STATE. A complete and signed certified copy of the policy shall be submitted to the STATE concurrently with the execution of the lease. At least thirty (30) days prior to the expiration of any such policy, a signed certified copy of the policy showing that such insurance coverage has been renewed or extended shall be filed with the STATE.

(2) The LESSEE agrees to indemnify and save harmless the STATE, its officers, agents, and employees, from any and all loss, damage, or liability that may be suffered or incurred by the STATE, its officers, agents, and employees, caused by, arising out of, or in any way connected with, the use of the leased premises herein described by the LESSEE.

(3) Upon termination of this lease, STATE shall have the option to require LESSEE, at his own expense and risk, to restore the demised premises as nearly as possible to the condition existing prior to the execution of the lease. But, if the LESSEE shall fail to do so within 90 days after STATE exercises said option, STATE may restore the property at the risk of LESSEE, and all costs and expense of such removal or restoration shall be paid by LESSEE upon demand of STATE. STATE shall have the right to exercise this option within 30 days after the expiration of this lease, but not thereafter.

XVI NONASSIGNABILITY

This lease is not assignable by the LESSEE either in whole or in part, nor shall the LESSEE sublet the leased premises or any part thereof without written permission of the Chancellor of the California State Colleges. Agreements between the LESSEE and students of the COLLEGE for the conduct of any project described in this lease are permitted, and are not considered subleases or assignment of this lease.

XVII NOTICES

All notices herein 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 as herein provided.

Notice to the LESSEE shall be addressed as follows:

Cal Poly Kellogg Unit Foundation, Inc.  
Pomona, California

Notice to the PRESIDENT shall be addressed as follows:

Julian A. McPhee, President  
California State Polytechnic College  
Pomona, California

Notice to the STATE shall be addressed to:

Trustees of the California State  
Colleges  
5670 Wilshire Boulevard  
Los Angeles, California 90036

IN WITNESS WHEREOF, this indenture has been executed in quadruplicate by the parties hereto as of the date first above written.

ATTEST:

STATE OF CALIFORNIA

\_\_\_\_\_  
Business Manager

By \_\_\_\_\_  
Chancellor, California State Colleges

APPROVED:

LESSEE:

Cal Poly Kellogg Unit Foundation, Inc.

\_\_\_\_\_  
Julian A. McPhee, President  
California State Polytechnic College

\_\_\_\_\_  
Secretary

CAL POLY KELLOGG UNIT FOUNDATION, INC.  
KELLOGG-VOORHIS

(Cafeteria Lease)

AGREEMENT AND LEASE

This agreement and lease made and entered into this \_\_\_\_\_ of \_\_\_\_\_, 19\_\_\_\_, by and between the State of California, through its duly qualified and acting Chancellor of the California State Colleges, with the approval of the Department of Finance, hereinafter called the "STATE" and the Cal Poly Kellogg Unit Foundation, Inc., hereinafter called the "LESSEE", a non-profit organization composed of members of the faculty or students or both of the California State Polytechnic College, hereinafter called the "COLLEGE".

W I T N E S S E T H:

I. FINDINGS

The Chancellor of the California State Colleges hereby finds that:

(1) The purposes for which the property described herein is to be used under this lease are related to the activities of the COLLEGE, or to the activities or organizations of students or activities or organizations of members of the faculty thereof.

(2) Administration by the LESSEE of the functions and activities described herein, instead of administration by the STATE through State procedures, is deemed to be more effective in accomplishing these functions and activities than would be possible under the usual governmental budgetary, purchasing and other fiscal procedures.

II. PROPERTY LEASED

Pursuant to the provisions of Education Code Section 24101, and in accordance with Section 42400 to 42601 inclusive of Title 5, California Administrative Code, the STATE, for and in consideration of the agreements of the LESSEE hereinafter expressed, hereby leases to the LESSEE, and the LESSEE hires from the STATE, those certain premises together with appurtenances, rights, privileges, and easements thereunto belonging or appertaining, on the campus of the COLLEGE located in or near the City of Pomona, County of Los Angeles, State of California, and more specifically described as follows:

Rooms No. 101-130 inclusive and 201-208 inclusive in the Campus Center Dining Hall, totaling 28,081 square feet, and

Room No. 205 in the Administration Building, totaling 750 square feet, and

Rooms D013 to D015 inclusive in the Electronics Engineering Building, totaling 4,335 square feet.

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SUBJECT, HOWEVER, TO:

- (a) Any presently existing leases, and
- (b) The use of the property for civil defense purposes in the event of a state or national emergency, and
- (c) Prior need of college facilities to meet the demands of the educational objectives and program of the COLLEGE, and

SUBJECT TO THE CONDITIONS THAT:

If the need for additional property, not hitherto specified, to provide services and functions included in this lease is determined by the President and any such determination states that the property is available and such use will not interfere with the educational objectives and program of the COLLEGE, this lease may be amended by the LESSEE and the Chancellor of the State Colleges to include such property of the COLLEGE,

and

The right to the use of any property included in this lease shall cease upon written notice by the President to the LESSEE that the property is needed for the exclusive use of the COLLEGE or the STATE.

III. TERM OF LEASE

This lease is for the term beginning on the \_\_\_\_\_ day of \_\_\_\_\_, 19\_\_\_\_, and ending on the \_\_\_\_\_ day of \_\_\_\_\_, 19\_\_\_\_, unless sooner terminated as hereinafter provided.

IV. USE OF PREMISES

The property herein leased may be separately or jointly, as determined by the President, occupied, operated, and used by the COLLEGE and LESSEE.

The LESSEE may occupy, operate and use the leased property only in connection with the following functions and activities in accordance with the terms of this agreement and only when such functions and activities come within the terms of Education Code Section 24101:

(1) Establishing and maintaining resident dining halls, cafeterias, snack bars, coffee shops, or any or all of them for the sale of food required by the students and the staff of the COLLEGE.

(2) The LESSEE shall use the leased property only for those functions and activities that are consistent with the Guidelines and Policies which have been or may hereafter be adopted by the Trustees of the California State Colleges and the Chancellor of the California State Colleges.

(3) Operations of the LESSEE under this lease shall be integrated with COLLEGE operations and shall be under the general supervision of the COLLEGE officials. Such supervision shall be provided without cost to the LESSEE.

#### V. RENTAL

The LESSEE agrees to pay as rental hereunder the total sum of \$10.00 per month, payable in advance. The Chancellor of the California State Colleges hereby finds such rental to be reasonable in view of the benefits received by the STATE and the COLLEGE indicated hereunder:

(1) The college food service program contributes to the overall educational program of the COLLEGE;

(2) Each campus, with varied food service needs, must operate food service programs efficiently and successfully for students and staff;

(3) Campus control, consistent with the terms of this agreement, provides a prompt, flexible method of meeting student and staff service requirements; and

(4) Auxiliary management of food service activities consistent with the terms of this agreement affords the STATE with a controlled but flexible method of providing and operating self-supporting activities.

#### VI. CONFORMANCE WITH STATE LAW, RULES, REGULATIONS, AND POLICIES

In the conduct, administration and performance of the functions and activities described in Paragraph IV, LESSEE shall at all times conform to:

(1) All applicable regulations of the Trustees of the California State Colleges and the Chancellor of the California State Colleges.

(2) All "Guidelines" and policies which have been or may hereafter, be adopted by the Trustees of the California State Colleges or the Chancellor of the California State Colleges relating to such functions and activities.

During the term of this lease the LESSEE shall conform to COLLEGE policy with respect to the activities and functions described herein. In order to insure such conformity, the President of the COLLEGE or his representative shall be a member of the governing body of the LESSEE during the term hereof.

During the term of this lease the LESSEE shall maintain its organization and operate in accordance with the regulations of the California Administrative Code, Title 5, Subchapter 5. AUXILIARY ORGANIZATIONS.

Violation of this section shall make the LESSEE subject to the CESSATION provision of Article XII, Section (5), paragraph (b) of this lease, unless corrections of violations are made within thirty (30) days of written notice from the Chancellor of the California State Colleges. Exercise of this provision shall not foreclose any other legal remedy of the Trustees of the California State Colleges.

#### VII. SIGNS, FIXTURES AND EQUIPMENT

During the term of the lease, the LESSEE shall have the right to place and attach fixtures, signs, and equipment in and upon the leased property. The number, size and location of signs is subject, however, to prior written approval of the President of the COLLEGE or his designated representative. Fixtures, signs, and equipment so erected, placed, or attached by the LESSEE shall be and remain the property of the LESSEE and may be removed therefrom by the LESSEE prior to the termination of this lease.

#### VIII. ALTERATIONS

The leased premises shall not be altered or changed in any manner or respect without the written consent of the President of the COLLEGE, and changes that may be authorized shall be made under the direction of the President of the COLLEGE and at the expense of the LESSEE. Permanent alterations shall have prior approval of the Chancellor of the California State Colleges.

#### IX. RIGHT OF ENTRY

It is understood and agreed that at any time the STATE and its agents shall have the right to enter the leased premises or any part thereof for the purpose of examination or supervision.

#### X. CHARGES FOR SERVICES PROVIDED BY THE STATE

The LESSEE shall reimburse the STATE for expenditures incurred by the STATE as result of activities of the LESSEE under the terms of this agreement. This reimbursement shall include, but not be limited to utility costs, custodial services, maintenance cost and supplies. Said reimbursement shall be computed on a simple but equitable basis, pursuant to the provisions of the State Administrative Manual, Section 8755. The Business Manager with the approval of the COLLEGE President shall determine and specify such costs and the amount thereof and reimbursement shall be made by LESSEE within 30 days of receipt of a notice of such determination.

#### XI. CARE, MAINTENANCE AND REPAIR

Care, maintenance and repair of the leased property shall be provided as follows:

- (1) Care and Maintenance - the LESSEE agrees that it will keep and maintain the leased property in a clean and orderly condition and shall at its own expense, at reasonably frequent intervals, and in a lawful manner dispose of all waste from the leased property.

(2) Repairs

- (a) The LESSEE agrees that it will keep the leased premises in good repair.
- (b) A cafeteria Equipment Replacement Trust Fund shall be established through the COLLEGE Cash Trust Account. Not less than once a year a percentage of the gross cafeteria income shall be transferred to the COLLEGE Cash Trust Account in an amount sufficient to provide and maintain equipment replacement reserves as established by the Chancellor of the California State Colleges. Interest earned on the investment of this Fund shall be credited to the reserve. When the cash balance in this fund equals 75% of the cost of the equipment to be replaced, then no additional funding is required until the cash balance falls below 75%. It is understood that upon termination of this lease the balance in the Cafeteria Equipment Replacement Trust Fund shall be retained in the Cash Trust Account for cafeteria equipment replacement.
- (c) Equipment paid for from the Cafeteria Equipment Replacement Trust Fund to replace equipment furnished by the STATE shall be and remain the property of the STATE. The LESSEE shall report to the Chancellor of the California State Colleges on a yearly basis anticipated replacement of equipment. Use of the Fund to purchase equipment not so listed shall require prior approval of the Chancellor of the California State Colleges. Nothing in this paragraph requires the STATE to furnish any equipment whatsoever.

XII. MISCELLANEOUS PROVISION

The following provisions are included in order to carry out the provisions of Sections 42400 to 42601, inclusive, of Title 5, California Administrative Code:

(1) Expenditures for Public Relations.

With respect to expenditures for public relations or other purposes which would serve to augment STATE appropriations for operation of the COLLEGE, LESSEE may expend funds in such amount and for such purposes as are approved by LESSEE's governing body. The LESSEE shall file with the Chancellor of the California State Colleges a statement of the LESSEE's policy on accumulation and use of public relations funds. The statement will include the policy and procedure on solicitation of funds, source of funds, purposes for which the funds will be used, allowable expenditures, and procedures of control.

(2) Expenditures Augmenting State Appropriations.

The use of auxiliary organization funds to augment State appropriations for the operation of the COLLEGE shall have prior approval of the Chancellor of the California State Colleges when such are used to purchase equipment or provide services previously denied in principle by the STATE through normal STATE procedures.

(3) Allowable Expenditures.

Normal operating expenditures,  
Travel reimbursement at STATE rates,  
Equipment not furnished by STATE but used in the function,  
Salary and Wages,  
Administrative costs, including expenditures for public relations.

(4) Net Earnings.

The LESSEE's net earnings and residual amounts derived from the use of the leased premises or from administration of the functions and activities described herein shall be applied as follows:

First, to the payment of any amount due upon any obligation incurred by the LESSEE.

Second, for the establishment by the LESSEE of equipment and maintenance reserves and working capital in such amounts as shall be deemed necessary by the Board of Directors of Lessee to insure fulfillment by LESSEE of this agreement.

Third, at the end of each fiscal year and upon completion of audit, surplus funds, excepting those needed to meet current obligations, to maintain approved reserves, and to provide working capital, will by resolution of the LESSEE, be deposited in Reserve Accounts for purposes of meeting operating losses, aiding in the construction and equipping of new food service facilities, operating and maintaining of College Unions and/or Student Activities buildings, and providing, maintaining and operating student activity camps and recreation areas.

(5) Disposition of Assets.

(a) Dissolution. The LESSEE's Articles of Incorporation provide that upon dissolution of the corporation net assets other than trust funds shall be distributed to one or more non-profit corporations organized and operated for the benefit of the California State Polytechnic College at Pomona, California, or the students or the students and faculty at that college, such corporation or corporations to be selected by the Board of Directors of the LESSEE. LESSEE agrees that during the term of this lease it will not change that part of the Articles of Incorporation which relates to disposition of net assets upon dissolution, except with the written approval of the Chancellor. In the event the LESSEE should, without the required approval, change its Articles of Incorporation to make other disposition of the net assets, this lease and agreement shall terminate as of the day immediately preceding the day such amendment becomes effective, and all such assets other than funds held in trust shall be and become the property of the STATE.

(b) Cessation. Upon cessation of operations of the LESSEE under this lease, unless the lease is extended or renewed, the net assets of the LESSEE, resulting or arising from this lease shall either be transferred to the STATE or used by the LESSEE at the option of the Chancellor for such purposes as the President of the State COLLEGE, with the approval of the Chancellor of the California State Colleges shall direct.

(6) Records.

LESSEE shall maintain adequate records and shall submit to the COLLEGE and the STATE periodic reports as required showing the operations and financial status of LESSEE. The records and reports shall cover all activities of the LESSEE whether pursuant to this lease or otherwise.

(7) Audits.

The LESSEE is subject to the provisions of Education Code Section 24054 and Section 42404 of Title 5, of the California Administrative Code. In accordance with these provisions:

(a) The LESSEE may elect to contract with either an independent public accountant or the Department of Finance for audits at the expense of the LESSEE. The examination shall meet standards developed by the Department of Finance with the cooperation of the Chancellor of the California State Colleges; and such examinations will be made not less than every two years. The reports on such examinations will be furnished to the Chancellor of the California State Colleges.

(b) All records of the LESSEE shall be open to examination by the Chancellor of the California State Colleges and the State Department of Finance.

XIII. INSURANCE, INDEMNIFICATION AND RESTORATION

(1) The LESSEE shall maintain in force during the term of this lease and all extensions thereof public liability and property damage insurance and products liability insurance in the sum of One Hundred Thousand Dollars (\$100,000.00) for injury to or death of any one person for each occurrence, in the sum of Three Hundred Thousand Dollars (\$300,000.00) for injury to or death of more than one person for each occurrence, and in the sum of Fifty Thousand Dollars (\$50,000.00) for damages to property and products damage for each occurrence. This policy or policies of liability insurance shall contain the following special endorsement:

"The State of California, California State Colleges, Board of Trustees, and all of its other departments, boards and commissions and its officers, employees and agents, are hereby declared to be additional insureds under the terms of this policy, both as to the activities of the LESSEE and as to the activities of the State, California State Colleges, Board of Trustees, all of its other departments, boards and commissions and its officers, employees and agents within the demised premises and all access thereto."

"This insurance policy will not be cancelled without thirty (30) days prior written notice to said California State Colleges, Board of Trustees. The State of California is not liable for the payment of premiums or assessments on this policy."

No cancellation provision in any insurance policy shall be construed in derogation of the continuous duty of LESSEE to furnish insurance during the term of this lease. Said policy or policies shall be underwritten to the satisfaction of the STATE. A complete and signed certified copy of the policy shall be submitted to the STATE concurrently with the execution of the lease. At least thirty (30) days prior to the expiration of any such policy, a signed certified copy of the policy showing that such insurance coverage has been renewed or extended shall be filed with the STATE.

(2) The LESSEE agrees to indemnify and save harmless the STATE, its officers, agents, and employees, from any and all loss, damage, or liability that may be suffered or incurred by the STATE, its officers, agents, and employees, caused by, arising out of, or in any way connected with, the use of the leased premises herein described by the LESSEE.

(3) Upon termination of this lease, STATE shall have the option to require LESSEE, at his own expense and risk, to restore the demised premises as nearly as possible to the condition existing prior to the execution of the lease. But, if the LESSEE shall fail to do so within 90 days after STATE exercises said option, STATE may restore the property at the risk of LESSEE, and all costs and expense of such removal or restoration shall be paid by LESSEE upon demand of STATE. STATE shall have the right to exercise this option within 30 days after the expiration of this lease, but not thereafter.

#### XIV. NONASSIGNABILITY

This lease is not assignable by the LESSEE either in whole or in part, nor shall the LESSEE sublet the leased premises or any part thereof without written permission of the Chancellor of the California State Colleges.

#### XV. NOTICES

All notices herein 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 as herein provided.

Notice to the LESSEE shall be addressed as follows:

Cal Poly Kellogg Unit Foundation, Inc.  
California State Polytechnic College  
Pomona, California

Notice to the PRESIDENT shall be addressed as follows:

Julian A. McPhee, President  
California State Polytechnic College  
Pomona, California

Notice to the STATE shall be addressed to:

Trustees of the California State  
Colleges  
5670 Wilshire Boulevard  
Los Angeles, California 90036

February 1966

IN WITNESS WHEREOF, this indenture has been executed in quadruplicate by the parties hereto as of the date first above written.

ATTEST:

STATE OF CALIFORNIA

\_\_\_\_\_  
Business Manager

By \_\_\_\_\_  
Chancellor, California State  
Colleges

APPROVED:

LESSEE:

\_\_\_\_\_  
President

Cal Poly Kellogg Unit Foundation Inc.

By \_\_\_\_\_  
Secretary



CAL POLY KELLOGG UNIT FOUNDATION, INC.  
KELLOGG-VOORHIS

(Bookstore Ground Lease)

## AGREEMENT AND LEASE

This agreement and lease made and entered into this \_\_\_\_\_ of \_\_\_\_\_, 19\_\_\_\_, by and between the State of California, through its duly qualified and acting Chancellor of the California State Colleges, with the approval of the Department of Finance, hereinafter called the "STATE" and the Cal Poly Kellogg Unit Foundation, Inc., hereinafter called the "LESSEE", a nonprofit organization composed of members of the faculty or students or both of the California State Polytechnic College, hereinafter called the "COLLEGE".

## W I T N E S S E T H:

## I. FINDINGS

The Chancellor of the California State Colleges hereby finds that:

(1) The purposes for which the property described herein is to be used under this lease are related to the activities of the COLLEGE, or to the activities of organizations of students or activities or organizations of members of the faculty thereof.

(2) Administration by the LESSEE of the functions and activities described herein, instead of administration by the STATE through State procedures, is deemed to be more effective in accomplishing these functions and activities than would be possible under the usual governmental budgetary, purchasing and other fiscal procedures.

## II. PROPERTY LEASED

Pursuant to the provisions of Education Code Section 24101, and in accordance with Section 42400 to 42601 inclusive of Title 5, California Administrative Code, the STATE, for and in consideration of the agreements of the LESSEE hereinafter expressed, hereby leases to the LESSEE, and the LESSEE hires from the STATE, those certain premises together with appurtenances, rights and privileges, and easements thereunto belonging or appertaining, on the campus of the COLLEGE located in or near the City of Pomona, County of Los Angeles, State of California and more specifically described as follows:

Rooms in the Campus Center Dining Hall, indicated on the drawing of the Division of Architecture as rooms No. 101, 102, and 103, totaling 14,000 square feet, the cost of which was born by the Bookstore.

SUBJECT, HOWEVER, TO:

- (a) Any presently existing leases, and

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- (b) The use of the property for civil defense purposes in the event of a state or national emergency, and
- (c) Prior need of college facilities to meet the demands of the educational objectives and program of the COLLEGE, and

SUBJECT TO THE CONDITIONS THAT:

If the need for additional property, not hitherto specified, to provide services and functions included in this lease is determined by the President and any such determination states that the property is available and such use will not interfere with the educational objectives and program of the COLLEGE, this lease may be amended by the LESSEE and the Chancellor of the State Colleges to include such property of the COLLEGE,

and

The right to the use of any property included in this lease shall cease upon written notice by the President to the LESSEE that the property is needed for the exclusive use of the COLLEGE or the STATE.

III. TERM OF LEASE

This lease is for a term of 40 years beginning on the \_\_\_\_\_ day of \_\_\_\_\_, 19\_\_\_\_, and ending on the \_\_\_\_\_ day of \_\_\_\_\_, 20\_\_\_\_, unless sooner terminated as hereinafter provided.

IV. USE OF PREMISES

The premises on the leased land shall be used for the following purposes:

(1) The LESSEE shall use the leased property only for those functions and activities that are consistent with the Guidelines and Policies which have been or may hereafter be adopted by the Trustees of the California State Colleges and the Chancellor of the California State Colleges.

(2) Operations of the LESSEE under this lease shall be integrated with COLLEGE operations and shall be under the general supervision of the COLLEGE officials. Such supervision shall be provided without cost to the LESSEE.

(3) Establishing and maintaining a Bookstore and related storage areas, a student lounge and meeting area, post office service areas, and other related student and staff activities of the COLLEGE or for such activities of the COLLEGE as are approved by the Chancellor of the California State Colleges.

V. RENTAL

The LESSEE agrees to pay as rental hereunder the total sum of \$1.00 payable in advance. The Chancellor of the California State Colleges hereby finds such rental to be reasonable in view of the benefits received by the STATE and the COLLEGE as indicated hereunder:

- (1) College bookstores, as do college libraries, contribute to the instructional program of the students of the college;
- (2) College bookstores, with thousands of different books and a broad range of supplies, must be operated for the students efficiently and successfully;
- (3) Consistent with the terms of this agreement, local campus control of budgeting, purchasing, personnel and merchandising provides a flexible method to provide the needs of the particular campus; and
- (4) Auxiliary management of bookstore activities consistent with the terms of this agreement affords the STATE with a controlled but flexible method of providing and operating self-supporting activities.

#### VI. CONFORMANCE WITH STATE LAW, RULES, REGULATIONS AND POLICIES

In the conduct, administration and performance of the functions and activities described in Paragraph IV, LESSEE shall at all times conform to:

- (1) All applicable regulations of the Trustees of the California State Colleges and the Chancellor of the California State Colleges.
- (2) All "Guidelines" and policies which have been or may hereafter be adopted by the Trustees of the California State Colleges or the Chancellor of the California State Colleges relating to such functions and activities.

During the term of this lease the LESSEE shall conform to COLLEGE policy with respect to the activities and functions described herein. In order to insure such conformity, the President of the COLLEGE or his representative shall be a member of the governing body of the LESSEE during the term hereof.

During the term of this lease the LESSEE shall maintain its organization and operate in accordance with the regulations of the California Administrative Code, Title 5, Subchapter 5. AUXILIARY ORGANIZATIONS.

Violation of this section shall make the LESSEE subject to the CESSATION provision of Article XII, Section (5), paragraph (b) of this lease, unless corrections of violations are made within (30) days of written notice from the Chancellor of the California State Colleges. Exercise of this provision shall not foreclose any other legal remedy of the Trustees of the California State Colleges.

#### VII. BUILDINGS, SIGNS, FIXTURES AND EQUIPMENT

During the term of the lease, the LESSEE shall have the right to erect, place or attach buildings, fixtures, signs and equipment in and upon the leased property.

Plans and working drawings for buildings to be placed upon the leased land shall have prior approval of the Trustees of the California State Colleges. The number, size and location of signs is subject to prior written approval of the President of the COLLEGE or his designated representative. Fixtures, signs and equipment so erected, placed or attached by the LESSEE shall be and remain the property of the LESSEE and may be removed therefrom by the LESSEE prior to the termination of this lease.

#### VIII. ALTERATIONS

The leased premises shall not be altered or changed in any manner or respect without the written consent of the President of the COLLEGE, and changes that may be authorized shall be made under the direction of the President of the COLLEGE and at the expense of the LESSEE. Permanent alterations shall have prior approval of the Chancellor of the California State Colleges.

#### IX. RIGHT OF ENTRY

It is understood and agreed that at any time the STATE and its agents shall have the right to enter the leased premises or any part thereof for the purpose of examination or supervision.

#### X. CHARGES FOR SERVICES PROVIDED BY THE STATE

The LESSEE shall reimburse the STATE for expenditures incurred by the STATE as result of activities of the LESSEE under the terms of this agreement. This reimbursement shall include, but not be limited to utility costs, custodial services, maintenance cost and supplies. Said reimbursement shall be computed on a simple but equitable basis, pursuant to the provisions of the State Administrative manual, Section 8755. The Business Manager with the approval of the COLLEGE President shall determine and specify such costs, and the amount thereof and reimbursement shall be made by LESSEE within 30 days of receipt of a notice of such determination.

#### XI. CARE, MAINTENANCE AND REPAIR

The LESSEE agrees that it will keep and maintain the leased property in a clean and orderly condition and shall at its own expense, at reasonably frequent intervals, and in a lawful manner dispose of all waste from the leased property.

#### XII. MISCELLANEOUS PROVISION

The following provisions are included in order to carry out the provisions of Sections 42400 to 42601, inclusive, of Title 5, California Administrative Code:

(1) Expenditures for Public Relations.

With respect to expenditures for public relations or other purposes which would serve to augment STATE appropriations for operation of the COLLEGE, LESSEE may expend funds in such amount and for such purposes as are approved by LESSEE's governing body. The LESSEE shall file with the Chancellor of the California State Colleges a statement of the LESSEE's policy on accumulation and use of public relations funds. The statement will include the policy and procedure on solicitation of funds, source of funds, purposes for which the funds will be used, allowable expenditures, and procedures of control.

(2) Expenditures Augmenting State Appropriations.

The use of auxiliary organization funds to augment State appropriations for the operation of the COLLEGE shall have prior approval of the Chancellor of the California State Colleges when such are used to purchase equipment or provide services previously denied in principle by the STATE through normal STATE procedures.

(3) Allowable Expenditures.

Normal operating expenditures,  
Travel reimbursement at STATE rates,  
Equipment not furnished by STATE but used in the function,  
Salary and Wages,  
Administrative costs, including expenditures for public relations.

(4) Net Earnings.

The LESSEE's net earnings and residual amounts derived from the use of the leased premises or from administration of the functions and activities described herein shall be applied as follows:

First, to the payment of any amount due upon any obligation incurred by the LESSEE.

Second, for the establishment by the LESSEE of equipment and maintenance reserves and working capital in such amounts as shall be deemed necessary by the Board of Directors of LESSEE to insure fulfillment by LESSEE of this agreement.

Third, at the end of each fiscal year and upon completion of audit, surplus funds, excepting those needed to meet current obligations and to maintain approved reserves and working capital, will, by resolution of the LESSEE, be deposited in Reserve Accounts for purposes of aiding in the construction and equipping of new college stores, the construction and equipping of College Unions and/or Student Activities buildings, and for the operation and maintenance of such facilities. The Reserve Accounts will be administered as authorized by the LESSEE's Board of Directors.

(5) Disposition of Assets.

- (a) Dissolution. The LESSEE's Articles of Incorporation provide that upon dissolution of the corporation net assets other than trust funds shall be distributed to one or more non-profit corporations organized and operated for the benefit of the California State Polytechnic College, or the students or the students and faculty at that college, such corporation or corporations to be selected by the Board of Directors of this corporation. LESSEE agrees that during the term of this lease it will not change that part of the Articles of Incorporation which relates to disposition of net assets upon dissolution, except with the written approval of the Chancellor. In the event the LESSEE should, without the required approval, change its Articles of Incorporation to make other disposition of the net assets, this lease and agreement shall terminate as of the day immediately preceding the day such amendment becomes effective, and all such assets other than funds held in trust shall be and become the property of the STATE.
- (b) Cessation. Upon cessation of operations of the LESSEE under this lease, unless the lease is extended or renewed, the net assets of the LESSEE, resulting or arising from this lease shall either be transferred to the STATE or used by the LESSEE at the option of the Chancellor for such purposes as the President of the State COLLEGE, with the approval of the Chancellor of the California State Colleges shall direct.

(6) Records.

LESSEE shall maintain adequate records and shall submit to the COLLEGE and the STATE periodic reports as required showing the operations and financial status of LESSEE. The records and reports shall cover all activities of the LESSEE whether pursuant to this lease or otherwise.

(7) Audits

The LESSEE is subject to the provisions of Education Code Section 24054 and Section 42404 of Title 5 of the California Administrative Code. In accordance with these provisions:

- (a) The LESSEE may elect to contract with either an independent public accountant or the Department of Finance for audits at the expense of the LESSEE. The examination shall meet standards developed by the Department of Finance with the cooperation of the Chancellor of the California State Colleges; and such examinations will be made not less than every two years. The reports on such examinations will be furnished to the Chancellor of the California State Colleges.
- (b) All records of the LESSEE shall be open to examination by the Chancellor of the California State Colleges and the State Department of Finance.

XIII. INSURANCE, INDEMNIFICATION AND RESTORATION

(1) The LESSEE shall maintain in force during the term of this lease and all extensions thereof public liability and property damage insurance and products liability insurance in the sum of One Hundred Thousand Dollars (\$100,000.00) for injury to or death of any one person for each occurrence, in the sum of Three Hundred Thousand Dollars (\$300,000.00) for injury to or death of more than one person for each occurrence, and in the sum of Fifty Thousand Dollars (\$50,000.00) for damages to property and products damage for each occurrence. This policy or policies of liability insurance shall contain the following special endorsement:

"The State of California, California State Colleges, Board of Trustees, and all of its other departments, boards and commissions and its officers, employees and agents, are hereby declared to be additional insureds under the terms of this policy, both as to the activities of the LESSEE and as to the activities of the State, California State Colleges, Board of Trustees, all of its other departments, boards and commissions and its officers, employees and agents within the demised premises and all access thereto."

"This insurance policy will not be cancelled without thirty (30) days prior written notice to said California State Colleges, Board of Trustees. The State of California is not liable for the payment of premiums or assessments on this policy."

No cancellation provision in any insurance policy shall be construed in derogation of the continuous duty of LESSEE to furnish insurance during the term of this lease. Said policy or policies shall be underwritten to the satisfaction of the STATE. A complete and signed certified copy of the policy shall be submitted to the STATE concurrently with the execution of the lease. At least thirty (30) days prior to the expiration of any such policy, a signed certified copy of the policy showing that such insurance coverage has been renewed or extended shall be filed with the STATE.

(2) The LESSEE agrees to indemnify and save harmless the STATE, its officers, agents, and employees, from any and all loss, damage, or liability that may be suffered or incurred by the STATE, its officers, agents, and employees, caused by, arising out of, or in any way connected with, the use of the leased premises herein described by the LESSEE.

(3) Upon termination of this lease, STATE shall have the option to require LESSEE, at his own expense and risk, to restore the demised premises as nearly as possible to the condition existing prior to the execution of the lease. But, if the LESSEE shall fail to do so within 90 days after STATE exercises said option, STATE may restore the property at the risk of LESSEE, and all costs and expense of such removal or restoration shall be paid by LESSEE upon demand of STATE. STATE shall have the right to exercise this option within 30 days after the expiration of this lease, but not thereafter.

XIV. NONASSIGNABILITY

This lease is not assignable by the LESSEE either in whole or in part, nor shall the LESSEE sublet the leased premises or any part thereof without written permission of the Chancellor of the California State Colleges.

XV. NOTICES

All notices herein 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 as herein provided.

Notice to the LESSEE shall be addressed as follows:

Cal Poly Kellogg Unit Foundation, Inc.  
California State Polytechnic College  
Pomona, California

Notice to the PRESIDENT shall be addressed as follows:

Julian A. McPhee, President  
California State Polytechnic College  
Pomona, California

Notice to the STATE shall be addressed to:

Trustees of the California State  
Colleges  
5670 Wilshire Boulevard  
Los Angeles, California 90036

IN WITNESS WHEREOF, this indenture has been executed in quadruplicate by the parties hereto as of the date first above written.

ATTEST:

STATE OF CALIFORNIA

\_\_\_\_\_  
Business Manager

By \_\_\_\_\_  
Chancellor, California State  
Colleges

APPROVED:

LESSEE:

\_\_\_\_\_  
President

\_\_\_\_\_  
College Foundation

\_\_\_\_\_  
Secretary

February 1966



(Bookstore Lease)

## AGREEMENT AND LEASE

This agreement and lease made and entered into this \_\_\_\_\_ of \_\_\_\_\_, 19\_\_\_\_, by and between the State of California, through its duly qualified and acting Chancellor of the California State Colleges, with the approval of the Department of Finance, hereinafter called the "STATE" and the Cal Poly Kellogg Unit Foundation, Inc., hereinafter called the "LESSEE", a non-profit organization composed of members of the faculty or students or both of the California State Polytechnic College, hereinafter called the "COLLEGE".

## W I T N E S S E T H:

## I. FINDINGS

The Chancellor of the California State Colleges hereby finds that:

(1) The purposes for which the property described herein is to be used under this lease are related to the activities of the COLLEGE, or to the activities or organizations of students or activities or organizations of members of the faculty thereof.

(2) Administration by the LESSEE of the functions and activities described herein, instead of administration by the STATE through State procedures, is deemed to be more effective in accomplishing these functions and activities than would be possible under the usual governmental budgetary, purchasing and other fiscal procedures.

## II. PROPERTY LEASED

Pursuant to the provisions of Education Code Section 24101, and in accordance with Section 42400 to 42601 inclusive of Title 5, California Administrative Code, the STATE, for and in consideration of the agreements of the LESSEE hereinafter expressed, hereby leases to the LESSEE, and the LESSEE hires from the STATE, those certain premises together with appurtenances, rights, privileges, and easements thereunto belonging or appertaining, on the campus of the COLLEGE located in or near the City of Pomona, County of Los Angeles, State of California, and more specifically described as follows:

Rooms in the Campus Center Dining Hall, indicated on the drawing of the Division of Architecture as rooms No. 101, 102, and 103, totaling 14,000 square feet, the cost of which was born by the Bookstore.

SUBJECT, HOWEVER, TO:

- (a) Any presently existing leases, and
- (b) The use of the property for civil defense purposes in the event of a state or national emergency, and
- (c) Prior need of college facilities to meet the demands of the educational objectives and program of the COLLEGE, and

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- (1) College bookstores, as do college libraries, contribute to the instructional program of the students of the college;
- (2) College bookstores, with thousands of different books and a broad range of supplies, must be operated for the students efficiently and successfully;
- (3) Consistent with the terms of this agreement, local campus control of budgeting, purchasing, personnel and merchandising provides a flexible method to provide the needs of the particular campus;
- (4) Auxiliary management of bookstore activities consistent with the terms of this agreement affords the STATE with a controlled but flexible method of providing and operating self-supporting activities.

During the term of this lease the LESSEE shall conform to COLLEGE policy with respect to the activities and functions described herein. In order to insure such conformity, the President of the COLLEGE or his representative shall be a member of the governing body of the LESSEE during the term hereof.

During the term of this lease the LESSEE shall maintain its organization and operate in accordance with the regulations of the California Administrative Code, Title 5, Subchapter 5. AUXILIARY ORGANIZATIONS.

Violation of this section shall make the LESSEE subject to the CESSATION provision of Article XII, Section (5), paragraph (b) of this lease, unless corrections of violations are made within thirty (30) days of written notice from the Chancellor of the California State Colleges. Exercise of this provision shall not foreclose any other legal remedy of the Trustees of the California State Colleges:

#### VII. SIGNS, FIXTURES AND EQUIPMENT

During the term of the lease, the LESSEE shall have the right to place and attach fixtures, signs, and equipment in and upon the leased property. The number, size and location of signs is subject, however, to prior written approval of the President of the COLLEGE or his designated representative. Fixtures, signs, and equipment so erected, placed, or attached by the LESSEE shall be and remain the property of the LESSEE and may be removed therefrom by the LESSEE prior to the termination of this lease.

#### VIII. ALTERATIONS

The leased premises shall not be altered or changed in any manner or respect without the written consent of the President of the COLLEGE, and changes that may be authorized shall be made under the direction of the President of the COLLEGE and at the expense of the LESSEE. Permanent alterations shall have prior approval of the Chancellor of the California State Colleges.

IX. RIGHT OF ENTRY

It is understood and agreed that at any time the STATE and its agents shall have the right to enter the leased premises or any part thereof for the purpose of examination or supervision.

X. CHARGES FOR SERVICES PROVIDED BY THE STATE

The LESSEE shall reimburse the STATE for expenditures incurred by the STATE as result of activities of the LESSEE under the terms of this agreement. This reimbursement shall include, but not be limited to utility costs, custodial services, maintenance cost and supplies. Said reimbursement shall be computed on a simple but equitable basis, pursuant to the provisions of the State Administrative Manual, Section 8755. The Business Manager with the approval of the COLLEGE President shall determine and specify such costs and the amount thereof and reimbursement shall be made by LESSEE within 30 days of receipt of a notice of such determination.

XI. CARE, MAINTENANCE AND REPAIR

Care, maintenance and repair of the leased property shall be provided as follows:

- (1) Care and Maintenance - the LESSEE agrees that it will keep and maintain the leased property in a clean and orderly condition and shall at its own expense, at reasonably frequent intervals, and in a lawful manner dispose of all waste from the leased property.
- (2) Repairs - the LESSEE agrees that it will keep the leased premises in good repair.

XII. MISCELLANEOUS PROVISION

The following provisions are included in order to carry out the provisions of Sections 42400 to 42601, inclusive, of Title 5, California Administrative Code:

- (1) Expenditures for Public Relations.

With respect to expenditures for public relations or other purposes which would serve to augment STATE appropriations for operation of the COLLEGE, LESSEE may expend funds in such amount and for such purposes as are approved by LESSEE's governing body. The LESSEE shall file with the Chancellor of the California State Colleges a statement of the LESSEE's policy on accumulation and use of public relations funds. The statement will include the policy and procedure on solicitation of funds, source of funds, purposes for which the funds will be used, allowable expenditures, and procedures of control.

(2) Expenditures Augmenting State Appropriations.

The use of auxiliary organization funds to augment State appropriations for the operation of the COLLEGE shall have prior approval of the Chancellor of the California State Colleges when such are used to purchase equipment or provide services previously denied in principle by the STATE through normal STATE procedures.

(3) Allowable Expenditures.

Normal operating expenditures,  
Travel reimbursement at STATE rates,  
Equipment not furnished by STATE but used in the function,  
Salary and Wages,  
Administrative costs, including expenditures for public relations.

(4) Net Earnings.

The LESSEE's net earnings and residual amounts derived from the use of the leased premises or from administration of the functions and activities described herein shall be applied as follows:

First, to the payment of any amount due upon any obligation incurred by the LESSEE.

Second, for the establishment by the LESSEE of equipment and maintenance reserves and working capital in such amounts as shall be deemed necessary by the Board of Directors of Lessee to insure fulfillment by LESSEE of this agreement.

Third, at the end of each fiscal year and upon completion of audit, surplus funds, excepting those needed to meet current obligations and to maintain approved reserves and working capital, will, by resolution of the LESSEE, be deposited in Reserve Accounts for purposes of aiding in the construction and equipping of new college stores, the construction and equipping of College Unions and/or Student Activities buildings, and for the operation and maintenance of such facilities. The Reserve Accounts will be administered as authorized by the LESSEE's Board of Directors.

(5) Disposition of Assets

(a) Dissolution. The LESSEE's Articles of Incorporation provide that upon dissolution of the corporation net assets other than trust funds shall be distributed to one or more non-profit corporations organized and operated for the benefit of the California State Polytechnic College, or the students or the students and faculty at that college, such corporation or corporations to be selected by the Board of Directors of the LESSEE. LESSEE agrees that during the term of this lease it will not change that part of the Articles of Incorporation which relates to disposition of net assets upon dissolution, except with the written approval of the Chancellor. In the event the LESSEE should, without the required approval, change its Articles of Incorporation to make other disposition of the net assets, this lease and agreement shall terminate as of the day immediately preceding the day such amendment becomes effective, and all such assets other than funds held in trust shall be and become the property of the STATE.

(b) Cessation. Upon cessation of operations of the LESSEE under this lease, unless the lease is extended or renewed, the net assets of the LESSEE, resulting or arising from this lease shall either be transferred to the STATE or used by the LESSEE at the option of the Chancellor for such purposes as the President of the State COLLEGE, with the approval of the Chancellor of the California State Colleges shall direct.

(6) Records.

LESSEE shall maintain adequate records and shall submit to the COLLEGE and the STATE periodic reports as required showing the operations and financial status of LESSEE. The records and reports shall cover all activities of the LESSEE whether pursuant to this lease or otherwise.

(7) Audits.

The LESSEE is subject to the provisions of Education Code Section 24054 and Section 42404 of Title 5, of the California Administrative Code. In accordance with these provisions:

(a) The LESSEE may elect to contract with either an independent public accountant or the Department of Finance for audits at the expense of the LESSEE. The examination shall meet standards developed by the Department of Finance with the cooperation of the Chancellor of the California State Colleges; and such examinations will be made not less than every two years. The reports on such examinations will be furnished to the Chancellor of the California State Colleges.

(b) All records of the LESSEE shall be open to examination by the Chancellor of the California State Colleges and the State Department of Finance.

XIII. INSURANCE, INDEMNIFICATION AND RESTORATION

(1) The LESSEE shall maintain in force during the term of this lease and all extensions thereof public liability and property damage insurance and products liability insurance in the sum of One Hundred Thousand Dollars (\$100,000.00) for injury to or death of any one person for each occurrence, in the sum of Three Hundred Thousand Dollars (\$300,000.00) for injury to or death of more than one person for each occurrence, and in the sum of Fifty Thousand Dollars (\$50,000.00) for damages to property and products damage for each occurrence. This policy or policies of liability insurance shall contain the following special endorsement:

"The State of California, California State Colleges, Board of Trustees, and all of its other departments, boards and commissions and its officers, employees and agents, are hereby declared to be additional insureds under the terms of this policy, both as to the activities of the LESSEE and as to the activities of the State, California State Colleges, Board of Trustees, all of its other departments, boards and commissions and its officers, employees and agents within the demised premises and all access thereto."

"This insurance policy will not be cancelled without thirty (30) days prior written notice to said California State Colleges, Board of Trustees. The State of California is not liable for the payment of premiums or assessments on this policy."

No cancellation provision in any insurance policy shall be construed in derogation of the continuous duty of LESSEE to furnish insurance during the term of this lease. Said policy or policies shall be underwritten to the satisfaction of the STATE. A complete and signed certified copy of the policy shall be submitted to the STATE concurrently with the execution of the lease. At least thirty (30) days prior to the expiration of any such policy, a signed certified copy of the policy showing that such insurance coverage has been renewed or extended shall be filed with the STATE.

(2) The LESSEE agrees to indemnify and save harmless the STATE, its officers, agents, and employees, from any and all loss, damage, or liability that may be suffered or incurred by the STATE, its officers, agents, and employees, caused by, arising out of, or in any way connected with, the use of the leased premises herein described by the LESSEE.

(3) Upon termination of this lease, STATE shall have the option to require LESSEE, at his own expense and risk, to restore the demised premises as nearly as possible to the condition existing prior to the execution of the lease. But, if the LESSEE shall fail to do so within 90 days after STATE exercises said option, STATE may restore the property at the risk of LESSEE, and all costs and expense of such removal or restoration shall be paid by LESSEE upon demand of STATE. STATE shall have the right to exercise this option within 30 days after the expiration of this lease, but not thereafter.

#### XIV. NONASSIGNABILITY

This lease is not assignable by the LESSEE either in whole or in part, nor shall the LESSEE sublet the leased premises or any part thereof without written permission of the Chancellor of the California State Colleges.

#### XV. NOTICES

All notices herein 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 as herein provided.

February 1966

Notice to the LESSEE shall be addressed as follows:

Cal Poly Kellogg Unit Foundation, Inc.  
California State Polytechnic College  
Pomona, California

Notice to the PRESIDENT shall be addressed as follows:

Julian A. McPhee, President  
California State Polytechnic College  
Pomona, California

Notice to the STATE shall be Addressed to:

Trustees of the California  
State Colleges  
5670 Wilshire Boulevard  
Los Angeles, California 90036

IN WITNESS WHEREOF, this indenture has been executed in quadruplicate by the parties hereto as of the date first above written.

ATTEST:

STATE OF CALIFORNIA

\_\_\_\_\_  
Business Manager

By \_\_\_\_\_  
Chancellor, California State Colleges

APPROVED:

LESSEE:

\_\_\_\_\_  
President

Cal Poly Kellogg Unit Foundation, Inc.

\_\_\_\_\_  
Secretary

February 1966

STATE OF CALIFORNIA  
STANDARD AGREEMENT

California State Polytechnic College,  
12, California 91766

Date \_\_\_\_\_

CONTRACTOR—( )  
STATE AGENCY—( )  
DEPT. OF FINANCE—( )  
CONTROLLER—( )

NUMBER D-1

THIS AGREEMENT, Made and entered into this 1 day of July, 1965, at Sacramento, County of Sacramento, State of California, by and between State of California, through its duly elected or appointed, qualified and acting

President  
Title of officer acting for State  
hereinafter called the State, and

California State Polytechnic College  
Department or other agency

California State Polytechnic College Foundation

hereinafter called the Contractor.

WITNESSETH: That the Contractor for and in consideration of the covenants, conditions, agreements, and stipulations of the State hereinafter expressed, does hereby agree to furnish to the State services and materials, as follows:

(Set forth service to be rendered by Contractor, amount to be paid Contractor, time for performance or completion, and attach plans and specifications, if any.)

**I. Services provided for the four residence halls named Casa del Aliso, Casa de los Alamitos, Casa de las Encinitas, Casa del Montecito.**

- (a) Supervision and management services to be provided by Foundation employees comprising 0.5 Housing Manager, 4.0 Head Residents, Resident Assistants and Student Assistants and/or temporary help for supervision and management services described in Exhibit "A".
- (b) Clerical services not to exceed the services equivalent to 1.0 full-time Intermediate clerk.
- (c) Custodial and housekeeping services necessary for operation of the residence halls including the services of custodians, housekeepers, student assistants needed for the performance of these functions. See Exhibit "B".

The provisions on the reverse side hereof constitute a part of this agreement.

IN WITNESS WHEREOF, This agreement has been executed, in quadruplicate, by and on behalf of the parties hereto, the day and year first above written.

STATE OF CALIFORNIA

California State Polytechnic College

Name of State agency

By Julian A. McPhee (Signed)

President

Title

California State Polytechnic College Foundati

Contractor  
(If other than an individual, state whether a corporation, partnership, etc.)

By Harold O. Wilson (Signed)

Secretary

Title

California State Polytechnic College

Address

(Continued on \_\_\_\_\_ sheets, each bearing name of Contractor)

DO NOT WRITE IN THIS SPACE

To Be Charged Against	APPROPRIATION	<u>State College Dormitory Revenue Fund</u>	F.Y.	<u>1965-66</u>
	FUNCTION OR FUND	<u>Kellogg-Voorhis Campus</u>		
	LINE ITEM ALLOTMENT	<u>Contractual Service 122, 610</u>		<input checked="" type="checkbox"/> O.E. <input type="checkbox"/> Eq.
Amount of this Estimate			<u>122,610.</u>	<u>00</u>
Unencumbered remainder after posting this estimate to Allotment Expenditure Ledger				
Adjustment increasing encumbrances				
Adjustment decreasing encumbrances				

I Hereby Certify upon my own personal knowledge that budgeted funds are available for the period and purpose of the expenditure stated above. (After T.B.A. No. \_\_\_\_\_ or B.R. No. \_\_\_\_\_)

Ernest W. H. Geiger (Signed)

Signature of Accounting Officer



1. The State hereby agrees to pay \_\_\_\_\_ services and materials at the times, in the \_\_\_\_\_ and for the consideration, herein expressed.

2. The Contractor agrees to indemnify and save harmless the State, its officers, agents and employees from any and all claims and losses accruing or resulting to any and all contractors, subcontractors, materialmen, laborers and any other person, firm or corporation furnishing or supplying work, services, materials or supplies in connection with the performance of this contract, and from any and all claims and losses accruing or resulting to any person, firm or corporation who may be injured or damaged by the Contractor in the performance of this contract. The Contractor shall provide necessary workman's compensation insurance at Contractor's own cost and expense.

3. The parties hereto agree that the Contractor, and any agents and employees of Contractor, in the performance of this agreement, shall act in an independent capacity and not as officers or employees or agents of State of California.

4. The State may terminate this agreement and be relieved of the payment of any consideration to Contractor should Contractor fail to perform the covenants herein contained at the time and in the manner herein provided. In the event of such termination the State may proceed with the work in any manner deemed proper by State. The cost to the State shall be deducted from any sum due the Contractor under this agreement, and the balance, if any, shall be paid the Contractor upon demand.

5. This agreement is not assignable by Contractor either in whole or in part.

6. Time is of the essence of each and all the provisions of this agreement, and the provisions of this agreement shall extend to and be binding upon and inure to the benefit of the heirs, executors, administrators, successors, and assigns of the respective parties hereto.

7. It is mutually understood and agreed that no alteration or variation of the terms of this contract shall be valid unless made in writing and signed by the parties hereto, and that no oral understandings or agreements not incorporated herein, and no alterations or variations of the terms hereof unless made in writing between the parties hereto shall be binding on any of the parties hereto.

ATTACHMENT #12 TO FORM 1023 - Page 6

(b) Service performed in the employ of an organization operated for the primary purpose of carrying on a trade or business all of the profits of which are payable to one or more organizations described in subdivision (a) is not exempt under this section. For purposes of this subdivision, "trade or business" shall not include the rental by an organization of its real property (including personal property leased with the real property).

Sec. 702. Election; services in excluded employment.

(a) Any employing unit for which services that do not constitute employment are performed, may file with the director a written election that all such services performed by individuals in its employ in one or more distinct establishments or places of business shall be deemed to constitute employment by an employer for all the purposes of this division for not less than two calendar years. Upon the written approval of the election by the director, such services shall be deemed to constitute employment subject to this division from and after the date stated in the approval.

(b) Notwithstanding the provisions of subdivision (a) of this section, a state college auxiliary organization which meets the requirements of Section 634(a) may exclude from coverage under an election pursuant to this section service performed by a student who is enrolled and is regularly attending classes at the state college with which the auxiliary organization is affiliated.

CALIFORNIA ADMINISTRATIVE CODE, TITLE 5

EDUCATION

SUB CHAPTER 5

AUXILIARY ORGANIZATIONS

Article 1. General

42400. Definition.

As used in this Subchapter 5, a state college auxiliary organization, hereinafter called an "auxiliary" organization, is an organization specified in Education Code Section 24054.

42401. Declaration of Policy.

All activities necessary to the educational program of a state college, including service functions, are an integral part of the college program and should be so operated. Because, however, self-government in student affairs is desirable and because some activities cannot be operated effectively and without undue difficulty under the usual governmental budgetary, purchasing, and other fiscal controls, activities may be undertaken by an auxiliary organization in order, in the former instance, to foster self-government in student affairs and, in the latter instance, to provide effective operation and to eliminate the undue difficulty which would otherwise arise under such controls.

42402. Scope of Regulations.

(a) Article 1 hereof applies to all auxiliary organizations.

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(b) Article 2 and Article 3 do not apply to a student body organization the purposes of which are approved by the Board of Trustees or to student clubs, societies, sororities, fraternities, or similar student groups unless such organization operates a campus store or cafeteria, or conducts a similar operation utilizing state facilities.

42403. Funds.

(a) Trust funds shall be used specifically for the purpose designated in the Instrument creating the trust.

(b) No funds of an auxiliary organization shall be used for any of the following purposes:

(1) To support or to oppose any political issue or candidate.

(2) To make personal loans of a nonscholarship nature, except that loans to faculty members or employees may be made when such loans are specifically authorized by a trust instrument under which the funds were received.

(c) Indemnity bonds shall be obtained by an auxiliary organization other than an organization specified in Section 42402(b) for appropriate officers and employees handling funds of the auxiliary organization.

(d) Donations and gifts to an auxiliary organization for research and other projects shall be accepted and maintained in accordance with procedures established by the Board of Trustees.

42404. Records.

(a) An auxiliary organization shall maintain adequate records and shall prepare such periodic reports showing its operations and financial status as may be required by the Board of Trustees. Where records and accounts are not maintained nor supervised by the college business manager, he shall have the responsibility and authority to inspect and review all procedures and practices and make his recommendations to the president of the college and the president of the organization. Reports and statements shall cover all activities of the organization.

(b) All records of an auxiliary organization shall be open to the

ATTACHMENT #12 TO FORM 1023 - Page 9

Department of Finance for audits prescribed by Education Code Section 24054 and to the Board of Trustees and Department of Finance for determining compliance with these regulations and with any agreement between the auxiliary organization and the State.

42405. Employees.

The governing board of each auxiliary organization shall provide, on or before July 1, 1962, salaries, working conditions and benefits, exclusive of retirement and permanent status benefits, for its full-time employees which are comparable to those provided state employees performing similar services. For those employees whose duties are not comparable to classes in state employment, the salaries established shall be at least equal to the salaries prevailing in other educational institutions in the area.

This section shall not apply to State College Alumni Associations.

42406. List of Auxiliary Organizations in Good Standing.

The Chancellor shall prepare and keep current, a list of organizations in good standing. All auxiliary organizations in compliance with rules and regulations of the Trustees, and provisions made thereunder, shall be included on the list. The Chancellor may make such provisions consistent with law as may in his judgment be appropriate with respect to further cooperation and agreements between any State College and an auxiliary organization not included on the said list.

Article 2.

Requirement for Written Agreements

42500. Functions.

A written agreement is required for the performance by an auxiliary organization of any of the following functions:

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ration where services are performed by state employees for the organization shall be simple and equitable.

(g) A simple but equitable method of proration of shared expenses, such as for utilities.

(h) The responsibility for maintenance and payment of operating expenses.

(i) Proposed expenditures for public relations or other purposes which would serve to augment state appropriations for operation of the college. With respect to expenditures for public relations or other purposes which would serve to augment state appropriations for operation of the college, the auxiliary organization may expend funds in such amount and for such purposes as are approved by the governing body of the auxiliary organization.

(j) The disposition to be made of net earnings derived from the operation of facilities owned or leased by the auxiliary organization and provisions for reserves.

(k) The disposition to be made of net assets on dissolution of the auxiliary organization or cessation of the operations under the agreement.

(l) The covenant of the auxiliary organization to maintain its organization and to operate in accordance with the regulations contained in this Subchapter 5.

### Article 3

#### Organization and Operation

##### 42600. Organization.

(a) Only an auxiliary organization which operates in accordance with the regulations contained in this Subchapter 5 may use the name of the college in its title.

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(b) In order to insure conformity with college policy, the president of the college shall have representation on the governing body of an auxiliary organization.

(c) An auxiliary organization which is not a corporation shall adopt a constitution and file a copy thereof with the Board of Trustees. The constitution shall at all times contain a provision that upon dissolution of the organization net assets, other than trust funds, shall be distributed to a successor approved by the president of the college and by the Board of Trustees.

(d) An incorporated auxiliary organization whose articles of incorporation on file with the Secretary of State on June 1, 1960, contained a provision that upon dissolution of the corporation net assets other than trust funds shall be distributed to a successor approved by the president of the college and by the Board of Trustees shall not amend such provision except with the consent of the Board of Trustees.

(e) The articles of incorporation of any incorporated auxiliary organization other than one described in subsection (d) shall at all times contain one of the following provisions wherein the blank spaces are filled with the name of a California state college:

(1) Upon dissolution of the corporation net assets other than trust funds shall be distributed to one or more non-profit corporations organized and operated for the benefit of the \_\_\_\_\_ State College or the students or the students and faculty at that college, such corporation or corporations to be selected by the board of directors of the lessee.

(2) Upon dissolution of the corporation net assets shall be distributed as follows: All property purchased or built from the proceeds of any loan secured under Title IV of the Housing Act of 1950 as amended, shall be distributed to the \_\_\_\_\_ State College; the remainder of the net assets other than trust funds shall be distributed to one or more nonprofit corporations organized and operated for the benefit of the students or for the benefit of the students and faculty at \_\_\_\_\_ State College, such corporation or corporations to be selected by the board of directors of the lessee.

(3) Upon dissolution of the corporation net assets other than trust funds shall be distributed to the \_\_\_\_\_ State College.

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42601. Operation.

(a) All leasing of state college facilities shall be effected under provisions of Education Code, Section 24101 or other laws governing the leasing of state facilities. An agreement between an auxiliary organization and a student or students for the conduct of student projects involving agricultural, vocational and other instructional activities is authorized when provided for in a basic lease between the State and the auxiliary organization. Such agreements with students shall not be deemed subleases.

(b) Remuneration may be paid to, or received by, a state officer or employee from an auxiliary organization only if the written agreement between the auxiliary organization and the State provides that remuneration may be so paid and received. Service by the state officer or employee shall not be incompatible, inconsistent, or in conflict with his duties as a state officer or employee.

(c) Operations of the auxiliary organization shall be integrated with college operations and administered or supervised by the existing college administrative organization.

(d) All normal operation expenses are allowable.

(e) Subject to acceptance by the State, the State shall succeed the auxiliary organization as trustee of trusts held by the auxiliary organization whenever the terms of the trust so allow.



ATTACHMENT #13 TO FORM 1023

POWER OF ATTORNEY

Know all men by these presents that the CAL POLY KELLOGG UNIT FOUNDATION, INC., hereby appoints JOHN W. FRANCIS, an Attorney At Law, of Pomona, County of Los Angeles, State of California, its attorney and in the name of said corporation and on its behalf, to do and execute all or any of the following acts, deeds and things, to wit:

1. To represent and act for said corporation before the Internal Revenue Service and Treasury Department of the United States in any and all matters in which it might be concerned.
2. To execute all necessary instruments to carry out and perform any of the foregoing powers, and to do any other acts requisite to the carrying out of such powers.

In witness whereof the CAL POLY KELLOGG UNIT FOUNDATION, INC., has caused its corporate name to be subscribed hereto by its President, and its corporate seal to be affixed by its Secretary-Treasurer, this \_\_\_\_\_ day of \_\_\_\_\_, 1966.

CAL POLY KELLOGG UNIT FOUNDATION, INC.

By \_\_\_\_\_  
Julian A. McPhee  
President

CALIFORNIA STATE POLYTECHNIC COLLEGE FOUNDATION

KELLOGG CAMPUS  
EXHIBIT "A"

FOUNDATION HOUSING MANAGER 0.5 position

1. Employed by Foundation
2. Under the direction of the College Business Manager, the Foundation Housing Manager shall have the following responsibilities:
  - a. Aids in the collection of rents, fees, and deposits.
  - b. Makes regular inspections of the property.
  - c. Makes regular reports on condition of property.
  - d. Prepares regular inventories.
  - e. Reports the maintenance needs of the Residence Halls to the Maintenance Department.
  - f. Supervises use of halls by guests, conferences, etc.
3. Under the direction of the Foundation Manager, the Foundation Housing Manager shall have the following responsibilities:
  - a. Supervises the work of persons employed directly to carry out maintenance, custodial, and housekeeping work.
  - b. Purchases supplies.
  - c. Prepares and supervises Foundation budgets for operation of these Residence Halls.

HEAD RESIDENTS 4.0 positions

1. Employed by Foundation.
2. Under the direction of the Dean of Students the Head Residents shall supervise assignment record procedures for the residence hall; keep and maintains necessary files and records; supervise student assistants; and performs other other duties as assigned.
3. Under the direction of the Foundation Manager the Head Residents shall have the following responsibilities;
  - a. Report attendance and occupancy.
  - b. Supervise general appearance of residence hall and report maintenance needs.
  - c. Performs other assigned duties in the interest of property protection.

RESIDENT ASSISTANTS

1. Employed by Foundation.
2. Under the direction of the Dean of Students, Resident Assistants shall perform the following duties:
  - a. Report occupancy of assigned area.
  - b. Develop and maintain student morale and habits needed for successful resident hall operation.
  - c. Performs other duties assigned.

RESIDENCE HALL CUSTODIAL SERVICE

1. Supervision of all custodians

These custodians to:

- a. Sweep hallways, stairways, lobbies, lounges, recreation areas daily, except Sundays or holidays.
- b. Clean all washrooms daily, including fixtures, except Sundays or holidays.
- c. Wax floors in hallways and public areas whenever needed, but at least twice each quarter.
- d. Clean walls in hallways and public areas whenever needed, but at least twice each quarter.
- e. Clean and wax floors of student rooms whenever vacation periods permit.
- f. Clean windows inside and outside at least once each quarter.
- g. Clean glass in hallways, lobbies, lounges, recreation areas, and head residents suites at least once each quarter.
- h. Clean all screens at least once each year.

2. Garbage and trash disposal and sanitation

- a. Provide adequate containers for garbage and trash.
- b. Provide pest control service when necessary.
- c. Follow suggestions of Health Officer as to sanitation, and provide necessary equipment and supplies to insure sanitation standards.

3. Supplies and Equipment

- a. Purchase all necessary custodial supplies and equipment.
- b. Provide personnel for moving furniture and equipment for conventions, workshops, institutes, and replacements.
- c. Provide and install necessary light bulbs and fluorescent tubes.
- d. Insure proper use of and care for all mechanized equipment.
- e. Keep perpetual inventory controls of all supplies and equipment.

ATTACHMENT #12 TO FORM 1023

CALIFORNIA LAWS AND ADMINISTRATIVE REGULATIONS  
RELATING TO STATE COLLEGE AUXILIARY ORGANIZATIONS

EDUCATION CODE

Sec. 23801. Establishment; purposes; fees

A student body organization may be established at any state college under the supervision of the college officials for the purpose of providing essential activities closely related to, but not normally included as a part of, the regular instructional program of the college. Such an organization may also operate a campus store, a cafeteria, and other projects not inconsistent with the purposes of the college, and property of the college may be leased to such an organization for such purposes.

The trustees may fix fees for voluntary membership in such organization established at a state college.

Notwithstanding any provisions of law to the contrary, if a student body organization is established at any state college, upon the favorable vote of two-thirds of the students voting in an election held for this purpose, in such manner as the trustees shall prescribe, and open to all regular students enrolled in such college, the trustees shall fix a membership fee which shall be required of all regular, limited and summer session students attending such college. No fees shall be charged to students registering solely in extension classes.

Such required fee shall be subject to referendum at any time upon the presentation of a petition to the president of the college containing the signatures of 20 percent of the regularly enrolled students at such college. A successful referendum shall take effect with the beginning of the academic year following that in which the election was held.

Payment of membership fees pursuant to this section shall be a prerequisite to enrollment in the college, except that if sufficient funds are available any state college student may at his option and subject to the regulations of the trustees establishing standards in that regard, agree to work off the amount of the fee at the prevailing rate

ATTACHMENT #12 TO FORM 1023 - Page 2

of the college for student assistants. The trustees may adopt regulations setting standards for determining which students shall be eligible to work off the amount of the fee. No student shall be required to pay student body membership fees in an aggregate amount exceeding twenty dollars (\$20) annually.

Sec. 24054. State college auxiliary organizations; regulations.

The Department of Finance, or a public accountant selected by the organizations or funds hereafter described and in accordance with procedures prescribed by the Department of Finance, shall audit any and all state college auxiliary funds and funds of organizations using the name of the State, state college, or representing an official relationship with the college, or funds in which college officials participate as directors as part of their official position, whether such funds be maintained on campus or not. The operation of state college auxiliary organizations shall be conducted in conformity with regulations established by the trustees and approved by the Director of Finance. The regulations shall include provisions requiring the governing board of each auxiliary organization to provide, on or before July 1, 1962, salaries, working conditions and benefits, exclusive of retirement and permanent status benefits, for the full-time employees of each auxiliary organization, except alumni associations, which are comparable to those provided state employees performing similar services. For those employees whose duties are not comparable to classes in state employment the salaries established shall be at least equal to the salaries prevailing in other educational institutions in the area.

Sec. 24101. Lease of state college property

The trustees, with the approval of the Director of Finance, may lease any property of a state college for any purpose which they determine is not inconsistent with the functions of the California State Colleges, including, but not limited to:

- (a) The lease of state college property to a nonprofit organization composed exclusively of students of the college or of members of the faculty of the college or both, for purposes related to the activities of the college or for the activities of students or faculty organizations;

ATTACHMENT #12 TO FORM 1023 - Page 3

- (b) The lease of state college property to any nonprofit organization for the purpose of constructing and using thereon buildings as living quarters for students of the college and as meeting places;
- (c) The lease to any student or faculty organization of the college of property for the purpose of establishing and maintaining co-operative stores, and cafeterias in connection with such stores.

Any rental received under this section shall be deposited in the State Treasury and credited to the support appropriation of the California State Colleges current during the period of occupancy.

Sec. 24456. Housing contract with California State Polytechnic College Foundation.

Notwithstanding any other provisions of this article to the contrary the President of the California State Polytechnic College may, with the approval of the Director of Education and the Director of Finance, contract with the California State Polytechnic College Foundation to operate student housing facilities of the college embraced within the provisions of this article.

Sec. 24581. Establishment of cafeterias.

The Director of Education may authorize an organization maintaining a co-operative store on the campus of a state college pursuant to Sections 23603 to 23607, inclusive, Sections 23751 to 23803, inclusive, Sections 24051 to 24104, inclusive, Sections 24451 to 24455, inclusive, and Sections 24581, 24582, and 24601 to establish and maintain a cafeteria in connection with the store.

Sec. 24601. Rental of space for establishment of co-operative stores.

The Director of Education may rent, in the name of the State, any space in the buildings of any state college not needed for other

ATTACHMENT #12 TO FORM 1023 - Page 5

Sec. 202.5 Exemptions; personal property used in management  
and control of state colleges.

Personal property used exclusively in the performance of activities authorized by Article 2 (commencing at Section 20341), Chapter 2, Division 10 of the Education Code, whether by the college itself or by an auxiliary nonprofit corporation or student body organization with which the Director of Education has entered into a lease or contract for the performance of such activities, is deemed property used exclusively for public schools and shall be exempt from taxation.

It is hereby declared that this section is not a change in the present law but is a declaration of pre-existing law.

UNEMPLOYMENT INSURANCE CODE

Sec. 634. Employment; nonprofit organization; organization for trade  
or business.

(a) "Employment," except as provided by Section 2606, does not include service performed in the employ of a corporation, community chest, fund, or foundation, organized and operated exclusively for religious, charitable, scientific, testing for public safety, literary, or educational purposes, or for the prevention of cruelty to children or animals, no part of the net earnings of which inures to the benefit of any private shareholder or individual, no substantial part of the activities of which is carrying on propaganda, or otherwise attempting to influence legislation, which does not participate in, or intervene in (including the publishing or distributing of statements), any political campaign on behalf of any candidate for public office and which is exempt from income tax under Section 501(a) of the Internal Revenue Code of 1954.