

BYLAWS
of
University Enterprises, Inc.
California State University, Sacramento

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ARTICLE I
CORPORATE SEAL

The corporate seal shall consist of a circle, having at its circumference the words "University Enterprises, Inc." and inside the circle the following words and figures: "Incorporated July 13, 1951, California."

ARTICLE II **MISSION AND PURPOSE**

Section 1. **MISSION.** To meet the evolving needs of the California State University, Sacramento community by providing programs and services that support and strengthen the California State University, Sacramento experience.

Section 2. **PURPOSE.** University Enterprises, Inc. ("UEI") is a nonprofit public benefit corporation and is not organized for the private gain of any person. It is organized under the California Nonprofit Public Benefit Corporation Law for charitable purposes.

The specific purposes of UEI are to (a) assist in and promote the development, maintenance and operation of California State University, Sacramento; to further the educational objectives of said University; and to provide necessary and desirable equipment and facilities for the students and the faculty thereof; (b) establish and operate on or near the campus of said University cafeteria or cafeterias, bookstore or bookstores, and such other facilities as would aid, assist or supplement the educational or extracurricular activities of the personnel of said University; and (c) acquire and dispose of such properties, and to perform such acts, as shall be necessary and proper in carrying out the purposes aforesaid; and to borrow and to lend money when, through doing so, the requirements of the foregoing purposes can be promoted or enhanced; and to do such other acts, as may be permissible of corporations under the laws of the State of California, which shall foster, facilitate or assist in the performance of the foregoing.

The UEI Board of Directors shall oversee and guide UEI in fulfilling its mission to California State University, Sacramento.

Section 3. **LIMITATIONS.** UEI is organized exclusively for purposes within the meaning of Section 501(c)(3) of the Internal Revenue Code of 1986, as amended (the "Code"), or the corresponding provisions of any future United States Internal Revenue Law. Notwithstanding any other provision of these Bylaws, UEI shall not, except to an insubstantial degree, engage in any activities or exercise any powers that are not in furtherance of the purposes of UEI, and UEI shall not carry on any other activities not permitted to be carried on (a) by a corporation exempt from federal income tax under Section 501(c)(3) of the Code or the corresponding provisions of any future United States Internal Revenue Law, or (b) by a corporation, contributions to which are deductible under Section 170(c)(2) of the Code or the corresponding provisions of any future United States Internal Revenue Law.

Section 4. **PRIVATE BENEFIT.** All UEI property is irrevocably dedicated to charitable purposes. No part of the net earnings of UEI shall inure to the benefit of any of its Directors, or any other person or individual.

ARTICLE III
BOARD OF DIRECTORS

Section 1. NUMBER OF BOARD MEMBERS; BOARD COMPOSITION; TERMS.

A. The corporate powers, business and affairs of UEI shall be exercised, conducted and controlled by a Board of Directors, appointed as set forth below (the "Board"), composed of fifteen (15) voting members. The Board shall consist of three (3) faculty members; three (3) administrative members (including the President of the California State University, Sacramento, or his/her designee and the Vice President for Administration for California State University, Sacramento or his/her designee); two (2) student members; and seven (7) members who are neither faculty, administrative nor student but community individuals interested in California State University, Sacramento.

B. Faculty Member Selection: Each faculty member position shall be filled by direct appointment of the President of California State University, Sacramento and shall serve a two (2) year term on the Board. Sacramento State's Faculty Senate may identify faculty nominees for the President's consideration.

C. Administrative Selection: The President of California State University, Sacramento, or his/her designee, and the Vice President for Administration for California State University, Sacramento, or his/her designee, shall have continuous appointment on the Board. The remaining administrative position on the Board shall be filled by the direct appointment of the President of California State University, Sacramento and shall serve a two (2) year term on the Board.

D. Community Member Selection: Each community member position shall be filled by direct appointment of the President of California State University, Sacramento. Each community member shall serve a two (2) year term. Community members appointed prior to July 1, 2012 shall serve a three (3) year term.

E. Student Member Selection: Each student member position shall be filled by direct appointment of the President of California State University, Sacramento. Each student member shall serve a one (1) year term.

All student members of the Board of Directors must meet the requirements for Associated Students of California State University, Sacramento, (ASI) Board Membership to be eligible for appointment as a member of the Board of Directors of UEI. ASI shall identify at least two (2) student nominees for each student member position. The President may identify specific skills or attributes necessary for the position and will promptly request additional nominees if they do not meet the specified qualifications.

F. In order to ensure continuity on the Board of Directors, to the extent possible, terms shall be staggered so that approximately one-half of the Directors are up for appointment each year.

G. All members of the Board of Directors shall be eligible for reappointment and in the same manner as the original appointment. All members of the Board of Directors shall be eligible for a maximum of three (3) consecutive terms, except for the President and the Vice President for Administration, or their designees, who have continuous appointment.

H. Incumbent Board Members will vacate the office upon the expiration of their terms.

Section 2. VACANCIES. Vacancies in membership of the Board of Directors occurring other than by expiration of term shall be filled by appointment for the unexpired term in the same manner as stated in Section 1 (NUMBER OF BOARD MEMBERS; BOARD COMPOSITION; TERMS). Vacancies on the Board shall exist upon:

A, The termination of a faculty, administrative or student Board member's association with California State University, Sacramento in any manner.

B. The voluntary resignation of a Director.

C. The Director having been absent without good cause, as determined by the remaining Directors, from two (2) meetings during any academic year.

D. The resignation or removal of any Director from his/her Board position due to misconduct or breach of fiduciary duty to UEI.

E. The resignation or removal of any Director from his/her Board position due to an incapacity (physical, medical and/or mental) that renders the Director incapable of performing his/her duties as a Director.

F. The death of the Director.

G. The number of authorized Directors is increased.

Section 3. REMOVAL OF DIRECTORS. The Board may remove any Director, without cause, by approval of a majority of the Directors then in office at a special meeting called for that purpose, or at a regular meeting provided that notice of that meeting and of the removal are given in compliance with applicable provisions of state law governing open meetings. Any vacancy caused by the removal of a Director shall be filled as provided in Section 1 (NUMBER OF BOARD MEMBERS; BOARD COMPOSITION; TERMS).

Section 4. RESIGNATION OF DIRECTORS. Subject to the provisions of Section 5226 of the California Nonprofit Corporation Law, any Director may resign effective upon giving written notice to the Chair of the Board, the Vice-Chair or the Secretary-Treasurer of UEI, unless the notice specifies a later time for the effectiveness of such resignation. If the resignation is effective at a future time, a successor may be appointed by the Board before such time, to take office when the resignation becomes effective.

Section 5. COMPENSATION. The Board members and officers of the Board shall serve without compensation.

Section 6. REGULAR MEETINGS; NOTICE. The Board of Directors shall, during each fiscal year, hold at least one business meeting each quarter at an hour and place designated by the Chair. Notice of the time, place, and conduct of all meetings shall be given and conducted in accordance with applicable provisions of state law governing open meetings. Notice of each meeting shall be mailed or delivered in person to each Board member at his or her last known place of business or residence. Notice may be sent via email, facsimile, or other electronic means if the Board member has consented to receipt of electronic communications in writing. At least seventy-two (72) hours before a regular meeting, the Board or its designee shall post an agenda containing a brief general description of each item of business to be transacted or discussed at the meeting.

Section 7. ANNUAL MEETINGS. The Board shall hold an annual meeting every year for the purpose of electing the Directors whose terms are expiring; electing the officers of UEI; and/or conducting any other business or transactions as shall come before the meeting. At least seventy-two (72) hours before an annual meeting, the Board or its designee shall post an agenda containing a brief general description of each item of business to be transacted or discussed at the meeting. Notice shall be provided to each Director as provided in Section 6 (REGULAR MEETINGS; NOTICE).

Section 8. SPECIAL MEETINGS. Special meetings may be called at any time by the Chair or the Vice-Chair (if the Vice-Chair is presiding), or by a majority of the Directors, consistent with the requirements of applicable state law. The notice shall be given to the public through posting, and delivered to each Director personally, by mail or email, at least twenty-four (24) hours before the time of the meeting as specified in the notice. The call and notice shall specify the time and place of the special meeting and the business to be transacted or discussed. No other business shall be considered at these meetings by the legislative body.

Section 9. ADDRESSES FOR NOTICE. Each Board member shall file with the Secretary-Treasurer an address to which all notices may be directed until notice of change of address had been given by him/her in writing.

Section 10. DIRECTORS' INSPECTION RIGHTS. Every Director shall have the absolute right at any reasonable time to inspect and copy all books, records, and documents of

every kind and to inspect the physical properties of UEI. The inspection may be made in person or by the Director's agent or attorney. The right of inspection includes the right to copy and make extracts of documents as permitted by California and federal law. This right to inspect may be circumscribed in instances where the right to inspect conflicts with California or federal law pertaining to access to books, records, and documents.

Section 11. RIGHT TO COPY AND MAKE EXTRACTS. Any inspection under the provisions of this Article may be made in person or by agent or attorney and the right to inspection includes the right to copy and make extracts.

Section 12. RESTRICTION OF INTERESTED PERSONS AS DIRECTORS. No more than forty-nine percent (49%) of the persons serving on the Board may be interested persons. An "interested person" is (a) any person compensated by UEI for services rendered to it within the previous twelve (12) months, whether as a full-time or part-time employee, independent contractor, or otherwise, excluding any reasonable compensation paid to a Director as Director; and (b) any brother, sister, ancestor, descendant, spouse, brother-in-law, sister-in-law, son-in-law, daughter-in-law, mother-in-law, or father-in-law of such person. However, any violation of this Section shall not affect the validity or enforceability of transactions entered into by UEI.

Section 13. ANNUAL REPORT. The Board shall cause an annual report to be sent to the Directors within one hundred and twenty (120) days after the end of UEI's fiscal year. That report shall contain the following information, in appropriate detail:

- A. The assets and liabilities, including the trust funds, of UEI as of the end of the fiscal year;
- B. The principal changes in assets and liabilities, including trust funds;
- C. UEI's revenue or receipts, both unrestricted and restricted to particular purposes;
- D. UEI's expenses or disbursements for both general and restricted purposes;
- E. An independent accountants' report or, if none, the certificate of an authorized officer of UEI that such statements were prepared without audit from UEI's books and records; and
- F. Any information required or requested by any provision of these Bylaws.

This requirement of an annual report shall not apply if UEI receives less than Twenty-five Thousand Dollars (\$25,000) in gross receipts during the fiscal year, provided, however, that the information specified above for inclusion in an annual report must be furnished annually to all Directors who request it in writing.

Section 14. ANNUAL STATEMENT OF CERTAIN TRANSACTIONS AND INDEMNIFICATIONS As part of the annual report, UEI shall annually prepare and furnish to each Director a statement of any transaction or indemnification of the following kind within one hundred and twenty (120) days after the end of UEI's fiscal year:

A. Any transaction (i) in which UEI was a party, (ii) in which any "interested person" had a direct or indirect material financial interest, and (iii) which involved more than Fifty Thousand Dollars (\$50,000), or was one of a number of transactions with the same interested person involving, in the aggregate, more than Fifty Thousand Dollars (\$50,000). For this purpose, an "interested person" is either any Director or officer of UEI. The statement shall include a brief description of the transaction, the name of the interested person(s) involved, their relationship to UEI, the nature of their interest in the transaction, and if applicable, the amount of that interest, provided that if the transaction was a partnership in which the interested person is a partner, only the interest of the partnership need be stated.

B. Any indemnifications or advances aggregating more than Ten Thousand Dollars (\$10,000) paid during the fiscal year to any officer or Director of UEI under the provisions of these Bylaws.

ARTICLE IV **QUORUM; MAJORITY ACTION AS BOARD ACTION**

At all meetings of the Board, a majority of the members of the Board of Directors shall be necessary and sufficient to constitute a quorum for the transaction of business; at a meeting at which there is a quorum present, action by a majority of a quorum shall be the act of the Board of Directors, except as may be specifically provided by statute or these Bylaws.

ARTICLE V **COMMITTEES**

Section 1. CREATION AND POWERS OF COMMITTEES. The Board, by resolution adopted by a majority of the Directors then in office, may create one or more committees, each consisting of two (2) or more Directors and, except as provided by law, no one who is not a Director, to serve at the pleasure of the Board. Appointments to committees of the Board shall be by majority vote of the Directors then in office. The Board may appoint one (1) or more Directors as alternate members of any such committee, who may replace any absent member at any meeting. Any such committee shall have all the authority of the Board, to the extent provided in the Board resolution, except that no committee may do the following:

- A.** Fill vacancies on the Board or any committee of the Board;
- B.** Fix compensation of the Directors for serving on the Board or on any committee;

- C. Amend or repeal Bylaws or adopt new Bylaws;
- D. Amend or repeal any resolution of the Board that by its express terms is not so amendable or repealable; and
- E. Create any other committees of the Board or appoint the members of committees of the Board.

Section 2. EXECUTIVE COMMITTEE. The Executive Committee of the Board shall consist of the Chair, Vice Chair, the Secretary-Treasurer, the President of California State University, Sacramento or his/her designee on the Board and the Immediate Past Chair of the Board, if such individual is still a member of the Board as set forth in Article III (BOARD OF DIRECTORS); otherwise such position on the Committee shall remain vacant. The term of the Immediate Past Chair on the Executive Committee shall be for one (1) year only in the year immediately following his or her term as Chair. In addition, the Board may in its discretion appoint an additional member of the Board to serve on the Executive Committee. The term of any such appointment, if made in any given year, shall be one (1) year provided such individual continues to serve as a Board member. To the extent allowed by law, the Executive Committee shall be vested with all the powers and obligations of the Board of Directors during periods of California State University, Sacramento campus recess and during the summer months of June, July and August.

At all meetings of the Executive Committee, a majority of the members of the Executive Committee shall be necessary and sufficient to constitute a quorum for the transaction of business; at a meeting at which there is a quorum present, action by a majority of a quorum shall be the act of the Executive Committee.

Section 3. AUDIT COMMITTEE. UEI shall have an audit committee consisting of at least two (2) Directors, and may include nonvoting advisors. Directors who are employees or officers of UEI or who receive, directly or indirectly, any consulting, advisory, or other compensatory fees from UEI (other than for service as a Director) may not serve on the audit committee. The Chair and Secretary-Treasurer may serve on the audit committee only if such persons are volunteers and are not compensated by UEI. The audit committee shall perform the duties and adhere to the guidelines set forth in UEI's audit committee charter as amended from time to time by the Board. Such duties include, but are not limited to:

- A. Assisting the Board in choosing an independent auditor and recommending termination of the auditor, if necessary;
- B. Negotiating the auditor's compensation;
- C. Conferring with the auditor regarding UEI's financial affairs; and
- D. Reviewing and accepting or rejecting the audit.

Members of the audit committee shall not receive compensation for their service on the audit committee in excess of that provided to Directors for their service on the Board. If UEI has a finance committee, a majority of the members of the audit committee may not concurrently serve as members of the finance committee, and the chair of the audit committee may not serve on the finance committee.

Section 4. **MEETINGS AND ACTION OF COMMITTEES.** Meetings and action of committees shall be governed by, noticed, held and taken in accordance with the provisions of these Bylaws concerning meetings of the Board, with such changes in the context of such Bylaw provisions as are necessary to substitute the committee and its members for the Board and its members, except that the time for regular meetings of committees may be fixed by resolution of the Board or by the committee. The time for special meetings of committees may also be fixed by the Board. The Board may also adopt rules and regulations pertaining to the conduct of meetings of committees to the extent that such rules and regulations are not inconsistent with the provisions of these Bylaws. Any expenditure of UEI funds by a committee shall require prior approval of the Board.

ARTICLE VI **OFFICERS**

Section 1. **OFFICERS; ELECTION; TERM; VACANCIES.** The officers of UEI shall be a Chair, a Vice-Chair and a Secretary-Treasurer. The President of California State University, Sacramento shall hold the office of Chair of the Board unless he/she otherwise declines acceptance of the position, in which event the Board of Directors shall submit a list of at least two (2) names to the President of California State University, Sacramento. The President of California State University, Sacramento shall then select one of the Board's nominees as the Chair of the Board, and the Board of Directors shall ratify the appointment.

The Vice-Chair and the Secretary-Treasurer of UEI shall be elected by the Board of Directors.

All of the officers of UEI shall serve at the pleasure of the Board of Directors, and shall serve a term of one (1) year or until his/her successor is elected. A vacancy in any office shall be filled by the Board in the same manner for the unexpired term of the office vacated.

Annual selection of the Chair of the Board shall be held at the last meeting of the academic year preceding the beginning of the term of office, and the remaining officers and committee appointments shall be elected at any regular or special meeting of the Board of Directors.

Section 2. **DUTIES.** The Chair, Vice-Chair and Secretary-Treasurer shall have the authority to discharge the duties ordinarily conferred upon and discharged by the President, Vice-President and Secretary-Treasurer of a California nonprofit public benefit corporation and these Bylaws until such time as the Board shall limit, enlarge or otherwise prescribe the authority and duties of the officers.

ARTICLE VII
MEMBERS

The members of the Board of Directors shall constitute the members of UEI.

ARTICLE VIII
SELF-DEALING TRANSACTIONS

Section 1. DEFINITION. A “self-dealing transaction” is a transaction to which UEI is a party and in which one (1) or more of the Directors (“Interested Director(s)”) has a material financial interest. Notwithstanding this definition, the following transactions are not self-dealing transactions and are subject to the Board’s general standard of care: (a) a transaction which is part of a charitable program of UEI if the transaction is approved/authorized by UEI in good faith and without unjustified favoritism, and results in a benefit to one or more Directors or their families because they are in a class of persons intended to be benefited by the program; and (b) an action by the Board fixing any reimbursement of a Director as a Director or officer of UEI.

Section 2. CONTRACTS WITH DIRECTORS. No Director of UEI (nor any other corporation, firm, association, or other entity in which one or more of UEI’s Directors are directors or have a material financial interest) shall have a direct or indirect interest in a contract or transaction unless:

A. The material facts regarding the Interested Director’s financial interest in such contract or transaction are fully disclosed in good faith and noted in the minutes, or are known to all of the Directors prior to the Board’s consideration of such contract or transaction.

B. The Interested Director recuses himself/herself from any participation whatsoever in the proposed contract or transaction (*i.e.*, the Interested Director who recuses himself/herself shall refrain from voting on the matter, and shall leave the room during Board discussions and when the final vote is taken).

C. Such contract or transaction is authorized in good faith by a majority vote of the disinterested Directors by a sufficient vote for that purpose without counting the votes of the Interested Director.

D. Before authorizing or approving the transaction, the Board shall consider and in good faith decide, after reasonable investigation, that UEI could not obtain a more advantageous arrangement with reasonable effort under the circumstances.

E. UEI for its own benefit enters into the transaction, which is fair and reasonable to UEI at the time the transaction was entered into. This Section does not apply to a transaction that is part of UEI’s charitable program if it is approved and authorized by UEI in good faith and without unjustified favoritism, and

results in a benefit to one or more Directors or their families because they are in the class of persons intended to be benefited by UEI's charitable program.

Section 3. **CONTRACTS WITH NON-DIRECTOR DESIGNATED EMPLOYEES.** UEI shall not enter into a contract or transaction in which a non-Director designated employee (*e.g.*, a key employee) directly or indirectly has a material financial interest unless all of the requirements in UEI's Conflict of Interest Code have been fulfilled.

Section 4. **LOANS TO DIRECTORS AND OFFICERS.** UEI will make no loan of money or other property, or guarantee the obligation, of any Director or officer of UEI without the approval of the California Attorney General; provided, however, that UEI may advance money to a Director or officer of UEI for expenses reasonably anticipated to be incurred in the performance of his/her duties if that Director or officer would be entitled to reimbursement for such expenses.

ARTICLE IX **GIFTS TO UEI**

Section 1. **APPROVAL OF GIFTS.** The Board reserves the right to approve the receipt as a gift of any real property, or of any other property which requires UEI to assume or satisfy any underlying loan secured by the property, or any monetary gifts which are restricted by the donor in a fashion which could place a continuing obligation on UEI.

Section 2. **GENERALLY.** UEI is authorized to accept and administer gifts made to UEI by donors who name or otherwise identify UEI in the instrument of gift or transfer. Gifts shall vest in UEI upon receipt and acceptance by it (whether signified by an officer, employee or agent of UEI). "Gift" includes the transfer of money or other property of any kind, real, personal or mixed, or any interest in property, and whether made by delivery, grant, conveyance, payment, devise, bequest, or any other method of transfer.

Section 3. **TERMS OF GIFTS.** Each donor by making a gift to UEI accepts and agrees to all the terms of the Articles of Incorporation and these Bylaws and provides that the fund so created shall be subject to the provisions for presumption of donors' intent, for modification of restrictions or conditions, for amendments and termination, and to all other terms of the Articles of Incorporation and Bylaws of UEI, each as from time to time amended.

Section 4. **POWERS OF BOARD.** Notwithstanding any provision of these Bylaws or in any instrument of gift or transfer creating or adding to a fund of UEI, the Board shall have the power to modify any restriction or condition on the distribution of funds for any specified charitable purposes if, in the judgment and discretion of the Board, the purposes, objectives, restrictions or conditions specified in any donation become incapable or not reasonably susceptible of fulfillment, or are not in the best interest of advancing the charitable purposes of UEI.

ARTICLE X
INDEMNIFICATION

Section 1. **INDEMNIFICATION.** Except as otherwise provided by law, UEI shall, to the maximum extent permitted under the Nonprofit Public Benefit Corporations Law and general California Corporation Law, as now or hereafter in effect, indemnify each person who is or was a Director, officer, employee or other person described in Section 5238(a) of the California Nonprofit Public Benefit Corporation Law against expenses, judgments, fines, settlements, and other amounts actually and reasonably incurred in connection with any proceeding arising against any one or more of them, based on their conduct, or by reason of the fact that any one or more of them is or was a Director, officer, employee or other person described in said Section 5238(a) of the California Nonprofit Public Benefit Corporation Law. "Proceeding" means any threatened, pending, or completed action or proceeding whether civil, criminal, administrative or investigative; and "expenses" includes without limitation attorney's fees and any expenses of establishing a right to receive indemnification from UEI.

On written request to the Board by any person seeking indemnification under Section 5238(b) or Section 5238(c) of the California Nonprofit Public Benefit Corporation Law, the Board shall promptly decide under Section 5238(e) of the California Nonprofit Public Benefit Corporation Law whether the applicable standard of conduct set forth in Section 5238(b) or Section 5238(c) of the California Nonprofit Public Benefit Corporation Law has been met and, if so, the Board shall authorize indemnification.

Section 2. **INSURANCE.** The Board may adopt a resolution authorizing the purchase and maintenance of insurance on behalf of any agent of UEI (including a Director, officer, employee or other agent of UEI) against any liability other than for violating provisions of law relating to self-dealing (Section 5233 of the California Nonprofit Public Benefit Corporation Law) asserted against or incurred by the agent in such capacity or arising out of the agent's status as such, whether or not UEI would have the power to indemnify the agent against such liability under the provisions of Section 5238 of the California Nonprofit Public Benefit Corporation Law.

ARTICLE XI
WINDING UP AND DISSOLUTION

Upon the dissolution or winding up of UEI, its assets remaining after payment, or provision for payment, of all debts and liabilities of UEI shall be distributed to a nonprofit fund, foundation, or corporation which is (a) organized and operated exclusively for charitable purposes, (b) has established its tax exempt status under section 501(c)(3) of the Internal Revenue Code, and (c) approved by the President of the Sacramento Campus and by the Chancellor of the California State University.

ARTICLE XII
AMENDMENTS

These Bylaws may be amended at any meeting of the Board of Directors by two-thirds of the members present at a meeting at which a quorum shall be present if notice of all proposed amendments shall have been given to each voting member in the manner prescribed for the holding of special meetings. If no notice of proposed amendments has been given, these Bylaws may be amended at any meeting of the Board of Directors by the affirmative vote of at least two-thirds of all the voting members of the Board.

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