

**LOS ANGELES COMMUNITY COLLEGES
OFFICE OF THE CHANCELLOR
ADMINISTRATIVE REGULATIONS**

INDEX NUMBER AO-7

REFERENCE: Board Rules, Chap. XIII Article 13101, 13103.13	TOPIC: Agreement between District and Auxiliary Organization
ISSUE DATE:	INITIATED BY: Business Services
CHANGES:	DATE OF CHANGES:

1. In the recognition and establishment of an auxiliary organization there shall be a written agreement between the District and the auxiliary organization which sets forth the purposes of the auxiliary organization as permitted under Board Rule 13101 and Section 59259 of Title V of the Administrative Code.
2. Should an auxiliary organization provide more than one service, program or function, such service, program or function may be authorized in one of more written contracts with the District. Such services, programs and functions thereby performed by an auxiliary organization may also be part of a joint powers agreement in accordance with Education Code Section 72671 and Government Code Section 6500, et seq.
3. An auxiliary organization shall provide only those services, programs or functions authorized by a written agreement. No other service, program or function shall be permitted or performed unless a written agreement between the District and the auxiliary organization is amended to provide otherwise.
4. The agreement shall include but is not limited to the following provisions:
 - a. The services, programs or functions the auxiliary is to manage, operate or administer.
 - b. A statement of the reasons for administration of the functions by the auxiliary organization instead of by the District or college under usual District procedures.
 - c. The areas of authority and responsibility of the auxiliary organization and the District or college.
 - d. The facilities and services to be made available by the District or college to permit the auxiliary organization to perform the services, programs or functions specified in the written agreement.

- e. The charge or rental to be paid to the District by the auxiliary organization for the facilities used or services provided in connection with the performance of its function. The charge or rental specified shall be identified in sufficient time before it is incurred so that the organization may determine to what extent it shall be liable thereof.
- f. Full reimbursement to the District for services performed by the District or by District employees in support of the auxiliary organization. Student body auxiliary organizations may be exempt from reimbursing all or any portion of the costs for such services. Methods of proration where services are performed by District employees for the organization shall be as mutually determined.
- g. A mutually agreed upon method of determining in advance to what extent the organization shall be liable for indirect costs relating to specially funded programs.
- h. The responsibility for maintenance and payment of operating expenses.
- i. Proposed expenditures for public relations or other purposes which would serve to augment District appropriations for operations of the District. With respect to expenditures for public relations or other purposes which would serve to augment District appropriations for operation of the District, the auxiliary organization may expend funds in such amount and for such purposes as are approved by the board of directors of the auxiliary organization.

The board of directors shall file with the Chancellor a statement of such policy on accumulation and use of public relations funds for all auxiliary organizations. The statement shall include the policy and procedure on solicitation of funds, source of funds, amounts, and purpose for which the funds will be used, allowable expenditures, and procedures of control. In the case of an auxiliary organization serving a college of the District, the college president shall file such a statement with the Chancellor.

- j. The disposition to be made of net earnings derived from the operation of the auxiliary organization, including earnings derived from facilities owned and leased by the auxiliary organization, and provisions for reserves.
- k. The disposition to be made of net assets and liabilities 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 Sections 72670 through 72682 of the Education Code and with the regulations contained in Chapter 5 (commencing with Section 59250) of Division 10, Part IV of Title 5 of the California Administrative Code, as well as District Board Rules.
- m. The understanding that the auxiliary organization shall obtain the services and counsel of an attorney admitted to practice in the State of California whenever the need arises.
- n. The understanding that the auxiliary organization shall not enter into any contract or other business arrangement involving real property either by lease involving payments of more than one year, or by purchase without prior notification and consultation with the Chancellor.