CAL STATE SAN BERNARDINO
University Enterprises Corporation

Policy: 320.00
Original Date: September 26, 2025
Last Reviewed: September 26, 2025
Next Review: September 26, 2030

TITLE: REAL ESTATE ACQUISITION AND DEVELOPMENT

PURPOSE

This policy establishes the framework within which the University Enterprises Corporation at California State University, San Bernardino (UEC) may acquire, develop, sell, lease, trade, or otherwise transact in real property. In alignment with Title 5, California Code of Regulations, section 42500(a)(12), UEC is authorized to perform these functions under its operating agreement with the University. The policy requires compliance with the California Corporations Code regarding fiduciary duties, prudent investment standards, and responsible management of assets.

SCOPE

The scope applies to all UEC real estate transactions—including acquisitions, developments, sales, trades, leases, and financing that support the University's mission. These activities may include meeting facility and programmatic needs, supporting housing initiatives, and managing gifts of real property. All transactions must be preceded by due diligence, adhere to applicable laws and CSU/UEC policies, and be conducted transparently with oversight from the UEC Board of Directors.

1. Title 5, California Code of Regulations, section 42500(a), lists essential functions the Trustees have determined are appropriate for auxiliary organizations. Subsection 12 lists: Acquisition, development, sale, and transfer of real and personal Property, including financing transactions related to these activities.

2. For the (UEC) to perform the Section 42500(a)(12) function, an Appropriate operating agreement with the University covering this function shall be in effect. At the time that this Policy Statement is adopted, the University and the University Enterprises Corporation at CSUSB have in effect a Master Operating Agreement (MOA) that includes "acquisition and development of real property."

3. California Corporations Code Section 5230 et seq. sets certain standards of conduct of the University Enterprises Corporation at CSUSB Board of Directors, its officers and management in the performance of duties and transactions, including those involving real property, requiring good faith, in a manner believed to be in the best interest of the corporation, and with such care, including reasonable inquiry, as an ordinary prudent person in a like position under similar circumstances.

4. California Corporations Code Section 5240(b) generally requires management of University Enterprises Corporation at CSUSB to invest assets (including reinvesting,

purchasing, acquiring, exchanging, and selling) to a standard that avoids speculation, looking instead to the permanent disposition of assets, considering probable income, as well as the probable safety of its capital.

POLICY

A. Real Estate Transaction Purposes

This policy statement is intended to apply to the following broad real property transaction purposes by the University Enterprises Corporation at CSUSB:

1. Meeting University Facility and programmatic needs; and
2. Supporting the University's faculty, staff, and student housing programs.
3. Supporting the University Advancement Division in the acceptance, management, and disposition of gifts of real property.

B. Real Estate Acquisition Funding Mechanism Established

To fund real property acquisitions for the University Enterprises Corporation at CSUSB through this policy statement, the Executive Director may establish appropriate written asset transfer procedures using generally accepted accounting principles and practices.

C. Funding Sources

Real property transactions involving restricted assets (such as donated property) shall respect the terms and conditions of the restrictions upon the asset. Unrestricted funds may be utilized to acquire real property.

D. Real Property Transaction Criteria

The Executive Director or designee is delegated authority to transact real property (or any interest therein) by purchase, sale, trade, lease, or by internal asset exchange, such that the following applicable criteria have been met:

1. The transaction has been preceded by an appropriate and documented due diligence review that includes, but is not limited to, appraisal or valuation, legal, financial, environmental (if applicable), land-use, return on investment, and transaction purpose considerations.
2. The proposed real property transaction and its intended purpose and result shall be consistent with laws, regulations, policy, and procedures applicable to the transaction.
3. The University President, Vice President for Finance, Technology & Operations/CFO, or designee, has formally approved the proposed real property

transaction with a finding that such transaction is in support of the University's mission.

4. The Executive Director of University Enterprises Corporation at CSUSB is delegated authority to approve and execute real estate acquisitions, leases, trades, sales, or development projects with a total value not to exceed **Six Hundred Fifty Thousand Dollars ($650,000)**. Any transaction exceeding **Six Hundred Fifty Thousand One Dollars ($650,001)** shall require prior review and approval by the Board of Directors.

    a. If subsequent amendments, change orders, or cumulative costs cause the total transaction value to exceed $650,000, Board of Directors approval shall be required prior to execution.

    b. All transactions approved under this delegation, regardless of value, shall be reported to the Board of Directors at its next regular meeting.

5. The proposed transaction must be conducted on an arm's-length and equitable basis, particularly with regard to internal asset exchanges or transfers to another campus auxiliary organization.

6. No transaction shall be approved where a conflict of interest exists under CSU policy, UEC policy, or applicable state or federal law.

E. Reports to the Board

The Executive Director shall provide regular reports to the Board of Directors on all significant real property transactions subject to this policy. Reports shall be made at least quarterly, or more frequently as requested by the Board. Each report shall include the following, as applicable:

1. A summary of all real property transactions approved under delegated authority, including the nature of the transaction (purchase, sale, lease, trade, or development), transaction value, and alignment with the University's mission.

2. The Executive Director of University Enterprises Corporation at CSUSB is delegated authority to negotiate and execute loan agreements, lines of credit, or other financing instruments shall require prior review and approval by the Board of Directors.

3. All loan agreements, regardless of amount, must be preceded by documented due diligence, including financial analysis, repayment capacity assessment, and legal review of terms and conditions.

4. Loans of any amount secured by University or auxiliary real property, or any financing arrangement involving bond issuance, shall require prior approval of the Board of Directors and, where applicable, notification to or approval from the CSU Chancellor's Office.

5. All approved loans and financing arrangements shall be reported to the Board of Directors at its next regular meeting, with ongoing status updates provided quarterly until repayment is complete.

F. Review and Compliance Reporting

1. **Annual Review –** The Executive Director shall ensure that all real property transactions and loan/financing activities conducted under this policy are reviewed annually for compliance with applicable laws, regulations, CSU policies, UEC policies, and Board directives.

2. **Board Reporting –** A comprehensive compliance report shall be submitted to the Board of Directors at least once each fiscal year, summarizing all transactions approved under delegated authority, all transactions requiring Board approval, and the status of any outstanding loan or financing agreements.

3. **Audit and Oversight –** All transactions subject to this policy are subject to review by UEC's independent auditors and may be reviewed by the CSU Chancellor's Office, the University, or any applicable regulatory authority.

4. **Corrective Action –** In the event of any identified non-compliance, the Executive Director shall promptly notify the Board of Directors, propose corrective actions, and report on the resolution of the issue at the next regular Board meeting.

5. **Board Responsibility –** Nothing in this policy shall diminish the fiduciary responsibility of the Board of Directors to oversee the financial and operational integrity of the organization.

G. Implementing Guidelines

The Executive Director is authorized to establish written management guidelines consistent with and in implementation of this policy statement.

Effective Date and Review

This policy shall take effect upon approval by the UEC Board of Directors.

The policy shall be reviewed at least once every five (5) years, or more frequently as required by changes in law, CSU Chancellor's Office guidance, or institutional priorities. Any revisions will be presented to the Board for review and approval.

RELATED POLICIES

315.0 Delegation of Authority Policy.pdf

420.00 Procurement Policy

Approval:
Approved by the UEC Board of Directors on September 26, 2025