

FCR 19

Office of the President
March 6, 2007

Members, Board of Trustees:

PROPOSED AMENDMENTS TO ADMINISTRATIVE
REGULATION: POLICY FOR DISPOSITION OF PERSONAL PROPERTY

Recommendation: that the Board of Trustees approve the attached revisions to Administrative Regulation II-1.3-3, Policy for Disposition of Personal Property. The proposed revisions consist of formatting changes and elimination of direct quotes from Kentucky Revised Statutes to make the administrative regulation consistent with other university regulations.

Background: Kentucky Revised Statute 164A.575 requires that the Board of Trustees approve the disposal of any surplus property owned by the University of Kentucky and its affiliated corporations. Administrative Regulation II-1.3-3 sets forth the policies and procedures for the disposal of surplus personal property to conform to the requirements of KRS 164A.575 and to provide guidance to all units within the university and its affiliated corporations for the transfer or other disposition of any such personal property. More detailed procedures for implementation of this regulation are contained in the university's Business Procedures Manual.

A revised copy of AR II-1.3-3 is attached. Language being deleted is marked through and printed in blue and language being inserted is underlined and printed in red. Noted revisions to the regulation are as follows:

- The volume of the administrative regulation is reduced by the elimination of direct quotes from the Kentucky Revised Statutes and repetitive text.
- Formatting changes are needed to update the regulation and make it consistent with other university administrative regulations.

Action taken: Approved Disapproved Other _____

UNIVERSITY OF KENTUCKY ADMINISTRATIVE REGULATIONS	IDENTIFICATION AR II-1.3-3	PAGE 1
	DATE EFFECTIVE <u>/ /07 7-1-04</u>	SUPERSEDES REGULATION DATED 8/16/94, <u>7-1-04</u>

POLICY FOR DISPOSITION OF PERSONAL PROPERTY
APPROVED BY THE BOARD OF TRUSTEES ~~approved by Board of Trustees~~

I. Introduction ~~—General~~

Surplus property of the University ~~of Kentucky~~ and its affiliated corporations may be sold or otherwise disposed of in accordance with the Kentucky Revised Statutes (KRS 164A.575). ~~The relevant sections of the law are stated below:~~

~~—"The governing board shall have power to salvage, to exchange, and to condemn supplies, equipment, and real property." [KRS 164A.575(5)]~~

~~—"The governing board shall sell or otherwise dispose of all real or personal property of the institution which is not needed or has become unsuitable for public use, or would be more suitable consistent with the public interest for some other use, as determined by the board. The determination of the board shall be set forth in an order and shall be reached only after review of a written request by the institution desiring to dispose of the property. Such request shall describe the property and state the reasons why the institution believes disposal should be effected. All instruments required by law to be recorded which convey any interest in any such real property so disposed of shall be executed and signed by the appropriate officer of the board. Unless the board deems it in the best interest of the institution to proceed otherwise, all such real or personal property shall be sold either by invitation of sealed bids or by public auction; provided, however, that the selling price of any interest in real property shall not be less than the appraised value thereof as determined by the Finance and Administration Cabinet or the Transportation Cabinet for such requirements of that department." [KRS 164A.575(7)]~~

It is the purpose of this document to set forth the policies and procedures of the University ~~of Kentucky necessary~~ necessary to conform to the requirements of this law for the disposition of all personal property and to provide guidance to all units within the University and its affiliated corporations for the transfer or other disposition of any such personal property. Detailed procedures for implementation of this regulation are contained in the University's Business Procedures Manual.

Express approval of the Board of Trustees is required for each property disposition except in those specific cases where the property is acquired with federal or private ~~gifts or~~ grants and where: (1) the University is required to transfer the property by the terms of a sponsor's regulations or conditions, or (2) the grant is contracted or otherwise transferred to another organization under circumstances where the granting agency expects that the personal property ~~will~~ shall be transferred with the grant.

II. Definition ~~Personal Property Disposition~~

“Personal property” means ~~is defined as~~ all items of moveable or fixed equipment and supplies owned by the University ~~of Kentucky~~ and its affiliated corporations (excluding livestock, see part ~~2.b~~ of this section).

III. Procedures

A. The following procedures ~~will~~shall ~~apply to establish the generally accepted procedures for~~ the disposal, conveyance, or transfer of personal property. In an organization as complex as the University ~~of Kentucky~~, it is difficult to describe all possible cases. Exceptions to these procedures ~~will~~ shall be granted only at the discretion of the Board ~~of Trustees~~ upon the recommendation of the President and consistent with KRS 164A.575.

B. For purposes of disposition, personal property, regardless of how acquired by the University ~~of Kentucky~~ and its affiliated corporations, ~~will~~shall be classified as: ~~{a} recyclable materials; [b] livestock; [c] unsuitable for public use (for example, hazardous property, equipment that cannot be repaired); [d] trade-ins; [e] property more suitable for some other use consistent with the public interest; or [f] not needed (as a result, for example, of program redirection or termination, replacement by new equipment, duplication as a result of a gift of other equipment).~~

1. Sale of Recyclable Materials

The sale of recyclable materials (i.e., scrap paper, metal, X-ray film, and precious metals) shall be authorized by an order of the Board of Trustees approving in advance an annual plan for expected sales. The Associate Vice President for Auxiliary Services is responsible for the establishment of competitively bid vendor contracts for the disposal of recyclable materials. These contracts are established annually through the Purchasing Division.

2. Livestock Disposition

The Dean of the College of Agriculture is responsible for the administration of sales or other disposition of all livestock with the approval of the Treasurer. Disposition of livestock shall be authorized by an order of the Board of Trustees approving an advance annual plan for livestock sales. Approval of an advance annual plan is necessary due to price fluctuations and problems of anticipating exact dates livestock ~~will~~shall be sold. Livestock ~~will~~shall be sold by one of the following methods:

(a) Disposition by Public Auction or Sealed Bid

Unless it is in the best interest of the ~~University of Kentucky~~ University to proceed otherwise, livestock shall be sold by invitation of sealed bids or by public auction (~~e.g., i.e.~~ local livestock auctions).

(b) Disposition of Superior Breeding Animals by Private Treaty

In order to improve the Commonwealth's livestock economy, superior animals (~~e.g.~~ cattle, horses, swine, and sheep) may be sold by private treaty by complying with the following guidelines. An estimated number of superior animals by species, sex, age, etc., ~~will~~ shall be advertised ~~by a responsible faculty member~~ through the Cooperative Extension Service, Kentucky Agri-news, or a major newspaper at least one month before sale. Minimum sale prices ~~will~~ shall be established by the College of Agriculture. Sale of animals ~~will~~ shall be to the highest bidder at or above the established sale price. In cases of tie bids, a random draw ~~will~~ shall determine the successful bidder.

(c) Special Cases

Any animal disposals which do not fall within the methods contained in sections 1 and 2 above ~~will~~ shall be handled on a case by case basis. Written justification for the sale and exception to the ordinary methods ~~must~~ shall be approved by the Department Chair, Dean of the College of Agriculture and Treasurer, ~~and accompany the Personal Property Sale Request Form.~~

3. Property Unsuitable for Public Use

(a) Items of personal property that would endanger the public through continued use (~~e.g., i.e.~~ radioactively contaminated machines, biologically hazardous equipment, equipment that would be harmful even if repaired, etc.) can be declared unsuitable for public use and are to be reported in writing to the Surplus Property Department.

(b) Unless the Board of Trustees deems it in the best interest of the ~~University of Kentucky~~ to proceed otherwise, all items of personal property unsuitable for public use shall be disposed of by the Associate Vice President for Auxiliary Services in a manner in accord with laws governing the disposal of such items. Any hazardous material (e.g., asbestos, chemicals, etc.) ~~must~~ shall first be reported to the Director, Office of Environmental Health and Safety. This office, with assistance of the Surplus Property Department, ~~will~~ shall dispose of such hazardous material in accord with appropriate state and federal regulations.

4. Property Trade-Ins

Items of personal property that ~~will~~shall be replaced by new equipment as part of a trade-in agreement with a vendor ~~will~~shall be reported in writing to the Plant Assets Department, Office of the Treasurer. The Plant Assets Department, in consultation with the appropriate chair or dean and the Director, Purchasing Division, ~~will~~shall approve each request based upon the best interest of the University. The University ~~must~~shall obtain at least market value for property items disposed of as part of a trade-in agreement. It is the responsibility of the department to provide a copy of the purchase order to Plant Assets Department, Office of the Treasurer.

5. More suitable for Some Other Use Consistent with the Public Interest:

Consistent with the best interest of the ~~University of Kentucky~~University and the general public as determined by the Board of Trustees, personal property may be sold by negotiation for a monetary consideration or conveyed without monetary consideration to other Commonwealth of Kentucky agencies, local governmental units in Kentucky (e.g., city, county, public schools, civil defense units); other educational institutions, and non-profit, charitable, civic, or community organizations. Preference ~~will~~shall be given, where appropriate, to those public agencies or institutions within the Commonwealth of Kentucky. Organizational units within the University may recommend the sale or conveyance of personal property to one of the groups listed above.

6. Property Acquired with ~~Gifts or~~ Grants

If the University is required or expected to transfer the property by the terms of a sponsor's regulations or conditions, as set forth in Paragraph A above, no action by the Board of Trustees is required. The Executive Vice President for Research shall provide documentation and certification to the Treasurer that such a condition exists. The transfer is subject to approval of the Treasurer who shall maintain the official records of such transfers.

7. Other Property ~~t~~That is Not Needed

(a) Items of personal property that are not needed by any organizational unit ~~will~~shall be reported in writing to the Surplus Property Department. Property may not be needed as a result, for example, of program redirection or termination, replacement by new equipment, or duplication as a result of a gift of other equipment.

(b) Items of personal property that have been reported in the above fashion are available for transfer to other internal organizational units.

Such transfers to internal units do not require action of the Board of Trustees.

(c) Unless the Board of Trustees deems it in the best interest of the University of Kentucky to proceed otherwise, all items of personal property not transferred to an internal organizational unit shall be sold either by invitation of sealed bids or by public auction. Sale by negotiation for monetary consideration or conveyance without charge to other state agencies or state supported institutions of higher education within the Commonwealth of Kentucky ~~will~~shall require action by the Treasurer.

(d) For routine dispositions (e.g., obsolete equipment, surplus office equipment), a plan ~~shall be is-~~submitted to ~~t~~The Board of Trustees on an annual basis setting forth the description of the personal property, reasons for disposition, and the method of disposition. For non-routine dispositions, an order is submitted to ~~t~~The Board of Trustees on an item-by-item basis setting forth the description of the personal property, reasons for disposition, and the method of disposition.

[Reference:](#)

[KRS 164A.575](#)