Policy for Disposition of Personal Property  
(Approved by the Board of Trustees)

I. Introduction

Surplus property of the University and its affiliated corporations may be sold or otherwise disposed of in accordance with the Kentucky Revised Statutes (KRS 164A.575).

It is the purpose of this document to set forth the policies and procedures of the University 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 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 shall be transferred with the grant.

II. Definition

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

III. Procedures

A. The following procedures shall apply to the disposal, conveyance, or transfer of personal property. In an organization as complex as the University, it is difficult to describe all possible cases. Exceptions to these procedures shall be granted only at the discretion of the Board 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 and its affiliated corporations, shall be classified as:

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 shall be sold. Livestock 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 to proceed otherwise, livestock shall be sold by invitation of sealed bids or by public auction (e.g., 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., shall be advertised through the Cooperative Extension Service, Kentucky Agri-news, or a major newspaper at least one month before sale. Minimum sale prices shall be established by the College of Agriculture. Sale of animals shall be to the highest bidder at or above the established sale price. In cases of tie bids, a random draw 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 shall be handled on a case by case basis. Written justification for the sale and exception to the ordinary methods shall be approved by the Department Chair, Dean of the College of Agriculture and Treasurer.

3. Property Unsuitable for Public Use

(a) Items of personal property that would endanger the public through continued use (e.g., 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 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.) shall first be reported to the Director, Office of Environmental Health and Safety. This office, with assistance of the Surplus Property Department, shall dispose of such hazardous material in accord with appropriate state and federal regulations.

4. Property Trade-Ins

Items of personal property that shall be replaced by new equipment as part of a trade-in agreement with a vendor 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, shall approve each request based upon the best interest of the University. The University 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 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 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 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 that is Not Needed**

(a) Items of personal property that are not needed by any organizational unit 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 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 shall require action by the Treasurer.

(d) For routine dispositions (e.g., obsolete equipment, surplus office equipment), a plan shall be submitted to 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 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.

**IV. References and Related Materials**

KRS 164A.575

**Revision History**

AR III-1.3-3: 8/16/1994, 7/1/2004
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For questions, contact: Office of Legal Counsel