

Property Disposition Policy

I. Purpose

To inform faculty and staff of Kentucky Revised Statutes (KRS) and University regulations that must be adhered to when disposing of property owned by the University and its affiliated organizations.

II. Responsibilities

- A. Department
 - 1. Determine if other programs in the area can use items.
 - 2. Dispose of property that is no longer in use through the [Surplus Property Department](#), using the appropriate forms.
 - 3. Recommend sale or conveyance of property to another public agency or institution.
- B. Executive Officers (Provost, Executive Vice Presidents, Vice President for Research)
 - 1. Approve property dispositions.
 - 2. Send appropriate executed documentation to Accounting and Financial Reporting Services, recommending steps to take to transfer or remove property.
- C. Associate Vice President for Auxiliary Services
 - 1. In consultation with the appropriate executive officer and the Treasurer, determine selling prices based on estimated market value
 - 2. Draft actions to be present to the Board of Trustees to obtain approval for sale of property
 - 3. Negotiate transfer agreements when transferring property to another organization.
- D. Office of Sponsored Projects Administration
 - 1. Review sponsor or donor contracts for property requested to transfer with outgoing faculty. ([Memorandum of Understanding Between a Departing Investigator and the University of Kentucky](#))
- E. Surplus Property Department
 - 1. Advertise property on the Surplus Property website for two weeks to give other units within the University an opportunity to utilize it.
 - 2. Conduct periodic public auctions of UK property not transferred within the university or disposed of by some other approved means.
 - 3. Review all livestock sales requests and determine the most equitable and reasonable method of disposition, after consultation with the user department concerning the nature and condition of the livestock.
- F. Accounting and Financial Reporting Services
 - 1. Approve trade-ins.
 - 2. Determine fair market value of items to be sold with the exception of livestock, which is determined by the College of Agriculture.
 - 3. Receive and file fully executed transfer agreements.
 - 4. Remove property from the inventory database upon receipt of appropriate completed forms.
- G. Purchasing
 - 1. Assist departments with trade-in transactions and purchase orders.

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III. Policy

- A. Surplus property of the University and its affiliated corporations must be sold or otherwise disposed of in accordance with [KRS 164A.575](#). The relevant sections of the law are stated below:
 - 1. "The governing board should have power to salvage, to exchange, and to condemn supplies, equipment, and real property." [KRS 164A.575(5)]
 - 2. "The governing board should 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. [KRS 164A.575(7)]

- B. Express approval of the Board of Trustees is required on an annual basis for routine 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 be transferred with the grant.

IV. Procedures

- A. Preparing electronic storage devices for disposition
To ensure compliance with Federal and State laws and regulations associated with confidential information, the University of Kentucky requires each department to destroy all data in personal computers (PC's) or electronic storage devices (e.g. Palm or Pocket PC's) prior to the disposition, conveyance, or transfer.
 - 1. Each computer identified for disposition or transfer must have the hard drive "scrubbed" or "wiped clean" of all data by utilizing data overwriting software. A listing of readily available sources of free data overwriting software is contained in the [Notice of Computer Equipment Electronic Storage Device Cleaning form](#).
 - 2. After "scrubbing" or "wiping clean" the hard drive as required above, complete the [Notice of Computer Equipment Electronic Storage Device Cleaning form](#). Attach the completed form to the personal computer.
 - 3. If the equipment is not in working condition, it is the department's responsibility to destroy the hard disk and to certify that this has taken place. Use the [Notice of Computer Equipment Electronic Storage Device Cleaning form](#) for this certification.
 - 4. The computer is now ready for disposition or transfer to another University department or to Surplus Property.
 - 5. Note that Surplus Property will **not** accept computers without this certification.

- B. Personal property disposition
The procedures for disposition of personal property are governed by [AR 8:1, Policy for Disposition of Personal Property](#). The following sections will establish the generally accepted procedures for the disposal, conveyance, or transfer of personal property. Exceptions to these procedures will be granted only at the discretion of the Board of Trustees upon the recommendation of the President and consistent with KRS 164A.575.
 - 1. Recyclable materials – AR 8:1, section III.B.1
 - 2. Unsuitable for public use (for example, hazardous property, equipment that cannot be repaired) – AR 8:1, section III.B.3

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3. Trade-ins – AR 8:1, section III.B.4
4. Property more suitable for some other use consistent with the public interest – AR 8:1, section III.B.5
 - a. Property acquired with active grant funding

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 Section III.B above, no action by the Board of Trustees is required. The Vice President for Research will provide documentation and certification to the Treasurer that such a condition exists. The transfer is subject to approval of the Treasurer who maintains the official records of such transfers. See also [Memorandum of Understanding Between a Departing Investigator and the University of Kentucky](#) for additional documentation and procedures.
 - b. Property acquired with other funds

When the University is not required to transfer the property by the terms of a sponsor's regulations or conditions, it is important to determine if the property is surplus to the University's needs before transferring to another entity, regardless of the source of funding used to purchase the property. To facilitate this determination, the organizational unit seeking to transfer property must proceed through the following steps:

 - 1) Assemble the following information in tabular form:
 - a) Description of the property (brief title, manufacturer, serial number)
 - b) UK property number
 - c) Acquisition cost
 - d) Acquisition date
 - e) Cost object used to purchase the property, source of funds (i.e., grant, contract, gift, general fund), and the status of the cost object (active or closed). If more than one cost object was involved, indicate each cost object and the corresponding amount, source, and status.
 - 2) The dean or director, in consultation with the chair or unit head, will review the list of property to determine if the items are required for any other program in their area. They will identify those items to retain and those that could be released subject to this business procedure. If approved, the dean or director will make a recommendation to the appropriate executive officer in support of the transfer including the following information:
 - a) Name of the faculty member if the property transfer is associated with the transfer of a faculty member to another non-profit organization;
 - b) A list of the property;
 - c) The agency, local governmental unit, other educational institution, or non-profit, charitable, civic, or community organizations to which the property will be transferred;
 - d) A statement of the specific benefits to the University of Kentucky and to the general public as well as to the new agency or institution of the proposed transfer;
 - e) The expected date of the transfer;

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- f) The name of an administrative contact at the new agency or institution with whom transfer arrangements may be discussed; and
 - g) The identification of the continuation award at the new agency or institution (name of supporting agency, grant number if applicable) or the name of the sponsor and the program officer from whom support has been requested.
- 3) The dean or director must submit the memorandum to the appropriate executive officer no later than 90 days prior to the desired transfer date. Failure to provide adequate advance notice could result in delay in the release or approval to transfer the property.
 - 4) The executive officer will review sponsor or donor requirements concerning the transfer of this property and will, through personal contacts and circulation of the list of property to other deans and directors, determine if other programs within the administrator's area have need of this property.
 - 5) If other units cannot use the property, the executive officer will send a memorandum to the Treasurer recommending that the transfer of property proceed.
 - 6) The Surplus Property Department will advertise the equipment on its [Website](#) for two weeks to determine if any other unit within the University can utilize it. Individuals requesting equipment, particularly in the case of sophisticated scientific equipment, must provide a written statement explaining their need for this equipment. The Provost, appropriate Executive Vice President, or Vice President for Research will review any written request for the property and reach a determination as to whether to transfer the property to the unit requesting it or declare it surplus.
 - 7) If the property is declared surplus to the needs of the University, the Associate Vice President for Auxiliary Services, in consultation with the appropriate executive officer and the Treasurer will determine an appropriate selling price based on estimated market value. Factors considered in establishing a selling price include the type of equipment, age and condition, and original cost. It is generally expected that monetary consideration based on fair market value will be required except in rare cases where it is clearly documented that the best interest of the University of Kentucky and the public will be served by a transfer of property without monetary consideration.
 - 8) The Associate Vice President for Auxiliary Services will draft the appropriate order for action by the Board of Trustees. The Associate Vice President for Auxiliary Services will negotiate a transfer agreement with the new agency or institution, setting forth the terms and conditions of the transfer. When the appropriate officers of the agency or institution and the Treasurer of the University of Kentucky have signed the transfer agreement, the property may be physically transferred. The University of Kentucky will not pay costs of transportation or insurance. The Chair or Unit Director or their designee will direct the packing and loading of the property. Accounting and Financial Reporting Services will keep a copy of the fully executed transfer agreement.

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5. Other property that is not needed – [AR 8:1, section III.B.7.](#)
 - a. Items of personal property that are not needed by an organizational unit should be reported on the [Surplus Property Moving Request](#) form, which also provides instructions for the surplus of equipment, to Surplus Property, 104 Reynolds #3, Speed Sort 0103. Surplus Property maintains a storage area in Reynolds Warehouse #1, 670 South Broadway for all surplus or obsolete personal property pending final disposition. If the organizational unit has a vehicle that it can no longer use, utilize the [Vehicle Surplus Request](#).
 - b. Items of personal property 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. The storage area in Reynolds Warehouse #1 is open for inspection from 1:00 PM to 4:00 PM every Tuesday that the University is open (except on sale days). A valid completed [Surplus Authorization Form](#) is required for admittance to the area. Surplus Property will issue an invoice for any items reassigned. Return the invoice to the departmental business officer.
 - 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 must be sold either by invitation of sealed bids or by public auction. Sales by negotiation for monetary consideration or conveyed without charge to other state agencies or state supported institutions of higher education within the Commonwealth of Kentucky will require action by the Treasurer.
 - d. For routine dispositions (e.g., obsolete equipment, surplus office equipment), a plan is 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.
6. Livestock – see [AR 8:1, section III.B.2.](#)
 - a. Disposition of livestock must 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 of livestock sales.
 - b. Report livestock determined by an organizational unit as no longer needed or unsuitable for departmental use to the Surplus Property Department, 104 Reynolds #3, 0103. The user department will prepare a Personal Property Sale Request form describing all such livestock, the reasons for disposition, and the recommended method of disposition. This form requires the approval of the Department Chair and the Dean of the College of Agriculture. Final approval of the Treasurer is required prior to disposition of any livestock.
 - c. Method of disposition
Consistent with the best interest of the University of Kentucky and the general public, as recommended by the Dean of the College of Agriculture and approved by the Treasurer, livestock may be sold by the following methods:
 - 1) Public auction or sealed bid
Unless it is in the best interest of the University to proceed otherwise,

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livestock should be sold by invitation of sealed bids or by public auction (i.e., local livestock auctions).

- 2) Superior breeding animals by private treaty
In order to improve the Commonwealth's livestock economy, superior animals (cattle, horses, swine, and sheep) may be sold by private treaty by complying with the following guidelines.
 - a) The faculty member must submit a list of superior animals to be sold by private treaty and obtain written approval from the department head or chairperson and the Dean of the College of Agriculture.
 - b) The responsible faculty member must advertise the estimated number of superior animals by species, sex, age, etc., through the Cooperative Extension Service, Kentucky Agri-news or a major newspaper at least one month before sale.
 - c) The College of Agriculture faculty member in charge of the respective species' research and teaching program and the research specialist responsible to that faculty member must determine minimum sale prices for each species. Value will be based on the genetic, phenotypic, and performance merit of the animal compared to the average of the population. The minimum sale prices will be as follows:
 1. Sheep: Yearling rams and ewes will be sold at a minimum of \$100 above market price at time of sale. Lambs (ram or ewe less than one year old) will be sold at a minimum \$50 above market price at time of sale. Wether lambs (2 to 4 months old) and surplus breeding ewes (2 to 6 years old) will be sold at a minimum of \$25 above market price at time of sale.
 2. Beef: Bulls or cows with calves will be sold at a minimum of \$200 above current market price at time of sale. Cows will be sold at a minimum of \$150 above current market price at time of sale. Heifers will be sold at a minimum of \$100 above current market price at time of sale.
 3. Dairy cattle: Bull calves (less than 4 months old) will be sold at a minimum of \$200 above current market price at time of sale. Bull calves sold to artificial insemination organizations will be sold at a minimum of \$2,000 above current market price at time of sale. Letters will be sent to artificial insemination organizations to solicit bids and these letters will be attached to the Livestock Sales Form as supporting documentation.
 4. Swine: Boars (6 to 18 months old) will be sold at a minimum of \$100 above current market price at time of sale. Gilts (6 to 12 months old) will be sold at a minimum of \$50 above current market price at time of sale. Feeder pigs (40 to 100 pounds) will be sold at a minimum of 10% above current market price at time of sale.
 5. Horses: There is no source to establish a definitive market price for horses, and each horse will be evaluated individually. Yearling fillies and geldings (12 to 20 months old) will be sold for a minimum of \$500. Fillies (2 to 3 years old) will be sold

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- for a minimum of \$850. Surplus breeding stock will be sold for a minimum of \$900.
- d) Sale of the animals will be to the highest bidder at or above the established sale price. In cases of tie bids, a random draw will determine the successful bidder.
 - 3) Special cases
Any animal disposals (including embryos and semen) which do not fall within the methods contained in [sections 1\) and 2\)](#) above will be handled on a case by case basis. Written justification for the sale and exception to the ordinary methods must be approved by the Department Chair, Dean of the College of Agriculture, and the Treasurer, and accompany the "Personal Property Sale Request" Form.
- C. Real property disposition
The procedures for disposition of real property are administered by the Executive Vice President for Finance and Administration pursuant [to AR 1:1, University of Kentucky Administrative Organization](#), and [KRS 164A.575 Purchasing, Inventories, Sales of Surplus Property, Bidding Procedures](#).