

**Austin Peay State
University**

Disposal of Surplus Personal Property

Issued: May 11, 2018

POLICIES

Responsible Official: Vice President for Finance and Administration

Responsible Office: Physical Plant

Policy Statement

It is the policy of Austin Peay State University to dispose of surplus personal property in the appropriate manner.

Purpose

The purpose of the policy is to outline procedures on the disposal of surplus personal property.

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Definitions

Surplus personal property Personal property which has been determined to be obsolete, outmoded, unusable or no longer usable by the University, or property for which future needs do not justify the cost of maintenance and/or storage. Such property must be declared "surplus personal property" by the President or designee of the University; provided however, property need not be declared surplus when disposition is through the trade-in method.

Worthless personal property Personal property may be considered worthless if the value of the property is less than the estimated costs of the sale and transportation of the property.

Procedures

General Rules

- A. Surplus personal property is either usable property, which shall be transferred or sold, or unusable property, which may be destroyed, as hereinafter provided:
 1. Surplus personal property which is perishable food may be destroyed without delay or notification.
 2. Surplus mattresses may be destroyed or may be otherwise disposed of only upon compliance with T.C.A. § 12-2-403.
 3. Surplus personal property which is determined to be not usable by the University and of little or no salvage or other economic value may be destroyed by an appropriate method.
 4. The University shall follow the procedures described in General Disposal Procedures Section, Letter C, of this policy, prior to disposal of all other surplus personal property.
- B. Surplus personal property in which the Federal Government or other entity has a legal interest should be transferred to such entity when no longer needed.
- C. It is unlawful for any state official or University employee to purchase from the state except by bid at public auction any surplus property during the tenure of his office or employment, or for six (6) months thereafter. A purchaser who violates this provision is guilty of a misdemeanor under T.C.A. § 12-2-412.
- D. For all sales to individuals except at public auctions including internet auction, the transferring institution conducting the sale shall obtain from the purchaser a signed disclaimer

certifying the purchaser is not a state or University employee and that the purchaser is not buying the property for or on behalf of any state or University employee.

- E. All employees of the University and the Board of Trustees and their immediate families shall be ineligible to bid for or purchase surplus personal property except by bid at public auction.
- F. Possession of surplus personal property sold to the general public under any method prescribed under General Disposal Procedures Section, Letter C, of this policy shall not pass until payment is made by cash, or if payment is made by cashier's check or certified check, possession shall not pass until the check is honored by the drawee bank.
- G. Possession shall pass to other institutions, political subdivisions of the state, and other governmental entities upon receipt, by the University, of purchase vouchers of such institutions, political subdivisions, or other governmental entities. Title to motor vehicles sold as surplus property to political subdivisions and other governmental entities shall be closed as to transferee when title is passed.
- H. Surplus personal property which is determined to be worthless may be deemed as Worthless Personal Property and be destroyed by an appropriate method.
- I. Worthless personal property may be properly scrapped or recycled using guidelines that will reduce the possibility of misappropriation of scrap, valuable waste, and salvageable material.

General Disposal Procedures

- A. The Physical Plant shall be responsible (hereinafter referred to as "responsible authority") for the disposal of surplus personal property, and the communications and procedures concerning the disposal of surplus personal property.
- B. The Associate Vice President for Finance shall declare personal property to be surplus personal property prior to disposition as such; provided however, property need not be declared surplus when disposition is through use of the trade-in method.
- C. No article of personal property may be disposed of as surplus except by one of the following methods:

1. Trade-in, when such is permitted due to the nature of the property or equipment and subject to the provisions of T.C.A. § 12-2-403 and the rules of this policy;
 2. Transfer to other institutions within the State system;
 3. Transfer to other state agencies;
 4. Sale to eligible political subdivisions of the state and other governmental entities;
 5. Public auction, publicly advertised and held;
 6. Sale under sealed bids, publicly advertised, opened and recorded;
 7. Negotiated contract for sale, at arm's length; but only in those instances in which the availability of the property is recurring or repetitive in character, such as marketable waste products;
 8. Disposition through the Department of General Services as provided in the Department Rules and Regulations;
 9. Donations to a public school or public school system;
 10. Sale by Internet auction.
- D. If the Associate Vice President for Finance, declares the property to be surplus personal property, the method of disposal shall be determined by the responsible authority from the alternatives set forth in Section C above. Written documentation for the selection of method of disposal shall be maintained.
- E. The trade-in method, when property is of the nature appropriate for trade-in, and transfer to other institutions in the State System shall be the first and second priority methods, respectively, for disposal of surplus personal property, except for waste products which shall be disposed of as further provided in this policy.
- F. In the selection of other methods of disposal, the following criteria shall be considered:
1. The character, utility and functionality of the property;
 2. The economics of disposal in light of all relevant circumstances attendant the proposed disposal, including the condition and climate of the potential market and present estimated market value of the property, transportation costs, and other cost factors associated with disposal; and
 3. Sound fiscal and budgetary policy and practices.
- G. The method of disposal selected in the preceding section shall be implemented pursuant to the specific procedures set

forth in this policy for such disposition.

- H. The responsible authority at the University shall be responsible for the maintenance of accountability documentation on all items of surplus personal property, and shall ensure that adequate audit and inventory trails on all items of surplus personal property are maintained.
- I. Such authority shall make the final determination of the fair market value of surplus personal property for purposes of calculating reimbursements to the transferring institution and to determine whether property may be destroyed pursuant to General Rules Section A.3.
- J. Nothing shall prohibit the University from simultaneously providing notice of an intended disposition of surplus personal property to all State institutions and all state agencies as specified in Transfer to System Institutions Section A and Transfer to Other State Agencies Section A below.
- K. In such event, if no State institution has requested the property within seven (7) days of the initial notice, the first state agency which had requested the property within such time shall be entitled to receive the property upon reimbursement as provided in Transfer to Other State Agencies Section below.

Trade-In on Replacement

- A. Items that must be replaced may, subject to the requirements of this section, be traded in on replacement property.
- B. The responsible authority of the University shall perform the following functions in connection with the trade-in method of disposal:
 - 1. Issue invitations to bid asking for bids with trade-in and without trade-in and receive and review bids;
 - 2. Make an evaluation of the condition and fair market value of the property to be disposed of; through comparisons of bids and the evaluation prepared, make a determination whether it is in the best interests of the University to dispose of the property by trade-in or by one of the other methods of disposal.

**Transfer to State Public
Higher Education
Institutions**

- A. Except when the trade-in method is utilized or when the property is to be disposed of as a waste product, the responsible authority at the University shall provide to the

Associate Vice President for Finance a notice of intended disposition which shall include;

1. The name of the individual to contact for additional information;
2. The location of the property for inspection;
3. A description of the property;
4. The condition of the property; and
5. The original cost and fair market value of the property as determined by the responsible authority.

- B. The initial notice of available surplus personal property may be made at periodic intervals for the purpose of consolidating notices on numerous items of such property for convenience.
- C. The first institution which makes a written request for the available surplus personal property shall be entitled to receive such property.
- D. In the event that no institution requests transfer of available surplus personal property within seven (7) days of the date of the initial notice, the property may be disposed by means of another appropriate method of disposal.

Transfer to Other State Agencies

- A. When transfer to other state agencies is the method of disposal selected; the responsible authority of the University shall provide notice of the intended disposition to the commissioner or chief executive officer of all state agencies which shall include all information specified in the notice required by Transfer to State Institutions Section A.
- B. The first state agency which makes a written request for the available surplus personal property shall be entitled to receive such property.
- C. In the event that no state agency requests transfer of available surplus personal property within seven (7) days of the date of the initial notice, the property may be disposed by means of another appropriate method of disposal.

Sale of Surplus Property to Governmental Entities

- A. Political subdivisions of the state and other eligible governmental entities may purchase surplus personal property by submission of sealed bids for such property to the responsible authority of the University no later than two (2) days prior to a public auction held for disposal of such property.

1. Such bids shall be opened two (2) days prior to such public auction and the highest bid shall be selected unless the responsible authority decides that the highest bid does not represent the fair market value.
 2. The responsible authority may reject such bids and may negotiate with the political subdivisions of the state and other entities which have submitted bids in order to obtain a fair market value. In the event negotiation does not result in a fair market value, such property shall be disposed of by public auction.
- B. Political subdivisions of the state and other governmental entities shall retain possession of surplus property purchased from State institutions for at least one (1) year unless disposal is approved by the Board of Standards. Any profit realized from the resale of such property shall revert to the state or the University as their interests may appear.
- C. Any sale of automobiles by the University to a county, municipality or other political subdivision or governmental entity shall become null and void and such property shall revert to the state, in the event that such political subdivision or governmental entity does not transfer the registration of title to such automobile to its name within seven (7) days after the sale.

**Public Auctions and Sales
Under Sealed Bids**

- A. Public auctions and sales under sealed bids, as provided in this policy, shall be publicly advertised and publicly held.
1. Notice of intended disposal by public auction or sale under sealed bid shall be entered by the responsible authority of the University in at least one (1) newspaper of general circulation in the county or counties in which the disposal is to be made reasonably describing the property and specifying the date, time, place, manner, and conditions of the disposal.
 2. The advertisement shall be entered in the public notice or equivalent section of the newspaper and shall run not less than three (3) days in the case of a daily paper and not less than twice in the case of a weekly.
 3. The disposal shall not be held sooner than seven (7) days after the last day of publication nor later than fifteen (15) days after the last day of publication of the required notice, excluding Saturdays, Sundays and holidays.
 4. Prominent notice shall also be conspicuously posted for ten (10) days prior to the date of disposal, excluding Saturdays, Sundays and holidays, in at least two (2)

public places in the county or counties where the disposal is to be made.

5. Furthermore, notice shall be sent to the county court clerks of the county in which the sale is to be made, and all contiguous counties in Tennessee, except when the fair market value of all the property to be sold is determined in writing by the Associate Vice President for Finance to be less than \$500.00.
- B. A mailing list shall be developed for mailing to eligible governmental entities and potential buyers of surplus items.
- C. No person, firm or corporation shall be notified of any public auction or sale except as provided by this policy.
- D. The University should attempt to include as many items in each sale as is practical and feasible.
- E. All notices of sales of such property shall provide that the property is to be sold "as is" with transportation costs assumed by the purchaser. The notice shall state that the only warranty provided, expressed or implied, is the seller's right, title and interest in the property sold.
- F. All sales by bid or auction shall be with reserve, and when bids received are unreasonably below the fair market value as determined by the responsible authority of the University or school, all bids shall be rejected and the property shall be thereafter disposed of pursuant to other acceptable methods of disposal.

Disposal of Waste Products

- A. Marketable waste products such as paper and paper products, used lumber, bottles and glass, rags, and similar materials of nominal value classified as scrap may be sold directly to dealers at the going market rate without soliciting bids. The University shall keep a record of the volume and unit price of such materials sold on the scrap market.
- B. Waste products which are subject to storage and are normally accumulated until such quantities are available to make a sale economically feasible shall be sold under sealed bids as follows:
 1. Invitations to bid shall be mailed to known buyers of the particular item;
 2. Three firm bids shall be secured when possible;

3. Sealed bids shall be publicly opened and recorded ten (10) days, excluding Saturdays, Sundays, and holidays, after the invitations to bid are mailed;
 4. The highest bidder shall be awarded the contract and shall be notified of the date for removal of the property and the method of payment which will be acceptable;
 5. A file shall be maintained for each disposal for the purpose documenting the sale and should include all documents and information pertinent to the disposal.
- C. Anything to the contrary notwithstanding, surplus personal property which is determined to be unusable and of little or no salvage or other economic value may be destroyed by the University as provided in General Rules Section A.3.

Disposal of Livestock

- A. The Head of the Agriculture Program is responsible for the administration of sales or other disposition of all livestock. The Head of the Agriculture Program shall also ensure that adequate inventory records are maintained. Exceptions must be approved by the President.
- B. As applicable for the method of sale, documentation that supports the method of sale, advertisements, invitations to bid, bids received, authorization, minimum prices, and price received should be maintained by the Head of the Agriculture Program.
- C. Consistent with the best interest of the University, as recommended by the Head of the Agriculture Program, livestock may be sold by the following methods:
1. 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 (i.e., local livestock auctions).
 2. Special Auction/Private Treaty Sales - These methods are used for superior breeding animals, show animals, pedigreed and/or high quality specialty animals.
 - a. Prior to advertisement, a responsible faculty member or farm manager shall submit a list of superior animals to be sold at auction or private treaty and obtain written approval from the Head of the Agriculture Program.
 - b. The animal(s) available for sale will be advertised through the departmental website, relevant industry publications, or newspaper at least two (2) weeks in advance. A responsible point of contact, who is able

to provide information on animal offerings and participate in the selling/bidding process, should be included in the advertisement.

- c. The Agriculture Program will establish minimum sale prices. The farm manager or faculty member in charge of the respective species' research/teaching program shall determine sale prices for each animal. Value shall be based on the genetic, phenotypic, and performance merit of the animal compared to the average of the population.
 - d. Sale of the animal will be to the highest bidder at or above the minimum established sale price. In cases of tie bids, a random draw will determine the successful bidder.
3. Where the price for "commercial" (non-pedigree/non-specialty) livestock can easily be established, the institution may sell directly to "order-buyers" based on current prices when viewed as being in the best interest and most profitable to the University.
 4. Disposition by Slaughter - Prices for livestock being sold for slaughter shall be based on the National Yellow Sheet prices. The "Yellow Sheet" publication updates prices daily based on a national average. An acceptable alternative for obtaining slaughter animal prices are current USDA Livestock Market Reports.

Sale by Internet

- A. Notice of intended disposal by Internet auction shall be posted on the Internet. Such notice shall specify and reasonably describe the property to be disposed of, the date, time, manner and conditions of disposal, all as previously determined by the responsible authority.

Links

Administration and Disposition of State Property

T.C.A. § 12-2

Revision Dates

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Subject Areas:

Academic	Finance	General	Human Resources	Information Technology	Student Affairs
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Approved

President: signature on file
