







Today We'll Discuss:

1. 4 Key Principles
2. Disposal Methods
3. When Board Action is Required
4. When Published Notice is Required
5. Special Rules for Weapons
6. What Do You Think?





What Do You Think?

1. Can a local government donate used computers to a non-profit?
2. Is a public hearing required before the sale of real property?
3. Must all proceeds of gun sales be remitted to the local school board?
4. Can notice of a competitive property sale be advertised electronically?

KEY PRINCIPLES



Key Principle #1 – Types of Property

Real Property **Personal Property**



UNC
UNIVERSITY OF NORTH CAROLINA

Key Principle #2 - Consideration

- State Constitution requires adequate **consideration** when conveying property
- Consideration can be:
 - Cash
 - Other property
 - Promise to use property for public services or keeping the property in public use
 - Economic development (under certain conditions)

UNC
UNIVERSITY OF NORTH CAROLINA



Key Principle #3 – Basic Requirements

- Property must no longer be in use (must be **surplus**)
- Statutory procedures must be **strictly followed**
- Most methods require **board action** and **published notice**
- Law assumes government’s interest is **best price**, *not* future use
- Can always **reject all offers**

Key Principle #4 – Article 12 Scope

COVERED	NOT COVERED
<ul style="list-style-type: none"> • Cities • Counties • Sanitary Districts • School administrative units • Community Colleges • Local ABC Boards • Regional solid waste management authorities 	<ul style="list-style-type: none"> • Housing & Airport authorities • Water and sewer authorities and districts • Historic preservation commissions • Drainage districts • Soil and water conservation districts • Area mental health authorities • Regional transportation/public transportation authorities • Parking authorities • Regional sports authorities • Facility authorities • Cemetery trustees



Disposal Methods

1. Sell
 - a. Competitive Sales
 - b. Private sales
2. Exchange
3. Lease
4. Discard
5. "Donate"
6. Convey to other units of government
7. Trade-in

UNC
UNIVERSITY OF NORTH CAROLINA

Which Method Do I Use?

Disposal Method <ul style="list-style-type: none"> • Sell • Exchange • Lease • Discard • "Donate" • Government conveyance • Trade-in 	=	Type of Property <ul style="list-style-type: none"> • Real • Personal \$30,000+ • Personal under \$30,000 • Special categories • Worthless 	+	Recipient <ul style="list-style-type: none"> • General • Special
------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------	---	------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------	---	-------------------------------------------------------------------------------------------------

UNC
UNIVERSITY OF NORTH CAROLINA

Sell Exchange Lease Discard "Donate" Convey Trade-In

1. Sell - Competitive Sales

- All personal and real property
- Assume competitive sale unless statute authorizes another form of disposal
- Can choose which method to use
- 3 options

UNC

Competitive Sale Methods

1. **Public Auction** - property auctioned to the highest bidder (may be live or electronic)
G.S. 160A-270
2. **Sealed Bid** – basically same procedures used for purchasing goods in formal bidding range
G.S. 160A-268
3. **Upset Bid** - unit receives a bid and then advertises for a higher one *G.S. 160A-269*

UNC

Sell - Private Negotiation and Sale

- Sale to single buyer without competition
- Can negotiate with buyer
- Personal property under \$30,000 and special categories of real and personal property
(special categories subject to board approval and published notice)

UNC

Private Sales – Small Items

- Applies to “one item or group of similar items” if under \$30,000
- 2 Options:
 1. Governing board approval, published notice *G.S. 160A-266(b); 160A-267*
 2. Local Policy – no board approval *G.S. 160A-266(c)*



Private Sales – Special Categories

- Law enforcement officer **badge & weapon**
- **Real** property for economic development (*cities and counties only*)
- **Real** property for community development (*cities only*)
- **Real** property for affordable housing
- **Real** property for fire department and rescue squad facilities
- **Real or personal** property that is significant for historic, cultural, or scenic reasons



2. Exchange

- May exchange real or personal property
- With any public or private entity
- Must receive full and fair consideration
- Doesn't mean “equal” consideration; can take into account non-monetary consideration as part of the exchange
- Cannot exchange property for services
- Cannot consider cash as “property” to circumvent disposal requirements

G.S. 160A-271




Sell Exchange Lease Discard "Donate" Convey Trade-In

3. Lease

- Requirements depend on length of lease:
 - Less than 1 year
 - 1 year - 10 years
 - Over 10 years - must be treated as sale
- Renewal periods count toward total length of lease
- Special circumstances:
 - Renewable energy facilities & communications towers
 - Affordable housing
 - School property (\$1 per year)

G.S. 160A-272




Sell Exchange Lease Discard "Donate" Convey Trade-In

4. Discard

- May discard "worthless" property that:
 - Has no value
 - Unsold or unclaimed after efforts to sell
 - Threat to public health or safety
- What does "no value" mean?
- No statutory methods required for disposal
- Can discard by raffle

G.S. 160A-266(d)




Sell Exchange Lease Discard "Donate" Convey Trade-In

5. "Donate" – Surplus Personal Property

- Personal property deemed "surplus, obsolete, or unused" to:
 - Any unit of government in the US
 - Charter School
 - "Sister-city"
 - Non-profit
- Consideration not required by statute, but may still be required by constitution
- Schools cannot donate (must receive fair consideration under the constitution)

G.S. 160A-280




Sell Exchange Lease Discard **Donate** Convey Trade-In

“Donate” – Continued Public Use

- May donate or sell
- Real or personal property
- To public or private entity
- To carry out public purpose
- If local government has legal authority to appropriate funds to that entity for that purpose
- Must require continued public use
- Schools cannot donate

G.S. 160A-279




Sell Exchange Lease Discard **Convey** Trade-In

6. Convey to other units of government

- May sell, lease, exchange or jointly use
- Real or personal property
- To other units of government in North Carolina (not federal or outside of NC)
- With or without consideration
- Under any conditions “deemed wise”
- Schools must still receive fair consideration

G.S. 160A-274




Sell Exchange Lease Discard Donate Convey **Trade-In**

7. Trade-In

- May trade-in personal property (not real property)
- When bidding purchase of new personal property (ex: bid for purchase of new vehicles)
- Include opportunity for trade-in in bid specifications

G.S. 143-129.7



When Is Board Approval Required?

Required

- All competitive sales
- Private sale under \$30,000 (without local policy)
- All other private sales
- Exchange
- Leases longer than 1 year
- "Donations"
- Trade-in (\$90,000 and over unless delegated)
- Convey to other units of government

Not Required

- Private Sale under \$30,000 (with local policy)
- Leases less than 1 year
- Trade-in (under \$90,000)



When Is Published Notice Required?

Required

- All competitive sales
- Private sale under \$30,000 (without local policy)
- All other private sales
- Exchange
- Leases longer than 1 year
- "Donations"
- Trade-in (\$90,000 and over unless delegated)
- Convey to other units of government

Not Required

- Private Sale under \$30,000 (with local policy)
- Leases less than 1 year
- Trade-in (under \$90,000)
- Electronic auction (with board approval)
- Convey to other NC units of government



Special Rules for Firearms

Obtained by	Sell to	Procedures used	Net proceeds go to
Criminal seizure or forfeiture	Federally licensed firearm dealer	Article 2, Chapter 15	Local school board
Found or turned in ("unclaimed")	Federally licensed firearm dealer	Article 2, Chapter 15	Local law enforcement to be used for law enforcement purposes
Purchased with grant funds	Determined by grant conditions	Determined by grant conditions	Determined by grant conditions
Purchased with local funds	Anyone lawfully entitled to purchase a firearm	Article 12, Chapter 160A	General fund




WHAT DO YOU THINK?



A woman with dark hair, wearing a light green top, is smiling and raising her right hand as if participating in a discussion or class. The background is white.

Scenario #1.a – What Do You Think?


Your unit is building a new admin building and up fitting it with new furniture. How can you dispose of the old furniture?



A photograph of an office workstation. It includes a wooden desk with a green office chair, a computer monitor, and a green filing cabinet. The room has wood flooring and a window.

Scenario #1.b – What Do You Think?

Not all of your old office furniture sold. Now what do you do with it?



An office chair on the left and a cardboard box on the right filled with various office supplies like a keyboard, mouse, and papers.

Scenario #2 – What Do You Think?

The school board has athletic equipment and fixtures from its old high school that the city is interested in having for its recreation center.
What options are available?



What if the city had maintenance equipment that the school was interested in having?



Scenario #3 – What Do You Think?

County has decided to tear down old jail to build new community center on property. In what ways can the county legally dispose of the remains of the building and fixtures?



Scenario #4 – What Do You Think?

Rex the K9 Police Dog is ready to retire. His handler wants to keep him.
How can this be accomplished?



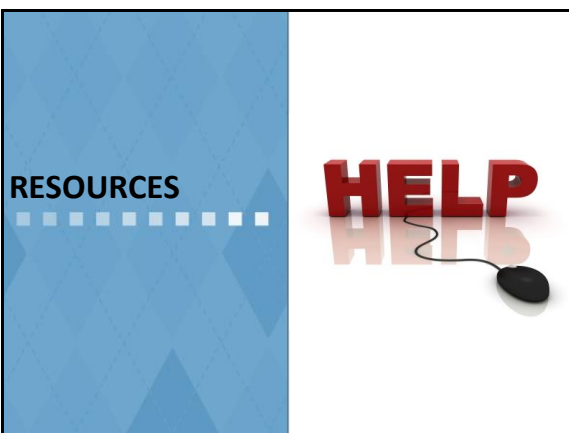
Scenario #5 – What Do You Think?

Your manager wants to sell surplus laptops to employees of your unit. Can he?

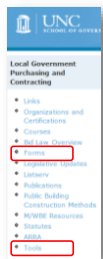


Can the Police Chief sell surplus firearms to police officers?





David Lawrence, *Local Government Property Transactions in North Carolina* (2nd ed.)



SOG NC Purchasing Website

www.ncpurchasing.unc.edu

- Sample resolutions and notices under “Forms”
- Property disposal charts under “Tools”





www.ncpurchasing.unc.edu

UNC SCHOOL OF GOVERNMENT

About the School | Courses and Resources | Library | Master of Public Administration | Publications

Local Government Purchasing and Contracting

Local Government Purchasing and Contracting

Home | Contact Us


- Links
- Organizations and Certifications
- Contracts
- Bid List Overview
- Forms**
- Legislation Updates
- LoSaves
- Publications
- Public Building Construction Methods
- H/WBE Resources
- Statutes
- AFPC
- Tools

Sample Property Disposal Forms

All forms are in Word format.

- Economic Development Property**
 - Notice of Public Hearings Pursuant to G.S. 150-7.3(d)
 - Resolution Authorizing Sale of Real Property for Economic Development
- Ordinance Prescribing Procedures for Disposal of Personal Property Worth Less than \$30,000 (under G.S. 160A.266(c))**
 - Resolution - created by the North Carolina League of Municipalities may be used by all local governments subject to the disposal procedures in Article 12, Chapter 160A
- Sale of Personal Property Worth Less than \$30,000**
 - Resolution Authorizing Sale
 - Notice of Authorization of Sale
- Sale by Sealed Bid**
 - Resolution Authorizing Sealed Bid Sale
 - Advertisement for Sealed Bids
- Regulated Offer and Upset Bid**
 - Resolution Authorizing Regulated Bid Process
 - Notice of Sale by Upset Bid
- Public Auction**
 - Resolution Authorizing Auction Sale
 - Notice of Auction Sale
 - Resolution Authorizing Unit, Bid List Process

HAPPY DISPOSING!



Questions?

Norma Houston
919.843.8930
nhouston@sog.unc.edu

UNC SCHOOL OF GOVERNMENT
