

**The University of North Carolina (UNC)  
and the Division of State Surplus Property (SSPA)  
of the Department of Administration (DOA)  
Statement of Operating Principles  
March 1, 2008**

The President's Advisory Committee on Efficiency and Effectiveness (PACE) identified a number of operational functions that could benefit from process improvement initiatives. Among the functions cited in the November 1, 2006 report was the need for more timely and expeditious disposition of surplus property. In order to leverage the benefits of cooperation between the two organizations, representatives from UNC and SSPA developed a common set of operating principles designed to expedite the disposal of surplus property, mitigate the cost of storage space requirements, reduce the backlog of surplus property on campuses and maintain accountability to the State of North Carolina.

Through this statement, UNC and SSPA express their common understanding of the principles and authority under which UNC may dispose surplus property. Central to this understanding is our agreement of the following principles:

1. Both UNC and SSPA are committed to working together in a spirit of partnership;
2. The activities related to disposition of state property and the decisions made under this statement take place in a cooperative and mutually satisfactory fashion;
3. SSPA determines the means for disposal or transfer of all state-owned property (See N.C. Gen. Stat. § 143-64.01 *et seq.* and 1 N.C.A.C. 43A.0101 *et seq.*)
4. Disposition of surplus property is the core function of SSPA;
5. 95% of the funds generated by the sale of surplus property is returned to UNC (SSPA service fee is currently 5% of the sale price of surplus state-owned property);
6. Instruction, research and public service are the core functions of UNC;
7. Disposition of surplus property is an enabling function of UNC, thereby constituting an administrative expense that should be minimized;
8. The goal of the partnership is to expedite the disposal of surplus property, minimize the need for and the cost of storage space, and reduce the backlog of surplus property on campuses, while maintaining accountability to the State of North Carolina;
9. UNC remains committed to adhering to the requirements of local, State and Federal statutes and regulations regarding the disposition of surplus property.

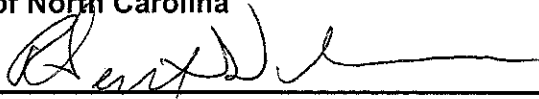
Based on these principles, UNC and SSPA, respectively, agree to the following business practices:

1. In order to mitigate untimely disposals and minimize backlog, campuses of the University of North Carolina shall examine their internal policies, procedures and communications in order to maximize the lead time available to the campus-based surplus property office to remove furnishings and equipment from campus buildings. Campuses are to engage the campus-based surplus property office early in the planning stages of building and renovation projects that will entail large scale movements of property.

2. UNC should carefully assess the cost / benefit of storing surplus property for lengthy periods while assessing future, but uncommitted, use of the property.
3. In order to effectively manage employee turnover, campuses of the University of North Carolina agree to recommit to employee training and take advantage of training opportunities offered by SSPA;
4. UNC should assess operations to determine the advisability of seeking authority from SSPA to operate a retail store for the regular disposal of surplus property or to conduct periodic yard sales for the purpose of relieving inventory backlogs of surplus property.
5. UNC should assist in marketing and advertising property by directing potential buyers through local publications and websites controlled by the universities to the SSPA website. Advertisements (entries into the SSPA System) should be clear and give enough information for a potential bidder to make a decision to place a bid.
6. Pursuant to existing SSPA guidelines, UNC may operate retail stores and sell property having a market value of \$150.00 or less. On a campus-by-campus basis, SSPA will consider allowing campuses that operate approved retail stores to offer property valued at \$500.00 or less for retail sale provided those universities demonstrate to SSPA the competency to accurately price such items based on available markets and other influencing factors determined by SSPA to be relevant. Requests for an increase in the retail sales limit is to be requested in writing by the chief fiscal officer of the institution to SSPA.

The undersigned agree in good faith to adhere to the operating principles contained herein and further agree to make mutually satisfactory changes to this document, as needed.

**University of North Carolina**



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By: Robert O. Nelson, Vice President - Finance

**Division of State Surplus Property**



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By: Mickey E. Sauls, Director