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**FALL RIVER RURAL ELECTRIC COOPERATIVE, INC.**

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**GENERAL POLICY NO. 311**  
**SUBJECT: DISPOSAL OF PROPERTY AND SALE OF MATERIALS AND EQUIPMENT**

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**I. PURPOSE:**

- A. To establish a procedure that provides for:
  - 1. Effective and economic acquisition, usage, and utilization of Cooperative owned material, equipment, and vehicles.
  - 2. Economic salvage, reclamation, or disposal of surplus materials, equipment, and vehicles.
  - 3. Establishment of a center for all inquiries or requests concerning acquisition, use, and/or disposal of materials, equipment, supplies, and vehicles.
- B. Assign to the Manager of Engineering the responsibility for acquisition, receiving, storing, issuing, use, salvaging, reclaiming, and disposal of surplus materials and vehicles as outlined in this policy.
- C. This policy will be correlated with policies GP 313 "Purchasing Practices and Procedures" and GP 607 "Work Rules."

**II. POLICY:**

It shall be the policy of the Cooperative to sell surplus property, vehicles, equipment, and materials.

- A. Material held in inventory will be sold upon request to the General Public:
  - 1. Payment arrangements may include cash payments and invoices for those with approved credit. All sales will include appropriate sales tax.
  - 2. Surplus property, vehicles, equipment, and miscellaneous items

will be offered first to Cooperative members, directors, employees, or to other vendors or organizations working with or for the Cooperative, when such sales will not interfere with the normal activities or needs of the Cooperative, or in any way endanger the legal, financial, or nonprofit status of the Cooperative. After surplus items have been offered through public notice to members, directors, employees, or other vendors working with or for the Cooperative are not sold, the surplus items can be offered for sale to the general public and non-members of the Cooperative. Any such sale shall be subject to the terms and conditions set forth in the provisions section of this policy.

**III. PROVISIONS FOR ACCOMPLISHMENT:**

Sales of materials, surplus property, vehicles, and equipment shall be subject to, and conform with the following conditions.

- A. No material surplus property, vehicles, and equipment shall be sold if such a sale might:
1. Violate any federal, state, or local statutes, or any provisions of the Cooperative's charter or bylaws.
  2. Affect the nonprofit status of the Cooperative.
  3. Compromise the Cooperative's right to obtain government loans, or financing from other corporations or financial institutions authorized to assist in the credit and financial needs of rural electric cooperatives.
  4. Impair the member or public relations of the Cooperative.
  5. Result in possible shortage of materials or equipment needed in the Cooperative's operations.
  6. Interfere with the normal work assignments of any Cooperative

personnel.

B. Definitions

1. Materials may include such items as conduit and wire which are commonly ordered and held in material inventory stock of the Cooperative.

2. Surplus Items: Include materials, equipment, and vehicles, which are either:

- a. Excess: Items which are excess to the Cooperative requirements.
- b. Obsolete: Operable or usable but no longer meets Cooperative specifications or requirements.
- c. Worn: Equipment that is damaged or fails to perform its function or does so with excessive repairs.
- d. Scrap: Useless or left-over waste materials.

3. "As is" Condition: Materials, equipment, and vehicles are sold or disposed of in their present condition. No warranty other than ownership will be given or implied.

C. Disposal Methods:

If the cash value of an item is less than \$1000.00 the CEO/General Manager may determine any reasonable disposal method to be used and does not need to follow the procedures and disposal methods described in this policy. If the cash value of an item is \$1000.00 or more, the following methods of disposal will be used:

- 1. Relocating material to another location or department with a need.
- 2. Trade-in on new equipment purchase.
- 3. Return to supplier for credit.
- 4. Sale to another utility.

5. Donated to non-profit organizations.
6. Auction, after proper notification and/or advertisement to members, directors, employees, or other vendors working with or for the Cooperative.
7. Sealed Bid to members, directors, employees, or other vendors working with or for the Cooperative after advertising for a period of not less than one week.
8. After surplus property, vehicles, equipment, and materials have been offered through an auction or sealed bid, the Cooperative may offer any remaining property, vehicles, equipment, and materials to the general public through the appropriate pricing methods outlined in Section D - Pricing Methods as determined by the CEO/General Manager

D. Pricing Methods:

The method used should be based on such factors as public interest, market value, and cost method used.

1. Negotiation. Establish a fair and reasonable price for both buyer and seller.
2. Sealed Bid Invitation.
3. Sealed Spot Bids. Used when material is of interest to the general public. The buyer writes their bid and places it in a bid box.
4. Fixed-Price Sale. Sale to the general public and Cooperative employees on a first-come, first-serve, fixed-price basis.
5. Public Auction. Used when the material being sold is usable and of substantial interest to the general public.

E. Disposable Value:

This is determined by one or more of the following factors:

1. Type of material.
2. Purchase date and price.
3. Age of item compared to average use life.
4. Current purchase price.
5. Current industrial equipment and vehicle prices published in Official Publications such as the Blue Book for Industrial Equipment and **NADA** Official Used Car Guide.
6. Current scrap metal prices.
7. Current competitive bids.

F. Disposal of Board of Directors Electronic Equipment:

To facilitate Cooperative business, the board of directors will be furnished equipment such as iPads, printers, or laptops for use while they are serving as a Director, for communication and business purposes such as to receive emails, and board packets. This equipment may also be used for personal purposes as long as they are maintained and available primarily for Cooperative business purposes. When said equipment has been fully depreciated and deemed to have fulfilled its useful purpose to the Cooperative, the board member may purchase or be given the equipment they have been using.

**IV. RESPONSIBILITY:**

The Manager of Engineering shall be responsible for the development, implementation, and supervision of the operating procedures needed to cover the provisions of this policy. Such operating procedures shall have the approval of the CEO/General Manager.

**V. PRIMACY OF POLICY:**

This policy supersedes any existing policy that may be in conflict with the provisions of this policy.

APPROVED BY THE CEO/GENERAL MANAGER



Bryan Case, CEO/GM

DATE EFFECTIVE: December 20, 1989

DATE REVISED: August 28, 2000

DATE REVIEWED: September 24, 2012

COMBINED WITH GP 414: December 17, 2012

DATE REVIEWED: May 30, 2018

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