



Collin Central Appraisal District

POLICY NUMBER: 118

POLICY NAME: CONFLICT OF INTEREST

It is the policy of the Board of Directors of the Collin Central Appraisal District (CCAD), due to the competitive nature of public purchasing and the expenditure of significant tax dollars, to require that ethical standards of conduct be followed in the District's purchasing practices and that such conduct is the foundation of all District functions. In addition to the specific requirements of Chapters 171 and 176 of the Texas Local Government Code for the officers of the District, this policy also establishes a general standard of disclosure, for all employees, where a personal business interest and/or financial interest and/or other interest or relationship creates a potential conflict of interest.

LOCAL GOVERNMENT CODE, CHAPTER 176 DISCLOSURE

The intent of this policy section is to ensure that that the Board, Chief Appraiser, certain District staff to which the disclosure requirements have been extended to include, complies with requirements of Chapter 176, Local Government Code.

1. MEMBERS OF THE BOARD OF DIRECTORS AND CHIEF APPRAISER (i.e. District's officers and district's local public officials):

District officers shall file the disclosure statements required by Chapter 176, Local Government Code, in circumstances where Chapter 176 requires the filing of such a statement.

2. EXTENDING APPLICATION OF CHAPTER 176 TO CERTAIN STAFF:

The Deputy Chief Appraiser and Purchasing Agent(s) as authorized under the *District's Purchasing Policy #117*, shall file the disclosure statements required by Chapter 176, Local Government Code, in circumstances where Chapter 176 requires the filing of such a statement.

3. CHAPTER 176 REQUIREMENT:

With exceptions, Chapter 176 requires a District officer, and other district staff to which this policy extends the requirement, to file a disclosure statement (form CIS – conflict of interest statement) when the District considers or makes a contract with a person/business and

- the officer or the officer's family member has received at least \$2,500 in income (other than dividends) from the employment or other business relationship with the vendor in the previous 12 months; or
- the vendor has given the officer or the officer's family members gift(s) with a total value of more than \$250 in the previous 12 months.

Chapter 176 does not require the officer or other District staff to which the policy extends to file a disclosure statement covering gifts from family members, political contributions, or food, lodging, or entertainment accepted as a gift. A disclosure statement must be filed within 7 days of the date the officer or other District staff to which the policy extends becomes aware that a statement should be filed with respect to an existing or prospective vendor.

In any circumstance that would require an officer or other District staff to which the policy extends to file a disclosure statement (Form CIS), the vendor must also file a conflict of interest questionnaire (Form CIQ) with the district. This questionnaire must be filed by the 7th business day after the vendor begins contract negotiations with CCAD, submits an application, bid, RFP request, or similar document related to a potential conflict with CCAD. It must also be filed by the

7th business day after the vendor becomes aware of a business relationship or gift that triggers the requirement for a disclosure statement.

4. PUBLICATION OF FILED DISCLOSURE STATEMENTS OR QUESTIONNAIRES REQUIRED BY CHAPTER 176:

The chief appraiser shall ensure that the District complies with Chapter 176 in publishing any filed statements or questionnaires on the District's website in the manner required by Chapter 176.

5. CUSTODIAN OF FILED DISCLOSURE FORMS:

The District's records management officer (RMO) shall serve as the custodian of filed disclosure forms.

6. TEXAS ETHICS COMMISSION FORMS:

Texas Ethic Commission forms CIQ and CIS are adopted by reference.

**LOCAL GOVERNMENT CODE, CHAPTER 171 AFFIDAVIT,
ABSTENTION FROM VOTING AND VOTING ON BUDGET**

The intent of this policy section is to ensure that that the Board and Chief Appraiser comply with requirements of Chapter 171, Local Government Code.

7. MEMBERS OF THE BOARD OF DIRECTORS AND CHIEF APPRAISER (i.e. District's officers and district's local public officials):

District officers shall file the affidavit required by Chapter 171, Local Government Code, in circumstances where Chapter 171 requires the filing of such an affidavit.

8. BUSINESS ENTITY DEFINITION:

171.001:

"Business entity" means a sole proprietorship, partnership, firm, corporation, holding company, joint-stock company, receivership, trust, or any other entity recognized by law.

9. SUBSTANTIAL INTEREST IN BUSINESS ENTITY DEFINITION:

"171.002:

(a) For purposes of this chapter, a person has a substantial interest in a business entity if:

(1) the person owns 10 percent or more of the voting stock or shares of the business entity or owns either 10 percent or more or \$15,000 or more of the fair market value of the business entity; or

(2) funds received by the person from the business entity exceed 10 percent of the person's gross income for the previous year.

(b) A person has a substantial interest in real property if the interest is an equitable or legal ownership with a fair market value of \$2,500 or more.

(c) A local public official is considered to have a substantial interest under this section if a person related to the official in the first degree by consanguinity or affinity, as determined under Chapter 573, Government Code, has a substantial interest under this section."

Relationship of Close Family Members

A District officer is considered to have the same interest in a business entity and/or real estate that his close relatives have in that business entity and/or real estate. As defined in Chapter 573, related in the **first degree** by consanguinity (blood) or affinity (marriage) includes the District officer's spouse, father, father-in-law, mother, mother-in-law, daughter, daughter-in-law, son and son-in-law.

**10. DISTRICT'S OFFICERS (i.e. local public officials)
REQUIREMENT TO FILE AFFIDAVIT AND ABSTAIN FROM
VOTE:**

"If a local public official has a substantial interest in a business entity or in real property, the official shall file, before a vote or decision on any matter involving the business entity or the real property, an affidavit stating the nature and extent of the interest and shall abstain from further participation in the matter", pursuant to Chapter 171.004.

11. VOTING ON DISTRICT'S ANNUAL BUDGET:

"The governing body of a governmental entity shall take a separate vote on any budget item specifically dedicated to a contract with a business entity in which a member of the governing body has a substantial interest", pursuant to Chapter 171.005.

12. CUSTODIAN OF FILED AFFIDAVITS:

The District's administrative staff, assigned to act as the recorder at the Board of Director's meetings and assigned to act in a clerical capacity in the creation/maintenance of the Board's meeting minutes, shall maintain a copy of filed affidavits in the official Board meeting minutes file.

DISCLOSURE REQUIREMENTS FOR ALL EMPLOYEES

The intent of this policy section is to ensure that that all employees properly discharge their assigned duties and responsibilities in the best interest of the district.

13. GENERAL DISCLOSURE:

An employee shall disclose to his or her immediate supervisor a personal financial interest, a business interest, or any other obligation or relationship that in any way creates a potential conflict of interest with the proper discharge of assigned duties and responsibilities or that creates a potential conflict of interest with the best interest of the District.

14. SPECIFIC DISCLOSURE:

Chief Appraiser:

The Chief Appraiser shall file an affidavit with the Board Chairman disclosing a substantial interest, as defined by the Local Government Code 171.002, in any business or real property that the Chief Appraiser or any of his or her relatives in the first degree may have. The affidavit will be maintained in the chief appraiser's personnel file.

Licensed Fee Appraisers, Real Estate Brokers, Real Estate Agents, Property Tax Consultants and other Real Estate and/or Business License Holders:

Any employee that holds, or is a candidate for, a license or designation related to the appraisal, inspection, construction, listing, sale, lease, management or consulting of real estate and/or business personal property, not required by the Texas Property Tax Code to perform their job duties at the District, shall file an affidavit with the Chief Appraiser disclosing the license or designation. The affidavit will be maintained in the employee's personnel file.

15. OUTSIDE EMPLOYMENT:

a. CCAD *'Personnel Policies & Practices Handbook'*

- i. Included by reference, the same as being fully copied and include herein.

**b. SPECIFIC PROHIBITION, UNDER THIS POLICY,
REGARDING OUTSIDE EMPLOYMENT:**

- i. This policy and the District's outside employment policy in its personnel handbook are intended to be read in unison. This policy strengthens the mandate against conflicts of interest, by the outright prohibition of employment in sectors/areas of employment that can clearly be, or could easily be perceived as conflicts, based on the nature of CCAD's primary role in the appraisal/property tax process.
- ii. No employee, including the chief appraiser, fulltime staff, part-time staff and temporary staff shall engage in any phase of fee appraisal, inspection, listing, sale, lease, management or consulting of real estate and/or business personal property. This prohibition includes employment by others and self-employment. The holder of a license or designation shall not sponsor, employ or hang the license or designation of anyone with and/or under their license or designation. With emphasis added, the prohibitions in this policy regarding outside employment includes all employment activities in and out of Collin Central Appraisal District geographic boundaries.
- iii. Single exception to ii. An employee that is a licensed real estate broker or agent may represent themselves, strictly limited as follows:
 - 1. Real estate being purchased, listed, sold or rented is not located within Collin CAD boundary.
 - 2. Activity is an isolated event that will not negatively affect the performance of the employee as it relates to their job at CCAD and does not cause issues in the employee's work schedule at CCAD.

3. The employee can only represent themselves in a personal real estate transaction that is not the part of an ongoing real estate investing, marketing, inspection or management business that the employee is involved in. Such business activity/employment is strictly prohibited by this policy and the aforementioned employment policy in CCAD's *'Personnel, Policies & Practices Handbook'*.
4. The employee shall file an affidavit with their immediate supervisor, to be maintained in the employee's personnel file, identifying the property and affirming that the employee's activity complies with the exclusion approved by this subsection iii.

Texas Local Government Code: Chapters 171 & 176

Date Adopted: September 22, 2011

Resolution #: 2011-22