



RULES OF THE BOARD OF DIRECTORS

Ector County Appraisal District

Revised February 2007

PREAMBLE

The central appraisal district was mandated by the 66th Texas Legislature in 1979 (Senate Bill 621, 1979). As a result of the legislation, representatives of the City of Odessa, Ector County, and the Ector County Independent School District met and established an Ector County Appraisal District Board of Directors in January of 1980. In June of 1980 James A. Goodwin was appointed Chief Appraiser of the Ector County Appraisal District. The Ector County Appraisal District Board of Directors recognized the responsibilities of their office entrusted to them by the elected officials of the governing bodies of the tax entities they represent and pledged to establish and maintain the Ector County Appraisal District to serve the participating governmental entities and the citizens of Ector County in strict accordance with the Texas State Constitution and Texas State Law. It is the goals, objectives, and policies of the Board of Directors to provide: (1) accurate estimates of current market value on all taxable property in their jurisdiction through generally accepted professional appraisal standards and techniques; (2) administration of state and local ad valorem tax exemption and special valuation programs in accordance with state and local laws and ordinances; (3) efficient and accountable utilization of public funds and resources; and (4) administrative and operational practices and procedures that reflect positively on local government and public service. Rules and policies of the Board of Directors were established. The following is a compilation of those rules, as amended, revised, and adopted by the Board.

RULES OF THE BOARD OF DIRECTORS

Ector County Appraisal District

BE IT RESOLVED BY THE BOARD OF DIRECTORS OF THE ECTOR COUNTY APPRAISAL DISTRICT: that on this, the 14th day of March, 1990, this statement is adopted as the official policies of the Ector County Appraisal District. These policies are the exclusive expression of the Board of Directors policies and replace all policies previously written or established directly or indirectly through past actions. As policy, statute and regulation changes are made by the Ector County Appraisal District Board of Directors, the State Property Tax Code, or the Property Tax Division of the State Comptroller's Office, those changes shall become amendments to this statement.

ARTICLE I

Board of Directors

Section 1.1 Meetings of the Board. Regular, special, or emergency meetings, shall be held within the District's boundaries at a public place capable of accommodating the expected public attendance and the place of the meetings shall be set by the Chairman. A public notice of such meetings shall be properly posted in accordance with the Texas Open Meetings Law.

It is the specific policy of the Board of Directors that any person who wishes to address the Board at one of its meetings may do so. Non English speaking persons who need an interpreter may request that the Board furnish an interpreter by making a written request to the Chief Appraiser-Executive Director at least seventy two (72) hours before the meeting. Persons with physical or mental handicaps or other special needs may request assistance for access to the Board by making application to the Chief Appraiser-Executive Director at least seventy two (72) hours before the scheduled meeting. The Chief Appraiser-Executive Director will coordinate with the Chairman to make every effort to arrange the meeting place and time to accommodate any special needs necessary for full access to the Board in a public forum. The Board will not take action on any subject presented to them that by law should be addressed by the Appraisal Review Board; Property Tax Division; State Comptroller's Office; Board of Tax Professional Examiners; Participating Tax Entities Governing Bodies; or other appropriate agencies or entities.

Section 1.2 Regular Meetings. Regular meetings of the Board shall be held on the first Wednesday of the second month of each calendar quarter. An agenda of such meetings shall be made public in compliance with the Texas Open Meetings Law. Roberts Rules of Order, Revised shall be the parliamentary guidelines. The Board's legal counsel shall be the parliamentarian.

(Amended February 7, 2007)

Section 1.3 Special Meetings. Special meetings may be called by a majority of the Board, the Chairman, or the Chief Appraiser-Executive Director. Rules of procedure at these meetings shall be the same as regular meetings. Members of the Board and the public shall be notified at least 72 hours prior to the meeting by the Chief Appraiser-Executive Director.

Section 1.4 Emergency Meetings. Emergency meetings may be called by the Chairman or Chief Appraiser-Executive Director. A two-hour public notice shall be required and Board members and the media shall be notified of the agenda, time, and place.

Section 1.5 Minutes. Minutes of all Board meetings shall be taken. The minutes shall record members present, members absent, and a summary of items discussed. The minutes shall record all formal actions taken and all votes of the Board. Minutes of executive sessions of the Board shall be kept in accordance with the provisions of the Texas Open Meetings Law. Two copies of all minutes of Board meetings shall be kept. One copy will be kept in the administrative office of the District and the second copy will be provided for public inspection in the customer service area of the District. The secretary of the Board may elect to maintain a separate copy of minutes.

Section 1.6 Election, Term, Compensation. As provided by Section 6.03. and 6.031. of the Texas State Property Tax Code, the Ector County Appraisal District Board of Directors shall consist of nine (9) members. From those selected to the Board, a Chairman and a Secretary shall be chosen. A Vice-Chairman may be chosen at the discretion of the Board. Officers shall serve for one calendar year. Board members may not be compensated but may receive reimbursement for actual and necessary expenses incurred in the performance of their duties as authorized by the Board.

Section 1.7 Responsibilities. Subject to the Texas Property Tax Code (Sec. 6) the Board of Directors shall be responsible for setting general policy for the District. The Board shall have the responsibility for appointing the Chief Appraiser-Executive Director; members to the Appraisal Review Board; the District Taxpayer Liaison Officer; and the District's Legal Counsel. The Board shall also have the responsibility for the adoption of an annual District budget. The Board shall act as a final appeals committee on personnel grievances unresolved at management and executive staff levels. The Board will ensure the due process of the personnel grievance procedures are followed prior to any final appeals hearing as outlined in the District personnel policies and procedures.

Section 1.8 Board Policies. The following are general policies adopted by the Board:

- (a) The Board shall conduct its deliberation and arrive at its decisions acting as a full Board, abiding by the Texas Open Meetings Law; Roberts Rules of Order, Revised; and the Rules of the Board of Directors.
- (b) The Board shall provide for an annual reappraisal of all taxable property and direct the Chief Appraiser-Executive Director to establish appropriate procedures to systematically conduct the program.

- (c) The Board shall require the Chief Appraiser-Executive Director to be heard and seek his advice, counsel, and recommendations on all matters under consideration by the Board prior to final action.
- (d) The Board shall interact with the District staff both as a Board and as individual members of the Board through the Chief Appraiser-Executive Director.
- (e) The Board shall adopt an equal opportunity policy in accordance with federal and state law. The plan shall be included in the Employee Handbook. The policy shall emphasize non-discrimination on the basis of race, color, religion, age, national origin and/or physical handicap.
- (f) The Board shall adopt a policy that promotes a drug free workplace.
- (g) The Board shall provide the Chief Appraiser-Executive Director guidance, advice, and counsel in any matters relating to the effective and efficient management of the appraisal district.
- (h) The Board may allow for the reimbursement of actual expenses incurred by members of the Board of Directors on official business of the Ector County Appraisal District through the administration of the Chief Appraiser-Executive Director and the availability of district funds. Reimbursement of actual expenses shall be limited to the rules of administrative policies and procedures in effect for management staff members. The Board shall reserve the right to waive any administrative policies and procedures on any individual request for reimbursement of actual expenses by any member of the Board of Directors.

ARTICLE II

Chief Appraiser-Executive Director

Section 2.1 Position. The Chief Appraiser-Executive Director shall be appointed by the Board of Directors and compensated at a rate adopted in the annual budget. The Chief Appraiser-Executive Director shall be the chief executive and administrative officer of the District. The Chief Appraiser-Executive Director shall make appropriate administrative and operational regulations to ensure compliance with Board policies. The Chief Appraiser-Executive Director shall be afforded the rights and due process established for District personnel in the personnel policies adopted by the Board.

Section 2.2 Responsibilities. The Chief Appraiser-Executive Director shall have the responsibility of implementing and maintaining all Board policies and those duties and requirements mandated by the State Property Tax Code and all other applicable laws. The Chief Appraiser-Executive Director responsibilities shall include, but shall not be restricted to, hiring and terminating operational and administrative employees, preparing and proposing an annual District budget, and setting administrative and operational policies and procedures. The Chief Appraiser-Executive Director shall act as (1) a purchasing agent for the District, establishing specifications and suitability of submitted bids; (2) financial officer of the district, overseeing revenues and expenditures, preparing financial reports, signing checks up to Ten Thousand Dollars, co-signing with the Chairman or Secretary on checks over Ten Thousand Dollars, maintaining appropriate financial internal controls and audits; and (3) perform all other executive, managerial, and administrative responsibilities as required by the Board, state, and federal law.

Section 2.3 Authority. The Board shall afford the Chief Appraiser-Executive Director the authority necessary to execute the responsibilities prescribed by the law and the Board.

Section 2.4 Duties. The Chief Appraiser-Executive Director shall provide a positive public relations information program, be actively involved in appropriate professional and civic organizations and activities, and maintain state and regional relations that contribute to the effective professional and efficient administrative operations of the District.

ARTICLE III

Amendments

Section 3.1 Amendments of the Rules. These rules may be amended, altered, or repealed by the Board. Notice of consideration of such changes shall be made in a posted agenda at regular, special, or emergency meetings of the Board.

Section 3.2 Changes in the Rules. Any changes in the Board's rules and policies shall be made under normal Board procedures requiring a quorum and a majority vote.

Section 3.3 State Mandates. Legislation by the Texas Legislature or policies adopted by the Property Tax Division of the Texas State Comptroller's Office are to be considered amendments to these policies. Any policy of the Board determined to be contrary to federal or state law shall be altered or amended to comply with federal and state statutes.

ECTOR COUNTY APPRAISAL DISTRICT

I. INVESTMENT AUTHORITY AND SCOPE OF POLICY

General Statement

It is the policy of the Ector County Appraisal District (ECAD) that the administration of its funds and the investment of those funds shall be handled at its highest public trust. Investments shall be made in a manner which will provide the maximum security of principal invested through limitations and diversification while meeting the cash flow needs of the ECAD and conforming to all applicable state and local statutes governing the investment of public funds. The receipt of a market rate of return will be secondary to the requirements for safety and liquidity. It is the intent of the ECAD to be in complete compliance with local law and the Texas Public Funds Investment Act.

Funds Included

This investment policy applies to all financial assets of all funds of the ECAD, at the present time and any funds to be created in the future and any other funds held in custody by the ECAD, unless expressly prohibited by law or unless it is in contravention of any depository contract between the ECAD and any depository bank.

Investment Officer

The Chief Appraiser-Executive Director, acting on behalf of the Board of Directors is designated as the investment officer of the ECAD and is responsible for investment activities.

In the event circumstances require timely action and the investment officer is not available, the Assistant Chief Appraiser will act as investment officer and conduct investment transactions in accordance with this policy and any other policies/procedures in place.

If the investment officer has a personal business relationship with an entity - or is related within the second degree by affinity or consanguinity to an individual -- seeking to sell an investment to the ECAD, the investment officer must file a statement disclosing that personal business interest -- - or relationship --- with the Texas Ethics Commission and the Board of Directors in accordance with Government Code 2256.005(i).

II. INVESTMENT OBJECTIVES

General Statement

Funds of the ECAD will be invested in accordance with federal and state laws, this investment policy and written administrative procedures. The ECAD will invest according to investment strategies for each fund as they are adopted by Board of Directors resolution in accordance with Sec. 2256.005(d).

Safety and Maintenance of Adequate Liquidity

The ECAD is concerned about the return of its principal; therefore, safety of principal is a primary objective in any investment transaction.

The ECAD investment portfolio must be structured in conformance with an asset/liability management plan which provides for liquidity necessary to pay obligations as they become due.

Diversification

It will be the policy of the ECAD to diversify its portfolio as necessary to eliminate the risk of loss resulting from over concentration of assets in a specific maturity, a specific issuer or a specific class of investments. Investments of the ECAD shall always be selected that provide for stability of income and reasonable liquidity.

Yield

It will be the objective of the ECAD to earn a maximum rate of return allowed on its investments within the policies imposed by its safety and liquidity objectives, investment strategies for each fund, and state and federal law governing investment of public funds.

Maturity

Portfolio maturities will be structured to meet the obligations of the ECAD first and then to achieve the highest return of interest. When the ECAD has funds that will not be needed to meet current-year obligations, maturity restraints will be imposed based upon the investment strategy for each fund. The maximum allowable stated maturity of any individual investment owned by the ECAD is 120 days.

Quality and Capability of Investment Management

It is the ECAD policy to provide training required by the Public Funds Act, Sec. 2256.008 and periodic training in the investments for the ECAD Investment Officer through courses and seminars offered by professional organizations and associations in order to insure the quality, capability and currency of the ECAD Investment Officer in making investment decisions. The ECAD investment officer will attend training sessions not less than once in a two year period and receive no less than 10 hours of instruction. Training sessions must include education in investment controls, security, strategy risks, market risks, and compliance with Chapter 2256.

III. INVESTMENT TYPES

The ECAD Investment Officer shall use any or all of the following authorized investment instruments consistent with governing law (Government Code 2256):

- A. Except as provided by Government Code 2256.009(b), the following are authorized investments:
 - (1) obligations of the United States or its agencies and instrumentalities;
 - (2) direct obligations of this state or its agencies and instrumentalities;
 - (3) other obligations, the principal and interest of which are unconditionally guaranteed or insured by, or backed by the full faith and credit of, this state or the United States or their respective agencies and instrumentalities; and
 - (4) obligations of state, agencies, counties, cities, and other political subdivisions of any state rated as to investment quality by a nationally recognized investment rating firm not less than A or its equivalent.

- B. Certificates of deposit if issued by a state or national bank domiciled in this state or a savings bank domiciled in this state and is:
 - (1) guaranteed or insured by the Federal Deposit Insurance Corporation or its successor;
 - (2) secured by obligations that are described by Section 2256.009(a) of the Public Funds Investment Act, including mortgage backed securities directly issued by a federal agency or instrumentality that have a market value of not less than the principal amount of the certificates, but excluding those mortgage backed securities of the nature described by Section 2256.009(b) of the Public Funds Investment Act; or
 - (3) secured in any other manner and amount provided by law for deposits for the ECAD.

Prohibited

The ECAD Investment Officer has no authority to use any of the following investment instruments which are strictly prohibited:

- (1) obligations whose payment represents the coupon payments on the outstanding principal balance of the underlying mortgage-backed security collateral and

- pays no principal;
- (2) obligations whose payment represents the principal stream of cash flow from the underlying mortgage-backed security collateral and bears no interest;
 - (3) collateralized mortgage obligations that have a stated final maturity date of greater than 10 years; and
 - (4) collateralized mortgage obligations the interest rate of which is determined by an index that adjusts opposite to the changes in a market index.

IV. INVESTMENT RESPONSIBILITY AND CONTROL

Investment Institutions Defined

The ECAD Investment Officer shall invest ECAD funds with any or all of the following institutions or groups consistent with federal and state law and the current Depository Bank contract:

- (1) Depository bank;
- (2) Other state or national banks domiciled in Texas that are insured by FDIC
- (3) Public funds investment pools; or
- (4) Government securities brokers and dealers.

Qualifications for Approval of Broker/Dealers

In accordance with 2256.005(k), a written copy of this investment policy shall be presented to any person seeking to sell to the ECAD an authorized investment. The registered principal of the business organization seeking to sell an authorized investment shall execute a written instrument substantially to the effect that the registered principal has:

- (1) received and thoroughly reviewed the investment policy of the ECAD, and
- (2) acknowledged that the organization has implemented reasonable procedures and controls in an effort to preclude imprudent investment activities arising out of investment transactions conducted between the ECAD and the organization.

The investment officer may not buy any securities from a person who has not delivered to the ECAD an instrument in substantially the form provided above according to Section 2256.005(l).

Standards of Operation

The ECAD Investment Officer shall develop and maintain written administrative procedures for the operation of the investment program, consistent with this investment policy.

Delivery Vs. Payment

It will be the policy of the ECAD that all securities except investment pool funds and mutual funds, shall be purchased using the "Delivery vs. Payment" (DVP) method through the Federal Reserve System. By so doing, ECAD funds are not released until the ECAD has received, through the Federal Reserve wire, the securities purchased.

Audit Control

The ECAD Investment Officer will establish liaison with the ECAD independent auditor in preparing investment forms to assist the district auditor for accounting and auditing control. The Investment Officer is subject to audit by the independent auditor. In addition, the ECAD Board of Directors at a minimum, will have an annual financial audit of all ECAD funds by an independent

auditing firm, as well as an annual compliance audit of management controls on investments and adherence to the entity's established investment policies in accordance with Gov. Code 2256.005(m).

Standard of Care

In accordance with Government Code 2256.006, investments shall be made with judgement and care, under prevailing circumstances, that a person of prudence, discretion, and judgment and intelligence would exercise in the management of the person's own affairs, not for speculation, but for investment, considering the probable safety of capital and the probable income to be derived. Investment of funds shall be governed by the following investment objectives, in order of priority: preservation and safety of principal; liquidity; and yield.

In determining whether an investment officer has exercised prudence with respect to an investment decision, the determination shall be made taking into consideration:

- (1) the investment of all funds, or funds under the ECAD control, over which the officer had responsibility rather than a consideration as to the prudence of a single investment; and
- (2) whether the investment decisions was consistent with the written investment policy of the ECAD.

V. INVESTMENT REPORTING AND PERFORMANCE EVALUATION

Quarterly Report

In accordance with Government Code 2256.023, not less than quarterly, the investment officer shall prepare and submit to the Board of Directors a written report of investment transactions for all funds for the preceding reporting period within a reasonable time after the end of the period. Determination of market value of an investment will be obtained from an independent third party and the report must:

- (1) describe in detail the investment position of the ECAD on the date of the report;
- (2) be prepared jointly by all investment officers of the ECAD;
- (3) be signed by each investment officer of the ECAD;
- (4) contain a summary statement of each pooled fund group that states the:
 - (A) beginning market value for the reporting period;
 - (B) additions and changes to the market value during the period; and
 - (C) ending market value for the period;
- (5) state the book value and market value of each separately invested asset at the beginning and the end of the reporting period by the type of asset and fund type invested;
- (6) state the maturity date of each separately invested asset that has a maturity date;
- (7) state the account or fund or pooled group fund in the ECAD for which each individual investment was acquired; and
- (8) state the compliance of the investment portfolio of the ECAD as it relates to:
 - (A) the investment strategy expressed in the ECAD's investment policy; and
 - (B) relevant provisions of this chapter.
- (9) state the total rate of return.

Notification of Investment Changes

It shall be the duty of the ECAD Investment Officer to notify the ECAD Board of Directors of any significant changes in current investment methods and procedures prior to their implementation, regardless of whether they are authorized by this policy or not.

VI. INVESTMENT COLLATERAL AND SAFEKEEPING

Collateral or Insurance

The ECAD Investment Officer shall insure that all district funds are fully collateralized or insured consistent with federal and state law and the current Bank Depository Contract in one or more of the following manners:

- (1) FDIC insurance coverage;
- (2) Obligations of the United States or its agencies and instrumentalities

Safekeeping

All purchased securities shall be held in safekeeping by the ECAD or a ECAD account in a third party financial institution, or with the Federal Reserve Bank.

All certificates of deposit, insured by the FDIC, purchased outside the Depository Bank shall be held in safekeeping by either the ECAD or a ECAD account in a third party financial institution.

All pledged securities by the Depository Bank shall be held in safekeeping by the ECAD or a ECAD account in a third party financial institution, or with a Federal Reserve Bank.

Adopted by board of directors March 13, 1996
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