



OFFICE OF THE ATTORNEY GENERAL OF TEXAS  
AUSTIN

GROVER SELLERS  
ATTORNEY GENERAL

Honorable E. S. Foreman  
County Auditor  
Jefferson County  
Beaumont, Texas

Opinion No. 0-7267

Dear Sir:

Re: Bond proceeds, Jefferson County  
Drainage District No. 7

We acknowledge receipt of your opinion request of recent date, and quote from your letter as follows:

" . . . I would appreciate having you advise me on the following question: Is it permissible, under existing statutes, for the Commissioners of the Drainage District to invest the proceeds from bonds authorized at an election held on Jan. 26, 1946, and sold on March 18, 1946, in U. S. Government Bonds?"

Art. 708b, Revised Civil Statutes, provides as follows:

"Art. 708b. Defense bonds and other United States obligations; investment of bond proceeds by political subdivisions:

That any political subdivision of the State of Texas which heretofore has issued and sold bonds and is unable to obtain labor and materials to carry out the purpose for which the bonds were issued may invest the proceeds of such bonds now on hand in defense bonds or other obligations of the United States of America; provided, however, that whenever war time or any other regulations shall permit such political subdivisions to acquire the necessary labor and materials, the obligations of the United States in which said proceeds are invested shall be sold or redeemed and the proceeds of said obligations shall be used for the purpose for which the bonds of any such political subdivision were authorized. Acts. 1943, 48th Leg., p. 211, ch. 131, par.2."

It will be noted that the above Article became effective on April 12, 1943. You will also notice that it is limited in scope to the proceeds of bonds which have heretofore been issued but the proceeds of which cannot be used to carry out the purposes

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The authority to invest public funds in their custody has been expressly conferred upon certain public officers by the Legislature in some instances and by the Constitution in others. In each instance where this power is given, the character of the securities in which such moneys may be invested has been carefully prescribed. In every case where the Legislature has authorized investment of public funds, it has named bonds of the United States Government among the securities in which such funds may be invested, recognizing the obligations of the United States as the safest of securities. If the power to invest the proceeds of your bonds existed, we could conceive of no safer investment.

However, we find no provision of the law authorizing the Commissioners of the Drainage District to invest the proceeds from bonds authorized at an election held on January 26, 1946, and sold on March 18, 1946, in U. S. government bonds. Such authority is not to be implied from the power to manage the affairs of the district. (*City of Bonham v. Taylor*, 81 Tex. 59; 16 S. W. 555).

Very truly yours,

ATTORNEY GENERAL OF TEXAS

BY:

*Claud O. Boothman*  
 Claud O. Boothman  
 Assistant

*E. S. Foreman*

COB:V

