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RQ869

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November 7, 1995

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Opinion Committee

The Honorable Dan Morales
Attorney General, State of Texas
209 West 14th Street
P.O. Box 12548
Austin, Texas 78711-2548

Dear General Morales:

The Public Funds Investment Act became effective on September 1, 1995 as passed by the 74th Legislature and signed by the Governor. A question has arisen which I feel should be answered by your office in the form of an opinion.

House Bill 2459, Sec. 2256.005(k), requires an entity investing public funds to submit a written copy of the investment policy adopted by the entity to any person seeking to sell the entity an authorized investment. The registered principal of the business organization seeking to sell an authorized investment must execute a written statement ensuring that the registered principal has (1) received and thoroughly reviewed the investment policy of the entity; 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 entity and the organization.

Are investment pools and money market mutual funds required, according to the Public Finds Investment Act, Chapter 2256, Government Code, Acts of the 74th Legislature, Regular Session 1995, to sign affidavits in order to do business with governmental entities?

Thank you in advance for your help in resolving this matter. Should you have any questions, please contact my office at 463-0778.

Sincerely,

K Marchant

Kenny Marchant