

Government Treasurers' Organization of Texas

Mr. Juan Guerra, CPA
Finance Director
City of Pharr
P.O. Box 1729
Pharr, TX 78577

February 1, 2010

Dear Mr. Guerra:

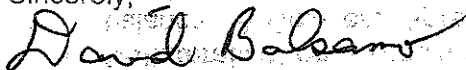
On behalf of the Investment Policy Review Committee, I am pleased to inform you that the Government Treasurers' Organization of Texas has awarded the Certificate of Distinction to the City of Pharr for its Investment Policy. Members of the Review Committee congratulate the City for its commitment to maintaining a comprehensive written investment policy that meets the criteria set forth in the GTOT Investment Policy Review Checklist.

Since investment policies require periodic review and modification, we recommend the following changes to the City's policy at your next opportunity:

- **Investment Training** - I would replace "endorsed by" with "*including*" and add at the end "*and any other independent source approved by the City Commission.*"
- **Independent Third Party Safekeeping** - should insert "*in the City's name*" after "shall be held"
- **Collateralization** – should address how often market value is compared to bank balance. A Collateral Agreement with the City, Depository Bank and Custodian should be signed. This should be approved by the bank board or loan committee. You will receive a trust receipt rather than a safekeeping receipt from the custodian for pledged collateral.
- **Review by Independent Auditor** - In the event there are any investments other than money market funds, pools, CDs or in your depository the quarterly reports must be reviewed annually by an independent auditor and reported to the City Committee.
- **Marking to Market** - should add "*or an independent third party*".
- **Annual Review and Adoption of Investment Policy** – a resolution is required annually whether there are changes or not.

Congratulations once again on an excellent policy and thank you for participating in our certification program. Your Certificate is being mailed under separate cover and is good for a two-year period ending February 28, 2012.

Sincerely,



David Balsamo, CTP
Chair, GTOT Investment Policy Review Committee

