



## **FORM ADV Part 2 – The Brochure**

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**This brochure provides information about the qualifications and business practices of Valley View Consulting, L.L.C. If you have any questions about the contents of this brochure, please contact us at 540.297.3419. The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission or by any state securities authority.**

This filing of Form ADV Part 2 is in conjunction with the Annual Updating Amendments requirement. Wording edits, revised website and resume additions have been incorporated. The last update to this brochure was March 5, 2016.



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### **Advisory Business**

Valley View Consulting, L.L.C. (“Valley View”), established in 1998 and registered in 1999.

Valley View provides investment supervisory services primarily to public entities and their related organizations. Services are provided on a non-discretionary, non-custodial basis. State legislation and individual client investment policies determine authorized investments and appropriate strategies. Fixed income/fixed maturity securities, mutual funds, local government investment pools, and financial institution deposits provide the main investment options. Strategies are generally focused on safety of principal and maintenance of adequate liquidity to fund operational needs.

Each client’s investment policy and cash flow requirements tailor the investment advice offered by Valley View. Clients have complete control and discretion over allowed investments and implemented strategies.

As of December 31, 2016, Valley View provided advisory services to forty-five entities with approximately \$4.2 billion in total assets under management. Additionally, Valley View provides other cash and investment consulting services to non-advisory clients.

Valley View is solely owned by Richard G. Long, Jr.

### **Fees and Compensation**

Investment supervisory fees can be a percentage of assets under management, hourly rates, fixed fees, or a combination of these. All fees are negotiable, and direct-billed and payable in arrears. Fees structures generally range from 0.01% to 0.30%, annually, based on the book value of assets under management; \$150.00 to \$750.00 per hour; \$500 to \$25,000 per project; \$800 to \$3,000 per day; \$150.00 to \$500.00 per month; \$400.00 to \$1,000.00 per transaction; or other fees as negotiated at the time of contract. In some cases, a minimum annual fee may apply. Contracts are cancelable without cause with 30 day notice. Clients maintain their own safekeeping agent/custodian relationships and are responsible for any related fees. Local government investment pools and mutual funds are subject to their own fee schedules. Recommended mutual funds have been, and are anticipated to be, no-load. Valley View assists each client in minimizing transactional expenses or any other normal business expenses that might be incurred in the management of its funds.

In the event that a flexible repurchase agreement or other structured investment option is utilized for bond proceeds, Valley View may receive a normal and customary fee (usually paid by the counterparty) within the guidelines of the Internal Revenue Service, in lieu of the fee prescribed in the advisor agreement.

Although no other forms of compensation are anticipated, if any additional compensation is received, the amount and source will be disclosed to the client.

### **Performance-Based Fees and Side-By-Side Management**

Valley View does not charge any performance-based fees nor participate in side-by-side management.



### **Types of Clients**

Valley View generally provides investment advice to “government entity” investors, including, but not limited to: state agencies, cities, counties, school districts, special districts, colleges and universities, and special authorities. Additionally, Valley View provides advice to clients on matters not directly involving investing.

Valley View does not impose a minimum dollar value of assets for starting or maintaining a relationship.

### **Methods of Analysis, Investment Strategies and Risk of Loss**

Each client’s investment policy governs investment strategy selection and implementation, with most client investment objectives focused on preservation of principal and maintenance of adequate liquidity to fund ongoing operations. Selecting investments with limited credit risk and matching short and long-term maturity purchases to client-based cash needs primarily manage the risk of realized loss. Most investments are cash equivalent or fixed income/fixed maturity that are held to maturity.

Depending upon investment and strategy selection, each client may risk loss of principal or anticipated earnings due to issuer default or adverse market movement.

Valley View most often offers advice on: money market instruments, certificates of deposit and other financial institution deposits, municipal securities, mutual fund shares, United States government securities, repurchase agreements, and local government investment pools. Valley View’s analysis includes fundamental, cyclical, and client-based cash flow requirements. Information sources include financial newspapers and magazines, research material prepared by others, corporate rating services, annual reports, prospectuses, regulatory filings, and other financial information sources.

**Credit Risk** – Most government entities specifically manage and restrict the exposure to credit risk. Assuming large amounts of credit risk is inconsistent with the main objectives to “primarily emphasize safety of principal and liquidity.” All issuers contain incremental credit risk, although the markets believe certain ones have little to no real credit risk (e.g. U.S. government securities). Generally, legislation does allow specific issuer-types with true credit risk, but restricts that risk based on measurements of nationally recognized credit rating agencies.

Credit risk considerations extend beyond the investments that are selected to be included in the organization’s portfolio. Properly collateralized deposits or repurchase agreements, secured in accordance with the investment policy and federal banking regulations, essentially reduce the inherent credit risk of the financial institution or counterparty. Periodic review of collateral values and financial institution strength ensures that any exposure remains minimal.

Prior to investment, accurate identification of the individual issuer’s risk profile or the local government investment pool/mutual fund’s investment criteria, and analysis of the historical risk/return relationship determines if the client will potentially receive adequate return for any increased risk. Although minimum credit rating requirements may apply, the investment policies and strategies of available pools/funds are reviewed to ensure that their policies are congruent with those of the client.



**Market/Opportunity Risk** – The restriction of most credit risks focuses portfolio management on controlling market risk and opportunity risk. Working with the yield curve, issuer yield spreads, and cash flow requirements addresses these two risks.

Appropriate yield curve positioning, with limited interest rate cycle timing, provides most yield enhancement. Our services include the research and analysis necessary to assist the client in formulating strategy recommendations. Cash flow predictability creates the baseline for investment strategy development. Keeping current-use funds in expenditure-related maturities or cash-equivalent alternatives, while positioning stable and longer range funds further out the yield curve, provides overall portfolio enhancement.

For government entities, the higher yield-advantage of extended maturities most safely manifests itself in increased interest earnings (not speculative gains). Therefore, a hold-to-maturity strategy is primarily utilized.

### **Disciplinary Information**

Valley View attempts to comply with all registration requirements and has not experienced any legal or disciplinary event that is material to a client's evaluation of its advisory business or to the integrity of its management personnel.

### **Other Financial Industry Activities and Affiliations**

Valley View is not affiliated with any other financial institution and no related person is a general partner in any partnership in which clients are solicited to invest. There are no registrations current or pending for either the firm or its management personnel to register as a broker-dealer, futures commission merchant, commodity pool operator, commodity trading advisor, or an associated person to the forgoing entities.

Two Valley View team members individually hold positions that provide continuing education services through the University of North Texas (see attached resumes).

Any and all investment advice and security transactions are separately handled and are not subject to any commingling or front loading. Except as described above, Valley View is not compensated by any investment provider or investment manager.

Valley View is actively engaged in business other than giving investment advice, and anticipates spending less than 50% of its resources pursuing and providing non-investment advisory services. Other activities include, but are not limited to: bank service analysis and provider selection, cash and investment management policies and procedures creation and revision, government entity investment continuing education, and other finance-related services.

### **Code of Ethics, Privacy Policy, Participation or Interest in Client Transactions, and Personal Trading**

Valley View maintains a Code of Ethics that is available upon request to its clients. The Code is designed to prevent client-based conflicts of interest and attempts to comply with applicable laws and regulations.



Valley View advises governmental entities subject to various open records requirements. Therefore most, if not all, client information is considered public. If Valley View and its advisory personnel do have access to non-public information, Valley View pledges its best efforts to not disclose the information without the prior written client approval and destroy any discarded files (e.g. shredding).

As a firm, Valley View does not participate in, nor have an interest in, investments that may be recommended to clients or resulting client transactions. However, the team members are allowed to purchase similar investments for his or her personal account and related accounts. The team member is not allowed to commingle or execute in front of client transactions.

To further reduce any conflict of interest, individual Valley View team members primarily invest in “non-reportable securities” or securities not eligible for client portfolios.

### **Brokerage Practices**

Specific client consent is required to determine the investments to be bought or sold, the amount of the investments to be bought or sold, the broker-dealer or financial institution to be used, or the commission rates to be paid (where applicable). In most cases, the client authorizes and annually re-approves a broker-dealer list. Valley View may assist clients in selecting broker-dealers based on the firm and representative’s public funds experience, compliance with client investment policies, competitive pricing, and responsiveness to client needs. Valley View does receive “general” market research from investment providers, however no products, services, or soft dollar benefits are provided to Valley View. Eligible securities are usually sold by each broker-dealer “as principal” without additional commissions. Multiple client transactions are not aggregated as each client has specific needs and settlement requirements. Given the commonality of most investment options, not aggregating generally does not result in higher commissions or costs.

### **Review of Accounts**

At relationship initiation, Valley View reviews each client’s investment policy, eligible investment products, current investment practices, cash flow requirements, recent investment reports, authorized broker-dealer and investment provider lists, and other pertinent documentation. Investment maturities, significant cash inflows and/or outflows, bond issuance, quarter end, fiscal year end, major market movements, and other factors trigger periodic reviews. Ongoing reviews include current portfolio, projected cash flows, investment policy requirements, investment strategy targets, market conditions, and other considerations.

As Chief Investment Officer, Mr. Long performs the investment supervisory function and reviews all accounts. Ms. Anderson, Mr. Day, Mr. Koch, Mr. Ross, and Ms. Upshaw assist in all aspects of client service as registered investment adviser representatives. Mr. Phifer focuses on monthly accounting and quarterly investment reports. Mr. Hufstedler and Ms. Gerhardt assist with all non-advisory services as needed.

Client reports include, but are not limited to:

- Individual transaction information (at time of transaction).



- Broker-dealer trade and financial institution deposit confirmations and activity reports sent directly to the client by the respective firm.
- Safekeeping agent/custodian clearance receipts and holdings reports sent directly to the client.
- Written portfolio reports, prepared as per each client's investment policy and contract terms.

Fixed income security "Fair Value" is provided by client-specific safekeeping agents/custodians, by generally available market prices, or determined by reviewing generally available offering prices and decreasing the price by an appropriate bid/offer spread.

### **Client Referrals and Other Compensation**

Valley View does not have any arrangements where it receives cash or other economic benefit from a non-client in connection with giving advice to clients. Valley View formerly assisted Estrada Hinojosa & Company, Inc. in operating its investment advisory services. Estrada Hinojosa has subsequently exited the investment advisory business and most of its former clients migrated to Valley View. The Estrada Hinojosa/Valley View client transition agreement provides for fee sharing from Valley View to Estrada Hinojosa. Additional fee sharing may apply to future, new client referrals. The arrangement and potential compensation are disclosed to each potential client prior to contract initiation, and on an ongoing basis thereafter.

### **Custody**

Valley View does not have custody of client funds.

### **Investment Discretion**

Valley View does not have investment discretion over client funds. Any and all investment advice and investment transactions are separately handled and are not subject to any commingling or front loading.

### **Voting Client Securities**

Valley View does not vote client proxies. Each client's safekeeping agent/custodian is responsible for communicating any and all proxy events.

### **Financial Information**

Valley View does not have discretion over investment transactions, custody of client funds, or require payment of more than \$1,200 in fees per client, six or more months in advance. Audited financial statements are not available.





## ***Résumés***

### ***Richard G. Long, Jr.***

- Registered Investment Adviser Representative, Valley View Consulting, L.L.C.
- Manager, Valley View Consulting, L.L.C.
- Investment industry since 1981
- Founded Valley View Consulting, L.L.C. and registered with the SEC as an investment advisory firm
- University of North Texas – Center for Public Management staff

Mr. Long's background includes extensive public entity investment management. He has been actively involved in government entity investment legislation; investment policies and strategies; cash flow-based investment portfolios; eligible investment options; appropriate asset allocations; investment transaction settlement and safekeeping procedures; bank service agreements; and arbitrage rebate regulation.

Mr. Long founded Valley View Consulting, L.L.C., in the fall of 1998 and became registered with the Securities and Exchange Commission as an investment adviser firm effective January 1999. Since 1988, Mr. Long has primarily provided cash and investment-related services to government entities. In earlier capacities, Mr. Long originated corporate, asset backed and tax-exempt securities, managed a government trading operation, and distributed both public and private securities.

Mr. Long earned a Bachelor of Science, Business Administration degree in Finance from Colorado State University and a Masters of Business Administration degree from the University of Dallas. Mr. Long provides continuing education classes through the University of North Texas and has presented information to multiple investment management organizations.

### ***Susan K. Anderson***

- Registered Investment Adviser Representative, Valley View Consulting, L.L.C.
- Chief Executive Officer, Anderson Financial Management, L.L.C.
- Investing Public Funds since 1981
- Former City of Austin, Texas Treasurer & Investment Officer
- Served as Chief Investment Officer for State of Texas
- University of North Texas – Center for Public Management staff

Ms. Anderson has extensive public fund experience, beginning in 1971 with her first government position at the City of Austin. Ms. Anderson served the City in the Financial Services Division for over twenty-five years. The last twenty years were specifically dedicated to the management of the investment, debt and cash resources of the City. As Treasurer of the City of Austin, she was responsible for the \$1.5 billion investment portfolio, the \$3.3 billion debt portfolio and all cash management programs, including





collections and bank relations. Additional relevant responsibilities included serving as liaison to all three of the City's pension programs and as Trustee on the City of Austin Firemen's Relief and Retirement Fund, and Board Member of the City of Austin Deferred Compensation Fund. Investment strategies developed for City funds, pension funds and deferred compensation funds spanned the entire spectrum of public-eligible investment products, including fixed income, equity and international funds.

Following her retirement from the City of Austin, she served as Chief Investment Officer for the State of Texas where she was responsible for the management of \$35 billion of combined operating, endowment and trust funds. After her public service, she joined a national financial and investment advisory firm exposing her to a myriad of government clients with unique needs and requirements and honing her skills to identify problems and find the appropriate solutions for her clients.

Ms. Anderson founded Anderson Financial Management, L.L.C. in 2008 and has partnered with Valley View to bring her expertise to the Valley View team. Ms. Anderson provides continuing education classes through the University of North Texas and has presented information to multiple investment management organizations.

Ms. Anderson earned a Bachelor of Science, Business Administration degree in Finance from St. Edward's University. She is a Certified Cash Manager and a registered investment advisor representative.

***Emily A. Upshaw, CPA***

- Accounting, client service and transaction facilitation background
- Market analysis, trading and funds management experience
- Valley View team member since 2016
- Chief Executive Officer, Live Oak Portfolios, L.L.C.

Ms. Upshaw began her career in taxation with Ernst & Young in Austin, Texas where she completed her Certified Public Accountant designation. With an interest in investment management, she then worked as an associate of Employee Incentive Plans in charge of various client services and transactions. There she expanded her knowledge of market analysis, trading and fund management for individual client accounts and business qualified retirement accounts in the central Texas area.

Ms. Upshaw is a graduate of the University of Texas at Austin with a Bachelor of Business Administration and a Master in Professional Accounting from the McCombs School of Business. She is a registered investment advisor representative.

***Benjamin F. Day***

- Registered Investment Adviser Representative, Valley View Consulting, L.L.C.
- Investment industry since 1984
- Diversified background in sales and trading



- Extensive client-based risk/return analysis experience

Mr. Day first entered the securities industry in 1984 and has sales and trading desk experience in equity, matched book and fixed income investments. His various positions with large and regional investment-related firms developed a knowledgeable assessment of the major market rallies and melt downs of the last thirty years. This background enhances his outlook regarding portfolio risk/reward and client expectation. He has over fifteen years' experience in developing and delivering investment portfolio management seminars.

Mr. Day is a registered investment adviser representative.

Mr. Day is a graduate of Northwood University with a Bachelor of Business Administration degree.

***Johnny L. Phifer***

- Retired City of Keller, Texas Finance Director
- Thirty years public-sector experience
- Lengthy finance and accounting career

Mr. Phifer joined Valley View in January 2015. Having recently retired as Finance Director for the City of Keller, Mr. Phifer brings with him a wealth of knowledge and experience attained during a career of over thirty years of public-sector experience. Mr. Phifer also brings a comprehensive and distinctive client operations perspective to the Valley View practice in the areas of cash management, governmental accounting and financial reporting, banking relations, management reporting, portfolio/treasury management, financial analysis and financial and budget administration.

Mr. Phifer is a member of the Government Finance Officers Association of Texas (GFOAT), where he earned the designation of Certified Government Finance Officer (CGFO), and the Government Treasurer's Organization of Texas (GTOT).

Mr. Phifer is a graduate of The University of North Alabama with a Bachelor of Science in Accounting.

***Julie S. Gerhardt***

- Investment industry since 1993
- Responsible for administration, marketing and organizational issues
- Experienced in customer support and reporting

Ms. Gerhardt is primarily responsible for administrative, marketing and organizational issues. She began her career in the financial industry in 1993 with Legg Mason Wood Walker, and then subsequently with Smith Barney. Ms. Gerhardt is an honors graduate



of the University of Phoenix with a Bachelor of Science in Health Administration and Health Management. Ms. Gerhardt joined the Valley View team in 2013.

**E.K. Hufstedler, III**

- Banking industry since 1982
- Former regional bank President
- Experienced in financial institution deposit and service products

Mr. Hufstedler has been actively involved in the banking profession since 1982. He has been involved in nearly all aspects of lending areas with a higher degree of experience in the Mortgage and Commercial lending areas for the past 15 years. He has participated in actively bidding on public funds on behalf of banking organizations as well as support of depository services for banking clients. Mr. Hufstedler has served in Executive role for several banks in the past 15 years by researching, securing and developing new markets for those banks. Mr. Hufstedler most recently served as a Regional President for a \$20 billion asset Texas based organization.

Mr. Hufstedler earned a Bachelor of Business Administration in Banking and Finance in 1982 from Abilene Christian University in Abilene, Texas.

Mr. Hufstedler joined Valley View Consulting as of May 2016.

***William J. Koch***

- Registered Investment Adviser Representative, Valley View Consulting, L.L.C.
- President, Avalon Financial Services
- Public-sector consulting since 1990
- Over forty years financial management experience
- Founded Avalon Financial Services in 1996

Mr. Koch is a capable and versatile financial professional with extensive management and operational credentials that include a strong background in accounting, cash management, treasury, and information systems. He has broad industry experience with both publicly traded and privately held firms, including international market activities and public sector organizations. His career has included management positions with Fortune magazine ranked firms in which he was responsible for accounting and financial reporting, treasury, and information services.

Since 1990, Mr. Koch has been a management consultant providing specialized financial services primarily to public sector organizations, including municipalities, school districts, colleges, hospital districts, and regional transportation authorities. With proven financial expertise, solidly versed in statutes and legal requirements, and extensive knowledge of banking systems and services, he has a unique blend of capabilities to offer his clients.



Mr. Koch is a registered investment adviser representative.

Formerly a partner with a regional consulting group, Mr. Koch founded Avalon Financial Services in 1996 and serves as its president. Mr. Koch is a graduate of Texas A&M University.

Mr. Koch retired from full-time service December 2015, but continues to assist selectively.

***Thomas H. Ross***

- Registered Investment Adviser Representative, Valley View Consulting, L.L.C.
- Retired City of Bedford, Texas Director of Administrative Services
- Twenty years public-sector experience
- Lengthy corporate finance and accounting career

Mr. Ross has a background in financial operations and information technology management and most recently completed fourteen years of service with the City of Bedford, Texas, retiring as Director of Administrative Services. Joining the team in February 2010, Mr. Ross brings a broad and unique client operations perspective to the areas of cash management, governmental accounting, banking relations, management reporting, portfolio management, and general financial analysis, all of which impact the successful execution of a client's investment program.

Mr. Ross is a member of the Government Finance Officers Association of Texas (GFOAT), where he earned the designation of Certified Government Finance Officer (CGFO), and the Government Treasurer's Organization of Texas (GTOT).

Mr. Ross is a registered investment adviser representative.

Mr. Ross is a graduate of Texas A&M University with a Bachelor of Business Administration degree in Management.

Mr. Ross retired from full-time service December 2016, but continues to assist selectively.