

ESTRADA • HINOJOSA

INVESTMENT BANKERS

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 part of the Annual Updating Amendments requirement. Table of Contents, format and information changes are in response to the revised *General Instructions for Part 2 of Form ADV*. The last update to this brochure was March 30, 2011.

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Advisory Business

Estrada Hinojosa & Company, Inc. (“Estrada Hinojosa”) was established in January of 1992 by Mr. Robert A. Estrada and Mr. Noe Hinojosa, Jr. The firm specializes in client-focused financial services, with particular strength in municipal underwritings and financial advisory services. Our experience in providing such services includes clients in Arizona, California, Colorado, Connecticut, Florida, Georgia, Illinois, Louisiana, New Mexico, New York, Ohio, Texas, and Wisconsin.

Estrada Hinojosa is fully registered as an investment advisor with the Securities and Exchange Commission and as a broker-dealer with the Financial Industry Regulatory Authority (“FINRA”) and is a member of the Securities Investor Protection Corporation. Mr. Estrada and Mr. Hinojosa, together with 40 other professionals totally dedicated to public finance and investment management, positions Estrada Hinojosa to be a preeminent Hispanic-owned investment banking firm. The firm is fully certified as a minority business enterprise (MBE) with various political subdivisions included in the States of Arizona, California, Colorado, Florida, New Mexico, and Texas.

The Principal Owners include: Noe Hinojosa, Jr., Robert Alfonso Estrada, Donald John Gonzales, and Ruben Mendoza.

Estrada Hinojosa 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 Estrada Hinojosa. Clients have complete control and discretion over allowed investments and implemented strategies.

As of December 31, 2011, Estrada Hinojosa provides advisory services to seven entities with approximately \$933 million in total assets. Additionally, Estrada Hinojosa provides cash and investment consulting services to non-advisory clients.

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 billed and payable in arrears. Fee structures generally range from 0.01% to 0.30%, annually, based on the book value of assets under management; \$150.00 to \$500.00 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, upon 30 to 60 days 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. All mutual funds will be no-load. Estrada Hinojosa assists the 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, Estrada Hinojosa 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

Estrada Hinojosa does not charge any performance-based fees nor participate in side-by-side management.

Types of Clients

Estrada Hinojosa's investment advisory team provides investment supervisory services primarily to "government entity" investors and their related organizations, including, but not limited to: states, cities, counties, school districts, special districts, colleges and universities, and special authorities. Additionally, Estrada Hinojosa provides advice to clients on matters not directly involving investing.

Estrada Hinojosa 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 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.

Estrada Hinojosa 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. Estrada Hinojosa's issuer analysis includes fundamental, cyclical, and client-based cash flow needs. 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 securities with true credit risk, but restricts that risk based on measurements of nationally recognized credit rating agencies.

Credit risk considerations extend beyond the investment securities 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. Regular 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, it is important to drill down further into the investment policies and strategies of available pools/funds 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 manages these two risks.

Appropriate yield curve positioning, with limited interest rate cycle timing, provides the 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 liquid 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). Historically, fixed income yields, over time and through a variety of market conditions, generate higher yields as maturities lengthen.

Disciplinary Information

Estrada Hinojosa 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

Estrada Hinojosa 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.

Overall, Estrada Hinojosa is actively engaged in business other than giving investment advice, and anticipates spending up to 90% of its resources pursuing and providing non-investment services, including, but not limited to, municipal underwritings and financial advisory services.

The investment advisory team is actively engaged in business other than giving investment advice, and anticipates spending up to 40% of its resources pursuing and providing non-investment services. Other investment advisory team 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, Participation or Interest in Client Transactions and Personal Trading

Estrada Hinojosa 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. As a firm, it does not participate in, nor have an interest in, investments it may or may not recommend to clients or resulting client transactions. However, the team members are allowed to purchase similar investments for his or her personal 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 investment advisory team members primarily invest in “non-reportable securities.”

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. Estrada Hinojosa may assist clients in selecting broker-dealers based on public funds experience, compliance with client investment policies, competitive pricing, and responsiveness to client need. Estrada Hinojosa does receive “general” market research from investment providers, however no products, services, or soft dollar benefits are provided to Estrada Hinojosa. Eligible securities are usually sold by each broker-dealer “as principal” without additional commissions.

Estrada Hinojosa investment advisory services will not execute client transactions through Estrada Hinojosa broker-dealer.

Review of Accounts

At relationship initiation, Estrada Hinojosa 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 and Mr. Koch, assist in all aspects of client service as registered investment adviser representatives. Mr. Ross provides limited client service on a consulting basis-only. Mr. Estrada, Chief Compliance Officer, oversees the advisory operation. Mr. Gordon, registered investment adviser representative, is available 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.
- 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 (usually quarterly).

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

Client Referrals and Other Compensation

Estrada Hinojosa does not have any arrangements where it receives cash or other economic benefit from a non-client in connection with giving advice to clients. Nor does Estrada Hinojosa provide cash or other economic benefit to persons or clients for client referrals.

Custody

Estrada Hinojosa does not have custody of client funds.

Investment Discretion

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

Voting Client Securities

Estrada Hinojosa does not vote client proxies. Each client's safekeeping agent/custodian is responsible to communicating any and all proxy events.

Financial Information

Estrada Hinojosa does not have custody of client funds, nor does Estrada Hinojosa require payment of more than \$1,200 in fees per client, six or more months in advance. Audited financial statements are available upon request.

Résumés

Robert A. Estrada

- Chairman & Chief Compliance Officer, Estrada Hinojosa & Company, Inc.
- Bond Counsel for numerous issuers prior to establishing Estrada Hinojosa
- Formed Estrada Hinojosa in 1992
- Former Chairman of the Municipal Advisory Council of Texas and the Municipal Securities Rulemaking Board
- Former Member of the Board of Directors of the Federal Reserve Bank of Dallas

Mr. Estrada, an attorney at law, is Chairman of the Board of Estrada Hinojosa & Company, Inc., an investment banking firm he founded in 1990. Mr. Estrada's extensive experience of active bond law practice in tax-exempt securities and investment banking enhances his other key role as Chief Compliance Officer (CCO). His participation in more than 800 major municipal bond financing projects totals more than \$40 billion.

Mr. Estrada is an active member of the Texas Bar Association and is also a Registered Principal with the Municipal Securities Rulemaking Board (MSRB) and holds various other securities licenses. In January 2005, Mr. Estrada was elected to a three-year term on the Federal Reserve Bank of Dallas board of directors.

Mr. Estrada has served on the board of directors of the Municipal Securities Rulemaking Board (MSRB), a self-regulatory organization which sets standards for the municipal securities industry. Mr. Estrada was designated Chairman of the MSRB during his third year on the Board. He is the immediate past Chairman of the Board of Trustees of the Municipal Advisory Council of Texas.

Additionally, Mr. Estrada served on the Board of Directors for the Student Loan Marketing Association ("Sallie Mae") in Washington, D.C., and was a member of the Board's Executive Committee. Mr. Estrada is a former member of the Board of Directors of the Trinity River Authority of Texas and has served on the Policy Board of the Texas Department of Commerce.

During his years of active bond law practice, Mr. Estrada worked with the prominent bond law firm of Hutchison Boyle Brooks & Fisher, Attorneys at Law, where he represented numerous public entities in the Southwest. Mr. Estrada received a Bachelor of Science degree and a Doctor of Jurisprudence degree from The University of Texas at Austin.

Richard G. Long, Jr.

- Senior Vice President and Chief Investment Officer, Estrada Hinojosa & Company, Inc.
- Manager, Valley View Consulting, L.L.C.
- Investment industry since 1981
- Started First Southwest Company's public funds investment efforts in 1988
- Started Ambac Investment Management, Inc.'s Texas investment efforts in 1996

Mr. Long's background includes extensive Texas-public entity investment management (he is currently responsible for in excess of \$2 billion of public funds). 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.

At his previous employers (First Southwest Company and Ambac Investment Management, Inc.), he established and managed their Texas investment management efforts. In his capacities with MBank Capital Markets and First RepublicBank, Mr. Long originated corporate, asset backed and tax-exempt securities, managed a government trading operation, and distributed both public and private securities.

Additionally, Mr. Long founded Valley View Consulting, L.L.C., in the fall of 1998 and became registered with the SEC as an investment advisor firm effective January 1999.

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 has served on Municipal Securities Rulemaking Board Arbitration panels and presented information to multiple public funds investment management organizations.

Susan K. Anderson

- Vice President and Registered Investment Adviser Representative, Estrada Hinojosa & Company, Inc.
- Chief Executive Officer, Anderson Financial Management, L.L.C.
- Investment Adviser Representative, Valley View Consulting, L.L.C.
- Investing Public Funds since 1981
- Former City of Austin Treasurer & Investment Officer
- Served as Chief Investment Officer for State of Texas
- Investment Manager, The PFM Group for 9 years
- Founded Anderson Financial Management, L.L.C. in 2008

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 the national financial and investment advisory firm, The PFM Group, where she continued to develop her knowledge of public fund investment. The stint at PFM allowed Ms. Anderson to be exposed to a myriad of government clients with unique needs and requirements and to hone her skills to identify problems and find the appropriate solutions for her clients.

Throughout her career, Ms. Anderson has been involved in professional organizations for public sector officials. She has been a member of the Government Finance Officers' Association (Texas and national), and held officer positions in the Government Treasurers' Organization of Texas (also chaired their Legislative Committee) and the Texas Association of School Business Officers.

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.

William J. Koch

- Vice President and Registered Investment Adviser Representative, Estrada Hinojosa & Company, Inc.
- President, Avalon Financial Services
- Investment Adviser Representative, Valley View Consulting, L.L.C.
- Over sixteen years public-sector consulting
- Over forty years financial management experience
- Extensive consulting history with numerous Dallas-area clients
- 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.

For over fifteen years, 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. Mr. Koch is a graduate of Texas A&M University.

David Gordon

- Managing Director and Registered Investment Adviser Representative, Estrada Hinojosa & Company, Inc.
- Registered Municipal Principal
- Financial Advisor or underwriter on over \$12 billion municipal transactions
- Former U.S. Army Commissioned Officer and Helicopter Pilot

Mr. Gordon is a managing director in the Dallas headquarters, with over 20 years of business experience. He is the Lead or Co-Lead Banker to numerous municipal clients including airports, cities, counties, higher education institutions, school districts, toll road authorities, and transit authorities. He has served as a Lead Banker on over 250 financial advisory or underwriting transactions with a combined par value of over \$12 Billion.

Prior to joining Estrada Hinojosa, Mr. Gordon served as a senior vice president and chief technology officer at a commercial real estate and construction company where he managed the development of financial and project management software to support the company's clients and was on the company's executive committee. He has also held other business, technology and engineering leadership positions in the financial software, manufacturing and logistics industries.

In addition to his business experience, Mr. Gordon served five years in the U.S. Army as a commissioned officer and Army helicopter pilot in the U.S., Honduras and Korea. His duty assignments included tours as Flight Operations Officer, Logistics Officer and Budget Officer.

Mr. Gordon earned a Bachelor of Science - Engineering Management from the United States Military Academy at West Point and a Masters of Business Administration from Savannah State College. He currently serves on numerous civic boards including, the Southwest Higher Education Authority and the Texas Education Authority.

Thomas H. Ross

- Consultant, Estrada Hinojosa & Company, Inc.
- Investment Adviser Representative, Valley View Consulting, L.L.C.
- Recently retired City of Bedford, Texas Director of Administrative Services
- Over seventeen years public-sector experience
- Lengthy corporate finance and accounting career
- Former United States Air Force Captain

Mr. Ross has an outstanding background in financial operations and information technology management, including seventeen years in the public sector, 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 Valley View Consulting practice in 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 graduate of Texas A&M University with a Bachelor of Business Administration degree in Management.