



## **Proposal for Investment Advisory Services**

**February 2, 2026**



**Valley View Consulting, L.L.C.**

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February 2, 2026

City of Iowa Colony, Texas  
Dr. Tarron Richardson, City Manager  
3144 Meridiana Parkway  
Rosharon, TX 77583

Thank you for this opportunity to present Valley View's credentials as a cash and investment advisor for the City. Attached are Valley View's qualifications, experiences, philosophies, and capabilities related to Texas public funds investing. As you are considering Investment Advisory services, attached are our qualifications, experiences, philosophies, and capabilities related to Texas public funds investing.

In a nutshell, we believe an investment advisor should function as an extension of your staff – managing the portfolio in compliance with the Public Funds Investment Act (the "PFIA") and the City's Investment Policy. We monitor the markets on the City's behalf and develop and implement investment strategies to safely optimize the City's interest income.

The current economic environment requires strategic investment suggestions to primarily hedge interest income within the City's risk/return criteria. Speculation is prohibited by the PFIA and is not part of this plan.

Our overall investment advisory services could include:

- Oversight and compliance with the PFIA and the City policy,
- Investment policy review,
- Development of historical cash flow model for all non-CIP funds,
- Project management assistance to model probable CIP draw schedules,
- Strategic advice to achieve the City's investment objectives,
- Incorporation of potential Arbitrage Rebate consequences with Bond Proceed investment,
- Complete analysis of authorized investment types,
- Implementation of competitive solicitations,
- Thorough communication, reporting, and training,
- Management of investment providers and required documentation, and
- Long range portfolio strategy.

Cash and investment management services would be performed as non-discretionary functions, working to assist the City through:

- Risk/Return Assessment – managing the City’s funds requires thorough risk/return objective development. Increasing risk increases the potential return. It also increases potential negative outcomes. Valley View will assist the City in analyzing various PFIA-eligible alternatives highlighting the range of possible “returns” and “risks.”
- Flexible Strategy, Product Mix, and Reporting – evolving markets (both product and yield curve) create varying opportunities. Valley View monitors all City authorized options and probable market adjustments to position the City for flexible strategy implementation. All communications and reports are customizable to fit the City’s specific needs.
- Independence – analyzing all strategies broadens the options eligible for review and consideration. There is no promotional advantage to any choice, nor hidden agendas or back door marketing efforts to jeopardize recommendations. We are not affiliated with any investment pool, mutual fund, broker/dealer, financial institution, or investment provider, so every decision is made in the City’s best interest.
- Client-committed Team – developing client-specific investment strategies and making each client feel as if they are our only client is our goal. We dedicate the time and attention of our stable and experienced team to you and your needs, undistracted by alternative service requirements.

Investment advisory services are one of the few areas that revenue enhancement may/should provide value over and above the cost. The “net benefit” (strategy enhancement less IA fees), within appropriate risk/return objectives, provides the City the best value for service. Evaluating the enhanced interest income of the recommended investment strategies and options provides the clearer picture of an advisor’s net benefit to the City. Fees become a secondary consideration.

That said, providing value added services for a reasonable and appropriate fee is our objective, and the service list and associated fee are flexible and open to negotiation. Our standard contract aligns with the PFIA two-year period, with a 30-day no-cause City cancellation clause. Fees will adjust with the City’s investment portfolio Book Value and will be billed quarterly, in arrears.

Valley View has grown primarily by favorable client and finance officer references and currently has approximately 75 full investment advisory clients with over \$15 billion under management (as of 12/31/2025). Our client base is built on long-term relationships and high customer service standards.

The attached information is designed to ease your decision to select Valley View as investment advisor. Please call me at 540.297.3419 if there are any questions or to discuss moving forward.

Sincerely,



Richard G. Long, Jr.  
Manager



# Introduction to Valley View Consulting, L.L.C.

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## *Organization*

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Valley View Consulting, L.L.C. is a Securities and Exchange Commission (“SEC”) registered investment advisory firm serving public entities in a variety of cash and investment management and consulting roles. Valley View provides completely independent advice and consultation and is not affiliated with any investment pool, mutual fund, broker/dealer, financial institution, or investment provider.

Valley View was founded in the fall of 1998 and registered with the SEC as an investment advisor firm effective January 1999. Richard G. Long, Jr. wholly owns the firm. To fully address the complete spectrum of client needs, Mr. Long has teamed with Benjamin F. Day, Julie S. Gerhardt, Oscar Gomez, Jamie D. Hobbs, M. Teresa Mendoza, Johnny L. Phifer, Timothy D. Pinon, Adam R. Ringgenberg, Orlando A. Saenz, and Emily A. Upshaw. These affiliations assure that our clients will receive comprehensive and individually designed services related to the financial programs of government investors.

Valley View functions as a team specializing in assessing the needs of the City, examining current cash management policies and practices, monitoring depository bank contracts, reviewing bond covenants, and developing effective and comprehensive investment strategies. As described throughout, some members may have primary responsibility for a certain activity, but their broad talents are always available for other client needs. Therefore, our whole team will play an integral role in providing their expertise to fulfill the contract objectives of the City.

Although Valley View’s office of registration is in Virginia, it is fully registered with the State of Texas and has personnel located in the Austin and Dallas/Fort Worth areas. Our team members have extensive Texas local government experience providing cash and investment management in conformance with the PFIA. All services provided to the City will be seamless from any physical address.

Additionally, Valley View and its professionals perform other substantial consulting activities that include cash and investment-related projects, but do not meet the definition of investment advisory service. These activities have direct beneficial application to the City’s service requirements.



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## *Investment Philosophy*

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Public funds require a different investment approach and fiduciary responsibility to adequately judge appropriate risk/return opportunities. The City has many essential functions to effectively serve their constituents and investing is sometimes considered a secondary activity. Our service objective ensures the level of attention and commitment to effectively manage the City's funds. We believe in the principles stressed by the PFIA:

- Safety
- Liquidity
- Public Trust
- Yield (risk appropriate)

Public funds investment management is scrutinized more than most other organizations; therefore, Valley View takes great care in assessing and addressing risks on multiple levels to ensure due diligence in minimizing risk exposure. Whether the City invests operating or special project funds, these fundamental considerations and principles will be the same.

**Credit Risk** - The PFIA specifically manages and restricts the exposure to credit risk. Assuming large amounts (some would argue any amount) of credit risk is inconsistent with the PFIA's main objectives to "primarily emphasize safety of principal and liquidity." All securities contain incremental credit risk, although the markets believe certain security issuers have little or no real credit risk. The PFIA does allow specific securities with true credit risk but generally restricts that risk based on measurements of nationally recognized credit rating agencies. The mission of the public funds investor is to determine what level of credit risk is appropriate for the organization and to develop policies and procedures to ensure that established risk parameters are maintained.

The PFIA allows options with real credit risk (e.g., commercial paper) for direct or indirect purchase. Prior to investment, accurate identification of the individual issuer's or pool/fund's investment criteria, and analysis of the historical risk/return relationship, will determine if the City will potentially receive adequate return for any increased risk.

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

Appropriate yield curve positioning, with limited interest rate cycle timing, provides the most effective and consistent yield enhancement. Our services will include the research and analysis necessary to assist the City in formulating strategy recommendations and we will participate in any presentation (formal or informal) designed to gain approval to implement the desired strategy.

Since the PFIA specifically prohibits extension for speculative purposes, cash flow forecasting must be incorporated into the investment process. The City's confidence in its estimates will determine the composition of any subsequent strategy.



**Liquidity Risk** - No matter the objective or funding source of the portfolio, cash flow predictability creates the baseline for investment strategy development. Especially with bond proceeds, cash flow forecasting must be the cornerstone of the investment program. Valley View will work with the City to develop forecasts that will guide the investment strategy to ensure the appropriate mix of liquidity and longer-term asset allocation.

The resulting cash flow forecast and analysis will help identify the appropriate investment strategy and help control risks. Our assistance to the City would combine the following steps to achieve the City's portfolio objectives:

- Actively managing the portfolio to maintain appropriate cash levels,
- Conservatively estimating cash flows and minimum cash balances,
- Appropriately diversifying maturity and investment mix,
- Utilizing timely and regular market interaction to smooth price fluctuations,
- Maintaining minimum positions in highly liquid investment types, and
- Strictly adhering to the prohibition of speculative maturity extension.

The confidence in the bond fund draw schedules and potential arbitrage implications will impact appropriate strategy selections. Low confidence may require higher cash balances. Higher confidence could allow greater laddering. Restrictive arbitrage outlooks may point to a structured investment option. Valley View will discuss all options and help the City select the optimum strategy.

Regular review of proper procedures and internal controls complete the process. Portfolio risk is managed by proper strategy selection and sector/maturity diversification. Procedures and controls help to mitigate fraud, lost funds or securities, broker/dealer/financial institution failure and many other non-securities related risks.

**Operating Funds** - For the operating portion of the portfolio, Valley View will:

- Review and recommend modifications to the City's Investment Policy,
- Assist in cash flow forecasting,
- Analyze available products (individual products and pool/fund options) and institutions,
- Interpret market conditions and trends,
- Determine appropriate asset allocations,
- Advise on long-range strategy selection,
- Implement strategy within a competitive pricing environment,
- Prepare appropriate calculations, accruals and reports,
- Provide independent sources for investment market valuations,
- Comply with Investment Policy and state and federal regulations,
- Review procedures and documentation for management procedures and investment alternatives,
- Monitor broker/dealer, custodian, and safekeeping relationships,
- Attend meetings as requested, and
- Educate City staff on pertinent investment topics.



**Special Projects or CIP Funds** – For CIP and other unique cash flow funds, our guidance will include:

- Developing and analyzing projected expenditure patterns,
- Estimating expenditure period interest earnings,
- Determining any appropriate Investment Policy changes,
- Analyzing the effects of various investment strategies on any potential arbitrage liability,
- Developing the *optimum* strategy,
- Reviewing the draw schedule and portfolio performance as the projects progress,
- Identifying potential arbitrage concerns, and
- Implementing any debt service fund investment strategies.

Combining all of these concepts into active portfolio management will enhance portfolio return over the long run. Whether the City invests operating or other funds, the fundamental considerations and principles stressed above will be the same.

Analyzing specific operating and bond proceeds strategies combine effective and appropriate investment selection for both types of funds. Regardless of funds involved and strategy selected, once all the risk/return considerations are made, Valley View will coordinate with the City to make specific portfolio recommendations and gain their implementation approval.



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## *Investment Approach*

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As explained throughout, we believe focusing on cash flow-based laddering, with judicious maximum maturity limitations, reduces the “market” risk of early redemption or loss on sale. We also believe that increasing “credit” risk to increase yield is generally not prudent.

The initial phase, concentrating on policy/procedure and cash flow analysis, will provide the insight necessary to estimate current-market yield enhancement, workload, and other non-tangible items more accurately.

As a non-discretionary investment advisor, we will work with the City to invest funds with the City’s direct oversight and approval. We develop the portfolio to be consistent with the constraints of the City’s Investment Policy (maturity, investment selection, etc.) while utilizing the cash flow model to forecast when cash will be needed to cover obligations. Valley View takes the time to explain all aspects of the investment strategy to the client to educate them and make them comfortable with the process and expectations. This extra step allows the client to understand and feel confident in their decision to follow through with the recommendation of the advisor.

As a PFIA-oriented investment advisor, we believe providing a dependable and stable investment structure is a key objective. Market speculation does not factor into this strategy. Of course, we consider where interest rates might be headed in the short term, but our focus is maintaining a disciplined approach to protect and preserve assets. This discipline begins with client-specific cash flow projections.

**Maturity Distribution** – The current inverted yield curve encourages investing in shorter ladder rungs for higher yields, however with rates beginning to fall and additional rate cuts expected in the coming months, it becomes increasingly important to look forward and consider a longer maturity ladder to allow the City to lock in rates while it can. The City’s cash flow analysis and market conditions at decision time will influence the selected implementation plan and timing.

**Adjusting to Market Movements** – Yields fell significantly over the past year + as the Federal Open Market Committee (FOMC) lowered the Fed Funds target range. Targeted implementation of portfolio strategy hedges the portfolio against interest rate uncertainty and allows the portfolio to build towards its optimum long-term yield curve position. Valley View will work with the City to identify the appropriate maturity allocation during any given market environment.

**Adding Potential Returns Through Investment Selection** – Valley View promotes diversified investment portfolios and works with each client to establish the optimal mix. However, clients also want us to be nimble and flexible enough to adjust this structure to market opportunities or risks. As an example, prior to 2008, we focused our clients on U.S. Government securities that were offering attractive returns relative to the other issuers in the marketplace. As their risk/return profile and attractiveness changed, we began to research other PFIA-eligible opportunities. That research uncovered significant value in direct-placed Certificates of Deposit (“CD”) and other interest-bearing products (Money Market Accounts or “MMA”), and we began to move client monies into those fully insured or enhanced options.



While Valley View continues to see value in bank deposit products. If we see security rates outperforming CD rates, we will assist the City in establishing a security clearance/safekeeping account to facilitate security purchases. Solicitations will include local and statewide banks for deposit options, and the City's authorized Broker/Dealers (B/Ds) for marketable securities.

As market conditions change, Valley View will adjust the investment choice and selection process. We recognize that the economic and market conditions over the past few years have been extremely challenging and unique. The most important strategy to keep in mind is to ensure that all cash flow needs are covered and that a laddered approach to investing is diligently practiced. Sector selection, while important, becomes a secondary consideration as long as the portfolio invests in instruments allowed by the PFIA and the City's Investment Policy.

**CIP Strategy** – Each City bond issue will face a different draw schedule and market conditions. The symbiosis of those two will largely influence the implemented strategy. With targeted opening dates, many projects have somewhat predictable construction schedules and related draw requirements. That predictability allows targeted laddering of investment securities or CDs. Projects with more spending volatility may require less laddering and higher retained cash balances. The Arbitrage Rebate Regulations, and the City's ability to optimize keepable interest income, will be the final determining factor in any strategy selection. Valley View will assist the City to discern the best approach regardless of prevailing conditions.

**Financial Institutions** – Embracing a competitive investment environment rewards the City with effective market access and allows integration of local providers. As expressed above, Valley View appreciates the value of local providers, especially financial institutions, and will work with the City to develop a detailed and extensive contact list. Our experience also supports including all potential providers on every solicitation. Financial institution appetites change regularly, and we are routinely pleasantly surprised by a previously disinterested bank suddenly needing deposits and paying attractive rates.

Additionally, Valley View routinely monitors general financial status and information sources for trends and third-party opinions or ratings. Proper documentation and collateral management provide the main enhancement to FDIC non-insured deposits and warrant focused attention.



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## ***Reporting***

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Valley View service includes preparing monthly accounting and quarterly investment reports in compliance with the PFIA and City Investment Policy. Both reports allow some flexibility as to content and format. We will work with the City to ensure acceptable reports are provided.

We utilize Tracker portfolio software, a web-based investment reporting system that affords a high degree of flexibility in content and format of reported information. This information can be produced in PDF reports as well as downloaded into Excel worksheet form. City staff can access the data and reports online through the Tracker website.

Valley View also provides a brief market overview as a component of the quarterly report and prepares a monthly commentary article, *Market Outlook*, to review economic updates.



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## *Other Considerations*

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**Primary Depository Bank** – Valley View’s primary depository bank selection services involve a Request for Application (“RFA”), and could include the following, as necessary:

- Analyzing the prior Primary Depository Bank selection process and current operations.
- Developing a calendar of events.
- Defining the acceptable area from which perspective applicants will be considered.
- Establishing the criteria by which the proposals will be evaluated.
- Preparing a list of financial institutions that will be sent the RFA.
- Preparing a draft RFA.
- Finalizing the RFA with City staff.
- Assisting with hosting a pre-proposal conference.
- Analyzing responses for conformance to the RFA requirements and to determine the best relative value based on the evaluation criteria.
- Meeting to review the results of the proposal analysis.
- Assisting with the presentation to the City Council for selection of a primary depository bank.

Valley View also provides periodic account analysis comparisons to quoted prices and rates, and extension option review and documentation.

**Investment Policy Renewal** – With a primary focus on managing Texas public funds, Valley View regularly assists in the development, modification, and implementation of investment policies, portfolio strategies and other investment-related services. We consider those functions as essential to the effective fulfillment of our contracts and will work with the City in addressing their policy development needs.

Members of the Valley View team review each client investment policy and, as a group, we routinely discuss client-specific needs and strategy ideas. Prior to any new portfolio position purchase, the team routinely checks that all guidelines are achieved. Additional “best practice” components will be considered. The standard procedure provides a thorough review of all documents at the inception of the contract, with annual reviews/adjustments thereafter. Valley View will be available to assist in the presentation, adoption, and implementation of any policy change.

**Managing Broker/Dealer Relationships** – A competitive investment environment rewards the City with effective market access. Multiple, competent brokers provide accurate market information and locate specific securities for strategy implementation. Valley View will assist the City in establishing review, solicitation, and monitoring procedures to create a competitive environment.

Proper broker/dealer selection is crucial to building a competitive environment. Working with the City’s current list or considering new candidates will determine specific follow-up procedures. Recording each broker’s response to solicitations, winning security offerings, and settlement



efficiency will allow the City to track broker/dealer performance. That history will validate the establishment of a competitive environment or will highlight needed adjustments.

Generally, three criteria guide Valley View's approach to managing broker/dealer relationships. Broker/dealers must:

- Understand and accept the unique objectives of investing public funds,
- Provide competitive pricing, and
- Respond appropriately to the needs of the City.

Valley View will assist the City in complying with, and/or revising the selection and review criteria as required in the City's Investment Policy. We will assist in the annual review of the selection process and the resulting list of broker/dealers.

**Reviewing Custodial and Safekeeping Agreements** – Properly established custodial and safekeeping agreements are essential to manage the City's funds safely and effectively. Valley View's dedicated focus to public funds investment has involved extensive experience in opening and maintaining acceptable custodian and safekeeping accounts. We will assist the City as necessary in reviewing the current arrangements.

**On-going Communications with the City** – The needs and desires of the City will dictate the optimum schedule for portfolio review and meetings. The following minimum review schedule is consistent with the objectives of many of our clients:

- Quarterly strategy/portfolio review, and
- Annual performance review.

Initially, cash flow analysis, strategy development, and broker/dealer review will require additional interaction with the City staff. Market cycles and the City's cash flow schedule will largely determine appropriate ongoing interaction. Regular communication will focus on:

- Current cash requirements,
- Specific security opportunities,
- Market information,
- Appropriate transaction execution levels,
- Transaction settlement status, and
- Investment Reporting.

Contact and meeting frequency will be based on the ebb and flow of the investment portfolio and other assignments from the City. Certain items are best handled face-to-face, while others can be effectively completed via phone or email. Valley View is committed to effective and timely response to the City's needs, and if additional meetings are necessary, we will be available.



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## *Experience*

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Valley View specializes in serving public fund investors and recognizes that the challenges facing these clients are significantly different than non-governmental investors. Public fund investors face cash flow constraints, fewer staff resources and limited investment options. Likewise, investment strategies and preferred investment products for the governmental investor can be significantly different. Valley View has successfully navigated through these challenges to develop effective investment programs.

Valley View is pleased to offer a team whose members will each play an integral role in providing their expertise to fulfill the contract objectives of the City.

**Richard G. Long, Jr.**

- Investment industry since 1981
- Valley View Manager
- Registered Investment Advisor Representative
- Public Funds dedication since 1988

**Emily A. Upshaw, CPA**

- Registered Investment Advisor Representative
- Accounting, client service, and transaction facilitation background
- Market analysis, trading, and fund management experience
- Joined Valley View in 2016

**Jamie D. Hobbs, CPA**

- Registered Investment Advisor Representative
- Twenty years of 401k plan administration experience
- Accounting and client services background
- Joined Valley View in 2021

**Adam R. Ringgenberg**

- Registered Investment Advisor Representative
- Capital markets background since 2007
- Extensive experience analyzing fixed income products
- Joined Valley View in 2024

**Benjamin F. Day**

- Registered Investment Advisor Representative
- Experience within investment markets since 1984
- Extensive client-based risk/return analysis experience
- Joined Valley View in 2012

**Johnny L. Phifer**

- Retired City of Keller, Texas Director of Finance



- Investing public funds since 1985
- Joined Valley View in 2015

**Timothy D. Pinon**

- Registered Investment Advisor Representative
- Banking industry since 1987
- Government banking relationship manager
- Joined Valley View in 2020

**Orlando A. Saenz**

- Registered Investment Advisor Representative
- Certified Treasury Professional
- Banking industry since 1997
- Government, Non-Profit and Higher Education Treasury Management Consultant, and Relationship Manager.
- Joined Valley View in 2023

**M. Teresa Mendoza**

- Extensive background in Accounting & Finance (since 2007)
- Government experience since 2010
- Joined Valley View in 2020

**Oscar Gomez**

- Registered Investment Advisor Representative
- Experience creating cash flow models, analyzing and preparation of financial statements
- Public Funds Experience since 2018
- Microsoft Office Excel Specialist
- Joined Valley View in 2023

**Julie S. Gerhardt**

- Investment industry since 1993
- Responsible for administration, marketing, website, and organizational issues
- Joined Valley View in 2013



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## ***Fees***

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Valley View proposes a tiered annual fee based on average quarter end Book Value as reported in the Quarterly Investment Report. The City may incur transactional expenses in the execution of its investment strategy. We will assist the City in minimizing all such transactional expenses, or any other normal business expenses that might be incurred by the City, in the management of its funds.

As with all contracts, a mutually agreed upon fee will provide the City with good value for the cost and adequate compensation for our efforts and expertise. **Valley View will negotiate with the City to reach an acceptable contract fee structure.**

Valley View proposes a tiered annual fee based on average quarter end Book Value as reported in the Quarterly Investment Report. The City may incur transactional expenses in the execution of its investment strategy. We will assist the City in minimizing all such transactional expenses, or any other normal business expenses that might be incurred by the City, in the management of its funds.

| <u><b>Average Quarter End Book Value</b></u> | <u><b>Annual Fee</b></u> |
|--|--------------------------|
| First \$50 million                           | 0.050% (5 basis points)  |
| Portfolio Balances above \$50 million        | 0.040% (4 basis points)  |

With an Estimated Total Portfolio Book Value = \$30 million:

Quarterly Fee = \$3,750.00  
Annual Fee = \$15,000.00

Said fee shall be prorated and due and payable at the end of each investment quarter.

**Value-Added** – Investment advisory services are the rare opportunity for the City to gain “net value” versus cost for services.” Valley View strives to provide value well in excess of cost. We propose competitive fee structures and routinely review market conditions for reduction opportunities. We believe it important to remain cost-effective.

As described throughout this proposal, Valley View provides the additional efforts to assist our clients in developing financial institution relationships that could provide income advantage.