CITY COUNCIL WORKSHOP/REGULAR MEETING

January 22, 2024 at 6:30 PM
Hewitt City Hall, 200 Patriot Court, Hewitt, TX 76643

AGENDA

Steve Fortenberry, Mayor, Ward 3
Erica Bruce, Mayor Pro Tem, Ward 3 – **Michael S. Bancale**, Council Member, At-Large
Johnny Stephens, Council Member, Ward 1 – **Johnny Price**, Council Member, Ward 2
Bob Potter, Council Member, Ward 2 – **Brad Turner,** Council Member, Ward 1

The meeting will be streamed live on the city's website at www.cityofhewitt.com/790/Hewitt-TX-TV.

Pursuant to Texas Government Code Sec. 551.127, on a regular, non-emergency basis, members may attend and participate in the meeting remotely by video conference. Should that occur, a quorum of the members will be physically present at the location noted above on this agenda.

WORKSHOP MEETING - 6:30 PM

WORKSHOP DECLARATION OF A QUORUM AND CALL TO ORDER

WORKSHOP AGENDA

1. Briefing and discussion concerning Commerce Park Water Well and Plant Facilities including financing.

WORKSHOP ADJOURNMENT

REGULAR MEETING - 7:00 PM

DECLARATION OF A QUORUM AND CALL TO ORDER

PLEDGE OF ALLEGIANCE

SPECIAL PRESENTATION(S) AND RECOGNITION(S)

2. Swearing-in and pinning ceremony of three newly hired firefighters.

PUBLIC COMMENTS

The City Council invites citizens to speak on any topic not already scheduled for a public hearing. The Texas Open Meetings Act prohibits the Council from discussing, responding to, or acting on any comments or items not properly posted on the agenda. (Note: Members of the public who wish to speak must complete a "Public Comment Form" and present it to the City Secretary before the meeting.)

REGULAR AGENDA ITEMS

3. Approval of minutes for the City Council Workshop/Special Meeting of January 8, 2024.

4. Briefing and discussion concerning the Financial Statements ending December 31, 2023.

5. Discussion and possible action on approval of the Quarterly Investment Report for the quarter ending December 31, 2023.

6. Discussion and possible action regarding the purchase of police load-bearing vests and defense spray through the forfeiture account.

EXECUTIVE SESSION: Notice is given that a closed meeting will be held pursuant to Section 551.074 of the Texas Government Code (V.T.C.A.) so that the Council may discuss personnel matters regarding the appointment, employment, evaluation, reassignment, duties, discipline, or dismissal of a public officer or employee (City Manager's evaluation).

RECONVENE REGULAR MEETING

7. Discussion and possible action on evaluation/employment of City Manager (if needed).

ADJOURNMENT

I certify that the above notice of meeting was posted on the Public Notice Board located in front of City Hall on **January 17, 2024**, by 5:00 PM.

CITY OF HEWITT

Lydia Lopez

Lydia Lopez, TRMC/CMC
City Secretary

In compliance with the Americans with Disabilities Act, the City of Hewitt will provide reasonable accommodations for persons attending and/or participating in City Council meetings. The facility is wheelchair accessible, with accessible parking available at the front of the building. Requests for sign interpreters or special services must be received forty-eight (48) hours prior to the meeting by calling the City Secretary at 254.296.5602 or by fax at 254.666.6014.

WORKSHOP AGENDA ITEM #1

NOTE: INFORMATION WILL BE PROVIDED AT THE MEETING.

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COUNCIL AGENDA ITEM FORM

MEETING DATE: January 22, 2024

AGENDA ITEM #: 3.

SUBMITTED BY: Lydia Lopez, City Secretary

ITEM DESCRIPTION:

Approval of minutes for the City Council Workshop/Special Meeting of January 8, 2024.

STAFF RECOMMENDATION/ITEM SUMMARY:

Attached is a draft copy of the meeting minutes. Please review and advise if any corrections are needed.

FISCAL IMPACT:

Amount Budgeted - N/A
Line Item in Budget - N/A

SUGGESTED MOTION:

I move approval of the minutes as presented.

ATTACHMENTS:

1. 2024-01-08 City Council Workshop-Regular Meeting Minutes - Revised

CITY COUNCIL WORKSHOP/REGULAR MEETING

January 8, 2024 at 6:30 PM
Hewitt City Hall, 200 Patriot Court, Hewitt, TX 76643

MINUTES

Steve Fortenberry, Mayor, Ward 3
Erica Bruce, Mayor Pro Tem, Ward 3 – **Michael S. Bancale**, Council Member, At-Large
Johnny Stephens, Council Member, Ward 1 – **Johnny Price**, Council Member, Ward 2
Bob Potter, Council Member, Ward 2 – **Brad Turner,** Council Member, Ward 1

WORKSHOP MEETING - 6:30 PM

WORKSHOP DECLARATION OF A QUORUM AND CALL TO ORDER

Mayor Steve Fortenberry called the Workshop Meeting to order at 6:30 PM, announced all members were present, and declared a quorum.

WORKSHOP AGENDA

1. Presentation of gym reimbursement program.
   Human Resources Director Jessica Higgins presented an overview of the program.

WORKSHOP ADJOURNMENT

MOTION: Mayor Pro Tem Erica Bruce moved to adjourn the Workshop meeting at 6:44 PM.
SECOND: Council Member Bob Potter
AYES: Bancale, Potter, Price, Stephens, Turner, Bruce, and Fortenberry
NAYES: None
ABSENT: None
MOTION PASSED.

REGULAR MEETING - 7:00 PM

DECLARATION OF A QUORUM AND CALL TO ORDER

Mayor Steve Fortenberry called the Regular Meeting to order at 7:00 PM, announced all members were present, and declared a quorum.

PLEDGE OF ALLEGIANCE
Mayor Fortenberry led the Pledge of Allegiance.

SPECIAL PRESENTATION(S) AND RECOGNITION(S)

2. Swearing-in ceremony of Sergeant Justin Johnson and Assistant Police Chief Heath Vanek.
   Police Chief John McGrath provided a brief bio for both Sergeant Johnson and Assistant Police Chief Heath Vanek. Chief McGrath administered the ceremonial oath of office to Assistant Police Chief Vanek. Assistant Police Chief Vanek administered the ceremonial oath of office to Sergeant Johnson. Family members pinned badges on both Sergeant Johnson and Assistant Police Chief Vanek.

PUBLIC COMMENTS
The City Council invites citizens to speak on any topic not already scheduled for a public hearing. The Texas Open Meetings Act prohibits the Council from discussing, responding to, or acting on any comments or items not properly posted on the agenda. (Note: Members of the public who wish to speak must complete a "Public Comment Form" and present it to the City Secretary before the meeting.)
Mayor Fortenberry read the statement above and inquired if the City Secretary received any public comment forms. The City Secretary received no public comment forms.

REGULAR AGENDA ITEMS

3. Approval of minutes for the Special Meeting of December 11, 2023.
   MOTION: Mayor Pro Tem Erica Bruce moved approval of the minutes as presented but to allow for corrections.
   SECOND: Council Member Brad Turner
   AYES: Bancale, Potter, Price, Stephens, Turner, Bruce, and Fortenberry
   NAYES: None
   ABSENT: None
   MOTION PASSED.

4. Briefing and discussion concerning the Financial Statements ending November 30, 2023.
   City Manager Bo Thomas advised Finance Director Lee Garcia, previously sent the November Financial Statements electronically for the Council to review, and he inquired if the Council had any questions. The Council raised no questions or concerns.

5. Presentation of the report from City Engineer Miles Whitney, P.E.
   Update on pending utility projects.
   Update on pending street projects.
   Update on pending drainage projects.
   City Engineer Miles Whitney presented a review of the listed projects.

6. Discussion and possible action on the 2024 Interlocal Agreement for Household Hazardous Waste Collection with the City of Waco.
   City Manager Bo Thomas presented.
   MOTION: Council Member Brad Turner moved approval of the 2024 Interlocal Agreement for Household Hazardous Waste Collection with the City of Waco and authorized the City

Manager to execute all documents and allocate funding for the cost of participation.
SECOND: Council Member Johnny Stephens
AYES: Bancale, Potter, Price, Stephens, Turner, Bruce, and Fortenberry
NAYES: None
ABSENT: None
MOTION PASSED.

7. Discussion and possible action on an appointment to the Board of Adjustment.
City Manager Bo Thomas presented. The Council expressed their appreciation to Mr. King for his interest in volunteering for board service.
MOTION: Council Member Michael Bancale moved to approve the appointment of Drexel King to the Board of Adjustment, with a term expiring in December 2025.
SECOND: Council Member Johnny Price
AYES: Bancale, Potter, Price, Stephens, Turner, Bruce, and Fortenberry
NAYES: None
ABSENT: None
MOTION PASSED.

8. Discussion concerning the May 4, 2024 General Election.
City Manager Bo Thomas presented and advised that future Council meetings will be impacted by the General Election and that meetings could be moved to the Public Safety Facility or meeting dates could potentially be altered.

Mayor Steve Fortenberry recessed the Regular Meeting at 7:24 PM to convene the following Executive Session.

EXECUTIVE SESSION: Notice is given that a closed meeting will be held pursuant to Section 551.074 of the Texas Government Code (V.T.C.A.) so that the Council may discuss personnel matters regarding the appointment, employment, evaluation, reassignment, duties, discipline, or dismissal of a public officer or employee **(City Manager's evaluation)**.

Mayor Steve Fortenberry reconvened the Regular meeting at 7:51 PM.

ADJOURNMENT
MOTION: Council Member Michael Bancale moved to adjourn the Regular Meeting at 7:51 PM.
SECOND: Mayor Pro Tem Erica Bruce
AYES: Bancale, Potter, Price, Stephens, Turner, Bruce, and Fortenberry
NAYES: None
ABSENT: None
MOTION PASSED.

Approved:__________________________

ATTEST:

Lydia Lopez, City Secretary

Steve Fortenberry, Mayor

COUNCIL AGENDA ITEM FORM

MEETING DATE: January 22, 2024

AGENDA ITEM #: 4.

SUBMITTED BY: Lee Garcia, Finance Director

ITEM DESCRIPTION:

The financial statements ending December 31, 2023, were sent electronically on January 5, 2024. This is an opportunity for the Council to ask any questions or make comments.

STAFF RECOMMENDATION/ITEM SUMMARY:

FISCAL IMPACT:

Amount Budgeted - N/A
Line Item in Budget - N/A

SUGGESTED MOTION:

ATTACHMENTS:

None

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COUNCIL AGENDA ITEM FORM

MEETING DATE: January 22, 2024

AGENDA ITEM #: 5.

SUBMITTED BY: Lee Garcia, Finance Director

ITEM DESCRIPTION:

Discussion and possible action on approval of the Quarterly Investment Report for the quarter ending December 31, 2023.

STAFF RECOMMENDATION/ITEM SUMMARY:

The City's Investment Policy, Section XI. Reporting (PFIA 2256-0023) requires the preparation of a quarterly report for the City Council. Please see the following Investment Report for the quarter ending December 31, 2023.

FISCAL IMPACT:

Amount Budgeted - N/A
Line Item in Budget - N/A

SUGGESTED MOTION:

I move approval of the Quarterly Investment Report as of December 31, 2023.

ATTACHMENTS:

1. 2023 Dec Quarterly Investment Report

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QUARTERLY INVESTMENT REPORT

For the Quarter Ended

December 31, 2023

Prepared by

Valley View Consulting, L.L.C.

The investment portfolio of the City of Hewitt is in compliance with the Public Funds Investment Act and the Investment Policy and its incorporated strategies.

____
City Manager

____
Finance Director

____
Accountant

Disclaimer: These reports were compiled using information provided by the City. No procedures were performed to test the accuracy or completeness of this information. The market values included in these reports were obtained by Valley View Consulting, L.L.C. from sources believed to be accurate and represent proprietary valuation. Due to market fluctuations these levels are not necessarily reflective of current liquidation values. Yield calculations are not determined using standard performance formulas, are not representative of total return yields and do not account for investment advisor fees.

Summary

Quarter End Results by Investment Category:

		September 30, 2023				December 31, 2023				
Asset Type		**Book Value**		**Market Value**		**Book Value**		**Market Value**	**Ave. Yield**
Pools/DDA/MMA	$	15,539,003	$	15,539,003	$	19,299,146	$	19,299,146	5.39%
Securities/CDs		19,391,285		19,391,285		17,928,095		17,928,095	5.55%
Totals	**$**	**34,930,288**	**$**	**34,930,288**	**$**	**37,227,241**	**$**	**37,227,241**	5.47%

Current Quarter Average Yield *(1)*		**Fiscal Year-to-Date Average Yield *(2)***	
Total Portfolio	5.47%	Total Portfolio	5.47%
Rolling Three Month Treasury	5.53%	Rolling Three Month Treasury	5.53%
Rolling Six Month Treasury	5.49%	Rolling Six Month Treasury	5.49%
TexPool	5.37%	TexPool	5.37%

Interest Earnings		
Quarterly Interest Income	$	486,082
Fiscal Year-to-date Interest Income	$	486,082

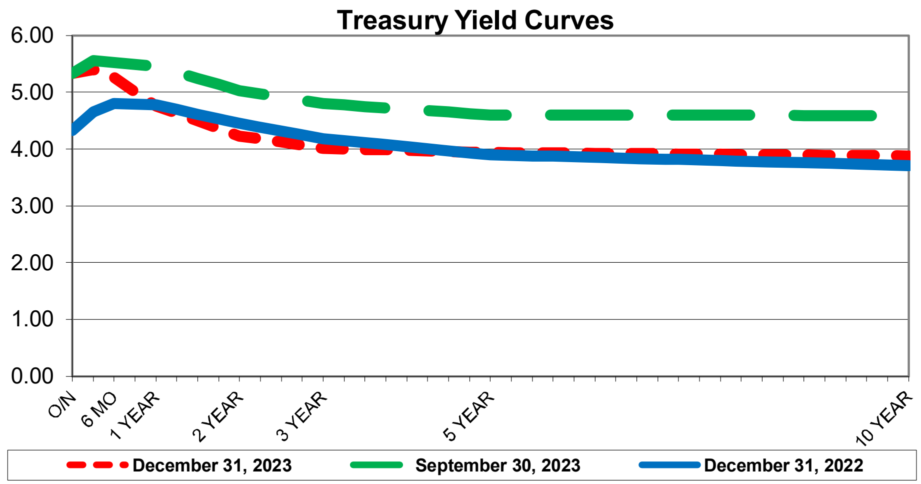
(1) **Current Quarter Average Yield** - calculated using quarter end report yields and adjusted book values; does not reflect a total return analysis, realized or unrealized gains/losses, or account for advisory fees. The yield for the reporting month is used for bank, pool, and money market balances.

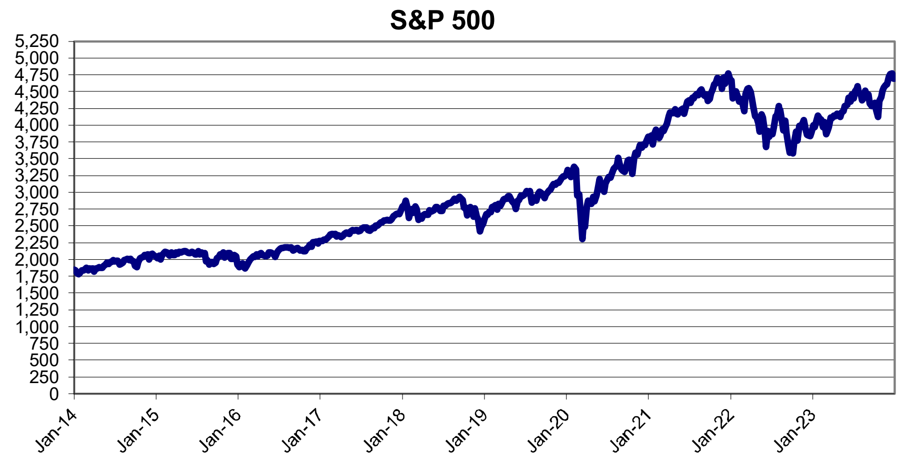
(2) **Fiscal Year-to-Date Average Yields -** calculated using quarter end report yields and adjusted book values and does not reflect a total return analysis or account for advisory fees.

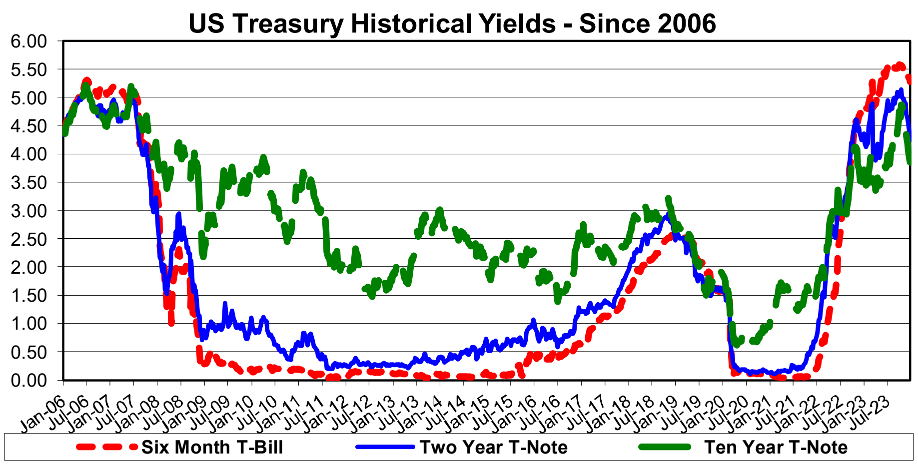
Economic Overview

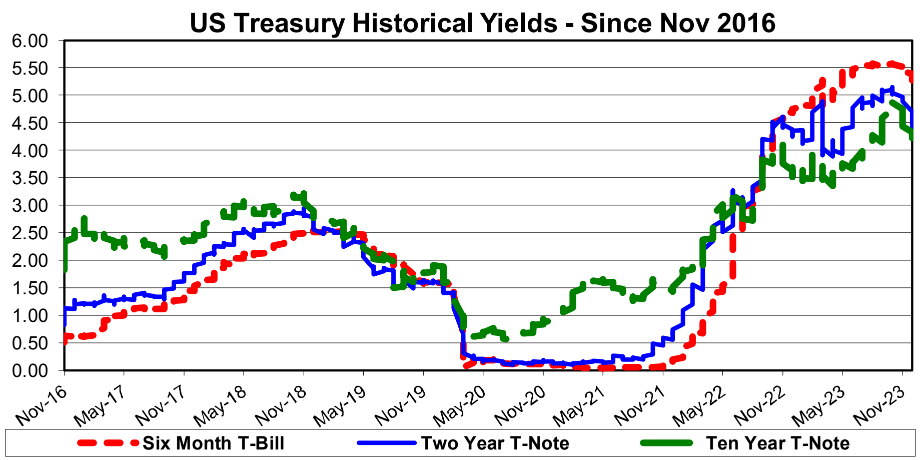
12/31/2023

The Federal Open Market Committee (FOMC) maintained the Fed Funds target range 5.25% - 5.50% (Effective Fed Funds are trading +/-5.33%). Any additional actions, up or down, will be data-dependent. Final Third Quarter 2023 GDP revised downward to 4.9%, but still robust growth. December Non-Farm Payroll posted 216k new jobs (above the estimated 170k). The Three Month Rolling Average declined to 165k. The S&P 500 Stock Index reached a new peak trading over 4,770 (exceeding 4,766 in Dec 2021). The yield curve shifted lower anticipating future FOMC target reductions. Crude Oil stabilized at +/-$73 per barrel. Inflation continued to decline but still remained above the FOMC 2% target (Core PCE +/-3.2% and Core CPI +/-4.0%). Reduced global economic outlooks and ongoing/expanding military conflicts increase uncertainty.









Portfolio Holdings
Group By: Issuer
As of 12/31/2023

Asset Class	Description	Book Value	Portfolio Name	Maturity Date	CUSIP/Ticker
		Alliance Bank			
15-168 AB 6 mos	Alliance Bank 5.6 3/8/2024	1,738,425.12	GF Capital Projects	3/8/2024	ALL13
16-130 2023 CO Allaince	Alliance Bank 5.6 3/6/2024	2,035,831.97	2023 CO	3/6/2024	ALL20
		3,774,257.09			
		Cash on Hand			
None	Cash on Hand Cash	1,100.00	GF Operating		CASH10200
None	Cash on Hand Cash	1,300.00	Utility Fund Operating		CASH20200
		2,400.00			
		East West Bank			
07-131 EWB CLFRF	East West Bank 5.75 2/20/2024	904,807.62	CLFRF	2/20/2024	EWB4-3
07-137 EWB CD	East West Bank 5.75 2/16/2024	909,427.04	CLFRF	2/16/2024	EWB6-4
20-126 EWB	East West Bank 5.75 2/20/2024	1,016,145.49	UF Unrestricted	2/20/2024	EWB3-3
		2,830,380.15			
		First National Bank			
10-128 FNB GF	First National Bank 5.25 6/14/2024	2,722,075.43	GF Unrestricted	6/14/2024	FNB1
10-129 FNB	First National Bank 5.8 2/23/2024	1,074,050.97	GF Unrestricted	2/23/2024	FNB3
10-131 FNB	First National Bank 5.8 8/23/2024	1,322,433.79	GF 90 Day Reserve	8/23/2024	FNB4
20-128 FNB UF	First National Bank 5.25 6/14/2024	2,645,571.84	UF Unrestricted	6/14/2024	FNB2
		7,764,132.03			
		Independent Bank			
07-120 CLFRF	Independent Bank MM	920,404.80	CLFRF		IB4803
08-120 PEG Acct	Independent Bank MM	497,203.17	PEG Account		IB1208
09-120 Child Safety	Independent Bank MM	157,005.43	Child Safety Fd 09		IB5040
10-115 GF-Oper FY 2021	Independent Bank MM	1,200,000.00	GF Operating		IB115
10-120 GF-Operating	Independent Bank MM	945,889.84	GF Operating		IB960
10-121 IB GF Oper Funds	Independent Bank MM	2,156,410.00	GF Unrestricted		IB121
10-125 GF 90 Day Reserve	Independent Bank MM	1,582,522.29	GF 90 Day Reserve		IB10125
10-130 GF-I&S	Independent Bank MM	1,531,817.10	GF Tax I&S		IB820
10-135 GF-Street Res	Independent Bank MM	10,600.30	GF Street Reserve		IB838
10-140 Payroll	Independent Bank MM	2,781.56	GF Operating		IB846
10-160 HHIT	Independent Bank MM	850.06	GF Operating		IB853
12-120 DF Oper	Independent Bank MM	477,084.12	Drainage Fund		IB861
15-120 St Cap Oper	Independent Bank MM	1,996,860.57	GF Capital Projects		IB879
16-120 2023 CO	Independent Bank MM	503,179.67	2023 CO		IB4915
20-120 UF-Operating	Independent Bank MM	773,177.15	Utility Fund Operating		IB903
20-120 UF-Operating	Independent Bank MM	1,500,000.00	UF Unrestricted		IB903-2
20-122 UF-Oper Res IB	Independent Bank MM	1,431,572.36	UF 90 Day Reserve		IB20122
20-138 UF-Debt	Independent Bank MM	1,280,341.27	UF Self-Supt Debt		IB911
20-140 UF-Deposits	Independent Bank MM	502,462.91	UF Water Deposits		IB929
25-120 UF Cap Oper	Independent Bank MM	10,399.82	UF Capital Projects		IB937
40-120 Hotel Fund Oper	Independent Bank MM	275,776.43	Hotel Fund		IB952
		17,756,338.85			
		Southside Bank			
10-265 GF-St Res-SSB	Southside Bank MM	231,566.58	GF Street Reserve		MM9245-10UR-2
10-267 GF-I&S-SSB	Southside Bank MM	522,992.89	GF Tax I&S		MM9245-10R
20-266 UF Debt-SSB	Southside Bank MM	339,214.75	UF Self-Supt Debt		MM9245-20R
20-267 UF Equip-SSB	Southside Bank MM	249,020.84	UF Equipment Res		MM9245-20UR-2
16-165 2023 CO SSB	Southside Bank 5.3 9/6/2024	3,559,325.58	2023 CO	9/6/2024	SSB1
		4,902,120.64			
		TexPool			
10-200 GF-Reserve-Txpl	TexPool LGIP	404.48	GF 90 Day Reserve		LGIP0004
10-201 GF-St Res-Txpl	TexPool LGIP	11,910.50	GF Street Reserve		LGIP0007
10-203 GF-I&S-Txpl	TexPool LGIP	1,965.64	GF Tax I&S		LGIP0012
15-200 St Cap-Txpl	TexPool LGIP	13,844.16	GF Capital Projects		LGIP0005
20-200 UF Oper-Txpl	TexPool LGIP	25,011.61	Utility Fund Operating		LGIP0003
20-201 UF Dep-Txpl	TexPool LGIP	1,739.61	UF Water Deposits		LGIP0001
20-203 UF Equip-Txpl	TexPool LGIP	5,928.31	UF Equipment Res		LGIP0008
20-204 UF Debt-Txpl	TexPool LGIP	125,747.69	UF Self-Supt Debt		LGIP0011
25-200 UF Cap-Txpl	TexPool LGIP	11,059.96	UF Capital Projects		LGIP0006
		197,611.96			
		37,227,240.72			

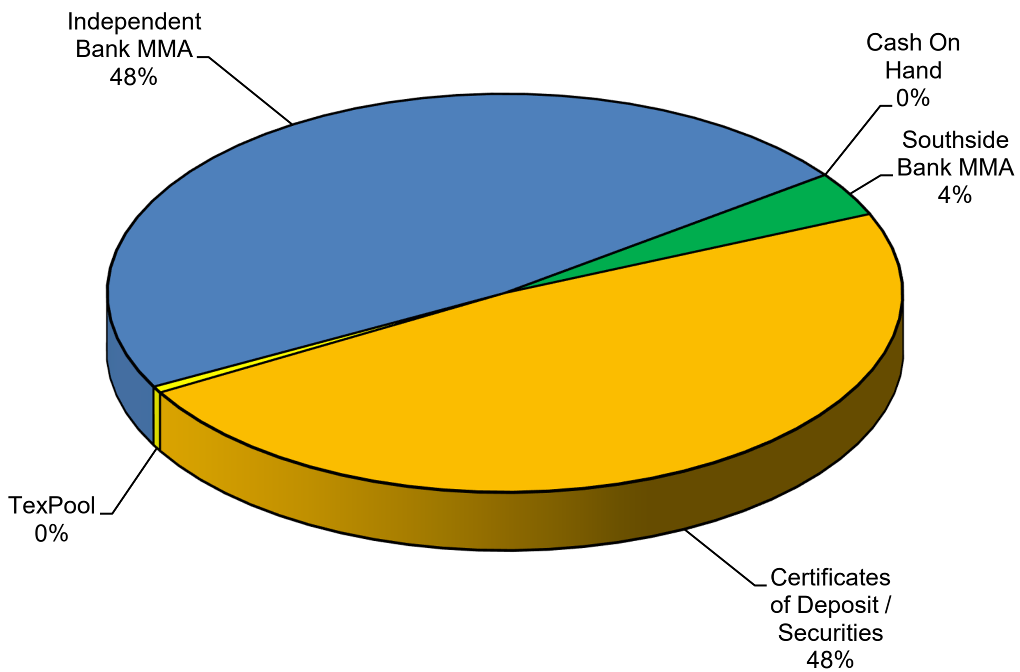
Investment Holdings
December 31, 2023

Description	Ratings	Coupon/ Discount	Maturity Date	Settlement Date	Par Value	Book Value	Market Price	Market Value	Life (days)	Yield
Cash on Hand		0.00%	01/01/24	12/31/23	$ 2,400	$ 2,400	1.00	$ 2,400	1	0.00%
Independent Bank - MMA		5.38%	01/01/24	12/31/23	17,756,339	17,756,339	1.00	17,756,339	1	5.38%
Southside Bank - MMA		5.56%	01/01/24	12/31/23	1,342,795	1,342,795	1.00	1,342,795	1	5.56%
TexPool	AAAm	5.37%	01/01/24	12/31/23	197,612	197,612	1.00	197,612	1	5.37%
East West Bank CD		5.75%	02/16/24	08/16/23	909,427	909,427	100.00	909,427	47	5.92%
East West Bank CD		5.75%	02/20/24	08/17/23	904,808	904,808	100.00	904,808	51	5.92%
East West Bank CD		5.75%	02/20/24	08/17/23	1,016,145	1,016,145	100.00	1,016,145	51	5.92%
First National CD		5.80%	02/23/24	08/23/23	1,074,051	1,074,051	100.00	1,074,051	54	5.93%
Alliance Bank CD		5.60%	03/06/24	09/06/23	2,035,832	2,035,832	100.00	2,035,832	66	5.60%
Alliance Bank CD		5.60%	03/08/24	09/08/23	1,738,425	1,738,425	100.00	1,738,425	68	5.60%
First National Bank CD		5.25%	06/14/24	03/14/23	5,367,647	5,367,647	100.00	5,367,647	166	5.25%
First National Bank CD		5.80%	08/23/24	08/23/23	1,322,434	1,322,434	100.00	1,322,434	236	5.93%
Southside Bank CD		5.30%	09/06/24	09/06/23	3,559,326	3,559,326	100.00	3,559,326	250	5.41%
Total					**$ 37,227,241**	**$ 37,227,241**		**$ 37,227,241**	**69**	**5.47%**
									(1)	**(2)**

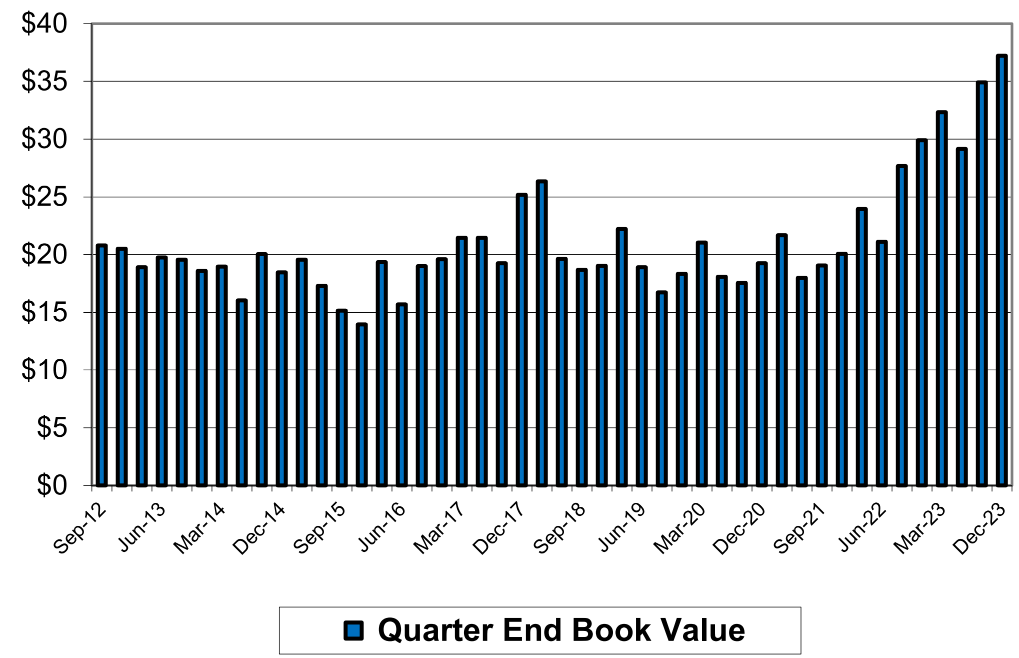
(1) Weighted average life - For purposes of calculating weighted average life, cash equivalent investments are assumed to have a one day maturity.

(2) Weighted average yield to maturity - The weighted average yield to maturity is based on adjusted book value, realized and unrealized gains/losses and investment advisory fees are not considered. The yield for the reporting month is used for pool, and bank account investments.

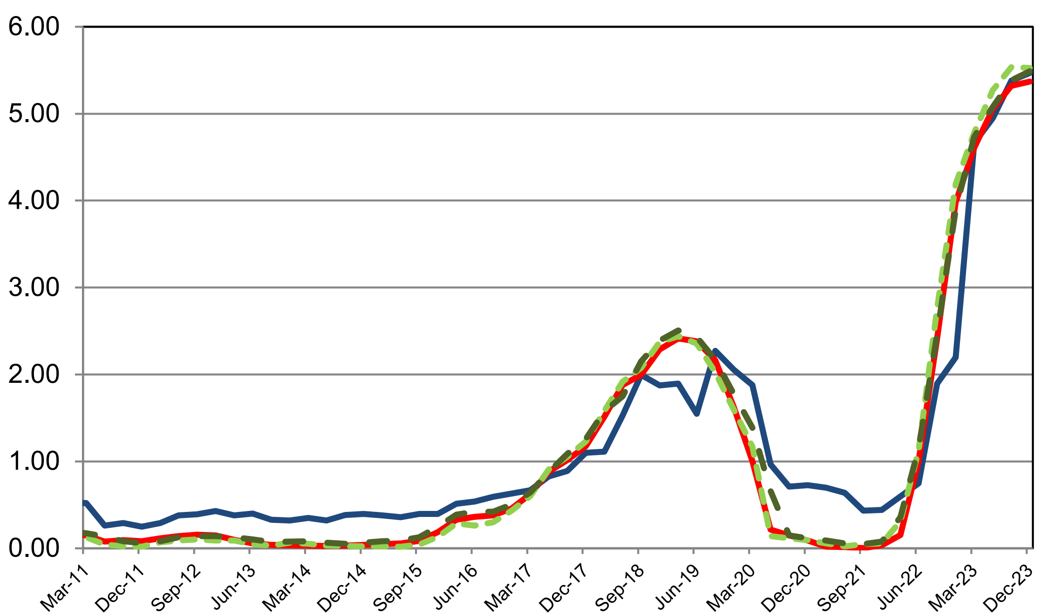
Portfolio Composition



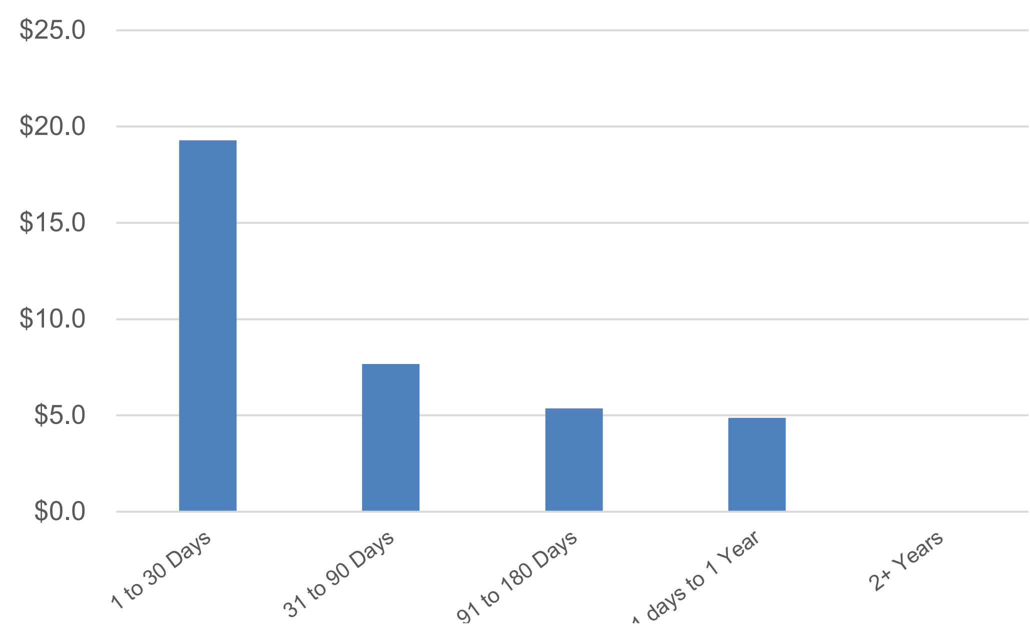
Total Portfolio (Millions)



Total Portfolio Performance



Distribution by Maturity (Millions)



Portfolio Holdings
Group By: Portfolio Name
As of 12/31/2023

Asset Class	Description	Issuer	YTM @ Cost	Book Value	Maturity Date
Fund 08 -PEG Account					
08-120 PEG Fund	Independent Bank MM	Independent Bank	5.380	497,203.17	
Fund 9 -Child Safety					
09-120 Child Safety	Independent Bank MM	Independent Bank	5.380	157,005.43	
Fund 15 -GF Capital Projects					
15-168 AB 6 mos	Alliance Bank 5.6 3/8/2024	Alliance Bank	5.600	1,738,425.12	3/8/2024
15-120 St Cap Oper	Independent Bank MM	Independent Bank	5.380	1,996,860.57	
15-200 St Cap-Txpl	TexPool LGIP	TexPool	5.369	13,844.16	
			5.482	3,749,129.85	
Fund 16 -2023 CO					
16-130 2023 CO Allaince	Alliance Bank 5.6 3/6/2024	Alliance Bank	5.600	2,035,831.97	3/6/2024
16-120 2023 CO	Independent Bank MM	Independent Bank	5.380	503,179.67	
16-165 2023 CO SSB	Southside Bank 5.3 9/6/2024	Southside Bank	5.300	3,559,325.58	9/6/2024
			5.407	6,098,337.22	
Fund 40 -Hotel Fund					
40-120 Hotel Fund Oper	Independent Bank MM	Independent Bank	5.380	275,776.43	
GENERAL FUND					
GF Unrestricted					
10-128 FNB GF	First National Bank 5.25 6/14/2024	First National Bank	5.250	2,722,075.43	6/14/2024
10-129 FNB	First National Bank 5.8 2/23/2024	First National Bank	5.800	1,074,050.97	2/23/2024
10-121 IB GF Oper Funds	Independent Bank MM	Independent Bank	5.380	2,156,410.00	
			5.396	5,952,536.40	
GF Operating					
None	Cash on Hand Cash	Cash on Hand	0.000	1,100.00	
10-160 HHIT	Independent Bank MM	Independent Bank	5.380	850.06	
10-120 GF-Operating	Independent Bank MM	Independent Bank	5.380	945,889.84	
10-115 GF-Oper FY 2021	Independent Bank MM	Independent Bank	5.380	1,200,000.00	
10-140 Payroll	Independent Bank MM	Independent Bank	5.380	2,781.56	
			5.377	2,150,621.46	
GF Street Reserve					
10-135 GF-Street Res	Independent Bank MM	Independent Bank	5.380	10,600.30	
10-265 GF-St Res-SSB	Southside Bank MM	Southside Bank	5.560	231,566.58	
10-201 GF-St Res-Txpl	TexPool LGIP	TexPool	5.369	11,910.50	
			5.544	254,077.38	
GF Tax I&S					
10-130 GF-I&S	Independent Bank MM	Independent Bank	5.380	1,531,817.10	
10-267 GF-I&S-SSB	Southside Bank MM	Southside Bank	5.560	522,992.89	
10-203 GF-I&S-Txpl	TexPool LGIP	TexPool	5.369	1,965.64	
			5.426	2,056,775.63	Req'd Reserve=790,324
GF 90 Day Reserve					
10-131 FNB	First National Bank 5.8 8/23/2024	First National Bank	5.800	1,322,433.79	8/23/2024
10-125 GF 90 Day Reserve	Independent Bank MM	Independent Bank	5.380	1,582,522.29	
10-200 GF-Reserve-Txpl	TexPool LGIP	TexPool	5.369	404.48	
			5.571	2,905,360.56	Req'd Reserve=2,842,748
				13,319,371.43	

Portfolio Holdings
Group By: Portfolio Name
As of 12/31/2023

UTILITY FUND					
UF Unrestricted					
20-126 EWB	East West Bank 5.75 2/20/2024	East West Bank	5.750	1,016,145.49	2/20/2024
20-128 FNB UF	First National Bank 5.25 6/14/2024	First National Bank	5.250	2,645,571.84	6/14/2024
20-120 UF-Operating	Independent Bank MM	Independent Bank	5.380	1,500,000.00	
			5.386	5,161,717.33	
Utility Fund Operating					
None	Cash on Hand Cash	Cash on Hand	0.000	1,300.00	
20-120 UF-Operating	Independent Bank MM	Independent Bank	5.380	773,177.15	
20-200 UF Oper-Txpl	TexPool LGIP	TexPool	5.369	25,011.61	
			5.371	799,488.76	
UF Equipment Res					
20-267 UF Equip-SSB	Southside Bank MM	Southside Bank	5.560	249,020.84	
20-203 UF Equip-Txpl	TexPool LGIP	TexPool	5.369	5,928.31	
			5.556	254,949.15	
UF Water Deposits					
20-140 UF-Deposits	Independent Bank MM	Independent Bank	5.380	502,462.91	
20-201 UF Dep-Txpl	TexPool LGIP	TexPool	5.369	1,739.61	
			5.380	504,202.52	
UF Self-Supt Debt					
20-138 UF-Debt	Independent Bank MM	Independent Bank	5.380	1,280,341.27	
20-266 UF Debt-SSB	Southside Bank MM	Southside Bank	5.560	339,214.75	
20-204 UF Debt-Txpl	TexPool LGIP	TexPool	5.369	125,747.69	
			5.414	1,745,303.71	Req'd Reserve=509,400
UF 90 Day Reserve					
20-122 UF-Oper Res IB	Independent Bank MM	Independent Bank	5.380	1,431,572.36	Req'd Reserve=1,406,010
				9,897,233.83	
Fund 7 -CLFRF					
07-137 EWB CD	East West Bank 5.75 2/16/2024	East West Bank	5.750	909,427.04	2/16/2024
07-131 EWB CLFRF	East West Bank 5.75 2/20/2024	East West Bank	5.750	904,807.62	2/20/2024
07-120 CLFRF	Independent Bank MM	Independent Bank	5.380	920,404.80	
			5.625	2,734,639.46	
Fund 12 -Drainage Fund					
12-120 DF Oper	Independent Bank MM	Independent Bank	5.380	477,084.12	
FUND 25 -UF Capital Projects					
25-120 UF Cap Oper	Independent Bank MM	Independent Bank	5.380	10,399.82	
25-200 UF Cap-Txpl	TexPool LGIP	TexPool	5.369	11,059.96	
			5.375	21,459.78	
			5.437	37,227,240.72	

Book & Market Value Comparison

Issuer/Description	Yield	Maturity Date	Book Value 09/30/23	Increases	Decreases	Book Value 12/31/23	Market Value 09/30/23	Change in Market Value	Market Value 12/31/23
Cash on Hand	0.00%	01/01/24	$ 2,400	$ –	$ –	$ 2,400	$ 2,400	$ –	$ 2,400
Independent Bank - MMA	5.38%	01/01/24	14,017,013	3,739,326	–	17,756,339	14,017,013	3,739,326	17,756,339
Southside Bank - MMA	5.56%	01/01/24	1,324,627	18,168	–	1,342,795	1,324,627	18,168	1,342,795
TexPool	5.37%	01/01/24	194,963	2,649	–	197,612	194,963	2,649	197,612
Alliance Bank CD	3.53%	12/08/23	1,708,975	–	(1,708,975)	–	1,708,975	(1,708,975)	–
East West Bank CD	5.92%	02/16/24	896,373	13,054	–	909,427	896,373	13,054	909,427
East West Bank CD	5.92%	02/20/24	891,820	12,988	–	904,808	891,820	12,988	904,808
East West Bank CD	5.92%	02/20/24	1,001,560	14,586	–	1,016,145	1,001,560	14,586	1,016,145
First National CD	5.93%	02/23/24	1,058,501	15,550	–	1,074,051	1,058,501	15,550	1,074,051
Alliance Bank CD	5.60%	03/06/24	2,007,364	28,468	–	2,035,832	2,007,364	28,468	2,035,832
Alliance Bank CD	5.60%	03/08/24	1,714,116	24,309	–	1,738,425	1,714,116	24,309	1,738,425
First National Bank CD	5.25%	06/14/24	5,297,091	70,557	–	5,367,647	5,297,091	70,557	5,367,647
First National Bank CD	5.93%	08/23/24	1,303,288	19,146	–	1,322,434	1,303,288	19,146	1,322,434
Southside Bank CD	5.41%	09/06/24	3,512,197	47,128	–	3,559,326	3,512,197	47,128	3,559,326
TOTAL / AVERAGE	**5.47%**		**$ 34,930,288**	**$ 4,005,928**	**$ (1,708,975)**	**$ 37,227,241**	**$ 34,930,288**	**$ 2,296,953**	**$ 37,227,241**

Allocation By Fund - Book & Market Value
December 31, 2023

Book and Market Value	Cash on Hand	Independent Bank - MMA (5.38%)	TexPool (5.054%)	Southside Bank - MMA (5.22%)	02/16/24 – East West Bank (5.75%)	02/20/24 – East West Bank (5.75%)	02/20/24 – East West Bank (5.75%)	02/23/24 – First National Bank (5.8%)
GF Operating	$ 1,100	$ 2,149,521	$ –	$ –	$ –	$ –	$ –	$ –
GF Street Reserve	–	10,600	11,911	231,567	–	–	–	–
GF Tax I&S	–	1,531,817	1,966	522,993	–	–	–	–
GF 90 Day Reserves	–	1,582,522	404	–	–	–	–	–
GF Unrestricted	–	2,156,410	–	–	–	–	–	1,074,051
PEG Account	–	497,203	–	–	–	–	–	–
GF Capital-2022 CO	–	1,996,861	13,844	–	–	–	–	–
Hotel Fund	–	275,776	–	–	–	–	–	–
Drainage Fund	–	477,084	–	–	–	–	–	–
UF Operating	1,300	773,177	25,012	–	–	–	–	–
UF Deposits	–	502,463	1,740	–	–	–	–	–
UF Unrestricted	–	1,500,000	–	–	–	–	1,016,145	–
UF Self-Supporting	–	1,280,341	125,748	339,215	–	–	–	–
UF 90-Day Reserves	–	1,431,572	–	–	–	–	–	–
UF Equipment	–	–	5,928	249,021	–	–	–	–
UF Capital	–	10,400	11,060	–	–	–	–	–
Child Safety Fees	–	157,005	–	–	–	–	–	–
CLFRF - ARP Funds	–	920,405	–	–	909,427	904,808	–	–
2023 CO	–	503,180	–	–	–	–	–	–
Totals	**$ 2,400**	**$ 17,756,339**	**$ 197,612**	**$ 1,342,795**	**$ 909,427**	**$ 904,808**	**$ 1,016,145**	**$ 1,074,051**

Allocation By Fund - Book & Mark

December 31, 2023 (Continued)

Book and Market Value	03/06/24 – Alliance Bank CD (5.6%)	03/08/24 – Alliance Bank CD (5.6%)	06/14/24 – First National Bank (5.25%)	08/23/24 – First National Bank (5.8%)	09/06/24 – Southside Bank CD (5.3%)	Total
GF Operating	$ –	$ –	$ –	$ –	$ –	$ 2,150,621
GF Street Reserve	–	–	–	–	–	254,077
GF Tax I&S	–	–	–	–	–	2,056,776
GF 90 Day Reserves	–	–	–	1,322,434	–	2,905,361
GF Unrestricted	–	–	2,722,075	–	–	5,952,536
PEG Account	–	–	–	–	–	497,203
GF Capital-2022 CO	–	1,738,425	–	–	–	3,749,130
Hotel Fund	–	–	–	–	–	275,776
Drainage Fund	–	–	–	–	–	477,084
UF Operating	–	–	–	–	–	799,489
UF Deposits	–	–	–	–	–	504,203
UF Unrestricted	–	–	2,645,572	–	–	5,161,717
UF Self-Supporting	–	–	–	–	–	1,745,304
UF 90-Day Reserves	–	–	–	–	–	1,431,572
UF Equipment	–	–	–	–	–	254,949
UF Capital	–	–	–	–	–	21,460
Child Safety Fees	–	–	–	–	–	157,005
CLFRF - ARP Funds	–	–	–	–	–	2,734,639
2023 CO	2,035,832	–	–	–	3,559,326	6,098,337
Totals	**$ 2,035,832**	**$ 1,738,425**	**$ 5,367,647**	**$ 1,322,434**	**$ 3,559,326**	**$ 37,227,241**

Allocation By Fund - Book & Market Value
September 30, 2023

Book and Market Value	Cash on Hand	Independent Bank - MMA (5.38%)	TexPool (5.054%)	Southside Bank - MMA (5.22%)	12/08/23 – Alliance Bank CD (3.525%)	02/16/24 – East West Bank (5.75%)	02/20/24 – East West Bank (5.75%)	02/20/24 – East West Bank (5.75%)
GF Operating	$ 1,100	$ 589,742	$ –	$ –	$ –	$ –	$ –	$ –
GF Street Reserve	–	10,461	11,751	228,433	–	–	–	–
GF Tax I&S	–	364,189	1,939	515,917	–	–	–	–
GF 90 Day Reserves	–	1,561,764	399	–	–	–	–	–
GF Unrestricted	–	2,156,410	–	–	–	–	–	–
PEG Account	–	483,391	–	–	–	–	–	–
GF Capital-2022 CO	–	564,133	13,658	–	1,708,975	–	–	–
Hotel Fund	–	259,602	–	–	–	–	–	–
Drainage Fund	–	496,443	–	–	–	–	–	–
UF Operating	1,300	594,233	24,676	–	–	–	–	–
UF Deposits	–	491,633	1,717	–	–	–	–	–
UF Unrestricted	–	1,500,000	–	–	–	–	–	1,001,560
UF Self-Supporting	–	1,120,954	124,062	334,625	–	–	–	–
UF 90-Day Reserves	–	1,412,794	–	–	–	–	–	–
UF Equipment	–	–	5,849	245,652	–	–	–	–
UF Capital	–	10,263	10,912	–	–	–	–	–
Child Safety Fees	–	154,946	–	–	–	–	–	–
CLFRF - ARP Funds	–	1,744,696	–	–	–	896,373	891,820	–
2023 CO	–	501,356	–	–	–	–	–	–
Totals	**$ 2,400**	**$ 14,017,013**	**$ 194,963**	**$ 1,324,627**	**$ 1,708,975**	**$ 896,373**	**$ 891,820**	**$ 1,001,560**

Allocation By Fund - Book & Mark

September 30, 2023 (Continued)

Book and Market Value	02/23/24 – First National Bank (5.8%)	03/06/24 – Alliance Bank CD (5.6%)	03/08/24 – Alliance Bank CD (5.6%")	06/14/24 – First National Bank (5.25%)	08/23/24 – First National Bank (5.8%)	09/06/24 – Southside Bank CD (5.3%)	Total
GF Operating	$ –	$ –	$ –	$ –	$ –	$ –	$ 590,842
GF Street Reserve	–	–	–	–	–	–	250,646
GF Tax I&S	–	–	–	–	–	–	882,045
GF 90 Day Reserves	–	–	–	–	1,303,288	–	2,865,451
GF Unrestricted	1,058,501	–	–	2,686,294	–	–	5,901,205
PEG Account	–	–	–	–	–	–	483,391
GF Capital-2022 CO	–	–	1,714,116	–	–	–	4,000,883
Hotel Fund	–	–	–	–	–	–	259,602
Drainage Fund	–	–	–	–	–	–	496,443
UF Operating	–	–	–	–	–	–	620,210
UF Deposits	–	–	–	–	–	–	493,350
UF Unrestricted	–	–	–	2,610,796	–	–	5,112,356
UF Self-Supporting	–	–	–	–	–	–	1,579,641
UF 90-Day Reserves	–	–	–	–	–	–	1,412,794
UF Equipment	–	–	–	–	–	–	251,500
UF Capital	–	–	–	–	–	–	21,175
Child Safety Fees	–	–	–	–	–	–	154,946
CLFRF - ARP Funds	–	–	–	–	–	–	3,532,889
2023 CO	–	2,007,364	–	–	–	3,512,197	6,020,918
Totals	**$ 1,058,501**	**$ 2,007,364**	**$ 1,714,116**	**$ 5,297,091**	**$ 1,303,288**	**$ 3,512,197**	**$ 34,930,288**

COUNCIL AGENDA ITEM FORM

MEETING DATE: January 22, 2024

AGENDA ITEM #: 6.

SUBMITTED BY: John McGrath, Police Chief

ITEM DESCRIPTION:

Discussion and possible action regarding the purchase of police load-bearing vests and defense spray through the forfeiture account.

STAFF RECOMMENDATION/ITEM SUMMARY:

The Texas Code of Criminal Procedure governs the collection and spending of asset forfeiture funds awarded to the City of Hewitt by the court through the District Attorney's office. Asset forfeiture funds may be used by the local law enforcement entity for law enforcement related purposes only, including the purchase of equipment for the Department and officers, and must be approved by the local governing body.

The Police Department is requesting the expenditure of forfeiture funds to purchase load-bearing vests as well as defense spray, more commonly referred to as pepper spray. Studies indicate the potential for short and long-term health benefits by using load-bearing vests to better distribute the weight officers must carry on their belts, which can reach up to thirty pounds. The vest order includes the purchase of twenty-three (23) Safariland load-bearing vests, three body armors, and the attachments for the distributed equipment at a cost of $11,748.39. The defense spray order includes the purchase of thirty-one two ounce cans of Sabre Red Defense Spray and holders for each sworn officer at a cost of $1,724.50.

Total purchase request: $13,472.89.
The current forfeiture account balance is $17,560.73.

FISCAL IMPACT:

Amount Budgeted - $13,472.89
Line Item in Budget - Current forfeiture account balance - $17,560.73

SUGGESTED MOTION:

I move to approve the purchase of twenty-three Safariland load-bearing vests and attachments, three body armors, as well as thirty-one defense spray and holders for the Police Department through the use of forfeiture funds in the amount of $13,472.89

ATTACHMENTS:

1. Forfeiture Fund Equipment Request
2. Load Bearing Vest Proposal

3. Defense Spray Quote - Galls

HEWITT POLICE

TO: BO THOMAS, CITY MANAGER

FROM: JOHN MCGRATH, CHIEF OF POLICE

REF: REQUEST FOR FORFEITURE ACCOUNT EXPENDITURE

DATE: JANUARY 5, 2024

The purpose of this memorandum is to request the expenditure of funds from the forfeiture account for police equipment, specifically (1) Load-Bearing Vests and (2) Defense Spray and cases (more commonly referred to as Pepper Spray) for personnel.

(1) Load-Bearing Vest (Summary of research study and price breakdown attached).

Currently, the Hewitt PD standard police uniform includes an outer (bullet proof vest) carrier. The current carrier does not allow for the placement of equipment on the carrier that officers routinely carry on their waist belts. The equipment on the waist belts can weigh as much as thirty pounds and have routinely been associated with contributing to back pain and considerable general discomfort to the officers.

A study regarding the benefits of a load-bearing vest on officer health and safety was conducted in 2018 (University of Wisconsin – EU, Mayo Clinic, Eau Claire PD), with the results indicating the potential for short and long-term health benefits for officers using such vests to better distribute the weight of the equipment. Sgt. Hudson was asked to review the study and make a recommendation (see below).

Sgt. Hudson reviewed the study and addressed my concerns with a potential militaristic appearance as well as the safety aspect of moving critical equipment (i.e., firearm and ammunition) to an unfamiliar location. She accomplished this by providing a recommendation that prohibits the placing of the firearm and/or ammunition on the vest, limiting the number of mollie rows to three on the lower part of the vest, and limiting the equipment that can be placed on the vest, essentially non-lethal equipment (radio, handcuffs, Taser, pepper spray, and baton,). The Safariland Protech PD 2.0 Armor Carrier was determined to meet the needs as stated above. The vest has ability to affix a metal badge to the upper left chest area, as well as a name patch.

Staff has wear-tested the vest with positive results. All but three officers currently wear Safariland Body Armor. Transitioning to this vest would require the purchase of three additional body armors.

The request includes an initial order of 23 vests. Non-uniformed officers and some supervisors do not have a desire or need to use load-bearing vests.

(2) Sabre Red MK3 Cone Defense Spray (Pepper Spray) and holders. (Quote attached)

Currently, Hewitt PD officers are issued large (6 inches with holster) cans of Pepper Spray. The size of the cans/holders are difficult for the officers to wear comfortably, and most understandably do not wear them for that reason. This reduces the force options readily available to the officers.

The Sabre Red 2.0 oz can is much smaller but still able to meet the needs required of the product. Its more manageable size would not be a hindrance to officers, and every officer has indicated a preference for this product over the one currently issued.

Budgetary impact:

One time cost:	Vests/Holders/Armor:	$11,748.39
	Sabre Red Defense Spray:	1,724.50
	Total:	$13,472.89

Future replacement costs can be handled through the current PD uniform and equipment budget.

Recommendation: To purchase the above equipment through the use of forfeiture funds.
Current fund balance: $17,560.73

Procedure: Texas Code of Criminal Procedure Art. 59.06 (d) governs expenditure of these forfeiture funds, which states proceeds…may be spent by the agency after a budget for the expenditure…has been submitted to the…governing body of the municipality. It also states the budget must be detailed and clearly list and define the categories of expenditures. Section d-4 governs what the proceeds can be used for, with section d-4 (1) covering equipment, including body armor.

Attachments:
1. Load-bearing vest study summary, including equipment list and cost.
2. Defense Spray quote, including equipment list and cost.

HEWITT POLICE

Load Bearing Vest Proposal

A collaborative research project was conducted by Eau Claire Police Department, University of Wisconsin- Eau Claire, and Mayo Clinic on the health benefits of load-bearing vest carriers in comparison to the traditional duty belt. The study addressed the following concerns:

- A load-bearing vest carrier is inconsistent with uniform standards
- Lack of published research on efficacy of load bearing-vest carriers
- Militaristic in appearance, does not conform to community expectations

The study compared the benefits of load bearing vest carriers in regards to officer's health and wellness:

- Effective at evenly distributing the weight of the police equipment and puts less strain on the hips and lower back compared to the traditional duty belt.
- No unintended consequences discovered related to the health of officers or functional safety of the vest while on duty

The study concluded that the use of the load bearing vest carrier may have potential short- and long-term health and wellness benefits for officers. The concern regarding the carriers being militaristic in appearance is addressed by having departments regulate the type of carrier and equipment allowed on the carriers. Newsletter (bluestonesafety.com)

Hewitt Police Department

Guidelines:

- Limit what items are mounted on the vest
  - i.e. No firearms or ammo (firearm magazines)
- Limit the number of items to be mounted
  - i.e. 5 total items (handcuffs, radio, taser, pepper spray, baton,)
- No patches or unnecessary equipment (excludes name patch)
- Metal badge on left upper chest area

Benefits:

- Minimalistic molle on vest maintains professional image and is not intimidating to citizens
- Increases officer's hip mobility while simultaneously reducing stress on the lower back
- Uniformity with current patrol uniform
- Matches Blauer uniform base shirts
- The load bearing vest carrier is sized by Safariland armor

Safariland Protech Sacramento PD 2.0 Armor Carrier

Cost Breakdown

	Load Bearing Vest	Taser Attachment	Cuff Case	Tourniquet Attachment	Radio Attachment	Safariland Armor
Cost per item	$258.50	$18.45	$36.99	$14.00	$56.99	$965
Quantity	23	23	23	23	23	3
Cost	$5,945.50	$424.35	$850.77	$322.00	$1,310.77	$2,895.00
Total cost of all items	**$11,748.39**					

The majority of officers in the department are wearing Safariland Body Armor with the exception of 3 officers. The transition to the Safariland Carrier would require the purchase of 3 additional body armors.

- The attachments are a one-time cost
- The load bearing vest will likely need to be replaced every 3-5 years
    - The current Blauer outer carrier officers wear is approximately $120.

Quote

Customer: (1002239913) HEWITT POLICE DEPARTMENT
Date: 01/09/2024
Sales Rep: CUSTOMER EXPERIENCE CENTRAL

Page 1 of 1
Quote Number: 24880254
Quote Expiration: 02/08/2024

Sold To:
HEWITT POLICE DEPARTMENT
100 PATRIOT COURT
HEWITT, TX 76643
HEATH VANEK

Ship To:
HEWITT POLICE DEPARTMENT
100 PATRIOT COURT
HEWITT, TX 76643
HEATH VANEK

Line	Item	Description	Qty	Retail	Your Price	Ext Total
1	SD121	SABRE RED MK3 CONE DEFENSE SPRAY	31		18.94	587.14
2	LP130 STPL HS	SAFARILAND MKIII DEFENSE SPRAY CASE	31		34.04	1,055.24

Quote is valid for 30 days

SUBTOTAL:	1,642.38
SHIPPING:	82.12
TAX.....:	
TOTAL...:	1,724.50

Galls is required to collect sales tax on shipments to certain states. Sales tax will be added where applicable. For tax exempt customers, state laws require us to have signed tax exemption or resale certificates on file at our office. If you are tax exempt, please email or fax this information, (including your Galls account number) to Tax@galls.com or fax 859-268-5946.

Export Restrictions - This may contain commodities restricted in the United States International Trade Regulations.

1340 Russell Cave Rd
Lexington, KY 40505
Tel: 800-876-4242 Fax:877-914-2557

Galls, LLC Invoice Credit Terms and Conditions of Sale

Payment - Invoices for items delivered pursuant to any sales order are payable only in United States currency. You, your business, and/or your agency (the "Buyer") understand that Galls, LLC (the "Seller") may impose and charge a finance charge that is the greater of 1.5% per month or the highest rate allowed by law on any amount which becomes past due and delinquent. Returned checks may be assessed a $25.00 service fee. Additionally, Buyer shall be responsible for all collection costs, court costs, and reasonable attorney's fees in connection with the recovery of delinquent amounts.

All sales are made pursuant to these Credit Terms and Conditions of Sale, and Seller objects to any different or additional terms or conditions contained in Buyer's purchase order or any other document submitted by Seller. Payments may be applied against open balances at the sole discretion of Seller and may be applied across accounts if Buyer has more than one account with Seller. Credit memos are non-refundable and may be applied to open invoices at Seller's sole discretion.

Credit Terms - Any extension of credit is based upon all amounts payable on or before the due date on any written, quoted, or agreed terms, and shall be paid in accordance with such terms. If not paid on or before such date, accounts shall be considered delinquent and subject to the additional finance charges as set forth herein.

Buyer agrees to provide Seller, upon request, with an updated credit application as a condition to the continued extension of credit. Buyer acknowledges and agrees that Seller may utilize outside credit reporting services and financial institutions to obtain information on the Buyer as a condition precedent to or for continued extension of credit. Seller may terminate any credit availability within its sole discretion and without prior notice. Buyer's continued solvency is a precondition to any sale made by Seller.

Delays - Where a specific shipping date is not designated on the face hereof or in a subsequent writing signed by the Seller, the Seller shall not be responsible for any delays, nor shall Seller be liable for any loss or damages resulting from such delays. Seller shall not be liable for any delays in filling this order caused by accidents to machinery, differences with employees, strikes, labor shortage, fire, floods, priorities requested or required by an instrumentality of the United States Government or the government of any state, delays in transportation, restrictions imposed by any federal, state or municipal law or regulation, whether valid or invalid, or causes beyond the control of the Seller.

Warranty - Seller shall pass through to Buyer all manufacturer warranties and return policies applicable to Buyer's order. Seller shall take all reasonable actions to ensure that Buyer receives the benefit of such pass through warranties and return policies. Buyer's sole remedies for any goods sold hereunder shall be as provided in such warranties and return policies and shall be solely against the applicable manufacturer. SELLER, ON BEHALF OF ITSELF, DISCLAIMS ALL WARRANTIES, WHETHER EXPRESS, IMPLIED, OR STATUTORY, RELATING TO SUCH GOODS.

Restocking - If a cancellation of an order or a return by Buyer is accepted or initiated by Seller and/or the manufacturer, it may be subject to a restocking charge at the discretion of Seller.

Delivery and Transportation - Products sold herein are sold FOB at the place indicated on the face of this sales order unless otherwise agreed to in writing by Seller and Buyer. The method and agency of transportation and the routing will be designated by the Seller. In the event the Buyer requests alternative shipment or routing, all extra packing, shipping and transportation charges thereby resulting will be for the Buyer's account.

Waiver - No provision herein shall be deemed a waiver by reason of any previous waiver, and no breach of any provision shall be deemed a waiver by reason of any previous breach.

Governing Law - The sole jurisdiction and venue shall be the courts of the Commonwealth of Kentucky.

Export Restrictions - This transaction may contain commodities restricted in the United States International Trade Regulations. If at a later date the Buyer decides these commodities will be exported from the United States please reference the United States Department of Commerce Bureau of Industry and Security Export Administration Regulations (15 CFR 730-774), the United States Department of State International Traffic in Arms Regulations (22 CFR 120-130) as well as any other applicable laws. These laws apply to private, commercial, and government agency export transactions. As an exporter, the Buyer will be responsible for compliance with all U.S. laws relating to the export of these items.

*Designates this item is on the Galls GSA Contract (47QSWA21D008H) all other items are OPEN MARKET.