

CEPEDA ASSOCIATES, INC.

Terms and Conditions of Purchase

By acceptance of this purchase order, the vendor agrees to the following terms and conditions:

- 1) **ACCEPTANCE** – Acceptance must be without qualification and Buyer will not be bound by any different terms or conditions contained in the acceptance unless agreed to in writing by the Buyer. Seller's action in (a) accepting this order, (b) delivering materials, or (c) performing services called for hereunder shall constitute acceptance.
- 2) **SHIPMENTS** – Shipping instructions as printed on this order must be carefully followed, and any errors necessitating extra cost will be to the expense of Seller.
- 3) **PACKAGING** – No charges will be allowed by Buyer unless agreed to otherwise.
- 4) **WORKMEN'S COMPENSATION AND PUBLIC LIABILITY** – If this order covers the performance of labor for Buyer or on its premises, Seller agrees to indemnify and protect Buyer against all liabilities, claims, or demands for injury or damage to persons or property arising out of performance of this order whether or not based on the negligence of Buyer and its employees, including any legal fees or costs in connection therewith. Seller further agrees, before beginning work, to furnish certificates satisfactory to Buyer showing that workman's compensation, public liability, and property damage insurance is carried.
- 5) **WARRANTIES** – Seller warrants that and agrees to defend, indemnify, and hold Buyer harmless against any and all liabilities, judgments, damages, losses, and expenses occasioned by or resulting from any breach of the warranties, as follows:
 - a) Goods will conform to the description and specifications, be merchantable, be free from all defects, and be suitable for Buyer's intended uses and purposes to the extent that such uses and purposes are known or reasonably should be known to Seller.
 - b) All goods and services supplied under this order were or will be produced or performed in compliance with applicable federal, state, and local laws and regulations including Fair Labor Standards Act, as amended.
- 6) **PATENTS** – Seller agrees at its expense to defend Buyer in any suit brought against it alleging infringement of any patent based upon sale to Buyer of any materials furnished under this order and to indemnify and save harmless Buyer against any recovery in such suit.
- 7) **INSPECTION** – Buyer shall have the right to inspect and test any goods either before or after receipt and/or payment so long as such inspection and tests are made within a reasonable time or as provided in the specifications. Seller shall pay the cost of inspection and testing goods rejected for cause and all transportation, storage, and other charges thereon. Any rejected goods shall be held at Seller's risk.
- 8) **TAXES** – Liability for all taxes (except those specifically imposed upon the Buyer) payable to any federal, state, local, or other Governmental authority which have to do with or affect the goods herein ordered shall be assumed and paid by the Seller, and Seller shall indemnify Buyer against any liability for such taxes as will as any legal fees or costs incurred by Buyer in connection therewith.
- 9) **CANCELLATION** – Time is of the essence. Buyer reserves the right to cancel all or any part of this order if delivery is not made by specified date or Buyer has reasonable grounds to believe it will not be so made, and unless delay is due to reasons beyond Seller's control, to charge Seller for any loss by reason of such cancellation.
- 10) **CONTINGENCIES** – Neither Seller nor Buyer shall be liable for any damages or failures to deliver, or take goods covered by this order due to contingencies beyond its reasonable control, irrespective of the nature thereof.
- 11) **WAIVER** – If this order covers the design and construction of equipment by Seller, the review or approval of Seller's drawings or other material by Buyer shall not relieve Seller of the responsibility for errors in design, construction, or performance not constitute a waiver of Seller's responsibility for complying with the specifications and other conditions of this purchase order; not shall waiver of any breach of these conditions be construed as waiver of any other breach.
- 12) **MODIFICATION AND CHANGES** – This is the entire agreement between the parties with respect to the goods covered hereby, and all modifications or changes must be in writing signed by the parties.
- 13) **ASSIGNMENT** – This agreement shall not be assignable by either party without the written consent of the other.
- 14) **APPLICABLE LAW** – This agreement shall be governed by the laws of the Commonwealth of Kentucky.
- 15) **EQUAL EMPLOYMENT OPPORTUNITIES FOR VETERANS AND PERSONS WITH DISABILITIES.** – Buyer, Seller and Seller's subcontractors shall abide by the requirements of 41 CFR §§ 60-1.4(a), 60-300.5(a) and 60-741.5(a). These regulations prohibit discrimination against qualified individuals based on their status as protected veterans or individuals with disabilities, and prohibit discrimination against all individuals based on their race, color, religion, sex, or national origin. Moreover, these regulations require that covered prime contractors and subcontractors take affirmative action to employ and advance in employment individuals without regard to race, color, religion, sex, national origin, protected veteran status or disability.
- 16) **OSHA REQUIREMENTS** – Items on this order must conform to the standards of Occupational, Safety, and Health Act of 1970 at time of shipment by Seller.
- 17) **EXCLUSION OF MERCURY** – The supplies furnished under this purchase order shall contain no metallic mercury or mercury compounds and shall be free from mercury contamination. During the manufacturing, process, tests, or inspections, the supplies offered shall not have come in direct contact with mercury or any of its compounds nor with any mercury-containing devices employing only a single boundary of containment. A single boundary of containment is one which is not backed up by a second seal or barrier to prevent contamination in event of rupture of the primary seal or barrier. Mercury contamination of the supplies will be cause for rejection of the material.
- 18) **PRIORITY RATING** – This purchase order is certified for National Defense under BDSA Regulation 2 and/or DMS Regulation 1 and carries a rating as defined in the purchase order.
- 19) **PROVISIONS INCORPORATED HEREIN BY REFERENCE** –
 - A. Pursuant to the prime contract requirements, this purchase order is subject to the following clauses set forth in the Federal Acquisition Regulations (FAR) which are hereby incorporated by reference with the same force and effect as though set forth at length herein.
 - B. When necessary and as appropriate, the language of the clause shall be construed to express the Buyer-Seller relationship instead of the Government-Prime Contractor relationship indicated in the FAR clauses:
 - C. Applicable thresholds include Truth in Negotiation Act Threshold (TINA) at \$750,000; Simplified Acquisition Threshold (SAT) at \$150,000; and Micro Purchase Order at \$3,500 for Orders in United States and \$30,000 for Orders outside United States.
 - D. The full text of a clause may be accessed electronically at these addresses: <http://www.arnet.gov/far/> or <http://farsite.hill.af.mil> .

1	52.203-6*	Sep-06	Restrictions on Subcontractor Sales to the Government (applies to Orders over Simplified Acquisition Threshold (SAT)) (Alt 1 applies to commercial items)
2	52.203-7*	May-14	Anti-Kickback Procedures (applies to Orders over SAT) (Alt 1 applies to commercial items)
3	52.203-12*	Oct-10	Limitation on Payments to Influence Certain Federal Transactions (Applies to Orders over \$150,00)

4	52.203-13*	Apr-10	Contractor Code of Business Ethics and Conduct (Applies to Orders over \$5,000,000 and has a Performance Period of Over 120 Days).
5	52.203-14*	Dec-07	Display of Hotline Poster(s) (Applies to Orders over \$5,000,000 except for Commercial Items or Orders Performed entirely outside United States)
6	52.204-2*	Aug-96	Security Requirements (Applies to Orders that Involve Access to classified Information, delete paragraph (c))
7	52.204-21*	Jun-16	Basic Safeguarding of Covered Contractor Information Systems
8	52.209-6*	Aug-13	Protecting the Government's Interest when Subcontracting with Contractors Debarred, Suspended, or Proposed for Debarment (Applies to orders over \$30,000 for other than commercially available off-the-shelf items).
9	52.215-12*	Oct-10	Subcontractor Certified Cost or Pricing Data (Applies to orders over the TINA threshold)
10	52.215-13*	Oct-10	Subcontractor Certified Cost or Pricing Data-Modifications (Applies to orders over the TINA threshold)
11	52.215-14*	Oct-10	Integrity of Unit Prices and Alt I (Oct 1997) (Applies to orders over the SAT, delete paragraph (b)).
12	52.215-15*	Oct-10	Pension Adjustments and Asset Reversions. (Applies to orders over the TINA threshold)
13	52.215-18*	Jul-05	Reversion or Adjustment of Plans for Postretirement Benefits (PRB) Other than Pensions (Applies to orders over the TINA threshold)
14	52.215-19*	Oct-97	Notification of Ownership Changes (Applies to Orders over the TINA threshold)
15	52.215-23*	Oct-09	Limitations on Pass-Through Charges (Applies to cost reimbursable orders of \$750,000 or more)
16	52.219-8	Oct-14	Utilization of Small Business Concerns (For orders that exceed the SAT, this clause must be included in lower tier subcontracts that may offer further subcontracting opportunities)
17	52.219-9	Oct-15	Small Business Subcontracting Plan and Alt II (Oct 2001) (Applies to orders over \$7000,000 except commercial items and small businesses)
18	52.222-4	May-14	Contract Work Hours and Safety Standards-Overtime Compensation
19	52.222-21*	Apr-15	Contract Work Hours and Safety Standards Act -Overtime Compensation
20	52.222-26*	Apr-15	Equal Opportunity
21	52.222-35*	Oct-15	Equal Opportunity for Veterans (Applies to orders of \$150,000 or more)
22	52.222-36*	Oct-10	Affirmative Action for Workers with Disabilities (Applies to orders of \$150,000 or more)
23	52.222-37*	Feb 16	Employment Reports on Veterans (Applies to orders of \$150,000 or more)
24	52.222-40*	Dec-10	Notification of Employee Rights Under the National Labor Relations Act (Applies to orders over \$10,000)
25	52.222-50*	Mar-15	Combatting Trafficking in Persons
26	52.222-54*	Aug-13	Employment Eligibility Verification (Orders for services over \$3,000 for work performed in the United States)
27	52.223-7	Jan-97	Notice of Radioactive Materials
28	52.223-14*	Aug-03	Toxic Chemical Release Reporting (Applies to orders over \$100,000 except paragraph (e))
29	52.223-18*	Aug-11	Encouraging Contractor Policies to Ban Texting While Driving (Applies to orders over micro-purchase threshold)
30	52.225-13*	Jun-08	Restrictions on Certain Foreign Purchases
31	52.227-1*	Dec-09	Authorization and Consent (Applies to orders over SAT; Alt I applies to research and development orders; Alt II applies to communication services)
32	52.227-2*	Dec-07	Notice and Assistance Regarding Patent and Copyright Infringement (Applies to orders over the SAT)
33	52.227-9*	Apr-84	Refund of Royalties (Applies when reported royalties exceed \$250)
36	52.227-10*	Dec-07	Filing of Patent Applications-Classified Subject Matter
37	52.227-11*	Dec-07	Patent Rights-Ownership by the Contractor (Orders for experimental, developmental, or research work with small businesses, except for work in connection with the nuclear propulsion plant, its associated components and systems which are under the cognizance of NAVSEA 08; for such orders that are fully funded)
38	52.227-13*	Dec-07	Patent Rights-Ownership by the Government (Orders for work in connection with the nuclear propulsion plant, its associated components and systems which are under the cognizance of NAVSEA 08)
39	52.228-3*	Jul-14	Worker's Compensation Insurance (Defense base Act) (Only for work outside the United States when the Defense Base Act Applies)
40	52.228-5*	Jan-97	Insurance-Work on a Government Installation (Applies to orders requiring work on a government installation)
41	52.230-2*	May-14	Cost Accounting standards (Applies to negotiated orders over \$7000,000 with CAS covered sellers, except paragraph (b))
42	52.230-3*	May-14	Disclosure and Consistency of Cost Accounting Practices (Applies to negotiated orders over \$7000,000 with CAS covered sellers, except paragraph (b))
43	52.232-40*	Dec-13	Providing Accelerated Payments to Small Business Subcontractors (Applies only to orders with small business concerns)
44	52.234-1*	Dec-94	Industrial Resources Developed Under Defense Production Act Title III
45	52.236-13*	Nov-91	Accident prevention
46	52.244-6*	Apr-15	Subcontracts for Commercial Items
47	52.247-63*	Jun-03	Preference for U.S.-Flag Air Carriers
48	52.247-64*	Feb-06	Preference for Privately Owned U.S.-Flag Commercial Vessels
49	52.248-1*	Oct-10	Value Engineering (Applies to Orders of \$150,000 or more except as specified in FAR 48.201(a) Substitute "buyer" for "contracting officer" and "government" throughout, except where used in the term "government costs" and in paragraph (m) where "government" shall mean "government and/or buyer.")

50	52.249-2*	Apr-12	Termination for Convenience of the Government (Fixed-Price) (in paragraph “c” change from “120” to “60” and paragraph “e” change from “1 year” to “six months”)
51	252.203-7001*	Dec-08	Prohibition on Persons Convicted of Fraud or Other Defense-Contract-related Felonies (Applies to orders over the SAT except commercial items)
52	252.203-7002*	Sep-13	Requirement to Inform Employees of Whistleblower Rights
53	252.203-7004*	Jan-15	Display of Hotline Posters (Applies to orders over \$5 Million except orders for commercial items)
54	252.204-7000*	Dec-91	Disclosure of Information
55	252.204-7008*	Apr-10	Export-Controlled Items
56	252.204-7010*	Jan-09	Requirement of Contractor to Notify DoD if the Contractor’s Activities Are Subject to Reporting under the U.S.-International Atomic Energy Agency Additional Protocol (applicable only to orders that are subject to the provisions of the U.S.-IAEA AP)
57	252.204-7012*	Oct-16	Safeguarding Covered Defense information and Cyber Incident reporting (Applies to “covered contractor information system[s]” as defined under paragraph (a) of this clause)
58	252.204-7015*	May-16	Notice of Authorized Disclosure of Information for Litigation Support
59	252.208-7000*	Dec-91	Intent to Furnish Precious Metals as Government-Furnished Materials. (Applies to all orders unless it is known that the item being purchased contains no precious metals)
60	252.211-7000*	Oct-10	Acquisition Streamlining (Applies to orders over \$1.5 Million)
61	252.211-7003*	Dec-13	Item Unique identification and valuation (Applies to orders when any item is listed as requiring unique item identification)
62	252.223-7006*	Sep-14	Prohibition on Storage, Treatment, and Disposal of Toxic or Hazardous Materials-Basic (Applies only when performing work at a DoD facility)
63	252.223-7008*	Jun-08	Prohibition of Hexavalent Chromium (Applies to subcontracts for supplies, maintenance and repair services, or construction materials)
64	252.225-7006*	Oct-10	Quarterly reporting of Actual Contract Performance Outside the United States (Applies to Orders over \$650,000 except commercial items)
65	252.225-7007*	Sep-06	Prohibition on Acquisition of United States Munitions List Items from Communist Chinese Military Companies (Applies to orders for items covered by the United States Munitions List)
66	252.225-7008*	Mar-13	Restrictions on Acquisition of Specialty Metals
67	252.225-7009*	Oct-14	Restriction on Acquisition of Certain Articles Containing Specialty Metals (Except paragraphs (d) and (e)(1); sellers utilizing the minimal content exception in paragraph (c)(6) shall submit a “Good Faith Estimate” on a form designated by Buyer”
68	252.225-7013*	Nov-14	Duty-Free Entry
69	252.225-7016*	Jun-11	Restriction on Acquisition of Ball and Roller Bearings (Commercial items and items not containing ball or roller bearings are exempt)
70	252.225-7019*	Dec-09	Restriction on Acquisition of anchor and Mooring Chain (Applies to items containing welded shipboard anchor and mooring chain, four inches or less in diameter)
71	252.225-7025*	Dec-09	Restriction of Acquisition of Forgings (Applies to forged items or item containing forged items)
72	252.225-7030*	Dec-06	Restriction on Acquisition of Carbon, Alloy, and Armor Steel Plate
73	252.225-7033*	Apr-03	Waiver of United Kingdom Levies (Applies to orders with UK firms exceeding \$1 Million)
74	252.225-7039*	Aug-11	Contractors Performing Private Security Functions (Applies only to orders performed in areas of contingency operations, complex contingency operations, or other military operations or excises designated by the combatant Cmdr)
75	252.225-7048*	Jun-13	Export-Controlled Items
76	252.226-7001*	Sep-04	Utilization of Indian Organizations, Indian-Owned Economic Enterprises, and Native Hawaiian Small Business Concerns (Applies to orders exceeding \$500,000)
77	252.227-7013*	Feb-14	Rights in Technical Data-noncommercial Items & Alt II (Mar 2011) (Applies only to technical data any portion of which was developed in any part at government expense)
78	252.227-7014*	Feb-14	Rights in Noncommercial Computer Software and Noncommercial Computer Software Documentation (Applies only to computer software or computer software documentation any portion of which was developed in any part at government’s expense)
79	252.227-7015*	Feb-14	Technical Data-Commercial Items & Alt. I (Dec 2011) (Applicable to orders calling for the delivery of technical data for commercial items developed in any part at private expense)
80	252.227-7016*	Jan-11	Rights to Bid or Proposal Information
81	252.227-7019*	Sep-11	Validation of Asserted Restrictions-Computer Software (Applies to orders that will be furnishing computer software during performance of order)
82	252.227-7037*	Jun-13	Validation of Restrictive Markings on Technical Data
83	252.227-7038*	Jun-12	Patent Rights-Ownership by the Contractor (Large Business) (Applies to orders for experimental, developmental, or research work)
84	252.234-7004*	Nov-10	Cost and Software Data Reporting System (Applies to orders over \$50 million)
85	252.235-7003*	Mar-14	Frequency Authorization-Basic (Applies to orders requiring radio frequency authorization)
86	252.236-7013*	Jan-09	Requirement for Competition Opportunity for American Steel Producers, Fabricators, and Manufacturers (applies only to steel being procured as a construction material with funds appropriated by Title I of the military construction and veteran affairs appropriations act, 2009 (Pub. L. 110-329, Division E))
87	252.237-7010*	Nov-10	Prohibition on Interrogation of Detainees by Contractor Personnel (Applies only if subcontractor personnel may interact with detainees in the course of their duties)
88	252.237-7019*	Sep-06	Training for Contractor Personnel Interacting with Detainees (Applies only if subcontractor personnel may interact with detainees in the course of their duties)

89	252.239-7016*	Dec-91	Telecommunications Security Equipment, Devices, techniques, and Services (Applies to orders that require securing telecommunications)
90	252.244-7000*	Jun-13	Subcontracts for Commercial Items and Commercial Components (DoD Contracts) (supplement FAR 52.244-6)
91	252.246-7003*	Jun13	Notification of Potential Safety Issues (Applies to orders that items are identified as (i) critical safety items; (ii) systems and subsystems, assemblies, and subassemblies integral to a system; or (iii) repair, maintenance, logistic support, or overhaul services for systems and subsystems, assemblies, subassemblies, and parts integral to a system)
92	252.246-7007*	May-14	Contractor Counterfeit Electronic Part Detection and Avoidance System (Applicable only to CAS-covered subcontractors where order requires delivery of electronic parts or assemblies containing electronic parts)
93	252.247-7023*	Apr-14	Transportation of Supplies by Sea-Basic (Applies to order over SAT; below the AAT inly paragraphs (a) through (e), and paragraph (h), apply)
94	252.247-7024*	Mar-00	Notification of Transportation of Supplies by Sea (Applies to orders for noncommercial items)

*Denotes Mandatory Flow Down where Applicable