

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) **NONDISCRIMINATION** – Unless this purchase order is exempt in accordance with Section 204 of Executive Order 11246, the following provisions shall apply in connection with performance under this purchase order. Seller agrees (a) paragraphs (1) through (7) of Section 202 of Executive Order 11246 as amended are hereby incorporated by reference; and (b) Seller will include the foregoing in every purchase order or subcontract.
- 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 \$700,000; Simplified Acquisition Threshold (SAT) at \$150,000; and Micro Purchase Order at \$15,000 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	52.203-12*	Oct-10	Limitation on Payments to Influence Certain Federal Transactions (applies to Orders over \$150,000)
2	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)
3	52.203-7*	Oct-10	Anti-Kickback Procedures (applies to Orders over SAT) (Alt 1 applies to commercial items)
4	52.204-2*	Aug-96	Security Requirements (applies to Orders that involve access to classified information, delete para. (c))

5	52.215-12*	Oct-10	Subcontractor Cost or Pricing Data (applies to Orders over the TINA threshold)
6	52.215-13*	Oct-10	Subcontractor Cost or Pricing Data – Modifications (applies to Orders over the TINA threshold)
7	52.215-14*	Oct-10	Integrity of Unit Prices and Alt I (Oct 1997) (applies to Orders over the SAT threshold, delete paragraph(b))
8	52.215-15*	Oct-10	Pension Adjustments and Asset Reversions (applies to Orders over the TINA threshold)
9	52.215-18*	Jul-05	Reversion or Adjustment of Plans for Post-Retirement Benefits (PRB) Other Than Pensions (applies to Orders over the TINA threshold)
10	52.215-19*	Oct-97	Notification of Ownership Changes (applies to Orders over the TINA threshold)
12	52.215-23*	Oct-09	Limitation on Excessive Pass-Through Charges (applies to Orders over the TINA threshold)
14	52.222-21*	Feb-99	Prohibition on Segregated Facilities
16	52.222-35*	Sep-10	Equal Opportunity for Veterans (applies to Orders of \$100,000 or more)
18	52.222-37*	Sep-10	Employment Reports on Veterans (applies to Orders of \$100,000 or more).
19	52.222-4*	Jul-05	Contract Work Hours And Safety Standards Act -Overtime Compensation
21	52.222-54*	Jan-09	Employment Eligibility Verification
23	52.223-14*	Aug-03	Toxic Chemical Release Reporting (applies to Orders over \$100,000 except paragraph (e))
24	52.227-1*	Dec-07	Authorization and Consent (applies to Orders over SAT; Alt I applies to Research and Development Orders; Alt II applies to communication services)
25	52.227-10*	Dec-07	Filing of Patent Applications - Classified Subject Matter (applies to Orders that cover classified subject matters)
26	52.227-2*	Dec-07	Notice and Assistance Regarding Patent and Copyright Infringement (applies to Orders over the SAT threshold)
27	52.247-63*	Jun-03	Preference for U.S. Flag Air Carriers (applies to any Orders and lower-tier subcontracts that involve international air transportation)
28	52.247-64*	Feb-06	Preference for Privately Owned U.S. Flag Commercial Vessels
29	52.249-2	May-04	Termination for Convenience of the Government (in paragraph “c” change from “120” to “60” and paragraph “e” change from one year to six months.)
30	252.203-7001*	Dec-08	Prohibition on Persons Convicted of Fraud or Other Defense-Contract-Related Felonies (applies to Orders over the SAT threshold except commercial items)
31	252.204-7008*	Apr-10	Export-Controlled Items
32	252.211-7000*	Oct-10	Acquisition Streamlining (applies to Orders over \$1,500,000)
33	252.225-7013*	Dec-09	Duty-Free Entry
34	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)
35	252.227-7016*	Jan-11	Rights in Bid or Proposal Information
36	252.246-7003*	Jan-07	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, logistics support, or overhaul services for systems and subsystems, assemblies, subassemblies, and parts integral to a system)
37	252.247-7023*	May-02	Transportation of Supplies By Sea (applies to Orders over the SAT; below the SAT only paragraphs (a) through (e), and (h), apply)
38	252.247-7024*	Mar-00	Notification of Transportation of Supplies By Sea (applies to Orders for noncommercial items)

* Denotes Mandatory Flow Down where applicable.