

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	252.203-7004*	Sep 11	Display of Fraud Hotline Poster
2	252.204-7000*	Dec 91	Disclosure of Information
3	252.204-7008*	Apr 10	Export Controlled Items
4	252.209-7004*	Dec 06	Subcontracting with Firms that are Owned or Controlled by the Government of a Terrorist Country
5	252.211-7000*	Oct 10	Acquisition Streamlining

6	252.211-7003*	Aug 08	Item Identification and Valuation
7	252.211-7003*	Jun 11	Item Identification and Valuation
8	252.215-7004*	May 08	Excessive Pass-Through Charges
9	252.219-7003*	Sep 11	Small Business Subcontracting Plan (DoD Contracts)
10	252.222-7006*	May 10	Restrictions on the Use of Mandatory Arbitration Agreements
11	252.223-7008*	May 11	Prohibition of Hexavalent Chromium
12	252.225-7006*	Oct 10	Quarterly Reporting of Actual Contract Performance Outside the United States
13	252.225-7008*	Jul 09	RESTRICTION ON ACQUISITION OF SPECIALTY METALS (JUL 2009)
14	252.225-7009*	Jan 11	Restriction on Acquisition of Certain Articles Containing Specialty Metals
15	252.225-7009*	Jun 12	Restriction on Acquisition of Certain Articles Containing Specialty Metals
16	252.225-7013*	Dec 09	Duty-Free Entry
17	252.225-7016*	Jun 11	Restriction on Acquisition of Ball and Roller Bearings
18	252.225-7025*	Dec 09	Restriction on Acquisition of Forgings
19	252.225-7039*	Jun 12	contractors performing private security functions
20	252.226-7001*	Sep 04	Utilization of Indian Organizations, Indian-Owned Economic Enterprises and Native Hawaiian Small Business Concerns
21	252.227-7013*	Feb 12	Rights in Technical Data -Noncommercial Items
22	252.227-7014*	Feb 12	Rights in Noncommercial Computer Software and Noncommercial Computer Software Documentation
23	252.227-7015*	Sep 11	Technical Data--Commercial Items
24	252.227-7016*	Jan 11	Rights In Bid Or Proposal Information
25	252.227-7019*	Sep 11	Validation of Asserted Restrictions - Computer Software
26	252.227-7037*	Jun 12	Validation of Restrictive Markings on Technical Data
27	252.227-7038*	Dec 07	Patent Rights - Ownership by the Contractor (Large Business)
28	252.234-7002*	May 11	Earned Value Management System
29	252.234-7004*	Nov 10	Cost and Software Date Reporting System
30	252.236-7013*	Jan 09	Requirement for Competition Opportunity for American Steel Producers, Fabricators, and Manufacturers
31	252.237-7010*	Nov 10	Prohibition on Interrogation of Detainees by Contractor Personnel
32	252.237-7019*	Sep 06	Training for Contractor Personnel Interacting with Detainees
33	252.237-7023*	Mar 10	Continuation of Essential Contractor Services
34	252.244-7000*	Aug 09	Subcontracts for Commercial Items and Commercial Components (DoD Contracts)
35	252.244-7000*	Jun 12	Subcontracts for Commercial Items and Commercial Components (DoD Contracts)
36	252.246-7003*	Jan 07	Notification of Potential Safety Issues
37	252.247-7023*	May 02	Transportation of Supplies by Sea
38	252.247-7024*	Mar 00	Notification of Transportation of Supplies by Sea
39	252.249-7002*	Oct 10	Notification of Anticipated Contract Termination or Reduction
40	52.203-11*	Sep 07	Certification and Disclosure Regarding Payments to Influence Certain Federal Transactions.
41	52.203-12*	Oct 10	Limitation on Payments to Influence Certain Federal Transactions
42	52.203-13*	Apr 10	Contractor Code of Business Ethics and Conduct
43	52.203-15*	Mar 09	Whistleblower Protections Under the American Recovery and Reinvestment Act of 2009.
44	52.203-6*	Sep 06	Restriction on Subcontractor Sales to the Government
45	52.204-2*	Aug 96	Security Requirements
46	52.209-6*	Dec 10	Protecting the Government's Interest When Subcontracting with Contractors Debarred, Suspended, or Proposed for Debarment
47	52.211-5*	Aug 00	Material Requirements
48	52.215-10*	Aug 11	Price Reduction for Defective Certified Cost or Pricing Data
49	52.215-11*	Aug 11	Price Reduction for Defective Certified Cost or Pricing Data
50	52.215-12*	Oct 10	Subcontractor Certified Cost or Pricing Data
51	52.215-13*	Oct 10	Subcontractor cost or pricing data-modifications
52	52.215-14*	Oct 10	Integrity of Unit Prices
53	52.215-15*	Oct 10	Pension Adjustments and Asset Reversions
54	52.215-18*	Jul 05	Reversion or Adjustment of Plans for Postretirement Benefits (PRB) Other Than Pensions
55	52.215-19*	Oct 97	Notification of Ownership Changes
56	52.215-2*	Oct 10	Audit and Records Negotiation
57	52.215-23*	Oct 09	limitation on excessive pass-through charges
58	52.219-8*	May 04	Utilization of Small Business Concerns
59	52.219-9*	Jan 11	Small Business Subcontracting Plan
60	52.222-2*	Jul 90	Restriction on Certain Payments & Overtime Compensation
61	52.222-20*	Oct 10	Walsh-Healey Public Contracts Act
62	52.222-21*	Feb 99	Prohibition of Segregated Facilities

63	52.222-26*	Mar 07	Equal Opportunity
64	52.222-29*	Jun 03	Notification of Visa Denial
65	52.222-35*	Sep 10	Equal Opportunity for Special Disable Veterans, Veterans of the Vietnam Era, and Other Eligible Veterans
66	52.222-36*	Oct 10	Affirmative Action for Workers with Disabilities
67	52.222-37*	Sep 10	Employment Reports on Veterans
68	52.222-4*	Jul 05	Contract Work Hours and Safety Standards Act - Overtime Compensation
69	52.222-40*	Dec 10	Notification of Employee Rights Under the National Labor Relations Act
70	52.222-50 *	Feb 09	Combating Trafficking in Persons
71	52.222-54*	Jan 09	Employment Eligibility Verification
72	52.223-14*	Aug-03	Toxic Chemical Release Reporting
73	52.223-18*	Aug 11	Encouraging Contractor Policies to Ban Text Messaging While Driving
74	52.225-13*	Jun 08	Restrictions on Certain Foreign Purchases
75	52.227-1*	Dec 07	Authorization and Consent
76	52.227-10*	Dec 07	Filing of Patent Applications--Classified Subject Matter
77	52.227-11*	Dec 07	Patent Rights--Ownership By The Contractor
78	52.227-13*	Dec 07	Patent rights-ownership by the government
79	52.227-2*	Dec 07	Notice and Assistance Regarding Patent and Copyright Infringement
80	52.230-2*	Jan 12	Cost Accounting Standards
81	52.230-3*	May 12	Disclosure And Consistency Of Cost Accounting Practices
82	52.230-4*	May 12	Consistency in Cost Accounting Practices
83	52.230-5*	May 12	Cost Accounting Standards--Educational Institution
84	52.230-6*	Jun 10	Administration of Cost Accounting Standards
85	52.234-1*	Dec-94	Industrial Resources Developed Under Defense Production Act Title III
86	52.244-6*	Oct 10	Subcontracts for Commercial Items
87	52.245-1*	Apr 12	Government Property
88	52.247-64*	Feb 06	Preference for Privately Owned US Flag Commercial Vessels
89	5252.227-9101*	Jan 08	Transmission Abroad of Equipment or Technical Data Relating to the Nuclear Propulsion of Naval Ships
90	5252.244-9102*	Sep 90	Prohibition on the Subcontracting of Nuclear Engineering Effort

* Denotes Mandatory Flow Down where applicable.