

# 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 \$3,000 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	252.204-7000 *	Dec 91	Disclosure of Information
2	252.204-7008 *	Apr 10	Export-Controlled Items
3	252.208-7000 *	Dec 91	Intent to Furnish Precious Metals as Government-Furnished Material
4	252.211-7000 *	Dec 91	Acquisition Streamlining

5	252.211-7003 *	Aug 08	Item Identification and Valuation
6	252.215-7004 *	May 08	Excessive Pass-Through Charges
7	252.222-7006 *	May 10	Restrictions on the Use of Mandatory Arbitration Agreements
8	252.225-7006 *	May 07	Quarterly Reporting of Actual Contract Performance Outside the United States
9	252.225-7013*	Oct 06	Duty-Free Entry
10	252.225-7016 *	Mar 06	Restriction on Acquisition of Ball and Roller Bearings
11	252.225-7019 *	Jun 05	Restriction on Acquisition of Anchor and Mooring Chain
12	252.225-7025 *	Jul 06	Restriction on Acquisition of Forgings
13	252.226-7001 *	Sep 04	Utilization of Indian Organizations, Indian-Owned Economic Enterprises and Native Hawaiian Small Business Concerns
14	252.227-7014 *	Jun 95	Rights in Noncommercial Computer Software and Noncommercial Computer Software Documentation
15	252.227-7016 *	Jun-95	Rights In Bid Or Proposal Information
16	252.227-7019 *	Jun-95	Validation of Asserted Restrictions - Computer Software
17	252.227-7037 *	Sep 99	Validation of Restrictive Markings on Technical Data
18	252.227-7038 *	Dec 07	Patent Rights--Ownership By The Contractor (Large Business)
19	252.237-7023 *	Mar 10	Continuation of mission essential functions
20	252.244-7000 *	Sep 11	Subcontracts for Commercial Items and Commercial Components (DoD Contracts)
21	252.246-7003 *	Jan 07	Notification of Potential Safety Issues
22	252.247-7023 *	May 02	Transportation of Supplies by Sea
23	252.247-7024 *	Mar 00	Notification of Transportation of Supplies by Sea
24	52.203-12 *	Sep 07	Limitation on Payments to Influence Certain Federal Transactions
25	52.203-13 *	Apr 10	Contractor Code of Business Ethics and Conduct
26	52.203-14 *	Dec 07	Display of Hotline Poster(s)
27	52.203-6 *	Sep 06	Restriction on Subcontractor Sales to the Government
28	52.203-7 *	Jul 95	Anti-kickback Procedures
29	52.204-2 *	Aug 96	Security Requirements
30	52.204-9 *	Sep 07	Personal Identity Verification of Contractor Personnel.
31	52.209-6 *	Sep 06	Protecting the Government's Interest When Subcontracting with Contractors Debarred, Suspended, or Proposed for Debarment
32	52.215-12 *	Oct 97	Subcontractor Cost or Pricing Data
33	52.215-13 *	Oct 97	Subcontractor cost or pricing data-modifications
34	52.215-14 *	Oct 97	Integrity of Unit Prices
35	52.215-15 *	Oct 04	Pension Adjustments and Asset Revisions
36	52.215-18 *	Jul 05	Reversion or Adjustment of Plans for Postretirement Benefits (PRB) Other Than Pensions
37	52.215-19 *	Oct 97	Notification of Ownership Changes
38	52.215-2 *	Jun 99	Audit and Records Negotiation
39	52.222-21 *	Feb 99	Prohibition of Segregated Facilities
40	52.222-35 *	Sep 06	Equal Opportunity for Special Disable Veterans, Veterans of the Vietnam Era, and Other Eligible Veterans
41	52.222-36 *	Jun 98	Affirmative Action for Workers with Disabilities
42	52.222-37 *	Sep 06	Employment Reports on Disabled Veterans and Veterans of the Vietnam Era
43	52.222-40 *	Dec 10	Notification of Employee Rights Under the National Labor Relations Act
44	52.222-54 *	Jan 09	Employment Eligibility Verification
45	52.225-13 *	Feb 06	Restrictions on Certain Foreign Purchases
46	52.227-1 *	Dec 07	Authorization and Consent
47	52.227-10 *	Dec 07	Filing of Patent Applications--Classified Subject Matter
48	52.227-11 *	Dec 07	Patent Rights--Ownership By The Contractor
49	52.227-13 *	Dec 07	Patent Rights--Ownership by the government

50	52.227-2 *	Dec 07	Notice and Assistance Regarding Patent and Copyright Infringement
51	52.230-2 *	Apr-98	Cost Accounting Standards
52	52.230-3 *	Apr-98	Disclosure And Consistency Of Cost Accounting Practices
53	52.230-4 *	Jun 10	Consistency in Cost Accounting Practices-Foreign Concerns
54	52.230-5 *	Apr 98	Cost Accounting standards--Educational Institution
55	52.230-6 *	Mar 08	Administration of Cost Accounting Standards
56	52.234-1 *	Dec-94	Industrial Resources Developed Under Defense Production Act Title III
57	52.244-6 *	Mar 07	Subcontracts for Commercial Items
58	52.245-1 *	Jun 07	Government Property
59	52.247-63 *	Jun 03	Preference for U.S.-Flag Air Carriers
60	5252.227-9101 *	Jan 08	Transmission Abroad of Equipment or Technical Data Relating to the Nuclear Propulsion of Naval Ships
61	5252.227-9112 *	May 98	Logistic Support Requirement/Manufacture of Repair Parts

\* Denotes Mandatory Flow Down where applicable.