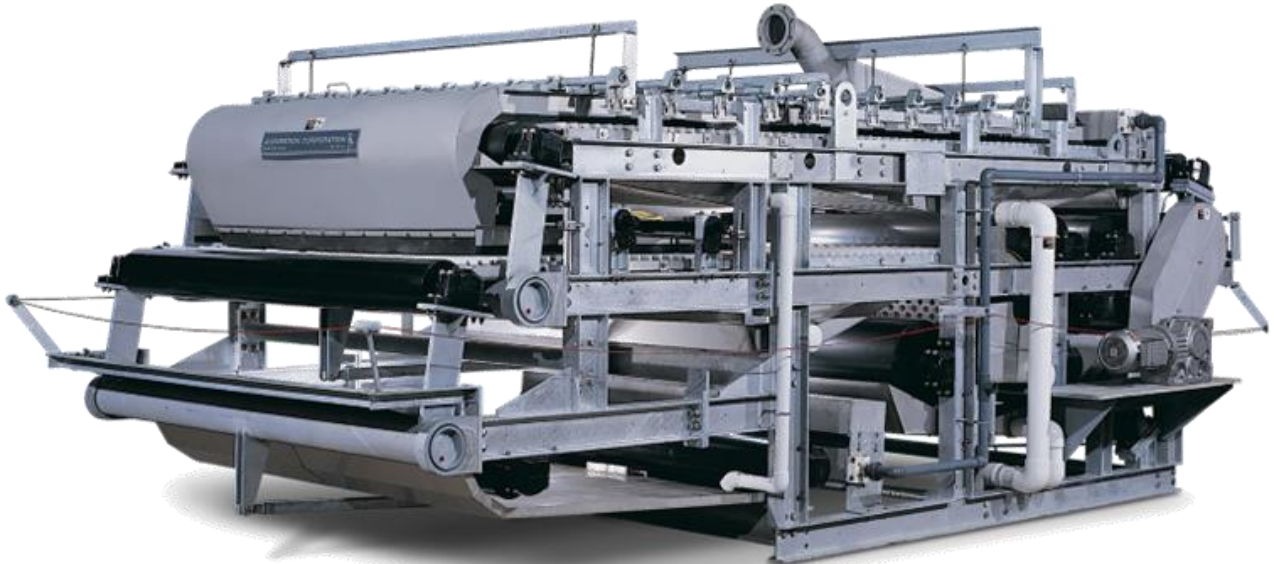


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**Project Name: City of Watsonville Press 60014432**

**Alfa Laval AS-H Belt Press Type85 2.0 meter (Klampress®)**



**Alfa Laval Reference No. OP-RMC1120-2024**

**Date: 11/20/2024**

Quote Validity: 60 Days

**Prepared by:**

Roger McKinney  
Regional Manager – Water Separation Sales  
roger.mckinney@alfalaval.com  
(559)304-6759

Alfa Laval, Inc.  
804-222-5300  
5400 International Trade Drive  
Richmond, VA 23231

**Prepared for:**

Ruben Tellez  
Wastewater Division Manager  
ruben.tellez@watsonville.gov

City of Watsonville  
(831)768-3170  
401 Panabaker Road  
Watsonville, CA, 95076



Date: 11/20/2024

**City of Watsonville**  
**No. OP-RMC1120-2024**

**Dear Mr. Tellez**

Alfa Laval Inc. and DC Frost Associates, Inc., are pleased to offer this firm proposal on new upgrade replacement parts and site machine reconditioning for the above referenced location. Alfa Laval's experience in designing and building new belt filter presses and repairing/rebuilding earlier model belt filter presses, can only enhance our position in offering the services and parts needed to provide additional years of service to your Alfa Laval Klampress.

Alfa Laval started its "Rebuild Program" to provide customers with "today's technology" on earlier model belt filter presses as an alternative to purchasing new replacement equipment. For nearly thirty years Alfa Laval has completed rebuild projects consisting of partial site repairs, complete site machine reconditioning, complete factory machine reconditioning, partial factory machine reconditioning and site machine upgrades.

Equipment on these projects included Bellmer Winklepresses (German), English Belt Filter Presses, Alfa Laval's MKII & Type 85 Klampresses, and other Belt Filter Presses.

All parts supplied by Alfa Laval, for reconditioning your machine(s), shall meet Alfa Laval's latest O.E.M. design standards. All parts will be made to Alfa Laval's standard level of quality under ISO2001:2015 certified procedures. All labor shall be performed by qualified Alfa Laval trained service technicians who are experienced in the disassembly/reassembly of the Klampress.

*Note: Kindly indicate our Quotation Reference in your Purchase Order/ Letter of Acceptance/ Sales Contract and all our correspondences if the order is confirmed to us.*

Regards:

*Roger McKinney*

Roger McKinney  
Regional Manager – Water Separation Sales  
Alfa Laval Inc.

CC: Jeff Rabas | DC Frost Associates, Inc

Attachment 1

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**1. BASIS OF PROPOSAL:**

Review of equipment by Roger McKinney on 11/14/2024 with Ruben Tellez



## 2. PROPOSAL

- 2.1. Rebuild one (1) Klampress Type 85 Size 3 (2.0 meter) belt filter press at job site. Alfa Laval's scope for rebuilding the Klampresses includes using only new O.E.M. (Original Equipment Manufacturer) parts, labor for removal/installation, inbound/outbound freight charges and start-up services, as detailed below.
- 2.2. Some of the items listed below consist of new machine upgrades designed to both enhance your machine's performance and lower its operational and maintenance costs.
- 2.3. The list below details the labor, parts and service that shall be provided on this project.

| <u>QUANTITY</u> | <u>DESCRIPTION</u>  |
|-----------------|---|
| (1)             | New sets of dewatering filter belts.  |
| (1)             | Complete sets of new 2 9/16" stub shaft/forged end rollers. Each set shall consist of the following:<br>(7) 8" Plain rollers (steering/guide)<br>(2) 12" Drive roller<br>(4) 12" Plain pressure rollers<br>(1) 18" Plain pressure roller<br>(1) 24" Perforated roller<br><br>Drive rollers shall be coated with 1/4" Buna-N rubber. All other rollers coated with 30 mils of thermoplastic nylon.                                   |
| (1) Lot         | New Alfa Laval 2 9/16" bearing housing assemblies. New Alfa Laval bearing assemblies consist of housing, triple labyrinth seal, bearing with steel bronze machined cage, 316 stainless steel hardware and taper lock nut assembly. Housings will be nylon coated for maximum protection against corrosion. Housing shall have a triple labyrinth seal for superior sealing against contaminants. Greasing intervals every 6 months. |
| (1) Lot         | New 316 stainless steel mounting hardware for bearing assemblies.   |
| (1) Lot         | Poly slide plate assembly consisting of carbon steel galvanized weldment with poly wear plate. (Replaces 4" guide rollers).   |
| (1) Lot         | New steering pivot plate assemblies. Pivot plates fabricated from carbon steel then hot dipped galvanized.  |
| (1) Lot         | New retrofit 316 stainless steel upper and lower washboxes with adjustable side panels.   |
| (1) Lot         | New upper and lower washbox mounting brackets. Brackets fabricated from A-36 carbon steel then hot dipped galvanized  |
| (1) Lot         | New upper and lower washtube with new inner cleaning brushes, spray nozzles, retainers and gaskets.   |
| (1) Lot         | New poly blocks for upper and lower washtubes.  |
| (1) Lot         | Install new 316 stainless steel steering valve and stainless steel paddle assembly with ceramic wear pad.   |
| (1)             | Install new 316 stainless steel tensioning valve  |
| (1) Lot         | Replace hydraulic cylinders with new fiberglass steering and tensioning   |



|         |  |
|---------|--|
|         | cylinders. New hydraulic cylinders shall have fiberglass outer casing, laminated phenolic heads, stainless steel tie rods and 316 stainless steel piston rods.   |
| (1) Lot | New upper and lower tension bars for hydraulic cylinders.  |
| (1)     | New single stage hydraulic retrofit lid assembly for control of the automatic steering and tensioning systems on the belt press. Unit will include new hydraulic lid, filter, pump/motor assembly and 316 stainless steel tubing. <b>Note: Customer shall disconnect existing wiring/conduit and connect all electrical wiring/conduit to the new motor/pressure switch.</b> |
| (1) Lot | Replace electrical switches (no cake, belt misalignment, belt breakage switches and trip cord switch) including mounting brackets. Install new 316 stainless steel NEMA 4X press mounted junction box. <b>Note: The existing press mounted electrical conduit shall be reused as-is.</b>   |
| (1) Lot | Install new rubber seals on washboxes, gravity and wedge section sludge restrainers.   |
| (1)     | Install new neoprene rubber flap on reversal roller guard.   |
| (2)     | Replace worn scraper blades at discharge end of machine. Scraper blades fabricated from UHMWPE.  |
| (1) Lot | Install new poly grid wear bars (UHMWPE) on the upper and lower grid weldments.  |
| (1) Lot | New chicane blades. Chicane blade fabricated from ultra-high molecular weight polyethylene (UHMWPE).   |
| (1)     | New platform mount 5HP AC belt drive gearmotor (Eurodrive K87). <b>Note: Customer shall disconnect existing wiring/conduit and connect all electrical wiring/conduit to the new drive motor.</b>   |
| (1) Lot | New bull gears, pinion gear and drive bushings.  |
| (1) Lot | New maintenance free tensioning yoke bearings. New yoke bearings are galvanized coated with teflon sleeve at pivot point.  |
| (1) Lot | New design drain trays fabricated from 316 stainless steel. Includes all drain trays for the upper gravity section, lower wedge section and pressure section, as well as new schedule 40 drain piping.   |
| (1) Lot | Site labor for disassembly/assembly including local fork-lift rental.  |

2.4. **Alfa Laval** shall be responsible for:

2.4.1. The transport, removal and installation of equipment replacement parts.

2.5. **Freight:** F.O.B. Houston, TX with freight allowed to jobsite.

2.6. **Labor time** as follows:

2.6.1. Estimated downtime is 12-14 days per machine.

2.6.2. One (1) trip of extended working days at 10-12 hours per day including weekend work. Alfa Laval will provide two (2) technicians



2.6.3. **The machine frames/components are showing signs of minor rusting. Alfa Laval site service technicians will perform repairs to the minor rusted areas by wire brushing and applying cold galvanizing. If site work is stopped so that the customer can address the major rust areas of the frame, additional travel time may be incurred. If Alfa Laval technicians have to leave and come back at a later date after major frame repairs are complete, the additional costs for the additional travel time and airfares/expenses would be \$ 6,500.00 per technician per machine. Also, Alfa Laval's scope does not include removal of struvite build-up from machine components.**

**2.7. Also included with pricing:**

- 2.7.1. Warranty: Per the enclosed Alfa Laval's Standard Terms & Conditions of Sale.
- 2.7.2. Alfa Laval will warrant, unless otherwise indicated, the new parts, of its own manufacture (see below), for a period of (1) one year from date of delivery. Alfa Laval's obligation under this warranty being limited to repairing or replacing, at its option, any part found to its satisfaction to be so defective, provided that such part is, upon request, returned to Alfa Laval - ASH's factory, freight prepaid. This warranty does not cover parts damaged by decomposition from chemical reaction or wear caused by abrasive materials, nor does it cover damage resulting from misuse, accident, neglect, or from improper operation, maintenance, modification or adjustment.

**2.8. Notes of Clarification**

- 2.8.1. The enclosed quotation is a firm quotation. All scope of supply modifications / additions requires prior agreement by both parties and written acknowledgement by Alfa Laval.
- 2.8.2. The plant will be responsible for:
  - 2.8.2.1. Unloading the delivery truck and staging the equipment components to an area near the final location of the equipment.
  - 2.8.2.2. Placing crates in the work area adjacent to the equipment where work will be performed.
  - 2.8.2.3. Movement and staging of all materials into and out of the building.
  - 2.8.2.4. All piping connections (feed, water, polymer, etc.) and all electrical connections.
  - 2.8.2.5. Removal of any obstructions (i.e., odor hood, platforms, etc.) to gain access for the removal/installation of machine components.
  - 2.8.2.6. Disposal of all old/used parts removed from the belt press, as well as crating materials.

**2.9. Escalation Charges:**

- 2.9.1. Given the current volatility in steel prices over the past twelve months, Alfa Laval has made this offer based upon shipment of the offered products contained herein within the schedule dictated above. Should the projected shipment schedule fall outside this period for any reason, pricing shall be subject to review and revision.



## 2.10. Exclusions from this quotation:

- 2.10.1. Loading and offloading of equipment parts (crates) at job site.
- 2.10.2. Termination of all electrical wiring/conduit to the motor/pressure switch and for all tubing/hoses for connection between new hydraulic unit and equipment.
- 2.10.3. All local motor-disconnect devices and/or local motor lockouts that may be required by a governing electrical code shall be provided and installed by others.
- 2.10.4. Duties, taxes, bonds...etc.

## 3. COMMERCIAL TERMS

### 3.1. Pricing

| Item                               | Description               | Qty. | Unit Price | Extended Price      |
|------------------------------------|---------------------------|------|------------|---------------------|
| 1                                  | Klampsess Parts & Freight | 1    | 194,412.00 | 194,412.00          |
| 2                                  | Klampsess Site Services   | 1    | 83,725.00  | 83,725.00           |
| <b>Scope of Supply Total Price</b> |                           |      |            | <b>\$278,137.00</b> |

### 3.2. Payment Terms

- 100% **N30** upon receipt of parts on site.
- 100% **N30** upon completion of site work.

### 3.3. Taxes

Sales tax is excluded from quoted price and remains the customer's responsibility. Per state / federal legal obligation, Alfa Laval will pay applicable taxes; said taxes are charged and invoice to customer's account as actual.

### 3.4. Estimated Delivery Time

- 1.1.1. Shipment of parts can be made within 16-18 weeks after receipt of Purchase Order.
- 1.1.2. Timing does not include control panel startup.

### 3.5. Quotation validity

- 60 days

**(\*) The prices are valid with the purchase of the above Scope of Supply item lines 1-2.**



## 4. ALFA LAVAL

### 4.1. About us

Alfa Laval is a leading global provider of separation, heat transfer, and fluid handling technology. Founded in 1883 and for more than 130 years, we have built a global presence with service centers and partners in nearly 100 countries. This offers local expertise, supported by the global breadth and depth of Alfa Laval. With these as its base, Alfa Laval aims to help enhance the productivity and competitiveness of its customers in various industries all over the world. [Alfa Laval – Our Company.](#)



### 4.2. Wastewater Separation Technologies

We remain committed to being the technology leader in design innovations, delivering reduced power & polymer consumption, increased cake dryness, and increased capacity within the same footprint. [Alfa Laval - Municipal wastewater treatment](#)

- Decanter Centrifuge
- Belt Filter Press
- Gravity Belt Thickener
- Rotary Drum Thickener
- SBR / MBR / Pkg. Plants



### 4.3. Lab & Pilot Testing

Alfa Laval's DNA is to continuously bring value to our customers. Our state-of-the-art wastewater laboratory, located in the Houston, TX service center; allows Alfa Laval to analyze the optimal technology for your specific separation requirements. Additionally, Alfa Laval provides separation equipment available for on-site field testing and demonstration. These include decanter centrifuge, rotary drum filter, and belt press.



#### 4.4. Always at Your Service:

- [24/7 Support](#)
  - 75+ Authorized Service Providers
  - 4 - USA Service Centers -
  - Indianapolis US Parts Distribution Center
  - OEM Parts – 450,000+ Spare Parts in Stock
  - 50+ Field Technicians
- [Alfa Laval - Service and support in the USA](#)



#### 4.5. Spare Parts

- **A smart choice**

Boost productivity and maximize uptime with quality genuine parts from Alfa Laval. With easy access to a broad range of long-lasting high-quality parts, you can lower your total cost of ownership and preserves the value of your equipment throughout its entire life cycle.



- **Available everywhere**

Through our global service network, you have easy access to our extensive genuine spare parts inventory through 11 major Alfa Laval distribution centers.

Alfa Laval maintains an extensive inventory of spare parts that supports our current product range as well as some legacy parts, which are up to 100 years old. Our parts inventory system contains specific information, such as technical details and availability, for more than 450,000 parts, and we have more than 50,000 unique items in stock.

The Americas are conveniently served through the American Distribution Center (AMDC), which is centrally located in Greenwood, IN, USA.

Alfa Laval AMDC  
200 South Park Blvd  
Greenwood, IN 46143

- **Unmatched quality**

Designed for durability, reliability and productivity, our parts deliver outstanding performance time and time again. Manufactured to precise specifications, Alfa Laval parts have proven performance in our material and test laboratories as well as in process lines around the world.

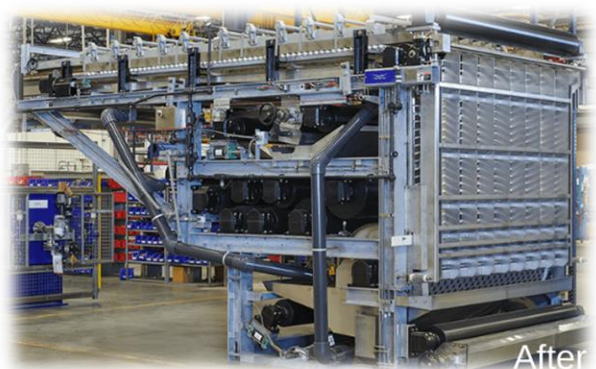
- **Traceability and certification**

Parts are continuously improved to meet the highest standards and comply with various certification requirements and regulations, such as REACH. [Alfa Laval - Spare parts](#)

## 5. REBUILD AND UPGRADE

### 5.1. When is it time to rebuild your belt filter press?

- Performing regular maintenance on the belt filter press can keep the end user up and running smoothly for years, but eventually the machine may require a full rebuild to maintain performance. That's why Alfa Laval put together this list of indicators to help make the case for rebuilding the equipment.
- A rebuild can restore or improve the equipment's dewatering or thickening performance. It is also around 30% less expensive than purchasing a new machine and comes with the same warranty as a new belt filter press.
- If the end user is experiencing more than three of the operational and visible indicators below, it may be time to think about a rebuild.



[Download the check list](#)

### 5.2. Operational issues that point to a belt filter press rebuild

- Equipment operating for more than ~ 60K – 80K hours (or 12 – 15 years).
- Reduced capacity from original specifications.
- Reduced cake dryness.
- Bearing failures.
- Uneven belt wear or belts frequently coming off track.
- Belts last less than 2,000 hours.
- Frequent maintenance and downtime.
- Frequent hydraulic issues (uneven pressure, high reservoir temperature, belt tensioning issues).
- Malfunctioning control panel.
- Malfunctioning electrical sensors and switches.
- Atypical sounds (rhythmic thumping, banging, or clanging).

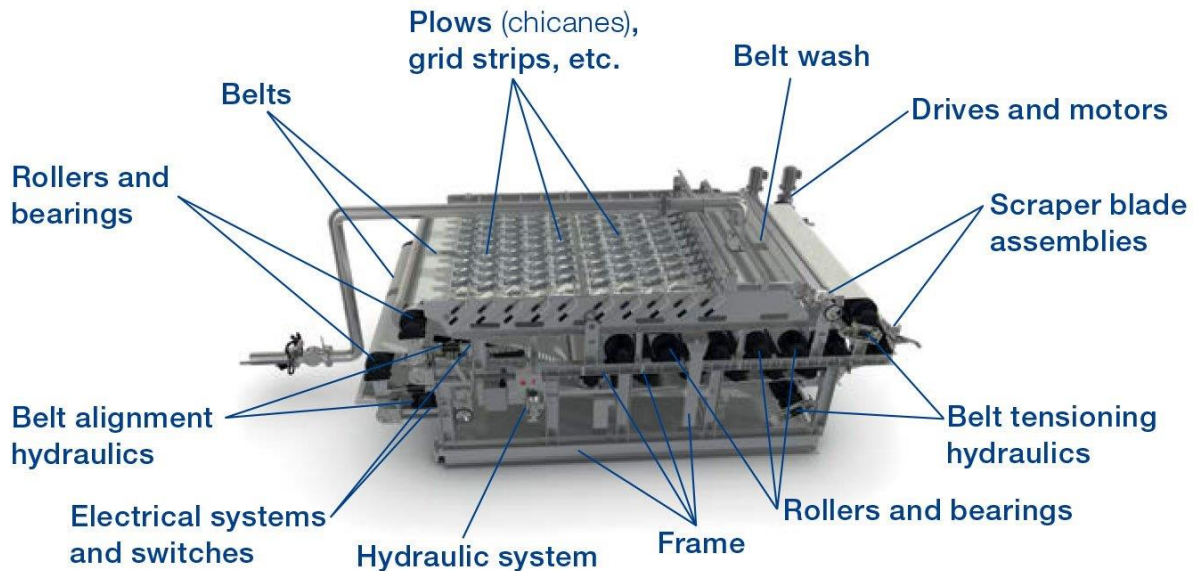


### 5.3. Visible signs that a belt filter press rebuild may be needed

- Rollers peeling or uneven wear.
- Corroded frame components/brackets (flaking metal for example).
- Frequent hydraulic leaks.
- Peeling / corroded bearing housings.
- Worn gravity deck grid strips/plows, or dry rot of rubber components.



### 5.4. Typical scope of a complete belt filter press-rebuild



- Bearing housings
- Belts
- Drive system
- Electrical components (switches, sensors, etc.)
- Frame (as needed) and hard stainless lines
- Hydraulic system (tensioning and steering)
- Rollers
- Scraper blade assemblies
- Wet-end wearable components (grid strips, chicanes/plows, etc.)
- Start-up and optimization



### 5.5. Optional upgrades that reduce maintenance or simplify operations.

| Upgrade  | Benefit  |
|--|--|
| Frame mounted hydraulics                       | Reduce oil reservoir 90% and simplify filter replacement             |
| Direct drive                                   | Reduce maintenance required for traditional “bull and pinion” system |
| All stainless-steel Fortress Bearing Housings™ | Protect against corrosion (available on certain models)              |
| Wash box upgrades                              | Simplify cleaning and maintenance needs                              |

### 5.6. Optional Performance boosting modifications

| Modification  | Benefit                          |
|---|----------------------------------|
| Extend the gravity deck   | Increase capacity                |
| Add pressure rollers  | Increase cake dryness            |
| Install a modern control panel  | Enhance data and control         |
| Upgrade wet end with the patent pending Dri-Boost Plow™ package (available on certain models) | Increase capacity and/or dryness |

### 5.7. The rebuild / upgrade process.

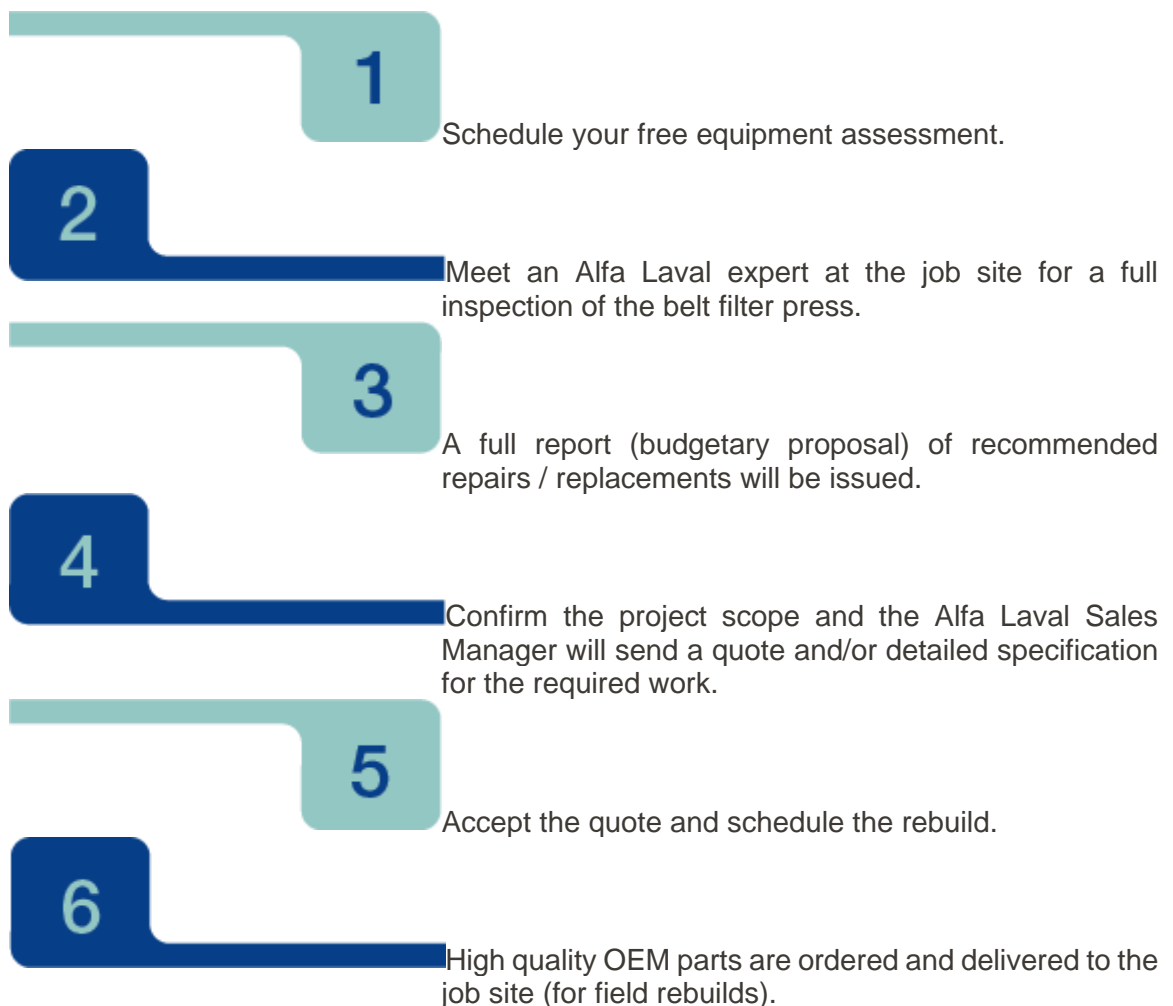
Trust Alfa Laval to bring the highest level of technical expertise and top technology available in the industry today. The retrofit / rebuilds process entails:

- A discussion with an Alfa Laval process expert to determine your goals.
- A full evaluation of your existing equipment to determine condition, and possible improvements.
- A thorough quotation detailing the work recommended.
- A project manager will be assigned to manage your project and support your needs as it progresses.

- Work will be completed either at your location or at one of Alfa Laval's fully equipped U.S. based facilities.
- A final report will be issued, detailing the work completed.
- On site start-up provided as required for the project.

### 5.8. Rebuild project timeline.

The extent of the belt filter press or gravity belt thickener rebuild, or upgrade will depend on the goals that are trying to be achieved as well as the original condition of the equipment.



- 7

Alfa Laval technicians rebuild the belt filter press to original OEM specifications and tolerances (typical takes two weeks).
- 8

Alfa Laval experts walk through the belt filter press at the jobsite, a list of recommend spare parts is provided, and the belt filter press is started-up into service.
- 9

Start saving money and improving performance for plant's dewatering or thickening process.
- 10

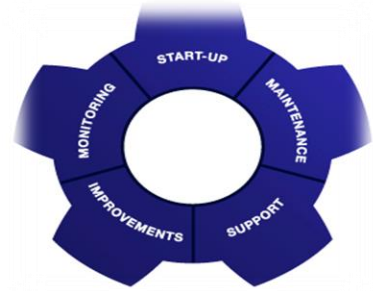
Protect your investment with a long-term Alfa Laval service agreement.

Each rebuild is different and Alfa Laval will work closely to accommodate the services needed to ensure that the upgrade / rebuild Alfa Laval performs meets the specified requirements.

## 6. SERVICE

### 6.1. 360° Service Portfolio

Alfa Laval partners with you for the entire life cycle of your equipment – from start-up, through operation, monitoring and maintenance, all the way to reconditioning and eventual redesign. Our goal is to ensure that our equipment continuously gives you optimized process performance.



### 6.2. Alfa Laval Service Centers:

You can trust Alfa Laval service technicians to maintain your equipment in peak performance and minimize the risk of unscheduled production stops. Our local service centers are equipped with the tools and expertise to improve the performance of your rotating drum thickeners. Join us on a virtual tour of our state-of-the-art facilities.

#### [Alfa Laval - Houston service center](#)



### 6.3. Commissioning

Alfa Laval specialists commission equipment to ensure optimal performance. Services consist of installation review, performance checks, process optimization and operator training. The commissioning process ends with a handover or acceptance certificate and is often the first day of warranty.

Services consist of:

- installation review
- performance checks
- process optimization
- operator training





The commissioning process ends with a handover or acceptance certificate and is often the first day of warranty.

The commissioning:

- Enables trouble-free start-up and process fine-tuning.
- Advice on optimizing process conditions.
- Checks on surrounding components, systems and controls and optimization recommendations.
- Help to reduce maintenance costs with a customized proposal to optimize maintenance.

#### 6.4. Preventive Maintenance

Highly experienced Alfa Laval specialists can formulate and implement an optimal maintenance plan for your equipment.

Service intervals are determined by various factors, including type of application as well as the usage and condition of the equipment.

The service can be performed on site or in the Alfa Laval Service Center located in Houston, Texas.

The preventive maintenance:

- Delivers peace of mind and operational reliability.
- Secures maximum throughput.
- Increases overall equipment lifetime and provides good cost control.
- Maintains safe equipment operation.

#### 6.5. Rebuilds and upgrades

##### 6.5.1. Repair

Alfa Laval specialists repair the equipment according to your needs, replacing unsafe or worn parts as required, and then reassemble the equipment.

- Minimizes downtime.
- Maximizes production performance.
- Extends the lifetime of equipment.
- Prevents equipment from consequential damage and accidents.

##### 6.5.2. Equipment **Upgrades**

- There is a wide range of upgrade solutions available to ensure your Alfa Laval equipment features the latest technical developments.
- As operating conditions change over time, new challenges can call for a review of the current installations.
- Equipment Upgrades can also include control upgrades that improve equipment automation.



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## 7. TERMS AND CONDITIONS OF SALES

These Terms and Conditions of Sale ("Terms and Conditions") apply to all quotations, orders, and contracts for Alfa Laval Inc. products (hereafter "Equipment") and associated services ("Services") As used in these Terms and Conditions, the word "Equipment" includes all hardware, parts, components, software and options.

1. **ACCEPTANCE:** Our sale to you is limited to and expressly made conditional on your assent to these Terms and Conditions and, if applicable, on the attendant quotation, both of which form a part of the contract between us and which supersede and reject all prior agreements, representations, discussions or negotiations, whether written or oral, with respect to this sale and any conflicting terms and conditions of yours, whether or not signed by you. Any terms and conditions contained in your purchase order or request for quotation or other form which are different from, in addition to, or vary from these Terms and Conditions are expressly rejected, shall not be binding upon us, and are void and of no force or effect. These Terms and Conditions may not be changed except by the written agreement of both parties.

2. **PRICES:** Unless otherwise specified in writing, all quoted prices are in U.S. Dollars and are firm for thirty (30) days from the date of offer. Prices quoted are exclusive of taxes, freight and insurance, and you agree to pay any and all sales, revenue, excise or other taxes (exclusive of taxes based on our net income) applicable to the purchase of Equipment. If you claim an exemption from any such taxes you shall provide us with a tax exemption certificate acceptable to the taxing authorities.

3. **DELIVERY; FORCE MAJEURE:** Dates for the furnishing of Services and/or delivery or shipment of Equipment are approximate only and are subject to change. Quoted lead times are figured from the date of receipt of complete technical data and approved drawings as such may be necessary. We shall not be liable, directly or indirectly, for any delay in delivery or failure to deliver caused by carriers or by labor difficulties, shortages, strikes or stoppages of any sort, or difficulties in obtaining materials from ordinary sources and suppliers. In addition, we shall not be liable for any such delays or for any failure to perform our obligations under an order or contract due to any one or more of the following events, whether foreseeable or not: war, hostilities, military operations, terrorism, riots, disorder, accidents, floods, storms, natural disasters, fires, acts of God, epidemics and/or pandemics (and specifically in relation hereto and notwithstanding anything else stated herein, whether or not outbreak of such epidemic or pandemic has occurred prior to acceptance of this order or execution of a contract for the Services), governmental, judicial or administrative decisions, decrees or orders, embargoes or blockades, or any causes beyond our reasonable control. Unless otherwise specifically agreed in writing by us, in no event shall we be liable for any damages or penalties whatsoever, or however designated, resulting from our failure to perform or delay in performing due to any of the causes specified in this paragraph 3.

4. **SHIPMENT, RISK OF LOSS, TITLE:** All sales are made F.O.B. Alfa Laval shipping point, unless otherwise noted. Duty, brokerage fees, insurance, packing and handling as applicable are not included unless otherwise noted. Our liability for delivery ceases upon making delivery of Equipment to the carrier at the shipping point in good condition. The carrier shall be your agent. Risk of loss shall pass to you upon such delivery. Regardless of the delivery term specified, we shall retain title to the Equipment until final payment thereof has been made.

5. **CREDIT AND PAYMENT:** Payment terms are thirty (30) days net, unless agreed otherwise by us in writing. *Pro rata* payments shall become due with partial shipments. Any discount period which may be

Attachment 1



granted by us begins on the invoice date and all payments are due 30 days after the invoice date. All payments shall be made without deduction, deferment, set-off, lien or counterclaim of any nature. All amounts due not paid within 30 days after the date such amounts are due and payable shall bear interest at the lesser of 1.5 percent per month or the maximum rate of interest allowed by law. We reserve the right at any time to suspend credit or to change credit terms provided herein, when, in our sole opinion, your financial condition so warrants. Failure to pay invoices when such invoices are due and payable, at our election, shall make all subsequent invoices immediately due and payable irrespective of terms, and we may withhold all subsequent deliveries until the full account is settled. We shall not, in such event, be liable for delay of performance or nonperformance of contract in whole or in part subsequent to such event. We shall have the right to deduct from or set off against sums due you any sums due and owing to us from you under any other order or contract between us.

6. **SECURITY AGREEMENT:** You hereby grant us a security interest in the Equipment, including a purchase money security interest, and in such materials, proceeds and accessories thereof, to secure payment of the purchase price of the Equipment. You authorize us to file or record a purchase order or copy thereof or any UCC financing statement showing our interest in the Equipment in all jurisdictions where we may determine filing to be appropriate, and you agree to sign all such documents reasonably related thereto promptly following our request. You will not encumber the Equipment with any mortgage, lien, pledge or other attachment prior to payment in full of the price therefor.

7. **CANCELLATIONS AND CHANGES:** Orders which have been accepted by us are not subject to cancellation or changes in specification except upon prior written agreement by us and upon terms that will indemnify us against all losses resulting from or arising out of such cancellation or change in specifications. In the absence of such indemnification, we shall be entitled to recover all damages and costs of whatever nature permitted by the Uniform Commercial Code.

8. **DEFERRED SHIPMENT:** If shipment is deferred at your request, payment of the contract price shall become due when you are notified that the Equipment is ready for shipment. If you fail to make payment or furnish shipping instructions we may either extend the time for so doing or cancel the contract. In case of deferred shipment at your request, storage and other reasonable expenses attributable to such delay shall be payable by you.

9. **EQUIPMENT WARRANTY AND REMEDY:**

(a) For new Equipment only, we warrant to you that the Equipment that is the subject of this sale is free from defects in design (provided that we have design responsibility), material and workmanship. The duration of this warranty is twelve (12) months from start-up or eighteen (18) months from delivery to you, whichever occurs first (the "Warranty Period"). If you discover within the Warranty Period a defect in design, material or workmanship, you must promptly notify us in writing. Within a reasonable time after such notification, we shall repair, replace, or, at our option, refund you the price of the defective Equipment or part thereof.

(b) For repairs, parts and Services provided by us, we warrant to you that the repairs, parts and Services we provide to you will be free from defects in material and workmanship. The duration of this warranty is ninety (90) days from as applicable (i) the date the Equipment which required the repairs, parts or Services is returned to you by us, (ii) the date of your receipt of the part, or (iii) the date of completion of the repair or other Services, if performed at your facility. If during this ninety day period you discover a defect in the repairs, parts

Attachment 1



or Services you must promptly notify us in writing and we shall correct such defect with either new or used replacement parts or reperform the Services as applicable. If we are unable to correct the defect after a reasonable number of attempts, we will provide a refund of the price paid for the defective repair, parts or Services.

(c) All warranty service is subject to our prior examination and approval and will be performed by us at your facility or at service centers designated by us. All transportation to and from the designated service center will be at our expense. The remedies set forth above are your exclusive remedies for breach of warranty. Unless otherwise agreed in writing by us, our warranty extends only to you and is not assignable to or assumable by any subsequent purchaser, in whole or in part, and any such attempted transfer shall render all warranties provided hereunder null and void and of no further force or effect.

(d) The warranties set forth above are inapplicable to and exclude any product, components or parts not manufactured by us or covered by the warranty of another manufacturer. We shall have no responsibility for defects, loss or damage to the extent caused by (i) normal wear and tear, (ii) your failure to follow all installation and operation instructions or manuals or to provide normal maintenance, (iii) repairs or modifications by you or by others not under our direct supervision, or (iv) a product or component part which we did not design, manufacture, supply or repair.

(e) **DISCLAIMER OF IMPLIED WARRANTIES.** THE WARRANTIES SET FORTH ABOVE AND IN SECTION 12 BELOW ARE IN LIEU OF ALL OTHER WARRANTIES, EXPRESS OR IMPLIED, INCLUDING BUT NOT LIMITED TO ANY IMPLIED WARRANTY OF MERCHANTABILITY OR FITNESS FOR A PARTICULAR PURPOSE.

10. **LIMITATION OF LIABILITY:** In no event shall we be liable, and you hereby waive any claims against us and release us from liability to you, for any indirect, special, punitive, incidental, or consequential damages whatsoever based upon breach of warranty, breach of contract, negligence, strict tort, or any other legal theory. In no circumstance, shall we be liable for, however such damages are characterized, loss of profits, loss of savings or revenue, loss of use of the Equipment or any associated equipment, cost of capital, cost of any substitute Equipment, facilities or services, downtime, or loss of prospective economic advantage. OUR AGGREGATE LIABILITY FOR FAILURE TO PERFORM, BREACH OF WARRANTY OR BREACH OF OTHER CONTRACTUAL OBLIGATIONS, NEGLIGENCE, STRICT TORT OR ANY OTHER LEGAL THEORY SHALL NOT EXCEED THE TOTAL PRICE PAID TO US FOR THE EQUIPMENT OR SERVICES THAT ARE THE SUBJECT OF ANY CLAIM BY YOU.

11. **OWNERSHIP:** All drawings, designs, specifications, data and other proprietary rights supplied by us (including without limitation in connection with the Equipment) have been prepared or assembled by us and are (and shall remain) exclusively our property, and upon our request you agree to execute any additional documents needed to give effect to the foregoing. Such drawings, designs and specifications have been furnished in order to provide full documentation and on the condition that they shall not be disclosed, reproduced or copied in any manner whatsoever, in whole or in part, except for your internal use as necessary, and upon the further condition that, as our sole property, they shall not be used for furnishing information and/or disclosed, in whole or in part, to others or otherwise for any purpose not specifically authorized in a writing signed by one of our corporate officers.



12. **PATENT INFRINGEMENT**

(a) We make no express or implied warranties of non-infringement with respect to the Equipment. We will, however, defend, indemnify and hold you harmless from any third party apparatus claims based upon an issued U.S. patent to the extent such claim relates to the Equipment supplied and sold to you; provided, however, that we undertake no indemnification in respect of third-party rights (i) where the alleged patent infringement is based upon or related to any method, process or design claims in third-party U.S. patents, any combination of the Equipment with other equipment not supplied by us, or any modifications of the Equipment made by you and not approved by us, or (ii) to the extent the alleged infringement is directly attributable to the negligence or intentional misconduct of you or otherwise for which you are obligated to indemnify us for under paragraph 12(c).

(b) We shall assume defense of a claim at our expense in accordance with these Terms and Conditions, provided you shall notify us within 30 days of your receipt of notice of an alleged third-party claim that you believe would entitle you to patent infringement indemnification pursuant to paragraph 12(a). You acknowledge and agree that we shall have the sole right to settle or otherwise compromise such a third-party claim, including but not limited to the right to either (i) modify the Equipment to avoid infringement if you are agreeable to the modification, (ii) repurchase the Equipment from you at a price equal to the then-current fair market value of the Equipment, or (iii) secure rights by assignment or license to permit continued use of the Equipment.

(c) If a third party charges us with patent infringement relating to Equipment sold by us to you, we shall have the right to either (i) modify the Equipment to avoid infringement if you are agreeable to the modification, (ii) repurchase the Equipment from you at a price equal to the then-current fair market value of the Equipment, or (iii) secure rights by assignment or license to permit continued use of the Equipment. If a third party charges us with patent infringement on the bases set forth in paragraph 12(a)(i) or (ii), you shall indemnify and hold us harmless for all expenses as well as any awards of damage assessed against us, and, without limiting any of our other rights and remedies available at law or in equity, we shall also have the right to modify or repurchase the Equipment or to secure rights for continued use by way of assignment or license as set forth in this paragraph.

13. **INSPECTION:** Upon prior written notice, you may make reasonable inspections of Equipment at our facility. We reserve the right to determine the reasonableness of the request and to select an appropriate time and location for such inspection. You agree to execute appropriate confidentiality provisions upon our request prior to visiting our facility. All costs of inspection shall be solely determined by us and shall be payable by you. No inspection or expediting by you at the facilities of our suppliers is authorized.

14. **SOFTWARE PROVISIONS:** If software is provided hereunder (whether such is integrated into the Equipment or otherwise operates alongside the same), you are hereby granted a non-exclusive, non-sublicensable, non-transferable, royalty free license to access and use such software as provided and as intended with our Equipment. Without limiting the foregoing, under the foregoing license you may specifically: (i) use our software in machine readable object code only and only with the Equipment provided; (ii) copy our software into any machine readable object code form solely for back up purposes in support of your use of our software on the Equipment provided in accordance with these Terms and Conditions; and (iii) create one additional copy of the software for archival purposes only. This license may only be assigned, sublicensed or otherwise transferred by you with our prior written consent. You hereby recognize and acknowledge that the

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software provided to you hereunder comprises valuable trade secret and/or copyright property of Alfa Laval (or its licensors) and you covenant that you will take adequate precautions against access to the software by, or disclosure of the software to, anyone not authorized hereunder to use or have access to the software as contemplated herein. The software is subject to the confidentiality obligations set forth below in paragraph 15.

15. **CONFIDENTIALITY:** Subject to any non-disclosure or confidentiality agreement already in effect between us, any drawings, data, software or other information exchanged between us is proprietary or confidential to us and shall not be used or disclosed by you without our prior written consent. Confidential information shall not be any information that (i) is known previously to you under no obligation of secrecy; (ii) becomes known to the public through no breach of an obligation of secrecy by you; or (iii) is independently developed by you without use or reference to any of the confidential information or materials provided to you by us.

16. **INAPPLICABILITY OF CISG:** The parties specifically agree that the United Nations Convention on Contracts for the International Sale of Goods shall not apply to any sale or order or the contract between us.

17. **GOVERNING LAW & VENUE:** These Terms and Conditions and any dispute or claim arising out of or related to an order or the contract between us shall be finally decided in accordance with the laws of the Commonwealth of Virginia, without giving effect to the provisions thereof relating to conflict of laws. You agree that the venue for any such dispute shall lie in the United States District Court for the Eastern District of Virginia, Richmond Division. In the event that federal jurisdiction cannot be established pursuant to 28 U.S.C. §§ 1331 or 1332, the venue for any such dispute shall lie in the Circuit Court of Henrico County, Virginia. You expressly submit and waive any objection to the sole and exclusive jurisdiction of such courts.

18. **GENERAL:** All previous agreements or understandings between us, either oral or written, with regard to the subject order, with the exception of a pre-existing non-disclosure agreement between us, are void and these Terms and Conditions constitute the entire agreement between us with respect to the matters addressed herein. Neither of us shall assign an order or contract to which these Terms and Conditions apply without the prior written consent of the other party, which consent shall not be unreasonably withheld. If any provision of these Terms and Conditions is held to be invalid or unenforceable, such holding shall not affect the validity or enforceability of any other provision herein. No waiver by either of us of any default or breach by the other party will operate as or be deemed a waiver of any subsequent default or breach.