STATE OF ARKANSAS

Term Contract

Vendor No.	100001324
Contact	SAM ESCUE
Your reference	SP-07-0003

CONSOLIDATED POULTRY & EGG CO
PO Box 11958
MEMPHIS TN 38111

Contract No.	4600011417
Date	08/10/2006
Contact	Howard Nesmith
Telephone	501-371-6055
Fax	501-324-9311
Our ref.	ST
Incoterms	FOB DESTINATION

Send Invoice To:
AS SPECIFIED ON AGENCY'S PURCHASE ORDER

Ship To:

Valid from: 08/14/2006
Valid to: 07/31/2008

REFERENCE TRACKING NUMBER: SP-07-0003
COMMODITY: FROZEN FOODS
CONTRACT TYPE: TERM (OUTLINE AGREEMENT)

CONTRACT PERIOD: AUGUST 14, 2006 through JULY 31, 2008

* * * ZONE ONE AWARD * * *

THIS IS A TERM CONTRACT ISSUED BY THE OFFICE OF STATE PROCUREMENT. THIS IS NOT YOUR AUTHORITY TO SHIP. A SEPARATE PURCHASE ORDER WILL BE ISSUED. THIS CONTRACT CONSTITUTES ACCEPTANCE OF YOUR BID ALONG WITH ALL TERMS AND CONDITIONS THEREIN AND SIGNIFIES THE OFFERER'S KNOWLEDGE AND ACCEPTANCE OF ALL TERMS AND CONDITIONS SET FORTH WITHIN THE INVITATION FOR BID.

VENDOR NAME: Consolidated Poultry & Egg
VENDOR PHONE #: 901-322-6466
VENDOR FAX # 901-324-7283
VENDOR E-MAIL ADDRESS: sam@skefos.com
FEDERAL ID#: 62-0611263

F.O.B.: AS SPECIFIED BY AGENCY PURCHASE ORDER

SUMMARY REPORTS
Awarded vendors will be required to issue a summary report on purchases made by item number, brand, zone, pack/size, quantity, and agencies. This report must be sent to the Office of State Procurement by November 1, 2007 to cover orders placed during the first 12 months of this contract.

GENERAL CONDITIONS AND INSTRUCTIONS TO VENDOR:
All purchasing rules and regulations defined by the State of Arkansas apply to this document.

Joseph A. Didelio
Purchasing Official/Fiscal Officer

8/11/06
Date

Term Contract

Vendor No. 100001324
Contact SAM ESCUE
Your reference SP-07-0003

Contract No. 4600011417
Date 08/10/2006
Our reference ST

A second report, covering orders for the second period of this contract, will be required by November 1, 2008, after contract expiration. Both reports should be sent to the attention of Howard Nesmith, Buyer.

MANDATORY USAGE
This contract is mandatory for the agencies listed in this document and it shall be up to the successful contractors to extend cooperative participation to other state agencies not listed.

QUANTITIES:
Quantities represented herein are estimates only for one (1) year and should not be construed as maximum or minimum requirements. Quantities are accurate to the best of our ability, but do not represent a minimum or maximum requirement. User agency population fluctuations may effect the total requirements for each line item.

SPECIFICATIONS:
Agency receiving personnel shall check all products when delivered and notify the Office of State Procurement, Attn: Howard Nesmith, Buyer if they do not conform to specifications. Arrangements may be made for a State or Federal Inspector to examine the product to verify nonconformance.

Drain weights, minimum weights for the items listed shall conform to those specified in the applicable current federal standard for grade for the product.

PRIVATE LABEL PRODUCTS WILL NOT BE ACCEPTED WHEN SPECIFIC BRANDS HAVE BEEN REQUESTED. PACKER BRAND IS NOT ACCEPTABLE AS SPECIFYING BRAND NAME.

No distressed or salvaged food will be accepted.

All products delivered shall be from the latest season's pack. All products will be delivered in first-class condition. No damaged cans or bags will be accepted. Damaged packages, i.e., torn, crushed or otherwise exposed to the elements or damaged in a manner so as to lose eye appeal will be refused. Contractor will be responsible for replacement of any item so refused.

SHELF LIFE OF FOOD:
All products shall be from the latest season's pack and have a packaging date no longer than 9 months before the actual delivery date to any state agency. Frozen products at no time shall have exceeded USDA guidelines for temperature, packaging, storage and transportation.

All items must have a 90-day shelf life from the time of delivery where applicable.

AUTHORIZATION FOR SHIPMENT:
Purchase order from the using agency will authorize shipment. Orders from the agency shall be placed with the vendor seven (7) days prior to the specified delivery date.

PACKAGING/TRANSPORTING:
Products delivered shall be processed and packed in accordance with good commercial practice and shall conform to all applicable standards promulgated under the Federal Food, Drug and Cosmetic Act in effect

Term Contract

Vendor No. 100001324
Contact SAM ESCUE
Your reference SP-07-0003

Contract No. 4600011417
Date 08/10/2006
Our reference ST

at time of shipment.

Shipping cases shall be plainly marked on one end describing name and brand of product, quantity and weight of cartons.

DELIVERY:
DELIVERY IS F.O.B. DESTINATION PREPAID FREIGHT - INSIDE DELIVERY WITH SEVEN (7) CALENDAR DAYS AFTER RECEIPT OF PURCHASE ORDER OR AS SPECIFIED ON AGENCY PURCHASE ORDER TO VARIOUS FOB POINTS AS LISTED IN BID.

All transportation expenses will be the responsibility of the contractor.

DELIVERY REQUIREMENTS:
The contractor shall deliver products in accordance with the contracted delivery times stated herein to the state agency upon receipt of an authorized order. Delivery shall include unloading shipments at the state agency's dock or other designated unloading site as requested by the state agency.

Some agency's have special limitations as to truck size, delivery dock and material handling capabilities that must be adhered to. Such special instructions will be indicated on the agency's purchase order. Actual examples of limitations include but are not limited to: Southeast Arkansas Community Corrections, Pine Bluff, AR has no delivery dock; Omega Center, Malvern, AR can not accept trucks larger than 48 foot; Arkansas School for the Blind, Little Rock, AR has no delivery dock, inside delivery location below ground level with very limited usage of elevator.

"Working days" shall be defined as Monday thru Friday of each week exclusive of all official State holidays.

All deliveries must be coordinated with the state agency. Vendors unable to make scheduled deliveries for any reason shall notify recipient agency in advance (preferably 24 hours, if possible) of delivery schedule problems.
All purchase orders received on the last day of the contract must be shipped at the contract price.

Any item listed herein that is not delivered in a timely manner or when delivered does not conform to the requirements of the purchase order, may be purchased on the open market by the using agency. The contract vendor may be charged for any product cost incurred by the state that is in excess of the contracted price.

Damaged packages, i.e., torn, crushed or otherwise exposed to the elements or damaged in a manner so as to lose eye appeal will be refused. Contractor will be responsible for replacement of any item so refused.

REIMBURSEMENT FOR DAMAGED (UNUSABLE) PRODUCTS:
All returns, such as dented cans, broken cases or unusable product shall be picked up by the vendor within thirty days. After thirty days the agency may discard product. If replacement or credit is not made within thirty (30) days the credit will be deducted from the vendor's unpaid invoice.

PRICE ESCALATION:

STATE OF ARKANSAS

Term Contract

Vendor No. 100001324
Contact SAM ESCUE
Your reference SP-07-0003

Contract No. 4600011417
Date 08/10/2006
Our reference ST

For the initial contract all prices quoted shall be firm through November 30, 2006.

As an alternative to the provisions in Item #4 "PRICES" of the RFQ/RFP Standard Terms and Conditions, an opportunity for item(s) price escalation will be allowed during the term of contract.

It should be noted that item(s) price decrease will be expected and accepted at any time during the contract period.

During the term of this contract the opportunity for item(s) price increases will be made available once every 4 months. The vendor must submit a written request for price increases during the time frame as outlined below for their effectiveness date to the Office of State Procurement, Attn: Howard Nesmith, Buyer.

For price changes effective December 1, 2006 through March 31, 2007 requests must be submitted between November 1, 2006 through November 15, 2006.

For price changes effective April 1, 2007 through July 31, 2007 requests must be submitted between March 1, 2007 through March 15, 2007.

For price changes effective August 1, 2007 through November 30, 2007 requests must be submitted between July 1, 2007 through July 15, 2007.

For price changes effective December 1, 2007 through March 31, 2008 requests must be submitted between November 1, 2007 through November 15, 2007.

For price changes effective April 1, 2008 through July 31, 2008 requests must be submitted between March 1, 2008 through March 15, 2008.

Written price increase requests shall be supported by documentary evidence, including manufacturer/broker discounts and charge backs to justify the increase. National commodity pricing and futures provided by independent and industry accepted market report can also be used when documentation includes the bid opening date as a base period. Price increases will be limited to the actual dollar increase per case incurred by the awarded contractor from their supplier or manufacturer. Invoices including manufacturer/broker rebates, discounts and charge backs, both prior and current to date of request, must be submitted to support your price adjustment request.

In the event of a State or National Emergency, Natural Disaster, Weather Phenomenon, State or Federal Executive Order price increase requests will be considered.

Note: Vendors shall not delay or stop deliveries pending price changes. Price changes will be effective on items with an order date after the effectiveness date. The order date is the date of the State issued purchase order to the vendor. Items that have an order date prior to the newest effectiveness date will be invoiced at the current effective price on the date of the purchase order regardless of when delivery is accepted.

The State reserves the right to reject any price adjustment request within 30 days of the request. No further requests for item price increase adjustment shall be considered. If the price change is not

Term Contract

Vendor No. 100001324
Contact SAM ESCUE
Your reference SP-07-0003

Contract No. 4600011417
Date 08/10/2006
Our reference ST

acceptable due to any reason, price will then be negotiated with the Office of State Procurement.

Should the Office of State Procurement refuse to grant a price escalation the Vendor may withdraw a line item bid if the continuance of providing such item is detrimental to the company's operations. In the event a line item is withdrawn, it will remain withdrawn for the full term of this contract. In the event an item being withdrawn is part of an "All or None" grouping the entire grouping may be withdrawn from the requesting Vendor. The Office of State Procurement reserves the right to determine if allowing the Vendor to continue supplying the remaining "All or None" grouping is in the best interest of the State.

THE AGENCIES ARE AS FOLLOWS:

ZONE 1
Arkansas Department of Correction
Warehouse Dist.
7600 Correction Circle
Pine Bluff, AR 71601

Arkansas Health Center
6701 Hwy 67
Benton, AR 72015

Human Development Center
Alexander Unit
Alexander, AR 72002

School for the Blind
2600 W. Markham
Little Rock, AR 72205

School for the Deaf
2400 W. Markham
Little Rock, AR 72205

Human Development Center
Conway Unit
Siebenmorgan Road
Conway, AR 72032

Hot Springs Rehab. Center
105 Reserve
Hot Springs, AR 71902

Southeast Arkansas
Community Correction Ctr.
7301 West 13th
Pine Bluff, AR 71602

STATE OF ARKANSAS

Term Contract

Vendor No. 100001324
Contact SAM ESCUE
Your reference SP-07-0003

Contract No. 4600011417
Date 08/10/2006
Our reference ST

Central Arkansas
Community Correction Ctr.
4823 West 7th
Little Rock, AR 72204

Omega Center
104 Walco Lane
Malvern, AR 72104

Item	Material/Description	Target Qty	UM	Unit Price	Amount
0010	10125424 Beef, Pattie, Flamebroiled, frozen Beef, Pattie, Flamebroiled, frozen, No TVP, 72/3.4 oz, Cons	8,030	Case	29.70	$ 238,491.00

OUTLINE AGREEMENT AWARD TERMS AND CONDITIONS

1. GENERAL: All terms and conditions stated in the invitation for bid govern this contract.

2. PRICES: Prices are firm and not subject to escalation, unless otherwise specified in the invitation for bid.

3. DISCOUNTS: All cash discounts offered will be taken if earned.

4. TAXES: Most state agencies must pay state sales tax. Before billing, the contractor should contact the ordering agency to find out if that agency must pay sales tax. Itemize state sales tax when applicable on invoices.

5. BRAND NAME REFERENCES: The contractor guarantees that the commodity delivered is the same as specified in the bid.

6. GUARANTY: All items delivered are to be newly manufactured, in first- class condition, latest model and design, including, where applicable, containers suitable for shipment and storage unless otherwise indicated in the bid invitation. The contractor guarantees that everything furnished hereunder will be free from defects in design, workmanship, and material; that if sold by drawing, sample or specification, it will conform thereto and will serve the function for which furnished. The contractor further guarantees that if the items furnished hereunder are to be installed by the contractor, such items will function properly when installed. The contractor also guarantees that all applicable laws have been complied with relating to construction, packaging, labeling, and registration. The contractor's obligations under this paragraph shall survive for a period of one year from the date of delivery, unless otherwise specified in the invitation for bid.

7. AWARD: This contract award does not authorize shipment. Shipment against this contract is authorized by the receipt of a purchase order from the ordering agency. A written purchase order mailed or otherwise furnished to the contractor results in a binding obligation without further action by either

Term Contract

Vendor No. 100001324
Contact SAM ESCUE
Your reference SP-07-0003

Contract No. 4600011417
Date 08/10/2006
Our reference ST

party.

8. DELIVERY: The term of the contract is shown on the face of the contract award. The contractor is required to supply the state's needs during this term. The number of days required to place the commodity in the receiving agency's designated location under normal conditions is also shown. Consistent failure to meet delivery without a valid reason may cause removal from the bidders' list or suspension of eligibility for award.

9. BACK ORDERS OR DELAY IN DELIVERY: Back orders or failure to deliver within the time required may be default of the contract. The contractor must give written notice to the Office of State Procurement and ordering agency of the reason and the expected delivery date. If the reason is not acceptable, the contractor is in default. The Office of State Procurement has the right to extend delivery if reasons appear valid. If the date is not acceptable, the agency may buy elsewhere.

10.DELIVERY REQUIREMENTS: No substitutions or cancellations are permitted without written approval of the Office of State Procurement. Delivery shall be made during agency work hours only, 8:00 a.m. to 4:30 p.m., unless prior approval for other delivery has been obtained from the agency. Packing memoranda shall be enclosed with each shipment.

11.STORAGE: The ordering agency is responsible for storage if the contractor delivers within the time required and the agency cannot accept delivery.

12.DEFAULT: All commodities furnished will be subject to inspection and acceptance of the ordering agency after delivery. Default in promised delivery or failure to meet specifications authorizes the Office of State Procurement to cancel this contract or any portion of same and reasonably purchase commodities elsewhere and charge full increase, if any, in cost and handling to the defaulting contractor.

13.VARIATION IN QUANTITY: The state assumes no liability for commodities produced, processed or shipped in excess of the amount specified herein.

14.INVOICING: The contractor shall submit an original and two copies of an itemized invoice showing the bid number and purchase request number when itemized in the invitation for bid. Invoices must be sent to "Invoice to" point shown on the purchase order.

15.STATE PROPERTY: Any specifications, drawing, technical information, dies, cuts, negatives, positives, data or any other commodity furnished to the contractor hereunder or in contemplation hereof or developed by the contractor for the use hereunder shall remain property of the state, be kept confidential, be used only as expressly authorized, and be returned at the contractor's expense to the F.O.B. point, properly identifying what is being returned.

16.ASSIGNMENT: This contract is not assignable nor the duties hereunder delegable by either party without the written consent of the other party to the contract.

17.OTHER REMEDIES: In addition to the remedies outlined herein, the contractor and the state have the right to pursue any other remedy permitted by law or in equity.

18.LACK OF FUNDS: The state may cancel this contract to the extent funds are no longer legally

Term Contract

Vendor No. 100001324
Contact SAM ESCUE
Your reference SP-07-0003

Contract No. 4600011417
Date 08/10/2006
Our reference ST

available for expenditures under this contract. Any delivered but unpaid for goods will be returned in normal condition to the contractor by the state. If the state is unable to return the commodities in normal condition and there are no funds legally available to pay for the goods, the contractor may file a claim with the Arkansas Claims Commission. If the contractor has provided services and there are no longer funds legally available to pay for the services, the contractor may file a claim.

19.QUANTITIES: The state may order more or less than the estimated quantity in the invitation for bid.

20.DISCLOSURE: Failure to make any disclosure required by the Governor's Executive Order 98-04, or any violation of any rule, regulation, or policy adopted pursuant to that order, shall be a material breach of the terms of this contract. Any contractor, whether an individual or entity, who fails to make the required disclosure or who violates any rule, regulation, or policy shall be subject to all legal remedies available to the agency.