

## Production and Purchase Agreement

This agreement is between **MSAD #000**, represented by **Jane Doe**, Food Service Director (or other), hereafter "Buyer," and **Happy Valley Farm**, represented by **Joe Farmer**, hereafter "Farmer".

Buyer hereby contracts with Farmer for the monthly purchase of fresh fruit or produce for the 2012/2013 school year under terms and conditions as follows:

- Product: Organic carrots, type "Bolero"
- Amount: Total 2550 lbs: 300 lbs. per month, Sept. - Nov., 2012; 150 lbs., Dec. 2012; 300 lbs per month, Jan. - May 2013.
- Condition/packaging: Tops removed, carrots straight, minimum 8 inches in length, washed, bagged in 50 lb plastic bags
- Delivered to: Skowhegan HS Cafeteria Loading Dock, 123 School St., Skowhegan
- Delivery dates/times: First Monday of the month, between 8 & 11 a.m.
- Price per pound: \$.70 per pound
- Payment due: By the fifteenth day of the month following delivery
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**SAMPLE** Total estimated value of this agreement:  
\$1785.00

In consideration of Farmer's lengthy pre-delivery labor and production expenses, Buyer agrees to pay Farmer 10% of the estimated total value of this agreement (**\$178.50**) upon execution of the contract, 1/4 of that amount to be deducted from the total due on the first four deliveries. (Example: 300 lbs per month @ \$.70 = \$210, for Sept. - Nov., 150 lbs. for Dec., x \$.70 = \$105, deduct 44.63 (25% of \$178.50) from each payment to repay pre-payment.)

### Failure to Perform by Farmer

Should Farmer suffer a crop failure or for any other reason apart from market fluctuations be unable to fulfill his responsibilities under this agreement, Farmer will notify Buyer as soon as possible of the estimated deficiency and will deliver as much as possible of the original amount agreed upon with deductions for the prepayment as set out above. If the Farmer's crop deficiency is such that he

is unable to deliver even 10% of the amount agreed upon, Farmer will refund School's pre-payment amount in full.

(Example 1: If Farmer can deliver only half of the 2550 lbs., or 1275 lbs., he will deliver at the rate agreed upon - 300 lbs per mo. for Sept. - Nov., 150 lbs for Dec., and 225 lbs. for Jan. The pre-payment amount will still be deducted from the first four monthly payments.

Example 2: If Farmer can deliver none of the agreed upon amount, he will notify Buyer and return the pre-payment amount.)

Should Farmer fail to deliver product of acceptable quality and packaging ("quality" means product of a standard that would be acceptable to the average consumer; "packaging" as agreed upon), or in an untimely manner ("untimely" meaning not on the day and place agreed upon), Buyer will notify Farmer promptly and allow Farmer one delivery period to rectify. If Farmer cannot rectify, this agreement will be terminated and Farmer will refund any portion of the prepayment still outstanding.

#### **Failure to Perform by Buyer**

Should Buyer fail to accept and pay for product as agreed upon, Farmer may terminate this contract and retain any portion of the prepayment amount still outstanding.

**SAMPLE**  
Insurance

At all times during the delivery period of this agreement, Farmer agrees to maintain liability insurance coverage for his product in the amount of \$500,000.00 per claim for the condition of the product as delivered.

Buyer agrees to hold Farmer harmless for any product deficiencies resulting from inadequate or improper storage or handling of the product after delivery.

#### **Contract Modification**

Any of the terms of this agreement may be changed, modified or deleted entirely if both parties agree and if the changes are memorialized, dated and endorsed by both parties.

**Disagreements**

Buyer and Farmer acknowledge that this contractual arrangement is the first of its kind between them, and agree to act in good faith and good humor in making adjustments as necessary to achieve the end of providing high quality, fresh food products for Buyer's school lunch program. Should disagreements arise, they agree to make their best efforts to resolve them through negotiation and with the help of a third party mediator, if necessary, before taking any other action.

This agreement is effective only when signed and dated by both parties.

Buyer: \_\_\_\_\_

Date: \_\_\_\_\_

**Sample**

Farmer: \_\_\_\_\_

Date: \_\_\_\_\_