



Term Contract

Vendor No. 100001745
Contact JAMES PRIEST
Your reference SP-07-0470

PRINTING PAPERS INC
11605 OTTER CREEK SOUTH BLVD
MABELVALE AR 72103

Contract No. 4600014061
Date 08/24/2007

Contact Kelley A Kelley
Telephone 501-371-6070
Fax 501-324-9311

Our ref. ST
Incoterms FOB
DESTINATION

Send Invoice To:
AS SPECIFIED ON PURCHASE ORDER

Ship To:
Reference Plant
AR

Valid from: 09/01/2007
Valid to: 08/31/2008

STATE CONTRACT AWARD

THIS IS A TERM CONTRACT ISSUED BY THE OFFICE OF STATE PROCUREMENT. THIS IS NOT 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.

BUYER: Kelley Kelley
PURCHASE ORD/BID NO.: SP-07-0470
DESCRIPTION: Blank (Plain) Envelopes
CONTRACT VALUE: \$353,573.93
ALL STATE AGENCIES/COOP. PURCHASING PARTICIPANTS

TERM: September 1, 2007 through August 31, 2008.
DELIVERY REQUIREMENTS: as specified within, see pgs.

PRICES ARE F.O.B. DESTINATION, INSIDE DELIVERY, UNLESS OTHERWISE SPECIFIED.

INVOICE TO: DELIVER TO:
As specified on purchase order As specified on purchase order

CONTRACT AWARD TO PRINTING PAPERS INC.
11605 Otter Creek S. Blvd.
Mabelvale, AR 72103
VENDOR NO: 100001745
CONTACT NAME: James Priest
TELEPHONE NO.: (501)-455-5555
FAX NO: (501) 455-8885
FED ID NO. 71-0613287

GENERAL CONDITIONS AND INSTRUCTIONS TO VENDOR:

All purchasing rules and regulations defined by the State of Arkansas apply to this document.

Handwritten signature of Joseph A. Dillie

Purchasing Official/Fiscal Officer

Handwritten date 08-29-07

Date



STATE OF ARKANSAS

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STATE OF ARKANSAS OFFICE OF STATE PROCUREMENT

BY: _____ DATE: _____

Table with 5 columns: Item, Material/Description, Target QtyUM, Unit Price, Amount. Rows include items 0010 through 0090, all for ENVELOPE, REG. WHT, WOVE, 24#, # 6 3/4.

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Contract No. 4600014061
Date 08/24/2007
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Table with 5 columns: Item, Material/Description, Target QtyUM, Unit Price, Amount. Rows include items 0100 through 0190, detailing envelope specifications and pricing.

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Term Contract

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Contract No. 4600014061
Date 08/24/2007
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Table with 5 columns: Item, Material/Description, Target QtyUM, Unit Price, Amount. Rows include items 0200 through 0290 with descriptions like ENVELOPE, REG. WHT, WOVEN, 24#, #10 and ENVELOPE, WHT WOVE, OPEN END, 24#, 9"X12".

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Table with 5 columns: Item, Material/Description, Target QtyUM, Unit Price, Amount. Rows include items 0300 through 0390, all for ENVELOPE, WHT WOVE, OPEN END, 24#, 9"X12" or 10"X13".

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Item	Material/Description	Target QtyUM	Unit Price	Amount
0400	10005480 ENVELOPE,WHT WOVE,OPEN END,24#,10"X13" Order Quantity - 25,000 - 45,000	25 Thousand	36.68	\$ 917.00
0410	10005480 ENVELOPE,WHT WOVE,OPEN END,24#,10"X13" Order Quantity - 50,000 -120,000	50 Thousand	36.68	\$ 1,834.00
0420	10005480 ENVELOPE,WHT WOVE,OPEN END,24#,10"X13" Order Quantity - 125,000 - 250,000	125 Thousand	36.30	\$ 4,537.50
0430	10114122 ENV.,WHITE KRAFT,OPEN END,28#,6.5 X 9.5 Order Quantity - 1,000 - 2,000	75 Thousand	47.00	\$ 3,525.00
0440	10114122 ENV.,WHITE KRAFT,OPEN END,28#,6.5 X 9.5 Order Quantity - 2,500 - 4,000	53 Thousand	47.00	\$ 2,467.50
0450	10114122 ENV.,WHITE KRAFT,OPEN END,28#,6.5 X 9.5 Order Quantity - 5,000 -12,000	5 Thousand	36.60	\$ 183.00
0460	10114122 ENV.,WHITE KRAFT,OPEN END,28#,6.5 X 9.5 Order Quantity - 12,500 - 24,000	13 Thousand	30.00	\$ 375.00
0470	10114122 ENV.,WHITE KRAFT,OPEN END,28#,6.5 X 9.5 Order Quantity - 25,000 - 45,000	25 Thousand	28.00	\$ 700.00
0480	10114122 ENV.,WHITE KRAFT,OPEN END,28#,6.5 X 9.5 Order Quantity - 50,000 -120,000	50 Thousand	27.00	\$ 1,350.00
0490	10114122 ENV.,WHITE KRAFT,OPEN END,28#,6.5 X 9.5 Order Quantity - 125,000 - 250,000	125 Thousand	24.28	\$ 3,035.00
0500	10114123 ENV.,WHITE KRAFT,OPEN END,28#,9.5 X 12.5	103 Thousand	71.68	\$ 7,383.04

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Table with 5 columns: Item, Material/Description, Target QtyUM, Unit Price, Amount. Rows include items 0510 through 0600, detailing quantities and prices for various materials like white kraft envelopes.

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Table with 5 columns: Item, Material/Description, Target QtyUM, Unit Price, Amount. Rows include items 0610 through 0710 with various material descriptions and quantities.

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Table with 5 columns: Item, Material/Description, Target QtyUM, Unit Price, Amount. Rows include items 0720 through 0810 with descriptions like ENV, TYVEK, WHT, CAT, OPEN END, 18#, 9"X12" and various order quantity ranges.

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Table with 5 columns: Item, Material/Description, Target QtyUM, Unit Price, Amount. Rows include items 0820 through 0920, detailing envelope specifications and pricing.

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Table with 5 columns: Item, Material/Description, Target QtyUM, Unit Price, Amount. Rows include items 0930 through 1020, detailing envelope specifications and pricing.

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Table with 5 columns: Item, Material/Description, Target QtyUM, Unit Price, Amount. Rows include items 1030 through 1110, detailing envelope specifications and pricing.

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Table with 5 columns: Item, Material/Description, Target QtyUM, Unit Price, Amount. Rows include items 1120 through 1210, detailing envelope specifications and pricing.

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Table with 5 columns: Item, Material/Description, Target QtyUM, Unit Price, Amount. Rows include items 1220 through 1310, detailing envelope specifications and quantities.

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Table with 5 columns: Item, Material/Description, Target QtyUM, Unit Price, Amount. Rows include items 1320 through 1420, detailing envelope specifications and pricing.

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Table with 5 columns: Item, Material/Description, Target QtyUM, Unit Price, Amount. Rows include items 1430 through 1520, detailing materials like KRAFT OPEN END envelopes and UPCHARGE ENVELOPE, LATEX, SELF-SEAL.

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Table with 5 columns: Item, Material/Description, Target QtyUM, Unit Price, Amount. Rows include items 1530 through 1620, detailing envelope specifications and pricing.

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GENERAL SPECIFICATIONS

SCOPE:

The intent of this Request for Quotation is to establish a term contract for blank envelopes for all State Agencies as well as to Cooperative Purchasing Program Participants within the State of Arkansas to procure as needed through out a twelve month period. Quantities under 1000 or exceeding limits set in this contract, envelope sizes not listed and envelopes requiring two windows may not be purchased from this contract and must be purchased separately

AWARDING INSTRUCTIONS:

This Request for Quotation shall be awarded by grand total to the lowest responsible, responsive bidder. Bid total shall be determined by multiplying the estimated quantities by the unit price and obtaining a total. Bidders must bid all items to be considered for award. A 10% preference for recycled stock will be applied to total

RECYCLED PAPER DEFINITION:

"Recycled paper," as it applies to coated stock, shall mean any paper that contains not less than 10 percent (10%) postconsumer material by fiber weight; as it applies to uncoated stock, it shall mean any paper that contains not less than 20 percent (20%) postconsumer material by fiber weight.

DELIVERY:

Inside delivery of the finished items must be made to the location specified on the ordering entity's purchase order.

Envelopes requiring metal clasp or latex self-seal shall be delivered within 25 working days after receipt of order

Delivery of orders with quantities of 24,000 or less shall be made within 10 working days after receipt of order.

Delivery of orders with quantities of 25,000 or more shall be made within 15 working days after receipt of order.

"Working days" shall be defined as Monday through Friday of each week exclusive of all official state holidays. The contractor shall be responsible for all transportation expenses including charges for inside delivery.

RUSH ORDERS (State Agencies)

If a State agency requires delivery of an order in less than the specified time outlined in this contract, that agency must contact the contractor. They may choose one of the two options stated below:

Option 1. Waive the order from the contract, which will allow the agency to procure elsewhere. Agency to forward a copy of any "Rush" orders to the Office of State Procurement, Attn: Kelley Kelley

Option 2. Accept the order and meet delivery requested. The ordering agency should obtain a written document with the agreed delivery date stated. The contractor may charge 1% of the original contract

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price for each working day less than the prescribed time authorized by the contract, that the delivery schedule is reduced. Rush order upcharges shall not exceed twenty percent (20%) of the original contract price

If the contractor fails to meet the "RUSH" delivery, the rush charge will not be applied. If the contractor exceeds the delivery time for a normal delivery, the contractor may be charged late charges

(Cooperative Purchasing Participant's):

The contractor must comply with one of the two following options

Option 1. Waive the order from the contract

Option 2. Accept the order and meet delivery requested. The Cooperative Purchasing Participant should obtain a written document with the agreed delivery date stated. The contractor may charge 1% of the original contract price for each working day less than the specified time authorized by the contract, that the delivery schedule is reduced. Rush order upcharges shall not exceed twenty percent (20%) of the original contract price

ADHESIVE:

Dry gum (dextrin) adhesive shall be used. Large size brown kraft and white wove envelopes may be purchased with metal clasp or latex self seal with an added upcharge. Tyvek envelopes are available with peel and seal adhesive, no clasp.

SUBSTITUTIONS:

If at any point during the term of the contract the contractor is unable to provide the brand of paper stock indicated in the contract, any alternate brands must be verified as an equal and approved in writing by the Office of State Procurement prior to substitution or the State will not be responsible for payment

SELLING TO COOPERATIVE PURCHASING PROGRAM PARTICIPANTS

Arkansas Procurement Law provides that local public procurement units (counties, municipalities, school districts, certain not-for-profit corporations, etc.) may participate in State Procurement contracts. The contractor therefore agrees to sell to Cooperative Purchasing Program participants at the option of the program participants. Unless otherwise stated, all standard and special terms and conditions listed within the Request for Quotation must be equally applied to such participants.

ESTIMATED QUANTITIES

The quantities set forth in this Request for Quotation are estimated quantities for a 12-month period. All items showing no usage for this period will show a minimum estimated quantity. The contractor must furnish the quantity requisitioned whether more or less than the estimates, as the State of Arkansas and the Cooperative Purchasing Program Participants may elect. The State does not guarantee to buy any or all of the estimated quantities of any specific line item or any total dollar amount.

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QUALITY:

Envelopes must meet the minimum Federal Postal Regulations. The dimensions of envelopes shall not deviate more than plus or minus 1/16" from those given. All envelopes must be of the quality and construction to be machine inserted. Folding, cutting and gluing shall be positioned to insure sufficient width and strength of the envelopes. Squeeze out of excessive glue must not occur. Side seam envelopes, except as noted, will be allowable under this contract with prior approval of the user. Vendor shall guarantee all above stipulations for quality. If problems occur, vendor shall replace the envelope order at no charge. No side seam envelopes will be accepted by the Department of Finance and Administration under this contract.

TERM

The term of a contract resulting from this Request for Quotation shall be one (1) year from date of award

EXTENSION CLAUSE:

Any contract awarded from the offering of these specifications will be subject to up to four (4) extensions each for a period not to exceed a 12-month period. Any extension must be mutually agreed upon by the Office of State Procurement and the contractor. The Office of State Procurement will notify the contractor before expiration of the contract if an extension is requested. The price change clause will remain in effect for any period agreed upon for extension.

SUMMARY REPORTS

The contractor is required to provide the Office of State Procurement with a summary report of the activity experienced under this contract every three (3) months. The summary reports for all State agency orders shall be routed to the Office of State Procurement, Attn: Kelley Kelley and for Cooperative Purchasing Participant orders shall be routed to The Office of State Procurement, Coop. Purchasing Manager.

Reports are due by the following dates:

Report #1 -(August, Sept. & Oct.) Due no later than November 15th
Report #2 -(Nov., Dec. & Jan.) Due no later than February 15th
Report #3 -(Feb., March & April) Due no later than May 15th
Report #4 -(May, June & July) Due no later than August 15th

Failure to submit this data may be deemed as noncompliance with the provisions of the contract and may be grounds for exclusion of that contractor from participation in the next contract period.

The quarterly reports to include line item with quantity ordered.

OVERRUNS/UNDERRUNS:

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Overruns/Underruns will not be allowed on quantities of 24,000 or less except on large size kraft and white wove envelopes.

Overruns/Underruns will be allowed on quantities of 25,000 or more as indicated below:

Table with 2 columns: Business Size and Large Size Kraft & Wove & Tyvek. Rows show percentage allowances for various quantity ranges.

All overruns will be priced at 80% of the unit contract price. Underruns will be priced at the full unit contract price and subtracted from the total bid price.

The ordering entity will not be responsible for accepting or making payment for any overruns exceeding the determined allowance from the scale above. If the overrun charged on the invoice causes the quantity to fall into next larger quantity bracket; vendor shall bill entire quantity at the larger quantity price bracket

INVOICING:

Invoices must be sent in triplicate, unless otherwise specified by the user. Contractor must include the appropriate contract number on the face of the invoice

SPECIAL PACKAGING:

Special packaging for distribution of envelopes by the users may be requested. Special packaging will include envelopes banded in 100's and repacked in same box or envelopes separated and repackaged in boxes of 100. Vendor will be allowed to include an upcharge for special packaging

Finished items shall be packaged and cartoned so as to protect contents from damage during shipment, handling and storage. Cartons shall not exceed 50 pounds in weight. All cartons must be marked as to the contractor's name, description of the item and quantity

PROOF OF PAPER COST:

After verbal notification from the Office of State Procurement of intent to award, vendor to provide written documentation of all paper costs. Documentation should be from paper house(s) to vendor. This information will be used in calculating cost increases or decreases during the term of the contract and will be kept confidential within the Office of State Procurement. Failure to provide this information to the Office of State Procurement will prevent any price increases.

PRICE CHANGE CLAUSE:

The contractor confirms that his company and any subcontractors will guarantee full disclosure and benefit of any and all paper price decreases passed along from the mill or supplier.

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No price increases will be authorized during the initial 120 days of the contract. In the event of an industry wide paper price increase, the contractor may request a paper cost increase, but must furnish a written request including all documentation to support the cost increase. Price increases which are approved will become effective within the (10) working days after date of written authorization from the Office of State Procurement. Any price increase will remain firm for a period of not less than sixty (60) days.

Paper price information supplied by the successful bidder at time of award will be used as the basis for any cost increases or decreases authorized by the Office of State Procurement during the term of this contract and any subsequent periods of extension. The Office of State Procurement will review the price of paper on a regular basis. When market conditions indicate that a reduction in cost is warranted, the contractor will be required upon written notification from the Office of State Procurement to lower his price for paper on all jobs in production and on all future jobs until such time as an authorized change in cost is made or the contract is terminated. The actual amount of decrease in cost will be in direct proportion to the change in the marketplace. The contractor may be required to provide documentation of the prices paid for paper either by his company or his subcontractor.

CURRENT COST

--- - 1 X 100 = (Increase or Decrease)

PREVIOUS COST

ORDERS:

All orders placed against this contract shall be in the form of a purchase order issued directly to the contractor for the ordering agency. A written purchase order received by mail or facsimile must be in the contractor's possession before shipment can be made. Walk in or verbal orders will not be accepted by the contractor

Minimum order will be 1,000.

Ordering entity should provide the name and phone number of a contact person to facilitate communication from vendor. Unit price reflects quantity for one FOB point.

SAMPLES:

Vendor will be required to provide samples, upon request, to the Office of State Procurement.

MISCELLANEOUS CHARGES/ALLOWANCES:

Prior to any work being performed under this contract that will result in additional costs, written authorization must be obtained either (a) The Office of State Procurement (for State Agency orders) or (b) the initiating office on orders from Cooperative Purchasing Program Participants. Any other costs incurred in production and not provided for in these instructions and specifications may be invoiced at fair market price as established by the Office of State Procurement. However, any additional costs incurred after the contract award will not be used in determining the low bid. These costs may include, but are not limited to, halftones, author's alterations, extra composition, overruns, or any other unforeseen costs.

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LIQUIDATED DAMAGES OR PENALTY (STATE AGENCIES):

All commodities furnished will be subject to inspection and acceptance after delivery. 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.

Liquidated damages imposed by the State against the contractor for failure to meet delivery schedule will be one percent (1%) of the invoice amount for each working day beyond the specified delivery time. The contractor shall be relieved of delays due to causes beyond his control such as acts of God, national emergency, strikes or fire. The Office of State Procurement will assess penalties for late delivery in all cases except those approved by the Office of State Procurement that relate to causes beyond the contractor's control. The contractor must notify in writing, on a timely basis, the Office of State Procurement of such developments stating reason, justification and extent of delay. Other liquidated damages provided for in this contract must be verified and approved in writing by the Office of State Procurement prior to application by the ordering agency.

LIQUIDATED DAMAGES OR PENALTY (COOPERATIVE PURCHASING PARTICIPANTS):

All Commodities furnished will be subject to inspection and acceptance after delivery. If the contractor fails to meet the specifications the Cooperative Purchasing Participant should notify the Office of State Procurement

Liquidated damages imposed against the contractor for failure to meet delivery schedule will be one percent (1%) of the invoice amount for each working day beyond the specified delivery time. The contractor shall be relieved of delays due to causes beyond his control such as Acts of God, national emergency, strikes

VENDOR CONTACT:

Bidder is requested to complete the information below indentifying the person who will resprent in all matters related to this contract.

NAME: James Priest
ADDRESS: 11605 Otter Creek South Blvd., Mabelvale, AR 72103
PHONE: 501-455-5555
FAX: 501-455-8885
E-MAIL ADDRESS: printingpapers@sbcglobal.net

TERM 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

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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 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.

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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 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.

GENERAL CONDITIONS AND INSTRUCTIONS TO VENDOR:

All purchasing rules and regulations defined by the State of Arkansas apply to this document.