



"We grow the Usual and the Un-usual!"

## CONTRACT GROWING POLICY

### **Purpose**

This policy statement is designed to set forth the terms and conditions that apply to contract growing arrangements between Tawakoni Plant Farm and a customer.

### **Applicability**

This policy applies to all contract growing arrangements and requires a written acknowledgment for the customer that they understand all the terms of this policy including the requirements for a non-refundable deposit, maintenance costs and scheduling.

### **Description of a Contract Growing Agreement**

Tawakoni Plant Farm grows more than one thousand different plant varieties. Although we keep an ongoing inventory of most of these plants, your project may require that you have material grown on a contractual basis in order to ensure timely delivery. At Tawakoni Plant Farm we will be happy to grow material that you need for your project according to contract specifications.

A contract growing agreement is generally used for projects that will be shipped in the longer term (3-24 months). This agreement is also used for the following reasons.

1. Non-standard containers.
2. Species that do not fall within our normal production list.
3. Projects that require site-specific collection of material.
4. Quantities of material that exceed the general market demand for a particular species
5. Material that requires a full production cycle to produce

We have the capacity to grow the material in almost any container size you desire: including bareroot seedlings, 50 – 38 cels, 4", 1-gallon, 3-gallon, 5-gallon, 15-gallon, 30-gallon, and many other containers. To ensure that we can meet your schedules, please contact us well before your planting dates.

Contract growing offers many advantages in today's market. By securing plant material in advance, you will save considerable time and heartache when it is time to plant. You will not have to struggle with the erratic availability of certain species. You can also secure a negotiated price on all of the plant material for your project much closer to the date that it was awarded to you. You will not have to risk the unpredictable price escalations that can occur within each year. But be careful; if the projects you work on are prone to serious delays (4-6 months), contract growing may not be the right choice for you. In all contracts that we negotiate, the customer will be charged for excessive delays or failure to accept delivery on specific items.

## **Terms and Conditions for Contract Growing Arrangements**

At Tawakoni Plant Farm we do whatever we can to work with the customer to determine terms and conditions that are fair for BOTH parties. Our contract terms and conditions almost always fit on a few pages and are clear and straightforward. We have provided explanations of some of the terms and conditions below. And please remember that the terms and conditions are written on a project-by-project basis.

### **Terms**

Payment terms are most often the same as those established between the two companies prior to the agreement. If a company does not have an open account, a credit application can be issued and usually processed within the contract negotiation period. If the application for credit is not approved, payment for the contracted material will be required at the time of delivery.

### **Deposits**

All contract-growing arrangements require a non-refundable deposit to begin the growing process. The amount of the deposit is dependent on the material that is being grown. If the material is being grown in odd container sizes that have little resale value, the deposit will be higher than if traditional containers are used. The deposit will also be higher if the material has low resale value, regardless of the container size. Generally, the deposit amounts range from 15% to 50% of the total contract value. In all cases, deposits are non-refundable. If a project is cancelled or significantly changed, the nursery uses the deposit money to cover the associated costs and loss. If the contract is completed as written, the deposit is always taken off the last invoice(s) for the project, not the first.

### **Maintenance Fees**

All contract-growing arrangements also have maintenance fee allowances. Although we understand that projects are often delayed for a variety of reasons, we are unable to absorb the financial loss from material that is lost or damaged due to the delays. Our standard maintenance rate is 4% of the total contract amount per month. This fee usually starts on the first day of the second month after delivery was supposed to occur (we usually grant a 30 day grace period). There are contracts, however, where the maintenance fees start promptly, often due to the extreme growth rate of specific species. Ground covers and 4" perennials cannot be maintained for an extended period of time as they can rapidly become overgrown. These plants may require frequent pruning and may not be first quality if they are delayed long past the delivery date.

As part of the maintenance section, most contracts have payment stipulations in the event that material does not ship after a certain period of time regardless of maintenance charges. In these cases, the client is responsible for payment whether or not the material has shipped and whether or not it will ship in the future.

Maintenance periods are not indefinite. Each is given a final end date after which Tawakoni Plant Farm will not hold plant material and the contractor will not only forfeit the deposit but will be responsible for all or a portion of the material being held for the project. In this case, an invoice will be generated and submitted to the customer on the final end date of the contract growing agreement.