

Budgetary Proposal No: 28265

Date: December 15, 2020

Revision: A

Submitted to: Ryan Yerkes
SIGMA Equipment
Evansville, IN

Reference: 15D105-SS



Submitted by: Michael Alagna
Regional Sales Manager
Cell #: (847) 321-0558
Email: malagna@adcomfg.com
ADCO Manufacturing

Note: This proposal supersedes all previous proposals and agreements related to this transaction and is void unless accepted within thirty (30) days from date hereof. This proposal is subject to change and/or revision upon receipt and review of all carton

and product samples supplied at the time of the order. If said order includes any special features and/or specifications that were not previously provided to ADCO Manufacturing, the prices as well as delivery times stated on this proposal are subject to change. For additional details, please see the included terms and conditions.

Quote # 28265

Rev: A

December 15, 2020

Ryan Yerkes

SIGMA Equipment

Ph #: (812) 401-6617

Email: ryerkes@sigmaequipment.com

RE: Preliminary and Budgetary Quotation

Dear Ryan,

I am pleased to provide you with a proposal for a new ADCO Model 15D105 Semi-Automatic Hand Load Cartoner. Please consider this quotation to be preliminary and budgetary pending review of all carton and product samples involved.

Like all ADCO machines, the 15D105 is designed to provide SIGMA Equipment with the highest possible levels of safety, efficiency and productivity.

Founded in 1958, ADCO has grown into a leading U.S. packaging machinery manufacturer with a reputation built on providing customers with safe, reliable, flexible and sanitary machine designs, as well as exemplary aftermarket support. ADCO's innovative product line includes horizontal and vertical end load cartoners, top load cartoning systems, paperboard wrap around sleeves, corrugated tray formers, case packers, robotic packaging systems and custom packaging machinery.

To learn more about our many products and services, please visit our website at www.adcomfg.com or feel free to contact me anytime. Thank you again for your interest in ADCO. I look forward to working with you on this project.

Warm regards,

ADCO Manufacturing

Michael Alagna

Regional Sales Manager

Cell #: (847) 321-0558

Email: malagna@adcomfg.com

SECTION 1 – Machine Specifications

ADCO MODEL: 15D105-SS SEMI-AUTOMATIC HAND LOAD CARTONER:

The 15D105 is a continuous motion machine designed to erect cartons from the 48" long horizontal powered carton magazine with a 2-head rotary carton feeder. The carton feeder vacuum is activated by a signal from the operator actuated foot switch. After the cartons are erected they pass by a 72" hand load table for product loading by up to (2) operators. The carton flaps are folded and closed with hot melt adhesive. The finished cartons are then discharged from the end of the machine.

1. Frame

- 196" (4.98m) long, bolt together stainless steel main frame
- Castors for portability and leveling feet

2. Drive

- Continuous motion with 1hp variable speed drive system
- Main drive overload protection

3. Magazine

- 48" (1.22m) horizontal powered carton magazine with adjustable pick gate

4. Feeder

- 2-head, 8" (200mm) radius rotary carton feeder
- Vacuum generator (Requires 95psi @ 9 cfm)
- Foot switch for carton picking vacuum control

5. Product Loading

- 72" (1832m) long hand load table, located on the Left hand side

6. Carton Handling

- #2040 non-captured flight chains with 12" lug centers
- Dual shafts on flight chain drive for quick and easy flight lug adjustments
- Horizontal minor flap tuckers
- Screw adjustments on all overheads

7. Carton Closing

- Nordson ProBlue 4 glue unit with (2) guns & hoses, Saturn filters, mounting brackets, flap guides, compression and electrical controls
- Separate electrical disconnect for Nordson glue unit
(Nordson unit will not lose power if the electrical panel is locked out)

8. Electrical & Controls

- NEMA 12 (IP55) electricals
- 230v/3ph/60hz electrics with 24vdc control voltage
- Relay logic with push button controls

9. Safety

- Gull wing barrier guarding with Lexan - electrically interlocked
- Category 3 electrical safety system

10. General Construction

- Left hand product load side (looking downstream)
- Carton bottom to floor elevation 36"±1" (.91m)
- Scales on all changeover adjustments
- High strength, corrosion resistant coated chains
- Non-washdown construction
- Zinc plated cold rolled steel parts
- Group lubrication

11. Standards & Documentation

- NFPA 79 compliant
- ANSI/PMMI B155.1-2011 safety standard compliant
- (1) hard copy of startup manual + (2) digital copies of full manual on USB drive
- Setup and testing at ADCO for up to (3) carton sizes

SECTION 2 – Pricing Summary

TOTAL MACHINE PRICE

\$86,720

Continued on next page ...

SECTION 3 – Options

Machine Upgrades:

- Orbital carton feeder with vacuum pre-break station and oilless Becker vacuum pump 12,930
- 1hp oilless Becker vacuum pump 2,430
- Low carton hopper warning light 1,075
- Analog counters on all screw adjustments, scales on remaining changeover adjustments 6,340
- 72" (1.83m) horizontal powered carton magazine with adjustable pick gate 2,240
- 120" (3.05m) long x 12" (0.3m) wide frame mounted Dorner 2200 product infeed conveyor with VFD. Non-Washdown 7,695
Additional length +298/ft
- 120" (3.05m) long x 12" (0.3m) wide frame mounted Dorner 7200 product infeed conveyor with VFD. Washdown 9,850
Additional length +352/ft
- Side discharge belts, motor driven 5,895
- Open flap detect and reject system with 60" long modular discharge conveyor, photo eye sensing system, reject device and side discharge belts. 18,940*
Washdown construction: +2,500
- Right hand load construction 2,915*
- Additional hand load table – 24" (0.61m) section, results in 96" (2.44m) long load table 9,865*
*With washdown construction: +2,000**
*With extra wide frame: +3,310**

Washdown:

- Washdown construction to include: 18,600*
 - Water resistant Nordson glue guns and hoses
 - NEMA 4x electricals
 - Hard anodized aluminum
 - Stainless steel sprockets and fasteners
 - Stainless steel bearings with thermoplastic housings
 - Bearing standoffs for cleaning*
 - Push button covers
 - Continuous welds throughout*
 - Minimal use of nickel plated components*
 - Drainage holes in all horizontal surfaces

**NOTE: Every effort will be made to accommodate these features; however there are certain components and/or areas of the machine that do not permit their use.*
- Sanitary safety guards with stainless steel perforated hex mesh 10,895*

Carton Closing:

● Secondary glue guns to seal the minor flaps to the inside major flaps	6,480
● Glue pattern control (adjustable, recipe driven)	4,125
● Nordson Spare Parts kit, includes: (5) Saturn filters, H/G Module, RTD & thermostat kits, fuse kits, pump & manifold service kits and air filter assembly	1,265
● Upgrade to Nordson Liberty glue system with melt on demand tankless design and remote reservoir	3,345
● RSC Flap closing plows, includes dual module glue guns (no actuated compression)	5,815
● Reverse flap folding plows (upside down carton – outside major flap fold up)	3,045
Carton Coding:	
● Videojet 1860 IP55 Ink Jet printer with controller & rolling stand, cleaning kit, encoder, trigger eye, and ADCO supplied mount. Includes two half days of setup, testing, and training at ADCO and one day at the customers facility. Power supplied by the customer.	22,940
● Videojet 1860 IP66 Ink Jet printer with controller & rolling stand, cleaning kit, encoder, trigger eye, and ADCO supplied mount. Includes two half days of setup, testing, and training at ADCO and one day at the customers facility. Power supplied by the customer.	23,680
● Mounting of customer supplied ink jet coder, to include adjustable print head mount, trigger eye, and encoder. Does not include testing, 110v power, or coder cabinet mount.	5,665
● ADCO deboss coder for non-load side top major flap with “J” type code wheel (includes 50 individual code characters)	4,245
● “J” Code characters (each)	9
Electrical & Controls:	
● Modifications for 460v supply voltage	2,300
● Continuous/intermittent motion drive system with:	10,050
○ 3-position switch to select (1) continuous mode, (2) intermittent auto cycle mode, or (3) intermittent manual cycle mode	
○ Foot switch to cycle machine in intermittent manual cycle mode.	
○ Foot switch to control carton vacuum in continuous mode	
○ A-B MicroLogix PLC and PanelView 850 4” touchscreen (programming software optional)	
○ In intermittent mode, the machine will cycle two stations at a time, with a carton in every other flight. Maximum auto mode cycle rate is 20 cartons/minute. Speed is operator dependent in manual cycle mode	
● Upgrade to A-B CompactLogix L18 PLC with Ethernet and PanelView +6 600 touchscreen. Includes fault map on touchscreen and PackML programming	10,880
● Electrical enclosure with right hand flange disconnect	4,500*
● UL 508A Type 1 Listed Industrial Control Panel	1,375
Productivity Support:	

- Recommended Spare Parts Kit, 2.5% of Machine Price 2,170
- Set up and testing of additional carton sizes 2,750/Size
- Hard Copy of complete Operator's Manual 450
- Training videos filmed at ADCO. Shared via USB drive and/or YouTube private link. 2,500/ea*
Suggested video themes: Changeover, Daily Startup, Maintenance Inspection, Clearing Jams, Troubleshooting

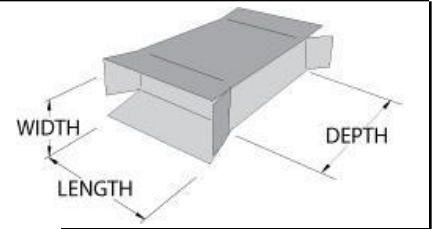
***SPECIAL NOTE:** These options will result in a longer lead-time!

SECTION 4 – Cartons & Product

1	Carton Photo:	Product Description:			
		TBD			
		Pack Pattern:			
		Carton Size:	Within carton size range		
		Product Speed	Carton Speed	Product Weight:	
		Nom (Max)	Nom (Max)	Carton Board:	
			Up to 120	Carton Flaps:	Glue
Notes:	<ul style="list-style-type: none"> • No carton or product samples to be sent to ADCO for review • Customer will be responsible for the setup and testing of cartons • Actual product speed is dependent upon the operator's ability to insert the product into the carton 				

Carton Size Range:

Dimension:	Min (in)	Max (in)	Min (mm)	Max (mm)
Length of Opening:	1.0	9.5	25	240
Width of Opening:	0.75	4.0	20	100
Carton Depth:	4.0	12.0	100	305



- NOTES:
1. Carton widths greater than 3" will require engineering approval and economy major flaps.
 2. Change parts may be required to run additional cartons and/or products.
 3. Not all minimum and maximums apply. Contact your ADCO Sales Representative if you have any questions.

Carton Style:

Horizontal end load carton with standard glue flaps.

Machine Speed:

Variable, see Cartons & Product table above. Actual maximum speed may vary depending on board type, weight, density and scoring.

In order for a machine to run consistently and efficiently at this speed, with minimum down time, you must have high quality cartons that are manufactured and stored correctly. The cartons must be of quality chip board materials and include pre-broken scores. The cartons must also be packaged and stored properly to prevent warping.

Although this machine is capable of running the stated speeds for each carton noted above, the actual production speed is dependent upon the operator's ability to insert the product into the carton. Some of the factors affecting the operator's ability to insert product include, product supply & orientation,

operator dexterity & motivation, and product to carton fit. It is not ADCO's responsibility to determine how many operators are required to load product into the cartons.

Back Pressure:

Product supplied to the ADCO Packaging machine is the responsibility of the end user unless specified otherwise in writing. Product must be of good quality and supplied in an agreed to configuration. Conveyor speeds and back pressure should be such that it does not distort or compress the product. It is end user's responsibility to ensure back pressure is properly metered to the cartoner at a consistent rate. Any variance to this should be discussed and a solution mutually agreed to in writing before the onset of the project.

SECTION 5 – Ordering Info

Installation, Startup, and Training:

Installation, startup and training are not included in the price of the equipment unless specifically stated herein. For more information please see the Service Rate Sheet. A detailed estimate will be provided upon request.

Estimated Shipping Date:

According to our current production schedule, we anticipate the shipment of this equipment within approximately **10 to 12 weeks** after the receipt of your purchase order and complete engineering data. The final scheduling is subject to prior sales and may vary daily as new incoming orders are received and scheduled. Upon receipt of all of the information listed below, ADCO will examine its existing workload and then determine the estimated shipping date of this machine order.

- 1) Receipt of written purchase order and down payment
- 2) Receipt of carton and product samples
- 3) Receipt of specification sheet and signed floor plan

Freight:

F.O.B. Sanger, CA via exclusive air ride trailer. Freight Pre-Paid / Bill

Terms and Conditions:

50% down payment with purchase order
40% due prior to machine shipment from ADCO
Balance due within 30 days (net) of receipt of machine

Please see Standard Contract Provisions for additional details.

SECTION 6 – Standard Contract Provisions:

1. **Terms of Sale.** All orders ARE EXPRESSLY LIMITED TO THE TERMS AND CONDITIONS HEREIN CONTAINED. Any additional or different terms and conditions proposed by Buyer are hereby rejected and shall be of no force or effect unless expressly assented to in writing by ADCO Manufacturing. This offer may be withdrawn at any time prior to acceptance and shall expire automatically upon thirty (30) days from the date hereof unless accepted by BUYER. Published prices and other published data are not offers, but give general information only and are subject to change without notice.

2. **Sale Price.** Unless otherwise noted in writing, the sale price is quoted in USD (\$). Sales, use, VAT, import and other taxes and duties that are presently or may hereafter be imposed by any taxing authority are not included in the sale price of the products. If such taxes are separately stated and collected at the time of payment of sale price, Buyer will be responsible for payment of that amount and will indemnify and hold Seller harmless from payment thereof, and Buyer will indemnify and hold Seller harmless for any additional amounts due. Unless otherwise noted, all prices quoted herein are valid only for purchases made by cash, check, money order or wire transfer.

3. **Payment.** Buyer shall deposit fifty percent (50%) of the sale price with this order. Forty percent (40%) of the sale price shall be paid prior to shipment unless otherwise specified. The balance of the sale price shall be due within thirty (30) days from the date of shipment. If any payment is made more than thirty (30) days from the date of invoice, Buyer shall pay interest on the amount invoiced at the maximum legal rate from the date of the invoice. Unless otherwise noted in writing, all payments shall be made in USD (\$).

4. **Delivery, Shipment and Risk of Loss.** Delivery of all machinery will be made F.O.B. point of shipment or manufacture. Any shipment date specified herein is approximate only. Unless otherwise agreed to, partial shipments of complete units will be made when completed and invoice will be rendered. Method and route of shipment is at ADCO Manufacturing's discretion, unless the Buyer supplies explicit instructions. The risk of loss shall be on the Buyer upon the delivery of the machinery by ADCO Manufacturing to a common carrier. All claims for breakage, loss or damages in transit shall be made to the carrier.

5. **Delays.** ADCO Manufacturing shall in no event be liable for delay in the performance of orders or contracts, or in the delivery or shipment, or for any damages suffered by the Buyer by reason of such delay, when the delay is due to causes beyond ADCO Manufacturing's control or due to acts of God, fire, strikes, floods, epidemics, quarantine restrictions, war, insurrection or riot, civil or military authority, compliance with priority orders or preference rating issued by any federal, state or other governmental authority, freight embargoes, car shortages, wrecks, delays in transportation, unusually severe weather, or inability to obtain necessary labor, materials or manufacturing facilities. In the event of any such delay, the date of delivery shall be extended for a reasonable length of time, but not less than the period of delay. In case of delay due to Buyer's failure to provide any document or information required by ADCO Manufacturing, the time of shipment shall be extended on the basis of the period of such delay. Receipt of delivered machinery shall constitute a waiver of all claims for delay and all claims for consequential or incidental damages arising there from.

6. **Return of Machinery.** ADCO Manufacturing will accept no return of machinery without its written permission. A service charge for handling any returned machinery will be made unless that shipped is not conforming to sales order.

7. **Warranties.** ADCO Manufacturing warrants that the machinery sold under this contract will be free from defects in material and workmanship for a period of twelve (12) months from the date of installation, and this warranty will be limited to the repair and replacement of parts and the necessary labor and services required to repair the machinery. Shipment costs for warranty replacement parts and return of defective parts to ADCO Manufacturing during the warranty period shall be paid by the Buyer.

The warranty against defects in material and workmanship may, in ADCO's sole discretion, be voided and of no effect if the machinery or any part or component thereof shall have been installed, commissioned, repaired or altered by anyone other than ADCO Manufacturing unless expressly authorized in writing by ADCO Manufacturing, or if the machinery is installed, commissioned and/or operated contrary to ADCO Manufacturing's instructions or subjected to misuse, negligence or accident. Requests for warranty parts or service for machinery or any part or component thereof that have been installed, commissioned, repaired or altered by anyone other than ADCO Manufacturing, will require a written purchase order from Buyer prior to shipment of warranty part(s) and/or dispatch of ADCO Manufacturing service technician.

Under no circumstances shall ADCO Manufacturing be liable for consequential or incidental damages resulting from any breach of warranty.

THIS WARRANTY IS EXPRESSLY MADE IN LIEU OF ANY AND ALL OTHER WARRANTIES, EXPRESSED OR IMPLIED, INCLUDING THE WARRANTIES OF MERCHANTABILITY AND FITNESS.

8. **Remedies.** Buyer's sole and exclusive remedy for any breach of warranty shall be limited as set forth below:
Any claim for breach of warranty must be made within twelve (12) months after date of installation. ADCO Manufacturing shall have the option to inspect any parts claimed to be defective at ADCO Manufacturing's choice of location. No return of machinery or parts shall be accepted unless ADCO Manufacturing has had an opportunity to inspect the machinery or has expressly authorized the return. ADCO Manufacturing agrees to repair or replace any part of the machinery manufactured by ADCO Manufacturing that is defective in material or workmanship for a period of twelve (12) months from the date of installation. In no event shall this warranty extend to, or obligate ADCO Manufacturing in any way regarding parts or components not actually manufactured by ADCO Manufacturing, and is expressly limited to the warranty of the original manufacturer.

9. **Cost of Services.** The cost of all servicing of machinery not provided for in Sections 7 and 8 above may be charged for by ADCO Manufacturing at a per man per work day rate plus transportation and living expenses.

10. **Default.** In the event Buyer requests ADCO Manufacturing to stop or cancel the order or any part thereof:
(a) If the machinery or work ordered by the Buyer is or would have been completed, in the sole judgment of ADCO Manufacturing,

within thirty (30) days of the date on which written notification of the cancellation or written notification of the request to stop is received, Buyer agrees to pay the full contract price upon invoice.

(b) If the machinery or work ordered by the Buyer is not or would not have been completed, in the sole judgment of ADCO Manufacturing, within thirty (30) days of the date on which written notification of the cancellation is received or written notification of the request to stop is received, Buyer agrees to pay, upon invoice, for all materials and supplies ordered by ADCO Manufacturing in reliance upon Buyer's order, plus the cost of labor and overhead expenses, determined in accordance with generally accepted accounting practices, plus twenty percent (20%) of the sales price.

(c) Buyer shall properly instruct ADCO Manufacturing as to the disposition of the machinery or parts thereof, and the latter shall, if requested, hold the machinery or parts thereof for the Buyer's account. All costs of storage, insurance, handling, boxing or costs in connection therewith shall be borne by the Buyer.

11. Estimated Production Figures. Estimated production figures, if any, contained in this offer are based on our analysis and understanding of the work to be performed, assuming various production factors, under normal working conditions with competent operators, proper maintenance of the equipment, the use of materials in which such estimate is made, conforms with the specifications herein contained and the standards of the industry.

IT IS EXPRESSLY UNDERSTOOD THAT PRODUCTION ESTIMATES ARE NOT GUARANTEED.

12. Indemnity for Patent Infringements. ADCO Manufacturing agrees to protect and indemnify the Buyer to the extent set forth below, from infringement or alleged infringement of any patent of the United States by any of the machinery delivered pursuant to this contract, but ADCO Manufacturing does not protect and indemnify against infringement by reason of the use thereof in combination with other materials or in the operation of any process, and ADCO Manufacturing will defend or settle at its own expense any suit or proceeding brought against the Buyer by such infringement or alleged infringement provided that ADCO Manufacturing is notified in writing within ten (10) days after the commencement of such suit or proceeding that is given authority, information and assistance by the Buyer for the defense or settlement thereof. ADCO Manufacturing shall pay all damages and costs awarded therein against the Buyer, to the extent that such damages and costs do not exceed the sale price of the machinery covered by this offer. In case of said machinery or any part thereof is in such suit held to constitute infringement and the use of said machinery or parties enjoined, ADCO Manufacturing shall, at its own expense, either procure for the Buyer the right to continue using the said machinery or part, or replace same with non-infringing machinery; or modify it so it becomes non-infringing; or remove said machinery and refund the purchase price and the transportation and installation costs thereof. The foregoing states the entire liability of ADCO Manufacturing for patent infringement by said machinery or any part thereof.

13. Integration Clause. This agreement contains the entire understanding of the parties and is intended as final expression of their agreement and a complete statement of the terms thereof and shall not be modified except in a writing signed by both an officer of ADCO Manufacturing and a duly authorized representative of the Buyer. No waiver by either part of any default shall be deemed a waiver of any subsequent default.

14. ARBITRATION. ANY CONTROVERSY OR CLAIM ARISING OUT OF OR RELATING TO THIS ORDER, OR THE PERFORMANCE OR THE BREACH THEREOF, SHALL BE SETTLED BY ARBITRATION IN ACCORDANCE WITH THE COMMERCIAL ARBITRATION RULES OF THE AMERICAN ARBITRATION ASSOCIATION, AND JUDGMENT UPON THE AWARD RENDERED BY THE ARBITRATOR MAY BE ENTERED IN ANY COURT HAVING JURISDICTION. THE COST OF ARBITRATION, INCLUDING ATTORNEYS' FEES, SHALL BE BORNE BY THE PARTIES IN SUCH PROPORTIONS AS THE ARBITRATOR MAY DECIDE, OR, IN DEFAULT OF SUCH DECISION, SHALL BE BORNE BY THE LOSING PARTY.

15. Security Interest. Buyer hereby agrees to give ADCO Manufacturing a security interest in the machinery and shall execute a UCC-1 form if required to do so by ADCO Manufacturing in its sole and absolute discretion.

16. Attorneys' Fees. In the event suit is brought to enforce or interpret any part of this Agreement, the prevailing party shall be entitled to recover as an element of its cost of suit and not as damages a reasonable attorneys' fee to be fixed by the Court. The 'prevailing party' as used herein, shall be the party who is entitled to recover its costs of suit, whether or not the suit proceeds to final judgment. A party not entitled to recovery of its costs shall not recover attorneys' fees. No sum for attorneys' fees shall be calculated and counted in the amount of judgment for purposes of determining whether a party is entitled to recovery costs or attorneys' fees.

SECTION 7 – Performance/Efficiency Statement:

This ADCO cartoner is guaranteed to operate at a 98% minimum efficiency rating if all of the following criteria are met by the end-user or by the responsible party.

- 1) Cartoning materials run over the said equipment are within the agreed upon specifications, as well as meeting minimum industry standards; i.e.: various coatings, scoring, die cutting, gluing, pre-breaking, weight and density, flatness or warping, etc.
- 2) Product supplied to be run is within the originally agreed upon specifications and is presented to the equipment in an acceptable manner.
- 3) End user provides adequate technical support to maintain and operate said equipment.
- 4) End user provides regular maintenance and lubrication to the equipment as is outlined in the Owner's Manual or as instructed by ADCO service personnel.
- 5) Efficiency percentages are to be obtained over an eight-hour period or typical shift.
- 6) ADCO will not be held liable for any of the above-mentioned items not being met or adhered to. The end user accepts full responsibility for compliance and adherence to the above-mentioned items.

Furthermore, the equipment produced by ADCO Manufacturing conforms to National Safety Standards and National Electric Codes. OSHA/CAL-OSHA standards are subject to interpretation by specific area inspectors. It is ADCO's understanding that packaging machinery still does not have specific requirements outlined; however, we do comply with Lock-out/Tag-out regulations.