

8/12/19

RESOLUTION NO. 2019.003

RESOLUTION APPROVING DEDUCTION FROM ASSESSED VALUE OF PERSONAL PROPERTY (NEW MANUFACTURING EQUIPMENT) IN AN ALREADY DECLARED ECONOMIC REVITALIZATION AREA.

(Muncie Novelty Company, Inc.)

WHEREAS, the Indiana General Assembly has enacted a statute, I.C. 6-1.1-12.1 (the "Act"), authorizing certain deductions from the assessed value of new manufacturing equipment (as defined in the Act) for purposes of taxation of such equipment if installed during the period beginning March 1, 1983 and ending December 31, (2019), or such other date as extended by Indiana Code, in an area that is declared an economic revitalization area; and

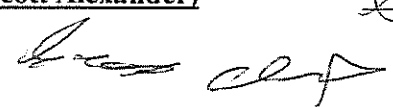
WHEREAS, **Muncie Novelty Company, Inc.**, will install or has installed new manufacturing equipment at its facility located at **9610 N. State Road 67, Muncie, Indiana 47303** during the above described period; and

WHEREAS, by previously adopted resolution, the **Delaware County Council** (Council) has declared and affirmed that the area commonly described as **9601 N. State Road 67, Muncie, Indiana 47303**, which is identified on the attached map (the "Area"), is an economic revitalization area, and authorizes deductions from assessed value of new manufacturing equipment, installed in the area for purposes of taxation; and

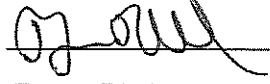
WHEREAS, as a condition of approval of the ensuing abatement, **Muncie Novelty Company, Inc.**, agrees to, upon request, update the Council with regard to the status of the abatement, equipment and employment at the facility during the term of the life of the abatement.

NOW, THEREFORE, BE IT RESOLVED by the **Delaware County Council** of the State of Indiana:

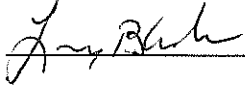
1. The Council finds and determines that the new manufacturing equipment to be installed in the above referenced area shall be allowed a deduction of **eight (8)** years (note attached schedule) from the assessed value of such equipment, in accordance with the provisions of I.C. 6-1.1-12.1-4.5.
2. The **County Auditor** shall take such further actions as may be required to carry out the purposes of this resolution and to process and ensure the eligibility of the new manufacturing equipment for the deduction described herein.
3. This Resolution shall be in full force and effect from and after its passage by the Council and after advertised in such publications as may be required by law.

	Yeas	Nays	Abstained	Absent
<u>(Scott Alexander)</u>	<u>✓</u>	—	—	—
				

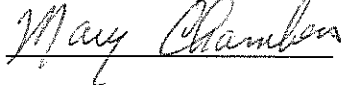
(Ryan Ballard)



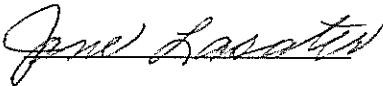
(Larry Bledsoe)



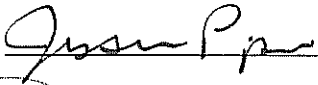
(Mary Chambers)



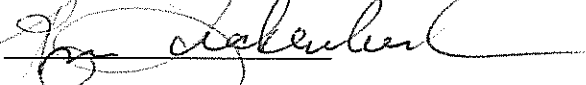
(Jane Lasater)



(Jessica Piper)



(Ron Quakenbush)

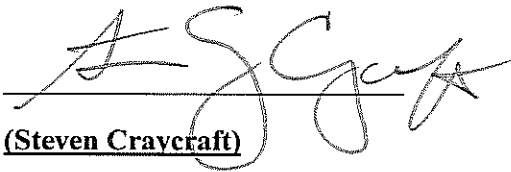


Passed by the Council of **(Delaware County)**, Indiana this _____ day of _____ **(2019)**.

(Ron Quakenbush)

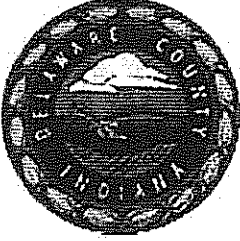
Council President

ATTEST:



(Steven Craycraft)

Auditor



APPLICATION FOR TAX ABATEMENT
New Manufacturing Equipment
(Personal Property)

Date: 01/10/2019 Name of Company: Muncie Novelty Company, Inc.

Address of property where equipment will be located:

9610 N. State Road 67, Muncie, IN 47303

Is the property within the corporate limits of a City or Town? Yes No

Name of City or Town: Muncie Township: Hamilton

Is a legal description attached? Yes No

Property Owner(s): S- Corporation

Name: Muncie Novelty Company, Inc

Name: Click or tap here to enter text.

Address: 9610 N. St. Rd. 67, Muncie, IN 47303

Address: Click or tap here to enter text.

Phone: 765-288-8301

Phone: Click or tap here to enter text.

Email: david@muncienovelty.com

Email: Click or tap here to enter text.

Are utilities at the property adequate to accommodate the equipment? Yes No If not, please explain: Click or tap here to enter text.

Briefly describe the new equipment to be purchased: Bander/Stitcher

Briefly describe the indented use of the new equipment: Equipment is needed to expand production and volume to meet customer needs.

What is the Purchase Price of the Equipment? \$2,119,431.00 (Attach Quote)

Where is the new equipment being brought from? (Please check one)

Out of the County Out of the State

What is the amount of your last real estate property tax assessment?

\$704,100

What is the amount of your last personal property tax assessment?

\$1,621,940

Are the business and company owners above current on ALL tax liabilities? Yes No If not, please explain: Click or tap here to enter text.

Are there any judgments, liens or pending litigation against the business and company owners?

Yes No If yes, please explain: Click or tap here to enter text.

How many years has the company been in business? 82 years.

Is the company headquarters located in Delaware County? Yes No If not, where are they located? Click or tap here to enter text.

What is the total number of employees currently working for the company in County?

83

Number of minorities: 1

Number of Females: 41

Number with disabilities: 0

What percentage of employees are Delaware County residents?

72.%

What is the number of new employees to be added as a result of this abatement?

1

What is the number of new employees anticipated to be hired in the next twelve months?

1

How many employees are anticipated to be retained as a result of this abatement?

83

Wages and Benefits:

What is the starting hourly wage? \$10.50

High Wage \$21.25

Average Wage \$15.50

What is the expected average hourly wage for the jobs resulting from this abatement?

\$15.50

What is the required skill level of new employees? Entry level/Semi-skilled

Does the company offer health insurance? Yes No

If "yes", what percentage is paid from the:

Employer 75% and Employee 25%

Does the company offer a Pension Plan? Yes No

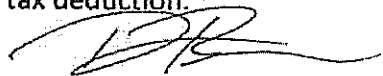
If "yes", what percentage is paid from the:

Employer 2.% and Employee employee discretion

Does the company pay for any training or continuing education? Yes No If "yes", please explain: job related in-house, on-line courses or special sessions as needed.

Please include with this application a map identifying the general location of the investment and a non-refundable check for \$150 made payable to the Delaware County Treasurers

I hereby certify that the information and representations on this application are true and complete. By signing below I accept responsibility of the representations above and I hereby acknowledge that this form will become public record. Furthermore, I understand and am aware that by requesting this abatement, I am responsible for annually filing a CF-1 (Compliance with Statement of Benefits), and Form 322 ERA/PP (Application for Deduction from Assessed Valuation) by the dates indicated on the forms in order to actually receive the tax deduction.



Name: David Broyles

Title: President

Date: 01/10/2019

Submit the completed form to c/o:

Brad Bookout, Director of Economic Development, Delaware County, Indiana 1208

West White River Blvd., Suite 128

Muncie, Indiana 47303

Ph: 765-808-1484

Email: bbookout@ecirpd.org



**STATEMENT OF BENEFITS
PERSONAL PROPERTY**

State Form 51764 (R2 / 12-11)
Prescribed by the Department of Local Government Finance

FORM SB-1 / PP

PRIVACY NOTICE
The cost and any specific individual's salary information is confidential; the balance of the filing is public record per IC 6-1.1-12.1-5.1 (c) and (d).

INSTRUCTIONS:

- This statement must be submitted to the body designating the Economic Revitalization Area prior to the public hearing if the designating body requires information from the applicant in making its decision about whether to designate an Economic Revitalization Area. Otherwise this statement must be submitted to the designating body **BEFORE** a person installs the new manufacturing equipment and/or research and development equipment, and/or logistical distribution equipment and/or information technology equipment for which the person wishes to claim a deduction. "Projects" planned or committed to after July 1, 1987, and areas designated after July 1, 1987, require a STATEMENT OF BENEFITS. (IC 6-1.1-12.1)
- Approval of the designating body (City Council, Town Board, County Council, etc.) must be obtained prior to installation of the new manufacturing equipment and/or research and development equipment and/or logistical distribution equipment and/or information technology equipment, **BEFORE** a deduction may be approved.
- To obtain a deduction, a person must file a certified deduction schedule with the person's personal property return on a certified deduction schedule (Form 103-ERA) with the township assessor of the township where the property is situated or with the county assessor if there is no township assessor for the township. The 103-ERA must be filed between March 1 and May 15 of the assessment year in which new manufacturing equipment and/or research and development equipment and/or logistical distribution equipment and/or information technology equipment is installed and fully functional, unless a filing extension has been obtained. A person who obtains a filing extension must file the form between March 1 and the extended due date of that year.
- Property owners whose Statement of Benefits was approved after June 30, 1991, must submit Form CF-1 / PP annually to show compliance with the Statement of Benefits. (IC 6-1.1-12.1-5.6)
- The schedules established under IC 6-1.1-12.1-4.5(d) and (e) apply to equipment installed after March 1, 2001, unless an alternative deduction schedule is adopted by the designating body (IC 6-1.1-12.1-17).

SECTION 1 TAXPAYER INFORMATION

Name of taxpayer Muncie Novelty Company, Inc.	
Address of taxpayer (number and street, city, state, and ZIP code) 9610 N. State Road 67, Muncie, IN 47303	
Name of contact person David Broyles	Telephone number 765-288-8301

SECTION 2 LOCATION AND DESCRIPTION OF PROPOSED PROJECT

Name of designating body		Resolution number (s)
Location of property 9610 N. State Road 67, Muncie, IN 47303	County Delaware	DLGF taxing district number 004
Description of manufacturing equipment and/or research and development equipment and/or logistical distribution equipment and/or information technology equipment. (use additional sheets if necessary) Bander/Stitcher	ESTIMATED	
		START DATE COMPLETION DATE
	Manufacturing Equipment	11/01/2012 06/30/2019
	R & D Equipment	11/01/2012 06/30/2019
	Logist Dist Equipment	
IT Equipment		

SECTION 3 ESTIMATE OF EMPLOYEES AND SALARIES AS RESULT OF PROPOSED PROJECT

Current number	Salaries	Number retained	Salaries	Number additional	Salaries
83	3,262,641.51	83	3,262,641.51	1	32,240.00

SECTION 4 ESTIMATED TOTAL COST AND VALUE OF PROPOSED PROJECT

NOTE: Pursuant to IC 6-1.1-12.1-5.1 (d) (2) the COST of the property is confidential.	MANUFACTURING EQUIPMENT		R & D EQUIPMENT		LOGIST DIST EQUIPMENT		IT EQUIPMENT	
	COST	ASSESSED VALUE	COST	ASSESSED VALUE	COST	ASSESSED VALUE	COST	ASSESSED VALUE
Current values	5,412,748	1,623,824						
Plus estimated values of proposed project	2,119,432	635,830						
Less values of any property being replaced								
Net estimated values upon completion of project	7,532,180	2,259,654						

SECTION 5 WASTE CONVERTED AND OTHER BENEFITS PROMISED BY THE TAXPAYER

Estimated solid waste converted (pounds) _____	Estimated hazardous waste converted (pounds) _____
Other benefits:	

SECTION 6 TAXPAYER CERTIFICATION

I hereby certify that the representations in this statement are true.

Signature of authorized representative 	Title PRESIDENT	Date signed (month, day, year) 1-10-19
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FOR USE OF THE DESIGNATING BODY

We have reviewed our prior actions relating to the designation of this economic revitalization area and find that the applicant meets the general standards adopted in the resolution previously approved by this body. Said resolution, passed under IC 6-1.1-12.1-2.5, provides for the following limitations as authorized under IC 6-1.1-12.1-2.

A. The designated area has been limited to a period of time not to exceed _____ calendar years * (see below). The date this designation expires is _____.

- B. The type of deduction that is allowed in the designated area is limited to:
- 1. Installation of new manufacturing equipment; Yes No
 - 2. Installation of new research and development equipment; Yes No
 - 3. Installation of new logistical distribution equipment. Yes No
 - 4. Installation of new information technology equipment; Yes No

C. The amount of deduction applicable to new manufacturing equipment is limited to \$ _____ cost with an assessed value of \$ _____.

D. The amount of deduction applicable to new research and development equipment is limited to \$ _____ cost with an assessed value of \$ _____.

E. The amount of deduction applicable to new logistical distribution equipment is limited to \$ _____ cost with an assessed value of \$ _____.

F. The amount of deduction applicable to new information technology equipment is limited to \$ _____ cost with an assessed value of \$ _____.

G. Other limitations or conditions (specify) _____

H. The deduction for new manufacturing equipment and/or new research and development equipment and/or new logistical distribution equipment and/or new information technology equipment installed and first claimed eligible for deduction on or after July 1, 2000, is allowed for:

- 1 year 6 years ** For ERA's established prior to July 1, 2000, only a
- 2 years 7 years 5 or 10 year schedule may be deducted.
- 3 years 8 years
- 4 years 9 years
- 5 years ** 10 years **

I. Did the designating body adopt an alternative deduction schedule per IC 6-1.1-12.1-17? Yes No
If yes, attach a copy of the alternative deduction schedule to this form.

Also we have reviewed the information contained in the statement of benefits and find that the estimates and expectations are reasonable and have determined that the totality of benefits is sufficient to justify the deduction described above.

Approved: (signature and title of authorized member)	Telephone number ()	Date signed (month, day, year)
Attested by:	Designated body	

* If the designating body limits the time period during which an area is an economic revitalization area, it does not limit the length of time a taxpayer is entitled to receive a deduction to a number of years designated under IC 6-1.1-12.1-4.5



Delaware County, IN

Map Search More

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SR28

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NOTICE OF ASSESSMENT OF LAND AND STRUCTURES
 STATE FORM 21366 (R15 / 11-15)
 Prescribed by the Department of Local Government Finance

**FORM
11**

This notice indicates the assessed value of your property. Information on the valuation of your property and a copy of the property record card can be obtained from the Assessing Official at the telephone number and address below.

Name and Address of Property Owner:

*****AUTO**5-DIGIT 47308
 MUNCIE NOVELTY CO 7-8-3350
 PO BOX 823
 MUNCIE, IN 47308-0823



Legal Description: PT NW NE QTR S18 T21 R11 6.166 AC
Parcel or Identification Number: 18-08-18-200-003.000-004
Property Address (number and street, city, state, zip code) 9610 N SR 67 ALBANY IN 47320

**THIS IS NOT A BILL
For Taxes Payable in 2019**

Notice to the taxpayer of the opportunity to appeal (IC 6-1.1-15-1):

If the taxpayer does not agree with the action of the Assessing Official giving this notice, an appeal can be initiated to challenge that action if the taxpayer files a notice for review in writing with the Township Assessor (if any) or the County Assessor not later than forty-five (45) days after the date of this notice of assessment. The written notice for review should include the name of the taxpayer, the address of the property, the key number or the parcel number of the property, the address of the taxpayer (if different from the property address), and the telephone number of the taxpayer. An Assessing Official who receives a notice for review must attempt to hold a preliminary informal meeting with the taxpayer to resolve as many issues as possible. The taxpayer may use a Form 130-Short to file this appeal. This form is available from the Assessing Official or at <https://forms.in.gov/Download.aspx?id=6979>. An appeal of this assessed value requires evidence relevant to the value of the taxpayer's property as of the assessment date.

	PREVIOUS ASSESSMENT	NEW ASSESSMENT EFFECTIVE JANUARY 1, 2018
LAND	155600	155600
STRUCTURES	548500	525700
TOTAL	704100	681300

- The value represented on this form is based on the market value in use of your property as of January 1, 2018 for taxes payable in 2019.
- The market value in use of the property is annually adjusted using sales data from the period January 1, 2017 through December 31, 2017.
- Agricultural land is assessed using a rate of \$1,610.00 per acre as established by the Department of Local Government Finance.
- Information and/or evidence for an appeal should be from the same time period of January 1, 2017 – December 31, 2017.
- Petitions that include relevant information and/or evidence at the time of filing will be processed more efficiently.
- The deadline for filing an appeal is 45 days from the date of this notice, or June 8, 2018.

Reason for Revision of Assessment: Annual Adjustment/Cyclical Reassessment

Reason for Notice: IC 6-1.1-4-22 requires notification be given the taxpayer when an assessed value or property class is changed. Property assessed values have changed due to the implementation of the State Mandated 2015 - 2018 Cyclical Reassessment of real property and State Mandated Annual Adjustment of real property (trending.) Property class codes are updated to conform to the current use of the property. All properties are assessed using the updated 2015-2018 Indiana Cost Tables.

If the change in assessment is due to a new home, a taxpayer should be aware that there are many property tax benefits or deductions available. Please see INDIANA PROPERTY TAX BENEFITS (State Form 51781) available on the DLGF website, www.IN.gov/dlqf. If the real property is reassessed because it has been rehabilitated, a taxpayer may be eligible for rehabilitation deductions - see Form 322A or Form 322/RE. If the non-residential real property is reassessed because it has been rehabilitated, a taxpayer may be eligible for rehabilitation deductions - see Form 322A. Other non-residential construction may be eligible for deductions - See Forms 322/RE and Form 322/VBD.

Date of Notice (month, day, year): April 24, 2018

County: Delaware

Township: DELAWARE TOWNSHIP

Assessing Official: James D. Carmichael

Telephone Number: (765) 747-7715

Address (number and street, city, state and zip code): 100 West Main Street, Room 101, Muncie, IN 47305

Detach and Return Coupon With SPRING Payment

NOTICE: THIS TAX BILL IS THE ONLY NOTICE YOU WILL RECEIVE FOR PAYMENT OF BOTH INSTALLMENTS OF YOUR 2017/2018 PROPERTY TAX.

STATE PARCEL: 18-08-18-200-003.000-004
TAXPAYER'S NAME: MUNCIE NOVELTY CO
MAILING ADDRESS: PO BOX 823 MUNCIE IN 47306-8223
DISC CODE #:
PROPERTY LOCATION: 9610 N SR 67
LEGAL DESCRIPTION: PT NW NE QTR S18 T21 R11 6.16 AC

DATE OF STATEMENT: March 26, 2018

TOTAL CHARGES	SPRING AMOUNT	FALL AMOUNT
Tax	\$6,345.35	\$6,345.35
Special Assessments	\$277.90	\$267.90
Additional Assessments	\$0.00	\$0.00
Delinquent Penalty	\$0.00	\$0.00
Delinquent Tax	\$0.00	\$0.00
Delinquent SA Tax	\$0.00	\$0.00
Delinquent SA Penalty	\$0.00	\$0.00
Fees	\$0.00	\$0.00
Auditor Corrections	\$0.00	\$0.00
Total Payments	\$0.00	\$0.00
Total Amount Due	\$6,623.25	\$6,613.25
Total Surplus	\$0.00	\$0.00

2017/18 Real Estate Taxes

Instructions to Taxpayer

- Mail to: Delaware County Treasurer, 100 W. Main St. Room 102, Muncie, IN 47305-2001
- To be considered on time, payments must be postmarked on or before the tax installment due dates 05/10 & 11/13 and must have sufficient postage
- In Person: Delaware County Building, Treasurer's Office Room 102 - 8:30 AM - 4:00 PM - Monday through Friday
- Payment can be made at any participating Delaware County Bank or Credit Union.
- Online Payments: To pay your property taxes online by credit card, debit card or e-check Visit www.co.delaware.in.us/taxpayments. The credit card vendor will add a service fee to process the credit card payment. All payments will be processed through EGOV.
- The following credit cards will be accepted: American Express, Discover, MasterCard and VISA.
- Please allow 7-10 business days for processing. You may verify your payment online by visiting www.co.delaware.in.us/inpayments. Please use your cancelled check as a valid receipt.
- The Delaware County Treasurer's Office has implemented a payment plan option for those taxpayers who do not have taxes escrowed or who find themselves delinquent with their taxes.
- For any questions contact the Treasurer's Office @ 765-747-7888.

Thank you for your cooperation.

Important Note: If your mortgage company is responsible for the payment of your taxes, please forward this statement intact to them immediately. Detach and Return Coupon With FALL Payment

FOLD AND TEAR HERE

BUDGETARY PROPOSAL

To: Mr. Ed Cowgill
 Muncie Novelty Co. Inc.
 P.O. Box 823
 9610 N. St. Road 67
 Muncie, Indiana 47303

Quote No.: Q-3290B
 Date: August 27, 2012
 Delivery: See attached
 Terms: See attached

Project:

We appreciate the opportunity to propose our banding unit solution to you. The objective of this project has changed from the original scope to include a Transfer Unit. This was deemed necessary to provide the positive placement and control of products to be fed continuously at the proposed speeds going into the Banding Unit. The ideas discussed for the Banding Unit are still valid and would only be achievable when utilizing a properly executed transfer. Therefore, the Banding Unit almost becomes a secondary operation in our approach to provide you with a solution to meet your needs.

We are also adding the requirements to run both Fair Play and Fair Play Plus games and the feasibility of bundling the Fair Play tickets into stapled groups of 3, 4, 5 or 10.

Process:

Ticket sheets are fed from the H & H Folder directly to a receiving drum of the Transfer Unit. The cut tickets exit the folder (8 wide) onto a drum that will maintain alignment. This receiving drum would also separate the 8 tickets into 2 groups (4 wide/ ea.) These 2 groups of tickets would then be transferred (via vacuum) to another separator drum where they are separated from the inside out. The transfer unit is a series of 4 separating stations that maintains pitch and separation of 3" on center while providing tracking of missing or double tickets at various stages along the way. The transfer station would be approximately 24" wide and would provide you with the flexibility to run 4 wide or 8 wide to make use of the 64-Up print sheet.

Once the tickets are transferred, separated and accounted for, they enter the banding phase by being transferred to a vacuum drum. The banding is continuously indexed, cut, scored and fed via a drum where glue is applied just before being introduced to the ticket. Once applied, the banded ticket enters a Plow Folder and is carried off on a compression conveyor where the tickets are passed to the next phase.

Initial proposal was to transfer to a bag or bulk gathering system. No pricing was previously provided for this capability. Gather/staple capability has been incorporated into the concept and proof of concept budgets. We will also consider and propose a method for bulk gathering for the Fair Play Plus tickets.

The project will include the following features:

- Development, design, documentation, drawings and operator's manual, part manufacturing, commercial procurement, assembly, shipping and training. Software integration will be included along with support as well as spare part availability including a list of wear items available for owner management.
- House electric and air/vacuum requirements will be specified as they are determined and will be the responsibility of the customer.
- For the development and design phase, Raynor Adams and Associates would require the H & H folder in house via an asset transfer to make a seamless process and provide a platform for proving concepts and testing results.

Budgetary Estimate:

As this project requires extensive development prior to detailed design, it is proposed that the first phase be attempted on a *Time & Material – Not to Exceed* basis for a feasibility study. What would be attempted is a conceptual design to test the various product materials and their behavior in the equipment through the different feeding, separating, and transferring cycles that it will undergo at the desired machine speed. Throughout the development, limits will be determined; concepts & designs can be optimized. This will ultimately save time & resources in the long run and provide a more precise solution.

Included will be the following areas:

- Conceptual design of targeted components to prove theory
- Flexible scheduling to provide for options & customer feedback
- Size change capability for Fair Play and Fair Play Plus
- Gather/Staple capability of Fair Play Ticket

This Phase can be extended or suspended by the customer at any time. It is initially proposed to be a duration of 8-10 weeks. This is a one time engineering cost throughout the stated period.

Concept & Quote:

Preliminary Drawings & Quote NTE \$38,000

Once the concept is realized, formal design can be started and should proceed much smoother than starting from a blank canvas. This second “design phase” is to model & test any key areas such as; Separator drums, Band folders, ticket transfer, and better understand size change capability (adjustable vs. size parts and gather/ stapling).

Proof of Concept

NTE Cost: \$ 80,000

Once all these preliminaries are satisfied, changes are made, and customer agrees to project direction, final design, procurement, assembly, etc. will begin. It is not precisely known at this time what costs will be incurred. This final portion will be addressed fully during the Concept & Quote phase. A worst case estimate follows in the summary below.

Summary: Concept & Quote: NTE \$30,000
Proof of Concept: NTE \$80,000
Engineering, Mfg. \$550,000 - \$675,000
Budgetary Estimate \$660,000 - \$785,000

Note: Subsequent machines prices would not include the design & development Costs. Manufacturing costs would improve for orders of more than 1 unit.

Delivery: 20 - 24 weeks ARO. This estimate is based on current component availability/schedule backlog and can change without notice. This time period Starts after the feasibility study.

Payment Terms: Billable biweekly for the feasibility study
30% net with Purchase Order to start design
30% net upon approval of Engineering Drawings
30% net upon approval on our floor
10% net 30 days from approval on our floor

Warranty: Please see attached Raynor Adams & Assoc Terms and Conditions for warranty and other information.

Submitted by:

Raynor Adams & Associates, Inc.

Linwood H Carneal, Jr
President

TERMS & CONDITIONS

The following terms and conditions, shall, upon the final acceptance by Raynor, Adams & Associates, Inc. (Seller) of Buyer's Purchase Order form, be incorporated into and become a part of the final agreement (Agreement) for equipment purchased by Buyer, and such Agreement shall include also the Buyer's Purchase Order form and any and all plans, specifications and drawings accepted by Seller by written acknowledgment thereof.

A. **ACCEPTANCE.** Seller shall be entitled to rely upon any signature appearing upon the Purchase Order form as being authorized by Buyer. No terms and conditions other than set forth herein and upon a Purchase Order as finally accepted and signed by Seller shall be binding upon Seller. The place of performance, the place where title shall pass and the place where the Purchase Order is made shall be Seller's offices in Richmond, Virginia.

B. **TAXES.** Except where otherwise prohibited by law, all sales, excise, use, property, or similar taxes or charges by the federal, any foreign, or any state or local government, which Seller may be required to pay or collect, shall be in addition to price stated upon the Purchase Order and shall be paid by Buyer.

C. **PAYMENT.** Subject to terms and conditions stated on Seller's Quotation. If Buyer shall request delay in shipment, Seller will have the option of billing for equipment when ready for shipment.

D. **INSPECTION.** Buyer may inspect and accept equipment at Seller's plant. If the Buyer does not wish to send a representative to the plant to inspect equipment, Buyer may request Seller to release for shipment. Further claims, if any, are limited to those covered by Seller's warranty.

E. **INSTALLATION.** Installation is not included in the quoted price unless specifically so stated upon Agreement and any cost necessary for the erection of equipment in the Buyer's plant shall be borne by the Buyer.

F. **DELIVERY.** Delivery dates given herein or upon Purchase Order are estimated only and are computed from receipt at Seller's plant in Richmond, Virginia of all final necessary specifications, details, including prints and a quantity of actual sample materials necessary for development and testing of the equipment. Buyer's failure to supply such items by the date requested by Seller voids estimated delivery dates given.

G. **SHIPPING TERMS.** All shipments are F.O.B. Seller's plant. A separate invoice will be submitted for each shipment. Seller shall ship by insured carriers and Seller's liability ceases when carrier accepts shipment. All costs of transportation shall be borne by the Buyer and all risks of loss shall pass to the Buyer when the goods are delivered to the carrier. If equipment shall arrive by any means sufficient to tender it on arrival, the same shall be deemed delivered.

H. **SEVERABILITY OF SHIPMENTS - SINGLE BREACH.** Each shipment shall be treated as a separate and independent agreement with respect to payment.

I. **BANKRUPTCY OR INSOLVENCY OF BUYER.** If the Buyer becomes bankrupt or insolvent during the term of the Agreement, the Seller may forthwith terminate this Agreement upon written notice thereof to the Buyer, and may stop shipment of any equipment in transit by notice to carrier. Such termination shall not prejudice Seller's rights to any amounts due under the contract.

J. **ENTIRE AGREEMENT.** This Agreement contains the entire understanding of the parties and is intended as a final expression of their bargain and the exclusive statement of the terms thereof, and shall not be modified except in writing signed by the parties hereto. No course of prior dealings or oral understanding shall be relevant supplement or explain any of its terms. No waiver by Seller of any provision herein or any default by Buyer shall be deemed a subsequent waiver of the same or any other provision or any other subsequent default.

K. **INDEMNITY.** Buyer shall have exclusive management and control of the equipment from completion of loading for shipment. Buyer will be solely responsible for assuring proper use, maintenance, supervision and care of equipment. Seller shall not be liable for any injuries, damages, claims or expenses caused by the omissions, alteration, or removal of tampering with any safety device or any other device or part of equipment, nor improper operation, failure to follow manufacturer's installation and maintenance instructions, failure to properly maintain and repair equipment, substitution of parts other than those supplied or recommended by Seller, or any negligence, abuse or misuse of equipment. Buyer agrees to defend, indemnify and hold Seller harmless against all such injuries, damages, claims and expenses, including reasonable attorney's fees, by whomsoever asserted.

Buyer warrants to Seller that any plans and specifications for equipment, which Buyer supplies Seller, will infringe no patents, copyrights or trademarks nor with the use thereof constitute unfair trade or unfair competition. The Buyer agrees to defend, indemnify and hold the Seller harmless against any suits, claims, losses, or other liability made against, or suffered by the Buyer arising from any claims therefor.

L. **MATERIAL WORKMANSHIP.** Seller warrants the equipment to be free from defects in material and workmanship under normal use and service and Seller's obligation hereunder shall be limited to the repair or exchange of any part or parts which may prove defective under normal use and service within one year from date of installation or 2,000 hours of actual operation, whichever comes first, and which Seller's examination shall disclose to Seller's satisfaction to be defective.

THIS WARRANTY IS EXPRESSLY IN LIEU OF ALL OTHER WARRANTIES, EXPRESSED OR IMPLIED, INCLUDING THE WARRANTIES OF MERCHANTABILITY AND FITNESS FOR USE AND ALL OTHER LIABILITIES ON SELLER'S PART, AND SELLER NEITHER ASSUMES NOR AUTHORIZES ANY OTHER LIABILITY IN CONNECTION WITH THE SALES OF THIS EQUIPMENT. SELLER MAKES NO WARRANTY WHATSOEVER IN RESPECT TO ACCESSORIES OR PARTS NOT SUPPLIED BY SELLER, THIS WARRANTY SHALL APPLY ONLY WITHIN THE BOUNDARIES OF THE CONTINENTAL UNITED STATES.

Raynor Adams & Associates, Inc.



QUOTATION

To: Mr. Ed Cowgill
Muncie Novelty Co., Inc.
9610 N. St. Rd 67
Muncie, IN 47307

Quote No.: 3902 Rev C
Date: February 20, 2017
Delivery: See Below
Terms: See Below

AP 3290 C

Design and Build Custom Fair Play (FP) and Fair Play Plus (FPP) 4-Lane Converting Machine. This equipment will utilize the technology developed and tested during the prototype stage of the single lane machine at Raynor Adams. Functionality and capabilities as follows:

- Fair Play (FP) and Fair Play Plus (FPP) supplied on 4-up cut sheets.
- Fair Play (FP) Tickets in stapled bundles of 3,4,5 and 10 ea. (HMI Selectable)
- Fair Play Plus (FPP) Tickets in single (unbundled) configuration
- Rated speed 500 Sheets per Minute except FPP (5-Play) rated 350 Sheets per Minute
- Roll Tape feed

Sheet Feeder/Buckle Folder

- Multifeed Sheet Feeder will be utilized from development project
- Bucklefolder will be utilized from development project
- Bucklefolder Servo Drive**
- New Multi Sheet Sensor will be incorporated **
- One set each of size change Lug belts as required for (Longer) FPP included

Lane Separation O-Ring and Overhead Track Conveyor

- Redesign of Overhead Lug for Individual Lane tuning
- Adjustable track height for thickness changes with FPP
- One set of size change parts (width) for FP to FPP Conversion included

Banding Machine

- Upper and Lower Infeed Vacuum Conveyor Drives (Independent)
- Upper Conveyor adjustable for Thicker FPP Tickets
- Micro Adjusters for Ticket Skew Bars
- Timing Belt design to eliminate belt stretch and maintain lane synchronization **
- Individual lane photoeyes to verify no missing tickets

*3902 Rev C
P1*

Quotation

3902 Rev C

Tape Metering Drive System

- Split D-Block for paper tracking
- Redesigned (reduced weight) idler system
- Improved compression on metering roller pressure (Eliminate Slippage)

Tape Cutting Unit

- Carbide knives and inserts on cutting drum
- Servo driven Cutting Assembly **
- Servo driven camming of web for speed matching at cut position **
- Scraper system for paper slivers
- Graphite Vacuum rings for improved wear
- Multi Stage Vacuum regulation

Tipping Drum

- Redesign Vacuum ports
- Add transfer valves to aid tape transfer during transition to ticket
- Sensor for Tape Presence
- Improved Belt Tracking

Folding Conveyor

- Wider bottom belt
- Height adjusters for thicker FPP tickets
- Low friction belt guides
- Timing belt Vacuum belts **
- Independent upper and lower belt servo drives **
- Waste reservoirs for Glue priming/cleanout

Glue System

- 3-Nozzle Hot Melt glue system per lane (12 total)**
- (2) 8- Channel High Speed drivers **
- Individual tape (lane) sensors for trigger

Quotation

3902 Rev C

Gather Staple Section for FP

- Servo driven Indexing wheel to Stacker section
- Redesign current Gather drum to indexing conveyor **
- (4) Servo driven Gather Section
- Back Plate style Vacuum control
- Reversing Valve Vacuum Cleanout
- Ticket tail guides to Stapler (Improves Bundle alignment)
- Bundle counter at discharge
- LinMot Servo (4) on Stitches

Pasting Capability**

- Pasted bundle capability (3 and 4 tickets selectable)
- Compression section added to Gather Staple Indexing Conveyor
- Hot Melt Glue System with 4-Guns
-

Overall System

- Integrated machine frame for all sections
- Dockable Gather Staple section

Controller/Servo

- Allen Bradley PLC and HMI
- 20 Axis Allen Bradley Servo Control
 - Buckle Folder **
 - O-Ring Transfer/Separation Conveyor
 - Overhead Lug Conveyor
 - Lower Vacuum Conveyor
 - Upper Vacuum Conveyor
 - Tag Drum
 - Tape Metering
 - Tape Cam **
 - Tape Cutter Assembly **
 - Folding Deck Vacuum Belt **
 - Compression Conveyor (2) **
 - Delivery belt to Gather/Staple
 - (4) Indexing Drum Drives
 - (4) Gather/Indexing Conveyors

3902 Rev C
P 3

Quotation

3902 Rev C

- 4 Axis LinMot Stitcher servos
- SMC Ethernet Pneumatic Control
- Sheet detection/counter at sheet feeder
- Ticket tracking at lane level
- (4) camera vision system to inspect folded/taped tickets after folding section
- Ticket counter and count reconciliation at completion
- Ticket rejection prior to Gather Staple Section
- Bundle count and count reconciliation at discharge
- Safety interlocks and Lock Out Tag Out for Air and Power Supplies
- Freestanding Electrical Enclosure with overhead wireway

Complete Machine Tuned and Tested on our production floor

Operation manual

Parts manual

Electrical Schematics

Recommended Spare parts List

One Complete set of Size Change parts for Fair Play and Fair Play Plus Product

** Denotes Changes from prior Machine Budget

Total for above:	\$1,362,500.00
Engineering and R&D (11/1/2015-5/27/2016)	-\$160,223.75 (Paid)
Total Remaining for design build:	\$1,202,276.25

Optional:

Vacuum System with Motor Control Panel	\$45,370.00
MBO America Buckle Folder Plates	Per MBO Quote

Customer to supply:

- Adequate Materials for testing
- (4) Hohner Stitchers

3902 Rev C
P 4

Quotation

3902 RevC

Delivery: 32-36 weeks ARO

Terms: 15% Net with Purchase Order
15% Net Upon Engineering Design Review
30% Net Upon Ordering of Fabricated and Commercial parts
30% Net upon FAT on Raynor Adams Production Floor
10% Net 30 Days from FAT

Freight, Installation and onsite training not included

FOB our dock, Freight Prepaid and add
This proposal is valid for 60 days.

Submitted by,

Linwood H. Carneal, Jr
Raynor, Adams & Associates, Inc.

3902 RevC
P 5