

## Company Policy

### FIRST COMMERCIAL KITCHEN - BOTTLING POLICY

Effective November 28, 2000; addendum 10/22/07  
Updated 1/1/09, 12/24/13, 4/30/14

<http://www.firstcommercialkitchen.com>  
Copyright 1998 First Commercial Kitchen LLC  
FX: (808) 676-0400  
pkam1998@aol.com

## WHAT YOU NEED TO DO

- 1) **Open accounts with suppliers:** introduce yourself and your business, fill out credit application forms
  
- 2) **Ingredients & Supplies:** all deliveries must be ordered to arrive 2 working days ahead of your production date; check for back orders/out-of-stock/not delivered items before the production date. There is a \$50 per cancelled day charge if we cannot begin production on your schedule production day. Refuse disposal will be charged at cost.
  
- 3) **Labels, self adhesive:** feed direction #3 (right side of copy dispenses first); not more than 4" tall; 1/8" space between labels; 1000-2000 per roll; no larger than about 10" diameter; standard 3" core; it is recommended that your printer call us before printing your labels.
  
- 4) **Pick Up of finished product:** must be removed within 48 hours after production date; we will not be responsible for any of your property stored or left on our premises. A storage charge of \$10 per day will be assessed after 48 hours, or \$0.45 per cubic foot per month, whichever ever is greater and space permitting.
  
- 5) **Payment/Terms:** 50% non-refundable deposit, balance COD or due upon receipt; or 100% in advance. Deposit forfeited if you cancel your production date. Each invoice must be paid before further production is scheduled.
  
- 6) **Vendor Delivery/Pick Up/Receiving:** all merchandise sent to First Commercial Kitchen LLC must be prepaid, or on your account; counted, and signed for upon receipt. Warehouse times: 7AM - 1PM, M-F. All ingredients must be from FDA approved sources, and certified to meet all U.S. health standards including FDA and USDA regulations.

## WHAT WE DO:

- 7) **Setup & Testing Fee:** mandatory \$200.00-\$800.00 per new or modified product, to determine the safety of your product, and processing required; also setup production records and scaled up formulas. We will not manufacture a product that is unsafe by our standards. Requested pH testing is charged at \$15.00 per sample. A sample of your product from each batch shall be kept as a matter of record and observation. If your product requires an FDA scheduled process, the charge is \$400.

There will also be extra record keeping charges for each production run. A HACCP plan is required. You can do your own, or we could create one for \$200 - \$400.

**8) Test Batch:** We start with your perfected recipe. A test batch may be necessary if texture, color, or appearance needs to be duplicated from your recipe using our equipment. We must be able to accurately weigh the lightest ingredient

**9) Sourcing Ingredients & Supplies:** \$50.00 - \$500.00

**10) Label Requirements:** \$75.00-\$200.00 per label to review your label for compliance with State and Federal regulations; you may also have your label reviewed by the State Food & Drug Branch at no charge. Inkjet coding or paper label coding of your product may be charged at \$0.01 to \$0.02 per unit.

**11) Label Recommendations:** quoted as consultation on an individual basis

**12) Consultation:** \$65.00-\$400.00 hourly; an estimate will be provided to you after receiving your written request.

**13) Marketing:** is on a consultation basis; for an estimate, please describe in detail what you want to accomplish

**14) Distribution:** is offered only for selected products, and only if demo/promotional/advertising support is provided

**15) Trial Production Run:** usually about 30 gallons; estimated cost and time applies only to this initial run; actual cost determined after this/or subsequent trial runs. Any overtime/idle production time/adjustments during the run will be charged at about \$250/hour. A representative must be present during the Trial Production. Run and everytime formula changes are made to insure that everything is performed satisfactorily, and that the taste of the packaged product is acceptable. This Trial Run usually is about \$500 - \$1,800 per day for labor only, but will depend upon time, labor, and energy used. There shall be no unauthorized changes in recipe or procedure after this run. Whenever the recipe owner or representative is present, their instruction supercedes any other regardless if costs.

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Revised November 25, 2009, December 27, 2013

### Statement of Extent of Responsibility and Service/Disclaimer:

First Commercial Kitchen LLC is an independent provider of bottling/packaging services. We are not affiliated with you or your business in any other way, shape or form; and the success or failure of your business depends solely on you. It is also recommended that you find an alternate means of producing your product should the services provided by First Commercial Kitchen LLC become unavailable for any reason.

You need to obtain product liability insurance for your own protection and name First Commercial Kitchen LLC as additionally insured. First Commercial Kitchen LLC processes your product in a safe manner. "Safe manner" is defined as adequate processing to prevent food poisoning. The extent of our duty and responsibility is to follow your recipe and specifications in assembling your product, and to produce a safe product. This is the service we provide and that you are paying for. We do not alter your recipe without your prior consent. Our responsibility is fulfilled when the directions to your recipe are followed, and we assemble your product according to your recipe specifications. We are otherwise not responsible for any change in taste or appearance which may develop after production.

Any changes in formulation of your product shall be considered research and development and shall be charged, labeled, and scheduled as such. Recipe changes during production runs shall be charged by time spent, and added to any quoted per-unit prices. We always start with your finalized recipe and a sample; if modifications are made, the time spent will have to be added to any per-unit quoted costs. All product specifications, including bottle description, cap and shrink band color, case coding, etc., must be stated in writing. Production run is defined as uninterrupted and continuous production.

You hereby agree to hold harmless and waive any liability on First Commercial Kitchen LLC, for any labeling errors, if your label is not reviewed and signed by us. Any such errors which cause your product to be deemed adulterated or misbranded shall be entirely your responsibility.

We are not responsible for product after it leaves our premises. We are also not responsible for any product or property left or stored on our premises beyond 48 hours after production; or production delays beyond our control, such as caused by acts of God or power outages. Any product/ingredients/supplies left on our premises after 48 hours is subject to disposal at your cost.

You are directed to complete a "Food Establishment Registration Form" from the Food & Drug Branch at the State Department of Health at 591 Ala Moana Blvd., across Restaurant Row.

You understand and agree that we are not responsible for any recall or other regulatory action affecting your product if we have produced your product according to standards contained in Title 11, Chapter 50, Sanitation Regulations, of the Hawaii State Department of Health, and Title 21: Food and Drugs, CFR.

I have read, understood, and agree to the above statement of bottling policy of First Commercial Kitchen

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Signature :

Date :

NON-DISCLOSURE AGREEMENT

BETWEEN Peter Kam  
First Commercial Kitchen AND \_\_\_\_\_  
94-538 Puahi St., Ste A \_\_\_\_\_  
Waipahu, HI 96797 \_\_\_\_\_

Peter Kam hereby agrees, in consideration for certain manufacturing contracts, not to disclose to competitors or any unauthorized person, any formulations, specifications, sources of ingredients and supplies, trade secrets, or other confidential matters pertaining to \_\_\_\_\_  
\_\_\_\_\_ which shall not be copied or reproduced without the expressed written consent of \_\_\_\_\_  
\_\_\_\_\_.

\_\_\_\_\_  
Peter Kam  
First Commercial Kitchen

Date:

\_\_\_\_\_  
Name :  
Company :

Date:

## FAQ's

**Q:** How difficult is it to make a product?

**A:** It's easy. Here is what you do and what we do for you:

**You:** Promote your product by telling people about it and having them taste it.

**We:** Obtain all permits and licenses to manufacture your product; help you source ingredients and supplies such as containers, labels, tamper evident shrink bands, caps, boxes, etc.; test your product for safety; advise you regarding shelf life and the options of using or not using preservatives; recommend suitable containers/ packaging for your product; help you with legal compliance in labeling your product; do test batches; provide consultation on marketing your product including product positioning and pricing; provide distribution and export service opportunities; provide an approved certified facility inspected by State, Federal, military, and independent inspection agencies; advise/train you on how to demo your product; provide state-of-the-art equipment to efficiently manufacture your product; we grow as your company grows so we support a win-win-win situation between recipe owner, us as manufacturer, and your customers; convert your recipes to a universal format any co-packer can follow

**Q:** Where do I start?

**A:** Call us for an appointment and bring your recipe and a small sample

**Q:** How much does it cost to produce a product from start to finish?

**A:** It is relatively inexpensive. It has been done with just a few hundred dollars and up to a few thousand dollars, depending upon your marketing plans and how much work you want to do. With such little capital outlay, you can have your very own unique product... "for pleasure, profit, and posterity"

**Q:** Will my recipe be safe and not disclosed to others?

**A:** Yes. We sign a non-disclosure contract with you. More importantly, our reputation depends on it. You are free to call any of our clients as references.

**Q:** How much do you charge to package my product?

**A:** Our charges have never been a significant factor in determining the success or failure of a product. There are many factors that determine cost, too many to discuss here. If your cost is greater than this, you may consider: producing more units since increasing the number of units produced lowers your cost, or modifying your packaging to make your product easier to produce.

**Q:** Why can't I make my own product in my own commercial kitchen?

**A:** You can. However, it has been proven that using a contract packer is more economically feasible and less risky than setting up your own factory. Even the largest companies in the food industry use

contract packers. Even supermarkets use contract packers. You can always build your own kitchen when your product becomes successful.

**Q:** Can I make my products at home?

**A:** No. You would be in violation of several City, State, and Federal ordinances and regulations. You cannot operate a business in a residential area. You also need a food establishment permit from the State department of health. Product liability is also a concern.

**Q:** How do I get started?

**A:** It's very simple. We start with your recipe and a small sample of your product. We can help you with everything else. We can even modify the appearance and texture of your product without altering the taste, and help you source all ingredients and supplies

**Q:** How long have you been in business?

**A:** First Commercial Kitchen, formerly Rib Roaring Recipes, started as a food manufacturer in 1981. Back then, we were a one-man operation. We are now Hawaii's first food processing incubator, with most of our time spent producing other peoples products

**Q:** How many products have you produced?

**A:** Since about 7 years ago we have helped develop and produce over 300 made-in-Hawaii products for about 150 local, mainland, and international companies. So far we have had a 100% success rate

**Q:** What are your qualifications?

**A:** Peter Kam has over 35 years of experience in all phases of the food industry, except restaurant operation. He has operated businesses successfully for over 30 years. Academic qualifications include a B.S. Biology and M.S. Food Science (1975) from the University of Hawaii, and numerous certificates of achievement encompassing food laws to plant set up. Food processing is his hobby. Mr. Kam has worked as a food inspector for the State Department of Health, Sanitation Branch and Food and Drug Branch for 9 years, and maintained a Registered Sanitarians License 221. Experience in the private sector include operating the quality control laboratory at Foremost Dairies, and food research and development at the University of Hawaii. As a Food Technologist by profession, , Mr. Kam is able to advise you of your every food related concern

**Q:** Do you provide distribution services?

**A:** Yes, we do this through our import/distribution arm, Wing Coffee Company. We are the only local distributor who services every supermarket, including Foodland, Safeway, Times, Daiei, and Star Markets, as well as the 5 military commissaries, Longs, Costco, Walmart, Tamura's, outer islands, etc.. We export selected products to the West Coast and Japan

**Q:** What's unique about First Commercial Kitchen LLC? And how is it different from all other certified kitchens or other incubator kitchens?

**A:** The unique success factor of First Commercial Kitchen LLC is the combination of successful

business experience with technical expertise. We are your complete one-stop-shop that can help you develop and package your product. ... "for pleasure, profit, and posterity". We are your next step after you have perfected your recipe, with facilities to lower cost by mass producing your product to convert your hobby into a business.

**Q:** Why does First Commercial Kitchen LLC keep samples of our product(s)?

**A:** Samples of each batch are retained mainly for two reasons: 1) so that a control sample is available should there be any discrepancies found in your product after it leaves our premises, and 2) for further testing if necessary



Client Information Sheet

Name :	
Company Name :	
Owner :	
Phone :	
Cell Phone :	
Fax :	
Address :	
Products :	1.
	2.
	3.
	4.
	5.
	6.
HACCP?	

## THE \$64,000 QUESTION:

### What will it cost to package your product??

Our general policy is never give estimates on production costs. This is because people do not understand or remember the word "estimate". EVERY product is different, and it is impossible to predict what the final cost will be. This is why we have a "trial production run" in our company policy. At best, if your product is similar to one we already are filling, a rough estimate may be given. The true cost can only be determined after we do at least one production run; usually it takes two or three runs. Until a determination is made on what your actual cost is, you are charged by total production time. Clearly understand there is no guarantee on cost estimates when provided.

The cost to assemble your product depends upon many factors:

#### 1. Filling Speed

- a) the container's neck/opening size determines nozzle size and filling speed
- b) length of container neck
- c) texture/thickness of product
- d) foaming product
- e) particulates
- f) separation of ingredients
- g) filtering or other intermediary steps

#### 2. Labeling Speed

- a) length, height, and composition of labels
- b) compatibility with our label applicator

#### 3. Product Safety

- a) If your product is tested to be an acidified food, there will be other significant charges to comply with federal regulations/guidelines
- b) Each production run of your product must be tested.

#### 4. Mandatory Charges

- a) There only mandatory charge is our setup & testing fee which is to to determine if your product is safe, what processing it will require, and set up your file/records, and standard recipe. You can do the rest of the work yourself to prepare for packaging, or we could do it for you, e.g. label compliance

## 5. Number of Units Produced

a) This is the most significant factor affecting price...the more units you produce in a day, the cheaper the production cost will be. Set up and clean up time are about the same, no matter if you produce one or one-million units.

## 6. Adjustments made to your recipes, if any:

- a) adjust the color or appearance of your product
- b) adjust the texture or thickness of your product
- c) changes in ingredients or brand of ingredients

## 7. Delays caused by ingredients/supplies not delivered by the production date

All products need some research and development to cut costs, and we constantly strive to reduce costs whenever your recipe is produced. We feel that this is a necessity doing business in our island State, and we often provide this service at no charge, e.g. we'll let you know whenever we find cheaper ingredients, supplies, and containers.

8. When the owner of the recipe is present during production, we will follow their instructions, even though it may not be the optimal or most efficient way to proceed.

In conclusion, we believe that cost has never been the determining factor in a product's success.

Remember that according to SBA statistics, 96% of all businesses will fail within two years; out of the remaining 4%, 1% will do very well, and the other 3% will do good. These statistics are valid no matter what your product is or what it costs. Also remember that even the largest food companies in the world, with megabucks marketing research budgets, have a relatively high failure rate. Just take note every time you visit your supermarket. You see products come, and products go...all the time. Fortunately making your product through us is relatively inexpensive, and so the risk is very low to have and sell your very own creation, especially if you already have people asking to buy your product! Good luck

Testimonial Usage, Consent, Permission, and Release

First Commercial Kitchen LLC, hereby requests your unrestricted permission and right to use any submitted testimonial, descriptive text, videos, photographs, digital presentations, or the like, as well as your name, product name, and your company name which you are associated with, for any and all legitimate business purposes. You fully understand and agree to release, hold harmless, indemnify, and discharge First Commercial Kitchen LLC and Peter Kam from any and all causes of action, claims, demands, liabilities, and obligations of any kind from such granted permission and right. I have read the foregoing before signing below and represent and warrant that you fully understand the foregoing.

\_\_\_\_\_  
Printed Name :

\_\_\_\_\_  
Position :

\_\_\_\_\_  
Signature