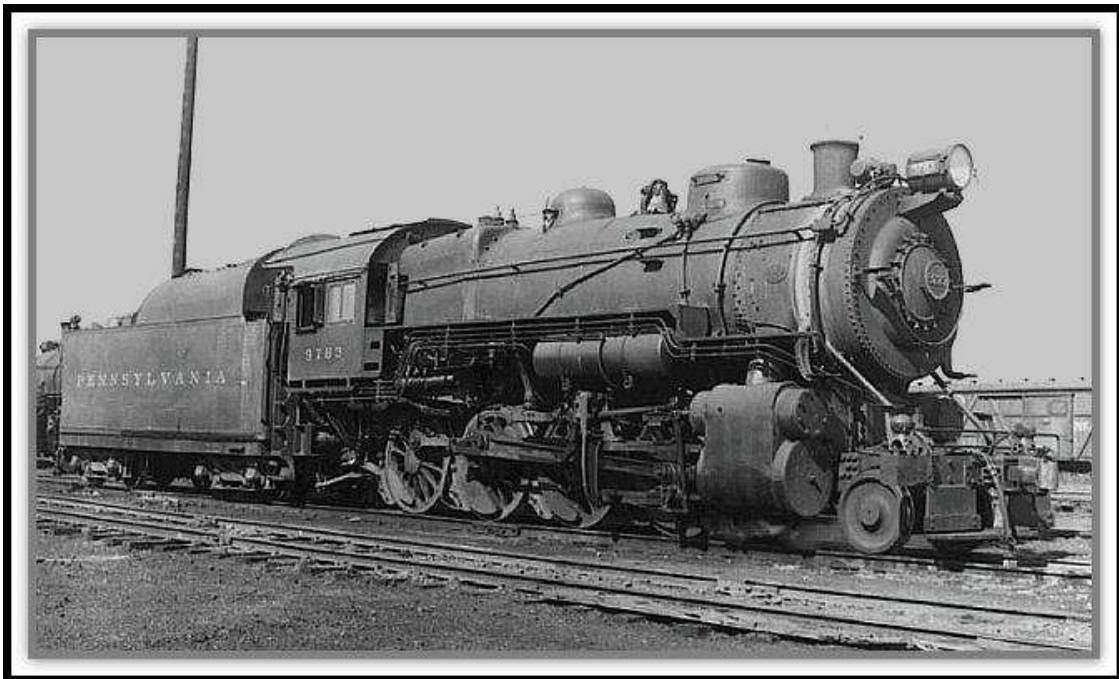




Project Proposal - Statement of Work - Terms & Conditions

"...Development of a 1.6" Scale Pennsylvania Railroad H10 Bolt Together Kit ..."



Prepared by Wayne Godshall

June 2009

INTRODUCTION

Godshall's Custom Machining ("Godshall's") is currently in the early development stages of a 1.6" scale live steam model of the famous Pennsylvania Railroad 2-8-0 H10 to be offered as a *true* bolt together kit. As a true bolt together kit even a novice with no machining skills can build this locomotive & tender as all parts are machined, punched, drilled and tapped with all piping pre-fabricated. All the modeler has to do is paint and assemble over a few weekends.

This will be an exciting, powerful model to build for both novice and experienced modelers that want a large model to super detail to match one of the 273 H10s built between 1913 & 1916.

We are pleased to offer this Proposal to (no more than) eight customers who wish to participate during the development phase, save a little money, and who will enjoy taking early delivery of subcomponents along the way. Estimated project completion is mid/late-2012. Here are some specifications of the locomotive:

- 1.6" scale that can be built for 7 ¼" or 7 ½" gauge track
- Locomotive is 66" long, 16" wide and 23 7/8" high
- Locomotive weight is estimated at 800-900 pounds
- 8.4" drivers (62" prototype)
- 2.75 OD Piston, 1.25" OD Piston Valve
- All rods & valve gear will be CNC machined in steel
- The following castings will be done in cast iron: cylinders, stack, domes, pilot beam, smokebox door, tender trucks, wheels
- Water jet cut frames
- Coal burner
- Locoparts & Coles valves & fittings (Superscale available with an up charge)

The first eight customers will receive without additional charges:

- Whistle and whistle valve
- Headlight
- Bell
- 1 Superscale injector
- Axle pump (for water)
- Option to burn oil
- Technical Phone & email Support during the development phase, and, for an additional year after final delivery of all parts.

At the time of this writing, four customers have already committed to the project: there is room for four more. Additionally 3 frames are already cut with 5 more on the way, and, all lead trucks, tender trucks and drivers are ready for delivery upon receipt of 1st payment (see Payment Schedule below). Godshall's shall guarantee that the total all-in price for the locomotive and tender will not exceed \$25,000 for the first 8 customers (actual production pricing is expected to be a little higher).

Customer Initials_____ **Date**_____

ABOUT GODSHALL'S

Godshall's is a full-service machine shop that specializes in the construction and restoration of 4 ¾", 7 ¼" and 7 ½" gauge model steam locomotives. The company is owned, managed and operated by Master Model Builder Wayne Godshall, and staffed with experienced model builders and professional machinists. The company has over 30 years model steam locomotive construction, restoration and repair experience, and recently completed its 154th live steam project. All services are performed to high-quality standards in order to achieve full customer satisfaction.

Model locomotive construction and restoration projects can be a long, complex, and expensive process that may take months or years to complete. We are therefore in constant communication with the Customer during each phase of the project, and maintain accurate work logs to document the actual time expended on the project ensuring that all work hours are accurately reported and billed.

STATEMENT OF WORK AND TERMS & CONDITIONS

1) **Godshall's Provided Parts** – Customers will receive the parts fully machined and ready to assemble in a “bolt together” fashion throughout the development phase of the project that are necessary to build the locomotive and tender. Includes:

- Locomotive chassis capable of running on air once assembled (e.g. frame, wheels, cylinders, spring rigging, lead truck, CNC rods & valve gear in steel).
- Steel Boiler with copper flues & smokebox
- Cab
- Turret and all valves and piping to operate the axle pump, injector, whistle, etc.
- Misc. Detail parts including headlight, whistle, bell, domes, stack, etc.
- Tender tank & all associated piping to supply water to axle pump and injector
- Tender frame & trucks
- All assembly drawings

Godshall's shall consider the Customer the owner of the above mentioned subassemblies and parts upon receipt by the customer.

Customer agrees to reimburse Godshall's for all shipping-related costs on the project, including Godshall's Provided Parts.

Customer Initials_____ **Date**_____

- 2) **Project Timeline** – The Project Timeline for each customer is defined as the period of time between receipt of 1st payment (see Payment Schedule below) and mid/late 2012.

Godshall's will make every effort to ensure that the project is completed in a professional and timely manner. However, due to special circumstances that may arise that are out of our control, Godshall's cannot commit to a definitive completion date. Your understanding in this matter is greatly appreciated.

- 3) **Labor Rate** – There will be no additional labor charges incurred for the duration of this project. All project costs are included in the Payment Schedule listed below.
- 4) **Good-Faith Project Cost Estimate** – Guaranteed to not exceed \$25K. If customer desires SuperScale valves and fittings the estimated up charge is about \$1K. Shipping will vary depending on customer location and cannot be estimated at this time.

5) **Payment Schedule**

- a. \$8K due at the time of signing this agreement. Godshall's shall ship within 30 days the lead and tender trucks and drivers. All other parts will ship when ready throughout the project duration.
 - b. \$4250 due April 1st, 2010
 - c. \$4250 due Feb 1st, 2011
 - d. \$4250 due Nov 1st, 2011
 - e. \$4250 due at end of project (sometime July-Dec 2012).
 - f. Customers will be sent a courtesy invoice for the above payments.
 - g. Payment is **due upon receipt of the courtesy invoice**. Payments must be made by cash or personal check; although a PayPal account can be used provided an up charge is included by Customer to compensate for the PayPal fees. There is a \$25.00 service fee for all returned checks.
 - h. If payment is not received within 30 days of receipt of the invoice, work will stop.
 - i. Please note that all shipping will be paid for by Customer.
- 6) **Superscale Upgrade** - Godshall's shall require a cash advance from Customer prior to ordering of Superscale upgrade for valves and fittings. It is not known at the time of this writing what the upgrade costs will be.
- 7) **Early Termination of Project** - The Customer can cancel the project at any time. Customer shall keep all parts received up to that point, and Godshall's shall keep all monies paid by Customer on the project: There will be no refunds.
- 8) **Work Progress and Documentation** - During the course of the project, the Customer is encouraged to schedule appointments to visit our shop to inspect the work progress and discuss any concerns. We will work closely with each Customer to ensure satisfaction. Godshall's shall provide electronic photo documentation during the course of the project at no additional charge (which will be posted to a website or other Internet-based service). Customer agrees that Godshall's shall be granted permission to display photos of the Customer's model steam locomotive on our website, magazine ads, etc.

Customer Initials _____ Date _____

- 9) **Final Work Acceptance** – Final payment made at the end of the project shall constitute Final Work Acceptance by the Customer.
- 10) **Limit of Authorization and Liability** - This document represents an Agreement between the Customer and Godshall's and is required before this project can begin.
- 11) **Warranty** - Due to the nature of a 1.6" scale live steam locomotive, Godshall's does not provide any warranty after Final Work Acceptance.

Customer Initials_____ Date_____

WORK ORDER APPROVAL AGREEMENT

For Customer:

I accept all of the terms and conditions contained within this project proposal:

Customer Name:

Customer Signature

Date

Customer Address and Contact Information:

Emergency Contact Information:

For Godshall's Custom Machining:

Godshall's Custom Machining
4614 Valley Road
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godshallworks@embarqmail.com
(o) 717.582.4405
(f) 717.581.3604
(m) 717.215.7776

Wayne Godshall (owner)

Date

Customer Initials _____ Date _____