

# PROCESS QUALITY ASSOCIATES INC.

"We Engineer the Quality of Your Success"

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## Consulting, Coaching, and Training via Internet

1. Executive Overview
  - a. This is the detailed proposal describing the consulting, coaching, and training services offered through the Internet, and for sale on PQA's Internet site <http://www.pqa.net>
  
2. Intended Users of these Services
  - a. These Internet consulting, mentoring, and training services are designed for Clients who have a need for:
    - i. Specialized knowledge beyond what is readily available within their organization or geographical region. The Internet is able to provide access to the best resources, rather than settling for the resource immediately available, or the resource geographically closest to the situation.
    - ii. Rapid response, but this is not readily available due to geographical separation between the expert and the location of the need. The Internet makes the elapsed time affordable and feasible.
  - b. PQA is a team of experienced consultants, managers, and trainers with expertise in quality & environmental management, process engineering, stakeholder satisfaction (employees, suppliers, customers, shareholders, etc.), and statistical analysis.
  - c. Due to special conditions which may be unknown or unknowable to PQA, the services provided by this contract proposal may not be suitable for all parties, regions, Clients, or countries. Therefore, the prospective Client is required to research this service (through PQA), as well as other available options for servicing their needs, and determine if PQA's offering is suitable and adequate for their needs.
  
3. Features and Services Provided by PQA
  - a. The available body of knowledge under this contract is any and all of PQA's expertise. This includes, but is not limited to those listed in Appendix "A" attached hereto.

- b. PQA will provide Internet connectivity for PQA (3 Mbps download, 384 kbps upload, 60 ms latency, 5 MB e-mail maximum size), and the cost is included in the package price. FTP upload and/or download can be supplied as necessary. PQA can perform video conferencing via Microsoft Web Meeting or Webex (<http://webex.com/>).
  - c. The Client is responsible for supplying themselves suitable Internet connectivity at their own risk and expense.
  - d. For phone teleconferencing, the Client will normally call PQA, with the Client paying any long distance charges. If requested by the Client and agreeable by PQA, PQA will call the Client, and any resulting long distance or other charges will be reimbursed by the client as an additional cost to the contract price, or PQA may deduct the cost equivalent number of hours of these telecommunication charges (in addition to the hours charged for the services provided) from the Client's package.
4. Details of Packages Available
- a. There are a total of 15 different packages available, varying on the services offered and the speed of response required by the Client. These 15 packages are described in the following table:

#	Support Package Description and Cost, US\$	Speed of Response		
		Within 18 business hours	Within 9 business hours	Within 4 business hours
A	Package includes e-mails, phone teleconferencing, and/or Web video conferencing, plus limited access to PQA's related documents and reference materials for one specific project or topic. Package limited to 40 man-hrs of consulting time or 1 year duration, whichever occurs first.	2,400	4,040	7,430
B	Package includes e-mailed answers to your e-mailed questions for one specific project or topic. Package limited to 24 man-hrs of consulting time, or 6 months duration, whichever occurs first, ≤ 1 page response per e-mailed question, each e-mailed answer will be a minimum of 15 minutes and a maximum of 60 minutes time charge.	875	1,475	2,710
C	Package includes e-mail answers to your e-mailed questions for one specific project or topic. Package limited to 8 man-hrs of consulting time or 1 month duration, whichever occurs first, ≤ 1 page response per e-mailed question, each e-mailed answer will be a minimum of 15 minutes and a maximum of 60 minutes time charge.	324	545	1,000
D	Package includes e-mail answers to your e-mailed questions for one specific project or topic. Package limited to 4 man-hrs of consulting time or 1 month, whichever occurs first, ≤ 1 page response per e-mailed question, each e-mailed answer will be a minimum of 15 minutes and a maximum of 60 minutes time charge.	180	305	560
E	E-mail answer to your one (1) e-mailed question, ≤ 1 page answer. Support package limited to 1 incident or question answered by e-mail, or 1 week elapsed time, or 60 minutes effort, whichever comes first.	50	85	155

- b. PQA’s normal business hours are Monday to Friday, 8:00 AM till 5:00 PM, GMT-5.
- c. Speed of Response is defined by the elapsed time between PQA’s receipt of the Client’s request, until PQA starts work on the Client’s request.
  - i. For determining the Speed of Response, the time limits commence as of the moment of reception by PQA of the Client’s request, if received by

PQA during PQA's normal business hours. For requests received outside of PQA's normal business hours, then the time commences as of the start of PQA's next business day.

ii. The elapsed time will run continuously from the time of commencement until PQA starts work on the request, but does not count the elapsed time outside of PQA's normal business day. For example,

(1) Between Monday at 5:00 PM, and Tuesday at 8:00 AM, there is zero (0) elapsed time.

(2) Between Friday at 5:00 PM and Monday at 8:00 AM, there is zero (0) elapsed time .

(3) Between 3:00 PM on Thursday and 9:00 AM on Friday, there is 3.0 hrs. elapsed time.

d. Once PQA starts work on the request, the request will continue to be worked on a continuous basis during PQA's normal business hours until fully completed.

e. If PQA is unable to respond within the contractually agreed time limits due to prior commitments to other contracts or Clients, PQA will respond as quickly as it can under the circumstances. PQA's actual response time will be used with the price/speed table to calculate the adjusted time consumed and charged on a pro-rated basis.

i. For example, assume the Client has purchased Package "A" with a 4 hr. response window. On one occasion, PQA is only able to start PQA's response after 5 hrs., and takes 1 man-hr. drafting that response to the Client's request. The response did not make the 4 hr. response deadline, so it will be priced at the 9 hr. response window pricing. Since the 9 hr. response package is priced at 75% of the 4 hr. package, the time spent will be charged as 0.75 hrs. (not the actual 1.0 hrs. expended). The Client will therefore be charged for 0.75 hrs at the A(4 hr.) package price.

## 5. Costs

a. The above costs are guaranteed, fixed prices costs. Applicable taxes, and expenses authorized by the Client (if any) will be added to this amount.

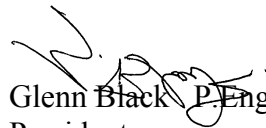
b. For any authorized expenses, taxes, or other costs, PQA can charge these additional amounts by deducting an equivalent amount of time from the contract

package.

6. Terms & Conditions

- a. PQA's General Terms and Conditions are an integral part of all proposals, offers, and all resulting contracts; copy attached.
- b. PQA's General Terms & Conditions, Schedule of Fees, and Client's Services are an integral part of any extras work or additional contracts that are authorized by the Client.
- c. Payment of the full price of the purchased package must be made in advance of any delivery of services by PQA.
- d. The Client's selection of the package through PQA's Internet site (<http://www.pqa.net>) and the Client's authorization of payment to PQA shall be construed and indicates full and irrevocable acceptance of the terms and conditions of this open proposal.
- e. PQA reserves the right to refuse acceptance of any payment made to PQA, or determine that the Client's needs are adverse to PQA's capabilities, interests, or availability. If PQA refuses to accept a contract, PQA will immediately refund to the Client all deposited monies without interest, deduction, nor penalty.
- f. At any time, PQA can choose to suspend or cancel any further work for any client or project, as PQA sees fit. If PQA cancels an existing contract prior to its completion, PQA will immediately provide the Client with an accounting of all charges made against the account, and promptly refund to the Client any remaining balance held by PQA.

yours truly,



Glenn Black, P.Eng. CQE CQA  
President  
Process Quality Associates Inc.

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## **Appendix “A”**

### **List of PQA’s Consulting & Implementation Services**

1. PQA’s services through this contract can include, but are not limited to, the following:
  - a. Assess the current business processes within the Client’s facility to identify the Client’s strengths & opportunities for improvement, and determine where to focus the efforts of the Client’s scarce resources.
  - b. Develop an improvement plan to clearly communicate the improvement priorities and deploy the improvement activities to appropriate personnel
  - c. Utilize PQA’s experience and expertise to assist the Client in implementing the improvement plan.
  - d. PQA acts as subject expert to ask appropriate questions, answer questions, perform detailed analysis, planning, measurement, or assessment of the Client’s processes.
  
2. PQA can provide guidance and implementation assistance in a large number of manufacturing and management areas, including:
  - a. Quality Assurance (Performing Quality Director, Quality Manager, or Quality Engineering Activities), including ISO 9001-based systems
  - b. Environmental Management, including ISO 14001-based systems
  - c. Inventory & WIP Reduction
  - d. Customer Satisfaction (Designing, Conducting, and Analyzing Surveys, focus groups, etc))
  - e. Research & Development
  - f. Profitability
  - g. Project Management
  - h. Production Scheduling
  - i. Government Funding & Tax Credits

- j. Strategic Planning
- k. Sales & Marketing
- l. Supply Chain Management
- m. Computers, Internet, & Networking
- n. Problem Solving & Troubleshooting
- o. ISO Based (e.g. ISO 9001, ISO 13485/88, ISO/TS 16949, etc) quality system development, documentation and improvement
- p. Employee Satisfaction (Designing, Conducting, and Analyzing Surveys, Policies, Programs, etc)
- q. Process & Product Development
- r. Scrap & Cost Reduction
- s. MRP/ERP Systems
- t. Process Capability & Optimization
- u. Management Measurement & Reporting Systems
- v. Assessment to the National Quality Institutes Quality Award Criteria
- w. Internal Quality Auditing
- x. Performing APQP, PPAP, FMEA Activities
- y. Facilitating Improvement Teams
- z. Other services mutually agreed by PQA and the Client in writing

\*\*\* End of Appendix "A" \*\*\*

For clarity of contract and as a starting point, Process Quality Associates Inc. (hereinafter referred to as "PQA") has defined the following General Terms and Conditions ("GT&C"). If the Client has specific needs and constraints, PQA is able to discuss and negotiate variations to these GT&C's. However, unless expressly agreed otherwise in writing between the Client and PQA, the following terms and conditions are an integral part of this proposal and any resulting contract, and all subsequent contracts between the Client and PQA, as follows:

#### DEFINITIONS

1. "Client" shall mean one or more natural persons or legal entities that contract for PQA to supply them one or more Deliverables.
2. "Confidential" shall mean any data, document, information, intellectual property, or other thing which are not known nor available in the public domain, and if made available in an unauthorized manner to one or more third parties or the public would (or could reasonably be expected to), directly cause: a) Significant loss of confidence and reputation; or b) Create significant public ridicule and embarrassment; or c) Cause an unfair advantage to be obtained for specific product(s) or service(s); or d) Loss of a competitive advantage; provided that these events are to an extent, duration, and severity as to cause a demonstrable and significant financial loss.
3. "Deliverables" shall mean any and all materials worked, or processes performed, or thing supplied by PQA to the Client (or to third parties, if so directed by the Client) under the contract; including but not limited to one or more of the following: actions, advice, assessment, auditing, coaching, comments, conclusions, consulting, creating, data, design, discussions, drafting, equipment, facilitation, goods, hardware, information, intellectual property, inventing, proposals, recommendations, reports (verbal or written), research, services, software, tenders, training, training materials, and travel.

#### CONFIDENTIALITY & CONFLICT OF INTEREST

4. Neither PQA nor the Client will divulge, communicate, permit access by unauthorized persons, nor release to the public sector any Confidential information of the other party, for as long as that information remains Confidential; provided that this Confidential information was first received due to the contractual relationship between the Client and PQA. Neither the Client nor PQA will take nor refrain from any action which may create or continue a conflict of interest for themselves or others for the contract. If either PQA or the Client suspect or determine that a conflict of interest exists (real or potential), they shall immediately notify the other party hereto of all circumstances of the conflict; and the party with the conflict will take all reasonable steps to remedy the conflict to the satisfaction of the other party hereto.

#### OFFER, ACCEPTANCE, MODIFICATION, AND IMPLEMENTATION OF CONTRACT

5. When the Acceptor has signed PQA's Acceptance of Proposal and delivered the original (or a bona fide copy) to PQA, there will be a legally binding contract between PQA and the Client. Contract documents supercede and/or replace all prior and subsequent verbal statements and agreements alleged to have been made by either PQA and/or the Client, and the contract can only be modified in writing. Where the Acceptor has given PQA a verbal acceptance of PQA's proposal, PQA will prepare a Confirmation of Contract on PQA's standard form describing the verbal agreement, and will deliver a copy to the Client. The Client shall have two (2) business days to inspect the document, and communicate to PQA any errors, omissions, or ambiguities that they discover thereon; and thereafter the Confirmation of Contract will be incontestable by either party; and will be deemed to fully document the binding contract between the parties. If the Client accepts PQA's proposal by the issuance of a Purchase Order to PQA, then the terms and conditions on the Purchase Order, if accepted by PQA, will be binding, and will take precedence over any conflicting requirements in PQA's proposal or other contract documents. If, after a binding contract has already been created as described above, the Client subsequently issues a Purchase Order or other document related to the contract, then PQA's proposal and either the Acceptance of Proposal or the Confirmation of Contract, as the case maybe, shall govern; and the Purchase Order or other document will be subordinate to the pre-existing contract terms.
6. The Acceptor warrants and covenants for PQA's benefit that: a) they are authorized to contract on behalf of the Client, or were accepting in their personal capacity; and b) they have disclosed to PQA in writing on the Acceptance form (or attached thereto) on an *uberrimae fidei* (upmost good faith) basis all significant risks (if any, both current or reasonably foreseeable) that are directly or indirectly related to the contract, the credit rating, and credit worthiness of the Client, and PQA receiving prompt payment; and c) if the Client subsequently repudiates or breaches the contract, the Acceptor and the Client will be jointly and severally liable for the contract.
7. If the definition of Client includes more than one distinct legal entity, then: a) each and every of these legal entities shall share the benefits, liability, costs, risks, and responsibilities for the contract on a joint and several basis; b) PQA can receive instructions from any or all of these legal entities; c) any and all of these instructions, if accepted by PQA, shall be legally binding on all of the legal entities composing the Client. d) PQA can deliver to any of these legal entities, and it will be deemed that all legal entities composing the Client will have been delivered to by PQA.
8. The Client has the sole responsibility and authority for: a) Project scheduling and management; b) Defining, documenting, and delivering to PQA any new or revised constraints; c) Coordination of PQA's work and delivery dates with the work of the Client or others; d) Tracking progress (both PQA's and the overall project); e) Assessing and updating the plan vs. actual schedule; and f) Defining, implementing, and tracking the effectiveness of any and all corrective actions necessary for the overall project or the contract.
9. PQA will apply reasonable efforts to: a) meet the delivery dates and estimated or maximum authorized costs agreed in writing (if any); b) promptly inform the Client of any foreseeable events that may adversely and significantly affect the project's cost or schedule; and c) if PQA receives conflicting instructions from one or more parties that compose the Client, PQA will inform all legal entities involved about the conflicting instructions. PQA shall assume that all things that PQA directly or indirectly obtains or derives from the Client have been pre-inspected by the Client and found suitable. PQA shall not be liable for any direct or indirect loss, cost, liability, or damage arising from any unsuitability directly or indirectly associated with these things. The Client shall immediately notify PQA of any suspected or known problem with the things the Client provided, as it becomes apparent. PQA shall be entitled, at the Client's additional expense, to make any necessary changes in PQA's preparatory work or Deliverables directly or indirectly caused or required by the unsuitability of the things supplied by the Client.
10. Whereas the Client is the most knowledgeable of their own circumstances, risks, needs, constraints, and limitations, the Client, to the degree the Client deems necessary, shall: a) Give all due consideration to all Deliverables; and b) Perform due diligence and make other reasonable inquiries with other competent sources; and c) Assure and insure themselves that PQA's work and the resulting Deliverables are suitable for the Client's purposes and circumstances; and d) Make any decisions or take or avoid taking any action which the Client decides, or that the Client is required to make or not make in connection therewith; and e) Do all the aforesaid within a reasonable time so as not to adversely affect the risk, Deliverable(s), the contract, nor PQA.
11. If during a contract, or within six (6) months after the completion of the contract, there is an offer and acceptance of full-time, part-time, or contract employment between the Client (or one of the related businesses' of the Client), and one or more of PQA's employees, Associates, or sub-contractors who were directly or indirectly used on the contract, then the Client will pay PQA an additional amount, either : a) 30% of the gross wages paid to those employees, Associates, or sub-contractors during the next twelve month; or b) 6 months wages at the person's gross pay rate; whichever is greater.

#### CLIENT'S RESTRICTED RIGHTS & USE OF DELIVERABLES

12. All preparatory work, patents, patentable inventions, copyrights, moral rights, registered or registerable designs, or other intellectual properties arising directly or indirectly from the contract, the work performed by PQA and PQA's sub-contractors, or Deliverables envisioned or provided by the contract, as well as all direct and indirect derivatives thereof, shall be and remain the exclusive property of PQA. The Client is entitled to have and use one (1) embodiment or copy of the Deliverables under a limited, non-exclusive license from PQA.
13. The Client is not entitled to make additional use, nor create additional copies (by any means, methods, or technologies whatsoever); nor sell, lease, rent, time-share, loan, give, nor otherwise distribute copies to third parties within or outside the Client's location covered by the contract. The Client shall use its best efforts to prevent: a) Non-authorized access, knowledge, use, and distribution of the Deliverables outside the location; and b) A breach of the contract by the Client, or the Client's employees, agents, sub-contractors, and customers. Subject to their availability from PQA's archives, the Client is entitled to purchase from PQA additional copies of any Deliverables. These additional copies will be paid for by the Client at PQA's normal charge rates for copies in effect at the time of the order. PQA will make a reasonable effort to retain archival copies of Deliverables for a maximum of five (5) years after the start of the contract.
14. The Client will: a) Only use the Deliverables for its own internal purposes; and b) Maintain privacy of all contracts between PQA and the Client; and c) Hold the Deliverables as confidential; and d) Not divulge nor permit access to any of the Deliverables by third parties except for bona fide and necessary business reasons of the Client expressly agreed by PQA in writing; e) Not use all nor part of the Deliverables to influence, obtain consideration, nor the approval of any third party for any purpose not previously and expressly agreed to in writing by PQA; f) Will retain in an readily obvious and legible manner any copyright notice, warning, or "Notice to Reader" that PQA attached to any Deliverable, and all copies thereof.
15. Provided PQA does not disclose Confidential data, PQA shall have the right to prepare, seek publication, take photographs, distribute things, advertise, publish the Client's name on PQA's client list(s), and speak publicly on any work, methods, and Deliverables directly or indirectly connected with the contract. Other than the placing of the Client's name on PQA's Client list(s), PQA shall submit the material to the Client for their review and comments prior to releasing anything into the public realm which expressly and directly identifies the Client by name.
16. While PQA is working, or otherwise during the contract, the Client is not permitted to directly or indirectly videotape, record, film, photograph, or otherwise create nor retain a copy of Deliverables, nor the image likeness or voice of PQA's employees, Associates, agents, or sub-contractors by any medium nor by any method; without the prior, express, written permission of PQA.

#### PAYMENT

17. The Client shall promptly pay PQA for all costs reasonably incurred by PQA for the contract in accordance with the terms of the contract; including, but not limited to: automobile mileage, cancellation charges, computer & software time charges, consulting fees, courier fees, excess travel time, interest, Internet charges, late payment fees, office supplies and

expenses, overtime premiums, postage, printing and reproductions, photocopies, progress photography, research, travelling and living expenses, secretarial fees, special delivery & express charges, Stop Work charges, telecommunication charges, and training fees.

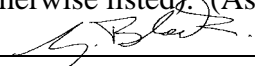
18. PQA may invoice monthly; or upon completion of one or more of the project phases or Deliverables; or when the credit limit defined by PQA for the Client has been reached, or when requested to do so by the Client. Payment is due in full at PQA's London ON offices on or before fifteen (15) days after PQA has delivered its invoice to the Client. If PQA has not been paid in full on or before the due date, then: a) the Client will also pay, as liquidated damages for the Client's breach of contract, a late payment charge of \$20.00 per overdue invoice, plus interest on the overdue amount at a rate of 0.0493151 % per day (18% per year) starting from the invoice date, charged daily and compounded monthly; and b) PQA may institute collection or legal proceedings against the Client and/or other parties liable under the contract, and the Client will reimburse PQA for all additional, reasonable costs thereby incurred by PQA; including collection fees, attorney fees, time spent by PQA's personnel, other legal fees and court costs, and other direct or indirect costs.
19. If the Client becomes insolvent, or performs one or more acts of bankruptcy, or makes a proposal for the general benefit of its creditors, or refuses payment without legitimate reason, or breaches the contract, or has any invoiced amount or other debt which is overdue; then in accordance with Section 23, PQA may deem that a Stop Work Notice has been issued by the Client to PQA as of the earliest date that one or more of these events occur. If PQA has deemed that a Stop Work Notice has been issued under this Section, then PQA shall notify the Client of this decision, and the contract will then be deemed to have been Stopped by the Client.

#### WARRANTIES, STOPPAGE, CANCELLATION, CONFLICT, LIMITATIONS, INTERPRETATION, & ENFORCEMENT

20. PQA will make a reasonable effort to ensure PQA's internal systems and processes, as well as the Deliverables created by those PQA processes will generally be in accordance with currently accepted principles, practices, and the body of knowledge of either: a) Financial and/or management consulting; or b) Quality Assurance; or c) Quality Auditing; or d) Project Management; or e) ISO-9001:1994. This warranty is time limited to one (1) year after completion of the contract, or one (1) year after acceptance of the proposal, whichever occurs first. This warranty is in lieu of all other warranties and guarantees not statutorily mandated; whether statutory, common law, equitable, express, or implied. All warranties, guarantees, indemnities, licenses, covenants, rights, liabilities, assumption of risk, and other responsibilities of the Client and PQA made or provided under the contract shall continue and survive after the contract has been completed, as described herein.
21. If the Client becomes dis-satisfied, the Client shall immediately inform PQA in writing of its concerns with a full description so that PQA can take immediate corrective action. If the Client does not notify PQA in writing prior to: i) 30 calendar days after the dis-satisfaction first comes to the Client's attention, or reasonably ought to have come to the Client's attention; or ii) one (1) year after the Deliverable involved had been first received by the Client; whichever of these two conditions occurs first; then the warranty with respect to that Deliverable will be expired and void; and the Client is thereafter stopped and otherwise barred from refusing to pay, seeking restitution, starting or continuing legal proceedings, compensation, or disputing the work performed by PQA with regards to that specific dis-satisfaction and Deliverable.
22. All or part of the contract, or one or more Deliverable can be cancelled or delayed by either PQA or the Client, provided that: a) Any scheduled work that is cancelled, re-scheduled, postponed, delayed (any and all of which are hereinafter referred to as "Stopped Work") can only be done by a written Stop Work Notice, delivered by the stopping party to the other party hereto (the "Stopped" party); or if done verbally by the Stopping party, may be reduced to writing by the Stopped party with a copy provided to the Stopping party as confirmation of the verbal instructions, and is thereafter deemed the official Stop Work Notice; and b) The Stop Work Notice must provide at least two (2) weeks notice (the "Notice Period") to the Stopped party; said Notice Period commencing on or after the date and time of the receipt of the Stop Work Notice by the Stopped party; and c) The Stopping party shall immediately pay to the Stopped party, in addition to the contracted costs of the contract, the following additional costs: any costs thrown away; plus any revenue lost or costs incurred by the Stopped party from all person-hours scheduled for which the Stopped party, in spite of reasonable effort, was unable to find other equivalent value-added or billable work during the Notice Period; plus any additional costs incurred to properly wind-up or archive the Stopped Work; plus any costs the Stopped party had already paid or was contractually committed to pay to third parties in connection to the Stopped Work; plus all other additional and reasonable costs directly or indirectly incurred by the Stopped party due to the Stop Work Notice.
23. If PQA has been asked to stop work by the Client, then: a) PQA may invoice(s) for all goods, services, Deliverables, and costs incurred prior to the end of the Notice Period at: i) the charge rates specified by the contract; or ii) the charge rates specified by PQA's Schedule of Fees and Client Services; or iii) based on Earned Value and the % completion of the tasks (whichever is greatest, but not to exceed any guaranteed maximum price specified in writing), and the Client shall immediately pay all invoices in full; and b) If there were two or more periodic payments under the terms of the contract (eg. a payment due every month for 12 months), then all of these periodic payments shall continue to be invoiced by PQA as of their originally scheduled dates and amounts, and will be paid in full and on-time by the Client as if the work had been done, and no Stop Work Notice had been issued (but not to exceed any aggregate guaranteed maximum price specified in writing). The Client cannot demand the re-starting of the contract, and PQA is not obligated to incur additional costs, nor provide additional Deliverables until the Client has paid all outstanding debts to PQA in full.
24. Any additional work beyond the scope of the original contract which is subsequently requested by the Client is subject to the terms and conditions of this contract, and PQA's subsequent proposal (if any), as well as PQA's General Terms and Conditions, PQA's Schedule of Fees, and PQA's Client Services as if these documents were an integral part of the subsequent proposal, or contract addendum.
25. The written documents which define the contract is the entire agreement between PQA and the Client; and can only be modified by mutual agreement in writing. Any and all alleged statements, representations, traditions, assumptions, assumed duties, prior or contemporaneous agreements, or statements which are in conflict with the terms and conditions of the written contract documents, or are more rigorous on PQA, or less rigorous on the Client, are null & void. Only the President of PQA has the authority to modify any of these General Terms and Conditions on behalf of PQA, and then only by explicit written agreement for that specific contract, proposal, or agreement between PQA and the Client. The waiver, modification, or addition of any term for one contract or incident does not provide a blanket change nor acceptance for any other contract nor incident.
26. PQA currently holds a Certificate of Authorization ("CoA") from the Professional Engineers of Ontario ("PEO"). Unless expressly agreed otherwise in writing, all proposals, Deliverables, and work contracted by PQA shall be deemed to be consulting and implementation in Quality Assurance, or Management, or Project Management, and not Professional Engineering; and is therefore exempt from the Professional Engineers Act and its regulations. If the Client is unsure or suspects they may desire or require Professional Engineering Services for use in Ontario (ie. contract work or Deliverables that involve public safety, the practice of Professional Engineering, etc.), the Client will expressly notify PQA in writing, and PQA and/or PEO will assess the scope requested by the Client, and if it falls within the scope of Professional Engineering, will issue a separate proposal in writing, and will obtain the express written agreement to forego the obtaining of professional liability insurance, or obtain the insurance coverage required by the Client.
27. PQA currently carries no Errors & Omissions nor professional liability insurance. The Client and PQA agree that not carrying this insurance means that PQA and the Client have both assumed a greater risk, but PQA is able to offer its products and services at substantially lower costs to the Client. In consideration for these lower contract costs, the Client agrees to limit any and all liabilities; claims for damage; cost of defence; legal fees; direct, exemplary, punitive, and consequential damages; interest; court fees; party-party, and other legal expenses; and all other types and forms of fine, restitution, or award that could be levied against PQA to the least of the following: a) a sum not to exceed the Consulting Time Fees chargeable or paid under the contract, or b) CDN \$10,000.00 in aggregate total for this and all other related contracts in dispute with this Client. The Client further agrees to limit their legal actions, and all claims for liability, restitution, or damages directly and indirectly related to the contract to be solely against PQA, and not against PQA's employees, Associates, suppliers, and other third parties. The Client agrees that due to the privity of the contract, and otherwise, all shareholders, Directors, Officers, employees, Associates, agents, sub-contractors, and suppliers of PQA are exempt from liability, damages, compensation, or restitution that are directly or indirectly related to the contract, or otherwise.
28. The Client and PQA agree that: a) the contract, and any and all other agreements between PQA and the Client will be deemed to have been entered into at London, Ont., Canada; regardless of where and when the offer(s), counter-offer(s), or acceptance actually occurs; b) All preparatory work and Deliverables are deemed to be substantially performed at London, Ont. Canada; c) The contract and all other issues associated with the contract shall be governed and interpreted by the system of laws in effect at London, Ontario, Canada; but excluding conflict of laws provisions. If a court of law determines that any contract provision is illegal or unenforceable, the offending provision shall receive the minimal re-wording so as to make it effective while retaining the original purpose; or if not possible, the remaining provisions shall be severable and enforceable. The language used in the contract has been chosen by the parties to express their mutual intent, and no rule of strict construction shall be applied against any party.
29. If PQA is directly or indirectly subjected to any costs, lawsuits, claims, or damages directly or indirectly caused by breach of contract or negligence by the Client, the Client's employee(s) or agent(s), then the Client will vigorously and promptly apply their best efforts to assist in PQA's defence as requested by PQA, and will forthwith indemnify PQA.
30. All matters in difference which are unable to be resolved in a timely manner may be referred to either arbitration or a court of competent jurisdiction. For arbitration, provisions of The Arbitration Act (Ontario), or in the case where the Client does not have a Canadian business establishment then the International Commercial Arbitration Act (Ontario); or superceding or subsequent legislation and regulations shall apply to the arbitration; and the award of the arbitrator shall be final and binding upon both parties, and enforceable in any court of competent jurisdiction. If by legal proceedings, all legal proceedings directly or indirectly concerning the contract must be filed, commenced, heard, and judgement given through a court which is: a) geographically closest to London ON Canada; or b) if PQA so chooses, in the legal jurisdiction of the Client's location. If the dispute proceeds to arbitration or Court, the losing party shall be financially responsible for all reasonably incurred time (charged at \$50/hr) and expenses for both PQA and the Client that are directly associated with resolving the dispute, and will indemnify the winning party their costs (in addition to any costs incurred under the contract, up to a maximum of an additional \$5,000.00) within thirty (30) days after the final decision has been rendered, or all appeals have been waived or exhausted, whichever occurs first.
31. The contract shall enure to the benefit of, and be binding upon, the parties' respective executors, administrators, successors, and assigns. The rights and obligations of the Client under the contract are not assignable. PQA may sub-contract or assign any work to a third party; or assign, factor, or sell any debt owed by the Client to PQA which arose from the contract. PQA will promptly notify the Client in writing of any assignment, sub-contracting, or factoring done by PQA.

## PQA's CLIENT SERVICES

DESCRIPTION	UNITS	COST
Secretarial Services (includes use of std. computer and software)	\$/Hr	25.00
Long Distance Calls	\$/Min	0.50
Copies single sided, 8.5"x11" or 8.5"x14"	\$/Pg	0.10
single sided, 11"x17"	\$/Pg	0.20
double sided, 8.5"x11" or 8.5"x14"	\$/Pg	0.25
double sided, 11"x17"	\$/Pg	0.50
Laser originals, single sided	\$/Pg	0.50
Desk Jet Colour Copies	\$/Pg	1.00
Overhead Transparencies	\$/Pg	1.00
Overhead Projector	\$/Day	25.00
Data Projector, XGA	\$/Hour	30.00
VCR	\$/Day	10.00
Flip Chart	\$/Day	5.00
Binding, Cerlox (includes spine and covers), or 3 ring 1" binder	\$/Book	5.00
Fax, reception, local or long distance	\$/Pg	1.00
Fax, transmission, local, 1st & subsequent pages	\$/Pg	1.00
long distance in US & Cda, 1st page	\$/Pg	2.00
after 1st pg	\$/Pg	1.00
Internet	\$/Hr	4.00
Computer (WP, Quattro, Paradox) (Associate's time is extra)	\$/Hr	0.00
Computer (WP Presentation, Statgraphics, CAD, Easyflow, Project Management, Harvard Graphics, Desktop Publishing, and all other software not otherwise listed). (Associate's time is extra)	\$/Hr	10.00

Approved By: Glenn Black  Date: Dec. 24, 1999

# PROCESS QUALITY ASSOCIATES INC.

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Toll Free

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## PQA's SCHEDULE OF FEES

\$/hr	Sr. Associate					Associate	Senior Technician	Technician	Secretary or Clerk
	Management Consulting	Process Engineering	Problem-solving and Troubleshooting	Theory of Constraints	Training Seminars				
<b>Retainer</b>	100.00	150.00	200.00	250.00	150.00	75.00	60.00	50.00	18.50
<b>Project</b>	115.00	172.50	230.00	275.00	172.50	90.00	66.00	56.00	20.00
<b>Daily</b>	125.00	187.50	250.00	300.00	187.50	100.00	70.00	60.00	22.50
<b>Hourly</b>	150.00	250.00	300.00	325.00	250.00	125.00	80.00	70.00	25.00

- Out-of-pocket expenses, travel time charges, travel expenses, room and meal expenses while traveling, **PQA** office expenses, training materials, and other goods & services which are not expressly included in the contract price are an extra cost, and will be billed in addition to the above charges. Car travel costs are \$0.45/km. Other expenses will be billed at **PQA's** cost.
- When on **HOURLY** rate, there is a minimum charge of two (2) hours (worked time and/or travel time). All work will be charged in five (5) minute increments. The Client will not be charged for personal time spent during meals or coffee breaks.
- The above charge rates include a round-trip, door-to-door, non-bankable travel time allowance. This allowance is the *least* of:
  - The actual time spent traveling, door to door; or
  - Up to 25% of the paid work hours if working less than 8 hours per day; or
  - Up to four (4) hours travel time per each 8 hours worked (standard day of work); or
  - Up to eight (8) hours travel time per each 40 hours worked (standard week of work); or
  - Up to twenty-four (24) hours travel time per each 174 hours worked (standard month of work).

All round-trip travel time incurred in excess of the above allowance will be billed at the same average \$/hr charge rate as for the hours worked. There will be a maximum of 8 hrs billed traveling time (and a maximum of 14 hrs scheduled) per each 24 hr period, and excess travels hours beyond this daily maximum will be billed at 1.5 times the regular \$/hr rate.
- On **RETAINER**, **PROJECT** or **DAILY** rates, the following conditions apply:
  - DAILY**, **PROJECT**, and **RETAINER** charge rates are based on eight (8) hours worked per 24 hr period.
  - RETAINER**: There is a minimum billing of thirteen (13) days in each quarter (3 month period) during the year of the contract. Therefore there will be at least fifty-two (52) billed days on the year contract.
  - PROJECT**: There is a minimum billing of one day per week for 26 weeks.
  - DAILY**: This rate is applicable when **PQA** personnel bill at least eight (8) hours chargeable per work day.
- PQA's** normal hours of work are up to a maximum of 8 hours worked in any 24 hour period, and a maximum of 40 hours worked in any 7 day period; all of which are worked between 7:00 a.m. and 6:00 p.m. local time, and normal business days locally. Overtime charges (1.5 times the standard \$/hr rate) apply for work requested by the Client which is more than 12 hours worked per any 24 hr. period, or more than 50 hrs worked per any 7 day period, or hours worked outside of these normal hours and days of work. Any additional hours or services that are necessary, or requested by the Client, will be billed at the same rate as the originally contracted rates, and are subject to availability. The Client is responsible for scheduling with **PQA** the specific dates required at least fourteen (14) days in advance, otherwise there is no guarantee of availability.
- Standard charge rates for **PQA** office supplies and services ("Client Services") which are not expressly included in the contract, are extra.
- All accounts can be billed at the end of each project phase, or each calendar week, or when the Client's maximum credit limit has been reached (as decided by **PQA**); or upon request by the Client; or upon project completion. Payment is due within fifteen (15) days of invoice date. Late payment charges apply.
- All proposals, contracts, products, and services provided by **PQA** are subject to **PQA's** General Terms & Conditions.
- PQA** is registered with Revenue Canada for the Goods & Services Tax (GST # 13 715-8390 RT). All goods and services provided to Canadian clients will have 7% GST tax rate added to their cost. The above charge rates don't include GST.