

Master Services Agreement

("JNR")

JNR Networks, LLC 4330 W Camino Pintoresco Tucson, AZ 85745

This Master Services Agreement ("MSA") is entered into as of the effective date of any document, referencing the terms of this MSA, ("SOW") by and between JNR and the client listed in the applicable document ("Client") JNR and Client are also referred to as "Party" in the singular and "Parties" in the plural. The Parties hereto agree that JNR shall render professional technology-related services and products (collectively "Services") to Client in an ongoing fashion. This Master Service Agreement includes attached exhibits that further define the terms and conditions for Services (collectively, "Agreement"). The Parties further agree that the scope and additional payment terms, if there are any, of such Services will be provided in the SOW and are hereby incorporated into this Agreement by reference and therefore subject to this Agreement's terms. Such SOWs may be referred to as a Proposal, Price Sheet, Offer, Work Order, or Statement of Work; collectively within this Agreement.

The Parties agree as follows:

- 1. NATURE OF SERVICES: All Services will be rendered as specified in the applicable SOW. Any changes to the Services provided in an SOW are subject to mutual written agreement of the Parties and may become the subject of a separate SOW at the sole discretion of JNR. In the event of any conflict between the terms of this Agreement and the terms of an SOW, the terms of such SOW control with respect to the Services described therein; otherwise, this Agreement controls. All Services last for a term of twelve (12) months, unless otherwise agreed by the Parties within the applicable SOW. Services will automatically renew, unless otherwise terminated by either Party at least thirty (30) days prior to end of the current term, for additional twelve (12) months terms, unless otherwise agreed by the Parties within the applicable SOW.
- 2. NATURE OF RELATIONSHIP: In performance of this Agreement, JNR's personnel are acting as independent contractors. Personnel supplied by JNR hereunder are not Client's employees, agents, personnel, joint ventures, partners and/or subcontractors. All JNR personnel are JNR's employees, agents and personnel furnished, hired, used and/or retained by or on behalf of JNR, are and shall be considered employees or agents of JNR ("Employees"). JNR shall at all times during the term of this Agreement maintain supervision, direction and control over its Employees, as is consistent with and necessary to preserve its independent contractor status. JNR shall be solely responsible for the payment of compensation of JNR Employees, assigned to perform Services hereunder. The Parties acknowledge and agree that the procurement of Services under this Agreement and SOW will be on a non-exclusive basis and that JNR is not required to provide services that are not accounted for in the SOW.
- 3. CONFIDENTIALITY: During the course of this Agreement, each Party, its employees, subcontractors, officers and agents may receive or have access to Confidential Information of the other Party. In the event the receiving Party obtains Confidential Information from the disclosing Party, the Receiving Party agrees to keep such Confidential Information in the strictest confidence and safeguard such information using the same degree of care as it uses to safeguard its own Confidential Information, which in no case shall be less than a reasonable degree of care. Each Party's Confidential Information consists of its business plans and customer lists, any information the disclosing Party identifies as confidential at the time of disclosure (or if in writing the disclosing Party marks as Confidential), and any information a reasonable person would consider confidential under the circumstances.
 - a. **Mutual Obligations**: The Receiving Party shall (i) not use the disclosing Party's Confidential Information for any purpose other than the exclusive purpose of fulfilling its obligations under this Agreement and SOW; (ii) not use, disclose or otherwise make available to any person or entity (except as permitted herein) any of the disclosing Party's Confidential Information during the term of this Agreement or thereafter without the prior written consent of the disclosing Party. (iii) limit access to Confidential Information to those employees, officers, subcontractors and agents on a need to know basis who has first executed a general written agreement committing such person to conduct that would not violate Client's obligations pursuant to this Agreement; (iv) be responsible for any breach of this Agreement by employees, subcontractors, officers and agents.
 - b. **Exceptions**: Confidential Information will not include information to the extent that: (a) such information is or becomes publicly available other than through any act or omission of either Party in breach of this Agreement; (b) such information was received by the receiving Party from a third Party, which third Party had no obligation of confidentiality to the disclosing Party; or (c) such information was in the possession of the receiving Party at the time of the disclosure, or (d) was independently developed by the receiving Party without reference to the disclosing Party's Confidential Information; (e) such information is/are required to be disclosed pursuant law, judicial order, or government regulation, provided that, in the event the receiving Party becomes legally compelled to disclose any of the information, the receiving Party shall provide to disclosing Party prompt notice thereof so that disclosing Party may seek a protective order or other appropriate remedy and/or waive compliance with the provisions of this Agreement.
 - c. Injunctive Relief: The receiving Party acknowledges and agrees that it would be difficult to fully compensate the disclosing Party for damages resulting from the breach or threatened breach of the foregoing provisions and, accordingly, that the disclosing Party will be entitled to seek injunctive relief, including without limitation, temporary restraining orders, preliminary injunctions and permanent injunctions, to enforce such provisions. This provision with respect to injunctive relief will not, however, diminish the disclosing Party's right to claim and recover damages.
 - d. The obligations under this section shall survive the termination of this Agreement or any provision thereof.
- 4. BILLING AND PAYMENT: The Parties agree to the following with regards to billing and payment:
 - a. Client shall pay JNR for Services according to the rates and terms of the applicable SOW.
 - b. If Client's procedures require that an invoice be submitted against a Purchase Order before payment can be made, client will be responsible for issuing such Purchase Order before the commencement of Services under the applicable SOW.
 - c. Unless otherwise agreed to in writing, all payments for a given SOW shall be due within fourteen (14) days of the applicable invoice date from JNR to Client. JNR reserves the right to assess, and Client agrees to pay, a past-due fee in the amount of one and one-half percent (1.5%) of the past-due invoice amount ("Late Fee"). A Late Fee may, at JNR's sole discretion, be assessed when an invoice remains unpaid fifteen days beyond the due date shown on the invoice and again every thirty days thereafter until invoice is paid in full.
 - d. Client understands that, unless otherwise agreed to in writing by JNR, partial payment of an invoice does not relieve Client's obligation to pay the invoice in full. JNR is under no obligation to Client to make payment plans available to Client.
 - e. If Client fails to pay any invoice in full by the specified due date, in addition to other remedies defined herein, JNR reserves the right to suspend Services under the applicable SOW until Client makes full payment on such invoice. CLIENT ACKNOWLEDGES THAT SUSPENSION OF SERVICE MAY RESTRICT OR PREVENT ACCESS TO, BUT NOT BE LIMITED TO, E-MAIL, APPLICATIONS, FILES, DATA AND BACKUPS.
 - f. If Client is behind on payments for any SOW, JNR reserves the right to use any overpayments by Client on an SOW to offset overdue amounts on another SOW



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- g. Client's failure to pay any invoice within sixty (30) days of the specified due date is considered an automatic material breach of this Agreement with no need for JNR to provide Client notice of such breach.
- 5. TAXES: Client shall be liable for all applicable sales, use, and service taxes associated with Services as well as on any products ordered by JNR on Client's behalf.

 Client shall reimburse JNR any such taxes that JNR pays on Client's behalf.
- 6. **RETURNS/EXCHANGES/REFUNDS:** Due to the nature of the products involved in Services, Client understands and agrees that JNR may not be able to honor Client's request for a return or exchange of any such products, or any corresponding refund. As such, Client understands and agrees that Client waives any legal actions against JNR under this Agreement and any applicable SOW for Client's inability to return or exchange such products as well as to receive any corresponding refund.
- 7. TRANSFER OF TITLE AND RISK OF LOSS: Client understands and agrees that title to any products does not legally pass to Client until such time as Client has paid for such products. However, Client solely bears the responsibility for risk of loss once such products have been delivered to Client, even if Client has not yet paid for such products.
- **8. INTELLECTUAL PROPERTY RIGHTS:** The parties agree as follows with regards to limitations on liability:
 - a. **Rights of Parties and Restrictions on Use**: The Parties shall not violate each other's respective intellectual property rights, including, but not limited to, copyrights, trademarks, and patents. Unless prior written permission is obtained from the Party authorizing such use, the Parties shall not use each other's respective intellectual property except as is necessary to carry out the objectives of this Agreement or applicable SOW.
 - b. **Rights of 3rd Parties**: Client understands that in providing Services, JNR may use the licensed intellectual property of third parties. As such, Client will respect and not interfere with the intellectual property of such third parties.
 - c. **Rights in Services**: Any Services performed by JNR pursuant to this Agreement and applicable SOWs are NOT considered "work made for hire" as defined in 17 USC Section 101 (the Copyright Act) of the United States Code (including subsequent renumbering and successor statutes) and all intellectual property rights in all materials provided by JNR for Services rendered shall remain with JNR, unless otherwise agreed in an SOW.

9. REPRESENTATIONS AND WARRANTIES:

- a. **Mutual Warranties**: Both Parties hereto warrant, represent and covenant to each other, as an essential part of this Agreement that: (i) each is duly organized and validly existing and in good standing under the laws of the state of its incorporation or formation; (ii) each is fully able to perform the obligations hereunder; and (iii) the person signing this Agreement is authorized to do so and that each has obtained all internal and external approvals and resolutions necessary to enter into this Agreement.
- b. **JNR Warranties**: JNR warrants, represents and covenants that each of its Employees, assigned to perform Services under an SOW shall have the proper skill, training and background so as to be able to perform in a competent and professional manner and that all Services will be performed in accordance with the terms of such SOW.
- c. **Product Warranties**: Where JNR provides products, including, but not limited to, off-the-shelf or configured computers, servers, software, workstations, servers, routers and switches, Client understands and agrees that JNR offers no additional warranties with regard to such products and that as such, Client's sole remedy for issues with such products is against the corresponding manufacturer and any warranty that such manufacturer offers, if any.
- b. Warranty Disclaimer: All Services are provided "AS-IS", with no warranties whatsoever; JNR does not, either expressed, implied or statutory, make any warranties, claims or representations of any kind with respect to the services, including, without limitation, warranties of quality, performance, non-infringement, merchantability, or fitness for use or a particular purpose. JNR further does not represent or warrant that services will always be available, accessible, uninterrupted, timely, secure, accurate, complete and error-free. Client assumes all risks arising out of client's use of the services, to the maximum extent permitted by law. Some Jurisdictions do not allow for the exclusions and limitations as specified here and, to the least extent as allowed by law, such exclusions and limitations may not apply to client.
- 10. PUBLICITY: JNR agrees that Client may make mention that JNR provides Services to Client in Client's website, brochures and other promotional materials. In such mention of JNR Services, Client will honor and protect Confidential information of JNR. Client agrees that JNR may make mention that JNR provides Services to Client in JNR's website, brochures and other promotional materials. In such mention of JNR Services, JNR will honor and protect the Confidential Information of Client.
- 11. NON-SOLICITATION: The Parties agree that, while this agreement is in effect and for a period of one (1) year after the termination of this Agreement, neither Party will, without the other Party's prior written approval, solicit or induce, directly or by use of a third party, any employee of the other Party to leave his/her employ with the other Party. If either Party violates this provision, the violating Party shall pay the violated Party a fee equal to fifty percent (50%) of such employee's then-current salary (including benefits) with the violated Party. The Parties explicitly agree that the damages incurred in such an event would be difficult to ascertain and that this fee is fair and reasonable and is not a penalty.
- 12. MUTUAL INDEMNIFICATION: JNR agrees to indemnify and hold Client and their respective directors, officers, employees and agents and its or their subsidiaries and/or affiliates, harmless from and against any damages directly arising out of the negligence or willful misconduct of JNR, its Employees, or of any subcontractor retained by JNR in connection with the performance of the Services under this Agreement. Client agrees to indemnify and hold JNR and its respective directors, officers, employees and agents and its or their subsidiaries and/or affiliates, harmless from and against any damages directly arising out of the violation of this Agreement and Services and the negligence or willful misconduct of Client, including Client's employee's and any subcontractors retained by Client.
- 13. LIMITATION OF LIABILITY: The parties agree as follows with regards to limitations on liability:
 - a. **Risk Assumption**: Client agrees that the rates and fees charged under any SOW do not include any assumption of risk by JNR for Client's incidental, consequential, punitive, special, exemplary or indirect damages and that JNR's rates and fees charged to Client would be substantially higher where JNR were also required to include such assumption of risk.
 - b. Maximum Liability: Other than amounts due to JNR from Client for Services or with regard to a Party's breach of confidentiality under this Agreement, the maximum liability of either Party to the other, including any related parties, as arising out of or in connection with the fulfillment of or use of the Services, regardless of the basis of claim, shall not exceed the value of the applicable SOW. For breaches of confidentiality, the Parties agree that the maximum liability of either Party shall not exceed an amount equal to two (2) times the value of the applicable SOW.
 - c. **Exclusion of Liability:** In NO event shall either party be liable, one to the other, for loss of revenue or profits or for incidental, consequential, punitive, special, exemplary or indirect damages of any type or kind however caused, whether from Breach of



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WARRANTY, BREACH OF CONTRACT, NEGLIGENCE OR ANY OTHER LEGAL CAUSE OF ACTION AND WHETHER OR NOT THE PARTY HAS BEEN ADVISED OF THE POSSIBILITY OF SUCH DAMAGES TO THE MAXIMUM EXTENT PERMITTED BY LAW EXCEPT TO THE EXTENT SUCH DAMAGES: (I) ARISE FROM AN UNAUTHORIZED DISCLOSURE OR MISUSE OF THE OTHER PARTY'S CONFIDENTIAL INFORMATION OR INTELLECTUAL PROPERTY OR (II) ARE RELATED TO OR ARISE FROM GROSS NEGLIGENCE OR WILLFUL OR INTENTIONAL MISCONDUCT.

- 14. DISPUTE RESOLUTION: In case of any dispute arising or related to this Agreement or an applicable SOW, JNR and Client, by mutual agreement, shall attempt to resolve any dispute informally through mediation first and then arbitration as follows:
 - a. **Mediation**: JNR and Client shall submit the dispute to executives selected by each Party (a maximum of two persons for each Party). These executives shall meet as often as necessary to gather and analyze information relevant to resolving the dispute and shall negotiate in good faith. All proposals and information exchanged as well as discussions during this informal process will be considered settlement discussions and proposals and will be in any subsequent proceedings. If no settlement is reached in the informal dispute discussions, either Party may, within thirty (30) days from the date of a written communication that the informal dispute process was unsuccessful, give notice to the other Party that the noticing Party wishes to pursue formal mediation throughout arbitration.
 - b. **Arbitration**: In the event that the Parties cannot amicably resolve a dispute or damage claim through Mediation, the Parties agree to resolve any such dispute or damage claim by arbitration. The arbitration proceeding shall be conducted in Tucson, Arizona, in accordance with the rules of the American Arbitration Association then in effect with one (1) arbitrator to be selected by mutual agreement of the Parties. If the Parties cannot agree on an arbitrator, then the American Arbitration Association shall select an arbitrator from the National Panel of Arbitrators. The laws of the State of Arizona shall apply to the arbitration proceedings. The Parties agree to initially split the costs of any arbitration, but the prevailing Party, if any, is entitled to reimbursement for the Party's portion of the arbitration fees and reasonable attorney fees. The Parties agree that the arbitrator cannot award punitive damages to either Party. The Parties agree that such arbitration is fully binding and agree to be so bound by the arbitrator's findings. Judgment upon the award as rendered by the arbitrator may be entered in any court having jurisdiction.
- 15. TERMINATION: Notwithstanding anything to the contrary, either Party may terminate this Agreement if the other Party commits a breach of this Agreement and fails to remedy such breach within thirty (30) days after written notice from the non-breaching Party.
 - a. **Effect on SOWs**: The Parties agree that the termination of this Agreement also terminates all current SOWs between the Parties, unless the Parties agree to the contrary in a separate written agreement.
 - b. **Obligations**: Client shall still be obligated to make payments to JNR for Services on all current SOWs, as rendered up to and including the date of termination. To the extent as defined by such applicable SOWs, JNR will release any work product or products related to Services for which Client has made payment or upon receipt of Client's payment. To the extent allowed by such applicable SOWs, JNR is not required to release any work product or products related to Services unless Client has made payment in full for such work product or products.
 - c. **Survival**: Any terms of this Agreement which by their nature extend beyond its termination remain in effect until fulfilled, and apply to respective successors and assignees.
 - d. No Waiver: The failure of either Party to enforce, at any time, any of the provisions of this Agreement, or the failure to require at any time performance by the other Party of any of the provisions of this Agreement, will not be construed to be a waiver of such provisions, or in any way affect the right of either Party to enforce such provisions thereafter.

16. GENERAL:

- a. Modification: No alteration or modification of this Agreement shall be valid unless made in writing and signed by the Parties. Client may add additional Services with notice to and acceptance by JNR.
- b. **Severability**: If any provision of this Agreement is held to be invalid or unenforceable, the remaining provisions shall continue in full force and effect in such jurisdiction to the fullest extent permitted by law and the invalidity or unenforceability of any provision hereof in any jurisdiction shall not affect the validity or enforceability of such provision in any other jurisdiction.
- c. Assignment: This Agreement is not assignable or transferable in whole or in part by Client without the prior written consent of JNR. Any such attempted assignment shall be void. JNR may assign this Agreement without Client's consent, to any person or entity that acquires substantially all of the stock of JNR or the assets of JNR or any applicable major division, unit or subsidiary of JNR. JNR may subcontract portions of its obligations under this Agreement provided that JNR shall remain ultimately liable for the performance of subcontractor.
- d. **Notices**: Any notice or other communication required or permitted hereunder shall be given in writing to the other Party at the address listed on the SOW, or at such other address as shall be given by either Party to the other in writing.
- e. **Headings**: The Parties acknowledge that the headings used in this Agreement are for convenience purposes only and shall not be construed to define or limit the Parties' rights and remedies hereunder.
- f. Governing Law: The laws of the State of Arizona, excluding choice of law, govern this Agreement. In case of litigation arising out of or relating to this Agreement, both Parties hereby expressly consent to the exclusive personal jurisdiction of the state and/or federal courts of Arizona.
- g. **No Third Party Rights**: This Agreement does not create, confer, or otherwise grant rights for the benefit of any third party, creditor, and supplier or incidental beneficiary of Client with regards to JNR.
- h. **Force Majeure**: Neither Party shall be liable for any delays in performance/breaches of this Agreement due to causes beyond its control, including acts of God, government intervention, public enemy, war, insurrection, national emergency, terrorism, fire, strikes, labor disputes, loss of electrical power, loss of internet access or any other cause beyond the reasonable control of the Parties.
- i. **Entire Agreement**: This Master Services Agreement and any SOWs or other supplement attached thereto, constitutes the entire agreement between the Parties in connection with the subject matter hereof and supersedes all agreements, proposals, representations and other understandings, oral or written, of the Parties.