

Carrier Agreement

THIS CARRIER AGREEMENT (this "Agreement") is entered into on this _____ (the "Effective Date") by and between _____ (hereinafter called "Carrier") having an office at _____ and KB Logistics Management, Inc., an Illinois company, (hereinafter called "KBL"). KBL and Carrier will be collectively referred to as "Parties" herein.

WITNESSETH:

WHEREAS, KBL arranges transportation of property by motor carriers and indirect air carriers for its customers and is duly registered as a property broker with the FMCSA in Docket No. MC 632011-B as may be amended from time to time; and

WHEREAS, Carrier is a duly licensed motor carrier by the Federal Motor Carrier Safety Association ("FMCSA") in Docket No. MC - _____ as may be amended from time to time, and; and

WHEREAS, KBL desires to hire the Carrier to perform transportation and related services for its customers; and

THEREFORE, in consideration of the mutual agreements, conditions, covenants, promises, undertakings set forth in this Agreement, and for good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the parties hereto, intending to be legally bound, agree to the following terms and conditions:

1. Term and Termination

- a. Term: This Agreement shall be automatically renewed for successive periods of twelve (12) months from the effective date above unless cancelled by either party in accordance with the provisions of this Agreement.
- b. Termination: Either party to this Agreement may cancel or terminate this Agreement either (i) by written prior notice to the other, given at least thirty (30) days in advance, if the other party breaches or fails to meet any of its obligations hereunder, and fails to cure such breach or failure within said thirty (30) day period, or (ii) by prior written notice to the other party, given at least ten (10) days in advance, if the other party (a) commences any proceeding relating to its reorganization, dissolution or liquidation; (b) discontinues its business, becomes insolvent or fails to pay obligations as they become due, or (iii) by sixty (60) days prior written notice if terminated for any other reason. KBL agrees that it shall maintain a copy of this Agreement on file for a period of at least one (1) year after the expiration or earlier termination of this Agreement.

2. Services

- a. KBL shall be solely an arranger of services and those functions include solely those functions as an arranger of services and no others and all other responsibilities or risks are those of the Carrier.
- b. Carrier shall provide services designed to meet the unique, distinct and continuing transportation service needs of KBL and its customers, which include but are not limited to the following: Carrier's agreement to providing flexible freight rates which may be amended by written notice; Carrier's agreement to provide shipment assembling, consolidating, break-bulk, and/or distribution services; Carrier's agreement to provide certificates of insurance, to KBL and its customers upon request; and Carrier's agreement to issue invoices to and to accept payment from KBL only, rather than from its customers, the shipper or consignee.

3. Carrier's Insurance

- a. Carrier hereby represents that, at its sole cost and expense it shall maintain insurance policies for liability, cargo, auto liability, property damage, and personal injury insurance under such terms as will meet the requirements of all laws and applicable government bodies and agencies. Carrier shall provide KBL and its customer upon request with written evidence of such insurance on an annual basis. Such insurance shall be maintained in amounts of not less than the following:
 - Cargo Insurance: \$100,000 USD per shipment;
 - Automobile Liability Insurance: \$1,000,000 USD per occurrence;
 - Commercial General Liability Insurance: \$1,000,000 USD per occurrence;
 - Umbrella coverage (in-force with the Auto and Commercial General policies): \$1,000,000 USD;
 - Worker's Compensation; as required by law

4. Mutual Indemnification

- a. To the maximum extent permitted by law, both parties agree to indemnify, defend and hold harmless each other and their agents, contractors, and employees from and against any and all claims, actions, losses, damages, expenses, judgments, and costs (including reasonable attorney's fees and costs) resulting from or arising out of damage or injury to persons (including employees, agents, or subcontractors of Customer) or property, caused in whole or in part by the willful conduct, error, omission or negligent act of either party or its directors, officers, employees, agents or subcontractors in the performance of this Agreement or any breach of any term of this Agreement.

5. Rates and Payment

- a. Carrier shall be paid solely and exclusively by KBL, and Carrier acknowledges KBL's sole obligation for the payment of transportation services, and Carrier shall waive any right to take action against the shipper, consignee, or any customer of KBL for the collection of any freight invoices arising out of transportation performed by the Carrier under this agreement. KBL shall pay Carrier within thirty (30) days of receipt of invoice and delivery receipt.
- b. KBL is authorized to collect, from its customer, amounts in excess of the rates charged by the Carrier as its payment for services, and KBL is not required to disclose its payment for services to the Carrier.
- c. Rates may be agreed to orally between the Parties and subsequently confirmed in writing or by electronic communication.
- d. The contract rates are set forth in Appendix B attached hereto and made a part hereof.
- e. The Carrier's tariffs, terms and conditions, rates or other liability limitations and released value clauses shall not apply to the transportation arranged/tendered by KBL with the Carrier during the term of this agreement, unless expressly incorporated into this agreement.

6. Carrier Warranty

- a. Carrier warrants that, during the term of this Agreement:
 - i. To maintain in force proper operating authority as issued by the FMCSA, TSA, or other government agency;
 - ii. Carrier agrees to transport commodities to the specified destination with reasonable dispatch (defined as the length of time that it would customarily and ordinarily take to transport a like shipment), unless a specified delivery date and/or time is communicated to Carrier prior to the pick-up of any individual shipment.
 - iii. All freight under this agreement will only be transported on Carrier's equipment and operated under Carrier's authority and Carrier shall not subcontract transportation services, with the exception of IAC services requiring the use of commercial air carriers;
 - iv. Carrier will at all times have a U.S. DOT safety rating that that is "satisfactory" pursuant to FMCSA safety standards;
 - v. Transportation and or other services provided will be performed without violating any Local, Municipal, State, Federal, Provincial and/or Territorial statutes laws or regulations;
 - vi. Carrier will request and obtain instructions concerning all handling, securing, and product or freight protection requirements of each shipment, including specifications noted on the bill of lading or otherwise;
 - vii. Carrier is responsible for ensuring that all freight is properly blocked and braced for transportation unless tendered to Carrier in a pre-loaded, sealed trailer, where, in such instances, Carrier is hereby

- instructed not to break the seal(s) and shall not break (or allow to be broken) the seal(s) on the trailer. If any seal is broken, such fact must be noted on the bill of lading, and KBL promptly notified;
- viii. Carrier shall determine whether the goods being shipped are in apparent good order and condition, to the extent that such is ascertainable through a visual examination of the exterior of the goods shipped, before loading and, in the event that they are not, Carrier will contact KBL for further instructions;
 - ix. Carrier agrees that it shall address all damage or liability issues directly with the responsible customer or vendor. Carrier acknowledges and agrees that KBL shall only be responsible for the direct acts of its employees, and not for the actions of customers, lumpers, draymen, other carriers, or any other third party; and
 - x. Carrier shall not place any lien on any cargo or other property of KBL or its customers, and that Carrier hereby expressly waives any right to any such lien.

7. Independent Contractor

- a. KBL and Carrier agree that the employees of the Carrier, in performing services hereunder, shall be and remain exclusively the employees of Carrier and shall not, for any purpose, be considered employees of KBL. KBL shall not be responsible for any act or omission of said employees. Carrier shall in no event be considered an employee or agent of KBL, but to the contrary, shall be deemed and treated as an independent contractor of KBL and agrees that shall not have any right or power to incur any debt, obligation or liability on behalf of the KBL, without the express written consent, or at the direction of, KBL.

8. Carrier Liability

- a. Carrier assumes all liability for cargo loss and damage while in its care, custody and control, except for instances of a Force Majeure event. Carrier expressly recognizes this as a material condition and shall indemnify and hold KBL harmless (inclusive of legal fees and costs) from any costs arising from an assertion of claim liability against KBL.
- b. Carrier shall be liable for the full, actual value of the shipments arranged/tendered by KBL to Carrier not to exceed \$100,000 per occurrence. No released value rates, or other limitation of cargo liability, shall be valid or enforceable against KBL or its customers, shippers and/or consignees unless expressly agreed to by KBL in a signed writing separate from any bill of lading or other delivery receipt issued by Carrier.
- c. KBL or its customer shall file a claim (a) for loss or damage to shipments within nine (9) months from the date of delivery or anticipated date of delivery. Within sixty (60) days of receiving a claim from KBL or its customer for loss, damage, or delay, Carrier shall pay or deny the claim to KBL's customer (with a full explanation if denied) or make a compromise offer if not paid in full.

9. Bills of Lading and Delivery Receipts

- a. Carrier will issue and sign a standard, uniform straight bill of lading or other receipt acceptable to KBL and KBL's customers upon acceptance of goods for transportation. All terms or conditions written or printed on the receipts or bills of lading which have not been specifically agreed to by KBL or its customer, either in this Agreement or on any addenda hereto, shall have no binding effect against KBL or its customer. The receipt or bill of lading issued or executed by Carrier shall be prima-facie evidence of receipt of goods in good order and condition by Carrier unless otherwise noted on the face of said document.

10. Force Majeure

- a. Either party's performance hereunder may be suspended and its obligation hereunder excused in the event and during the period that its performance is prevented by a cause or causes beyond its reasonable control, such as, by way of example and not limitation, acts of God; acts of war; riots; fire; explosions; floods or other adverse weather conditions; failure of power, labor troubles; strikes; judicial, administrative or governmental laws, regulations, requirements, rules, orders or actions; national defense requirements, or other reasons of a like nature beyond the reasonable control of the party delayed in performing its obligations required under the terms of this agreement.
- b. In the event of an occurrence of a Force Majeure, the affected party shall notify the other party immediately in writing, setting forth the particulars of the circumstances, its expected duration, and the steps it is taking to overcome the cause. Notice shall be given after the effect of such occurrence has ceased. Notwithstanding anything herein to the contrary, the provisions of this Section VIII shall not delay or postpone any of the rights specifically granted to either party terminate this Agreement.

11. Other Provisions

- a. Entire Agreement: This Agreement constitutes the entire agreement between the parties. All provisions of this Agreement shall be strictly complied with and conformed to by the parties, and no amendment to this Agreement shall be made except upon the written consent of both the parties.
- b. No Construction against Drafter: Each Party has participated in negotiating and drafting the Agreement, so if an ambiguity or a question of intent or interpretation arises, the Agreement is to be construed as if the Parties had drafted it jointly as opposed to being construed against a Party because it was responsible for drafting one or more provisions of the Agreement.
- c. Effect of Waiver. The failure of either Party to enforce any of the rights given to it under the Agreement shall not be construed as a waiver of that right.

- d. Non-Disclosure: Except as required by law, the terms and conditions of this Agreement and information pertaining to any shipment or service hereunder shall not be disclosed by either party hereto to persons other than its directors, officers, employees, agents, attorneys, accountants, or auditors.
- e. Notices: All notices which may be given in connection with this Agreement or required by law or regulation shall be in writing, shall be sent postage prepaid by the party desiring to give such notice to the other party; by registered or certified mail, return receipt requested; by reliable overnight courier; or by making personal delivery thereof to such other party, as such other party may from time to time specify in writing. All such notices shall be addressed to such party at its address shown as follows:

Carrier:	KBL:
	KBL Logistics Management, Inc.
C/O:	C/O Kevin Blazyk
Title:	President
	1715 W Cortland Court Unit 4
	Addison, IL 60101

- f. Validity of Provisions: If any provision of this Agreement is held to be invalid, illegal, or unenforceable, the validity, legality and enforceability of the remaining provisions shall in no way be affected or impaired.
- g. Venue: This Agreement shall be governed by and construed in accordance with, the laws of the state of Illinois, without regard to conflicts of law principles thereunder and except to the extent expressly preempted by federal law. The parties acknowledge that by entering into this agreement, they have sufficient contact with the State of Illinois to vest jurisdiction therein and hereby forever waive any objection to exclusive Illinois jurisdiction, agreeing to proper venue within Dupage County, Illinois, agree to be subject to the jurisdiction of the State of Illinois, and waive any right to a trial by jury.

- h. No Assignment: This Agreement may not be assigned by either party without the prior written consent of the other party.
- i. Authority to Execute: The individual or individuals that execute this Agreement represent that they are duly authorized to execute this Agreement on behalf of the entity and that no other signature, act or authorization is necessary to bind such entity to the provisions of this Agreement.

IN WITNESS WHEREOF, the parties have executed this Agreement as of the Effective Date.

Carrier:	KB Logistics Management, Inc.
Printed Name:	Printed Name: KEVIN BLAZYK
Title:	Title: PRESIDENT
Signature:	Signature: 