# Knowledge Assistant Licensing Agreement

As of January 25, 2025

# Madison AI

AI knowledge assistants for government staff to complete requests in minutes, not hours.

www.MadisonAI.com

This Licensing Agreement ("Agreement") is made and entered into as of February 1, 2025, by and between North Slope Borough School District with its principal place of business at 829 Aivik St Utqiagvik, AK 99723 ("Licensee"), and M3Planning, Inc. dba Madison AI, a corporation organized under the laws of Nevada, with its principal place of business at 527 Lander Street, Reno, NV 89509 ("Licensor").

WHEREAS, Licensor has developed Madison AI, an AI Assistant for local government LLM for elected officials and staff to access board decisions, agendas, and master codes in your library ("Madison AI"); and

WHEREAS, Licensee desires to license Madison AI from Licensor under the terms and conditions set forth herein;

NOW, THEREFORE, in consideration of the mutual covenants and promises contained herein, the parties hereto agree as follows:

1. **LICENSE GRANT**

    1.1. **License:** Subject to the terms and conditions of this Agreement, Licensor hereby grants to Licensee a non-exclusive, non-transferable license to use Madison AI Modules as selected in Appendix 1 during the Term (as defined below) for the purpose of generating reports based on governmental data.

    1.2. **Ownership:** All intellectual property rights in the Application, including but not limited to software, content, text, images, graphics, video, audio, and other materials, are owned by Madison AI or its licensors.

2. **TERM**

    2.1. **Term:** This Agreement shall commence on the Effective Date, month day year, and shall continue for one (1) year, unless terminated earlier in accordance with the provisions of this Agreement ("Term").

    2.2 **Auto Renewal:** This Agreement will automatically renew each year for an additional one (1)-year term unless the Licensee provides written notice of its intent not to renew at least thirty (30) days prior to the end of the then-current term.

    2.3 **Cost Escalation:** Upon each annual renewal, the fees under this Agreement may be subject to an increase. Any such increase shall be directly proportional to any price increases imposed by Microsoft Azure for the software required to support Licensee's use of Madison. The Licensor shall notify the Licensee of any increase in fees at least forty-five (45) days prior to the renewal date. If Microsoft Azure does not increase its pricing, the fees will remain unchanged for the subsequent renewal term.

3. **FEES AND PAYMENT**

    3.1. **Fee:** Licensee agrees to pay Licensor a total fee ("Annual License Fee"), which includes data deployment and annual access to Madison AI. All fees will be billed upon contract signing and due net 30. See the Fee and Payment Schedule in Appendix 1.

3.2. **Usage Tokens:** The License Fee includes usage tokens with a limit of $250 per month. Usage beyond this limit will incur additional fees as specified in Section 3.3. Tokens are priced at cost by Microsoft ($0.005/1,000 input and $0.015/1,000 output).

3.3. **Additional Usage Fees:** In the event Licensee exceeds the monthly usage limit of $250, Licensee agrees to pay additional fees at the rate of $250 a month for each subsequent level. Licensor shall invoice Licensee quarterly for any additional usage fees incurred, and Licensee shall pay such invoices within thirty (30) days of receipt.

3.4 **Service Support:** Service support beyond initial installation is available for issues and level one customer service support. Additional support can be provided as a service add-on if requested.

**MADISON AI TERMS of SERVICE**

https://madisonai.com/terms-and-conditions/

4. **DEPLOYMENT AND DATA INDEX UPDATING**

4.1. **Initial Deployment:** Licensor will deploy the AI Knowledge Assistant in approximately (4) weeks and it will include approximately five (5) years of data from existing agendas, minutes, and staff reports.

4.2. **Data Index Updates:** Throughout the Term, Licensor shall update the data pile once monthly to ensure the application has access to the most current governmental data to reference.

5. **LICENSEE OBLIGATIONS AND RESTRICTIONS**

5.1. **Compliance with Laws:** Licensee agrees to use Madison AI in compliance with all applicable laws and regulations.

5.2. **Restriction:** Licensee shall not and shall not permit any third party to: (a) reverse engineer, decompile, or disassemble Madison AI; (b) modify or create derivative works of Madison AI; (c) sublicense, lease, rent, or distribute Madison AI to any third party; or (d) use Madison AI for any purpose other than as expressly permitted under this Agreement.

6. **SECURITY**

6.1. Data Security: Madison AI is a Microsoft Azure Application that is compliant with Microsoft Data Protection. Your prompts (inputs), completions (outputs), your embeddings, and your training data:

- are NOT available to other customers.
- are NOT available to OpenAI.
- are NOT used to improve OpenAI models.
- are NOT used to improve any Microsoft or 3rd party products or services.

- are NOT used for automatically improving Azure OpenAI models for your use in your resource (The models are stateless, unless you explicitly fine-tune models with your training data).

The Azure OpenAI Service is fully controlled by Microsoft; Microsoft hosts the OpenAI models in Microsoft's Azure environment and the Service does NOT interact with any services operated by OpenAI (e.g. ChatGPT, or the OpenAI API).

**MADISON AI PRIVACY POLICY**

https://madisonai.com/privacy-policy/

7. **TERMINATION**

7.1. **Termination for Convenience**: Either party may terminate this Agreement for any reason upon thirty (30) days' prior written notice to the other party.

7.2. **Termination for Breach:** Either party may terminate this Agreement immediately upon written notice if the other party breaches any material term or condition of this Agreement and fails to cure such breach within thirty (30) days after receiving written notice thereof.

7.3. **Effect of Termination:** Upon termination of this Agreement, Licensee shall cease all use of Madison AI. The License Fee will be prorated on a monthly basis, net of the initial setup fee and token usage to date. Termination shall not relieve Licensee of its obligation to pay any fees accrued or payable to Licensor prior to the effective date of termination. Madison AI will delete all data related to the Licensee, to include chat history and backups.

8. **WARRANTY DISCLAIMER**

8.1. Madison AI and all content is provided to Client strictly on an "as is" basis; and all conditions, representations, and warranties, whether express, implied, statutory, or otherwise, including, without limitation, any implied warranty of merchantability, fitness for a particular purpose, or non-infringement of third party rights, or any warranties arising out of course of dealing or usage of trade; are hereby disclaimed to the maximum extent permitted by applicable law by Madison AI and its licensors.

9. **LIMITATION OF LIABILITY**

9.1. **Limitation:** In no event shall licensor be liable for any indirect, incidental, special, or consequential damages, or damages for loss of profits, revenue, data, operational use or data use, incurred by licensee or any third party, whether in an action in contract or tort, even if licensor has been advised of the possibility of such damages. Licensor's liability for damages hereunder shall in no event exceed the amount of fees paid by licensee to licensor under this agreement.

10. **GENERAL**

10.1.  **Governing Law and Dispute Resolution:** This Agreement shall be governed by and construed in accordance with the laws of the State of Nevada, without regard to its conflict of law principles. By using Madison AI (Software), you agree that any disputes, claims, or controversies arising out of or relating to the use of the Software, including but not limited to performance, data use, or service-related issues (collectively referred to as "Disputes"), will be resolved exclusively through mediation as the initial step in the dispute resolution process, in accordance with the laws of the State of Nevada.

10.2.  **Entire Agreement:** This Agreement constitutes the entire agreement between the parties with respect to the subject matter hereof and supersedes all prior or contemporaneous understandings or agreements, written or oral, regarding such subject matter.

10.3.  **Amendments:** No amendment or modification of this Agreement shall be binding unless in writing and signed by both parties.

10.4.  **Waiver:** No waiver of any term or condition of this Agreement shall be deemed a continuing waiver or a waiver of any other term or condition.

10.5.  **Severability:** If any provision of this Agreement is held to be invalid or unenforceable, the remaining provisions shall continue in full force and effect.

10.6.  **Assignment:** Licensee may not assign or transfer its rights or obligations under this Agreement without the prior written consent of Licensor.

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

M3 Planning, Inc. dba Madison, AI

By: _____

Name: __Erica Olsen_____

Title: __CEO/Co-Founder_____

Date: ____1/25/25_____

NSBSD

By: _____

Name: _____

Title: _____

Date: _____

# Appendix 1 – Fee and Payment Schedule

**SETUP FEE & DEPLOYMENT -** ~~$10,000 (One Time).~~ WAIVED

- Custom LLM setup and configuration including prompt fine-tuning.
- Data processing and metadata extraction.
- Up to 3 custom developed reports/outputs.
- Rollout & Training – 2-3 team training sessions, to be recorded for future use.

**MADISON AI MODULES**

All modules include 1) Unlimited staff use, 2) Auto-indexing weekly, 3) AI Tokens for search and OpenAI with a limit of $250 per month. Usage beyond this limit will incur additional fees. See Quote Terms below.

| Selected | Modules | Cost |
|---|---|---|
| ☒ | **Policy & Governance Module** | $15,000/Annual |
| | Budgeting & Forecasting Module | $10,000/Annual<br>No setup fee |
| ☒ | **Elected Official Module** | $10,000/Annual<br>No setup fee |
| | Public Records Request Module | TBD volume of requests |
| ☒ | **Build-Your-Own Knowledge Assistant Module** | $15,000/Annual |
| | **Total Annual License Fee** | $40,000 |

## QUOTE TERMS

**Term/Auto Renewal:** License is for a one (1)-year term. Licenses will automatically renew each year for an additional one (1)-year term unless Buyer provides written notice of its intent not to renew at least thirty (30) days prior to the end of the then-current term.

**Cost Escalation:** Upon each annual renewal, the fees under this Quote may be subject to an increase. Any such increase shall be directly proportional to any price increases imposed by Microsoft Azure for the software required to support Buyer's use of Madison. The Seller shall notify the Buyer of any increase in fees at least forty-five (45) days prior to the renewal date. If Microsoft Azure does not increase its pricing, the fees will remain unchanged for the subsequent renewal term.

**Service Support:** Service support beyond initial installation is available for issues and level one customer service support. Additional support can be provided as a service add-on if requested.

**Usage Tokens:** The License Fee includes usage tokens with a limit of $250 per month. Tokens are priced at cost by Microsoft [here](). In the event Buyer exceeds the monthly usage limit of $250, Buyer agrees to pay additional fees at the rate of $250 a month for each subsequent level. Seller shall invoice Buyer quarterly for any additional usage fees incurred, and Licensee shall pay such invoices within thirty (30) days of receipt.
*(Ex: Each search costs ~ $0.0676 using GTP-4o Regional.)*