

THIRD-PARTY LOGISTICS SERVICE AGREEMENT

Contract Reference: 3PL-WH-NE-2024

BETWEEN: Northeast 3PL Partners, LLC ("Provider")

AND: Manufacturing Corp ("Client")

EFFECTIVE DATE: January 1, 2024

EXPIRATION DATE: December 31, 2024

=====

SECTION 1: SERVICES PROVIDED

=====

Provider agrees to provide the following warehousing and logistics services at the Northeast Distribution Center located at 100 Distribution Way, Newark, NJ:

1.1 Storage Services

- General ambient storage
- Climate-controlled storage for high-value electronics
- Staging and cross-dock operations

1.2 Handling Services

- Receiving and put-away
- Order picking and packing
- Shipping and loading

=====

SECTION 2: CAPACITY AND RATES

=====

2.1 Storage Capacity

Total allocated capacity: 20,000 pallets across all zones

Zone breakdown:

- Zone A (General Storage): 6,000 pallets
- Zone B (General Storage): 5,000 pallets
- Zone C (Electronics - Climate Controlled): 4,000 pallets
- Zone D (Overflow): 3,000 pallets
- Zone E (Staging): 2,000 pallets

2.2 Standard Storage Rates

- Standard zones: \$2.50 per pallet per day
- Climate-controlled zones: \$3.75 per pallet per day
- Staging zones: \$2.00 per pallet per day

2.3 Handling Rates

- Inbound handling: \$4.50 per pallet
- Outbound handling: \$5.25 per pallet
- Order picking: \$0.35 per unit

=====

SECTION 3: CAPACITY OVERFLOW PROVISIONS

=====

3.1 Overflow Threshold

Overflow conditions are triggered when total occupancy exceeds 85% of total

allocated capacity (17,000 pallets).

3.2 Overflow Penalty Structure

When capacity exceeds the 85% threshold:

- Overflow penalty rate: \$5.00 per pallet per day (in addition to standard rate)
- Applies to all pallets above the threshold
- Calculated daily at midnight EST

3.3 Overflow Example Calculation

If total occupancy is 18,500 pallets:

- Pallets above threshold: $18,500 - 17,000 = 1,500$ pallets
- Daily overflow penalty: $1,500 \times \$5.00 = \$7,500/\text{day}$
- Monthly overflow impact: ~\$225,000

3.4 Capacity Expansion Options

Client may request temporary capacity expansion with 30 days notice:

- Off-site overflow storage available at partner facilities
- Premium rate: \$4.00 per pallet per day plus transport
- Maximum additional capacity: 5,000 pallets

=====

SECTION 4: SERVICE LEVEL AGREEMENTS

=====

4.1 Receiving SLA

- Same-day put-away for shipments arriving before 2:00 PM
- Next-day put-away for shipments arriving after 2:00 PM

4.2 Shipping SLA

- Orders received by 12:00 PM ship same day
- 99.5% order accuracy target
- 99% on-time shipment target

4.3 Inventory Accuracy

- Physical inventory counts: Monthly
- Cycle counts: Daily
- Target accuracy: 99.9%

=====

=====

SECTION 5: SEASONAL PROVISIONS (Q4 PEAK)

=====

=====

5.1 Q4 Peak Period Definition

Peak period: October 1 through December 31

5.2 Q4 Capacity Commitments

- Client must provide rolling 30-day inventory forecast
- Forecasts due by 15th of preceding month
- Variance allowance: $\pm 15\%$ from forecast

5.3 Peak Season Staffing Surcharge

- October: No surcharge
- November: 10% handling surcharge
- December: 15% handling surcharge

5.4 Pre-Build Storage Incentive

For inventory staged in Q3 (July-September) for Q4 demand:

- 10% discount on storage rates for inventory held >60 days

- Requires written pre-build plan approval

=====

=====

SECTION 6: CONTACT INFORMATION

=====

=====

Operations Manager: John Smith

Phone: (973) 555-0100

Email: jsmith@northeast3pl.com

Billing Inquiries: accounts@northeast3pl.com

Emergency (24/7): (973) 555-0199

=====

=====

SECTION 7: SIGNATURE

=====

=====

For Northeast 3PL Partners, LLC:

Signature: _____

Name: Michael Johnson, VP Operations

Date: December 15, 2023

For Manufacturing Corp:

Signature: _____

Name: Sarah Williams, VP Supply Chain

Date: December 18, 2023