

SAMPLE

Contract Teardown

Supply agreement renewal review

CLIENT	Harborlight Property Management (fictional) San Diego, CA · 14 staff · approx. 180 residential units
AGREEMENT REVIEWED	Meridian Supply Co. Master Supply Agreement + Order Form (fictional) Initial term January 1, 2024 – December 31, 2026
QUESTION ASKED	“Should we sign this renewal?”
AS OF	October 1, 2026
PREPARED BY	Ian Carstairs — iancarstairs.com

SAMPLE — prepared with fictionalized materials for illustration. Harborlight Property Management, Meridian Supply Co., the agreement, and all figures are invented. This is not client work.

This review addresses commercial terms only — pricing, dates, commitments, and negotiation leverage. It is not legal advice and does not assess enforceability. Consult licensed counsel for legal questions.

Harborlight Property Management
Attn: Director of Operations
San Diego, California

Re: Meridian Supply Co. Master Supply Agreement — renewal review

Attached is the teardown you asked for. The short version is on the next page, and it has a date on it: the non-renewal notice window under §2.2 closes **tomorrow, Friday, October 2, 2026**. Email does not count as notice under this agreement. Please read the executive brief before anything else.

Everything after the brief supports it: an issue matrix, the per-clause findings with my arithmetic, the negotiation asks in dollar order, and a page of patterns I noticed across the agreement. Where I had to estimate, I say so and show the inputs. Where a question turns on what the contract means legally, I have marked it → **counsel question** and stopped there.

Three documents I asked for did not arrive: monthly order history, 2026 invoices, and the current Exhibit A price list. Several conclusions would be firmer with them. The Limitations page lists what I did and did not see.

This review addresses commercial terms only — pricing, dates, commitments, and negotiation leverage. It is not legal advice and does not assess enforceability. Consult licensed counsel for legal questions.

Ian Carstairs
iancarstairs.com

Do not let this auto-renew as written. Deliver written notice of non-renewal by Friday, October 2 — by hand or overnight courier, not email — and negotiate the next agreement from outside the renewal instead of inside it.

Non-renewal does not cut off supply. The current agreement runs through December 31, which leaves three months to settle new terms with Meridian or move the volume. If the window is missed, Harborlight is committed to **\$50,400** for 2027 on the same terms, with no cap on what Meridian can charge for it.

Harborlight is a better customer than this contract assumes. 2025 spend was about \$58,000, 115% of the minimum. Nothing in the agreement rewards that: no volume pricing, no price protection, and an exit fee that only runs one way. That is the negotiating position. Use it before the renewal date, not after.

FIVE FINDINGS THAT MATTER MOST

#	SEVERITY	FINDING	CLAUSE	EXPOSURE	ACTION
1	CRITICAL	Auto-renewal notice window closes tomorrow; email does not count	\$2.2, \$16.2	\$50,400 KNOWN 2027 commitment	Hand-deliver or courier the notice today
2	CRITICAL	Meridian can raise prices once a year by any amount	\$4.2	\$18,073 EST. 2027–29 if 4.8% repeats	Fixed 2027 prices; 3% cap after
3	HIGH	Harborlight pays 50% of remaining minimum to exit; Meridian exits for free	\$11.2	\$18,900 KNOWN FORMULA April 2027 exit	Mutual no-fee exit, or fee capped at \$6,300
4	HIGH	Minimum measured month by month; strong months don't offset weak ones	\$3.1	\$3,600 / yr EST. illustrative	Annual true-up instead of monthly
5	HIGH	No credit or remedy for late delivery; two late deliveries in Q2 2026, \$0 recovered	\$6.2	\$276 EST. lost rent, one delayed turn	10% credit; no-fee exit after repeated lateness

Dollar figures are not additive. Findings 1 and 3 describe the same commitment from two directions. Full arithmetic is in Section 4.

NON-RENEWAL NOTICE DEADLINE

Fri, Oct 2, 2026

1 day remaining as of Oct 1. Dec 31 minus 90 days. Courier deposited Oct 1 is deemed given Oct 2. Certified mail is too slow.

RENEWAL DATE

Fri, Jan 1, 2027

92 days away. Renewal Term is 12 months, through Dec 31, 2027.

NEXT PRICE INCREASE

Jan 1, 2027 (expected)

Last increase took effect Jan 1, 2026. With 30 days' notice, a Jan 1 increase must be noticed by Dec 2, 2026.

Commercial issue matrix

2 · ALL FINDINGS

Ranked Critical → High → Watch, then by dollar exposure within each tier. Owner: **Client action** = Harborlight can act alone; **Negotiate** = requires Meridian's agreement; **Counsel question** = a legal reading is needed before relying on the point.

#	SEVERITY	CLAUSE	WHAT IT MEANS	EXPOSURE	OWNER
1	CRITICAL	\$2.2 Renewal; \$16.2 Notices	Renews for 12 months unless written notice is <i>delivered</i> 90 days before Dec 31. Email is excluded.	\$50,400 K	Client action + counsel question on timing
2	CRITICAL	\$4.2 Price Adjustments	One increase per year, any size, 30 days' notice. Continuing to order counts as acceptance.	\$18,073 E	Negotiate
3	HIGH	\$11.2(a) Termination for Convenience	Harborlight can leave early only by paying 50% of the remaining monthly minimums.	\$18,900 K	Negotiate + counsel question
4	HIGH	\$3.1 Minimum Purchase Commitment	\$4,200 is tested every month. A \$6,000 month does not cover a \$3,000 month.	\$3,600/yr E	Negotiate
5	HIGH	\$4.1 Pricing	Price is whatever Meridian's list says on the order date. No volume tier, lock, or most-favored-customer protection.	\$608/yr per 1 pt E	Negotiate
6	HIGH	\$5.3 Payment; Disputes	Billing errors must be disputed within 15 days of the invoice date, or the invoice is final.	\$608/yr per 1% E	Client action + Negotiate + counsel question
7	HIGH	\$6.2 Delivery	Delivery dates are estimates. Late delivery earns no credit and no exit right.	\$276 E	Negotiate + counsel question
8	WATCH	\$9.1 Limitation of Liability	Meridian's total liability is capped at three months of payments. Harborlight's payment obligations are not capped.	Cap ≈ \$15,196 E	Counsel question
9	WATCH	\$11.2(b) Termination for Convenience	Meridian can walk away on 90 days' notice, no fee.	Not quantified	Negotiate
10	WATCH	\$14.1 Assignment	Meridian can hand the contract to a buyer without asking, including a buyer that serves Harborlight's competitors. Harborlight needs consent.	Not quantified	Negotiate + counsel question

K = calculated from contract terms and client-confirmed figures. E = depends on at least one estimate; assumptions are labeled in Section 4.

01 The renewal window closes tomorrow, and email will not close it

CRITICAL

§2.2 RENEWAL

“Upon expiration of the Initial Term, this Agreement shall renew automatically for successive periods of twelve (12) months (each, a “Renewal Term”), unless either Party delivers written notice of non-renewal to the other Party not less than ninety (90) days prior to the expiration of the then-current Term. Notice under this Section 2.2 shall be given in the manner set forth in Section 16.2 below. The terms of each Renewal Term shall be those in effect at the end of the preceding Term, subject to Section 4.2.”

§16.2 NOTICES

“All notices under this Agreement shall be in writing and shall be deemed given (i) upon delivery, if delivered by hand; (ii) one (1) Business Day after deposit with a nationally recognized overnight courier; or (iii) three (3) Business Days after deposit in the U.S. mail, certified, return receipt requested, in each case addressed to the receiving Party at its address set forth in the Order Form. Electronic mail shall not constitute notice for purposes of Sections 2.2, 11.2, or 12.”

PLAIN ENGLISH

If Meridian doesn't have a paper notice by October 2, the agreement rolls into 2027 on today's terms, plus whatever price increase Meridian announces. An email saying “we're not renewing” does nothing.

FAVORS

Vendor. A long notice window on a 12-month renewal rewards inattention, and the notice method narrows the options further.

EXPOSURE

Deadline = Dec 31, 2026 – 90 days = Fri, Oct 2, 2026 (1 day from Oct 1)
2027 lock = $12 \times \$4,200 = \$50,400$ minimum commitment [known]
Courier deposited Thu Oct 1 → deemed given Fri Oct 2 [meets deadline]
Certified mail deposited Thu Oct 1 → deemed given Tue Oct 6 [misses]
Whether “deemed given” under §16.2 satisfies “delivers” under §2.2 on the same day is
→ **counsel question.** Hand delivery today, with a signed receipt, removes the ambiguity.

ASK LADDER

TARGET

Hand-deliver non-renewal notice to the Order Form address today, with a cover line inviting renewal talks on new terms. Courier as backup. In the next agreement: 30-day notice window and a vendor reminder 60 days before it opens.

ACCEPTABLE

If delivery by Oct 2 is impossible: before Oct 2, get Meridian's signed letter extending the notice deadline to November 2. A promise on the phone is not the same thing.

ESCALATE

→ **counsel question:** timing under §2.2/§16.2 if notice lands on Oct 2 itself.

02 Price increases have no ceiling, and the cross-reference that looks like one isn't

CRITICAL

§4.2 PRICE ADJUSTMENTS

“Supplier may adjust the price of any or all Products once in each Contract Year upon thirty (30) days’ written notice to Customer. Any such adjustment shall take into account Supplier’s costs, market conditions, and such other factors as Supplier reasonably determines, and shall not be subject to any limitation other than as set forth in Section 4.1(a) above. Customer’s continued purchase of Products following the effective date of an adjustment shall constitute acceptance thereof.”

PLAIN ENGLISH

Meridian can raise any price by any amount once a year. The only “limitation” points to §4.1(a), which says the price is Meridian’s list price. So the limit is Meridian’s own list. Ordering after the increase counts as agreeing to it, and the monthly minimum means Harborlight has to keep ordering.

FAVORS

Vendor. Uncapped pricing on top of a fixed purchase obligation means Harborlight carries the volume commitment and Meridian controls the price.

EXPOSURE

2026 run rate = $\$58,000 \times 1.048 = \$60,784$ [est.]
4.8% repeats 2027–29 vs. 2026 prices held flat:
 $\$2,918 + \$5,975 + \$9,180 = \$18,073$ [est.]
Same three years under a 3% cap: $\$11,162 \rightarrow$ cap saves \$6,911
Fixed 2027 pricing alone saves \$2,918 in year one

Assumes 2026 volume equals 2025 and the 4.8% was applied evenly. Meridian’s 2025 letter called it an “average” increase, so SKU-level increases differ. Without 2026 invoices I can’t say by how much. See A3.

ASK LADDER

TARGET	Prices fixed for 2027. From 2028, increases capped at the lesser of CPI-U or 3% a year, 60 days’ notice, with a SKU-level price file attached.
ACCEPTABLE	Cap at 4%. Any increase above 3% lets Harborlight exit without the \$11.2 fee.
ESCALATE	Commercial point. Counsel only to read the final cap wording.

03 Leaving early costs half the remaining minimum. Meridian leaves for free

HIGH

§11.2 TERMINATION FOR CONVENIENCE

“(a) Customer may terminate this Agreement for convenience upon sixty (60) days’ prior written notice to Supplier, provided that Customer pays to Supplier, as an early termination fee and not as a penalty, an amount equal to fifty percent (50%) of the Minimum Commitment for each month remaining in the then-current Term following the effective date of termination. (b) Supplier may terminate this Agreement for convenience upon ninety (90) days’ prior written notice to Customer, without liability.”

PLAIN ENGLISH

If the agreement renews and Harborlight wants out mid-2027, it pays \$2,100 for every month left. The fee is set on the minimum, not on actual spend, and it is owed even if Meridian has been late or raised prices.

FAVORS

Vendor. Same right, different price: Harborlight pays to leave, Meridian does not (see Finding 9).

EXPOSURE		Fee = $50\% \times \\$4,200 \times \text{months remaining after effective date}$ Exit effective Apr 1, 2027: $9 \times \\$2,100 = \\$18,900$ [known formula] Exit effective Jul 1, 2027: $6 \times \\$2,100 = \\$12,600$ Exit effective Oct 1, 2027: $3 \times \\$2,100 = \\$6,300$ April 1 assumes notice in late January 2027 plus the 60-day period. See A4.
ASK LADDER	TARGET ACCEPTABLE ESCALATE	Mutual termination for convenience on 90 days' notice, no fee either way. Fee capped at three months at the current rate ($3 \times \\$2,100 = \\$6,300$); waived entirely for chronic late delivery (Finding 7) or an above-cap price increase (Finding 2). → counsel question: the effect of “as an early termination fee and not as a penalty.”

04 The minimum is tested monthly, so a strong year can still produce shortfall invoices

HIGH

§3.1 MINIMUM PURCHASE COMMITMENT

“During the Term, Customer shall purchase Products in an aggregate amount of not less than Four Thousand Two Hundred Dollars (\$4,200.00) in each calendar month (the “Minimum Commitment”). Purchases in excess of the Minimum Commitment in any month shall not be credited against any other month. Supplier shall invoice any shortfall quarterly in arrears, payable in accordance with Section 5.3.”

PLAIN ENGLISH		Property management purchasing is lumpy. Unit turns cluster in summer; winter is quiet. Under this clause, a slow February is billed up to \$4,200 regardless of what Harborlight bought in July.
FAVORS		Vendor. Meridian collects the full minimum and keeps every dollar above it in busy months.
EXPOSURE		Illustration: 3 months at \$3,000 actual spend Shortfall = $3 \times (\\$4,200 - \\$3,000) = \\$3,600$ / yr [est.] Annual spend still \$58,000+, i.e. 115% of the \$50,400 annual equivalent Without the 2024–2026 monthly order history I can't confirm whether Harborlight has already paid shortfall invoices. The quarterly invoices would show it. See A5.
ASK LADDER	TARGET ACCEPTABLE ESCALATE	Annual minimum of \$50,400, measured once, at year end. Quarterly minimum of \$12,600, with overage carried into the next quarter. Commercial point; no counsel question.

05 No volume pricing, no price lock, no most-favored-customer protection

HIGH

§4.1 PRICING

“(a) Prices for Products shall be Supplier’s prices in effect on the date of Customer’s order, as reflected in Supplier’s then-current price list. (b) Pricing set forth in Exhibit A to the Order Form is provided for reference only and shall be superseded by any adjustment made pursuant to Section 4.2.”

PLAIN ENGLISH

The price sheet attached to the Order Form is “for reference only.” Harborlight committed to a minimum and got nothing in return on price: no discount for exceeding it, no lock on the items it buys most, and no promise that a similar customer isn’t paying less.

FAVORS

Vendor. A volume commitment is normally exchanged for price certainty. Here it isn’t exchanged for anything.

EXPOSURE

Each 1 pt of price gap vs. market = $1\% \times \$60,784 = \608 / yr [est.]

Ask value: 2% rebate on all spend once annual spend > \$55,000

= $2\% \times \$60,784 = \$1,216$ / yr [est.]

I had no competing quotes, so I can’t say whether Meridian’s prices are above market. The figure is the value per point, not a claim that a gap exists. See A7.

ASK LADDER

TARGET

Prices locked for 12 months on the top 25 SKUs by 2025 spend, plus a most-favored-customer commitment for accounts of similar volume.

ACCEPTABLE

2% annual rebate on all spend once Harborlight passes \$55,000 in a year.

ESCALATE

Counsel to read the MFC wording only; the ask itself is commercial.

06 Fifteen days to catch a billing error, measured from a date Harborlight doesn’t control

HIGH

§5.3 PAYMENT; DISPUTES

“Customer shall pay each invoice within thirty (30) days after the invoice date. Customer must notify Supplier in writing of any disputed amount, with reasonable supporting detail, within fifteen (15) days after the invoice date, failing which the invoice shall be deemed accepted by Customer and final. Undisputed amounts not paid when due shall bear interest at one and one-half percent (1.5%) per month.”

PLAIN ENGLISH

The clock starts on the invoice date, not when the invoice arrives. If Harborlight reconciles once a month, about half of each month’s invoices are past the window before anyone looks at them. That matters this year: nobody has checked whether the January increase was applied correctly.

FAVORS

Vendor. The payment window is twice the dispute window.

EXPOSURE

Each 1% of mis-billing = $1\% \times \$60,784 = \608 / yr [est.]

Late interest: 1.5% / month = 18% / yr on undisputed overdue amounts

I could not verify whether the Jan 2026 increase was applied to all SKUs or at more than 4.8% on some. Order history and invoices were not provided.

ASK LADDER	TARGET	60 days from invoice <i>receipt</i> ; disputed amounts may be withheld without late interest.
	ACCEPTABLE	30 days, matching payment terms. Meanwhile (client action): review Meridian invoices weekly, not monthly.
	ESCALATE	→ counsel question: what “deemed accepted ... and final” forecloses.

07 Late deliveries cost Harborlight money and Meridian nothing

HIGH

§6.2 DELIVERY

“Supplier shall use commercially reasonable efforts to deliver Products within the delivery window stated in the applicable Order Form. All delivery dates are estimates. Supplier’s sole obligation with respect to any late delivery shall be to deliver the affected Products as promptly as practicable thereafter, and no late delivery shall entitle Customer to any credit, refund, or right of termination.”

PLAIN ENGLISH	The Order Form’s two-business-day window is a target, not a promise. When Meridian misses it, the only consequence is that it delivers later. That explains why no credits were claimed for the two Q2 2026 incidents: there were none to claim.	
FAVORS	Vendor. All of the cost of lateness stays with the customer.	
EXPOSURE	Delayed unit turn (client est. 3 days): \$2,800 rent × 12 ÷ 365 × 3 days = \$276 lost rent [est.] 10% credit on 2 late orders at avg. \$1,266 = \$253 [est.] Indirect: a chronic-lateness exit right would avoid up to \$18,900 (F3) Rent, order count and order values are assumptions; the two late orders were not itemized. See A6.	
ASK LADDER	TARGET	10% credit on any order line delivered late; no-fee exit after 3 late deliveries in a rolling 6 months.
	ACCEPTABLE	5% credit; no-fee exit after 4 late deliveries in 12 months. Either way, start logging lateness now.
	ESCALATE	→ counsel question: reach of “sole obligation” on other remedies.

08 Meridian’s liability tops out at three months of purchases

WATCH

§9.1 LIMITATION OF LIABILITY

“EXCEPT FOR CUSTOMER’S PAYMENT OBLIGATIONS HEREUNDER, IN NO EVENT SHALL EITHER PARTY’S AGGREGATE LIABILITY ARISING OUT OF OR RELATING TO THIS AGREEMENT EXCEED THE TOTAL AMOUNTS PAID BY CUSTOMER TO SUPPLIER DURING THE THREE (3) MONTHS IMMEDIATELY PRECEDING THE EVENT GIVING RISE TO THE CLAIM.”

PLAIN ENGLISH	If a Meridian product causes a loss, the most Harborlight can recover is about one quarter of annual spend. Harborlight’s own payment obligations sit outside the cap.	
FAVORS	Vendor. “Mutual” on its face; one-sided in effect, because the carve-out covers only what Harborlight owes.	

EXPOSURE	Cap $\approx$ \$60,784 $\div$ 12 $\times$ 3 = \$15,196 [est.] (25% of annual spend)	
ASK LADDER	TARGET	Cap at 12 months of payments ($\approx$ \$60,784).
	ACCEPTABLE	The greater of 6 months of payments or \$30,000.
	ESCALATE	→ counsel question: whether the cap reaches damage to resident units, and how it interacts with Harborlight's insurance.

09 Meridian can stop supplying on 90 days' notice

WATCH

§11.2(B) TERMINATION FOR CONVENIENCE

"(b) Supplier may terminate this Agreement for convenience upon ninety (90) days' prior written notice to Customer, without liability."

PLAIN ENGLISH	Harborlight is committed for the term. Meridian is committed for 90 days at a time.	
FAVORS	Vendor. It also blunts the value of Harborlight's minimum commitment as a bargaining chip.	
EXPOSURE	Not quantified. The practical cost is re-sourcing roughly \$5,000 a month of supplies in 90 days, likely at worse prices. No alternate-supplier quotes were provided.	
ASK LADDER	TARGET	Same terms both ways (see F3), or a 180-day supplier notice period.
	ACCEPTABLE	120 days, with prices frozen during the wind-down.
	ESCALATE	Commercial point; no counsel question.

10 If Meridian is sold, the contract and Harborlight's order history go with it

WATCH

§14.1 ASSIGNMENT

"Customer shall not assign this Agreement, in whole or in part, without the prior written consent of Supplier. Supplier may assign this Agreement without Customer's consent to any Affiliate, or to any successor by merger, acquisition, or sale of all or substantially all of the assets of the business to which this Agreement relates, whether or not such successor provides goods or services to, or competes with, Customer."

PLAIN ENGLISH	Meridian can be bought by anyone, including a company that supplies or owns a competing property manager, and Harborlight stays bound. If Harborlight is acquired, it needs Meridian's consent to bring the contract along.	
FAVORS	Vendor. Distribution is consolidating; small property managers get rolled up too. Only one side has flexibility.	
EXPOSURE	Not quantified. The exposure is less about dollars than about who ends up holding 180 units' worth of addresses and purchasing patterns.	

ASK LADDER	TARGET	Assignment rights the same both ways, plus a 90-day no-fee exit after any Meridian assignment.
	ACCEPTABLE	Written notice within 30 days of any assignment, and the §11.2(a) fee waived for the following 90 days.
	ESCALATE	→ counsel question: what happens to Harborlight's order and property data on assignment.

Exposure math

Every dollar figure in this document traces to one of the calculations below. **KNOWN** inputs come from the agreement or from figures Harborlight confirmed. **ESTIMATED** inputs are my assumptions and are labeled as such. Figures are rounded to the dollar.

A1 · Renewal lock and notice deadline (Finding 1)

Deadline = Term end - 90 days = Dec 31, 2026 - 90 = Oct 2, 2026
Days remaining = Oct 2 - Oct 1 = 1
Renewal commitment = \$4,200 × 12 = \$50,400

KNOWN Term end Dec 31, 2026 (§2.2, Order Form); 90-day window; \$4,200 monthly minimum (§3.1); 12-month Renewal Term.

KNOWN Courier deemed given one Business Day after deposit; certified mail three (§16.2). Oct 1 is a Thursday.

OPEN Day-counting convention → **counsel question**. I have treated Oct 2 as the last day.

A2 · 2026 spend run rate (base for A3, A5–A8)

2026 est. spend = 2025 actual × (1 + Jan 2026 increase) = \$58,000 × 1.048 = \$60,784

KNOWN 2025 spend ≈ \$58,000 (client summary); 4.8% increase effective Jan 1, 2026 (Meridian letter).

ESTIMATED 2026 unit volume equals 2025. 2026 year-to-date spend was not provided.

ESTIMATED 4.8% applied evenly across SKUs. Meridian described it as an average, so this is the weakest input in the document.

A3 · Price escalation, three renewal years (Finding 2)

Spend in year n = \$60,784 × (1 + r)ⁿ Added cost in year n = Spend(n) - \$60,784

YEAR	FLAT (2026 PRICES)	UNCAPPED, 4.8%/YR	ADDED COST	CAPPED, 3%/YR	ADDED COST
2027 (n=1)	\$60,784	\$63,702	\$2,918	\$62,608	\$1,824
2028 (n=2)	\$60,784	\$66,759	\$5,975	\$64,486	\$3,702
2029 (n=3)	\$60,784	\$69,964	\$9,180	\$66,420	\$5,636
Three-year total			\$18,073		\$11,162

ESTIMATED Meridian repeats a 4.8% increase each January. Nothing in §4.2 prevents a larger one.

ESTIMATED Volume flat; Harborlight renews each year (the agreement renews 12 months at a time).

Value of a 3% cap = \$18,073 - \$11,162 = **\$6,911** over three years. Value of fixed 2027 pricing = **\$2,918**.

A4 · Early termination fee (Finding 3)

Fee = 50% × \$4,200 × months remaining after effective date = \$2,100 × months

EXIT EFFECTIVE	MONTHS REMAINING IN 2027 TERM	FEE AS WRITTEN	FEE UNDER FALLBACK (CAP \$6,300)
Apr 1, 2027	9	\$18,900	\$6,300
Jul 1, 2027	6	\$12,600	\$6,300
Oct 1, 2027	3	\$6,300	\$6,300

KNOWN 50% rate, 60-day notice, fee based on Minimum Commitment, not spend (§11.2(a)).

ESTIMATED Earliest realistic exit is April 1, 2027: a decision in January plus 60 days. The fallback cap only helps an early exit: it saves \$12,600 at April 1, \$6,300 at July 1, and nothing from October 1.

A5 · Monthly minimum shortfall (Finding 4)

Shortfall = $\sum$ over months of $\max(0, \$4,200 - \text{actual spend})$

Illustration: 3 months × (\$4,200 − \$3,000) = \$3,600

KNOWN Monthly test, no carry-forward (§3.1). 2025 annual spend = 115% of \$50,400.

ESTIMATED Three months at \$3,000 is an illustration of seasonal purchasing, not a finding. Monthly order history was not provided.

A6 · Late delivery (Finding 7)

Lost rent = monthly rent × 12 ÷ 365 × days delayed = \$2,800 × 12 ÷ 365 × 3 = \$276

Avg. order = \$60,784 ÷ 48 orders = \$1,266 Credit = 10% × \$1,266 × 2 = \$253

KNOWN Two late deliveries in Q2 2026; no credits claimed (client email).

ESTIMATED One delay held a unit turn about 3 days (client's estimate); \$2,800 average monthly rent; about 48 orders a year.

A7 · Price and billing sensitivity (Findings 5, 6)

Value of 1 percentage point = 1% × \$60,784 = \$608 / yr

Rebate ask = 2% × \$60,784 = \$1,216 / yr (spend clears the \$55,000 threshold)

ESTIMATED Both are sensitivities. I have no market benchmark and no invoice sample, so neither is evidence of an overcharge.

A8 · Liability cap (Finding 8)

Cap ≈ \$60,784 ÷ 12 × 3 = \$15,196 Cap ÷ annual spend = 25%

ESTIMATED The cap moves with trailing three-month payments; a slow quarter lowers it.

Negotiation ask list

5 · CRITICAL AND HIGH, BY DOLLAR VALUE

Open with price and exit. They are worth the most and Meridian expects to discuss them. The monthly-minimum and dispute-window asks cost Meridian little at Harborlight's volume; bundle them rather than spending a separate conversation on each.

#	ISSUE	AT STAKE	TARGET	ACCEPTABLE	ESCALATE	WHAT TO OFFER
1	CRITICAL Renewal notice §2.2	\$50,400	Notice delivered by Oct 2; 30-day window and vendor reminder in the next agreement	Signed extension of the deadline to Nov 2, obtained before Oct 2	→ counsel on deemed-given timing	Written intent to keep negotiating in good faith
2	HIGH Exit fee §11.2(a)	\$18,900	Mutual no-fee exit, 90 days' notice	Fee capped at \$6,300; waived for cause	→ counsel on fee wording	Keep the \$4,200 minimum unchanged
3	CRITICAL Price increases §4.2	\$18,073	2027 prices fixed; then lesser of CPI-U or 3%, 60 days' notice	4% cap; increases above 3% unlock a no-fee exit	Counsel reads final cap wording only	A 2-year renewal term instead of 12 months
4	HIGH Monthly minimum §3.1	\$3,600/yr	Annual minimum, year-end true-up	Quarterly, with carry-forward	None	Nothing needed; at 115% of minimum it costs Meridian little
5	HIGH Price protection §4.1	\$1,216/yr	Top-25 SKU price lock + most-favored-customer	2% rebate above \$55,000 annual spend	Counsel reads MFC wording only	Share a 12-month demand forecast
6	HIGH Dispute window §5.3	\$608/yr per 1%	60 days from receipt; withhold disputed amounts interest-free	30 days, matching payment terms	→ counsel on "deemed ... final"	Pay by ACH within terms
7	HIGH Late delivery §6.2	\$276+	10% line credit; no-fee exit after 3 late in 6 months	5% credit; exit after 4 late in 12 months	→ counsel on "sole obligation"	Consolidated weekly orders on a fixed day

"At stake" is the exposure from Section 4, not the expected savings. Watch items (Findings 8–10) are worth raising once the items above are settled, not before.

Every flexible term flexes toward Meridian

- Meridian may raise prices without limit (§4.2), exit on 90 days for free (§11.2(b)), and assign without consent (§14.1).
- Harborlight pays 50% of remaining minimums to exit (§11.2(a)) and needs consent to assign (§14.1).

Impact: the contract is built for a customer who doesn't read it. Expect Meridian to give ground on several points at once rather than argue each.

Harborlight buys above its commitment and gets nothing for it

- 2025 spend of about \$58,000 was 115% of the \$50,400 annual minimum.
- There is no volume tier or rebate (§4.1), and the monthly test means overage in one month never offsets another (§3.1).

Impact: Harborlight is subsidizing its own lock-in. The overage is the strongest card it holds.

Service failures leave no paper trail

- Two late deliveries in Q2 2026; no credits claimed and none available (§6.2).
- The 15-day dispute window (§5.3) closes before a monthly reconciliation would catch a problem.

Impact: without a record, Harborlight cannot show Meridian a pattern at the table. With one, lateness becomes an argument for the exit right in Finding 7.

The clocks are short when Harborlight has to act, long when Meridian does

- Harborlight: 90 days to stop a renewal (§2.2); 15 days to dispute an invoice (§5.3).
- Meridian: 30 days' notice to raise prices (§4.2); delivery dates that are "estimates" (§6.2).

Impact: missed deadlines, not bad terms, are where the money goes. Put every contract date on a shared calendar.

IMMEDIATE NO-COST ACTION

Hand-deliver the non-renewal notice to the notice address on the Order Form and get a dated, signed receipt. If the address is not local, send by overnight courier today and keep the tracking record.

Owner: Director of Operations · **Deadline:** Fri, Oct 2, 2026

DATA GAP

I could not verify whether the January 2026 increase was applied to all SKUs, or at more than 4.8% on some. Meridian called it an "average." Order history and invoices were not provided, so A2 assumes an even 4.8%, and every downstream estimate inherits that assumption.

SUGGESTED NEXT AUDIT

A 12-month invoice-to-price-list reconciliation on the top 25 SKUs by spend: actual unit prices against the pre-increase Exhibit A, any quarterly shortfall invoices under §3.1, and delivery dates against the Order Form window. It would firm up Findings 2, 4, 6 and 7, and it is the evidence Harborlight would want in hand before the January price notice arrives.

DOCUMENTS REVIEWED

Master Supply Agreement, Meridian Supply Co. and Harborlight Property Management, effective January 1, 2024

Order Form No. MSC-OF-2023-0412, including notice addresses and delivery window

Meridian price-adjustment letter announcing an average 4.8% increase effective January 1, 2026

Harborlight's 2025 annual spend summary (total only)

Harborlight email describing two late deliveries in Q2 2026

NOT PROVIDED

Monthly order history, 2024–2026

Meridian invoices, including any §3.1 shortfall invoices

2026 year-to-date spend

Exhibit A price list as currently in effect

Any amendments, side letters, or renewal correspondence

Quotes from alternate suppliers

SCOPE AND AS-OF DATE

This review reflects the documents above as of **October 1, 2026**. If an amendment exists that I have not seen, the findings may change. I have not contacted Meridian.

This review addresses commercial terms only — pricing, dates, commitments, and negotiation leverage. It is not legal advice and does not assess enforceability. Consult licensed counsel for legal questions. Items marked → **counsel question** are listed for that purpose and are not answered here.

SAMPLE — prepared with fictionalized materials for illustration. Harborlight Property Management, Meridian Supply Co., the agreement, its clauses, and all figures in this document are invented to show the format and depth of a Contract Teardown. No real client, vendor, or person is represented.