



R.E. MICHEL COMPANY, LLC

WHOLESALE DISTRIBUTORS • AIR CONDITIONING • HEATING • REFRIGERATION
PROPANE • EQUIPMENT • PARTS • SUPPLIES

— Since 1935 —

January 2021

Ms. Susan Northcutt
Executive Director
Quality One Service Network, LLC
1322 Gresham Road
Silver Spring, MD 20904

Dear Susan,

R.E. Michel Company is interested in continuing our Supplier Alliance with Quality One. To continue showing our commitment to building a stronger business relationship with Quality One, we are pleased to offer the enclosed proposal. If you should have any questions regarding our proposal, please give me a call.

Regards,

Chad McAllister
Director of Sales

Enc.

Cc. Bryan Richardson

GENERAL OFFICES AND DISTRIBUTION CENTER
One R.E. Michel Drive, Glen Burnie, MD 21060-6495 • 410-760-4000

Introduction

We propose a strategic association between R.E. Michel Company (REM) and Quality One. Not only can we provide your members with significant benefits over “business as usual” with other suppliers; we can be an ally to each member in becoming a more efficient and profitable company. Our goal is to create business related value for Quality One members. Our proposal is outlined in the following pages.

Competitive Pricing

We will continue to offer competitive pricing to Quality One members within their local markets. In addition to local market driven pricing, REM will extend high volume HVAC contractor pricing to all Quality One Members.

Inventory Management

REM has been in the inventory distribution business for over 85 years. Inventory is our business and is the essence of everything we do. We know there are redundancies in Quality One Members’ operations if they maintain a stockroom and buy from a supplier.

In 1990, R.E. Michel Company created a unique service and inventory supply program. The program I am referring to is known as our Exclusive Supplier Partnership (ESP) Program. The goal of the program is to allow contractors to properly manage their capital investment of inventory. Managing and having 24/7 visibility to their inventory allows for financial, organizational and personnel benefits with no downside losses of convenience and service. Selectively, we will offer our ESP program to Quality One Members. Some of the benefits include:

- Reduction in inventory to only the common everyday requirements of service and installation vehicles
- On time free delivery to re-supply vehicle inventory usage
- Relieves capital investment for service and installation inventory, improves cash flow
- Inventory management that results in reduction of overstock, obsolescence and “shrinkage”
- Reduction in personnel time required to negotiate pricing, purchase inventory, receive, store and dispense inventory

Training

REM is happy to offer Quality One the most comprehensive training in the industry. Our full time training staff conducts more than 100 classes every year, covering a wide range of subjects vitally important to our customers' business. One and two-day classes are held at convenient locations throughout our trading area. We can also custom design classes to meet the particular needs of Quality One Members. In addition to our training offering, we can coordinate manufacturer's product training either locally or individually for Quality One Members. Quality One Members will receive the following training benefits:

- 25% discount off regularly scheduled local training class rates (not applicable to the CFC certification classes)
- Custom designed classes will be provided at REM cost
- Manufacturer's product training classes at no charge

Marketing Services

Our in-house Marketing Department stands ready to support Quality One Members sales efforts with innovative co-op advertising programs, creative individual ad campaigns, sales aids, and product literature. Co-op monies and advertising guidelines vary by manufacturer. REM can provide Quality One Members with sales reports by manufacturer that we represent showing accrued and available advertising monies.

Marketing benefits for Quality One include:

- Graphic design and consultative services at no charge for ESP program participants
- Assistance in designing Web Sites at no charge for ESP program participants
- Immediate availability of product literature

Purchase Incentive Terms & Conditions

Quality One Members can earn a purchase rebate from REM. Details are as follows:

- Purchase Incentives begin January 1, 2020 and end December 31, 2020.
- .5 % purchase rebate on all purchases equal to previous corresponding calendar purchases.
- 3 % rebate based on incremental purchases (purchases greater than previous corresponding calendar purchases).
- REM will provide a quarterly report detailing Quality One members' current quarterly purchases compared to previous corresponding calendar purchases.
- Purchase rebate excludes products purchased through REM from manufacturers or other vendors represented by REM that offer a separate program directly to Quality One.
- Purchase rebate will be awarded quarterly, directly to Quality One for disbursement to its members at Quality One's discretion.
- Certain special quotations may not be eligible for accrual toward rebate. All such cases will be clearly noted at the time of bid.
- Quality One members that participate in any other program are not eligible for rebates.
- Individual accounts must be a Quality One member on the last day of the rebate period to be eligible for rebates. New Quality One members will be added to the calculation for accruals in the rebate period in which they join Quality One.
- REM reserves the right to withhold rebate incentives on Quality One members' purchases that are not paid in accordance with our standard terms.
- Either R.E. Michel or Quality One may unilaterally end this program at the end of any rebate period.

Supplementary Benefits

Additional benefits Quality One Members will receive include:

- Instant access to product availability, pricing, order placement through our website at www.remichel.com.
- Availability of Electronic Data Interchange (E.D.I.) is the basis for saving through the elimination of paperwork and administrative handling
- 24 – Hour Emergency Service
- Free delivery

Summary

We sincerely appreciate the business Quality One members are currently favoring us with and I hope this proposal will build a stronger business relationship.

Regards,



Chad McAllister
Director of Sales

Acknowledged by Quality One: _____

Date: _____