

HARFORD COUNTY

CONTRACT NO. 14-132

BULK CHEMICALS

ADDENDUM NO. 2

THIS ADDENDUM entered into this 7th day of July, 2016 by and between HARFORD COUNTY, MARYLAND, a body corporate and politic of the State of Maryland, hereinafter referred to as "County", and ALLEGIANCE CHEMICALS, LLC, 307 International Circle, Suite 580, Hunt Valley, Maryland 21030, hereinafter referred to as "Contractor."

WHEREAS, on July 1, 2014, the County and the Contractor entered into a contract to provide specific bulk chemicals to Harford County, Maryland ("Contract"); and

WHEREAS, per Section VIII.B.2 of the Agreement, in the event of any decrease in price by the manufacturer or if the Contractor charges a lower price to other customers, the Contractor is required to notify the County promptly and offer the decrease to the County; and

WHEREAS, the Contractor submitted a request for price decrease dated June 8, 2016, which is attached as Exhibit 1.

NOW, THEREFORE, in consideration of the mutual promises and covenants contained herein, the recitals which are incorporated by reference herein, and other good and valuable consideration, the receipt and adequacy of which is acknowledged, the County and the Contractor, intending to be legally bound, agree to amend the Contract as follows:

1. The request for a decrease of \$5.514 per ton for Caustic Soda 25% (aka Sodium Hydroxide 25% Solution) has been granted and will become effective on July 1, 2016 as follows:

<u>ITEM/CHEMICAL</u>	<u>CURRENT PRICE</u>	<u>NEW PRICE</u>
12 – Caustic Soda 25%	\$152.19 per wet ton	\$146.676 per wet ton

2. Add new Section XIV as follows:

SECTION XIV: EXECUTION IN COUNTERPARTS

This Contract and any modification thereto may be executed in one or more counterparts, and shall be deemed valid if delivered electronically (e.g., facsimile, PDF, ink or digital stamp, etc.), each of which will be considered an

original instrument, but all of which will be considered one and the same Contract, and will become binding when one or more counterparts have been signed by each of the Parties hereto and delivered to the other.

3. Except as specifically provided herein, the terms and conditions of the Contract shall remain in full force and effect.

IN WITNESS WHEREOF, the parties hereto have executed this Addendum the day and year first above written.

WITNESS/ATTEST:

ALLEGIANCE CHEMICALS, LLC

Jaime Mastelero

By: Bruce Burdette
Signature

BRUCE BURDETTE VP/PARTNER
Print Name and Title

WITNESS/ATTEST:

HARFORD COUNTY, MARYLAND

Sharon Halpern

By: Karen D. Myers
Karen D. Myers, CPPB
Director of Procurement

Approved for form and legal sufficiency.

Approved for financial sufficiency.

Margaret Hartka

Margaret Hartka
Senior Assistant County Attorney

Robert F. Sandlass, Jr.

Robert F. Sandlass, Jr.
Treasurer

Reviewed and Concur.

Jeffrey M. Stratmeyer
Jeffrey M. Stratmeyer
Acting Director, Department of Public Works

This Addendum was fully executed on the 17th day of July, 2016.

Allegiance

CHEMICALS LLC

Mr. Daniel J. Guthrie, CPPB
Procurement Agent
Harford County Maryland
220 South Main St.
Bel Air, Maryland 21014

June 8, 2016

Sent Via: Fed-Ex Overnight

Re: Bid #14-132 Option Year 2 Renewal – Sodium Hydroxide 25% Solution @ Sod Run WTP.

Dear Mr. Guthrie,

I am in receipt of your letter to renew our existing contract for Option Year 2 commencing July 1, 2016 through June 30, 2017 and Allegiance Chemicals would like to renew this contract as well under the existing terms and conditions for this upcoming term.

Therefore, pursuant to the Bid #14-132: Section VIII: B. Economic Price Adjustment - Allegiance Chemicals, LLC is offering a price *decrease* based on the change in the Bureau of Labor Statistics PPI Index for Inorganic Chemicals - Sodium Products (NAICS Code #325180A) to be effective July 1, 2017 as follows:

<u>Product</u>	<u>Expiring Bid Price</u>	<u>Price Requested</u>
Sodium Hydroxide 25% Solution	\$152.19 /wet ton	\$146.676 /wet ton

July 1, 2017⁶

Price Requested

As prescribed by the Bid #14-132 Section referenced above, I have determined the requested price decrease by utilizing the change in the Producer Price Index for Inorganic Chemical Mfg. - Sodium Products (NAICS #325180A) as published by the Bureau of Labor Statistics. This index shows how the cost of manufacture of the inorganic chemicals - sodium compounds has changed on a monthly basis. For the purposes of determining the price decrease I have used the applicable change in the PPI since the Option Year #1 pricing increase was determined: March-15 through March-16 (which is consistent with the 12 month data look-back period when Option Yr. #1 pricing was determined.)

Attachment 1 shows the calculations made to determine the price decrease utilizing the base-year data provide in the Bureau of Labor Statistics PPI Index.

Attachment 2 is a copy of the actual charting from the Bureau of Labor Statistics monthly PPI Index for NAICS # 325180A Inorganic Chemicals – Sodium Compound, which is specific to the product Allegiance provides to you.

Allegiance Chemicals LLC appreciates your business and looks forward to servicing your needs now and in the future. Please confirm your agreement and acceptance of our offer.

Thank you for your business.

Best Regards,

Bruce Burdette

Chief Operating Officer/Partner
Chemicals Unlimited, Inc. dba Allegiance Chemicals, LLC
A Maryland DOT Certified MBE/DBE #07-452



ALLEGIANCE CHEMICALS LLC
Harford County Bid #14-132 Sod Run WTP
2016 - OPTION YEAR #2 PRICE CHANGE NOTICE
Based on PPI for Sodium Products (Caustic Soda)
NAICS # 3251808A

Attachment 1

A. Determine Price Adjustment Increase/Decrease for Product based on change in PPI year over year:

1. Determine change in PPI Index for 2nd contract option year renewal:	<u>PPI Value</u>
* Latest Reported PPI Value (as of Mar-16)	375.1
* Previous year PPI Value published at time of Option Year #1 renewal (as of Mar-15)	389.2
Equals: Price Adjustment Multiplier (Ending PPI Value / Beginning PPI Value)	0.9638

2. Determine Price *Decrease* on Product based on change in Contract Year then ending data:

(Contract Price per Wet Ton effective 07-01-15) = \$ 152.190

Formula: Ending Contract Year Price per Wet Ton x Price Adjustment Multiplier (\$152.19 x 0.9638) = \$ 146.676

Option Year #2 Price Requested effective 07-01-16 = \$ 146.676

* = See Attachment 2 for PPI Index values for NAIC Code 325180: Inorganic Chemicals - Sodium Compounds as published by Bureau of Labor Statistics



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Data extracted on: June 6, 2016 (11:23:56 AM)

Producer Price Index Industry Data

Series Id: PCU92516025.505A
 Industry: Other basic inorganic chemical manufacturing
 Product: Potassium and sodium compounds, excluding chlorides, nitrates, and azides
 Base Date: 1982=100

Download: [xls](#)

Year	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
2006	167.3	178.3	179.2	187.0	186.6	186.1	191.3	183.8	188.8	185.9	186.6	191.8
2007	186.7	185.4	185.0	186.3	188.9	186.4	195.2	189.5	208.4	193.8	183.7	183.7
2008	212.3	212.1	235.5	239.0	234.6	260.0	277.2	313.2	345.9	355.2	346.9	404.2
2009	405.7	398.6	405.9	392.5	388.0	382.3	380.3	359.4	362.7	364.6	364.0	359.4
2010	343.7	345.6	344.6	349.2	349.8	347.5	344.6	343.8	346.5	344.0	357.5	352.6
2011	362.1	371.6	369.6	375.7	379.2	381.3	379.2	377.6	385.5	386.3	389.0	385.0
2012	388.2	383.8	388.0	386.2	386.2	393.0	388.8	386.9	390.3	394.0	385.6	381.1
2013	380.3	379.0	377.9	381.7	381.8	378.3	373.7	372.8	371.2	374.6	375.5	372.7
2014	375.4	376.3	370.3	375.4	377.6	387.3	397.4	398.7	402.8	395.2	390.8	396.5
2015	388.6	386.3	389.2	392.5	397.1	386.9	388.1	384.4	394.3	391.2	389.0	383.7
2016	378.2(P)	376.9(P)	375.1(P)	380.7(P)								

P : Preliminary. All indexes are subject to revision four months after original publication.

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