

VIRGINIA MILITARY INSTITUTE
Lexington, Virginia 24450

Procurement Services
Phone 540-464-7323
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CONTRACT RENEWAL NOTICE

DATE: 18 November 2020
CONTRACT TITLE: VMI Cadet Swords
CONTRACT NUMBER: V211-20-009-01

RENEWAL PERIOD: 9/12/2020 - 9/11/2021 REMAINING RENEWALS: Three (3)

ISSUED BY: Virginia Military Institute
Procurement Services
314 Smith Hall
Lexington, VA 24450
BUYER: MAJ Lynn W. Carmack
PHONE: 540-464-7223
FAX: _____
EMAIL: carmacklw@vmi.edu

CONTRACTOR: Marlow White Uniforms, Inc.

CONTACT: Jan Brunner
PHONE: 913-364-1378
FAX: _____
EMAIL: jan@marlowwhite.com

FEI #: 48-0906414

In accordance with the original contract, all terms, conditions, and specifications remain intact.
Contract Modification 1 is attached and hereby incorporated herein to authorize an approved price increase.

CONTRACTOR:
Signature: *Daniel Greer*
Printed Name: Daniel Greer
Date: 11/19/2020

BUYER:
Signature: *Lynn Carmack*
Printed Name: MAJ Lynn W. Carmack
Date: 11-19-2020

CONTRACT ADMINISTRATOR:
Signature: *LT COL Michael P Friski*
Printed Name: LTC Mike Friski
Date: 19 NOV 20

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Virginia Military Institute
Lexington, Virginia 24450-0304

CONTRACT MODIFICATION AGREEMENT

Date: 18 November, 2020

Contract No.: V211-20-009-01, VMI Cadet Swords

Modification No.: One (1)

Issued By: COMMONWEALTH OF VIRGINIA,
Virginia Military Institute

Contractor: Marlow White Uniforms, Inc.

Contract Dated: 12 September, 2019, Renewal No. 1 dated 18 November, 2020

Contract Duration: One Year, with four optional one (1) year renewals

This Supplemental Agreement is entered into pursuant to the provision of the basic contract.

Description of Modification: Contract renewal incorporating a price increase exceeding the CPI index. This increase is due to changes in the US Dollar/Euro exchange rate, increased costs for precious metals, and increased direct labor costs resulting from COVID-19 protocols.

Except for the changes provided herein, all other terms and conditions of this contract remain unchanged and in full force and effect.

NAME OF CONTRACTOR

COMMONWEALTH OF VIRGINIA

By: Daniel Greer

By: Lynn Carmack

Daniel Greer President 11/18/2020
Name and Title (Type or Print) Date Signed

MAJ Lynn W. Carmack 11/18/2020
Contracting Officer Date Signed

Virginia Military Institute Contract Renewal Change

November 9, 2020

COL Friski:

As we have discussed, WKC has been hit hard with some significant impacts to their costs, such that we would be actively losing money if we renewed the contract period at the original contract's unit price. We are requesting an increase of the sword's unit price from \$199.00 to \$235.46 each, for both the plain and etched blade versions, on the following basis:

- 1) CPI – Paragraph L refers to using the CPI as a basis of a change. Using the Bureau of Labor Statistics web site (<https://www.bls.gov/charts/consumer-price-index/consumer-price-index-by-category-line-chart.htm>) the CPI for All Items, the CPI increased an aggregate total of 1.883% from July 2019 through September 2020.
- 2) US Dollar to Euro Exchange Rate – The contract does not specifically address this impact, likely because the standard VMI contract is designed to purchase US goods. We propose that the change in the exchange rate is a factor very similar to the CPI in that it is an economic factor very similar to inflation which the CPI measures because it is a factor which we can neither control nor predict. On the contract award date of July 12, 2019, The exchange rate was \$1.106848 US Dollar to a Euro. Today, the USD-Euro rate is \$1.182754, an increase in cost of 6.858%. (<https://www.x-rates.com/historical/?from=USD&amount=1&date=2020-11-05>)
- 3) Direct Effect of COVID – The effect of COVID and the government-mandated requirements by which WKC must now operate are also factors that could never have been predicted. To maintain the required social distancing and to decrease the chance of spreading the virus should an outbreak occur, WKC had to split its staff into two shifts, a day shift and an evening shift. Evening shifts, however, are paid an additional 25%. Furthermore, splitting the work between two shifts, making physical changes to the work flow on the factory floor to maintain the social distancing requirements, and paying employees who are in quarantine as required all decrease efficiency by at least 10%. The original direct labor portion of the Cadet Sword was factored at 40% of the unit price, or \$79.60. Assuming half the work is performed during the evening shift, and then only 10% loss of efficiency, the direct labor costs increased by 22.5% from COVID effects on production.
- 4) Other factors of cost increase – other factors which are real, but which are much tougher to present and negotiate, are the increased cost of gold as a commodity (increased about 50% from the date of the original contract award) and the increase of copper as a commodity and the cost of cast brass (increased about 20% from the date of the contract award).

Accordingly, we cannot accept an extension of the current contract without a change to the unit price to \$235.46 each to account for these unforeseen changes:

Original Unit Price	\$ 199.00
Effect of COVID on Labor	\$ 17.91
Subtotal	\$ 216.91
CPI Change 1.586%	\$ 3.44
Subtotal	\$ 220.35
Euro Rate Change 6.858%	\$ 15.11
REVISED UNIT PRICE	\$ 235.46

Please let us know if you have any questions or require any further information from us. Thank you.

Tim Cahill
Partner



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