

June 01, 2017

Office of the Purchasing Agent
2300 Bloomdale Road
Suite 3160
McKinney, Texas 75071

Dear Sara Hoglund:

NMS Labs has received your recent request for a price extension on contract number # 2015-286. After further review of section 4.5 of the contract regarding price redetermination, we recognize several areas that direct costs to NMS have increase. These costs are a year over year impact to our business and continue to go up. In 2016, NMS felt an increase in our operational cost above 2015 in a range from 2.1% to 8.8%. These areas of increase include Health Insurance, Workers Compensation, Taxes, Lab supplies, shipping and client supplies, and other direct costs. The exact increases are reflected in the table below.

Health Insurance, Workers compensation, Taxes	8.8%
Lab supplies	4.1%
Shipping and client supplies	2.1%
<u>Other direct costs</u>	<u>3.5%</u>
Average Increase	4.63%

Despite having incurred increased costs of delivering services in 2016 that averaged 4.63%, NMS Labs is offering Collin County a minimal increase on discounted prices of 3%, as a courtesy due to your long term relationship and consistent testing volumes. We look forward to our continued business relationship.

Please see attachment A for the exact price increase values that we are proposing from your contracted discounts. Should there be any questions or concerns about this price redetermination, please feel free to contact me.

Sincerely,



Jacob Atar
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