

Notes of a meeting with D. Zeraldo - Sales of arsenic Feb. 19/81,
from 3:05 to 4:05 p.m.

Dan asked for the meeting in order to explain the compromise that the marketing department is suggesting in response to J. Hite's request for changes to the Giant/Koppers contract.

The bulk price of arsenic at the time of signing was 24.25¢/lb. and it has since gone to 31.75¢/lb., or an increase of 7.5¢. The drum price in the same period has gone from 30.75¢ to 40.75¢.

If we had started trucking on September 1st, Hite claims the truck rate would have been 14.9¢/lb., rather than the 19.8¢ that Trimac is currently charging. Hite's contention is that if we had started on time, the lower truck rate would have been his base for calculating his share of the increase in arsenic price over the first month of the contract, i.e. in other words, he would get a larger share of the price increase which, if we go strictly by the contract, the whole 7.5¢ escalation goes to Giant.

Zeraldo feels that the intent of the agreement in the first place was to share any of the arsenic price increase 50/50, and that to some extent there is a bit of a moral obligation on Giant to provide this split. Cost of meeting Hite's request would be about \$400,000, or net present value of \$128,000. Zeraldo counter-proposal has a net present value of \$68,000.

After some discussion on the obligations of Giant and the terms of the contract, I agreed to the marketing department's proposal and authorized Zeraldo to go ahead with his counter to Hite.

NOTE: In a phone call next day, Zeraldo stated that the \$400,000 he had given me was an incorrect figure. The extra that Hite requires is .05¢/lb., which works out to \$10/ton or \$140,000/year - the present value of which is \$128,000.

The counter that Zeraldo will be giving has a present value of \$65,000.

