



November 28, 2007

US Peroxide, LLC  
Attn: Mark Jacobson  
6255 N. Milwaukee Avenue, Suite 100D  
Chicago, IL 60646

RE: Contract Extension/Contract No. **462-9293**  
**Hydrogen Peroxide**

Dear Mr. Jacobson:

The extension of the contract noted above was approved at the City Commission Conference meeting on September 18, 2007 Item M-32. The revised contract expiration date will be **February 1, 2009**.

All terms, conditions and specifications of this contract will remain in effect during the extension period, including insurance and/or performance bond coverage requirements. The 5% CPI increase submitted November 20, 2007 has been reviewed and approved. The new price, per gallon will be \$2.06 and will become effective January 31, 2008.

If insurance is required for this contract, you should review your expiration date(s) at this time to insure that your coverage is current and provide this office with an updated certificate.

We hope this will continue to be a rewarding and profitable business relationship.

Sincerely,

Carrie L. Keohane  
Procurement Specialist I



Current Price Pungin  
1.96 per gallon

New price 2.02

5% increase ✓

Date November 20, 2007

Mr. Bob McKenney, CPPB  
Procurement Specialist II  
**City of Fort Lauderdale Purchasing**  
**100 N. Andrews Av. Room 619**  
Ft. Lauderdale, FL 33301

**Re: US Peroxide Contract Renewal 2008-2009**

Dear Bob,

As you are aware from our prior discussions, the hydrogen peroxide industry is currently running at a high capacity utilization rate as demand remains strong. In order to justify investment for future production capacity, major producers have again announced an industry-wide price increase. While our scale advantage and buying power have enabled us to absorb or mitigate most of these increases in the past, we are asking for your support as we extend our current contract to enable us to continue to provide reliable and value-added hydrogen peroxide based programs.

The justification for a price increase is as follows:

1. Effective Q4 2007, major suppliers (Arkema, FMC, Solvay) have announced increases of \$0.20/gal.
2. Supplier increases have forced us to take action so that we can continue to provide an uninterrupted, safe and reliable supply of hydrogen peroxide to our customers as well as to reinvest in the business.

Reasons for supplier increases:

- Pricing largely follows capacity utilization, which is currently estimated in the mid 90%'s. Demand is high due to increased usage in the pulp & paper market and global demand.
- Material costs continue to escalate, with many suppliers trying to raise capital to invest in new plants. Other costs include higher natural gas, material, labor & freight.
- Transportation continues to be an issue from rail & truck providers in dire need of drivers and equipment, freight increases (10-20%), fuel surcharges (5-8%), rail bottleneck/congestion problems.
- Energy costs have risen to unprecedented levels with natural gas well over the historical rate of \$5/MBTU. As a result, US Peroxide is still subject to supplier surcharges and will continue our current surcharge program.
- Insurance costs have increased >40% since 9/11.

**US Peroxide, LLC**



**Therefore, as of the beginning of the upcoming rollover period for the renewal of the current contract, US Peroxide is proposing to increase the price of your hydrogen peroxide based program by \$0.10/gallon (50%basis). This is based on the cap included in our agreement. This increase will affect all invoices for hydrogen peroxide product, programs and services. In addition, it will be necessary for US Peroxide to continue to maintain the current energy surcharge program. Energy surcharges are shown as a separate line item on your invoice.**

Please feel free to contact me directly at 847 309-3313 should you have any questions. US Peroxide values your business and we appreciate the opportunity to service your hydrogen peroxide based supply and technical program needs.

Sincerely,

Mark Jacobson  
Reg. Sales Manager  
US Peroxide, LLC

Cc: P. Neofotistos, L.Rob, J. Fragoso-USP

US Peroxide, LLC



City of Fort Lauderdale • Procurement Services Department  
100 N. Andrews Avenue, #619 • Fort Lauderdale, Florida 33301  
[www.fortlauderdale.gov/purchasing](http://www.fortlauderdale.gov/purchasing)

September 20, 2007

U.S. Peroxide, LLC  
Attn: Kristin Mills  
500 Bishop Street, Suite C-3  
Atlanta, GA 30318

Fax # 404-352-6077

Contract 462-9293 for Hydrogen Peroxide expires on February 1, 2008 and has a provision for renewal under the original terms, conditions and specifications for additional one (1) year extensions. This would constitute the second of four possible one-year contract extension options.

**NOTE: The purpose of this letter is to determine your desire to this renewal provision. This inquiry does not constitute an extension or renewal of this contract.**

Please sign in the space afforded at the bottom of the page indicating your desire regarding the renewal provisions.

Your response must be received no later than 5:00 p.m., 9/27/07. Fax or email responses will be accepted, (954) 828-5576 or [ckeohane@fortlauderdale.gov](mailto:ckeohane@fortlauderdale.gov). Failure to respond will be deemed as evidence that your firm is no longer interested in requesting its option to renew this contract.

Your cooperation in this matter is appreciated. For further information please contact Procurement Specialist David Nash at (954) 828-7818 or email [Dnash@fortlauderdale.gov](mailto:Dnash@fortlauderdale.gov)

**YES: We offer to renew this contract under the original terms, conditions and specifications for (1) year. (includes possible price adjustment)**

*J. Walkoski* attached  
Name: Thomas J. Walkoski Title: General Manager

**NO: We do not wish to renew this contract for the following reasons:**

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

Name: \_\_\_\_\_ Title: \_\_\_\_\_