



*Defense Logistics Agency
Defense National Stockpile Center*

*Tantalum
Industry Meeting*

March 20, 2003



Our Primary Mission

- ◆ To provide the U.S. with a defense stockpile of strategic and critical materials.
- ◆ To insure the U.S. Industrial Base against dependence upon foreign sources in times of national emergency.
- ◆ To maintain the stockpiled materials in forms suitable for modern industry.



Annual Materials Plan (AMP)

- ◆ Defense Authorization Acts give general authority to sell commodities
- ◆ Annual Materials Plan (AMP) sets specific annual sales ceilings
- ◆ Market Impact Committee advises on AMP



Stockpile Sales

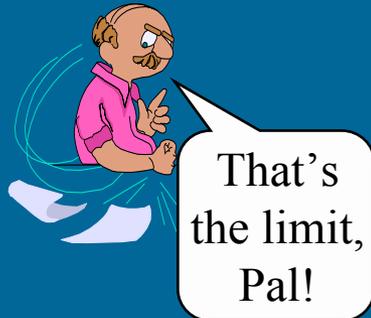
...by law must:

- Be competitive



So we can and do accept bids from both domestic and foreign concerns and, occasionally, from a foreign government

- “...avoid undue disruption of the usual markets of producers, processors and consumers...”
- “...protect against avoidable loss...”



*So we have an Annual Materials Plan, or AMP, which sets a limit to how much we can **offer** in any one year*



Market Impact Committee

◆ Mission of this Committee: “...advise the *Stockpile Manager on economic effects of disposals...*”

◆ Members of this Committee:

State (Co-Chair)

Interior

Commerce (Co-Chair)

Agriculture

Defense

Treasury

Energy

FEMA



DNASC Summary

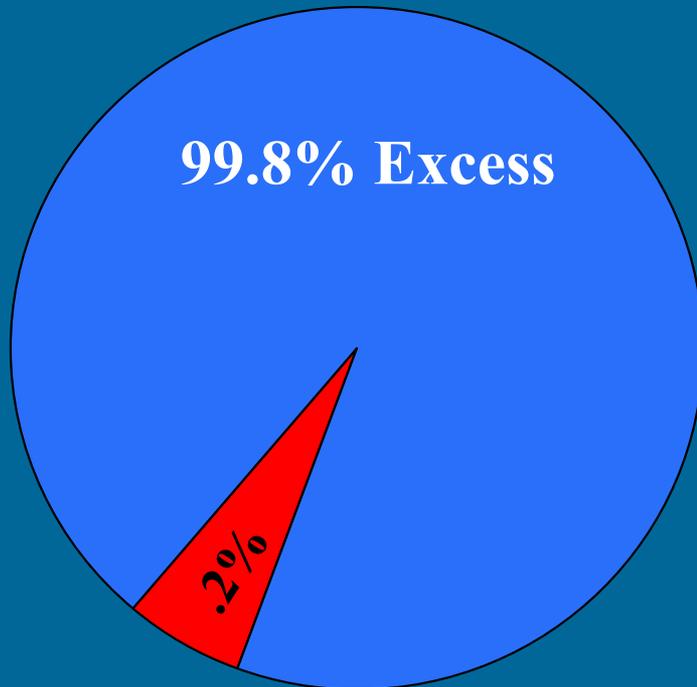
- 56 Commodities
- 45 Locations
- \$1.74 Billion in Current Market Value



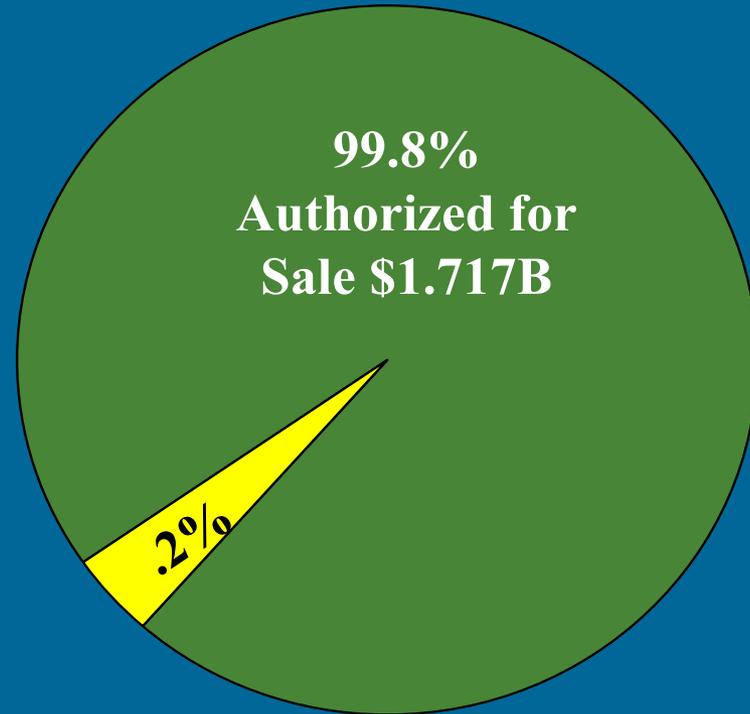
Outloading Tin - Hammond Depot



DNOSC Total Inventory \$1.74 B



2003 Requirements
Report \$90 M



Goal Material \$90 M

As of February 2003



Tantalum Annual Materials Plan (AMP)

	FY03	FY04
Carbide Powder	4,000 Lb Ta	4,000 Lb Ta
Metal Ingot (Vacuum Grade)	40,000 Lb Ta	40,000 Lb Ta
Metal Powder (Capacitor Grade)	50,000 Lb Ta 1/	50,000 Lb Ta 1/
Concentrates	500,000 Lb Ta	500,000 Lb Ta
Oxide	20,000 Lb Ta	20,000 Lb Ta

1/ Actual quantity will be limited to remaining sales inventory



Tantalum Total Inventory

Ores and Concentrates	1,775,775 Lb Ta
Metal Powder (Capacitor Grade)	40,492 Lb Ta
Metal Ingots (Vacuum Grade)	100,629 Lb Ta
Carbide Powder	12,950 Lb Ta
Oxide	75,030 Lb

As of 2/11/03 (Includes adjustment for sale in Feb. 2003)





Fiscal Year 2002 Sales for Tantalum Group Materials

*Total Revenue Realized
\$1,900,000*

<u>Type</u>	<u>Total</u>
Ores & Concentrates	- 0 - Lb Ta
Carbide Powder	- 0 - Lb Ta
Metal Vacuum Grade	39,900 Lb Ta
Metal Capacitor Grade	-0 - Lb Ta
Oxide	-0 - Lb



Fiscal Year 2003 Sales for Tantalum Group Materials

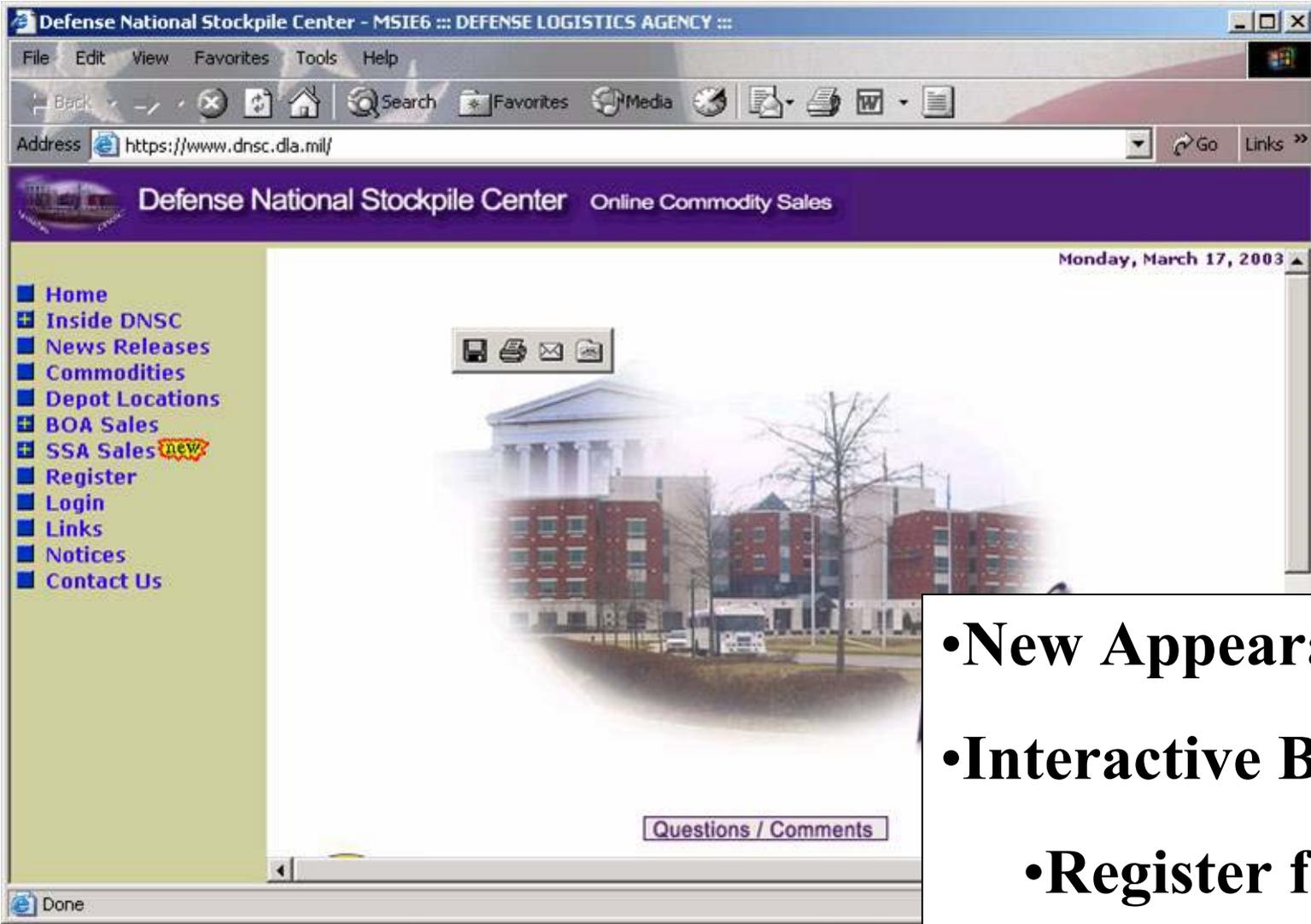
<u>Type</u>	<u>Total</u>	
Ores & Concentrates	65,000	Lb Ta
Carbide Powder	-0-	Lb Ta
Metal Vacuum Grade	-0-	Lb Ta
Metal Capacitor Grade	-0-	Lb Ta
Oxide	-0-	Lb

*Total Revenue Realized
(to date)
\$1.4 M*



What's New at DNSC

- New look to DNSC web-site
- New sales methods added to sales portfolio
- New business practices



- **New Appearance**
- **Interactive Bidding**
- **Register for login/password**
- **Updated Information**
- **Customer/User Friendly**



New Sales Methods



Stockpile Traditional Sales Methods

Sealed Bid

- Bids opened publicly
- Price is sole determinant
- All award information is made public

Negotiated

- Offers are not publicly opened
- Price and other factors are negotiable
- Only aggregate or provisional contract amounts and company name made public



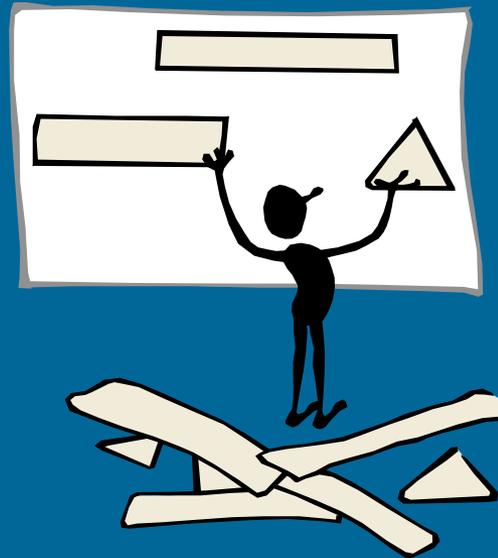
Stockpile New Sales Methods

BOA - Basic Ordering Agreement

- Quantity available will be determined by the market
- DNSC performs continual market research to determine type and quantity to sell
- Material available for sale will be announced on DNSC Website
- Short time to prepare quote with a specific due date and time; short response on acceptance of quote
- Quotes are not publicly opened
- Some pre-negotiated terms
- Companies must pre-qualify to participate
- Only aggregate or provisional contract amounts and company name made public



Changes in Financial Business Practices





Financial Responsibility Definitions

◆ Financial Exposure Limit

- Maximum level of business

◆ Payment Terms

- Number of days established for payment not to exceed 30 days from DNSC's receipt of current, accurate and complete shipping instructions



Financial Responsibility Determination

- ◆ Establish Financial Exposure Limit for all Companies
 - Financial Position
 - Past Performance
 - References (Suppliers, Financial Institutions)
 - Credit Reports
- ◆ Monitor Financial Risks
- ◆ Monitor Performance



Financial Responsibility

- ◆ If exposure limit has been reached, all subsequent sales will cease until the account balance is reduced or exposure limit is increased.
- ◆ If account(s) are delinquent--
 - Shipment of commodities will stop until the delinquency is eliminated. (F.1.a)
 - Any monies received will be used to offset delinquent accounts. (G.11)



Overview of DRAFT DLA-TANTALUM-001 Basic Ordering Agreement (BOA)

Tantalum Carbide Powder
Tantalum Metal Ingots (Vacuum Grade)
Tantalum Metal Powder (Capacitor Grade)
Tantalum Oxide
Tantalum Minerals (includes Columbium Concentrates)

Industry Meeting on DNSC Sales of Tantalum



DETAILS OF BOA

By Section

Rossell A. Beckett

Contract Specialist

DNOSC-C1

(703)767-5402 (phone)

(703)767-5484 (fax)

rossell.beckett@dla.mil



Tantalum

- ◆ **Solicitation: DLA-TANTALUM-001**
- ◆ **Sales Format: Basic Ordering Agreement (BOA)**
- ◆ **Sales/Offerings: Depending on market dynamics**
- ◆ **Material offered by type**



Tantalum (Ta)-AMP vs Sales for FY 2003

◆ FY 2003 AMP:

-Ta Carbide Powder – 4,000 LBS Ta

-Ta Metal Ingots (Vacuum Grade)-40,000 LBS Ta

-Ta Metal Powder (Capacitor Grade) – 50,000 LBS Ta

-Ta Oxide – 20,000 LBS Ta

-Ta/Columbium Concentrates - 500,000 LBS Ta

◆ FY 2003 Sales: approximately 65,000 LBS Ta of
Ta/Columbium Concentrates



Comparison of Current versus New Sales Approach for Tantalum

Current Approach

- ◆ Multiple negotiations of price and terms under multiple solicitations (5) and negotiated contracts
- ◆ Less frequent offerings for more quantity
- ◆ Time-driven process preventing rapid response to customers' needs

New Approach

- ◆ Single negotiation of terms under single negotiation for multiple contracts (BOA) (more efficient)
- ◆ Opportunity to quote unit price based upon current market conditions
- ◆ Frequency of offerings based on market demand
- ◆ Rapid response to customers' needs (win/win for Contractor and Government)



Section A- Agreement/ Contract Form

◆ Agreement/Contract Form: an executed copy of the Basic Ordering Agreement, acceptance letter and the Quote/Award Form *together* will constitute a contract

◆ Material Description:

Tantalum Carbide Powder

Tantalum Metal Ingots (Vacuum Grade)

Tantalum Metal Powder (Capacitor Grade)

Tantalum Oxide

Tantalum Minerals (includes Columbium Concentrates)



Section B - Qualifying to Quote

- ◆ Companies may register and qualify under the BOA at any time
- ◆ Submittals to register and qualify under BOA:
 - Applicants must read and agree to conform to the terms and conditions of the Basic Ordering Agreement by completing pertinent sections of the BOA cover sheet (*any exceptions to terms must be identified during the pre-qualification phase so that the only remaining issue is the price to quote*)
 - Complete Identifications I.5 through I.7 (Certifications under I.3 and I.4 are performed under the Quote process)



Section B - Qualifying to Quote

◆ Submittals (cont'd):

- Companies must submit NRC License if they intend to quote for Category 2 material (NRC License required).

◆ Government will review submittals

- **Execute BOA and return copy to applicant with acceptance letter**



Section B - Qualifying to Quote

- ◆ All Applicants must submit the following:
 - Income statement and balance sheet
 - References for financial responsibility
- ◆ In addition, the Government will obtain a copy of Dun & Bradstreet Report and evaluate past performance (if applicable)



Section B - Qualifying to Quote

- ◆ Based on financial strength of company, determination will be made on the financial exposure limit extended to a company and acceptability of any payment terms proposed in the offer (*If you request payment terms, the expectation is that the unit value quoted would be higher.*)
- ◆ Notification will be forwarded to Applicant by letter within ten working days



Section B - Qualifying to Quote

- ◆ Re-evaluation of submittal documents and financial information may be required periodically
- ◆ Identifications under I.5 through I.7 must be updated annually or when conditions change
- ◆ Certifications related to Debarment (I.3) and Independent Pricing (I.4) are re-confirmed on the I.1 Quote/Award Form for each quote



Section C - Quotes

- ◆ A listing of material available for sale will be posted on the DNSC website <https://www.dnsc.dla.mil> by 11:30 a.m., local time, Ft. Belvoir, VA on Wednesday
- ◆ Contacts for problems accessing website:
 - Peter Kim - (703) 767-5520
- ◆ Contacts for Contracting Issues:
 - Rossell Beckett - (703) 767-5402
 - Jennifer Iribarren - (703) 767-5487



Section C - Quotes

- ◆ Quotes shall be submitted on I.1 Quote/Award Form
 - identify the price per unit of measure listed on the web site
- ◆ Quotes must be faxed and **received by 11:30 a.m.**, local time, Ft. Belvoir, VA at (703) 767-5541 on the day following the web posting (Thursday)
- ◆ Current 24 hour timeframe for submission of quote - *issue for open discussion*)
- ◆ Contracts will be awarded within 2 business days – *issue for open discussion*)



Section C - Quotes

- ◆ Evaluation of Quotes
 - Price and other factors
 - Must have completed BOA package prior to quoting (agreement must be in place)
- ◆ Contract Award (BOA, Letter of Acceptance, and I.1)
 - I.1 Quote/Award Form - signed by Contracting Officer in the Award section



Section D - Payment

◆ Cash and Carry

- Payment before shipment
- Shipment before contract expiration date

◆ Payment Terms

- Must be pre-approved (*pre-qualification process under Section B*)
- No more than 30 days from DNSC's receipt of current, accurate, and complete Shipping Instructions



Section D - Payment

- ◆ DNSC will monitor payment terms. If contractor has delinquent account, *no material will be shipped until all delinquent charges are paid.*
- ◆ Set-off of Funds
All monies received by the Government may be used to satisfy any outstanding Contractor debt



Section E- Inspection/Removal

- ◆ Visual inspection of packaging
 - At Contractor's expense
 - Sampling results are published in Section J.1 (Analyses of Tantalum Concentrates were done from 2000 – 2002)
 - Requests for appointment in writing ten working days prior to inspection date to point of contact in Section J.2 Storage Locations



Section E- Inspection/Removal

◆ Removal

- 30 calendar days from contract award
(*issue for open discussion*)
- If contractor fails to remove material within contract period, storage charges will be assessed and will negatively impact performance evaluation



Section F - Shipping

Request for Shipment

- ◆ **J.3 Shipping Instructions** must be sent/faxed to the Contracting Officer to initiate release of material
- ◆ **Five** working days prior to date of shipment commercial bills of lading must be provided to the depot
- ◆ No material will be shipped until all delinquent charges are paid (See F.1a.)



Section F - Shipping

Weight Discrepancy for Drummed Material

- ◆ If net weight varies by more than one-half of one percent per shipment, must give notice to Contracting Officer within 48 hours (or 2 working days) after receipt of material
- ◆ Material must be segregated
- ◆ Government representative will witness re-weighing at contractor's expense
- ◆ If after re-weighing net weight varies by one-fourth of one percent, that weight shall govern for payment purposes



Section F – Shipping

For Tantalum Concentrates Only

Guidelines for Radioactive Materials – Ta Concentrates

◆ Nuclear Regulatory Commission

Contain, by weight, 0.05% or more of any combination of U & Th (10 CFR 20.1003)

◆ Department Of Transportation–(Domestic Shipments)

A specific activity greater than 70 Bq per gram (49 CFR 173.403)

◆ IAEA – (Foreign Shipments)

A specific activity greater than 10 Bq per gram & total activity of >10,000 Bq (U & Th Natural)



Section F – Shipping

For Tantalum Concentrates Only

- Definitions:

1 Bq = 1 disintegration per second

U^{nat} = 26,000 Bq/g

Th^{nat} = 8,100 Bq/g



Section F – Shipping

For Tantalum Concentrates Only

≤ 10 Bq/g

Unregulated by DoT

> 10 Bq/g
and ≤ 70 Bq/g

Regulated in foreign
shipments (IP-1
packaging)

> 70 Bq/g

Regulated in
domestic and foreign
shipments (strong
tight packaging)



Section F – Shipping

For Tantalum Concentrates Only

Category 1 – No NRC License

Specific Activity (Bq/g): ≤ 10

DoT Regulated Domestic: No

DoT Regulated Foreign: No

Ship Domestic “As-Is”: Yes

Ship International “As-Is”: Yes



Section F – Shipping

For Tantalum Concentrates Only

Category 2 – NRC License required

Subcategory	A
Specific Activity (Bq/g):	>10 and =<70
DoT Regulated Domestic:	No
DoT Regulated Foreign:	Yes
Ship Domestic “As-Is”:	Yes
Ship International “As-Is”:	No

◆ Contractor must overpackage at own expense to ship material overseas



Section F – Shipping

For Tantalum Concentrates Only

Category 2 – NRC License required

Subcategory

B

Specific Activity (Bq/g):

>70

DoT Regulated Domestic:

Yes

DoT Regulated Foreign:

Yes

Ship Domestic “As-Is”:

Strong/Tight packaging

Ship International “As-Is”:

No

◆ For domestic shipments, Government will overpackage in strong tight packaging at no additional expense to the Contractor

◆ Contractor must overpackage at own expense to ship material overseas



Section F – Shipping

For Tantalum Concentrates Only

Category 2 – NRC License required

Subcategory	C
Specific Activity (Bq/g):	=<10
DoT Regulated Domestic:	No
DoT Regulated Foreign:	No
Ship Domestic “As-Is”:	Yes
Ship International “As-Is”:	Yes



Section G - Contract Administration

◆ Amendments and Modifications

- Shall be in writing and signed by Contracting Officer *(Notify the Contracting Officer immediately when performance problems are anticipated and mitigate your damages. The minimum administrative fee for a modification to a contract is \$1,500.)*

◆ Title

- Title to material passes to buyer upon payment or shipment of material, whichever occurs first



ELECTRONIC BULLETIN BOARD

<https://www.dnsc.dla.mil>

- ◆ Participants will be able to access Tantalum sales information from DNSC Home Page
- ◆ DNSC Home Page is currently undergoing revisions to add separate Tantalum web access
- ◆ By the time Tantalum sales are underway, changes should be completed
- ◆ Quote/Award Form (I.1) will be available as part of Tantalum Bulletin Board



ELECTRONIC BULLETIN BOARD

<https://www.dnsc.dla.mil>

- ◆ Quote/Award Form at this time will not be interactive, only printable (totally interactive within 6 mos.)
- ◆ The following areas will be updated as required on the Tantalum Bulletin Board:
 - Date of Material Offering
 - Telephone number of POC (for questions)
 - Item(s) Offered (corresponds to sales material from Shopping List in the BOA or Amendments)
 - Date and Time set for submitting quotes
 - *Note: Quality of the Material offered will be published in Section J.1 Analyses*

OPEN DISCUSSION



- ◆ Is posting time agreeable? (respond within 24 hours)
- ◆ Do you have customers that will use this material as is - OR - Will you need to size, re-process/re-work the material?
- ◆ What is your minimum/maximum quantity that is economically feasible to buy per day, per month?
- ◆ What is your response time for the Government to accept your offer? (e.g. currently 2 business days for all Ta materials)



The Tantalum Team thanks you for your attendance and participation!

- ◆ Rossell Beckett - Contract Specialist, (703) 767-5402
rossell.beckett@dla.mil
- ◆ Marva Gettis and Winnie McCray- General Supply Specialists, (703) 767-7615 and (703) 767-7616
marva.gettis@dla.mil and winnie.mccray@dla.mil
- ◆ Megan Oz – Market Analyst, (703) 767-6480
magan.oz@dla.mil
- ◆ Mike Pecullan – Environmental Specialist
(703) 767-7620, michael.pecullan@dla.mil



Defense National Stockpile Center

Points of Contact

CORNEL HOLDER

Administrator, 703-767-5500

CHERYL DEISTER

Director, Contracting, 703-767-5475

PETER MORY

Director, Marketing, 703-767-6485

JENNIFER IRIBARREN

Contracting Officer, 703-767-5487

FRANK TAYLOR

Chief, Financial Integrity, 703-767-6530

ESSIE SCHLOSS

Counsel, 703-767-7648

The Defense National Stockpile Center

<https://www.dnsc.dla.mil>

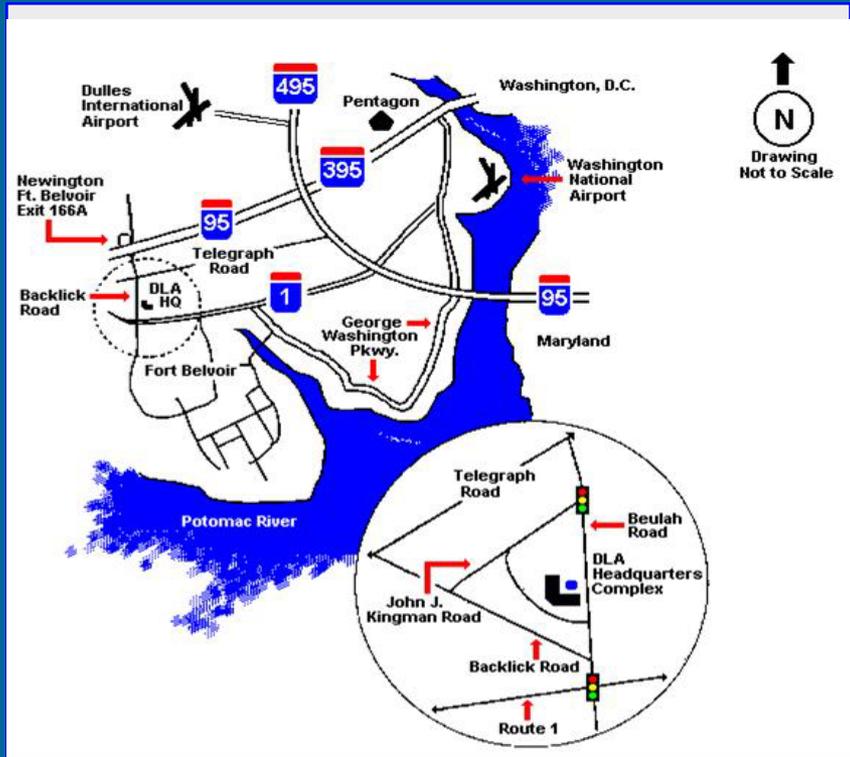


Come Visit Us

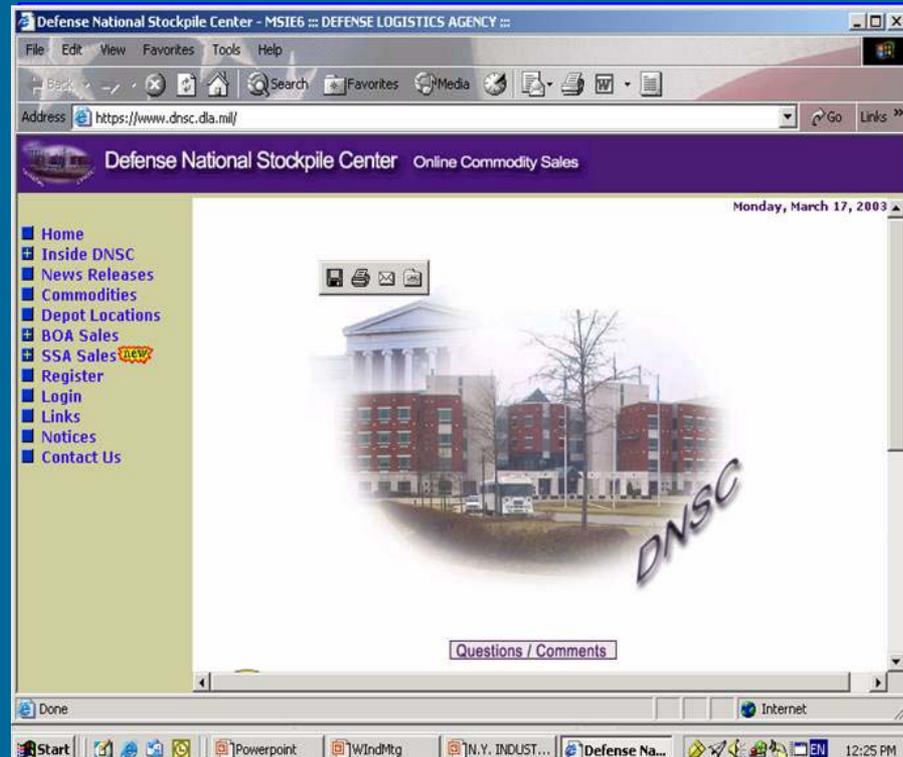
703-767-5500

...at the office

...or on our website



Fort Belvoir, VA



<https://www.dnsc.dla.mil>