

205 985 8175

FROM : W. JACK DUNCAN, INC.

PHONE NO. : 205 985 8175

Mar. 05 1999 07:28AM P1

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Fax Transmittal Memo 7672

To *Mr. Blake Hamilton*Company *SOLUTIA, INC.*

Location

FAX # *(256) 231-8553*

Comments

Telephone #



No. of Pages

Today's Date

3/5/99

Time 6:30AM

From

Company

Location

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Original Disposition

☐ Destroy☐ Return☐ Call for pickup

Blake - here is the revision you requested. Woody will be available next week if questions arise. Jack

W. Jack Duncan, Inc.
P.O. Box 361183
Birmingham, Alabama 35236
Telephone/Fax (205) 985-8178

March 4, 1999

Mr. Blake E. Hamilton
 Site Manager
 Solutia, Inc.
 300 Birmingham Highway
 Anniston, AL 36201

Dear Blake:

Thank you for your call this morning. I understand that you wish us to revise the original proposal we sent on March 1, 1999 to include only infant daycare services with the possible integration of selected public health and transportation facilities.

Again, I think it is important for us to clarify what we believe are two important assumptions underlying this proposal.

1. It is critical from the perspectives of all involved parties to conduct the study and construct the business plan using information that can be acquired from archival sources. That is, direct information gathering by means of interviews and surveys which is customary in studies of this nature have the potential of creating unsubstantiated expectations in the community. It is important to note, however, that even previous and potential private and confidential discussions with various individuals will make it impossible to ensure complete confidentiality. We will, however, restrict our information gathering to nonpersonal sources at this stage of the proposed study to minimize speculation.

There is one exception that should be added to our previous proposal. Since the issue of public health services is a part of this analysis, we believe it will be necessary for us to privately interview at least one decision maker in the local health department and perhaps in the Alabama Department of Public Health to get some indication of the particular requirements for offering selected public health services at a daycare center. We will, of course, maintain as much confidentiality as possible. However, it is likely that the selected official(s) will require some indication of what type of facility is under consideration before providing the needed information.

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2. All parties are in agreement about the philosophical need for the proposed facility and the responsibility corporate partners have been willing to assume in the community. This will be taken as the underlying premise and our study and business plan will focus exclusively on the economic feasibility of the proposed venture.

In the first stage of this project, our goal will be to provide decision-makers with the information necessary to evaluate the economic feasibility of an infant daycare facility. In developing this feasibility study we will complete the following activities.

1. Examine the experiences of three to five facilities that provide infant daycare services and report what appear to be the factors that led these organizations to success or failure. Every reasonable attempt will be made to obtain facilities with directly comparable experiences.
2. On the basis of the reviewed experiences, a list of critical success factors will be listed and defined. These critical success factors will be restricted to those elements that seem to contribute to economic success or failure in the infant daycare industry.
3. Industry economic benchmarks will be reviewed to determine what are the generally accepted conditions for market entry and normal costs associated with doing business successfully in the infant daycare industry.
4. An investigation into the feasibility of including selected public health services on-site in the daycare center will be accomplished along with what should be expected as reasonable transportation services.
5. A standardized business plan will be developed for the start-up of an infant daycare facility. This business plan will include estimates of revenues and costs under two or three likely start-up scenarios. The scenarios will involve primarily assumptions regarding revenue sources such as exclusive corporate support, possible grant funding, etc.
6. The primary deliverable in stage one of this proposed project will be a written business plan under two or three start-up assumptions with explanations and a recommendation based on the information

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provided. The plan will be presented in written form and personally presented if requested by the client.

In order to determine specific location-specific issues such as precise attitudes about the use of a facility in the West Anniston area, etc. more detailed interviews and surveys of possible users and community joint sponsors will be required. At that point, however, there will be no possibility of maintaining low exposure for the possibility of a facility. This amount of exposure, it is agreed by all parties, should be avoided until the initial economic feasibility of the project is determined. It is understood that at the completion of stage one (outlined in this proposal) the client (Solutia, Inc.) may request a proposal for additional stages from the consultant or may pursue future stages with other individuals or groups providing survey information and services.

For the completion of stage one, the costs will be as follows.

1. Travel to and from Anniston for meetings with individuals determined by Solutia (i.e. Dr. Boyd) and for clarification and refinement of issues by the consultants. (2 consultant days).
2. Examination of demographic data in the general market area and assessment of local market conditions. (2 consultant days).
3. Discovery and detailed examination of three to five facilities experiences. (4 consultant days).
4. Definition of critical factors of success and risk factor analysis. (3 consultant days).
5. Development of industry benchmarks and related information necessary for start-up success. (2 consultant days).
6. Development of business plan based on alternative scenarios. (3 consultant days).
7. Engagement of specialized consulting services for topics related specifically to the regulatory and industry-specific aspects of an infant daycare facility. (2 consultant days).

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Stage one of the project will require 18 consultant days at \$1,250 per day for a total of cost of \$22,500. This amount is the maximum to be charged under this stage of the project. This amount will include all consulting fees, travel expenses, resource consultant fees, supplies, and related direct and indirect expenses.

We anticipate that the proposed stage one will be completed ninety (90) days from the time of the agreement. The client will be billed at monthly intervals during this time for services rendered during the proceeding thirty (30) days. At the time of the billing a summary progress report will be provided outlining the services rendered during the relevant period. Payment is customary within thirty (30) days of receipt of each invoice.

All aspects of the project will be completed by the project consultants or their designated representatives where specialized expertise is required. The project team will consist of the following individuals. Previously we sent you brief biographical statements of each of the project personnel.

Woodrow D. Richardson, Ph.D. Project Coordinator. Associate Professor & Chair of the Department of Management in the School of Business/Graduate School of Management, University of Alabama at Birmingham.

W. Jack Duncan, Ph.D. Senior Project Consultant. Professor & University Scholar in the School of Business/Graduate School of Management, University of Alabama at Birmingham.

Peter M. Ginter, Ph.D. Senior Project Consultant. Professor & Chair of the Department of Health Care Organization & Policy in the School of Public Health, University of Alabama at Birmingham.

We, the undersigned, agree to the conditions outlined in this memorandum. It is understood that the client (Solutia, Inc.) may terminate this agreement if at any point it believes the project is not meeting its needs with a 30 day written notice. Upon receipt of such notice, the client will be responsible only for services rendered to the date of the notification.

Again, we appreciate the opportunity to meet with you and provide this proposal. Please let us know if you wish to discuss or alter any of the points outlined above. If all is satisfactory, please sign the original copy and return to us. We look forward to working with you.

03/05/99

10:59

MONSANTO-ANNISTON, AL. → 314 674 1585

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FROM : W. JACK DUNCAN, INC.

PHONE NO. : 205 965 8175

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Blake E. Hamilton
Solutia, Inc.

Woodrow Richardson

W. Jack Duncan

Peter M. Ginter