

SP Value Add

We solve your capital needs for infrastructure and partner with you to keep it reliable, safe, and efficient.

SP pays to convert essential infrastructure into a utility service in a manner that protects institutions, the assets and taxpayers. Our customers are exclusively government institutions, including states, parishes, towns, universities, K-12 schools, hospitals, water/rail/power districts, ports, and HOAs.

- SP can provide any combination of necessary funding, design, engineering, procurement, project management, installation, commissioning, maintenance, and long-term upgrades
- Usage based, month-to-month utility model to replace unreliable, unsafe, and costly infrastructure with modern solutions, robustly engineered with embedded long-term support
- Benefit from new infrastructure (with zero upfront capital required) while strengthening institution's balance sheet and reducing deferred maintenance without offsetting liabilities, all within current FASB and GASB rules
- Open book accounting, contracts, warranties, designs, and documentation 24/7 monitoring and real-time alerts to deliver reliability and performance; ongoing focus on upgrades and maintenance
- Institution is free to use/operate the assets as it sees fit
- SP serves as a highly specialized owner enabling institutions to benefit from modern technology offering increased capabilities in software, controls, material science, and collaborative cloud-connected devices

Additional Benefits:

- Clear alternative to traditional purchase or public works procurement with Budgeting, Financing, Bonding, Renting, PPP's, Leasing, EPCs and Shared Savings arrangements
- Promotes using best-in-class assets to achieve longest life, least maintenance and highest reliability
- Fewer public complaints with fewer disruptions in service / reduced workload for facility staff
- Decreases exposure to risks/costs/time burdens associated with owning old essential service infrastructure
- Usage-fees are aligned with institution's revenue sources
- Customer approved vendors, direct communication with manufacturers, vendors, contractors and service providers as desired; staff trained on new technology operations and maintenance as needed
- Removes risk of assets being in disrepair or end of life, even if customer ends SP partnership
- No penalties for termination; anytime purchase option at actual cost prorated to remaining useful life
- Environmental benefits through increased energy efficiency and reduced carbon footprint

We serve customers who become our true partners, of all sizes from villages to cities to state agencies, with or without ratings, injecting capital for infrastructure -- instantly improving the customers and communities we serve. We do this all with a month-to-month easy to enter, easy to exit 10 page agreement.

Frequently Asked Questions

Q: Why am I signing a MUSA and Addendum before all project costs are finalized?

- A:**
- We propose essential services where informed estimates are accurate enough to sign a MUSA addendum, this green lights our working toward a “Notice to Proceed” event.
 - Any changes to an addendum go through the customers normal change-order processes.
 - SP projects are always open book. We use 3rd party accountants with cloud access book-keeping for 24x7 customer and capital provider audit.
 - Our MUSA is not a blank check, but an agreement to the framework of our utility program with no financial obligation from the customer. Only upon the customer sending a Notice to Proceed are financial commitments made.

Q: There isn't a set termination date, is this an unending financial commitment?

- A:**
- SP is like a friendly utility, but even better! You get the equipment you want, from contractors you like, with service providers you have vetted.
 - Our agreement provides 30-day termination, equating to a monthly term which is standard for utilities. (Water, Gas, and Electrical utility agreements are the same.)
 - The MUSA attempts to define easy, fast and fair termination provisions for all scenarios and eliminates the win/lose nature typically found in infrastructure contracts.

Q: Why does SP control the maintenance reserve?

- A:**
- Essential infrastructure that is not properly maintained harms all parties; therefore, the MUSA requires it to be accomplished, regardless of where the funds come from.
 - Customers may choose to have funds included as part of the monthly use fee (i.e. a reserve), they can pay as costs are incurred, or SP can add funds as needed with possible adjustment to use rates for recovery.
 - Upon non-default termination, unused reserves are returned to customer.
 - SP's revenue is dependent on assets remaining in a state of good repair (i.e. reliable, safe, performing). We believe this fully aligns with customer priorities for essential services.

Frequently Asked Questions

Q: What are some possible results of using an RFQ/RFP with investors providing non-capitalized infrastructure services (NIS), like SP?

- A:**
- Substantial increase in market value and useful life of owned buildings without taxpayer investment or liabilities.
 - Eliminate expenses from the operating budget needed to support the \$850M deferred maintenance assets (i.e. “past end of life” assets for essential services) including excess maintenance, repair, emergency services, utilities, health, etc..
 - Permanent elimination of “deferred maintenance,” which protects the balance sheet and credit from pressure to recognize such as a liability.
 - Benefit to taxpayers: “best-in-class” assets last longer, are more reliable, safer and cost less in the long term.

Q: How do I know if an NIS is actually being offered? What are the typical requirements?

- A:**
- All assets via NIS must be unencumbered without liens or UCC financing filings to:
 - a) Remove default risk of primary obligator (since state will not be guarantor)
 - b) Allow state full flexibility in facility sale/financing without infrastructure obligations.
 - NIS contract must pass GASB 87 to not be a lease and thus avoiding adverse balance sheet liabilities.
 - Cost to state should vary with use of asset or sources of revenue to minimize budget impact of down economic cycles.
 - NIS contract is not in default if legislative appropriation is insufficient for payment of utilities from which NIS fee is derived. (i.e. No poison pills)

Q: What are some key benefits of partnering with SP?

- A:**
- Customers keep all related benefits: energy, maintenance, repair, insurance, rebates, and incentives.
 - All asset maintenance, upgrades, and replacements are included in monthly use fees. This results in predictable budgets while maximizing reliable/safe/efficient useful life.
 - Customers may terminate at any time without pre-payment penalties, loss of future revenue costs, or other such breakup costs; no golden handcuffs.
 - Full transparency of all accounting and performance on assets with cloud based access allows customers to audit without notice, 24x7, all involved contracts costs, cash (in/out), and performance data. Real transparency fosters long-term trust and partnership.

Frequently Asked Questions

Q: Is the replacement/renewal process only at SP's discretion?

- A:**
- Either the customer or SP can trigger replacement/renewal if either feel the assets are unsafe, unreliable or non-performing. SP will replace/renew the assets, or the agreement terminates.
 - Since SP revenues are derived from the monthly use fees, SP is designed to solve any issue where a customer would choose to terminate the agreement.
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Q: Major outages of critical assets require fast resolutions (and penalties if not resolved), why isn't this addressed in the MUSA?

- A:**
- Lack of redundancy on critical infrastructure commonly results from "value engineering" due to constrained capital resources. Since SP is not part of the customer capital stack, SP has no such constraints and thus installs highly resilient assets with real-time monitoring.
 - SP promotes selecting "Best" options in good / better / best infrastructure choices, as "best" almost always lasts longer, has lower monthly maintenance and results in lowest monthly cost.
 - SP prioritizes the inclusion of redundancy and continuous (24x7) critical asset monitoring together with jointly established and holistic maintenance programs which virtually eliminates the unforeseen catastrophic failure of essential services for all but insurable perils.
 - To ensure customer priorities are fully covered, the MUSA specifically allows customers the option to select, negotiate and/or jointly oversee support contracts with preferred trusted service providers.
 - Where needed (or requested), insurance policies will be collaboratively sourced and related costs included with monthly usage fees.
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