SUSTAINABILITY PARTNERS ("SP") VALUE ADD

Durable entities need a dependable operational means to keep essential infrastructure services permanently reliable, safe and effective in a manner fully aligned with their mission. To be aligned, this option must match the entity's varying economics and provide complete transparency, proper maintenance, efficient monitoring, responsible management of external risks, and must allow assumption of absolute control of the infrastructure assets at any time without penalty.

SP offers Infrastructure as a Service™ to provide and manage essential infrastructure at a lower cost and with less risk than traditional alternatives. SP replaces unreliable, unsafe, and costly infrastructure with modern solutions, robustly engineered and continually maintained in a state of good repair. Then just like a typical electric/water/gas utility, usage is billed monthly. Customers also benefit from improved credit ratings as financing, deferred maintenance and depreciation are removed from their balance sheets under GASB 87.

SP is collaborative but independent of any specific vendor, installer, or capital source. SP's published flat rate, regardless of asset or customer, ensures our alignment with your mission; we do not add any cost to the assets, installation, or capital source. When determining usage rates, SP uses utilization underwriting of an entity's core drivers, facilities durability, and the asset effective useful life to minimize cost and risk. We provide open-book accounting, contracts, warranties, designs and documentation with 24/7 monitoring on IoT equipment and real-time alerts to deliver reliability and performance.

INSTITUTIONS BENEFIT FROM OPTIONALITY, FLEXIBILITY, AND CONTROL

DESIGN COLLABORATION:	Determining capacity, software, monitoring maintainability, performance, upgradable, modularity, durability, reliability, and warranties
MAINTENANCE COLLABORATION:	Determining qualifications, alert thresholds verification of performance, exclusions, escalations, and insurances
FINANCIAL COLLABORATION:	Selecting alternatives for ownership, reserves, cost of ownership comparatives, options on or off-balance sheet, buyouts, termination, pre-payments, refinancing, collateral, and guarantees
LEGAL COLLABORATION:	Procurement option analysis, selection priorities, performance and payment bonds, indemnifications, insurances, and tax

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SP

SUSTAINABILITY PARTNERS

FOUNDATIONAL CONCEPTS WORKING WITH SP

- SP believes durable entities should not have exposure to the risks/costs/time burdens associated with owning old essential service infrastructure.

- SP's innovative model Infrastructure as a Service™ enables our partners to permanently eliminate deferred maintenance of essential infrastructure, and keep assets continuously maintained in a state of good repair.

- Upgraded facilities through SP modernization provide substantial increases in market valuations supporting new cash availability through standard options like refinance or sale-leaseback.

- With the increased complexity of software, controls, material science, and collaborative cloud-connected devices, SP serves as a highly specialized owner, while the institution is free to use/operate the assets as they see fit.

- Since SP has no capital constraints and funds itself through monthly asset usage, SP is motivated to design, procure, fund, and maintain essential infrastructure in what delivers the lowest monthly cost.

- Entities are able to quickly and easily terminate their agreement with SP while retaining the assets; therefore, SP has a strong incentive to deliver on expectations and keep the assets reliable, safe, and low cost continuously.

- In traditional financing and concessions agreements, the duration for customer guarantee of payments is independent of the asset's useful life, which is typically far less than agreement terms. For essential infrastructure services, keeping these old assets performing can be so onerous that replacement is needed. SP's model is different. Since SP receives no financing guarantees from the customer, SP effectively keeps the assets reliable, safe, and economical. The result is that should a customer decide to separate from SP, the assets they retain will be in a state of good repair.

- As a result of SP's robust engineering, no compromise installation, quality maintenance, and IoT monitoring that measures 24/7 the reliability, performance, and usage, the assets last well beyond normal expectations.

  1. Asset cost can be spread over a more extended period, resulting in lower monthly costs.
  2. Manufacturers offer longer warranties and service agreements.
  3. Unexpected downtime is all but eliminated, yielding a reduction in the costs of disruption and costs of expedited services. With essential services, this is meaningful!
  4. Per customer direction, SP can harvest the cash from this extended useful life providing an on-going and increasing pool of emergency cash without adverse impact on usage fees.

- Where useful, SP can provide the infrastructure while strengthening institution's balance sheet by reduction of deferred maintenance without offsetting liabilities all within current FASB and GASB rules.

- Where flexibility and financial ratios are not a concern, SP can utilize traditional taxable and nontaxable bond/debt/term funding.

- Studies show that value-engineering results in higher long-term ownership costs than robust engineering; thus, SP avoids value-engineered solutions.

- SP's formal risk assessment and mitigation disciplines leverage being a repeat buyer/maintainer of products, vendors, and installers to avoid problems not visible during traditional procurement processes.

- In addition to the bottom-line advantages, SP's services offer benefits to the environment through increased efficiency and reduced carbon footprint.

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- SP NEVER adds a profit margin to equipment, installation, or financing. All asset usage charges are based on actual costs that are fully disclosed. SP adds a standardized fee of .8% per year (yes, less than 1%) to accomplish its program. This fee is the same for schools, cities, states, federal agencies, and HOAs whether it be for pumps, roofs, elevators, cranes, HVAC, or parking lots. SP has removed price and fee negotiation from the relationship while aligning operational and economic interests, enabling true public/private "partnership."

- While SP's initial focus is on failing/failed essential infrastructure, SP can also apply its program to new build whereby SP can cover all MEP/Roofs/Doors/Windows. Typically, 30% of the building cost can be paid for by SP.

- Reinforcing SP's commitment to transparency, SP provides all customers continuous browser-based access, to audit their project transactional data. This includes the G/L detail entries, vendor source documents, cash usage, bids, and billings all through a top tier, 24/7, 3rd party cloud portal.

- For risk mitigation, SP has independent 3rd parties prepare, transmit, collect and account for customer usage billings.

- SP has exceptional purchasing capability obtaining manufacturers' highest quality products with long-term warranties and service agreements, at costs well below traditional procurement processes. Using standardized, comprehensive and scalable national contracting, SP ensures essential service products are of the highest reliability, performance, and have the least risk. Along with these qualitative advantages, SP benefits customers with expedited ordering power, leveraging its ability to pay 100% of purchase price up front. As a repeat buyer, SP can frequently obtain manufacturers' all-inclusive warranties covering both equipment and installation.

- SP's national account status, and customer master utility agreement shrink the time to replace end-of-life essential infrastructure from years to months.

- To maximize financial flexibility, SP has eliminated the win/lose nature of asset buyouts into a 100% taxpayer-friendly payment for remaining useful life. Traditional institutional purchasing disconnects asset usability with sourcing of funds, thus when an asset fails (as frequently happens), prior to the end of its financing, the payments continue. With SP, this situation is eliminated.