

ASSET MONETIZATION AND HIGHER EDUCATION

Securing Capital and Financial Security

COVID-19 has had a chilling effect on the higher education business model. Shortcomings in enrollment, the tuition discounting, and teaching delivery challenges have been exacerbated. As institutions seek to define the new normal of operations, reducing operating costs and securing alternative revenue sources is a priority.

Infrastructure Asset Monetization can be a viable means to achieve that priority. Through a variety of contracting structures, institutions can transfer substantial risk to a 3rd party. In the process, they may secure a significant unrestricted cash infusion, improved operating efficiency, funded capital improvements and potential cost reduction.

Fortunately, many institutions have untapped monetization sources on campus already. For example, a campus's energy infrastructure, such as its power generation and distribution systems, can be monetized to deliver a large influx of up-front capital through a long-term service arrangement with a qualified operator.

Over the last few years, Higher Ed institutions have implemented monetization transactions ranging in value from $10 million to over $1 billion, and have included the monetization of utility systems, parking facilities, residence facilities, conference centers, golf courses, laundry operations and even radio stations.

With interest rates being at historical lows, market timing for credit-worthy monetization transactions could not be better.

TAILORING THE STRUCTURE

Monetization transactions may be structured in alternative manners to best meet the needs of the host Higher Ed institution. This piece will focus on **monetization of utility assets**.

For example, several colleges have outright sold their utility systems to groups comprised of third-party financiers and qualified operators, giving up ownership and certain degrees of control tied to long-term utility service agreements. Other structures such as the host receiving a pre-paid capital asset lease and/or an upfront payment tied to a service concession agreement may provide the host college with ownership retention or, alternatively, ensure ownership reversion to the host at no cost upon the expiration of the agreement.

In addition, attention to proper tailoring of the structure can help protect the host and ensure that it retains control over the services provided, to whom they are provided, and the prices that may be charged.



EXTENSIVE INSTITUTIONAL BENEFITS

Monetizing infrastructure assets creates several institutional benefits. The foremost is the **transfer of financial risk associated with utility system deferred maintenance**. Most institutions have sizeable backlogs of deferred maintenance in their utility systems. This exposure becomes the responsibility of the generator and operator. As these partners invest in more efficient energy systems, the campus realizes a **reduction in carbon footprint**. Additionally, this is a credit-positive structure, allowing for **greater borrowing capacity** in the future. Finally, the institution receives **upfront capital infusion** to support its core mission.



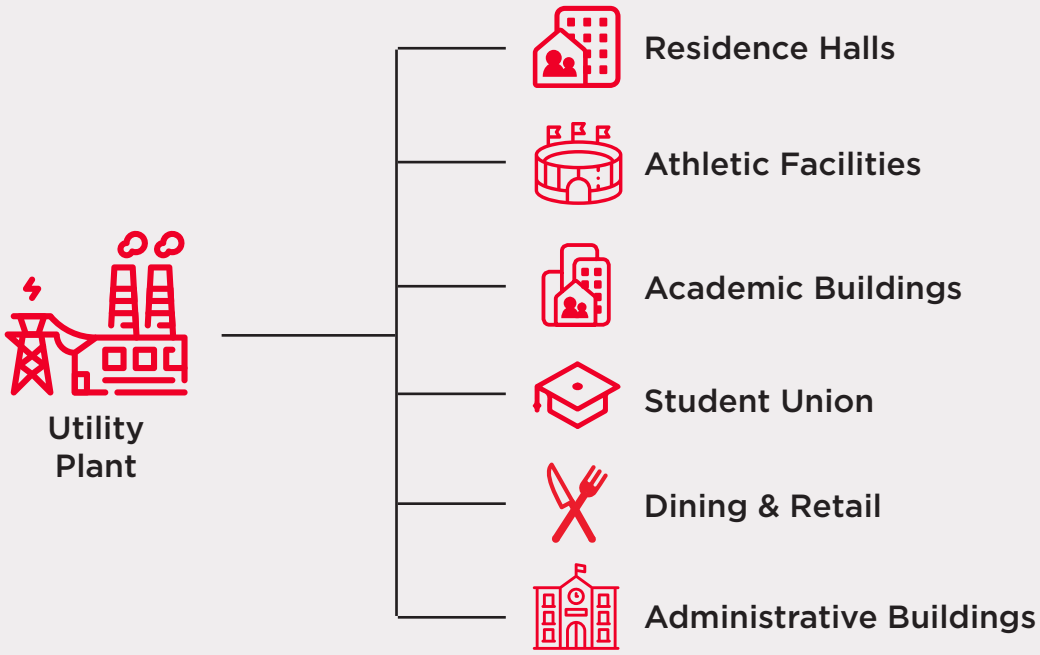
STRATEGIC PARTNERSHIPS CAN BRING FINANCIAL SECURITY

Monetizing utility infrastructure assets can help an institution by generating an up-front, non-restricted capital infusion. Additionally, Integrated Facilities Management (IFM) services routinely deliver operational savings. Both partnership models transfer substantial risk away from the institution. Together, they can provide greater levels of financial security than an institution might achieve on its own.

Other campus assets that can be monetized and bundled for greater benefit through Integrated Facilities Management include:

- Residence Hall
- Parking Features
- Conference Centers
- Golf Courses
- Retail

UTILITY ASSET MONETIZATION AND INTEGRATED FACILITIES MANAGEMENT



Energy Generator Partner

- Leases and operates generation assets and distribution systems
- Provides energy to campus
- Invests in generating asset upgrades and future CapEx
- Provides unrestricted capital to institution

Integrated Facilities Management Partner

- Manages physical assets beyond generation (i.e. building usage)
- Deploys energy management to reduce consumption and energy expense
- Provides cleaning, operations, maintenance, landscaping, dining, catering, and retail services
- Delivers efficiencies, savings, and revenue to the institution (either as up-front investment or annual streams)

Institution

- Receives upfront capital (some restricted for infrastructure improvements; some unrestricted for other institutional priorities)
- Transfers risk of many energy-related deferred maintenance backlog items to partners
- Reduces carbon footprint as energy conservation measures are implemented by partners
- Credit-positive structure maintains borrowing capacity

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ARAMARK CAN HELP

Does your institution need timely, significant, unrestricted cash to address institutional priorities while preserving debt capacity?

As Higher Education institutions face an uncertain financial future, Aramark can help in the evaluation of monetizing infrastructure or other related assets. We have worked together with various third-party capital sources for campus monetization programs. The groups include Infrastructure Financing Funds focused on campus utility infrastructure investments, 501(c)(3) not-for-profit financing entities focused on the Higher Ed marketplace, as well as traditional financing sources.

We can help you to assess the viability of monetization transactions, the structure options, and the processes involved to move forward on a selected basis. Depending upon the specific transaction and the needs of the institution, we can participate as appropriate in arranging and/or directly participating in the monetization program.

Aramark is currently engaged in P3 partnering with energy, facilities, and dining services solutions. We bring deep technical expertise in energy/utility solutions, facilities operations, commissioning, capital program management, and strategic planning. Together with our network of channel partners, we create ideal combinations to help institutions gain capital, transfer risk, and thrive in a new era.

Aramark is uniquely qualified to guide institutions through this challenging time. Let us share our technical and operational expertise to develop strategies that generate revenue and reduce cost.

Contact Aramark Today