

COMPREHENSIVE ENERGY MANAGEMENT

More information: go.osu.edu/CEMP

AT A GLANCE

Ohio State is recommending a \$1.165 billion public-private partnership that would establish the university as an international leader in sustainability while generating new resources to advance teaching, learning and research.

ENGIE North America and Axium Infrastructure are world leaders in energy services and sustainability. The new consortium created by ENGIE-Axium earned top marks from all review groups and for all components, including academic collaboration, technical, human resources and financial proposals.

How it would work: ENGIE-Axium would operate the systems that power, heat and cool the Columbus campus and install energy conservation measures campus-wide to meet the university's sustainability goals.

What Ohio State would get: In return for a 50-year lease, ENGIE-Axium would pay Ohio State \$1.015 billion upfront as well as an additional \$150 million (primarily upfront) in direct academic collaboration support. In addition, ENGIE-Axium would put up the capital funds for and install energy conservation measures and other improvements to Ohio State's energy infrastructure.

What we would pay: Ohio State would pay ENGIE-Axium an annual utility fee that includes three elements: an operating fee to cover costs (starting at \$9.2 million based on a three-year average of university costs), a fixed fee that starts at \$45 million and grows 1.5 percent a year, and a financial return for any capital investments it funds at the university. Capital investments will be 50/50 equity and debt, with initial rates of 9.35 percent and 3.691 percent, respectively.

HIGHLIGHTS OF BENEFITS

Upfront payment: \$1.015 billion

Initially, the proceeds would be invested into Ohio State's endowment, dedicated to priorities being finalized in the university's strategic plan. These are areas of investment:

- Student financial aid
- Compensation enhancements for faculty and staff to support competitiveness with academic peers
- Classrooms, research labs, and performance and arts spaces
- A fund to enhance sustainability efforts
- Other strategic initiatives

Academic collaboration: \$150 million

- \$50 million to create the Energy Advancement and Innovation Center, which would help technologies make the leap from R&D to commercial success
- \$25 million for student financial aid (on top of upfront funds)
- \$5 million for 500 internships
- \$9.5 million for faculty positions
- \$20 million for sustainability curriculum and initiatives; and staff development
- \$40.5 million for university philanthropy

Sustainability improvements: \$250 million (estimated)

Using its own capital funds, ENGIE-Axium will install campus-wide upgrades to improve our energy efficiency by 25 percent within 10 years.



FREQUENTLY ASKED QUESTIONS

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Why do we need a private partner to help with energy efficiency and conservation measures?

Sustainability is the driving force behind this project. We have made progress, but it is clear that we need to address energy efficiency from a campus-wide perspective to support our commitment to sustainability. To make significant progress toward energy efficiency, the university needs to consider partnering with specialists with the technical and financial ability to move the campus forward in a single, comprehensive project.

How has the university been consulted throughout this process?

Ohio State consideration of comprehensive energy management began in 2014. Since then, the university has used a deliberative, three-part process to evaluate potential bidders and develop a concession agreement that sets high standards for service while encouraging collaboration with students, faculty and staff. Three groups of faculty, staff and students provided advice on sustainability, technical details and other aspects of the project. Presentations have been made to governance committees and updates provided through campuswide emails and the project website (osu.edu/energymanagement). The process included more than 30 meetings with campus stakeholders, information sessions, and will include a presentation before University Senate on April 4 prior to going before the Board of Trustees in a public meeting on April 7.

How was ENGIE-Axium chosen?

Detailed reviews and scoring of the finalists were conducted by advisory groups composed of students, faculty and staff from the university. Representative groups evaluated either the academic collaboration, technical, or human resources components of the final bids. A fourth

group of senior staff evaluated the financial components separately. The groups worked in parallel. Each concluded independently that ENGIE-Axium was the strongest bidder. The university's recommendation is subject to approval by the Board of Trustees.

Who are ENGIE and Axium?

ENGIE is a global company that supplies electricity to 14 deregulated markets in the United States. ENGIE provides services to approximately 150 higher education and health-care facilities. Among its clients is the University of Maryland, where ENGIE runs energy operations that serve 262 buildings and manages upgrades to the steam, electricity and cooling systems. ENGIE has been named to the Dow Jones Sustainability World Index and the Dow Jones Sustainability Europe Index.

Axium Infrastructure manages two dedicated infrastructure investment funds, which have over \$1.5 billion in assets under management and \$1 billion in managed co-investments. Axium is an active investor in renewable energy with interests in over 2.5 GW of wind, solar, and hydroelectric power generation across North America.

What would happen to employees?

ENGIE-Axium would offer employment to all eligible Ohio State utility workers. The consortium says it would "structure the transition and the employment offers, including salary, benefits, and responsibilities, so that no current Utility System employees feel the need to seek other positions at the University to preserve their benefits or to seek employment elsewhere."

Those who prefer instead to remain employees of the university would be offered alternative positions at Ohio State at their current compensation levels.

