

**Ohio House Infrastructure and Rural Development Committee  
Testimony of Jahred Kallop  
Investment Director, Star America Infrastructure Partners, LLC**

**April 28, 2021**

**Proponent Testimony on House Bill 91**

Chairman Stolfus, Vice Chair Dean, Ranking Member Brown and Members of the Committee, thank you for the opportunity to provide testimony in support of House Bill 91 that would allow for state agencies, state institutions of higher education, counties, townships, municipal corporations, school districts, community schools, STEM schools, and college-preparatory boarding schools to potentially utilize public-private-partnerships on their future projects. We think this bill gives additional options to help facilitate critical infrastructure projects.

Star America is a developer and investor in infrastructure projects throughout the United States. We are proud to be partners with ACS, InfraRed, Beaver Excavating and John R. Jurgensen on the Ohio Department of Transportation's first Public Private Partnership project, the Southern Ohio Veteran's Memorial Highway.

This \$430 million capital project reached substantial completion several weeks ahead of schedule. The bid pricing and financing includes and provides for the design, construction, operations and maintenance of the highway. This includes a fixed price for routine and major maintenance over the thirty-five-year term with performance and handback requirements where if those standard are not met, the Ohio Department of Transportation would pay less.

Star America also develops and invests in new social infrastructure projects like the Howard County Courthouse, the 230,000 sq. ft., building in Maryland, alongside Edgemoor Infrastructure and Real Estate. Our team worked alongside the county's project team to incorporate additional items to be at least certified LEED Silver with a target of LEED Gold without any change to the Availability Payment.

This contract included a component of our pricing which was a fixed price from Johnson Controls for Facilities Management for the full thirty-year term following completion of construction. This price was based on a specific plan (like the plan required under House Bill 91, Section 168.05) which ensured the proper maintenance of the facility throughout the term of the agreement. The Public-Private agreement contained provisions setting forth building performance standards and requirements governing the project's condition at the end of the term guaranteeing that the Courthouse will be returned to Howard County in good condition. When the county commissioners approved this project, the contractual commitment to perform the maintenance was one of the items the council of commissioners highlighted as part of their deliberations.



These contractual provisions ensure that risk of maintaining the infrastructure and returning it in good shape at the end of the term to the private partner and there is appropriate security set up to ensure so, these assets should not add to the otherwise growing deferred maintenance and debt loads of states, counties, cities and public educational institutions.

Giving state agencies, state colleges and universities, public schools, counties, cities and other public entities in Ohio the ability to utilize, if they so choose, this Public Private Partnership procurement method to meet their needs for new public facilities will allow them to procure the design, building, financing and maintenance of public facilities through a single contract, providing a single source of accountability for all aspects of the project during the term of the agreement. It will allow for the transfer of many risks now held by the public authority to a private sector partner who often is in a better position to manage these risks, while still maintaining public ownership of the asset throughout the term.

Public Private partnerships also allow the private sector to bring innovative solutions to the infrastructure challenges of today that can incorporate solutions that include the full lifecycle of a project. Public Private partnerships with a long term maintenance aspect included allows for public sectors owners to benefit from private partners being to provide optimized solutions for the term of the project, versus only during construction under a typical design-build procurement. For instance, a private partner can provide one or more solutions that may be more expensive to construct, but is more cost effective over the term of the contract, while still meeting all of the required performance specifications.

This approach and the additional allowance of Alternative Technical Concepts permits bidders to share innovative concepts with the public partner. The typical process allows the client to provide feedback and ultimately determine whether these ideas will be allowed to be incorporated into that team's design. This promotes creativity and often provides the best value, over the entire lifecycle for the public owner.

This holistic approach to the procurement of the development of new facilities such as courthouses, government offices, student housing, academic buildings, laboratories and other facilities can allow the public sector to focus on its core mission and strengths while the private partner builds and maintains these important assets returning them in good shape at the end of the term, while providing budget and performance certainty.

Twelve other states allow for this procurement method to be used for public buildings or "social infrastructure" and Ohio can now utilize Public Private Partnerships for transportation projects such as the one Star America and its partners are operating for the Ohio Department of Transportation. Allowing this tool to be available for social infrastructure and building projects would allow various public entities to study their capital needs and find the projects which they think are right for this alternative procurement process.

Star America strongly supports the passage of House Bill 91. We look forward to having additional opportunities to partner with the State of Ohio as it builds its future.

Thank you.