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8 August 2017

UPDATE #3 to David Mann Chairman of the Special Committee for MSD Matters, the voters of Cincinnati and the Hamilton County Board of County Commissioners an open proposal with the **FAU Alternative Metropolitan Sewer District of Greater Cincinnati Operation Transition and Cooperation Agreement Commitment Letter** on over \$3B worth of contracting opportunities

This letter follows a draft summary update issued on the 3rd of August 2017 as the Friends of the African Union (FAU) Alternative MSD Operation Transition and Cooperation Agreement Commitment Proposal and made public 1 August 2017 at the joint meeting of the Hamilton County Board of County Commissioners (BOCC) and members of the city of Cincinnati City Council and the City Mayor.

It is the result of an extensive work began in 2012 by Hargrove Engineering LLC and presented in summary by then Hargrove Engineering Business Development Director, Hershel Daniels Junior (Co-Founder of Friends of the African Union), to the Board of the County Commissioners of Hamilton (BOCC) on 2012 in regards to a \$235M USD fixed price proposal for SSO5 as part of the 2012/2013 South Fairmont Sustains proposal. In this proposal, we addressed the potential order problem of the proposed MSD solution with a biosafe level IV based solution. FAU greatly appreciate the BOCC and City of Cincinnati (City) leadership judgment in the creation of an environment where the current parties to the MSD Case Consent Decree, the City and BOCC, can request that the Court terminate the Protective Order so that they may engage in public discussion of proposals to the multi-billion dollar MSD problem.

Upon due authorization by each party, this FAU Alternative MSD Operation Transition and Cooperation Agreement Commitment Letter ("Alternative Commitment Letter") shall, upon the voter approval of both BOCC and City, be binding upon the parties and then memorialized in a MSD Operation Transition and Cooperation Agreement ("Agreement"), whose drafting and implementation will be subject to the Court's continued mediation if needed, and then the Court's approval and Order taking continuing jurisdiction over, and enforcement of, the Agreement. The effective date of the Agreement shall be the date of entry of that Court Order ("Effective Date").

Under this Alternative Commitment Letter, the parties agree as follows:

1. Transfer of Operations.

The 1968 Operating Agreement shall be terminated and replaced by an agreement that shall transfer all of the operations of the Ohio Revised Code ("ORC") Chapter 6117 County Sewer District known as the Metropolitan Sewer District of Greater Cincinnati or MSD ("Sewer District") from the City and the BOCC, subject to the terms below, to a new company called the Queen City Public Private Partnership Company ("QCP3"). It shall own and operate MSD as a public private partnership and it shall be owned, in part with 20,000 households in Cincinnati owning .001% of QCP3 and 1,000 Hamilton county business 10%.



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2. Community Benefit Obligations (CBO).

QCP3 would agree to the following community benefit agreements:

A. Assume all debt associated with MSD issued by BOCC and City including expenses of the Consent Decree including over \$900M in current debt and based on this Commitment Letter up to \$6B in future debt.

B. QCP3 management multibillion dollar infrastructure will be overseen by investor driven team that has experience in not only cost cutting but in developing best practice state of the art solutions that are cost effective. It is led by an African American Engineering Team with over a billion dollars in project experience. This team will employ emerging technologies like cognitive computing monitors, tied to system wide sensor network, that will monitor our work around the clock and other forms of machine learning that can help enhance the sewer services we deliver to our clients

C. The Sewer District shall comply with all applicable laws regarding contacting, including those designed to address discrimination against women, minorities disadvantaged citizens, and small businesses and in addition QCP3 will also:

1. The Sewer District as a QCP3 enterprise shall not discriminate against any Sewer District employee or contractor based on race, gender, age, color, religion, disability status, marital status, sexual orientation or transgender status, or ethnic, national, or Appalachian regional origin;

2. adhere to the city Croson study and shall pay for such a study to be conducted on a countywide basis.

3. Protect the county economic development future with targeted rate payment subsidies i.e. because of the requirement to meet consent decree requirements our rate structure is meant to increase greater than those in surrounding governments and through these mechanisms we will meet that challenge.

4. Create a 2-billion-dollar fund for businesses in Hamilton county to work on projects for the sewer district that support the economic success of all American citizens in the County, including a steam based power plan to process over 100B in sewer water, and that support the City and BOCC commitment to promoting policies to promote and protect diversity and inclusion in their hiring and contracting practices.

5. Last year Governor John Kasich signed House Bill 180 as enacted by the General Assembly of Ohio. It reads, "To enact section 9.49 and to repeal sections 153.013 and 5525.26 of the Revised Code to prohibit a public authority from requiring a contractor to employ a certain percentage of individuals from the geographic area of the public authority for the construction or professional design of a public improvement." As a public private partnership sector project we can require contractor to employ a certain percentage of individuals from the geographic area (in this case Hamilton County) of the public authority for the construction or professional design of a public improvement (MSD Sewers).

D. Create a bioscience level IV containment system that created potable water that is used to grow food for the over 50,000 poor children of Hamilton county as part of a billion dollar CBO.



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E. By 2030 The QCP3 has the objective of bringing world class sewage treatment to over a billion people; with a focus on Africa. To do that QCP3 would make Hamilton county the smart sewer development capital of the world and export services worldwide. We would leverage our state of the art infrastructure as was planned by the US State Dept. in 2012 when the US government held the US Africa Business Conference here and featured MSD as a sales tool of the USA capacity to support the sewer needs of the 1.2 billion people of the 55 nations of Africa. It is expected that this plan of action will create over 5,000 high paying jobs by 2030 and under the agreement these would-be residents of the county.

F. Protect the ratepayer with a 2 billion investment in housing in the county that is lead free and whose long-term mortgage payments create profits that go into payments for sewer users based on this Community Benefit Agreements that would be financed by the sales of MSD that would have four components to it –

1. Create a MSD service area wide environmental monitoring network that would include monitoring all homes with experienced and potential sewer backup problems at no cost to homeowner.
 2. The QCP3 Rites of Passage Housing Program Public Housing Recapitalization will provide for current and future residents of public housing in the county in the building of new homes in mixed-use developments in the core city with an emphasis on building at least 5,000 single room occupancy units and 5,000 3-bedroom family units.
 3. The QCP3 New American Rites of Passage Housing Program is based on Everyone Deserves a Home will start with Veterans, then people with Disabilities, then Seniors, then new Adults till everyone in the county has a home and there is no one without including support for social and health program support like that needed for those addicted to drugs.
 4. In our The QCP3 New American Rites of Passage Housing Program Low-Moderate Income Housing program. We will concentrate on offering homes to our teacher's aides in our schools, child care professionals, home health care professionals, and low-income public service workers including those who have volunteered to serve in the Ohio National Guard or U.S Military as a special focus.
 5. The QCP3 Market Rate Housing program is ring safety back in the neighborhoods by offering the employees of MSD as well as police, deputy sheriffs, bailiffs and others in the Justice System as well as other government employees for below market rate loans to build a home in the city and or county, depending where employed. Furthermore, we would offer funds to all federal government employees to build a new home in the city and or the county, notwithstanding their credit score.
3. Assets and Bond Obligations.

BOCC and City disagree regarding their respective rights in certain assets ("Assets") of the Sewer District ("Dispute") and agree to sell to QCP3 the MSD assets and furthermore act as a partner with the QCP3 to apply for funding from the state through the state public private partnership law and the state infrastructure Bank and Controlling board based on an agreement if the Effective Date of the agreement is not on or



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before April 30, 2018, the parties agree to a short term extension of the 1968 Operating Agreement, effective through passage of this Commitment Letter by BOCC and the city. During these negotiations, the following shall be agreed to by all parties:

- A. The BOCC shall have the right to use all Assets which are or may be subject to the Dispute and shall not sell, transfer, lease, separate, or otherwise dispose of or encumber the Assets or any part thereof that would impair Sewer District bonds or other obligations payable from Sewer District revenues;
- B. The city will oversee a planning process starting in September 2017 that will be based on this agreement and facilitated by FAU using the as an update to Plan Cincinnati and that this update will be submitted to HUD as the plan of development for the city, subject to a final agreement to implement QCP3; and,
- C. The City shall not sell, transfer, lease, separate, or otherwise dispose of or encumber the Assets or any part thereof that would impair Sewer District bonds or other obligations payable from Sewer District revenues.

The parties otherwise reserve and do not waive their existing claims, defenses, and positions regarding the Assets but upon an agreement accepted by the court agree to waive their existing claims, defenses, and positions.

4. The Queen City Public Private Partnership Board of Directors.

The Queen City Public Private Partnership shall have a 11-member board of director ("QCP3 Board"), which shall have the power, authority, and duty (a) to oversee the Director of the Sewer District and daily operations of the Sewer District and (b) shall be obligated to report at least once a year to the BOCC and the city regarding the performance of the Sewer District Director and Sewer District. The QCP3 will oversee the Director and daily operations of the District by simple majority vote. The QCP3 Board shall have 3 appointed by BOCC and 2 by City – the City Manager shall appoint one and the city council the other. One member shall come from Hamilton county civil society, another member shall come from the African American community through a new coalition in formation of the that community in the city of Cincinnati and four members shall come from those supply the capital to implement this proposal.

5. Protection of Workforce and Pensions.

The QCP3 shall be a union company subject to collective bargaining agreements and applicable law. . All Sewer District employees shall be directed by and report to the Director, who shall have the delegated power to hire and fire Sewer District employees (subject to collective bargaining agreements and applicable law). All present Sewer District employees shall be QCP3 employees and shall be Members of the Cincinnati Retirement System ("CRS") for their pensions (unless the employee is already in the Ohio Public Employee Retirement System ("OPERS")).



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AFSCME and CODE will be recognized by the QCP3 as the exclusive bargaining representatives of their existing units at the Sewer District, the QCP3C will consent to and support certification of CODE and AFSCME as the exclusive representatives of said units if requested, and the QCP3 will enter into collective bargaining agreements with AFSCME and CODE on the same material terms as their existing agreements with the City except that the parties recognize that the eventual transition of all employee pensions from CRS or OPERS to a QCP3 Pension Fund will be desirable. Such to a QCP3 Pension Fund will be reinvested in Hamilton County based projects, with union employees, that give a market rate of return and meet standards of risk equal to CRS or OPERS and be capitalized at no more than \$300M.

Furthermore, the City is a party to the Collaborative Settlement Agreement and Consent Decree (entered by the Court on 10/5/15) ("Pension Decree"). The County is not a party to the Pension Decree. The QCP3 shall pay into CRS the employer share of pension contributions for Sewer District employees as determined by the Pension Decree or subsequent means by which the City's employer contribution is determined. Because the QCP3 will become the employer of Sewer District employees the City shall notify and consult with the QCP3 prior to agreeing to any change in the CRS employer's share applicable to Sewer District personnel or any change in the benefits to current or future Sewer District retirees.

Additionally, the QCP3 reserves the right, at its sole discretion, to seek to become an intervening defendant in the Pension Decree, which the City shall not oppose, for the purposes of participating in any potential change in the CRS employer's share applicable to Sewer District personnel or any change in benefits to current or future Sewer District retirees.

6. Odor-Related Matters.

In connection with the mediation, the BOCC and City agreed to implement a number of odor control projects, as listed in Exhibit 2, and agree to take future action as necessary to plan, design and construct them. To further address odor matters, a supennajority approval of the QCP3 Board is required for future Sewer District projects or actions which would result in the construction of new Sewer District wastewater treatment plants ("Plants") or materially increase the volume, or materially alter the types, of waste feedstocks transported into ("Material Change") the Sewer District's Plants and thus potentially increase odors unless it is contained in BioSafe level IV building(s). However, changes to the volume or content of wastewater (including separate and combined sewer flows) conveyed through MSD's sewage collection system and its treatment at the Plants shall not constitute a Material Change. Approval by the QCP3 shall not be unreasonably withheld. However, if emergency or other temporary exigent circumstance (e.g., if one Plant needs to transport and treat more waste because another is offline), Sewer District may make a Material Change to one or more Plants for a period not to exceed 120 days (which period may be extended upon approval by a supermajority of the QCP3, which shall not be unreasonably withheld). The foregoing notwithstanding, none of the requirements or restrictions of this Section shall apply if Sewer District is mandated to take an action by federal or state laws or regulations.



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7. The City and the County will be removed as a Co-Defendants in Federal Consent Decree.

The BOCC and the City shall be removed as defendants and QCP3 shall become the defendant who accepts the original premise in the 2006 Consent Decree (worth \$3.29B in contract dollars that year) for zero sanitary sewer waste water into the Ohio river, and shall not remain or act to become a party, to the MSD Case, except as necessary to enforce the Agreement. Court approval is required under the terms of the Consent Decrees in the MSD Case, and thus this is a condition precedent to the Agreement and Order.

8. A smooth transition will occur.

BOCC and City shall work collaboratively and expeditiously to prepare the Agreement and other necessary documents within 45 days of the approval of this Commitment Letter by their respective governments to enter into an agreement with QCP3. Each party shall delegate authority to execute the Agreement in its official action approving this FAU Alternative MSD Operation Transition and Cooperation Agreement Commitment Letter. The Agreement is intended to memorialize the terms of this Alternative Commitment Letter, but shall also provide necessary additional detail in order to ensure the terms of the Alternative Commitment Letter are fully implemented.

BOCC and City, respectively, shall select their members to the QCP3 board within 30 days after the Effective Date. The QCP3 board shall work expeditiously to provide the recommended candidate for Sewer District Director to the BOCC within 120 days after the acceptance by vote by the City and the BOCC. Planning for the transition of Sewer District operation from the City to QCP3 shall begin on the date of this Alternative Commitment Letter by FAU and allies. The term of the Agreement shall be the later of 45 years after the Effective Date or the date of termination of the MSD Case Consent Decree.

9. FAU Backgrounder

Friends of the African Union (FAU) is an economic, social, humanitarian, charitable, educational and new media civil-society ruling body founded to work for the benefit of the African Union and the African diaspora in their host countries.

FAU supports the organization of peoples of African descent in the United States of America (USA) to join us in changing the lives of Africans worldwide by our collective action. In doing so we will call on their self-interest as the currently most wealthy group of Africans worldwide and as citizens of one of the 14 nations which in February 26, 1885 founded modern Africa through the General Act of the Conference of Berlin.

FAU supports the creation of a new United Nations (UN) Sustainable Development Goal based plan between the United States of America and the African Union. One that is supportive of people of African descent in the USA and would be sustainable not only in Africa but also in the host countries of the African Diaspora. We are proposing Cincinnati as the infrastructure center of this proposal.



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We the people of the United States who qualify as members of the African diaspora as per actions in 2005 of the African Union Assembly when it defined the African Diaspora as "... peoples of African descent and heritage living outside the continent, irrespective of their citizenship, and who remain committed to contribute to the development of the continent and the building of the African Union.", in order to form a more perfect union between the people of the African Union and the United States of America, establish justice and the rule of law equally applied to all people, ensure global tranquility, provide for the common defense of the people of the African Union, promote the general welfare for the people of the African Union, and secure the blessings of liberty to ourselves and our posterity, do ordain and establish this Constitution for benefit of the people of the African Union in the United States of America in FAU EDcorp, Inc., a New York company in good standing as a founding member of QCP3.

The FAU Partnership for Sustainable Communities a DBA of FAU, C.A.S.H. Community Development, the Access to Capital Institute and Global Business Incubation Inc is looking for partners to fully integrate sustainable community development through the creation of Queen City Private Public Partnership Co.

WE DEMONSTRATE THIS PROGRAM IN HAMILTON COUNTY FOR THE NATION & BY 2018 TO BE IN 300 REGIONS

Queen City Public Private Partnership Co. = QCP3

The implementation of the FAU Alternative Metropolitan Sewer District of Greater Cincinnati Operation Transition and Cooperation Agreement Commitment has the objection of bring world class sewage treatment to over a billion people. Under this plan we would have thousands of African, Asian and Indigenous people coming to Cincinnati for infrastructure training and to New York for UN/AU Training.

Friends of the African Union, is a Ohio non reporting unincorporated association created in 2012 and has a global non profit fiduciary agreement in place with CADDO Assets Services Help Community Development and a UN civil society joint venture with New Future Foundation.