



LOCAL GOVERNMENTS AND RURAL WATER SYSTEMS IMPROVEMENTS BOARD

November 21, 2022

City of Jackson
Fidelis Malembeka, CFO
Office of the Chief Financial Officer
Jackson City Hall
219 S. President St.
Jackson, MS 39201

Dear Fidelis,

Your letter of October 11, 2022, outlining the extraordinary and unprecedented circumstances related to the Jackson Water Crisis and requesting unique and exceptional consideration for principal forgiveness and refinance of current loans including the City's request to waive the current \$500,000 cap on principal forgiveness, award 25% principal forgiveness subsidy, and to extend refinancing to the City for current loans at a 0% interest rate was reviewed by the Board to help maximize the City's ability to take advantage of all funding sources available to support remediation and recovery efforts related to the unprecedented water crisis.

A review of your request by attorneys providing counsel to the Board found that Article 4, Section 100 of the Mississippi Constitution prohibits the Board from forgiving the principal of the City of Jackson's existing SRF loans which include DWI-L25008-01 (loan 1) and obligated portions of DWI-L25008-02 (loan 2).

No obligation or liability of any person, association, or corporation held or owned by this state, or levee board, or any county, city, or town thereof, shall ever be remitted, released or postponed, or in any way diminished by the legislature, nor shall such liability or obligation be extinguished except by payment thereof into the proper treasury; nor shall such liability or obligation be exchanged or transferred except upon payment of its face value; but this shall not be construed to prevent the legislature from providing by general law for the compromise of doubtful claims.

During a Board meeting held November 18, 2022, the Drinking Water Systems Improvements Revolving Loan Fund Program recommended the following in response to the City's request for refinancing and principal forgiveness during the unique situation of the current Mississippi State Department of Health (MSDH) declared Drinking Water Emergency, the Governor's declared State of Emergency, and President Biden's Federally Declared Emergency:

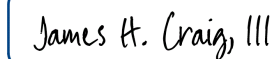
1. Jackson's loan DWI-L25008-02 shall be closed at the amount disbursed to date and refinanced with loan DWI-L25008-01's remaining principal balance at 0% interest and up to a 30-year repayment term.
2. Loan DWI-L25008-03's agreement shall be amended to include the remaining undisbursed amount from loan DWI-L25008-02 at 0% interest and up to a 40-year repayment term.
3. The current cap of \$500,000 in principal forgiveness shall be waived for loan DWI-L25008-03 (as amended above) and principal forgiveness at the appropriate Intended Use Plan rate of 25% shall be applied to the final disbursed amount of the loan.

After weighing its responsibilities and considering the rules, regulations, and laws of the Program, State, and Federal Government, the **Board passed a motion to approve the Program's recommendations**. We believe this action satisfies the City's request to the extent possible. The Program believes all necessary tasks involved to satisfy this action can be completed over the next 90 days.

We request a formal response be received from the City regarding their intent to proceed with the program's recommendations prior to these actions being put into motion. If you have any questions or feedback, please contact Lee Alford, Drinking Water Systems Revolving Loan Fund Program Director, at 601-576-7738 or Bobby.Alford@msdh.ms.gov.

Regards,

DocuSigned by:



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James H. Craig, III, MPH

Board Chairman

Local Governments and Rural Water Systems Improvements Board