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NOTICE OF RULE ADOPTION—FINAL RULE

FILED
JAN 28 2010

STATE OF MISSISSIPPI
Local Governments and Rural Water Systems Improvements Board

MISSISSIPPI
SECRETARY OF STATE

Local Governments and Rural Water System
Improvements Board
c/o William F. Moody
P.O. Box 1700,
570 East Woodrow Wilson, Suite 232
Jackson, MS 39215-1700
(601) 576-7518
wmoody@msdh.state.ms.us
Date Rule Proposed: December 18, 2009

Specific Legal Authority Authorizing the promulgation of
Rule: Mississippi Code Ann. § 41-3-16

Reference to Rules repealed, amended or suspended by the
Proposed Rule: FY-2010 Intended Use Plan

Explanation of the Purpose of the Proposed Rule and the reason(s) for proposing the rule: This will be the Final
FY-2010 Intended Use Plan which will show projects to be funded and the terms of the assistance.

The Agency Rule Making Record for this rule including any written comments received during the comment period
and the record of any oral proceeding is available for public inspection by contacting the Agency at the above address.

An oral proceeding was held on this rule:

Date: Friday, January 22, 2010
Time: 9:00 A.M.
Place: Mississippi Department of Health
2423 North State Street (Underwood Building) U-232
Jackson, Mississippi

An oral proceeding was not held on this rule.

The Agency has considered the written comments and the presentations made in any oral proceedings, and

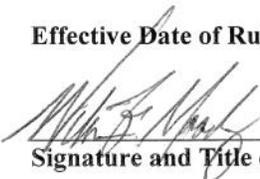
This rule as adopted is without variance from the proposed rule.

This rule as adopted differs from the proposed rule as there are minor editorial changes which affect the form
rather than the substance of the rule.

The rule as adopted differs from the proposed rule. The differences however are:
Within the scope of the matter in the notice of proposed rule adoption,
The logical outgrowth of the contents of the Notice of Proposed Rule Adoption and the comments submitted
response thereto, and The Notice of Proposed rule Adoption provided fair warning that the outcome of the proposed
rule adoption could be the rule in question.

The entire text of the Proposed Rule including the text of any rule being amended or changed is attached.

Effective Date of Rule: February 22, 2010


Signature and Title of Person Submitting Rule for Filing
DIRECTOR, DRINKING WATER SRF



LOCAL GOVERNMENTS AND RURAL WATER SYSTEMS
IMPROVEMENTS BOARD

MEMORANDUM

Date: January 28, 2010

To: Mayors, Presidents of Boards of Supervisors, County Administrators, Presidents of Rural Water Associations, Consulting Engineers, and Other Interested Parties

From: James H. Craig, III, Chairman
Local Governments and Rural Water Systems Improvements Board

Subject: Drinking Water Systems Improvements Revolving Loan Fund (DWSIRLF) Program
Final FY-2010 Intended Use Plan (IUP)

Final FY-2010 Intended Use Plan and Potential Increase in Funding for the DWSIRLF

The Local Governments and Rural Water Systems Improvement Board (Board) established a public comment period on the Final FY-2010 IUP for the DWSIRLF Loan Program through 9:00 a.m. on January 22, 2010. Written comments were received until that time at the address noted below.

The Board held a public hearing at 9:00 a.m., Friday, January 22, 2010, in Room U-232, in the offices of the Mississippi State Department of Health (MSDH), located at 2423 North State Street (Underwood Building) in Jackson, Mississippi, to receive written or verbal comments on the document. No comments were received.

As previously stated, the DWSIRLF could receive additional funding from the "Jobs Bill" in the amount of **\$10.0 Million** for loans to the State's water systems and set-asides. Loans made with either the regular capitalization grant funds or the "Jobs Bill" funds will include varying amounts of **principal forgiveness**, so it is vital for ranked systems to keep their projects on schedule. It is anticipated that every loan will receive some amount of principal forgiveness up to half of the Jobs Bill allotment and 30% of the FY-2010 Regular Capitalization Grant. The amount of principal forgiveness is based on the water system's median household income (MHI) vs. the State's MHI. Details on amount forgiven per system are outlined on page 15 and listed on the priority and planning lists of the IUP beginning page 24. Once the subsidized funding limits have been reached, the program will resume with normal loan parameters (i.e., interest rate, repayment terms, etc.). Furthermore, both grants require that 20% of the funds must go to the construction of "Green Infrastructure" as defined in EPA guidelines. To achieve this requirement, projects of higher ranking may be by-passed by lower ranked projects.

The Final FY-2010 IUP reflects a 1.95% loan interest rate for all FY-2010 projects with a 20-year repayment period. It also includes a limit of one project per loan recipient with a maximum loan amount of \$5,000,000. The Final FY-2010 IUP contains a Priority List of projects to

receive loan funding which has been prioritized in accordance with criteria previously approved by the Board.

The Board urges all applicants with projects on the FY-2010 Priority List to pay particular attention to Sections A. (pages 14-16) and D. of the Priority System (page 22) which establishes guidelines for the use of funds associated with the federal appropriations and certain deadlines for FY-2010 projects. These deadlines have been established to insure that funds are reserved only for projects that are proceeding in a timely manner toward loan award.

Potential loan recipients with projects shown on the FY-2011 and After Planning List are strongly encouraged to continue working on their projects. Additional funds may become available for award during the year should funded projects fail to meet the established deadlines within the priority system. These released funds will be made available on a first-come-first-served basis to FY-2010 “catch-up” projects which proceed and meet all requirements for loan award in FY-2010. This is particularly important due to the **proposed funding timeline requirement that projects must be under construction or under contract by one year after the signing the Jobs Bill (yet to be determined).**

If you are interested in a low interest loan for a project with potential principal forgiveness, you must **act quickly** to submit a ranking form and get started on your facilities plan in the event that additional funding is made available. The ranking form is available at the website listed below.

Additionally, systems having projects on the FY-2010 Priority List and Planning Lists **must** complete and return the enclosed “**Green Infrastructure Project Detail Form**”, if they wish to be considered for funds with principal forgiveness and Green Infrastructure credit. As mentioned previously, the State must fund 20% toward Green Infrastructure. To meet the requirement, non-green projects will be bypassed in order to achieve this funding requirement.

Potential loan recipients and their consulting engineers needing additional information on program requirements should review current **guidelines and memos available to aid in compliance**. The guidelines, memos and necessary forms can be found at our website www.healthyms.com/dwsrf.

Copies of the Final FY-2010 IUP, current Green Infrastructure FAQ and the Green Detail Form are being mailed to those prospective loan recipients who have projects listed on the FY-10 Priority List or the FY-2011 and After Planning List, their consulting engineers, and those parties who have requested to have their names placed on the Priority System Mailing List. If you did not receive a copy of these documents, but would like one, you can download a copy from the MSDH website at www.healthyms.com/dwsrf, or contact Jennifer King at (601) 576-7518, and a copy or copies will be mailed to you.

We look forward to receiving your input on these documents. If you have any questions, or if we may be of assistance, please contact Ulysses Conley at (601) 576-7518.

Enclosures