

NEWS RELEASE

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Contact:

Debbie George

757-514-4106

757-374-1770

SOUND FINANCIAL PRACTICES LEAD TO LOW CAPITAL PROJECTS INTEREST RATE

SUFFOLK, Va. (October 29, 2008) Because of a sound financial outlook, the City of Suffolk was able to obtain an unusually low interest rate in the recent negotiation of bond financing. The financing of \$16.3M capital budget was completed yesterday. City officials were able to secure the financing, at a rate of 4.98% average interest. This rate was surprisingly low, given the recently volatile municipal bond market. The sale with Banc of America is scheduled for closing on November 12, 2008.

Banc of America indicated that the City's recent bond rating upgrade and significantly improved financial outlook contributed greatly to their decision to partner with the City in this financing. David Rose, Senior Vice President at Davenport and Company and financial advisor to the City said, "The recent bond rating upgrade by Standard and Poor's as well as the positive rating outlooks by the other two rating agencies made the entire bond sale process easier, faster and more cost effective. Banc of America sold a substantial portion of these bonds to Virginia individual investors." Rose further stated, "They were comfortable selling these bonds to their Virginia customers knowing that the City has returned to financial stability."

More than 50% of the funds are targeted for critical projects including the Kings Fork Public Safety Center. That Center will house Fire and Emergency Medical Services Administration, the Fire Prevention Bureau, the City's Emergency Operations Center and Fire Station #6. Fire Station #6 will include 3 twenty-four hour duty shifts of 12

firefighters each and will staff a fire engine, a ladder truck and an ambulance to serve the area. The project is anticipated for completion by December 2009. Other critical projects include phased installments to support the construction of an Operations Maintenance Facility, and transportation needs in support of economic development in the City.

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