

MEDIA RELEASE
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Contact:
Debbie George
757-514-4106
757-374-1770

CITY OF SUFFOLK SELLS BONDS UNDER 4%

SUFFOLK, VA (November 4, 2009) On October 28, 2009 the City of Suffolk successfully sold \$27 million of long term, fixed rate bonds to help finance its growing Utility System. Bolstered by a series of credit rating upgrades over the past 12 months including most recently by Standard & Poor's, Suffolk was able to lock-in 30-year money with an all-in cost of funds of 3.98%. Mayor Linda Johnson spoke for the entire Council when she said that "this achievement underscores the importance of adhering to our self-imposed Financial Policy Guidelines. Wall Street's acceptance of our financial operations was evident in the extremely favorable interest rate we achieved". David Rose, the City's Financial Advisor from Davenport & Company, noted that the strong reception in the marketplace resulted in an actual interest rate well below that which the City planned for. Specifically, Rose added, the "annual debt service savings is roughly \$350,000 and \$9.7 million over the life of the bond issue".

Earlier last month, City Manager, Selena Cuffee-Glenn, and several of her staff along with the Mayor and Davenport representatives went to New York to present the City's financial picture. Included in those meetings was a summary of the Fiscal Year 2009 financial results wherein the City was able to add to its Undesignated Fund Balance despite a national economic recession. City Manager Selena Cuffee-Glenn, cited that the rating agencies written reports following these meetings specifically noted their comfort with the City's multi-year plan of finance for both the Utility System improvements and ongoing General Fund requirements.

The City's Director of Public Utilities, Albert S. Moor II, P.E., stated the significance of this bond sale allows the City to continue to move forward with the necessary water and sanitary sewer system improvements to meet the City's growth and regulatory requirements, while providing the funds at a reduced interest cost beneficial to the City's utility customers.

The City currently enjoys "AA range" credit rating from all three Credit Rating Agencies – Standard & Poor's, Fitch Ratings, and Moody's. However, the results of the sale, when compared to other issues sold that date reflect the City's actual interest rate at the very top end of the "AA range". Additionally, the City was able to take advantage of the recent Federal Stimulus and its Build America Bonds Program, which has achieved excellent receptivity in the municipal marketplace. The lead underwriters Wells Fargo Securities and BB&T Capital Markets recommended this approach, which saved the City additional debt service monies.

The City's Finance Director, Dale Walker, pointed out that "the Utility System improvements are paid solely by the users of the system and as such are not an obligation of the General Fund". This situation is ideal, said Walker, because it removes any fiscal pressure on the General Fund. In turn, both the General Fund and the Enterprise Utility Fund are stronger.

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