

RESOLUTION NO. 11725-08

A RESOLUTION OF THE COUNCIL OF THE CITY OF NEWPORT NEWS, VIRGINIA, APPROVING THE MODIFICATION OF A REVENUE BOND ISSUED BY THE INDUSTRIAL DEVELOPMENT AUTHORITY OF THE CITY OF NEWPORT NEWS, VIRGINIA, FOR THE BENEFIT OF THE PENINSULA SOCIETY FOR THE PREVENTION OF CRUELTY TO ANIMALS.

WHEREAS, the City Council of the City of Newport News, Virginia (the Council), approved the issuance by the Industrial Development Authority of the City of Newport News, Virginia (the IDA), of its \$450,000 Revenue Bond (Peninsula SPCA Project), Series 2001 (the Bond) for the benefit of the Peninsula Society for the Prevention of Cruelty to Animals, Inc. (the Company); and

WHEREAS, TowneBank (formerly Harbor Bank)(the Bank) purchased the Bond; and

WHEREAS, the Bond bears interests at a variable rate and has a maturity date of October 1, 2008; and

WHEREAS, the IDA, the Company and the Bank have agreed to extend the maturity of the Bond for five (5) years (to October 1, 2013) and to adjust the interest rate thereon to a fixed rate of 4.40% per annum (from a variable rate equal to 88% of the prime rate of interest quoted in The Wall Street Journal on the first day of each month) under the same terms and conditions established under the documents and instruments securing the Bond; and

WHEREAS, it is necessary to promptly implement such extension of maturity and interest rate adjustment and, as required by Virginia and Federal law, for the Council to approve such extension of maturity and interest rate adjustment after the IDA has held a public hearing on such matters; and

WHEREAS, a public hearing was held by the IDA on October 3, 2008, with respect to the matters described above and after such public hearing the IDA approved the modification of the Bond as described above and recommended that the Council approve the modification of the Bond.

NOW, THEREFORE, BE IT RESOLVED by the Council of the City of Newport News, Virginia:

1. That the recitals made in the preambles hereto are hereby adopted as part of this Resolution.
2. That it is hereby found and determined that the issuance of the Bond benefitted the inhabitants of the City of Newport News, Virginia, and promoted economic development therein.
3. That the extension of the maturity of the Bond to October 1, 2013, and the adjustment of the interest rate thereon to a fixed rate of 4.40% per annum is hereby approved.

4. That the approval of the modification of the Bond does not constitute an endorsement to the Bank or a prospective purchaser of the Bond of the creditworthiness of the Company and, as required by Virginia law, the Bond shall provide that neither the Commonwealth of Virginia, the City of Newport News nor the IDA shall be obligated to pay the principal of, premium, if any, or the interest on the Bond or other costs incident thereto except from the revenues and monies pledged therefor and neither the faith and credit nor the taxing power of the Commonwealth of Virginia, the City of Newport News or the IDA shall be pledged thereto.

5. That the City, including the members of this Council, its officers, employees and agents, shall not be liable and hereby disclaims all liability for any damage to the Company, or any other person, direct or consequential, resulting from the Authority's failure for any reason to modify the Bond as described herein.

6. That this resolution shall be in effect on and after the date of its adoption, October 14, 2008.

PASSED BY THE COUNCIL OF THE CITY OF NEWPORT NEWS ON OCTOBER 14, 2008

Mabel V. Washington, CMC
City Clerk

Joe S. Frank
Mayor

A true copy, teste:

City Clerk