

*In the opinion of Bond Counsel, under existing statutes and court decisions, and assuming compliance with the tax covenants referred to herein, interest on the Bonds (i) is not included in gross income for federal income tax purposes pursuant to Section 103 of the Internal Revenue Code of 1986, as amended (the "Code"); and (ii) is not treated as a preference item in calculating the alternative minimum tax imposed under the Code with respect to individuals and corporations, but is, however, included in the adjusted current earnings of certain corporations for purposes of calculating the alternative minimum tax imposed with respect to such corporations. See "TAX MATTERS" herein for a description of certain provisions of law which may affect the federal tax treatment of interest on the Bonds. In the opinion of Bond Counsel, under the existing laws of the Commonwealth of Virginia, interest on the Bonds is not includable in computing the Virginia income tax.*

**\$39,270,000**  
**Industrial Development Authority  
of the  
City of Portsmouth, Virginia**  
**Revenue Bonds, Series 1999**  
**(Hotel, Conference Center & Parking Garage Project)**

**Dated: March 1, 1999**

**Due: April 1, as shown below**

The Bonds are being issued by the Industrial Development Authority of the City of Portsmouth, Virginia (the "Authority"), pursuant to the terms of an Indenture of Trust, dated as of March 1, 1999 (the "Indenture"), by and between the Authority and Crestar Bank, Richmond, Virginia, as trustee (the "Trustee") to (i) provide funds to be used in the furtherance of a certain development project of the Authority; (ii) purchase a surety bond to satisfy the Reserve Fund Requirement; and (iii) pay costs of issuing the Bonds. The Bonds will be limited obligations of the Authority and will be payable solely from and secured by (i) payments made under a Cooperation Agreement, dated as of March 1, 1999, by and between the Authority and the City of Portsmouth, Virginia (the "City"); (ii) a leasehold mortgage on certain property owned by the City; and (iii) funds deposited with or held by the Trustee for the benefit of the owners of the Bonds under the Indenture. See "SECURITY FOR THE BONDS" herein.

The scheduled payment of principal and interest on the Bonds when due for payment will be guaranteed under an insurance policy to be issued concurrently with the delivery of the Bonds by Financial Security Assurance Inc.



The Bonds are issued as fully registered Bonds and will be initially registered only in the name of Cede & Co., as nominee of The Depository Trust Company, New York, New York ("DTC"), which will act as securities depository for the Bonds. Bonds will be available to purchasers in denominations of \$5,000 and integral multiples thereof under the book-entry only system maintained by DTC through brokers and dealers who are, or act through, DTC participants. Purchasers will not receive delivery of the Bonds. For as long as any purchaser is the beneficial owner of a Bond, such purchaser must maintain an account with a broker or dealer who is, or acts through, a DTC participant to receive payment of principal of, premium, if any, and interest on such Bond. See the section entitled "DESCRIPTION OF THE BONDS — Book-Entry-Only System" herein.

Interest on the Bonds is payable semiannually on April 1 and October 1 each year, commencing October 1, 1999. The Bonds are subject to optional and mandatory sinking fund redemption prior to their maturities as set forth in the Indenture and as described under "DESCRIPTION OF THE BONDS — Redemption of Bonds" herein.

**MATURITIES, AMOUNTS, INTEREST RATES AND YIELDS**  
**\$16,510,000 Serial Bonds**

<b>Due (April 1)</b>	<b>Principal Amount</b>	<b>Interest Rate</b>	<b>Price or Yield</b>	<b>Due (April 1)</b>	<b>Principal Amount</b>	<b>Interest Rate</b>	<b>Price or Yield</b>
2001	\$685,000	3.50%	100%	2010	\$ 980,000	4.40%	4.45%
2002	715,000	3.70	100	2011	1,025,000	4.50	4.55
2003	740,000	4.00	3.80	2012	1,075,000	4.50	4.65
2004	770,000	4.00	3.90	2013	1,120,000	4.70	4.75
2005	800,000	4.00	100	2014	1,170,000	5.125	4.85
2006	835,000	4.10	100	2015	1,230,000	5.125	4.90
2007	870,000	4.10	4.20	2016	1,295,000	5.125	4.95
2008	900,000	4.20	4.25	2017	1,360,000	5.125	5.00
2009	940,000	4.30	4.35				

\$6,165,000 5.00% Term Bonds due April 1, 2021-Yield 5.10%  
\$16,595,000 5.00% Term Bonds due April 1, 2029-Yield 5.14%  
(Accrued interest to be added from March 1, 1999)

THE BONDS WILL BE LIMITED OBLIGATIONS OF THE AUTHORITY PAYABLE SOLELY FROM CERTAIN REVENUES AND FUNDS PLEDGED FOR THEIR PAYMENT UNDER THE TERMS OF THE INDENTURE. NEITHER THE COMMONWEALTH OF VIRGINIA OR ANY POLITICAL SUBDIVISION THEREOF (INCLUDING THE AUTHORITY AND THE CITY OF PORTSMOUTH), SHALL BE OBLIGATED TO PAY PRINCIPAL OF, PREMIUM, IF ANY, OR INTEREST ON THE BONDS OR OTHER COSTS INCIDENT THERETO, EXCEPT FROM THE REVENUES AND MONEYS PLEDGED THEREFOR AND NEITHER THE FAITH AND CREDIT NOR THE TAXING POWER OF THE COMMONWEALTH OF VIRGINIA OR ANY POLITICAL SUBDIVISION THEREOF (INCLUDING THE AUTHORITY AND THE CITY OF PORTSMOUTH) IS PLEDGED TO THE PAYMENT OF THE PRINCIPAL OF, PREMIUM, IF ANY, AND INTEREST ON THE BONDS OR OTHER COSTS INCIDENT THERETO. THE AUTHORITY HAS NO TAXING POWER. NEITHER THE DIRECTORS OF THE AUTHORITY NOR ANY PERSON EXECUTING THE BONDS ON BEHALF OF THE AUTHORITY WILL BE LIABLE ON THE BONDS BY REASON OF THE ISSUANCE THEREOF.

*The Bonds are offered for delivery when, as and if issued, subject to the approval of their validity by Hawkins, Delafield & Wood, New York, New York, Bond Counsel. Certain legal matters will be passed upon for the Authority by its counsel, Donald C. Kilgore, Esquire; for the City by the City Attorney of Portsmouth, G. Timothy Oksman, Esquire; and for the Underwriters by their counsel, Hunton & Williams, Richmond, Virginia. It is expected that the Bonds will be available through the facilities of DTC, New York, New York on or about March 11, 1999.*

**FIRST UNION CAPITAL MARKETS CORP.**

**CRAIGIE INCORPORATED**  
A BB&T Company

**DAVENPORT & COMPANY LLC**

Dated: March 4, 1999

**CITY OF PORTSMOUTH, VIRGINIA**  
**YEARLY MATURITY OF LONG-TERM DEBT - GENERAL DEBT**  
**JUNE 30, 2001**

Hotel

COOP AGREEMENT OBLIGATION

<u>FISCAL</u> <u>YEAR</u>	<u>PRINCIPAL</u>	<u>INTEREST</u>	<u>TOTAL</u>
2002	715,000	1,854,309	2,569,309
2003	740,000	1,827,853	2,567,853
2004	770,000	1,798,254	2,568,254
2005	800,000	1,767,453	2,567,453
2006	835,000	1,735,454	2,570,454
2007	870,000	1,701,218	2,571,218
2008	900,000	1,665,549	2,565,549
2009	940,000	1,627,749	2,567,749
2010	980,000	1,587,329	2,567,329
2011	1,025,000	1,544,209	2,569,209
2012	1,075,000	1,498,084	2,573,084
2013	1,120,000	1,449,709	2,569,709
2014	1,170,000	1,397,069	2,567,069
2015	1,230,000	1,337,106	2,567,106
2016	1,295,000	1,274,069	2,569,069
2017	1,360,000	1,207,700	2,567,700
2018	1,430,000	1,138,000	2,568,000
2019	1,500,000	1,066,500	2,566,500
2020	1,580,000	991,500	2,571,500
2021	1,655,000	912,500	2,567,500
2022	1,740,000	829,750	2,569,750
2023	1,825,000	742,750	2,567,750
2024	1,915,000	651,500	2,566,500
2025	2,010,000	555,750	2,565,750
2026	2,115,000	455,250	2,570,250
2027	2,220,000	349,500	2,569,500
2028	2,325,000	238,500	2,563,500
2029	2,445,000	122,250	2,567,250
<b>TOTALS</b>	<b>38,585,000</b>	<b>33,326,864</b>	<b>71,911,864</b>

**LIMITED OFFERING MEMORANDUM  
FOR QUALIFIED INVESTORS ONLY**

NEW ISSUE--BOOK-ENTRY ONLY

Fitch: AA-/F-1+  
Moody's: A1/VMG-1  
S&P: AA-/A-1+  
(See "Ratings" herein)

*In the opinion of Bond Counsel, under current law and subject to conditions described in "Tax Exemption," interest on the Bonds will be exempt from taxation by the Commonwealth of Virginia and any political subdivision thereof. No opinion is expressed by Bond Counsel as to the exclusion of the interest on the Bonds from gross income for federal income tax purposes.*

**\$13,000,000  
Industrial Development Authority of the City of Portsmouth (Virginia)  
Taxable Variable Rate Public Facility Revenue Bonds  
(Performing Arts Center Project),  
Series 2001**

**Dated: July 19, 2001**

**Due: July 1, 2011**

The Bonds will be limited obligations of the Authority and will be payable solely from and secured by, (i) a pledge of payments made under a Cooperation Agreement dated as of March 23, 2000 (the "Cooperation Agreement") between the Authority and the City of Portsmouth, Virginia (the "City") as amended and supplemented, (ii) funds deposited with or held by The Bank of New York, as trustee (the "Trustee") for the benefit of the owners of the Bonds under an Indenture of Trust dated as of July 1, 2001 (the "Indenture") by and between the Authority and the Trustee, and (iii) funds drawn upon a Liquidity Facility hereinafter described issued by:

**Bank of America, N.A.**

(the "Liquidity Facility Provider"). The Liquidity Facility will expire, unless earlier terminated or unless renewed or extended, on July 19, 2011. See "The Liquidity Facility."

Under the Cooperation Agreement, the City is obligated to transfer to the Authority, at least one Business Day (as defined herein) before payment is due, an amount sufficient to pay principal of, premium, if any, and interest on the Bonds when due, and 100% of the principal amount of any Bond tendered or deemed tendered pursuant to the Indenture plus accrued interest thereon (the "Purchase Price"). The payment obligations of the City under the Cooperation Agreement constitute a valid and binding general obligation of the City to which the City's full faith and credit are pledged. See "The Cooperation Agreement."

The Bonds initially will bear interest at the Short Term Rate for a Short Term Period of one week in duration, as more fully described herein, determined on the first day of each such Short Term Period (or if such day is not a business day the immediately preceding business day), and payable on the first business day of each month. The Short Term Rate will be determined by Morgan Keegan & Company, Inc., as Remarketing Agent, on the basis of prevailing financial market conditions. The City may adjust the duration of the Short Term Period and may also convert the Interest Period to another type of Interest Period, subject to certain conditions set forth in the Indenture, as described herein. See "The Bonds."

Bonds bearing interest at the Short Term Rate will be issuable as fully registered Bonds in denominations of \$100,000 each and multiples of \$5,000 in excess thereof. The Bonds, when issued, will be registered in the name of Cede & Co., as nominee of The Depository Trust Company, New York, New York ("DTC"). DTC will act as securities depository for the Bonds. Purchases will be made in book-entry only form and no physical delivery of the Bonds will be made to Beneficial Owners (as herein defined). Payment of principal and Purchase Price of, premium, if any, and interest on the Bonds will be made to Beneficial Owners by DTC through its Participants (as herein defined). As long as Cede & Co. is the registered owner of the Bonds, as nominee of DTC, references herein to the holders of the Bonds or registered owners shall mean Cede & Co., as aforesaid, and shall not mean the Beneficial Owners of the Bonds. See "The Bonds -- Book-Entry Only System" herein.

The Bonds are subject to redemption, purchase and tender as provided in the Indenture and as described herein.

**THE BONDS, THE PREMIUM, IF ANY, AND THE INTEREST THEREON AND THE PURCHASE PRICE THEREOF SHALL NOT BE DEEMED TO CONSTITUTE A DEBT OR A PLEDGE OF THE FAITH AND CREDIT OF THE COMMONWEALTH OF VIRGINIA OR ANY POLITICAL SUBDIVISION THEREOF, INCLUDING THE AUTHORITY AND THE CITY. NEITHER THE COMMONWEALTH OF VIRGINIA, NOR ANY POLITICAL SUBDIVISION THEREOF, INCLUDING THE AUTHORITY AND THE CITY, SHALL BE OBLIGATED TO PAY PRINCIPAL OF OR PREMIUM, IF ANY, OR INTEREST ON OR THE PURCHASE PRICE OF THE BONDS OR OTHER COSTS INCIDENT THERETO EXCEPT FROM THE REVENUES AND RECEIPTS PLEDGED THEREFOR. NEITHER THE FAITH AND CREDIT NOR THE TAXING POWER OF THE COMMONWEALTH OF VIRGINIA OR ANY POLITICAL SUBDIVISION THEREOF, INCLUDING THE AUTHORITY AND THE CITY, IS PLEDGED TO THE PAYMENT OF PRINCIPAL OF OR PREMIUM, IF ANY, OR INTEREST ON OR THE PURCHASE PRICE OF THE BONDS OR OTHER COSTS INCIDENT THERETO. THE AUTHORITY HAS NO TAXING POWER. THE BONDS, HOWEVER, WILL BE SECURED IN PART BY OBLIGATIONS PAYABLE BY THE CITY UNDER THE COOPERATION AGREEMENT, WHICH OBLIGATIONS ARE REQUIRED TO BE IN AMOUNTS SUFFICIENT TO PAY, AMONG OTHER THINGS, THE PRINCIPAL AND PURCHASE PRICE OF, PREMIUM, IF ANY, AND INTEREST ON THE BONDS AND ARE SECURED BY A PLEDGE OF THE FULL FAITH AND CREDIT OF THE CITY PURSUANT TO THE COOPERATION AGREEMENT.**

This cover page contains certain information for quick reference only. It is not a summary of this issue. Investors must read the entire Limited Offering Memorandum to obtain information essential to the making of an informed investment decision.

The Bonds are offered subject to prior sale, when, as and if issued by the Authority, subject to the approval of their validity by Hunton & Williams, Richmond, Virginia, Bond Counsel, as described herein, and certain other conditions. Certain legal matters will be passed upon for the City by the Office of the City Attorney for the City of Portsmouth, Virginia; for the Authority by Donald C. Kilgore, Portsmouth, Virginia; for the Liquidity Facility Provider by Kaufman & Canoles, Norfolk, Virginia and for the Underwriter by McGuireWoods LLP, Richmond, Virginia. Delivery of the Bonds is expected to be on or about July 19, 2001.

**Morgan Keegan & Company, Inc.**

Dated: July 12, 2001

**Industrial Development Authority of the City of Portsmouth  
Yearly Maturity of Long-Term Debt  
Performing Arts Center  
June 30, 2001**

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<u>Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2002	-	513,055	513,055
2003	500,000	539,237	1,039,237
2004	1,120,000	494,196	1,614,196
2005	1,180,000	441,955	1,621,955
2006	1,245,000	389,465	1,634,465
2007	1,310,000	333,365	1,643,365
2008	1,375,000	274,964	1,649,964
2009	1,450,000	211,991	1,661,991
2010	1,525,000	147,075	1,672,075
2011	1,605,000	78,342	1,683,342
2012	1,690,000	5,973	1,695,973
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TOTAL	13,000,000	3,429,618	16,429,618

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