

**RESOLUTION NO. 2120
AS AMENDED ON NOVEMBER 28, 2011**

A RESOLUTION OF THE CITY OF SALISBURY AUTHORIZING THE REFUNDING SAVINGS FROM THE REFUNDING BONDS TO BE TAKEN ~~PRIMARILY IN THE FIRST YEAR~~ ANNUALLY OVER THE TERM OF THE BONDS AFTER THE REFUNDING.

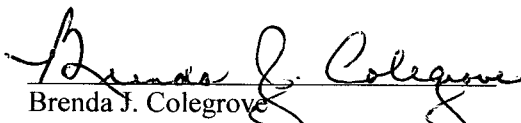
WHEREAS, the Council of the City of Salisbury has authorized the refunding of the 1994 Bonds, the 1999 Bonds, the 2001 CDA Bonds and the 2003 CDA Bonds; and

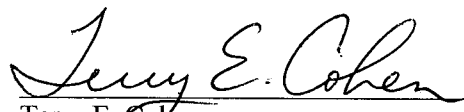
WHEREAS, the City of Salisbury requests the majority of savings to be taken ~~upfront in the first year of the new bond~~ annually over the term of the bonds.

NOW, THEREFORE, BE IT RESOLVED THAT the Salisbury City Council hereby authorizes the savings from the bond refunding to be taken ~~primarily in the first year~~ annually over the term of the bonds in accordance with the attached schedule, Refunding of Various Outstanding Bonds November 21, 2011 [Based on Sun Trust's Proposal] Level Debt Service Savings.

THE ABOVE RESOLUTION was introduced and duly passed at a meeting of the Council of the City of Salisbury, Maryland held on November 28, 2011 and is to become effective immediately.


ATTEST:


Brenda J. Colegrove
CITY CLERK


Terry E. Cohen
COUNCIL PRESIDENT

APPROVED BY ME THIS

30th day of November, 2011


James Ireton, Jr.
Mayor

City of Salisbury, Maryland

Refunding of Various Outstanding Bonds

November 21, 2011

[Based on SunTrust's Proposal]

Level Debt Service Savings

Summary of Bonds Refunded				
<u>Series</u>	<u>Coupon Range</u>	<u>Par Refunded</u>	<u>Call Provision¹</u>	<u>Final Maturity</u>
G.O. Bonds, Series 1994	5.000% - 5.125%	\$1,475,000	Anytime at 100%	2/1/2014
G.O. Bonds, Series 1999	4.390%	1,046,127	Anytime at 100%	6/1/2014
CDA Loan Series 2001	4.375% - 5.000%	729,300	6/1/2011 at 101%	5/1/2021
CDA Loan Series 2003A ²	3.375% - 4.500%	3,797,700	6/1/2013 at 100%	3/1/2023
Total		\$7,048,127		

Summary of Refunding Results				
<u>Series</u>	<u>Gross Savings³</u>	<u>Present Value Savings³</u>	<u>Percent Net P.V. Savings</u>	<u>True Interest Cost</u>
G.O. Bonds, Series 1994	\$26,421	\$37,268	2.53%	1.31%
G.O. Bonds, Series 1999	29,757	33,588	3.21%	1.31%
CDA Loan Series 2001	79,409	71,609	9.82%	2.39%
CDA Loan Series 2003A ²	159,871	142,427	3.75%	2.39%
Total	\$295,458	\$284,892	4.04%	2.26%

Debt Service Comparison			
<u>Fiscal Year</u>	<u>Prior Debt Service</u>	<u>Refunding Debt Service</u>	<u>Savings</u>
2012	\$1,220,593	\$1,196,266	\$24,328
2013	1,574,368	1,530,826	43,542
2014	1,319,332	1,275,425	43,906
2015	503,753	481,980	21,773
2016	503,730	481,587	22,143
2017	504,818	482,979	21,839
2018	505,871	483,109	22,762
2019	506,432	483,999	22,433
2020	504,828	482,626	22,202
2021	504,893	482,039	22,854
2022	406,681	393,212	13,469
2023	410,457	396,249	14,208
Total	\$8,465,755	\$8,170,297	\$295,458

1) All loans are callable at any time after the stated call date.

2) Requires funds to be held in an escrow account until the call date.

3) Net of estimated fixed cost of issuance of totaling \$80,000.