



CITY COUNCIL

Committee of the Whole

Monday, June 25, 2012

Council Office

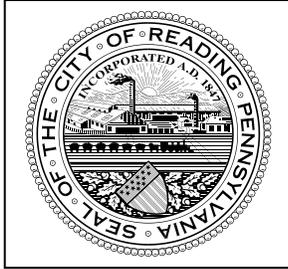
5:00 pm

Agenda

Although Council committee meetings are open to the public, public comment is not permitted at Council Committee of the Whole meetings. However, citizens are encouraged to attend and observe the meetings. Comment from citizens or professionals during the meeting may be solicited on agenda topics via invitation by the President of Council.

All electronic recording devices must be located behind the podium area in Council Chambers and located at the entry door in all other meeting rooms and offices, as per Bill No.27-2012

- I. Refunding of the 2008 Series E Bonds (M. Vind)**
- II. Refinancing Reading Phillies Loan**
- III. Review QoL Recommendations**
- IV. Agenda Review**



COMMITTEE of the WHOLE

CITY COUNCIL

MINUTES
June 11, 2012
5:00 P.M.

COUNCIL MEMBERS PRESENT:

M. Goodman-Hinnershitz, D. Sterner, D. Reed, R. Corcoran, S. Marmarou, F. Acosta

OTHERS PRESENT:

L. Kelleher, S. Katzenmoyer, D. Cituk, C. Younger, R. Johnson, M. Vind, C. Zale, K. Zeiber, E. Lloyd, L. Murin, T. Krall

Council President Acosta called the Committee of the Whole meeting to order at 5:05 p.m.

I. RAWA Lease Agreement

Mr. Acosta stated that Council was ready to take action on the agreement at their May 29 meeting but did not receive the documentation in a timely manner.

Ms. Kelleher stated that the documents attached to this evening's agenda are the final drafts.

Ms. Goodman-Hinnershitz stated that receiving documents ten minutes prior to the start of a meeting where a vote is to be taken on the issue is not acceptable. She stated that she will not support this process and will not vote affirmatively on anything presented in this manner.

Mr. Acosta questioned if Mr. Younger reviewed the documents. Mr. Younger stated that he has.

II. Creation of a Joint Action Plan

Mr. Acosta stated that the Administration is already working on several items included in the sample provided.

Mr. Murin stated that some items are underway and requested that work on the Action Plan wait until the new Managing Director is working full time and has gotten up to speed.

Ms. Kelleher stated that the sample provided is from 2001. She stated that the same items are being looked at 11 years later.

Mr. Acosta stated that he has spoken with Mr. Spencer about work on a Joint Action Plan.

Ms. Goodman-Hinnershitz voiced her support of this approach as it would allow Council and the Administration to work productively. She noted the need to work together to move the City forward. She agreed that the Managing Director should coordinate the process.

Mr. Acosta stated that he attended this morning's Internal Compliance Committee (ICC) meeting and that it resembled a Council Committee of the Whole meeting. He noted the need for the Managing Director to become the link between Council and the Administration. He stated that the ICC agreed to meet two times per month rather than weekly starting in July.

Ms. Reed stated that work feels disjointed since March without a Managing Director.

Mr. Acosta stated that Council will work with the Managing Director to move the Action Plan forward.

III. Agenda Review

Mr. Acosta announced that Council will be holding a special meeting on Thursday, June 14 at 5 pm to address the salary of the Administrative Services Director and to vote on

the recommended appointee. He stated that this is necessary to bring the Administrative Services Director on-board due to the layover issue created by the Tuesday Council meeting.

Mr. Acosta stated that the recommended salary is \$85,000.

Ms. Reed suggested an executive session this evening to discuss this issue further.

Ms. Kelleher stated that the Administration has requested adding two ordinances for introduction this evening – to transfer \$1.5 million from the general fund to the recycling fund and to amend the position ordinance for the Property Maintenance Division.

Council reviewed this evening's agenda including the following:

- Resolution accepting the PennVest loan in the amount of \$10,013,950 for the Waste Water Treatment Plant Project

Mr. Vind stated that this resolution formally accepts the PennVest financing and will allow the City to move to closing. He stated that PFM is in agreement with accepting the loan and paying the loan from the Sewer Fund. He stated that this financing is needed to continue moving the waste water treatment plant project forward.

Mr. Vind stated that he has also learned that rates have decreased on a 2008 bond issue. He stated that refunding this bond issue would save the City \$1 million in this budget year. He stated that PFM is currently reviewing the documents and that an ordinance will be introduced at Council's June 25 meeting.

Ms. Goodman-Hinnershitz stated that the City is doing much better with their financial planning.

Mr. Acosta stated that this is great news as the City has a projected 2012 deficit of \$2.5 million.

Mr. Vind left the meeting at this time.

- Resolutions Extending and Expanding the Keystone Opportunity Zones (KOZ)

Mr. Acosta stated that all issues were addressed and clarified at the joint meeting held between Council, the School Board, and County Commissioners. He stated that the

Berkshire Bottling site will not qualify for the benefits of KOZ as explained at the meeting.

Ms. Kelleher explained that this site is not eligible as there is no occupiable structure on the site. She stated that Berkshire Bottling's subdivision plan may have also expired.

Mr. Acosta stated that the joint meeting went well and noted his hope to have joint meetings with the School Board on a quarterly basis.

Ms. Reed stated that this would be especially helpful for financial issues.

Ms. Goodman-Hinnershitz stated that there will also be public safety issues with the reduction of security and the closing of school buildings. She suggested that a meeting on public safety issues be scheduled before the start of the 2012 - 2013 school year.

Ms. Kelleher stated that the City has not yet received a final traffic plan on the Citadel and that the stop sign at 12th & Walnut Streets has not been authorized by City Council.

- Ordinance transferring \$1.5 million from the general fund to the recycling fund

Mr. Zale stated that this is due to cash flow issues only and that Council will receive updates as the funds are transferred back to the general fund during the monthly Finance Committee meetings.

Ms. Reed requested Mr. Cituk's opinion of this transfer. Mr. Cituk stated that he supports the transfer as there are bills to be paid from the recycling fund and that this fund is low. He explained that as billing for recycling occurs in July, there is an income lag. He noted the need to change the timing of the billing to avoid the need for this transfer on an annual basis.

Ms. Reed questioned if all monies would be restored to the general fund. Mr. Cituk explained that this is necessary to follow Council's new financial policies.

Mr. Waltman arrived at this time.

Mr. Corcoran questioned if the timing of the billing was being reviewed. Mr. Cituk stated that it is being reviewed along with having another entity send the bills.

Mr. Acosta clarified that the Administration is studying the billing process overall.

Ms. Goodman-Hinnershitz stated that the Council policy seems to be providing good checks and balances. She stated that this policy makes financial transactions very transparent.

Mr. Waltman stated that billing timelines have been discussed for several years. He expressed the belief that recycling should be billed in December for the following year to avoid this issue.

- Ordinance granting the City a right of way by Habasit America

Ms. Reed stated that the Planning Commission had issues with this area in the past.

Mr. Johnson stated that the Right of Way is a result of the 42" Force Main Project. He stated that Habasit America has cooperated with the necessary construction easements and that this right of way is needed for the laying of the second 42" force main.

Ms. Reed questioned if this right of way provided everything that is needed for this project. Mr. Johnson stated that it does.

Mr. Johnson reviewed and explained the maps included with the ordinance.

Mr. Agudo arrived at this time.

- Ordinance adding The Heights as an Historic Conservation District

Ms. Kelleher stated that this project has been in process for five years.

Ms. Katzenmoyer stated that a map is included to show the area of this Conservation District.

Mr. Marmarou stated that the residents of this area support the establishment of the Conservation District.

- Award of Contract for projects at 3rd & Spruce

Mr. Zeiber explained that this project would be a complete renovation of the basketball court area, would add structure to block vehicles from accessing the walking path, and would rehabilitate the pavilion.

Mr. Acosta stated that Ms. Klahr has excellent communication with the groups using 3rd & Spruce. He stated that she is planning a project near the handball area and is working on a better use for the hockey rink area.

Mr. Marmarou stated that he attended a community meeting in Northmont at which residents voiced concerns about the Northmont Playground. He questioned if the bleachers were being addressed. Mr. Zeiber stated that he is addressing them.

Mr. Marmarou stated that the community group will be addressing the roof repairs to the pavilion. Mr. Zeiber stated that he is following up with Ms. Klahr on this issue.

Mr. Marmarou stated that the dumping issue has been alleviated. Mr. Zeiber explained that additional follow up is needed. He explained that the bank is eroding because of run-off issues at the hotel. He stated that the dumping of material by the hotel was their way of replenishing the bank. He stated that the run-off and erosion issues need to be addressed with a permanent, acceptable solution.

- Ordinance amending the Floodplain Overlay District of the Zoning Ordinance

Mr. Krall made himself available for questions. Council had no additional questions.

Mr. Marmarou stated that there were two comments made during the public hearing. Mr. Krall stated that the comments were related to flood issues but are not related to the floodplain amendment.

IV. Utility Work

Ms. Goodman-Hinnershitz noted the need for the City to review the master plan for gas meter replacement in the City. She stated that many areas have been dug up and that the installation of the new meters is not conducive to a City setting.

Ms. Reed stated that the PUC governs this issue and that the City should follow up.

Council noted areas of the City which have already been affected including all of Cotton St, the 1100 block of Perkiomen Ave and N 10th St.

Ms. Goodman-Hinnershitz noted the need for Councilors to know when utilities will be affecting their residents and how long the work will take.

Mr. Acosta noted the need for the City to be informed of these large projects.

Ms. Goodman-Hinnershitz stated that Public Works has been working on an ordinance to address this issue but that a draft has not yet been moved forward.

Ms. Reed stated that utilities can dig the same area again after six months.

Mr. Spencer arrived at this time.

Mr. Zeiber explained that utilities need to get street cut permits but he is unsure if timelines are attached to the permit.

Ms. Goodman-Hinnershitz stated that traffic on Perkiomen Ave and Penn St will increase when construction closes the Route 422 bypass. She stated that backups will become lengthy and construction on Perkiomen Ave will exacerbate the problem.

Mr. Acosta noted the need to address the Communication Policy after the Managing Director is on board as Council and Council staff may not speak directly with Administrative employees for updates affecting neighborhoods.

Ms. Reed stated that the new gas meters are being installed City-wide.

Ms. Goodman-Hinnershitz stated that these large projects are creating eyesores. She cited Cotton St as an example. She noted the need to address a means to mask the meters at row homes with no front setback.

Mr. Waltman suggested that the legal issues with this meter work should be researched and addressed.

Ms. Goodman-Hinnershitz stated that sidewalks are also disrupted.

Mr. Waltman suggested that after the legal review occurs that the Public Works, Public Safety, and Neighborhood Services Committee hear the results.

Ms. Goodman-Hinnershitz suggested this review occur at a Work Session as the Public Works, Public Safety and Neighborhood Services Committee has a clear understanding of the issue.

V. Executive Session

Council entered executive session to discuss two issues at 6:04 pm. The issues fall within the scope of executive session items as they are within the following areas of the Sunshine Act Section 708 (a) 1 and 3.

1. To discuss any matter involving the employment, appointment, termination of employment, terms and conditions of employment, evaluation of performance, promotion or disciplining of any specific prospective public officer or employee or current public officer or employee employed or appointed by the agency, or former public officer or employee provided, however, that the individual employees or appointees whose rights could be adversely affected may request, in writing, that the matter or matters be discussed at an open meeting. The agency's decision to discuss such matters in executive session shall not serve to adversely affect the due process rights granted by law, including those granted by Title 2 of the PA Consolidated Statutes (relating to administrative law and procedure). The provisions of this paragraph shall not apply to any meeting involving the appointment or selection of any person to fill a vacancy in any elected office.
3. To consider the purchase or lease of real property up to the time an option to purchase or lease the real property is obtained or up to the time an agreement to purchase or lease such property is obtained if the agreement is obtained directly without an option.

Mr. Spencer left the meeting during the executive session.

The executive session concluded and the meeting adjourned at 6:25 pm.

Respectfully
Submitted
Linda A. Kelleher, CMC, City Clerk

CITY OF READING
COUNTY OF BERKS
COMMONWEALTH OF PENNSYLVANIA

ORDINANCE NO. _____
ENACTED: JULY 9, 2012

AN ORDINANCE OF THE COUNCIL OF THE CITY OF READING, BERKS COUNTY, PENNSYLVANIA, SETTING FORTH ITS INTENT TO ISSUE A SERIES OF FEDERALLY-TAXABLE GENERAL OBLIGATION BONDS OF THE CITY IN THE AGGREGATE PRINCIPAL AMOUNT NOT TO EXCEED FIFTEEN MILLION DOLLARS (\$15,000,000) PURSUANT TO THE ACT OF THE GENERAL ASSEMBLY OF THE COMMONWEALTH OF PENNSYLVANIA, 53 PA.C.S. CHAPTERS 80-82, AS AMENDED, REENACTED AND SUPPLEMENTED, KNOWN AS THE LOCAL GOVERNMENT UNIT DEBT ACT (THE "ACT"); FINDING THAT A PRIVATE SALE BY NEGOTIATION IS IN THE BEST FINANCIAL INTERESTS OF THE CITY; DETERMINING THAT SUCH BONDS SHALL EVIDENCE NONELECTORAL DEBT OF THE CITY; SPECIFYING THAT SUCH INDEBTEDNESS IS TO BE INCURRED TO PROVIDE FUNDS FOR CERTAIN PROJECTS OF THE CITY WHICH INCLUDE THE FOLLOWING: (1) THE CURRENT REFUNDING OF THE CITY'S OUTSTANDING FEDERALLY-TAXABLE GENERAL OBLIGATION VARIABLE RATE DEMAND BONDS, SERIES E OF 2008; AND (2) PAYING THE COSTS AND EXPENSES OF ISSUANCE OF THE BONDS; SETTING FORTH THE REASONABLE ESTIMATED USEFUL LIVES OF THE CAPITAL PROJECTS THAT ARE TO BE REFINANCED BY THE BONDS; ACCEPTING A PROPOSAL FOR THE PURCHASE OF SUCH BONDS AT PRIVATE SALE BY NEGOTIATION; PROVIDING THAT SUCH BONDS, WHEN ISSUED, SHALL CONSTITUTE A GENERAL OBLIGATION OF THE CITY; FIXING THE DENOMINATIONS, DATED DATE, INTEREST PAYMENT DATES, MATURITY DATES, INTEREST RATES, REDEMPTION PROVISIONS, MANDATORY REDEMPTION PROVISIONS (IF APPLICABLE) AND PLACE OF PAYMENT OF THE PRINCIPAL OF AND INTEREST ON SUCH BONDS; AUTHORIZING SPECIFIED OFFICERS OF THE CITY TO CONTRACT WITH THE PAYING AGENT FOR ITS SERVICES IN CONNECTION WITH THE BONDS; SETTING FORTH THE SUBSTANTIAL FORM OF THE BONDS EVIDENCING THE DEBT; AUTHORIZING EXECUTION AND ATTESTATION OF SUCH BONDS; PROVIDING COVENANTS RELATED TO DEBT SERVICE APPLICABLE TO SUCH BONDS TO THE EXTENT REQUIRED BY THE ACT AND PLEDGING THE FULL FAITH, CREDIT AND TAXING POWER OF THE CITY IN SUPPORT THEREOF; CREATING A SINKING FUND IN CONNECTION WITH SUCH BONDS, TO THE EXTENT REQUIRED BY THE ACT; DESIGNATING THE PAYING AGENT TO BE THE SINKING FUND DEPOSITARY; PROVIDING A COVENANT TO INSURE PROMPT AND FULL PAYMENT FOR SUCH BONDS WHEN DUE; SETTING FORTH REGISTRATION AND TRANSFER PROVISIONS WITH RESPECT TO SUCH BONDS; AUTHORIZING THE EXECUTION OF ONE OR MORE INVESTMENT AGREEMENTS BY SPECIFIED OFFICERS OF THE

CITY (IF APPLICABLE) AND THE PURCHASE OF CERTAIN U.S. TREASURY OBLIGATIONS OR ANY OTHER SECURITIES OR INVESTMENTS IN CONNECTION WITH THE PROJECT; AUTHORIZING AND DIRECTING SPECIFIED OFFICERS OF THE CITY TO DO, TO TAKE AND TO PERFORM CERTAIN SPECIFIED, REQUIRED, NECESSARY OR APPROPRIATE ACTS TO EFFECT THE ISSUANCE OF THE BONDS, INCLUDING, WITHOUT LIMITATION, THE PREPARATION OF A DEBT STATEMENT AND BORROWING BASE CERTIFICATE, AND THE FILING OF SPECIFIED DOCUMENTS WITH THE DEPARTMENT OF COMMUNITY AND ECONOMIC DEVELOPMENT, ALL AS REQUIRED BY THE ACT; DECLARING THAT THE DEBT TO BE EVIDENCED BY SUCH BONDS, TOGETHER WITH ALL OTHER INDEBTEDNESS OF THE CITY, WILL NOT BE IN EXCESS OF ANY APPLICABLE LIMITATION IMPOSED BY THE ACT; AUTHORIZING PROPER OFFICERS OF THE CITY TO DELIVER THE BONDS UPON THE APPROVAL OF THE DEPARTMENT OF COMMUNITY AND ECONOMIC DEVELOPMENT; AUTHORIZING THE PURCHASE OF BOND INSURANCE (IF APPLICABLE); SETTING FORTH THE PROVISIONS, IF ANY, REQUIRED TO BE INCLUDED BY THE BOND INSURER; AUTHORIZING THE EXECUTION OF A CONTINUING DISCLOSURE CERTIFICATE AND COVENANTING TO COMPLY WITH THE PROVISIONS THEREOF; PROVIDING WHEN THIS ORDINANCE SHALL BECOME EFFECTIVE; PROVIDING FOR SEVERABILITY OF PROVISIONS; AND REPEALING ALL ORDINANCES OR PARTS OF ORDINANCES INsofar AS THE SAME SHALL BE INCONSISTENT HERewith.

WHEREAS, the City of Reading, Berks County, Pennsylvania (the “City”), was incorporated under the laws of the Commonwealth of Pennsylvania; and

WHEREAS, the City, in contemplation of the issuance and sale its Federally-Taxable General Obligation Bonds in an aggregate principal amount not to exceed Fifteen Million Dollars (\$15,000,000), to provide funds for and towards certain projects of the City, has determined that the Bonds (hereinafter defined) shall be offered for sale at a private sale by negotiation pursuant to the provisions of the Local Government Unit Debt Act of the Commonwealth, as re-enacted and amended (the “Act”) and has determined that a private sale by negotiation is in the best financial interests of the City; and

WHEREAS, the Council of the City of Reading (the “Council”) has determined that such Bonds will be designated generally as “City of Reading, Berks County, Pennsylvania, Federally-Taxable General Obligation Bonds, Series C of 2012” (the “Bonds”) or such other name or designation as shall be selected by the Mayor of the City upon delivery of the Bonds in accordance with Section 7 hereof; and

WHEREAS, the Bonds shall be issued in the aggregate principal amount not to exceed Fifteen Million Dollars (\$15,000,000); and

WHEREAS, the Council has determined to accept the proposal of PNC Capital Markets LLC (the “Purchaser”), for the purchase of the Bonds, such sale to be conditioned upon, among other things, the receipt of approval from the Department of Community and Economic

Development of the Commonwealth (the “Department”) relating to the issuance of the indebtedness to be evidenced by the Bonds; and

WHEREAS, the City has heretofore issued its Federally-Taxable General Obligation Variable Rate Demand Bonds, Series E of 2008 in the original principal amount of \$13,175,000 (the “2008 Bonds”); and

WHEREAS, the City desires to authorize the refunding of the 2008 Bonds for the purpose of reducing total debt service over the life of the issue; and

WHEREAS, the Bonds which are being issued to refund the 2008 Bonds will not be outstanding through a maturity date that could not have been included in the issue of the 2008 Bonds; and

WHEREAS, the Council has determined to and desires to accept the proposal of the Purchaser and to incur nonelectoral debt in the aggregate principal amount not to exceed Fifteen Million Dollars (\$15,000,000) to be issued from time to time to fund certain projects (hereinafter described) of the City pursuant to the provisions of the Act.

NOW, THEREFORE, THE COUNCIL OF THE CITY OF READING, BERKS COUNTY, PENNSYLVANIA HEREBY ORDAINS AS FOLLOWS:

- Pursuant to the provisions of this Ordinance, the Council hereby authorizes and directs the issuance of a series of Bonds in the aggregate principal amount not to exceed Fifteen Million Dollars (\$15,000,000) to be designated generally as “City of Reading, Berks County, Pennsylvania, Federally-Taxable General Obligation Bonds, Series C of 2012” or such other name or designation as shall be selected by the Mayor of the City upon delivery of the Bonds in accordance with the requirements of Section 7 hereof. The Bonds shall be issued and sold in accordance with the provisions of the Act by private sale by negotiation. In connection therewith, the Council hereby finds and determines that a private sale by negotiation is in the best financial interests of the City.
- The Council determines that the debt to be incurred pursuant to this Ordinance, and which will be evidenced by the Bonds, shall be nonelectoral debt of the City.
- A brief description of the project (the “Project”) to be funded with, among other things, the proceeds of the Bonds to be issued from time to time pursuant to this Ordinance is as follows: (1) the current refunding of the 2008 Bonds; and (2) paying the costs and expenses of issuance of the Bonds.

The remaining realistic estimated useful lives of the capital projects originally financed by the 2008 Bonds and to be refinanced by the Bonds are at least 20 years.

Stated installments or maturities of principal of the issue of Bonds will not be deferred beyond the later of one year after the estimated date for the completion of the construction portion of the Project, if any, or two years from the date of issue of the Bonds.

The City hereby finds and certifies that realistic cost estimates have been obtained for the costs of the Project from financial analysts, registered architects, professional engineers or other persons qualified by experience to provide such estimates.

In connection with the issuance and sale of the Bonds, the Council, as required by the provisions of the Act, hereby finds, determines and states (a) that the purpose of the refunding of the 2008 Bonds is to reduce total debt service over the life of the issue; and (b) that the refunding of the 2008 Bonds is authorized and permitted under and pursuant to the provisions of Section 8241 of the Act. The Council further finds and determines that the final maturity date of the Bonds issued to effect the refunding of the 2008 Bonds does not extend to a date that could not have been included in the 2008 Bond issue.

The Council of the City hereby authorizes and directs its proper officers, agents and employees to execute all documents and take all actions necessary in connection with accomplishing the refunding of the 2008 Bonds, including, but not limited to providing notice to the Paying Agent for the 2008 Bonds, and to call the 2008 Bonds for optional redemption in full on the first date the 2008 Bonds are eligible to be called for optional redemption. In accordance with Section 8246 of the Act, it is the intent of the Council that the 2008 Bonds shall no longer be outstanding from and after the date of the issuance of the Bonds.

- Subject to the approval of the Department, as required by the provisions of the Act, the Council shall and does hereby accept the proposal of the Purchaser, for the purchase of the Bonds in accordance with the terms and conditions of this Ordinance and the Purchaser's proposal, dated July 9, 2012 (the "Proposal"). The sale of the Bonds shall be for an aggregate purchase price of not less than 97.0% nor more than 105.0% of the par amount of the Bonds issued by the City, exclusive of any original issue discount and any original issue premium, plus accrued interest, if any, from the date of the Bonds to the date of delivery thereof. The Mayor is hereby authorized and directed to accept and to execute the Proposal in the name and on behalf of the City, and the City Clerk is hereby authorized and directed to attest to such acceptance and execution. A copy of the Proposal, as presented to the Council and accepted by this Ordinance, is incorporated herein by reference and shall be attached to this Ordinance and maintained with the minutes of this meeting. The bid security, if any, accompanying the Proposal shall be held and shall be applied as provided by the Act; provided, however, that no allowance for interest shall be made by the City with respect to such bid security, except as provided by the Act.

Upon final pricing of the Bonds, the Purchaser will present to the City an Addendum to the Proposal setting forth the final terms and conditions for the Bonds, including the final principal amount, interest rates, redemption provisions and purchase price for the Bonds (the "Addendum"). As long as the terms and conditions set forth in the Addendum satisfy the parameters set forth in this Ordinance, the Mayor is hereby authorized and directed to accept and to execute the Addendum in the name and on behalf of the City.

- The Bonds, when issued, will be a general obligation of the City.

- The Bonds shall be fully registered, without coupons, in denominations of \$5,000 or any integral multiple thereof, in substantially the form hereinafter set forth in Section 10. The Bonds shall be dated as set forth in the definitive Bonds as delivered to the Purchaser in accordance with the provisions hereof, and shall bear interest from that date at the applicable rates per annum as set forth in Section 8, payable in accordance with the provisions of the Bonds and this Ordinance, semiannually on May 1 and November 1 (each an “Interest Payment Date”) in each year, commencing with the May 1 or November 1 following the delivery of the Bonds, until maturity or prior redemption.
- The Bonds shall bear interest at rates not to exceed the maximum rates of interest and shall mature, whether by maturity or mandatory sinking fund redemption on the dates and in the amounts not to exceed the maximum amounts as set forth on Exhibit A attached hereto.

The Bonds shall be subject to optional and mandatory sinking fund redemption as set forth in the definitive Bonds as delivered to the Purchaser in accordance with the provisions hereof.

In lieu of such mandatory redemption, the Paying Agent, on behalf of the City, may purchase, from money in the Sinking Fund, or the City may tender to the Paying Agent, all or part of the Bonds subject to mandatory redemption in any such year.

If a Bond is of a denomination larger than \$5,000, a portion of such Bond may be redeemed. For the purposes of redemption, such Bond shall be treated as representing that number of Bonds which is obtained by dividing the principal amount thereof by \$5,000, each \$5,000 portion of such Bond being subject to redemption. In the event of a partial redemption of a Bond, payment of the redemption price shall be made only upon surrender of such Bond in exchange for Bonds of authorized denominations in an aggregate principal amount equal to the unredeemed portion of the principal amount thereof.

Any redemption of Bonds shall be upon notice effected by mailing a copy of the redemption notice by first-class mail, postage prepaid, such notice to be sent not less than thirty (30) days nor more than sixty (60) days prior to the date fixed for redemption, addressed to the registered owners of Bonds to be redeemed at their addresses shown on the registration books kept by the Paying Agent (hereinafter defined) as of the date the Bonds are selected for redemption; provided, however, that failure to give such notice by mailing, or any defect therein or in the mailing thereof, shall not affect the validity of any proceeding for redemption of other Bonds called for redemption as to which proper notice has been given.

If at the time of mailing of the notice of redemption the City shall not have deposited with the Paying Agent moneys sufficient to redeem all the Bonds called for redemption, such notice may state that it is conditional, that is, subject to the deposit of the redemption moneys with the Paying Agent no later than the opening of business on the redemption date, and such notice shall be of no effect unless such moneys are so deposited.

On the date designated for redemption, notice having been provided as aforesaid, and money for payment of the principal and accrued interest being held by such Paying Agent, interest on the Bonds or portions thereof so called for redemption shall cease to accrue and such Bonds or portions thereof shall cease to be entitled to any benefit or security under this Ordinance, and registered owners of such Bonds shall have no rights with respect to such Bonds, except to receive payment of the principal of and accrued interest on such Bonds to the date fixed for redemption.

If the redemption date for any Bonds shall be a Saturday, Sunday, legal holiday or a day on which banking institutions in the Commonwealth are authorized by law or by executive order to remain closed, then the payment of such principal and interest upon such redemption need not be made on such date, but may be made on the next succeeding day which is not a Saturday, Sunday, legal holiday or day on which such banking institutions are authorized to remain closed, with the same force and effect as if made on the nominal date of redemption, and no interest shall accrue after such date.

- The proper officers of the City are hereby authorized, empowered and directed to contract with a bank or bank and trust company authorized to do business in the Commonwealth of Pennsylvania and who has an office in the Commonwealth of Pennsylvania (the "Paying Agent"), for its services as paying agent and sinking fund depositary in accordance with the terms and conditions of the Proposal, this Ordinance and the Act. Payment of the principal of and interest on the Bonds shall be made, when due, in accordance with the provisions of the Bonds, at the corporate trust office of the Paying Agent in lawful money of the United States of America.
- The Bonds shall be in substantially the form set forth in Exhibit "B". The form of the Bonds as submitted to the City is hereby approved in substantially such form, with such changes, insertions and variations as are necessary or appropriate to reflect the final terms, including, but not limited to, the name or designation and the final redemption provisions, of the Bonds as specified to the City in the delivery instructions of the Purchaser and such other changes as the Mayor may approve upon advice of counsel to the City, such approval to be evidenced by such officer's execution and delivery of the Bonds.
- The Bonds shall be executed in the name and on behalf of the City by the true or facsimile signature of the Mayor of the City and the true or facsimile official seal of the City shall be affixed thereunto, duly attested by the true or facsimile signature of the City Clerk. Said officers are authorized and directed to execute and attest the Bonds. The execution and delivery of the Bonds shall constitute conclusive proof of the approval of the final terms and provisions of the Bonds by the City.

No Bond constituting one of the Bonds shall be entitled to any benefit under this Ordinance nor shall it be valid, obligatory or enforceable for any purpose until such Bond shall have been registered and authenticated by the Certificate of Authentication endorsed thereon duly signed by the Paying Agent; and the Paying Agent is authorized to register and authenticate the Bonds in accordance with the provisions hereof.

The Bonds shall initially be issued in the form of one fully-registered Bond for the aggregate principal amount of the Bonds of each maturity, which Bonds shall be registered in the name of Cede & Co., as nominee of The Depository Trust Company (“DTC”). The Bonds issued in the name of Cede & Co. in accordance with the provisions of this Section may be issued in typewritten form satisfactory to DTC. Except as provided below all of the Bonds shall be registered in the registration books kept by the Paying Agent in the name of Cede & Co., as nominee of DTC; provided that if DTC shall request that the Bonds be registered in the name of a different nominee, the Paying Agent shall exchange all or any portion of the Bonds for an equal aggregate principal amount of Bonds registered in the name of such nominee or nominees of DTC. No person other than DTC or its nominee shall be entitled to receive from the City or the Paying Agent either a Bond or any other evidence of ownership of the Bonds, or any right to receive any payment in respect thereof unless DTC or its nominee shall transfer record ownership of all or any portion of the Bonds on the registration books maintained by the Paying Agent, in connection with discontinuing the book-entry system as below or otherwise.

So long as the Bonds or any portion thereof are registered in the name of DTC or any nominee thereof, all payments of the principal or redemption price, if any, of or interest on such Bonds shall be made to DTC or its nominee. Each such payment to DTC or its nominee shall be valid and effective to fully discharge all liability of the City or the Paying Agent with respect to the principal or redemption price of or interest on the Bonds to the extent of the sum or sums so paid.

The City and the Paying Agent shall treat DTC (or its nominee) as the sole and exclusive registered owner of the Bonds registered in its name for the purposes of payment of the principal or redemption price of or interest on the Bonds, selecting the Bonds or portions thereof to be redeemed, giving any notice permitted or required to be given to registered owners of the Bonds, registering the transfer of the Bonds, obtaining any consent or other action to be taken by registered owners of the Bonds and for all other purposes whatsoever; and neither the City nor the Paying Agent shall be affected by any notice to the contrary. Neither the City nor the Paying Agent shall have any responsibility or obligation to any participant in DTC, any person claiming a beneficial ownership interest in the Bonds under or through DTC or any such participant, or any other person which is not shown on the registration books of the Paying Agent as being a registered owner, with respect to: (1) the Bonds; (2) the accuracy of any records maintained by DTC or any such participant; (3) the payment by DTC or any such participant of any amount in respect of the principal or redemption price of or interest on the Bonds; (4) any notice which is permitted or required to be given to registered owners of the Bonds; (5) the selection by DTC or any such participant of any person to receive payment in the event of a partial redemption of the Bonds; or (6) any consent given or other action taken by DTC as the registered owner of the Bonds.

So long as the Bonds or any portion thereof are registered in the name of DTC or any nominee thereof, all notices required or permitted to be given to the registered owners of the Bonds under this Ordinance shall be given to DTC.

In connection with any notice or other communication to be provided to registered owners of the Bonds pursuant to this Ordinance by the City or the Paying Agent with respect to any consent or other action to be taken by registered owners of the Bonds, DTC shall consider

the date of receipt of notice requesting such consent or other action as the record date for such consent or other action, provided that the City or the Paying Agent may establish a special record date for such consent or other action. The City or the Paying Agent shall give DTC notice of such special record date not less than 10 calendar days in advance of such special record date to the extent possible.

The book-entry system for registration of the ownership of the Bonds may be discontinued at any time if: (1) after notice to the City and the Paying Agent, DTC determines to resign as securities depository for the Bonds; (2) after notice to DTC and the Paying Agent, the City determines that continuation of the system of book-entry transfers through DTC (or through a successor securities depository) is not in the best interests of the City or the beneficial owners of the Bonds. In any such event, unless the City appoints a successor securities depository, the Bonds shall be delivered in registered certificate form to such persons, and in such maturities and principal amounts, as may be designated in writing by DTC, but without any liability on the part of the City or the Paying Agent for the accuracy of such designation. Whenever DTC requests the City and the Paying Agent to do so, the City and the Paying Agent shall cooperate with DTC in taking appropriate action after reasonable written notice to arrange for another securities depository to maintain custody of certificates evidencing the Bonds.

- The City covenants to and with the registered owners from time to time of the Bonds that the City (i) shall include in its budget in each fiscal year the amount of the debt service for each fiscal year of the City in which such sums are payable, (ii) shall appropriate from its general revenues in each such fiscal year the amount required to pay debt service on the Bonds for such year, and (iii) shall duly and punctually pay or cause to be paid from its sinking fund or any other of its revenues or funds the principal amount of the Bonds and the interest due thereon at the dates and place and in the manner stated therein, according to the true intent and meaning thereof. For such budgeting, appropriation and payment, the City shall and does pledge, irrevocably, its full faith, credit and taxing power. As provided in Section 8104 of the Act, the foregoing covenant of the City shall be enforceable specifically.
- The City hereby covenants to create and there is hereby created, pursuant to Section 8221 of the Act, a sinking fund for the Bonds, to be known as “Sinking Fund - City of Reading, Berks County, Pennsylvania, Federally-Taxable General Obligation Bonds, Series C of 2012” (the “Sinking Fund”) or such other name or designation as selected by the proper officers of the City from time to time shall be established with the Paying Agent and administered in accordance with applicable provisions of the Act and this Ordinance.
- The Paying Agent shall be the “sinking fund depository” with respect to the Sinking Fund created pursuant to Section 13. The City covenants and agrees to deposit in the Sinking Fund, on or before each Interest Payment Date, an amount which shall be sufficient to permit the Paying Agent to pay on such Interest Payment Date all principal and accrued interest becoming due with respect to the Bonds. After such deposit, the Paying Agent shall, without further authorization or direction from the City or any of its officials, upon proper and timely presentation, execution and surrender of the Bonds, with respect to the payment of principal of the Bonds, or at

the Interest Payment Date, with respect to the payment of interest on the Bonds, withdraw moneys from the Sinking Fund and apply such moneys to the prompt and full payment of such obligations in accordance with the terms thereof, the terms and conditions of this Ordinance and the provisions of the Act.

- Each Bond shall bear interest from the Interest Payment Date next preceding the date of registration and authentication of such Bonds, unless (a) such Bonds are registered and authenticated as of an Interest Payment Date, in which event such Bonds shall bear interest from said Interest Payment Date; or (b) the Bonds are registered and authenticated after a Record Date (hereinafter defined) and before the next succeeding Interest Payment Date, in which event such Bonds shall bear interest from such Interest Payment Date, or (c) the Bonds are registered and authenticated on or prior to the Record Date preceding the first Interest Payment Date, in which event such Bonds shall bear interest from the dated date thereof, or (d) as shown by the records of the Paying Agent, interest on such Bonds shall be in default, in which event such Bonds shall bear interest from the date on which interest was last paid on such Bonds. Interest shall be paid semiannually on May 1 and November 1 of each year, commencing with the May 1 or November 1 following the delivery of the Bonds, until the principal sum is paid. Interest on the Bonds is payable by check drawn on the Paying Agent, which shall be mailed to the registered owner whose name and address shall appear, at the close of business on the fifteenth (15th) day next preceding each Interest Payment Date (the “Record Date”), on the registration books maintained by the Paying Agent, irrespective of any transfer or exchange of the Bonds subsequent to such Record Date and prior to such Interest Payment Date, unless the City shall be in default in payment of interest due on such Interest Payment Date. In the event of any such default, such defaulted interest shall be payable to the person in whose name the Bonds are registered at the close of business on a special record date for the payment of such defaulted interest established by notice mailed by the Paying Agent to the registered owners of the Bonds not less than ten (10) days preceding such special record date. Such notice shall be mailed to the persons in whose names the Bonds are registered at the close of business on the fifth (5th) day preceding the date of mailing.

If the date for payment of the principal of or the interest on any Bonds shall be a Saturday, Sunday, legal holiday or a day on which banking institutions in the Commonwealth are authorized by law or executive order to remain closed, then the payment of such principal or interest need not be made on such date, but may be made on the next succeeding day which is not a Saturday, Sunday, legal holiday or a day on which such banking institutions are authorized to remain closed, with the same force and effect as if made on the nominal date of redemption, and no interest shall accrue after such date.

The City and the Paying Agent shall not be required: (i) to issue or to register the transfer of or exchange any Bonds then considered for redemption during a period beginning at the close of business on the fifteenth (15th) day next preceding any date of selection of Bonds to be redeemed and ending at the close of business on the day on which the applicable notice of redemption is given, or (ii) to register the transfer of or exchange any portion of any Bond selected for redemption, in whole or in part until after the date fixed for redemption. Bonds may

be exchanged for a like aggregate principal amount of Bonds of other authorized denominations of the same maturity and interest rate.

The Bonds shall be transferable or exchangeable by the registered owner thereof upon surrender thereof to the Paying Agent, at its principal corporate trust office, accompanied by a written instrument or instruments in form, with instructions, and with guaranty of signature satisfactory to the Paying Agent, duly executed by the registered owner thereof or his attorney-in-fact or legal representative. The Paying Agent shall enter any transfer of ownership of the Bonds in the registration books of the City maintained by the Paying Agent and shall authenticate and deliver in the name of the transferee or transferees new fully registered Bonds of authorized denominations of the same maturity for the aggregate amount which the transferee or transferees are entitled to receive at the earliest practicable time.

The City and the Paying Agent may deem and treat the persons in whose names the Bonds shall be registered on the registration books of the City maintained by the Paying Agent as the absolute owners thereof for all purposes, whether such Bonds shall be overdue or not, and payment of the principal of and/or interest on the Bonds shall be made only to or upon the order of the registered owners thereof or their legal representatives, but such registration may be changed, as herein and in the Bonds provided. All such payments shall be valid and effectual to satisfy in full and discharge the liability of the City upon the Bonds so paid, to the extent of the sum or sums so paid, and neither the City nor the Paying Agent shall be affected by any notice to the contrary.

The City shall cause to be kept, and the Paying Agent shall keep, at the principal corporate trust office of the Paying Agent, books for the registration, exchange and transfer of Bonds in the manner provided herein and therein so long as the Bonds shall remain outstanding. Such registrations, exchanges and transfers shall be made without charge to Bondholders, except for actual costs, including postage, insurance and any taxes or other governmental charges required to be paid with respect to the same.

- If necessary, the City hereby approves the execution of one or more investment agreements, the purchase of certain U.S. Treasury obligations or any other securities or investments (the "Investments") for investment of the proceeds of the Bonds in connection with the Project and the refunding of the 2008 Bonds. The City hereby authorizes and directs the Mayor to execute and the City Clerk to attest any investment agreement on behalf of the City, in the form approved by the Solicitor and Bond Counsel of the City. The Investments shall be limited to those authorized under law for proceeds of the Bonds.
- The Mayor is hereby authorized and directed, in the name and on behalf of the City:
 - (a) to prepare, execute and certify the debt statement and borrowing base certificate required by the Act; (b) to prepare, execute and file with the Department, as required by Section 8111 of the Act, a duly attested copy of this Ordinance, with proofs of proper publication, the accepted Proposal of the Purchaser and a complete and accurate transcript of the proceedings relating to the incurring of the debt to be evidenced by the Bonds, including the debt statement and borrowing base certificate; (c) to pay or to cause to be paid to the Department all proper filing fees required by

the Act in connection with the foregoing; (d) to pay or cause to be paid from proceeds of the Bonds or otherwise, all costs and expenses incurred by the City in connection with the issuance of the Bonds; (e) to advertise the enactment of this Ordinance, as required by the Act; and (f) to take any and all other action, and to execute and deliver any and all documents and other instruments, required or permitted by the Act or by the Proposal of the Purchaser, or which they, in their sole discretion, may deem necessary, proper or desirable to effect the issuance of the Bonds, to the extent not inconsistent with this Ordinance or applicable law.

- It is hereby declared that the debt to be evidenced by the Bonds, together with all other indebtedness of the City, is not in excess of any applicable limitation imposed by the Act upon the incurring of debt by the City.
- The proper officers of the City are hereby authorized and directed to deliver the Bonds as and when issued to the Purchaser, upon due registration and authentication thereof as provided for herein, upon receipt of full and proper payment of the purchase price therefor, provided, however, that such delivery shall be effected only after the Department has certified its approval pursuant to Section 8204 of the Act.
- The Council hereby authorizes and directs the purchase of a municipal bond insurance policy or policies (the “Municipal Bond Insurance Policy”) to be issued by a municipal bond insurer acceptable to the Purchaser and the Mayor insuring the payment when due of the principal of and interest on the Bonds as provided therein. Proper officers of the City are authorized and directed to take all required, necessary and/or appropriate action with respect to such insurance, including the payment of the premium thereof. Proper officers of the City are also authorized and directed to execute any and all documents or agreements with respect to such insurance, as may be required by the insurer.
- With regard to the Bonds, the proper officers of the City are hereby authorized to execute a Continuing Disclosure Certificate (hereinafter defined) on behalf of the City and the City hereby covenants and agrees that it will comply with and carry out all of the provisions of such Continuing Disclosure Certificate as required by applicable law. Notwithstanding any other provision of this Ordinance, failure of the City to comply with the Continuing Disclosure Certificate shall not be considered an event of default; however, any Bondholder or Beneficial Owner may take such actions as may be necessary and appropriate, including seeking mandate or specific performance by court order, to cause the City to comply with its obligations under this Section.

As used herein, the term “Continuing Disclosure Certificate” shall mean one or more Continuing Disclosure Certificates to be executed by the City in order to comply with Securities and Exchange Commission Rule 15c2-12, and dated the date of issuance and delivery of the Bonds from time to time, as originally executed and as it may be amended from time to time in accordance with the terms thereof.

As used herein, the term “Beneficial Owner” shall mean any person which has or shares the power, directly or indirectly, to make investment decisions concerning ownership of any Bonds (including persons holding Bonds through nominees, depositories, or other intermediaries).

- In the event any provision, section, sentence, clause or part of this Ordinance shall be held to be invalid, such invalidity shall not affect or impair any remaining provision, section, sentence, clause or part of this Ordinance, it being the intent of the City that the remainder of this Ordinance shall remain in full force and effect.
- All ordinances or parts of ordinances, insofar as the same shall be inconsistent herewith, shall be and the same expressly hereby are repealed.
- This Ordinance shall be effective in accordance with Section 8003 of the Act.

[Remainder of Page Intentionally Left Blank]

DULY ENACTED, THIS 9TH DAY OF JULY, 2012, BY THE COUNCIL OF THE CITY OF READING, BERKS COUNTY, PENNSYLVANIA, IN LAWFUL SESSION DULY ASSEMBLED.

Attest:

CITY OF READING
Berks County, Pennsylvania

Linda A. Kelleher CMC, City Clerk

By: _____
Francis Acosta, President of Council

(SEAL)

•

MAXIMUM DEBT SERVICE SCHEDULE

•

BOND FORM

REGISTERED

REGISTERED

Number __

\$_____

Unless this certificate is presented by an authorized representative of The Depository Trust Company, a New York corporation (“DTC”) to the Issuer or its agent for registration of transfer, exchange or payment, and any certificate issued is registered in the name of Cede & Co. or in such other name as is requested by an authorized representative of DTC (and any payment is made to Cede & Co. or to such other entity as is requested by an authorized representative of DTC), ANY TRANSFER, PLEDGE OR OTHER USE HEREOF FOR VALUE OR OTHERWISE BY OR TO ANY PERSON IS WRONGFUL inasmuch as the registered owner hereof, Cede & Co., has an interest herein.

CITY OF READING, BERKS COUNTY,
PENNSYLVANIA

FEDERALLY-TAXABLE
GENERAL OBLIGATION BOND, SERIES C OF 2012

<u>INTEREST</u> <u>RATE</u>	<u>MATURITY DATE</u>	<u>DATED DATE OF</u> <u>SERIES</u>	<u>CUSIP</u>
	November 1, ____	_____, 2012	

REGISTERED OWNER CEDE & CO.

PRINCIPAL AMOUNT \$_____

The City of Reading, Berks County, Pennsylvania (the “City”), a City existing under the laws of the Commonwealth of Pennsylvania (the “Commonwealth”), for value received, hereby acknowledges itself to be indebted and promises to pay to the order of the Registered Owner hereof, or registered assigns, on the maturity date stated hereon (or upon prior redemption, as hereinafter provided), upon presentation and surrender hereof, the Principal Amount shown above and to pay semiannually on May 1 and November 1 of each year prior to maturity or redemption (each an “Interest Payment Date”), beginning _____, 20__, to the registered owner hereof, interest on such principal sum, at the rate per annum stated hereon, from the Interest Payment Date next preceding the date of registration and authentication of this City of Reading, Berks County, Pennsylvania, Federally-Taxable General Obligation Bond, Series C of 2012 (the “Bond”), unless (a) this Bond is registered and authenticated as of an Interest Payment Date, in which event this Bond shall bear interest from such Interest Payment Date, or (b) this Bond is registered and authenticated after a Record Date (hereinafter defined) and before the next succeeding Interest Payment Date, in which event such Bond shall bear interest from such Interest Payment Date, or (c) this Bond is registered and authenticated on or prior to the Record Date preceding _____, 2012, in which event such Bond shall bear interest from

_____, 2012, or (d) as shown by the records of _____, as paying agent, at its offices located in _____, Pennsylvania, or its successor (the "Paying Agent"), interest on such Bond shall be in default, in which event such Bond shall bear interest from the date on which interest was last paid on such Bond. Interest on each Bond is payable by check drawn on the Paying Agent, which shall be mailed to the registered owner whose name and address shall appear, at the close of business on the fifteenth (15th) day next preceding each Interest Payment Date (the "Record Date"), on the registration books maintained by the Paying Agent, irrespective of any transfer or exchange of the Bond subsequent to such Record Date and prior to such Interest Payment Date, unless the City shall be in default in payment of interest due on such Interest Payment Date. In the event of any such default, such defaulted interest shall be payable to the person in whose name the Bond is registered at the close of business on a special record date for the payment of such defaulted interest established by notice mailed by the Paying Agent to the registered owners of Bonds (hereinafter defined) not less than ten (10) days preceding such special record date. Such notice shall be mailed to the persons in whose names the Bonds are registered at the close of business on the fifth (5th) day preceding the date of mailing.

Whenever the due date for payment of interest on or principal of the Bonds or the date fixed for redemption of any Bonds shall be a Saturday, Sunday, legal holiday or a day on which banking institutions in the Commonwealth are authorized by law or executive order to remain closed, then payment of such interest, principal, or redemption price need not be made on such date, but may be made on the next succeeding day which is not a Saturday, Sunday, legal holiday or a day upon which banks are authorized by law or executive order to remain closed, with the same force and effect as if made on the due date for payment of principal, interest or redemption price and no interest shall accrue thereon for any period after such due date.

This Bond is one of a series of Bonds of the City known generally as "City of Reading, Berks County, Pennsylvania, Federally-Taxable General Obligation Bonds, Series C of 2012," dated as of _____, 2012 (the "Bonds"), issued by the City in the aggregate principal amount of _____ Dollars (\$_____).

The Bonds are in fully registered form, without coupons, and have been authorized and issued in accordance with the Local Government Unit Debt Act of the Commonwealth (the "Act"), without the assent of the electors, pursuant to an ordinance (the "Ordinance") of the Council duly enacted on _____, 2012. The terms and provisions of the Ordinance are hereby incorporated by reference as if set forth fully herein.

The City has covenanted in the Ordinance that it shall include in its budget the amount of the debt service for each fiscal year of the City in which principal and/or interest on the Bonds is payable, that it shall appropriate from its general revenues any such sums for the payment of such debt service and that it shall duly and punctually cause to be paid when due principal and interest on the Bonds.

This Bond shall not be entitled to any benefit under the Ordinance nor shall it be valid, obligatory or enforceable for any purpose until this Bond shall have been authenticated by the Paying Agent.

The Bonds maturing on or after _____, shall be subject to redemption, prior to maturity, at the option of the City, in whole or in part, in any order of maturities, at any time on or after _____, at a price equal to 100% of the principal amount of the Bonds to be

redeemed and accrued interest thereon to the date fixed for such optional redemption. In the event that less than all Bonds of a particular maturity are to be redeemed, the Bonds of such maturity to be redeemed shall be drawn by lot by the Paying Agent.

The Bonds stated to mature on _____, are subject to mandatory redemption prior to maturity on _____ of the years (at a price equal to the principal amount of the Bonds called for mandatory redemption plus accrued interest thereon to the date fixed for such mandatory redemption) and in the principal amounts as set forth in the following schedule, as drawn by lot by the Paying Agent:

<u>Year</u>	<u>Principal Amount</u>
-------------	-------------------------

*

* at maturity

In lieu of such mandatory redemption, the Paying Agent, on behalf of the City, may purchase, from money in the Sinking Fund, or the City may tender to the Paying Agent, all or part of the Bonds subject to mandatory redemption in any such year.

If a Bond is of a denomination larger than \$5,000, a portion of such Bond may be redeemed. For the purposes of redemption, such Bond shall be treated as representing that number of Bonds which is obtained by dividing the principal amount thereof by \$5,000, each \$5,000 portion of such Bond being subject to redemption. In the event of a partial redemption of a Bond, payment of the redemption price shall be made only upon surrender of such Bond in exchange for Bonds of authorized denominations in an aggregate principal amount equal to the unredeemed portion of the principal amount thereof.

Any redemption of Bonds shall be upon notice effected by mailing a copy of the redemption notice by first-class mail, postage prepaid, such notice to be sent not less than thirty (30) days nor more than sixty (60) days prior to the date fixed for redemption, addressed to the registered owners of Bonds to be redeemed at their addresses shown on the registration books kept by the Paying Agent (hereinafter defined) as of the date the Bonds are selected for redemption; provided, however, that failure to give such notice by mailing, or any defect therein or in the mailing thereof, shall not affect the validity of any proceeding for redemption of other Bonds called for redemption as to which proper notice has been given.

If at the time of mailing of the notice of redemption the City shall not have deposited with the Paying Agent moneys sufficient to redeem all the Bonds called for redemption, such notice may state that it is conditional, that is, subject to the deposit of the redemption moneys with the Paying Agent no later than the opening of business on the redemption date, and such notice shall be of no effect unless such moneys are so deposited.

On the date designated for redemption, notice having been provided as aforesaid, and money for payment of the principal and accrued interest being held by such Paying Agent, interest on the Bonds or portions thereof so called for redemption shall cease to accrue and such

Bonds or portions thereof shall cease to be entitled to any benefit or security under this Ordinance, and registered owners of such Bonds shall have no rights with respect to such Bonds, except to receive payment of the principal of and accrued interest on such Bonds to the date fixed for redemption.

If the redemption date for any Bonds shall be a Saturday, Sunday, legal holiday or a day on which banking institutions in the Commonwealth are authorized by law or by executive order to remain closed, then the payment of such principal and interest upon such redemption need not be made on such date, but may be made on the next succeeding day which is not a Saturday, Sunday, legal holiday or day on which such banking institutions are authorized to remain closed, with the same force and effect as if made on the nominal date of redemption, and no interest shall accrue after such date.

This Bond may be transferred or exchanged by the registered owner hereof only upon surrender of this Bond to the Paying Agent at its principal corporate trust office, accompanied by a written instrument or instruments of transfer in form, with instructions, and with guaranty of signature satisfactory to the Paying Agent, duly executed by the registered owner of this Bond or his attorney-in-fact or legal representative. The Paying Agent shall enter any transfer of ownership of this Bond in the registration books maintained by the Paying Agent and shall authenticate and deliver in the name of the transferee or transferees a new fully registered bond or bonds of authorized denominations of the same maturity and form for the aggregate amount which the transferee is entitled to receive at the earliest practicable time. The City and the Paying Agent may deem and treat the registered owner hereof as the absolute owner hereof (whether or not this Bond shall be overdue) for the purpose of receiving payment of or on account of principal hereof and interest due hereon and for all other purposes, and the City and the Paying Agent shall not be affected by any notice to the contrary. All payments made to the registered owner of a Bond, as herein provided, shall be valid and effectual to satisfy in full and discharge the liability of the City upon the Bond as paid.

The City and the Paying Agent shall not be required: (i) to issue or to register the transfer of or exchange any Bonds then considered for redemption during a period beginning at the close of business on the fifteenth (15th) day next preceding any date of selection of Bonds to be redeemed and ending at the close of business on the day on which the applicable notice of redemption is given, or (ii) to register the transfer of or exchange any portion of any Bond selected for redemption, in whole or in part until after the date fixed for redemption. Bonds may be exchanged for a like aggregate principal amount of Bonds of other authorized denominations of the same maturity and interest rate.

The City has caused CUSIP numbers to be printed on the Bonds as a convenience to Bondholders. No representation is made as to the accuracy of such numbers as printed on the Bonds.

No recourse shall be had for the payment of the principal of or interest on this Bond, or for any claim based hereon or on the Ordinance, against any member, officer or employee, past, present, or future, of the City or of any successor body, as such, either directly or through the City or any such successor body, under any constitutional provision, statute or rule of law, or by the enforcement of any assessment or by any legal or equitable proceeding or otherwise, and all such liability of such members, officers or employees is released as a condition of and as consideration for the issuance of this Bond.

It is hereby certified that the approval of the Department of Community and Economic Development of the Commonwealth for the City to issue and deliver this Bond has been duly given pursuant to the Act; that all acts, conditions and things required by the laws of the Commonwealth to exist, to have happened or to have been performed, precedent to or in connection with the issuance of this Bond or in the creation of the debt of which this Bond is evidence, exist, have happened and have been performed in regular and due form and manner as required by law; that this Bond, together with all other indebtedness of the City is within every debt and other limit prescribed by the Constitution and the statutes of the Commonwealth; that the City has established with the Paying Agent, as Sinking Fund Depositary, a sinking fund for the Bonds and shall deposit therein amounts sufficient to pay the principal of and interest on the Bonds as the same shall become due and payable; and that for the prompt and full payment of all obligations of this Bond, the full faith, credit and taxing power of the City are hereby irrevocably pledged.

IN WITNESS WHEREOF, the City of Reading, Berks County, Pennsylvania, has caused this Bond to be signed in its name and on its behalf by the signature of the Mayor and its corporate seal to be hereunder affixed, duly attested by the signature of the City Clerk, as of the ____ day of _____, 2012.

CITY OF READING
Berks County, Pennsylvania

By: _____
Vaughn Spencer, Mayor

Attest: _____
Linda A. Kelleher CMC, City Clerk

(SEAL)

(FORM OF PAYING AGENT'S CERTIFICATE)

CERTIFICATE OF AUTHENTICATION

Date of Authentication: _____

It is certified that this Bond is a Bond issued under the provisions of the within-mentioned Ordinance.

_____, as Paying Agent
By _____
Authorized Officer

STATEMENT OF INSURANCE

TO BE PROVIDED UPON SELECTION OF BOND INSURER

(FORM OF ASSIGNMENT)

ASSIGNMENT

FOR VALUE RECEIVED, _____ (the "Transferor"), the undersigned, hereby sells, assigns and transfers unto

Name (the "Transferee")

Address

Social Security or
Federal Employer Identification No.

the within Bond and all rights thereunder, and hereby irrevocably constitutes and appoints _____ as attorney to transfer the within Bond on the books kept for registration thereof, with full power of substitution in the premises.

Date: _____

Signature Guaranteed:

NOTICE: Signature(s) must be guaranteed by an approved eligible guarantor institution, an institution which is a participant in a Securities Transfer Association recognized signature guarantee program.

NOTICE: No transfer will be made in the name of the Transferee, unless the signature(s) to this assignment correspond(s) with the name(s) as it appears upon the face of the within Bond in every particular, without alteration or enlargement or any change whatever and the Social Security or Federal Employer Identification Number of the Transferee is supplied. If the Transferee is a trust, the names and Social Security or Federal Employer Identification Numbers of the settlor and beneficiaries of the trust, the Federal Employer Identification Number and date of the trust, and the name of the trustee should be supplied.

(END OF BOND FORM)

TAXABLE GENERAL OBLIGATION BONDS, SERIES C OF 2012

MAXIMUM DEBT SERVICE REQUIREMENTS

DATE	PRINCIPAL	RATE	INTEREST	NET DEBT SERVICE	FISCAL YEAR DEBT SERVICE
3-Sep-12					
1-Nov-12	1,015,000.00	6.500%	157,083.33	1,172,083.33	1,172,083.33
1-May-13	-		454,512.50	454,512.50	-
1-Nov-13	225,000.00	6.500%	454,512.50	679,512.50	1,134,025.00
1-May-14	-		447,200.00	447,200.00	-
1-Nov-14	230,000.00	6.500%	447,200.00	677,200.00	1,124,400.00
1-May-15	-		439,725.00	439,725.00	-
1-Nov-15	235,000.00	6.500%	439,725.00	674,725.00	1,114,450.00
1-May-16	-		432,087.50	432,087.50	-
1-Nov-16	235,000.00	6.500%	432,087.50	667,087.50	1,099,175.00
1-May-17	-		424,450.00	424,450.00	-
1-Nov-17	235,000.00	6.500%	424,450.00	659,450.00	1,083,900.00
1-May-18	-		416,812.50	416,812.50	-
1-Nov-18	350,000.00	6.500%	416,812.50	766,812.50	1,183,625.00
1-May-19	-		405,437.50	405,437.50	-
1-Nov-19	580,000.00	6.500%	405,437.50	985,437.50	1,390,875.00
1-May-20	-		386,587.50	386,587.50	-
1-Nov-20	630,000.00	6.500%	386,587.50	1,016,587.50	1,403,175.00
1-May-21	-		366,112.50	366,112.50	-
1-Nov-21	685,000.00	6.500%	366,112.50	1,051,112.50	1,417,225.00
1-May-22	-		343,850.00	343,850.00	-
1-Nov-22	650,000.00	6.500%	343,850.00	993,850.00	1,337,700.00
1-May-23	-		322,725.00	322,725.00	-
1-Nov-23	700,000.00	6.500%	322,725.00	1,022,725.00	1,345,450.00
1-May-	-		299,975.00	299,975.00	-

24					
1-Nov-24	725,000.00	6.500%	299,975.00	1,024,975.00	1,324,950.00
1-May-25	-		276,412.50	276,412.50	-
1-Nov-25	615,000.00	6.500%	276,412.50	891,412.50	1,167,825.00
1-May-26	-		256,425.00	256,425.00	-
1-Nov-26	650,000.00	6.500%	256,425.00	906,425.00	1,162,850.00
1-May-27	-		235,300.00	235,300.00	-
1-Nov-27	850,000.00	6.500%	235,300.00	1,085,300.00	1,320,600.00
1-May-28	-		207,675.00	207,675.00	-
1-Nov-28	920,000.00	6.500%	207,675.00	1,127,675.00	1,335,350.00
1-May-29	-		177,775.00	177,775.00	-
1-Nov-29	1,010,000.00	6.500%	177,775.00	1,187,775.00	1,365,550.00
1-May-30	-		144,950.00	144,950.00	-
1-Nov-30	2,355,000.00	6.500%	144,950.00	2,499,950.00	2,644,900.00
1-May-31	-		68,412.50	68,412.50	-
1-Nov-31	2,105,000.00	6.500%	68,412.50	2,173,412.50	2,241,825.00
	15,000,000.00		12,369,933.33	27,369,933.33	27,369,933.33

CITY OF READING
COUNTY OF BERKS
COMMONWEALTH OF PENNSYLVANIA

ORDINANCE NO. _____
ENACTED: JUNE __, 2012

AN ORDINANCE OF THE COUNCIL OF THE CITY OF READING, BERKS COUNTY, PENNSYLVANIA, SETTING FORTH ITS INTENT TO ISSUE A FEDERALLY-TAXABLE GENERAL OBLIGATION NOTE, SERIES B OF 2012 OF THE CITY IN THE AGGREGATE PRINCIPAL AMOUNT OF THREE MILLION NINETY-NINE THOUSAND DOLLARS (\$3,099,000) PURSUANT TO THE ACT OF THE GENERAL ASSEMBLY OF THE COMMONWEALTH OF PENNSYLVANIA, KNOWN AS THE LOCAL GOVERNMENT UNIT DEBT ACT, 53 PA. C.S. CHAPTERS 80-82, AS AMENDED AND SUPPLEMENTED (THE "ACT"); FINDING THAT A PRIVATE SALE BY NEGOTIATION IS IN THE BEST FINANCIAL INTERESTS OF THE CITY; DETERMINING THAT SUCH NOTE SHALL EVIDENCE NONELECTORAL DEBT OF THE CITY; SPECIFYING THAT SUCH INDEBTEDNESS IS TO BE INCURRED TO PROVIDE FUNDS TO FINANCE A PROJECT OF THE CITY WHICH CONSISTS OF, AMONG OTHER THINGS: (1) THE CURRENT REFUNDING OF THE CITY'S FEDERALLY-TAXABLE GENERAL OBLIGATION NOTE, SERIES OF 2000, AND (2) PAYING THE COSTS AND EXPENSES OF ISSUING THE NOTE; SETTING FORTH A REASONABLE ESTIMATE OF THE USEFUL LIVES OF THE PROJECTS TO BE REFINANCED BY THE NOTE; ACCEPTING A COMMITMENT FOR THE PURCHASE OF SUCH NOTE AT PRIVATE SALE BY NEGOTIATION; PROVIDING THAT SUCH NOTE, WHEN ISSUED, SHALL CONSTITUTE A GENERAL OBLIGATION OF THE CITY; FIXING THE FORM, NUMBER, DATE, INTEREST AND MATURITY THEREOF AND PLACE OF PAYMENT OF THE PRINCIPAL OF AND INTEREST ON SUCH NOTE; AUTHORIZING SPECIFIED OFFICERS OF THE CITY TO CONTRACT WITH THE PAYING AGENT FOR ITS SERVICES IN CONNECTION WITH THE NOTE, IF NECESSARY; SETTING FORTH THE SUBSTANTIAL FORM OF THE NOTE EVIDENCING THE DEBT; AUTHORIZING EXECUTION AND ATTESTATION OF SUCH NOTE; PROVIDING COVENANTS RELATED TO DEBT SERVICE APPLICABLE TO SUCH NOTE TO THE EXTENT REQUIRED BY THE ACT AND PLEDGING THE FULL FAITH, CREDIT AND TAXING POWER OF THE CITY IN SUPPORT THEREOF; CREATING A SINKING FUND IN CONNECTION WITH SUCH NOTE, TO THE EXTENT REQUIRED BY THE ACT; DESIGNATING THE PAYING AGENT TO BE THE SINKING FUND DEPOSITORY; AUTHORIZING THE EXECUTION OF ONE OR MORE INVESTMENT AGREEMENTS BY SPECIFIED OFFICERS OF THE CITY (IF APPLICABLE) AND THE PURCHASE OF CERTAIN U.S. TREASURY OBLIGATIONS OR ANY OTHER SECURITIES OR INVESTMENTS IN CONNECTION WITH THE PROJECT, IF NECESSARY; AUTHORIZING AND DIRECTING SPECIFIED OFFICERS OF THE CITY TO DO, TO TAKE AND TO PERFORM CERTAIN SPECIFIED, REQUIRED, NECESSARY OR APPROPRIATE ACTS TO EFFECT THE ISSUANCE OF THE NOTE, INCLUDING, WITHOUT LIMITATION, THE PREPARATION OF A DEBT STATEMENT AND BORROWING BASE CERTIFICATE, AND THE FILING OF SPECIFIED DOCUMENTS WITH THE DEPARTMENT OF COMMUNITY AND ECONOMIC DEVELOPMENT, ALL AS REQUIRED BY THE ACT; APPROVING A SELF-LIQUIDATING DEBT REPORT, IF APPLICABLE; DECLARING THAT THE DEBT TO BE EVIDENCED BY SUCH NOTE,

TOGETHER WITH ALL OTHER INDEBTEDNESS OF THE CITY, WILL NOT BE IN EXCESS OF ANY APPLICABLE LIMITATION IMPOSED BY THE ACT; AUTHORIZING PROPER OFFICERS OF THE CITY TO DELIVER THE NOTE UPON THE APPROVAL OF THE DEPARTMENT OF COMMUNITY AND ECONOMIC DEVELOPMENT; PROVIDING WHEN THIS ORDINANCE SHALL BECOME EFFECTIVE; PROVIDING FOR SEVERABILITY OF PROVISIONS; AND REPEALING ALL ORDINANCES OR PARTS OF ORDINANCES INSOFAR AS THE SAME SHALL BE INCONSISTENT HEREWITH.

WHEREAS, the City of Reading, Berks County, Pennsylvania (the “City”), was incorporated under the laws of the Commonwealth of Pennsylvania; and

WHEREAS, it is necessary that the indebtedness of the City be increased for the purposes of providing funds to fund a project which consists of, among other things, (1) the current refunding of the City’s Federally-Taxable General Obligation Note, Series of 2010 (the “2010 Note”), and (2) paying the costs and expenses of issuing the Note (hereinafter defined) (the “Project”); and

WHEREAS, the City has heretofore issued the 2010 Note in the original principal amount of \$3,250,000; and

WHEREAS, the City desires to authorize the refunding of the 2010 Note for the purpose of reducing total debt service over the life of the series; and

WHEREAS, the Note which is being issued to refund the 2010 Note will not be outstanding through a maturity date that could not have been included in the issue of the 2010 Note; and

WHEREAS, it is necessary that the indebtedness of the City be increased for the purpose of funding the Project; and

WHEREAS, the proposed increase of debt, together with its nonelectoral indebtedness and its lease rental indebtedness presently outstanding, will not cause the limitations of the City, pursuant to constitutional and statutory authority, to be exceeded; and

WHEREAS, the City received a commitment letter for the financing of the Project (the “Commitment Letter”) from Fulton Bank, N.A., Wyomissing, Pennsylvania (the “Purchaser”); and

WHEREAS, the City desires to formally approve the Project, to accept the Commitment Letter and to authorize the incurrence of nonelectoral debt under the Act, and the execution and delivery of the Commitment Letter.

NOW, THEREFORE, THE COUNCIL OF THE CITY OF READING, BERKS COUNTY, PENNSYLVANIA HEREBY ORDAINS AS FOLLOWS:

SECTION^o1. The aggregate principal amount of the Federally-Taxable General Obligation Note, Series B of 2012 (the “Note”) of the City of Reading, Berks County, Pennsylvania, proposed to be issued shall be \$3,099,000. The Note shall be incurred as nonelectoral debt.

SECTION^o2. The City hereby approves the Project to be undertaken consisting of, among other things, (1) the current refunding of the 2010 Note, and (2) paying the costs and expenses of issuing the Note.

It is hereby determined and declared that the remaining estimated useful lives of the projects to be refinanced with the proceeds of the Note range from at least 3 years to at least 18 years.

It is hereby certified that an aggregate principal amount of the Note at least equal to the realistic estimated cost of each such capital project shall mature prior to the end of the useful life of such project. Stated installments or maturities of principal of the Note will not be deferred beyond the later of one year after the estimated date for the completion of the construction portion of the Project, if any, or two years from the date of issuance of the Note.

In connection with the issuance and sale of the Note, the Council, as required by the provisions of the Act, hereby finds, determines and states (a) that the purpose of the refunding of the 2010 Note is to reduce total debt service over the life of the series; and (b) that the refunding of the 2010 Note is authorized and permitted under and pursuant to the provisions of Section 8241 of the Act. The Council further finds and determines that the final maturity date of the Note issued to effect the refunding of the 2010 Note does not extend to a date that could not have been included in the 2010 Note issue.

The Council of the City hereby authorizes and directs its proper officers, agents and employees to execute all documents and take all actions necessary in connection with accomplishing the refunding of the 2010 Note, including, but not limited to providing notice to the Paying Agent for the 2010 Note, and to call the 2010 Note for optional redemption in full on the first date the 2010 Note is eligible to be called for optional redemption. In accordance with Section 8246 of the Act, it is the intent of the Council that the 2010 Note shall no longer be outstanding from and after the date of the issuance of the Note.

SECTION^o3. Said indebtedness shall be evidenced by a general obligation note in the aggregate principal amount of \$3,099,000 dated and bearing interest from the earliest date of possible issue of said Note under the statutory time requirements as set forth in the Act. In accordance with the provisions of the Commitment Letter, the Note shall bear interest at the rate per annum as set forth on the form of Note. Interest is payable on the unpaid balance of said Note during its term until paid. The Note shall mature in installments of principal as shown on the attached Schedule hereinafter referred to as Exhibit A.

The City reserves the right to prepay all or part of any installments of principal at any time prior to the respective payment dates thereof, without notice or penalty, as more fully provided in the form of Note.

The principal and interest of said Note shall be payable at the office of the sinking fund depository selected for the Note as hereinafter provided.

SECTION^o4. The Note is hereby declared to be a general obligation of the City. The City hereby covenants that it shall include the amount of debt service on the Note for each fiscal year in which such sums are payable in its budget for that year; shall appropriate such amounts from its general revenues for the payment of such debt service; and shall duly and punctually pay or cause to be paid from its general revenues the principal of the Note and the

interest thereon at the dates and places and in the manner stated in the Note according to the true intent and meaning thereof, and for such proper budgeting, appropriation, and payment, the full faith, credit and taxing power of the City are hereby irrevocably pledged.

SECTION^o5. The Note, when issued, will be a general obligation of the City.

SECTION^o6. The form of said Note shall be substantially as shown on the attached Exhibit B.

SECTION^o7. The Note shall be executed in the name and under the corporate seal of the City by the Mayor and attested to by the City Clerk or Assistant City Clerk of the City. The City Clerk is hereby authorized and directed to deliver said Note to the Purchaser, and receive payment therefor on behalf of the City. The City Clerk or Assistant City Clerk is authorized and directed to prepare, verify and file the debt statement required by Section 8110 of the Act, and to take other necessary action, including, if necessary or desirable, the filing, either before or after the issuance of the Note, of additional debt statements or any statements required to qualify any portion of the debt from the appropriate debt limit as self-liquidating or subsidized debt.

SECTION^o8. Fulton Bank, N.A., Wyomissing, Pennsylvania, is hereby designated as the Sinking Fund Depository for the Note, and there is hereby created and established a Sinking Fund, to be known as “City of Reading, Berks County, Pennsylvania, Sinking Fund – Federally-Taxable General Obligation Note, Series B of 2012,” for the payment of the principal and interest thereon which shall be deposited into the Sinking Fund no later than the date upon which the same becomes due and payable. The City shall deposit into the Sinking Fund, which shall be maintained until the Note is paid in full, sufficient amounts for payment of principal and interest on the Note no later than the date upon which such payments shall become due. The Sinking Fund Depository shall, as and when said payments are due, without further action by the City withdraw available monies in the Sinking Fund and apply said monies to payment of the principal of and interest on the Note.

SECTION^o9. The City is hereby authorized to contract with Fulton Bank, N.A., Wyomissing, Pennsylvania for its services as Sinking Fund Depository for the Note and Paying Agent for the same (the “Paying Agent”).

SECTION^o10. In compliance with Section 8161 of the Act, Council has determined that a private sale by negotiation, rather than public sale, is in the best financial interest of the City. The Commitment Letter is hereby accepted and the Note is hereby awarded and sold to the Purchaser in accordance with its commitment to purchase the said Note at par; provided the Note is dated the date of delivery thereof to the Purchaser and is in substantially the form set forth in Exhibit B to this Ordinance with such changes as may be approved by the officers of the City executing such Note; and further provided that the proceedings have been approved by the Department of Community and Economic Development if such approval is required under the provisions of the Act. A copy of said Commitment Letter shall be attached hereto as Exhibit C and lodged with the official minutes of this meeting and is hereby incorporated herein by reference.

SECTION^o11. If necessary, the City hereby approves the execution of one or more investment agreements, the purchase of certain U.S. Treasury obligations or any other

securities or investments (the "Investments") for investment of the proceeds of the Note in connection with the Project. The City hereby authorizes and directs the Mayor to execute and the City Clerk or Assistant City Clerk of the City to attest any investment agreement on behalf of the City, in the form approved by the Solicitor and Bond Counsel of the City. The Investments shall be limited to those authorized under law for proceeds of the Note.

SECTION°12. The action of the proper officers and the advertising of a summary of this Ordinance as required by law in a newspaper of general circulation in the City, is ratified and confirmed. The advertisement of enactment in said newspaper is hereby directed within fifteen (15) days following the day of final enactment.

SECTION°13. The proper officers of the City are hereby authorized to execute and deliver such other documents, including any additional documents, certificates and agreements required by the Commitment Letter, and to take such other action as may be necessary or proper to effect the completion of the financing or the intent and purposes of this Ordinance.

SECTION°14. In the event any provision, section, sentence, clause or part of this Ordinance shall be held to be invalid, such invalidity shall not affect or impair any remaining provision, section, sentence, clause or part of this Ordinance, it being the intent of the City that the remainder of this Ordinance shall remain in full force and effect.

SECTION°15. All ordinances or parts of ordinances not in accord with this Ordinance are hereby repealed insofar as they conflict herewith.

SECTION°16. This Ordinance shall be effective in accordance with Section 8003 of the Act.

DULY ENACTED, THIS ____ DAY OF JUNE, 2012, BY THE COUNCIL OF CITY OF READING, BERKS COUNTY, PENNSYLVANIA, IN LAWFUL SESSION DULY ASSEMBLED.

Attest:

CITY OF READING
Berks County, Pennsylvania

Linda A. Kelleher CMC, City Clerk

By: _____
Francis Acosta, President of Council

(SEAL)

EXHIBIT A

Principal Payment Schedule
Series B of 2012 Note

Payment Date <u>(May 15)</u>	<u>Amount</u>
2013	
2014	
2015	
2016	
2017	
2018	
2019	
2020	
2021	
2022	
2023	
2024	
2025	
2026	
2027	

EXHIBIT B

Form of Note

UNITED STATES OF AMERICA
COMMONWEALTH OF PENNSYLVANIA
COUNTY OF BERKS
CITY OF READING

FEDERALLY-TAXABLE
GENERAL OBLIGATION NOTE
SERIES B OF 2012

Dated: _____, 2012
\$ _____

The CITY OF READING, COUNTY OF BERKS, COMMONWEALTH OF PENNSYLVANIA (the "City"), a local government unit existing by and under the laws of said Commonwealth, for value received, hereby acknowledges itself indebted and promises to pay to FULTON BANK, N.A., Wyomissing, Pennsylvania (the "Purchaser"), or registered assigns, the sum of _____ Million _____ Hundred _____ Thousand Dollars (\$ _____) or such lesser particular sum as shall represent the unpaid balance of such principal sum, on the terms and conditions set forth below.

From the date hereof through and including _____, 20__, interest shall be due and payable on this Note at a fixed rate equal to five and seventy-five hundredths percent (5.75%) per annum. Thereafter, commencing _____, 20__, interest shall be due and payable on this Note at a variable rate equal to the Fulton Bank Prime Rate. Notwithstanding the foregoing, in no event shall the interest rate on this Note be less than _____ percent (____%) per annum and in no event shall the interest rate on this Note exceed _____ percent (____%) per annum. Interest shall be calculated on the basis of the actual number of days elapsed and a year of three hundred sixty (360) days. Interest shall be due and payable semi-annually on May 15 and November 15 of each year, commencing on November 15, 2012.

As used herein, the term "Fulton Bank Prime Rate" shall mean the variable annual rate of interest regularly and from time to time established by the Purchaser as its prime rate and so designated, whether or not the Purchaser shall at times lend at lower rates to specific borrowers. Any change in the Fulton Bank Prime Rate shall become effective on the day established by the Purchaser as the effective date for such change.

Principal of this Note shall be due and payable annually on May 15 of each year, commencing May 15, 20__, in the amounts set forth on Exhibit "A" attached hereto and made a part hereof. On May 15, 20__, all principal, accrued, unpaid interest and other amounts evidenced by this Note shall be due and payable in full, without notice or demand.

If the due date for payment of interest on or principal of this Note shall be a Saturday, Sunday, legal holiday or a day on which banking institutions in the Commonwealth are authorized by law or executive order to remain closed, then payment of such interest, principal or redemption price need not be made on such date, but may be made on the next succeeding day

which is not a Saturday, Sunday, legal holiday or a day upon which banking institutions in the Commonwealth are authorized by law or executive order to remain closed with the same force and effect as if made on the due date for payment of principal or interest and no interest shall accrue thereon for any period after such due date.

The City has the option to prepay all or part of any installment of principal at any time prior to the respective payment dates thereof, without notice or penalty.

Both principal and interest are payable in such coin or currency as on the respective date of payment thereof and shall be legal tender for the payment of public and private debts, at the office of Fulton Bank, the paying agent, located in Wyomissing, Pennsylvania.

This Federally-Taxable General Obligation Note, Series B of 2012 (the "Note") is issued under and pursuant to provisions of the Ordinance enacted by the Council of the City on June __, 2012 (the "Ordinance"). This Note is authorized to be issued under the Local Government Unit Debt Act of the Commonwealth, as reenacted and amended (the "Act"), without the assent of electors, and pursuant to the Ordinance. This Note shall be issued in the principal amount of \$_____ and is subject and entitled to the benefit of provisions of the Ordinance. The terms and provisions of the Ordinance are hereby incorporated by reference as if set forth fully herein.

The City has covenanted in the Ordinance, to and with the registered owner(s) hereof, that it (i) shall include the amount of the debt service for this Note, for each fiscal year of the City in which such amounts are payable, in its budget for that fiscal year, (ii) that it shall appropriate such amounts from its general revenues for the payment of such debt service in each such fiscal year, and (iii) that it shall duly and punctually pay or cause to be paid from the sinking fund established under the Ordinance or any other of its revenues or funds the principal amount of this Note and the interest due thereon at the dates and places and in the manner stated therein, according to the true intent and meaning thereof and for such budgeting, appropriation and payment the City has pledged, irrevocably, its full-faith, credit and taxing power.

The Note does not pledge the credit or taxing power of the Commonwealth; nor shall this Note be deemed an obligation of the Commonwealth; nor shall the Commonwealth be liable for payment of the principal of or interest on this Note.

The Purchaser shall have the right to exercise the remedies set forth in the Act. Any failure by the Purchaser to exercise any right or privilege hereunder shall not be construed as a waiver of the right or privilege to exercise such right or privilege, or to exercise any other right or privilege, at any other time, and from time to time, thereafter.

No recourse shall be had for the payment of the principal of or interest on this Note, or for any claim based hereon or on the Ordinance, against any member, officer or employee, past, present, or future, of the City or of any successor body, as such, either directly or through the City or any such successor body, under any constitutional provision, statute or rule of law, or by the enforcement of any assessment or by any legal or equitable proceeding or otherwise, and all such liability of such members, officers or employees is released as a condition of and as consideration for the issuance of the Note.

It is hereby certified that the approval of the Department of Community and Economic Development of the Commonwealth for the City to issue and deliver this Note has

been duly given pursuant to the Act; that all acts, conditions and things required by the laws of the Commonwealth to exist, to have happened or to have been performed, precedent to or in connection with the issuance of this Note or in the creation of the debt of which this Note is evidence, exist, have happened and have been performed in regular and due form and manner as required by law; that this Note, together with all other indebtedness of the City are within every debt and other limit prescribed by the Constitution and the statutes of the Commonwealth; that the City has established with the Paying Agent, as sinking fund depository, a sinking fund for this Note and shall deposit therein amounts sufficient to pay the principal of and interest on this Note as the same shall become due and payable; and that for the prompt and full payment of all obligations of this Note, the full faith, credit and taxing power of the City are hereby irrevocably pledged.

IN WITNESS WHEREOF, the City of Reading, Berks County, Pennsylvania, has caused this Note to be properly executed by its Mayor and its corporate seal to be hereto affixed, attested to by its City Clerk of the City as of the ____ day of June, 2012.

CITY OF READING
Berks County, Pennsylvania

By: _____
Vaughn Spencer, Mayor

Attest: _____
Linda A. Kelleher CMC, City Clerk

(SEAL)

REGISTRATION FORM

This Note can be validly negotiated only upon proper execution of the form set forth below, and upon notation of the same upon the books of Fulton Bank, N.A., Wyomissing, Pennsylvania, as Paying Agent and Registrar for this Note, maintained for such purpose. The City and the Registrar shall treat the registered owner of this Note, as noted on this Note and on said books, as the absolute owner hereof, and shall not be affected by any changed circumstances, nor by any notice to the contrary.

Original Registered Owner: Fulton Bank, N.A.

<u>Date</u>	<u>Transferor</u>	<u>Subsequent Purchaser</u>	<u>Registrar</u>
_____	_____	_____	_____
_____	_____	_____	_____
_____	_____	_____	_____
_____	_____	_____	_____

For value received, the last-named Transferor, by its due execution above, hereby, on the above-stated date, sells, transfers and negotiates this Note to the last-named subsequent purchaser, warranting that this transfer is effective and rightful; that, this Note is genuine and has not been materially altered; and that it has no knowledge of any fact which might impair the validity of this Note, and further irrevocably authorizes and directs Fulton Bank, N.A., Wyomissing, Pennsylvania, as Registrar, to make this transfer on its books maintained for such purposes.

Fulton Bank, N.A., Wyomissing, Pennsylvania, as Registrar, by its due execution above, on the above-stated date, acknowledges the transfer of this Note to the subsequent purchaser, who shall now be recognized as registered owner, and has noted such transfer on its books.

ASSIGNMENT

FOR VALUE RECEIVED, _____ hereby
sells, assigns and transfers unto

_____ (the "Transferee")
Name

Address

Social Security or Federal
Employer Identification No.

the within Note and all rights thereunder and hereby irrevocably constitutes and appoints
_____ attorney to transfer the within Note on the books kept for registration
thereof, with full power of substitution in the premises.

Date: _____

NOTICE: No transfer will be issued in the name of the Transferee unless the signature(s) to this assignment correspond(s) with the name as it appears upon the face of the within Note in every particular, without alteration or enlargement or any change whatever and the Social Security or Federal Employer Identification Number of the Transferee is supplied. If the Transferee is a trust, the names and Social Security or Federal Employer Identification Numbers of the settlor and beneficiaries of the trust, the Federal Employer Identification Number and date of the trust, and the name of the trustee should be supplied.

EXHIBIT C

Commitment Letter



CITY OF READING, PENNSYLVANIA

Community Development Department
Reading's Success is Our Mission

**Quality of Life Ordinance Enforcement
Mayor Spencer's Recommendations
June 18, 2012**

After evaluating the City of Reading's Quality of Life Program (QoL) it was determined that six QoL violation categories account for 96% of all violations, while seventeen QoL violation categories account for 4%. With this reality in mind we focused on the following recommendations for the top six violation categories:

1. High weeds, grass or plants;
2. Accumulation of rubbish or garbage;
3. No storage containers for waste;
4. Outdoor placement of indoor furniture;
5. Disposal of rubbish or garbage / dumping; and
6. Motor Vehicles.

All recommendations provided in this document are classified in two broad categories:

1. Administrative recommendations are actions that Mayor Spencer will ask his staff to implement;
2. Policy recommendations will be provided to council for analysis and implementation.

Administrative Recommendations: Increase Awareness by:

1. Starting a bilingual informational campaign that includes:
 - a. Description of ordinance
 - b. Visual Packet with pictures of what is acceptable and what is not
 - c. Calendar with enforcement reminders and routes
 - d. Information for coordinating with public works to pick up yard waste
 - e. Discussions in interviews, BCTV programs, neighborhood meetings
 - f. Revised flyer for distribution/awareness-building
2. Fining \$0 to all first-time violations. Notify property owner by posting ticket at door, then mailing information on remedies.
3. Establishing a protocol for collections: mail reminder notices to increase collections in the first month; enforce collections of unpaid QoL violations issued thereafter;
4. Increase use of technology to improve operations and constituent access to records and online appeal and payment services;



CITY OF READING, PENNSYLVANIA

Community Development Department
Reading's Success is Our Mission

5. Expanding language in violation notice:
 - a. Provide further clarity on reason for violation and add recommended remedial action;
 - b. Provide a 3 day grace period for remediation before issuing another ticket;
6. Expanding language in ordinance, per quality of life violation, to be more specific and address severity of violation.
7. Reviewing each violation category and providing more detail and clarity for interpretation.

Administrative & Policy Recommendations: Modify Appeals Process by:

1. Having appeals heard by independent hearing officer;
2. Implementing an "Instant appeal" hearing, on constituent request at counter;
3. Increasing staff assigned to hear appeals to reduce backlog and make the appeals process speedier;
4. Expanding the number of days to hear appeals;
5. Increasing the number of days (grace period) before late fee is assessed.

Success Factors:

Program:

1. Reduction of violations ticketed
2. Changes in behavior of constituents in each of the 6 areas
3. Reduction of complaints by citizens
4. Increase accuracy on ticketing and reduce number of appeals

Administrative:

1. Staffing level reductions to enforce QoL inspections
2. Improve rate of collection for program (Increased compliance)
3. Improve appeals process
4. Improve language of QoL Violation descriptions to avoid subjective enforcement