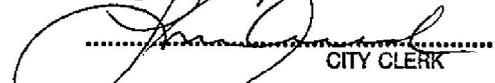


CITY OF READING
BERKS COUNTY, PENNSYLVANIA

ORDINANCE NO. 93 2010

ENACTED: NOVEMBER 8, 2010

I, LINDA A. KELLEHER, City Clerk of the City of Reading, Pa., do hereby certify, that the foregoing is a true and correct copy of the original Ordinance passed by the Council of the City of Reading, on the 22 day of Nov A. D. 20 10. Witness my hand and seal of the said City this 13 day of Nov A. D. 20 10.


CITY CLERK

AN ORDINANCE OF THE COUNCIL OF THE CITY OF READING, BERKS COUNTY, PENNSYLVANIA, SETTING FORTH ITS INTENT TO ISSUE A SERIES OF GENERAL OBLIGATION BONDS OF THE CITY IN THE AGGREGATE PRINCIPAL AMOUNT NOT TO EXCEED TWENTY MILLION DOLLARS (\$20,000,000) 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 TO BE INCURRED TO PROVIDE FUNDS FOR CERTAIN PROJECTS OF THE CITY WHICH INCLUDES THE FOLLOWING: (1) FUNDING UNFUNDED DEBT OF THE CITY; 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 FINANCED 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 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; SETTING FORTH CERTAIN COVENANTS PRECLUDING THE CITY FROM TAKING ACTIONS WHICH WOULD CAUSE THE BONDS TO BECOME "ARBITRAGE BONDS" OR "PRIVATE ACTIVITY BONDS," AS THOSE TERMS ARE USED IN THE INTERNAL REVENUE CODE OF 1986, AS AMENDED (THE "CODE"), AND APPLICABLE REGULATIONS PROMULGATED THEREUNDER; 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, City of Reading, Berks County, Pennsylvania (the "City"), is a third-class city of the Commonwealth of Pennsylvania (the "Commonwealth"); and

WHEREAS, the City, in contemplation of the issuance and sale its General Obligation Bonds in an aggregate principal amount not to exceed Twenty Million Dollars (\$20,000,000), 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, by Order dated October 28, 2010, the City has received approval of the Court of Common Pleas of the County of Berks, Pennsylvania, to fund certain unfunded debt of the City pursuant to Section 8130 of the Local Government Unit Debt Act of the Commonwealth of Pennsylvania, PA.C.S. 53, Chapters 80-82, as re-enacted and amended (the "Act"); and

WHEREAS, the Council of the City (the "Council") has determined that such Bonds will be issued in one series and designated generally as "City of Reading, Berks County, Pennsylvania, General Obligation Bonds, Series C of 2010" (the "Bonds") or such other name or designations as shall be selected by the Mayor upon delivery of the Bonds in accordance with Section 9 hereof; and

WHEREAS, the Bonds shall be issued in the aggregate principal amount not to exceed Twenty Million Dollars (\$20,000,000); and

WHEREAS, the Council has determined to accept the proposal of Wells Fargo Bank, National Association or an assignee designated in writing by the City (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 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 Twenty Million Dollars (\$20,000,000) to be issued to fund certain projects (hereinafter described) of the City pursuant to the provisions of the Act.

NOW, THEREFORE, BE IT ENACTED AND ORDAINED, by the Council of City of Reading, Berks County, Pennsylvania, in lawful session duly assembled, as follows:

Section 1. Pursuant to the provisions of this Ordinance, the Council hereby authorizes and directs the issuance of the Bonds in one series in the aggregate principal amount not to exceed Twenty Million Dollars (\$20,000,000) to be designated generally as "City of Reading, Berks County, Pennsylvania, General Obligation Bonds, Series C of 2010" 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 9 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.

Section 2. 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.

Section 3. 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) funding unfunded debt of the City; and (2) paying the costs and expenses of issuance of the Bonds. The Council hereby approves the project.

The realistic estimated useful life of the projects financed by the Bonds is at least 10 years. It is hereby certified that an aggregate principal amount of the Bonds at least equal to the realistic estimated cost of each such project shall mature prior to the end of the useful life of such project.

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

Section 4. 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 November 8, 2010 (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 of the City 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 of the City 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 of 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 of the City is hereby authorized and directed to accept and to execute the Addendum in the name and on behalf of the City, and the City Clerk of the City is hereby authorized and directed to attest to such acceptance and execution.

Section 5. The Bonds, when issued, will be a general obligation of the City.

Section 6. 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 9. 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 15 and November 15 (each an "Interest Payment Date") in each year, commencing with the May 15 or November 15 following the delivery of the Bonds, until maturity or prior redemption.

Section 7. 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, extraordinary 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 the same series and 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.

Section 8. 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 depository 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.

Section 9. 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 of the City may approve upon advice of counsel to the City, such approval to be evidenced by such officer's execution and delivery of the Bonds.

Section 10. 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 of the City. 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.

Section 11. 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.

Section 12. 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, General Obligation Bonds, Series C of 2010" (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.

Section 13. 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.

Section 14. 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 15 and November 15 of each year, commencing with the May 15 or November 15 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 series and 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.

Section 15. The Mayor of the City and the City Clerk of the City, and, if applicable, their duly qualified respective successors, are 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.

Section 16. 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.

Section 17. 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.

Section 18. The City covenants to and with the registered owners of the Bonds that it will make no use of the proceeds of such issue or issues or do or suffer any other action which, if such use or action had been reasonably expected on the date of issue of such Bonds, would cause such Bonds to be "arbitrage bonds" or "private activity bonds" as those terms are defined in Section 148 and Section 141 of the Code and the applicable regulations thereunder. The City further covenants that it will comply with the requirements of such Section 148 and Section 141 and with the regulations thereunder throughout the term of this issue. In addition, the Mayor of the City, being the official(s) responsible for issuing the Bonds, attested by the City Clerk of the City, are hereby authorized and directed to execute and deliver, in the name and on behalf of the City, any and all documents or other instruments which Bond Counsel may reasonably request in connection with the providing of its opinion that the Bonds are not "arbitrage bonds" or "private activity bonds" within the meanings of Section 148 and Section 141 of the Code and the regulations promulgated thereunder, including, without limitation, a certificate dated the date of issuance and delivery of the Bonds, which certificate shall set forth the reasonable expectations of the City as to the amount and use of the proceeds of the Bonds.

Section 19. If recommended by the City's financial advisor, 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 of the City 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.

Section 20. 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).

Section 21. 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 22. All Ordinances or parts of Ordinances, insofar as the same shall be inconsistent herewith, shall be and the same expressly hereby are repealed.

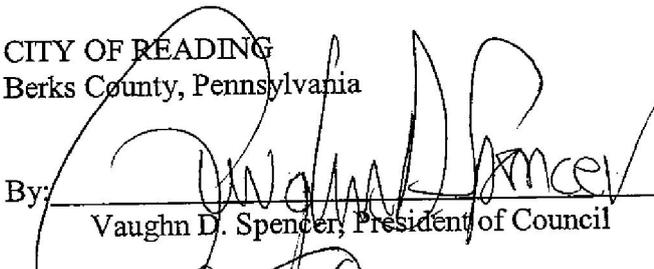
Section 23. This Ordinance shall be effective in accordance with Section 8003 of the Act.

DULY ENACTED, THIS 8TH DAY OF NOVEMBER, 2010, BY THE
COUNCIL OF CITY OF READING, BERKS COUNTY, PENNSYLVANIA, IN LAWFUL
SESSION DULY ASSEMBLED.

(SEAL)

CITY OF READING
Berks County, Pennsylvania

By:


Vaughn D. Spencer, President of Council

Attest:

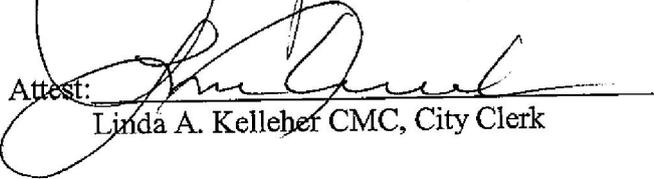

Linda A. Kelleher CMC, City Clerk

EXHIBIT A

MAXIMUM DEBT SERVICE SCHEDULE

Payment Date	Principal	Coupon	Interest	Debt Service	Annual Debt Service
12/15/2010					
5/15/2011			625,000.00	625,000.00	
11/15/2011	1,800,000.00	7.500%	750,000.00	2,550,000.00	3,175,000.00
5/15/2012			682,500.00	682,500.00	
11/15/2012	1,790,000.00	7.500%	682,500.00	2,472,500.00	3,155,000.00
5/15/2013			615,375.00	615,375.00	
11/15/2013	1,830,000.00	7.500%	615,375.00	2,445,375.00	3,060,750.00
5/15/2014			546,750.00	546,750.00	
11/15/2014	1,875,000.00	7.500%	546,750.00	2,421,750.00	2,968,500.00
5/15/2015			476,437.50	476,437.50	
11/15/2015	1,935,000.00	7.500%	476,437.50	2,411,437.50	2,887,875.00
5/15/2016			403,875.00	403,875.00	
11/15/2016	2,000,000.00	7.500%	403,875.00	2,403,875.00	2,807,750.00
5/15/2017			328,875.00	328,875.00	
11/15/2017	2,060,000.00	7.500%	328,875.00	2,388,875.00	2,717,750.00
5/15/2018			251,625.00	251,625.00	
11/15/2018	2,145,000.00	7.500%	251,625.00	2,396,625.00	2,648,250.00
5/15/2019			171,187.50	171,187.50	
11/15/2019	2,235,000.00	7.500%	171,187.50	2,406,187.50	2,577,375.00
5/15/2020			87,375.00	87,375.00	
11/15/2020	2,330,000.00	7.500%	87,375.00	2,417,375.00	2,504,750.00
	20,000,000.00		8,503,000.00	28,503,000.00	28,503,000.00

EXHIBIT B

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

GENERAL OBLIGATION BOND, SERIES C OF 2010

<u>INTEREST</u> <u>RATE</u>	<u>MATURITY DATE</u>	<u>DATED DATE OF</u> <u>SERIES</u>	<u>CUSIP</u>
	November 15, ____	_____, 2010	

REGISTERED OWNER CEDE & CO.

PRINCIPAL AMOUNT \$ _____

City of Reading, Berks County, Pennsylvania (the "City"), a third-class 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 15 and November 15 of each year prior to maturity or redemption (each an "Interest Payment Date"), beginning _____, 2011, 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, General Obligation Bond, Series C of 2010 (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 _____, 2011, in which event such Bond shall bear interest from _____, 2010, 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, General Obligation Bonds, Series C of 2010," dated as of _____, 2010 (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 of the City duly enacted on November 8, 2010. 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.

In the Ordinance, the City has covenanted to and with registered owners of the Bonds that it will make no use of the proceeds of the Bonds, or do or suffer any other action, which, if such use or action had been reasonably expected on the date of issuance of the Bonds, would cause the Bonds to be "arbitrage bonds" or "private activity bonds" as those terms are

defined in Section 148 and Section 141 of the Internal Revenue Code of 1986, as amended (the "Code"), and the applicable regulations thereunder.

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 November 15, _____, 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 November 15, _____, are subject to mandatory redemption prior to maturity on November 15 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 the same series and 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 the same series and 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.

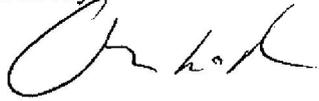
The City has caused CUSIP numbers to be printed on the Bonds as a convenience to bondholders. No representation is made as to the accuracy of such numbers as printed on the Bonds.

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.

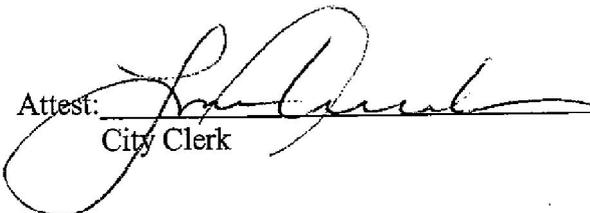
It is hereby certified that the approval of the Department of Community and Economic Development of the Commonwealth for the City to issue and deliver this Bond has been duly given pursuant to the Act; that all acts, conditions and things required by the laws of the Commonwealth to exist, to have happened 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, 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 of the City and its corporate seal to be hereunder affixed, duly attested by the signature of the City Clerk of the City, as of the ____ day of December, 2010.

CITY OF READING
Berks County, Pennsylvania

By: 
Mayor

(SEAL)

Attest: 
City Clerk

(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

(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)

MAYOR'S ACTION
Bill No. 93 2010

Submitted to Mayor: [Signature]
Date: 11-9-10

Received by Mayor's Office: FJ
Date: 11/9/10

Approved by Mayor: [Signature]
Date: 11/10/10
Vetoed by Mayor: _____
Date: _____

Sustained by Council: _____
Date: _____
Overridden by Council: _____
Date: _____

BOND PURCHASE AGREEMENT
RE: NOT TO EXCEED \$20,000,000
CITY OF READING
BERKS COUNTY, PENNSYLVANIA
GENERAL OBLIGATION BONDS,
SERIES C OF 2010

November 8, 2010

Members of Council
City of Reading
815 Washington Street
Reading, PA 19601

Ladies and Gentlemen:

The undersigned (the "Underwriter") offers to enter into this Bond Purchase Agreement (together with the Addendum, defined below, sometimes referred to herein as this "Agreement") with the City of Reading, Berks County, Pennsylvania (the "City") which, upon the City's written acceptance of this offer, will be legally binding upon the City and upon the Underwriter. This offer is made subject to the City's written acceptance of this Agreement on or before midnight New York time on the date hereof, and, if not so accepted, will be subject to withdrawal by the Underwriter upon notice delivered to the City at any time prior to the acceptance hereof by the City.

Capitalized terms and phrases used in this Agreement shall have the meanings ascribed thereto in the further provisions of this Agreement or, if not defined in this Agreement, in the Ordinance to which reference is hereinafter made.

1. Purchase and Sale of the Bonds.

Subject to the terms and conditions and in reliance upon the representations, warranties and agreements set forth herein, the Underwriter hereby agrees to purchase from the City for offering to the public, and the City hereby agrees to sell and deliver to the Underwriter for such purpose, all, but not less than all, of the City's "General Obligation Bonds, Series C of 2010" (the "Bonds"), in the maximum aggregate principal amount of \$20,000,000 as described in the attached Schedule(s) and having such other terms and provisions as are set forth in the Ordinance (as hereinafter defined), as will be described in any Preliminary Official Statement and in the Official Statement (each of which is hereinafter referred to), any of which may be amended only by mutual written agreement of the City and the Underwriter. The Bonds, when issued and delivered to the Underwriter, shall bear interest at fixed rates, as described in such Ordinance and not in excess of the maximum interest rates set forth in Schedule I.

The purchase price for the Bonds shall be in an amount not less than 97.0% or more than 105% of the par amount of the Bonds issued by the City, exclusive of any original issue discount and any original issue premium (which price reflects an underwriting discount in an amount not

to exceed \$165,000), plus interest accrued on the Bonds from the dated date of the Bonds to the Closing Date (as hereinafter defined), if any.

The purchase price for the Bonds, final interest rates, initial offering prices/yields, redemption provisions, sources and uses of funds and any other appropriate terms and conditions applicable to the Bonds, not inconsistent with the Ordinance, shall be set forth or confirmed in an addendum to this Agreement (the "Addendum") which in all respects shall be satisfactory to the City and the Underwriter.

At the request of the Underwriter, the City shall prepare a Preliminary Official Statement containing appropriate descriptions of the City, the Bonds and other material information with respect to the City and the Bonds (the "Preliminary Official Statement") and a final Official Statement, substantially in the form and with the content of the Preliminary Official Statement, but with such amendments and supplements as may be mutually agreed to by the City and the Underwriter (the "Official Statement").

2. The Bonds and the Project.

The Bonds shall be as described in the attached schedule and the Official Statement and shall be authorized, issued and secured pursuant to an ordinance enacted by the City on November 8, 2010 (the "Ordinance"). The Ordinance shall comply with the provisions of the Local Government Unit Debt Act of the Commonwealth of Pennsylvania (the "Act"). The Bonds are to be issued to finance the costs of the Project (defined herein).

The Bonds shall be dated as of the date of their delivery, which shall be December 15, 2010, or such other date as shall be mutually agreeable to the City and the Underwriter (the "Closing Date").

A brief description of the projects (the "Project") to be financed with, among other things, the proceeds of the Bonds is as follows: (1) funding unfunded debt of the City; and (2) the payment of the costs and expenses of issuing the Bonds.

3. Use of Documents; Certain Covenants and Agreements of the City.

(a) The City hereby authorizes the use by the Underwriter of the Ordinance and the Official Statement, including any supplements or amendments thereto, and the information therein contained in connection with the public offering and sale of the Bonds.

(b) The City covenants and agrees:

(i) To cause to be made available to the Underwriter such reasonable quantities of the Ordinance as the Underwriter may request for use in connection with the offering and sale of the Bonds and to cause copies of the final Official Statement to be delivered to the Underwriter in sufficient quantity as may reasonably be requested by the Underwriter in order to comply with Rule 15c2-12 and the rules of the Municipal Securities Rulemaking Board ("MSRB"), to the extent applicable and appropriate, without charge, not less than fifteen (15)

days prior to the Closing Date, and in any event in sufficient time to accompany any confirmation requesting payment for Bonds from any customers of the Underwriter;

(ii) To notify the Underwriter in writing of any event which occurs prior to the Closing Date or within 25 days following the Closing Date that may cause the Official Statement to contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements therein, in light of the circumstances under which they are made, not misleading, and if, in the opinion of the Underwriter, it is necessary to amend or supplement the Official Statement in order to make the statements therein, in the light of the circumstances when the Official Statement is delivered to a purchaser, not misleading, to prepare and furnish promptly and at its own expense (in a form and manner approved by the Underwriter), a reasonable number of copies of appropriate amendments or supplements to the Official Statement in form and content satisfactory to the Underwriter so that the statements in the Official Statement as so amended and supplemented will not be misleading or so that the Official Statement will comply with applicable law;

(iii) To advise the Underwriter immediately of receipt by the City of any written notification with respect to (A) the suspension of the qualification of the Bonds for sale in any jurisdiction or (B) the initiation or threat of any proceeding for that purpose;

(iv) To notify the Underwriter in writing of any event that constitutes or may constitute a Change in Law (as herein defined) or casts doubt upon, or questions, the ability of the City to issue or deliver the Bonds on the Closing Date as provided in this Agreement, promptly upon the City becoming aware of such event;

(v) To notify the Underwriter of the proposed issuance of any other bonds or notes or the incurrence of any other indebtedness prior to, or projected to be issued in the same calendar year as, the Closing Date;

(vi) To obtain, and maintain in full force and effect, all consents of any governmental or regulatory authority that are required to be obtained by it with respect to this Agreement and the authorization, sale, issuance, execution or delivery of the Bonds or the execution and delivery of any other agreements or documents contemplated by the Ordinance, this Agreement or the Official Statement to be executed and delivered by or on behalf of the City in connection with the authorization, sale, issuance and delivery of the Bonds (the "Bond Documents"), and shall use reasonable efforts to obtain any that may become necessary in the future; and

(vii) To comply in all material respects with all applicable laws and orders to which it may be subject if failure to comply would impair its ability to perform its obligations under this Agreement, the Bonds or the Bond Documents.

4. Representations and Warranties of the City.

The City hereby represents and warrants to the Underwriter, which representations and warranties shall survive the purchase and offering of the Bonds, as follows:

(a) The information contained in any Preliminary Official Statement as of its date, and the information contained in the final Official Statement as of the Closing Date will be, true and correct in all material respects, and any such Preliminary Official Statement as of its date, and the Official Statement as of the Closing Date will not, contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements therein contained, in the light of the circumstances under which they were made, not misleading.

(b) The City is a City duly organized and existing under the laws of the Commonwealth of Pennsylvania and, as such, has the power to issue the Bonds for the purposes described in the Preliminary Official Statement and to consummate the transactions contemplated by this Bond Purchase Agreement, the Bonds, and any Preliminary Official Statement.

(c) Prior to the Closing, the City will have duly authorized all necessary action to be taken by it for: (a) the enactment of the Ordinance, (b) the issuance and sale of the Bonds upon the terms set forth herein and in the Official Statement; and (c) the approval, execution and delivery or receipt, as appropriate, by it of the Bonds, the Official Statement, this Bond Purchase Agreement, the tax compliance agreement or certificate to be executed by the City simultaneously with the issuance of the Bonds (the "Tax Certificate"), the Ordinance, and all other documents in connection with the issuance of the Bonds as may be required to be executed and delivered or received by the City in order to carry out, give effect to, and consummate the transactions contemplated hereby and by the Official Statement (collectively, including the Bonds, the "City Documents").

(d) The Bonds, when issued, delivered and paid for, as provided herein and in the City Documents will have been duly authorized and issued and will constitute legal, valid and binding general obligations of the City entitled to the benefits and security of the Ordinance and will be enforceable in accordance with their terms, except to the extent that the enforcement of remedies contained therein may be limited by applicable bankruptcy, reorganization, insolvency, moratorium or other laws affecting the enforcement of creditors' rights generally.

(e) The execution and delivery by the City of the City Documents do not, and compliance with the provisions thereof will not, conflict with or constitute on the part of the City a breach of or a default under any existing law, court or administrative regulation, decree, order, agreement, indenture, mortgage or lease by which the City is or may be bound.

(f) The City has complied with, and as of the Closing Date will be in compliance with, the Act in all material respects.

(g) As of the Closing Date, the City Documents to which the City is a party will have been duly executed and delivered by the City and will constitute legal, valid, and binding obligations of the City, and the Official Statement will have been duly executed and delivered by the City.

(h) All approvals and consents of any governmental authority, board, agency or commission including without limitation the Pennsylvania Department of Community and Economic Development, to the extent required precedent to the adoption of the Ordinance,

issuance of the Bonds or performance by the City of its obligations under the Act or the Ordinance will have been obtained prior to the Closing Date.

(i) The City has disclosed to the Underwriter as of the date hereof, and as of the Closing Date will have disclosed to the Underwriter, all material information requested by the Underwriter about the City (including, without limitation, information pertaining to the City with respect to Pennsylvania Act 47) and the application of the proceeds of the Bonds.

(j) The City as of the date hereof is not, and upon issuance and delivery of the Bonds will not be, in breach of or in default under any agreement or other instrument to which the City is a party or by or to which it or its revenues, properties, assets or operations are bound or subject, or any administrative regulation, judgment, order, decree, ruling or other law by or to which it or its revenues, properties, assets or operations are bound or subject, except breaches or defaults that are not material to the legal or financial standing of the City or the transactions contemplated hereby and by the Ordinance, the Official Statement and the Bonds; and as of the date hereof no event has occurred and is continuing, and upon issuance and delivery of the Bonds no event will have occurred and be continuing, that, with the passage of time or the giving of notice, or both, constitutes or will constitute, any such breach or default.

(k) Except as specifically set forth in any Preliminary Official Statement, as of its date, and, except as specifically set forth in the Official Statement, as of the Closing Date, no action, suit, proceeding or investigation, in equity or at law, before or by any court or governmental agency or body, is or will be pending or, to the best knowledge of the City, threatened (i) that reasonably might result in material liability on the part of the City or materially and adversely affect the Project; or (ii) wherein an adverse decision, ruling or finding might adversely affect (A) the transactions contemplated by this Bond Purchase Agreement, the Ordinance or, as applicable, the Official Statement, (B) the validity or enforceability of any agreement or instrument to which the City is a party and which is used or is contemplated for use in the consummation of the transactions contemplated hereby and by the Ordinance, the Official Statement, as applicable, and the Bonds, or (C) the issuance of the Bonds.

(l) Since December 31, 2009, no material adverse change has occurred in the financial position of the City or in its results of operations, except as may be set forth in or contemplated by the Official Statement, nor has the City, since such date, incurred any material liabilities other than in the ordinary course of business or as may be set forth or contemplated in the Official Statement.

(m) Except as otherwise specifically set forth in any Preliminary Official Statement, as of its date, and, except as set forth in the Official Statement as of the Closing Date, there will be and are no pledges, liens, charges or encumbrances of any nature whatsoever on any property of the City, and the City has not entered into and will not have entered into any contract or arrangement of any kind with respect thereto and there is and will be no existing, pending, threatened or anticipated event or circumstance that might give rise to any such pledge, lien, charge or encumbrance.

(n) The City will not take or omit to take any action within its control which in any way will cause or result in the proceeds of the sale of the Bonds being applied in a manner other than as provided in the Ordinance or as will be described in the Official Statement.

(o) The City will not take or omit to take any action within its control, which action or omission might in any way cause the interest on the Bonds to be includable in gross income of the holders thereof for federal income tax purposes.

(p) The City does not currently contemplate taking any action that would adversely affect its ability to issue and deliver the Bonds as contemplated by this Agreement or that would have a material adverse effect on either the market price or marketability of the Bonds.

5. Covenant of the Underwriter.

To the extent permitted by law, the Underwriter will indemnify and hold harmless the City and each member, director, officer, employee and agent of the City against any losses, claims, damages, liabilities or expenses, joint or several, to which the City or any member, director, officer, employee or agent of the City may become subject, under federal laws or regulations or otherwise, (i) insofar as such losses, claims, damages or liabilities (or actions in respect thereof) arise out of or are based upon any untrue or alleged untrue statement of any material fact contained in the Official Statement, including any amendment or supplement thereto, or arise out of or are based upon the omission or the alleged omission to state therein a material fact necessary to make the statements therein not misleading, in each case to the extent, but only to the extent, that such untrue statement or alleged untrue statement or omission or alleged omission was made in the Official Statement in reliance upon and in conformity with written information furnished by the Underwriter specifically for use therein (the "Underwriter's Information"), but specifically excluding information about the City, the Ordinance, the Book-Entry-Only System for the Bonds and other information furnished or to have been furnished by persons other than the Underwriter for inclusion in the Official Statement, including any amendment or supplement thereto; or (ii) failure on the part of the Underwriter to deliver an Official Statement to any purchaser of Bonds; and will reimburse any legal or other expenses reasonably incurred by the City and each member, director, officer, employee or agent of the City in connection with investigating or defending against any lawsuit or other action giving rise to any such loss, claim, damage, liability or expense.

6. Closing.

(a) At 10:00 a.m. Eastern Time, or at such other time as shall be mutually agreed upon by the City and the Underwriter, on the Closing Date, the City will, subject to the terms and conditions hereof, deliver the Bonds to the Underwriter, together with the other documents hereinafter mentioned, and the Underwriter will, subject to the terms and conditions hereof, accept such delivery and pay the purchase price of the Bonds in federal funds, or in other immediately available funds, by wire transfer to the Paying Agent for the account of the City (payment for the Bonds and the mutual delivery of the Bonds and the other documents, certificates and opinions required by this Agreement to be made on the Closing Date is herein referred to as the "Closing").

(b) Delivery of the Bonds shall be made to the Underwriter through the book-entry system of The Depository Trust Company ("DTC"), New York, New York. The Bonds shall be issued and delivered to DTC or its agent in fully registered form, without coupons, and shall bear assigned CUSIP numbers. One Bond (or such number of Bonds as may then be required by DTC in accordance with its operational guidelines and procedures) shall be issued for each maturity of the Bonds and shall be registered in the name of CEDE & CO. or such other nominee of DTC as DTC shall require. Upon the Underwriter's prior written request, the Bonds shall be made available for inspection by the Underwriter at least one business day before the Closing Date. Nothing in this subsection (b) shall prohibit the City or the Underwriter from using some other method for delivery of the Bonds, including DTC's "FAST" System.

(c) Delivery of all other documents required to be delivered to the Underwriter as of the Closing Date shall be made at the offices of Bond Counsel (as defined herein) or at such other place as shall have been mutually agreed upon by the City and the Underwriter.

7. Closing Conditions.

The Underwriter has entered into this Bond Purchase Agreement in reliance upon the representations, warranties and agreements of the City contained herein, and in reliance upon the representations, warranties and agreements to be contained in the documents and instruments to be delivered at the Closing and upon the performance by the City of all its obligations hereunder, both as of the date hereof and as of the Closing Date. Accordingly, the Underwriter's obligations under this Bond Purchase Agreement to purchase, to accept delivery of and to pay for the Bonds shall be conditioned upon the performance by the City of all its obligations to be performed hereunder and under such documents and instruments at or prior to the Closing Date, and shall also be subject to the following additional conditions:

(a) The representations and warranties of the City contained herein shall be true and correct on the date hereof and on and as of the Closing Date, as if made on the Closing Date.

(b) At the time of the Closing, this Bond Purchase Agreement and the related Addendum and the Ordinance shall be in full force and effect and shall not have been amended, modified or supplemented, and the Official Statement shall not have been supplemented or amended, except in any such case as may have been agreed to by the Underwriter and the City.

(c) At the time of the Closing, all official action of the City relating to this Bond Purchase Agreement, the Bonds and the Ordinance shall be in full force and effect and shall not have been amended, modified or supplemented; and the Underwriter shall have received, in appropriate form, evidence thereof.

(d) At the time of the Closing, there shall not have occurred any change, or any development involving a prospective change, in the status (as applicable) of construction, required permits and approvals, or arrangements for financing of the Project, or in the condition, financial or otherwise, or in the earnings or operations, of the City, from that set forth in the Official Statement which, in the judgment of the Underwriter, is material and adverse and makes

it, in the judgment of the Underwriter, impracticable to market the Bonds on the terms and in the manner contemplated in the Official Statement.

(e) The issuance of the Bonds and the incurring of the related nonelectoral indebtedness by the City shall have been approved in accordance with the Local Government Unit Debt Act of the Commonwealth of Pennsylvania.

(f) At or prior to the Closing, the Underwriter shall have received copies of each of the following documents:

(1) The Official Statement, and each supplement or amendment, if any, thereto, executed on behalf of the City;

(2) The Ordinance, certified by an appropriate officer of the City as having been duly adopted by Council of the City and as being in full force and effect as the time of the Closing, with only such supplements or amendments as may have been agreed to by the Underwriter;

(3) A certificate, dated the date of the Closing, of an Authorized Representative of the City, in form and substance satisfactory to the Underwriter and Bond Counsel stating, among other things, that the Official Statement as of its date did not, and as of the Closing Date does not, contain any untrue statement of a material fact, or omit to state a material fact, necessary to make the statements therein, in light of the circumstances in which they are made, not misleading;

(4) An opinion dated the date of the Closing of Charles Younger, solicitor to the City (or, if applicable, any successor solicitor), addressed to the City and the Underwriter, in form and substance satisfactory to the Underwriter;

(5) An opinion, dated the date of the Closing, of Stevens & Lee, Reading, Pennsylvania, ("Bond Counsel"), as bond counsel, to the effect that the Bonds have been duly authorized, issued, sold and delivered and are valid and binding general obligations of the City, interest on the Bonds is excluded from gross income for federal income tax purposes and is not an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals and corporations, and the Bonds and the interest thereon are exempt from the Pennsylvania personal income tax and corporate net income tax, together with a reliance letter addressed to the Underwriter;

(6) A supplemental opinion, dated the date of the Closing, of Bond Counsel, addressed to the City and the Underwriter, in form and substance satisfactory to the Underwriter;

(7) A certificate of an authorized officer of the Paying Agent in form and substance satisfactory to the Underwriter and Bond Counsel;

(8) A copy of a rating letter from Moody's Investors Service assigning the Bonds a long-term rating of "Baa3" or higher;

(9) A non-arbitrage and tax compliance certificate or agreement signed by an authorized officer of the City in form and substance satisfactory to the Underwriter and Bond Counsel;

(10) A certificate or certificates of the Paying Agent with respect to the due authorization, execution and delivery of the agreements relating to the Bonds to which the Paying Agent is a party, and with respect to the incumbency and signatures of the officers of the Paying Agent authenticating the Bonds and executing such agreements;

(11) A copy of an accepted Letter of Representations or Blanket Letter of Representations, as may be appropriate, from the City to The Depository Trust Company with respect to the applicability of the book-entry-only system to the Bonds;

(12) A Continuing Disclosure Agreement in form and substance satisfactory to Bond Counsel and the Underwriter;

(13) Written evidence satisfactory to the Underwriter that the Department of Community and Economic Development of the Commonwealth of Pennsylvania has approved the issuance of the Bonds and the City's incurrence of the related nonelectoral indebtedness in an amount not less than the principal amount of the Bonds in accordance with the Act, together with copies of the related proceedings filed by the City with said Department under the Act; and

(14) Such additional legal opinions, certificates, instruments and other documents as the Underwriter may request to evidence the truth and accuracy, as of the date hereof and as of the Closing Date, of the City's representations and warranties contained herein and of the statements and information contained in the Official Statement and the due performance or satisfaction by the City on or prior to the Closing Date of all the respective agreements then to be performed and conditions then to be satisfied by the City.

All of the opinions, letters, certificates, instruments and other documents mentioned above or elsewhere in this Bond Purchase Agreement shall be deemed to be in compliance with the provisions hereof if, but only if, they are in form and substance satisfactory to the Underwriter.

If the City shall be unable to satisfy the conditions to the obligations of the Underwriter to purchase, to accept delivery of and to pay for the Bonds contained in this Bond Purchase Agreement, or if the obligations of the Underwriter to purchase, to accept delivery of and to pay for the Bonds shall be terminated for any reason permitted by this Bond Purchase Agreement, this Bond Purchase Agreement shall terminate and neither the Underwriter nor the City shall be under any further obligation hereunder, except that the respective obligations of the City and the Underwriter set forth in Section 8 hereof shall continue in full force and effect.

The Underwriter may terminate this Bond Purchase Agreement by notification to you if at any time at or prior to the Closing: (i) legislation having an effective date or dates at or prior to the Closing Date shall be enacted by the Congress of the United States or adopted by either House thereof or a decision by a Court of the United States or the United States Tax Court shall be rendered, or a ruling, regulation or official statement by or on behalf of the Treasury

Department of the United States, the Internal Revenue Service or other governmental agency shall be made with respect to federal taxation upon interest received on bonds or notes of the general character of the Bonds or which would have the effect of changing directly or indirectly the federal income tax consequences of interest on bonds of the general character of the Bonds in the hands of the owners thereof, and which in the reasonable judgment of the Underwriter materially and adversely affects the marketability of the Bonds, or (ii) a stop order, ruling, regulation, proposed regulation or statement by or on behalf of the Securities and Exchange Commission or any governmental agency having jurisdiction shall be issued or made to the effect that the issuance, offering or sale of obligations of the general character of the Bonds is in violation of any provisions of the Securities Act of 1933, as amended; or (iii) there shall have occurred any other Change in Law, or (iv) there shall have occurred any new outbreak of hostilities or other national or international calamity or crisis, or a default with respect to the debt obligations of, or the institution of proceedings under any bankruptcy law by or against, any state of the United States or agency thereof or any city in the United States having a population of over one million, the effect of which on the financial markets in the United States being such as, in the reasonable judgment of the Underwriter, would make it impracticable for the Underwriter to market the Bonds or to enforce contracts for the sale of the Bonds, or (v) there shall be in force a general suspension of trading on the New York Stock Exchange, or (vi) a general banking moratorium shall have been declared by federal, New York or Pennsylvania authorities having jurisdiction and be in force, or (vii) an adverse event described in Section 3(b)(ii) hereof occurs which requires or has required a supplement or amendment to the Official Statement and which, in the reasonable judgment of the Underwriter, even if the Official Statement were so supplemented, would materially and adversely affect the marketability of the Bonds; or (viii) the Underwriter has not received, at or prior to the delivery of the Bonds, in form and substance reasonably satisfactory to the Underwriter, evidence that the City has entered into the Continuing Disclosure Agreement.

8. Expenses.

The Underwriter shall be under no obligation to pay any expenses incident to the performance of the City's obligations hereunder, including, but not limited to the cost of preparation, printing and delivery of a sufficient number of copies of the Official Statement and copies of any supplement or amendments to the Official Statement, the cost of preparation and printing of the Bonds, the fees and disbursements of Bond Counsel and Underwriter's Counsel, the fees and disbursements of the Paying Agent, and any engineers, accountants, financial advisors and other experts, consultants or advisers retained by the City, if any; and the fees, if any, for bond ratings.

The Underwriter shall pay (i) the cost of preparation and printing of this Bond Purchase Agreement; (ii) all advertising expenses in connection with the public offering of the Bonds; and (iii) all other expenses incurred by the Underwriter in connection with the public offering of the Bonds and not specifically excluded above.

9. Blue Sky.

The Underwriter shall, in its sole discretion, determine the jurisdictions in which the Bonds shall be offered and sold. The Underwriter shall use its best efforts to qualify the Bonds

for offer, sale and delivery under the securities or blue sky laws of each jurisdiction to the extent required. The City shall cooperate with the Underwriter in its efforts to qualify the Bonds for such offer, sale and delivery under the securities or blue sky laws of such jurisdictions as the Underwriter may require, but shall not be required to pay any related fees or expenses or to consent to service of process in any jurisdiction.

10. Notices.

Any notice or other communication to be given to the City under this Bond Purchase Agreement may be given by delivering the same in writing to the City at 815 Washington Street, Reading, Pennsylvania, Attention: Managing Director; and any notice or other communication to be given to the Underwriter under this Bond Purchase Agreement may be given by delivering the same in writing to Wells Fargo Bank, N.A., 1 South Broad Street, 9th Floor, Philadelphia, PA 19107.

11. Parties in Interest; Assignment.

This Bond Purchase Agreement as heretofore specified shall constitute the entire agreement between us and is made solely for the benefit of the City and the Underwriter (including successors or assigns of any Underwriter) and no other person shall acquire or have any right hereunder or by virtue hereof.

12. Effectiveness.

This Bond Purchase Agreement shall become effective upon the acceptance hereof by the City and shall be valid and enforceable at the time of such acceptance.

All of the City's representations, warranties and agreements contained in this Bond Purchase Agreement shall remain operative and in full force and effect, regardless of (i) any investigations made by or on behalf of the Underwriter; (ii) delivery of and payment for the Bonds pursuant to this Bond Purchase Agreement; and (iii) any termination of this Bond Purchase Agreement.

The City shall have the right and privilege to terminate its obligation to sell, issue and deliver the Bonds to the Underwriter pursuant to this Agreement for any reason, with or without cause upon payment of reasonable out-of-pocket expenses to the Underwriter. Written notice of the City's election to terminate this Agreement shall be given to the Underwriter promptly and in any event prior to the date of Closing, and thereafter the City will have no further obligation under this Agreement.

13. Choice of Law.

This Bond Purchase Agreement shall be governed by and construed in accordance with the law of the Commonwealth of Pennsylvania.

14. Severability.

If any provision of this Bond Purchase Agreement shall be held or deemed to be or shall, in fact, be invalid, inoperative or unenforceable as applied in any particular case in any jurisdiction or jurisdictions, or in all jurisdictions because it conflicts with any provisions of any Constitution, statute, rule of public policy, or any other reason, such circumstances shall not have the effect of rendering the provision in question invalid, inoperative or unenforceable in any other case or circumstance, or of rendering any other provision or provisions of this Bond Purchase Agreement invalid, inoperative or unenforceable to any extent whatever.

15. Business Day.

For purposes of this Bond Purchase Agreement, "business day" means any day on which commercial banks in Philadelphia, Pennsylvania, are not required or authorized to be closed, and the New York Stock Exchange is not closed.

16. Change in Law.

For purposes of this Bond Purchase Agreement, "Change in Law" means any event between the date of this Agreement and the Closing Date which occurs as a result of the passage, promulgation, issuance or rendering of any legislation, regulation, ruling, order, release, court decision or judgment or other action by a governmental body, regulatory agency or court the effect of which is any of the following:

(i) Bond Counsel is or will be unable to deliver to the Underwriter at Closing an approving opinion of bond counsel with the content required by this Agreement;

(ii) The City does not have the power to levy an annual ad valorem tax on all taxable property located within the City for the purpose of paying the principal of and interest on the Bonds;

(iii) The offering or sale of the Bonds is subject to registration under Pennsylvania or Federal securities laws, or the Bonds or any document executed in connection therewith is subject to registration under Pennsylvania or Federal securities laws, or

(iv) In the reasonable judgment of the Underwriter, the offering or sale of the Bonds would be or result in a violation of applicable Pennsylvania or Federal securities laws.

17. Section Headings.

Section and paragraph headings have been inserted in this Bond Purchase Agreement as a matter of convenience of reference only, and it is agreed that such section headings are not a part of this Bond Purchase Agreement and will not be used in the interpretation of any provisions of this Bond Purchase Agreement.

18. Counterparts.

This Bond Purchase Agreement may be executed in several counterparts each of which shall be regarded as an original (with the same effect as if the signatures thereto and hereto were upon the same document) and all of which shall constitute one and the same document. The City may approve this Bond Purchase Agreement by delivering to the Underwriter by the time and date herein provided a signed counterpart of this Bond Purchase Agreement.

[REMAINDER OF PAGE INTENTIONALLY LEFT BLANK]

When signed and accepted, this Bond Purchase Agreement has been executed and delivered the day and year first above written.

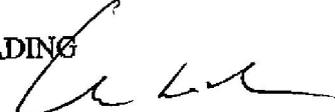
Very truly yours,
WELLS FARGO BANK, N.A., as
Underwriter

By: 
Authorized Representative

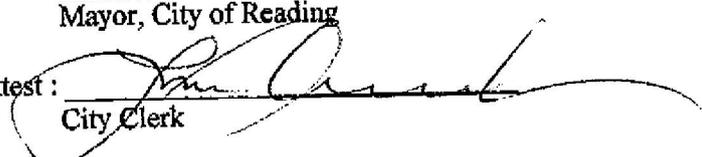
Accepted and agreed to this 8th day of November, 2010.

CITY OF READING

By:


Mayor, City of Reading

Attest:


City Clerk

**SCHEDULE I
TO
BOND PURCHASE AGREEMENT**

Re: City of Reading
Not to exceed \$20,000,000 General Obligation Bonds, Series C of 2010

Description of the Bonds

- (a) Dated Date: Date of Issuance of the Bonds.
- (b) Maximum (not to exceed) Aggregate Principal Amount: \$20,000,000
- (c) Interest Payment Dates: May 15 and November 15 of each year commencing May 15, 2011
- (d) Maturity Schedule:

<u>Principal Maturity or Mandatory Sinking Fund Payment Date</u>	<u>Maximum Annual Principal Amount (or Mandatory Sinking Fund Amount)</u>	<u>Maximum Interest Rate</u>
November 15, 2011	\$1,800,000	7.500%
November 15, 2012	\$1,790,000	7.500%
November 15, 2013	\$1,830,000	7.500%
November 15, 2014	\$1,875,000	7.500%
November 15, 2015	\$1,935,000	7.500%
November 15, 2016	\$2,000,000	7.500%
November 15, 2017	\$2,060,000	7.500%
November 15, 2018	\$2,145,000	7.500%
November 15, 2019	\$2,235,000	7.500%
November 15, 2020	\$2,330,000	7.500%

\$20,000,000

Redemption Provisions

Redemption provisions will be set forth in the Addendum.

**DEBT STATEMENT PURSUANT TO
LOCAL GOVERNMENT UNIT DEBT ACT**

Local Government Unit - City of Reading,
Berks County, Pennsylvania

Statement as of November 8, 2010

	<u>Electoral</u>	<u>Nonelectoral</u>	<u>Lease Rental</u>
I. GROSS INCURRED DEBT	\$ _____	\$25,000,000.00 (2006)	\$ 8,056,133.10 (1993)
Bonds outstanding		\$32,905,000.00*(2006)	\$ 1,870,000.00 (2002)
List and identify by year of issue		\$47,865,000.00 (2006)	\$11,999,416.60 (2003)
		\$ 4,785,000.00 (2008)	\$ 3,615,000.00 (2003)
		\$13,520,000.00 (2008)	\$ 9,755,000.00 (2004)
			\$ 1,570,000.00 (2006)
			\$ 5,948,237.30 (2006)
			\$ 6,550,000.00 (2009)
Notes outstanding	\$ _____	\$ 1,437,592.66 (1992)	\$ _____
List and identify by year of issue		\$ 2,570,000.00 (2005)	
		\$39,335,000.00 (2008)	
		\$ 3,250,000.00 (2010)	
		\$24,400,000.00 (2010)	
 TOTAL	 \$ _____	 \$195,067,592.66	 \$49,363,787.00
 II. CREDITS AND EXCLUSIONS			
Less:			
(where applicable)			
(1) Sinking funds, reserve accounts, bond proceeds	\$ _____	\$ _____	\$ _____
(2) Current unpaid appropriations	\$ _____	\$ _____	\$ _____
(3) Uncollected special assessments	\$ _____	\$ _____	\$ _____
(4) Delinquent taxes and liens	\$ _____	\$ _____	\$ _____
(5) Surplus cash	\$ _____	\$ _____	\$ _____
(6) Solvent debts due	\$ _____	\$ _____	\$ _____
(7) Indemnifying insurance	\$ _____	\$ _____	\$ _____
(8) Self-liquidating and Self-Sustaining Debt (excluded under Sections 8024, 8025, and 8026)	\$ _____	\$ 49,302,592.66	\$ 25,931,133.10
 TOTAL	 \$ _____	 \$ 49,302,592.66	 \$ 25,931,133.10
 TOTAL NET INDEBTEDNESS	 \$ _____	 \$145,765,592.66	 \$ 23,432,653.90

III. The aggregate principal amount of bonds or notes being issued or evidencing lease rental debt \$ 20,000,000.00

IV. The principal amount of bonds or notes which will no longer be deemed to be outstanding pursuant to Section 8250(b) after settlement of the issue \$-0-

The borrowing base as shown by appended borrowing base certificate \$ 78,643,877

Applicable debt limitation:

(a) nonelectoral (250% of the borrowing base) \$196,609,692

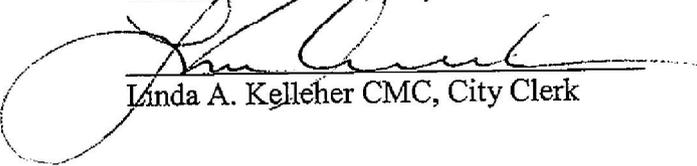
(b) nonelectoral plus lease rental (350% of the borrowing base) \$275,253,569

* This nonelectoral debt was issued to fund the City's unfunded actuarial accrued pension liability and does not count against the City's borrowing limits pursuant to Section 8022(c) of the Debt Act

IN WITNESS WHEREOF, the undersigned, being respectively, the Mayor and City Clerk of the City of Reading, Berks County, Pennsylvania, and being authorized to prepare, certify and file the foregoing debt statement, have hereunto set our hands and affixed the seal of the City this 8th day of November, 2010.

CITY OF READING, BERKS COUNTY,
PENNSYLVANIA


Thomas McMahon, Mayor


Linda A. Kelleher CMC, City Clerk

(SEAL)

Witness: _____
Peter T. Edelman

BORROWING BASE CERTIFICATE

City of Reading,
Berks County, Pennsylvania

Prepared as of November 8, 2010

The borrowing base is the arithmetic average of total revenues received for the three preceding fiscal years as set forth in a certificate stating the total revenues for each year and stating the average. The certificate may be executed by any authorized official of the local government unit or an independent accountant. The computation of the borrowing base must be done in accordance with the definition of revenues in Section 8002(c)(16) of the Local Government Unit Debt Act. The following method may be used:

	FISCAL YEAR (ending December 31)		
	<u>2007</u>	<u>2008</u>	<u>2009</u>
Net Revenues Received	\$77,203,126	\$74,418,656	\$84,309,850
TOTAL NET REVENUES			\$235,931,632
BORROWING BASE (Total Net Revenues divided by 3)			\$78,643,877

CITY OF READING, BERKS COUNTY,
PENNSYLVANIA

(SEAL)

By _____
Thomas McMahon, Mayor

Attest: _____
Linda A. Kelleher CMC, City Clerk

CERTIFICATE

I, the undersigned duly authorized officer of the City of Reading, Berks County, Pennsylvania (the "City"), hereby certify that attached hereto is a true and correct copy of the Debt Service Schedule for the City's General Obligation Bonds, Series C of 2010 in the aggregate principal amount not to exceed \$20,000,000.

IN WITNESS WHEREOF, I set my hand and affix the official seal of the City, this 8th day of November, 2010.

CITY OF READING
Berks County, Pennsylvania

(SEAL)

By: 
Linda A. Kelleher CMC, City Clerk

Payment Date	Principal	Coupon	Interest	Debt Service	Annual Debt Service
12/15/2010			625,000.00	625,000.00	
5/15/2011			750,000.00	2,550,000.00	3,175,000.00
11/15/2011	1,800,000.00	7.500%	682,500.00	682,500.00	
5/15/2012			682,500.00	2,472,500.00	3,155,000.00
11/15/2012	1,790,000.00	7.500%	615,375.00	615,375.00	
5/15/2013			615,375.00	2,445,375.00	3,060,750.00
11/15/2013	1,830,000.00	7.500%	546,750.00	546,750.00	
5/15/2014			546,750.00	2,421,750.00	2,968,500.00
11/15/2014	1,875,000.00	7.500%	476,437.50	476,437.50	
5/15/2015			476,437.50	2,411,437.50	2,887,875.00
11/15/2015	1,935,000.00	7.500%	403,875.00	403,875.00	
5/15/2016			403,875.00	2,403,875.00	2,807,750.00
11/15/2016	2,000,000.00	7.500%	328,875.00	328,875.00	
5/15/2017			328,875.00	2,388,875.00	2,717,750.00
11/15/2017	2,060,000.00	7.500%	251,625.00	251,625.00	
5/15/2018			251,625.00	2,396,625.00	2,648,250.00
11/15/2018	2,145,000.00	7.500%	171,187.50	171,187.50	
5/15/2019			171,187.50	2,406,187.50	2,577,375.00
11/15/2019	2,235,000.00	7.500%	87,375.00	87,375.00	
5/15/2020			87,375.00	2,417,375.00	2,504,750.00
11/15/2020	2,330,000.00	7.500%			
	20,000,000.00		8,503,000.00	28,503,000.00	28,503,000.00

CITY OF READING,
BERKS COUNTY, PENNSYLVANIA

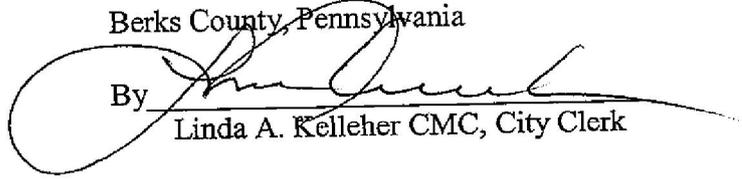
8110(b) CERTIFICATE

The undersigned City Clerk of the City of Reading, Berks County, Pennsylvania (the "City") does hereby certify pursuant to Section 8110(b) of the Local Government Unit Debt Act (the "Act") that with respect to the City's outstanding nonelectoral indebtedness that previously has been excluded as self-liquidating, no decrease in the amounts originally excluded are required by a change in circumstances other than decreases resulting from the payment of bonds or notes.

Dated this 8th day of November, 2010.

CITY OF READING
Berks County, Pennsylvania

By



Linda A. Kelleher CMC, City Clerk

CITY OF READING,
BERKS COUNTY, PENNSYLVANIA

APPLICATION FORM

In the Matter of the Proposed Incurrence of
Indebtedness in
Accordance with the Provisions of the
Local Government Unit Debt Act

TO: Department of Community and Economic Development
Office of Chief Counsel
Commonwealth Keystone Building
400 North Street, 4th Floor
Harrisburg, PA 17120

RE:
City of Reading, Berks County, Pennsylvania
Nonelectoral Debt in the Principal Amount of \$20,000,000
November 8, 2010

Application is hereby made pursuant to Section 8111(a) the Local Government Unit Debt Act, as amended (the "Act"), for approval of the proceedings taken by the City of Reading, Berks County, Pennsylvania (the "City"), to incur nonelectoral debt in the aggregate

principal amount of \$20,000,000 and to evidence the same by the issuance of a series of bonds designated as General Obligation Bonds, Series of 2010 (the "Bonds").

It is hereby certified to the Department of Community and Economic Development that each of the two (2) originals of the transcript of proceedings enclosed and as listed below is a complete and accurate copy of the proceedings of the City for the incurring of said debt:

- (a) This Application for Approval;
- (b) Proof of Publication of Preenactment Notice;
- (c) Proof of Publication of Postenactment Notice;
- (d) Certified Copy of the Ordinance;
- (e) Bond Purchase Agreement;
- (f) Certified Debt Service Schedule;
- (g) Debt Statement, including Borrowing Base Certificate;
- (h) Section 8110(b) Certificate;
- (i) Petition to Fund Unfunded Debt;
- (j) Proof of Publication of Notice of Hearing; and
- (k) Order of Court of Common Pleas of Berks County.

In accordance with the Act, the City reserves the right to file a further Debt Statement claiming any additional credits and exclusions as it may be entitled to with respect to the gross indebtedness presently outstanding and the debt presently to be incurred.

Please return one (1) copy with your approval attached at your earliest convenience to Peter T. Edelman, Stevens & Lee, 111 North Sixth Street, P.O. Box 679, Reading, Pennsylvania 19603.

Thank you very much for your cooperation.

Very truly yours,

CITY OF READING
Berks County, Pennsylvania

(SEAL)

By: 
Linda A. Kelleher CMC, City Clerk