

CITY OF READING
COUNTY OF BERKS
COMMONWEALTH OF PENNSYLVANIA

ORDINANCE NO. *80-2012*
ENACTED: August 13, 2012

AN ORDINANCE OF THE COUNCIL OF THE CITY OF READING, BERKS COUNTY, PENNSYLVANIA, SETTING FORTH ITS INTENT TO ISSUE A GUARANTEED SEWER REVENUE NOTE, SERIES OF 2012 IN THE AGGREGATE PRINCIPAL AMOUNT OF TEN MILLION THIRTEEN THOUSAND NINE HUNDRED FIFTY DOLLARS (\$10,013,950) (THE "NOTE"), PURSUANT TO THE ACT OF THE GENERAL ASSEMBLY OF THE COMMONWEALTH OF PENNSYLVANIA, KNOWN AS THE LOCAL GOVERNMENT UNIT DEBT ACT, 53 PA. C.S. CHAPTERS 80-82, AS AMENDED AND SUPPLEMENTED (THE "ACT"); FINDING THAT A PRIVATE SALE BY NEGOTIATION IS IN THE BEST FINANCIAL INTERESTS OF THE CITY; DETERMINING THAT SUCH NOTE SHALL EVIDENCE NONELECTORAL DEBT OF THE CITY; SPECIFYING THAT SUCH INDEBTEDNESS IS TO BE INCURRED TO PROVIDE FUNDS TO FINANCE A PROJECT OF THE CITY WHICH CONSISTS OF, AMONG OTHER THINGS, THE FINANCING AND/OR REIMBURSING OF THE FOLLOWING: (1) THE CONSTRUCTION, REPAIR, REHABILITATION, REMEDIATION, EXTENSION, ACQUISITION, IMPROVEMENT AND EXPANSION OF THE SEWER SYSTEM OF THE CITY; AND (2) THE PAYMENT OF THE COSTS AND EXPENSES OF ISSUING THE NOTE; SETTING FORTH A REASONABLE ESTIMATE OF THE USEFUL LIVES OF THE PROJECTS TO BE FINANCED; ACCEPTING A COMMITMENT FOR THE PURCHASE OF SUCH NOTE AT PRIVATE SALE BY NEGOTIATION; PROVIDING THAT SUCH NOTE, WHEN ISSUED, SHALL CONSTITUTE A GUARANTEED REVENUE OBLIGATION OF THE CITY; FIXING THE FORM, NUMBER, DATE, INTEREST AND MATURITY THEREOF AND PLACE OF PAYMENT OF THE PRINCIPAL OF AND INTEREST ON SUCH NOTE; AUTHORIZING SPECIFIED OFFICERS OF THE CITY TO CONTRACT WITH A PAYING AGENT FOR ITS SERVICES IN CONNECTION WITH THE NOTE, IF NECESSARY; SETTING FORTH THE SUBSTANTIAL FORM OF THE NOTE EVIDENCING THE DEBT; AUTHORIZING EXECUTION AND ATTESTATION OF SUCH NOTE; AUTHORIZING THE EXECUTION OF A LOAN OR FUNDING AGREEMENT BETWEEN THE PENNSYLVANIA INFRASTRUCTURE INVESTMENT AUTHORITY AND THE CITY WHICH PROVIDES AMONG OTHER THINGS, FOR THE PAYMENT OF THE PRINCIPAL OF AND INTEREST ON THE NOTE; PROVIDING COVENANTS RELATED TO DEBT SERVICE APPLICABLE TO SUCH NOTE TO THE EXTENT REQUIRED BY THE ACT AND PLEDGING THE FULL FAITH, CREDIT AND TAXING POWER OF THE CITY IN SUPPORT THEREOF; PLEDGING THE RECEIPTS AND REVENUES GENERATED FROM OR BY THE SEWER SYSTEM AS ADDITIONAL SECURITY FOR THE NOTE; CREATING A SINKING FUND IN CONNECTION WITH THE NOTE, TO THE EXTENT REQUIRED BY THE ACT; DESIGNATING THE PAYING AGENT TO BE THE SINKING FUND DEPOSITARY FOR THE NOTE; AUTHORIZING AND DIRECTING SPECIFIED OFFICERS OF THE CITY TO DO, TO TAKE AND TO PERFORM CERTAIN SPECIFIED, REQUIRED, NECESSARY OR APPROPRIATE ACTS TO EFFECT THE ISSUANCE OF

THE NOTE, INCLUDING, WITHOUT LIMITATION, THE PREPARATION OF A DEBT STATEMENT AND BORROWING BASE CERTIFICATE, AND THE FILING OF SPECIFIED DOCUMENTS WITH THE DEPARTMENT OF COMMUNITY AND ECONOMIC DEVELOPMENT, ALL AS REQUIRED BY THE ACT; APPROVING A SELF-LIQUIDATING DEBT REPORT, IF APPLICABLE; DECLARING THAT THE DEBT TO BE EVIDENCED BY SUCH NOTE, TOGETHER WITH ALL OTHER INDEBTEDNESS OF THE CITY, WILL NOT BE IN EXCESS OF ANY APPLICABLE LIMITATION IMPOSED BY THE ACT; AUTHORIZING PROPER OFFICERS OF THE CITY TO DELIVER THE NOTE UPON THE APPROVAL OF THE DEPARTMENT OF COMMUNITY AND ECONOMIC DEVELOPMENT; PROVIDING WHEN THIS ORDINANCE SHALL BECOME EFFECTIVE; PROVIDING FOR SEVERABILITY OF PROVISIONS; AND REPEALING ALL ORDINANCES OR PARTS OF ORDINANCES INSOFAR AS THE SAME SHALL BE INCONSISTENT HEREWITH.

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

WHEREAS, the City has undertaken a project which consists of, among other things, the financing, refinancing and/or reimbursing of the following: (1) the construction, repair, rehabilitation, remediation, extension, acquisition, improvement and expansion of the City's existing sewer system (the "Sewer System"); and (2) the payment of the costs of issuance of the Note (hereinafter defined) (the "Project"); and

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

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

WHEREAS, the City desires to issue its guaranteed sewer revenue note, designated generally as "City of Reading, Berks County, Pennsylvania, Guaranteed Sewer Revenue Note, Series of 2012" (the "Note"), or such other name or designation as shall be selected by the Mayor of the City upon delivery of the definitive Note in accordance with this Ordinance, in the principal amount not to exceed \$10,013,950 for the purposes of providing funds for a portion of the costs of the Project; and

WHEREAS, the City received a funding offer, as such funding offer may hereinafter be amended from time to time (the "Funding Offer"), for the financing of a portion of the costs of the Project from the Pennsylvania Infrastructure Investment Authority ("Pennvest"), Harrisburg, Pennsylvania; and

WHEREAS, pursuant to a Resolution adopted on June 11, 2012, the Council of this City previously accepted the terms and conditions of the Funding Offer; and

WHEREAS, there has been presented to the City a report (the "Report") of Entech Engineering, Inc., Reading, Pennsylvania, consulting engineer (the "Consulting Engineer"), pursuant to which, among other things, the Consulting Engineer estimates that the

sewer rates and charges to be imposed in connection with the Sewer System will be sufficient to provide for the costs of operating the Sewer System and to pay debt service on the Note; and

WHEREAS, the Note will be secured by the City's full faith, credit and taxing power and all revenues generated by or derived from the operation of the Sewer System, and the City's promise to pay the full payment of the principal and interest on the Note pursuant to the terms of a funding agreement between Pennvest and the City (the "Funding Agreement"); and

WHEREAS, the City desires to formally approve the Project, to authorize the incurrence of nonelectoral debt under the Act, to approve the Report, and to approve the execution and delivery of the Note, the Funding Agreement and all such other loan agreements, certificates, statements and documents and take such other action as may be necessary or proper to effect the completion of the financing or the intent and purposes of this Ordinance.

NOW, THEREFORE, BE IT ORDAINED AND ENACTED by the Council of the City of Reading, Berks County, Pennsylvania, and it is hereby ordained and enacted by the authority of same as follows:

SECTION^o1. Pursuant to the provisions of this Ordinance, the Council hereby authorizes and directs the issuance of the Note in a principal amount of \$10,013,950, same to be issued for the foregoing purposes and same to be incurred as nonelectoral debt. The Note shall be designated generally as "City of Reading, Berks County, Pennsylvania, Guaranteed Sewer Revenue Note, Series of 2012", or such other name or designation as shall be selected by the Mayor of the City upon delivery of the definitive Note in accordance with this Ordinance.

SECTION^o2. The City hereby approves the Project to be undertaken consisting of, among other things, the financing and/or reimbursing of the following: (1) the construction, repair, rehabilitation, remediation, extension, acquisition, improvement and expansion of the City's existing sewer system (the "Capital Projects"); and (2) the payment of the costs of issuance of the Notes.

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

It is hereby determined and declared that the estimated useful lives of the projects to be financed with the proceeds of the Note are at least 30 years.

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

SECTION^o3. The Note shall be in fully registered form, in the principal amount of \$10,013,950, dated and bearing interest from the earliest date of possible issue of said Note under the statutory time requirements as set forth in the Act, at a fixed rate of interest specified in the Funding Offer, payable on the unpaid balance of the Note during the term of the Note.

Interest is payable on the unpaid balance of the Note during its term until paid. The Note shall mature in installments of principal and interest at the maximum rates of interest as shown on the attached Schedule hereinafter referred to as Exhibit A. Notwithstanding the foregoing and the payment dates shown on Exhibit A, the City shall begin principal amortization of the Note on the earlier of (i) three (3) months after the estimated date of completion of the Project, (ii) the first day of the calendar month following actual completion of the Project, or (iii) three (3) years from the date of settlement; provided however in no event will principal amortization on the Note be deferred beyond the later of two (2) years from the date of settlement or one (1) year after completion of the Project in accordance with Section 8142(c) of the Act. As reflected in Exhibit A principal amortization, once commenced in accordance with the provisions of this Section 3, will continue for a total period of 240 months. As of the date of this Ordinance, the projected estimated date of completion of the Project is April 1, 2014.

The City reserves the right to prepay any or all installments of principal or any payment of interest on the Note at any time prior to the respective payment dates thereof, without notice or penalty.

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

SECTION^o4. The Note is hereby declared to be a guaranteed sewer revenue obligation of the City. The City hereby covenants that it shall include the amount of debt service on the Note for each fiscal year in which such sums are payable in its budget for that year; shall appropriate such amounts from its general revenues for the payment of such debt service and its obligations under the Funding Agreement; and shall duly and punctually pay or cause to be paid from its general revenues the principal of the Note and the interest thereon at the dates and places and in the manner stated in the Note according to the true intent and meaning thereof, and for such proper budgeting, appropriation, and payment, the full faith, credit and taxing power of the City are hereby irrevocably pledged.

The amounts which the City hereby covenants to pay in each of the fiscal years that the Note is outstanding are shown on Exhibit A hereto.

SECTION^o5. As additional security for the Note, the City hereby does pledge, assign and grant to the holders from time to time of the Note a first lien on all right, title and interest of the City in and to all receipts and revenues generated from the Sewer System. In furtherance thereof, proper officials of the City are hereby authorized and directed, in the name and on behalf of the City to prepare, execute and deliver such documents, certificates and instruments, including, but not limited to UCC-1 Financing Statements, in order to perfect such security interest against all creditors of the City.

SECTION^o6. The Note shall be in substantially the form attached hereto as Exhibit B, with appropriate revisions.

SECTION^o7. The Note shall be executed in the name and under the corporate seal of the City by the Mayor of the City and attested to by the City Clerk. The City Clerk is hereby authorized and directed to deliver said Note to Pennvest, and receive payment therefor on behalf of the City. The Mayor of the City is authorized and directed to prepare, verify and file the debt

statement required by Section 8110 of the Act.

Said officers and their successors are further authorized, if, in their opinion, it is advisable to do so, to prepare and file such statements and documents as may be required by the Act in order to qualify all or any portion of the existing indebtedness of the City or of the above authorized indebtedness of the City as self-liquidating debt. The City hereby approves the Report of the City's Consulting Engineer concerning the exclusion of such self-liquidating debt.

SECTION^o8. Wells Fargo Bank, National Association, or such other bank or bank and trust company authorized to do business in the Commonwealth, as may be selected by the Mayor upon delivery of the Note in accordance with this Ordinance (any such paying agent selected in accordance with this Section 8 being hereinafter referred to as the "Paying Agent") is hereby designated as the Sinking Fund Depository for the Note. There is hereby created and established, a Sinking Fund to be known as "City of Reading, Berks County, Pennsylvania, Sinking Fund - Guaranteed Sewer Revenue Note, Series of 2012" (the "Sinking Fund"), or such other name or designation as shall be selected by the Mayor of the City upon delivery of the definitive Note in accordance with this Ordinance, for the payment of the principal and interest on the Note which shall be deposited into the Sinking Fund no later than the date upon which the same becomes due and payable. The City shall deposit into the Sinking Fund, which shall be maintained until such obligation is paid in full, sufficient amounts for payment and interest on the Note no later than the date upon which such payments shall become due. The Sinking Fund Depository shall, as and when said payments are due, without further action by the City withdraw available monies in the Sinking Fund and apply said monies to payment of the principal of and interest on the Note.

SECTION^o9. The Mayor of the City is hereby authorized to contract with the Paying Agent for its services as Sinking Fund Depository for the Note and paying agent for the same.

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

SECTION^o11. The execution of the Funding Agreement by the proper officers of the City and the delivery thereof to Pennvest, substantially in form and substance approved by the Solicitor to the City and such officers of the City, are hereby authorized and directed. The proper officers of the City are hereby authorized to execute and deliver any and all such other documents, including and to take such other action as may be necessary or proper to effect the completion of the financing or the intent and purposes of this Ordinance.

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

SECTION°13. The Mayor of the City is authorized to approve requests for payment of all fees and expenses incurred by the City in connection with issuance of the Notes and to pay such fees and expenses.

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

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

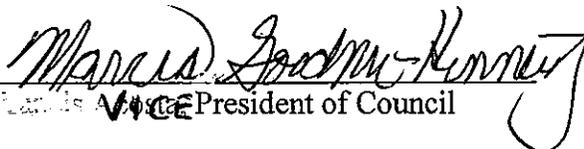
SECTION°16. This Ordinance shall be effective in accordance with Section 8003 of the Act.

DULY ENACTED, THIS 13TH DAY OF AUGUST, 2012, BY THE COUNCIL OF THE CITY OF READING, BERKS COUNTY, PENNSYLVANIA, IN LAWFUL SESSION DULY ASSEMBLED.

Attest:

CITY OF READING
Berks County, Pennsylvania


Linda A. Kelleher CMC, City Clerk

By: 
Marcia Goodman-Kennedy
VICE President of Council

(SEAL)

EXHIBIT A

Amortization Schedule

Online Funding Request

08:47 AM

Loan Number: 71389 Project Number: 06144021109-CS Current Status: Loan Closing
 Project Title: Reading City - 6th and Canal Street Force Main
 Funding Recipient: Reading City

Amortization Schedule

Principal Amount \$10,013,950.00
 Years 1 - 5 Interest Rate 1.007 %
 Years 5+ Interest Rate 2.013 %
 Term of Loan 240 months

[Reset Values](#)

Amortization Schedule

	Monthly Payment	Principal Paid	Principal Remaining	Interest Rate	Interest Paid	Cumulative Interest Paid
1	\$46,084.87	\$37,681.49	\$9,976,268.51	1.007%	\$8,403.37	\$8,403.37
2	\$46,084.87	\$37,713.11	\$9,938,555.39	1.007%	\$8,371.75	\$16,775.13
3	\$46,084.87	\$37,744.76	\$9,900,810.63	1.007%	\$8,340.10	\$25,115.23
4	\$46,084.87	\$37,776.43	\$9,863,034.20	1.007%	\$8,308.43	\$33,423.66
5	\$46,084.87	\$37,808.14	\$9,825,226.06	1.007%	\$8,276.73	\$41,700.39
6	\$46,084.87	\$37,839.86	\$9,787,386.20	1.007%	\$8,245.00	\$49,945.39
7	\$46,084.87	\$37,871.62	\$9,749,514.58	1.007%	\$8,213.25	\$58,158.64
8	\$46,084.87	\$37,903.40	\$9,711,611.19	1.007%	\$8,181.47	\$66,340.11
9	\$46,084.87	\$37,935.20	\$9,673,675.98	1.007%	\$8,149.66	\$74,489.77
10	\$46,084.87	\$37,967.04	\$9,635,708.94	1.007%	\$8,117.83	\$82,607.59
11	\$46,084.87	\$37,998.90	\$9,597,710.04	1.007%	\$8,085.97	\$90,693.56
12	\$46,084.87	\$38,030.79	\$9,559,679.26	1.007%	\$8,054.08	\$98,747.64
13	\$46,084.87	\$38,062.70	\$9,521,616.56	1.007%	\$8,022.16	\$106,769.80
14	\$46,084.87	\$38,094.64	\$9,483,521.91	1.007%	\$7,990.22	\$114,760.03
15	\$46,084.87	\$38,126.61	\$9,445,395.30	1.007%	\$7,958.26	\$122,718.28
16	\$46,084.87	\$38,158.60	\$9,407,236.70	1.007%	\$7,926.26	\$130,644.54
17	\$46,084.87	\$38,190.63	\$9,369,046.07	1.007%	\$7,894.24	\$138,538.78
18	\$46,084.87	\$38,222.67	\$9,330,823.40	1.007%	\$7,862.19	\$146,400.97
19	\$46,084.87	\$38,254.75	\$9,292,568.65	1.007%	\$7,830.12	\$154,231.09
20	\$46,084.87	\$38,286.85	\$9,254,281.80	1.007%	\$7,798.01	\$162,029.10
21	\$46,084.87	\$38,318.98	\$9,215,962.82	1.007%	\$7,765.88	\$169,794.99
22	\$46,084.87	\$38,351.14	\$9,177,611.68	1.007%	\$7,733.73	\$177,528.72
23	\$46,084.87	\$38,383.32	\$9,139,228.36	1.007%	\$7,701.55	\$185,230.26
24	\$46,084.87	\$38,415.53	\$9,100,812.84	1.007%	\$7,669.34	\$192,899.60
25	\$46,084.87	\$38,447.77	\$9,062,365.07	1.007%	\$7,637.10	\$200,536.70
26	\$46,084.87	\$38,480.03	\$9,023,885.04	1.007%	\$7,604.83	\$208,141.53
27	\$46,084.87	\$38,512.32	\$8,985,372.72	1.007%	\$7,572.54	\$215,714.07
28	\$46,084.87	\$38,544.64	\$8,946,828.08	1.007%	\$7,540.23	\$223,254.30
29	\$46,084.87	\$38,576.99	\$8,908,251.09	1.007%	\$7,507.88	\$230,762.18
30	\$46,084.87	\$38,609.36	\$8,869,641.73	1.007%	\$7,475.51	\$238,237.69
31	\$46,084.87	\$38,641.76	\$8,830,999.98	1.007%	\$7,443.11	\$245,680.79
32	\$46,084.87	\$38,674.18	\$8,792,325.79	1.007%	\$7,410.68	\$253,091.48
33	\$46,084.87	\$38,706.64	\$8,753,619.15	1.007%	\$7,378.23	\$260,469.70
34	\$46,084.87	\$38,739.12	\$8,714,880.03	1.007%	\$7,345.75	\$267,815.45
35	\$46,084.87	\$38,771.63	\$8,676,108.41	1.007%	\$7,313.24	\$275,128.68
36	\$46,084.87	\$38,804.16	\$8,637,304.24	1.007%	\$7,280.70	\$282,409.39
37	\$46,084.87	\$38,836.73	\$8,598,467.51	1.007%	\$7,248.14	\$289,657.52
38	\$46,084.87	\$38,869.32	\$8,559,598.20	1.007%	\$7,215.55	\$296,873.07
39	\$46,084.87	\$38,901.94	\$8,520,696.26	1.007%	\$7,182.93	\$304,056.00
40	\$46,084.87	\$38,934.58	\$8,481,761.68	1.007%	\$7,150.28	\$311,206.28
41	\$46,084.87	\$38,967.25	\$8,442,794.43	1.007%	\$7,117.61	\$318,323.90

42	\$46,084.87	\$38,999.95	\$8,403,794.47	1.007%	\$7,084.91	\$325,408.81
43	\$46,084.87	\$39,032.68	\$8,364,761.79	1.007%	\$7,052.18	\$332,460.99
44	\$46,084.87	\$39,065.44	\$8,325,696.36	1.007%	\$7,019.43	\$339,480.42
45	\$46,084.87	\$39,098.22	\$8,286,598.14	1.007%	\$6,986.65	\$346,467.07
46	\$46,084.87	\$39,131.03	\$8,247,467.11	1.007%	\$6,953.84	\$353,420.91
47	\$46,084.87	\$39,163.87	\$8,208,303.24	1.007%	\$6,921.00	\$360,341.90
48	\$46,084.87	\$39,196.73	\$8,169,106.51	1.007%	\$6,888.13	\$367,230.04
49	\$46,084.87	\$39,229.62	\$8,129,876.89	1.007%	\$6,855.24	\$374,085.28
50	\$46,084.87	\$39,262.54	\$8,090,614.35	1.007%	\$6,822.32	\$380,907.60
51	\$46,084.87	\$39,295.49	\$8,051,318.86	1.007%	\$6,789.37	\$387,696.98
52	\$46,084.87	\$39,328.47	\$8,011,990.39	1.007%	\$6,756.40	\$394,453.37
53	\$46,084.87	\$39,361.47	\$7,972,628.92	1.007%	\$6,723.40	\$401,176.77
54	\$46,084.87	\$39,394.50	\$7,933,234.42	1.007%	\$6,690.36	\$407,867.13
55	\$46,084.87	\$39,427.56	\$7,893,806.86	1.007%	\$6,657.31	\$414,524.44
56	\$46,084.87	\$39,460.65	\$7,854,346.21	1.007%	\$6,624.22	\$421,148.66
57	\$46,084.87	\$39,493.76	\$7,814,852.45	1.007%	\$6,591.11	\$427,739.77
58	\$46,084.87	\$39,526.90	\$7,775,325.55	1.007%	\$6,557.96	\$434,297.73
59	\$46,084.87	\$39,560.07	\$7,735,765.48	1.007%	\$6,524.79	\$440,822.52
60	\$46,084.87	\$39,593.27	\$7,696,172.21	1.007%	\$6,491.60	\$447,314.12
61	\$49,571.62	\$36,661.29	\$7,659,510.92	2.013%	\$12,910.33	\$460,224.45
62	\$49,571.62	\$36,722.79	\$7,622,788.13	2.013%	\$12,848.83	\$473,073.28
63	\$49,571.62	\$36,784.39	\$7,586,003.74	2.013%	\$12,787.23	\$485,860.51
64	\$49,571.62	\$36,846.10	\$7,549,157.64	2.013%	\$12,725.52	\$498,586.03
65	\$49,571.62	\$36,907.91	\$7,512,249.73	2.013%	\$12,663.71	\$511,249.74
66	\$49,571.62	\$36,969.82	\$7,475,279.90	2.013%	\$12,601.80	\$523,851.54
67	\$49,571.62	\$37,031.84	\$7,438,248.06	2.013%	\$12,539.78	\$536,391.32
68	\$49,571.62	\$37,093.96	\$7,401,154.10	2.013%	\$12,477.66	\$548,868.98
69	\$49,571.62	\$37,156.19	\$7,363,997.92	2.013%	\$12,415.44	\$561,284.42
70	\$49,571.62	\$37,218.51	\$7,326,779.40	2.013%	\$12,353.11	\$573,637.52
71	\$49,571.62	\$37,280.95	\$7,289,498.45	2.013%	\$12,290.67	\$585,928.20
72	\$49,571.62	\$37,343.49	\$7,252,154.97	2.013%	\$12,228.13	\$598,156.33
73	\$49,571.62	\$37,406.13	\$7,214,748.84	2.013%	\$12,165.49	\$610,321.82
74	\$49,571.62	\$37,468.88	\$7,177,279.95	2.013%	\$12,102.74	\$622,424.56
75	\$49,571.62	\$37,531.73	\$7,139,748.22	2.013%	\$12,039.89	\$634,464.45
76	\$49,571.62	\$37,594.69	\$7,102,153.53	2.013%	\$11,976.93	\$646,441.38
77	\$49,571.62	\$37,657.76	\$7,064,495.77	2.013%	\$11,913.86	\$658,355.24
78	\$49,571.62	\$37,720.93	\$7,026,774.84	2.013%	\$11,850.69	\$670,205.93
79	\$49,571.62	\$37,784.21	\$6,988,990.63	2.013%	\$11,787.41	\$681,993.34
80	\$49,571.62	\$37,847.59	\$6,951,143.04	2.013%	\$11,724.03	\$693,717.38
81	\$49,571.62	\$37,911.08	\$6,913,231.96	2.013%	\$11,660.54	\$705,377.92
82	\$49,571.62	\$37,974.67	\$6,875,257.29	2.013%	\$11,596.95	\$716,974.87
83	\$49,571.62	\$38,038.38	\$6,837,218.91	2.013%	\$11,533.24	\$728,508.11
84	\$49,571.62	\$38,102.19	\$6,799,116.72	2.013%	\$11,469.43	\$739,977.54
85	\$49,571.62	\$38,166.10	\$6,760,950.62	2.013%	\$11,405.52	\$751,383.06
86	\$49,571.62	\$38,230.13	\$6,722,720.49	2.013%	\$11,341.49	\$762,724.56
87	\$49,571.62	\$38,294.26	\$6,684,426.24	2.013%	\$11,277.36	\$774,001.92
88	\$49,571.62	\$38,358.50	\$6,646,067.74	2.013%	\$11,213.13	\$785,215.05
89	\$49,571.62	\$38,422.84	\$6,607,644.90	2.013%	\$11,148.78	\$796,363.82
90	\$49,571.62	\$38,487.30	\$6,569,157.60	2.013%	\$11,084.32	\$807,448.15
91	\$49,571.62	\$38,551.86	\$6,530,605.74	2.013%	\$11,019.76	\$818,467.91
92	\$49,571.62	\$38,616.53	\$6,491,989.21	2.013%	\$10,955.09	\$829,423.00
93	\$49,571.62	\$38,681.31	\$6,453,307.90	2.013%	\$10,890.31	\$840,313.31
94	\$49,571.62	\$38,746.20	\$6,414,561.70	2.013%	\$10,825.42	\$851,138.74
95	\$49,571.62	\$38,811.19	\$6,375,750.51	2.013%	\$10,760.43	\$861,899.16
96	\$49,571.62	\$38,876.30	\$6,336,874.21	2.013%	\$10,695.32	\$872,594.49
97	\$49,571.62	\$38,941.51	\$6,297,932.69	2.013%	\$10,630.11	\$883,224.59
98	\$49,571.62	\$39,006.84	\$6,258,925.86	2.013%	\$10,564.78	\$893,789.37
99	\$49,571.62	\$39,072.27	\$6,219,853.58	2.013%	\$10,499.35	\$904,288.72
100	\$49,571.62	\$39,137.82	\$6,180,715.77	2.013%	\$10,433.80	\$914,722.53
101	\$49,571.62	\$39,203.47	\$6,141,512.29	2.013%	\$10,368.15	\$925,090.68
102	\$49,571.62	\$39,269.23	\$6,102,243.06	2.013%	\$10,302.39	\$935,393.06
103	\$49,571.62	\$39,335.11	\$6,062,907.95	2.013%	\$10,236.51	\$945,629.58
104	\$49,571.62	\$39,401.09	\$6,023,506.86	2.013%	\$10,170.53	\$955,800.11
105	\$49,571.62	\$39,467.19	\$5,984,039.67	2.013%	\$10,104.43	\$965,904.54
106	\$49,571.62	\$39,533.39	\$5,944,506.27	2.013%	\$10,038.23	\$975,942.76
107	\$49,571.62	\$39,599.71	\$5,904,906.56	2.013%	\$9,971.91	\$985,914.67
108	\$49,571.62	\$39,666.14	\$5,865,240.42	2.013%	\$9,905.48	\$995,820.15
109	\$49,571.62	\$39,732.68	\$5,825,507.74	2.013%	\$9,838.94	\$1,005,659.10

110	\$49,571.62	\$39,799.33	\$5,785,708.41	2.013%	\$9,772.29	\$1,015,431.39
111	\$49,571.62	\$39,866.10	\$5,745,842.31	2.013%	\$9,705.53	\$1,025,136.91
112	\$49,571.62	\$39,932.97	\$5,705,909.34	2.013%	\$9,638.65	\$1,034,775.56
113	\$49,571.62	\$39,999.96	\$5,665,909.38	2.013%	\$9,571.66	\$1,044,347.22
114	\$49,571.62	\$40,067.06	\$5,625,842.33	2.013%	\$9,504.56	\$1,053,851.79
115	\$49,571.62	\$40,134.27	\$5,585,708.05	2.013%	\$9,437.35	\$1,063,289.14
116	\$49,571.62	\$40,201.60	\$5,545,506.46	2.013%	\$9,370.03	\$1,072,659.16
117	\$49,571.62	\$40,269.03	\$5,505,237.42	2.013%	\$9,302.59	\$1,081,961.75
118	\$49,571.62	\$40,336.59	\$5,464,900.84	2.013%	\$9,235.04	\$1,091,196.79
119	\$49,571.62	\$40,404.25	\$5,424,496.59	2.013%	\$9,167.37	\$1,100,364.16
120	\$49,571.62	\$40,472.03	\$5,384,024.56	2.013%	\$9,099.59	\$1,109,463.75
121	\$49,571.62	\$40,539.92	\$5,343,484.64	2.013%	\$9,031.70	\$1,118,495.45
122	\$49,571.62	\$40,607.93	\$5,302,876.71	2.013%	\$8,963.70	\$1,127,459.15
123	\$49,571.62	\$40,676.05	\$5,262,200.67	2.013%	\$8,895.58	\$1,136,354.72
124	\$49,571.62	\$40,744.28	\$5,221,456.39	2.013%	\$8,827.34	\$1,145,182.06
125	\$49,571.62	\$40,812.63	\$5,180,643.76	2.013%	\$8,758.99	\$1,153,941.06
126	\$49,571.62	\$40,881.09	\$5,139,762.67	2.013%	\$8,690.53	\$1,162,631.59
127	\$49,571.62	\$40,949.67	\$5,098,813.00	2.013%	\$8,621.95	\$1,171,253.54
128	\$49,571.62	\$41,018.36	\$5,057,794.64	2.013%	\$8,553.26	\$1,179,806.80
129	\$49,571.62	\$41,087.17	\$5,016,707.47	2.013%	\$8,484.45	\$1,188,291.25
130	\$49,571.62	\$41,156.09	\$4,975,551.37	2.013%	\$8,415.53	\$1,196,706.78
131	\$49,571.62	\$41,225.13	\$4,934,326.24	2.013%	\$8,346.49	\$1,205,053.26
132	\$49,571.62	\$41,294.29	\$4,893,031.95	2.013%	\$8,277.33	\$1,213,330.59
133	\$49,571.62	\$41,363.56	\$4,851,668.39	2.013%	\$8,208.06	\$1,221,538.66
134	\$49,571.62	\$41,432.95	\$4,810,235.44	2.013%	\$8,138.67	\$1,229,677.33
135	\$49,571.62	\$41,502.45	\$4,768,732.99	2.013%	\$8,069.17	\$1,237,746.50
136	\$49,571.62	\$41,572.07	\$4,727,160.92	2.013%	\$7,999.55	\$1,245,746.05
137	\$49,571.62	\$41,641.81	\$4,685,519.11	2.013%	\$7,929.81	\$1,253,675.86
138	\$49,571.62	\$41,711.66	\$4,643,807.44	2.013%	\$7,859.96	\$1,261,535.82
139	\$49,571.62	\$41,781.63	\$4,602,025.81	2.013%	\$7,789.99	\$1,269,325.81
140	\$49,571.62	\$41,851.72	\$4,560,174.09	2.013%	\$7,719.90	\$1,277,045.71
141	\$49,571.62	\$41,921.93	\$4,518,252.16	2.013%	\$7,649.69	\$1,284,695.40
142	\$49,571.62	\$41,992.25	\$4,476,259.90	2.013%	\$7,579.37	\$1,292,274.77
143	\$49,571.62	\$42,062.70	\$4,434,197.21	2.013%	\$7,508.93	\$1,299,783.69
144	\$49,571.62	\$42,133.26	\$4,392,063.95	2.013%	\$7,438.37	\$1,307,222.06
145	\$49,571.62	\$42,203.93	\$4,349,860.02	2.013%	\$7,367.69	\$1,314,589.74
146	\$49,571.62	\$42,274.73	\$4,307,585.29	2.013%	\$7,296.89	\$1,321,886.63
147	\$49,571.62	\$42,345.65	\$4,265,239.64	2.013%	\$7,225.97	\$1,329,112.61
148	\$49,571.62	\$42,416.68	\$4,222,822.96	2.013%	\$7,154.94	\$1,336,267.55
149	\$49,571.62	\$42,487.84	\$4,180,335.12	2.013%	\$7,083.79	\$1,343,351.33
150	\$49,571.62	\$42,559.11	\$4,137,776.01	2.013%	\$7,012.51	\$1,350,363.85
151	\$49,571.62	\$42,630.50	\$4,095,145.51	2.013%	\$6,941.12	\$1,357,304.97
152	\$49,571.62	\$42,702.01	\$4,052,443.50	2.013%	\$6,869.61	\$1,364,174.57
153	\$49,571.62	\$42,773.65	\$4,009,669.85	2.013%	\$6,797.97	\$1,370,972.55
154	\$49,571.62	\$42,845.40	\$3,966,824.45	2.013%	\$6,726.22	\$1,377,698.77
155	\$49,571.62	\$42,917.27	\$3,923,907.18	2.013%	\$6,654.35	\$1,384,353.11
156	\$49,571.62	\$42,989.27	\$3,880,917.91	2.013%	\$6,582.35	\$1,390,935.47
157	\$49,571.62	\$43,061.38	\$3,837,856.53	2.013%	\$6,510.24	\$1,397,445.71
158	\$49,571.62	\$43,133.62	\$3,794,722.91	2.013%	\$6,438.00	\$1,403,883.71
159	\$49,571.62	\$43,205.97	\$3,751,516.94	2.013%	\$6,365.65	\$1,410,249.36
160	\$49,571.62	\$43,278.45	\$3,708,238.48	2.013%	\$6,293.17	\$1,416,542.53
161	\$49,571.62	\$43,351.05	\$3,664,887.43	2.013%	\$6,220.57	\$1,422,763.10
162	\$49,571.62	\$43,423.77	\$3,621,463.66	2.013%	\$6,147.85	\$1,428,910.95
163	\$49,571.62	\$43,496.62	\$3,577,967.04	2.013%	\$6,075.01	\$1,434,985.95
164	\$49,571.62	\$43,569.58	\$3,534,397.46	2.013%	\$6,002.04	\$1,440,987.99
165	\$49,571.62	\$43,642.67	\$3,490,754.79	2.013%	\$5,928.95	\$1,446,916.95
166	\$49,571.62	\$43,715.88	\$3,447,038.91	2.013%	\$5,855.74	\$1,452,772.69
167	\$49,571.62	\$43,789.21	\$3,403,249.70	2.013%	\$5,782.41	\$1,458,555.10
168	\$49,571.62	\$43,862.67	\$3,359,387.03	2.013%	\$5,708.95	\$1,464,264.05
169	\$49,571.62	\$43,936.25	\$3,315,450.78	2.013%	\$5,635.37	\$1,469,899.42
170	\$49,571.62	\$44,009.95	\$3,271,440.83	2.013%	\$5,561.67	\$1,475,461.09
171	\$49,571.62	\$44,083.78	\$3,227,357.05	2.013%	\$5,487.84	\$1,480,948.93
172	\$49,571.62	\$44,157.73	\$3,183,199.32	2.013%	\$5,413.89	\$1,486,362.82
173	\$49,571.62	\$44,231.80	\$3,138,967.51	2.013%	\$5,339.82	\$1,491,702.64
174	\$49,571.62	\$44,306.00	\$3,094,661.51	2.013%	\$5,265.62	\$1,496,968.26
175	\$49,571.62	\$44,380.33	\$3,050,281.18	2.013%	\$5,191.29	\$1,502,159.55
176	\$49,571.62	\$44,454.77	\$3,005,826.41	2.013%	\$5,116.85	\$1,507,276.40
177	\$49,571.62	\$44,529.35	\$2,961,297.06	2.013%	\$5,042.27	\$1,512,318.67
178	\$49,571.62	\$44,604.05	\$2,916,693.02	2.013%	\$4,967.58	\$1,517,286.25

179	\$49,571.62	\$44,678.87	\$2,872,014.15	2.013%	\$4,892.75	\$1,522,179.00
180	\$49,571.62	\$44,753.82	\$2,827,260.33	2.013%	\$4,817.80	\$1,526,996.80
181	\$49,571.62	\$44,828.89	\$2,782,431.44	2.013%	\$4,742.73	\$1,531,739.53
182	\$49,571.62	\$44,904.09	\$2,737,527.34	2.013%	\$4,667.53	\$1,536,407.06
183	\$49,571.62	\$44,979.42	\$2,692,547.92	2.013%	\$4,592.20	\$1,540,999.26
184	\$49,571.62	\$45,054.87	\$2,647,493.05	2.013%	\$4,516.75	\$1,545,516.01
185	\$49,571.62	\$45,130.45	\$2,602,362.60	2.013%	\$4,441.17	\$1,549,957.18
186	\$49,571.62	\$45,206.16	\$2,557,156.44	2.013%	\$4,365.46	\$1,554,322.64
187	\$49,571.62	\$45,281.99	\$2,511,874.45	2.013%	\$4,289.63	\$1,558,612.27
188	\$49,571.62	\$45,357.95	\$2,466,516.50	2.013%	\$4,213.67	\$1,562,825.94
189	\$49,571.62	\$45,434.04	\$2,421,082.46	2.013%	\$4,137.58	\$1,566,963.53
190	\$49,571.62	\$45,510.26	\$2,375,572.20	2.013%	\$4,061.37	\$1,571,024.89
191	\$49,571.62	\$45,586.60	\$2,329,985.60	2.013%	\$3,985.02	\$1,575,009.91
192	\$49,571.62	\$45,663.07	\$2,284,322.53	2.013%	\$3,908.55	\$1,578,918.46
193	\$49,571.62	\$45,739.67	\$2,238,582.86	2.013%	\$3,831.95	\$1,582,750.42
194	\$49,571.62	\$45,816.40	\$2,192,766.46	2.013%	\$3,755.22	\$1,586,505.64
195	\$49,571.62	\$45,893.26	\$2,146,873.21	2.013%	\$3,678.37	\$1,590,184.00
196	\$49,571.62	\$45,970.24	\$2,100,902.97	2.013%	\$3,601.38	\$1,593,785.38
197	\$49,571.62	\$46,047.36	\$2,054,855.61	2.013%	\$3,524.26	\$1,597,309.65
198	\$49,571.62	\$46,124.60	\$2,008,731.01	2.013%	\$3,447.02	\$1,600,756.67
199	\$49,571.62	\$46,201.98	\$1,962,529.03	2.013%	\$3,369.65	\$1,604,126.31
200	\$49,571.62	\$46,279.48	\$1,916,249.56	2.013%	\$3,292.14	\$1,607,418.46
201	\$49,571.62	\$46,357.11	\$1,869,892.44	2.013%	\$3,214.51	\$1,610,632.97
202	\$49,571.62	\$46,434.88	\$1,823,457.57	2.013%	\$3,136.74	\$1,613,769.71
203	\$49,571.62	\$46,512.77	\$1,776,944.79	2.013%	\$3,058.85	\$1,616,828.56
204	\$49,571.62	\$46,590.80	\$1,730,354.00	2.013%	\$2,980.82	\$1,619,809.39
205	\$49,571.62	\$46,668.95	\$1,683,685.05	2.013%	\$2,902.67	\$1,622,712.05
206	\$49,571.62	\$46,747.24	\$1,636,937.81	2.013%	\$2,824.38	\$1,625,536.44
207	\$49,571.62	\$46,825.66	\$1,590,112.15	2.013%	\$2,745.96	\$1,628,282.40
208	\$49,571.62	\$46,904.21	\$1,543,207.94	2.013%	\$2,667.41	\$1,630,949.81
209	\$49,571.62	\$46,982.89	\$1,496,225.05	2.013%	\$2,588.73	\$1,633,538.54
210	\$49,571.62	\$47,061.70	\$1,449,163.35	2.013%	\$2,509.92	\$1,636,048.46
211	\$49,571.62	\$47,140.65	\$1,402,022.70	2.013%	\$2,430.97	\$1,638,479.43
212	\$49,571.62	\$47,219.73	\$1,354,802.97	2.013%	\$2,351.89	\$1,640,831.33
213	\$49,571.62	\$47,298.94	\$1,307,504.03	2.013%	\$2,272.68	\$1,643,104.01
214	\$49,571.62	\$47,378.28	\$1,260,125.74	2.013%	\$2,193.34	\$1,645,297.35
215	\$49,571.62	\$47,457.76	\$1,212,667.98	2.013%	\$2,113.86	\$1,647,411.21
216	\$49,571.62	\$47,537.37	\$1,165,130.61	2.013%	\$2,034.25	\$1,649,445.46
217	\$49,571.62	\$47,617.11	\$1,117,513.50	2.013%	\$1,954.51	\$1,651,399.96
218	\$49,571.62	\$47,696.99	\$1,069,816.51	2.013%	\$1,874.63	\$1,653,274.59
219	\$49,571.62	\$47,777.00	\$1,022,039.50	2.013%	\$1,794.62	\$1,655,069.21
220	\$49,571.62	\$47,857.15	\$974,182.35	2.013%	\$1,714.47	\$1,656,783.68
221	\$49,571.62	\$47,937.43	\$926,244.92	2.013%	\$1,634.19	\$1,658,417.87
222	\$49,571.62	\$48,017.85	\$878,227.08	2.013%	\$1,553.78	\$1,659,971.65
223	\$49,571.62	\$48,098.40	\$830,128.68	2.013%	\$1,473.23	\$1,661,444.87
224	\$49,571.62	\$48,179.08	\$781,949.60	2.013%	\$1,392.54	\$1,662,837.41
225	\$49,571.62	\$48,259.90	\$733,689.70	2.013%	\$1,311.72	\$1,664,149.14
226	\$49,571.62	\$48,340.86	\$685,348.84	2.013%	\$1,230.76	\$1,665,379.90
227	\$49,571.62	\$48,421.95	\$636,926.89	2.013%	\$1,149.67	\$1,666,529.57
228	\$49,571.62	\$48,503.18	\$588,423.72	2.013%	\$1,068.44	\$1,667,598.02
229	\$49,571.62	\$48,584.54	\$539,839.18	2.013%	\$987.08	\$1,668,585.10
230	\$49,571.62	\$48,666.04	\$491,173.13	2.013%	\$905.58	\$1,669,490.68
231	\$49,571.62	\$48,747.68	\$442,425.46	2.013%	\$823.94	\$1,670,314.62
232	\$49,571.62	\$48,829.45	\$393,596.00	2.013%	\$742.17	\$1,671,056.79
233	\$49,571.62	\$48,911.36	\$344,684.64	2.013%	\$660.26	\$1,671,717.05
234	\$49,571.62	\$48,993.41	\$295,691.23	2.013%	\$578.21	\$1,672,295.26
235	\$49,571.62	\$49,075.60	\$246,615.63	2.013%	\$496.02	\$1,672,791.28
236	\$49,571.62	\$49,157.92	\$197,457.70	2.013%	\$413.70	\$1,673,204.98
237	\$49,571.62	\$49,240.39	\$148,217.32	2.013%	\$331.24	\$1,673,536.21
238	\$49,571.62	\$49,322.99	\$98,894.33	2.013%	\$248.63	\$1,673,784.85
239	\$49,571.62	\$49,405.73	\$49,488.60	2.013%	\$165.90	\$1,673,950.74
240	\$49,571.62	\$49,488.60	\$0.00	2.013%	\$83.02	\$1,674,033.76

x

x

EXHIBIT B

Form of Note

DEBT OBLIGATION

Reading City

71389

[%SETTLEMENT DATE%]

UNITED STATES OF AMERICA
COMMONWEALTH OF PENNSYLVANIA

Reading City

LOAN NUMBER 71389

\$10,013,950.00

Harrisburg, PA

[%SETTLEMENT DATE%]

FOR VALUE RECEIVED, Reading City, an entity organized and existing under the laws of the Commonwealth of Pennsylvania or authorized to do business in the Commonwealth of Pennsylvania, with an office at [%FINANCIAL DISBURSEMENT ADDRESS%] ("Maker"), is authorized to issue this Debt Obligation and promises to pay to the Pennsylvania Infrastructure Investment Authority, a body corporate and politic, organized and existing under the laws of the Commonwealth of Pennsylvania, with an office at 22 South Third Street, Harrisburg, Pennsylvania ("Payee"), at such office of Payee or at such other office of Payee or such other place as Payee may designate from time to time in writing, the principal sum of the portion of the Debt Obligation that has been advanced by Payee to or for the benefit of Maker pursuant to the Funding Agreement, in lawful money of the United States of America, together with interest thereon from the date hereof at the rates herein provided, and both payable as hereinafter provided.

A. DEFINITIONS

The terms used herein shall have the meanings given to them under the Funding Agreement by and between Maker and Payee of even date herewith with respect to the loan number set forth above. The following additional words and phrases shall have the meanings given to them in this section when used in this Debt Obligation:

"COMPTROLLER" shall mean the Pennsylvania Public Protection and Recreation Comptroller's Office, which serves as the assigned comptroller for the Payee.

"PROPOSED AMORTIZATION SCHEDULE" shall mean the proposed schedule of principal and interest payments provided to the Maker by the Payee on the date hereof, attached hereto as Exhibit A, which schedule assumes the full amount of the Debt Obligation will be used by Maker to complete the Project in accordance with the schedule set forth in the Project Management Plan, attached as Exhibit E to the Funding Agreement.

"REVISED AMORTIZATION SCHEDULE" shall mean the final schedule of principal and interest payments, provided to the Maker by the Comptroller upon completion of construction of the Project, as defined

under Paragraph D.1. of the Funding Agreement, including adjustments to the principal amount necessary to complete the Project and the timeline for completion.

“SCHEDULED AMORTIZATION DATE” shall mean the date set forth in the Project Management Plan, attached as Exhibit E to the Funding Agreement, as the scheduled date to complete the project and initiate principal and interest payments.

B. INTEREST ONLY PERIOD

The Maker is obligated to pay interest only payments on the debt proceeds drawn down on the first day of the month following a loan advance at the approved loan interest rate established for Years 1-5 on the Project Specific Terms, attached as Exhibit A to the Funding Agreement, until the earlier of: a) the calendar month preceding the Scheduled Amortization Date, or b) the calendar month during which all actions required to complete construction of the Project as defined under Paragraph D.1. of the Funding Agreement have been completed. In no event shall the date extend beyond the Scheduled Amortization Date without the express written consent of the Payee.

C. PAYMENTS OF PRINCIPAL AND INTEREST

On the earlier of: a) the Scheduled Amortization Date, or b) the first day of the first calendar month following the completion of all actions required to complete construction of the Project, as defined under Paragraph D.1. of the Funding Agreement, the Maker shall make payments of principal and interest as follows:

If the Maker has completed all actions required to complete construction of the Project as defined under Paragraph D.1. of the Funding Agreement prior to the Scheduled Amortization Date, the unpaid principal sum then outstanding and all accrued and unpaid interest shall be payable in consecutive monthly installments on the first day of each month commencing with the first calendar month following completion of the Project, as defined under Paragraph D.1. of the Funding Agreement, over the amortization period and at the approved loan interest rates set forth in the Project Specific Terms, set forth in Exhibit A to the Funding Agreement, in accordance with the Revised Amortization Schedule to be provided by the Comptroller to the Maker.

If the Maker has not completed all actions required to complete construction of the Project as defined under Paragraph D.1. of the Funding Agreement prior to the Scheduled Amortization Date, Maker shall make payments of principal and interest commencing on the Scheduled Amortization Date in accordance with the Proposed Amortization Schedule. Maker will pay interest only on the unpaid principal sum of the loan then outstanding. Any additional payment made in accordance with the Proposed Amortization Schedule will be applied to the principal balance of the loan. Once the Maker has completed all actions required to complete construction of the Project as defined under Paragraph D.1. of the Funding Agreement, a Revised Amortization Schedule will be provided to the Maker by the Comptroller, if necessary.

D. TERM OF REPAYMENT

The repayment of principal and interest shall continue in accordance with the Proposed Amortization Schedule, or Revised Amortization Schedule, as may be applicable, at the approved loan interest rates and term set forth in the Project Specific Terms, attached as Exhibit A to the Funding Agreement. Any unpaid principal sum outstanding and any accrued and unpaid interest at the conclusion of the Proposed Amortization Schedule, or Revised Amortization Schedule, as may be applicable, shall become immediately due and payable to Payee.

E. PREPAYMENTS

Maker may not prepay at any time all or any portion of the unpaid principal sum hereunder without first obtaining the prior written consent of the Payee, which shall not be unreasonably withheld or delayed. The Maker shall submit a letter of intent to prepay to Payee no later than fifteen (15) days prior to the first day of the month Maker intends to prepay. If the Payee consents to the Maker's prepayment, the Maker may prepay, on the date that is mutually agreed upon by both the Payee and Maker, all or any portion of the unpaid principal sum hereunder without penalty or premium; provided, however, that:

1. Any prepayment (whether voluntary or involuntary) shall be applied first to any accrued and unpaid interest hereunder up to the date of such prepayment, then to any other sums which may be payable to Payee under the Funding Documents up to the date of such prepayment and then to the principal sum hereunder;
2. Any such prepayment shall be applied to installments due hereunder in the inverse order of their maturity; and
3. The acceptance of any such prepayment when there is an event of default in existence hereunder shall not constitute a waiver, release or accord and satisfaction thereof or of any rights of Payee with respect thereto.

F. COLLATERAL

This Debt Obligation, and the due performance by Maker of all of its obligations hereunder, is secured by the Project Collateral, and any documents necessary to provide for the same. It hereby is certified that:

1. All acts, conditions and things required to be done, to happen or to be performed as conditions precedent to and in issuance of this Debt Obligation, or in creation of the debt of which this is evidence, or in the provision of the Project Collateral provided to secure the Debt Obligation have been done, have happened or have been performed in due and regular form and manner, as required by law; and
2. The debt represented by this Debt Obligation, together with any other indebtedness of the Maker is not in excess of any limitation imposed by law or agreement upon the incurring of debt by the Maker.

G. LATE CHARGE

In the event that any payment of principal or interest due to Payee hereunder shall not be paid when due and shall remain unpaid in excess of thirty (30) days after the due date, in addition to and not in limitation of any other rights or remedies which Payee may have in respect thereof under any of the Funding Documents, including but not limited to Payee's rights in and to the Project Collateral, Maker shall pay Payee on demand a late charge computed at the rate of four cents (\$.04) for each dollar (or part thereof) of the amount not paid, to cover the extra expense and inconvenience to Payee in ensuring payment of such delinquent amount. The amount of any such late charge not paid promptly following demand therefor shall be deemed outstanding and payable pursuant to this Debt Obligation.

H. EVENTS OF DEFAULT

The occurrence of any one or more of the following events shall constitute an event of default hereunder, provided that the default has not been cured within the applicable cure periods set forth in the Funding Agreement:

1. Maker shall fail to make any payment of principal and/or interest due to Payee under this Debt Obligation or under any of the Funding Documents when the same shall become due and payable, whether at maturity, by acceleration or otherwise; or
2. Any event of default shall occur under the terms of any of the Funding Documents.

I. REMEDIES

1. Upon the occurrence of an event of default hereunder, the entire unpaid principal sum hereof, plus all interest accrued thereon, plus all other sums due and payable to Payee under the Funding Documents shall, at the option of Payee, become due and payable immediately upon written request.
- 2.

No right or remedy conferred upon or reserved to Payee under any of the Funding Documents, or with respect to any Project Collateral, or now or hereafter existing at law or in equity or by statute or other legislative enactment, is intended to be exclusive of any other right or remedy, and each and every such right or remedy shall be cumulative and concurrent, and shall be in addition to every other such right or remedy, and may be pursued singly, concurrently, successively or otherwise, at the sole discretion of Payee, and shall not be exhausted by any one exercise thereof but may be exercised as often as occasion therefor shall occur. No act of Payee shall be deemed or construed as an election to proceed under any one such right or remedy to the exclusion of any other such right or remedy; furthermore, each such right or remedy of Payee shall be separate, distinct and cumulative and none shall be given effect to the exclusion of any other. The failure to exercise or delay in exercising any such right or remedy, or the failure to insist upon strict performance of any term of any of the Funding Documents, shall not be construed as a waiver or release of the same or of any

event of default thereunder, or of any obligation or liability of Maker thereunder.

3. The recovery of any judgment by Payee and/or the levy of execution under any judgment upon any Project Collateral shall not affect in any manner or to any extent the pledge of the System Revenues, to the extent the Project Collateral includes a lien on the System Revenues, as set forth in the Project Specific Terms, attached as Exhibit A to the Funding Agreement, or any security interest under the Funding Documents in any Project Collateral, or any rights, remedies or powers of Payee under any of the Funding Documents or with respect to any Project Collateral, but such pledge and such security interest, and such rights, remedies and power of Payee shall continue unimpaired as before. Further, the exercise by Payee of its rights and remedies and the entry of any judgment by Payee shall not affect in any way the interest rate payable hereunder or under any of the other Funding Documents on any amounts due to Payee but interest shall continue to accrue on such amounts at the rate specified herein or in such Funding Document.

4. Maker hereby waives presentment, demand, notice of nonpayment, protest, notice of protest or other notice of dishonor, and any and all other notices in connection with any default in the payment of, or any enforcement of the payment of, all amounts due under the Funding Documents, except for notices of defaults and opportunities to cure expressly provided for in this Debt Obligation or the Funding Documents. To the extent permitted by law, Maker waives the right to any stay of execution and the benefit of all exemption laws now or hereafter in effect. Maker further waives and releases all procedural errors, defects and imperfections in any proceedings instituted by Payee under the terms of any Funding Document or with respect to any Project Collateral.

5. Maker agrees that Payee may release, compromise, forbear with respect to, waive, suspend, extend or renew any of the terms of the Funding Documents and Maker hereby waives any notice of any of the foregoing, and that the Funding Documents may be amended, supplemented or modified by Payee and the Maker and that Payee may resort to any Project Collateral in such order and manner as it may think fit, or accept the assignment, substitution, exchange or pledge of any other Project Collateral in place of, or releases for such consideration, or none, as it may require, all or any portion of any Project Collateral, without in any way affecting the validity of any lien or other security interest in the remainder of any such Project Collateral (or the priority thereof or the position of any subordinate holder of any security interest with respect thereto); and any action taken by Payee pursuant to the foregoing shall in no way be construed as a waiver or release of any right or remedy of Payee, or of any event of default, or of any liability or obligation of Maker, under any of the Funding Documents.

J. COSTS AND EXPENSES

Following the occurrence of any event of default, Maker shall pay upon demand all costs and expenses (including all amounts paid to attorneys, accountants and other advisors employed by Payee and to any contractors for labor and materials), incurred by Payee in the exercise of any of its rights, remedies or powers under any of the Funding Documents with respect to any Project Collateral as a result of such event of default, and any amount thereof not paid on the first business day following demand therefor shall be added to the principal sum hereunder and shall bear interest at the rate

then applicable. Nothing in this paragraph shall limit the Maker's obligation to pay costs and expenses for which Maker is already liable under any other Funding Document.

K. TAXES

Maker shall pay the cost of any revenue, tax or other stamps now or hereafter required by the laws of the Commonwealth or the United States to be affixed to this Debt Obligation and if any taxes are imposed under the laws of the Commonwealth or the United States with respect to secured debts.

L. SEVERABILITY

In the event that for any reason one or more of the provisions of the Debt Obligation or the application of the same to any person or circumstance shall be held to be invalid, illegal or unenforceable in any respect or to any extent, such provisions shall nevertheless remain valid, legal and enforceable in all such other respects and to such extent as may be permissible. In addition, any such invalidity, illegality or unenforceability shall not affect any other provisions of the Debt Obligation, but the Debt Obligation shall be construed as if such invalid, illegal or unenforceable provision had never been contained herein.

M. SUCCESSORS AND ASSIGNS

The Debt Obligation inures to the benefit of Payee and binds Maker, and their respective successors and assigns, and the words "Payee" and "Maker" whenever occurring herein shall be deemed and construed to include such respective successors and assigns.

N. NOTICES

All notices required or desired to be given to either of the parties hereunder shall be in writing and shall be deemed to have been sufficiently given for all purposes when presented personally to such party or sent by receipted mail via overnight courier, certified or registered mail, return receipt requested, or Electronic Postmark delivery through the United States Post Office to such party at its address set forth below:

Maker: [%BORROWER LEGAL ADDRESS%]

Authority: Pennsylvania Infrastructure Investment Authority

22 South Third Street

Harrisburg, Pennsylvania 17101

Attention: Executive Director

Such notice shall be deemed to be given when received if delivered personally or two (2) days after the date mailed if sent by certified or registered mail. Any notice of any change in such address shall also be given in the manner set forth above. Whenever notice is required, the party entitled to receive such notice may waive the requirement by notifying the party required to give the notice

in writing.

O. DEFINITIONS, NUMBER AND GENDER

In the event Maker consists of more than one person or entity, the obligations and liabilities hereunder of each of such persons and entities shall be joint and several and the word "Maker" shall mean all, some or any of them. For purposes of this Debt Obligation, the singular shall be deemed to include the plural and the neuter shall be deemed to include the masculine and feminine, as the context may require. The references herein to the Funding Documents or any one of them shall include any supplements to or any amendments of or restatements of such Funding Documents or any one of them.

P. INCORPORATION BY REFERENCE

All of the terms and provisions of the Funding Documents, to the extent not inconsistent herewith, are incorporated herein by reference.

Q. CAPTIONS

The captions or heading of the sections in the Debt Obligation are for convenience only and shall not control or affect the meaning or construction of any of the terms or provisions of this Debt Obligation.

R. GOVERNING LAW

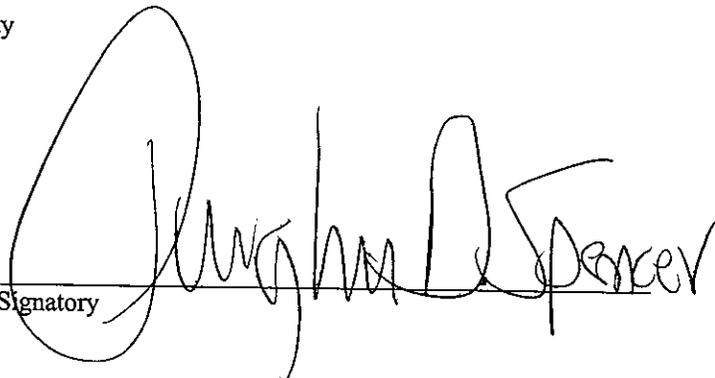
This Debt Obligation shall be governed by and construed in accordance with the laws of the Commonwealth.

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IN WITNESS WHEREOF, the Maker has executed this Debt Obligation effective on the date first above written.

Reading City

Authorized Signatory

A large, stylized handwritten signature in black ink, appearing to read "Douglas L. Spencer". The signature is written over a horizontal line.

ATTEST

A smaller, stylized handwritten signature in black ink, written over a horizontal line. The signature is illegible due to its cursive style.

(SEAL)

EXHIBIT C

Pennvest Funding Offer

PENNVEST Funding Offer

This funding offer is based upon the information submitted for consideration. This offer includes the amount of PENNVEST funding, interest rate, repayment term, as well as the standard terms and conditions that accompany the offer. You must accept the offer in order to continue on to the settlement checklist and information collection process.

Description

Contact: Carl Geffken
 Project Number: 06144021109-CS Status: Approved
 Project Title: Reading City - 6th and Canal Street Force Main
 Company: Reading City

Funding Offer

Board Approval Date:	4/25/2012
Loan Amount:	\$10,013,950.00
Grant Amount:	\$0.00
Estimated Monthly Payments for Years 1 through 5:	\$46,084.87
Estimated Monthly Payments for Years 6 through Maturity:	\$49,571.62
Amortization Period in Months:	240
Interest Only plus Amortization Period in Months:	(up to) 276
Interest Rate of Loan for Years 1 through 5:	1.007
Interest Rate of Loan for Years 6 through Maturity:	2.013

Cost Break Down

PHASE	PENNVEST	LOCAL	TOTAL
Administrative	\$0.00	\$0.00	\$0.00
Legal	\$50,000.00	\$50,000.00	\$100,000.00
Financial/Accounting	\$50,000.00	\$50,000.00	\$100,000.00
Interest	\$0.00	\$0.00	\$0.00
Engineering	\$711,000.00	\$500,000.00	\$1,211,000.00
Permits	\$95,000.00	\$0.00	\$95,000.00
Lands	\$0.00	\$50,000.00	\$50,000.00
Construction	\$7,446,950.00	\$5,384,500.00	\$12,831,450.00
Contingency	\$1,661,000.00	\$0.00	\$1,661,000.00
Other	\$0.00	\$0.00	\$0.00
Totals	\$10,013,950.00	\$6,034,500.00	\$16,048,450.00

Collateral

Collateral

1. The note of the City of Reading secured by a lien on its sewer revenues.
2. The note of the City of Reading shall also be secured by a pledge of its taxing authority.

Special Conditions

3. Receipt of the annual audited financial statements of the City of Reading for the term of the PENNVEST loan.

Terms And Conditions

GENERAL FINANCIAL TERMS & CONDITIONS

Funding Recipient

For purposes of this Funding Offer, Company may be referred to herein as Funding Recipient.

Funds Availability

Funding Recipient agrees that this Funding Offer is subject to the availability of PENNVEST funds.

Repayment

Funding Recipient agrees to repay PENNVEST in accordance with the terms set forth in this Funding Offer.

Funding Offer Acceptance

Funding Recipient agrees to make every effort to accept this Funding Offer within thirty (30) days from the date the Board approved the funding for this project. In any event, if the Funding Offer is not accepted within forty-nine (49) days from the date the Board approved the funding for this project, the Funding Offer will be withdrawn unless there are extenuating circumstances which in PENNVEST's sole discretion require an extension.

Settlement Date

Funding Recipient agrees to make every effort to confirm the contractual obligations with PENNVEST and to provide consideration for this Funding Offer ("Settlement") within one hundred and eighty two (182) days from the date the Board approved the original funding for this project ("Settlement Date"). In any event, if a Settlement Date does not occur within two hundred and seventy six days (276) days from the date the Board approved the original funding for this project, this Funding Offer will terminate unless there are extenuating circumstances which in PENNVEST's sole discretion require an extension.

Collateral

Funding Recipient agrees, if applicable, to secure repayment by providing the collateral set forth in this Funding Offer. Any change to the collateral set forth in the Funding Offer shall require a written request from the Funding Recipient and the consent of PENNVEST.

GENERAL FINANCIAL TERMS & CONDITIONS

Revenue Stream

If applicable, Funding Recipient agrees to provide, in a form satisfactory to PENNVEST, evidence that Funding Recipient has a revenue stream sufficient to repay the debt service on the financial assistance provided by PENNVEST, unless PENNVEST has approved the use of other collateral independent of the revenue stream to secure repayment. In addition, the Funding Recipient shall enact an ordinance, adopt a resolution, or take other such official action as may be appropriate, prior to Settlement, which provides for the implementation of sufficient rates or revenues to cover all operational and maintenance costs, the debt service on any PENNVEST loan and the debt service on all other outstanding debt of the Funding Recipient at least three (3) months prior to the scheduled amortization date (as defined in the Funding Agreement). In any event, Funding Recipient shall provide, in a form satisfactory to PENNVEST, a plan for repayment of any PENNVEST loan. If Funding Recipient is regulated by the Public Utility Commission ("PUC"), Funding Recipient agrees to take all necessary actions to obtain PUC approval of revenue stream rates.

Payment of Costs

Funding Recipient agrees, without condition, to pay all reasonable fees, expenses, taxes, costs and charges associated with the financial assistance being provided by PENNVEST, including but not limited to, title insurance premiums and search fees, survey costs, and recording and filing fees, if any.

Additional Information

Funding Recipient agrees that PENNVEST can require additional information or documentation and impose further conditions if PENNVEST deems necessary based upon review of the information submitted by the Funding Recipient.

Assignment

Funding Recipient agrees not to assign the proceeds from the financial assistance provided by PENNVEST without the prior written consent of PENNVEST. Any attempt at assignment without consent shall be void.

Modification

Funding Recipient agrees that no change or modification to this Funding Offer shall be valid unless the Funding Recipient and PENNVEST agree to such change or modification in writing.

Entire Agreement

Funding Recipient further agrees that this Funding Offer represents the entire funding offer agreement between the parties and to the extent this offer represents an increase funding approval this offer integrates and includes any and all prior or contemporaneous agreements between the parties relating to this project.

Survival

Funding Recipient agrees that the obligations set forth in this Funding Offer shall survive Settlement on the financial assistance and shall be continuing obligations until all required payments, including applicable interest and fees, have been made in full and all other obligations have been fully completed and discharged.

GENERAL FINANCIAL TERMS & CONDITIONS

Outstanding Financial Assistance

Funding Recipient agrees that, to the extent that financial assistance requiring repayment was previously provided to funding recipient by the Water Facilities Loan Board or PENNVEST and has not been fully repaid, Funding Recipient is in compliance with obligations under the prior funding documents and is not delinquent on repayment.

Refinancing

Funding Recipient shall not use PENNVEST funds to replace long-term financing that has been offered or committed to the Funding Recipient at reasonable rates as of the date of this Funding Offer.

Independent Audits

Funding Recipient agrees, if required by PENNVEST, to obtain independent audits of its financial documents and condition and to submit certified copies of such audits to PENNVEST.

Other Obligations

Funding Recipient agrees that accepting funding from PENNVEST will not result in a default by Funding Recipient on any other obligation of Funding Recipient, including but not limited to, a default pursuant to the terms of any bond offering, indenture, mortgage, restriction, lease, or other agreement. Funding Recipient agrees to provide PENNVEST with evidence that no such default will occur, in a form satisfactory to PENNVEST, prior to the Settlement Date.

Insurance

Funding Recipient agrees to maintain, or cause to be maintained, adequate business insurance coverage on its business assets for the term of the financial assistance including the construction period and to provide PENNVEST with evidence of such insurance, in a form satisfactory to PENNVEST, prior to the Settlement Date. In the event of a Brownfields project, Funding Recipient also agrees to obtain and cause to be maintained environmental cost cap and remediation liability insurance until such time that Funding Recipient receives a letter from DEP releasing the Funding Recipient from liability of known contaminants under Act 2, a later defined term. In the event PENNVEST obtains a mortgage as collateral, Funding Recipient also agrees to obtain a lenders title insurance policy and endorsements on terms and conditions acceptable to PENNVEST.

Tax-Exempt Financing

Funding Recipient agrees not to report any funding received from PENNVEST as a tax-exempt financing.

Automatic Debit/Credit

Funding Recipient agrees to comply with any automated debit or credit system that PENNVEST may institute.

GENERAL FINANCIAL TERMS & CONDITIONS

Attorney

Funding Recipient agrees, if applicable, to retain an attorney, licensed to practice law in the Commonwealth of Pennsylvania, to provide legal assistance and advice to the Funding Recipient with regard to the terms and conditions of this Funding Offer and to provide the requisite opinions of counsel at Settlement. Funding Recipient agrees to provide PENNVEST with a copy of its engagement letter, which shall include the attorney's total anticipated fee with respect to the project, in a form satisfactory to PENNVEST, prior to the Settlement Date. At Settlement, the Funding Recipient shall furnish to PENNVEST an opinion of the Funding Recipient's counsel, in a form satisfactory to PENNVEST, that, among other things, the Funding Recipient is duly organized and authorized to enter into the transaction; that the transaction and its terms do not violate any rules, regulations, laws, orders or agreements by which the Funding Recipient is bound; that there is no litigation threatened or pending that will affect the Funding Recipient's ability to enter into the transaction or complete this project; and that the Funding Recipient has acquired, and has good and marketable title to, all real property interests necessary to complete this project. The opinion letter will also address any other matters to which PENNVEST wishes the Funding Recipient's counsel to opine.

Conference Calls

As a condition of this Funding Offer, Funding Recipient, its licensed engineer and its attorney, if applicable, shall be available to participate in conference calls with PENNVEST to work through the Settlement process effective immediately after approval of this Funding Offer, unless such condition is expressly waived by PENNVEST. All conference call attendees should have electronic access to the PENNVEST Online Funding Request website during all scheduled conference calls.

Funds Disbursement Process

As a condition of this Funding Offer, Funding Recipient understands that it will be required to participate in PENNVEST's funds disbursement process.

Financial Statements

If applicable, within one hundred eighty (180) days after the end of each fiscal year, the Funding Recipient shall transmit to PENNVEST its financial statements using PENNVEST's facsimile procedure on the PENNVEST website under Annual Financial Statement / Audit Report Submission. The financial statements shall consist of a balance sheet, income statement and statement of source and application of funds. Such financial statements:

- a. Shall be prepared by an independent public accounting firm approved by the Authority;
- b. Shall be prepared in accordance with generally accepted accounting principles and practices consistently applied or generally accepted governmental accounting principles and practices consistently applied, as may be applicable;
- c. Shall be in a form satisfactory to PENNVEST; and
- d. Shall be certified as true and correct by the chief financial officer of the Funding Recipient.

GENERAL FINANCIAL TERMS & CONDITIONS

Confidential Information

The Funding Recipient agrees not to include confidential or proprietary information or trade secrets as part of any submission to PENNEST in response to this Funding Offer or in preparation for Settlement. If the Funding Recipient determines that it must divulge such information as part of its submissions, the Funding Recipient agrees to submit a signed written statement to that effect in accordance with 65 P.S. § 67.707(b) and agrees to additionally provide a redacted version of its proposal, which removes only the confidential or proprietary information and trade secrets for public disclosure purposes.

Right-to-Know Law

a. The Pennsylvania Right-to-Know Law (hereinafter referred to as the "RTKL"), 65 P.S. §§ 67.101-3104, applies to this Funding Offer and all documents provided to PENNEST in connection with Settlement (the "Funding Documents"). For the purpose of administering the matters relating to the RTKL set forth in this Section, the applicable "Commonwealth agency" as provided in the RTKL shall be PENNEST. Capitalized terms used but not otherwise defined herein shall have the same meaning as set forth in the RTKL.

b. If PENNEST needs the Funding Recipient's assistance in any matter arising out of the RTKL, PENNEST shall notify the Funding Recipient in writing.

c. Upon written notification from PENNEST that it requires the Funding Recipient's assistance in responding to a request under the RTKL for information that may be in the Funding Recipient's possession, constituting, or alleged to constitute, a Public Record in accordance with the RTKL, Funding Recipient shall:

(i) Provide PENNEST, within ten (10) calendar days after receipt of such notification, access to, and copies of, any document or information in the Funding Recipient's possession arising out of this Funding Offer or the Funding Documents that PENNEST reasonably believes may be a Public Record under the RTKL ("Requested Information"), to permit PENNEST to evaluate whether such Requested Information is, in fact, a Public Record within the scope of the subject RTKL information request; provided, however, that providing such Requested Information not previously in PENNEST's possession shall not be considered an admission by the Funding Recipient that such records are Public Records under the RTKL; and

(ii) Provide such other assistance as PENNEST reasonably may request, in order to comply with the RTKL.

If the Funding Recipient fails to provide the Requested Information within ten (10) calendar days after receipt of such request, the Funding Recipient shall indemnify and hold PENNEST harmless for any damages, penalties, detriment or harm that PENNEST may incur under the RTKL as a result of the Funding Recipient's failure, including any statutory damages assessed against PENNEST.

d. If the Funding Recipient considers the Requested Information not to be a Public Record, or exempt from production due to the inclusion of trade secret, confidential proprietary information, or any other reason for exemption from production as a Public Record under the RTKL, the Funding Recipient shall provide a written statement to PENNEST within seven (7) days of receipt of PENNEST's request for the Requested Information. This statement shall be signed by a representative of the Funding Recipient, explaining why the Funding Recipient considers the Requested Information exempt from public disclosure.

e. If such a written statement is timely provided, PENNEST will rely upon it in denying a RTKL request for the information. However, if PENNEST reasonably determines that such written statement is patently flawed or the Requested Information is, on its face, clearly not protected from disclosure under the RTKL, the Funding Recipient shall, subject to its rights of appeal, provide the Requested Information within five (5) business days of notification of PENNEST's decision.

If the Funding Recipient fails to provide the Requested Information within the five (5) business days, the

Funding Recipient shall indemnify and hold PENNVEST harmless from any damages, legal fees, penalties, detriment or harm, including statutory damages assessed against PENNVEST that PENNVEST may incur under the RTKL as a result of the Funding Recipient's failure to provide the records.

f. The Funding Recipient shall be entitled to challenge or appeal any decision of PENNVEST, the Commonwealth Office of Open Records ("OOR") or any applicable court mandating the release of any record to the public which the Funding Recipient believes is not properly subject to disclosure under the RTKL; provided, however, that (i) the Funding Recipient shall be solely responsible for all costs related to such action; and (ii) the Funding Recipient shall indemnify and hold harmless PENNVEST from and against any and all legal fees, damages, penalties, detriment or harm that PENNVEST may incur under the RTKL as a result of such action, including any statutory damages assessed against PENNVEST, regardless of the outcome of such legal challenge. If the Funding Recipient does not appeal or is not successful after final appeal from a determination by the OOR or Pennsylvania courts, the Funding Recipient agrees to waive all rights or remedies that may be available to it as a result of PENNVEST's subsequent disclosure of Requested Information pursuant to such a decision by the OOR or Pennsylvania courts. PENNVEST will reimburse the Funding Recipient for any costs associated with complying with this provision, but only to the extent allowed under the fee schedule established by the OOR, or as otherwise provided by the RTKL, if the fee schedule is inapplicable.

g. Notwithstanding the foregoing, nothing set forth herein is intended, nor shall it be construed, to expand the Funding Recipient's obligations, or PENNVEST's authority, beyond those obligations and authority, respectively, as are set forth in the RTKL, and the sole remedy for any failure by the Funding Recipient to perform any obligation arising hereunder, or under the RTKL, shall be limited to those specifically provided for pursuant to the RTKL, and the failure of the Funding Recipient to comply with the provisions of this Section shall not constitute a default or Event of Default under the Funding Offer or the Funding Documents.

GENERAL FINANCIAL TERMS & CONDITIONS

Nutrient/Environmental Credits

The nutrient credits, or any other marketable environmental credits, (if any) generated as a result of this subsidized funding, as well as any proceeds derived from the subsequent sale of the same, shall be the property of PENNVEST to the extent of the value of the subsidy associated with credit generating project components. Thus a grant, principal forgiveness offer or subsidized interest rate loan shall afford PENNVEST ownership in the credits and proceeds derived therefrom in an amount equal to the grant, principal forgiveness or the present value of the interest rate subsidy provided, to the extent such funds were used to finance credit generating project components, including a proportionate share of indirect costs. At the time of Settlement, once project costs are known based on bids in hand, a preliminary estimate of the value of the subsidy will be calculated and included in the Funding Agreement. Once final project costs are determined, the final value of the subsidy will be calculated by PENNVEST at the time of project closeout. Funding Recipient shall take all steps necessary to certify, verify or register any nutrient credits or other credits generated as a result of the Project Funding that are owned by PENNVEST and for which PENNVEST requests such steps to be taken on the part of the Funding Recipient. PENNVEST will reimburse reasonable costs (as determined by PENNVEST) incurred by the Funding Recipient for the actions undertaken to comply with this requirement, provided that there are sufficient revenues accruing to PENNVEST from its ownership interest in these nutrient or other credits. If such revenues are insufficient, PENNVEST, at its discretion, may use other revenues for this purpose.

CONSTRUCTION-RELATED TERMS & CONDITIONS

Construction Start

Funding Recipient agrees that construction shall not be initiated prior to the Settlement Date unless Funding Recipient has obtained prior written authorization from PENNVEST.

CONSTRUCTION-RELATED TERMS & CONDITIONS

Engineering

Funding Recipient agrees, if applicable, to retain a licensed engineer competent to design and/or implement the project and provide construction oversight. Funding Recipient agrees to provide PENNVEST with evidence of such engineer's agreement, including the engineer's total fee to complete the project, in a form satisfactory to PENNVEST, prior to the Settlement Date.

Continuing Education

Funding Recipient agrees to comply with the continuing education requirements set forth in the Pennsylvania Infrastructure Investment Authority Act, March 1, 1988, P.L.82, No. 16, as amended, 35 P.S. § 751.10(j).

Steel Products

Funding Recipient agrees to comply with the provisions of the Steel Products Procurement Act, March 3, 1978, P.L. 6, No. 3, 73 P.S. § 1881 et seq., in every construction contract awarded for this project.

Real Estate

Prior to Settlement on this Funding Offer, Funding Recipient agrees to acquire all easements, rights-of-way, or other interests in real property needed for the construction of the project, and to have its attorney opine that all real property interests are free and clear of all liens and encumbrances other than those liens and encumbrances which will not adversely interfere with the project. If property interests are being acquired through condemnation and appeal rights have not been waived, PENNVEST will not conduct Settlement until the appeal period has expired and any preliminary objections have been satisfactorily resolved. If PENNVEST assumes an interest in real estate as a part of its collateral securing the PENNVEST funding, Funding Recipient agrees to obtain an appraisal and survey of the real estate and title insurance on the real estate on terms and conditions satisfactory to PENNVEST.

Permits

Funding Recipient agrees to obtain all permits needed for the construction of the project prior to Settlement on this Funding Offer. PENNVEST will not conduct Settlement until all appeal periods for such permits have expired. If an appeal is filed, PENNVEST, in its sole discretion, may choose not to conduct Settlement on this Funding Offer until the appeal is satisfactorily resolved.

Compliance

Funding Recipient agrees to comply with all local, state and federal statutes, regulations, and permit requirements applicable to the construction of the project and the operation of the project or system of which the project is a component part.

Bid Requirement

Funding Recipient agrees that no specification for bids in connection with the project financed by this Funding Offer shall be written in such a manner as to contain proprietary, exclusionary, or discriminatory requirements other than those based upon performance, unless such requirements are necessary to test or demonstrate a specific thing or to provide for necessary interchangeability of parts and equipment and, if available, Funding Recipient shall include at least two brand names or trade names of comparable quality or utility followed by the words "or equal".

CONSTRUCTION-RELATED TERMS & CONDITIONS

Construction Contracts

Funding Recipient agrees to enter into written contracts with parties constructing the project and to require insurance, performance bonds and payment bonds covering the work to be performed. Funding Recipient agrees to provide PENNVEST with evidence of such contracts, insurance and bonds, in a form satisfactory to PENNVEST, prior to the Settlement Date.

Performance Certification

On the one-year anniversary of completion of the project, Funding Recipient agrees, if applicable, to provide PENNVEST with certification from a licensed engineer or other designated professional that the design, construction, maintenance and operation of the project system is consistent with the plans and specifications, as approved by PENNVEST and DEP.

Minority/Women Businesses

Funding Recipient agrees to take all necessary affirmative steps to assure that minority firms, women's business enterprises, and labor surplus area firms are used when possible. Affirmative steps shall include:

- i. Placing qualified small and minority businesses and women's business enterprises on solicitation lists;
- ii. Assuring that small and minority businesses and women's business enterprises are solicited whenever they are potential sources;
- iii. Dividing total requirements, when economically feasible, into smaller tasks or quantities to permit maximum participation of small and minority business, and women's business enterprises;
- iv. Establishing delivery schedules, where the requirement permits, which encourages participation by small and minority businesses, and women's business enterprises;
- v. Using the services and assistance of the federal Small Business Administration and the Minority Business Development Agency of the federal Department of Commerce; and
- vi. Requiring the prime contractor, if subcontracts are to be let, to take the affirmative steps listed above.

Brownfields Projects

If the project receiving PENNVEST funding is being performed on a Brownfields site, then Funding Recipient shall certify and provide evidence satisfactory to PENNVEST that the purpose of the Brownfields project is to encourage the cleanup or reuse of contaminated property pursuant to Pennsylvania's Land Recycling and Environmental Remediation Standards Act ("Act 2"), 35 P.S. § 6026.101 et seq., as administered under the Pennsylvania Department of Environmental Protection ("DEP") Land Recycling Program. Such evidence shall include, but not be limited to, DEP review and approval of the project under Act 2 standards and DEP review and approval of the means and methods of remediation at the time of application, DEP review and approval of any changes in the means and methods of remediation at the time of Settlement and DEP review of the completed remediation project and release of the Funding Recipient from liability at the time of project completion. For purposes of this Funding Offer, the term construction includes remediation work on Brownfields sites.

CONSTRUCTION-RELATED TERMS & CONDITIONS

Funding Additional Costs of Construction

Prior to Settlement on this Funding Offer, Funding Recipient agrees to provide evidence to PENNVEST of all other sources of funding which will be used to finance any portion of the construction costs for this project. Funding Recipient further acknowledges that this Funding Offer does not obligate PENNVEST to finance any increase in the cost of the construction for this project.

Project Scope

Funding Recipient agrees not to change the scope of the project as presented to PENNVEST in its application, and any associated plans and specifications, without the express written consent of PENNVEST. If prior to Settlement a change of scope affects the project priority ranking previously assigned to this project to the extent that it would not have been approved by the PENNVEST Board of Directors, this Funding Offer, and any acceptance thereof, shall be null and void.

Nonpoint Source and Estuary Protection Projects

If the project receiving PENNVEST funding is a nonpoint source or estuary protection project, then Funding Recipient shall construct or maintain the nonpoint source or estuary protection project contemplated herein, in order to comply with 25 Pa. Code §965.3. In the event the Funding Recipient maintains the project, or employs an agent to maintain the project on its behalf, such maintenance shall be for the useful life of the equipment or asset, or the life of the loan (if applicable), whichever is greater.

Cost-effectiveness Analysis

If prior to Settlement, PENNVEST determines that the nutrient discharge problem to be alleviated by the project being funded by this Funding Offer can be more cost-effectively achieved through the purchase of nutrient credits, then PENNVEST reserves the right, in its sole discretion, to modify the terms and conditions of this Funding Offer to accommodate the purchase of nutrient credits.

MANAGEMENT TERMS & CONDITIONS

Discrimination

Funding Recipient agrees not to discriminate on the basis of race, color, religious creed, ancestry, age, sex, natural origin, non-job related handicap or disability, or the use of a guide or support animal because of the blindness, deafness or physical handicap against any individual or independent contractor in activities funded by this Funding Offer, and shall be in compliance with the Pennsylvania Human Relations Act, Oct. 27, 1955, P.L. 744, No. 222, as amended, 43 P.S. § 951 et seq.

Contractor Responsibility

Consistent with Commonwealth Management Directive 215.9, Contractor Responsibility Program, dated April 16, 1999, Funding Recipient certifies that neither Funding Recipient nor any contractor or supplier providing services on this project are under suspension or debarment by the Commonwealth of Pennsylvania, any other state, or the federal government. Funding Recipient further certifies that it has no delinquent tax liabilities or other Commonwealth obligations. If any suspension, debarment or delinquent obligation arises during the term of the agreement with PENNVEST for financial assistance, Funding Recipient agrees to notify PENNVEST within 15 days. Moreover, Funding Recipient agrees that failure to provide such notice shall constitute a default of the agreement. Funding Recipient agrees to be responsible for all necessary and reasonable costs incurred by the Office of Inspector General in investigating compliance with this provision when such investigation results in suspension or debarment of Funding Recipient or a contractor providing services on this project.

MANAGEMENT TERMS & CONDITIONS

Contractor Integrity

Funding Recipient agrees to comply, and to require compliance by any contractors providing services on this project, with the contractor integrity provisions set forth in Management Directive 215.8, Contractor Integrity Provisions for Commonwealth Contracts, dated December 20, 1991.

Inspection/Audit

Funding Recipient agrees that PENNVEST, or its agents and representatives, shall have the right to inspect the project and audit the financial condition of Funding Recipient at any and all reasonable times. Funding Recipient further agrees to allow PENNVEST, or its agents and representatives, to examine and make copies of its drawing, plans, books, records, accounting data and other documents pertaining to the project or the financial condition of Funding Recipient.

Default

Funding Recipient agrees that PENNVEST, upon the occurrence of any of the following events, may declare Funding Recipient in default and exercise any available rights or remedies as PENNVEST deems necessary and appropriate:

- a. **Material Change.** A material adverse change in conditions represented to PENNVEST at or prior to Settlement on this Funding Offer relating to: (1) the financial condition of the Funding Recipient or any guarantor, (2) the Funding Recipient's ownership interest in or physical condition of the real property required for the project, or (3) the nature/scope of the project; or
- b. **Bankruptcy.** The filing by or against the Funding Recipient or any guarantor of a petition in bankruptcy or insolvency, for reorganization or the appointment of a receiver or trustee; or the making by the Funding Recipient or any guarantor of an assignment for the benefit of creditors, or in the event of any similar act or ordinance.
- c. **Suspension/Debarment.** Failure to notify PENNVEST within 15 days of any suspension or debarment of the Funding Recipient, its contractors or suppliers by the Commonwealth of Pennsylvania, any other state or the federal government, or failure to notify PENNVEST within 15 days of any delinquent tax liability or other Commonwealth obligation of the Funding Recipient.

This provision shall apply from the date of the issuance of this Funding Offer through the Settlement Date.

ADDITIONAL TERMS & CONDITIONS FOR FEDERALLY-FUNDED PROJECTS

Recycled Materials

Funding Recipient agrees to comply with Section 6002 of the Resource Conservation and Recovery Act, 42 U.S.C. § 6962, and regulations set forth in 40 C.F.R. Part 247, which require that preference be given in procurement programs to the purchase of specific products containing recycled material.

Land Costs

Funding Recipient agrees not to use funds provided through this offer for land costs, unless the land will be an integral part of the treatment process or is used for ultimate disposal of residues resulting from such treatment.

ADDITIONAL TERMS & CONDITIONS FOR FEDERALLY-FUNDED PROJECTS

Bonding

Funding Recipient agrees to require bid guarantees, performance bonds and payment bonds in accordance with 40 C.F.R. § 31.36(h) and shall provide PENNVEST with evidence of compliance prior to the Settlement Date.

Relocation/Real Property Acquisition

Funding Recipient agrees to comply with Section 305 of the Uniform Relocation Assistance and Real Property Acquisition Act of 1970, January 2, 1971, P.L. 91-646, Title III, § 305, as amended, 42 U.S.C. § 4655 and Funding Recipient may use funds provided through this Funding Offer for costs associated with such compliance provided such costs are otherwise eligible.

Debarment/Suspension

Funding Recipient agrees to certify that no contractor or subcontractor retained to perform work on this project has been debarred or suspended by the United States Environmental Protection Agency pursuant to 40 C.F.R. Part 32.

Criminal Offenses

Funding Recipient agrees to certify that no person convicted of a criminal offense pursuant to Section 113 (c) of the Clean Air Act, 42 U.S.C. § 7413(c), or Section 309(c) of the Clean Water Act, 33 U.S.C. § 1319 (c), will provide any goods, materials or services on this project from the facility that gave rise to such offense if the facility is owned, leased or supervised by the convicted person.

Coordination

Funding Recipient agrees to coordinate the review of this project with areawide planning agencies or local governments in accordance with Executive Order 12372, Intergovernmental review of Federal programs, issued July 14, 1982.

Lobbying

Funding Recipient agrees to comply with restrictions on lobbying set forth in 31 U.S.C. § 1352 and 40 C.F.R. Part 34, which prohibit the use of federal funds to pay any person for influencing or attempting to influence an officer or employee of any agency, a Member of Congress, an officer or employee of Congress, or an employee of a Member of Congress in connection with any Federal action.

Drug-Free Workplace

Funding Recipient agrees to comply with the provisions in 40 C.F.R. Part 32, Subpart F, Drug-Free Workplace Requirements.

Single Audit

Funding Recipient agrees to comply with the Single Audit Act Amendments of 1996, July 5, 1996, P.L. 104-156, § 2, 31 U.S.C. §§ 7501-7507.

ADDITIONAL TERMS & CONDITIONS FOR FEDERALLY-FUNDED PROJECTS

Race, Color or National Origin Discrimination

Funding Recipient agrees not to discriminate on the basis of race, color or national origin in any activity funded by this Funding Offer in accordance with Title VI of the Civil Rights Act of 1964, July 2, 1964, P.L. 88-352, Title VI, 42 U.S.C. § 2000d.

Age Discrimination

Funding Recipient agrees not to discriminate on the basis of age in any activity funded by this Funding Offer in accordance with the Age Discrimination Act, Nov, 28, 1975, P.L. 94-135, as amended, 42 U.S.C. § 6101 et seq.

Disability Discrimination

Funding Recipient agrees not to discriminate on the basis of disability in any activity funded by this Funding Offer in accordance with the Section 504 of the Rehabilitation Act of 1973, Sept. 26, 1973, P.L. 93-112, Title V, § 504, 29 U.S.C. § 794.

Additional Disability Discrimination Requirement

Funding Recipient agrees not to discriminate on the basis of disability in any activity funded by this Funding Offer in accordance with the Americans With Disabilities Act of 1990, P.L. 101-336, 42 U.S.C. § 12101 et seq., and federal regulations set forth at 28 C.F.R. Part 35.

Sex Discrimination

Funding Recipient agrees not to discriminate on the basis of sex in any activity funded by this Funding Offer in accordance with Section 13 of the Federal Water Pollution Control Act Amendments of 1972, Oct. 18, 1972, Pub.L. 92-500, § 13, and Title IX of the Education Amendments of 1972, 20 U.S.C. § 1681 et seq., as amended.

Environmental Justice

In accordance with Executive Order 12898, dated February 11, 1994, Funding Recipient agrees not to fund any action with this Funding Offer that will have disproportionately high and adverse human health or environmental effects on minority or low-income populations.

Equal Employment Opportunity

Funding Recipient agrees to provide an equal opportunity for employment in all contracts and subcontracts funded by this Funding Offer in accordance with Executive Order 11246, dated September 24, 1965, as amended by Executive Order 11375, dated October 13, 1967, and as supplemented in Department of Labor regulations set forth at 41 C.F.R. Ch. 60.

Federal Participation

Funding Recipient agrees to inform all parties that this project is being supported in part by Federal funding when issuing statements, press releases, requests for proposals, bid solicitations and other documents related to the project.

ADDITIONAL TERMS & CONDITIONS FOR FEDERALLY-FUNDED PROJECTS

CFDA Number

This Project will be funded in whole or in part with federal monies obtained by PENNVEST from the U.S. Environmental Protection Agency, awarded by PENNVEST to the Funding Recipient through the Clean Water State Revolving Loan Fund carrying a Catalog of Federal Domestic Assistance (CFDA) number of 66.458.

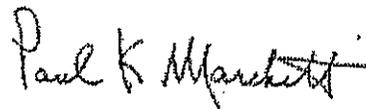
Davis-Bacon Act Wage Rates

All laborers and mechanics employed by contractors and subcontractors providing services on this project shall be paid wages at rates not less than those prevailing on projects of a character similar in the locality as determined by the United State Secretary of Labor in accordance with Title 40, Chapter 31, Subchapter IV of the United States Code.

Reporting Requirements

The Funding Recipient agrees to comply with all reporting requirements and requests for information or materials related to this Project which may be required by PENNVEST in order to comply with its reporting requirements under the Federal Funding Accountability and Transparency Act.

On behalf of the PENNVEST Board, I, Paul Marchetti, am hereby authorized to make this Funding Offer



Paul Marchetti
Executive Director, PENNVEST

Disclaimer

PENNVEST recognizes that there may be aspects of this offer that the applicant may need to discuss during the loan closing process. In particular, the applicant may wish to request modifications to some of the terms and conditions contained in this offer. By signing this offer, the applicant is not precluded from raising such issues and making such requests during the loan closing process. PENNVEST will consider the merits of any such issues that the applicant raises during this process.

Signature _____

By signing below,

Signor is an authorized signatory for the Funding Recipient.

Signor, on behalf of the Funding Recipient, hereby accepts the funding offer.

Signor, on behalf of the Funding Recipient, hereby accepts and agrees to the use of electronic signature as a legal and binding signature.

Signature _____ Date _____

MAYOR'S ACTION

Bill No. 8 2012

Submitted to Mayor: _____
Date: 8/14/12

Received by Mayor's Office: _____
Date: 8/14/12

Approved by Mayor: _____
Date: 8/14/12

Vetoed by Mayor: _____
Date: _____

Sustained by Council: _____
Date: _____

Overridden by Council: _____
Date: _____