

CITY OF READING
COUNTY OF BERKS
COMMONWEALTH OF PENNSYLVANIA

ORDINANCE NO. 66-2012
ENACTED: JUNE 25, 2012

AN ORDINANCE OF THE COUNCIL OF THE CITY OF READING, BERKS COUNTY, PENNSYLVANIA, SETTING FORTH ITS INTENT TO ISSUE A FEDERALLY-TAXABLE GENERAL OBLIGATION NOTE, SERIES B OF 2012 OF THE CITY IN THE AGGREGATE PRINCIPAL AMOUNT OF THREE MILLION ONE HUNDRED ELEVEN THOUSAND DOLLARS (\$3,111,000) PURSUANT TO THE ACT OF THE GENERAL ASSEMBLY OF THE COMMONWEALTH OF PENNSYLVANIA, KNOWN AS THE LOCAL GOVERNMENT UNIT DEBT ACT, 53 PA. C.S. CHAPTERS 80-82, AS AMENDED AND SUPPLEMENTED (THE "ACT"); FINDING THAT A PRIVATE SALE BY NEGOTIATION IS IN THE BEST FINANCIAL INTERESTS OF THE CITY; DETERMINING THAT SUCH NOTE SHALL EVIDENCE NONELECTORAL DEBT OF THE CITY; SPECIFYING THAT SUCH INDEBTEDNESS IS TO BE INCURRED TO PROVIDE FUNDS TO FINANCE A PROJECT OF THE CITY WHICH CONSISTS OF, AMONG OTHER THINGS: (1) THE CURRENT REFUNDING OF THE CITY'S FEDERALLY-TAXABLE GENERAL OBLIGATION NOTE, SERIES OF 2010, AND (2) PAYING THE COSTS AND EXPENSES OF ISSUING THE NOTE; SETTING FORTH A REASONABLE ESTIMATE OF THE USEFUL LIVES OF THE PROJECTS TO BE REFINANCED BY THE NOTE; ACCEPTING A COMMITMENT FOR THE PURCHASE OF SUCH NOTE AT PRIVATE SALE BY NEGOTIATION; PROVIDING THAT SUCH NOTE, WHEN ISSUED, SHALL CONSTITUTE A GENERAL OBLIGATION OF THE CITY; FIXING THE FORM, NUMBER, DATE, INTEREST AND MATURITY THEREOF AND PLACE OF PAYMENT OF THE PRINCIPAL OF AND INTEREST ON SUCH NOTE; AUTHORIZING SPECIFIED OFFICERS OF THE CITY TO CONTRACT WITH THE PAYING AGENT FOR ITS SERVICES IN CONNECTION WITH THE NOTE, IF NECESSARY; SETTING FORTH THE SUBSTANTIAL FORM OF THE NOTE EVIDENCING THE DEBT; AUTHORIZING EXECUTION AND ATTESTATION OF SUCH NOTE; PROVIDING COVENANTS RELATED TO DEBT SERVICE APPLICABLE TO SUCH NOTE TO THE EXTENT REQUIRED BY THE ACT AND PLEDGING THE FULL FAITH, CREDIT AND TAXING POWER OF THE CITY IN SUPPORT THEREOF; CREATING A SINKING FUND IN CONNECTION WITH SUCH NOTE, TO THE EXTENT REQUIRED BY THE ACT; DESIGNATING THE PAYING AGENT TO BE THE SINKING FUND DEPOSITORY; AUTHORIZING THE EXECUTION OF ONE OR MORE INVESTMENT AGREEMENTS BY SPECIFIED OFFICERS OF THE CITY (IF APPLICABLE) AND THE PURCHASE OF CERTAIN U.S. TREASURY OBLIGATIONS OR ANY OTHER SECURITIES OR INVESTMENTS IN CONNECTION WITH THE PROJECT, IF NECESSARY; AUTHORIZING AND DIRECTING SPECIFIED OFFICERS OF THE CITY TO DO, TO TAKE AND TO PERFORM CERTAIN SPECIFIED, REQUIRED, NECESSARY OR APPROPRIATE ACTS TO EFFECT THE ISSUANCE OF THE NOTE, INCLUDING, WITHOUT LIMITATION, THE PREPARATION OF A DEBT STATEMENT AND BORROWING BASE CERTIFICATE, AND THE FILING OF SPECIFIED DOCUMENTS

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

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

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

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

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

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

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

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

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

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

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

SECTION 1. The aggregate principal amount of the Federally-Taxable General Obligation Note, Series B of 2012 (the "Note") of the City of Reading, Berks County, Pennsylvania, proposed to be issued shall be \$3,111,000. The Note shall be incurred as nonelectoral debt.

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

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

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

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

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

SECTION 3. Said indebtedness shall be evidenced by a general obligation note in the aggregate principal amount of \$3,111,000 dated and bearing interest from the earliest date of possible issue of said Note under the statutory time requirements as set forth in the Act. In accordance with the provisions of the Commitment Letter, the Note shall bear interest at the rate per annum as set forth on the form of Note. Interest is payable on the unpaid balance of said Note during its term until paid. The Note shall mature in installments of principal as shown on the attached Schedule hereinafter referred to as Exhibit A.

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

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

SECTION 4. The Note is hereby declared to be a general obligation of the City. The City hereby covenants that it shall include the amount of debt service on the Note for each fiscal year in which such sums are payable in its budget for that year; shall appropriate such amounts from its general revenues for the payment of such debt service; and shall duly and punctually pay or cause to be paid from its general revenues the principal of the Note and the interest thereon at the dates and places and in the manner stated in the Note according to the true intent and meaning thereof, and for such proper budgeting, appropriation, and payment, the full faith, credit and taxing power of the City are hereby irrevocably pledged.

SECTION 5. The Note, when issued, will be a general obligation of the City.

SECTION 6. The form of said Note shall be substantially as shown on the attached Exhibit B.

SECTION 7. The Note shall be executed in the name and under the corporate seal of the City by the Mayor and attested to by the City Clerk or Assistant City Clerk of the City. The City Clerk is hereby authorized and directed to deliver said Note to the Purchaser, and receive payment therefor on behalf of the City. The City Clerk or Assistant City Clerk is authorized and directed to prepare, verify and file the debt statement required by Section 8110 of the Act, and to take other necessary action, including, if necessary or desirable, the filing, either before or after the issuance of the Note, of additional debt statements or any statements required to qualify any portion of the debt from the appropriate debt limit as self-liquidating or subsidized debt.

SECTION 8. Fulton Bank, N.A., Wyomissing, Pennsylvania, is hereby designated as the Sinking Fund Depository for the Note, and there is hereby created and established a Sinking Fund, to be known as "City of Reading, Berks County, Pennsylvania, Sinking Fund – Federally-Taxable General Obligation Note, Series B of 2012," for the payment of the principal and interest thereon which shall be deposited into the Sinking Fund no later than the date upon which the same becomes due and payable. The City shall deposit into the Sinking Fund, which shall be maintained until the Note is paid in full, sufficient amounts for payment of principal and interest on the Note no later than the date upon which such payments shall become due. The Sinking Fund Depository shall, as and when said payments are due, without further action by the City withdraw available monies in the Sinking Fund and apply said monies to payment of the principal of and interest on the Note.

SECTION 9. The City is hereby authorized to contract with Fulton Bank, N.A., Wyomissing, Pennsylvania for its services as Sinking Fund Depository for the Note and Paying Agent for the same (the "Paying Agent").

SECTION 10. In compliance with Section 8161 of the Act, Council has

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

SECTION 11. If necessary, the City hereby approves the execution of one or more investment agreements, the purchase of certain U.S. Treasury obligations or any other securities or investments (the "Investments") for investment of the proceeds of the Note in connection with the Project. The City hereby authorizes and directs the Mayor to execute and the City Clerk or Assistant City Clerk of the City to attest any investment agreement on behalf of the City, in the form approved by the Solicitor and Bond Counsel of the City. The Investments shall be limited to those authorized under law for proceeds of the Note.

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

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

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

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

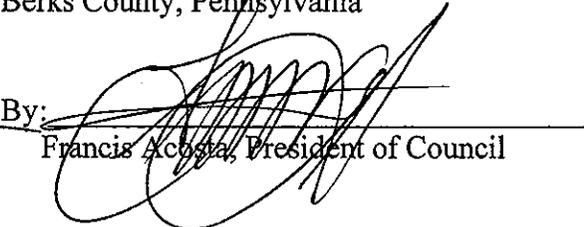
SECTION 16. This Ordinance shall be effective in accordance with Section 8003 of the Act.

DULY ENACTED, THIS 25TH DAY OF JUNE, 2012, BY THE COUNCIL OF CITY OF READING, BERKS COUNTY, PENNSYLVANIA, IN LAWFUL SESSION DULY ASSEMBLED.

Attest:

CITY OF READING
Berks County, Pennsylvania


Linda A. Kelleher CMC, City Clerk

By: 
Francis Acosta, President of Council

(SEAL)

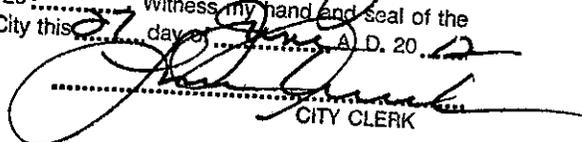
I, LINDA A. KELLEHER, City Clerk of the City of Reading, Pa., do hereby certify, that the foregoing is a true and correct copy of the original Ordinance passed by the Council of the City of Reading, on the 25 day of June A. D. 2012. Witness my hand and seal of the said City this 27 day of June A. D. 2012.

CITY CLERK

EXHIBIT A

EXHIBIT A

Principal Payment Schedule

<u>Payment Date</u> <u>(May 15)</u>	<u>Amount</u>
2013	\$144,000
2014	152,000
2015	159,000
2016	167,000
2017	175,000
2018	184,000
2019	193,000
2020	203,000
2021	213,000
2022	224,000
2023	235,000
2024	247,000
2025	259,000
2026	272,000
2027	284,000

EXHIBIT B

Form of Note

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

FEDERALLY-TAXABLE
GENERAL OBLIGATION NOTE
SERIES B OF 2012

Dated: _____, 2012 \$_____

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

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

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

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

If the due date for payment of interest on or principal of this Note shall be a Saturday, Sunday, legal holiday or a day on which banking institutions in the Commonwealth are authorized by law or executive order to remain closed, then payment of such interest, principal or

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

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

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

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

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

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

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

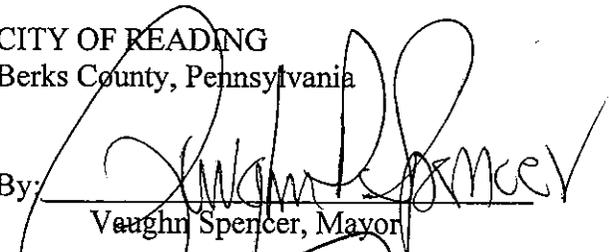
No recourse shall be had for the payment of the principal of or interest on this Note, or for any claim based hereon or on the Ordinance, against any member, officer or employee, past, present, or future, of the City or of any successor body, as such, either directly or through the City or any such successor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

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

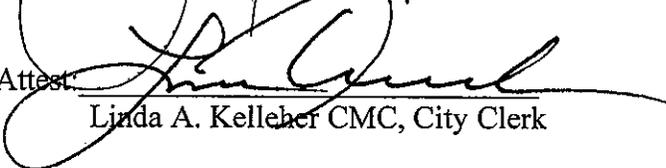
IN WITNESS WHEREOF, the City of Reading, Berks County, Pennsylvania, has caused this Note to be properly executed by its Mayor and its corporate seal to be hereto affixed, attested to by its City Clerk of the City as of the ___ day of June, 2012.

CITY OF READING
Berks County, Pennsylvania

By:


Vaughn Spencer, Mayor

Attest:


Linda A. Kelleher CMC, City Clerk

(SEAL)

REGISTRATION FORM

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

Original Registered Owner: Fulton Bank, N.A.

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

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

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

ASSIGNMENT

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

Name (the "Transferee")

Address

Social Security or Federal
Employer Identification No.

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

Date: _____

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

EXHIBIT C

Commitment Letter

Fulton Bank

LISTENING IS JUST THE BEGINNING.™

June 25, 2012

City of Reading
City Hall
8th & Washington Streets
Reading, PA 19601

Re: \$3,111,000 Term Loan

We are pleased to advise you that Fulton Bank ("Fulton") has approved your request for financing as described in this commitment, subject to the further terms and conditions set forth below.

Borrower	City of Reading ("Borrower"), a local government unit, organized and existing by and under the laws of the Commonwealth of Pennsylvania.
Facility Amount and Type	\$3,111,000 Term Loan (the "Loan")
Purpose	To provide funding for the following refunding project (the "Project"): (1) The current refunding of the Borrower's Federally – Taxable General Obligation Note, Series of 2010, in the original principal amount of \$3,025,000 (the "2010 Note"); and (2) The payment of soft costs and contingencies.
Maturity Date	180 months from the Closing Date (defined herein).
Availability	At Closing, the net proceeds of the Loan will be used to defease and redeem the 2010 Note.
Prepayment	The Loan may be prepaid at any time, in whole or in part, without penalty.
Security	Borrower's obligations to lender shall be evidenced and secured by the Borrower's General Obligation Note (the "Note"), which shall be supported by the pledge of the full faith, credit and taxing power of the Borrower. The Note shall be in form and substance acceptable to Fulton. Borrower shall provide Fulton with the debt statement, and borrowing base certificate of the Borrower, the authorizing Ordinance of the Borrower together with the related application to the Department of Community and Economic Development ("DCED"), as well as any and all approvals required for the issuance and authorization of the Note and pledge of Borrower's full faith, credit and taxing power, including without limitation, approvals of the DCED, all of which shall be certified as accurate, true and correct by Borrower as of the Closing Date.

1.800.FULTON.4 • fultonbank.com

Fulton Bank, N.A. Member FDIC. Member of the Fulton Financial Family.

Further, the Loan will be secured by an assignment (the "Assignment") of the lease agreement between the Borrower and Reading Baseball, LP, which relates to First Energy Stadium located at 1907 North Front Street, Reading, Pennsylvania (the "Lease"), as such Lease is revised and restated from time to time. The Assignment and the Lease shall be in a form acceptable to the Bank and its counsel.

Servicing Fee	\$3,250.00 payable at Closing.
Repayment Terms	Principal and interest payments shall be due and payable on the Loan on a semiannual basis. Repayment will be based on a 15-year amortization schedule. Pursuant to the Assignment, Reading Baseball LP shall make lease payments to the City directly to Fulton to help offset debt service owed by the Borrower on the Note.
Interest Rate	The Borrower shall pay interest on the outstanding principal amount of the Loan at a fixed rate of 4.80% over the first 60 months of the term of the Loan, and converting to a variable rate of interest equal to Fulton's Prime Rate for the remaining 120 months of the Loan. While the Loan bears interest at the variable rate, such interest rate shall not fall below 4.0% nor exceed 12%.
Default Rate	If any default or event of default occurs under the Loan, the Loan will be subject to a default rate of interest at a variable rate of 5% per annum in excess of the then-current rate.
Representations and Warranties	Representations and warranties deemed appropriate by Fulton and customary for similar transactions.
Events of Default	Those events of default that are usual and customary for transactions of this nature.
Conditions Precedent To Closing	Conditions deemed appropriate by Fulton and customary for similar transactions, including but not limited to the following: (i) Execution and delivery of satisfactory documentation as well as execution of other ancillary documentation including, but not limited to, a legal opinion from counsel to Borrower, which opinion shall confirm, among other things, the following: (1) the organization, power and authority of the Borrower to issue the Note and to enter into, execute, deliver and perform all of its obligations and all transactions contemplated in connection with the Loan and the due adoption, legal sufficiency and continuing effectiveness of the authorizing ordinance of the Borrower; (2) Borrower has obtained all authorizations, approvals and consents as are necessary or desirable in connection with the issuance of the Note and Loan; (3) all actions and transactions contemplated

in connection with the Loan comply with applicable laws, ordinances, rules and regulations; and (4) such other conditions deemed appropriate by Fulton.

- (ii) No event of default or potential event of default, under any of the documentation, shall have occurred, and representation and warranties of Borrower shall be true and correct prior to an after closing.
- (iii) Borrower shall establish a depository relationship in the minimum amount of \$500,000 with Fulton during the term of the Loan.
- (iv) Any other necessary governmental and third party notices, filings, consents and approvals shall have been made or obtained.
- (v) Continuing satisfaction with the condition (financial, proforma financial and other), assets, liabilities, taxes and prospects of Borrower (initially), including no material adverse change as determined by Fulton.
- (vi) Satisfactory review of litigation and potential litigation, representations and warranties and other assurances concerning formal claims made against Borrower or its employees and related entities.
- (vii) Satisfactory review confirming that the Borrower is duly organized and existing under the laws of the Commonwealth of Pennsylvania and has the requisite power and authority to issue the Note and perform all of its obligations and all transactions required in connection with the Loan.
- (viii) All fees and expenses required from Borrower shall have been paid on or before the Closing Date.

Covenants

Covenants by Borrower with respect to Borrower deemed appropriate by Fulton and customary for similar transactions, including but not limited to (i) a covenant to comply with all terms and provisions of any applicable governmental regulations as they apply to the Projects and the Loan; and (ii) a covenant that the Borrower shall include the amount of the debt service on the Note in each fiscal year of the term of the Loan which such amounts are due in its budget for the year and to appropriate such amounts to the payment of such debt service and to periodically pay of cause to be paid the principal and interest due in the manner as shall be provided in the Note and other Loan documents.

Reporting

Borrower will provide for itself and as to the Projects, or cause to be provided, all in form satisfactory to Fulton:

1. Annual audited financial statement of the Borrower performed by a certified public account or accounting firm, acceptable to Fulton, within 120 days of Borrower's fiscal year end, plus any management letters or reports promptly when received.
2. Annual operating budget within 30 days of the beginning of each fiscal year, together with schedules and statement confirming revenues.
3. Annual company-prepared financial statement of Reading Baseball LP, within 120 days of its fiscal year end.

Such other information as Fulton may reasonably request.

Expenses

Borrower shall pay all reasonable out-of-pocket expenses incurred by Fulton in connection with the negotiation, preparation, execution and administration of the proposed commitment and documentation for the Loan, whether or not Closing is completed, including reasonable fees for counsel for Fulton (not to exceed \$5,000.00) and expenses, costs of searches of public records and filing and recording costs.

Borrower shall also be responsible for all expenses of Fulton in connection with the enforcement or preservation of rights under or in connection with the documentation of the Loan or this proposed commitment.

**Governing Law
Consent to Jurisdiction**

Governing law shall be the internal laws of the Commonwealth of Pennsylvania. Borrower hereby:

- (i) Submits to the jurisdiction of any state or federal court of competent jurisdiction sitting in Berks County, Pennsylvania, in connection with any claim between Borrower, on the one hand, and Fulton, or any affiliate, director, officer, employee, attorney or agent of any of them, on the other hand, arising from or relating to any engagement letter, any term sheet or proposal any proposed commitment, the Loan, or any other aspect of the proposed financing, or any statement, course of conduct, act omission, or event occurring in connection herewith or therewith (collectively, "Related Litigation"), and to the fullest extent permitted by law agrees that it will not bring any Related litigation in any other forum.

- (ii) Consents to service of any legal process in any Related Litigation by registered or certified U.S. mail, postage prepaid, to the address for notices described in this commitment or the financing documents, and agrees that such service shall constitute in every respect valid and effective service, and
- (iii) Waives the right to trial by jury in any Related Litigation.

(But nothing herein shall affect the right of Fulton to bring any action, suit or proceeding in any other forum.)

Termination

Prior to issuance of the Note, Fulton may terminate this commitment by written notice to Borrower upon the occurrence of any one or more of the following events:

- (i) Borrower should be in default on any other material loan or financial obligation of Borrower;
- (ii) Borrower should fail to comply with any term or fail to meet any of the terms and conditions set forth in this commitment.
- (iii) Borrower should (a) apply for consent to the appointment of a receiver, trustee or liquidator for them or any of their properties, (b) admit in writing an inability to pay their debts as they mature, (c) make a general assignment for the benefit of creditors, (d) be adjudicated a bankrupt or insolvent, (e) file a voluntary petition in bankruptcy, a petition seeking reorganization or any arrangement with creditors or to take advantage of any bankruptcy, reorganization, readjustment of debt, dissolution or liquidation law or statute, or any proceedings should be instituted against it under such law or statute;
- (iv) A material adverse change should occur with respect to Borrower or its financial condition from that shown on its financial statements delivered to Fulton prior to the date of this commitment.
- (v) Closing on the Loan does not occur on or prior to July 26, 2012 (the "Closing" or "Closing Date").

Notices

Notices with respect to this commitment shall be valid if in writing and either (i) sent first class mail, postage prepaid, or (ii) delivered by hand or by recognized overnight delivery service with proof of receipt, in either case to the recipient at its address first set forth above, to the attention of the representative of the recipient named in this commitment. The foregoing shall not preclude valid notice by any other legally effective means.

Confidentiality

Neither the Borrower nor its financial or legal advisors or its officers or directors shall disclose this commitment or its terms or conditions to any third party prior to the Closing, except to the extent required by applicable law, and then only subject to continued confidentiality restrictions to the extent consistent with applicable law. If any disclosure occurs in violation of the foregoing sentence, Fulton will be deemed to have earned, and Borrower will owe to Fulton, the Servicing Fee set forth above.

Entire Agreement

This letter sets forth the entire agreement of the parties with respect to its subject matter, and any other proposals, term sheets, offers, understandings, agreements, representations, discussions or other matters are superseded entirely by this commitment and shall have not force or effect. The terms and conditions of this commitment may only be modified in a writing signed or otherwise duly authenticated by the party to be bound thereby.

Survival

Once finally accepted by the respective parties as provided in this commitment, the terms and conditions of this commitment shall survive issuance of the Loan and the execution and delivery of the various agreements and documents relating to the Loan and project financing, to the extent not inconsistent with the financing documents and except as otherwise provided in the financing documents.

Counterparts

This letter may be executed in any number of separate counterparts, each of which shall be deemed to be an original as against any party whose signature appears thereon, and all of which shall together constitute one and the same agreement.

If the terms and conditions set forth in this commitment are acceptable, please so indicate by signing and returning the enclosed copy of this commitment to me on or before 3:00 P.M. on June 26, 2012, otherwise this commitment and our obligations hereunder shall expire automatically. Your acceptance of the terms and conditions of this letter will be a firm offer to Fulton to enter into the financing on the terms and conditions set forth above.

City of Reading
June 25, 2012
Page 7

If you have any questions or comments regarding the contents of this letter, please do not hesitate to contact me at (610) 898-8320.

Very truly yours,

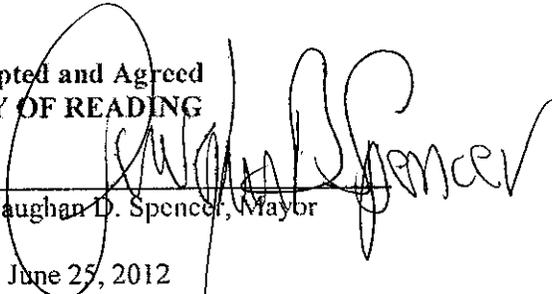
FULTON BANK



Mary Ann Paulik, Vice President

Accepted and Agreed
CITY OF READING

By:



Vaughan D. Spencer, Mayor

Date: June 25, 2012

MAYOR'S ACTION
Bill No. 66-2012

Submitted to Mayor: _____

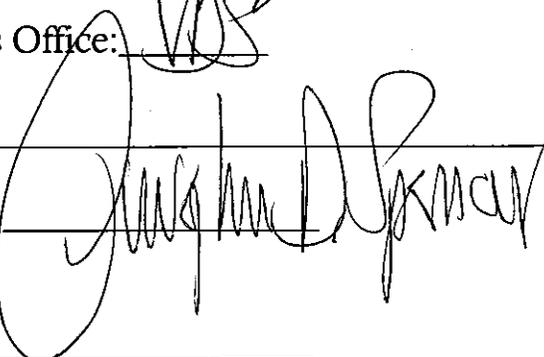
Date: _____


9/20/12

Received by Mayor's Office: _____

Date: _____

6/27/12



Approved by Mayor: _____

Date: _____

6/27/12

Vetoed by Mayor: _____

Date: _____

Sustained by Council: _____

Date: _____

Overridden by Council: _____

Date: _____