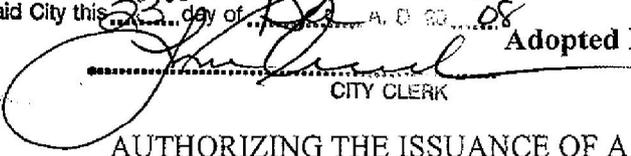


I, LINDA A. KELLEHER, City Clerk of the City of Reading, Pa., do hereby certify, that the foregoing is a true and correct copy of the original ~~Resolution~~ passed by the Council of the City of Reading, on the 22 day of Dec A. D. 2008. Witness my hand and seal of the said City this 22 day of Dec A. D. 2008.

**CITY OF READING**

**RESOLUTION NO. 128-2008**

**Adopted December 22, 2008**

  
CITY CLERK

AUTHORIZING THE ISSUANCE OF A TAX AND REVENUE ANTICIPATION NOTE, SERIES OF 2009, IN THE AGGREGATE PRINCIPAL AMOUNT OF \$3,000,000; PROVIDING FOR THE DATE, INTEREST RATE, MATURITY DATE, PAYMENT AND PLACE OF PAYMENT IN RESPECT OF THE NOTE; ACCEPTING THE PROPOSAL ATTACHED HERETO AS EXHIBIT "B" FROM THE FINANCIAL INSTITUTION NAMED THEREIN FOR THE PURCHASE OF THE NOTE; NAMING A SINKING FUND DEPOSITARY/PAYING AGENT; AUTHORIZING THE PROPER OFFICERS OF THE CITY TO EXECUTE AND DELIVER THE NOTE AND CERTAIN OTHER DOCUMENTS AND CERTIFICATES IN CONNECTION THEREWITH; AUTHORIZING AND DIRECTING THE PREPARATION, CERTIFICATION AND FILING OF THE NECESSARY DOCUMENTS WITH THE DEPARTMENT OF COMMUNITY AND ECONOMIC DEVELOPMENT OF THE COMMONWEALTH OF PENNSYLVANIA; SETTING FORTH A FORM OF THE NOTE.

WHEREAS, the City of Reading, Pennsylvania (the "City"), anticipates receiving taxes and other revenues during the fiscal year ending December 31, 2009, which taxes and other revenues are currently uncollected; and

WHEREAS, the City has estimated, on a monthly basis, its expected taxes, revenues and expenditures for the fiscal year ending December 31, 2009, and has determined that during a portion of such fiscal year it may experience a "cumulative cash flow deficit" as such phrase is defined in the regulations promulgated under Sections 103 and 148 of the Internal Revenue Code of 1986, as amended (the "Code"); and

WHEREAS, the City has determined to authorize the mechanism which will enable it to borrow monies for the purpose of funding, in part, such cumulative cash flow deficit by issuing notes to be repaid from the anticipated taxes and revenues, all in accordance with the Local Government Unit Debt Act of the Commonwealth of Pennsylvania, as reenacted and amended (the "Debt Act"); and

WHEREAS, as required by Section 8126 of the Debt Act, officials of the City has heretofore made an estimate of the taxes and revenues to be received during such fiscal year ending December 31, 2009, and, by their execution of a certificate with respect thereto dated this date, have certified to such estimate.

NOW, THEREFORE, BE IT RESOLVED by the Council of the City of Reading, Pennsylvania, in lawful session duly assembled as follows:

Section 1. For the reasons and purposes recited above, the City hereby exercises its power and authority to borrow money and authorizes the issuance and sale of its Line of Credit Tax and Revenue Anticipation Note, Series of 2009, in an aggregate principal amount of \$3,000,000 (the "Note") in anticipation of the receipt of current taxes and revenues during the fiscal year ending December 31, 2009, such Note to be issued, sold and delivered as hereinafter provided.

Section 2. The President of the Council of the City ("Council), attested by the City Clerk, is hereby authorized and directed, in the name and on behalf of the City, to prepare and file with the Department of Community and Economic Development of the Commonwealth of Pennsylvania a certified copy of this Resolution, a certificate setting forth the taxes and revenues remaining to be collected in the fiscal year ending December 31, 2009 and a true copy of the accepted Proposal for the purchase of the Note, all as set forth in and required by Section 8127 of the Debt Act. The Mayor, attested by the City Clerk, is also hereby authorized and directed, in the name and on behalf of the City, to prepare and verify a certificate, in accordance with Section 103 and 148 of the Code and the regulations applicable thereto (if applicable), setting forth the anticipated use of the proceeds, to prepare and deliver to the Purchaser of the Note the certificate required by Section 8127 of the Debt Act relating to the total amount of the City's tax and revenue anticipation notes outstanding on the date of delivery of the Notes (the "Certification"), and to take any and all other action, and to execute and deliver any and all other documents and instruments, as may be necessary, proper or desirable to effect the issuance and sale of the Note as contemplated herein. The certification made on the date of adoption of this Resolution by the aforementioned officials of the City, relating to the amount of taxes and other revenues remaining to be collected by the City in the fiscal year ending December 31, 2009, is hereby ratified and approved.

Section 3. (a) The Note shall be designated "City of Reading, Pennsylvania Line of Credit Tax and Revenue Anticipation Note, Series of 2009," shall be in registered form, without coupons, shall be noncallable prior to maturity, shall be in a denomination of Three Million Dollars (\$3,000,000), shall bear interest at the rate of interest set forth in the Proposal attached hereto as Exhibit "B" from the date of delivery until maturity, shall mature on December 31, 2009, and shall be payable as to principal and interest at the place and in the manner and be otherwise in substantially the form set forth in the form of Note attached as Exhibit "A" hereto and as required by the Proposal attached hereto as Exhibit "B." The Note is not subject to redemption prior to maturity.

(b) The Note shall be dated for convenience as of January 2, 2009, but shall not be effective until the City has delivered to the Purchaser (as hereinafter defined) each of the following, and shall be outstanding only to the extent of the amount requested to become effective (in an aggregate amount not to exceed \$3,000,000):

(i) an opinion of Charles Younger, Esquire, Solicitor to the City, or his successor, in form and substance satisfactory to the Purchaser;

(ii) as appropriate, an approving opinion of Setley, Rauch & Bucolo, LLC ("Bond Counsel"), to the effect that interest on the Note will not be includable in gross income of the holder thereof for federal income tax purposes and in

form and substance satisfactory to the Purchaser;

(iii) the Certification required pursuant to Section 8127 of the Act, dated the date of delivery thereof; and

(iv) such other certificates of instruments reasonably required by the Purchaser and Bond Counsel.

Section 4. The Note shall be executed by the Mayor of the City, shall have the corporate seal of the City affixed thereto, and shall be duly attested by the City Clerk. The Mayor is further authorized and directed to deliver the Note to the Purchaser hereinafter provided and to execute and deliver such other documents and instruments, attested by the City Clerk, and to take such other action as may be necessary or appropriate to effect the issuances and sale of the Note in accordance with this Resolution and the Debt Act.

Section 5. The Note shall be a general credit obligation of the City, and, together with any other tax and revenue anticipation notes issued, or to be issued, the City during the City's fiscal year ending on December 31, 2009, shall, upon issuance thereof, be equally and ratably secured by a pledge of, security interest in, and a lien and charge on, the taxes and other revenues to be received by the City during the period, when the Note is outstanding; and the Mayor, attested by the City Clerk, is hereby authorized and directed to prepare and file, or to have filed, such financing statements as may be necessary to fully perfect such pledge, security interest, lien and charge pursuant to the Pennsylvania Uniform Commercial Code and Section 8125 of the Debt Act.

Section 6. The City hereby covenants that it will not make any use of the proceeds of the Note or do or suffer any other action which, if such use or action had been reasonably expected on the date of issuance of the Note, would cause the Note to be an "arbitrage bond" as such term is defined in Section 148 of the Code and the regulations applicable thereto and further covenants that it will comply with Section 148 of the Code, and with any regulations applicable thereto, throughout the term of the Note, including, without limitation, any requirements relating to a rebate of certain excess earnings pursuant to Section 148(f) of the Code of any regulations applicable thereto now existing or promulgated hereafter. In connection therewith, the Mayor, attested by the City Clerk, is hereby authorized and directed to execute and to deliver, in the name and on behalf of the City, any and all documents or other instruments which Setley, Rauch & Bucolo, LLC, Bond Counsel, may reasonable request to provide its opinion that the Note is not an "arbitrage bond" within the meaning of Section 148 of the Code and the regulations applicable thereto.

The City makes no representation as to whether interest on the Note shall be excludible from gross income for federal income tax purposes under Section 103(a) of the Code.

The formal proposal (the "Proposal") of the Purchaser designated in the Proposal (the "Purchaser"), presented to this Council on December 31, 2009, is hereby accepted and the Note is hereby awarded to the Purchaser at private sale by negotiation for the aggregate purchase price of \$3,000,000. The terms of the Proposal are incorporated herein by reference with the same effect as if set forth in full at this place. The President of

Council attested, by the City Clerk, is hereby authorized and directed to accept the Proposal, in the name of and on behalf of the City, by executing the City's acceptance on an original copy of the Proposal, to deliver a copy of the same to the Purchaser and to file the original with the records of the City. The Mayor is hereby authorized to deliver the Note to the Purchaser upon receipt of the full principal amount of the purchase price of such Note and upon compliance with all conditions precedent to such delivery as required by the Debt Act, this Resolution and the Proposal; and such Mayor, attested by the City Clerk, is hereby authorized and directed to prepare and verify, upon delivery of the Note, the certificate required by Section 8127 of the Debt Act, a copy of which certificate shall be retained with the records of the City until all tax and revenue anticipation notes issued by the City during the fiscal year ending on December 31, 2009, shall have been paid in full.

Section 7. The form of the Note shall be substantially as set forth and attached hereto as Exhibit "A," which form is hereby incorporated by reference and adopted as if fully recited at length herein and said form is hereby approved by this Council.

Section 8. The City hereby establishes a sinking fund for the Note and designates Wachovia Bank, National Association, as sinking fund depository/paying agent (in such capacity, the "Paying Agent") for the benefit of Noteholders. The Mayor, the Managing Director of the City or other proper officer is hereby authorized and directed to make deposits to the sinking fund to be held for the payment of principal and interest on the Note no later than the date of final maturity thereof.

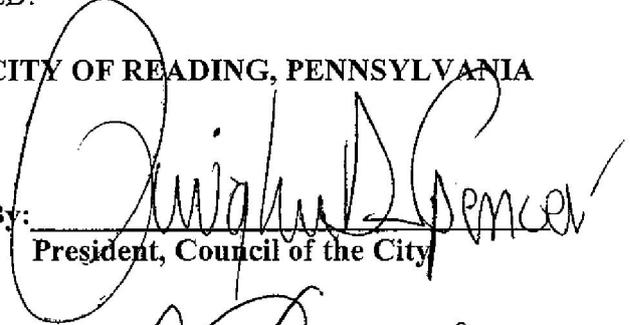
Thereafter, the Paying Agent shall, without further authorization or direction from the City or any of its officials, withdraw moneys from the sinking fund and apply such moneys to the payment of principal and interest then due on the Note. Deposit by the City into the sinking fund of the full amount of such money shall satisfy in full the obligation of the City to pay principal and interest with respect to the Note.

Section 9. Setley, Rauch & Bucolo, LLC, is hereby appointed Bond Counsel in connection with the issuance and sale of the Note.

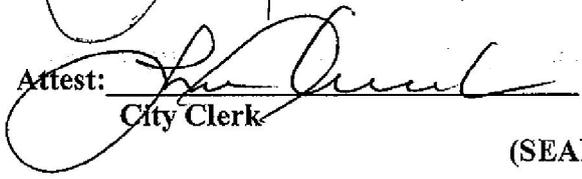
Section 10. The Managing Director or other proper official of the City is hereby authorized and directed to pay at, or subsequent to, the closing for the issuance of the Note all costs and expenses of the issuance incurred by or on behalf of the City or required to be paid by the City, all in accordance with the provisions of the Purchaser's Proposal.

DULY ADOPTED, THIS 22<sup>nd</sup> DAY OF DECEMBER, 2008, BY THE  
COUNCIL OF THE CITY OF READING, PENNSYLVANIA, IN LAWFUL  
REGULAR SESSION DULY ASSEMBLED.

**CITY OF READING, PENNSYLVANIA**

By: 

President, Council of the City

Attest: 

City Clerk

(SEAL)

**EXHIBIT "A"**

No. TRN

**\$3,000,000**

**UNITED STATES OF AMERICA  
COMMONWEALTH OF PENNSYLVANIA  
LINE OF CREDIT  
TAX AND REVENUE ANTICIPATION NOTE – SERIES OF 2009**

City of Reading, Commonwealth of Pennsylvania (the "Issuer"), for value received, hereby promises to pay to the order of Wachovia Bank, National Association (the "Purchaser"), the sum of Three Million Dollars (\$3,000,000), or such greater or lesser amount as shall be shown on the records of the owner of this Note as the unpaid principal balance of this Note, on the 31<sup>st</sup> day of December, 2009, together with a variable rate of interest thereon equal to the 30-day London Interbank Offering Rate ("30-day LIBOR"), plus 2.13%, computed on the basis of a 360-day year of twelve, 30-day months. Any time after the Issuer has delivered the items listed in Sections 3(a) and 3(b) of the Resolution (as hereinafter defined), and from time to time thereafter, when the outstanding principal balance of this Note is less than \$3,000,000, the Issuer may draw funds under this Note to increase the principal balance to but not more than \$3,000,000. Both the principal of and interest on this Note shall be payable in such coin or currency as at the place and at the time of payment shall be legal tender for the payment of public and private debts in the United States (or by instrument payable in immediately available legal tender as aforesaid), at the designated office of Wachovia Bank, National Association (the "Sinking Fund Depository"), in Reading, Pennsylvania.

This Note is the Line of Credit Tax and Revenue Anticipation Note, Series of 2009, authorized and issued in the aggregate principal amount of Three Million Dollars (\$3,000,000) (the "Note") in accordance with the provisions of the Local Government Unit Debt Act of the Commonwealth of Pennsylvania, Act No. 1996-177, (the "Act"), and pursuant to a resolution adopted on December 22, 2008, by the governing body of the Issuer (the "Resolution"). Reference is made to the Act and the Resolution for a complete statement of the rights and limitations of rights of holders of the Note, to all of which the holder hereof by acceptance of this Note assents,

This Note is issued under and in accordance with the Act, for the purpose of providing funds for current expenses payable in the current fiscal year in anticipation of the receipt of taxes and other revenues by the Issuer from the date of original delivery of the Note to the stated maturity date thereof.

This Note is equally and ratably secured with all other notes issued under the Resolution by the pledge of, security interest in, and a lien and charge on the taxes and other revenues of the Issuer specified in the Resolution to be received during the period when the note is outstanding. Such pledge, security interest, lien and charge have been perfected and are enforceable in the manner provided by the Act. The Note is a general credit obligation of the Issuer.

The Issuer covenants that it will deposit in the sinking fund for the Note established by the Resolution with the Sinking Fund Depositary the taxes and other revenues collected in amounts which will be sufficient to pay the principal of and interest on all notes issued pursuant to the Resolution as and when the same shall become due and payable, and such sinking fund shall be applied exclusively to such purpose.

The Issuer covenants that it will not make any use of the proceeds of the Note or do or suffer any other action which would cause the Note to be an "arbitrage bond" as such term is defined in Section 148 of the Internal Revenue Code of 1986, as amended and all applicable regulations thereunder.

All acts, conditions and things required to be done or performed precedent to and in the issuance of this Note or in the creation of the obligation of which this Note is evidence have been done and performed as required by law.

THIS NOTE IS DATED FOR CONVENIENCE AS OF JANUARY 2, 2009, BUT SHALL NOT BE EFFECTIVE UNTIL THE ISSUER HAS DELIVERED TO THE PURCHASER THE ITEMS LISTED IN SECTION 3(a) and 3(b) OF THE RESOLUTION.

IN WITNESS WHEREOF, City of Reading, Pennsylvania has caused this Note to be signed in its name and on its behalf by the signature of the Mayor of the City, and its seal to be hereunto impressed, duly attested by the signature of the City Clerk, this 2<sup>nd</sup> day of January 2009,

**CITY OF READING, PENNSYLVANIA**

BY: \_\_\_\_\_  
Mayor

ATTEST: \_\_\_\_\_  
City Clerk

(SEAL)

**EXHIBIT "B"**  
**PROPOSAL OF PURCHASER**

Wachovia Bank, N.A.  
Government Banking  
PA6164  
600 Penn Street  
Post Office Box 1102  
Reading, PA 19603

Tel 610 655-2855  
Fax 610 655-1027

**WACHOVIA**

December 22, 2008

Mr. Ryan Hottenstein  
City of Reading  
815 Washington Street  
Reading, PA 19601

*RE: City of Reading*

Dear Mr. Hottenstein:

In response to your request for a Tax and Revenue Anticipation Note, Wachovia Bank, National Association (the "Bank") hereby proposes to issue its Line of Credit for the City of Reading (the "Borrower"), based upon the following terms and conditions ("Outline of Terms"). This proposal is for discussion purposes, and is intended to serve as indication of potentially acceptable terms and conditions and potential borrowing costs.

**OUTLINE OF TERMS**

<b>BORROWER:</b>	City of Reading
<b>FACILITY:</b>	A \$3,000,000.00 Tax and Revenue Anticipation Line of Credit
<b>PURPOSE:</b>	Provide working capital in advance of collection of revenues and taxes.
<b>MATURITY:</b>	December 31, 2009
<b>INTERST RATE:</b>	A tax-exempt, non-bank qualified floating rate of 30-Day London Inter-Bank Offering Rate ("30 Day LIBOR") plus 2 1/3 basis points per annum.
<b>FEES:</b>	The Borrower shall pay all Bank fees and expenses including legal fees, whether or not transaction closes.
<b>REPAYMENT:</b>	Payment of principal and interest shall be due in full on December 31, 2009.

City of Reading  
December 22, 2008

**COLLATERAL:** Borrower shall provide a security interest in and to all 2009 taxes and revenue.

**CONDITIONS:** As a condition of closing, the Borrower shall deliver to the Bank the following:

- Annual Final Balanced Budget for 2009 for Borrower in form and substance acceptable to Bank;
- Copy of the Ordinance authorizing the borrowings detailed above;
- An Opinion of recognized Note Counsel and Solicitor satisfactory to Bank and its counsel;
- Certificate of no litigation;
- Nonarbitrage Certificate; and
- Form 8038-G
- Documents in form and substance acceptable to Bank and its legal counsel, which shall include Determination of taxability language.
- Such other documents required by Bank and its counsel for a transaction of similar structure.

The Bank shall have completed any and all due diligence deemed necessary.

**AFFIRMATIVE & NEGATIVE COVENANTS:** In addition to negative covenants typically required by the Bank for similar transactions to similar borrowers, the following affirmative covenants shall apply:

Borrower shall covenant to budget and appropriate for debt service in its annual operating budget.

Borrower shall covenant that each will not incur any additional debt if after giving effect to such debt on a proforma basis would exceed their Statutory Limits.

**EVENTS OF DEFAULT:** In addition to Events of Default which are typically required by the Bank for similar transactions to similar borrowers the following Events of Default shall apply:

1. Non-payment of fees, principal or interest.
2. Failure to perform covenants of Borrower.
3. Breach of representations and warranties for Borrower.
4. Material adverse change in the financial condition or otherwise of the Borrower.

City of Reading  
December 22, 2008

5. Default on other existing and future debt of Borrower.

**FINANCIAL  
REPORTING:**

Borrower will submit its annual audited financial statements to the Bank within 150 days of the Borrower's fiscal year end.

Borrower will submit its annual budget for the upcoming year to the Bank as soon as available but in any event within 30 days of the Borrower's fiscal year end.

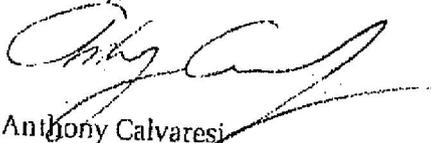
This proposal is for discussion purposes only, and is intended to serve as an indication of potentially acceptable terms and conditions and potential borrowing costs. A subsequent commitment by the Bank would be subject to the negotiation of mutually acceptable final terms and conditions.

This letter does not contain all the terms and provisions, which will be contained in various documents to be executed if Borrower and Bank decide to pursue the credit described herein.

This proposal expires on December 31, 2008 if not accepted by Borrower. Transaction must close by January 31, 2009.

Thank you for the opportunity to be of service to you. Should you have any questions or concerns, please do not hesitate to contact Anthony Calvaresi at (610) 655-2855 or Sandra McCollum at (215) 670-4468.

Sincerely,



Anthony Calvaresi  
Senior Vice President  
Government and Institutional Banking Group

Sandra L. McCollum  
Senior Risk Manager/ Vice President  
Specialized Risk Management

Accepted:

City of Reading

By: \_\_\_\_\_

Title: \_\_\_\_\_

Date: \_\_\_\_\_