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 14 day of Feb. A. D. 2011. Witness my hand and seal of the said City this 16 day of Feb. A. D. 2011

CITY CLERK

CITY OF READING
COUNTY OF BERKS
COMMONWEALTH OF PENNSYLVANIA

ORDINANCE NO. 7-2011
ENACTED: FEBRUARY 14, 2011

AN ORDINANCE OF THE COUNCIL OF THE CITY OF READING, BERKS COUNTY, PENNSYLVANIA, SETTING FORTH ITS INTENT TO ISSUE A SERIES OF FEDERALLY-TAXABLE GENERAL OBLIGATION NOTES OF THE CITY IN THE AGGREGATE PRINCIPAL AMOUNT NOT TO EXCEED SIXTEEN MILLION DOLLARS ($16,000,000) PURSUANT TO THE ACT OF THE GENERAL ASSEMBLY OF THE COMMONWEALTH OF PENNSYLVANIA, 53 PA.C.S. CHAPTERS 80-82, AS AMENDED, REENACTED AND SUPPLEMENTED, KNOWN AS THE LOCAL GOVERNMENT UNIT DEBT ACT (THE "ACT"); FINDING THAT A PRIVATE SALE BY NEGOTIATION IS IN THE BEST FINANCIAL INTERESTS OF THE CITY; DETERMINING THAT SUCH NOTES SHALL EVIDENCE NONELECTORAL DEBT OF THE CITY; SPECIFYING THAT SUCH INDEBTEDNESS IS TO BE INCURRED TO PROVIDE FUNDS FOR CERTAIN PROJECTS OF THE CITY WHICH INCLUDE THE FOLLOWING: (1) THE CURRENT REFUNDING OF THE CITY'S OUTSTANDING FEDERALLY-TAXABLE GENERAL OBLIGATION VARIABLE RATE DEMAND BONDS, SERIES E OF 2008; AND (2) PAYING THE COSTS AND EXPENSES OF ISSUANCE OF THE NOTES; SETTING FORTH THE REASONABLE ESTIMATED USEFUL LIVES OF THE CAPITAL PROJECTS THAT ARE TO BE REFINANCED BY THE NOTES; ACCEPTING A PROPOSAL FOR THE PURCHASE OF SUCH NOTES AT PRIVATE SALE BY NEGOTIATION; PROVIDING THAT SUCH NOTES, WHEN ISSUED, SHALL CONSTITUTE A GENERAL OBLIGATION OF THE CITY; FIXING THE DENOMINATIONS, DATED DATE, INTEREST PAYMENT DATES, MATURITY DATES, INTEREST RATES, REDEMPTION PROVISIONS, MANDATORY REDEMPTION PROVISIONS (IF APPLICABLE) AND PLACE OF PAYMENT OF THE PRINCIPAL OF AND INTEREST ON SUCH NOTES; AUTHORIZING SPECIFIED OFFICERS OF THE CITY TO CONTRACT WITH THE PAYING AGENT FOR ITS SERVICES IN CONNECTION WITH THE NOTES; SETTING FORTH THE SUBSTANTIAL FORM OF THE NOTES EVIDENCING THE DEBT; AUTHORIZING EXECUTION AND ATTESTATION OF SUCH NOTES; PROVIDING COVENANTS RELATED TO DEBT SERVICE APPLICABLE TO SUCH NOTES 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 NOTES, TO THE EXTENT REQUIRED BY THE ACT; DESIGNATING THE PAYING AGENT TO BE THE SINKING FUND DEPOSITARY; PROVIDING A COVENANT TO INSURE PROMPT AND FULL PAYMENT FOR SUCH NOTES WHEN DUE; SETTING FORTH REGISTRATION AND TRANSFER PROVISIONS WITH RESPECT TO SUCH NOTES; AUTHORIZING THE EXECUTION OF ONE OR MORE INVESTMENT AGREEMENTS BY SPECIFIED OFFICERS OF THE CITY

(IF APPLICABLE) AND THE PURCHASE OF CERTAIN U.S. TREASURY OBLIGATIONS OR ANY OTHER SECURITIES OR INVESTMENTS IN CONNECTION WITH THE PROJECT; AUTHORIZING AND DIRECTING SPECIFIED OFFICERS OF THE CITY TO DO, TO TAKE AND TO PERFORM CERTAIN SPECIFIED, REQUIRED, NECESSARY OR APPROPRIATE ACTS TO EFFECT THE ISSUANCE OF THE NOTES, INCLUDING, WITHOUT LIMITATION, THE PREPARATION OF A DEBT STATEMENT AND BORROWING BASE CERTIFICATE, AND THE FILING OF SPECIFIED DOCUMENTS WITH THE DEPARTMENT OF COMMUNITY AND ECONOMIC DEVELOPMENT, ALL AS REQUIRED BY THE ACT; DECLARING THAT THE DEBT TO BE EVIDENCED BY SUCH NOTES, 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 NOTES UPON THE APPROVAL OF THE DEPARTMENT OF COMMUNITY AND ECONOMIC DEVELOPMENT; AUTHORIZING THE PURCHASE OF BOND INSURANCE (IF APPLICABLE); SETTING FORTH THE PROVISIONS, IF ANY, REQUIRED TO BE INCLUDED BY THE BOND INSURER; AUTHORIZING THE EXECUTION OF A CONTINUING DISCLOSURE CERTIFICATE AND COVENANTING TO COMPLY WITH THE PROVISIONS THEREOF; PROVIDING WHEN THIS ORDINANCE SHALL BECOME EFFECTIVE; PROVIDING FOR SEVERABILITY OF PROVISIONS; AND REPEALING ALL ORDINANCES OR PARTS OF ORDINANCES INSOFAR AS THE SAME SHALL BE INCONSISTENT HEREWITH.

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

WHEREAS, the City, in contemplation of the issuance and sale its Federally-Taxable General Obligation Notes in an aggregate principal amount not to exceed Sixteen Million Dollars ($16,000,000), to provide funds for and towards certain projects of the City, has determined that the Notes (hereinafter defined) shall be offered for sale at a private sale by negotiation pursuant to the provisions of the Local Government Unit Debt Act of the Commonwealth, as re-enacted and amended (the "Act") and has determined that a private sale by negotiation is in the best financial interests of the City; and

WHEREAS, the Council of the City of Reading (the "Council") has determined that such Notes will be designated generally as "City of Reading, Berks County, Pennsylvania, Federally-Taxable General Obligation Notes, Series C of 2011" (the "Notes") or such other name or designation as shall be selected by the Mayor of the City upon delivery of the Notes in accordance with Section 7 hereof; and

WHEREAS, the Notes shall be issued in the aggregate principal amount not to exceed Sixteen Million Dollars ($16,000,000); and

WHEREAS, the Council has determined to accept the proposal of Wells Fargo Bank, National Association (the "Purchaser"), for the purchase of the Notes, such sale to be conditioned upon, among other things, the receipt of approval from the Department of

Community and Economic Development of the Commonwealth (the "Department") relating to the issuance of the indebtedness to be evidenced by the Notes; and

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

WHEREAS, the City desires to authorize the refunding of the 2008 Bonds for the purpose of substituting bonds for notes; and

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

WHEREAS, the Council has determined to and desires to accept the proposal of the Purchaser and to incur nonelectoral debt in the aggregate principal amount not to exceed Sixteen Million Dollars ($16,000,000) to be issued from time to time to fund certain projects (hereinafter described) of the City pursuant to the provisions of the Act.

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

Section 1. Pursuant to the provisions of this Ordinance, the Council hereby authorizes and directs the issuance of a series of Notes in the aggregate principal amount not to exceed Sixteen Million Dollars ($16,000,000) to be designated generally as "City of Reading, Berks County, Pennsylvania, Federally-Taxable General Obligation Notes, Series C of 2011" or such other name or designation as shall be selected by the Mayor of the City upon delivery of the Notes in accordance with the requirements of Section 7 hereof. The Notes shall be issued and sold in accordance with the provisions of the Act by private sale by negotiation. In connection therewith, the Council hereby finds and determines that a private sale by negotiation is in the best financial interests of the City.

Section 2. The Council determines that the debt to be incurred pursuant to this Ordinance, and which will be evidenced by the Notes, shall be nonelectoral debt of the City.

Section 3. A brief description of the project (the "Project") to be funded with, among other things, the proceeds of the Notes to be issued from time to time pursuant to this Ordinance is as follows: (1) the current refunding of the 2008 Bonds; and (2) paying the costs and expenses of issuance of the Notes.

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

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

Section 4. In connection with the issuance and sale of the Notes, the Council, as required by the provisions of the Act, hereby finds, determines and states (a) that the purpose of the refunding of the 2008 Bonds is to substitute bonds for notes; and (b) that the refunding of the 2008 Bonds is authorized and permitted under and pursuant to the provisions of Section 8241 of the Act. The Council further finds and determines that the final maturity date of the Notes issued to effect the refunding of the 2008 Bonds does not extend to a date that could not have been included in the 2008 Bond issue.

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

Section 5. Subject to the approval of the Department, as required by the provisions of the Act, the Council shall and does hereby accept the proposal of the Purchaser, for the purchase of the Notes in accordance with the terms and conditions of this Ordinance and the Purchaser's proposal, dated February 14, 2011 (the "Proposal"). The sale of the Notes shall be for an aggregate purchase price of not less than 97.0% nor more than 105.0% of the par amount of the Notes issued by the City, exclusive of any original issue discount and any original issue premium, plus accrued interest, if any, from the date of the Notes to the date of delivery thereof. The Mayor is hereby authorized and directed to accept and to execute the Proposal in the name and on behalf of the City, and the City Clerk is hereby authorized and directed to attest to such acceptance and execution. A copy of the Proposal, as presented to the Council and accepted by this Ordinance, is incorporated herein by reference and shall be attached to this Ordinance and maintained with the minutes of this meeting. The bid security, if any, accompanying the Proposal shall be held and shall be applied as provided by the Act; provided, however, that no allowance for interest shall be made by the City with respect to such bid security, except as provided by the Act.

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

Section 6. The Notes, when issued, will be a general obligation of the City.

Section 7. The Notes shall be fully registered, without coupons, in denominations of $5,000 or any integral multiple thereof, in substantially the form hereinafter set

forth in Section 10. The Notes shall be dated as set forth in the definitive Notes as delivered to the Purchaser in accordance with the provisions hereof, and shall bear interest from that date at the applicable rates per annum as set forth in Section 8, payable in accordance with the provisions of the Notes and this Ordinance, semiannually on May 1 and November 1 (each an "Interest Payment Date") in each year, commencing with the May 1 or November 1 following the delivery of the Notes, until maturity or prior redemption.

Section 8. The Notes shall bear interest at rates not to exceed the maximum rates of interest and shall mature, whether by maturity or mandatory sinking fund redemption on the dates and in the amounts not to exceed the maximum amounts as set forth on Exhibit A attached hereto.

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

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

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

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

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

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

Ordinance, and registered owners of such Notes shall have no rights with respect to such Notes, except to receive payment of the principal of and accrued interest on such Notes to the date fixed for redemption.

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

Section 9. The proper officers of the City are hereby authorized, empowered and directed to contract with a bank or bank and trust company authorized to do business in the Commonwealth of Pennsylvania and who has an office in the Commonwealth of Pennsylvania (the "Paying Agent"), for its services as paying agent and sinking fund depositary in accordance with the terms and conditions of the Proposal, this Ordinance and the Act. Payment of the principal of and interest on the Notes shall be made, when due, in accordance with the provisions of the Notes, at the corporate trust office of the Paying Agent in lawful money of the United States of America.

Section 10. The Notes shall be in substantially the form set forth in Exhibit "B". The form of the Notes as submitted to the City is hereby approved in substantially such form, with such changes, insertions and variations as are necessary or appropriate to reflect the final terms, including, but not limited to, the name or designation and the final redemption provisions, of the Notes as specified to the City in the delivery instructions of the Purchaser and such other changes as the Mayor may approve upon advice of counsel to the City, such approval to be evidenced by such officer's execution and delivery of the Notes.

Section 11. The Notes shall be executed in the name and on behalf of the City by the true or facsimile signature of the Mayor of the City and the true or facsimile official seal of the City shall be affixed thereunto, duly attested by the true or facsimile signature of the City Clerk. Said officers are authorized and directed to execute and attest the Notes. The execution and delivery of the Notes shall constitute conclusive proof of the approval of the final terms and provisions of the Notes by the City.

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

The Notes shall initially be issued in the form of one fully-registered Note for the aggregate principal amount of the Notes of each maturity, which Notes shall be registered in the name of Cede & Co., as nominee of The Depository Trust Company ("DTC"). The Notes issued in the name of Cede & Co. in accordance with the provisions of this Section may be issued in typewritten form satisfactory to DTC. Except as provided below all of the Notes shall be

registered in the registration books kept by the Paying Agent in the name of Cede & Co., as nominee of DTC; provided that if DTC shall request that the Notes be registered in the name of a different nominee, the Paying Agent shall exchange all or any portion of the Notes for an equal aggregate principal amount of Notes registered in the name of such nominee or nominees of DTC. No person other than DTC or its nominee shall be entitled to receive from the City or the Paying Agent either a Note or any other evidence of ownership of the Notes, or any right to receive any payment in respect thereof unless DTC or its nominee shall transfer record ownership of all or any portion of the Notes on the registration books maintained by the Paying Agent, in connection with discontinuing the book-entry system as below or otherwise.

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

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

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

In connection with any notice or other communication to be provided to registered owners of the Notes pursuant to this Ordinance by the City or the Paying Agent with respect to any consent or other action to be taken by registered owners of the Notes, DTC shall consider the date of receipt of notice requesting such consent or other action as the record date for such consent or other action, provided that the City or the Paying Agent may establish a special record date for such consent or other action. The City or the Paying Agent shall give DTC notice of such special record date not less than 10 calendar days in advance of such special record date to the extent possible.

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

Section 12. The City covenants to and with the registered owners from time to time of the Notes that the City (i) shall include in its budget in each fiscal year the amount of the debt service for each fiscal year of the City in which such sums are payable, (ii) shall appropriate from its general revenues in each such fiscal year the amount required to pay debt service on the Notes for such year, and (iii) shall duly and punctually pay or cause to be paid from its sinking fund or any other of its revenues or funds the principal amount of the Notes and the interest due thereon at the dates and place and in the manner stated therein, according to the true intent and meaning thereof. For such budgeting, appropriation and payment, the City shall and does pledge, irrevocably, its full faith, credit and taxing power. As provided in Section 8104 of the Act, the foregoing covenant of the City shall be enforceable specifically.

Section 13. The City hereby covenants to create and there is hereby created, pursuant to Section 8221 of the Act, a sinking fund for the Notes, to be known as "Sinking Fund - City of Reading, Berks County, Pennsylvania, Federally-Taxable General Obligation Notes, Series C of 2011" (the "Sinking Fund") or such other name or designation as selected by the proper officers of the City from time to time shall be established with the Paying Agent and administered in accordance with applicable provisions of the Act and this Ordinance.

Section 14. The Paying Agent shall be the "sinking fund depositary" with respect to the Sinking Fund created pursuant to Section 13. The City covenants and agrees to deposit in the Sinking Fund, on or before each Interest Payment Date, an amount which shall be sufficient to permit the Paying Agent to pay on such Interest Payment Date all principal and accrued interest becoming due with respect to the Notes. After such deposit, the Paying Agent shall, without further authorization or direction from the City or any of its officials, upon proper and timely presentation, execution and surrender of the Notes, with respect to the payment of principal of the Notes, or at the Interest Payment Date, with respect to the payment of interest on the Notes, withdraw moneys from the Sinking Fund and apply such moneys to the prompt and full payment of such obligations in accordance with the terms thereof, the terms and conditions of this Ordinance and the provisions of the Act.

Section 15. Each Note shall bear interest from the Interest Payment Date next preceding the date of registration and authentication of such Notes, unless (a) such Notes are registered and authenticated as of an Interest Payment Date, in which event such Notes shall bear interest from said Interest Payment Date; or (b) the Notes are registered and authenticated after a

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

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

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

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

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

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

Section 16. 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 Notes in connection with the Project and the refunding of the 2008 Bonds. The City hereby authorizes and directs the Mayor to execute and the City Clerk to attest any investment agreement on behalf of the City, in the form approved by the Solicitor and Bond Counsel of the City. The Investments shall be limited to those authorized under law for proceeds of the Notes.

Section 17. The Mayor is hereby authorized and directed, in the name and on behalf of the City: (a) to prepare, execute and certify the debt statement and borrowing base certificate required by the Act; (b) to prepare, execute and file with the Department, as required by Section 8111 of the Act, a duly attested copy of this Ordinance, with proofs of proper publication, the accepted Proposal of the Purchaser and a complete and accurate transcript of the proceedings relating to the incurring of the debt to be evidenced by the Notes, including the debt statement and borrowing base certificate; (c) to pay or to cause to be paid to the Department all proper filing fees required by the Act in connection with the foregoing; (d) to pay or cause to be paid from proceeds of the Notes or otherwise, all costs and expenses incurred by the City in connection with the issuance of the Notes; (e) to advertise the enactment of this Ordinance, as required by the Act; and (f) to take any and all other action, and to execute and deliver any and all documents and other instruments, required or permitted by the Act or by the Proposal of the Purchaser, or which they, in their sole discretion, may deem necessary, proper or desirable to effect the issuance of the Notes, to the extent not inconsistent with this Ordinance or applicable law.

Section 18. It is hereby declared that the debt to be evidenced by the Notes, together with all other indebtedness of the City, is not in excess of any applicable limitation imposed by the Act upon the incurring of debt by the City.

Section 19. The proper officers of the City are hereby authorized and directed to deliver the Notes as and when issued to the Purchaser, upon due registration and authentication

thereof as provided for herein, upon receipt of full and proper payment of the purchase price therefor, provided, however, that such delivery shall be effected only after the Department has certified its approval pursuant to Section 8204 of the Act.

Section 20. The Council hereby authorizes and directs the purchase of a municipal bond insurance policy or policies (the "Municipal Bond Insurance Policy") to be issued by a municipal bond insurer acceptable to the Purchaser and the Mayor insuring the payment when due of the principal of and interest on the Notes as provided therein. Proper officers of the City are authorized and directed to take all required, necessary and/or appropriate action with respect to such insurance, including the payment of the premium thereof. Proper officers of the City are also authorized and directed to execute any and all documents or agreements with respect to such insurance, as may be required by the insurer.

Section 21. With regard to the Notes, the proper officers of the City are hereby authorized to execute a Continuing Disclosure Certificate (hereinafter defined) on behalf of the City and the City hereby covenants and agrees that it will comply with and carry out all of the provisions of such Continuing Disclosure Certificate as required by applicable law. Notwithstanding any other provision of this Ordinance, failure of the City to comply with the Continuing Disclosure Certificate shall not be considered an event of default; however, any Noteholder or Beneficial Owner may take such actions as may be necessary and appropriate, including seeking mandate or specific performance by court order, to cause the City to comply with its obligations under this Section.

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

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

Section 22. 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 23. All ordinances or parts of ordinances, insofar as the same shall be inconsistent herewith, shall be and the same expressly hereby are repealed.

Section 24. This Ordinance shall be effective in accordance with Section 8003 of the Act.

[Remainder of Page Intentionally Left Blank]

DULY ENACTED, THIS 14TH DAY OF FEBRUARY, 2011, 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: Vaughn D. Spencer, President of Council

(SEAL)

SL1 1047173v1/006361.00186

EXHIBIT A

MAXIMUM DEBT SERVICE SCHEDULE

CITY OF READING
BERKS COUNTY, PENNSYLVANIA

TAXABLE GENERAL OBLIGATION NOTES, SERIES C OF 2011

MAXIMUM DEBT SERVICE REQUIREMENTS

DATE	PRINCIPAL	RATE	INTEREST	DEBT SERVICE	FISCAL YEAR DEBT SERVICE
1-Apr-11					
1-Nov-11	1,200,000.00	9.000%	840,000.00	2,040,000.00	2,040,000.00
1-May-12	-		666,000.00	666,000.00	-
1-Nov-12	1,500,000.00	9.000%	666,000.00	2,166,000.00	2,832,000.00
1-May-13	-		598,500.00	598,500.00	-
1-Nov-13	125,000.00	9.000%	598,500.00	723,500.00	1,322,000.00
1-May-14	-		592,875.00	592,875.00	-
1-Nov-14	150,000.00	9.000%	592,875.00	742,875.00	1,335,750.00
1-May-15	-		586,125.00	586,125.00	-
1-Nov-15	175,000.00	9.000%	586,125.00	761,125.00	1,347,250.00
1-May-16	-		578,250.00	578,250.00	-
1-Nov-16	200,000.00	9.000%	578,250.00	778,250.00	1,356,500.00
1-May-17	-		569,250.00	569,250.00	-
1-Nov-17	225,000.00	9.000%	569,250.00	794,250.00	1,363,500.00
1-May-18	-		559,125.00	559,125.00	-
1-Nov-18	275,000.00	9.000%	559,125.00	834,125.00	1,393,250.00
1-May-19	-		546,750.00	546,750.00	-
1-Nov-19	405,000.00	9.000%	546,750.00	951,750.00	1,498,500.00
1-May-20	-		528,525.00	528,525.00	-
1-Nov-20	445,000.00	9.000%	528,525.00	973,525.00	1,502,050.00
1-May-21	-		508,500.00	508,500.00	-
1-Nov-21	485,000.00	9.000%	508,500.00	993,500.00	1,502,000.00
1-May-22	-		486,675.00	486,675.00	-
1-Nov-22	525,000.00	9.000%	486,675.00	1,011,675.00	1,498,350.00
1-May-23	-		463,050.00	463,050.00	-
1-Nov-23	575,000.00	9.000%	463,050.00	1,038,050.00	1,501,100.00
1-May-24	-		437,175.00	437,175.00	-
1-Nov-24	625,000.00	9.000%	437,175.00	1,062,175.00	1,499,350.00
1-May-25	-		409,050.00	409,050.00	-
1-Nov-25	685,000.00	9.000%	409,050.00	1,094,050.00	1,503,100.00
1-May-26	-		378,225.00	378,225.00	-
1-Nov-26	745,000.00	9.000%	378,225.00	1,123,225.00	1,501,450.00
1-May-27	-		344,700.00	344,700.00	-
1-Nov-27	810,000.00	9.000%	344,700.00	1,154,700.00	1,499,400.00
1-May-28	-		308,250.00	308,250.00	-
1-Nov-28	885,000.00	9.000%	308,250.00	1,193,250.00	1,501,500.00
1-May-29	-		268,425.00	268,425.00	-
1-Nov-29	965,000.00	9.000%	268,425.00	1,233,425.00	1,501,850.00
1-May-30	-		225,000.00	225,000.00	-
1-Nov-30	2,700,000.00	9.000%	225,000.00	2,925,000.00	3,150,000.00
1-May-31	-		103,500.00	103,500.00	-
1-Nov-31	2,300,000.00	9.000%	103,500.00	2,403,500.00	2,507,000.00
	16,000,000.00		**19,155,900.00**	**35,155,900.00**	**35,155,900.00**

EXHIBIT B

NOTE FORM

REGISTERED

Number __

REGISTERED

$_____

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

CITY OF READING, BERKS COUNTY,
PENNSYLVANIA

FEDERALLY-TAXABLE
GENERAL OBLIGATION NOTE, SERIES C OF 2011

INTEREST RATE	MATURITY DATE	DATED DATE OF SERIES	CUSIP
	November 1, ____	_____, 2011	

REGISTERED OWNER CEDE & CO.

PRINCIPAL AMOUNT $_____

The City of Reading, Berks County, Pennsylvania (the "City"), a City existing under the laws of the Commonwealth of Pennsylvania (the "Commonwealth"), for value received, hereby acknowledges itself to be indebted and promises to pay to the order of the Registered Owner hereof, or registered assigns, on the maturity date stated hereon (or upon prior redemption, as hereinafter provided), upon presentation and surrender hereof, the Principal Amount shown above and to pay semiannually on May 1 and November 1 of each year prior to maturity or redemption (each an "Interest Payment Date"), beginning _____, 20__, to the registered owner hereof, interest on such principal sum, at the rate per annum stated hereon, from the Interest Payment Date next preceding the date of registration and authentication of this City of Reading, Berks County, Pennsylvania, Federally-Taxable General Obligation Note, Series C of 2011 (the "Note"), unless (a) this Note is registered and authenticated as of an Interest Payment Date, in which event this Note shall bear interest from such Interest Payment Date, or (b) this Note is registered and authenticated after a Record Date (hereinafter defined) and before the next succeeding Interest Payment Date, in which event such Note shall bear interest from

such Interest Payment Date, or (c) this Note is registered and authenticated on or prior to the Record Date preceding _____, 2011, in which event such Note shall bear interest from _____, 2011, or (d) as shown by the records of _____, as paying agent, at its offices located in _____, Pennsylvania, or its successor (the "Paying Agent"), interest on such Note shall be in default, in which event such Note shall bear interest from the date on which interest was last paid on such Note. Interest on each Note is payable by check drawn on the Paying Agent, which shall be mailed to the registered owner whose name and address shall appear, at the close of business on the fifteenth (15th) day next preceding each Interest Payment Date (the "Record Date"), on the registration books maintained by the Paying Agent, irrespective of any transfer or exchange of the Note subsequent to such Record Date and prior to such Interest Payment Date, unless the City shall be in default in payment of interest due on such Interest Payment Date. In the event of any such default, such defaulted interest shall be payable to the person in whose name the Note is registered at the close of business on a special record date for the payment of such defaulted interest established by notice mailed by the Paying Agent to the registered owners of Notes (hereinafter defined) not less than ten (10) days preceding such special record date. Such notice shall be mailed to the persons in whose names the Notes are registered at the close of business on the fifth (5th) day preceding the date of mailing.

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

This Note is one of a series of notes of the City known generally as "City of Reading, Berks County, Pennsylvania, Federally-Taxable General Obligation Notes, Series C of 2011," dated as of _____, 2011 (the "Notes"), issued by the City in the aggregate principal amount of _____ Dollars ($_____).

The Notes are in fully registered form, without coupons, and have been authorized and issued in accordance with the Local Government Unit Debt Act of the Commonwealth (the "Act"), without the assent of the electors, pursuant to an ordinance (the "Ordinance") of the Council duly enacted on _____, 2011. The terms and provisions of the Ordinance are hereby incorporated by reference as if set forth fully herein.

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

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

The Notes maturing on or after _____, shall be subject to redemption, prior to maturity, at the option of the City, in whole or in part, in any order of maturities, at any time on or after _____, at a price equal to 100% of the principal amount of the Notes to be redeemed and accrued interest thereon to the date fixed for such optional redemption. In the event that less than all Notes of a particular maturity are to be redeemed, the Notes of such maturity to be redeemed shall be drawn by lot by the Paying Agent.

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

Year	Principal Amount
*	

* at maturity

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

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

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

If at the time of mailing of the notice of redemption the City shall not have deposited with the Paying Agent moneys sufficient to redeem all the Notes called for redemption, such notice may state that it is conditional, that is, subject to the deposit of the

redemption moneys with the Paying Agent no later than the opening of business on the redemption date, and such notice shall be of no effect unless such moneys are so deposited.

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

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

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

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

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

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 this 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 is within every debt and other limit prescribed by the Constitution and the statutes of the Commonwealth; that the City has established with the Paying Agent, as Sinking Fund Depositary, a sinking fund for the Notes and shall deposit therein amounts sufficient to pay the principal of and interest on the Notes 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 signed in its name and on its behalf by the signature of the Mayor and its corporate seal to be hereunder affixed, duly attested by the signature of the City Clerk, as of the ____ day of _____, 2011.

CITY OF READING
Berks County, Pennsylvania

By:_____
Thomas McMahon, Mayor

Attest:_____
Linda A. Kelleher CMC, City Clerk

(SEAL)

(FORM OF PAYING AGENT'S CERTIFICATE)

CERTIFICATE OF AUTHENTICATION

Date of Authentication: _____

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

_____, as Paying Agent
By_____
Authorized Officer

STATEMENT OF INSURANCE

TO BE PROVIDED UPON SELECTION OF BOND INSURER

(FORM OF ASSIGNMENT)

ASSIGNMENT

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

_____(the "Transferee")
Name

_____
Address

_____
Social Security or
Federal Employer Identification No.

the within Note and all rights thereunder, and hereby irrevocably constitutes and appoints _____ as 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 made in the name of the Transferee, unless the signature(s) to this assignment correspond(s) with the name(s) as it appears upon the face of the within 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.

Signature Guaranteed:

_____

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

(END OF NOTE FORM)

MAYOR'S ACTION
Bill No. 7-2011

Submitted to Mayor: _____
Date: 8/15/11

Received by Mayor's Office: _____
Date:

Approved by Mayor: _____
Date:

Vetoed by Mayor: _____
Date:

Sustained by Council: _____
Date:

Overridden by Council: _____
Date: