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May 11, 2012

David J. Barberie, Managing Attorney
Lexington-Fayette Urban County Government
Department of Law (11th Floor)
200 East Main Street
Lexington, Kentucky 40507

Kevin Atkins
Chief Development Officer
200 East Main Street
Lexington, Kentucky 40507

Ed Holmes
Chairman, Internal Revenue Bond Review Committee
200 East Main Street
Lexington, Kentucky 40507

RE: *The Lexington Christian Academy, Inc.*

Dear Messrs. Barberie, Atkins and Holmes:

In 2009, Lexington-Fayette Urban County Government was kind enough to issue \$12,800,000 in Industrial Revenue Bonds for the Lexington Christian Academy. Because of the changing interest rate market, Central Bank & Trust Co., the purchaser of the entire amount of Bonds, is willing to lower Lexington Christian Academy's interest rate. In return for that they are asking that there be added a prepayment penalty to the bond documents and they are seeking some slight added security. They are not seeking any more money in bond financing, nor are they extending the maturity of the Bonds.

Because the interest rate on the Bonds is contained in both the Note and in the Bond itself, it will be necessary for the Lexington-Fayette Urban County Council to enact a resolution authorizing an amendment to the Bond Purchase and Loan Agreement which would also authorize an Amended and Restated Note and an Amended and Restated Bond reflecting the new interest rate and the prepayment provision. This does not affect the liability of Lexington-Fayette Urban County Government in any way, nor does it disturb the "bank-qualified" nature of the Bonds. Since there is no increase in the amount of the Bonds and the maturity of the Bonds

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is not being extended, Section 265(b)(3) of the Internal Revenue Code provides that any amendments or reissuances of a bond that is once bank-qualified retains its bank-qualified nature and does not affect the Issuer's bank-qualified bond cap or affect the bank-qualification of the bonds in any way.

We do not believe that this requires IRB Committee approval since it is not a new bond or a refunding of an existing bond, but merely an amendment. However, in an abundance of caution we thought that the IRB Committee should be made aware of what was transpiring.

We sincerely thank you for letting us present this to you at your Monday, May 14, 2012 IRB Committee meeting.

Very truly yours,

FROST BROWN TODD LLC



Claria D. Horn

CDH:lgs

Copy to William (Bill) L. Skees, Jr.