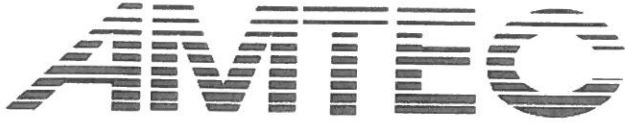


**Arbitrage Rebate Computation
Proposal For
Lexington-Fayette
Urban County Government
General Obligation Bonds**





TAX-EXEMPT COMPLIANCE

January 7, 2014

Ms. Cynthia Schuster
Senior Administrative Officer
City of Lexington
Government Center
200 E. Main Street, 10th Floor
Lexington, KY 40507

Re: Arbitrage Rebate Computation Proposal for Lexington-Fayette Urban County Government
General Obligation Bonds

Dear Ms. Schuster:

While reviewing our records for the Lexington-Fayette Urban County Government (the "City"), we determined that various General Obligation Bonds (the "Bonds") require rebate computations. With your authorization, we would like to begin our rebate computations for these Bonds. As you know, AMTEC is an independent consulting firm that specializes in arbitrage rebate calculations and we have the ability to complete rebate computations for the City. We do not sell investments or seek an underwriting role. As a result of our specialization, we offer very competitive pricing for rebate computations. Our typical fee averages less than \$1,000 per year, per issue and includes up to five years of annual rebate liability reporting.

We have prepared our fee and report delivery schedule for the City. Our guaranteed fee for rebate computations is \$11,100 and provides service through the required reporting dates of the Bonds. The fees are based upon the size and complexity of the issues. Please note that we have deeply discounted our fees due to our long-standing relationship with the City. Our fees are payable upon your acceptance of our rebate reports, which will be delivered shortly after the dates specified in the following tables.

AMTEC Professional Fee

**\$6,305,000 Various Purpose General Obligation Public Projects Bonds, Series 2010F
(Federally Taxable – Build America Bonds – Direct Payment to the Issuer)
Delivered: December 28, 2010**

Report Date	Type of Report	Period Covered	Fee
February 7, 2014	Rebate and Opinion	Closing – December 31, 2013	\$1,800
December 31, 2014	Rebate and Opinion	Closing – December 31, 2014	600
December 27, 2015	Rebate and Opinion	Closing – December 27, 2015	N/C
Total Fee			\$2,400

\$8,950,000 Various Purpose General Obligation Public Projects Bonds, Series 2010G
(Federally Taxable – Recovery Zone Economic Dev Bonds – Direct Payment to the Issuer)
Delivered: December 28, 2010

Report Date	Type of Report	Period Covered	Fee
February 7, 2014	Rebate and Opinion	Closing – December 31, 2013	\$1,800
December 31, 2014	Rebate and Opinion	Closing – December 31, 2014	600
December 27, 2015	Rebate and Opinion	Closing – December 27, 2015	N/C
Total Fee			\$2,400

\$4,465,000 Various Purpose General Obligation Refunding Bonds, Series 2010H
Delivered: December 28, 2010 -- All refunding, no rebate computations necessary.

\$31,000,000 Taxable General Obligation Pension Funding Bonds, Series 2012A
Delivered: June 21, 2012 -- Taxable, not subject to rebate.

\$6,275,000 Various Purpose General Obligation Refunding Bonds, Series 2012B
Delivered: June 21, 2012

Report Date	Type of Report	Period Covered	Fee
February 7, 2014	Rebate and Opinion	Closing – December 31, 2013	\$1,000
June 30, 2014	Rebate and Opinion	Closing – June 30, 2014	500
June 30, 2015	Rebate and Opinion	Closing – June 30, 2015	N/C
June 30, 2016	Rebate and Opinion	Closing – June 30, 2016	N/C
June 20, 2017	Rebate and Opinion	Closing – June 20, 2017	N/C
Total Fee			\$1,500

\$11,275,000 Various Purpose General Obligation Bonds, Series 2013A
\$6,005,000 Various Purpose General Obligation Refunding Bonds, Series 2013B
Delivered: March 28, 2013

Report Date	Type of Report	Period Covered	Fee
March 31, 2014	Rebate and Opinion	Closing – March 31, 2014	\$ 600
March 31, 2015	Rebate and Opinion	Closing – March 31, 2015	600
March 31, 2016	Rebate and Opinion	Closing – March 31, 2016	600
March 31, 2017	Rebate and Opinion	Closing – March 31, 2017	600
March 27, 2018	Rebate and Opinion	Closing – March 27, 2018	N/C
Total Fee			\$2,400

\$17,035,000 Various Purpose General Obligation Bonds, Series 2013C
Delivered: October 22, 2013

Report Date	Type of Report	Period Covered	Fee
October 31, 2014	Rebate and Opinion	Closing – October 31, 2014	\$ 600
October 31, 2015	Rebate and Opinion	Closing – October 31, 2015	600
October 31, 2016	Rebate and Opinion	Closing – October 31, 2016	600
October 31, 2017	Rebate and Opinion	Closing – October 31, 2017	600
October 21, 2018	Rebate and Opinion	Closing – October 21, 2018	N/C
Total Fee			\$2,400

In order to continue, we are requesting the following documentation for each issue (a copy of the entire bond transcripts, either electronically or on CD, would suffice).

1. IRS Form 8038-G.
2. Arbitrage and Tax Regulatory Agreement for certification purposes. This Agreement may also be known as the Arbitrage Certificate and is usually filed adjacent to IRS Form 8038-G in the bound transcripts.
3. Closing Memorandum.
4. A listing of the bond and investment activity (including disbursements, receipts and interest earned), by date and amount, from the date of each closing through each report date. Bank statements for this period will suffice. Our calculations require tracking the cash flow of the bond proceeds for the entire computation period.

AMTEC's Scope of Services

Our engagement includes, but is not limited to, the following services:

- Review of all bond documents and account statements for possible rebate exceptions;
- Computation of the rebate liability and/or the yield restricted amount, in accordance with Section 148 of the Internal Revenue Code, commencing with the date of the closing through the required reporting dates of the Bonds;
- Calculation of the bond yield. Yield calculations performed prior to the closing often do not contain all requisite figures, resulting in inaccurate calculations for rebate purposes. This effort certifies we are presenting accurate information and enables us to issue our unqualified opinion;
- Reconciliation of the sources and uses of funds from the bond documentation;
- Calculation and analysis of the yield on all investments, subject to the Regulations, for each computation period;
- Production of rebate reports, indicating the above stated information, and the issuance of the AMTEC Opinion;
- Recommendations for proactive rebate management;
- Commingled funds, transferred proceeds and yield restriction analyses, if necessary;
- Preparation of IRS Form 8038-T and any accompanying documentation, should a rebate payment be required;
- We will discuss the results of our Reports with you and your auditors and provide our continued support in the event of an IRS inquiry; and
- We guarantee the completeness and accuracy of our work.

The City agrees to furnish AMTEC with the required documentation necessary to fulfill its obligation under the scope of services. The City will make available staff knowledgeable about the bond transactions, investments and disbursements of bond proceeds.

The City agrees to pay AMTEC its fee after it has been satisfied that the scope of services, as outlined under the Proposal, has been fulfilled. AMTEC agrees that its fee is all-inclusive and that it will not

charge the City for any expenses connected with this engagement. The City has the option to terminate this Agreement within 30 days of notifying AMTEC of its intent.

The parties have executed this Agreement on _____, 2014.

Lexington-Fayette Urban County Government

Consultant: American Municipal Tax-Exempt
Compliance Corporation



By: _____
Cynthia Schuster
Senior Administrative Officer

By: _____
Raymond H. Bentley
President