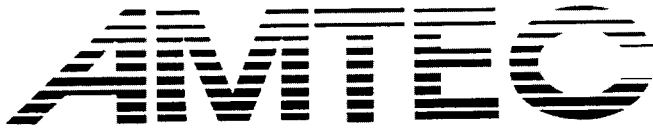


Contract #285-2014

**Arbitrage Rebate Computation  
Proposal For  
Lexington-Fayette  
Urban County Government  
Sewer System Bonds**





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TAX-EXEMPT COMPLIANCE

September 19, 2014

Mr. Jim Gray  
Mayor  
City of Lexington  
Government Center  
200 E. Main Street, 10<sup>th</sup> Floor  
Lexington, KY 40507

Re: Arbitrage Rebate Computation Proposal for Lexington-Fayette Urban County Government:  
\$35,960,000 Taxable Sewer System Revenue Bonds, Series 2009 (Build America Bonds –  
Direct Pay) & \$13,860,000 Sewer System Revenue Refunding Bonds, Series 2010A

Dear Mr. Gray:

Thank you for contacting our office and requesting a Proposal for the above referenced Lexington-Fayette Urban County Government (the “City”) Bond Issues (the “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 \$6,000 and provides service through the required reporting dates for both of the Bond Issues. 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**

**\$35,960,000 Taxable Sewer System Revenue Bonds, Series 2009 (Build America Bonds – Direct Pay) Delivered: October 22, 2009**

Report Date	Type of Report	Period Covered	Fee
October 22, 2014	Rebate and Opinion	Closing – October 22, 2014	\$3,000
<b>Total Fee</b>			<b>\$3,000</b>

## \$13,860,000 Sewer System Revenue Refunding Bonds, Series 2010A

Delivered: May 13, 2010

Report Date	Type of Report	Period Covered	Fee
October 3, 2014	Rebate and Opinion	Closing – September 30, 2014	\$2,400
May 13, 2015	Rebate and Opinion	Closing – May 13, 2015	600
<b>Total Fee</b>			<b>\$3,000</b>

**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.
5. Grant Thornton LLP Refunding Verification Report for the Series 2010A Bonds.

### **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 Dec. 9th, 2014.

Lexington-Fayette Urban County Government

Consultant: American Municipal Tax-Exempt  
Compliance Corporation

By: Jim Gray  
Jim Gray  
Mayor

By: Heather E. Place  
Heather E. Place  
Assistant Vice President