

October 12, 2015

Purchasing Director
Lexington-Fayette Urban County Government
Room 338, Government Center
200 East Main Street
Lexington, KY 40507

Re: Lexington-Fayette Urban County Government Request for Proposals
Legal Services: Historic Fayette County Courthouse Rehabilitation Project
RFP#31-2015 (the "Project")

Dear Sirs and Madams:

On behalf of Reed Weitkamp Schell & Vice PLLC ("RWS&V") and Frost Brown Todd LLC ("FBT") (collectively, the "Firms"), we are pleased to submit this engagement letter on behalf of the Firms following our joint selection in the above-referenced RFP to provide legal services for the Historic Fayette County Courthouse adaptive reuse and historic rehabilitation project. The purpose of this letter is to outline the scope of our engagement in the above-referenced matter and explain generally how the legal fees will be determined for this engagement.

Based upon the RFP, the Firms' representation will be include reviewing and analyzing the federal and Kentucky historic tax credit requirements of the Project, analyzing debt and equity financing, assisting in negotiating the loan and partnership documents with lenders and investors, reviewing the real estate title for the project, preparing the necessary real estate and title insurance documents, and closing the loan, partnership and real estate transactions. The Firms will assume lead responsibility for these tasks as indicated in Exhibit A attached hereto and incorporated herein by reference.

Legal fees are based upon a number of factors, including the actual time expended from start to finish, the novelty and difficulty of the legal issues involved, the skills requisite to perform the legal services properly, and the time limitations imposed by the circumstances. For this engagement, we have assumed that the transaction will close within a ninety day period, and, in accordance with industry practice, the Firms will be reviewing and negotiating loan documents prepared by counsel for the lender(s) who are experienced in tax credit lending and an agreement of limited partnership prepared by counsel for the equity investor who are experienced in tax credit equity financing, and that the Firms will not be required to render legal or tax opinions. We have also assumed that RWS&V will be serving as title agent for issuance of the owner's and lender's title policies at the title company's standard published rates. Based upon these assumptions, the Firms' combined legal fees will be based on the hourly billing rates included in each Firm's response to the RFP, but not to exceed a total of \$60,000.. If the actual work is less

than this amount, then the lesser amount will be billed. We are willing to commit that the fee will not exceed this amount, subject to the following:

a. After the work begins, if there are material changes in the structure of the transaction, the fee may be higher;

b. If presently unforeseen business problems and/or legal issues are encountered that are not specified in Exhibit A, the fee may be higher.

At this time, neither the construction lender or the equity investor have been identified and, accordingly, their specific requirements for due diligence and closing are not known. If at anytime during the course of the work it becomes evident to either of the Firms that the fees in connection with the work will exceed the committed amount as a result of these factors, we will notify you of the same.

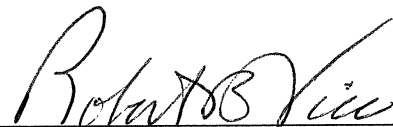
In addition to the fees described above, each of the Firms will charge for its out of pocket expenses incurred in connection with the foregoing. These expenses may include filing fees, recording fees, search fees, conference calls, mileage, overnight delivery, photocopy, and other miscellaneous expenses customarily associated with a transaction of this nature. This engagement is also subject to the policies of the Firms described in the attached Exhibit B.

A detailed statement covering the services will be presented by RWS&V on behalf of both Firms periodically during the engagement and at the closing. Time incurred on the closing date forward, together with the balance of expenses, will be billed within approximately 30 days or so thereafter.


Thank you for selecting our Firms to provide the legal services for this Project, and we look forward to working with you. Of course, please contact the undersigned if you have any questions, need any additional information, or wish to discuss this further.

Sincerely,

REED WEITKAMP SCHELL & VICE PLLC,
a Kentucky professional limited liability company

By: 
Robert B. Vice

FROST BROWN TODD LLC,
a limited liability company

By: 

Amy Curry

Agreed to:

LEXINGTON-FAYETTE URBAN COUNTY GOVERNMENT

By: _____

Title: _____

Attachments:

Exhibit A – Lead Responsibility for Tasks

Exhibit B – Additional Terms and Conditions for Client Engagements

EXHIBIT A

<u>Lead Responsibility</u>	<u>Tasks</u>
RWS&V	A. Prepare and/or review documents for the initial organization of the limited liability company/limited partnership (the “Historic Tax Credit Partnership”);
FBT	B. Prepare and/or review documents for the organization of the managing member/general partner of the Historic Tax Credit Partnership;
RWS&V	C. Create and/or review operating agreement;
RWS&V	D. Prepare necessary Certificate of Existence;
RWS&V/FBT	E. Review, analyze and assist with negotiations for the Federal Historic Rehabilitation Tax Credit financing requirements for the project with prospective lenders and investors;
RWS&V	F. Review and analyze the state historic tax credit requirements for the project and its tax implications on the partnership. Assist in determining transfer requirements if necessary;
FBT	G.-1 Prepare all Real Estate Documents necessary for leases
RWS&V	G.-2 Prepare all Real Estate Documents necessary for title commitment and exceptions;
FBT	H. Prepare and/or review the master lease for the Historic Fayette County Courthouse;
RWS&V	I. Review and assist with negotiations for the amended and restated operating agreement/limited partnership agreement of the Historic Tax Credit Partnership that will admit the historic tax credit investor member/limited partner;
FBT	J. Prepare and/or review loan documents for the loan(s) from the LFUCG to the Historic Tax Credit Partnership;
RWS&V/FBT	K. Coordinate document execution, recording and disbursements at the closing, including title down dates;
FBT/RWS&V	L. Close all equity and loan transactions for the Historic Tax Credit Partnership.

EXHIBIT B

ADDITIONAL TERMS AND CONDITIONS OF CLIENT ENGAGEMENTS

1. Consent to Future Conflicts. You are aware that our firm is a relatively large law firm and represents many other companies and individuals. Some may be direct competitors of yours or otherwise may have business or legal interests that are contrary to your interests. It is therefore possible that during the time we are working for you, an existing or future client may seek our assistance in connection with a transaction, pending or potential litigation, or another matter or proceeding in which such a client's interests are, or potentially may become, adverse to your interests. This can create situations where work for one client on a matter might preclude us from assisting other clients on unrelated matters. To avoid the potential for this kind of restriction on our practice, we ask you to agree, and you hereby do agree, that the firm may continue to represent, or may undertake in the future to represent, any existing or future client in any matter (including but not limited to transactions, litigation or other dispute resolution proceedings), even if the interests of that client in the other matter are directly adverse to the interests of the Client, as long as that other matter is not substantially related to this or our firm's other engagements on behalf of the Client. We do not, however, intend for you to waive your right to have our firm maintain the confidentiality of client information obtained by us in the course of representing you. Thus, if our representation of another client in a matter is directly adverse to you, our lawyers who have had significant involvement in our work for you will not work on the matter for such other client, and appropriate measures will be taken to assure that proprietary or other confidential information of a non-public nature concerning you which we acquire as a result of representing you will not be made available to lawyers or others in our firm involved in such matter. You are hereby advised, and have had the opportunity, to consult with other counsel about this prospective waiver. You also understand and acknowledge that, in the course of our representation of other clients pursuant to this prospective waiver, we may obtain confidential information of interest to you that we cannot share with you.
2. Expenses. Expenses we incur on the engagement are charged to the Client's account. Expenses include such items as court costs, charges for computerized research services and hard copy document reproductions, long distance telephone, travel expenses, messenger service charges, overnight mail or delivery charges, extraordinary administrative support, filing fees, fees of court reporters and charges for depositions, fees for expert witnesses and other expenses we incur on your behalf. Our charges for these services reflect our actual out-of-pocket costs based on usage.
3. Monthly Statements. Unless a different billing period is agreed upon with the Client, the Firm will render monthly statements indicating the current status of the account as to both fees and expenses. The statements shall be payable upon receipt. If statements are not paid in full within 30 days, we reserve the right to add a late charge of 1% per month of the amount due. If it becomes necessary for the Firm to file suit or to engage a collection agency for the collection of fees or expenses, the Client shall pay all related costs and expenses, including reasonable attorneys' fees.

4. Advance Payments. Any advance payment to be paid by the Client will normally be less than the Firm's ultimate fees and expenses. Such a payment or series of payments is not intended as a limitation upon the Firm's fees and expenses. The Firm may apply the advance payment toward any unpaid fees and expenses, in which event the Client shall make an additional deposit to restore the advance payment to its original level. Additional advance payments must be made within fifteen days of the date the request is made. Any unexpended balance of advance payments will be refunded to the Client, without interest, at the end of this engagement.
5. Litigation Matters. If this engagement involves litigation, the Client may be required to pay the opposing party's trial costs. Such costs include filing fees, witness fees, and fees for depositions and documents used at trial. We will not settle litigated matters without the Client's express consent. We require the Client's active participation in all phases of the case.
6. Insurance Coverage. Unless we have been explicitly retained to address insurance coverage issues (as documented in this engagement letter), we have no responsibility or obligation to (a) identify any potentially applicable insurance coverage, (b) provide notice to any carrier, or (c) advise the Client on issues relating to insurance coverage at any point during our representation.
7. Termination. The Client has the right to terminate our representation at any time by notifying us of your intention to do so in writing. We will have the same right, subject to an obligation to give the Client reasonable notice to arrange alternative representation. In the event that either party should elect to terminate our relationship, our fees and expenses incurred up to that point still will be due to us. Upon payment to us of any balance due for fees and expenses, we will return to the Client, or to whomever the Client directs, any property or papers of the Client in our possession.
8. Withdrawal. Under the rules of professional conduct by which we are governed, we may withdraw from our representation of the Client in the event of, for example: nonpayment of our fees and expenses; misrepresentation or failure to disclose material facts concerning the engagement; action taken by the Client contrary to our advice; and in situations involving a conflict of interest with another client. If such a situation occurs, which we do not expect, we will promptly give the Client written notice of our intention to withdraw.
9. Post-Engagement Services. The Client is engaging our Firm to provide legal services in connection with a specific matter. After completion of that matter, changes may occur in the applicable laws or regulations that could have an impact on the Client's future rights and liabilities. Unless the Client engages us after completion of the matter to provide additional advice on issues arising from the matter, the Firm has no continuing obligation to advise the Client with respect to future legal developments.
10. Retention and Disposition of Documents. At the Client's request, its documents and property will be returned to the Client upon conclusion of our representation in the

matter described above, although the firm reserves the right to retain copies of any such documents as it deems appropriate. Our own files pertaining to the matter will be retained by the firm. These firm files include, for example, firm administrative records, time and expense reports, personnel and staffing materials, and credit and accounting records. All documents and property, including those belonging to the Client, that are retained by the firm will be transferred to the person responsible for administering our records retention program. For various reasons, including the minimization of unnecessary storage expenses, and consistent with professional conduct rules, we reserve the right to destroy or otherwise dispose of any such documents or other materials retained by us within a reasonable time after the termination of the engagement without further notice to the Client.

11. Parent/Subsidiary/Affiliate Relationships. The Client may be a subsidiary of a parent organization or may itself have subsidiary or affiliated organizations. The Client agrees that the Firm's representation of the Client in this matter does not give rise to an attorney-client relationship between the Firm and any parent, subsidiary or affiliate of the Client (any of them being referred to as "Affiliate"). The Firm, during the course of its representation of the Client, will not be given any confidential information regarding any of the Client's Affiliates. Accordingly, representation of the Client in this matter will not give rise to any conflict of interest in the event other clients of the Firm are adverse to any of the Client's Affiliates.
12. Consultation with Firm Counsel. From time to time, issues arise that raise questions as to our duties under the professional conduct rules that apply to lawyers. These might include conflict of interest issues, and could even include issues raised because of a dispute between us and a client over the handling of a matter. The firm has several in-house ethics counsel who assist the firm's lawyers in such matters. We believe that it is in our clients' interest, as well as the firm's interest, that in the event that issues arise during a representation about our duties and obligations as lawyers, we receive expert analysis of our obligations. Accordingly, as part of our agreement concerning our representation, the Client agrees that if we determine in our own discretion during the course of the representation that it is either necessary or appropriate to consult with our firm's counsel (either the firm's internal counsel or, if we choose, outside counsel), we have the Client's consent to do so and that our representation of the Client shall not, thereby, waive any attorney-client privilege that the firm may have to protect the confidentiality of our communications with our internal or outside counsel.
13. Authorization. By the Client's agreement to these terms of our representation, the Client authorizes us to take any and all action we deem advisable on the Client's behalf on this matter. We will, whenever possible, discuss with the Client in advance any significant actions we intend to take.