

PAYING AGENT AGREEMENT

THIS PAYING AGENT AGREEMENT dated as of September 1, 2014 is by and between the CITY OF COLORADO SPRINGS, COLORADO (the “City”), for and on behalf of Colorado Springs Utilities, an enterprise of the City and WELLS FARGO BANK, NATIONAL ASSOCIATION, in Denver, Colorado (the “Bank”).

WITNESSETH:

WHEREAS, by an ordinance of the City Council of the City finally adopted on August 26, 2014 (the “Bond Ordinance”), the City has authorized the issuance of its City of Colorado Springs, Colorado, Utilities System Improvement Revenue Bonds, Series 2014A-1 in the aggregate principal amount of \$_____ (the “Series 2014A-1 Bonds”) and its City of Colorado Springs, Colorado, Utilities System Improvement Revenue Bonds, Series 2014A-2 in the aggregate principal amount of \$_____ (the “Series 2014A-2 Bonds” and together with the Series 2014A-1 Bonds, the “Series 2014A Bonds”); and

WHEREAS, it is mutually desirable to the City and the Bank that the Bank, through its Corporate Trust Department, located in Denver, Colorado, act as Paying Agent (as defined in the Bond Ordinance) for the Series 2014A Bonds; and

WHEREAS, it is mutually desirable that this agreement (the “Agreement”) be entered into between the City and the Bank to provide for certain aspects of such Paying Agent services.

NOW, THEREFORE, the City and the Bank, in consideration of the mutual covenants herein contained, agree as follows:

1. The Bank hereby accepts all duties and responsibilities of the Paying Agent as provided in the Bond Ordinance. The Bank shall cause the Series 2014A Bonds to be honored in accordance with their terms, provided that the City causes to be made available to the Bank all funds necessary in order to so honor the Series 2014A Bonds. Nothing in this Agreement shall require the Bank to pay or disburse any funds in excess of the amount then on deposit in the “Principal and Interest Payment Account” provided for in Section 2 of this Agreement. Nothing in this Agreement shall require the City to pay or disburse any funds for payment of the Series 2014A Bonds or interest thereon except at the times and in the manner provided in the Bond Ordinance. In addition, the Bank hereby accepts the duties and

responsibilities pertaining to the authentication, registration, transfer, exchange and replacement of the Series 2014A Bonds, and the duties and responsibilities pertaining to calling the Series 2014A Bonds for prior redemption, all as provided in the Bond Ordinance.

2. Not less than three days prior to each payment date for the Series 2014A Bonds, funds for the payment of the Series 2014A Bonds and interest thereon are to be deposited by the City with the Bank in an account designated “Principal and Interest Payment Account.” The funds so deposited shall be held and applied by the Bank through its Corporate Trust Department solely for the payment of principal of and interest on the Series 2014A Bonds. From such funds, the Bank agrees to pay at the times and in the manner provided in the Bond Ordinance, the principal of and interest on the Series 2014A Bonds. In the event a payment date is not a business day, the Bank shall make the principal and/or interest payment on the following business day with the same effect as if it had been made on the date scheduled for such payment. The Bank shall not be required to invest or to pay interest on any funds of the City for any period during which such funds are held by the Bank awaiting the presentation of the Series 2014A Bonds for payment.

3. The City shall pay to the Bank fees in accordance with its then existing fee schedule. Attached to this Agreement as Exhibit A is the Bank’s current fee schedule. No new fee schedule shall become effective until 30 days after the Bank has given the City notice hereof.

4. Unless waived by the Bank and except as otherwise provided in the Bond Ordinance, the City agrees to provide the Bank with not less than 45 days notice of any prior redemption of the Series 2014A Bonds.

5. Upon request of the Bank, the City will provide the Bank with a supply of blank Series 2014A-1 Bonds and Series 2014A-2 Bonds for use in the transfer, exchange and replacement of the Series 2014A-1 Bonds and the Series 2014A-2 Bonds, respectively.

6. Any moneys held by the Bank for the owners of the Series 2014A Bonds remaining unclaimed for two years after principal and/or interest of the respective Series 2014A Bonds with respect to which such moneys have been set aside have become due and payable shall without further request by the City be paid to the City.

7. The Bank may resign at any time on 30 days’ prior written notice to the City. The City may remove the Bank upon 30 days’ prior written notice to the Bank. No resignation or removal of the Bank shall take effect until a successor has been appointed;

provided, that if no successor is appointed by the end of 90 days, the Bank may petition a court of competent jurisdiction to appoint a successor. If the Bank shall resign, or if the City shall remove the Bank, the City may, upon notice mailed to each owner, at the address last shown on the registration records, appoint a successor Paying Agent. Every such successor Paying Agent shall be a bank or trust company located in and in good standing in the United States and having a shareholders' equity (e.g., capital stock, surplus and undivided profits), however denominated, of not less than \$10,000,000.

8. Any corporation or national banking association into which the Bank may be merged or converted or with which it may be consolidated or any corporation or national banking association resulting from any merger, conversion or consolidation to which it shall be a party or any corporation or national banking association to which the Bank may sell or transfer all or substantially all of its corporate trust business, provided such corporation or national banking association shall be eligible to serve as Paying Agent under the Bond Ordinance, shall be the successor to the Paying Agent without the execution or filing of any paper or further act, anything herein to the contrary notwithstanding.

9. In the event of any conflict between the provisions of this Agreement and the provisions of the Bond Ordinance, the provisions of the Bond Ordinance shall control.

10. The Bank agrees that any payment made by the City pursuant to Section 2 of this Agreement shall be payable and collectible solely out of the Net Pledged Revenues (as defined in the Bond Ordinance) and that the Bank may not look to any general or other fund of the City for the payment of such amounts. The Bank agrees that any payment made by the City pursuant to Section 3 of this Agreement shall be payable and collectible solely out of the Gross Pledged Revenues (as defined in the Bond Ordinance) and that the Bank may not look to any general or other fund of the City for the payment of such amounts. The obligations of the City hereunder shall not constitute an indebtedness or a debt within the meaning of any constitutional or statutory provision or limitation and the City's obligations hereunder shall not be considered or held to be general obligations of the City but shall constitute its special obligations. None of the covenants or agreements contained herein, nor the breach thereof, shall ever impose or shall be construed as imposing any liability, obligation or charge against the City (except for Gross Pledged Revenues or Net Pledged Revenues, as applicable), or against its general credit, or as payable out of its general fund or out of any funds derived from taxation or out of any other

revenue source (except for Gross Pledged Revenues or Net Pledged Revenues, as applicable). The full faith and credit of the City is not pledged for the payment of the amounts due on the Bonds or under this Agreement.

IN WITNESS WHEREOF, the City and the Bank have caused this Agreement to be duly executed and delivered as of the day and year first above written. Signature of this Agreement by the Mayor is undertaken by him in his capacity as head of the City government and as a ministerial function pursuant to Section 4-10 of the Charter of the City.

CITY OF COLORADO SPRINGS, COLORADO,
a Colorado political subdivision, for and on behalf
of Colorado Springs Utilities, an enterprise of the
City

By _____
Mayor

By _____
Utilities Chief Executive Officer

By _____
Chair, Board of Directors for Utilities

(SEAL)

Attest:

City Clerk

Approved as to form:

By _____
City Attorney/Chief Legal Officer

WELLS FARGO BANK, NATIONAL
ASSOCIATION

By _____
Authorized Officer

EXHIBIT A

(Attach Paying Agent's Fee Schedule)

Corporate Trust Services

Schedule of fees to provide registrar and paying agent services

**WELLS
FARGO**

Colorado Springs Utilities Series 2014A Improvement Bonds

Acceptance fee	\$500.00
A one-time fee for acting in the capacity of paying agent/registrar. This includes review of the paying agent/registrar agreement and other required documents; acceptance of the appointment; establishment of the registrar records and account records; authentication and delivery of bonds and coordination of closing. The acceptance fee is payable at the time of paying agent/registrar agreement execution.	
Paying agent annual administration fee (per series)	\$750.00
Annual fee for ordinary administration services provided by the paying agent/registrar. This includes daily routine account management; maintenance of registered bondholder accounts; responding to bondholder inquiries; and processing debt service payments. The annual administration fees are payable in advance, with the first installment due at closing.	
Dissemination annual agent fee (per series if needed)	\$500.00
Annual fee for the duties and responsibilities described in the continuing disclosure agreement, including receipt of financial statements and filing reports with the MSRB, using the EMMA system. This fee is payable annually in advance.	
Out-of-pocket expenses	At cost
Out-of-pocket expenses will be billed at cost at the sole discretion of Wells Fargo.	
Extraordinary services	Standard rate
The charges for performing services not contemplated at the time of execution of the governing documents or not specifically covered elsewhere in this schedule will be at Wells Fargo's rates for such services in effect at the time expense is incurred.	

Assumptions

This fee schedule is based upon the following assumptions which pertain to the responsibilities and risks involved in Wells Fargo undertaking the role of paying agent/registrar.

- Bond form: Book Entry/DTC
- Number of Series: (1) one
- Interest rate: Fixed
- Frequency of interest payments to holders: Semi annually
- Frequency of principal payments to holders: Not more than annually
- Number of funds/accounts: (1) one

Terms and conditions

- The recipient acknowledges and agrees that this proposal does not commit or bind Wells Fargo to enter into a contract or any other business arrangement, and that acceptance of the appointment described in this proposal is expressly conditioned on (1) compliance with the requirements of the USA Patriot Act of 2001, described below, (2) satisfactory completion of Wells Fargo's internal account acceptance procedures, (3) Wells Fargo's review of all applicable governing documents and



Corporate Trust Services

Schedule of fees to provide registrar and paying agent services

Colorado Springs Utilities Series 2014A Improvement Bonds

its confirmation that all terms and conditions pertaining to its role are satisfactory to it and (4) execution of the governing documents by all applicable parties.

- Should this transaction fail to close or if Wells Fargo determines not to participate in the transaction, any acceptance fee and any legal fees and expenses may be due and payable.
- Legal counsel fees and expenses, any acceptance fee and any first year annual administrative fee are payable at closing.
- Any annual fee covers a full year or any part thereof and will not be prorated or refunded in a year of early termination.
- Should any of the assumptions, duties or responsibilities of Wells Fargo change, Wells Fargo reserves the right to affirm, modify or rescind this proposal.
- The fees described in this proposal are fixed for 5 years and thereafter subject to periodic review and adjustment by Wells Fargo.
- Invoices outstanding for over 30 days are subject to a 1.5% per month late payment penalty.
- This fee proposal is good for 90 days.
- Wells Fargo is acting as an indenture trustee or in a similar capacity, and as such, Wells Fargo shall not provide advice with respect to the investment of the proceeds from municipal securities or municipal escrow transactions. Furthermore, in its capacity as indenture trustee, in the event Wells Fargo does provide any service that may be deemed as advice, it is doing so pursuant to and in reliance on the bank exemption under the municipal advisor rules of the Securities and Exchange Commission.

Important information about identifying our customers

To help the government fight the funding of terrorism and money laundering activities, Federal law requires all financial institutions to obtain, verify, and record information that identifies each person (individual, corporation, partnership, trust, estate or other entity recognized as a legal person) for whom we open an account.

What this means for you: Before we open an account, we will ask for your name, address, date of birth (for individuals), TIN/EIN or other information that will allow us to identify you or your company. For individuals, this could mean identifying documents such as a driver's license. For a corporation, partnership, trust, estate or other entity recognized as a legal person, this could mean identifying documents such as a Certificate of Formation from the issuing state agency.

Dated: July 22, 2014