

FIRST AMENDMENT TO THE FEE LETTER

This FIRST AMENDMENT TO THE FEE LETTER (this "*Amendment*") dated and effective as of September 18, 2014 (the "*Amendment Date*"), is between the CITY OF COLORADO SPRINGS, COLORADO (the "*Issuer*") and ROYAL BANK OF CANADA (together with its permitted successors and assigns, the "*Bank*"), acting through its branch located at 200 Vesey Street, New York, New York, 10281-8098 (the "*Branch*"). All capitalized terms herein and not defined herein shall have the meanings set forth in the hereinafter defined Agreement.

WITNESSETH

WHEREAS, the Issuer, Wells Fargo Bank, National Association, as Tender Agent under the Tender Agent Agreement (the "*Tender Agent*") and Paying Agent under the Paying Agent Agreement (the "*Paying Agent*"), and the Bank, acting through the Branch, have entered into a Standby Bond Purchase Agreement dated September 20, 2011 (the "*Original Agreement*"), as amended by a First Amendment to Standby Bond Purchase Agreement dated October 17, 2011 and as further amended by a Second Amendment to the Standby Bond Purchase Agreement dated September 18, 2014 (collectively, the "*Agreement*"), relating to the Issuer's Variable Rate Demand Utilities System Refunding Revenue Bonds, Series 2009C (the "*Bonds*"); and

WHEREAS, in connection with entering into the Original Agreement, the Issuer and the Bank entered into a Fee Letter dated September 20, 2011 (as amended, supplemented or modified from time to time, the "*Fee Letter*"); and

WHEREAS, the parties hereto wish to make certain amendments to the Fee Letter;

NOW, THEREFORE, in consideration of the premises, the parties hereto hereby agree as follows:

1. AMENDMENTS.

1.01. Paragraph (A) of the Fee Letter is hereby amended and restated in its entirety to read as follows:

(A) *Facility Fee.* (1) For the period commencing on September 18, 2014 (the “*Amendment Date*”), and at all times thereafter, the Issuer shall pay to the Bank an annual fee equal to the rate per annum as set forth in the pricing matrix below (the “*Facility Fee Rate*”), multiplied by the daily Available Commitment (the “*Facility Fee*”):

| LEVEL | RATING CATEGORY | | | FACILITY FEE RATE |
|-------|-----------------|---------------|--------------|-------------------|
| | FITCH | MOODY’S | S&P | |
| I | AA and above | Aa2 and above | AA and above | 0.35% |
| II | AA- | Aa3 | AA- | 0.55% |
| III | A+ | A1 | A+ | 0.75% |
| IV | A | A2 | A | 0.95% |
| V | A- | A3 | A- | 1.15% |
| VI | Below A- | Below A3 | Below A- | Event of Default |

(2) The Facility Fee Rate for any date will be determined by reference to the Rating Category assigned to the Bonds and any Parity Bonds for such date. A downgrade in the Rating Category assigned to the Bonds and any Parity Bonds (excluding any downgrade due to a reduction of the long-term credit rating relating to a bond insurer or other credit enhancer) will result in an increase in the Facility Fee Rate as indicated in the table above as of the date when the Rating Agencies have assigned such downgraded Rating Category or Categories to the Bonds and any unenhanced Parity Bonds at a specific level set forth above; *provided, however*, that if and when there is a split in the Rating Categories, then the Facility Fee Rate will be set at the level represented by the lowest of the three Rating Categories (*e.g.*, if, on any given day, Moody’s has assigned a Rating Category of “Aa3” (or its equivalent), Fitch has assigned a Rating Category of “AA-” (or its equivalent) and S&P has assigned a Rating Category of “A+” (or its equivalent), then the Facility Fee Rate will be set at the level associated with the “A+” level). The Facility Fee Rate will be reduced to the applicable percentages described in the foregoing provisions on such date as the Rating Agency in question has publicly announced the reinstatement of the Rating Category in question to that level which was applicable prior to such downgrade, or, as applicable, such suspension, withdrawal or Event of Default as described in (3) below.

(3) In addition to the foregoing, upon the occurrence of any Event of Default or in the event that any Rating Agency withdraws or suspends its rating of the Bonds or any Parity Bonds for any reason (other than the reduction of the long-term credit rating related to a bond insurer or other credit enhancer), then the Facility Fee Rate will increase automatically and immediately by 2.00% per annum above the Facility Fee Rate in effect immediately prior to such suspension or withdrawal or Event of Default, as applicable, and such increased Facility Fee Rate will remain in effect for so long as such withdrawal or suspension remains in effect or for so long as said Event of Default has not been cured or waived by the Bank, as applicable.

(4) The Facility Fee shall be payable quarterly in arrears, commencing on October 1, 2014, for the period from and including the Amendment Date through September 30, 2014, and continuing on the first Business Day of each January, April, July and October thereafter and on the last day of the Purchase Period and will be calculated on the basis of actual days elapsed and a 360-day year.

(5) References to Rating Categories above are references to Rating Categories as presently determined by the Rating Agencies and, in the event of adoption of any new or changed rating system by any of the Rating Agencies, the ratings referred to above will be deemed to refer to the Rating Category under the new rating system which most closely approximates the applicable Rating Category as currently in effect.

(6) The Bank's determination of the Facility Fee pursuant hereto will be conclusive absent manifest error.

(7) All increases in the Facility Fee Rate described in this paragraph (A) will be cumulative.

1.02. Paragraph (B) of the Fee Letter is hereby amended and restated in its entirety to read as follows:

(B) *Fees.* (i) On or before the Amendment Date, the Issuer shall pay the fees and expenses of United States counsel and Canadian counsel to the Bank, in an amount not to exceed \$10,000 plus disbursements incurred in connection with the preparation, execution, and delivery of the First Amendment to Fee Letter (the "*Amendment*") dated as of September 18, 2014 between the Issuer and the Bank and the Second Amendment to the Standby Bond Purchase Agreement dated September 18, 2014, among the Issuer, the Tender Agent and Paying Agent and the Bank.

(ii) The Issuer shall also be liable and shall pay to the Bank upon demand all reasonable fees, costs and expenses (including, without limitation, attorney's fees, costs and expenses for the Bank's counsel) incurred in connection with the enforcement of, or in connection with any workout, restructuring or default under this Agreement, or with respect to any amendment, waiver, modification or extension of this Agreement, the Bonds or the other Related Documents (as such amendment, waiver, modification or extension of the other Related Documents relates to the Bank, this Agreement or the Bonds).

1.03. Paragraph (E) of the Fee Letter is hereby amended and restated in its entirety to read as follows:

(E) *Termination Fee.* In the event the Agreement is terminated or the Available Commitment is permanently reduced for any reason within one year following the Amendment Date, the Issuer agrees to pay the Bank on such termination date or reduction date, as applicable, in addition to all other obligations of the Issuer that may be due and payable at such time, a termination fee (“*Termination Fee*”) equal to the Facility Fee which would have been payable to the Bank from (and including) such termination date or reduction date through and including the first anniversary of the Amendment Date, calculated at the time of such termination or reduction on the basis of (i) the Facility Fee Rate in effect pursuant to Paragraph (A) hereof on the date of termination or reduction multiplied by (ii) the then applicable Available Commitment of the Bank multiplied by (iii) a fraction, the numerator of which is the number of days from and including the date of such termination or reduction to and including the date that is one year after the Amendment Date, and the denominator of which is 360. In connection with any termination or reduction, the Issuer shall provide the Bank and the Tender Agent with thirty (30) days’ prior written notice thereof and shall cause all obligations including, without limitation, all principal and interest evidenced by Bank Bonds and all amounts payable under the Agreement, to be paid to the Bank at or prior to the time of termination or reduction. No termination of the Agreement or reduction of Available Commitment in full will become effective unless all amounts payable by the Issuer to the Bank pursuant to this Paragraph (E) have been paid in full.

2. CONDITIONS PRECEDENT.

This Amendment will become effective on the Amendment Date subject to the satisfaction of or waiver by the Bank of all of the following conditions precedent:

2.01. Delivery by the Issuer of an executed counterpart of this Amendment and delivery by the Issuer and the Tender Agent and Paying Agent of an executed counterpart of the Second Amendment to Standby Bond Purchase Agreement dated the date hereof.

2.02. The following statements will be true and correct as of the date hereof:

(a) the representations and warranties of the Issuer contained in the Fee Letter, as amended hereby, and each of the Related Documents are true and correct on and as of the date hereof as though made on and as of such date (except to the extent the same expressly relate to an earlier date); and

(b) no Default or Event of Default has occurred and is continuing or would result from the execution of this Amendment.

2.03. Payment on the Amendment Date of the reasonable legal fees of special United States counsel to the Bank.

2.04. All other legal matters pertaining to the execution and delivery of this Amendment will be reasonably satisfactory to the Bank and its counsel.

3. REPRESENTATIONS AND WARRANTIES OF THE ISSUER.

On the date hereof, the Issuer hereby represents and warrants (i) that the representations and warranties set forth in Article V of the Agreement, as amended, are and will be and remain true and correct (except to the extent the same expressly relate to an earlier date in which case they were true and correct on and as of such earlier date), (ii) that no Default or Event of Default has occurred and is continuing or will result from the execution of this Amendment and (iii) as follows:

3.01. The execution, delivery and performance by the Issuer of this Amendment and the Fee Letter, as amended hereby, are within its powers, have been duly authorized by all necessary action and do not contravene any law, rule or regulation, any judgment, order or decree or any contractual restriction binding on or affecting the Issuer.

3.02. No authorization, approval or other action by, and no notice to or filing with, any governmental authority or regulatory body is required for the due execution, delivery and performance by the Issuer of this Amendment or the Fee Letter, as amended hereby.

3.03. This Amendment and the Fee Letter, as amended hereby, constitute legal, valid and binding obligations of the Issuer enforceable against the Issuer in accordance with their respective terms, except that (i) the enforcement thereof may be limited by principles of sovereign immunity and equitable principles and by bankruptcy, reorganization, insolvency, liquidation, moratorium and other laws relating to or affecting the enforcement of creditors' rights and remedies generally, as the same may be applied in the event of the bankruptcy, reorganization, insolvency, liquidation or similar situation of the Issuer, and (ii) no representation or warranty is expressed as to the availability of equitable remedies.

4. MISCELLANEOUS.

Except as specifically amended hereby, the Fee Letter will continue in full force and effect in accordance with its terms. Reference to this Amendment need not be made in any note, document, agreement, letter, certificate, the Fee Letter or any communication issued or made subsequent to or with respect to the Fee Letter, it being hereby agreed that any reference to the Fee Letter will be sufficient to refer to, and will mean and be a reference to, the Fee Letter, as amended hereby. In case any one or more of the provisions contained herein is invalid, illegal or unenforceable in any respect, the validity, legality and enforceability of the remaining provisions contained herein will not in any way be affected or impaired thereby. THIS AMENDMENT SHALL

BE GOVERNED BY, AND CONSTRUED AND INTERPRETED IN ACCORDANCE WITH, THE LAW OF THE STATE OF COLORADO.

This Amendment may be executed in several counterparts, each of which will be an original and all of which will constitute but one and the same instrument. This Amendment may be delivered by the exchange of signed signature pages by facsimile transmission or by e-mail with a pdf copy or other replicating image attached, and any printed or copied version of any signature page so delivered will have the same force and effect as an originally signed version of such signature page.

[SIGNATURE PAGE TO FOLLOW]

IN WITNESS WHEREOF, the parties hereto have caused this First Amendment to the Fee Letter to be duly executed and delivered by their respective representatives thereunto duly authorized as of the Amendment Date. Signature of this First Amendment by the Mayor is undertaken by him in his capacity as the head of the City government and as a ministerial function pursuant to Section 4-10 of the City Charter.

CITY OF COLORADO SPRINGS, COLORADO

By: _____
Name: Steve Bach
Title: Mayor

Utilities Chief Executive Officer

Chair, Board of Directors for Utilities

(SEAL)

ATTEST:

By: _____
City Clerk

APPROVED AS TO FORM

By: _____
City Attorney

ROYAL BANK OF CANADA

By: _____

Name: Bhanu Patil

Title: Authorized Signatory