

**CITY OF THE DALLES, OREGON  
RATE COVENANT - WASTEWATER REVENUE BOND - 2003**

Fiscal Year	Gross Revenues (1)	Costs of Maintenance & Operation (2)	Net Revenue Available for Debt Service	Annual Debt Service (3)			Coverage Ratio	Monthly Water Rates (4)	
				Principal	Interest	Total		In City	Out of City
2004	\$ 2,380,171	\$ 1,748,633	\$ 631,538	\$ 215,000	\$ 233,787	\$ 448,787	1.41	\$ 22.05	\$ 37.45
2005	2,740,572	1,893,835	846,737	305,000	250,740	555,740	1.52	24.95	42.40
2006	3,111,896	2,006,485	1,105,411	310,000	244,640	554,640	1.99	27.20	46.25
2007	3,547,245	2,243,533	1,303,712	315,000	238,440	553,440	2.36	29.65	50.40
2008	3,894,968	2,339,068	1,555,901	325,000	230,565	555,565	2.80	32.30	54.95
2009								35.20	59.85
2010								38.40	65.25
2011								41.85	71.15
2012								41.85	71.15
2013								41.85	71.15

Notes:

(1) Under Resolution No. 03-013, authorizing the issuance and sale of wastewater revenue bonds, series 2003, to reconstruct the City's wastewater system, "Gross Revenues shall mean all fees charges, earnings, revenues and moneys received by the City from or on account of the operation of the Wastewater System, including system development charges and the income from investments of money in the Debt Service Account and the Reserve Subaccount or from any other investment thereof, but excluding assessment payments and collections on behalf of other governments pursuant to intergovernmental agreements. Gross Revenues also shall include any state or public corporation reimbursements of operating expenses to the extent such expenses are included as Costs of Maintenance and Operation of the Wastewater System and withdrawals from the Rate Stabilization Account within ninety days after the end of the City's fiscal year as provided in Section 14 hereof." However, for the purposes of the calculations above, system development charges and any transfers from the Rate Stabilization account have been excluded, per Section 15: Bond Covenants B.(2).

(2) Under Resolution No. 03-013, "Costs of Maintenance and Operation shall mean all expenses incurred for the operation, maintenance and repair of the Wastewater System, including but not limited to administrative expenses, financial and auditing expenses, insurance premiums (to the extent monies are not available from proceeds of insurance), taxes, franchise fees, legal and engineering expenses relating to operation and maintenance, payments and reserves for pension, retirement, health, hospitalization, and sick leave benefits, and any other similar expenses to be paid to the extent properly and directly attributable to operations of the Wastewater System. Costs of Maintenance and Operation do not include any rebates or penalties from Gross Revenues under Section 148 of the Code, payments for the settlement of litigation and payments to any liability reserve fund, depreciation and amortization of property, values or losses, and all amounts treated for accounting purposes as payments for capital expenditures, debt service payments (including amounts treated for accounting purposes as debt service payments), or capital transfers and capital outlays including without limitation transfers to capital construction accounts."

(3) Annual debt service on revenue bonds issued pursuant to Resolution No. 03-013.

(4) Resolution No. 02-029, set Sewer Rates with annual increases through FY12/13. Sewer Rates are based on 'one residential dwelling' unit and whether the account is within or outside the City Limits. Commercial rates are based on one 'unit' per listed criteria, such as number of employees, seating capacity, etc.