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September 29, 2010

It's all about experience.

Board of Directors
Damon Run Conservancy District
Post Office Box 472
Valparaiso, Indiana 46384

RE: Updated Analysis of the District's Financial Plan

Dear Board Members:

Pursuant to discussions on August 24, 2010, we have revisited the District's financial plan and have updated it. We worked with District management and the District's attorney in formulating the assumptions used in the updated plan. Please refer to pages 9 through 12 for a detailed description of the assumptions. One important assumption to note is issuance of long-term debt in two series that will occur this fall to pay off the District's outstanding BANs. A description of the debt issues is found on page 10.

If there are any questions regarding the enclosed, please let us know.

Very truly yours,

UMBAUGH

Eric J. Walsh

EJW/jf

Enclosure: Report Dated September 29, 2010



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September 29, 2010

Board of Directors
Damon Run Conservancy District
Post Office Box 472
Valparaiso, Indiana 46384

RE: Damon Run Conservancy District – 2011 Financial Plan

The attached schedules (listed below) present unaudited and limited financial information for the purpose of discussion and consideration by appropriate officers and officials of the Damon Run Conservancy District. The use of these schedules should be restricted to this purpose as the information is subject to future revision and further reports.

Page 2	Schedule of Amortization of \$6,500,000 Principal Amount of Bond Anticipation Notes of 2005
Page 3	Schedule of Amortization of \$4,000,000 Principal Amount of Bond Anticipation Notes of 2006
Page 4	Schedule of Amortization of \$1,500,000 Principal Amount of Bond Anticipation Notes of 2006, Series A
Page 5	Summary of Estimated Sources and Uses of Funds
Page 6	Schedule of Amortization of \$12,000,000 Principal Amount of Proposed Conservancy District Bonds of 2010, Series A
Page 7	Schedule of Amortization of \$800,000 Principal Amount of Proposed Conservancy District Bonds of 2010, Series B
Page 8	Schedule of Combined Debt Service
Pages 9 – 12	Schedule of Financial Plan Assumptions
Pages 13 – 14	Estimated Cash Flows for the Debt Service Fund
Pages 15 – 16	Estimated Cash Flows from Water and Sewer Operations
Page 17	Schedule of Estimated Debt Service Tax Rates
SUPPLEMENTAL DATA	
Pages 18 – 24	Schedule of Estimated Monthly Equivalent Units
Pages 25 – 31	Summary of Estimated Growth in NAV

We would appreciate your questions or comments on this information, and would provide additional information upon request.

**DAMON RUN CONSERVANCY DISTRICT
Porter County, Indiana**

**SCHEDULE OF AMORTIZATION OF \$6,500,000 PRINCIPAL
AMOUNT OF BOND ANTICIPATION NOTES OF 2005**

Principal Payable, December 30, 2010

Interest Payable Semiannually, January 1st and July 1st

Interest Rate as Indicated

Dated Date: December 30, 2005

<u>Date</u>	<u>Principal Balance</u> (In Thousands)	<u>Debt Service</u>			<u>Bond Year Total</u>
		<u>Principal</u>	<u>%</u>	<u>Interest</u>	
12/30/2010	\$ 6,500	\$ 6,500	5.25%	\$ 173,468.75	\$ 6,673,468.75
Totals		<u>\$ 6,500</u>		<u>\$ 173,468.75</u>	<u>\$ 6,673,468.75</u>

Interest due assuming payoff on October 1, 2010:

<u>Date</u>	<u>Principal Balance</u> (In Thousands)	<u>Debt Service</u>			<u>Bond Year Total</u>
		<u>Principal</u>	<u>%</u>	<u>Interest</u>	
10/25/2010	\$ 6,500	\$ 6,500	5.25%	\$ 111,854.17	\$ 6,611,854.17
Totals		<u>\$ 6,500</u>		<u>\$ 111,854.17</u>	<u>\$ 6,611,854.17</u>

Note: The 7/1/2010 payment was made prior to 6/30/10.

Note: Interest calculation is based on 360 / Actual.

(Subject to the attached letter dated September 29, 2010)
(Preliminary - Subject to Change)
(Internal Use Only)

DAMON RUN CONSERVANCY DISTRICT
Porter County, Indiana

SCHEDULE OF AMORTIZATION OF \$4,000,000 PRINCIPAL
AMOUNT OF BOND ANTICIPATION NOTES OF 2006

Principal Payable, February 10, 2011
Interest Payable Semiannually, January 1st and July 1st
Interest Rate as Indicated
Dated Date: February 10, 2006

<u>Date</u>	<u>Principal Balance</u> (In Thousands)	<u>Debt Service</u>			<u>Bond Year Total</u>
		<u>Principal</u>	<u>%</u>	<u>Interest</u>	
7/1/2010	\$ 4,000			\$ 103,572.22	\$ 103,572.22
1/1/2011	4,000			105,288.89	105,288.89
2/10/2011	4,000	\$ 4,000	5.15%	23,461.11	4,023,461.11
Totals		<u>\$ 4,000</u>		<u>\$ 232,322.22</u>	<u>\$ 4,232,322.22</u>

Interest due assuming payoff on October 1, 2010:

<u>Date</u>	<u>Principal Balance</u> (In Thousands)	<u>Debt Service</u>			<u>Bond Year Total</u>
		<u>Principal</u>	<u>%</u>	<u>Interest</u>	
7/1/2010	\$ 4,000			\$ 103,572.22	\$ 103,572.22
10/25/2010	4,000	\$ 4,000	5.15%	67,522.22	4,067,522.22
Totals		<u>\$ 4,000</u>		<u>\$ 171,094.44</u>	<u>\$ 4,171,094.44</u>

Note: Interest calculation is based on 360 / Actual.

(Subject to the attached letter dated September 29, 2010)
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DAMON RUN CONSERVANCY DISTRICT
Porter County, Indiana

SCHEDULE OF AMORTIZATION OF \$1,500,000 PRINCIPAL
AMOUNT OF BOND ANTICIPATION NOTES OF 2006, SERIES A

Principal Payable, December 28, 2011

Interest Payable Semiannually, January 1st and July 1st

Interest Rate as Indicated

Dated Date: December 28, 2006

<u>Date</u>	<u>Principal Balance</u> (In Thousands)	<u>Debt Service</u>			<u>Total</u>	<u>Bond Year Total</u>
		<u>Principal</u>	<u>%</u>	<u>Interest</u>		
7/1/2010	\$ 1,500			\$ 38,839.58	\$ 38,839.58	
1/1/2011	1,500			39,483.33	39,483.33	\$ 78,322.91
7/1/2011	1,500			38,839.58	38,839.58	
12/28/2011	1,500	\$ 1,500	5.15%	38,839.58	1,538,839.58	1,577,679.16
Totals		<u>\$ 1,500</u>		<u>\$ 156,002.07</u>	<u>\$ 1,656,002.07</u>	<u>\$ 1,656,002.07</u>

Interest due assuming payoff on October 1, 2010:

<u>Date</u>	<u>Principal Balance</u> (In Thousands)	<u>Debt Service</u>			<u>Total</u>	<u>Bond Year Total</u>
		<u>Principal</u>	<u>%</u>	<u>Interest</u>		
7/1/2010	\$ 1,500			\$ 38,839.58	\$ 38,839.58	
10/25/2010	1,500	\$ 1,500	5.15%	25,320.83	1,525,320.83	\$ 1,564,160.41
Totals		<u>\$ 1,500</u>		<u>\$ 64,160.41</u>	<u>\$ 1,564,160.41</u>	<u>\$ 1,564,160.41</u>

Note: Interest calculation is based on 360 / Actual.

(Subject to the attached letter dated September 29, 2010)
(Preliminary - Subject to Change)
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DAMON RUN CONSERVANCY DISTRICT
Porter County, Indiana

SUMMARY OF ESTIMATED SOURCES AND USES OF FUNDS

	Series A	Series B	Totals
Estimated Uses of Funds:			
Asset Purchase:			
Bond Anticipation Note of 2005*	\$ 6,611,854		\$ 6,611,854
Bond Anticipation Note of 2006*	4,067,522		4,067,522
Bond Anticipation Note of 2006, Series A*	1,525,321		1,525,321
Payment to purchase Olympia assets	223,172		223,172
District Expansion Costs:			
Portage capacity purchase (Allocation fees)		\$ 169,089	169,089
Engineering		161,692	161,692
Pipe relocation		39,951	39,951
Legal		19,038	19,038
Accounting		13,187	13,187
Cost of Issuance:			
Bond counsel	5,000	25,000	30,000
Local legal	5,000	20,000	25,000
Financial advisory	5,000	37,000	42,000
Printing, rating and miscellaneous	20,000	7,043	27,043
Underwriter's Discount - 1.0%	120,000	8,000	128,000
Capitalized Interest		300,000	300,000
Total estimated uses of funds	\$ 12,582,869	\$ 800,000	\$ 13,382,869
 Estimated Sources of Funds:			
Proposed Conservancy District Bonds of 2010	\$ 12,000,000	\$ 800,000	\$ 12,800,000
Bond premium	378,172	-	378,172
Funds on hand	204,697	-	204,697
Total estimated sources of funds	\$ 12,582,869	\$ 800,000	\$ 13,382,869

* Includes accrued interest through October 25, 2010.

(Subject to the attached letter dated September 29, 2010)
(Preliminary - Subject to Change)
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DAMON RUN CONSERVANCY DISTRICT
Porter County, Indiana

SCHEDULE OF AMORTIZATION OF \$12,000,000 PRINCIPAL
AMOUNT OF PROPOSED CONSERVANCY DISTRICT BONDS OF 2010, SERIES A

Principal Payable Semiannually, January 1st and July 1st
Interest Payable Semiannually, January 1st and July 1st
Assumed Interest Rates Based on Baa Interest Rates on 9/22/2010 (plus 50 basis points and premium)
Assumed Issuance Date - October 25, 2010
(Unaudited)

Date	Principal		Debt Service			Bond Year Total
	Balance	Principal	%	Interest	Total	
	(---In Thousands---)					
7/1/2011	\$ 12,000	\$ 5	3.095	\$ 432,920.71	\$ 437,920.71	
1/1/2012	11,995	5	3.345	316,693.96	321,693.96	\$ 759,614.67
7/1/2012	11,990	5	3.345	316,610.33	321,610.33	
1/1/2013	11,985	110	3.545	316,526.70	426,526.70	748,137.03
7/1/2013	11,875	220	3.545	314,576.95	534,576.95	
1/1/2014	11,655	225	3.745	310,677.45	535,677.45	1,070,254.40
7/1/2014	11,430	230	3.745	306,464.32	536,464.32	
1/1/2015	11,200	235	4.095	302,157.57	537,157.57	1,073,621.89
7/1/2015	10,965	235	4.095	297,345.94	532,345.94	
1/1/2016	10,730	240	4.345	292,534.31	532,534.31	1,064,880.25
7/1/2016	10,490	245	4.345	287,320.31	532,320.31	
1/1/2017	10,245	255	4.645	281,997.68	536,997.68	1,069,317.99
7/1/2017	9,990	260	4.645	276,075.30	536,075.30	
1/1/2018	9,730	265	4.895	270,036.80	535,036.80	1,071,112.10
7/1/2018	9,465	270	4.895	263,550.92	533,550.92	
1/1/2019	9,195	280	5.045	256,942.67	536,942.67	1,070,493.59
7/1/2019	8,915	285	5.045	249,879.67	534,879.67	
1/1/2020	8,630	290	5.245	242,690.54	532,690.54	1,067,570.21
7/1/2020	8,340	300	5.245	235,085.29	535,085.29	
1/1/2021	8,040	305	5.395	227,217.79	532,217.79	1,067,303.08
7/1/2021	7,735	315	5.395	218,990.41	533,990.41	
1/1/2022	7,420	325	5.445	210,493.28	535,493.28	1,069,483.69
7/1/2022	7,095	330	5.445	201,645.15	531,645.15	
1/1/2023	6,765	340	5.495	192,660.90	532,660.90	1,064,306.05
7/1/2023	6,425	350	5.495	183,319.40	533,319.40	
1/1/2024	6,075	360	5.595	173,703.15	533,703.15	1,067,022.55
7/1/2024	5,715	370	5.595	163,632.15	533,632.15	
1/1/2025	5,345	380	5.645	153,281.40	533,281.40	1,066,913.55
7/1/2025	4,965	390	5.645	142,555.90	532,555.90	
1/1/2026	4,575	400	5.645	131,548.15	531,548.15	1,064,104.05
7/1/2026	4,175	415	5.645	120,258.15	535,258.15	
1/1/2027	3,760	425	5.695	108,544.77	533,544.77	1,068,802.92
7/1/2027	3,335	435	5.695	96,442.89	531,442.89	
1/1/2028	2,900	450	5.745	84,056.26	534,056.26	1,065,499.15
7/1/2028	2,450	460	5.745	71,130.01	531,130.01	
1/1/2029	1,990	475	5.795	57,916.51	532,916.51	1,064,046.52
7/1/2029	1,515	490	5.795	44,153.38	534,153.38	
1/1/2030	1,025	505	5.845	29,955.63	534,955.63	1,069,109.01
7/1/2030	520	520	5.845	15,197.00	535,197.00	535,197.00
Totals		\$ 12,000		\$ 8,196,789.70	\$ 20,196,789.70	\$ 20,196,789.70

Note: Bonds assumed to be callable on July 1, 2017 at par.

(Subject to the attached letter dated September 29, 2010)
(Preliminary - Subject to Change)
(Internal Use Only)

DAMON RUN CONSERVANCY DISTRICT
Porter County, Indiana

SCHEDULE OF AMORTIZATION OF \$800,000 PRINCIPAL
AMOUNT OF PROPOSED CONSERVANCY DISTRICT BONDS OF 2010, SERIES B

Principal Payable Semiannually, January 1st and July 1st
Interest Payable Semiannually, January 1st and July 1st
Assumed Interest Rates Based on Baa Interest Rates on 9/22/2010 (plus 50 basis points)
Assumed Issuance Date - October 25, 2010
(Unaudited)

Date	Principal Balance	Debt Service			Bond Year Total
		Principal	%	Interest	
	(---In Thousands---)				
7/1/2011	\$ 800	\$ 5	0.500	\$ 25,402.92	\$ 30,402.92
1/1/2012	795	5	2.750	18,525.00	\$ 53,927.92
7/1/2012	790	5	2.750	18,456.25	23,456.25
1/1/2013	785	5	2.950	18,387.50	46,843.75
7/1/2013	780	15	2.950	18,313.75	33,313.75
1/1/2014	765	15	3.150	18,092.50	66,406.25
7/1/2014	750	15	3.150	17,856.25	32,856.25
1/1/2015	735	15	3.500	17,620.00	65,476.25
7/1/2015	720	15	3.500	17,357.50	32,357.50
1/1/2016	705	15	3.750	17,095.00	64,452.50
7/1/2016	690	15	3.750	16,813.75	31,813.75
1/1/2017	675	15	4.050	16,532.50	63,346.25
7/1/2017	660	20	4.050	16,228.75	36,228.75
1/1/2018	640	20	4.300	15,823.75	72,052.50
7/1/2018	620	20	4.300	15,393.75	35,393.75
1/1/2019	600	20	4.450	14,963.75	70,357.50
7/1/2019	580	20	4.450	14,518.75	34,518.75
1/1/2020	560	20	4.650	14,073.75	68,592.50
7/1/2020	540	20	4.650	13,608.75	33,608.75
1/1/2021	520	20	4.800	13,143.75	66,752.50
7/1/2021	500	20	4.800	12,663.75	32,663.75
1/1/2022	480	20	4.850	12,183.75	64,847.50
7/1/2022	460	20	4.850	11,698.75	31,698.75
1/1/2023	440	25	4.900	11,213.75	67,912.50
7/1/2023	415	25	4.900	10,601.25	35,601.25
1/1/2024	390	25	5.000	9,988.75	70,590.00
7/1/2024	365	25	5.000	9,363.75	34,363.75
1/1/2025	340	25	5.050	8,738.75	68,102.50
7/1/2025	315	25	5.050	8,107.50	33,107.50
1/1/2026	290	25	5.050	7,476.25	65,583.75
7/1/2026	265	25	5.050	6,845.00	31,845.00
1/1/2027	240	25	5.100	6,213.75	63,058.75
7/1/2027	215	30	5.100	5,576.25	35,576.25
1/1/2028	185	30	5.150	4,811.25	70,387.50
7/1/2028	155	30	5.150	4,038.75	34,038.75
1/1/2029	125	30	5.200	3,266.25	67,305.00
7/1/2029	95	30	5.200	2,486.25	32,486.25
1/1/2030	65	30	5.250	1,706.25	64,192.50
7/1/2030	35	35	5.250	918.75	35,918.75
Totals		\$ 800		\$ 476,106.67	\$ 1,276,106.67

Note: Bonds assumed to be callable on July 1, 2017 at par.

(Subject to the attached letter dated September 29, 2010)
(Preliminary - Subject to Change)
(Internal Use Only)

DAMON RUN CONSERVANCY DISTRICT
Porter County, Indiana

SCHEDULE OF COMBINED DEBT SERVICE

<u>Date</u>	<u>Series A</u>	<u>Series B</u>	<u>Bond Year Totals</u>
7/1/2011	\$ 437,920.71	\$ 30,402.92	
1/1/2012	321,693.96	23,525.00	\$ 813,542.59
7/1/2012	321,610.33	23,456.25	
1/1/2013	426,526.70	23,387.50	794,980.78
7/1/2013	534,576.95	33,313.75	
1/1/2014	535,677.45	33,092.50	1,136,660.65
7/1/2014	536,464.32	32,856.25	
1/1/2015	537,157.57	32,620.00	1,139,098.14
7/1/2015	532,345.94	32,357.50	
1/1/2016	532,534.31	32,095.00	1,129,332.75
7/1/2016	532,320.31	31,813.75	
1/1/2017	536,997.68	31,532.50	1,132,664.24
7/1/2017	536,075.30	36,228.75	
1/1/2018	535,036.80	35,823.75	1,143,164.60
7/1/2018	533,550.92	35,393.75	
1/1/2019	536,942.67	34,963.75	1,140,851.09
7/1/2019	534,879.67	34,518.75	
1/1/2020	532,690.54	34,073.75	1,136,162.71
7/1/2020	535,085.29	33,608.75	
1/1/2021	532,217.79	33,143.75	1,134,055.58
7/1/2021	533,990.41	32,663.75	
1/1/2022	535,493.28	32,183.75	1,134,331.19
7/1/2022	531,645.15	31,698.75	
1/1/2023	532,660.90	36,213.75	1,132,218.55
7/1/2023	533,319.40	35,601.25	
1/1/2024	533,703.15	34,988.75	1,137,612.55
7/1/2024	533,632.15	34,363.75	
1/1/2025	533,281.40	33,738.75	1,135,016.05
7/1/2025	532,555.90	33,107.50	
1/1/2026	531,548.15	32,476.25	1,129,687.80
7/1/2026	535,258.15	31,845.00	
1/1/2027	533,544.77	31,213.75	1,131,861.67
7/1/2027	531,442.89	35,576.25	
1/1/2028	534,056.26	34,811.25	1,135,886.65
7/1/2028	531,130.01	34,038.75	
1/1/2029	532,916.51	33,266.25	1,131,351.52
7/1/2029	534,153.38	32,486.25	
1/1/2030	534,955.63	31,706.25	1,133,301.51
7/1/2030	535,197.00	35,918.75	571,115.75
Totals	\$ 20,196,789.70	\$ 1,276,106.67	\$ 21,472,896.37

(Subject to the attached letter dated September 29, 2010)
(Preliminary - Subject to Change)
(Internal Use Only)

**DAMON RUN CONSERVANCY DISTRICT
Porter County, Indiana**

SCHEDULE OF FINANCIAL PLAN ASSUMPTIONS

- (1) Estimated Cash Flows for Debt Service Fund – This schedule shows projected tax revenues and transfers from the District’s Water Utility and Sewage Works Operations Fund. The beginning fund balances, along with tax revenues and transfers from the Water Utility and Sewage Works, will be sufficient to pay debt service on the BANs and long-term debt.
- (2) Special District property taxes will be used to fund debt service on the BANs and Bonds. To the extent funding from user fees and connection fees are available, they will be used to reduce the amount of property taxes needed.
- (3) A Tax Anticipation Warrant will need to be used for debt service payments needing to be made prior to collection of property taxes. We have assumed an annual interest rate on the Tax Anticipation Warrant of 2.5%. Detail of the estimated Tax Anticipation Warrant is as follows:

<u>Issuance Date</u>	<u>Amount</u>	<u>Duration Outstanding</u>	<u>Purpose</u>
October 25, 2010	\$106,955	October-December 2010 (3 mos.)	To pay interest on BANs on 10/25/2010 prior to final 2010 property tax draw (December).

- (4) Per the Sanitary Sewer Service and the Water Utility Agreement between the Damon Run Conservancy District and Duneland School Corporation entered into on July 17, 2009. Liberty Intermediate School will pay an annual fee (payable monthly) in lieu of being annexed into the District. This annual fee is based on proportionate tax bills for residential homeowners in the District and will fluctuate based on an EDU factor and average District tax bills assuming an assessed valuation for a single-family home of \$225,000. The School’s initial annual fee will be \$50,000 calculated as follows:

Average tax bill for a single-family residence (pay 2008)	\$ 1,800
Times: Liberty Intermediate School calculated EDUs	<u>x 27.7</u>
Total (\$50,000 rounded)	<u>\$ 49,860</u>

Note: The estimated payment for July 1, 2010 – December 1, 2010 is based on a hook-up date for the school of September 1, 2010 (4 months) and the \$50,000 initial annual fee.

- (5) Per the Draft Sanitary Sewer Service and the Water Utility Agreement between the Damon Run Conservancy District and Porter Hospital, LLC (draft copy dated 9/3/2010). Porter Hospital, LLC will pay an annual fee (payable semiannually on May 10 and November 10) in lieu of being annexed into the District. This annual fee is based on proportionate tax bills for residential homeowners in the District and will fluctuate based on an EDU factor and average District tax bills assuming an assessed valuation for a single-family home of \$225,000. The Hospital’s initial annual fee is anticipated to be \$293,000 calculated as follows:

(Continued on next page)

(Subject to the attached letter dated September 29, 2010)
(Preliminary – Subject to Change)
(Internal Use Only)

**DAMON RUN CONSERVANCY DISTRICT
Porter County, Indiana**

(Cont.)

SCHEDULE OF FINANCIAL PLAN ASSUMPTIONS

Average tax bill for a single-family residence (estimated pay 2011)	\$ 2,018
Times: Porter Hospital, LLC calculated EDUs	<u>x 145.0</u>
Total	<u>\$292,610</u>

Note: The commencement date for Hospital payments is still being negotiated. This report assumes the Hospital begins paying with the November 10, 2011 payment based on one-half of the pay 2012 calculation (page 17).

- (6) Based on anticipated cash balances available within the Operation and Maintenance Fund.
- (7) In order to pay off the District's outstanding BANs, the District will need to issue long-term bonds. It is anticipated the long-term bonds will be issued on October 25, 2010 in two series. Series A in the amount of \$12,000,000, and Series B in the amount of \$800,000. Principal and interest on the long-term bonds is anticipated to be due semiannually on January 1 and July 1, beginning July 1, 2011. The Series A Bonds also include estimated bond premium. It is assumed payments are made in the previous month to the date due. The bonds will mature over a period of approximately 20 years. (See pages 6 - 8 for the proposed bond amortization schedules.)
- (8) The Department of Local Government Finance (DLGF) Order No. 05-089 dated September 23, 2005 allows for an aggregate principal amount not to exceed \$12,000,000 on the bonds. In order for the District to pay bond issuance costs, underwriter's discount, and accounts payable related to District expansion the Series A Bonds will need to be issued at a premium and a second series of Bonds will need to be issued. (This premium will result in a higher interest rate on the bonds than if no premium was included.) A portion of the Series B Bonds (\$300,000) is for capitalized interest that will help to control the District's tax rate over the next few years. See page 5 for a breakdown of the project costs and funding.
- (9) Interest Income – The District currently is not generating interest on its funds. For this reason, interest income is assumed at zero.
- (10) The July 1 interest payment due on the 2006 and 2006A BANs, as well as the accrued interest from July 2, 2010 through October 25, 2010 on the 2005, 2006, and 2006A BANs totals \$347,109.
- (11) The outstanding BANs of \$12,000,000 are anticipated to be repaid from the proceeds of the long-term bonds, anticipated to be sold by the District on October 25, 2010.

(Continued on next page)

(Subject to the attached letter dated September 29, 2010)
(Preliminary – Subject to Change)
(Internal Use Only)

DAMON RUN CONSERVANCY DISTRICT
Porter County, Indiana

(Cont.)

SCHEDULE OF FINANCIAL PLAN ASSUMPTIONS

- (12) Estimated Cash Flows from Water and Sewer Operations – The District currently assesses utility bills (see notes 13 and 14) and receives connection fee income (see note 15). It is anticipated that the revenues from these charges will be sufficient to fund the operations of the District and provide adequate cash flow to allow for the transfer of funds to the Debt Service Fund to assist in payment of the BANs and long-term bonds.
- (13) Based on District EDUs and the District’s current monthly user fee per EDU as detailed below:
- Water - \$12.00
Sewer - \$12.00
- Note: Current District customers who pay property tax bills, but are not yet connected to the water and sewer system include Mallard’s Pointe, Keithley, Pet Haven, Luke Oil #1, Luke Oil #2, and Mishawaka One Stop. This study assumes these customers connect and begin paying user fees by July 2011.
- (14) Sewer treatment is provided by the City of Portage Municipal Sewage Works at a treatment rate of \$23.50 per 4,500 gallons. For the period July 1, 2010 through December 31, 2011, sewage treatment is based on budgeted amounts (per District management). Beginning January 1, 2012, it is assumed the flow per EDU will be 6,000 gallons per month multiplied by the District’s flow rate of \$5.22 per 1,000 gallons.
- (15) Sewer Connection Fees – The District is currently collecting a connection charge from each property connecting to the District’s sewer system of \$4,700. Of the \$4,700 collected, the District is passing \$2,200 on to the City of Portage as part of the Sewer Treatment Agreement and \$2,500 stays with the District. Note, included in the July 1 – December 31, 2010 connection fee amount is the Hospital’s \$100,000 connection fee and Mallard’s Pointe connection fee of \$25,500 (portion District will retain). It is assumed all other EDUs per the District’s count on March 1, 2010 have already paid their connection fees.
- (16) Annual operating, maintenance, and replacement costs beyond those expenses funded directly by Indiana American Water (as the District’s cost for water purchased is billed directly to the District’s customers by Indiana American Water and therefore not shown in this report) are based on the 2011 budget provided by District management. The expenses are assumed to increase 3% annually. Note, 2012 operation expense shows a decrease as engineering and accounting expense is anticipated to decrease once past due amounts are paid off.
- (17) Per District management, approximately \$81,700 of collected permit fees are owed to Portage.

(Continued on next page)

(Subject to the attached letter dated September 29, 2010)
(Preliminary – Subject to Change)
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**DAMON RUN CONSERVANCY DISTRICT
Porter County, Indiana**

(Cont.)

SCHEDULE OF FINANCIAL PLAN ASSUMPTIONS

(18) Properties served by the District are either in the District's existing boundaries or will be in the District's expanded boundaries based upon build-out estimates provided by the District and the District's engineer with the exception of Liberty Intermediate School and Porter Hospital, LLC, which will not be annexed into the District. Construction completed by February 28 is assumed to be included in the District's assessed value and is used to calculate tax bills in June and December of the following year. The assessment assumptions are as follows:

a. Single Family Equivalent Residential Property – Assumed at \$225,000 (per the District).

Estimated Residential Growth per District:

2010	-	25 homes
2011	-	32 homes
2012	-	56 homes
2013	-	51 homes
2014	-	39 homes
2015	-	38 homes
2016	-	38 homes

b. Non-Residential Property Assessed Values:

Mallards Points	\$5,711,400 (per the District)
Keithley residence	\$ 102,000 (per the District)
Pet Haven	\$ 198,500 (per the District)
Luke Oil #1 & #2	\$1,116,300 (per the District)
Mishawaka One Stop	\$ 302,000 (per the District)
Liberty Intermediate School	(Not annexed into District)
Porter Co. Hospital	(Not annexed into District)

The estimated Net Assessed Valuations for the District are as follows (see Supplemental Data section for detail):

2010 pay 2011	\$ 66,902,500 (per est. AV at 3/1/2010 provided by District mgt.)
2011 pay 2012	72,248,500
2012 pay 2013	78,605,500
2013 pay 2014	91,205,500
2014 pay 2015	103,355,500
2015 pay 2016	112,130,500
2016 pay 2017	120,680,500

Note: This growth does not include potential developments like the Hospital Community that could add approximately \$85,650,000 to the District's AV.

(Subject to the attached letter dated September 29, 2010)
(Preliminary – Subject to Change)
(Internal Use Only)

DAMON RUN CONSERVANCY DISTRICT
Porter County, Indiana

ESTIMATED CASH FLOWS FOR THE DEBT SERVICE FUND

Note 1

Ref.	Jul. 1 - Dec. 31, '10	Jan. 1 - Jun. 30, '11	Jul. 1 - Dec. 31, '11	Jan. 1 - Jun. 30, '12	Jul. 1 - Dec. 31, '12	Jan. 1 - Jun. 30, '13	Jul. 1 - Dec. 31, '13
Revenues:							
(2)(18)	\$ 106,955	\$ 300,000	\$ 300,000	\$ 315,000	\$ 315,000	\$ 305,000	\$ 305,000
(3)	106,955	-	-	-	-	-	-
(4)	16,667	28,028	28,028	27,250	27,250	24,250	24,250
(5)	-	-	146,305	146,305	146,305	126,585	126,585
(6)	-	115,000	25,000	40,000	70,000	70,000	70,000
(7)	12,800,000	-	-	-	-	-	-
(8)	378,172	-	-	-	-	-	-
(9)	-	-	-	-	-	-	-
	<u>13,408,749</u>	<u>443,028</u>	<u>499,333</u>	<u>528,555</u>	<u>558,555</u>	<u>525,835</u>	<u>525,835</u>
Expenses:							
(10)	BAN Interest	-	-	-	-	-	-
(11)	BAN Pay-off	347,109	-	-	-	-	-
(3)	Tax anticipation warrant issuance cost	12,000,000	-	-	-	-	-
(3)	Tax anticipation warrant - principal	-	1,000	-	-	-	-
(3)	Tax anticipation warrant - interest	-	106,955	-	-	-	-
(3)	Tax anticipation warrant - interest	-	668	-	-	-	-
(7)	Bond Principal	-	10,000	10,000	115,000	235,000	240,000
(7)	Bond Interest	-	458,324	335,219	335,067	332,891	328,770
(8)	Bond issuance costs expansion costs	878,172	-	-	-	-	-
	<u>13,225,281</u>	<u>576,947</u>	<u>345,219</u>	<u>345,067</u>	<u>449,914</u>	<u>567,891</u>	<u>568,770</u>
	Increase (Decrease) in Cash	183,468	154,114	183,488	108,641	(42,056)	(42,935)
	Beginning Cash Balances	274,884 *	324,433	478,547	662,035	770,676	728,620
	<u>Ending Cash Balances</u>	<u>\$ 458,352</u>	<u>\$ 324,433</u>	<u>\$ 478,547</u>	<u>\$ 662,035</u>	<u>\$ 728,620</u>	<u>\$ 685,685</u>
Following 18 months debt service							
	Less: Debt service Levy for following 18 months	\$ 813,543	\$ 1,140,200	\$ 1,586,575	\$ 1,586,575	\$ 1,707,869	\$ 1,707,869
	Debt service reserve requirement	(706,955)	(930,000)	(925,000)	(925,000)	(975,000)	(975,000)
	Debt service fund over/(under) funded	\$ 106,588	\$ 210,200	\$ 661,575	\$ 661,575	\$ 732,869	\$ 732,869
		\$ 168,296	\$ 114,233	\$ 460	\$ 460	\$ (4,249)	\$ (4,249)
	Add: Excess funds from Operating Fund	221,866	14,220	674	674	6,819	6,819
	Positive/(negative) variance	\$ 390,162	\$ 128,453	\$ 1,134	\$ 1,134	\$ 2,570	\$ 2,570

* Based on the Debt Service Fund balance at June 30, 2010 per the District.

Note: District growth assumptions = 25 homes in 2010, 32 homes in 2011, 56 homes in 2012, 51 homes in 2013, 39 homes in 2014, 38 homes in 2015 and 38 homes in 2016 (refer to pages 18 - 24) as provided by District management.

(Continued on next page)

(Subject to the attached letter dated September 29, 2010)
(Preliminary - Subject to Change)
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DAMON RUN CONSERVANCY DISTRICT
Porter County, Indiana

ESTIMATED CASH FLOWS FOR THE DEBT SERVICE FUND (Cont'd)

Note 1

Ref.	Jan. 30, '14	Jul. 1 - Dec. 31, '14	Jan. 30, '15	Jul. 1 - Dec. 31, '15	Jan. 30, '16	Jul. 1 - Dec. 31, '16
Revenues:						
(2)(18)	\$ 335,000	\$ 335,000	\$ 345,000	\$ 345,000	\$ 365,000	\$ 365,000
(3)						
(4)	22,959	22,959	20,861	20,861	20,347	20,347
(5)	119,843	119,843	108,895	108,895	106,213	106,213
(6)	70,000	70,000	70,000	70,000	70,000	70,000
(7)	-	-	-	-	-	-
(8)	-	-	-	-	-	-
(9)	-	-	-	-	-	-
	<u>547,802</u>	<u>547,802</u>	<u>544,756</u>	<u>544,756</u>	<u>561,560</u>	<u>561,560</u>
Expenses:						
(10)	-	-	-	-	-	-
(11)	-	-	-	-	-	-
(3)	-	-	-	-	-	-
(3)	-	-	-	-	-	-
(3)	-	-	-	-	-	-
(7)	245,000	250,000	250,000	255,000	260,000	270,000
(7)	324,321	319,778	314,703	309,629	304,134	298,530
(8)	-	-	-	-	-	-
	<u>569,321</u>	<u>569,778</u>	<u>564,703</u>	<u>564,629</u>	<u>564,134</u>	<u>568,530</u>
	(21,519)	(21,976)	(19,947)	(19,873)	(2,574)	(6,970)
	<u>685,685</u>	<u>664,166</u>	<u>642,190</u>	<u>622,243</u>	<u>602,370</u>	<u>599,796</u>
	<u>\$ 664,166</u>	<u>\$ 642,190</u>	<u>\$ 622,243</u>	<u>\$ 602,370</u>	<u>\$ 599,796</u>	<u>\$ 592,826</u>
Following 18 months debt service						
	\$ 1,699,110	\$ 1,697,293	\$ 1,697,293	\$ 1,697,293	\$ 1,697,293	\$ 1,697,293
	(1,025,000)	(1,075,000)	(1,075,000)	(1,075,000)	(1,095,000)	(1,095,000)
	<u>\$ 674,110</u>	<u>\$ 622,293</u>	<u>\$ 622,293</u>	<u>\$ 622,293</u>	<u>\$ 602,293</u>	<u>\$ 602,293</u>
	<u>\$ (9,944)</u>	<u>\$ (50)</u>	<u>\$ (50)</u>	<u>\$ (50)</u>	<u>\$ (2,497)</u>	<u>\$ (2,497)</u>
	15,427	11,969	11,969	11,969	23,698	23,698
	<u>\$ 5,483</u>	<u>\$ 11,919</u>	<u>\$ 11,919</u>	<u>\$ 11,919</u>	<u>\$ 21,201</u>	<u>\$ 21,201</u>

Note: District growth assumptions = 25 homes in 2010, 32 homes in 2011, 56 homes in 2012, 51 homes in 2013, 39 homes in 2014, 38 homes in 2015 and 38 homes in 2016 (refer to pages 18 - 24) as provided by District management.

(Subject to the attached letter dated September 29, 2010)
(Preliminary - Subject to Change)
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DAMON RUN CONSERVANCY DISTRICT
Porter County, Indiana

ESTIMATED CASH FLOWS FROM WATER AND SEWER OPERATIONS

Note 12

Ref.	Jul. 1 - Dec. 31, '10	Jan. 1 - Jun. 30, '11	Jul. 1 - Dec. 31, '11	Jan. 1 - Jun. 30, '12	Jul. 1 - Dec. 31, '12	Jan. 1 - Jun. 30, '13	Jul. 1 - Dec. 31, '13
Revenues:							
(13)	\$ 20,138	\$ 21,122	\$ 26,978	\$ 31,754	\$ 41,054	\$ 42,602	\$ 44,834
(13)	20,138	21,122	26,978	31,754	41,054	42,602	44,834
(14)	33,000	33,000	33,000	91,206	117,917	122,364	128,774
(15)	163,000	30,000	45,000	57,500	82,500	50,000	77,500
(9)	-	-	-	-	-	-	-
	<u>236,276</u>	<u>105,244</u>	<u>131,956</u>	<u>212,214</u>	<u>282,525</u>	<u>257,568</u>	<u>295,942</u>
Expenses:							
(16)	83,190	83,190	83,190	70,236	70,236	72,343	72,343
(17)	-	81,700	-	-	-	-	-
(14)	33,000	33,000	33,000	91,206	117,917	122,364	128,774
	<u>116,190</u>	<u>197,890</u>	<u>116,190</u>	<u>161,442</u>	<u>188,153</u>	<u>194,707</u>	<u>201,117</u>
	120,086	(92,646)	15,766	50,772	94,372	62,861	94,825
(6)	-	115,000	25,000	40,000	70,000	70,000	70,000
	120,086	(207,646)	(9,234)	10,772	24,372	(7,139)	24,825
	<u>140,510</u> *	<u>260,596</u>	<u>52,950</u>	<u>43,716</u>	<u>54,488</u>	<u>78,860</u>	<u>71,721</u>
	\$ 260,596	\$ 52,950	\$ 43,716	\$ 54,488	\$ 78,860	\$ 71,721	\$ 96,546
	<u>38,730</u>	<u>38,730</u>	<u>38,730</u>	<u>53,814</u>	<u>62,718</u>	<u>64,902</u>	<u>67,039</u>
	<u>221,866</u>	<u>14,220</u>	<u>4,986</u>	<u>674</u>	<u>16,142</u>	<u>6,819</u>	<u>29,507</u>

* Represents the balance on June 30, 2010 per the District.
Operating - \$2,982.32
Permits - \$137,527.27

Note: District growth assumptions = 25 homes in 2010, 32 homes in 2011, 56 homes in 2012, 51 homes in 2013, 39 homes in 2014, 38 homes in 2015 and 38 homes in 2016 (refer to pages 18 - 24) as provided by District management.

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(Subject to the attached letter dated September 29, 2010)
(Preliminary - Subject to Change)
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DAMON RUN CONSERVANCY DISTRICT
Porter County, Indiana

ESTIMATED CASH FLOWS FROM WATER AND SEWER OPERATIONS (Cont'd)

Note 12

Ref.	Jan. 1 - Jun. 30, '14	Jul. 1 - Dec. 31, '14	Jan. 1 - Jun. 30, '15	Jul. 1 - Dec. 31, '15	Jan. 1 - Jun. 30, '16	Jul. 1 - Dec. 31, '16
Revenues:						
(13)	\$ 46,262	\$ 47,798	\$ 49,070	\$ 50,582	\$ 51,818	\$ 53,294
(13)	46,262	47,798	49,070	50,582	51,818	53,294
(14)	132,876	137,288	140,941	145,284	148,834	153,073
(15)	40,000	57,500	40,000	55,000	40,000	55,000
(9)	-	-	-	-	-	-
	<u>265,400</u>	<u>290,384</u>	<u>279,081</u>	<u>301,448</u>	<u>292,470</u>	<u>314,661</u>
Expenses:						
(16)	74,513	74,513	76,748	76,748	79,050	79,050
(17)	-	-	-	-	-	-
(14)	132,876	137,288	140,941	145,284	148,834	153,073
	<u>207,389</u>	<u>211,801</u>	<u>217,689</u>	<u>222,032</u>	<u>227,884</u>	<u>232,123</u>
	58,011	78,583	61,392	79,416	64,586	82,538
(6)	70,000	70,000	70,000	70,000	70,000	70,000
	<u>(11,989)</u>	<u>8,583</u>	<u>(8,608)</u>	<u>9,416</u>	<u>(5,414)</u>	<u>12,538</u>
	96,546	84,557	93,140	84,532	93,948	88,534
	<u>\$ 84,557</u>	<u>\$ 93,140</u>	<u>\$ 84,532</u>	<u>\$ 93,948</u>	<u>\$ 88,534</u>	<u>\$ 101,072</u>
	\$ 69,130	\$ 70,600	\$ 72,563	\$ 74,011	\$ 75,961	\$ 77,374
	<u>\$ 15,427</u>	<u>\$ 22,540</u>	<u>\$ 11,969</u>	<u>\$ 19,937</u>	<u>\$ 12,573</u>	<u>\$ 23,698</u>

Note: District growth assumptions = 25 homes in 2010, 32 homes in 2011, 56 homes in 2012, 51 homes in 2013, 39 homes in 2014, 38 homes in 2015 and 38 homes in 2016 (refer to pages 18 - 24) as provided by District management.

(Subject to the attached letter dated September 29, 2010)
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DAMON RUN CONSERVANCY DISTRICT
Porter County, Indiana

SCHEDULE OF ESTIMATED DEBT SERVICE TAX RATES

	2010	2011	2012	Pay 2013	2014	2015	2016
Tax Dollars Generated							
June		\$ 300,000	\$ 315,000	\$ 305,000	\$ 335,000	\$ 345,000	\$ 365,000
Dec	\$ 106,955	300,000	315,000	305,000	335,000	345,000	365,000
Totals	106,955	600,000	630,000	610,000	670,000	690,000	730,000
District's Projected NAV	55,902,100 *	66,902,500 **	72,248,500	78,605,500	91,205,500	103,355,500	112,130,500
Estimated Tax Rate (per \$100)	\$ 0.7194 *	\$ 0.8968	\$ 0.8720	\$ 0.7760	\$ 0.7346	\$ 0.6676	\$ 0.6510
Estimated Residential Tax Bill (1)	\$ 1,619	\$ 2,018	\$ 1,962	\$ 1,746	\$ 1,653	\$ 1,502	\$ 1,465
Liberty Intermediate School (2)	\$ 50,000	\$ 56,056	\$ 54,500	\$ 48,500	\$ 45,917	\$ 41,722	\$ 40,694
Porter Co. Hospital (3)		\$146,305 (4)	\$292,610	\$ 253,170	\$ 239,685	\$ 217,790	\$ 212,425
District AV with Hospital Community (5)	\$ 55,902,100	\$ 66,902,500	\$ 72,248,500	\$ 121,430,500	\$ 176,855,500	\$ 189,005,500	\$ 197,780,500
Resulting Average Residential Tax Bill (1)	\$ 1,619	\$ 2,018	\$ 1,962	\$ 1,130	\$ 852	\$ 821	\$ 830

* Per the certified Pay 2010 1782 notice.

** Based on estimated AV at March 1, 2010 (pay 2011 assessment deadline) provided by the District.

- (1) Assumed assessed valuation for a single family home is \$225,000 per the District.
- (2) Although the school is not being annexed into the District, the school will be paying a payment in lieu of tax per the agreement between the District and the school. The payment is based on proportionate tax bills for residential homeowners in the District and will fluctuate based on an EDU factor and average District tax bills assuming an assessed valuation for a single family home of \$225,000. The baseline tax bill is the Pay 2008 residential tax bill of approximately \$1,800.
- (3) Although the hospital is not being annexed into the District, the hospital will be paying a payment in lieu of tax per the proposed agreement between the District and the hospital. The payment is based on proportionate tax bills for residential homeowners in the District and will fluctuate based on an EDU factor and average District tax bills assuming an assessed valuation for a single family home of \$225,000. The baseline tax bill is the Pay 2011 residential tax bill estimated at \$2,018 and estimated hospital EDU's of 145.

Pay 2011 residential tax bill	\$ 2,018
Times: 145 EDU's	145
Annual payment	\$292,610

(4) Assumes the hospital pays 1/2 of an annual payment in 2011 (amount based on pay 2012 calculation above).

(5) Based on estimated additional assessed value to be provided by Hospital Community build-out. Includes assisted living, residential, mixed medical and commercial real estate. Current estimated total AV for this build-out is \$85,650,000. The calculation above assumes 50% of this is complete for Pay 2013 taxes and 100% complete for Pay 2014 taxes (this estimate does not include estimated Hospital Community user fees).

Note: District growth assumptions = 25 homes in 2010, 32 homes in 2011, 56 homes in 2012, 51 homes in 2013, 39 homes in 2014, 38 homes in 2015 and 38 homes in 2016 (refer to pages 18 - 24) as provided by District management.

(Subject to the attached letter dated September 29, 2010)
(Preliminary - Subject to Change)
(Internal Use Only)

DAMON RUN CONSERVANCY DISTRICT

SUPPLEMENTAL DATA

DAMON RUN CONSERVANCY DISTRICT
Porter County, Indiana

SCHEDULE OF ESTIMATED MONTHLY EQUIVALENT UNITS - 2010

	Estimated EDU's Per Month*											
	Jan 10 (1)	Feb (1)	Mar	Apr	May	Jun	Jul	Aug	Sept	Oct	Nov	Dec
Eagle Ridge	92.0	92.0	92.0	93.0	94.0	94.0	95.0	95.0	96.0	96.0	97.0	97.0
Timberland	141.0	141.0	142.0	143.0	144.0	145.0	146.0	147.0	148.0	149.0	150.0	151.0
Mallards Pointe	51.0	51.0	51.0	51.0	51.0	51.0	51.0	51.0	51.0	51.0	51.0	51.0
Keithley	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0
Pet Haven	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0
Luke Oil #1	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0
Luke Oil #2	10.0	10.0	10.0	10.0	10.0	10.0	10.0	10.0	10.0	10.0	10.0	10.0
Mishawaka One Stop	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0
Timberland Farms (West)	0.0	0.0	1.0	2.0	3.0	4.0	5.0	6.0	7.0	8.0	9.0	10.0
Timberland Farms (East)	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
St. Andrews	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Liberty Intermediate School (2)	27.7	27.7	27.7	27.7	27.7	27.7	27.7	27.7	27.7	27.7	27.7	27.7
Porter Co. Hospital	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Totals	325.7	325.7	327.7	330.7	333.7	335.7	338.7	340.7	343.7	345.7	348.7	350.7

(1) Connections per District estimates as of March 1, 2010.

(2) Based on Liberty Intermediate School's agreement with the District signed July 17, 2009. The school is not included in the District's AV.

* Build-out based on estimates provided by District management.

(Subject to the attached letter dated September 29, 2010)

(Preliminary - Subject to Change)

(Internal Use Only)

DAMON RUN CONSERVANCY DISTRICT
Porter County, Indiana

SCHEDULE OF ESTIMATED MONTHLY EQUIVALENT UNITS - 2011

	Estimated EDU's Per Month*											
	Jan 11	Feb	Mar	Apr	May	Jun	Jul	Aug	Sept	Oct	Nov	Dec
Eagle Ridge	97.0	97.0	98.0	98.0	99.0	99.0	100.0	100.0	101.0	101.0	102.0	102.0
Timberland	151.0	151.0	151.0	152.0	152.0	152.0	152.0	152.0	153.0	153.0	153.0	153.0
Mallards Pointe	51.0	51.0	51.0	51.0	51.0	51.0	51.0	51.0	51.0	51.0	51.0	51.0
Keithley	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0
Pet Haven	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0
Luke Oil #1	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0
Luke Oil #2	10.0	10.0	10.0	10.0	10.0	10.0	10.0	10.0	10.0	10.0	10.0	10.0
Mishawaka One Stop	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0
Timberland Farms (West)	12.0	13.0	14.0	15.0	16.0	17.0	18.0	19.0	20.0	21.0	22.0	25.0
Timberland Farms (East)	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
St. Andrews	0.0	0.0	1.0	2.0	3.0	4.0	5.0	6.0	7.0	8.0	9.0	10.0
Liberty Intermediate School	27.7	27.7	27.7	27.7	27.7	27.7	27.7	27.7	27.7	27.7	27.7	27.7
Porter Co. Hospital	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Totals	352.7	353.7	356.7	359.7	362.7	364.7	367.7	369.7	373.7	375.7	378.7	382.7

* Build-out based on estimates provided by District management.

(Subject to the attached letter dated September 29, 2010)
(Preliminary - Subject to Change)
(Internal Use Only)

DAMON RUN CONSERVANCY DISTRICT
Porter County, Indiana

SCHEDULE OF ESTIMATED MONTHLY EQUIVALENT UNITS - 2012

	Estimated EDU's Per Month*											
	Jan 12	Feb	Mar	Apr	May	Jun	Jul	Aug	Sept	Oct	Nov	Dec
Eagle Ridge	102.0	102.0	103.0	103.0	104.0	104.0	105.0	105.0	106.0	106.0	107.0	107.0
Timberland	153.0	153.0	153.0	153.0	153.0	153.0	153.0	153.0	153.0	153.0	153.0	153.0
Mallards Pointe	51.0	51.0	51.0	51.0	51.0	51.0	51.0	51.0	51.0	51.0	51.0	51.0
Keithley	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0
Pet Haven	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0
Luke Oil #1	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0
Luke Oil #2	10.0	10.0	10.0	10.0	10.0	10.0	10.0	10.0	10.0	10.0	10.0	10.0
Mishawaka One Stop	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0
Timberland Farms (West)	25.0	25.0	29.0	32.0	35.0	38.0	41.0	44.0	47.0	50.0	53.0	56.0
Timberland Farms (East)	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
St. Andrews	10.0	10.0	12.0	14.0	16.0	18.0	20.0	22.0	24.0	26.0	28.0	30.0
Liberty Intermediate School	27.7	27.7	27.7	27.7	27.7	27.7	27.7	27.7	27.7	27.7	27.7	27.7
Porter Co. Hospital (1)	0.0	0.0	0.0	0.0	145.0	145.0	145.0	145.0	145.0	145.0	145.0	145.0
Total	382.7	382.7	389.7	394.7	545.7	550.7	556.7	561.7	567.7	572.7	578.7	583.7

* Build-out based on estimates provided by District management.

(1) Based on the proposed agreement between the District and the hospital.

(Subject to the attached letter dated September 29, 2010)
(Preliminary - Subject to Change)
(Internal Use Only)

DAMON RUN CONSERVANCY DISTRICT
Porter County, Indiana

SCHEDULE OF ESTIMATED MONTHLY EQUIVALENT UNITS - 2013

	Estimated EDU's Per Month *											
	Jan 13	Feb	Mar	Apr	May	Jun	Jul	Aug	Sept	Oct	Nov	Dec
Eagle Ridge	107.0	107.0	108.0	108.0	109.0	109.0	110.0	110.0	111.0	111.0	112.0	112.0
Timberland	153.0	153.0	153.0	153.0	153.0	153.0	153.0	153.0	153.0	153.0	153.0	153.0
Mallards Pointe	51.0	51.0	51.0	51.0	51.0	51.0	51.0	51.0	51.0	51.0	51.0	51.0
Keithley	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0
Pet Haven	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0
Luke Oil #1	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0
Luke Oil #2	10.0	10.0	10.0	10.0	10.0	10.0	10.0	10.0	10.0	10.0	10.0	10.0
Mishawaka One Stop	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0
Timberland Farms (West)	56.0	56.0	56.0	56.0	56.0	56.0	56.0	56.0	56.0	56.0	56.0	56.0
Timberland Farms (East)	0.0	0.0	3.0	6.0	9.0	14.0	19.0	23.0	26.0	29.0	32.0	35.0
St. Andrews	30.0	30.0	31.0	32.0	33.0	34.0	35.0	36.0	37.0	38.0	39.0	41.0
Liberty Intermediate School	27.7	27.7	27.7	27.7	27.7	27.7	27.7	27.7	27.7	27.7	27.7	27.7
Porter Co. Hospital	145.0	145.0	145.0	145.0	145.0	145.0	145.0	145.0	145.0	145.0	145.0	145.0
Total	583.7	583.7	588.7	592.7	597.7	603.7	610.7	615.7	620.7	624.7	629.7	634.7

* Build-out based on estimates provided by District management.

(Subject to the attached letter dated September 29, 2010)
(Preliminary - Subject to Change)
(Internal Use Only)

DAMON RUN CONSERVANCY DISTRICT
Porter County, Indiana

SCHEDULE OF ESTIMATED MONTHLY EQUIVALENT UNITS - 2014

	Estimated EDU's Per Month*											
	Jan 14	Feb	Mar	Apr	May	Jun	Jul	Aug	Sept	Oct	Nov	Dec
Eagle Ridge	112.0	112.0	112.0	112.0	112.0	112.0	112.0	112.0	112.0	112.0	112.0	112.0
Timberland	153.0	153.0	153.0	153.0	153.0	153.0	153.0	153.0	153.0	153.0	153.0	153.0
Mallards Pointe	51.0	51.0	51.0	51.0	51.0	51.0	51.0	51.0	51.0	51.0	51.0	51.0
Keithley	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0
Pet Haven	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0
Luke Oil #1	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0
Luke Oil #2	10.0	10.0	10.0	10.0	10.0	10.0	10.0	10.0	10.0	10.0	10.0	10.0
Mishawaka One Stop	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0
Timberland Farms (West)	56.0	56.0	56.0	56.0	56.0	56.0	56.0	56.0	56.0	56.0	56.0	56.0
Timberland Farms (East)	35.0	38.0	41.0	44.0	48.0	51.0	54.0	57.0	61.0	68.0	71.0	74.0
St. Andrews	41.0	41.0	41.0	41.0	41.0	41.0	41.0	41.0	41.0	41.0	41.0	41.0
Liberty Intermediate School	27.7	27.7	27.7	27.7	27.7	27.7	27.7	27.7	27.7	27.7	27.7	27.7
Porter Co. Hospital	145.0	145.0	145.0	145.0	145.0	145.0	145.0	145.0	145.0	145.0	145.0	145.0
Total	634.7	637.7	640.7	643.7	647.7	650.7	653.7	656.7	660.7	667.7	670.7	673.7

* Build-out based on estimates provided by District management.

(Subject to the attached letter dated September 29, 2010)
(Preliminary - Subject to Change)
(Internal Use Only)

DAMON RUN CONSERVANCY DISTRICT
Porter County, Indiana

SCHEDULE OF ESTIMATED MONTHLY EQUIVALENT UNITS - 2015

	Estimated EDU's Per Month*											
	Jan 15	Feb	Mar	Apr	May	Jun	Jul	Aug	Sept	Oct	Nov	Dec
Eagle Ridge	112.0	112.0	112.0	112.0	112.0	112.0	112.0	112.0	112.0	112.0	112.0	112.0
Timberland	153.0	153.0	153.0	153.0	153.0	153.0	153.0	153.0	153.0	153.0	153.0	153.0
Mallards Pointe	51.0	51.0	51.0	51.0	51.0	51.0	51.0	51.0	51.0	51.0	51.0	51.0
Keithley	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0
Pet Haven	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0
Luke Oil #1	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0
Luke Oil #2	10.0	10.0	10.0	10.0	10.0	10.0	10.0	10.0	10.0	10.0	10.0	10.0
Mishawaka One Stop	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0
Timberland Farms (West)	56.0	56.0	56.0	56.0	56.0	56.0	56.0	56.0	56.0	56.0	56.0	56.0
Timberland Farms (East)	74.0	77.0	80.0	83.0	87.0	90.0	93.0	97.0	100.0	106.0	109.0	112.0
St. Andrews	41.0	41.0	41.0	41.0	41.0	41.0	41.0	41.0	41.0	41.0	41.0	41.0
Liberty Intermediate School	27.7	27.7	27.7	27.7	27.7	27.7	27.7	27.7	27.7	27.7	27.7	27.7
Porter Co. Hospital	145.0	145.0	145.0	145.0	145.0	145.0	145.0	145.0	145.0	145.0	145.0	145.0
Total	673.7	676.7	679.7	682.7	686.7	689.7	692.7	696.7	699.7	705.7	708.7	711.7

* Build-out based on estimates provided by District management.

(Subject to the attached letter dated September 29, 2010)
(Preliminary - Subject to Change)
(Internal Use Only)

DAMON RUN CONSERVANCY DISTRICT
Porter County, Indiana

SCHEDULE OF ESTIMATED MONTHLY EQUIVALENT UNITS - 2016

	Estimated EDU's Per Month*											
	Jan 16	Feb	Mar	Apr	May	Jun	Jul	Aug	Sept	Oct	Nov	Dec
Eagle Ridge	112.0	112.0	112.0	112.0	112.0	112.0	112.0	112.0	112.0	112.0	112.0	112.0
Timberland	153.0	153.0	153.0	153.0	153.0	153.0	153.0	153.0	153.0	153.0	153.0	153.0
Mallards Pointe	51.0	51.0	51.0	51.0	51.0	51.0	51.0	51.0	51.0	51.0	51.0	51.0
Keithley	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0
Pet Haven	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0
Luke Oil #1	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0
Luke Oil #2	10.0	10.0	10.0	10.0	10.0	10.0	10.0	10.0	10.0	10.0	10.0	10.0
Mishawaka One Stop	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0
Timberland Farms (West)	56.0	56.0	56.0	56.0	56.0	56.0	56.0	56.0	56.0	56.0	56.0	56.0
Timberland Farms (East)	112.0	115.0	118.0	122.0	125.0	128.0	131.0	134.0	137.0	144.0	147.0	150.0
St. Andrews	41.0	41.0	41.0	41.0	41.0	41.0	41.0	41.0	41.0	41.0	41.0	41.0
Liberty Intermediate School	27.7	27.7	27.7	27.7	27.7	27.7	27.7	27.7	27.7	27.7	27.7	27.7
Porter Co. Hospital	145.0	145.0	145.0	145.0	145.0	145.0	145.0	145.0	145.0	145.0	145.0	145.0
Total	711.7	714.7	717.7	721.7	724.7	727.7	730.7	733.7	736.7	743.7	746.7	749.7

* Build-out based on estimates provided by District management.

(Subject to the attached letter dated September 29, 2010)
(Preliminary - Subject to Change)
(Internal Use Only)

**DAMON RUN CONSERVANCY DISTRICT
Porter County, Indiana**

SUMMARY OF ESTIMATED GROWTH IN NAV - 2010 FOR PAY 2011

Current Net Assessed Valuation (1)		\$	66,902,500
Projected Growth (2)			
2010	New NAV		Total NAV
Jan	\$ -	\$	66,902,500
Feb	-		66,902,500
Mar	408,000		67,310,500
Apr	591,000		67,901,500
May	591,000		68,492,500
Jun	408,000		68,900,500
July	591,000		69,491,500
Aug	408,000		69,899,500
Sept	591,000		70,490,500
Oct	450,000		70,940,500
Nov	408,000		71,348,500
Dec	225,000		71,573,500

(1) Per estimated AV at March 1, 2010 (pay 2011 assessment deadline) provided by the District.

Notes regarding beginning AV:

- Eagle Ridge - 20 vacant lots (11 of which developed land AV not included)
- Timberland - 12 vacant lots (5 of which developed land AV not included)
- Timberland Farms (West) - 56 vacant lots (55 of which developed land AV not included)
- Timberland Farms (East) - 183 vacant lots (\$146,000 of land value included)
- St. Andrews - 41 vacant lots (\$28,000 of land value included)

(2) Based on anticipated growth in EDU's assuming the following assessment values:

- Single Family Home @ \$225,000 AV per home
- Vacant land @ \$42,000 per lot

Note: Assessed values as of February 28th are the basis for establishing taxes for the following year.

(Subject to the attached letter dated September 29, 2010)
(Preliminary - Subject to Change)
(Internal Use Only)

DAMON RUN CONSERVANCY DISTRICT
Porter County, Indiana

SUMMARY OF ESTIMATED GROWTH IN NAV - 2011 FOR PAY 2012

Current Net Assessed Valuation		\$	71,573,500
Projected Growth (1)			
<u>2011</u>	<u>New NAV</u>		<u>Total NAV</u>
Jan	\$ 450,000	\$	72,023,500
Feb	225,000		72,248,500
Mar	633,000		72,881,500
Apr	675,000		73,556,500
May	633,000		74,189,500
Jun	450,000		74,639,500
July	633,000		75,272,500
Aug	450,000		75,722,500
Sept	858,000		76,580,500
Oct	450,000		77,030,500
Nov	675,000		77,705,500
Dec	900,000		78,605,500

(1) Based on anticipated growth in EDU's assuming the following assessment values:
 Single Family Home @ \$225,000 AV per home
 Vacant land @ \$42,000 per lot

Note: Assessed values as of February 28th are the basis for establishing taxes for the following year.

(Subject to the attached letter dated September 29, 2010)
 (Preliminary - Subject to Change)
 (Internal Use Only)

**DAMON RUN CONSERVANCY DISTRICT
Porter County, Indiana**

SUMMARY OF ESTIMATED GROWTH IN NAV - 2012 FOR PAY 2013

Current Net Assessed Valuation \$ 78,605,500

Projected Growth (1)

2012	New NAV	Total NAV
Jan	\$ -	\$ 78,605,500
Feb	-	78,605,500
Mar	1,575,000	80,180,500
Apr	1,125,000	81,305,500
May	1,350,000	82,655,500
Jun	1,125,000	83,780,500
July	1,350,000	85,130,500
Aug	1,125,000	86,255,500
Sept	1,350,000	87,605,500
Oct	1,125,000	88,730,500
Nov	1,350,000	90,080,500
Dec	1,125,000	91,205,500

(1) Based on anticipated growth in EDU's assuming the following assessment values:
 Single Family Home @ \$225,000 AV per home
 Vacant land @ \$42,000 per lot

Note: Assessed values as of February 28th are the basis for establishing taxes for the following year.

(Subject to the attached letter dated September 29, 2010)
 (Preliminary - Subject to Change)
 (Internal Use Only)

DAMON RUN CONSERVANCY DISTRICT
Porter County, Indiana

SUMMARY OF ESTIMATED GROWTH IN NAV - 2013 FOR PAY 2014

Current Net Assessed Valuation		\$	91,205,500
Projected Growth (1)			
<u>2013</u>	<u>New NAV</u>		<u>Total NAV</u>
Jan	\$ -	\$	91,205,500
Feb	-		91,205,500
Mar	1,125,000		92,330,500
Apr	900,000		93,230,500
May	1,125,000		94,355,500
Jun	1,350,000		95,705,500
July	1,575,000		97,280,500
Aug	1,125,000		98,405,500
Sept	1,125,000		99,530,500
Oct	900,000		100,430,500
Nov	1,125,000		101,555,500
Dec	1,125,000		102,680,500

(1) Based on anticipated growth in ERUs assuming the following assessment values:
 Single Family Home @ \$225,000 AV per home
 Vacant land @ \$42,000 per lot

Note: Assessed values as of February 28th are the basis for establishing taxes for the following year.

(Subject to the attached letter dated September 29, 2010)
 (Preliminary - Subject to Change)
 (Internal Use Only)

DAMON RUN CONSERVANCY DISTRICT
Porter County, Indiana

SUMMARY OF ESTIMATED GROWTH IN NAV - 2014 FOR PAY 2015

Current Net Assessed Valuation		\$	102,680,500
Projected Growth (1)			
<u>2014</u>	<u>New NAV</u>		<u>Total NAV</u>
Jan	\$ -	\$	102,680,500
Feb	675,000		103,355,500
Mar	675,000		104,030,500
Apr	675,000		104,705,500
May	900,000		105,605,500
Jun	675,000		106,280,500
July	675,000		106,955,500
Aug	675,000		107,630,500
Sept	900,000		108,530,500
Oct	1,575,000		110,105,500
Nov	675,000		110,780,500
Dec	675,000		111,455,500

(1) Based on anticipated growth in ERUs assuming the following assessment values:
 Single Family Home @ \$225,000 AV per home
 Vacant land @ \$42,000 per lot

Note: Assessed values as of February 28th are the basis for establishing taxes for the following year.

(Subject to the attached letter dated September 29, 2010)
 (Preliminary - Subject to Change)
 (Internal Use Only)

**DAMON RUN CONSERVANCY DISTRICT
Porter County, Indiana**

SUMMARY OF ESTIMATED GROWTH IN NAV - 2015 FOR PAY 2016

Current Net Assessed Valuation	\$	111,455,500
Projected Growth (1)		
<u>2015</u>	<u>New NAV</u>	<u>Total NAV</u>
Jan	\$ -	\$ 111,455,500
Feb	675,000	112,130,500
Mar	675,000	112,805,500
Apr	675,000	113,480,500
May	900,000	114,380,500
Jun	675,000	115,055,500
July	675,000	115,730,500
Aug	900,000	116,630,500
Sept	675,000	117,305,500
Oct	1,350,000	118,655,500
Nov	675,000	119,330,500
Dec	675,000	120,005,500

(1) Based on anticipated growth in ERUs assuming the following assessment values:
 Single Family Home @ \$225,000 AV per home
 Vacant land @ \$42,000 per lot

Note: Assessed values as of February 28th are the basis for establishing taxes for the following year.

(Subject to the attached letter dated September 29, 2010)
 (Preliminary - Subject to Change)
 (Internal Use Only)

**DAMON RUN CONSERVANCY DISTRICT
Porter County, Indiana**

SUMMARY OF ESTIMATED GROWTH IN NAV - 2016 FOR PAY 2017

Current Net Assessed Valuation \$ 120,005,500

Projected Growth (1)

2016	New NAV	Total NAV
Jan	\$ -	\$ 120,005,500
Feb	675,000	120,680,500
Mar	675,000	121,355,500
Apr	900,000	122,255,500
May	675,000	122,930,500
Jun	675,000	123,605,500
July	675,000	124,280,500
Aug	675,000	124,955,500
Sept	675,000	125,630,500
Oct	1,575,000	127,205,500
Nov	675,000	127,880,500
Dec	675,000	128,555,500

(1) Based on anticipated growth in ERUs assuming the following assessment values:
 Single Family Home @ \$225,000 AV per home
 Vacant land @ \$42,000 per lot

Note: Assessed values as of February 28th are the basis for establishing taxes for the following year.

(Subject to the attached letter dated September 29, 2010)
 (Preliminary - Subject to Change)
 (Internal Use Only)