



Damon Run Conservancy District

P.O. Box 472
Valparaiso, IN 46384

Phone: 219-395-1800
Fax: 888-877-7110

August 31, 2019

**Re: Sewer and Water Service from Damon Run Conservancy District ("Damon Run")
Valparaiso City Utilities**

Dear Damon Run Customer:

The Board of Directors ("Board") for the Damon Run Conservancy District ("DRCD") has discussed the opportunity for the City of Valparaiso (through its agent Valparaiso City Utilities ("VCU") to purchase the sewer assets of the Damon Run Conservancy District ("DRCD"). After many months of review and analysis, the Board believes that the purchase by VCU will be very beneficial for DRCD and its customers.

Once VCU purchases the DRCD's sewer assets, you will see changes to your sewer, water and tax bills which will result in a material cost savings to you. Specifically, with the proceeds from the sale of the sewer assets the Board will refund the DRCD's outstanding debt. Because we will be able to reduce the amount of debt outstanding plus take advantage of today's low interest rates, the DRCD annual debt payments will drop materially. This savings will be passed on to you through a much lower annual tax bill.

Indiana American Water Company (IAWC) will continue to operate the water utility for the DRCD; therefore, IAWC's portion of the water bill will not change. However, because VCU is taking over most of the administrative responsibility for the DRCD, the Water Administrative charge will be materially reduced creating additional savings to you.

When VCU purchases the DRCD sewer assets, VCU will be issuing bonds. These bonds will be paid from sewer bills the DRCD customers pay. When you receive your monthly sewer bill, it will come from VCU directly and it will be made up of two parts; the first part will include the bill for the day-to-day operations and the second is a surcharge that will retire the debt used to purchase the DRCD sewer assets.

Due to VCU's size, skills and experience of its workforce, in the future we expect the day-to-day operations portion of the bill to remain lower and more stable than if the DRCD continued to own the utility and contract out operations. With the addition of the portion of the sewer bill being used to facilitate payment of the new bonds, the new sewer bill will be higher than the sewer bill you currently pay. Importantly however, the decrease on the water bill and your tax bill will more than offset the sewer increase and actually produce an estimated net reduction in overall utility costs of approximately 30% per year to you as a customer.

The Board anticipates that a purchase agreement will be approved in the near future by the DRCD Board, VCU Board of Directors and Valparaiso City Council. Once approved, VCU will own, operate and maintain the DRCD sewer system. All billing, operation and maintenance, and customer service will be done by VCU.

We are very excited about this opportunity that will provide cost savings to our rate payers under the umbrella of VCU. As this process moves forward, the Board will keep you informed. In the meantime, please do not hesitate to contact Damon Run office (219) 395-1800 with any questions, comments, or concerns that you might have.

Jack Barko, President

Board of Directors

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