



Damon Run Conservancy District

March 6, 2009

Dear Property Owner:

Over the past several days the District has received numerous calls and/or e-mails regarding the District, its purpose, operation and tax. The District has done its best to return calls and respond to e-mails as quickly as possible. The Board would like to thank you for your questions and patience in allowing us to respond.

On October 31, 2008 a newsletter was mailed to each owner of property in the District. The newsletter included information regarding the primary purposes of the District, the properties within the District and possible future users. Importantly, the newsletter also addressed the first tax bill for the District. As explained in the newsletter, the District is a unit of government and pays its expenses and interest payments related to the costs of the infrastructure through revenues from use of its services and by real estate taxes. All property in the District whether vacant land, residential or commercial is subject to the tax and the tax rate for all freeholders (i.e. the statutory word for owner) in the District is the same. The rate is applied to the assessed valuation of the property to determine the amount of the tax.

As many of you know, taxes in Indiana are paid in arrears. The tax bill you received is for the calendar year 2007 payable in 2008. Generally tax bills are issued in two installments. The first installment is in May and the second in November. The District tax should be divided equally on each installment and all of the District's budgetary information and paperwork was on file with Porter County to accommodate the two installments. Unfortunately the issuance of tax bills was severely behind this year and none of the District tax was included on the first installment. Not only was the first tax bill for the District late in coming, the bill was for the entire annual amount in one billing. This was through no fault of the District and we agree that the tax payable in two installments is a better method for all. Hopefully in the future the tax bills are issued more timely and in two installments as they should be.

The newsletter also informed freeholders that the estimated amount of each installment for the average tax bill would be \$800 which as it turns out, was accurate. However, during the recent many conversations and subsequent research of tax bills, the District discovered a great number of freeholders have not applied for exemptions available to them. Most noticeably, the exemptions missed are the Mortgage Exemption and the Homestead Exemption. In instances where these exemptions are on file, the tax on homes is less than 1.5% of the assessed valuation. This is a conservative figure when considering the quality of the neighborhoods in which homes are located and having access to a brand new utility infrastructure system. Additionally, the average percentage of tax is in keeping with the Indiana General Assembly's current discussions on capping property owner's taxes in the State of Indiana. We cannot emphasize enough the importance of ensuring you take advantage of all possible exemptions and encourage you to make sure you have all possible exemptions on file with the Porter County Auditor.

Moreover, growth of the District is vital to its success and is a benefit to all freeholders in the District. The District's loans are fixed amounts. As the District grows, the pro-rata share each owner

in the District will pay in the form of taxes decreases proportionately. The more owners there are in the District, the lower the costs for owners. Growth does not translate into extra higher costs of operation for the District. The District's infrastructure is complete, brand new and requires very minimal administrative effort. Unlike a traditional city or town, more owners in the District does not result in a need to hire more staff, purchase equipment, etc. This is precisely why the District representatives routinely meet with prospective additions to the District.

We are creating a website for the District which will soon be up and running. The address for the site is www.damonrunconservancy.com. The site is brand new and we are not aware of any other District providing its freeholders such easy access to information about a conservancy district. On the site you will find meeting dates and minutes, budgets adopted by the District and other general information about the District. Please explore the site at your convenience.

The Board will continue to respond to questions and other requests as quickly as it can. The mailing address for the District is still P.O. Box 472, Valparaiso, Indiana 46384. While you are free to call and leave a message at 1-219-395-1800, a brief letter sent to the P.O. Box is preferred and will create less confusion about your specific concerns.

Sincerely,

Board of Directors

cc: William A. Ferngren, Attorney
Charles Ray, Engineer