



Damon Run Conservancy District

October 31, 2008

Dear Property Owner:

Another year is coming to an end, and the Board of the District hopes this letter finds you and your family doing well. Over the past many months, the Board has been working very hard to continue to provide quality water and sewer service to property owners in the District in the most cost effective manner.

We thought it would be a good idea to reach out to owners in the District and explain where the District stands today and what has happened since our last newsletter. First however, a little background for those of you who are new to the District. On January 26, 2004 the Porter Circuit Court entered an Order creating the Damon Run Conservancy District. The primary purpose of the District is to provide municipal sewer and water service to areas in unincorporated Porter County that previously did not have such service or were on failing utility systems. The general area of the District is Liberty Township which historically has had difficulties in supporting traditional septic systems for sewage disposal. Also, many owners in Liberty Township have less than reliable water service available through a well on their property.

The District's brand new sewer and water distribution system consists of approximately 7 miles of piping costing in excess of ten million dollars to install. Needless to say, the design and installation of the system was no small task. The utilities were complete and fully operational in the Spring of 2006. The District now provides property owners in Liberty Township the opportunity to have quality water service through Indiana American Water Company and sewer service through an agreement with the City of Portage.

While we are on the topic of the general location of the property in the District, you may be curious who is actually in the District. As of this newsletter, the District is comprised of Eagle Ridge subdivision, Timberland subdivision, St. Andrew's subdivision, Luke Oil at US 6 and Meridian Road, Pet Haven Pet Shop, Keithly parcel on US 6 and Mallard's Pointe Condominiums. However, additional property is expected to be added to the District soon. In fact, a proposed 239 lot subdivision, Timberland Farms located on Meridian Road just south of County Road 900 North, is the subject of petition before the Court to become a part of the District. Judge Mary Harper will conduct a hearing on the proposal on December 8, 2008 at 11:00 a.m.

In addition, the Board is in active discussions with Liberty Elementary and Intermediate School to become a part of the District. Another exciting potential addition to the District is the new state of the art hospital proposed for construction at US 6 and State Road 49. All of this growth despite challenging times demonstrates the need for services available through the District which were previously unavailable, and also are a real testament to the quality services the District offers.

Moreover, you may wonder why additional property in the District is a benefit to you. The District is a unit of government and pays its expenses and interest payments for the costs of the infrastructure through revenues from use of its services and by real estate taxes. The amount of the payments to the District's lenders are fixed amounts, so naturally, the more owners there are in the District, the lower the costs for owners. Importantly, unlike a traditional governmental unit, more owners in the District does not translate into a need to hire more staff, purchase equipment, etc. The District's infrastructure is complete, brand new and requires very minimal administrative efforts.

As previously mentioned, the District was formed in early 2004 and all infrastructure completed in early 2006. Utility services have been provided for several years in the District without imposing any real estate tax to

assist in payment of District expenses. This has been a benefit to owners in the District and part of the District's plan to make its quality service available. However, the District must collect taxes to make its payments to the banks and we expect that the first tax bills for the District to be distributed in November/December of this year. The District tax will be shown on your regular Porter County tax bills and is payable at the same time.

The amount you pay in property taxes will be influenced by the assessed value of your home and the District's tax rate. The District's tax rate for 2007 is 0.70. For a residential property that has an assessed valuation of \$225,000, the current estimated annual District tax bill is approximately \$800.00 per installment. The amount of expense the District funds from its property tax rate is scheduled to go up in future years, but based on development that's occurring within the District, it is expected that the tax base will go up faster than the amount of expense being funded from the tax rate. If this development occurs, even though the amount of expense is going up, it is anticipated that the growth will lower the tax rate so that the average residential property will have an annual tax bill from the District of less than \$1,000 per year.

It does not take long when reading the paper to recognize that property taxes have been a large topic of discussion in the State of Indiana. The Indiana legislators have posed unique and new challenges to government recently. In particular, the State has implemented a substantial change to the Indiana long standing property tax system. One of the changes was to create a ceiling for the amount of property taxes property owners have to pay. For residential homestead property, that ceiling in 2008 is 2%. It drops to 1.5% in 2009, and drops to 1% for 2010. This means that in 2010 a single family residential property with a gross assessed value of \$225,000 will not pay a property tax bill greater than \$2,250. That includes the District's portion of the tax bill plus the other governmental units affecting your property such as schools, county, township, library, etc. As stated earlier, the District's costs are essentially fixed, but due to the tax cap limitation, the District will likely need to increase its monthly user fees to make up for the lost tax revenue. The Board is committed to providing the best possible service while keeping all of your costs as low as possible.

Recently you may have noticed a change in your billing. The District now has centralized its billing through an agreement with IAWC. The Board felt it was in the owner's best interest to receive only one billing for sewer and water to simplify things and to deal with the company already providing water service to the District. Further IAWC as a utility provider is an organization that is familiar with billing for utilities and worked with the Board to create a system that works best for the District.

Lastly, the District has a new phone number which is 1-219-395-1800. 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, a brief letter sent to the P.O. Box is preferred and will create less confusion about your specific concerns.

The Board wishes you and your family a great holiday season and a prosperous 2009.

Sincerely,

Board of Directors

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