

Frequently Asked Questions - Bond Validation Request

This document is being provided to residents for informational purposes solely as an effort to address questions that have been raised by residents of the District and does not constitute any part of the notices required to be provided by law or the documents associated with the Capital Improvement Plan and associated financing(s). This document does not purport to summarize in their entirety any of the documents referenced herein. Accordingly, residents should refer to the complete versions of such documents which are on file with the District.

The Gateway Services Community Development District (GSCDD) was established in 1986. Much of the infrastructure is original to Gateway and is reaching or has reached the end of its useful life. These improvements include but are not limited to the stormwater management system, roadways, landscaping and irrigation, and parks and recreation facilities. The GSCDD Board of Supervisors realizes that these improvements are necessary and have voted to authorize the process to issue bonds to finance the work and spread the payments over a 20 year period to lessen the financial burden on residents. Residents who have been in Gateway for a while should be familiar with this concept since it's similar to the way we are financing the lake bank improvements. The Board realizes that they need to make fiscally responsible decisions regarding the assets of Gateway and to further provide for the health, safety, and welfare of the residents and property owners of the District.

Much like the budget process, this initial notice and hearing is intended to set the "ceiling" for maximum funding. Once the "ceiling" is set, funds actually encumbered will be through multiple series of bond issuances.

Q: What is the total amount of debt?

A: The maximum principal debt the District will incur is \$74,620,000. GSCDD is requesting the court to validate \$80,000,000 in bonds to allow for inflation and to save the District the time and cost of having to have an additional validation in the future.

Q: Will the \$80 million be assessed at once?

A: No. GSCDD will issue various series of bonds for specific projects already approved as part of the \$80 million.

It is anticipated that the bonds will be issued in several Series and each issuance will be used to cover costs of projects that the District expects to complete in a three year timeframe after issuance. Think of it as a line of credit, or construction loan. The full amount that is validated will be available to be borrowed, but no payments need to be made unless the money is obtained and used (bonds are issued), and the payments are based on the amount of money obtained and used (bonds issued), not the total amount validated. Further, at the time of each proposed issuance of bonds for a specific project or projects debt, an engineer's report will be prepared outlining the projects to be financed and to be approved by the Board prior to the issuance of the bonds.

Q: How much will I pay annually for the Bond Assessment?

A: The annual debt service special assessment to repay a series of bonds will be calculated based on:

- The dollar amount of bonds issued
- The interest rate of bonds issued

The principal amount of this debt service annual assessment will not exceed the annual amount listed in the letter you received, which is \$1,016 for a single family and \$691 for multi-family. The annual amount in the letter is the amount that would be assessed if the District were to issue bonds for the entire \$74,620,000 at one time.

The first assessment (series) is still being calculated based on the proposed projects in the next three years. Much like this bond validation process, each series will require a public notice and a public hearing. If approved, the first assessment will not appear until the 2023 tax bill due in 2024.

Q: How long will I pay this debt?

A: It is anticipated that each bond (series) issuance will be amortized over a maximum of 20 years.

Q: How will these assessments be charged?

A: The assessments will be included on your annual tax bill as a non-ad valorem special assessment.

Q: What is the total capital cost of the proposed new gateway administrative office and storage building?

A: Per the Engineer's Estimate, \$2,790,000 which includes engineering, permitting, acquisition and construction.

Q: Can this portion of the proposed plan be postponed and budgeted for? What is the rationale for the new proposed space?

A: The existing Administrative Building does not meet the staffing and administrative needs to operate the District.

Q: What other options do we have for financing other than bonds?

A: The District could borrow the funds from a bank which would only allow an amortization over 5 years or less and would result in higher annual assessments.

Q: What happens to each unit if the District defaults on the loan?

A: The District would default in payments on the bonds if the District did not make the required principal and interest payments. This could occur if the District did not collect sufficient special assessments pledged to repay a bond or bonds resulting from property owners not paying their annual tax bill. Non-payment of the tax bill would result in the tax collector holding a tax certificate sale in order to collect the funds. Upon receipt, the tax collector would send the non-ad valorem portion of those funds to the District. The process is designed to collect the non-ad valorem assessments, both current and from the tax certificate sale, within enough time to pay the debt service.

Q: What is the interest rate on the proposed bond?

A: The interest rate will be determined at the time the bonds (series) are issued and sold based on current market conditions on the date of pricing.

Q: What part of the projects are necessary and what are not?

A: All proposed projects are to either maintain/renovate existing GSCDD assets.

Q: There is reference to (1) EAU per lot; what does EAU stand for?

A: Equivalent Assessment Unit, a measure used for the purpose of determining the difference in benefit between different land uses.

Q: How do I know if I am a single family or multi-family?

A: Most properties in Gateway are single-family homes. The below are considered multi-family:

- Champions Green
- Lakeview at Summerwind
- Golfview at Summerwind
- Hidden Links - condos
- Royal Greens
- Lakeview at Summerwind II
- Santa Luz
- Stoneybrook - outside gate

You may contact the District via customer@gatewaydistrict.org to find out your classification.

Q: Will there be hearings before any bonds are issued?

A: The Board can only approve the issuance of bonds at noticed public meetings of the Board.