



May XX, 2017

VIA U.S. MAIL

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RE: *Gateway Services Community Development District/Lake Bank restoration Project*

Dear Gateway Services CDD Property Owner:

Recently, as a Property Owner in the Gateway Services Community Development District (“District”) excluding Pelican Preserve owners, you should have received a letter from the District (the “Notice”) notifying you of a Public Hearing on June 8, 2017 to discuss the District’s Lake Bank Restoration Project (“Project”) and Master Assessment Methodology Report (“Assessment Methodology Report”) to fund the Project, as set out in the Assessment Methodology Report.

While the Notice satisfied the legal notice requirements under Florida Statutes applicable to special assessment financings, this follow up letter is intended to provide some additional background and clarification.

The District earlier this year borrowed \$4.4 million at 2.44% interest from CenterState Bank to finance the first phase of the Project, which amount comes due and payable in March 2018. The Notice you received was sent out to satisfy certain legal requirements in order for the District to refinance the bank loan at a lower interest rate and to finance additional phases of the Project using special assessments amortized (spread out) over twenty (20) years. That borrowing, amortized (spread out) over twenty (20) years, cannot take place by the District unless approved through a court validation proceeding. The validation process is required by Chapter 190 of Florida Statutes as a condition for CDD’s like Gateway to enter into utility or other construction loans, or to issue notes or bonds with terms of greater than five (5) years, a unique requirement of CDDs.

The ability to secure 20-year term funding is essential to fund the Project and ease the cost burden to Gateway property owners. For example, the CDD has already secured approval for a State Revolving Fund (“SRF”) loan from the Florida Department of Environmental Protection in the amount of \$6.0 million to refinance CenterState Bank loan and to fund additional lake bank restoration. To date the Board has not voted on any expenditure over that initial \$6.0 million.

This is a 2.18% interest loan. At a 5-year term, this would equate to an Annual P&I payment of approximately \$1,280,000 per year for 5 years. Based on 6,200.74 Equivalent Assessment Units ("EAU"s) within the assessment area, this equates to an annual special assessment of \$206 per EAU. However, if a 20-year term is validated, the Annual P&I reduces to only \$372,000 per year and the special assessment per year under that program is reduced to \$60 per EAU per year. It is important to know that most residential units have one (1) EAU.

IF and/or when the CDD would borrow and then spend the full \$20 million to correct all lake bank problems within this area of Gateway, which could occur over the next 3-7 years and at a 5-year term, the annual P&I would be \$4,267,000 per year equating to a \$688 special assessment per EAU per year. At a 20-year term, the annual P&I would reduce to \$1,239,000 or equate to a \$200 special assessment per EAU per year.

Based on the above calculations, it should be obvious to all Gateway property owners that the 20-year term financing is significantly more cost effective and economically feasible than the 5-year term for Gateway residents.

Under no circumstance would the property owners of Gateway be subject to any special assessment HIGHER than the above EAU assessment calculations unless the CDD were to borrow more than the \$20 million estimate for Project completion. The District would have to again notify you and hold another public hearing to exceed \$20 million. That is the reason for the assessment proceedings and the following bond validation process as it sets the ceiling amount of the total assessment apportioned to each EAU based upon a borrowing of \$20 million.

The CDD Board of Supervisors fully supports the 20-year loan financing, and the required Validation approval to allow 20-year loan financing to complete this critical Lake Bank Restoration Project to ensure the continued efficient delivery of water management services to Gateway property owners.

Sincerely,

Chris Shoemaker
District Manager

Enclosure