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**SUBSCRIPTION AGREEMENT
RELATING TO THE FUNDING AND FINANCING
OF QUALIFYING IMPROVEMENTS BY THE
FLORIDA PACE FUNDING AGENCY**

Between

NASSAU COUNTY, FLORIDA,

and

THE FLORIDA PACE FUNDING AGENCY

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**SUBSCRIPTION AGREEMENT
RELATING TO THE FUNDING AND FINANCING
OF QUALIFYING IMPROVEMENTS BY THE
FLORIDA PACE FUNDING AGENCY**

THIS SUBSCRIPTION AGREEMENT is made and entered into as of April 8~~X~~ 2013 (the "Subscription Agreement"), by and between Nassau County, Florida (the "Subscriber"), and the Florida PACE Funding Agency, a separate legal entity and public body and unit of local government, established pursuant to Section 163.01(7)(g), Florida Statutes, (the "Agency"), by and through their respective governing bodies. The purpose of the Subscription Agreement is to secure, in an efficient and uniform manner, for the Property Owners (as hereinafter defined) within the jurisdiction and boundaries of the Subscriber the privileges, benefits, powers and terms provided for herein and by law, and particularly by Section 163.08, Florida Statutes, as amended (the "Supplemental Act"), relating to the voluntary determination by affected property owners to obtain and finance certain improvements to property for energy efficiency, renewable energy or wind resistance.

WITNESSETH:

NOW, THEREFORE, in consideration of the mutual covenants herein contained and for other good and valuable consideration each to the other, receipt of which is hereby acknowledged by each party, the Subscriber and the Agency hereby agree, stipulate and covenant as follows:

**ARTICLE I
DEFINITIONS AND CONSTRUCTION**

SECTION 1.01. DEFINITIONS. As used in this Agreement, the following terms shall have the meanings as defined unless the context requires otherwise:

"Board of Directors" means the governing body of the Agency.

"Agency" means the Florida PACE Funding Agency, a separate legal entity and public body and unit of local government. The name or acronym PACE is derived from the concept commonly referred to as 'property assessed clean energy' and relates hereto to the provisions of general law related to energy efficiency, renewable energy and wind resistance improvements encouraged by Section 163.08, Florida Statutes.

"Agency Charter Agreement" or **"Charter"** means, unless the context otherwise requires, the interlocal agreement creating and establishing the Agency, including any amendments and supplements hereto executed and delivered in accordance with the terms thereof.

"Financing Agreement" means the agreement authorized hereunder and by the Act (specifically including section 163.08(4) thereof) between the Agency and a Property Owner providing for the funding to finance Qualifying Improvements and the imposition of an Energy Special Assessment against Assessed Property.

"Financing Documents" shall mean the resolution or resolutions duly adopted by the Agency, as well as any indenture of trust, trust agreement, interlocal agreement or other instrument relating to the issuance or security of any bond or Obligations of the Agency and any agreement between the Agency and the Subscriber, pursuant to which the Subscriber and Property Owners obtain access to funds provided by the Agency.

"Obligations" shall mean a series of bonds, obligations or other evidence of indebtedness, including, but not limited to, notes, commercial paper, certificates or any other obligations of the Agency issued hereunder or pursuant hereto, or under any general law provisions, and pursuant to the Financing Documents. The term shall also include any lawful obligation committed to by the Agency or pursuant to an interlocal agreement with another governmental body or agency and/or warrants issued for services rendered or administrative expenses.

"Pledged Funds" shall mean (A) the revenues derived from Special Assessments and other moneys received by the Agency or its designee relating to some portion thereof, (B) until applied in accordance with the terms of the Financing Documents, all moneys in the funds, accounts and sub-accounts established thereby, including investments therein, and (C) such other property, assets and moneys of the Agency as shall be pledged pursuant to the Financing Documents; in each case to the extent provided by the Board of Directors pursuant to the Financing Documents. The Pledged Funds pledged to one series of Obligations may be different than the Pledged Funds pledged to other series of Obligations. Pledged Funds shall not include any general or performance assurance fund or account of the Agency.

"Program" means the program operated by the Agency to provide financing for Qualifying Improvements undertaken within the jurisdiction of the Subscriber.

"Property Owner" means, collectively, all of the record owners of real property subject to a Financing Agreement.

"Qualifying Improvements" means those improvements for energy efficiency, renewable energy, or wind resistance described in the Supplemental Act authorized to be affixed and/or installed by the record owner of an affected property. The term does not include similar improvements underwritten or financed by local, state or federal programs including, but not limited to State Housing Initiatives Partnership or SHIP Program, which are not secured by a special or non-ad valorem assessment.

"Special Assessments" means the non-ad valorem assessments authorized by the Supplemental Act and levied by the Agency on property owned by participating property owner who has entered into a Financing Agreement with the Agency to fund the costs of Qualifying Improvements.

"Subscriber" means Nassau County, Florida, a non-charter county and political subdivision of the State of Florida.

"Subscription Agreement" means this interlocal agreement, or if the context requires a similar interlocal agreement between the Agency and any municipality, county or other government or separate legal entity permitted by the Supplemental Act to enter into Financing Agreements as provided for therein. At a minimum, each such Subscription Agreement shall provide for (1) the authority of the Agency to act, provide its services, and conduct its affairs within the subscribing government's jurisdiction; (2) the Agency to facilitate the voluntary acquisition, delivery, installation or any other manner of provision of Qualifying Improvements to record owners desiring such improvements who are willing to enter into Financing Agreements as provided for in the Supplemental Act and agree to impose non-ad valorem assessments which shall run with the land on their respective properties; (3) the local government (or the Agency) to levy, impose and collect non-ad valorem assessments pursuant to such Financing Agreements; (4) the issuance of Obligations of the Agency to fund and finance the Qualifying Improvements; (5) for the proceeds of such non-ad valorem assessments to be timely and faithfully paid to the Agency; (6) the withdrawal from discontinuance of or termination of the Subscription Agreement by either party upon reasonable notice in a manner not detrimental to the holders of any Obligations of the Agency or inconsistent with any Financing Documents; (7) and such other covenants or provisions deemed necessary and mutually agreed to by the parties to carry out the purpose and mission of the Agency.

"Supplemental Act" means the provisions of, and additional and supplemental authority described in, Section 168.08, Florida Statutes, as amended.

SECTION 1.02 CONSTRUCTION.

(A) Words importing the singular number shall include the plural in each case and vice versa, and words importing persons shall include firms and corporations. The terms "herein," "hereunder," "hereby," "hereto," "hereof," and any similar terms, shall refer to this Subscription Agreement; the term "heretofore" shall mean before the date this Subscription Agreement is executed; and the term "hereafter" shall mean after the date this Subscription Agreement is executed.

(B) Each recital, covenant, agreement, representation and warranty made by a party herein shall be deemed to have been material and to have been relied on by the other party to this Subscription Agreement. Both parties have independently reviewed this Subscription Agreement with their own counsel and covenant that the provisions hereof shall not be construed for or against either the Subscriber or the Agency by reason of authorship.

SECTION 1.03. SECTION HEADINGS. Any headings preceding the texts of the several Articles and Sections of this Interlocal Agreement and any table of contents or marginal notes appended to copies hereof shall be solely for convenience of reference and shall neither constitute a part of this Subscription Agreement nor affect its meaning, construction or effect.

SECTION 1.04. FINDINGS. It is hereby ascertained, determined and declared that:

(A) The State has declared it the public policy of the State to develop energy management programs aimed at promoting energy conservation.

(B) Home and business energy consumption accounts for approximately 70% of the overall usage of electric energy.

(C) The State of Florida has adopted a schedule for increasing the energy performance of buildings subject to the Florida Energy Efficiency Code for Building Construction Chapter 553, Florida Statutes.

(D) There exists a vast quantity of existing structures with many years of remaining life before replacement, and these structures are not nearly as energy efficient as typical newly constructed buildings, nor do many existing buildings have renewable energy systems installed to provide some or all of their electric energy needs.

(E) A significant contributor to statewide and local greenhouse gas emissions is the inefficient use of energy by existing building stock.

(F) Installing energy efficiency and renewable energy improvements on existing structures can reduce the burdens resulting from fossil fuel energy production, including greenhouse gas reductions and increased energy conservation.

(G) The actions authorized by the Supplemental Act, including the financing of Qualifying Improvements through the execution of Financing Agreements and the related imposition of a Special Assessment are reasonable and are necessary for the prosperity and welfare of the State, the Subscriber and to its property owners and inhabitants.

(H) Reductions in greenhouse gas emissions will in all reasonable likelihood contribute to improved air quality, lower fossil fuels use, energy independence and security, promote the creation of jobs and economic development by stimulating "green industries" and save consumers money by reducing energy consumption.

(I) Facilitating the provision of Qualifying Improvements, the funding, and the repayment by participating property owners of Special Assessments not only will relieve burdens emanating from and provide benefits to assessed property in terms of increased value, use and enjoyment, but will serve the public interest by preserving and protecting the environment and promoting smart and local economic activity.

(J) Existing homeowners and business property owners may find it not cost effective to refinance their properties to install Qualifying Improvements and/or the current lending market may effectively discourage property owners from financing Qualifying Improvements with traditional equity financing options.

(K) The expected life of energy efficiency and renewable energy Qualifying Improvements may require a longer-term cost recovery period than offered by traditional equity financing may afford, necessitating an alternative financing option to pay the costs to install the Qualifying Improvements while sharing the costs of the Qualifying Improvements over the useful life of the Qualifying Improvements.

(L) The availability of the Program and the participation in the Program by property owners will provide a heretofore unavailable or alternative financing option to finance and repay the costs to install Qualifying Improvements.

(M) The Subscriber is willing to facilitate or authorize the provision of financing to a property owner who participates in the Program using non-ad valorem assessments levied on the property pursuant to the Supplemental Act and to be collected pursuant to Chapter 197, Florida Statutes, as such financing minimizes risk of failure for non-payment and provides a more efficient, fair and cost effective means of enforcement of any Special Assessment to both the property owner and the Subscriber.

(N) The Subscriber finds that local needs and conditions warrant the establishment of the Program within the jurisdiction of the Subscriber as a direct means to implement and advance positive energy efficiency, renewable energy and wind resistant activities.

(O) It is necessary and in the interest of the health, safety, and welfare of the Subscriber and its inhabitants that the Subscriber subscribe to the establishment of the Program within the Subscriber's jurisdiction. The Subscriber is authorized pursuant to the provisions of the Supplemental Act to undertake the Program.

(P) The Subscriber is without adequate, currently available and recurring funds to establish a program similar to the Program, and it is necessary and desirable and in the public interest that it either borrows the moneys necessary for such purpose and secures repayment thereof by the proceeds derived from the Special Assessments, or authorizes and approves the Agency to do so.

(Q) The Agency has secured a binding final judgment, binding and only advantageous to the Agency, which has statewide effect. Such judgment carefully relieves the Subscriber from cost and liability associated with implementation of the Agency's Program.

[Remainder of page intentionally left blank.]

**ARTICLE II
SUBSCRIPTION**

SECTION 2.01. AUTHORITY.

(A) The execution hereof has been duly authorized by the resolution of the governing bodies of each party hereto.

(B) The Agency by this Subscription Agreement is hereby authorized to act to provide its services, and conduct its affairs, within the boundaries of the Subscriber's jurisdiction.

(C) The execution of this Subscription Agreement evidences the express authority and concurrent transfer of all necessary powers to the Agency, and the covenant to reasonably cooperate by the Subscriber, so that the Agency may facilitate, administer, implement and assist in providing Qualifying Improvements, facilitate Financing Agreements and non-ad valorem assessments only on properties subjected to same by the record owners thereof, develop markets, structures and procedures to finance same, and to take any actions associated therewith or necessarily resulting there from, as contemplated by the Supplemental Act as the same may be amended from time to time.

(D) By resolution of the governing bodies of each of the parties and as implemented pursuant by this Subscription Agreement, all power and authority available to the Agency under its Charter and general law, including without limitation, Chapters 163, 189 and 197, Florida Statutes, shall be deemed to be authorized and may be implemented by the Agency within the boundaries of the Subscriber.

(E) This Subscription Agreement may be amended only by written amendment hereto.

SECTION 2.02. CREATION OF STATE, COUNTY OR MUNICIPAL DEBTS PROHIBITED.

The Agency shall not be empowered or authorized in any manner to create a debt as against the State, county, or any municipality, and may not pledge the full faith and credit of the State, any county, or any municipality. All revenue bonds or debt obligations of the Agency shall contain on the face thereof a statement to the effect that the State, county or any municipality shall not be obligated to pay the same or the interest and that they are only payable from Agency revenues or the portion thereof for which they are issued and that neither the full faith and credit nor the taxing power of the State or of any political subdivision thereof is pledged to the payment of the principal of or the interest on such bonds. The issuance of revenue or refunding bonds under the provisions of law, the Charter Agreement, or this Subscription Agreement shall not directly or indirectly or contingently obligate the State, or any county or municipality to levy or to pledge any form of ad valorem taxation whatever therefore or to make any appropriation for their payment.

SECTION 2.03. ADOPTION OF RATES, FEES AND CHARGES.

(A) The Board of Directors may adopt from time to time by resolution such rates, fees or other charges for the provision of the services of the Agency to be paid by the record owner of any property, pursuant to a Financing Agreement described in the Supplemental Act.

(B) Such rates, fees and charges shall be adopted and revised so as to provide moneys, which, with other funds available for such purposes, shall be at least sufficient at all times to pay the expenses of administering, managing, and providing for the services and administration of the activities of the Agency, to pay costs and expenses provided for by law or the Charter Agreement and the Financing Documents, and to pay the principal and interest on the Obligations as the same shall become due and reserves therefore, and to provide for necessary administration and reasonable margin of safety over and above the total amount of such payments. Notwithstanding any other provision in the Charter Agreement or this Subscription Agreement, such rates, fees and charges shall always be sufficient to comply fully with any covenants contained in the Financing Documents.

(C) Such rates, fees and charges may vary from jurisdiction to jurisdiction, but shall be just and equitable and uniform at the time of imposition for the record owners in the same class of or within each subscribing local governmental jurisdiction electing to enter into any Financing Agreement described in the Supplemental Act and may be based upon or computed upon any factor (including, by way of example and not limitation, distinguishing between residential and non-residential properties or uses, distinguishing between variable costs of administrative services over time) or combination of factors affecting the demand or cost of the services furnished or provided to administer the services and affairs of the Agency as may be determined by the Board of Directors from time to time.

(D) Notwithstanding anything in this Subscription Agreement to the contrary, the Agency may establish a general fund and/or performance assurance account into which moneys may be deposited from an annual surcharge upon the Special Assessments imposed, pledged to or collected by the Agency. Any moneys deposited to such general fund account from such a surcharge shall be considered legally available for any lawful purpose approved by the Board of Directors. Moneys in such general fund and/or performance assurance account may be used to pay for or reimburse initial costs and expenses advanced or associated with start-up costs, feasibility studies, economic analysis, financial advisory services, program development or implementation costs or enhancements, public education, energy audits, administration, quality control, vendor procurement, and any other purpose associated with the purpose or mission of the Agency approved by the Board of Directors.

SECTION 2.04. FINANCING AGREEMENTS.

(A) The Agency is authorized to prepare and provide to the Subscriber the form of the Financing Agreements which comply with the Supplemental Act and are in accordance with the Financing Documents as designated by the Board of Directors from time to time.

(B) Upon presentation of fully executed financing statements to the Agency with a good faith certificate of compliance with the provisions of the Supplemental Act, the Agency

shall cause same to be promptly executed by a duly authorized Agency official. Such official shall be duly authorized in advance and appointed to act within clearly delegated parameters to avoid the necessity of having to place such matters on the agenda of the governing body of the Agency.

SECTION 2.05. IMPOSITION OF SPECIAL ASSESSMENTS PURSUANT TO FINANCING AGREEMENTS.

(A) Upon execution by the record owners and the Agency, the Financing Agreement and a summary or memorandum thereof shall be recorded by the Agency within five (5) days of execution as required by Section 163.08(8), Florida Statutes. The recorded Financing Agreement, or summary or memorandum thereof, provides constructive notice that the non-ad valorem assessment to be levied on the subject property constitutes a lien of equal dignity to ad valorem taxes and assessments from the date of recordation.

(B) In a reasonably cooperative and uniform manner the Agency is authorized to and shall provide a digital copy to the property appraiser or tax collector of the recorded Financing Agreement or summary thereof, the most recent property identification number and annual amount of the non-ad valorem assessment along with such other efficient and reasonable information necessary for the tax collector to collect such amounts on behalf of the Agency pursuant to Sections 197.3632 and 163.08, Florida Statutes, as a non-ad valorem assessment.

SECTION 2.06. COLLECTION OF SPECIAL ASSESSMENTS.

(A) Subscriber shall not agree (to the extent the Subscriber's agreement is required) to allow the tax collector or property appraiser to impose, charge, or deduct any amount exceeding the minimum allowed by general law for the collection or handling of the Special Assessments which are the subject of this Subscription Agreement.

(B) Proceeds of the Special Assessment provided for herein shall be paid to the Agency or the institutional trustee required by the Financing Documents.

SECTION 2.07. PLEDGE OF PROCEEDS FROM NON AD VALOREM ASSESSMENTS.

(A) The Agency will take such actions as are necessary for the lawful levy of the Special Assessments against all lands and properties specially benefitted by the acquisition, construction and financing of Qualifying Improvements. If any assessment made with respect to any property shall be either in whole or in part annulled, vacated or set aside by the judgment of any court, or if the Agency or Subscriber shall be satisfied that any such assessment is so irregular or defective that the same cannot be enforced or collected, the Agency is authorized to take all necessary steps to cause a new assessment to be made for the whole or any part of any Qualifying Improvements or against any property specially benefitted by such improvement, to the extent and in the manner provided by law.

(B) Pursuant to the Financing Documents and this Subscription Agreement, the Agency shall irrevocably pledge and, to the fullest extent permitted by law, pledge and assign any and all revenues derived from Special Assessments to the repayment of any debt obligation issued by the Agency pursuant to the Financing Documents.

(C) The Subscriber will not incur or authorize any obligations secured by Special Assessments associated with Qualifying Improvements other than pursuant to the Financing Documents secured by a lien upon and pledge of the Special Assessments, nor voluntarily create or cause to be created any debt, lien, pledge, assignment, encumbrance or any other charge associated with Qualifying Improvements having priority to or being on a parity with the lien of the Financing Documents upon the Special Assessments.

(D) Each series of Financing Documents shall be secured forthwith equally and ratably by a pledge of and lien upon the Special Assessments. The obligations of the Agency under and pursuant to the Financing Documents shall not be or constitute general obligations or an indebtedness of the Subscriber as "bonds" within the meaning of the Constitution of Florida, but shall be payable from and secured solely by a lien upon and pledge of the Special Assessments as provided herein. Neither the Agency nor any holder of any debt obligation issued by the Agency pursuant to the Financing Documents shall ever have the right to compel the exercise of the ad valorem taxing power of the Subscriber or taxation in any form of property therein to pay any amount due under any Financing Documents or any Special Assessment. The Financing Documents shall not constitute a lien upon any property of or in the Subscriber except as to the respective Special Assessments in the manner provided herein and by law.

SECTION 2.08. CARBON OR SIMILAR CREDITS. The form of Financing Agreement in each instance shall provide for the transfer of any carbon or similar mitigation credits derived from Qualifying Improvements to the Agency, with such revenues therefrom, if any ever materialize, to be used by the Agency to underwrite generally its operation, mission and purpose. The Financing Agreement, in each instance, shall separately and expressly confirm that consideration therefore is in the form and substance of economies of scale provided by the Agency and its programs and \$1 and other good and valuable consideration provided to and received by the Property Owner, or such other statement of consideration as shall be appropriate under the circumstances. By execution hereof any such interest in mitigation credits shall be assigned by the Subscriber to the Agency without any future action by the parties. Provided, however, the Subscriber shall upon request from time to time execute and deliver all such documents as may be reasonably required to further evidence the assignment and transfer of such interests to the Agency. Such credits expressly exclude investment tax credits available under the Internal Revenue Code or monetary rebates available to the Property Owner.

[Remainder of page intentionally left blank.]

**ARTICLE III
GENERAL PROVISIONS**

SECTION 3.01. INTERLOCAL AGREEMENT PROVISIONS. This Subscription Agreement constitutes a joint exercise of power, privilege or authority by and between the Subscriber and the Agency and shall be deemed to be an "interlocal agreement" within the meaning of the Florida Interlocal Cooperation Act of 1969, as amended. This Interlocal Agreement shall be filed by the Agency with the Clerk of the Circuit Court of the county in which the Subscriber is located.

SECTION 3.02. DISCLOSURE.

(A) The Agency has provided a copy of (1) the Supplemental Act, (2) the Agency's Charter Agreement, (3) the Final Judgment in *Fla. PACE Funding Agency v. State*, No. 2011-CA-1824 (Fla. 2d Cir. Ct. 2011), and (4) other relevant disclosure information and background materials to the Subscriber prior to execution hereof. Subscriber, through its own staff and advisors, has independently reviewed and considered the foregoing and other relevant information of its choosing.

(B) The objective of the Agency's mission is to offer a uniform, standardized and scalable approach that provides efficiencies and economies of scale intended to attract voluntary financing of Qualifying Improvements and stimulate a substantial and meaningful flow of private sector economic activity and new job creation. In doing so, each subscribing local government by entering into a subscription agreement of this nature authorizes the availability of the Agency's uniform program to property owners in the subscribing jurisdiction. Accordingly, the Agency has engaged, and may engage in the future, various advisors, consultants, attorneys or other professionals or firms with recognized expertise necessary to accomplish the Agency's mission.

(C) Each of the various advisors, consultants, attorneys or other professionals engaged by the Agency has been, and shall in the future be, disclosed to the Subscriber. The Subscriber and Agency recognize, consider and acknowledge the fact or possibility that one or more of the various professionals or firms may serve as the advisor to the Agency in its mission, and to the Subscriber or another client in providing other similar professional services, outside of the provision, funding and financing of Qualifying Improvements. Such circumstance is acceptable and will not be construed as a conflict, be objected to unreasonably, nor be used as the basis for its disqualification of such professionals or firms from any continued or future representation of either party hereto which can otherwise be resolved by a reasonable waiver.

SECTION 3.03. TERM OF AGREEMENT; DURATION OF AGREEMENT; EXCLUSIVITY.

(A) The term of this Interlocal Agreement shall commence as of the date first above written, and initially continue for the next three (3) full fiscal years (ending September 30) following execution hereof. The term of this Agreement shall then be renewed for successive

three-year periods, unless either party provides notice to the other in writing of intent to terminate not later than 180 days prior to the end of any three-year term, or as otherwise agreed to by the parties in writing. Provided, however either party may unilaterally terminate this Agreement prior to any Financing Agreements being executed or, if earlier, the issuance of any Obligations of the Agency secured by Pledged Revenues derived from within the jurisdiction or boundaries of the Subscriber.

(B) In the event of any termination hereunder, and so long as the Agency has Obligations outstanding which are secured by Pledged Revenues derived from Financing Agreements relating to any properties within the jurisdiction or boundaries of the Subscriber, or the Agency has projects for Qualified Improvements underway therein, the applicable provisions, authority and responsibility under this Agreement reasonably necessary to carry out the remaining aspects of the Program and responsibilities of Agency then underway, shall remain in effect and survive such termination until such time as those obligations and all associated remaining Program responsibilities are fulfilled (including, but not limited to the collection of assessments in due course).

(C) In light of the unique nature of the Agency's program and in recognition of the capital investment made by the Agency and its contracting parties, and in order to maximize the benefits of a uniform implementation of a program under the Supplemental Act, the Subscriber covenants that it will not terminate this Agreement without cause, or enter into or otherwise commence another program for financing Qualified Improvements using non-ad valorem assessments either under the Supplemental Act or pursuant to its home rule powers so long as the Agency is actively operating and performing its obligations hereunder and pursuant to the Financing Documents.

SECTION 3.04. AMENDMENTS AND WAIVERS.

(A) Except as otherwise provided herein, no amendment, supplement, modification or waiver of this Subscription Agreement shall be binding unless executed in writing by the Subscriber and Agency.

(B) To the extent the Agency has no outstanding bonds, Obligations or other evidence of indebtedness, this Subscription Agreement may be amended or modified or provisions hereto waived upon the written consent of all parties hereto.

(C) To the extent the Agency has outstanding bonds, Obligations or other evidence of indebtedness arising from Financing Agreements relating to properties within the jurisdiction or boundaries of the Subscriber, this Subscription Agreement may not be amended or modified in any way that is materially adverse to holders of such bonds, Obligations or other evidence of indebtedness without the consent in writing of the holders of at least two-thirds (2/3) or more in principal amount of such bonds, Obligations or other evidence of indebtedness then outstanding, or any insurer duly authorized to provide such consent on behalf of such holders.

SECTION 3.05. NOTICES.

(A) All notices, certificates or other communications hereunder shall be sufficiently given and shall be deemed given when hand delivered (or confirmed electronic facsimile transmission) or mailed by registered or certified mail, postage prepaid, or sent by nationally recognized overnight courier (with delivery instructions for “next business day” service) to the parties at the following addresses:

Subscriber: Nassau County
ATTN: County Manager
96135 Nassau Place, Suite 1
Yulee, Florida 32097

With a copy to: Nassau County
ATTN: County Attorney
96135 Nassau Place, Suite 6
Yulee, Florida 32097

Agency: Executive Director
Florida PACE Funding Agency
c/o City of Kissimmee
101 North Church Street, Fifth Floor
Kissimmee, Florida 34741

With a copy to: Registered Agent for the Florida PACE Funding Agency
101 N. Monroe St., Suite 900
Tallahassee, Florida 32301

(B) Any of the parties may, by notice in writing given to the other, designate any further or different addresses to which subsequent notices, certificates or other communications shall be sent. Any notice shall be deemed given on the date such notice is delivered by hand (or confirmed electronic facsimile transmission) or three days after the date mailed.

SECTION 3.06. QUALITY CONTROL AND COMMUNICATION. For quality control purposes the Agency and Subscriber desire, and the Agency covenants to develop, implement and employ policies, systems and procedures which are within industry standards; with such standards being reasonably expected to change and evolve over time. An ongoing positive and informal line of communication between staff and agents for the parties is encouraged. At any time, notwithstanding lack of default or lack of material breach hereunder, the Subscriber is encouraged to objectively and specifically communicate to the Agency in writing as provided for herein any concerns, suggestions or disapproval with performance, policies, systems or procedures being employed by the Agency. The Agency through its administrator, Executive Director, or a duly authorized designee, will promptly respond in writing to all such communications (reasonably within fifteen (15) days of receipt of any such written communication, but sooner if necessary) and follow-up accordingly; and, also promptly

communicate any such response, follow-up, and all related communication to the Board of Directors for review.

SECTION 3.07. IMMUNITY; LIMITED LIABILITY.

(A) All of the privileges and immunities from liability and exemptions from laws, ordinances and rules which apply to the activity of officials, officers, agents or employees of the parties shall apply to the officials, officers, agents or employees thereof when performing their respective functions and duties under the provisions of this Subscription Agreement.

(B) The Subscriber and Agency are and shall be subject to Sections 768.28 and 163.01(9)(c), Florida Statutes, and any other provisions of Florida law governing sovereign immunity. Pursuant to Section 163.01(5)(o), Florida Statutes, and this covenant of the parties hereto, the local governments who are either or both the incorporators or members of the Agency shall not be held jointly liable for the torts of the officers or employees of the Agency, or any other tort attributable to the Agency, and that the Agency alone shall be liable for any torts attributable to it or for torts of its officers, employees or agents, and then only to the extent of the waiver of sovereign immunity or limitation of liability as specified in Section 768.28, Florida Statutes. The Subscriber and Agency acknowledge and agree that the Agency shall have all of the privileges and immunities from liability and exemptions from laws, ordinances, rules and common law which apply to the municipalities and counties of the State. Nothing in this Subscription Agreement is intended to inure to the benefit of any third-party for the purpose of allowing any claim, which would otherwise be barred under the doctrine of sovereign immunity or by operation of law.

(C) Neither the Subscriber, nor the local governments who are either or both the incorporators or members of the Agency, nor any subsequently subscribing or participating local government in the affairs of the Agency shall in any manner be obligated to pay any debts, obligations or liabilities arising as a result of any actions of the Agency, the Board of Directors or any other agents, employees, officers or officials of the Agency, except to the extent otherwise mutually and expressly agreed upon, and neither the Agency, the Board of Directors or any other agents, employees, officers or officials of the Agency have any authority or power to otherwise obligate either the Subscriber, the local governments who are either or both the incorporators or members of the Agency, nor any subsequently subscribing or participating local government in the affairs of the Agency in any manner.

SECTION 3.08. BINDING EFFECT. This Subscription Agreement shall be binding upon the parties, their respective successors and assigns and shall inure to the benefit of the parties, their respective successors and assigns.

SECTION 3.09. SEVERABILITY In the event any provision of this Subscription Agreement shall be held invalid or unenforceable by any court of competent jurisdiction, such holding shall not invalidate or render unenforceable any other provision hereof.

SECTION 3.10. EXECUTION IN COUNTERPARTS. This Subscription Agreement may be simultaneously executed in several counterparts, each of which shall be an original and all of which shall constitute but one and the same instrument.

SECTION 3.11. APPLICABLE LAW. The exclusive venue of any legal or equitable action that arises out of or relates to this Subscription Agreement shall be the appropriate state court in Leon County. In any such action, Florida law shall apply and the parties waive any right to jury trial.

SECTION 3.12. ENTIRE AGREEMENT. This Subscription Agreement constitutes the entire agreement among the parties pertaining to the subject matter hereof, and supersedes all prior and contemporaneous agreements, understandings, negotiations and discussions of the parties, whether oral or written, and there are no warranties, representations or other agreements among the parties in connection with the subject matter hereof, except as specifically set forth herein.

[Remainder of page intentionally left blank.]

IN WITNESS WHEREOF, the undersigned have caused this Subscription Agreement to be duly executed and entered into as of the date first above written.

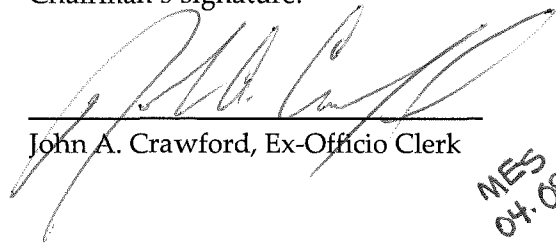
**BOARD OF COUNTY COMMISSIONERS
OF NASSAU COUNTY, FLORIDA**

(SEAL)

By: 

Danny Leeper, Chair

Attestation as to the authenticity of
Chairman's signature:



John A. Crawford, Ex-Officio Clerk

Approved as to form by the County
Attorney:

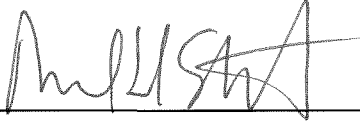


David A. Hallman, County Attorney

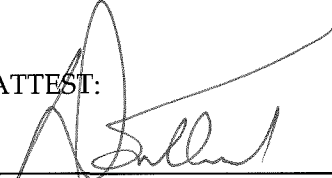
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IN WITNESS WHEREOF, the undersigned have caused this Interlocal Agreement to be duly executed and entered into as of the date first above written.

THE FLORIDA PACE FUNDING AGENCY

By: 
Michael H. Steigerwald, Executive Director



ATTEST:

Donald T. Smallwood, Assistant Secretary

IN THE CIRCUIT COURT OF THE SECOND JUDICIAL CIRCUIT
IN AND FOR LEON COUNTY, FLORIDA

FLORIDA PACE FUNDING AGENCY, a
public body corporate and politic,

CIVIL ACTION NO. 2011-CA-1824

Plaintiff,

vs.

THE STATE OF FLORIDA, AND ALL OF
THE SEVERAL PROPERTY OWNERS,
TAXPAYERS AND CITIZENS OF THE
STATE OF FLORIDA, INCLUDING NON-
RESIDENTS OWNING PROPERTY OR
SUBJECT TO TAXATION THEREIN AND
ALL OTHERS HAVING OR CLAIMING
ANY RIGHT, TITLE OR INTEREST IN
PROPERTY TO BE AFFECTED BY THE
ISSUANCE OF THE BONDS HEREIN
DESCRIBED, OR TO BE AFFECTED
THEREBY, INCLUDING BUT NOT
LIMITED TO THOSE OF FLAGLER
COUNTY, FLORIDA, PINELLAS COUNTY,
FLORIDA, AND THE CITY OF
KISSIMMEE, FLORIDA,

VALIDATION OF NOT TO EXCEED
\$2,000,000,000 FLORIDA PACE
FUNDING AGENCY REVENUE BONDS
(ENERGY AND WIND RESISTANCE
IMPROVEMENT FINANCE PROGRAM),
VARIOUS SERIES

Defendants.

FINAL JUDGMENT

The above and foregoing cause has come to final hearing on the date and at the time
and place set forth in the Order to Show Cause heretofore issued by this Court on the
complaint for validation filed by Plaintiff Florida PACE Funding Agency against the State
of Florida and the property owners, taxpayers and citizens thereof, including those of
Flagler County, Florida, Pinellas County, Florida and the City of Kissimmee, Florida and

CLERK OF CIRCUIT COURT
LEON COUNTY, FLORIDA

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including non-residents owning property or subject to taxation therein and all others having or claiming any right, title or interest in property to be affected by the Plaintiff's issuance of not exceeding \$2,000,000,000 in aggregate principal amount at any one time outstanding of the Florida PACE Funding Agency Revenue Bonds (Energy and Wind Resistance Improvement Finance Program), in various series (the "Bonds"), hereinafter described, or to be affected in any way thereby, and said cause having duly come on for final hearing, and the Court having considered the same and heard the evidence and being fully advised in the premises, finds as follows:

FIRST. The Plaintiff is authorized under Chapter 75, Florida Statutes, and Chapter 163, Part I, Florida Statutes, including section 163.01(7)(g)9., Florida Statutes, to file its Complaint in this Court to determine the validity of the Bonds, the pledge of revenues for the payment thereof, the validity of the non-ad valorem assessments which shall comprise all or in substantial part the revenues pledged, the proceedings relating to the issuance thereof and all matters connected therewith. All actions and proceedings of the Plaintiff in this cause are in accordance with Chapter 75, Florida Statutes, and Chapter 163, Part I, Florida Statutes, each as amended.

SECOND. The Plaintiff is a valid and legally existing public body corporate and politic within the State of Florida created pursuant to the Florida Interlocal Cooperation Act of 1969, Chapter 163, Part I, Florida Statutes, as amended (the "Interlocal Act") and pursuant to the provisions of a certain duly filed Interlocal Agreement Relating to the

Establishment of the Florida PACE Funding Agency dated as of June 21, 2011 (the "Charter Agreement") initially between Flagler County, Florida and the City of Kissimmee, Florida and subsequently between any additional counties or municipalities joining the Plaintiff as a member. As the context requires, the term "Incorporators" as used herein shall collectively include Flagler County, Florida; the City of Kissimmee, Florida; and any additional counties or municipalities joining the Plaintiff as a member. Such Charter Agreement was received into evidence as Plaintiff's Exhibit "1".

THIRD. Execution of the Charter Agreement was authorized by concurrent resolutions of the Incorporators adopted on June 20, 2011 with respect to Flagler County and June 21, 2011 with respect to the City of Kissimmee (collectively, the "Joint Resolutions"). The Joint Resolutions also provided for and approved Pinellas County, Florida, to subsequently join and become a local government member of the Plaintiff upon adoption by Pinellas County of a resolution substantially similar to and confirming the Joint Resolutions. Copies of the Joint Resolutions were received into evidence as Plaintiff's Exhibit "2".

FOURTH. The Charter Agreement is authorized by the Joint Resolutions, the Interlocal Act and Section 163.08(5), Florida Statutes, has been lawfully entered into and executed by the Incorporators and constitutes a legal, valid and binding agreement of such Incorporators.

FIFTH. The Joint Resolutions lawfully provided for adoption on behalf of the Plaintiff of a Master Bond Resolution setting forth the terms and conditions pursuant to which the Plaintiff shall issue its revenue bonds or other forms of indebtedness. A copy of the Master Bond Resolution was received into evidence as Plaintiff's Exhibit "3".

SIXTH. Authority is conferred upon the Plaintiff, under and by virtue of the laws of the State of Florida, particularly Chapter 166, Part II, Florida Statutes, Chapter 159, Part I, Florida Statutes, Chapter 125, Part I, Florida Statutes, Chapter 163, Part I, Florida Statutes, and other applicable provisions of law to issue its revenue bonds or other debt obligations and advance the proceeds thereof to any Florida "local government" as defined by Section 163.08(2), Florida Statutes, who subscribe to the Plaintiff's programs authorizing the Plaintiff to operate within each such local government's jurisdiction for purposes of financing "qualifying improvements" as defined in section 163.08(2)(b), Florida Statutes.

SEVENTH. The Bonds, or other debt obligations issued by the Plaintiff, enable the Plaintiff, together with subscribing local governments, to lawfully create and administer finance programs related to the provision of (i) energy conservation and efficiency improvements, (ii) renewable energy improvements, and (iii) wind resistance improvements, which are "qualifying improvements" as such defined in Section 163.08(2)(b), Florida Statutes (herein, "qualifying improvements"). The Bonds may be solely secured by the proceeds derived from special assessments in the form of non-ad valorem assessments imposed by the local governments, upon the voluntary agreement of the

record owners of the affected property as authorized by Section 163.08, Florida Statutes (2010) (the "Supplemental Act"). In order to pay the costs of qualifying improvements, the Supplemental Act expressly authorizes the imposition and collection of "non-ad valorem assessments" as defined in Section 197.3632(1)(d), Florida Statutes, which constitute a lien against the affected property, including homestead property, as permitted by Article X, Section 4 of the Florida Constitution.

EIGHTH. The Supplemental Act authorizes local governments (a) to finance qualifying improvements through the execution of financing agreements and the related imposition of non-ad valorem assessments, (b) to incur debt for purposes of providing such qualifying improvements, payable from revenues received from such non-ad valorem assessments or any other available revenue source authorized by law, (c) to enter into a partnership with one or more local governments for purposes of providing and financing qualifying improvements, and (d) to administer, or allow for the administration of, a qualifying improvement program by a for-profit entity or a not-for-profit entity. A copy of the Supplemental Act was received into evidence as Plaintiff's Exhibit "4".

NINTH. The Supplemental Act is additional and supplemental to county and municipal home rule authority and is not in derogation of such authority or a limitation upon such authority.

TENTH. The Supplemental Act includes the following legislative determinations:

(A) In chapter 2008-227, Laws of Florida, the Legislature amended the energy goal of the state comprehensive plan to provide, in part, that the state shall reduce its energy requirements through enhanced conservation and efficiency measures in all end-use sectors and reduce atmospheric carbon dioxide by promoting an increased use of renewable energy resources.

(B) That act also declared it the public policy of the state to play a leading role in developing and instituting energy management programs that promote energy conservation, energy security and the reduction of greenhouse gases.

(C) In chapter 2008-191, Laws of Florida, the Legislature adopted new energy conservation and greenhouse gas reduction comprehensive planning requirements for local governments.

(D) The Legislature finds that all energy-consuming improved properties that are not using energy conservation strategies contribute to the burden affecting all improved property resulting from fossil fuel energy production.

(E) Improved property that has been retrofitted with energy-related qualifying improvements receives the special benefit of alleviating the property's burden from energy consumption.

(F) All improved properties not protected from wind damage by wind resistance qualifying improvements contribute to the burden affecting all improved property resulting from potential wind damage. Improved property that has been retrofitted with

wind resistance qualifying improvements receives the special benefit of reducing the property's burden from potential wind damage.

(G) The installation and operation of qualifying improvements not only benefit the affected properties for which the improvements are made, but also assist in fulfilling the goals of the state's energy and hurricane mitigation policies.

(H) In order to make qualifying improvements more affordable and assist property owners who wish to undertake such improvements, the Legislature finds that there is a compelling state interest in enabling property owners to voluntarily finance such improvements with local government assistance.

ELEVENTH. The Legislature determined that the actions authorized under the Supplemental Act, including, but not limited to, the financing of qualifying improvements through the execution of financing agreements between property owners and local governments and the resulting imposition of non-ad valorem assessments are reasonable and necessary to serve and achieve a compelling state interest and are necessary for the prosperity and welfare of the state and its property owners and inhabitants.

TWELFTH. The non-ad valorem assessments imposed pursuant to the Supplemental Act (a) are only imposed with the written consent of the affected property owners, (b) are evidenced by a financing agreement as provided for in the Supplemental Act which comports with and evidences the provision of due process to every affected property owner, (c) constitutes a valid and enforceable lien permitted by Article X, Section

4 of the Florida Constitution, of equal dignity to taxes and other non-ad valorem assessments and is paramount to all other titles, liens or mortgages not otherwise on parity with the lien for taxes and non-ad valorem assessments, which lien runs with, touches and concerns the affected property, and (d) are used to pay the costs of qualifying improvements necessary to achieve the public purposes articulated by the Supplemental Act. As such, the non-ad valorem assessments imposed pursuant to the Supplemental Act are indistinguishable from and fully equivalent to all other non-ad valorem assessments providing for the payment of costs of capital projects, improvements, and/or essential services (e.g., infrastructure and services related to roads, stormwater, water, sewer, garbage removal/disposal, etc.) which benefit property or relieve a burden created by property in furtherance of a public purpose.

THIRTEENTH. Florida law provides that the amount of any given non-ad valorem assessment may not exceed the benefit conferred on the land, nor may it exceed the cost for the improvement and necessary incidental expenses. Non-ad valorem assessments imposed pursuant to the Supplemental Act are no different than any other non-ad valorem assessment imposed by a local government and therefore may not exceed the cost of the improvement and necessary incidental expenses.

FOURTEENTH. Non-ad valorem assessments imposed pursuant to the Supplemental Act, among other things, meet and comply with the well-settled case law

requirements of a special benefit and fair apportionment required for a valid special or non-ad valorem assessment.

FIFTEENTH. Any non-ad valorem assessments levied and imposed against affected real property must be collected pursuant to the uniform collection method set forth in Section 197.3632, Florida Statutes, pursuant to which non-ad valorem assessments are collected annually over a period of years on the same bill as property taxes.

SIXTEENTH. Non-ad valorem assessments imposed pursuant to the Supplemental Act are not subject to discount for early payment. Avoiding discounts for early payment of non-ad valorem assessments actually lowers the costs of annual collection paid by the affected property owners.

SEVENTEENTH. The Supplemental Act expressly and carefully clarifies and distinguishes the relationship of (i) prior contractual obligations or covenants which allow or are associated with unilateral acceleration of payment of a mortgage note or lien or other unilateral modification, with (ii) the action of a property owner entering into a financing agreement pursuant to the Supplemental Act. The Supplemental Act lawfully recognizes the financing agreement required therein as the means (i) to evidence a non-ad valorem assessment and renders unenforceable any provision in any agreement between a mortgagee or other lienholder and a property owner which allows for the acceleration of payment of a mortgage, note, lien or other unilateral modification solely as a result of (ii) entering into a financing agreement pursuant to the Supplemental Act which thereby

establishes a non-ad valorem assessment. This provision of the Supplemental Act does not result in a contractual impairment of the mortgage or similar lien which differs from any other lawful non-ad valorem assessment as the value of the prior contract (e.g. mortgagee's interest) is not impaired by the financing agreement nor is the prior contract impaired by recognition of the priority of a lien for a subsequent non-ad valorem assessment.

EIGHTEENTH. Even if there is an impairment of contract as a result of the Supplemental Act, such impairment is not substantial nor does it constitute an intolerable impairment, and as such does not warrant overturning the Supplemental Act as there is an overriding necessity for the Supplemental Act. Pursuant to the Supplemental Act, any mortgage lien holder on a participating property shall be provided not less than 30 days prior notice of the property owners' intent to enter into a financing agreement together with the maximum principal amount of the non-ad valorem assessment and the maximum annual assessment amount. The Supplemental Act does not limit the authority of the mortgage holder or loan servicer to increase or require monthly escrow payments in an amount necessary to annually pay the qualifying improvement assessment. The Supplemental Act additionally requires as a condition precedent to the effectiveness of a non-ad valorem assessment, (i) a reasonable determination of a recent history of timely payment of taxes for at least three (3) years, (ii) the absence of any recent involuntary liens or property-based debt delinquencies for at least three (3) years, (iii) verification that the property owner is current on all mortgage debt on the property, (iv) that, without the

consent of the mortgage holder or loan servicer, the total amount of any non-ad valorem assessment for qualifying improvements not exceed twenty percent (20%) of the just value of the property, except that energy conservation and efficiency improvements and renewable energy improvements are not subject to the twenty percent (20%) of just value limit if such improvements are supported by an energy audit which demonstrates that annual energy savings from the improvements equal or exceed the annual repayment of the non-ad valorem assessment, and (v) that any work requiring a license under any applicable law to make the qualifying improvement be performed by a properly certified or licensed contractor. Finally, each financing agreement (or a memorandum thereof) must be recorded in the public records of the county where the property is located promptly after the execution thereof. The Supplemental Act (i) was enacted to deal with broad generalized economic or social problems, (ii) is based on historical principles of law in existence before any affected mortgage or other debt instrument was entered into and operates and will be administered in an area of intense governmental regulation and public scrutiny, and (iii) is, or provides for conditions which are tolerable in light of covenants contained in mortgage and other debt instruments which may otherwise allow for unilateral acceleration.

NINETEENTH. The qualifying improvements and all costs associated therewith funded with the proceeds of the non-ad valorem assessments evidenced by any financing agreement pursuant to the Supplemental Act must convey a special benefit to the real

property subject to the assessment and the cost of the service or improvement must be fairly and reasonably apportioned among such real property. The special benefit necessary to support the imposition of a non-ad valorem assessment may consist of the relief or mitigation of a burden created by the affected real property.

TWENTIETH. Qualifying improvements address the public purpose of reducing, mitigating or alleviating the affected properties' burdens relating to energy consumption resulting from use of fossil fuel energy and/or reduce burdens or demands of affected properties that might otherwise result or manifest from potential wind, storm or hurricane events or damage.

TWENTY-FIRST. The voluntary application for funding to finance a qualifying improvement and entry into a written financing agreement as required by and pursuant to the Supplemental Act provides direct, competent and substantial evidence that each affected property owner has determined and acknowledged that the cost of qualifying improvements is equal to or less than the benefits received or burdens relieved or mitigated as to any affected property and has been provided and received substantive and procedural due process in the imposition of the resulting non-ad valorem assessments.

TWENTY-SECOND. The unique and specific procedures required by the Supplemental Act provide written and publicly recorded evidence that no affected property owner will be deprived of due process in the imposition of the non-ad valorem assessments or subsequent constructive notice that the assessment has been imposed.

TWENTY-THIRD. The Master Bond Resolution authorizes Plaintiff's issuance of not exceeding \$2,000,000,000 in aggregate principal amount at any one time outstanding of Florida PACE Funding Agency Revenue Bonds (Energy and Wind Resistance Improvement Finance Program), in various series, in order to provide funds with which to administer an energy and wind resistance improvement finance program and thereby advance the Plaintiff's mission to undertake, cause and/or perform all such acts as shall be necessary to provide a uniform and efficient local platform capable of securing economies of scale and implementation on a state-wide basis if and when embraced by individual local governments to facilitate the provision, funding and financing of qualifying improvements.

TWENTY-FOURTH. The Master Bond Resolution provides that the Bonds will be issued in such amounts, at such time or times, be designated as such series, be dated such date or dates, mature at such time or times, be subject to tender at such times and in such manner, contain such redemption provisions, bear interest at such rates not to exceed the maximum permitted by Florida law, including variable and fixed rates, and be payable on such dates as provided in the various trust indentures to be entered into and by and between the Plaintiff and one or more national banking associations or trust companies authorized to exercise trust services in Florida, to be determined by a resolution of the Plaintiff to be adopted prior to the issuance of the Bonds (the "Indentures").

TWENTY-FIFTH. The Charter Agreement approves the execution of Subscription Agreements by and between the Plaintiff and each of the local governments participating in

the energy and wind resistance improvement finance program (each a "Subscriber"). Subscription Agreements are a lawful means to provide for (a) the authority of the Plaintiff to act, provide its services, and conduct its affairs within the Subscriber's jurisdiction; (b) the Plaintiff to facilitate the voluntary acquisition, delivery, installation or any other manner of provision of qualifying improvements to record owners desiring such improvements who are willing to enter into financing agreements as provided for in the Supplemental Act and agree to impose non-ad valorem assessments which shall run with the land on their respective properties; (c) the Subscriber to levy, impose and collect non-ad valorem assessments pursuant to such financing agreements; (d) the issuance of bonds of the Plaintiff to fund and finance the qualifying improvements; (e) the proceeds of such non-ad valorem assessments to be timely and faithfully paid to the Plaintiff; (f) the withdrawal from, discontinuance of or termination of the Subscription Agreement by either party upon reasonable notice in a manner not detrimental to the holders of any bonds of the Plaintiff or inconsistent with any financing documents related to such bonds; (g) such disclosures, consents or waivers reasonably necessary to use or employ the services and activities of the Plaintiff; and (h) such other covenants or provisions deemed necessary and mutually agreed to by the parties to carry out the purpose and mission of the Plaintiff. A copy of the form of Subscription Agreement to be adopted by each participating local government is attached as Appendix A to the Master Bond Resolution and was received into evidence as Plaintiff's Exhibit "3".

TWENTY-SIXTH. The Subscription Agreements provide a lawful and enforceable means to evidence the express authority and concurrent transfer of all necessary powers to the Plaintiff, and the covenant to cooperate by the Subscriber, so that the Plaintiff may facilitate, administer, implement and assist in providing qualifying improvements, facilitate financing agreements and non-ad valorem assessments only on properties subjected to same by the record owners thereof, develop markets, structures and procedures to finance same, and to take any actions associated therewith or necessarily resulting there from, as contemplated by the Supplemental Act.

TWENTY-SEVENTH. Neither Plaintiff, nor any local government participating in the Plaintiff's program pursuant to a Subscription Agreement, is prohibited from enacting, implementing and operating a non-ad valorem assessment program to finance qualifying improvements under the Supplemental Act by any provision of any agreement between the Plaintiff or any Subscriber and a public or private power or energy provider or other utility provider, since any provision of such agreements are rendered unenforceable if used to limit or prohibit any local government from exercising its authority to operate a program under the Supplemental Act.

TWENTY-EIGHTH. The Master Bond Resolution provides that the principal of, premium, if any, and interest on the Bonds shall be payable solely from the proceeds of non-ad valorem assessments imposed by local governments pursuant to financing agreements with affected property owners as provided for in the Supplemental Act, and

the funds and accounts described in and as pledged and as limited under the Indentures and under the Subscription Agreements to be executed and delivered by the local governments (the "Pledged Revenues").

TWENTY-NINTH. The Pledged Revenues pledged to one series of Bonds may be different than the Pledged Revenues pledged to other series of Bonds.

THIRTIETH. Bonds issued pursuant to the Master Bond Resolution to redeem and/or refund any bonds or other indebtedness of the Plaintiff shall be deemed to be a continuation of the debt refunded or redeemed and shall not be considered to be an issuance of an additional principal amount of debt chargeable against the amount originally validated in this proceeding and authorized to be issued.

THIRTY-FIRST. The Bonds and any series thereof may be issued such that the interest thereon shall not be excluded from gross income of the holders thereof for purposes of federal income taxation, or may be issued such that the interest thereon shall be excluded from gross income of the holders thereof for purposes of federal income taxation.

THIRTY-SECOND. The Bonds and any series thereof may be issued such that the Bonds are or are not further secured by one or more bond insurance policies, letters of credit, surety bonds or other form of credit support.

THIRTY-THIRD. The Master Bond Resolution requires the use of financing agreements in establishing any non-ad valorem assessment in the manner provided for in

the Supplemental Act for each local government participating in the energy and wind resistance improvement finance program.

THIRTY-FOURTH. The Master Bond Resolution provides that the Bonds and the obligations and covenants of the Plaintiff under the Indentures and the Subscription Agreements and other documents (collectively, the "Program Documents") shall not be or constitute a debt, liability, or general obligation of the Plaintiff, the Incorporators, the State of Florida, or any political subdivision or municipality thereof (excluding the local governments to the extent of their respective obligations under their respective Subscription Agreements), nor a pledge of the full faith and credit or any taxing power of the Plaintiff, the Incorporators, the State or any political subdivision or municipality thereof, but shall constitute special obligations payable solely from the non-ad valorem assessments as evidenced by the financing agreements and secured under the Indenture, in the manner provided therein and in any Subscription Agreements. The holders of the Bonds shall not have the right to require or compel any exercise of the taxing power of the Plaintiff, the Incorporators, the local governments entering into any financing agreement with an affected property owner, the State of Florida or of any political subdivision thereof to pay the principal of, premium, if any, or interest on the Bonds or to make any other payments provided for under the Indentures, any Subscription Agreements or the Program Documents. The issuance of the Bonds shall not directly, indirectly, or contingently obligate the Plaintiff, the Incorporators, the State of Florida or any political subdivision or

municipality thereof (excluding the local governments to the extent otherwise provided in their respective Subscription Agreements) to levy or to pledge any form of taxation or assessments whatsoever therefore.

THIRTY-FIFTH. Plaintiff and the general purpose local governments incorporating or acting as members of the Plaintiff are and shall be subject to Sections 768.28 and 163.01(9)(c), Florida Statutes, and any other provisions of Florida law governing sovereign immunity. Pursuant to Section 163.01(5)(o), Florida Statutes, such local governments may not be held jointly liable for the torts of the officers or employees of the Plaintiff, or any other tort attributable to the Plaintiff or another member of the Plaintiff, and the Plaintiff alone shall be liable for any torts attributable to it or for torts of its officers, employees or agents, and then only to the extent of the waiver of sovereign immunity or limitation of liability as specified in Section 768.28, Florida Statutes.

THIRTY-SIXTH. Plaintiff is a legal entity separate and distinct from the Incorporators, and neither of the Incorporators, nor any subsequent local government member of the Plaintiff, nor any subsequently participating or subscribing local government shall in any manner be obligated to pay any debts, obligations or liabilities arising as a result of any actions of the Plaintiff, its Board of Directors or any other agents, employees, officers or officials of the Plaintiff, except to the extent otherwise mutually and expressly agreed upon, and neither the Plaintiff, its Board of Directors or any other agents, employees, officers or officials of the Plaintiff have any authority or power to otherwise

obligate either of the Incorporators, nor any subsequent member of the Plaintiff, nor any subsequently participating or subscribing local government in any manner.

THIRTY-SEVENTH. All requirements of the Constitution and laws of the State of Florida pertaining to the issuance of the Bonds and the adoption of the proceedings of the Plaintiff have been complied with.

NOW, THEREFORE, IT IS ORDERED AND ADJUDGED that the Bonds, the Charter Agreement, the Supplemental Act, the matters set forth in each of the preceding numbered paragraphs including, but not limited to, the proceedings related thereto, the Master Bond Resolution and the adoption thereof, the revenues pledged or covenanted for the repayment of the Bonds, the validity of the financing agreements entered into and the non-ad valorem assessments imposed pursuant to the Supplemental Act which shall evidence and comprise all or in substantial part the revenues pledged, are hereby validated and confirmed, are for proper, legal and paramount public purposes and are fully authorized by law, and that this Final Judgment validates and confirms the authority of the Plaintiff to issue the Bonds and the legality of all proceedings in connection therewith.

There shall be stamped or written on the back of each of the Bonds a statement in substantially the following form:

"This Bond was validated by judgment of the Circuit Court for Leon County, Florida rendered on _____, 2011.

[Officer, Florida PACE Funding Agency]"

provided that such statement or certificate shall not be affixed within thirty (30) days after the date of this judgment and unless no appeal be filed in this cause.

DONE AND ORDERED at the Leon County Courthouse located in Tallahassee, Florida, this 25th day of August 2011.

Charles A. Francis
Circuit Court Judge

Copies to:

- Robert C. Reid, Bryant Miller Olive, Counsel for Plaintiff
- Mark G. Lawson, Bryant Miller Olive, Counsel for Plaintiff
- Christopher B. Roe, Bryant Miller Olive, Counsel for Plaintiff
- Jason M. Breth, Bryant Miller Olive, Counsel for Plaintiff
- Georgia Anne Cappleman, Assistant State Attorney, Second Judicial Circuit
- Ben Fox, Assistant State Attorney, Seventh Judicial Circuit
- Damien Kreabel, Assistant State Attorney, Sixth Judicial Circuit
- Steve Foster, Assistant State Attorney, Ninth Judicial Circuit

STATE OF FLORIDA, COUNTY OF LEON

I HEREBY CERTIFY that the above and foregoing is a true and correct copy of an instrument recorded in the official records of Leon County, Florida. WITNESS my hand and seal of office this 24 day of April 2013

BOB INZER
Clerk of County Court

By [Signature]