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CERTIFICATION

Pursuant to Sections 90.955(1) and 90.902(1), Florida Statutes, and Federal Rules of Evidence 901(a), 901(b)(7), and 902(1), the attached document is electronically certified by The Honorable Gwen Marshall, Leon County Clerk of the Circuit Court and Comptroller, to be a true and correct copy of an official record or document authorized by law to be recorded or filed and actually recorded or filed in the office of the Leon Clerk of the Circuit Court. The document may have redactions as required by law.

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FLORIDA PACE FUNDING AGENCY, a public body corporate and politic, Plaintiff, vs. STATE OF FLORIDA, and the taxpayers, property owners and citizens of the State of Florida, including non-residents owning property or subject to taxation therein, and others claiming any right, title or interest in property to be affected by the issuance of the Bonds herein described or to be affected in any way thereby, Defendants. _____/	IN THE CIRCUIT COURT OF THE SECOND JUDICIAL CIRCUIT OF THE STATE OF FLORIDA, IN AND FOR LEON COUNTY, FLORIDA CIRCUIT CIVIL CIVIL ACTION NO: 2022-CA-1562 VALIDATION NOT TO EXCEED $5,000,000,000 FLORIDA PACE FUNDING AGENCY REVENUE BONDS (QUALIFYING IMPROVEMENT FINANCE PROGRAM), VARIOUS SERIES

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 (the "Complaint") filed by the Plaintiff, Florida PACE Funding Agency, against the State of Florida and all of the property owners, taxpayers and citizens of the entire State of Florida, and 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 $5,000,000,000 in the aggregate principal amount at any one time outstanding of the Florida PACE Funding Agency Revenue Bonds (Qualifying Improvement Finance Program) 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:[1]

The Plaintiff

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,[2] 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

[1] For convenience, capitalized terms used herein will have the meaning attributed to them in the Complaint and exhibits thereto, unless the context clearly requires otherwise.

[2] The Plaintiff is the sole and only issuer of the Bonds which are the subject of this validation proceeding.

accordance with chapter 75, Florida Statutes, and chapter 163, Part I, Florida Statutes, each as amended.

SECOND. Section 163.01(7)(g), Florida Statutes (hereinafter the "Separate Legal Entity Act"), authorizes by general law the creation of a separate legal entity by interlocal agreement and provides that such separate legal entity possesses express general law powers, as well as the common powers specified in the interlocal agreement, exercisable in the manner or method set forth in such interlocal agreement.

THIRD. The Plaintiff is a separate legal entity duly formed in accord with the Separate Legal Entity Act, is a valid and legally existing independent public body corporate and politic within the State of Florida, created by general law in accordance with Florida Interlocal Cooperation Act of 1969, section 163.01, Part I, Florida Statutes, as amended (the "Interlocal Act") and pursuant to the provisions of a certain adopted and duly filed Amended and Restated Interlocal Agreement Relating to the Establishment of the Florida PACE Funding Agency, effective as of February 20, 2017 (the "Charter Agreement"), initially between Flagler County, Florida, and the City of Kissimmee, Florida[3] (and, subsequently between any additional counties or municipalities joining the

[3] Currently, the only members of the Plaintiff are Flagler County and the City of Kissimmee.

Plaintiff as a member). As the context requires, the term "Incorporators" as used herein collectively include Flagler County, Florida; the City of Kissimmee, Florida; and, any additional counties or municipalities joining the Plaintiff as a member. By general law the Charter Agreement has been lawfully entered into and executed by the parties thereto, duly evidences the establishment and creation of the Plaintiff pursuant to general law, has been properly recorded as required by the Interlocal Act, and constitutes a legal, valid and binding agreement. A certified copy of the Charter Agreement was received into evidence as Plaintiff's Exhibit 1.

FOURTH. By general law and the Charter Agreement lawfully entered into in accord with general law, the Plaintiff by and through its Board of Directors (the "Board of Directors") as a separate legal entity described in the Separate Legal Entity Act is empowered to act separately and independently as a special purpose local government throughout Florida.

Express Authority for Plaintiff to Act

FIFTH. In concert with the Charter Agreement adopted as provided by general law, and by express provisions of general law, all of the privileges, benefits, powers and terms of section 125.01 relating to counties, and section 166.021, relating to municipalities, are also

fully applicable to the Plaintiff in the conduct of its affairs, purpose and mission.

SIXTH. The Florida Legislature (the "Legislature") has determined that all energy consuming improvements to property that are not using energy conservation strategies contribute to the burden resulting from fossil fuel energy production. *See* § 163.08(1)(b), Fla. Stat. (2022). This comports with the declared public policy of the State to play a leading role in developing and instituting energy management programs to promote energy conservation, energy security, and the reduction of greenhouse gases, in addition to establishing policies to promote the use of renewable energy. *See* § 163.08(1)(a), Fla. Stat. (2022).

SEVENTH. In furtherance of its stated policy objectives, the Legislature enacted and has amended section 163.08, Florida Statutes, entitled "Supplemental authority for improvements to real property" (the "Supplemental Act"), which provides the statutory general law framework and supplemental authority for the funding and financing of qualifying improvements for energy efficiency, renewable energy, and wind resistance in order to promote energy conservation and efficiency, the reduction of

greenhouse gases and fulfillment of the goals of the State's energy and hurricane mitigation policies.[4]

EIGHTH. General law expressly provides the Plaintiff with independent and concurrent authority to finance facilities on behalf of any person, relating to a governmental function or purpose, which may serve populations within or outside of the members of the Plaintiff.

NINTH. General law alternatively, concurrently and expressly provides that by the Charter Agreement, the Separate Legal Entity Act, and the Supplemental Act, all power and authority available to the Plaintiff under the Charter Agreement and general law, including without limitation, chapters 163, 189, and 197, Florida Statutes, has been duly authorized by the Legislature and may be implemented by the Plaintiff to serve populations throughout the State, both within and outside of members of the Plaintiff.

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[4] The Supplemental Act, in part, implements the general national concept of "property assessed clean energy" or "property assessed clean environment" or the associated acronym "PACE", but as uniquely applied by the Legislature to the entire State of Florida. The Supplemental Act broadly enlists local governments to enable alternative financing to private property owners who voluntarily determine to accomplish compelling state interests. As the Legislature does not use the foregoing "PACE" terminology in the Florida Statutes, such terminology is not employed herein to avoid confusion.

TENTH. The Supplemental Act enables and authorizes local governments, as defined therein, (1) to finance such energy conservation efficiency and renewable energy and wind resistance improvements, as defined in section 163.08(2)(b), Florida Statutes, by entering into financing agreements with qualified owners of real property evidencing the property owner's consent to imposition of a non-ad valorem assessment against the real property specially benefitted by such improvements (*see* section 163.08(1)(c), Florida Statutes); and, (2) to incur debt for purposes of funding and financing such qualifying improvements, payable from revenues received from such non-ad valorem assessments or any other available revenue source authorized by law. *See* § 163.08 (3), (4), and (7), Fla. Stat. (2022).

ELEVENTH. The findings in the Charter Agreement provide examples of benefits to the people of the State for the increase of their commerce and prosperity and the improvement of their health and living conditions.

TWELFTH. The Plaintiff does not employ the use of any State, county or municipal funding or financial support. The Plaintiff and the Plaintiff's records are by general law subject to the "Sunshine Law", section 286.011, Florida Statutes and "Florida's Public Records Law",

chapter 119, Florida Statutes. The Plaintiff's functions and services are paid for by rates, fees and charges from participating private property owners which are disclosed, acknowledged and agreed to in writing in advance of any funding or financing of any qualifying improvement. Stated differently, the Plaintiff is financially self-supporting – it is not funded by the State or any general purpose local government. The foregoing are, among other things, examples of performance and funding of essential governmental functions expressly authorized by the Legislature for the public health, safety and welfare done in accomplishing the Plaintiff's purpose of assisting private property owners in improving Florida's building stock.

THIRTEENTH. Prior to 2012, the Plaintiff initially validated its authority to issue debt obligations in *Florida PACE Funding Agency v. State,* No. 2011-CA-1824 (Fla. 2nd Cir. Ct., August 25, 2011), recorded in Official Record Book 4279, at page 852, Public Records of Leon County, Florida (the "2011 Final Judgement"). As provided by law the 2011 Final Judgement is incorporated herein by reference and remains in full force and effect. *See* § 75.11(2), Fla. Stat. With the passage of time and changes in law, the Plaintiff determined to and duly adopted its Resolution No. 2022-0822(1) (the "Second Master Bond Resolution"). A certified copy

of the Second Master Bond Resolution was received into evidence as Plaintiff's Exhibit 2.

FOURTEENTH. The Second Master Bond Resolution authorizes issuance of the Bonds and provides for the adoption of supplemental series resolutions approving the financing terms and conditions applicable to each series of Bonds.

FIFTEENTH. The Plaintiff has properly filed its Complaint in this matter seeking validation of its authority to issue the Bonds and to provide for the repayment thereof through the proceeds of non-ad valorem assessments (sometimes referred to as special assessments) evidenced and imposed pursuant to financing agreements which must be collected pursuant to section 197.3632, Florida Statutes, among other things, all as contemplated by and authorized under the Supplemental Act and the Separate Legal Act, and other provisions of general law.

The Court's Task in Bond Validation

SIXTEENTH. The Court's task in bond validation is to determine (1) whether the issuer has legal authority to issue the contemplated indebtedness, (2) whether the purpose of the obligation is legal, and (3) whether the issuance complies with the requirements of law. *Strand v. Escambia County*, 992 So. 2d 150 (Fla. 2008), *reh'g denied* (Fla.

2008); and *Boschen v. City of Clearwater*, 777 So. 2d 958, 962, 966 (Fla. 2001).

SEVENTEENTH. Subsumed within the inquiry as to whether the issuer has the legal authority to issue the contemplated indebtedness are matters which are clearly a basic part of unique financing arrangements. *See Keys Citizens for Responsible Gov't, Inc. v. Florida Keys Aqueduct Authority*, 795 So. 2d 940, 946 (Fla. 2001). The validity of matters tied to and representing a basic part of the financing arrangement are reasonably part of the Court's inquiry into whether the issuer has the authority to issue bonds. *Id.* at 947. The function of a validation proceeding is merely to settle the basic validity of the securities and the power of the issuing agency to act in the premises. *State v. Manatee County Port Auth.*, 171 So. 2d 169, 171 (Fla. 1965). The Court is not called upon to reweigh the evidence or to second-guess the political, financial, or policy considerations underlying the issuance. *See, e.g., Boschen*, 777 So. 2d at 968; *Panama City Beach Cmty. Redevelopment Agency v. State*, 831 So. 2d 662, 667-69 (Fla. 2002). "[I]t is not the function of this Court to decide whether the proposed financing is wise or even fiscally sound." *State v. Brevard County*, 539 So. 2d 461, 464 (Fla. 1989). The Florida Supreme Court has indicated that trial courts "must maintain a very deferential standard of review when

testing the validity of statutorily authorized revenue bonds." *Panama City Beach Redevelopment Agency*, 831 So. 2d at 664.

EIGHTEENTH. It is the intent of the law that bond validations be expedited at the earliest time reasonably possible. *Rianhard v. Port of Palm Beach Dist.*, 186 So. 2d 503, 505 (Fla. 1966) (trial court did not abuse its discretion in not setting further hearing for taking of testimony but rather it properly proceeded after considering all that was offered at initial hearing to enter decree of validation). The Legislature's intent for expedited handling is expressly reflected both in the text of chapter 75, Florida Statutes (". . .the court shall determine all questions of law and fact and make such orders as will enable it to properly try and determine the action and render a final judgment with the least possible delay"), and the fact that the procedure set forth is summary in nature.

NINETEENTH. 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 for Validation in this Court to determine the validity of (i) the Bonds, (ii) the power of Plaintiff by general law to independently act in the premises, (iii) the pledge of revenues for the payment thereof, (iv) the validity of the non-ad valorem assessments which shall comprise all or in substantial part the revenues

pledged, (v) the proceedings relating to the issuance thereof and (vi) 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.

Extraordinary General Law Authority and Assignment of Responsibilities Conferred Upon the Plaintiff to Accomplish Compelling State Interests

TWENTIETH. Authority is conferred upon the Plaintiff, under and by virtue of the general law of the State of Florida, particularly the Separate Legal Entity Act, the Charter Agreement, and the Supplemental Act, to independently impose and levy non-ad valorem assessments for public purposes and compelling state interests announced by the Legislature to fund and finance qualifying improvements, through voluntary execution of financing agreements by private property owners with the Plaintiff, as set forth in the Supplemental Act, and to issue its bonds or other debt obligations for the purposes of financing qualifying improvements, all in the manner as described and authorized by the Legislature in general law.

TWENTY-FIRST. The subject matter of general law authority described in the Supplemental Act, the Separate Legal Entity Act, and the Charter Agreement is black-letter law authority expressly provided by the Legislature in the Florida Statutes that separate legal entities, formed in the

same manner as that of the Plaintiff, once constituted and established as provided by general law, are authorized to act alone to assist private property owners who alternatively and voluntarily choose to apply to and consent to such financing directly with the Plaintiff by virtue of execution of a financing agreement as provided for in the Supplemental Act. The Legislature has provided express general law authority to the Plaintiff to independently fund and finance qualifying improvements for interested private property owners throughout the State in a concurrent, alternative, but non-exclusive manner. Such funding and financing of qualifying improvements discretely and uniquely accomplishes specific compelling state interests described in general law.

TWENTY-SECOND. The Supplemental Act (i) defines "local government" and "qualifying improvements"; (ii) authorizes local governments to finance qualifying improvements through the execution of financing agreements and the related imposition of non-ad valorem assessments; (iii) authorizes local governments to incur debt for purposes of funding and financing such qualifying improvements payable from revenues received from such non-ad valorem assessments or any other available revenue source authorized by law; and (iv) provides there is no requirement or necessity for the Plaintiff to enter into any agreement or

partnership, beyond the general law provisions of the Charter Agreement, to serve any property owner.

TWENTY-THIRD. The Bonds, or other debt obligations issued by the Plaintiff, enable the Plaintiff to lawfully fund a qualifying improvement financing program as authorized and encouraged by the Legislature and assist property owners who wish to undertake improvements to their real property for (i) energy conservation and efficiency improvements, (ii) renewable energy improvements, (iii) wind resistance improvements, (iv) or any other qualifying improvements authorized by the Legislature (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 Plaintiff as evidenced by the voluntary agreement of the record owners of the affected property as authorized by 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.

TWENTY-FOURTH. In order to make qualifying improvements more affordable and assist property owners who wish to undertake such improvements, the Legislature has found that there is a compelling state interest in enabling property owners to voluntarily finance such improvements with local government assistance.

TWENTY-FIFTH. The Legislature has rationally determined 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 necessary to serve and achieve compelling state interests, and are also necessary for the prosperity and welfare of the State and its property owners and inhabitants. Such determination comports with the performance of a governmental function and purpose described by the Legislature in the Separate Legal Entity Act. The mission, financing and service of the Plaintiff authorized by the Legislature all relate to accomplishing governmental functions and purposes described in section (1)(c) of the Supplemental Act, and sections (7)(g) 1., 7., and 10. of the Separate Legal Entity Act.

The Use of and Nature of Non-Ad Valorem Assessments in Implementing Supplemental Authority to Improve Real Property

TWENTY-SIXTH. The non-ad valorem assessments imposed pursuant to the Supplemental Act (i) are only imposed with the written consent of the affected property owners, (ii) 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, (iii) constitute 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 (iv) 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.

TWENTY-SEVENTH. Florida law provides the amount of any given non-ad valorem assessment may not exceed the benefit conferred on the property, 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 including, but not limited to, costs of financing, collection and enforcement, and the reasonably apportioned annual assessment administration costs by the local government imposing the non-ad valorem assessment.

TWENTY-EIGHTH. 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.

TWENTY-NINTH. Any non-ad valorem assessments levied and imposed against the affected real property pursuant to the Supplemental Act 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.

THIRTIETH. Non-ad valorem assessments imposed pursuant to the Supplemental Act are not subject to discount for early payment.

THIRTY-FIRST. 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 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 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 giving priority to a lien for a subsequent non-ad valorem assessment.

THIRTY-SECOND. Even if there were to be 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, (ii) a reasonable determination of the absence of involuntary liens or property-based debt delinquencies, (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 submitted for recording and constructive notice in the public records of the county where the property is located promptly after the execution thereof.

THIRTY-THIRD. 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, (iii) has been in place for over a decade and (iv) is, or provides for

conditions which are, temporary in nature and thus tolerable in light of covenants contained in mortgage and other debt instruments which may otherwise allow for unilateral acceleration. *See* the Florida House of Representatives Staff Analysis (CS/HB 7179) Qualifying Improvements to Real Property (the "2010 House Report") associated with the initial adoption of the Supplemental Act. A certified copy of the 2010 House Report was received into evidence as Plaintiff's Exhibit 3.

THIRTY-FOURTH. 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 to such real property. The special benefit necessary to support the imposition of such a non-ad valorem assessment may wholly or in part consist of the relief or mitigation of a burden created by the affected real property.

THIRTY-FIFTH. Qualifying improvements address the public purpose of reducing, mitigating or alleviating the affected properties' environmental burdens including 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.

THIRTY-SIXTH. The voluntary application for funding to finance a qualifying improvement and entry into a written financing agreement as required by general law pursuant to the Supplemental Act provides direct, competent, and substantial evidence that each affected property owner has determined and acknowledged that the cost of the qualifying improvement 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.

THIRTY-SEVENTH. 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.

Uniform Method of Collection

THIRTY-EIGHTH. The uniform method of collection as set forth in sections 197.3632 and 197.3635, Florida Statutes, and Rule 12D-18, Florida Administrative Code, provides for collection of non-ad valorem

assessments on the same annual bill as for annual property taxes. Where non-ad valorem assessments are collected using this uniform method, the assessments must be collected as a ministerial act by the tax collector at the same time as payment of other taxes and non-ad valorem assessments (*see* section 197.374 (7), Florida Statutes, and Rules 12D-13.002 (2) and 12D-18.010, Florida Administrative Code). The fundamental requirement that all non-ad valorem assessments imposed under the Supplemental Act must be collected and enforced using the uniform method of collection evidences a narrowly tailored general law that forms an extraordinary and pervasive means, using a mandatory method of imposition and collection, to attract alternative capital and protect property owners who voluntarily use such capital to accomplish the compelling state interests articulated by the Legislature.

THIRTY-NINTH. The use of the uniform method of collection is by general law a fundamental and uniform collection approach required statewide by the Supplemental Act. Inasmuch as all non-ad valorem assessments in Florida are imposed solely by local governments, the unique and extraordinary means employed by the Legislature to cause financing assistance to property owners to carry out the assorted compelling state interests described in the Supplemental Act necessarily

depends on robust, effective and available qualifying improvement financing programs administered by each of the local governments described and authorized in the Supplemental Act.

FORTIETH. Non-ad valorem assessments are not imposed or levied by any property appraiser or tax collector. Any duties of a property appraiser or tax collector with regard to collection of non-ad valorem assessments under section 197.3632, Florida Statutes, including the duty to collect the assessments and remit payment to the local government and to calculate the actual additional costs associated with the uniform method, are wholly ministerial and the property appraiser and tax collector are without any discretion with regard to the collection of non-ad valorem assessments on the same notice as for taxes or otherwise once the local government elects to use the uniform method and complies with the requirements of section 197.3632, Florida Statutes.

FORTY-FIRST. The Florida Department of Revenue, among other things, is charged with oversight and supervision of non-ad valorem assessment collection and enforcement processes by the State's 67 county tax collectors. The uniform method is of significant statewide import. Statewide the annual gross collection of non-ad valorem assessments imposed by local governments using the uniform method most recently is

approximated at over 4 billion dollars. Evidence substantiating the magnitude of such collections in the form of a certified copy of the most recent statewide tabulation of non-ad valorem assessments imposed, obtained by the Plaintiff from the Florida Department of Revenue ("FDOR"), was received into evidence as Plaintiff's Exhibit 4.

FORTY-SECOND. Regardless of whether the Supplemental Act requires the use of the uniform method of collection, any local government authorized to impose such assessments upon timely providing an initial notice of intent to use the uniform method of collection of a class or genus of non-ad valorem assessments to the property appraiser, the tax collector and the FDOR by United States Mail is entitled to use such uniform method for the next fiscal year and all ensuing years.

FORTY-THIRD. Where a local government sends to a tax collector or property appraiser, a certified letter via the United States Postal Service, including a statement unequivocally agreeing to all the terms and scope of the agreement required by section 197.3632(2), Florida Statutes, and the tax collector and property appraiser receives the same, the requirement of a statutory agreement under section 197.3632(2), Florida Statutes, is met. Such transmittal from the local government, among other things, creates an enforceable contract satisfying the requirements of the

statute of frauds and complies with the local government's obligation to enter into the required limited written agreement in section 197.3632(2), Florida Statutes. Such action and compliance are also consistent with on-point guidance letters from the Florida Department of Revenue. Certified copies of relevant FDOR guidance letters were received into evidence as Plaintiff's Composite Exhibit 5.

The Legislature's Leading Role in the Supplemental Act

FORTY-FOURTH. In developing and considering the Second Master Bond Resolution, the Board of Directors of the Plaintiff considered in particular the following determinations of the Legislature:

(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 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.

(G) 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.

(H) 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.

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

FORTY-FIFTH. Unique to the Supplemental Act is that the Legislature has acted on a statewide basis to create alternative access to capital markets for private property owners to finance and secure improvements to private property *to fulfill paramount public purposes involved with encouraging qualifying improvements* (e.g., the goals of the State's energy and hurricane policies) announced in general law.

FORTY-SIXTH. In considering the Second Master Bond Resolution, the Board of Directors of the Plaintiff employed the authority in the Charter Agreement, which provides in part:

> By this Charter, the provisions of section 163.01(7)(g), Florida Statutes, the Supplemental Act, or by resolution of the governing bodies of a general purpose local government affected and as implemented pursuant to a Subscription Agreement, collectively, alternatively, or supplementally, all power and authority available to the [Plaintiff] under this Charter Agreement, 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 [Plaintiff] to serve populations within and outside of the members of the [Plaintiff].

The Charter Agreement is both formed and implemented by general law.

FORTY-SEVENTH. As expressly granted, authorized and provided by the Legislature in the Separate Legal Entity Act, and by the Charter Agreement duly implemented by general law in the manner provided by the Legislature pursuant to the provisions of the Separate

Legal Entity Act, the Plaintiff has been imbued by the Legislature with express independent authority to act by general law in all respects to independently exercise concurrently and alternatively all power and authority described as available to the Plaintiff under the Charter Agreement and general law, including without limitation, chapters 163, 189 and 197, Florida Statutes. Such express assignment of authority and responsibility to the Plaintiff, and other similarly situated separate legal entities, is duly authorized by general law to accomplish compelling state interests and may, at the sole option of the Plaintiff in this circumstance, be implemented by the Plaintiff to independently, concurrently and non-exclusively serve populations within and outside of the members of the Plaintiff with its qualifying improvement financing program and associated activities in Florida.

FORTY-EIGHTH. The power and authority of the Plaintiff to independently engage and transact with private property owners, enter into financing agreements in the manner provided by the Legislature with private property owners throughout the State to accomplish compelling state interests and impose non-ad valorem assessments, issue its obligations to fund and finance qualifying improvements, all as provided by general law is separate, alternative, concurrent with, and in all respects

independent from any other financing regime or program implemented by any other local government in Florida, unless in all respects voluntarily agreed otherwise by the Plaintiff from time to time.

FORTY-NINTH. The Legislature has announced strong and specific policy reasons in the Supplemental Act to implement the Legislature's pervasive strategy and statewide approach intended to be spread throughout Florida, broadly and non-exclusively motivating local governments to assist private property owners throughout Florida to voluntarily engage in improving the state's building stock as a supplemental means to make alternative capital more available to improve real property for paramount public purposes (e.g., addressing significant and consequential energy and environment challenges facing this State).

FIFTIETH. Expansion of the definition of 'local government' in the Supplemental Act by the Legislature in 2012 broadened the array of local governments directly authorized by the Legislature to provide funding and engaged in the compelling state interest of assisting private property owners with financing authorized by the Supplemental Act.

FIFTY-FIRST. The additional supplemental authority and non-derogation provisions of sections 163.08(1) and (16), Florida Statutes, (2022) relate to the authority and subject matter of the compelling state

interest in enabling property owners to voluntarily finance qualifying improvements with local government assistance, and does not authorize regulation of one local government by another in the financing and non-ad valorem assessment process described by the Legislature, which in the instance of the Supplemental Act and its consensual general law authority providing for voluntary imposition of assessments for qualifying improvements on private property, is within the reserved general law domain of the Legislature.

FIFTY-SECOND. Any local government defined in section 163.08(2)(a), Florida Statutes, is free to govern and regulate its own activities, but cannot frustrate the announced necessity to serve and achieve the compelling state interest, expressly determined by the Legislature in the Supplemental Act as necessary for the welfare of the State and its property owners and inhabitants, by interfering in governance and the scope of general law powers and procedures of an independent special district or special purpose local government exercised independently, concurrently and non-exclusively as expressly authorized by the Legislature. For example, regarding the circumstance of the Supplemental Act, a general purpose local government may establish its own financing program but is not authorized to prohibit associated behavior

and action by the Plaintiff otherwise expressly allowed by general law, require actions of the Plaintiff prohibited by or fundamentally contrary to general law, provide for or require another way to do the same act to the exclusion of an act expressly authorized by general law, impose conditions on or otherwise regulate the authorized exercise of general law powers by the Plaintiff, frustrate the accomplishment of compelling state interests specifically articulated as desirous statewide by general law, or provide for different methods for doing a particular act by the Plaintiff than the methods set forth by authorizing State legislation.

Considerations by the Plaintiff

FIFTY-THIRD. On or before August 22, 2022, the Board of Directors of the Plaintiff received and considered an independent and learned review addressing seawalls as a wind resistance improvement from Dr. Frederick Bloetscher (the "Bloetscher Report"). The Bloetscher Report was received into evidence as Plaintiff's Exhibit 6. On or before August 22, 2022, the Board of Directors of the Plaintiff also received and considered an overview and analysis concerning the Plaintiff's qualifying improvement finance program prepared by Dr. Owen Beitsch (the "Beitsch Report"). The Beitsch Report was received into evidence as Plaintiff's Exhibit 7.

FIFTY-FOURTH. Inclusive of the Bloetscher Report and the Beitsch Report, the Board of Directors has considered learned reviews and comment from qualified and knowledgeable community development, economic, and engineering expertise, insight from staff, management, program advisors, counsel, conducted a duly noticed public hearing, and as well considered the individual knowledge and considerations discussed and shared at public meetings by members of the Board of Directors both recently and over a period of years. A certified copy of the transcript of the August 22, 2022 public hearing concerning the Second Master Bond Resolution, including exemplary copies and internet links from the Plaintiff's website given to the court reporter and received into the meeting record, was received into evidence as Plaintiff's Exhibit 8.

Seawalls Determined to be Wind Resistance Improvements

FIFTY-FIFTH. The Bloetscher Report was accepted by the Plaintiff's Board of Directors and serves as competent, substantial evidence supporting the Plaintiff's determination that seawalls, coastal armaments and similar infrastructure facilities (collectively herein "seawalls") provide a substantial benefit to the protection of structures and property resulting from wind driven wave action, and are therefore a wind resistance improvement and a measure to offset the effects of wind and storms. In the

context of the Supplemental Act, the proviso using the *"which includes, but is not limited to"* language in section 163.08 (2)(b)3, Florida Statutes, combined with the reasoned nexus supplied by Dr. Bloetscher (that wind driven water and associated wind resistance features of seawalls supports the Plaintiff's Board of Directors' determination that financing of qualifying improvements such as seawalls is authorized by the Supplemental Act) is premised fundamentally upon the reasonable implication that such proviso is permissive, rather than exclusionary. The addition of seawalls to the Plaintiff's qualifying improvement financing program is consistent with the express dictates and implications of the Supplemental Act.

Reasoned Sizing

FIFTY-SIXTH. The not to exceed dollar amount of $5,000,000,000 provided for in the Second Master Bond Resolution is based upon competent substantial evidence from both the Bloetscher Report and the Beitsch Report considered by the Plaintiff and anticipates a conservative level of interest in the Plaintiff's qualifying improvement finance program from qualified property owners, though the total principal balance outstanding at any point in time may be considerably lower depending on actual demand.

The Second Master Bond Resolution

FIFTY-SEVENTH. The Second Master Bond Resolution authorizes Plaintiff's issuance of not exceeding $5,000,000,000 in aggregate principal amount at any one time outstanding of Florida PACE Funding Agency Revenue Bonds (Qualifying Improvement Financing Program), in Various Series, in order to provide funds with which to administer an energy, wind resistance or other qualifying improvement finance program expressly authorized by the Legislature and which comports with the Plaintiff's mission, Charter Agreement and express provisions of general law in the Separate Legal Entity Act and Supplemental Act.

FIFTY-EIGHTH. The Second 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, if required by law, to be entered into and by and between the Plaintiff and one or more national banking associations or trust companies

authorized to provide 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").

FIFTY-NINTH. The Plaintiff is not 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 any local government 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 general law authority to operate a program under the Supplemental Act.

SIXTIETH. The Second 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 the Plaintiff 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 any applicable or alternative subscription agreements to be executed and delivered by the local governments (the "Pledged Revenues").

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

SIXTY-SECOND. Bonds issued pursuant to the Second 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.

SIXTY-THIRD. 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.

SIXTY-FOURTH. 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.

SIXTY-FIFTH. The Second Master Bond Resolution provides that the Bonds and the obligations and covenants of the Plaintiff under the

Indentures, 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 any local governments to the extent of their respective obligations under any respective subscription or other agreement in the event of a written and express guarantee), 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 other applicable Program Documents, only if expressly applicable). 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, or any local government 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, 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 any local governments to the extent otherwise expressly provided in writing in any respective Program Documents) to levy or to pledge any form of taxation or assessments whatsoever therefore.

Sovereign Immunity and Comprehensive Limitation of Liability

SIXTY-SIXTH. 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.

SIXTY-SEVENTH. 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 local government within which the Plaintiff serves and provides financing to a

property owner therein in which a non-ad valorem assessment is imposed, nor any subsequently 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 nor 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 any county, municipality nor any other local government, nor any subsequently participating member or subscribing local government, in any manner.

Determinations Concerning Validation Proceeding

SIXTY-EIGHTH. 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.

SIXTY-NINTH. By general law pursuant to the Charter Agreement and (applicable provisions of general law) and by virtue of the authority thereof, the Plaintiff's Board of Directors, on August 22, 2022, properly and lawfully adopted the Second Master Bond Resolution. The Second Master Bond Resolution properly and lawfully authorized the issuance of the Florida PACE Funding Agency Revenue Bonds (Quality

Improvement Finance Program), Various Series not to exceed $5,000,000,000, to fund the acquisition and/or construction of facilitates and improvements including, without limitation, the construction of seawalls and other qualifying improvements as designated by the Supplemental Act or the Legislature as may be defined therein in any series as the "Project."

SEVENTIETH. Authority is conferred upon the Plaintiff, under and by virtue of the laws of the State of Florida, particularly the Constitution of the State of Florida, sections 163.01(7)(g), 163.08, 197.3632, and 197.3635, Florida Statutes, the Agency Charter, and other applicable provisions of general law, and the Second Master Bond Resolution, to issue the Bonds for the purpose of providing funds to pay the costs of the Project and paying the costs of issuing the Bonds. The legislative findings and determinations of the Board of Directors as set forth in the Second Master Bond Resolution, are lawful, valid, not arbitrary, and based upon competent substantial evidence, and consistent with overriding general law.

SEVENTY-FIRST. The character of the Bonds and the nature of the Plaintiff entitle the Plaintiff to proceed in accordance with general law and the provisions of chapter 75, Florida Statutes, including the filing of the Complaint in this Court, for the purpose of obtaining the Court's determination of the power and authority of the Agency to issue the Bonds,

the validity of the Bonds, the power and authority of the Plaintiff to independently and concurrently transact with property owners without interference or regulation from any other local government concerning the funding and financing of qualifying improvements, the imposition, collection and use of non-ad valorem assessments originated by the Plaintiff throughout the State as Pledged Revenues to repay the Bonds, and all matters in connection therewith.

SEVENTY-SECOND. Due and proper notice addressed to the State of Florida, and the taxpayers, property owners and citizens of this State, 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 by the Plaintiff of the Bonds and the related imposition of non-ad valorem assessments, all as directed and authorized by the Supplemental Act and the Separate Legal Entity Act, or to be affected in any way thereby, was duly published in (i) *The Tallahassee Democrat*, a newspaper published and of general circulation in Leon County, Florida, (ii) *The Daytona Beach News-Journal*, a newspaper published and of general circulation in Flagler County, Florida, and (iii) *The Orlando Sentinel*, a newspaper published and of general circulation in Osceola County, Florida, each week for two consecutive weeks, the first

such publication being not less than twenty (20) days prior to the date of said hearing, as required by law.

SEVENTY-THIRD. The Answers of the State Attorneys for and on behalf of the State of Florida, and any parties intervening, if any, have been carefully considered by this Court. Such Answers, or appearances if any, show no cause why the prayers of the Agency should not be granted and discloses no irregularity or illegality in the proceedings set forth in the Complaint.

SEVENTY-FOURTH. This Court has found that all requirements of the Constitution and laws of the State of Florida pertaining to the applicable law and proceedings in the above entitled matter have been followed.

NOW, THEREFORE, IT IS ORDERED AND ADJUDGED that the issuance by the Plaintiff of its not to exceed $5,000,000,000 Florida PACE Funding Agency Revenue Bonds (Qualifying Improvement Finance Program), Various Series, bearing interest payable in such manner and on such dates, at interest rates not exceeding the maximum rate permitted by law, all as provided by resolution of the Plaintiff, is for proper, legal and paramount public purposes and is fully authorized by law, and that this Final Judgment validates and confirms the authority of the Plaintiff to issue the Bonds; the legality and validity of the Second Master Bond Resolution

and the independent and concurrent imposition and means of collection of non-ad valorem assessments to annually fund the agreed upon debt service to repay the cost of funding and financing the assessments; the special benefit conveyed to real property or the relief of burden caused by real property as agreed to by each property upon consenting to the assessments which run with, touch and concern the affected real property; the method of determining and apportioning the assessments among real property subject thereto; the rates, fees, and charges comprising the assessment along with the apportioned costs of administration; the lien of assessments being equal in rank and dignity with the lien of all state, county and municipal taxes; the power and method of collection provided in the Supplemental Act; the pledge of the assessments to the payment of the Bonds; and, the legality of all proceedings and matters in connection therewith.

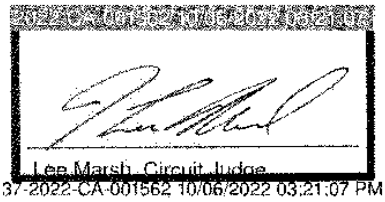
There shall be stamped or written on the back of the Bonds a statement in substantially the following form:

"This Bond was validated by judgment of the Circuit Court for Leon County, Florida rendered on _____, 2022.

_____
Chair"

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 in Tallahassee, Florida this Thursday, October 6, 2022.



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