



What is PACE ?

Property Assessed Clean Energy

Cost of Qualified Improvements repaid through a Special Assessment on property tax bill.



Energy Efficiency



Renewable Energy



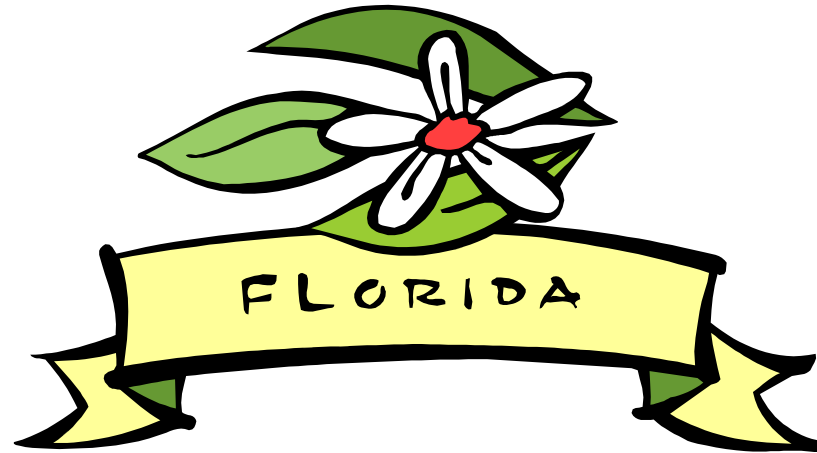
Wind Resistance

Who is the Florida PACE Funding Agency?

- An independent government agency
- Created in June 2011 to implement a state-wide PACE program
- Issue up to \$2.0 billion in Bonds
- Make funding program throughout Florida to willing local government participants or program subscribers'
- Limits the liability of Counties and Cities
- Professionally managed program
- Creation expressly authorized by Section 163.01, Florida Statutes, the Florida Inter-local Cooperation Act



Florida PACE Funding Agency Mission



Provide standardized low-cost implementation, planning, development, funding, financing, marketing and management of a statewide **PACE** financing program.

Enabling Legislation

Florida Statute 163.08

- Provides that special assessments are by definition "non-ad valorem assessments" and only be collected on the annual property tax bill in accordance with Section 197.3632, Florida Statutes.
- Provides for the execution of financing agreements with property owners to evidence the PACE lien
- Renders unenforceable any provision in any agreement between a mortgagee and a property owner for the acceleration of payment of the mortgage or other unilateral modification solely as a result of entering into a financing agreement for a qualifying improvement.
- Provides that the mortgage escrow can be increased to include the annual assessment as part of the owner's monthly mortgage payment
- Statutory financing underwriting criteria
- Authorizes the issuance of bonds
- Allows for inter-local cooperation
- Authorizes administration by a third party organization on behalf of and at the discretion of the Agency



Statutory Underwriting Criteria

Florida Statute 163.08

- Applicant must be Property Owner
- Qualified Improvement < 20% of property value
- Current during last 3 years
 - Property tax payments
 - Mortgage payments
- No outstanding liens on property
- Contractor is state licensed and on approved list
- Proposed improvement is a Qualified Improvement
- Complete cost proposal from Contractor
- Notice to mortgagor of impending special assessment



Judicial Validation

The Agency sought and received judicial approval for:

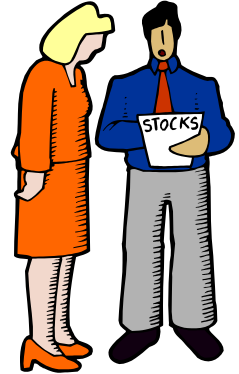
- Authority to issue \$2 billion in bonds as funds are needed.
- Charter Agreement creating the Agency,
- Validity of the financing agreements entered into with property owners,
- The “Supplemental Act” and the non-ad valorem assessments imposed
- Execution and validity of subscription agreements with local governments throughout Florida
- Validation process resolved (*and has not been appealed*) with finality the Agency's authority to administer its statewide program
- Clarified the unique prerequisites & provisions in the “Supplemental Act” that more closely follow guidelines provided by the Office of the Controller of the Currency, (*which has suggested pragmatic guidance to its regulated banks for PACE related programs nationwide*).

It's affect is statewide, but only as to the Agency's program, and is binding on all interested parties throughout the State.



Benefits of Statewide Program

- Single provider brings efficiency of scale
- One set of underwriting procedures
- One set of contractor/vendor review procedures
- Freedom to move within any local government jurisdiction which has subscribed to Florida PACE
- Uniform payment procedures for all vendors, regardless of where operating



County Benefits of FL PACE Funding Agency

- Private sector job creation
- New funding source for property owners
- Hardening Florida buildings against hurricane events
- Promoting energy efficiency improvements
- Promoting a shift to renewable sources of energy
- Reducing energy costs for residents and businesses
- Reducing local greenhouse gas emissions
- Property owner responsible for repayment, not County
- No County administrative staff needed
- Uniform state-wide program to promote lowest cost
- No requirement to conduct RFP process



Qualified Improvements

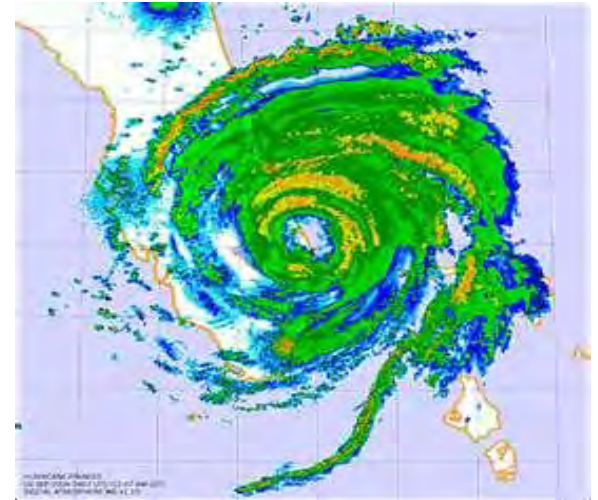
- Energy conservation & efficiency improvements including:
 - Air sealing & Installation of insulation
 - Energy-efficient heating, cooling or ventilation systems & components systems
 - Building modification to increase the use of daylight
 - Replacement of windows
 - Installation of energy controls or energy recovery systems
 - Installation of electric vehicle charging equipment and
 - Efficient lighting equipment.
- Renewable generation
 - Wind,
 - Solar thermal,
 - Solar photovoltaic,
 - GSHP and
 - Biomass



Qualified Improvements

Wind resistant improvements:

- Improving the strength of the roof deck attachment
- Creating a secondary water barrier to prevent water intrusion
- Installing wind resistant shingles
- Installing gable-end bracing
- Reinforcing roof-to-wall connections
- Installing storm shutters or
- Installing opening protections



80% (15,041,048) of Florida's total population (18,801,310) reside within 10 miles of the coast. Further 95% of all Floridians live within 35 miles of the shoreline, highly vulnerable, and at risk of wind related damages from hurricanes.

The PACE Potential

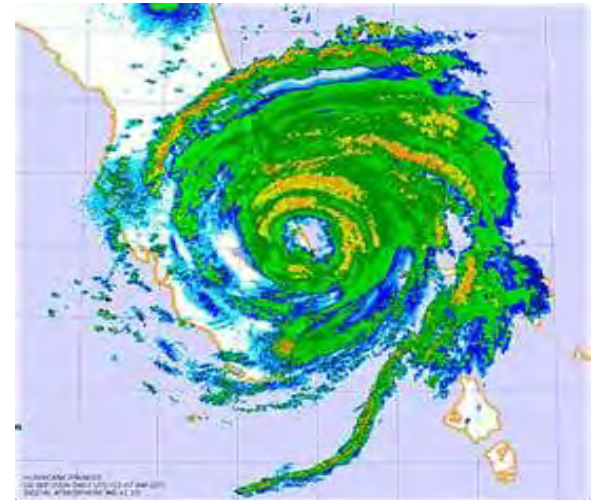
- The bond authorization was premised upon an economic analysis:
- Florida has approx. 3,132,600 buildings > 20 years old
- These properties are likely candidates for retrofit or energy-related or wind resistance improvements.
- Assumed if only five percent (5%) of this total apply for financing
- Aggregate of bonds exceed \$2.35 billion dollars.



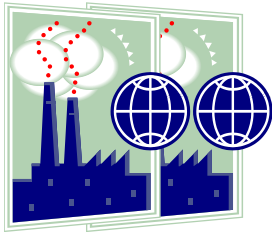
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Who is Eligible to Participate?*

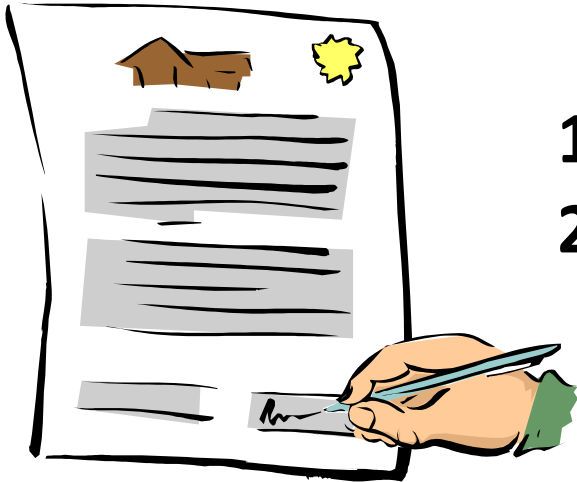


- Residential (1-4 family OO <\$417k mortgage)
- Multi-Family Rental
- Common Ownership
- Commercial
- Industrial
- Private Healthcare
- Private Educational
- Agricultural
- Taxable Governmental



* Existing construction only

How Does a County Participate?

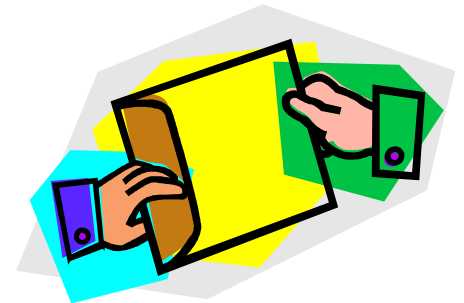


1. Adoption a resolution
2. Execute Subscription Agreement

NOTE: Agency will not provide its services within the boundaries of any local government that does not execute a Subscription Agreement.

Subscription Agreement

- Authorizes Florida PACE Funding Agency to provide services in individual county
- Provides that the Florida PACE Funding Agency will:
 - Facilitate property owners in making Qualified Improvements
 - Develop financing agreement between Agency & Property Owner
 - Cause non-ad valorem assessment on subject property only



Contractor Eligibility

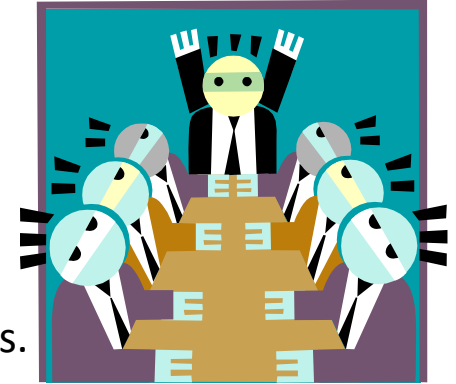
- State Certification or Local Registration
- Same rights, responsibilities and limitations apply
- Annual fee \$150
- Program training, promotional materials and secure access to the proposal portal
- Prompt payment upon project completion



Florida PACE Funding Agency

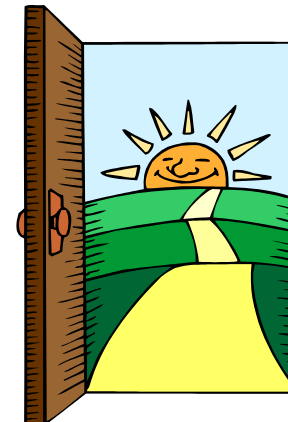
- **Board**

- Cheryl L. Grieb (Kissimmee)
 - Serves as the Mayor Pro-Tem for the City of Kissimmee
 - Commercial and residential real estate executive.
- Barbara S. Revels (Flagler)
 - Vice-Chair of the Flagler County Board of County Commissioners.
 - President and owner of a real estate & construction company
 - Past president of Florida Home Builders Association.
- Edward Marquez (Miami)
 - Former Deputy Mayor of Miami-Dade County and Finance Director



- **Staff and Consultants**

- Executive Director (Kissimmee)
- General Counsel (Kissimmee)
- Special & Bond Counsel
- Financial Advisors
- Third-Party Administrator – SAIC
- Financial Service Provider – To be selected



Florida PACE Funding Agency



Questions ?

Florida PACE Funding Agency

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Current Issues Affecting PACE

- In late 2009, traditional lending for energy related improvements was at a standstill, Property assessed clean energy gained substantial national attention.
- As the concept gained in popularity, Fannie Mae and Freddie Mac and ultimately their conservator, the Federal Housing Finance Authority (collectively, “FHFA” hereafter), concerned about the impact of diverse and non-uniform PACE programs on the security of mortgage loans they either owned or guaranteed.
- In late spring of 2010, FHFA and the Office of the Comptroller of the Currency (which oversees banking institutions) made or issued statements of concern about PACE programs.
- Guidance from the Office of the Comptroller of the Currency was pragmatic, essentially reminding regulated banks that PACE assessments may require additional underwriting guidelines and urged, among other things, inclusion of such assessments within the monthly escrow for payment of all taxes.
- FHFA issued a more extreme position: Fannie and Freddie could not purchase, refinance or guarantee mortgage loans on properties encumbered by a PACE assessment. Several state and local governments then proceeded to challenge such pronouncements by FHFA in federal courts (hereinafter the “federal lawsuits”). The actions by FHFA served to chill the development of residential PACE funding programs and the federal lawsuits in response became protracted.
- The Florida PACE Funding Agency validation litigation only addressed the aspects of the issues raised by FHFA that the non-ad valorem assessments levied in Florida by the Agency will meet all state law and judicial precedence to qualify as “special assessments” within the meaning of the Florida Constitution, and as such must be construed as indistinguishable and fully equivalent to all other non-ad valorem assessments for capital projects, improvements, and/or essential services (e.g. infrastructure and services related to roads, stormwater, water, sewer, fire protection, etc.).
- As well, the approach by the Florida PACE Funding Agency will be focused on the Agency’s activities itself and place FHFA in a position where it will not as easily be able to intimidate any one local jurisdiction, but rather have to deal with the State of Florida in its entirety.
- This approach takes advantage of the careful requirements set forth in the Supplemental Act which follow more closely the pragmatic guidance from the Office of Comptroller of the Currency, to wit
 - (1) a record of on-time payment of property taxes,
 - (2) no involuntary liens, judgments or similar involuntary liens,
 - (3) demonstration that all mortgages have been paid timely and are current,
 - (4) that the amount of the PACE assessment not exceed twenty percent (20%) of the just value of the property (as determined by the local property appraiser pursuant to general law) or that an energy audit has been provided which demonstrates that the annual energy savings from the improvement would equal or exceed the annual repayment amount for the assessment,
 - (5) notice to the mortgage holder (so the mortgage holder could increase the escrow, if applicable), and (6) the execution and recording of a financing agreement which evidences details of the existence of the non-ad valorem assessment in the Official Records.