Weiss Serota Helfman
Cole & Bierman, P.L.

Memo

To: Ygrene Energy Fund Florida, LLC, as Program Administrator for Green Corridor Property Assessment Clean Energy (PACE) District

From: Jeffrey DeCarlo
Chad Friedman

Date: November 11, 2015

Re: Liability of Local Government Members

You have asked us to provide an overview of the liability of the local governments that are or become members of the Green Corridor Property Assessment Clean Energy (PACE) District (the "District").

BACKGROUND

The District is a public body created pursuant to the Florida Interlocal Cooperation Act of 1969, Chapter 163, Part I, Florida Statutes, as amended, and pursuant to the provisions of an Interlocal Agreement, initially among the Town of Cutler Bay, the Village of Palmetto Bay, the Village of Pinecrest, the City of South Miami, the City of Coral Gables, Miami Shores Village, and the City of Miami, Florida (the "Initial Members"), and subsequently among any additional counties, municipalities or other local governments joining the District as a member (the Initial Members and any such additional counties, municipalities or other local governments joining the District as a member are collectively referred to herein as "Members").

The District was created for the purpose, among other things, of issuing revenue bonds and other debt obligations to provide funds for financing the cost of "qualifying improvements" as defined under Chapter 163.08, Florida Statutes (the "PACE Statute"), which generally include renewable energy, energy efficiency and conservation and wind resistance improvements to real property ("Qualifying Improvements").

The District has authorized $500,000,000 of Revenue Bonds (the "Bonds") to fund the program. The Bonds were validated as a state-wide program by the Circuit Court of the Second Judicial Circuit in and for Leon County, Florida, by final order issued on October 23, 2012, from which no appeal was taken. Ygrene Energy Fund Florida, LLC is the Program Administrator for the District.

Each individual property owner within the jurisdiction of the District desiring to finance Qualifying Improvements under the program will enter into a Financing Agreement ("Financing

Agreement") with the District under which the property owner will agree to the District's imposition of a non-ad valorem assessment on the property which will run with the land.

LEGAL CONSIDERATIONS REGARDING MEMBER LIABILITY

The District is a legal entity separate and distinct from the Members, and neither the initial Members, nor any subsequent local government Member of the District, shall in any manner be obligated to pay any debts, obligations or liabilities arising as a result of any actions of the District, its Board of Directors or any other agents, employees, officers or officials of the District, and neither the District, its Board of Directors nor any other agents, employees, officers or officials of the District have any authority or power to otherwise obligate either the initial Members or any subsequent Member of the District in any manner.

Because the District is a separate legal entity, none of the Members will be considered an issuer of the Bonds, no Member will be individually liable for the Bonds, and the Bonds will not be considered a debt of any Member and will not affect any Member's financial statements.

The non-ad valorem assessments imposed pursuant to the PACE Statute (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 PACE Statute, (c) constitute a valid and enforceable lien 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 PACE Statute.

The principal of and interest on the District's Bonds are payable solely from the proceeds of the non-ad valorem assessments imposed pursuant to Financing Agreements with affected property owners, and the funds and accounts pledged under the Bond Indenture. No other revenues of the District or any Member is pledged, and bondholders have no claim to any such revenues.

The Bond Resolution, the Bonds and the Indenture provide that:

1. The Bonds and the obligations and covenants of the District under the Indenture, the Interlocal Agreement, the Financing Agreements and other documents (collectively, the "Program Documents") shall not be or constitute a debt, liability, or general obligation of the District, the Members, the State of Florida, or any political subdivision or municipality thereof.

2. The Bonds and the obligations and covenants of the District under the Program Documents shall not be or constitute a pledge of the full faith and credit or any taxing power of the District, the Members, the State or any political subdivision or municipality thereof, but shall constitute special obligations of the District payable solely from the non-ad valorem assessments as evidenced by the Financing Agreements and secured under the Indenture, in the manner provided therein.

3. The holders of the Bonds do not have the right to require or compel any exercise of the taxing power of the District, the Members, the State of Florida or of any political subdivision thereof to pay the principal of or interest on the Bonds or to make any other payments provided for under the Program Documents.

4. The issuance of the Bonds does not directly, indirectly, or contingently obligate the District, the Members, the State of Florida or any political subdivision or municipality thereof (excluding the District with respect to the levy of the non-ad valorem assessments) to levy or to pledge any form of taxation or assessments whatsoever therefor.

In addition, it should be noted that the Program Administrator has agreed to indemnify the District against any liability as a result of actions brought against the District related to the Bonds. As stated above, the Members would have no liability.

RECENT FLORIDA SUPREME COURT CASES

Within the last several weeks, the Florida Supreme Court has issued three separate opinions related to PACE bond financing. In each case, the Court affirmed the circuit court's validation of the bonds.

Only one of the three cases included a direct challenge to the constitutionality of certain provisions of the PACE Statute, in particular, whether the non-ad valorem assessments are valid special assessments under Florida Law and therefore entitled to the same lien priority status as other taxes and assessments over all other liens or mortgages on the property. The Florida Supreme Court ruled that the appellants lacked standing to bring the challenge, and therefore did not directly rule on the constitutional issue.

However, in all three cases, the Florida Supreme Court upheld the final judgments rendered by the circuit courts, which final judgments included specific findings that the assessments are valid, do not constitute an impairment of contract with any holder of a mortgage on the property assessed, and are entitled to the same lien priority status as other taxes and assessments over all other liens or mortgages on the property.

The affirmation by the Florida Supreme Court of the circuit courts' validation of the bonds in the three cases means that those three bond validations are not subject to further challenge. Likewise, since the District's bonds were validated by the circuit court and never challenged, the District's bonds issued pursuant to the validation are also not subject to further challenge.

No other cases involving PACE are currently pending before the Florida Supreme Court.