

Local Law Number 9 Of 2019

County Of Ulster

A Local Law Amending Local Law 6 of 2014, To Improve And Strengthen The Sustainable Energy Loan Program

BE IT ENACTED, by the County Legislature of the County of Ulster, New York, as follows:

SECTION 1. LEGISLATIVE INTENT AND PURPOSE.

This Legislature hereby finds and determines that the County of Ulster enacted Local Law No. 6 of 2014 (codified as Chapter 190 of the Code of the County of Ulster), pursuant to provisions of New York General Municipal Law, to establish a Sustainable Energy Loan Program. This program authorized the Energy Improvement Corporation (“EIC”), a local development corporation acting on behalf of the County of Ulster, to make funds available to qualified property owners for the installation of renewable energy systems and energy-efficiency measures.

This Legislature further finds that in the past, EIC utilized two products to offer these loans: the Energize NY PACE Finance 1.0 and the Energize NY PACE Finance 2.0. However, it was difficult to obtain financing for those products. Accordingly, EIC has developed a new product for offering the sustainable energy loan program (known as the Energize NY Open C-PACE Financing Program) which will enable EIC to obtain additional funding and thereby offer more loans to qualified property owners for the installation of renewable energy systems and energy-efficiency measures. EIC has requested that the County amend Local Law No. 6 of 2014 to enable EIC to offer the Energize NY Open C-PACE Financing Program to qualified property owners within the County.

Therefore, the purpose of this law is to amend Local Law No. 6 of 2014 so that it will permit EIC to offer the Energize NY Open C-PACE Financing Program to qualified property owners within the County.

SECTION 2. Section 1 of Local Law No. 6 of 2014 (as amended by Local Law No. 2 of 2018) is hereby amended to read as follows:

This local law shall be known as the “Energize NY Open C-PACE Financing Program.”

SECTION 3. Section 2 of Local Law No. 6 of 2014 (as amended by Local Law No. 2 of 2018) is hereby amended to read as follows:

SECTION 2. LEGISLATIVE INTENT AND PURPOSE.

A. It is the policy of both the County of Ulster (the “County”) and the State of New York (the “State”) to achieve energy efficiency and renewable energy improvements, reduce greenhouse gas emissions, mitigate the effect of global climate change, and advance a clean energy economy. The County finds that it can fulfill this policy by providing property assessed clean energy financing to Qualified Property Owners (as defined below) for the installation of renewable energy systems and energy efficiency measures. This Local Law establishes a program that will allow the Energy Improvement Corporation (as defined below, “EIC”), a local development corporation, acting on behalf of the County pursuant to the municipal agreement (the “Municipal Agreement”) to be entered into between the County and the EIC, to make funds available to Qualified Property Owners that will be repaid by such property owners through charges on the real properties benefited by such funds, thereby fulfilling the purposes of this Local Law and fulfilling an important public purpose. This Local Law provides a method of implementing the public policies expressed by, and exercising the authority provided by, Article 5-L of the General Municipal Law (as defined below, the “Enabling Act”).

B. The County is authorized to execute, deliver and perform the Municipal Agreement and otherwise to implement this Energize NY Open C-PACE Financing Program pursuant to the the Constitution and laws of New York, including particularly Article IX of the Constitution, Section 10 of the Municipal Home Rule Law, the Enabling Act and this Local Law.

C. This Local Law, which is adopted pursuant to Section 10 of the Municipal Home Rule Law and the Enabling Act shall be known and may be cited as the "Energize NY Open C-PACE Local Law."

SECTION 4. Section 3 of Local Law No. 6 of 2014 (as amended by Local Law No. 2 of 2018) is hereby amended to read as follows:

SECTION 3. DEFINITIONS.

- A. Capitalized terms used but not defined herein have the meanings assigned in the Enabling Act.
- B. For purposes of this local law, and unless otherwise expressly stated or unless the context requires, the following terms shall have the meanings indicated:

ANNUAL INSTALLMENT AMOUNT

Annual Installment Amount shall have the meaning assigned in Section 9, paragraph B.

ANNUAL INSTALLMENT LEIN

Annual Installment Lien shall have the meaning assigned in Section 9 paragraph B.

AUTHORITY

The New York State Energy Research and Development Authority, as defined by Subdivision 2 of § 1851 of the Public Authorities Law, or its successor.

BENEFIT ASSESSMENT LIEN

Benefit Assessment Lien shall have the meaning assigned in Section 4, paragraph A.

BENEFITED PROPERTY

Qualified Property for which the Qualified Property Owner has entered into a Finance Agreement for a Qualified Project.

BENEFITED PROPERTY OWNER

The owner of record of a Benefited Property.

COUNTY

The County of Ulster, a municipality of the State constituting a tax district as defined in Section 1102 of the RPTL of the State.

EIC

The Energy Improvement Corporation, a local development corporation, duly organized under section 1411 of the Not-For-Profit Corporation Law of the State, authorized hereby on behalf of the County to implement the Qualified Property Owners and providing for repayment of such funds from monies collected by or on behalf of the County as a charge to be levied on the real property.

ELIGIBLE COSTS

Costs incurred by the Benefited Property Owner in connection with a Qualified Project and the related Finance Agreement, including application fees, EIC's Program administration fee, closing costs and fees, title and appraisal fees, professionals' fees, permits, fees for design and drawings and any other related fees, expenses and costs, in each case as approved by EIC and the Financing Party under the Finance Agreement

ENABLING ACT

Article 5-L of the General Municipal Law of the State, or a successor law, as in effect from time to time.

ENERGY AUDIT

A formal evaluation or assessment of the energy consumption of a permanent building or structural improvement to real property, conducted by a contractor certified by the Authority, or certified by a certifying entity approved by the Authority, for the purpose of identifying appropriate energy efficiency improvements that could be made to the property.

ENERGY EFFICIENCY IMPROVEMENT

Any renovation or retrofitting of a building to reduce energy consumption, such as window and door replacement, lighting, caulking, weather stripping, air sealing, insulation, and heating and cooling system upgrades, and similar improvements, determined to be cost-effective pursuant to criteria established by the Authority, not including lighting measures or household appliances that are not permanently fixed to real property.

FINANCE AGREEMENT

The finance agreement described in Section 7(A) of this Local Law.

FINANCING CHARGES

All charges, fees and expenses related to the loan under the Finance Agreement including accrued interest, capitalized interest, prepayment premiums, and penalties as a result of a default or late payment and costs and reasonable attorneys' fees incurred by the Financing Party as a result of a foreclosure or other legal proceeding brought against the Benefited Property to enforce any delinquent Annual Installment Liens.

FINANCING PARTIES

Third party capital providers approved by EIC to provide financing to Qualified Property Owners or other financial support to the Program which have entered into separate agreements with EIC to administer the Program in the County.

MUNICIPAL LIEN

A lien on Qualified Property which secures the obligation to pay real property taxes, municipal charges, or governmentally imposed assessments in respect of services or benefits to a Qualified Property.

NON-MUNICIPAL LIEN

A lien on Qualified Property which secures any obligation other than the obligation to pay real property taxes, municipal charges, or governmentally-imposed assessments in respect of services or benefits to a Qualified Property Owner or Qualified Property.

PROGRAM

The Energize NY Open C-PACE Financing Program authorized hereby.

QUALIFIED PROJECT

The acquisition, construction, reconstruction or equipping of Energy Efficiency Improvements or Renewable Energy Systems or other projects authorized under the Enabling Act on a Qualified Property, together with a related Energy Audit, Renewable Energy System Feasibility Study and/or

other requirements under or pursuant to the Enabling Act, with funds provided by Financing Parties under the Program to achieve the purposes of the Enabling Act.

QUALIFIED PROPERTY

Any real property other than a residential building containing less than three dwelling units, which is within the boundaries of the County that has been determined to be eligible to participate in the Program under the procedures for eligibility set forth under this local law and the Enabling Act and has become the site of a Qualified Project.

QUALIFIED PROPERTY OWNER

The owner of record of Qualified Property which has been determined by EIC to meet the requirements for participation in the Program as an owner, and any transferee owner of such Qualified Property.

RPTL

The Real Property Tax Law of the State, as amended from time to time.

SECURED AMOUNT

As of any date, the aggregate amount of principal loaned to the Qualified Property Owner for a Qualified Project, together with Eligible Costs and Financing Charges, as provided herein or in the Finance Agreement, as reduced pursuant to Section 9, paragraph C.

STATE

The State of New York.

SECTION 5. Section 4 of Local Law No. 6 of 2014 (as amended by Local Law 2 of 2018) is hereby amended to read as follows:

SECTION 4. Establishment of an Energize NY Open C-PACE Financing Program.

- A. An Energize NY Open C-PACE Financing Program is hereby established by the County, whereby EIC, acting on its behalf pursuant to the Municipal Agreement, may arrange for the provision of funds by Financing Parties to Qualified Property Owners in accordance with the Enabling Act and the procedures set forth under this Local Law, to finance the acquisition, construction, reconstruction, and installation of Qualified Projects and Eligible Costs and Financing Charges approved by EIC and by the Financing Party under the Finance Agreement. EIC, on behalf of the County, and with the consent of the Benefited Property Owner, will record a Benefit Assessment Lien on the Benefited Property in the Secured Amount (the “Benefit Assessment Lien”) on the land records for the County. Such recording shall be

exempt from any charge, mortgage recording tax or other fee in the same manner as if recorded by the County.

- B. Before a Qualified Property Owner and a Financing Party enter into a Finance Agreement which results in a loan to finance a Qualified Project, repayment of which is secured by a Benefit Assessment Lien, a written consent from each existing mortgage holder of the Qualified Property shall be obtained, permitting the Benefit Assessment Lien and each Annual Installment Lien to take priority over all existing mortgages.

SECTION 6. Section 5 of Local Law No. 6 of 2014 (as amended by Local Law No. 2 of 2018) is hereby amended to read as follows:

SECTION 5. Procedures for eligibility.

- A. Any property owner in the County may submit an application to EIC on such forms as have been prepared by EIC and made available to property owners on the website of EIC and on the Ulster County government website.
- B. Every application submitted by a property owner shall be reviewed by EIC, acting on behalf of the County, which shall make a positive or negative determination on such application based upon the criteria enumerated in the Enabling Act and Section 6 of this Local Law. EIC may also request further information from the property owner, where necessary, to aid in its determination.
- C. If a positive determination on an application is made by EIC, acting on behalf of the County, the property owner shall be deemed a Qualified Property Owner and shall be eligible to participate in the Program in accordance with Section 7 of this Local Law.

SECTION 7. Section 6 of Local Law No. 6 of 2014 (as amended by Local Law No. 2 of 2018) is hereby amended to read as follows:

SECTION 6. Application criteria.

Upon the submission of an application, EIC, acting on behalf of the County, shall make a positive or negative determination on such application based upon the following criteria for the making of a financing:

- A. The property owner may not be in bankruptcy and the property may not constitute property subject to any pending bankruptcy proceeding;

- B. The amount financed under the Program shall be repaid over a term not to exceed the weighted average of the useful life of the Renewable Energy Systems and Energy Efficiency Improvements to be installed on the property as determined by EIC;
- C. Sufficient funds are available from Financing Parties to provide financing to the property owner;
- D. The property owner is current in payments on any existing mortgage on the Qualified Property;
- E. The property owner is current in payments on any existing real property taxes on the Qualified Property; and
- F. Such additional criteria, not inconsistent with the criteria set forth above, as the State, the County, or EIC acting on its behalf, or other Financing Parties may set from time to time.

SECTION 8. Section 7 of Local Law No. 6 of 2014 (as amended by Local Law 2 of 2018) is hereby amended to read as follows:

SECTION 7. Energize NY Finance Agreement

- A. A Qualified Property Owner may participate in the Program through the execution of a finance agreement made by and between the Qualified Property Owner and a Financing Party, to which EIC, on behalf of the County, shall be a third-party beneficiary (the “Finance Agreement”). Upon execution and delivery of the Finance Agreement, the property that is the subject of the Finance Agreement shall be deemed a “Benefited Property”).
- B. Upon execution and delivery of the Finance Agreement, the Benefited Property Owner shall be eligible to receive funds from the Financing Party for the acquisition, construction, and installation of a Qualified Project, together with Eligible Costs and Financing Charges approved by EIC and by the Financing Party, provided the requirements of the Enabling Act, the Municipal Agreement and this Local Law have been met.
- C. The Finance Agreement shall include the terms and conditions of repayment of the Secured Amount and the Annual Installment Amounts.
- D. EIC may charge fees to offset the costs of administering the Program and such fees, if not paid by the Financing Party, shall be added to the Secured Amount.

SECTION 9. Section 8 of Local Law No. 6 of 2014 (as amended by Local Law No. 2 of 2018) is hereby deleted.

SECTION 10. Section 9 of Local Law No. 6 of 2014 (as amended by Local Law No. 2 of 2018) shall be renumbered as Section 8 and is hereby amended to read as follows:

SECTION 8. Terms and conditions of repayment.

The Finance Agreement shall set forth the terms and conditions of repayment in accordance with the following:

- A. The principal amount of the funds loaned to the Benefited Property Owner for the Qualified Project, together with Eligible Costs and Financing Charges approved by EIC and by the Financing Party, shall be specially assessed against the Benefited Property and will be evidenced by a Benefit Assessment Lien recorded against the Benefited Property on the land records on which liens are recorded for properties within the County. The special benefit assessment shall constitute a “charge” within the meaning of the Enabling Act and shall be collected in annual installments in the amounts certified by the Financing Party in a schedule provided at closing and made part of the Benefit Assessment Lien. Said amount shall be annually levied, billed and collected by EIC, on behalf of the County, and shall be paid to the Financing Party as provided in the Finance Agreement.
- B. The term of such repayment shall be determined at the time the Finance Agreement is executed by the Benefited Property Owner and the Financing Party, not to exceed the weighted average of the useful life of the systems and improvements as determined by EIC acting on behalf of the County.
- C. The rate of interest for the Secured Amount shall be fixed by the Financing Party in conjunction with the EIC, acting on behalf of the County, as provided in the Finance Agreement.

SECTION 11. There shall be a new section 9 inserted into Local Law No. 6 of 2014 (as amended by Local Law No. 2 of 2018) which shall read as follows:

SECTION 9. Levy of Annual Installment Amount and Creation of Annual Installment Lien.

- A. Upon the making of the loan pursuant to the Finance Agreement, the Secured Amount shall become a special Benefit Assessment Lien on the Benefited Property in favor of the County. The amount of the Benefit Assessment Lien shall be the Secured Amount. Evidence of the Benefit Assessment Lien shall be recorded by EIC, on behalf of the County, in the land records for properties in the County. Such recording shall be exempt from any charge, mortgage recording tax or other fee in the same manner as if recorded by the County. The Benefit Assessment Lien shall not be foreclosed upon by or otherwise enforced by the County.
- B. The Finance Agreement shall provide for the repayment of the Secured Amount in installments made at least annually, as provided in a schedule attached to the Benefit Assessment Lien (the "Annual Installment Amount"). The Annual Installment Amount shall be levied by EIC, on behalf of the County, on the Benefited Property in the same manner as levies for municipal charges or taxes, shall become a lien on the Benefited Property as of the first day of January of the fiscal year for which levied (the "Annual Installment Lien") and shall remain a lien until paid. The creation or any recording of the Annual Installment Lien shall be exempt from any charge, mortgage recording tax or other fee in the same manner as if recorded by the County. Payment to the Financing Party shall be considered payment for this purpose. Such payment shall partly or wholly discharge the Annual Installment Lien. Delinquent Annual Installment Amounts may accrue Financing Charges as may be provided in the Finance Agreement. Any additional Financing Charges imposed by the Financing Party pursuant to the Finance Agreement shall increase the Annual Installment Amount and the Annual Installment Lien for the year in which such overdue payments were first due.
- C. The Benefit Assessment Lien shall be reduced annually by the amount of each Annual Installment Lien when each Annual Installment Lien becomes a lien. Each Annual Installment Lien shall be subordinate to all Municipal Liens, whether created by Section 902 of the RPTL or by any other State or local law. No portion of a Secured Amount shall be recovered by the County, EIC, or an assignee upon foreclosure, sale or other disposition of the Benefited Property unless and until all Municipal Liens are fully discharged. Each Annual Installment Lien, however, shall have priority over all Non-Municipal Liens, irrespective of when created, except as otherwise required by law.
- D. Neither the Benefit Assessment Lien nor any Annual Installment Lien shall be extinguished or accelerated in the event of a default or bankruptcy of the Benefited Property Owner. Each Annual Installment Amount shall be considered a charge upon the Benefited Property and shall be collected by EIC, on behalf of the County, at the same time and in the same manner as real property taxes or municipal charges. Each Annual Installment Lien shall remain a lien until paid. Amounts collected in respect of an Annual

Installment Lien shall be remitted to EIC, on behalf of the County, or the Financing Party, as may be provided in the Finance Agreement.

- E. EIC shall act as the County's agent in collection of the Annual Installment Amounts. If any Benefited Property Owner fails to pay an Annual Installment Amount, the Financing Party may redeem the Benefited Property by paying the amount of all unpaid Municipal Liens thereon, and thereafter shall have the right to collect any amounts in respect of an Annual Installment Lien by foreclosure or any other remedy available at law. Any foreclosure shall not affect any subsequent Annual Installment Liens.

- F. EIC, on behalf of the County, may sell or assign for consideration any and all Benefit Assessment Liens and Annual Installment Liens to Financing Parties that provide financing to Qualified Properties pursuant to Finance Agreements. The Financing Parties may sell or assign for consideration any and all Benefit Assessment Liens and Annual Installment Liens received from EIC, on behalf of the County, subject to certain conditions provided in the administration agreement between EIC and the Financing Party. The assignee or assignees of such Benefit Assessment Liens and Annual Installment Liens shall have and possess the same powers and rights at law or in equity as the County would have had if the Benefit Assessment Lien and the Annual Installment Liens had not been assigned with regard to the precedence and priority of such lien, the accrual of interest and the fees and expenses of collection.

SECTION 12. Section 10 of Local Law No. 4 of 2014 (as amended by Local Law No. 2 of 2018) is hereby amended to read as follows:

SECTION 10. Verification and report.

- A. EIC, on behalf of the County, shall verify and report on the installation and performance of Renewable Energy Systems and Energy Efficiency Improvements financed by such Program in such form and manner as the Authority may establish.

SECTION 12. SEPARABILITY.

If any clause, sentence, paragraph, section, or part of this local law shall be adjudged by any court of competent jurisdiction to be invalid, such judgment shall not affect, impair or invalidate the remainder thereof, but shall be confined in its operation to the clause, sentence, paragraph, section, or part thereof involved in the controversy in which such judgment shall have been rendered.

SECTION 13. EFFECTIVE DATE.

This local law shall take effect upon filing with the Secretary of State.

Adopted by the County Legislature: November 19, 2019

Approved by the County Executive: December 12, 2019

Filed with New York State Department of State: December 23, 2019