


RESOLUTION

A RESOLUTION OF THE COMMISSION
OF KNOX COUNTY, TENNESSEE,
TO ADOPT A COMMERCIAL PROPERTY
ASSESSED CLEAN ENERGY AND
RESILIENCE (C-PACER) PROGRAM
WITHIN KNOX COUNTY TO BE
ADMINISTERED BY THE KNOX COUNTY
TRUSTEE.

RESOLUTION: R-23-7-904

REQUESTED BY: TRUSTEE

PREPARED BY: TRUSTEE & LAW
DIRECTOR'S OFFICE

APPROVED AS TO FORM
AND CORRECTNESS: 
DIRECTOR OF LAW

APPROVED: July 24, 2023
DATE

VETOED: _____
DATE

VETO
OVERRIDE: _____
DATE

MINUTE
BOOK _____ PAGE _____

WHEREAS, pursuant to the Commercial Property Assessed Clean Energy and Resilience Act codified at Tenn. Code Ann. § 68-205-101, et seq. (the "C-PACER Act"), the Tennessee General Assembly granted local governments the authority to establish a commercial property assessed clean energy and storm resiliency (C-PACER) program that jurisdictions can voluntarily implement to ensure that free and willing owners of agricultural, commercial, and industrial properties and certain multi-family residential properties can obtain low-cost, long-term financing for certain real property improvements; and

WHEREAS, the C-PACER Act allows this financing to be used for qualifying improvements, including energy efficiency, water conservation, renewable energy, and resiliency measures such as flood mitigation, stormwater management, wildfire and wind resistance, energy storage, micro-grids, and fire suppression; and

WHEREAS, a C-PACER program promotes voluntary energy efficiency, energy conservation, and resiliency, and such improvements not only save money for building owners, but also support the reduction of energy consumption, support the production of clean, renewable energy, and reduce greenhouse gas emissions; and

WHEREAS, unlike commercial loans, C-PACER financing is secured by a local government lien and has a long-term, fixed-rate that makes annual payments more affordable to applicants pursuing projects, and additionally, unlike commercial loans, because C-PACER improves the property, it is transferable upon sale to a new owner; and

WHEREAS, pursuant to Tenn. Code Ann. § 68-205-105(a), the Knox County Commission (the "Commission") previously adopted Resolution R-23-6-902 declaring its intent to establish a C-PACER program within Knox County to be administered by the Knox County Trustee; and

WHEREAS, on July 24, 2023, the Commission held a duly advertised hearing for the public to comment on a C-PACER program in Knox County; and

WHEREAS, the Commission has determined that it is in the best interests of the citizens of Knox County that a C-PACER program be established.

NOW THEREFORE BE IT RESOLVED BY THE COMMISSION OF KNOX COUNTY AS FOLLOWS:

The Knox County Commission hereby adopts and establishes a Commercial Property Assessed Clean Energy and Resilience (C-PACER) Program within Knox County to be administered by the Knox County Trustee, as follows:

Establishment; Legislative Intent

There is hereby established within the boundaries of Knox County a Commercial Property Assessed Clean Energy and Resilience ("C-PACER") program as provided for by Tenn. Code Ann. § 68-205-101, et seq. Knox County finds that it is convenient and advantageous to establish the Program allowing an eligible property owner to finance a loan for a Qualified Project that is repaid through voluntary, annual assessment installment payments secured by a Knox County special assessment and lien levied on the Eligible Property. Knox County further finds that the Program is in the public interest, provides a safety, health, and environmental public benefit, and provides for economic development of the community. The Program shall allow financing for the full range of Qualified Improvements on all Eligible Properties, as authorized by the C-PACER Act, and shall abide by and operate according to the C-PACER Act.

Definitions

The definitions as used in this resolution:

1. "Application Checklist" means the list of items required by the C-PACER Act, this resolution, the Program Guidelines, and the corresponding documentation that Knox County accepts or may request in order to show the requirements of the C-PACER Act and this resolution have been met.
2. "Assessment" means the special assessment levied on the Eligible Property by Knox County to require the payment of annual Assessment Installments in an amount sufficient to repay C-PACER Financing, together with interest, penalties, and fees. The maximum term of an Assessment may not exceed the useful life of the Qualified Improvement or weighted average life if more than one Qualified Improvement is included in the Qualified Project.
3. "Assessment Agreement" means an agreement between Knox County, Program Administrator, Property Owner, and Capital Provider whereby the parties agree to Knox County placing an Assessment and C-PACER Lien on the Eligible Property to secure the obligation to repay the C-PACER Financing and that the Property Owner will make payments to the Program Administrator in the same manner as ad valorem property taxes.
4. "Assessment Installment" means annual payments as provided for in the Assessment Agreement to be made by or on behalf of the Property Owner to repay the C-PACER Financing.
5. "Capital Provider" means any private entity, its designee, successor, and assignees that makes or funds C-PACER Financing pursuant to the Program.
6. "C-PACER Act" shall mean the Commercial Property Assessed Clean Energy and Resilience Act as codified at Tennessee Code Annotated 68-205-101 et seq.
7. "C-PACER Financing" means an investment from a Capital Provider to a Property Owner to finance or refinance a Qualified Project. The proposed C-PACER Financing for a Qualified Improvement may authorize the Property Owner to:
 - a. purchase directly the related equipment and materials for the installation or modification of a Qualified Improvement; and
 - b. contract directly, including through lease or other service contract, for the installation or modification of a Qualified Improvement.
8. "C-PACER Lien" means the lien for the Assessment as recorded with the Knox County Register of Deeds on the Eligible Property to secure repayment of the C-PACER Financing, which runs with the land and remains on the Eligible Property until the C-PACER Financing is paid in full.

9. "Eligible Property" means privately-owned commercial, industrial, or agricultural real property or multifamily residential real property with five or more dwelling units. Eligible Property may be owned by any type of business, corporation, individual, or nonprofit organization permitted by state law. Eligible Property may also include property owned by a state or local governmental entity, but leased to a privately-owned entity, which may include an industrial development corporation; housing authority; or health, educational and housing facilities board.
10. "Financing Agreement" means the contract under which a Property Owner agrees to repay a Capital Provider for the C-PACER Financing including, but not limited to, details of any finance charges, fees, debt servicing, accrual of interest and penalties, and any terms relating to treatment of prepayment and partial payment of the C-PACER Financing.
11. "Notice of Assessment Interest and C-PACER Lien" means the instrument recorded with the Knox County Register of Deeds giving notice of the Assessment and C-PACER Lien on the Eligible Property.
12. "Program" means the Commercial Property Assessed Clean Energy and Resilience program established pursuant to this resolution.
13. "Program Administrator" means the Office of the Knox County Trustee, which has been designated by Knox County to administer the Program.
14. "Program Guidebook" means, collectively, the documents adopted and utilized by the Program Administrator for the Program, including, without limitation, the Program Guidelines, Assessment Agreement, the Notice of Assessment Interest and C-PACER Lien, and other supporting documents and forms.
15. "Program Guidelines" means the criteria developed by the Program Administrator, in accordance with the requirements of this resolution and the C-PACER Act, that details the necessary requirements for approval.
16. "Property Owner" means an owner (or in the case of a ground lease, owner of an estate for years) of an Eligible Property who desires to install Qualified Improvements and provides willing consent to the Assessment against the Eligible Property.
17. "Qualified Improvement" means a permanent improvement affixed to real property and intended to: (a) decrease energy consumption or demand through the use of efficiency technologies, products, or activities that reduce or support the reduction of energy consumption, allow for the reduction in demand, or support the production of clean, renewable energy, including but not limited to a product, device, or interacting group of products or devices on the customer's side of the meter that generates electricity, provides thermal energy, or regulates temperature; (b) decrease water consumption or demand and address safe drinking water through the use of efficiency technologies, products, or

activities that reduce or support the reduction of water consumption, allow for the reduction in demand, or reduce or eliminate lead from water which may be used for drinking or cooking; or (c) increase resilience, including but not limited to seismic retrofits, fire suppression, flood mitigation, stormwater management, wildfire and wind resistance, energy storage, and microgrids.

18. "Qualified Project" means a project approved by the Program Administrator, involving the installation or modification of a Qualified Improvement, including new construction or the adaptive reuse of Eligible Property with a Qualified Improvement, including Qualified Improvements installed no more than two (2) years prior to the date of application. Together, Qualified Improvements, inclusive of all related and eligible costs pursuant to the C-PACER Act that are to be financed as described in an application and approved by the Program Administrator, are a Qualified Project.

Territory

The Program shall be available to all Eligible Property located within the territory of Knox County.

Program Administration

Knox County designates the Office of the Knox County Trustee as the Program Administrator. The Program Administrator shall review and approve applications to the Program submitted in accordance with the Program Guidelines; collect any fees for the Program; develop, execute, acknowledge and deliver, on behalf of Knox County, all documents necessary to carry out the purposes of the Program and this resolution; record with the Knox County Register of Deeds requisite documents for the Program; and collect and remit to the Capital Provider payments made to Knox County for the Assessment.

C-PACER Financing

1. C-PACER Financing, in accordance with the C-PACER Act, is to be provided by Capital Providers through a Financing Agreement entered into with the Property Owner of an Eligible Property to fund a Qualified Project.
2. The C-PACER Financing may cover costs including:
 - a. The cost of materials and labor necessary for installation or modification of a Qualified Improvement;
 - b. Permit fees;
 - c. Inspection fees;
 - d. Financing or origination fees;

- e. Program application and administrative fees;
 - f. Project development, architectural and engineering fees;
 - g. Third-party review fees, including verification review fees;
 - h. Capitalized interest;
 - i. Interest reserves; or
 - j. Any other fees or costs that may be incurred by the Property Owner incident to the installation, modification, or improvement of a Qualified Improvement on a specific or pro rata basis.
3. Prior to entering into a Financing Agreement, the Capital Provider must receive written consent from every holder of a deed of trust or mortgage interest in the Eligible Property that will be subject to the Assessment and C-PACER Lien who agree that the Property Owner may participate in the Program and that the C-PACER Lien will take precedence over all other liens on the Eligible Property except for a lien for ad valorem property taxes.

C-PACER Lien

1. Following approval of an application to the Program by the Program Administrator, the Property Owner shall execute an Assessment Agreement consenting to the Assessment and C-PACER Lien being placed against the Eligible Property.
2. The C-PACER Lien amount, plus any interest, penalties, fees and charges accrued or accruing on the C-PACER Lien:
 - a. takes precedence over all other liens or encumbrances except a lien for taxes imposed by the state, a local government, or a junior taxing district on the Eligible Property, which liens for taxes shall have priority over such C-PACER Lien; and
 - b. is a first and prior lien, equal to the lien for taxes imposed by the state, a local government, or a junior taxing district against the Eligible Property on which the C-PACER Lien is imposed, from the date on which the notice of the C-PACER Lien is recorded until the C-PACER Lien, interest, penalties, fees and charges accrued or accruing are paid in full.
3. The C-PACER Lien runs with the land, and that portion of the C-PACER Lien that has not yet become due is not accelerated or eliminated by enforcement of the C-PACER Lien by tax sale or any lien for taxes imposed by the state, a local government, or junior taxing district against the real property on which the C-PACER Lien is imposed.

4. After the C-PACER Lien is recorded as provided for in this resolution, the Assessment, C-PACER Financing and the C-PACER Lien may not be contested on the basis that the improvement is not a Qualified Improvement or that the project is not a Qualified Project.

Application and Review

1. A Property Owner and Capital Provider shall apply to the Program and submit all required supporting documents included in the Program Guidebook for review by the Program Administrator.
2. The application to the Program shall require:
 - a. An attestation by the Property Owner that the proposed project consists of one or more Qualified Improvements.
 - b. For an existing building seeking improvements (a) where energy or water usage improvements are proposed, a certification by a licensed engineering firm, engineer, or other qualified professional listed in the Program Guidelines stating that the proposed Qualified Improvements will either result in more efficient use or conservation of energy or water, the reduction of greenhouse gas emissions, or the addition of renewable sources of energy or water; (b) where safe drinking water measures are proposed, a certification by a licensed professional engineer stating that the Qualified Improvements will result in the reduction of lead in potable water; or (c) where resilience improvements are proposed, a certification by a licensed professional engineer stating that the Qualified Improvements will result in improved resilience.
 - c. For new construction, a certification by a licensed professional engineer stating that the proposed Qualified Improvements, individually, or acting as a whole, will enable the project to exceed the energy efficiency, water efficiency, renewable energy, renewable water, or resilience requirements of the current building codes of Knox County.
3. The Program Administrator shall review an application according to the Application Checklist to determine whether it: (i) is complete, (ii) proposes a Qualified Improvement, (iii) contains no errors on its face, and (iv) that all information is provided in the substance and form required by the Application Checklist. If an application and supporting documents comply with the Application Checklist, the Program Administrator may sign the Application Checklist indicating that an application is deemed approved, and the project is a Qualified Project. If an application to the Program is incomplete and/or does not conform to the requirements of the Application Checklist, the Program Administrator shall inform the applicant as soon as practicable that an application is denied, the reasons for the denial, and any corrections that could make the application. If feasible, the applicant shall have an opportunity to correct its application.
4. The application review process is confined to confirming that an application is complete, that all attachments conform to the Program Guidelines, and that the Capital Provider and

Property Owner are found to sufficiently meet the Program's criteria. The Program Administrator's approval shall not constitute endorsement of any representations that may be made with regard to the operation and any savings associated with the Qualified Improvements.

5. An application may be conditionally approved if the application is complete but the attachment regarding lender consent of the C-PACER Lien is not yet available per requirements outlined in the Program Guidelines. If after 30 days, not all necessary documents are submitted by the applicant, or a lender does not submit the consent form, the application is deemed as incomplete, and the conditional approval is moved to not approved.
6. Upon approval of an application, a Property Owner or Capital Provider shall provide the completed and executed Assessment Agreement and Notice of Assessment Interest and C-PACER Lien to the Office of Knox County Trustee for execution at least five (5) days prior to close of the C-PACER transaction, along with a requested date for recordation of such forms.
7. Knox County shall record the Assessment Agreement and the Notice of Assessment Interest and C-PACER Lien with the Knox County Register of Deeds. At the request of the Property Owner and the Capital Provider, the recording of the executed documents may be delegated to the Capital Provider.

Program Guidelines

1. The C-PACER Program shall be administered in accordance with the requirements contained in this resolution, the C-PACER Act, and the Program Guidelines as established by the Program Administrator.
2. The Program Guidelines, Program Guidebook, and other forms may be amended by the Program Administrator from time to time to carry out the intent and purposes of this resolution, provided that such amendments comply with the C-PACER Act, this resolution, and applicable law. Notwithstanding, material amendments to the Program, Program Guidelines, or Program Guidebook concerning the eligibility of an Eligible Property, Property Owner, Qualified Improvement, Qualified Project, or concerns the roles and responsibilities of Knox County in administering the Program shall be approved by Knox County Commission.

Collection and Enforcement; Delinquencies

1. Assessment Installments shall be paid to the Program Administrator and be due and payable at the same time and in the same manner as ad valorem property taxes. The Program Administrator shall cause the Assessment Installment to be reflected on the annual property tax bill for the Eligible Property, provided that failure to do so shall not be a defense for not making a payment when due.

2. Failure to pay any Assessment Installment by the due date shall result in penalties and interest accruing on unpaid amounts as provided for in the Financing Agreement. Statutory interest and penalties, as allowed for delinquent ad valorem property taxes, shall also accrue on delinquent Assessment Installments, which shall be retained by Knox County.
3. Collection of Assessment Installments and enforcement of C-PACER Liens due to delinquent Assessment Installments, including enforcement by tax sale, shall be enforced by the Knox County Law Department in the same manner and at the same time as delinquent real property taxes.

Fees

The Program Administrator is authorized to collect an application fee at the time of application to the Program that is up to one percent (1%) of the applicable C-PACER Financing, but not to exceed \$50,000. The fee shall be calculated to offset the actual and reasonable costs to Knox County for administration of the Program. If an application is declined, the fee paid shall be returned to the applicant, less the amount necessary to offset the actual and reasonable costs of reviewing the application.

Severability

If any provision or clause of this resolution or the application thereof to any person or circumstance is held to be unenforceable by a court of competent jurisdiction, such clause or provision and the remainder of this resolution shall remain effective and enforceable to the full extent allowed by law, and all clauses and provisions of this resolution are hereby declared to be severable. In the event and to the extent of a conflict exists between this resolution and the C-PACER Act, the C-PACER Act shall govern.

No Liability

Except for a right of action to enforce the terms of this resolution, this resolution does not confer any right of action nor property interest upon any party to a C-PACER transaction against Knox County, and, so long as Knox County complies in good faith with the terms of the C-PACER Act and this resolution, Knox County shall incur no liability for enacting the Program, nor shall Knox County, its governing body, officers, employees, or agents be personally liable as a result of exercising any rights or responsibilities granted pursuant to this resolution.

BE IT FURTHER RESOLVED, that if any notifications are to be made to effectuate this Resolution, then the County Clerk is hereby requested to forward a copy of this Resolution to the proper authority.

BE IT FURTHER RESOLVED, this Resolution is to take effect from and after its passage, as provided by the Charter of Knox County, Tennessee, the public welfare requiring it.

Christy Dunett 7/24/2023
Presiding Officer of the Commission Date

Sherry Witt 7/25/2023
County Clerk Date

Approved: [Signature] 7/20/23
County Mayor Date

Vetoed: _____
County Mayor Date

Resolution NO.

A Resolution of Intent to adopt a Commercial Property Assessed Clean Energy and Resilience (C-PACER) program within Knox County to be administered by the Knox County Trustee.

WHEREAS, pursuant to the Commercial Property Assessed Clean Energy and Resilience Act Tenn. Code Ann. § 68-205-101, et seq. (the "C-PACER Act"), the Tennessee General Assembly granted local governments the authority to establish a commercial property assessed clean energy and storm resiliency (C-PACER) program that jurisdictions can voluntarily implement to ensure that free and willing owners of agricultural, commercial, and industrial properties and certain multi-family residential properties can obtain low-cost, long-term financing for certain real property improvements; and,

WHEREAS, the C-PACER Act allows this financing to be used for qualifying improvements, including energy efficiency, water conservation, renewable energy, and resiliency measures such as flood mitigation, stormwater management, wildfire and wind resistance, energy storage, micro-grids, and fire suppression; and,

WHEREAS, a C-PACER program promotes voluntary energy efficiency, energy conservation, and resiliency, and such improvements not only save money for building owners, but also support the reduction of energy consumption, support the production of clean, renewable energy, and reduce greenhouse gas emissions; and,

WHEREAS, unlike commercial loans, C-PACER financing is secured by a local government lien and has a long-term, fixed-rate that makes annual payments more affordable to applicants pursuing projects, and additionally, unlike commercial loans, because C-PACER improves the Property, it is transferable upon sale to a new owner.

NOW THEREFORE, BE IT RESOLVED by the Commission of Knox County, it's intent to hold a duly advertised public hearing regarding a local C-PACER Program on July (00), 2023.

BE FURTHER RESOLVED, with a positive recommendation of the public hearing, Knox County Commission to enact the C-PACER program.

Section 1. "Commercial Property Assessed Clean Energy and Resilience (C-PACER) Program"

Establishment; Legislative Intent

There is hereby established within the boundaries of Knox County a Commercial Property Assessed Clean Energy and Resilience ("C-PACER") program as provided for by Tenn. Code Ann. § 68-205-101, et seq. Knox County finds that it is convenient and advantageous to establish the Program allowing an eligible property owner to finance a loan for a Qualified Project that is repaid through voluntary, annual assessment installment payments secured by a Knox County special assessment and lien levied on the Eligible Property. Knox County further finds that the

Program is in the public interest, provides a safety, health, and environmental public benefit, and provides for economic development of the community. The Program shall allow financing for the full range of Qualified Improvements on all Eligible Properties, as authorized by the C-PACER Act, and shall abide by and operate according to the C-PACER Act

Definitions

The definitions as used in this chapter:

"Application Checklist means the list of items required by the C-PACER Act, this chapter, the Program Guidelines, and the corresponding documentation that Knox County accepts or may request in order to show the requirements of the C-PACER Act and this chapter have been met.

1. "Assessment" means the special assessment levied on the Eligible Property by Knox County to require the payment of annual Assessment Installments in an amount sufficient to repay C-PACER Financing, together with interest, penalties, and fees. The maximum term of an Assessment may not exceed the useful life of the Qualified Improvement or weighted average life if more than one Qualified Improvement is included in the Qualified Project.

2. "Assessment Agreement" means an agreement between Knox County, Program Administrator, Property Owner, and Capital Provider whereby the parties agree to Knox County placing an Assessment and C-PACER Lien on the Eligible Property to secure the obligation to repay the C-PACER Financing and that the Property Owner will make payments to the Program Administrator in the same manner as ad valorem property taxes.

3. "Assessment Installment means annual payments as provided for in the Assessment Agreement to be made by or on behalf of the Property Owner to repay the C-PACER Financing

4. "Capital Provider" means any private entity, its designee, successor, and assignees that makes or funds C-PACER Financing pursuant to the Program.

5. "C-PACER Act" shall mean the Commercial Property Assessed Clean Energy and Resilience Act as codified at Tennessee Code Annotated 68-205-101 et seq.

6. "C-PACER Financing" means an investment from a Capital Provider to a Property Owner to finance or refinance a Qualified Project. The proposed C-PACER Financing for a Qualified Improvement may authorize the Property Owner to:

- a. purchase directly the related equipment and materials for the installation or modification of a Qualified Improvement; and
- b. contract directly, including through lease or other service contract, for the installation or modification of a Qualified Improvement.

7. "C-PACER Lien" means the lien for the Assessment as recorded with the Knox County Register of Deeds on the Eligible Property to secure repayment of the C-PACER Financing, which runs with the land and remains on the Eligible Property until the C-PACER Financing is paid in full.

8. "Eligible Property" means privately-owned commercial, industrial, or agricultural real property or multifamily residential real property with five or more dwelling units. Eligible Property may be owned by any type of business, corporation, individual, or nonprofit organization permitted by state law. Eligible Property may also include property owned by a state or local governmental entity, but leased to a privately-owned entity, which may include an industrial development corporation; housing authority; or health, educational and housing facilities board.
9. "Financing Agreement" means the contract under which a Property Owner agrees to repay a Capital Provider for the C-PACER Financing including, but not limited to, details of any finance charges, fees, debt servicing, accrual of interest and penalties, and any terms relating to treatment of prepayment and partial payment of the C-PACER Financing.
10. "Notice of Assessment Interest and C-PACER Lien" means the instrument recorded with the Knox County Register of Deeds giving notice of the Assessment and C-PACER Lien on the Eligible Property.
11. "Program" means the Commercial Property Assessed Clean Energy and Resilience program established pursuant to this chapter.
12. "Program Administrator" means the Office of the Knox County-Trustee, which has been designated by Knox County to administer the Program.
13. "Program Guidebook" means, collectively, the documents adopted and utilized by the Program Administrator for the Program, including, without limitation, the Program Guidelines, Assessment Agreement, the Notice of Assessment Interest and C-PACER Lien, and other supporting documents and forms.
14. "Program Guidelines" means the criteria developed by the Program Administrator, in accordance with the requirements of this chapter and the C-PACER Act, that details the necessary requirements for approval.
15. "Property Owner" means an owner (or in the case of a ground lease, owner of an estate for years) of an Eligible Property who desires to install Qualified Improvements and provides willing consent to the Assessment against the Eligible Property.
16. "Qualified Improvement" means a permanent improvement affixed to real property and intended to: (a) decrease energy consumption or demand through the use of efficiency technologies, products, or activities that reduce or support the reduction of energy consumption, allow for the reduction in demand, or support the production of clean, renewable energy, including but not limited to a product, device, or interacting group of products or devices on the customer's side of the meter that generates electricity, provides thermal energy, or regulates temperature; (b) decrease water consumption or demand and address safe drinking water through the use of efficiency technologies, products, or activities that reduce or support the reduction of water consumption, allow for the reduction in demand, or reduce or eliminate lead from water

which may be used for drinking or cooking; or (c) increase resilience, including but not limited to seismic retrofits, fire suppression, flood mitigation, stormwater management, wildfire and wind resistance, energy storage, and microgrids.

17. "Qualified Project" means a project approved by the Program Administrator, involving the installation or modification of a Qualified Improvement, including new construction or the adaptive reuse of Eligible Property with a Qualified Improvement, including Qualified Improvements installed no more than two (2) years prior to the date of application. Together, Qualified Improvements, inclusive of all related and eligible costs pursuant to the C-PACER Act that are to be financed as described in an application and approved by the Program Administrator, are a Qualified Project.

Territory

The Program shall be available to all Eligible Property located within the territory of Knox County.

Program Administration

Knox County designates the Office of the Knox County Trustee as the Program Administrator. The Program Administrator shall review and approve applications to the Program submitted in accordance with the Program Guidelines; collect any fees for the Program; develop, execute, acknowledge and deliver, on behalf of Knox County, all documents necessary to carry out the purposes of the Program and this chapter; record with the Knox County Register of Deeds requisite documents for the Program; and collect and remit to the Capital Provider payments made to Knox County for the Assessment.

C-PACER Financing

C-PACER Financing, in accordance with the C-PACER Act, is to be provided by Capital Providers through a Financing Agreement entered into with the Property Owner of an Eligible Property to fund a Qualified Project.

The C-PACER Financing may cover costs including:

The cost of materials and labor necessary for installation or modification of a Qualified Improvement.

Permit fees;

Inspection fees;

Financing or origination fees;

Program application and administrative fees; Project development, architectural and engineering fees;

g. Third-party review fees, including verification review fees;

h. Capitalized interest;

i. Interest reserves; or

j. Any other fees or costs that may be incurred by the Property Owner incident to the installation, modification, or improvement of a Qualified Improvement on a specific or pro rata basis.

3. Prior to entering into a Financing Agreement, the Capital Provider must receive written consent from every holder of a deed of trust or mortgage interest in the Eligible Property that will be subject to the Assessment and C-PACER Lien who agree that the Property Owner may participate in the Program and that the C-PACER Lien will take precedence over all other liens on the Eligible Property except for a lien for ad valorem property taxes.

C-PACER Lien

Following approval of an application to the Program by the Program Administrator, the Property Owner shall execute an Assessment Agreement consenting to the Assessment and C-PACER Lien being placed against the Eligible Property.

The C-PACER Lien amount, plus any interest, penalties, fees and charges accrued or accruing on the C-PACER Lien:

takes precedence over all other liens or encumbrances except a lien for taxes imposed by the state, a local government, or a junior taxing district on the Eligible Property, which liens for taxes shall have priority over such.

C-PACER Lien: and

is a first and prior lien, equal to the lien for taxes imposed by the state, a local government, or a junior taxing district against the Eligible Property on which the C-PACER Lien is imposed, from the date on which the notice of the C-PACER Lien is recorded until the C-PACER Lien, interest, penalties, fees and charges accrued or accruing are paid in full.

The C-PACER Lien runs with the land, and that portion of the C-PACER Lien that has not yet become due is not accelerated or eliminated by enforcement of the C-PACER Lien by tax sale or any lien for taxes imposed by the state, a local government, or junior taxing district against the real property on which the C-PACER Lien is imposed.

After the C-PACER Lien is recorded as provided for in this chapter, the Assessment, C-PACER Financing and the C-PACER Lien may not be contested on the basis that the improvement is not a Qualified Improvement or that the project is not a Qualified Project.

Application and Review

1. A Property Owner and Capital Provider shall apply to the Program and submit all required supporting documents included in the Program Guidebook for review by the Program Administrator.
2. The application to the Program shall require:
 - A. An attestation by the Property Owner that the proposed project consists of one or more Qualified Improvements.
 - B. For an existing building seeking improvements (a) where energy or water usage improvements are proposed, a certification by a licensed engineering firm, engineer, or other qualified professional listed in the Program Guidelines stating that the proposed Qualified Improvements will either result in more efficient use or conservation of energy or water, the reduction of greenhouse gas emissions, or the addition of renewable sources of energy or water; (b) where safe drinking water measures are proposed, a certification by a licensed professional

engineer stating that the Qualified Improvements will result in the reduction of lead in potable water; or (c) where resilience improvements are proposed, a certification by a licensed professional engineer stating that the Qualified Improvements will result in improved resilience. C. For new construction, a certification by a licensed professional engineer stating that the proposed Qualified Improvements, individually, or acting as a whole, will enable the project to exceed the energy efficiency, water efficiency, renewable energy, renewable water, or resilience requirements of the current building codes of the metropolitan government.

3. The Program Administrator shall review an application according to the Application Checklist to determine whether it: (i) is complete, (ii) proposes a Qualified Improvement, (iii) contains no errors on its face, and (iv) that all information is provided in the substance and form required by the Application Checklist. If an application and supporting documents comply with the Application Checklist, the Program Administrator may sign the Application Checklist indicating that an application is deemed approved, and the project is a Qualified Project. If an application to the Program is incomplete and/or does not conform to the requirements of the Application Checklist, the Program Administrator shall inform the applicant as soon as practicable that an application is denied, the reasons for the denial, and any corrections that could make the application. If feasible, the applicant shall have an opportunity to correct its application.
4. The application review process is confined to confirming that an application is complete, that all attachments conform to the Program Guidelines, and that the Capital Provider and Property Owner are found to sufficiently meet the Program's criteria. The Program Administrator's approval shall not constitute endorsement of any representations that may be made with regard to the operation and any savings associated with the Qualified Improvements.
5. An application may be conditionally approved if the application is complete but the attachment regarding lender consent of the C-PACER Lien is not yet available per requirements outlined in the Program Guidelines. If after 30 days, not all necessary documents are submitted by the applicant, or a lender does not submit the consent form, the application is deemed as incomplete, and the conditional approval is moved to not approved.
6. Upon approval of an application, a Property Owner or Capital Provider shall provide the completed and executed Assessment Agreement and Notice of Assessment Interest and C-PACER Lien to the Office of Knox County Trustee for execution at least five (5) days prior to close of the C-PACER transaction, along with a requested date for recordation of such forms.
7. Knox County shall record the Assessment Agreement and the Notice of Assessment Interest and C-PACER Lien with the Davison County Register of Deeds. At the request of the Property Owner and the Capital Provider, the recording of the executed documents may be delegated to the Capital Provider.

Program Guidelines

1. The C-PACER Program shall be administered in accordance with the requirements contained in this chapter, the C-PACER Act, and the Program Guidelines as established by the Program Administrator.
2. The Program Guidelines, Program Guidebook, and other forms may be amended by the Program Administrator from time to time to carry out the intent and purposes of this chapter, provided that such amendments comply with the C-PACER Act, this chapter, and applicable law. Notwithstanding, material amendments to the Program, Program Guidelines, or Program Guidebook concerning the eligibility of an Eligible Property, Property Owner, Qualified Improvement, Qualified Project, or concerns the roles and responsibilities of Knox County in administering the Program shall be approved by Knox County Commission.

Collection and Enforcement; Delinquencies

Assessment Installments shall be paid to the Program Administrator and be due and payable at the same time and in the same manner as ad valorem property taxes. The Program Administrator shall cause the Assessment Installment to be reflected on the annual property tax bill for the Eligible Property, provided that failure to do so shall not be a defense for not making a payment when due.

Failure to pay any Assessment Installment by the due date shall result in penalties and interest accruing on unpaid amounts as provided for in the Financing Agreement. Statutory interest and penalties, as allowed for delinquent ad valorem property taxes, shall also accrue on delinquent Assessment Installments, which shall be retained by Knox County.

Collection of Assessment Installments and enforcement of C-PACER Liens due to delinquent Assessment Installments, including enforcement by tax sale, shall be enforced by the Knox County Law Department in the same manner and at the same time as delinquent real property taxes.

Fees

The Program Administrator is authorized to collect an application fee at the time of application to the Program that is up to one percent (1%) of the applicable C-PACER Financing, but not to exceed \$50,000. The fee shall be calculated to offset the actual and reasonable causes to the Knox County for administration of the Program. If an application is declined, the fee paid shall be returned to the applicant, less the amount necessary to offset the actual and reasonable costs of reviewing the application.

Severability

If any provision or clause of this chapter or the application thereof to any person or circumstance is held to be unenforceable by a court of competent jurisdiction, such clause or provision and the remainder of this chapter shall remain effective and enforceable to the full extent allowed by law, and all clauses and provisions of this chapter are hereby declared to be severable. In the event and to

the extent of a conflict exists between this chapter and the C-PACER Act, the C-PACER Act shall govern.

No Liability

Except for a right of action to enforce the terms of this chapter, this chapter does not confer any right of action nor property interest upon any party to a C-PACER transaction against Knox County, and, so long as Knox County complies in good faith with the terms of the C-PACER Act and this chapter, Knox County shall incur no liability for enacting the Program, nor shall Knox County, its governing body, officers, employees, or agents be personally liable as a result of exercising any rights or responsibilities granted pursuant to this chapter.