



## **RESOLUTION NO. 2017-006**

### **A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF FARMERS BRANCH, TEXAS, AUTHORIZING EXECUTION OF A RESIDENTIAL DEMOLITION/REBUILD PROGRAM INCENTIVE AGREEMENT FOR THE OWNER OF PROPERTY AT 13749 TANGLEWOOD DRIVE; AND PROVIDING FOR AN EFFECTIVE DATE.**

**WHEREAS**, the City of Farmers Branch has established a Residential Demolition/Rebuild Incentive Program pursuant to Chapter 380 of the Texas Local Government Code for the purpose of promoting the redevelopment of existing single family housing stock within the City (“the Incentive Program”); and

**WHEREAS**, the owner of the property generally located at 13749 Tanglewood Drive has made application for the Incentive Program; and

**WHEREAS**, City Administration, having reviewed the foregoing application, has determined that the demolition and reconstruction of the residential structure on the above described property qualifies for the Incentive Program; and

**WHEREAS**, the City Council of the City of Farmers Branch finds it to be in the public interest to authorize the execution of an agreement setting forth the terms and conditions by which the owner of the above-described property will receive the benefits of the Incentive Program.

### **NOW THEREFORE, BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF FARMERS BRANCH, TEXAS, THAT:**

**SECTION 1.** The City Manager is hereby authorized to execute on behalf of the City of Farmers Branch a Residential Demolition/Rebuild Program Incentive Agreement with Krishna Kurapati with respect to property generally known as 13749 Tanglewood Drive, Farmers Branch, Texas, substantially in the form set forth in Exhibit “A,” attached hereto and incorporated herein by reference.

**SECTION 2.** The City Manager has full authority to administer the above approved agreement on behalf of the City including, but not limited to, providing notices of default and termination as the City Manager may, from time to time, deem appropriate and necessary.

**SECTION 3.** This Resolution shall be effective immediately upon final passage.

**PASSED AND APPROVED BY THE CITY COUNCIL OF THE CITY OF FARMERS  
BRANCH, TEXAS, THIS 10<sup>TH</sup> DAY OF JANUARY, 2017.**

**ATTEST:**

**APPROVED:**

\_\_\_\_\_  
Amy Piukana, City Secretary

\_\_\_\_\_  
Bob Phelps, Mayor

**APPROVED AS TO FORM:**

\_\_\_\_\_  
Peter G. Smith, City Attorney  
(kbl:1/3/17:82647)

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**Exhibit “A”**

<b>STATE OF TEXAS</b>	§	
	§	<b>RESIDENTIAL DEMOLITION/REBUILD PROGRAM</b>
	§	<b>INCENTIVE AGREEMENT</b>
<b>COUNTY OF DALLAS</b>	§	

This Economic Development Incentive Agreement (“Agreement”) is made by and between the City of Farmers Branch, Texas (the “City”), and Krishna Kurapati (“Property Owner”), acting by and through their respective authorized officers and representatives. City and Property Owner are collectively referred to herein as “Parties” and separately as “Party.”

**WITNESSETH:**

**WHEREAS**, Texas Local Government Code Chapter 380 allows City to provide incentives for the promotion of economic development; and

**WHEREAS**, the promotion of the redevelopment of existing housing stock within City’s incorporated limits promotes economic development and is essential for City’s continued economic growth and vitality; and

**WHEREAS**, it is well established that the availability of quality housing stock encourages the relocation of businesses and attracts new business enterprises, as well as the expansion of existing business enterprises within City’s incorporated limits, which in turn stimulates growth, creates jobs and increases property and sales tax revenues; and

**WHEREAS**, the promotion of the redevelopment of the housing stock within City’s incorporated limits is a major contributing factor to City’s growth, which in turn stimulates trade and commerce and reduces unemployment; and

**WHEREAS**, residential development and redevelopment will attract and encourage business relocation and expansion since business will look to the available housing stock to meet the needs of management and the work force; and

**WHEREAS**, City has determined that providing an economic development incentive in accordance with this Agreement will further City’s objectives, will benefit City and City’s inhabitants and will promote local economic development and stimulate business and commercial activity within City’s incorporated limits; and

**WHEREAS**, Property Owner is the owner of a one-family detached residential dwelling located at 13749 Tanglewood Drive, Farmers Branch, Texas (hereinafter defined as the “Residence”); and

**WHEREAS**, Property Owner intends to demolish the Residence and construct a new one-family detached residential dwelling thereafter (hereinafter defined as the “New Residence”); and

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**WHEREAS**, Property Owner has been approved as an eligible participant and the demolition of the Residence and the construction of the New Residence has been approved as an eligible project (hereinafter defined as an "Approved Project") under City's Demolition/Rebuild Property Tax Incentive Program (hereinafter defined as a "Program");

**NOW THEREFORE**, in consideration of the foregoing, and on the terms and conditions hereinafter set forth, and other valuable consideration the receipt and sufficiency of which are hereby acknowledged, the Parties agree as follows:

**Article I**  
**Term**

The term of this Agreement shall begin on the Effective Date and shall continue until the Expiration Date, unless sooner terminated as provided herein.

**Article II**  
**Definitions**

Wherever used in this Agreement, the following terms shall have the meanings ascribed to them:

"Annual Incentive(s)" means five (5) annual economic development incentives each in an amount equal to one hundred percent (100%) of the difference between the ad valorem taxes assessed by City against the New Residence for the applicable tax year and paid to City, and the amount of ad valorem taxes assessed by City against the Residence for the Base Year and paid to City, as calculated and determined by City, to be paid to Property Owner as set forth herein.

"Approved Project" means the approval of the demolition of the Residence and the construction of the New Residence as an approved project by City as being eligible for the incentives under the Program.

"Base Year" means January 1<sup>st</sup> of the calendar year immediately preceding the date of approval of the Project.

"City" means the City of Farmers Branch, Texas.

"Commencement Date" means the date fee simple title to the New Residence and the Land are conveyed by Contractor to the Property.

"Commencement of Construction" means that (i) the plans have been prepared and all approvals thereof required by applicable governmental authorities have been obtained for the Approved Project; and (ii) all necessary permits for the construction of the Approved Project have been issued by all applicable governmental authorities.

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“Completion of Construction” means that (i) substantial completion of construction of the New Residence has occurred; and (ii) City has issued a final certificate of occupancy of certificate of inspection for the Approved Project.

“Effective Date” means the date this Agreement bears the signatures of the authorized representatives of all of the Parties.

“Event of Bankruptcy or Insolvency” means insolvency, appointment of receiver for Property Owner and such appointment is not terminated within ninety (90) days after such appointment is initially made, any general assignment for the benefit of creditors, or the commencement of any proceeding under any bankruptcy or insolvency laws by or against Property Owner and such proceeding is not dismissed within ninety (90) days after the filing thereof.

“Expiration Date” means April 1<sup>st</sup> of the first full calendar year following the sixth (6<sup>th</sup>) anniversary of the Commencement Date.

“Impositions” means all taxes, assessments, use and occupancy taxes, charges, excises, license and permit fees, and other charges by public or governmental authority, general and special, ordinary and extraordinary, foreseen and unforeseen, which are or may be assessed, charged, levied, or imposed by any public or governmental authority on Property Owner or any property or any business owned by Property Owner within City’s incorporated limits.

“Land” means the real property located in the City of Farmers Branch, Texas, on which the Residence is located, but excluding any improvements, which property is described as:

Lot 7, Block B, of Brookhaven Estates No. 1, an Addition to the City of Farmers Branch, Dallas County, Texas, according to the Plat thereof recorded in Volume 39, Page 61, of the Map Records of Dallas County, Texas.

“New Residence” means a new one family detached dwelling to be constructed on the Land, as approved by City as an Approved Project, excluding the Land, which has a floor area of not less than 3900 square feet of air conditioned space and a Taxable Value (not including the Land) of not less than \$500,000.00 as of January 1<sup>st</sup> of the calendar year following the date of Completion of Construction.

“Payment Request” means (a) with respect to the Annual Incentives paid pursuant to Section 3.1, below, a written request from Property Owner submitted to City on or before April 1<sup>st</sup> of each calendar year for the payment of the Annual Incentive accompanied by a tax receipt showing that the ad valorem taxes assessed against the Land and the New Residence for the preceding tax year have been paid in full, and such other information as City may reasonably request; (b) with respect to the first installment of the Demolition Grant, a written request from Property Owner submitted to City requesting payment of the first installment of the Demolition Grant accompanied by sufficient evidence that the Residence has been demolished and removed from the Land and that the Land is ready for construction of the New Residence; and (c) with respect to the second installment of the Demolition Grant, a written request from Property Owner

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submitted to City requesting payment of the second installment of the Demolition Grant accompanied by a copy of the certificate of occupancy or certificate of final inspection of the New Residence issued by City’s Building Inspections Department.

“Project” means the demolition of the Residence and the construction of the New Residence on the Land.

“Property Owner” means the first person or people to whom Contractor conveys fee simple title of the New Residence after Completion of Construction of the New Residence and who use(s) the New Residence as a residence homestead.

“Residence” means the one family detached dwelling located on the Land as of the Effective Date.

“Residential Demolition/Rebuild Program” means the City of Farmers Branch Residential Demolition/Rebuild Incentive Program adopted by Resolution of the City Council, as amended.

“Taxable Value” shall mean the appraised value of the Residence or the New Residence, as the case may be, as certified by the Dallas Central Appraisal District, or its successor entity, as of January 1 of a given year. The Parties agree that, as of the Effective Date, the Taxable Value of the Residence is \$200,350.00

### **Article III Economic Development Incentive**

3.1 Payment. Subject to Property Owner’s continued satisfaction of the terms and conditions of this Agreement and the obligation of Property Owner to repay the Annual Incentives pursuant to Section 5.2 hereof, City agrees to provide the Annual Incentives to Property Owner to be paid not later than the thirtieth (30<sup>th</sup>) day after City receipt of the applicable Payment Request following April 1<sup>st</sup> of each calendar year, beginning April 1<sup>st</sup> of the calendar year immediately following the Commencement Date, provided City has timely received the ad valorem taxes assessed against the Land and the New Residence in full for the respective tax year. Property Owner shall submit a Payment Request to City on or before April 1<sup>st</sup> of each calendar year for the applicable Annual Incentive. For example, assume for illustration purposes only that a Project was approved by City in 2016 making 2016 the Base Year. Further assume that (i) City taxes assessed and paid for the Residence (improvements excluding the Land) for 2016 was \$1,000 and (ii) the Approved Project was completed June 1, 2017, then the Commencement Date would be June 1, 2017. Further assume that City taxes assessed and paid for tax years 2018 is \$2,000. Then the first Annual Incentive would be for the difference in City taxes assessed on the New Residence for tax year 2018 in the amount of \$2,000 and the amount of City taxes assessed for the Base Year (2016) of \$1,000 resulting in an Annual Incentive of \$1,000, which would be paid not later than the thirtieth (30) day after City receipt of the applicable Payment Request following April 1, 2019, provided Property Owner submitted a Payment Request on or before April 1, 2019, which included a tax receipt showing

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that the ad valorem taxes assessed against the Land and the New Residence for tax year 2018 have been paid in full.

3.2 Current Revenue. The Annual Grants made hereunder shall be paid solely from lawfully available funds that have been appropriated by City. Under no circumstances shall City's obligations hereunder be deemed to create any debt within the meaning of any constitutional or statutory provision. None of City's obligations under this Agreement shall be pledged or otherwise encumbered in favor of any commercial lender and/or similar financial institution or other party.

3.3 Payment of Demolition Grant. City agrees to pay the Demolition Grant to Property Owner in the amount of Twelve Thousand Five Hundred and No/100 Dollars (\$12,500.00) in two equal installments of \$6250.00 each as follows:

- (a) With respect to the first installment, not later than thirty (30) days after City's receipt of a Payment Request from Property Owner, but in no case earlier than thirty (30) days prior to completion of demolition of the Residence and removal of all debris from the Land; and
- (b) With respect to the second installment, not later than thirty (30) days after City's receipt of a Payment Request from Property Owner, but in no case earlier than the thirtieth (30<sup>th</sup>) day after Completion of Construction of the New Residence.

City's obligation to pay the Demolition Grant, or any installment thereof, shall terminate if Completion of Construction of the New Residence does not occur on or before the second (2<sup>nd</sup>) anniversary of the Effective Date.

### **Article IV Incentive Conditions**

City's obligation to pay the Annual Grants shall be conditioned upon Property Owner's continued compliance with and satisfaction of the terms and conditions of this Agreement and each of the conditions set forth in this Article.

4.1 Inspections. Property Owner agrees to submit to periodic inspections of the Approved Project by City during the period beginning with the date of Commencement of Construction and ending on date of Completion of Construction.

4.2 Construction of the Approved Project. Property Owner, shall subject to delays resulting from events of Force Majeure, cause Completion of Construction of the Approved Project to occur on or before twenty-four (24) calendar months after the Effective Date.

### **Article V Termination**

- 5.1 This Agreement shall terminate upon the occurrence of any one of the following:

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- (a) Mutual agreement of the Parties;
- (b) The Expiration Date;
- (c) If any Impositions owed to City or the State of Texas by Property Owner shall become delinquent (provided, however, Property Owner shall retain the right to timely and properly protest and contest any such Impositions) and City provides Property Owner notice of termination, in which case termination shall be immediate;
- (d) In the event Property Owner breaches any of the terms or conditions of this Agreement and such breach is not cured within sixty (60) days after written notice thereof provided by City;
- (e) If Property Owner suffers an Event of Bankruptcy or Insolvency;
- (f) If, subject to delays resulting from an event of Force Majeure, Commencement of Construction of the New Residence has not occurred within twelve (12) months after demolition and removal of the Residence from the Land and City provides Property Owner notice of termination, in which case termination shall be immediate;
- (g) If any subsequent Federal or State legislation or any final, non-appealable decision of a court of competent jurisdiction declares or renders this Agreement invalid, illegal or unenforceable, in which case termination shall be immediate upon the effective date of said law or the date the judgment becomes non-appealable;
- (h) If upon Completion of Construction of the New Residence, the New Residence contains less than 3900 square feet of air conditioned space as set forth in the definition of “New Residence” herein and City provides Property Owner notice of termination, in which case termination shall be immediate;
- (i) If on January 1 following the date of Completion of Construction of the New Residence, the New Residence has a Taxable Value of less than \$500,000.00 as set forth in the definition of “New Residence” herein and City provides Property Owner notice of termination, in which case termination shall be immediate;
- (j) The sale or transfer of title to the Land and/or the Residence without obtaining prior written consent from City for assignment of this Agreement to the new owner;
- (k) The sale or transfer of title to the Land to a third party after the demolition of the Residence but before Commencement of Construction of the New Residence; or



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- (l) The termination of use of the New Residence by Property Owner as Property Owner's residential homestead.

5.2 In the event of termination by City pursuant to 5.1(c), (d), (e), (g), (j), or (k), Property Owner shall immediately repay to City an amount equal to the total amount of Incentives paid to Property Owner, if any, prior to termination of this Agreement. If this Agreement is terminated pursuant to (i) Section 5.1(d) for breach of Section 4.2, or (ii) Sections 5.1(f), (h), (i), or (k); Property Owner shall, upon written demand from City, reimburse City the amount of the Demolition Grant, or portion thereof, paid to Contractor as of the date of termination of this Agreement.

**Article VI  
Miscellaneous**

6.1 Assignment. This Agreement may not be assigned without the prior written consent of City. This Agreement shall automatically terminate upon any subsequent sale or transfer of the ownership of the Residence or the New Residence.

6.2 Binding Agreement. The terms and conditions of this Agreement are binding upon the successors and assigns of the Parties.

6.3 Limitation on Liability. It is understood and agreed between the Parties that Property Owner, in satisfying the conditions of this Agreement, has acted independently, and City assumes no responsibilities or liabilities to third parties in connection with these actions.

6.4 No Joint Venture. It is acknowledged and agreed by the Parties that the terms hereof are not intended to and shall not be deemed to create a partnership or joint venture among the Parties.

6.5 Authorization. Each Party represents that it has full capacity and authority to grant all rights and assume all obligations that are granted and assumed under this Agreement.

6.6 Notice. Any notice required or permitted to be delivered hereunder shall be deemed received three days thereafter sent by United States Mail, postage prepaid, certified mail, return receipt requested, addressed to the Party at the address set forth below or on the day actually received if sent by courier or otherwise hand delivered.

If intended for Property Owner, to:

On the Effective Date:

Krishna Kurapati  
3605 Vineyard Way  
Farmers Branch, Texas 75234

After Completion of Construction:

Krishna Kurapati  
13749 Tanglewood Drive  
Farmers Branch, Texas 75234

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If intended for City, to:

Attn: City Manager  
City of Farmers Branch, Texas  
13000 William Dodson Pkwy.  
Farmers Branch, Texas 75234

With a copy to:

Peter G. Smith  
Nichols, Jackson, Dillard, Hager & Smith, L.L.P.  
1800 Ross Tower  
500 N. Akard  
Dallas, Texas 75201

6.7 Entire Agreement. This Agreement is the entire Agreement between the Parties with respect to the subject matter covered in this Agreement. There is no other collateral oral or written Agreement between the Parties that in any manner relates to the subject matter of this Agreement, except as provided in any Exhibits attached hereto.

6.8 Governing Law. The Agreement shall be governed by the laws of the State of Texas; and venue for any action concerning this Agreement shall be in the State District Court of Dallas County, Texas. The Parties agree to submit to the personal and subject matter jurisdiction of said court.

6.9 Amendment. This Agreement may only be amended by the mutual written agreement of the Parties.

6.10 Legal Construction. In the event any one or more of the provisions contained in this Agreement shall for any reason be held to be invalid, illegal, or unenforceable in any respect, such invalidity, illegality, or unenforceability shall not affect other provisions, and it is the intention of the Parties to this Agreement that in lieu of each provision that is found to be illegal, invalid, or unenforceable, a provision shall be added to this Agreement which is legal, valid and enforceable and is as similar in terms as possible to the provision found to be illegal, invalid or unenforceable.

6.11 Recitals. The recitals to this Agreement are incorporated herein.

6.12 Counterparts. This Agreement may be executed in counterparts. Each of the counterparts shall be deemed an original instrument, but all of the counterparts shall constitute one and the same instrument.

6.13 Survival of Covenants. Any of the representations, warranties, covenants, and obligations of the Parties, as well as any rights and benefits of the Parties, pertaining to a period of time following the termination of this Agreement shall survive termination.

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6.14 Employment of Undocumented Workers. During the term of this Agreement the Property Owner agrees not to knowingly employ any undocumented workers and if convicted of a violation under 8 U.S.C. Section 1324a (f), the Property Owner shall repay the amount of the Annual Grants and any other funds received by the Property Owner from the City as of the date of such violation within one hundred twenty (120) days after the date the Property Owner is notified by the City of such violation, plus interest at the rate of four (4%) compounded annually from the date of violation until paid. The Property Owner is not liable for a violation of this section by a subsidiary, affiliate, or franchisee of the Property Owner or by a person with whom the Company contracts.

6.15 Future Incentives. The Property Owner agrees that the residence at 13749 Tanglewood Drive, Farmers Branch, Texas, will not be eligible for any other or further residential or other incentive offer now or hereafter by the City.

*[Signature Page to Follow]*

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**SIGNED AND AGREED** on this \_\_\_\_\_ day of \_\_\_\_\_, 2017.

**City of Farmers Branch, Texas**

By: \_\_\_\_\_  
Charles S. Cox, City Manager

**Attest:**

By: \_\_\_\_\_  
Amy Piukana, City Secretary

**Approved As To Form:**

By: Peter G. Smith  
Peter G. Smith, City Attorney

**SIGNED AND AGREED** on this \_\_\_\_\_ day of \_\_\_\_\_, 2017.

**Property Owner**

By: \_\_\_\_\_  
Krishna Kurapati