



**Stan Pickett**  
Mayor

**Tandy Boroughs**  
Mayor Pro Tem

**Robert Miklos**  
Deputy Mayor  
Pro Tem

**Jeff Casper**  
Councilmember

**Bruce Archer**  
Councilmember

**Daniel Aleman, Jr.**  
Councilmember

**Greg Noschese**  
Councilmember

**Cliff Keheley**  
City Manager

August 30, 2019

Ms. Jovanna M. Morales  
Director, Property Disposition Division  
Office of Asset Management and Portfolio Oversight  
U.S. Department of Housing and Urban Development  
Fort Worth Regional Office  
801 Cherry Street, Unit #45, Suite 2500  
Fort Worth, TX 76102

Re: South Creek Subdivision – Deed Restrictions  
Property ID 800045981, FHA Case 112-46003  
Beltline at Mercury, Balch Springs, TX

Dear Ms. Morales,

In response to your letter dated May 24, 2018, my office has worked closely with Ms. Wallace Chochola regarding the disposition of a portion of the subject property. As requested in your letter, enclosed you will find the recorded Deed with current covenants, along with a map that depicts the seven tracts described in Exhibit A of the Deed.

Restrictions on Tracts 5, 6 and 7 expired on July 8, 1999. The City of Mesquite (City) and Mesquite Independent School District (MISD) jointly own Tract 1, and the City owns Tracts 2, 3 and 4. Tracts 1, 2, 3 and 4 remain restricted in perpetuity to public use by the City and MISD. The City and MISD intend to retain Tracts 1 and 2, but the City desires to sell Tracts 3 and 4, along with the unrestricted City-owned Tracts 5 and 6, to a qualified private developer who best meets the qualifications and standards specified in the enclosed Request for Proposals (RFP).

This RFP was vetted through your staff and contains certain conditions required by your office in consideration for the conveyance of Tracts 3, 4, 5 and 6 to a private third party. These conditions are outlined on Page 23 of the RFP, and your office would also have input throughout the RFP process including approval of the successful proposer and development concept. You'll note that the RFP seeks purchase pricing and development concepts for

three specific properties, or "Sites." The 87.727-acre Site 1 contains Tracts 4 and 5, and the 83.666-acre Site 2 contains Tracts 3 and 6. The 2-acre Site 3 is owned by the City of Balch Springs and abuts Tracts 4 and 5, but it was not part of the original HUD acquisition; therefore, Site 3 contains no HUD interest or restrictions.

The purpose of this letter is to formally request the approval and authorization from Regional Administrator Van Duyne to modify the existing Deed restrictions for Tracts 3 and 4 only, by removing the City and MISD use restrictions and adding an affordable housing restriction to a percentage of housing your office will determine based on the successful proposer's development concept. The specific modified Deed restrictions along with the terms and conditions of the sale would be spelled out in a purchase agreement to be executed by all parties at closing. This agreement would require the filing of the modified Deed restrictions at closing and would specify the allocation of sales proceeds to the City and HUD, which brings me to the other purpose of this letter.

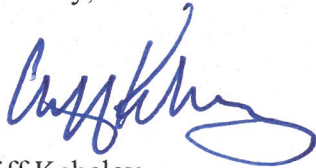
In consideration for the modified Deed restrictions, and assuming the properties are sold at or above the appraised value as determined by a recent independent appraisal, the City is proposing to equally split the sales proceeds of the Deed restricted Tracts 3 and 4 between the City and HUD. For example, if all three Sites were sold at the appraised value, HUD would receive \$1,877,500.00, less customary closing costs:

Tract 3 (61.2824 acres) appraised value =	\$1,735,000.00
Tract 4 (71.4629 acres) appraised value =	<u>2,020,000.00</u>
Total appraised value =	<u>\$3,755,000.00</u>
HUD compensation @ 50% =	<u>\$1,877,500.00</u>

I request your written confirmation and acceptance to the terms outlined above before we proceed with advertisement of the RFP.

I thank you and Ms. Wallace Chochola for working with us on this proposal and I look forward to your response.

Sincerely,



Cliff Keheley  
City Manager

Cc: Wil'Lwin Wallace Chochola, Senior Realty Specialist, Property Disposition Division  
Susan Cluse, City Manager, City of Balch Springs

Encl: Recorded Deed with Current Restrictions and South Creek Property Map  
Proposed Request for Proposals (RFP) No. 2019-046  
Letter from Director Morales dated May 24, 2018

## Ted Chinn

---

**From:** Wallace Chochola, Wil'lwin <Willwin.WallaceChochola@hud.gov>  
**Sent:** Tuesday, May 12, 2020 4:51 PM  
**To:** Ted Chinn  
**Cc:** Morales, Jovanna M; Escalante, Adela M; Hawes, Taylor  
**Subject:** [External] RE: Mercury Park Development Update

Dear Mr. Chinn

Per your request, HUD concurs with the calculations provided.

Based on the agreed 50/50 split of proceeds attributed to the HUD-restricted tracts, HUD's proceeds at closing will be **\$2,206,633.68** and the City of Mesquite will cover the closing costs.

Best Regards,

*Wil'lwin Wallace Chochola*

Senior Realty Specialist  
Property Disposition Division  
Tel. 817.978.6023  
Fax. 817.978.6018

*The Property Disposition Division has gone electric! In order to streamline operations, we have established a central intake process. We encourage all servicing requests and correspondence which has been traditionally mailed to our office to be submitted via email to [MFPD.Incoming@HUD.gov](mailto:MFPD.Incoming@HUD.gov)*

*Multifamily Properties available for sale may be found at: [https://hud.gov/program\\_offices/housing/mfh/pd/mfplist](https://hud.gov/program_offices/housing/mfh/pd/mfplist)*

---

**From:** Ted Chinn <[tchinn@cityofmesquite.com](mailto:tchinn@cityofmesquite.com)>  
**Sent:** Thursday, May 7, 2020 2:45 PM  
**To:** Wallace Chochola, Wil'lwin <[Willwin.WallaceChochola@hud.gov](mailto:Willwin.WallaceChochola@hud.gov)>  
**Cc:** Morales, Jovanna M <[Jovanna.M.Morales@hud.gov](mailto:Jovanna.M.Morales@hud.gov)>; Hawes, Taylor <[Taylor.Hawes@hud.gov](mailto:Taylor.Hawes@hud.gov)>  
**Subject:** Mercury Park Development Update

Wil'lwin,

Attached is the Memorandum of Understanding (MOU) that outlines the terms under which Bloomfield Homes will purchase the 173.393 acres owned by the City of Balch Springs and City of Mesquite, now known as **Mercury Park**, and a copy has been forwarded to Taylor Hawes.

The Balch Springs City Council is scheduled to approve the MOU on **May 11**, and the Mesquite City Council is scheduled to approve the MOU on **May 18**. By June 2, the parties will begin work on a Purchase Agreement that should be executed later in June, but no later than 90 days from that date.

Although HUD is not a party to the MOU, the parties may terminate the Purchase Agreement if the modified deed restrictions that HUD specifies are not acceptable to Bloomfield. You'll note that the MOU also gives Bloomfield up to six months from the Purchase Agreement execution date to obtain all of their entitlements from Balch Springs, known as the "Entitlement Period."

It's during this Entitlement Period that we expect Bloomfield to finalize their development Concept Plan and that will form the basis of HUD's modified deed restrictions – I've requested that they forward this substantially completed Concept Plan to me so that I can forward it to you and Mr. Hawes for review and draw up the modified deed restrictions to be filed at closing.

Also attached is Bloomfield's Bid Sheet – the portion of their proposal that specifies their purchase price for the property. A few weeks prior to closing, we'll need to get your ACH wiring instructions, and this request will come either directly from Capital Title Company (contact information is on Page 8 of the MOU), or the City – don't know what the Purchase Agreement will specify just yet.

You'll note on the Bid Sheet that the purchase price for the entire 87.727-acre Site 1 is \$2,900,000, and for the entire 83.666-acre Site 2, the purchase price is \$2,800,000.

- Site 1 contains the HUD-restricted 71.4629 acre tract, and
- Site 2 contains the HUD-restricted 61.2824 acre tract

Based on the agreed 50/50 split of proceeds attributed to the HUD-restricted tracts, HUD's proceeds at closing will be **\$2,206,633.68**

No closing costs will be paid by HUD – Mesquite will cover these costs from our share.

The \$2,206,633.68 dollar figure is calculated as follows:

Site 1: HUD-restricted 71.4629-acre tract, plus 16.2641-acre non-restricted tract equals 87.7270 total acres @ \$2,900,000 yields \$33,057.10 price per acre:

Take the HUD-restricted tract acreage of 71.4629 x \$33,057.10 price/acre equals \$2,362,356.23, and split 50/50 gives HUD **\$1,181,178.12**

Site 2: HUD-restricted 61.2824-acre tract, plus 22.3832-acre non-restricted tract equals 83.6656 total acres @ \$2,800,000 yields \$33,466.56 price per acre:

Take the HUD-restricted tract acreage of 61.2824 x \$33,466.56 price/acre equals \$2,050,911.12, and split 50/50 gives HUD **\$1,025,455.56**

$\$1,181,178.12 + \$1,025,455.56 = \mathbf{\$2,206,633.68}$

I need your concurrence and acceptance on this calculation so that there are no misunderstandings at closing – response to this email is sufficient.

In the meantime, please let me know if you have any questions, and we look forward to working with Mr. Hawes once the Concept Plan is finalized.

Thanks,

Ted

Please take a moment to complete the City of Mesquite [customer satisfaction survey](#).



Ted Chinn  
Assistant City Manager | City Manager's Office  
1515 N Galloway Ave | Mesquite, TX 75149  
(972) 216-6406 | [tchinn@cityofmesquite.com](mailto:tchinn@cityofmesquite.com) | [www.cityofmesquite.com](http://www.cityofmesquite.com)



**WARNING:** This email is from an external source. Do not click links or open attachments unless you recognize the sender and know the content is safe. Forward to the [helpdesk@cityofmesquite.com](mailto:helpdesk@cityofmesquite.com) or call us at 972-216-6622 if you are unsure.