

**PROFESSIONAL SERVICES CONTRACT
(Real Estate Brokerage Services)**

This Professional Services Contract ("Contract") effective this 23 day of June, 2011, by and between Galveston Housing Authority, ("GHA") and Guess Group, Inc., (the "Consultant"), whereby the Consultant agrees to provide GHA with certain professional services as described herein and GHA agrees to pay the Consultant for those services.

**ARTICLE I
Scope of Services**

- 1.01 In consideration of the compensation stated in Section 2.01, the Consultant agrees to provide GHA with the professional services as described in **Exhibit "A"**, the Scope of Services, which is incorporated herein by reference for all purposes, and which services may be more generally described as follows: provide real estate brokerage services for fifty (50) improved and unimproved parcels of land, for acquisition with rehabilitation or new construction of single family housing within the city of Galveston, Texas (the "Project").
- 1.02 If determined necessary to achieve GHA's redevelopment goals, the Scope of Services may be expanded from time to time to increase the number of parcels of land with the same compensation as stated in Section 2.01. The Consultant would be given ten (10) days notice of any increased goal.

**ARTICLE II
Payment**

- 2.01 The Consultant shall be paid a brokerage fee of three percent (3%), not to exceed six percent (6%) of the contract sales price ("Brokerage Fee"). The Brokerage Fee shall be paid by GHA to Consultant at the closing of each parcel of land.
- 2.02 In addition to the percentage of each contract, the Consultant shall receive a fee in the amount of \$20,000 for the administration of the real estate brokerage services ("Administrative Fee") set forth in this Contract. The Administrative Fee shall be paid to Consultant as follows:
- \$5,000 shall be paid thirty (30) days after the effective date of this Contract;
\$5,000 shall be paid sixty (60) days after the effective date of this Contract;
\$5,000 shall be paid ninety (90) days after the effective date of this Contract; and
the balance shall be paid at the completion of six (6) months of the Contract.

ARTICLE III
Performance of Services

- 3.01 The Consultant shall complete the professional services within the times set forth below. The Consultant shall be properly licensed in Texas and shall exercise a degree of care and diligence in the performance of all services under this Contract in accordance with the ordinary professional standards prevailing among real estate professionals in the location of the Project and all of the professional services shall be performed as expeditiously as is consistent with said standards.
- 3.02 All real estate brokerage services provided under this Contract must be completed no later than one (1) year after the effective date of this Contract. The Contract shall be renewed only if determined by the parties that it is necessary to complete the Project.
- 3.03 **Time is of the essence of this Contract.** The Consultant shall be prepared to provide the professional services in the most expedient and efficient manner possible in order to complete the work by the time specified. Promptly after the execution of this Contract, the Consultant shall prepare and submit for GHA to approve in writing, a detailed schedule for the performance of the Consultant's services for the Project, for GHA's approval. The time limits established by this schedule, over which Consultant has control, shall not be exceeded without written approval from GHA. In the event of an expansion of the Project, Consultant shall provide GHA with a revised schedule to reflect the increased goal.
- 3.04 The Consultant shall designate a principal of the firm reasonably satisfactory to GHA who shall, so long as employed by Consultant and acceptable to GHA, remain in charge of professional services through completion and be available for general consultation throughout the Project. Any replacement of that principal shall be approved in writing (which shall not be unreasonably withheld) by GHA, prior to replacement.
- 3.05 Consultant shall be responsible for securing a complete survey to each parcel of land during the due diligence phase of the contract. Any fees for the survey of the parcels shall be paid by GHA, at closing, upon submission of proper invoices. In the event the due diligence determines that the parcel is not acceptable for purchase, GHA shall pay the invoice within thirty (30) days of submission.
- 3.06 Upon receipt of any contracts for sale, GHA shall submit to the GHA Technical Review Committee ("TRC") for acceptance. The TRC shall have three (3) working days to review the contract and parcel of land. A special meeting of the GHA Board of Commissioners will be noticed for the fourth (4th) working day upon submission to the TRC. If accepted by the TRC, the contracts will be presented to the GHA Board of Commissioners for approval to execute the contracts for sales.
- 3.07 Consultant shall identify and submit for review to the TRC a minimum of twelve (12) parcels per month. In the event Consultant is unable to reach this goal, Consultant and GHA shall be required to meet to determine the reasons or any potential barriers for not achieving this goal.

- 3.08 All option agreements and/or sales contracts shall be entered into in the name of the Consultant on behalf of GHA and assigned to GHA in order to conceal GHA's identity. The identity of the buyer shall not be revealed until such time as GHA has been given all appropriate approvals, including but not limited to HUD, and authorized the Consultant to release the identity of the buyer.
- 3.09 No changes, including but not limited to an extension of time or increase in option fees or sales contract, shall be made in any contract for sale except upon the prior written order from authorized personnel of GHA.

ARTICLE IV Applicable Laws

- 4.01 The Consultant shall fully investigate all applicable Local, State, and Federal rules, regulations, and standards relating to the review, analysis and assessment of property.
- 4.02 **THE CONSULTANT SHALL INDEMNIFY, DEFEND AND HOLD HARMLESS GHA AND ITS OFFICERS, DIRECTORS, TRUSTEES, AGENTS, VOLUNTEERS, INVITEES AND EMPLOYEES FROM ALL FINES, FEES, LOSSES, CAUSES OF ACTION, ADMINISTRATIVE PENALTIES, REMEDIAL MEASURES, AND LOSSES OF ANY KIND ARISING OUT OF OR RELATED TO CONSULTANT'S FAILURE TO ADHERE TO ANY OF THE APPLICABLE LAWS, CODES, STANDARDS, RULES, REGULATIONS, ORDINANCES OR OTHER SUCH REQUIREMENTS.**

ARTICLE V Change or Dispute to Contract

- 5.01 In the event of an expansion to the Scope of Services, set forth in Exhibit "A", any additional Administrative Fees shall be negotiated and approved by GHA prior to the Consultant providing such services or the right to payment for such additional services shall be waived.
- 5.02 If there is a dispute between the Consultant and GHA respecting any service provided or to be provided hereunder by the Consultant, the Consultant agrees to continue providing on a timely basis all services to be provided by the Consultant hereunder, including any service as to which there is a dispute.

ARTICLE VI Standards of Performance

- 6.01 As a licensed real estate professional, the Consultant warrants that the information provided by the Consultant reflects the applicable professional and industry standards, procedures, and performances.
- 6.02 In all activities or services performed hereunder, the Consultant is an independent contractor and not an agent or employee of GHA. The Consultant and its employees are not the agents, servants, or employees of GHA. As an independent contractor, the

Consultant shall be responsible for the professional services and the final work product contemplated under this Contract. Except for materials furnished by GHA, the Consultant shall supply all materials, equipment, and labor required for the professional services to be provided under this Contract. The Consultant shall have ultimate control over the execution of the professional services. The Consultant shall have the sole obligation to employ, direct, control, supervise, manage, discharge, and compensate all of its employees or subconsultants, and GHA shall have no control of or supervision over the employees of the Consultant or any of the Consultant's subconsultants.

6.04 The Consultant must at all times exercise reasonable precautions on behalf of, and be solely responsible for, the safety of its officers, employees, agents, subconsultants, licensees, and other persons, as well as their personal property, while in the vicinity of the Project or any of the work being done on or for the Project. It is expressly understood and agreed that GHA shall not be liable or responsible for the negligence of the Consultant, its officers, employees, agents, subconsultants, invitees, licensees, and other persons.

6.05 Indemnity. THE CONSULTANT AGREES TO INDEMNIFY, SAVE, PROTECT, DEFEND, AND HOLD HARMLESS GHA, AND ITS DIRECTORS, MEMBERS, OFFICERS, VOLUNTEERS, INVITEES AND EMPLOYEES ("INDEMNIFIED PARTIES") FROM AND AGAINST ALL LIABILITY, LOSS, DAMAGE OR EXPENSE, INCLUDING REASONABLE ATTORNEY'S FEES, BY REASON OF ANY SUITS, CLAIMS, DEMANDS OR JUDGMENTS ARISING OUT OF OR IN CONNECTION WITH CONSULTANT'S NEGLIGENCE AND/OR PERFORMANCE OF THIS CONTRACT. All obligations as set forth in this Section 7.05 shall survive completion of or the termination of this Contract.

6.05.01 It is agreed with respect to any legal limitations now or hereafter in effect and affecting the validity or enforceability of the indemnification obligation under Paragraph 6.05, such legal limitations are made a part of the indemnification obligation and shall operate to amend the indemnification obligation to the minimum extent necessary to bring the provision into conformity with the requirements of such limitations, and as so modified, the indemnification obligation shall continue in full force and effect.

ARTICLE VII Insurance

7.01 The Consultant shall procure and maintain at its sole cost and expense for the duration of this Contract insurance against claims for injuries to persons or damages to property that may arise from or in connection with the performance of the work hereunder by the Consultant, its agents, representatives, volunteers, employees or subconsultants. The policies, limits and endorsements required are as set forth on Exhibit "C".

ARTICLE VIII
Use of Reports and Other Documents

- 8.01 Any documents prepared by the Consultant and Consultant's consultants for this Project shall become the property of GHA whether the Project is completed or not. GHA shall be furnished and permitted to retain reproducible copies of Consultant's report and documents.
- 8.02 In the event of termination of this Agreement for any reason, GHA shall receive all original documents prepared to the date of termination and shall have the right to use those documents and any reproductions in any way necessary to complete the Project.
- 8.03 Consultant shall be granted a perpetual license to reference the project as a part of its business portfolio.

ARTICLE IX
Termination

- 9.01 GHA may terminate this Contract at any time upon **thirty (30)** calendar days written notice. Upon the Consultant's receipt of such notice, the Consultant shall cease work immediately. The Consultant shall be compensated in accordance to Section 2.01 for any parcels under contract prior to the termination date.
- 9.02 If, through any cause, the Consultant fails to fulfill its obligations under this Contract, or if the Consultant violates any of the terms of this Contract, GHA has the right to terminate this Contract by giving the Consultant **ten (10)** business days written notice to cure all defaults under and causes for termination of this Contract. In the event the Consultant fails to commence and continue to cure said defaults and causes within said ten day period, GHA may, at its sole discretion, terminate this Contract, if such default may reasonably be cured within such time. In the event of termination under this Section 9.02, the Consultant will be compensated for the services satisfactorily performed before the termination date. In the event the Contract is terminated for cause before the end of six (6) months, Consultant shall not be entitled to the balance of the Administration Fee in accordance to Section 2.02.
- 9.03 No term or provision of this Contract shall be construed to relieve the Consultant of liability to GHA for damages sustained by GHA because of any breach of contract and/or negligence by the Consultant. GHA may withhold Administrative Fee payments to the Consultant for the purpose of setoff until the exact amount of damages due GHA from the Consultant is determined and paid.

ARTICLE XI
Miscellaneous Terms

- 10.01 This Contract has been made under and shall be governed by the laws of the State of Texas. The parties agree that performance and all matters related thereto shall be in Galveston County, Texas.
- 10.02 Notices shall be mailed to the addresses designated herein or as may be designated in writing by the parties from time to time and shall be deemed received when sent postage prepaid U.S. Mail to the following addresses:
- Galveston Housing Authority:**
- Galveston Housing Authority
Attn: Director, Real Estate Services
4700 Broadway
Galveston, Texas 77551
- Consultant:**
- Guess Group, Inc.
Attn: John L. Guess
3315 Marquart Street, Suite 200
Houston, Texas 77027
- 10.03 No waiver by either party hereto of any term or condition of this Contract shall be deemed or construed to be a waiver of any other term or condition or subsequent waiver of the same term or condition.
- 10.04 This Contract represents the entire and integrated agreement between GHA and the Consultant and supersedes all prior negotiations, representations, or agreements, either written or oral. This Contract may only be amended by written instrument approved and executed by the parties.
- 10.05 This Contract and all rights and obligations contained herein may not be assigned by the Consultant without the prior written approval of GHA.
- 10.06 If any provision of this Contract shall be held to be invalid or unenforceable for any reason, the remaining provisions shall continue to be valid and enforceable. If a court of competent jurisdiction finds that any provision of this Contract is invalid or unenforceable, but that by limiting such provision it may become valid and enforceable, then such provision shall be deemed to be written, construed, and enforced as so limited.
- 10.07 The Consultant, its agents, employees, and subconsultants must comply with all applicable federal and state laws, local ordinances and with all applicable rules and regulations promulgated by local, state, and national boards, bureaus, and agencies. The Consultant must obtain all necessary permits and licenses required in completing the work and providing the services required by this Contract.

- 10.08 The parties acknowledge that they have read, understood, and intend to be bound by the terms and conditions of this Contract.
- 10.09 This Contract will be effective when signed by the last party whose signing makes the Contract fully executed.
- 10.10 Any delays in or failure of performance by Consultant shall not constitute a default under this Contract if such delays or failure of performance are caused by occurrences beyond the control of Consultant including but not limited to: acts of God or the public enemy; act of war, terrorism or sabotage or damages resulting therefrom; compliance with an order of a governmental authority; fire, floods, explosions, accidents, riots, strikes or other concerted acts of workmen. Consultant's scheduled completion date shall be adjusted to account for any such force majeure delay. If Consultant believes such force majeure event will result in the performance of additional services, such additional services will be subject to the provisions of Article VI and as otherwise provided herein as to approvals for additional services.
- 10.11 The Consultant and GHA desire an expeditious means to resolve any disputes that may arise between them regarding this Contract. If either party disputes any matter relating to this Contract, the parties agree to try in good faith, before bringing any legal action, to settle the dispute by submitting the matter to mediation before a third party who will be selected by agreement of the parties. The parties will each pay one-half of the mediator's fees.
- 10.12 **Notice of Indemnification.** GHA and Consultant hereby acknowledge and agree that this Contract contains certain indemnification obligations and covenants.

IN WITNESS WHEREOF, each party hereto has executed this Contract on its behalf by its duly authorized representative, the day and year first above written.

Galveston Housing Authority

By: Mona Purgason
Printed Name: Mona Purgason
Title: D.E.D - Interim
6-16-11

Guess Group, Inc.

By: John L. Guess
Printed Name: John L. Guess
Title: President
DSB SB

Exhibit "A"

Scope of Services

The Consultant will provide real estate brokerage services for fifty (50) improved and unimproved parcels of land, for acquisition with rehabilitation or new construction of single family housing within the city of Galveston, Texas.

The Consultant will locate and present to the GHA Technical Review Committee, improve and un-improved parcels of land, for potential acquisition with rehabilitation and/or new construction of single family housing within the City limits of Galveston, Texas.

Upon request by the GHA the consultant shall assess and report on the physical condition of the property to ensure that the property meets Galveston Housing Authority Scattered Site Selection Criteria and other applicable codes/regulations.

The Consultant shall prepare and submit a comparative market analysis of pertinent variables that impact the development of and property value, and make recommendations to the GHA for the selection of the most appropriate site.

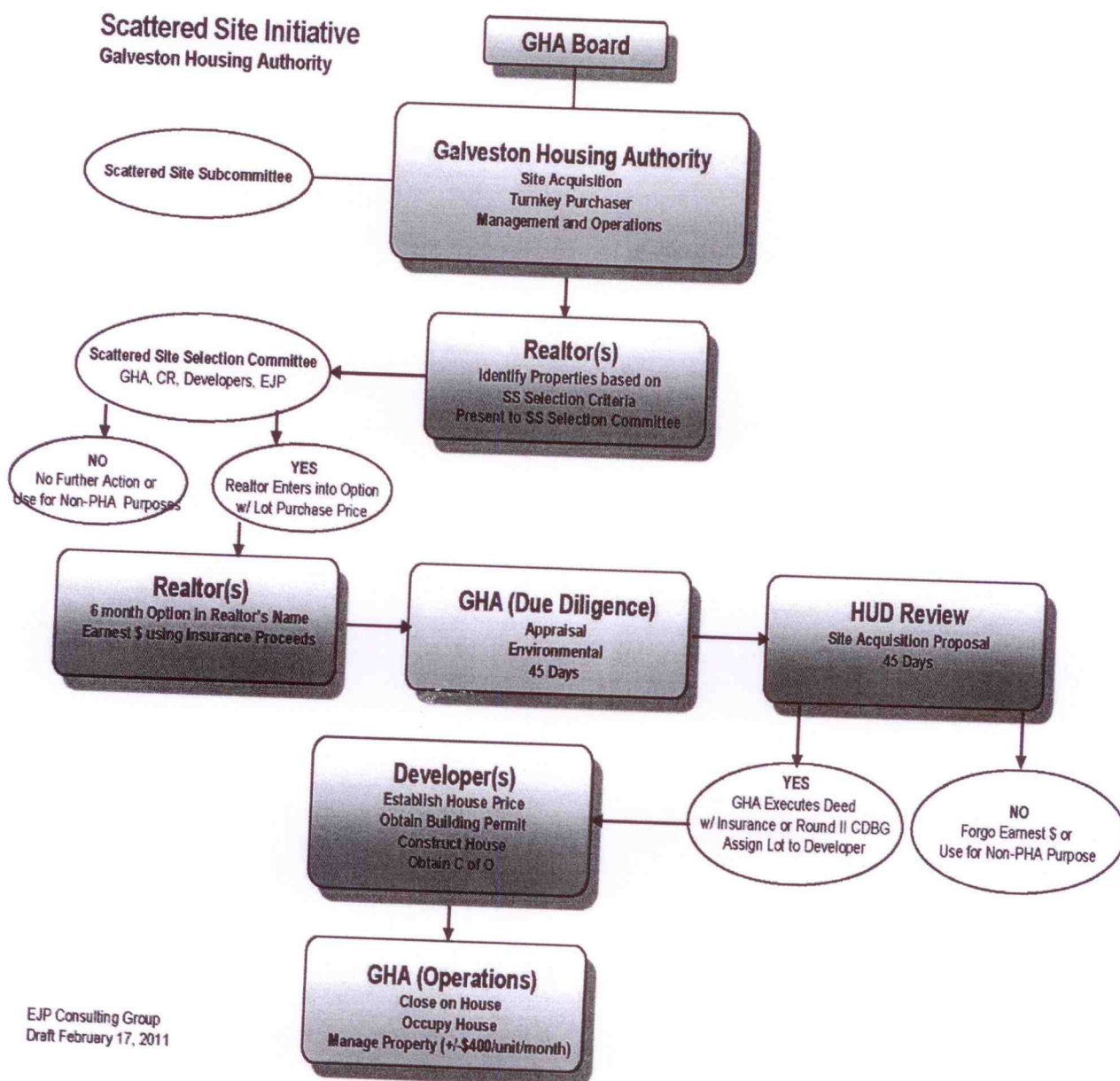
The Consultant will develop and provide a database of prospective sellers of property within the city limits of Galveston.

The Consultant upon selection of a site shall make offers and enter into negotiations on behalf of the GHA to consummate the transaction.

The Consultant will assist GHA and its attorneys in coordinating efforts to achieve a timely and efficient preparation of documents to close the option/purchase transaction.

The Consultant shall provide a bi-weekly progress reports and possibly make presentations to the GHA Technical Review Committee or other GHA affiliated committees/boards.

Exhibit "B"
Project Implementation



EJP Consulting Group
Draft February 17, 2011

Please note that the above representation of the project implementation may change

Exhibit "C"

Insurance Requirements

Offerors shall provide evidence of all appropriate and applicable insurance coverage carried by the firm, including policy coverage periods. Offerors shall furnish the Galveston Housing Authority (GHA) with certificates of insurance showing that the following insurance is in force and will insure all operations under this RFP, and name the Galveston Housing Authority (GHA) as an additional insured. Required insurance levels are as follows:

- Workers' compensation in accordance with the State of Texas rules and regulations.
- General liability insurance with a single limit for bodily injury of \$1,000,000 per occurrence and property damage limit of no less than \$1,000,000 per occurrence. The insurance may have a combined aggregate of coverage amounting to no less than \$1,000,000. Such insurance shall protect offeror against claims of bodily injury or death and property damage to others. If offeror has a "claims made policy," then the following additional requirements apply: The policy must provide a "retroactive date" which must be on or before the execution date of the Agreement and the extended reporting period may not be less than five years following the completion date of the Agreement.
- Automobile liability on owned and non-owned motor vehicles used on the site(s) or in connection herewith for a combined single limit of bodily injury and property damage of not less than \$1,000,000 per occurrence.
- Professional Errors and Omissions insurance of no less than \$1,000,000.

All insurance shall be carried with companies that are financially responsible and admitted to do business in the State of Texas. Offeror shall not permit the insurance policies required to lapse during the period for which the Agreement is in effect. All certificates of insurance shall provide that no coverage may be cancelled or non-renewed by the insurance company until at least thirty (30) day's prior written notice has been given to the Galveston Housing Authority (GHA).

Exhibit "D"

Certificate(s) of Insurance



CERTIFICATE OF LIABILITY INSURANCE

OP ID: M

DATE (MM/DD/YYYY)
12/06/10

THIS CERTIFICATE IS ISSUED AS A MATTER OF INFORMATION ONLY AND CONFERS NO RIGHTS UPON THE CERTIFICATE HOLDER. THIS CERTIFICATE DOES NOT AFFIRMATIVELY OR NEGATIVELY AMEND, EXTEND OR ALTER THE COVERAGE AFFORDED BY THE POLICIES BELOW. THIS CERTIFICATE OF INSURANCE DOES NOT CONSTITUTE A CONTRACT BETWEEN THE ISSUING INSURER(S), AUTHORIZED REPRESENTATIVE OR PRODUCER, AND THE CERTIFICATE HOLDER.

IMPORTANT: If the certificate holder is an ADDITIONAL INSURED, the policy(ies) must be endorsed. If SUBROGATION IS WAIVED, subject to the terms and conditions of the policy, certain policies may require an endorsement. A statement on this certificate does not confer rights to the certificate holder in lieu of such endorsement(s).

PRODUCER Protectors Insurance and Financial Services, LLC 1177 West Loop South, Ste 625 Houston, TX 77027	713-660-8899 713-660-9977	CONTACT NAME: PHONE (A/C, No. Ext): E-MAIL ADDRESS: PRODUCER CUSTOMER ID #: GUESS-1	FAX (A/C, No):
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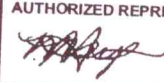
INSURED The Guess Group, Inc. 3100 Timmons Lane, Suite 330 Houston, TX 77027	INSURER(S) AFFORDING COVERAGE INSURER A : The Hartford INSURER B : INSURER C : INSURER D : INSURER E : INSURER F :	NAIC #
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COVERAGES **CERTIFICATE NUMBER:** **REVISION NUMBER:**

THIS IS TO CERTIFY THAT THE POLICIES OF INSURANCE LISTED BELOW HAVE BEEN ISSUED TO THE INSURED NAMED ABOVE FOR THE POLICY PERIOD INDICATED. NOTWITHSTANDING ANY REQUIREMENT, TERM OR CONDITION OF ANY CONTRACT OR OTHER DOCUMENT WITH RESPECT TO WHICH THIS CERTIFICATE MAY BE ISSUED OR MAY PERTAIN, THE INSURANCE AFFORDED BY THE POLICIES DESCRIBED HEREIN IS SUBJECT TO ALL THE TERMS, EXCLUSIONS AND CONDITIONS OF SUCH POLICIES. LIMITS SHOWN MAY HAVE BEEN REDUCED BY PAID CLAIMS.

INSR LTR	TYPE OF INSURANCE	ADDL INSR	SUBR WYD	POLICY NUMBER	POLICY EFF (MM/DD/YYYY)	POLICY EXP (MM/DD/YYYY)	LIMITS
A	GENERAL LIABILITY <input checked="" type="checkbox"/> COMMERCIAL GENERAL LIABILITY <input type="checkbox"/> CLAIMS-MADE <input checked="" type="checkbox"/> OCCUR			61SBAVO5979	08/28/10	08/28/11	EACH OCCURRENCE \$ 1,000,000
	<input type="checkbox"/> GEN'L AGGREGATE LIMIT APPLIES PER: <input type="checkbox"/> POLICY <input type="checkbox"/> PRO-JECT <input type="checkbox"/> LOC						DAMAGE TO RENTED PREMISES (Ea occurrence) \$ 1,000,000 MED EXP (Any one person) \$ 10,000 PERSONAL & ADV INJURY \$ 1,000,000 GENERAL AGGREGATE \$ 2,000,000 PRODUCTS - COMP/OP AGG \$ 2,000,000
A	AUTOMOBILE LIABILITY <input checked="" type="checkbox"/> ANY AUTO <input type="checkbox"/> ALL OWNED AUTOS <input type="checkbox"/> SCHEDULED AUTOS <input checked="" type="checkbox"/> HIRED AUTOS <input checked="" type="checkbox"/> NON-OWNED AUTOS			61SBAVO5979	08/28/10	08/28/11	COMBINED SINGLE LIMIT (Ea accident) \$ 1,000,000
							BODILY INJURY (Per person) \$ BODILY INJURY (Per accident) \$ PROPERTY DAMAGE (Per accident) \$
A	UMBRELLA LIAB EXCESS LIAB DEDUCTIBLE RETENTION \$	<input type="checkbox"/> OCCUR <input type="checkbox"/> CLAIMS-MADE		61SBAVO5979	08/31/10	08/28/11	EACH OCCURRENCE \$ 5,000,000 AGGREGATE \$ 5,000,000
A	WORKERS COMPENSATION AND EMPLOYERS' LIABILITY ANY PROPRIETOR/PARTNER/EXECUTIVE OFFICER/MEMBER EXCLUDED? (Mandatory in NH) If yes, describe under DESCRIPTION OF OPERATIONS below	<input type="checkbox"/> Y/N <input checked="" type="checkbox"/> N/A		61WBCZH1215	08/28/10	08/28/11	<input checked="" type="checkbox"/> WC STATUTORY LIMITS <input type="checkbox"/> OTHER E.L. EACH ACCIDENT \$ 1,000,000 E.L. DISEASE - EA EMPLOYEE \$ 1,000,000 E.L. DISEASE - POLICY LIMIT \$ 1,000,000

DESCRIPTION OF OPERATIONS / LOCATIONS / VEHICLES (Attach ACORD 101, Additional Remarks Schedule, if more space is required)

CERTIFICATE HOLDER GALVESTON HOUSING AUTHORITY 4700 Broadway Galveston, TX 77551	CANCELLATION SHOULD ANY OF THE ABOVE DESCRIBED POLICIES BE CANCELLED BEFORE THE EXPIRATION DATE THEREOF, NOTICE WILL BE DELIVERED IN ACCORDANCE WITH THE POLICY PROVISIONS. AUTHORIZED REPRESENTATIVE 
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