

PROFESSIONAL SERVICES CONTRACT BETWEEN

STATE OF ALASKA
ALASKA STATE LEGISLATURE
LEGISLATIVE BUDGET & AUDIT COMMITTEE
120 4th Street, State Capitol, Room 3
Juneau, AK 99801

AND

MANLEY & BRAUTIGAM, P.C.
845 K Street
Anchorage, AK 99501

****Contract Amount – Not to Exceed \$35,000****
(amount includes reasonable travel expenses)

The parties to this Contract, made and entered into on the date the Legislative Auditor or her designee signs the Contract, are the State of Alaska, Alaska State Legislature, Legislative Budget & Audit Committee, whose address is 120 4th Street, State Capitol, Room 3, Juneau, AK 99801-1182, (hereinafter referred to as the "Committee"), and Manley & Brautigam, P.C., a professional corporation, whose address is 845 K Street, Anchorage, AK 99501 (hereinafter referred to as the "Consultant.")

THE PURPOSE OF THIS CONTRACT is to provide the committee with professional legal review and consulting services as described below.

IT IS THEREFORE MUTUALLY AGREED THAT:

CLAUSE I – STATEMENT OF SCOPE OF WORK

- (A) In accordance with (B) of this Clause I, the Consultant shall produce a report reviewing the Governor of Alaska's approach in developing a natural gas pipeline and liquefaction project commercializing North Slope natural gas. The review is to include:
- a. Analysis of federal income tax matters, other than tax-exempt financing matters, related to the project;
 - b. Consideration of
 - i. the Project Concept Document offered by Alaska Gasline Development Corporation and made public in July 2016, provided by the Project Director, and
 - ii. the AK LNG Project described in the Jan. 14, 2014 Heads of Agreement and supported by the State and its partners Conoco, BP and ExxonMobil; and
 - iii. other project permutations.

- (B) The Consultant shall analyze the documents listed in (A) of this Clause I and other documents deemed relevant to the scope of work, and evaluate potential federal income tax implications associated with the Governor's approach. The Consultant shall provide the legislature with advice in a report by August 24, 2016 and be available to present the Consultant's advice to legislative committees and in private meetings with legislators between August 23, 2016, and September 30, 2016.
- (C) In addition to the tasks required under paragraphs (A) and (B) of this Clause I, the Consultant shall, at the request of the Chair of the Committee, perform additional federal income tax analysis on natural gas commercialization and liquefied natural gas (LNG) topics.
- (D) The Committee Chair must give written approval prior to any work being performed by the Consultant under (C) of this Clause I of the Contract.

CLAUSE II – PERIOD AND DATES OF PERFORMANCE

- (A) The period of performance under this Contract shall be from July 20, 2016 through September 30, 2016, unless terminated earlier as provided in this contract, or extended by mutual agreement of the parties. All reports and analysis and any necessary reviews and other summary writing required shall be completed and delivered to the Committee Chair by September 30, 2016, unless otherwise directed by the Project Director or Committee Chair or stated in this contract.
- (B) Upon delivery of written notice to the Consultant, this contract may, without liability to the Consultant, be terminated by the Project Director with or without cause. To terminate, the Project Director shall provide notice by e-mail or delivery of a hard copy to the Consultant, whichever method is selected in the sole discretion of the Project Director. If this contract is so terminated and the termination is not based on a breach by the Consultant, the Committee shall compensate the Consultant for services provided under the terms of this contract up to the date the termination notice is delivered, provided the Consultant provides the Project Director with a statement in writing containing a description of the services provided prior to contract termination, and a copy of all documents, reports, materials, and other items required to be delivered to the Project Director by Clause XIV (Ownership and Reuse of Documents) of this contract.

CLAUSE III – COMPENSATION

- (A) The Consultant shall perform the work specified in this Contract, including providing all labor, materials, and equipment required to complete the work, and

expenses reimbursed under Clause III (G), for a total contract price that is not to exceed \$35,000.00.

- (B) The Consultant shall perform the work specified in this Contract under the following rate structure:

<u>Staff Position</u>	<u>Hourly Rate</u>
Charles Schuetze	\$350
Ryan W. Fitzpatrick	\$275
Sandon M. Fisher	\$225

Other employees classified as shareholders of the Consultant performing work specified in the Contract shall bill their services at a rate of \$350 per hour.

- (C) The Consultant shall be paid at a daily rate of \$2,000 for Charles Schuetze when he testifies at legislative committee hearings and meeting with legislators and legislative staff. The Consultant will be paid at a daily rate of \$1,000 for Charles Schuetze for days spent traveling to/from legislative committee meetings held outside of Anchorage. The Consultant shall not bill the Committee for both an hourly rate under Clause III (B) and a daily rate under this Clause III (C) for Charles Schuetze in a single day.
- (D) The Consultant shall submit monthly billings for the work requested. All billings must be approved by the Committee Chair or the Project Director prior to payment.
- (E) Payment for hourly work is contingent on certification from the Project Director that the Committee has received adequate analysis based on the terms outlined in this contract.
- (F) If a payment is not made within 60 days after the Committee has received a complete billing, the Committee shall pay interest on the unpaid balance of the billing at the rate of 1.5 percent per month from and including the 61st day through the date payment is made. A payment is considered made on the date it is mailed or electronically delivered or personally delivered to the Consultant.
- (G) The Consultant shall submit receipts to support expenses for transportation and accommodations related to performing work under the terms of this contract. Subject to approval by the Project Director, the Consultant will be reimbursed for reasonable transportation and accommodation expenses supported by a receipt and will be reimbursed for meals based on the federal per diem rate.
- (H) Total payments under this Contract may not exceed \$35,000.00.

CLAUSE IV – EXPENSES AND DUPLICATION

- (A) Except as may be otherwise provided by Clause III (G), the office space, equipment, supplies, clerical support and other expenses that are necessary for the Consultant to carry out the Consultant's obligations under this Contract shall be supplied and paid for by the Consultant at no cost to the Committee.
- (B) Duplicates of any material or other item produced under this Contract may be produced by the Committee; the office space, equipment, supplies, clerical support and other expenses required for the duplication shall be supplied by the Committee.

CLAUSE V – ASSIGNMENT OR TRANSFER

Assignment or transfer of the contract entered into is subject to the approval of the Committee Chair.

CLAUSE VI – WORKERS' COMPENSATION

During the life of this contract, the Consultant shall, in accordance with AS 23.30.045(d), provide and maintain workers' compensation insurance. The Consultant shall require any subcontractor to provide and maintain workers' compensation insurance for the subcontractor's employees. Consultant shall provide the Committee, upon request, with written proof of the coverage required by this clause.

CLAUSE VII – FEDERAL AND STATE LAWS

In addition to the other requirements of this contract, the Consultant must comply with all applicable Federal and State labor, wage/hour, safety and other laws which have a bearing on the contract, and must have all licenses and permits required by the Federal government, State, and municipality for performance of the work covered by this contract, including, but not limited to, a valid Alaska business license and any necessary applicable professional licenses. The Consultant must pay all fees associated with the licenses and permits required for performance of the contract. The Consultant shall pay all Federal, State, and local taxes incurred by the Consultant in the performance of the contract. The Consultant's certification that taxes have been paid may be verified before final payment by the Committee.

CLAUSE VIII – HUMAN TRAFFICKING

By the Consultant's signature on this contract, the Consultant certifies that the Consultant is not headquartered in a country recognized as Tier 3 in the most recent United States Department of State's Trafficking in Persons Report.

The most recent United States Department of State's Trafficking in Persons Report can be found at the following website: <http://www.state.gov/j/tip/rls/tiprpt>.

CLAUSE IX – CONTRACT CONTROVERSIES AND VENUE

To make a claim under this Contract, the Consultant shall provide notice to the procurement officer that the Consultant intends to file a claim under Legislative Procurement Procedures secs. 350-370; the notice shall be provided within 10 days of the discovery of the claim or 10 days of the termination of the Contract, whichever is sooner. If the claim is not resolved, the Consultant shall file the complete and certified claim with the procurement officer in accordance with Legislative Procurement Procedure secs. 350-370 within 90 days of the discovery of the claim or 90 days after the termination of the Contract, whichever is sooner.

In the event that the parties to the Contract find it necessary to litigate the terms of the Contract, venue shall be State of Alaska, First Judicial District, at Juneau, and the Contract shall be interpreted according to the laws of Alaska.

CLAUSE X – BINDING ON SUCCESSORS

Subject to Clause V (Assignment or Transfer) of this Contract, this Contract and all the covenants, provisions, and conditions contained in the Contract shall inure to the benefit of and be binding upon the successors and assigns of the Consultant and the Committee.

CLAUSE XI – INDEMNIFICATION

The Consultant shall indemnify, hold harmless, and defend the Committee, and the Committee's officers, agents, and employees from liability for any claim of a third party, including, but not limited to, any damages, costs, and attorney fees arising from the claim, to the extent such third party claim arises from the Consultant's negligence or intentional misconduct in the performance of Consultant's obligations under this Contract.

CLAUSE XII – COVERAGE UNDER THE ETHICS LAW

Certain provisions of AS 24.60 (the Legislative Ethics Act) apply to legislative contractors. It is the responsibility of the Consultant to review AS 24.60 and determine whether the Consultant is in compliance with AS 24.60.

CLAUSE XIII – RECORDS; AUDIT

In addition to any other records required by this Contract, the Consultant shall accurately maintain detailed time records that state the date of the work, break down the time in quarters of an hour, describe in detail the work done during the quarter of an hour, and identify which individual did the work. The Consultant shall also keep any other records that are required by the Project Director. The records required by this Contract are subject to inspection by the Committee or the Project Director at all reasonable times during the length of this contract.

CLAUSE XIV – OWNERSHIP AND REUSE OF DOCUMENTS

- (A) All previously nonexisting documents, reports, material, and other items generated solely and directly as a consequence of work done under this Contract are the property of the Committee. To the extent the Consultant has any interest in the copyright for these items under the copyright laws of the United States, the Consultant transfers by this Contract any and all interest the Consultant has in the copyright for these items to the Committee, and the Committee will be the owner of the copyright for these items. Upon completion of the work or termination of this Contract, the items shall be delivered to the Project Director. Notwithstanding the above provisions in this Clause XIV(A), this Clause XIV(A) does not give the Committee proprietary rights to financial models, databases or software developed under the Contract, nor will it prevent the Consultant from making publicly available work performed under this Contract where such work has already been made publicly available by the Committee. Notwithstanding the previous sentence, the Committee may use these items in its present or future legislative work.
- (B) The Consultant warrants to the Committee that all software, information, data, or intellectual property used in the course of performing this Contract is being used by the Consultant with the authority, license, or permission of the owner.

CLAUSE XV – PROJECT DIRECTOR

The Project Director is the person appointed by the Committee Chair. The Project Director shall be Rena Delbridge. The Project Director is authorized to oversee and direct

the activities of the Consultant under this Contract. The Committee Chair may replace the Project Director at any time by providing notice to the Consultant.

CLAUSE XVI – CERTIFICATION

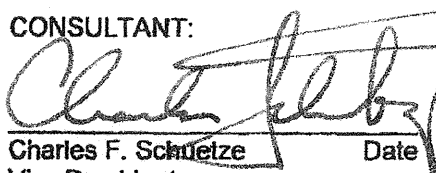
(A) Execution of this Contract by the Legislative Auditor hereby constitutes a certification that funds are available in an appropriation to pay for work performed under this Contract through September 30, 2016.

CLAUSE XVII – MODIFICATION AND PREVIOUS AGREEMENTS

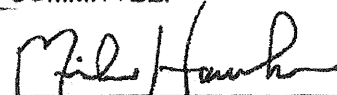
This Contract contains all terms and conditions agreed upon by the parties. No other understandings, oral or otherwise, regarding the subject matter of this Contract shall be deemed to exist or to bind either of the parties to this Contract. This Contract may not be modified unless in writing and signed by the parties to this Contract.

IN WITNESS WHEREOF, the parties have executed this Contract on the dates indicated below:

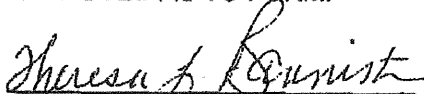
CONSULTANT:


Charles F. Schuetze Date
Vice President
845 K Street
Anchorage, AK 99501
Alaska Business License #431189

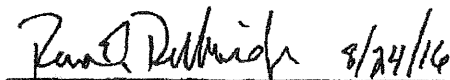
COMMITTEE:

 8.24.16
Rep. Mike Hawker, Chair Date
Legislative Budget & Audit Committee
Procurement Officer

APPROVED AS TO FORM:


Theresa L. Gunnist 8-23-16 Date
Legal Counsel

ACCEPTED:

 8/24/16
Rena Delbridge Date
Project Director

CERTIFYING AUTHORITY:

 8/24/16
Kris Curtis Date
Legislative Auditor