

AMENDMENT #2

PROFESSIONAL SERVICES CONTRACT BETWEEN

STATE OF ALASKA
ALASKA STATE LEGISLATURE
LEGISLATIVE BUDGET & AUDIT COMMITTEE
State Capitol, Room 514
Juneau, AK 99801

AND

Mr. Nikolaos Tsafos
An individual DBA Nikolaos Tsafos
1330 New Hampshire Avenue, N.W.
Washington, DC 20036

****Amended Contract Amount – Not to Exceed \$350,000.00**
(amount includes travel and all other expenses)**

The parties to this contract amendment 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 Mr. Nikolaos Tsafos, an individual DBA Nikolaos Tsafos whose address is 1330 New Hampshire Avenue, N.W., Washington, DC 200036, (hereinafter referred to as the "Consultant.")

THE PURPOSE OF THIS AMENDMENT #2 is to amend the original contract entered into on December 18, 2013, and amended August 4, 2014, the dates, respectively, that the legislative auditor signed the contract and Amendment #1, by the Consultant and the Committee ("the contract") to increase the contract amount by \$65,000 for additional professional consulting services on gas pipeline and LNG matters. This amendment increases the contract amount to provide authority to pay for costs associated with participation in monthly meetings and advisement to the legislature on policy matters as they relate to the Alaska LNG (Liquefied Natural Gas) project.

Clause I (Statement of Scope of Work), section (A) of the contract is *modified* to read:

- (A) The Consultant will provide, as indicated in the Consultant's proposal entitled "Alaska Gas Commercialization Legislative Support" dated December 2013 (hereinafter referred to as "*Proposal #1*"), the legislature with the professional consulting services contained in work-stream 1-5 of Proposal #1. *Proposal #1 is attached to and made a part of this Contract as Attachment #1.* In the event of a conflict between this Contract and *Proposal #1*, this Contract shall govern.

Clause I (Statement of Scope of Work), of the contract is *modified* by adding a new Section (D) to read:

(D) The Consultant shall also, as indicated in the Consultant's proposal entitled "Scope of Work" dated July 31, 2014 (hereinafter referred to as "Proposal #2"), provide ongoing assistance to the legislature regarding the Alaska LNG project. Proposal #2 is attached to and made a part of this Contract as Attachment #2. In the event of a conflict between this Contract and Proposal #2, this Contract shall govern.

Clause II (Period and Dates of Performance), Section (B) of the contract, as modified by Amendment #1 to the contract, is *modified* to read:

(B) This Contract may be terminated by either party upon written notice to the other. If this Contract is terminated by the Committee and the termination is not based on a breach by the Consultant, the Committee shall compensate the Consultant, as described below, for services provided under the terms of this Contract up to the date the termination notice is delivered. Upon termination, the Consultant shall provide a copy of all documents, reports, material, and other items required to be delivered to the Project Director by Clause XIII (Ownership and Reuse of Documents) of this Contract as of the day of termination. In the event of a termination not based on breach by the Consultant, the Consultant shall be compensated at the following rates prior to the Contract termination. Prior to May 1, 2014, the daily rate is equal to $(\$50,000.00/\text{number of days in the month}) \times \text{days in the month}$ prior to termination (including weekends). On May 1, 2014, until July 31, 2014, the daily rate is \$3,000 for each day spent participating in Alaska LNG meetings. On and after August 1, 2014, until contract termination, the daily rate for the first five days per month spent providing services under this contract is \$2,000 for each day. On and after August 1, 2014 until contract termination, the daily rate for each day of services provided each month in excess of five days is \$3,000 for each day, and the Consultant will be paid at half the daily rate for days spent traveling to/from Alaska LNG meetings. In addition to documents, reports, material, and other items required to be produced under this paragraph, if termination occurs after May 1, 2014, the Consultant shall also provide a copy of a report summarizing all meetings attended and all services provided to the legislature within 10 days of termination.

Clause III (Compensation), as modified by Amendment #1 to the contract, is *modified* to read:

(A) The Consultant shall perform the work specified in this Contract, including, but not limited to, all labor, materials, travel expenses, and equipment required to complete the work, for a total contract price that is to be calculated under this Clause III and that may not exceed \$350,000.00.

(B) Payments shall be made as follows:
1) January 1, 2014: \$50,000

2) February 1, 2014:	\$50,000
3) March 1, 2014:	\$50,000
4) April 1, 2014:	\$50,000
5) May 1, 2014:	\$50,000

Payments are subject to the following benchmarks:

- a) January 1, 2014 or the first business day thereafter payment shall be made as a result of the commencement of development of the financial model and executive summary for the legislative session, which shall be provided to the committee chair during the first two weeks of the legislative session.
- b) February 1, 2014 and March 1, 2014 payments shall be made as a result of development and delivery of work-streams 1 and 2 of Proposal #1 including the development of a detailed financial model for an LNG project by providing a baseline model, including a sensitivity analysis and a quantification of the impact on state finances. The financial model shall be provided to the Chair by February 15, 2014, and one or more training sessions on foundational concepts of gas and LNG will be held before March 1, 2014.
- c) April 1, 2014 and May 1, 2014 payments shall be made as a result of delivery of work-streams 3, 4, and 5 of Proposal #1 including advising the legislature through committee hearings and one-on-one meetings during the 2014 legislative session.

Payments are contingent on certification from the Project Director that the Committee has received adequate modeling, analysis, meeting participation, testimony, and advisement based on the terms outlined in Proposal #1.

- (C) Travel, Accommodation, and Per Diem through April 30, 2014: On January 1, 2014, the Consultant shall be provided a single payment of \$13,000 for travel expenses, transportation, accommodation, and per diem related to performing work prior to May 1, 2014. The Consultant will not be required to submit receipts to support expenses incurred prior to May 1, 2014. Expenses incurred prior to May 1, 2014 exceeding \$13,000 will not be reimbursed by the Committee. No expenses shall be paid for the months of June and July.
- (D) *No services shall be performed during the months of June and July. On and after August 1, 2014: Beginning August 1, 2014, the Consultant shall be paid each month a retainer of \$10,000. This retainer shall provide the legislature up to five days of services per month, as described in Proposal #2. For services provided by the Consultant in excess of five days per month, the Consultant shall be paid at a daily rate of \$3,000. The Consultant will be paid at half the daily rate for days spent traveling to/from the meeting site. The Consultant will be reimbursed for reasonable travel expenses (transportation, accommodation, and meal per diem based on the federal per diem rate) for travel that is supported by receipts and approved by the Project Director. Total payments for work performed following May 1, 2014, including, but not limited to travel expenses, may not exceed*

\$87,000.


- (E) Total payments under this Contract may not exceed \$350,000 for services and all expenses.
- (F) Payments for all work performed after May 1, 2014, shall be made on a monthly basis following receipt by the Project Director of a properly prepared invoice.
- (G) If a payment is not made within 90 days after the Committee has received a 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 91st day through the date payment is made. A payment is considered made on the date it is mailed or personally delivered to the Consultant.

As required by Legislative procurement procedures, a majority of the Legislative Budget and Audit (LB&A) Committee members authorized this Amendment and approved a motion for the additional expenditure of funds at its July 17, 2014 meeting.

All other terms of the contract remain the same.

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


CONSULTANT:

 9/22/14
Nikolaos Tsafos Date
Tax Identification No.:
Alaska Business License: 998215

COMMITTEE:

 9/24/2014
Sen. Anna Fairclough, Chair Date
Legislative Budget & Audit Committee
Procurement Officer

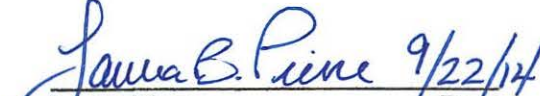
CERTIFYING AUTHORITY:

 9/10/14
Kristin Curtis Date
Legislative Auditor
Legislative Budget & Audit Committee

APPROVED AS TO FORM:

 9/10/14
Emily Nam Date
Legal Counsel

ACCEPTED:

 9/22/14
Laura Pierre Date
Project Director