

**PROFESSIONAL SERVICES CONTRACT BETWEEN**

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

**AND**

**William R. Harper Jr  
14591 Pfeiffer Way  
Lake Oswego, Oregon  
97035-2411**

**CONTRACT AMOUNT: Not to Exceed \$35,000  
(including reasonable travel expenses)**

The parties to this contract (hereafter referred to as "Contract"), made and entered in to 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 4<sup>th</sup> Street, State Capitol, Room 3, Juneau, AK 99801-1182, (hereinafter referred to as the "Committee"), and William R. Harper Jr., Sole Proprietor, whose address is 14591 Pfeiffer Way, Lake Oswego, Oregon 97035-2411, (hereinafter referred to as the "Consultant.")

**THE PURPOSE OF THIS CONTRACT** is to provide the committee with a professional review and assessment and consulting services as described below. This contract is a result of the Legislative Budget and Audit Request for Price Quote dated February 6, 2014.

**IT IS THEREFORE MUTUALLY AGREED THAT:**

**CLAUSE I - STATEMENT OF SCOPE OF WORK**

- (A) Consultant shall review the Governor of Alaska's gas pipeline and liquefied natural gas (LNG) proposal. The review shall include a review and assessment of:
- a. the Governor's Memorandum of Understanding (MOU);
  - b. the December 12, 2013 Heads of Agreement (HOA) between TransCanada Alaska Company LLC, Foothills Pipe Lines LTD, TransCanda Alaska Development Inc., and the State of Alaska;
  - c. pending legislation (Senate Bill 138 and House Bill 277); and
  - d. presentations by executive branch Consultants, partners, and staff.

The assessment of the Governors proposal shall give consideration to the State's past gas pipeline commitments and efforts. The assessment will review and evaluate the reasonableness of the proposal's underlying economic assumptions and conclusions taking into consideration the proposed project structure. The assessment should include a review of the strengths and weaknesses of the proposed partnership structure and alignment; identify any potential inherent risks the State may be exposed to; and recommendations on alternatives the State may consider. Giving consideration to the State's prior efforts and legislation to promote gas pipeline infrastructure and markets for Alaska gas reserves. Consultant may

offer strategies and recommendations on how to expedite a project and insure an alignment of the State's interest with industry.

- (B) Consultant shall provide the legislature with the assessment along with any attendant recommendations in a written report by March 14, 2014. In addition, Consultant shall be available to present findings to legislative committees along with meeting with legislators in private sessions between March 14, 2014 and April 20, 2014 at a time or times that are mutually agreeable between Consultant and the State.
- (C) In addition to the tasks required under paragraphs (A) and (B) of this Clause I, Consultant shall, at the request of the Chair of the Committee, perform additional reviews and assessments on gas pipeline and LNG markets and related issues. Additional topics may include:
  - a. Gas pipeline fiscal structures and terms
  - b. LNG project fiscal structures and terms
  - c. International gas projects for comparison
  - d. Economic models relating to gas pipeline and LNG projects
- (D) The Committee Chair must give written approval prior to any work being performed by Consultant under (C) of this Clause I of the Contract.
- (E) It is understood that Consultant's role in all regards in this Contract, will be to serve in an advisory capacity to the legislature and its delegated representatives, with all decision making authority residing with the legislature.

## **CLAUSE II - PERIOD AND DATES OF PERFORMANCE**

- (A) The period of performance under this Contract shall be from the date this contract is fully signed through April 20, 2014, unless terminated earlier as provided herein, or extended in writing and by mutual agreement of the parties. All reports and any necessary reviews and other summary writing required shall be completed and delivered to the Committee Chair by March 14, 2014 unless otherwise provided, or otherwise directed by the Project Director or Committee Chair.
- (B) This Contract may be terminated at any time 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 material 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 within 10 days, 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. In the event of a termination not based on a material breach by the Consultant, the Consultant shall be compensated for services performed at the hourly rate for the hours for which the Consultant has not been paid prior to the Contract termination. The hourly rate is equal to \$390 as noted in (A) of Clause III. Uncompensated testimony before Legislative Committees and meetings with Legislative staff in Juneau will be compensated separately at a daily rate of \$3,120 as identified in (B) of Clause III.

### **CLAUSE III - COMPENSATION**

- (A) The Consultant shall perform the work specified in this Contract under Clause 1 (A), except for travel expenses, including providing all labor, materials, and equipment required to complete the work, for an hourly rate of \$390. Total hours billed for these services may not exceed 42. Total payment under this Contract subclause may not exceed \$16,380.
- (B) The Consultant shall additionally be paid at a daily rate of \$3,120, excluding reasonable travel expenses detailed in (C) of this section, for testifying at Legislative Committee hearings and meeting with Legislators and Legislative staff. The Consultant will be paid at half the daily rate for days spent traveling to/from Juneau.
- (C) In addition, reasonable travel expenses shall be reimbursed by the Committee. Travel expenses include coach airfare, lodging, per diem (calculated using the federally allowable rate), taxi or rental car, and luggage fees. No other travel expenses shall be reimbursed. Receipts or other proof of travel expenses shall be provided to the Project Director for reimbursement.
- (D) Payments for hourly work are contingent on certification from the Project Director that the Committee has received the work product and testimony based on the terms outlined in this contract.
- (E) 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.
- (F) Total payments under this Contract, may not exceed \$35,000 for services and for travel expenses.

### **CLAUSE IV - EXPENSES AND DUPLICATION**

- (A) Except as may be otherwise provided by Clause III, 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 Sec. 160 of the Procurement Procedures of the Alaska State Legislature. The Consultant may subcontract work under this Contract, with written prior approval of the Project Director.

## **CLAUSE VI – WORKERS' COMPENSATION**

During the life of this Contract, if the Contractor hires employees to conduct work as part of this contract, the Contractor 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 project director, 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/or municipality for performance of the Contract 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 certification that taxes have been paid may be verified before final payment by the Committee.

## **CLAUSE VIII – HUMAN TRAFFICKING**

**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.

In addition, if the Consultant conducts business in, but is not headquartered in, a country recognized as Tier 3 in the most recent United States Department of State's Trafficking in the Persons Report, a certified copy of the Consultant's policy against human trafficking must be submitted to the Committee.

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

If the Consultant is or becomes headquartered in a Tier 3 country, or fails to comply with this clause ("Human Trafficking"), the Committee may terminate the contract.

## **CLAUSE IX – VENUE**

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 – COVERAGE UNDER THE ETHICS LAW**

The Consultant, all staff and all subcontractors working under the Consultant who are performing work under this Contract, are subject to the provisions of AS 24.60 (Legislative Ethics). Select Committee on Legislative Ethics Advisory Opinion 99-01 concludes that "any contractors who are paid through the state payroll system, contractors (or those designated within a contracting firm or company) with the Ethics Committee and those services or professional services contractors with legislative Contracts over \$5,000, who will incur more than incidental use of state resources or who either contract for legislative policy related services or who are designated to represent the Legislature in a policy-related capacity, fall within the legislative employee definition and are therefore subject to the legislative ethics code."

AS 24.60 (Legislative Ethics) requires contractors subject to the law to undergo specified ethics training. The Consultant shall participate in the required training and submits the required certificate of completion to the Project Director within thirty (30) days after the execution of this Contract. Training modules will be made available to the Consultant through a web-based portal and all arrangements for access to such will be made through the Project Director.

## **CLAUSE XII – 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.

## **CLAUSE XIII – OWNERSHIP AND REUSE OF DOCUMENTS**

- (A) All documents, reports, material, and other items generated 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, this Clause XIII(A) does not give the committee proprietary rights to financial models 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.
- (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 XIV - PROJECT DIRECTOR**

The Project Director is the person appointed by the Committee Chair. The Project Director shall be Laura Pierre. The Project Director is authorized to oversee and direct the activities of the Consultant under this Contract. The Project Director may be replaced by the Committee at any time, with notice to the Consultant.

**CLAUSE XV - AUTHORIZATION; CERTIFICATION**


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 June 30, 2014.

**CLAUSE XVI - MODIFICATION AND PREVIOUS AGREEMENTS**

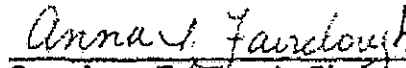
This contract contains all terms and conditions agreed upon by the parties. No other understandings, oral or otherwise, regarding the subject matter of this Contract shall be deemed to exist or to bind either of the parties to this Contract. This Contract may not be modified unless in writing and signed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

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

**CONSULTANT:**

  
\_\_\_\_\_  
William R. Harper                      3/01/14  
Sole Proprietor                      Date  
Tax Identification No. [REDACTED]  
Alaska Business License: 1001629

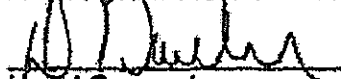
**COMMITTEE:**

  
\_\_\_\_\_  
Sen. Anna Fairclough, Chair                      2-28-14  
Legislative Budget & Audit Committee                      Date  
Procurement Officer

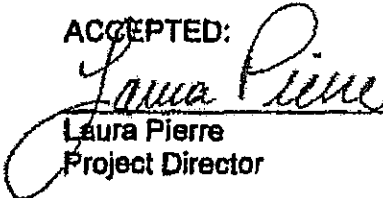
**CERTIFYING AUTHORITY:**

  
\_\_\_\_\_  
Kristin Qurtis                      3/3/14  
Legislative Auditor                      Date  
Legislative Budget & Audit Committee

**APPROVED AS TO FORM:**

  
\_\_\_\_\_  
Legal Counsel                      2-28-14  
Date

**ACCEPTED:**

  
\_\_\_\_\_  
Laura Pierre                      3/3/14  
Project Director                      Date