

PROFESSIONAL SERVICES CONTRACT BETWEEN

State of Alaska
Legislative Budget & Audit Committee
State Capitol Building, Room 502
Juneau, AK 99801

AND

PFC Energy, LLC
1300 Connecticut Avenue, N.W. Suite 800
Washington, DC 20036, USA

**Contract Amount – Not to Exceed: \$650,000
(including reimbursement for expenses)**

The parties to this contract are the State of Alaska, Legislative Budget & Audit Committee, hereinafter referred to as the "Committee," and PFC Energy, LLC, hereinafter referred to as the "Consultant."

THE PURPOSE OF THIS CONTRACT IS TO PROVIDE THE LEGISLATURE WITH PROFESSIONAL FISCAL ANALYSIS and CONSULTING RELATED TO ALASKA'S UPSTREAM OIL AND GAS SECTOR.

IT IS THEREFORE MUTUALLY AGREED THAT:

CLAUSE I – STATEMENT OF WORK

- (A) The Consultant will provide, as indicated in the Consultant's proposal entitled "Alaska Fiscal Analysis and Policy Reform" ("proposal"), the Legislature with the professional services contained in Tasks 1-6 of the proposal. The proposal is attached to and made a part of this contract as Attachment #1.
- (B) For purposes of responsible contract management by the Committee Chair and the Project Director, the Committee Chair must give written approval prior to work being performed by the Consultant that is a request from another Legislator or Legislative staff person. All requests for work shall be submitted through the Committee Chair or the Project Director. All requests from other legislative committee chairs for Consultant personnel to testify, or otherwise make consultant personnel available for participation in a committee hearing, must be approved in writing by the Committee Chair prior to such participation. A written record of these requests and their disposition will be maintained by the Project Director.

CLAUSE II – PERIOD AND DATES OF PERFORMANCE AND TERMINATION

- (A) The period of performance under this Contract shall be from December 12, 2011 through January 31, 2013 unless terminated earlier as provided herein, or extended by mutual agreement of the parties. All reports and analysis shall be completed and any necessary reviews and other summary writing required shall be completed and delivered to the Committee Chairman by January 31, 2013.
- (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 Contractor, the Contractor shall be compensated for services provided under the terms of this Contract to the date of termination, after the Contractor provides the Committee with a written summary of the services performed, a statement of the results or conclusions formed based upon the research or analysis performed, and all working papers and documentation produced from working on the Contract.

CLAUSE III – COMPENSATION AND METHOD OF PAYMENT

- (A) The Consultant shall be compensated for the professional fee of \$395,350 excluding travel, for the work specified in Tasks 1-5 of Attachment #1 to this contract.
- (B) The Consultant shall be reimbursed for direct travel expenses necessary to perform Tasks 1-5 of Attachment #1 to this contract, estimated to be \$40,500 which includes 10 person trips from Washington DC to Alaska during the course of the project. The expenses will be calculated at cost without markup. If the Project Director requires the Consultant personnel to travel outside of their home office, the Consultant will be reimbursed for reasonable travel expenses (transportation, lodging, and meal per diem) that are supported by receipts and that are approved by the Project Director.
- (C) For the work specified under Task 6 of Attachment #1 to this contract, "Retainer in Support of Changes to the Oil Fiscal Terms, Inputs to Gas Fiscal Terms Policy and Other Requests", the Consultant shall be compensated based on the following call out rate structure:

<u>Staff Position</u>	<u>Day Rate/Billing Rate</u>
Partner	\$5,200
Senior Director	\$4,000
Senior Manager	\$3,000
Manager	\$2,400
Analyst	\$1,500

Work shall be directed with the overall goal of providing the Committee with the best possible analysis in the most efficient and least costly manner.

For the purposes of Task 6, travel day rates will be billed at ½ day's per travel day.

- (D) The Consultant shall submit separate bi-monthly billings for the work requested in Clause I of this contract. A billing must be approved by the Chair of the Committee or the Project Director before it is paid.
- (E) If a payment is not made within 90 days after the Committee has received a proper invoice, 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 \$650,000 including reimbursement for expenses.

CLAUSE IV – PROJECT DIRECTOR

The Project Director is the person appointed as Project Director by the Committee Chair.

CLAUSE V – COVERAGE UNDER THE ETHICS LAW

The Consultant may be subject to the provisions of AS 24.60 (Legislative Ethics) as a legislative employee unless excluded from the definition of “legislative employee” under AS 24.60.990(a) (11). 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.”

CLAUSE VI – EXPENSES AND DUPLICATION

- (A) Except as may be otherwise provided by Clause III and (B) of this clause, 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 by the Consultant at no cost to the Committee.
- (B) Duplicates of any material or other items produced under this contract may be produced by the Committee; the office space, equipment, supplies, clerical support, and other expenses required for duplication shall be supplied by the Committee.

CLAUSE VII – RECORDS, DOCUMENTS, AUDIT

The Consultant shall accurately maintain those records, including detailed time records, which are required by the Project Director. The records are subject to inspection by the Committee or the Project Director at all reasonable times. Except for items licensed under this clause, all documents, reports, material, and other items generated as a consequence of work performed under this contract are the property of the Committee. To the extent they are works of authorship, there are deemed to be works made for hire under the copyright laws of the United States and will be and remain the sole and exclusive property of the Committee. If an item is not eligible under U.S. copyright laws to be a work made for hire, the Consultant assigns to the Committee a perpetual license to use the items for any legislative purpose. Upon completion of the work or the termination of this contract, the items shall be delivered to the Committee Chairman or Project Director.

Consultant acknowledges that the records of the Committee, which will include any reports and any other items provided by the Consultant to the Committee, are public records.

CLAUSE VIII – INDEMNIFICATION

The Consultant shall indemnify, save harmless, and defend the Committee, and the Committee's officers, agents and employees from liability for any claim, including, but not limited to, costs and attorney fees arising from the claim, arising from Consultant's negligence or intentional misconduct in the performance of Consultant's obligations under this contract.

CLAUSE IX – VENUE

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

CLAUSE X – ASSIGNMENT

This contract may not be assigned to another party unless in accordance with Sec. 160 of the Procurement Procedures of the Alaska State Legislature.

CLAUSE XI – WORKERS’ COMPENSATION

During the life of this contract, the Consultant shall provide and maintain workers’ compensation insurance covering all employees of Consultant. 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 XII – HUMAN TRAFFICKING

In signing 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 States’ Trafficking in Persons Report, a certified copy of the Consultant’s policy against human trafficking must be submitted to the Committee prior to contract award.

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 fails to comply with this clause, the Committee may cancel the contract under Clause II (B).

CLAUSE XIII – CERTIFICATION

Execution of this contract by the Committee Chair and the signing of this contract by the Certifying Authority hereby constitute a certification that funds are available in an appropriation to pay for work performed starting December 12, 2011 and running through June 30, 2012. Availability of funds to pay for work performed from July 1, 2012 through January 31, 2013, is contingent upon appropriation of funds for the next fiscal year. Notwithstanding any other provision of this contract, if, in the judgment of the certifying authority of this contract, sufficient funds are not appropriated for that fiscal year, the contract will be terminated under Clause II or amended.

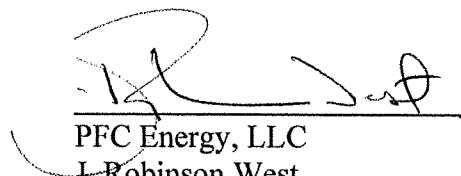
As required by Legislative procurement procedures, a majority of the members of the Legislative Budget and Audit Committee authorized this Contract, approved the exemption under Section 040 (a) (1), and approved a motion for the expenditure of funds for this purpose at its December 5, 2011 meeting. A copy of the justification for the exemption is attached as Attachment #2 to this contract.

CLAUSE XIV – MODIFICATION AND PREVIOUS AGREEMENTS

This document 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 considered to exist or to bind either of the parties to this Contract. This contract may be amended by mutual agreement of the parties but any amendment must be in writing and signed by the parties.

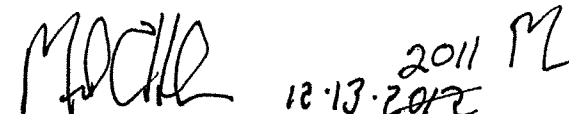
IN WITNESS WHEREOF, the parties have executed this contract on the dates indicated below:

CONSULTANT



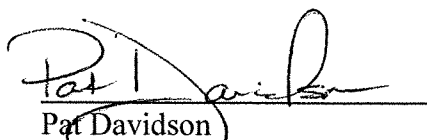
PFC Energy, LLC
J. Robinson West
Chairman & CEO
Tax ID No: 52-1350858
Date 1/4/12

COMMITTEE



Representative Mike Hawker
Chair,
Legislative Budget & Audit Committee
Procurement Officer
Date 12.13.2011

CERTIFYING AUTHORITY



Pat Davidson
Legislative Auditor
Date 12/14/11

APPROVED AS TO FORM:



Theresa J. Bannister
Legal Counsel
Date 12/14/11