

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

*****Contract Amount – Not to Exceed \$200,000.00*****
(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 20036, (hereinafter referred to as the "Consultant.")

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

IT IS THEREFORE MUTUALLY AGREED THAT:

CLAUSE I – STATEMENT OF SCOPE OF WORK

- (A) The Consultant shall advise the legislature on matters relating to oil and gas including, but not limited to, reviewing fiscal terms, the implications of various scenarios relating to oil and gas commercialization, and partner participation in the AK LNG project established under SB138 (2014). The Consultant shall also continue to review and comment on agreements negotiated by the state under the authorities provided in SB 138, including, but not limited to, forms of state participation in the project, transportation options and costs, and oil and gas fiscal systems to determine how the state can best ensure its share of value from the LNG project, while ensuring the project remains as economically competitive as possible. The Consultant shall testify in committee hearings, respond to requests for analysis through modeling and development of various scenarios, and attend legislative, administration, and industry meetings at the request of the Project Director.
- (B) The Consultant may not perform any work under this Contract without the prior written approval of the Committee Chair.

CLAUSE II – PERIOD AND DATES OF PERFORMANCE

- (A) The period of performance under this Contract shall be from February 1, 2015 through January 31, 2016, unless terminated earlier as provided herein, 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 January 31, 2016 unless otherwise directed by the Project Director or Committee Chair.
- (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 in this Clause II (B), 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 XIV (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. In addition to the monthly retainer for five days of work, if the Consultant has worked five days in the month of termination, the daily rate for each day of services provided each month in excess of five days is \$3,000.00 for each day, and the Consultant will be paid at half this daily rate for days spent traveling to/from Alaska for legislative meetings. In addition to documents, reports, material, and other items required to be produced under this paragraph, 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

- (A) The Consultant shall perform the work specified in this Contract, including providing all labor, materials, and equipment required to complete the work, for a total contract price that is calculated under this Clause and that may not exceed \$200,000.00, including travel and all other expenses.
- (B) Beginning February 1, 2015, the Consultant shall be paid each month a retainer of \$10,000.00. This retainer shall provide the legislature up to five days per month of the services, as described in Clause I (Statement of Scope of Work) of this Contract. For each day of services provided by the Consultant in excess of five days per month, the Consultant shall be paid \$3,000.00. The Consultant will be paid at half this daily rate for days spent traveling to/from Alaska for legislative meetings.
- (C) 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.
- (D) The Consultant will be required to submit receipts to support expenses, transportation, accommodations, and meal per diem related to performing work.

under the terms of this contract. 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.

- (E) Total payments under this Contract, including reimbursement payments under (D) of this Clause III (Compensation), may not exceed \$200,000.

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, 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/or 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, and that, if this changes, the Consultant will submit a certified copy of the Consultant's policy against human trafficking 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/j/tip/ris/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. 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, including, but not limited to, any damages, costs, and attorney fees arising from the claim, arising 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

The Consultant is 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."

AS 24.60 (Legislative Ethics) requires Consultants subject to the law to undergo specified ethics training. The Consultant shall participate in the required training and submit 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 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.

CLAUSE XIV – 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 XIV(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 XV – 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 Committee Chair may replace the Project Director at any time by providing notice to the Consultant

CLAUSE XVI – AUTHORIZATION; CERTIFICATION

- (A) The Legislative Procurement Procedure sec. 040 exemption justification and execution of this Contract were authorized by a majority of the members of the Committee at a meeting on December 16, 2014. The sec. 040 exemption justification is attached as Exhibit A to this Contract.
- (B) 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, 2015. Availability of funds to pay for work performed from July 1, 2015 through June 30, 2016 is contingent upon appropriation of funds for the next fiscal year. If, in the judgment of the Legislative Auditor, sufficient funds are not appropriated for the appropriate fiscal year, the Contract will be terminated under Clause II (B) or amended.

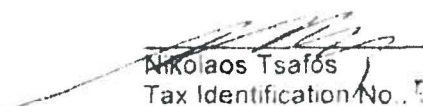
CLAUSE XVII – MODIFICATION AND PREVIOUS AGREEMENTS

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:

COMMITTEE:

 1/19/15
Nikolaos Tsafos Date
Tax Identification No. 579-14842
Alaska Business License: 998215

 1/19/15
Sen. Anna MacKinnon, Chair Date
Legislative Budget & Audit Committee
Procurement Officer

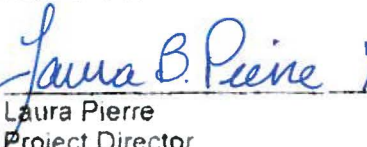
CERTIFYING AUTHORITY:

APPROVED AS TO FORM:

 1/13/15
Kris Curtis Date
Legislative Auditor
Legislative Budget & Audit Committee

 1/13/15
Emily Naum Date
Legal Counsel

ACCEPTED:

 1/19/15
Laura Pierre Date
Project Director

Mr. Nikolaos Tsafos