

LEGAL SERVICES

DIVISION OF LEGAL AND RESEARCH SERVICES
LEGISLATIVE AFFAIRS AGENCY
STATE OF ALASKA

(907) 465-3867 or 465-2450
FAX (907) 465-2029
Mail Stop 3101

State Capitol
Juneau, Alaska 99801-1182
Deliveries to: 129 6th St., Rm. 329

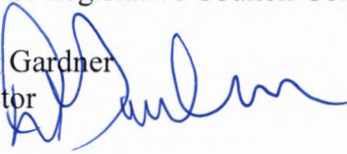
MEMORANDUM

March 21, 2017

SUBJECT: Request for Authorization to Pay Outside Counsel Litigation Expenses; *716 W. Fourth Avenue v. Legislative Council and ABI v. 716 W. Fourth Avenue and Legislative Affairs Agency*

TO: Representative Sam Kito
Chair of Legislative Council Committee

FROM: Doug Gardner
Director



Request

At present, the Legislative Affairs Agency owes Stoel Rives, Counsel for the Legislative Council and Legislative Affairs Agency, approximately \$65,651. I request that Legislative Council approve an additional \$150,000 to continue to pay for existing and near-term litigation costs as discussed.

Background

The original legal services contract with Stoel Rives LLP for \$100,000 was approved by Legislative Council on April 9, 2015. The contract was to provide for the defense of the Legislative Affairs Agency in the complaint filed by Joel Gottstein in Anchorage Superior Court, captioned *Alaska Building, Inc. v. 716 West Fourth Avenue, LLC, Koonce Pfeiffer Bettis, Inc., d/b/a/ KPB Architects, Pfeiffer Development, LLC, Legislative Affairs Agency, and Criterior General, Inc.* Case No. 3AN-15-05969CI (Gottstein matter).

The contract was amended on April 10, 2016, and added the amount of \$100,000 for the continued defense of the above litigation, and also to provide the Legislative Affairs Agency with representation during the consideration of the purchase of the 716 West Fourth Avenue building during the last legislative session. The Gottstein matter resulted in a decision by the court denying the defendants' motion to dismiss, but no entry by the court of a final judgment was made. The legislature did not appropriate the funds to either continue to lease, or to purchase, 716 West Fourth Avenue.

On December 20, 2016, I requested, and Legislative Council authorized, an additional expenditure of \$150,000 to pay Stoel for work performed in the Gottstein matter (*716 W. Fourth Avenue v. Legislative Council*), the administrative appeal of Legislative Council's November 21, 2016, decision, and the anticipated appeal of the decision by Legislative Council affirming the decision of Senator Gary Stevens acting as procurement officer, which was filed December 20, 2016. Once approved, the Legislative Affairs Agency

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used part of that funding to pay pending bills for both the Gottstein matter and the administrative appeal, and applied the remaining balance to bills submitted by Stoel Rives during January and February of 2017.

At present, litigation continues in both the Gottstein matter and the administrative appeal, requiring ongoing defense costs. I therefore request authorization of \$150,000 to continue the defense of the Legislative Affairs Agency in the Gottstein matter, and the administrative appeal of Legislative Council's November 21, 2016, decision.

cc: Pam Varni, Executive Director, LAA

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