

**ALASKA STATE LEGISLATURE
LEGISLATIVE BUDGET AND AUDIT COMMITTEE**

Anchorage, Alaska

November 25, 2013

11:04 a.m.

MEMBERS PRESENT

Senator Anna Fairclough, Chair

Representative Mike Hawker, Vice Chair

Senator Kevin Meyer

Senator Cathy Giessel

Senator Donald Olson (via teleconference)

Representative Alan Austerman (via teleconference)

Representative Bob Herron (via teleconference)

Representative Andy Josephson

MEMBERS ABSENT

Senator Click Bishop

Representative Kurt Olson

Senator Mike Dunleavy (alternate)

Representative Scott Kawasaki (alternate)

Representative Bill Stoltze (alternate)

COMMITTEE CALENDAR

APPROVAL OF MINUTES

EXECUTIVE SESSION

OTHER COMMITTEE BUSINESS

PREVIOUS COMMITTEE ACTION

No previous action to record

WITNESS REGISTER

DOUGLAS GARDNER, Director

Legal Services

Legislative Legal and Research Services

Legislative Affairs Agency (LAA)

Juneau, Alaska

POSITION STATEMENT: Responded to questions during discussion of other committee business.

ACTION NARRATIVE

[11:04:45 AM](#)

CHAIR ANNA FAIRCLOUGH called the Legislative Budget and Audit Committee meeting to order at 11:04 a.m. Senators Fairclough, Meyer, Giessel, and Olson (via teleconference), and Representatives Austerman (via teleconference), Herron (via teleconference), Josephson, and Hawker were present at the call to order.

Approval of Minutes

[11:06:17 AM](#)

CHAIR FAIRCLOUGH announced that the first order of business would be the approval of the minutes.

REPRESENTATIVE HAWKER made a motion to approve the minutes of October 16, 2013. There being no objection, the minutes from the meeting of October 16, 2013, were approved.

Executive Session

[11:07:05 AM](#)

CHAIR FAIRCLOUGH announced that the committee would next go into executive session for the purpose of discussing legislative contracts.

REPRESENTATIVE HAWKER made a motion that the committee move to executive session under Uniform Rule 22(b)(1) for the purpose of discussing matters the immediate knowledge of which would adversely affect the finances of a government unit. There being no objection, the committee went into executive session at 11:08 a.m.

CHAIR FAIRCLOUGH brought the committee back to order at 12:18 p.m. Senators Fairclough, Meyer, and Olson (via teleconference), and Representatives Austerman (via teleconference), Herron (via teleconference), Josephson, and Hawker were present at the call back to order.

Other Committee Business

[12:19:25 PM](#)

REPRESENTATIVE HAWKER, under other committee business, made a motion that the committee: "authorize the chair, as procurement

officer, to terminate for mutual convenience of both parties, the contract originally entered into on January 4, 2012, between PFC Energy LLC, later acquired by IHS, and the Alaska Legislative Budget and Audit Committee, and as first amended on May 2, 2012, and as amended a second time on October 16, 2012."

REPRESENTATIVE HAWKER then objected to his motion, and explained "that PFC Energy has undergone a corporate acquisition - they have been acquired by the entity known as IHS, [but] IHS has conflicts of interest with the issues that PFC Energy performs for us; and that this is a contract rescission that will be ... mutually acceptable to both parties, recognizing the need to maintain appropriate independence."

[12:20:44 PM](#)

DOUGLAS GARDNER, Director, Legal Services, Legislative Legal and Research Services, Legislative Affairs Agency (LAA), in response to a question, characterized the motion as appropriate, adding that from time to time, contracts are terminated [for] mutual convenience over issues that come up, and he sees "this" as simply being one such situation.

REPRESENTATIVE HAWKER withdrew his objection to the motion.

CHAIR FAIRCLOUGH, after ascertaining that there were no other objections, relayed that the motion passed.

[12:21:12 PM](#)

REPRESENTATIVE HAWKER, also under other committee business, made a motion that the committee: "authorize the chair, as procurement officer, to enter into contracts with Mr. Janak Mayer and Mr. Nikos Tsafos for professional services regarding oil and natural gas fiscal systems and project structures, not to exceed a total contract amount for each contractor of \$250,000 for professional services to be provided through January 31, 2015."

CHAIR FAIRCLOUGH asked whether there were any objections to the motion.

REPRESENTATIVE HAWKER offered his understanding that [notwithstanding the aforementioned specified date and amount,] the chair would have the latitude "to work within the monetary amount and the time frame that's involved."

CHAIR FAIRCLOUGH again asked whether there were any objections to the motion. Noting that there were none, she relayed that the motion passed.

REPRESENTATIVE HAWKER added:

Mr. Mayer [and] Mr. Tsafos are currently employed by PFC; they have performed this work for the legislature over the past years of the PFC contract. They are anticipating separating/severing their employment relationship with PFC. ... They will not be continuing to work for PFC, are interested in working directly for the legislature as independent contractors, and we believe that securing a sole-source contract with them is well within ... what we call the 040 exempt procurement procedures available to us, and ... that this is the decision of this committee that this is the most appropriate route forward at this time to be certain that the legislature has adequate, competent, professional counsel on hand at the beginning of the ... coming legislative session, and ... it's a decision that involves time being of the essence, and we need to be moving forward here.

MR. GARNDER, in response to a question, said, "I believe that the discussion just summarized by Representative Hawker, if you make that decision, would support a exempt procurement under legislative procurement policy 040 to move forward according to the motion."

SENATOR MEYER asked whether travel expenses and living expenses need to be included in the aforementioned proposed contract amount.

CHAIR FAIRCLOUGH offered her understanding that she would be able to negotiate "that" in the contract, and that travel [expenses] are within her authority to address. She asked, however, whether "that" should be included in the motion, or whether clarifying on the record that the proposal before the committee includes, in addition to the flat-fee amount, the travel and lodging.

MR. GARDNER said, "I think that the dollar amount is what you've been authorized to work with, and I think if you can negotiate those things, it's your prerogative, as a chair, to address those issues in the context of the dollar amount and the negotiations with the two parties."

REPRESENTATIVE JOSEPHSON added, "Just the additions ... that a normal contract would have, that ... the contract is contingent on ... the work being needed - those sorts of things - that ... it's anticipatory or anticipated that ... the session will entail serious and lengthy discussions of a gas line ... and gas production - those sorts of things."

[12:26:11 PM](#)

ADJOURNMENT

There being no further business before the committee, the Legislative Budget and Audit Committee meeting was adjourned at 12:26 p.m.