

PROFESSIONAL SERVICES CONTRACT BETWEEN

STATE OF ALASKA  
ALASKA STATE LEGISLATURE  
LEGISLATIVE BUDGET & AUDIT COMMITTEE  
120 4<sup>th</sup> Street, State Capitol, Room 3  
Juneau, AK 99801

AND

HART ENERGY PUBLISHING LLLP  
1616 South Voss Road, Suite 675  
Houston, TX 77057

**\*\*Contract Amount – Not to Exceed \$180,000.00\*\***  
**(amount includes travel and all other expenses)**

The parties to this 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 Hart Energy Publishing LLLP 1616 South Voss Road, Suite 675, Houston, TX 77057 (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 fiscal terms. 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.
- (C) The work under this contract shall be performed by Stratas Advisors, a division of the Consultant, specifically, by Paul Morgan or a senior financial analyst for Stratas Advisors.

**CLAUSE II – PERIOD AND DATES OF PERFORMANCE**

- (A) The period of performance under this Contract shall be from June 1, 2016 through January 31, 2017, 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, 2017, 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 and the termination is not based on a breach by the Consultant, the Committee shall compensate the Consultant, as described below in Clause III (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.

**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 \$180,000.00, including travel and all other expenses during the contract period.
- (B) The Consultant shall be compensated based on the following rate structure; the day rate is a maximum per-day amount. The actual amount billed per day may be less, as days worked will be accounted for in quarter-day increments. In this Clause III(B), one day is 8 hours, and a quarter-day increment is 2 hours.

- 1. For performing services under this contract, other than travel:

<u>Person</u>	<u>Day Rate/Billing Rate</u>
Paul Morgan, Executive Director	\$3,000
Staff, Senior Financial Analyst	\$2,000

- 2. Travel-related time will be billed at 25 percent of above Day Rates as follows:

<u>Person</u>	<u>Day Rate/Billing Rate</u>
Paul Morgan, Executive Director	\$750
Staff, Senior Financial Analyst	\$500

- 3. If a person works and travels on the same day, the person will be paid only at the day rate for services and not for a travel day.

4. 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.
- (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) If a payment is not made within 60 days after the Committee has received a complete 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 61<sup>st</sup> day through the date payment is made. A payment is considered made on the date it is mailed or electronically delivered or personally delivered to the Consultant.
- (E) The Consultant will be required to submit receipts to support expenses for transportation and accommodations related to performing work under the terms of this contract. Subject to approval by the Project Director, the Consultant will be reimbursed for reasonable transportation and accommodation expenses supported by a receipt and will be reimbursed for meals based on the federal per diem rate.
- (F) Total payments under this Contract, including reimbursement payments under (E) of this Clause III (Compensation), may not exceed \$180,000.00.

#### **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/rls/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. If the claim is not resolved, 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 of a third party, including, but not limited to, any damages, costs, and attorney fees arising from the claim, to the extent such third party claim arises 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**

Certain provisions of AS 24.60 (Legislative Ethics) apply to contractors. The current application of AS 24.60 to contractors may change in the near future if the governor signs CSSB 24(JUD) am H, which the legislature passed this year, or if the governor allows CSSB 24(JUD) am H to become law without his signature.

#### **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 during the length of this contract.

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

- (A) All previously nonexistent documents, reports, material, and other items generated solely and directly 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 in this Clause XIV(A), this Clause XIV(A) does not give the Committee proprietary rights to financial models, databases 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. Notwithstanding the previous sentence, the Committee may use these items in its present or future legislative work.

- (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 Rena Delbridge. 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 May, 26, 2016. 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, 2016. Availability of funds to pay for work performed from July 1, 2016 through January 31, 2017 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, if the Committee and Consultant agree in writing to amend the contract, the Contract may be amended in writing by the parties.

#### **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



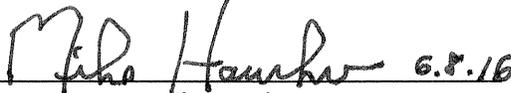
## Exhibit A

### Professional Services Contract between Legislative Budget & Audit Committee and Hart Energy Publishing LLLP

#### Written Justification for Section 040 (a) (1) Exemption

Under Section 040 (a) (1) of the Legislative Procurement Procedures, it is not practicable to award this contract by competitive sealed bidding, competitive sealed proposals, or other competitive method. Further, it is in the best interests of the legislature that the Legislative Budget and Audit Committee (LBA) award a contract to Hart Energy Publishing LLLP under this exemption.

The contractor, Hart Energy Publishing LLLP, through its division Stratas Advisors, is uniquely capable of providing the necessary services due to its immediate ability and availability to provide sufficient and appropriate corporate resources, including at least one individual with Alaska-specific expertise and understanding of the current state oil and gas fiscal system, its particular professional knowledge and skills with regard to worldwide and Alaska oil and gas fiscal systems, and its ability to deliver the results of necessary fiscal modeling and provide senior personnel for presentations as needed by legislative committees during one or more special sessions in the 2016-2017 interim. In addition, it would be very time consuming and impractical for another contractor without the existing background and knowledge of Alaska's fiscal systems to familiarize itself in order to perform this contract. It is necessary to act immediately to secure these commitments and assure the availability of these professional resources which are essential to responsible conduct of the legislature's deliberative process, particularly in a special session that includes issues related to oil and gas fiscal systems. Hart Energy Publishing LLP, through its division Stratas Advisors, is able to provide expertise in Alaska's oil and gas fiscal system, on short notice, after the Legislature's consultant, Enalytica, Inc., became unable to continue offering this expertise.

  
Representative Mike Hawker      Date 6.8.16  
Chair, Legislative Budget and Audit Committee  
Procurement Officer