PROFESSIONAL SERVICES CONTRACT BETWEEN

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

AND

GAFFNEY, CLINE & ASSOCIATES, INC.
5555 San Felipe, Suite 550
Houston, TX 77056

CONTRACT NOT TO EXCEED AMOUNT: $200,000
(amount includes reasonable travel expenses)

The parties to this Contract are the State of Alaska, Alaska State Legislature, Legislative Budget and Audit Committee, whose address is 120 4th Street, State Capitol, Juneau, Alaska 99801-1182, hereinafter referred to as the "Committee", and Gaffney, Cline & Associates, Inc. whose address is 5555 San Felipe, Suite 550, Houston, TX 77056, hereinafter referred to as the "Contractor."

THE PURPOSE OF THIS CONTRACT is to provide the Committee with oil and gas fiscal systems economic analysis and consulting services.

IT IS THEREFORE MUTUALLY AGREED THAT:

CLAUSE I – GENERAL; STATEMENT OF SCOPE OF WORK; RELATED PROVISIONS

This Contract is established as a result of Request for Proposals No. 17-33-01 ("Oil and Gas Fiscal Systems Economic Analysis and Expertise") (RFP). The RFP, including the amendments to the RFP, and the Contractor's Cost Proposal and Technical Proposal (both proposals jointly referred to as "Offer") are incorporated into and made a part of this Contract as Exhibits A and B. The Contractor shall provide the products and services requested by the RFP according to and as described in the RFP, the Offer, and the provisions in this Contract document. If there is a conflict between the RFP and the Offer, the RFP will govern. If there is a conflict between the RFP or the Offer and this Contract document, this Contract document will govern.

CLAUSE II - PERIOD AND DATES OF PERFORMANCE

This Contract shall begin on the date the contract is signed by the Executive Director of the Legislative Affairs Agency or her designee and terminates June 30, 2019, unless terminated earlier as provided under the Contract.

CLAUSE III - COMPENSATION

(A) The Contractor shall be paid One Hundred Thirty-Five thousand and No/100 Dollars ($135,000.00) in professional fees for developing the Contractor's expertise and an economic model due by July 1, 2017.

(B) In addition to the payment made under (A) of this Clause III, the Contractor shall be paid Five Hundred Fifty and No/100 Dollars ($550.00) per hour for continuing services contingent upon the legislature's needs.

(C) The Committee will reimburse the Contractor for reasonable actual travel expenses, but not other expenses.

(D) The Project Director must approve a monthly billing before it may be paid.

(E) If a payment is not made within 90 days after the Committee has received a proper 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 91st day through the date payment is made. A payment is considered made on the date it is mailed or personally delivered to the Contractor.

(F) Total payments under this Contract, including reimbursements for travel expenses, may not exceed Two Hundred Thousand and No/100 Dollars ($200,000.00).

CLAUSE VI – VENUE

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 V - PROJECT DIRECTOR

The Project Director is the person appointed by the Committee Chair. The Project Director shall be Katrina Matheny. The Project Director is authorized to oversee and direct the activities of the Contractor under this Contract. The Committee Chair may replace the Project Director at any time and shall provide notice of the replacement to the Contractor.

CLAUSE VIII – TIME

Time is of the essence for this Contract.

CLAUSE IX - AUTHORIZATION: CERTIFICATION

Execution of this Contract was authorized by a majority of the members of the Committee at a meeting on May 8, 2017.

Execution of this Contract by the Executive Director of the Legislative Affairs Agency or her designee hereby constitutes a certification that funds are available in an appropriation to pay for work performed under this Contract through June 30, 2017. Availability of funds to pay for work performed from July 1, 2017 through June 30, 2018 is contingent upon appropriation of funds for the next fiscal year. If, in the judgment of the Executive Director of the Legislative Affairs Agency, sufficient funds are not appropriated for the appropriate fiscal year, the Contract will be terminated under paragraph 3.11 of the RFP, or, if the Committee and Consultant agree in writing to amend the contract, the Contract may be amended in writing by the parties.

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CLAUSE X - 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:

CONTRACTOR:
GAFFNEY, CLINE & ASSOCIATES, INC.

6/6/17
Scott A. Monette Date
Business Development Manager
Business License No.: 734028
Tax Identification No.: 75-2184238

COMMITTEE:
STATE OF ALASKA
LEGISLATIVE BUDGET & AUDIT COMMITTEE

6/6/17
Senator Gary Stevens Date
Chair
Legislative Budget & Audit Committee
Procurement Officer

ACCEPTED:

Katrina Matheny
Project Director 6/6/17

APPROVED AS TO FORM:

Legal Counsel 6/7/17 Date

CERTIFYING AUTHORITY:

Pamela A. Varni 6/7/17
Pamela A. Varni Date
Executive Director
Legislative Affairs Agency

EXHIBIT A

REQUEST FOR PROPOSALS

RETURN THIS PROPOSAL TO:

DIVISION OF LEGISLATIVE AUDIT

Issuing Office Mailing Address: State Capitol, Room 3, Juneau, AK 99801-1182
Issuing Office Hand Delivery Address: Terry Miller Legislative Office Building, 129 6th Street, Room 222, Juneau, Alaska 99801

RFP NO. 17-33-01

OIL AND GAS FISCAL SYSTEMS ECONOMIC ANALYSIS AND EXPERTISE

SEALED PROPOSALS SHALL BE RECEIVED AT THE ABOVE ADDRESS UNTIL 4:00PM ALASKA TIME ON APRIL 24, 2017.

Offerors Are Not Required To Return This Form

Under AS 36.30.020, the Alaska Legislative Council adopted procurement procedures that were based on competitive principles consistent with AS 36.30 and adapted to the special needs of the Legislative Branch. Therefore, the Legislative Branch follows its own procurement procedures and is not subject to the procurement procedures of the Executive Branch. Copies of the Legislative Branch Procurement Procedures are available upon request.

IMPORTANT NOTICE: You must register with the supply officer listed in this document to receive subsequent amendments, whether you received this request for proposals from the State of Alaska's "Online Public Notice" web site or another source. Failure to register with the supply officer may result in the rejection of your proposal.

Tina Strong, Supply Officer
PH: 907-465-6705
FAX: 907-465-2918
TDD: 907-465-4980
Email: tina.strong@akleg.gov

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ATTACHEMENT(S)

1. ATTACHMENT 1: COST PROPOSAL FORM

SECTION ONE

Introduction and Instructions

1.01 Purpose of the RFP

The Alaska State Legislature Legislative Budget and Audit Committee (LBAC) is seeking sealed proposals from persons or firms for oil and gas fiscal systems economic analysis and expertise.

1.02 Return Mailing Address and Deadline for Receipt of Proposals

Offerors must submit their proposals to the supply officer in a sealed package. The cost proposal included with the package must be sealed separately from the rest of the proposal and must be clearly identified. The sealed proposal package must be addressed as follows:

Division of Legislative Audit
Attention: Tina Strong
Request for Proposal (RFP) Number 17-33-01
State Capitol, Room 3
Juneau, AK, 99801-1182

Hand delivery address:
Terry Miller Legislative Office Building
129 6th Street, Room 222
Juneau, AK, 99801

Proposals must be received no later than 4:00 PM Alaska Time on April 24, 2017. Faxed, emailed, or oral proposals will not be accepted.

It is the responsibility of the offeror to ensure that its proposal and any pertinent amendments are received by the LBAC prior to the scheduled deadline for receipt of proposals. An offeror's failure to submit its proposal by the deadline will cause the proposal to be disqualified. Late proposals or amendments will not be opened or accepted for evaluation.

1.03 Photocopies

Photocopied proposals are allowed.

1.04 Award Information

LBAC may select up to four offerors to be awarded contract(s).

1.05 Contract Term and Schedule

The contract term and work schedule set out herein represents the LBAC Chair's best estimate of the schedule that will be followed. If a component of this schedule, such as the deadline for receipt of proposals, is delayed, the rest of the schedule may be shifted by the same number of days, at the discretion of the LBAC Chair. The project schedule may be adjusted by the LBAC project director with written notice to the contractor.

The length of the contract will be from the date the contract is signed by the LBAC Chair until June 30, 2019. The contract may be extended in one-year increments through amendment, with mutual agreement of the contracting parties.

The approximate contract schedule is as follows:

4/3/17	Issue RFP
4/13/17	Pre-Proposal Conference
4/24/17	Deadline for Receipt of Proposals
5/8/17	LBAC issues Notice of Intent to Award a Contract(s)
5/22/17	Contract(s) signed by LBAC
7/1/17	Model must be established

The date the contract is signed through 6/30/19: Respond to requests for analysis and information as needed.

Note: All dates are approximate and subject to change.

1.06 Location of Work

The location of work associated with section 5.01 (Scope of Work) of this RFP is predominantly at the contractor's office. If the contractor is asked to conduct verbal presentations in public committee meetings of the Legislature or to testify as an expert witness before legislative committees, this work will take place in Juneau or Anchorage, Alaska, or via teleconference as determined by the LBAC Chair. Additional work in Juneau or in Anchorage is subject to legislative need and may be a short (two to three days at a time) or a longer term (five to six days per week for two to three weeks at a time). The LBAC will reimburse the contractor for reasonable, actual travel expenses. The LBAC may provide workspace for the successful offeror, if available.

1.07 Human Trafficking

By signature on the proposal, the offeror certifies that the offeror 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 offeror conducts business in but is not headquartered in a country recognized as Tier 3 in the most recent United States Department of State's Trafficking in Persons Report, a certified copy of the offeror's policy against human trafficking must be submitted to the LBAC prior to contract award.

The most recent United States Department of State's Trafficking in Persons Report can be found at the following web site: http://www.state.gov/g/tip/rls/tiprpt.

If an offeror fails to comply with this paragraph, the LBAC Chair may reject, without liability, the offeror's proposal as non-responsive, cancel the intent to award to the offeror, or cancel the resulting contract with the offeror.

1.08 Americans with Disabilities Act

The Alaska State Legislature complies with Title II of the Americans with Disabilities Act of 1990. Individuals with disabilities who may need auxiliary aids, services, and/or special modifications

to submit a proposal should contact the supply officer no later than ten days prior to the deadline for receipt of proposals to make any necessary arrangements. If a request for special arrangements is received less than ten days prior to the deadline for receipt of proposals, the LBAC will attempt to accommodate the request.

1.09 Review of RFP; Contact Limited

Offerors should carefully review this solicitation, without delay, for defects and questionable or objectionable material. Comments concerning defects and objectionable material must be made in writing and received by the supply officer prior to the deadline for receipt of proposals. This will help prevent the opening of a defective solicitation and exposure of an offeror's proposal upon which award could not be made. Protests by an offeror based on any omission or error, or on the content of the solicitation, may be disallowed if the offeror has not brought these faults to the attention of the supply officer, in writing, prior to the deadline for receipt of proposals.

Offerors or their agents may not contact any member of the evaluation committee or their staff or any member of the legislature or their staff regarding this RFP. All questions concerning this RFP must be directed to the supply officer listed on the first page of this RFP.

1.10 Questions Received Prior to Deadline for Receipt of Proposals

Two types of questions generally arise. One may be answered by directing the questioner to a specific section of the RFP. These questions may be answered over the telephone or via email. The second type is a question that would require the supply officer to clarify or interpret part of the RFP or its intent. Response to the second type of question will not be given except in writing via amendment to the RFP. Offerors must put these questions in writing. These questions must be received by the supply officer prior to the deadline for receipt of proposals.

1.11 Amendments

If an amendment to this RFP is issued, it will be posted to the State of Alaska's Online Public Notice web site and will be provided to all who have registered with the supply officer after receiving the RFP from the State of Alaska's Online Public Notice web site, or some other source.

1.12 Number of Proposals; Alternate Proposals

Offerors may only submit one proposal for evaluation. Proposals that offer something different than what is asked for will be rejected.

1.13 Right of Rejection

Offerors must comply with all of the terms of this RFP, Alaska Legislative Procurement Procedures, and all applicable local, state, and federal laws, codes, and regulations. The supply officer may reject any proposal that does not comply with all of the material and substantial terms, conditions, and performance requirements of this RFP.

Offerors may not qualify the proposal or restrict the rights of the LBAC. If an offeror does so, the supply officer may determine the proposal to be a non-responsive counter-offer and the proposal may be rejected.

A proposal may be rejected if the proposal contains a material alteration or erasure that is not initialed by the signer of the proposal.

The supply officer may waive minor informalities that:

a) do not affect responsiveness;
b) are merely a matter of form or format;
c) do not change the relative standing or otherwise prejudice other offers;
d) do not change the meaning or scope of the RFP;
e) are trivial, negligible, or immaterial in nature;
f) do not reflect a material change in the work, services, or products requested; or
g) do not constitute a substantial reservation against a requirement or provision.

Furthermore, a proposal may be rejected in whole or in part when in the best interest of the LBAC, as provided in sec. 130 of the Procurement Procedures of the Alaska State Legislature.

1.14 State Not Responsible for Preparation Costs
This RFP does not obligate the LBAC to award a contract or to pay any costs incurred in the preparation of a proposal when the LBAC does not award a contract as provided in sec. 125 of the Procurement Procedures of the Alaska State Legislature.

1.15 Cancellation of Solicitation
This RFP may be canceled as provided in sec. 120 of the Procurement Procedures of the Alaska State Legislature.

1.16 Disclosure of Proposal Contents
All proposals and other material submitted become the property of the LBAC and may be returned only at the LBAC's option. AS 40.25.110 requires public records to be open to reasonable inspection. All proposal information, including detailed price and cost information, will be held in confidence during the evaluation process and prior to the time a Notice of Intent to Award is issued. Thereafter, proposals will become public information.

Trade secrets and other proprietary data contained in proposals may be held confidential if the offeror requests, in writing, that the supply officer do so, and if the supply officer agrees, in writing, to do so. The offeror's request must be included with the proposal, must clearly identify the information the offeror wishes to be held confidential, and include a statement that sets out the reasons for confidentiality. Unless the supply officer agrees in writing to hold the requested information confidential, that information will also become public after the Notice of Intent to Award is issued.

1.17 Subcontractors
Subcontractors may be used to perform work under the contract. If an offeror intends to use subcontractors, the offeror must identify in the proposal:

a) complete name of the subcontractor;

b) complete address of the subcontractor;

c) type of work the subcontractor will be performing;

d) percentage of work the subcontractor will be providing; and

e) evidence that the subcontractor holds a valid Alaska business license.

Subcontractors cannot be used to meet qualifications for this project as described in section 2.08 (Prior Experience) of this RFP, and cannot be used to support the application for purposes of section 6.02 (Technical Proposal Format) items b) (Relevant Firm Experience) and c) (Team Experience and Qualifications).

If a proposal with subcontractors is selected, the offeror must provide the following information concerning each prospective subcontractor within five working days from the date of the LBAC's request:

a) a written statement, signed by each proposed subcontractor that clearly verifies that the subcontractor has agreed to render the services required by the contract.

An offeror's failure to provide this information, within the time set, may cause the LBAC to consider the offeror's proposal non-responsive and reject it. The substitution of one subcontractor for another may be made only at the discretion and with the prior written approval of the LBAC project director.

All subcontractors that perform work under the contract resulting from this RFP are subject to the requirements of paragraphs 3.05 (Applicable Law) and 3.06 (Insurance Requirements) of this RFP.

1.18 Joint Ventures

Joint ventures are acceptable. If submitting a proposal as a joint venture, the offeror must submit a copy of the joint venture agreement which identifies the principals involved and their rights and responsibilities regarding performance and payment.

1.19 Offeror's Certification

By signature on the proposal, offerors certify that:

a) the offeror will comply with the laws of the State of Alaska;

b) the offeror will comply with the applicable portion of the Federal Civil Rights Act of 1964;

c) the offeror will comply with the Equal Employment Opportunity Act and the regulations issued thereunder by the federal government;

d) the offeror will comply with the Americans with Disabilities Act of 1990 and the regulations issued thereunder by the federal government;

e) the offeror will comply with all terms and conditions set out in this RFP;

f) the proposal submitted was independently arrived at, without collusion;

g) the offer shall be good and firm for a period of at least 90 days from the date of deadline for receipt of proposals to the RFP; and

h) programs, services, and activities provided to the general public under the resulting contract will conform to the Americans with Disabilities Act of 1990, and the regulations issued thereunder by the federal government.

If any offeror fails to comply with (a) through (h) of this paragraph, the LBAC reserves the right to disregard the proposal, terminate the contract, or consider the contractor in default under the contract.

1.20 Conflict of Interest

Each proposal shall include a statement indicating whether or not the offeror or any individuals working on the contract has a possible conflict of interest (e.g., currently employed by the State of Alaska or formerly employed by the State of Alaska within the past five years) and, if so, the nature of that conflict. For the purposes of this section 1.20, employment means either direct employment or as an independent contractor or subcontractor with the State of Alaska including all State governmental corporations.

Each proposal shall also include a statement indicating whether or not the offeror currently works for a firm that is engaged in oil or gas exploration, development or production in Alaska or has worked for such a firm over the past five years. The proposal must indicate, for each instance, the nature of the work performed; whether the relationship is ongoing or concluded; the name of the private company, when allowed by existing contractual agreements; and whether the offeror would require a waiver or other authorization from a company in order to contract with the LBAC. For actual or potential conflicts, describe actions the firm will take to alleviate those conflicts to maintain the firm's integrity as independent of the Alaska oil and gas industry in carrying out the work described in section 5.01 (Scope of Work).

Conflicts, potential conflicts, waiver requirements and mitigation means will be evaluated for degree of conflict and whether the conflict, potential conflict, waiver requirement or mitigation plan is of a nature that may impede the offeror's independence or appearance of independence before the Legislature and the public.

The offeror awarded a contract as a result of this RFP shall keep itself free from any potential conflict of interest and maintain its independence.

The LBAC Chair reserves the right to consider a proposal non-responsive and reject it or cancel the award if any interest disclosed from any source could either give the appearance of a conflict or cause speculation as to the objectivity of the offeror. The LBAC's determination regarding any questions of conflict of interest shall be final.

1.21 Project Director

The administration of the contract issued as a result of this RFP is the responsibility of the individual assigned by the LBAC Chair to be the LBAC project director. The LBAC project director shall be named in the contract issued as a result of this RFP. The LBAC project director may be changed at the LBAC Chair's discretion and, if changed, the LBAC will provide written notice to the contractor.

1.22 Assignment/Transfer
Assignment or transfer of the contract entered into as a result of this RFP is subject to sec. 160 of the Procurement Procedures of the Alaska State Legislature.

1.23 Binding on Successors
Subject to paragraphs 1.22 (Assignment/Transfer) and 1.26 (Severability) of this RFP, the contract issued as a result of this RFP 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 contractor and the LBAC.

1.24 Disputes
A contract resulting from this RFP is governed by the laws of the State of Alaska. If the contractor has a claim arising in connection with the contract that it cannot resolve with the LBAC by mutual agreement, sec. 350 of the Procurement Procedures of the Alaska State Legislature governs contract controversies.

1.25 Venue and Applicable Law
In the event that the parties to the resulting 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.

1.26 Severability
If any provision of the contract is declared by a court to be illegal or in conflict with any law, the LBAC and the contractor shall negotiate the continuation of the contract without the provision.

1.27 Procurement Procedures
This RFP is subject to the Procurement Procedures of the Alaska State Legislature.

1.28 Records; Audit
The requirements in this sec. 1.28 are in addition to any other records required by this RFP. The contractor shall accurately maintain detailed time records that state the date of the work, describe in detail the work done, and identify what individual(s) did the work. The contractor shall also keep any other records that are required by the contract issued as a result of this RFP or the LBAC project director. The records required by this paragraph are subject to inspection by the LBAC at all reasonable times.

1.29 Ownership and Reuse of Documents
All data, documents, reports, material, and other items generated as a consequence of work done under the contract resulting from this RFP are the property of the LBAC. To the extent the offeror has any interest in the copyright for these items under the copyright laws of the United States, the offeror transfers any and all interest the offeror has in the copyright for these items to the LBAC, and the LBAC will be the owner of the copyright for these items. Upon completion of the work or termination of the contract resulting from this RFP, all items shall be delivered to the LBAC project director. Offeror acknowledges that all the items are the property of the LBAC. Notwithstanding the above provisions, the LBAC will not have proprietary rights to financial models, databases or

software developed under the contract solely for the purposes of the contract, nor will it prevent the contractor from making publicly available work performed under the contract where such work has already been made publicly available by the LBAC. The LBAC may use these financial models, databases or software items in its present or future legislative work.

1.30 Materials and Processes Covered by Patents, Trademarks, or Copyrights

If the offeror employs any design, device, material, or process covered by a patent, trademark, or copyright not held by the offeror, the offeror shall provide for the use by suitable legal agreement with the owner. The offeror shall indemnify, hold harmless, and defend the Legislature of the State of Alaska, the LBAC and their officers, agents, and employees, and any affected third party from any and all claims for infringement by reason of the use of patented design, device, material or process, or any trademark or copyright, and for any costs, expenses, and damages due to infringement at any time during the work or after the completion of the work.

1.31 Coverage Under the Ethics Law

Certain provisions of AS 24.60 (the Legislative Ethics Act) apply to legislative contractors. It is the responsibility of the offeror to review AS 24.60, determine whether the offeror is in compliance with AS 24.60, and remain compliant throughout the term of the contract.

SECTION TWO

Standard Proposal Information

2.01 Authorized Signature

All proposals must be signed by an individual authorized to bind the offeror to the provisions of the RFP. Proposals must remain open and valid for at least 90 days from the date set as the deadline for receipt of proposals.

2.02 Pre-proposal Conference

A pre-proposal teleconference will be held at 10:00AM, Alaska Time, on April 13, 2017. Potential offerors are invited to participate in the teleconference by calling 1-844-586-9085. The purpose of the teleconference is to discuss the work to be performed with the prospective offerors and allow them to ask questions concerning the RFP. Attendance at the pre-proposal teleconference is not mandatory, but is highly encouraged. Participants should read the RFP and call in to the meeting prepared to discuss any concerns.

Offerors with a disability needing accommodation should contact the supply officer prior to the date set for the pre-proposal teleconference so that reasonable accommodation can be made.

2.03 U.S. Funds

Prices quoted shall be in U.S. funds.

2.04 Taxes

All proposals shall be submitted exclusive of federal, state, and local taxes.

2.05 Amendments to Proposals

Amendments to or withdrawals of proposals will only be allowed if requests are received prior to the deadline that is set for receipt of proposals. No amendments or withdrawals will be accepted after the deadline unless they are in response to the LBAC's request.

2.06 Supplemental Terms and Conditions

Proposals must comply with Section 1.13 Right of Rejection. However, if the LBAC fails to identify or detect in a proposal a term or condition that conflicts with those contained in this RFP or that diminishes the LBAC's rights under any contract resulting from the RFP, the term(s) or condition(s) will be considered null and void. After award of contract, unless otherwise specified in the contract:

a) if conflict arises between a term or condition included in the proposal and a term or condition of the RFP, the term or condition of the RFP will prevail;

b) if there is a conflict between (1) the RFP or the proposal, and (2) the contract document, the contract document will govern; and

c) if the LBAC's rights would be diminished as a result of application of a term or condition included in the proposal, the term or condition will be considered null and void.

2.07 Discussions with Offerors

The supply officer may conduct discussions with offerors for the purpose of clarification. The purpose of these discussions will be to ensure full understanding of the requirements of the RFP and proposal. Discussions will be limited to specific sections of the RFP or proposal identified by the supply officer. Discussions will only be held with offerors who have submitted a proposal deemed reasonably susceptible for award by the supply officer. Discussions, if held, will be after initial evaluation of proposals by the supply officer or the PEC. If modifications are made as a result of these discussions they will be put in writing. Following discussions, the supply officer may set a time for best and final proposal submissions from those offerors with whom discussions were held. Proposals may be reevaluated after receipt of best and final proposal submissions.

2.08 Prior Experience

In order for offers to be considered responsive, offerors must meet the following minimum experience requirements:

a) Demonstrate high-level experience evaluating and advising on international oil and gas fiscal systems

b) Performed work related to oil and gas fiscal systems for a government/sovereign

c) Possess advanced modeling capability and experience for evaluating the effectiveness of oil and gas fiscal systems

An offeror's failure to meet this minimum prior experience requirement will cause the proposal to be considered non-responsive, resulting in rejection of the proposal.

2.09 Evaluation of Proposals

There will be two separate evaluation committees who will independently evaluate and rank all proposals. Each evaluation committee will be made up of at least three state employees or public officials who will evaluate proposals. The evaluation will be based solely on the evaluation factors set out in section Seven (Evaluation Criteria) of this RFP.

It will be at the discretion of each evaluation committee to make a recommendation to the LBAC to award a contract to a) only their number one ranked offeror, *or* b) their number one ranked offeror and their number two ranked offeror. The LBAC may choose to award a contract to one to four offerors based on each of the evaluation committee's recommendations. The LBAC may choose in the following order:

- **<u>If the LBAC chooses to award only one contract:</u>**
    - If each evaluation committee has ranked and recommended the same offeror as their number one ranked offeror, award will made to this offeror.
    - If each evaluation committee has ranked and recommended different offerors as their number one ranked offeror, the LBAC may choose at its discretion between the two number one ranked offerors.

- **<u>If the LBAC chooses to award two contracts:</u>**
    - If each evaluation committee has ranked and recommended different offerors as their number one ranked offeror, the LBAC will award to each of the evaluation committee's number one ranked offerors.
    - If each evaluation committee has ranked and recommended the same offeror as their number one ranked offeror, the first award will be given to this offeror. If each evaluation committee has ranked and recommended the same offeror as their number two ranked offeror, the second award will be given to this offeror.
    - If each evaluation committee has ranked and recommended the same offeror as their number one ranked offeror, the first award will be given to this offeror. If each evaluation committee has ranked and recommended a different offeror their number two ranked offeror, the LBAC may choose at its discretion between the two number two ranked offerors for the second award.
- **<u>If the LBAC chooses to award three contracts:</u>**
    - If each evaluation committee has ranked and recommended different offerors as their number one ranked offeror, the first two awards will be given to these offerors. If each evaluation committee has ranked and recommended the same offeror as their number two ranked offeror, the third award will be given to this offeror.
    - If each evaluation committee has ranked and recommended different offerors as their number one ranked offeror, the first two awards will go to these offerors. If each evaluation committee has ranked and recommended a different offeror as their number two ranked offeror, the LBAC may choose at its discretion between the two number two ranked offerors for the third award.
    - If each evaluation committee has ranked and recommended the same offeror as their number one ranked offeror, the first award will made to this offeror. If each evaluation committee has ranked and recommended a different offeror as their number two ranked offeror, the second and third award will be given to these offerors.
- **<u>If the LBAC chooses to award four contracts:</u>**
    - The LBAC will award to each of the evaluation committees ranked and recommended number one and number two ranked offerors.

It will be at the LBAC's discretion to award one to four contracts based on each of the evaluation committee's recommendations.

After receipt of proposals, if the PEC has technical questions, the PEC may use additional sources to provide essential information to help the PEC complete their evaluations.

After receipt of proposals, if there is a need for any substantial clarification or material change in the RFP, an amendment will be issued. The amendment will incorporate the clarification or change, and a new date and time established for new or amended proposals. Evaluations may be adjusted as a result of receiving new or amended proposals.

2.10 Federal Tax ID

A valid Federal Tax ID must be submitted to the LBAC within five working days from the date of the LBAC's request.

2.11 Alaska Business License and Other Required Licenses

Prior to the award of a contract, an offeror must hold a valid Alaska business license. However, in order to receive the Alaska Bidder Preference and other related preferences, an offeror must hold a valid Alaska business license prior to the deadline for receipt of proposals. Offerors should contact the Department of Commerce, Community and Economic Development, Division of Corporations, Business, and Professional Licensing, website: www.BusinessLicense.Alaska.Gov; phone: (907) 465-2550; email: businesslicense@alaska.gov; mailing: P.O. Box 110806, Juneau, Alaska 99811-0806, for information on these licenses. Acceptable evidence that the offeror possesses a valid Alaska business license may consist of any one of the following:

a) copy of an Alaska business license;

b) certification on the proposal that the offeror has a valid Alaska business license, and inclusion of the license number in the proposal;

c) a canceled check or other proof of payment of the Alaska business license fee;

d) a copy of the Alaska business license application with a receipt stamp from the state's occupational licensing office; or

e) a sworn and notarized affidavit that the offeror has applied and paid for the Alaska business license.

Prior to the deadline for receipt of proposals, all offerors must hold any other necessary applicable professional licenses required by Alaska Statute or regulations.

2.12 Alaska Bidder Preference

If an offeror qualifies for the Alaska Bidder Preference, the offeror will receive a preference of five percent. The preference will be given to an offeror who:

a) holds a current Alaska business license prior to the deadline for receipt of proposals;

b) submits a proposal for the contract under the name appearing on the offeror's current Alaska business license;

c) has maintained a place of business within the state staffed by the offeror, or an employee of the offeror, for a period of six months immediately preceding the date of the proposal;

d) is incorporated or qualified to do business under the laws of the state, is a sole proprietorship and the proprietor is a resident of the state, is a limited liability company (LLC) organized under AS 10.50 and all members are residents of the state, or is a partnership under AS 32.06 or AS 32.11 and all partners are residents of the state; and

e) if a joint venture, is composed entirely of ventures that qualify under (a) – (d) of this subsection.

In order to receive the Alaska Bidder Preference, the proposal must include a statement certifying that the offeror is eligible to receive the Alaska Bidder Preference.

If the offeror is a LLC or partnership as identified in (d) of this subsection, the affidavit must also identify each member or partner and include a statement certifying that all members or partners are residents of the state.

If the offeror is a joint venture which includes a LLC or partnership as identified in (d) of this subsection, the affidavit must also identify each member or partner of each LLC or partnership that is included in the joint venture and include a statement certifying that all of those members or partners are residents of the state.

2.13 Contract Negotiation

After issuing the Notice of Intent to Award, the LBAC Chair may elect to initiate contract negotiations. The option of whether or not to initiate contract negotiations rests solely with the LBAC Chair.

The LBAC Chair may terminate negotiations with a successful offeror who has been selected for award on the Notice of Intent to Award, and may commence negotiations with another offeror, if the successful offeror:

a) fails to provide the information required to begin negotiations in a timely manner; or

b) fails to negotiate in good faith; or

c) indicates they cannot perform a contract within the budgeted funds available for the project; or

d) simply cannot come to terms after a good faith effort to negotiate with the LBAC.

2.14 Notice of Intent to Award – Offeror Notification of Selection

Upon selection of an apparent successful offeror(s), the supply officer will issue a written Notice of Intent to Award and send copies to all offerors. The Notice of Intent will set out the names of all offerors and identify the proposal(s) selected for award.

2.15 Protest

If an offeror wishes to protest a solicitation, the award of a contract, or the proposed award of a contract, the protest must be filed as required by sec. 230 and 240 of the Procurement Procedures of the Alaska State Legislature.

SECTION THREE

Standard Contract Information

3.01 Format of Contract

The contract entered into as a result of this RFP will be in the contract format desired by the LBAC Chair.

3.02 Contract Approval

The contract(s) to be entered into as a result of this RFP is subject to approval by the LBAC. The LBAC will not be responsible for any work done by the contractor, even work done in good faith, if it occurs prior to the signing of the contract.

3.03 Proposal as a Part of the Contract

Part or all of this RFP and the successful proposal may be incorporated into the contract.

3.04 Additional Terms and Conditions

The LBAC Chair reserves the right to include additional terms and conditions in the contract.

3.05 Applicable Law

The contractor must comply with all applicable federal and state labor, wage/hour, safety, and any other laws which have a bearing on the contract, and must have all licenses and permits required by the LBAC, and any municipality that is applicable, for performance of the contract that is covered by this RFP.

3.06 Insurance Requirements

Without limiting indemnification responsibilities under section 3.13 (Indemnification) and section 1.30 (Materials and Processes Covered by Patents, Trademarks, or Copyrights), the contractor shall purchase at its own expense and maintain in force at all times during the performance of services under this agreement the following policies of insurance. Where specific limits are shown, it is understood that they shall be the minimum acceptable limits. If the contractor's policy contains higher limits, the LBAC shall be entitled to coverage to the extent of such higher limits. Certificates of Insurance must be furnished to the project director prior to beginning work and must provide for notice of cancellation, nonrenewal, or material change of conditions in accordance with policy provisions. Failure of the contractor to furnish the LBAC with satisfactory evidence of insurance, or to notify the LBAC of the lapse of, or material change in, the policy, is a material breach of the contract resulting from this RFP and shall be grounds for termination of the contractor's services. All insurance policies shall comply with, and be issued by insurers authorized in Alaska or another state to transact the business of insurance.

> **Workers Compensation Insurance**: The contractor shall provide and maintain, for all employees engaged in work under this contract, coverage as required by AS 23.30.045, and as required by any other applicable statute. The policy must waive subrogation against the state.

Commercial General Liability Insurance: covering all business premises and operations used by the contractor in the performance of services under this agreement with minimum coverage limits of $300,000 combined single limit per occurrence.

Commercial Automobile Liability Insurance: covering all vehicles used by the contractor in the performance of services under this agreement with minimum coverage limits of $300,000 combined single limit per occurrence.

Professional Liability Insurance: covering all errors, omissions or negligent acts in the performance of professional services under this agreement with minimum coverage limits of $500,000 per occurrence/Annual Aggregate.

All insurance shall be considered to be primary and non-contributory to any other insurance carried by the LBAC through self-insurance or otherwise.

In addition to providing the above coverages, the contractor shall require that all indemnities obtained from any subcontractors be extended to include the LBAC as an additional named indemnitee. The contractor shall further require that the LBAC be named as an additional insured on all liability insurance policies maintained by all subcontractors under their contracts with the contractor, and that an appropriate waiver of subrogation in favor of the LBAC be obtained with respect to all other insurance policies.

The contractor shall provide evidence of continuous coverage by submitting, without reminder, annual renewal certificates for the required insurance to the LBAC project director.

3.07 Contract Funding

Funds are contingent upon the approval of the LBAC to award a contract. Upon committee approval, funds will be available in an appropriation to pay for the LBAC's monetary obligations under the contract through June 30, 2017. The availability of funds to pay for the LBAC's monetary obligations under the contract after June 30, 2017 is contingent upon appropriation by the legislature of funds for the particular fiscal year involved. In addition to any other right of the LBAC Chair under the contract to terminate the contract, if, in the judgment of the LBAC Chair, sufficient funds are not appropriated, the contract will be terminated by the LBAC Chair without liability of the LBAC for the termination. To terminate under this section, the LBAC project director shall provide written notice of the termination to the contractor and the contract will be terminated under paragraph 3.11 (Termination of Contract) of this RFP.

3.08 Contract Payment

No payment will be made until the billing is approved by the LBAC project director. If a payment is not made within 90 days after the LBAC has received a properly approved billing, the LBAC 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 contractor.

The LBAC is not responsible for and will not pay local, state, or federal taxes. All costs associated with the contract must be stated in U.S. currency.

3.09 Informal Debriefing

When the contract is completed, an informal debriefing may be performed at the discretion of the LBAC project director. If performed, the scope of the debriefing will be limited to the work performed by the contractor.

3.10 Contract Personnel

During the contract, any change of the project team members or subcontractors named in the proposal must be approved, in advance and in writing, by the LBAC project director. Personnel changes that are not approved by the LBAC project director may be grounds for the LBAC Chair to terminate the contract.

3.11 Termination of Contract

Upon delivery of written notice to the contractor, the contract may be terminated by the LBAC Chair with or without cause. To terminate, the LBAC project director shall provide notice by email or delivery of a hard copy to the contractor, whichever method is selected in the sole discretion of the LBAC project director. If the contract is so terminated and the termination is not based on a breach by the contractor, the LBAC shall compensate the contractor for services provided under the terms of the contract up to the date the termination notice is delivered, provided the contractor provides the LBAC with a statement in writing containing a description, including, but not limited to, the detailed records required by section 1.28 (Records; Audit) of the services provided prior to contract termination.

3.12 Breach of Contract

In case of a breach of the contract, for whatever reason, by the contractor, the LBAC Chair may procure the services from other sources and hold the contractor responsible for damages resulting from the breach.

3.13 Indemnification

The contractor shall indemnify, hold harmless, and defend the Legislature of the State of Alaska and the LBAC, and their officers, agents, and employees ("contracting agency") from and against any claim of, or liability for error, omission, or negligent act of the contractor under the contract resulting from this RFP, including, but not limited to, any costs, attorney fees, and other expenses relating to the contractor's performance of its contract obligations. The contractor shall not be required to indemnify the contracting agency for a claim of, or liability for, the independent negligence of the contracting agency. If there is a claim of, or liability for, the joint negligent error or omission of the contractor and the contracting agency, the contractor's indemnification and hold harmless obligation under this section 3.13 (Indemnification) shall be apportioned on a comparative fault basis. "Contractor" and "contracting agency", as used within this section, include the employees, agents, and other contractors who are directly responsible, respectively, to each. The term "independent negligence" is negligence other than in the contracting agency's selection, administration, monitoring, or controlling of the contractor and in approving or accepting the contractor's work.

3.14 Contract Amendments

In addition to any other amendment the parties may be allowed to make under the contract, the terms of the contract entered into as a result of this RFP may be amended by mutual agreement of the parties.

3.15 Contract Changes – Unanticipated Amendments

During the course of the contract, the LBAC may request the contractor to perform additional work. That work will be within the general scope of the initial contract and may not amount to a material amendment of the contract. When additional work is requested and the contractor agrees to perform the additional work, the LBAC project director will provide the contractor a written description of the additional work and request the contractor to submit a firm time schedule for accomplishing the additional work and a firm price for the additional work. Cost and pricing data must be provided to justify the cost of such amendments.

The contractor may not commence the additional work until the LBAC project director has secured any required approvals necessary for the amendment and the LBAC Chair and the contractor have signed a written contract amendment, approved by the LBAC, or the committee's designee.

3.16 Nondisclosure and Confidentiality

Contractor agrees that all confidential information shall be used only for purposes of providing the deliverables and performing the services specified herein and shall not disseminate or allow dissemination of confidential information except as provided for in this section. The contractor shall hold as confidential and will use reasonable care (including both facility physical security and electronic security) to prevent unauthorized access by, storage, disclosure, publication, dissemination to and/or use by third parties of, the confidential information. "Reasonable care" means compliance by the contractor with all applicable federal and state law, including the Social Security Act and the Health Insurance Portability and Accountability Act (HIPAA). The contractor must promptly notify the LBAC in writing it if becomes aware of any improper storage, disclosure, loss, unauthorized access to, or unauthorized use of the confidential information.

Confidential information, as used herein, means any data, files, software, information or materials (whether prepared by the state, the LBAC, or their agents, advisors, or contractors) in oral, electronic, tangible or intangible form and however stored, compiled, or memorialized, that is classified confidential as defined by the State of Alaska Information Security Policies adopted by the Department of Administration and provided by the LBAC to the contractor or a contractor agent or otherwise made available to the contractor or a contractor agent in connection with the contract, or acquired, obtained, or learned by the contractor or a contractor agent in the performance of the contract. Examples of confidential information include, but are not limited to, personal information, financial data, trade secrets, equipment specifications, user lists, passwords, research data, and technology data (infrastructure, architecture, operating systems, security tools, IP addresses, etc.).

SECTION FOUR

Background Information

4.01 Background Information

The Legislature has under consideration, proposals to modify Alaska's oil and gas production tax system. Proposals include modifications to royalty structures and rates on oil and/or gas, tax credits, and other changes to Alaska's oil and gas fiscal system. These proposals come in the form of legislation, which the Legislature is currently reviewing, analyzing, and deliberating. Due to these proposals, the Legislature requires a consultant to thoroughly understand Alaska's current oil and gas fiscal system as it applies to the oil and gas basins of the North Slope, Cook Inlet and Middle Earth, including but not limited to the most recent changes enacted during the 28th and 29th Legislatures; to develop and vet a quantitative model of the State's current fiscal system; to analyze proposed changes and inform the Legislature, in public forums, as to the effects of proposed changes on the State's finances, oil and gas industry investment, basin development and the State's relative competitiveness to other jurisdictions internationally in attracting oil and gas investment dollars. The Legislature may also request that the consultant provide information on improvements to the oil and gas fiscal system, and to provide education to the Legislature on various topics related to oil and gas fiscal systems.

SECTION FIVE

Scope of Work

5.01 Scope of Work

The LBAC is soliciting proposals for one to four consultants to provide expert economic analysis and advice related to Alaska's oil and gas fiscal system, and to evaluate proposed changes to the fiscal system. The Contract work includes all work necessary to ensure that the consultant is immediately prepared to evaluate proposed changes to the system and their effects if implemented. This will require an in-depth understanding of Alaska's current fiscal system, as it applies to the oil and gas basins of the North Slope, Cook Inlet and Middle Earth, and recent changes made during the 28th and 29th Legislatures, as well as changes made over the last decade. This would include, but is not limited to: House Bill 3001 of 2006 (Petroleum Production Act, "PPT"), House Bill 2001 of 2007 "Alaska's Clear and Equitable Share "ACES"), HB 280 of 2010 (Cook Inlet Recovery Act), Senate Bill 21 of 2013 (More Alaska Production Act, "MAPA"), House Bill 247 of 2016, and any oil and gas fiscal legislation that passes the 2017 legislature. It will also require the consultant to develop an economic model with which to conduct evaluations of the fiscal system and may include a request for the consultant to provide information on improvements to the oil and gas fiscal system and the effects of proposed changes.

The Consultant is required to be available to the Legislature on an as-needed basis to review proposed changes; provide quantitative and qualitative analysis through written reports and visual and verbal presentations in public committee meetings of the Legislature; testify as an expert witness before legislative committees meeting in public; provide education on oil and gas fiscal systems; respond to questions from Legislators and requests for information; and potentially to conduct periodic reviews of the competitiveness of Alaska's fiscal system. The amount of work will be largely dependent upon the amount of legislation introduced proposing changes during the Legislative sessions, which begin in January each year and last for at least 90 days. In addition, one or more special sessions may be called to address specific matters and may be called at any time of the year.

5.02 Deliverables

The contractor will be required to develop an economic model on or before July 1, 2017, to evaluate Alaska's current oil and gas fiscal system and potential proposed changes. The consultant shall have project life cycle models that measure the impact of fiscal system changes on common investor metrics such as NPV (Net Present Value), IRR (Internal Rate of Return), and EMV (Estimated Monetary Value), which should be completed as soon as possible following the contract award.

Future deliverables are contingent on legislative need and LBAC request.

5.03 Procedure for Assigning Work to the Contractor

Offeror(s) selected by each evaluation committee and awarded a contract will be paid to develop an economic model to evaluate Alaska's current oil and gas fiscal system and potential proposed changes.

The project director must approve in writing to the contractor any additional work to be done by the contractor beyond the expertise development and the economic model.

When the legislature has a need for continuing services, the members and committees may request at their sole discretion, with the approval of the project director, from the contract(s) awarded, regardless of rank.

SECTION SIX

Proposal Format and Content

6.01 Proposal Format and Content

The LBAC discourages overly lengthy and costly proposals. In order for the LBAC to evaluate proposals fairly and completely, offerors must follow the format set out in this RFP and provide all information requested.

Offerors must submit one original hard copy and a USB flash drive containing a print-ready electronic PDF version of their proposal to the Issuing Office address listed on Page 1 of this RFP.

The proposal must be split into two parts: 1) a technical proposal and 2) a cost proposal.

6.02 Technical Proposal Format

The offeror must provide sufficient information related to the following six areas. All qualified proposals will be evaluated and scored as described in Section Seven (Evaluation Criteria) of this RFP, with the final selection made by the LBAC. Offerors should include in their submissions all information as required below to allow for the evaluation using the criteria described in Section Seven (Evaluation Criteria) of this RFP. Information included may be used to evaluate the offeror as part of any criteria regardless of where that information is found within this proposal. Information obtained from the proposal and from any other relevant source may be used in the evaluation and selection process.

All proposals should include the following items in the order as shown below. Please be as concise and clear as possible. Each section should be titled with the corresponding section in the RFP, with all relevant information included.

Each page should be numbered consecutively.

The proposals received by the stated deadline will be ranked according to the following criteria:

a) **Cover Letter**

Provide a cover letter on the offeror's letterhead signed by a person with the authority, including fiscal authority, in the organization to bind the offeror, certifying the accuracy of all information in the proposal, that the proposal will remain valid for at least 90 days from the deadline for receipt of proposals, that the offeror meets all minimum requirements of the RFP, and that the offeror will comply with all provisions in this RFP.

The cover letter should have the offeror's complete legal name, type of entity, address, telephone number, fax number, and website address, and should state whether, and how, the offeror qualifies as an Alaska Bidder. If applicable, the offeror shall provide the offeror's Alaska business license number or other forms of evidence of the license allowed under section 2.11 (Alaska Business License and Other Required Licenses) with the cover letter. The cover letter must also include the name, title, mailing address, email address and telephone number of the person the LBAC should contact regarding the proposal.

b) **Relevant Firm Experience**

1) Applicant's overall reputation, service capabilities and quality as it relates to this project.

2) Demonstration that the offeror has both analytical expertise and global oil and gas fiscal systems and industry knowledge sufficient to supply analysis and advice to the LBAC.

3) Demonstration that the offeror meets the minimum experience requirements described in section 2.08 (a), (b) and (c) (Prior Experience) of this RFP.

4) Where applicable, provide previous addresses if the offeror's business has moved within the last ten years.

5) List and briefly describe three comparable projects completed by the firm, including key staff anticipated to work on this project or currently in progress over the last five years and how the projects demonstrate expertise and experience in projects similar to the scope of work described in section 5 of this RFP; include the staff's role, and discuss contract amendment history, if applicable. For each project, include: contract value (original value plus all contract amendments, if applicable), project owner, project location, contact name and title, address, current/accurate telephone number, fax number, and email address of the client (if available). The supply officer may contact the client to verify the nature of the work and degree the contract was fulfilled.

6) List all projects in the last five (5) years that were with the State of Alaska including all State governmental corporations, or provide a statement that there were no projects in the last five (5) years with the State of Alaska including all State governmental corporations.

7) List offeror capacity and intent to proceed without delay if selected for this work.

8) Provide photocopies (attached as a clearly marked Appendix to this response) of all relevant licenses, certifications, and professional memberships, etc.

9) Include the required statements and information as required by section 1.20 (Conflict of Interest) of this RFP. Conflicts, potential conflicts, waiver requirements and mitigation plans will be evaluated individually for degree of conflict and whether the conflict, potential conflict or waiver requirement is of a nature that may impede the offeror's independence or appearance of independence before the Legislature and the public.

10) Provide specific offeror experience in developing analytic models of oil and gas fiscal systems.

c) **Team Experience & Qualifications**

1) Describe the team which will be assigned to this contract, including the role of each team member within the firm. Provide resumes of each proposed team member, including education.
2) Briefly describe each team member's role on this project and experience on similar projects. Please note, once listed in your RFP submission, these members would not be able to be reassigned without the approval of LBAC and any reassignments would have to have equivalent qualifications. Please choose individuals with this in mind. In each member's experience, please include experience in providing expert witness testimony in public on oil and gas matters.
3) Identify proposed subcontractors, if any, as described in section 1.17 (Subcontractors).
4) Individually list any current employees who have previously been employed by the State of Alaska within the last five years. Include the government entity, position title, and dates of such employment.

d) **Project Understanding and Approach**

1) Describe your understanding of the project including purpose and scope including time schedule.
2) Provide ability to comply with the timeline detailed in section 1.05 (Contract Term and Schedule) of this RFP.
3) Describe the expertise that your firm possesses to develop the model required in the project and how you intend to gain any additional necessary expertise.
4) Identify and discuss any potential problems you foresee including relevant factors that impact the quality and value of work.
5) Identify and discuss methods you would recommend to mitigate those problems.
6) Describe and discuss applicant areas of strength, as they would apply to this project.
7) Describe applicant limitations, as they would apply to this project.

e) **Approach to Project Management**

1) Describe your firm's project management approach and team organization during all phases for similar projects, and how the management plan will accomplish the work and meet LBAC's schedule and needs.

f) **Other Factors & Required Information**

1) List any special contract terms and conditions the firm/team would like to be considered for inclusion in any contract it might execute with LBAC under this RFP.

6.03 Cost Proposal

Offerors must provide a cost proposal on Attachment 1 ("Cost Proposal Form") that includes the below information. Only one (1) copy of the COST PROPOSAL FORM should be submitted in a **separate** sealed envelope marked COST PROPOSAL FORM with the RFP number on the outside of the envelope.

1) Total cost in professional fees to develop the contractor's expertise and an economic model.

2) An hourly cost for continuing services as requested by the Legislature.

3) Cost of a monthly retainer, if applicable. No retainer is required. A maximum retainer the LBAC will allow is $10,000 per month.

Monthly Retainer If Required (not to exceed $10,000)		(a)_____
Retainer Number of Hours per month		(b)_____
Retainer Hourly Rate:	(a) divided by (b) =	(c) _____

(c) will be used for the evaluation of this section, if a retainer is proposed

If, during a calendar month, services rendered is less than the number of hours the retainer provides, the actual number of hours not rendered shall be rolled forward. Hours rolled forward shall be used in the order they are accrued, oldest first.

NOTE: THE LBAC DOES NOT GUARANTEE ANY MINIMUM OR MAXIMUM VOLUME OF WORK UNDER THIS CONTRACT.

All proposals will be reviewed to determine if they are responsive. They will then be evaluated using the criteria set out in Section Seven.

SECTION SEVEN

Evaluation Criteria

It is the LBAC Chair's intent to conduct a comprehensive, fair, and impartial evaluation of all proposals. All proposals will be reviewed to determine if they are responsive. They will then be evaluated using the criteria set out below. The total number of points used to score the responses is 100. A sample evaluation form is also included which lists the questions that will be used by the Proposal Evaluation Committee to evaluate the proposals.

7.01 Firm experience and Qualification and Experience of Project Team– 40 Percent
(Maximum Point Value for this Section – 40 Points [100 Points x 40% = 40 Points])
Scale Rating 1:40 where 1=lowest and 40=highest; Median Score = 20

a) How well has the firm demonstrated expertise and experience in projects comparable to this?

b) What is the degree of experience the firm has in working for governments/sovereigns?

c) How well has the firm demonstrated an understanding of and experience with oil and gas fiscal systems of a variety of types (production sharing, concessions, mature basins, prospective basins, etc.) internationally?

d) Does the offeror have both analytical expertise and global oil and gas fiscal systems and industry knowledge sufficient to supply analysis and advice to the LBAC?

e) How much depth does the firm offer in its experience developing analytic models of oil and gas fiscal systems?

f) How well has the firm demonstrated its ability to provide expert testimony before legislative committee meetings in public?

g) How well has the firm identified a team that brings well-rounded depth in personal qualifications and experience to this project?

h) Do the individuals assigned to the project have experience on similar projects? How sufficient is this experience in meeting the LBAC's needs?

i) Are resumes complete and how well do they demonstrate backgrounds desirable for individuals engaged in the project work?

j) Has the offeror supplied the required statements and information in section 1.20 (Conflict of Interest) in a manner sufficient to evaluate potential and actual conflicts? Are mitigation plans for actual or potential conflicts such that they should be reasonably sufficient to maintain the contractor's integrity before the Legislature and the Alaska public? Based on statements of conflicts and potential conflicts of interest, how well can the firm maintain its integrity as independent of oil and gas industry influence in carrying out the work under this RFP?

7.02 Understanding of the Project and Management Plan for the Project– 10 Percent
(Maximum Point Value for this Section – 10 Points [100 Points x 10% = 10 Points])
Scale Rating 1:10 where 1=lowest and 10=highest; Median Score = 5

a) How well does the offeror demonstrate an understanding of the purpose and scope of the project?

b) How well has the offeror identified relevant issues and potential problems related to the project? Has the offeror presented well-developed plans to mitigate potential problems?

c) How well does the offeror understand the deliverables LBAC requires?

d) Does the offeror understand the LBAC's time schedule, and is the offeror able to meet this schedule?

e) Is the offeror able to commence work without delay?

f) How well does the management plan support project requirements and result in the deliverables?

g) To what extent does the offeror already possess or have access to a comprehensive set of oil and gas fiscal system terms for many, if not most, oil and gas jurisdictions worldwide, to use in carrying out comparisons of Alaska's oil and gas fiscal system and gauging its competitiveness?

h) Is the proposal practical and feasible?

7.03 Contract Cost:

1) Contract Cost in professional fees to develop the contractor's expertise and an economic model: 10 percent.
(Maximum Point Value for this Section – 10 Points [100 Points x 10% = 10 Points])

2) Hourly rate for continuing services contingent upon the legislature's needs: 30 percent
(Maximum Point Value for this Section – 30 Points [100 Points x 30% = 30 Points])

3) Monthly Retainer Cost: 10 points

Monthly Retainer If Required (not to exceed $10,000) (a)_____
Retainer Number of Hours per month (b)_____
Retainer Hourly Rate: (a) divided by (b) = (c) _____
(c) will be used for the evaluation of this section, if a retainer is proposed

Scored as follows:

i. No Retainer: 10 points
ii. Hourly rate $1.00 to $650.00: 5 points
iii. Hourly rate over $650.00: 0 points

Converting Cost to Points: For subsections 1-2 above, the lowest cost proposal will receive the maximum number of allocated points to each section. The point allocations for the other proposals will be determined through the formula listed below. All offerors that qualify as an Alaska Bidder will receive a five (5) percent bidder's preference. This preference will be given before converting the cost to points. The supply officer will be calculating this section of the evaluation criteria.

Formula for Converting Cost to Points for each section 1 and 2 under 7.03 ("Contract Cost") listed above.

([PRICE OF LOWEST COST PROPOSAL] X [MAXIMUM POINT FOR COST]) DIVIDED BY (COST OF EACH HIGHER PRICED PROPOSAL)

COST PROPOSAL FORM

RFP Number:	17-33-01
RFP Title and Description:	Oil and Gas Fiscal Systems Economic Analysis and Expertise

Company or Person(s) Submitting proposal: _____

Address: _____

City, State, Zip Code: _____

Telephone No.: _____ Fax No.: _____

Email:_____ Alaska Business License No.: _____

Indicate if you qualify as an Alaskan Offeror. ☐ Yes ☐ No (See RFP for criteria to qualify.)

The Offeror herby offers the price(s) listed below in accordance with the RFP Specifications:

Total Contract Price in professional fees for developing the Contractor's expertise and an economic model under RFP 17-33-01(10 percent):

(1) $_____

Hourly rate for continuing services contingent upon the legislature's needs (30 percent):

(2) $_____

(3) Monthly Retainer If Required (not to exceed $10,000) (a)_____
Number of Hours per month (b)_____
Retainer Hourly Rate: (a) divided by (b) (c) _____
(c) will be used for the evaluation of this section, if a retainer is proposed (see sec. 6.03 and 7.03 for criteria)

The LBAC does not guarantee any minimum or maximum volume of work under this contract.
Travel Expenses will be paid separately from professional services. Do not include travel expenses in your Proposal.

AUTHORIZED SIGNATURE: _____

PRINTED SIGNATURE: _____

DATE: _____

DIVISION OF LEGISLATIVE AUDIT
RFP NUMBER 17-33-01
AMENDMENT NUMBER 1

RETURN THIS AMENDMENT TO THE ISSUING OFFICE AT:

Division of Legislative Audit
State Capitol, Room 3
Juneau, AK 99801-1182
Attn: Tina Strong

DATE AMENDMENT ISSUED: April 6, 2017

RFP TITLE: Oil and Gas Fiscal Systems Economic Analysis and Expertise

RFP CLOSING DATE & TIME: 4:00PM Alaska Time on April 24, 2017

The following changes/additions/clarifications are made:

1. Question: "In Section 5.02 (Deliverables) the RFP says that the contractor shall develop an economic model on or before July 1, 2017, and that the consultant "shall have project life cycle models that measure the impact of fiscal system changes …""

   "The Cost Proposal (Section 6.03) is required in the first cost breakdown to break out the "professional fees to develop the contractor's expertise and an economic model.""

   A: "Is the economic model due on July 1 the same or different than the project life cycle models?"

   Answer: ***The economic model shall include, but not be limited to, the project life cycle models. Please see the amended section 5.02 below.***

   B: "Insofar as a myriad of different life cycle models are possible depending on different developmental situations, how many different life cycle models are required?"

   Answer: ***The RFP does not require a maximum or minimum number of project life cycle models as part of the proposal.***

   C: "Are the life cycle models also due on July 1? Should that first cost breakdown include the life cycle models?"

   Answer: ***Yes. Please see the amended section 5.02 below.***

DIVISION OF LEGISLATIVE AUDIT
RFP NUMBER 17-33-01
AMENDMENT NUMBER 1

2. Question: Regarding the insurance requirements (Section 3.06), would it be acceptable to have the arrangements in place to acquire the insurance, but not actually purchase it until, pending contract award, a definitive notification to proceed on actual work is issued?

   Answer: ***No. Please see AS 23.30.045 (d).***

3. On Page 22, section 5.02 (Deliverables) has been amended to now read:

   The contractor will be required to develop an economic model on or before July 1, 2017, to evaluate Alaska's current oil and gas fiscal system and potential proposed changes. The economic model shall include, but not be limited to, project life cycle models that measure the impact of fiscal system changes on common investor metrics such as NPV (Net Present Value), IRR (Internal Rate of Return), and EMV (Estimated Monetary Value).

4. All other terms and conditions of Request for Proposal 17-33-01 will remain as written.

In order for your proposal to be considered responsive, a signed copy of this amendment, in addition to your proposal, must be received by the issuing office prior to the closing date and time.

Tina Strong, Supply Officer
PHONE: (907) 465-6705
FAX: (907) 465-2918
TDD: (907) 465-4980

_____
NAME OF COMPANY

_____
AUTHORIZED SIGNATURE

_____
TITLE

_____
PRINTED SIGNATURE

_____
DATE

DIVISION OF LEGISLATIVE AUDIT
RFP NUMBER 17-33-01
AMENDMENT NUMBER 2

RETURN THIS AMENDMENT TO THE ISSUING OFFICE AT:

Division of Legislative Audit
State Capitol, Room 3
Juneau, AK 99801-1182
Attn: Tina Strong

DATE AMENDMENT ISSUED: April 12, 2017

RFP TITLE: Oil and Gas Fiscal Systems Economic Analysis and Expertise

RFP CLOSING DATE & TIME: 4:00PM Alaska Time on April 24, 2017

The following changes/additions/clarifications are made:

1. Question: Does the company just need to understand the background associated with ELF, ACES, SB21 and HB247 or does the model delivered need to be able to run profiles under each of those systems?

   Answer: ***The company only needs to understand the background associated with the prior tax systems, as questions often arise in committee that seek to understand proposed changes in terms/context of past practices. It is not necessary to develop a model to run profiles under these systems; except, the current system is SB 21, with changes per HB 247, so that current system is the one on which a model must be based – so that proposed changes can be compared to the status quo.***

2. Question: The world of petroleum fiscal systems has dozens of different structures in play. Does the model need to be able to handle any structure or are you mainly looking to be able to compare Alaska to a defined set of fiscal structures?

   Answer: ***The model does not need to handle other structures in play in other parts of the world; however, the contractor must be able to compare Alaska's regime to other jurisdictions, in terms of total government take and other, similar metrics, including the interaction between a national government and a federated sovereign. Knowledge of other fiscal jurisdictions should be sufficient so that the contractor is able to discuss how various jurisdictions handle certain aspects – for example, how regimes treat new oil that is higher cost to develop, or how***

regimes allow for cost recovery. It is possible proposals would contemplate a shift from a profits to a gross tax system.

3. Question: Is it the intent of the government to run the model and cases? If so, should our price for building the model include the time it will take to train people how to use it properly?

   Answer: ***The government would not have possession of the model and is not expected to run scenarios. That is expected of the contractor, who has the background and subject matter expertise to not only 'run' the model but also to provide meaning and context to the results.***

4. Question: Do you need a breakdown anywhere in the proposal as to each person's hourly rate and how the blended hourly rate is derived?

   Answer: ***The RFP does not require a breakdown in the proposal as to each person's hourly rate and how the blended hourly rate is derived.***

5. Question: Once that blended rate is established, will that become the billable rate for all the continuing services regardless of what the task is and who does it?

   Answer: ***Yes.***

6. On Page 4, section 1.02 (Return Mailing Address and Deadline for Receipt of Proposals), the fourth paragraph has been amended to now read:

   Proposals must be received no later than 4:00 PM Alaska Time on April 24, 2017. Faxed or oral proposals will not be accepted. Proposals may be emailed to tina.strong@akleg.gov, no later than the date and time listed on page one of this RFP as the deadline for receipt of proposals, and must contain the RFP number in the subject line of the email. Emailed proposals must be submitted as an attachment in PDF format. The technical proposal and the cost proposal must be separate attachments in PDF format. Please note that the maximum size of a single email (including all text and attachments) that can be received by the Division of Legislative Audit is 20mb (megabytes). If the email containing the proposal exceeds this size, the proposal must be sent in multiple emails that are each less than 20 megabytes and each email must comply with the requirements described above in this section 1.02. The Division of Legislative Audit is not responsible for unreadable, corrupt, or missing attachments. It is the offeror's responsibility to contact the issuing office at (907) 465-6705 to confirm that the proposal has been received. Failure to follow the above instructions may result in the proposal being found non-responsive and rejected.

DIVISION OF LEGISLATIVE AUDIT
RFP NUMBER 17-33-01
AMENDMENT NUMBER 2

7. On Page 24, section 6.01 (Proposal Format and Content), the second paragraph has been amended to now read:

   Offerors who do not wish to email their proposal per the instructions in amended section 1.02 (Return Mailing Address and Deadline for Receipt of Proposals) must submit one original hard copy and a USB flash drive containing a print-ready electronic PDF version of their proposal to the Issuing Office address listed on Page 1 of this RFP.

8. All other terms and conditions of Request for Proposal 17-33-01, as subsequently amended, will remain as written.

In order for your proposal to be considered responsive, a signed copy of this amendment, in addition to your proposal, must be received by the issuing office prior to the closing date and time.

Tina Strong, Supply Officer
PHONE: (907) 465-6705
FAX: (907) 465-2918
TDD: (907) 465-4980

_____
NAME OF COMPANY

_____
AUTHORIZED SIGNATURE

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TITLE

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PRINTED SIGNATURE

_____
DATE

DIVISION OF LEGISLATIVE AUDIT
RFP NUMBER 17-33-01
AMENDMENT NUMBER 3

RETURN THIS AMENDMENT TO THE ISSUING OFFICE AT:

Division of Legislative Audit
State Capitol, Room 3
Juneau, AK 99801-1182
Attn: Tina Strong

DATE AMENDMENT ISSUED: April 14, 2017

RFP TITLE: Oil and Gas Fiscal Systems Economic Analysis and Expertise

RFP CLOSING DATE & TIME: 4:00PM Alaska Time on April 24, 2017

The following changes/additions/clarifications are made:

1. Question: I would like you to describe in greater detail the expected granularity, for lack of a better way of describing it, of the fiscal analysis model. How much detail do we expect in terms of various credits, the changes in tax policy over time, deductions, whether distributions or property tax issues are a part of this fiscal model, just generally how much granularity do you anticipate is to be provided by the work. Requests that we do it in the context of the components of the analysis as that will impact a proposer's cost proposal. More detail has cost implications.

Answer: ***Changes in tax policy over time are not necessary in a model; however, credits, deductions, property tax, etc. need to be fully incorporated.***

A model does not need to show how ELF, PPT, ACES worked; but the current regime in place today (SB21) should be the basis of comparison for future changes – so the current system (amended per any legislation passed this session) will need to be very granular. As the system has a number of complex features that interact with each other in extreme ways, the model needs to be calibrated to that and there will be opportunities to prove up assumptions in models with Revenue, others.

It may be helpful to go to the LBA website, http://lba.akleg.gov/, where you can look at specific presentations for the type of analysis that the legislature requires.

DIVISION OF LEGISLATIVE AUDIT
RFP NUMBER 17-33-01
AMENDMENT NUMBER 3

2. Question: Please indicate what type of time constraints will be placed on the different models that participants that are the successful bidders, based on what happens with the legislature. The tax regime that is under debate right now in our legislature is not finalized and Sunday is the last day of session. If we go into Special Session, or if this is delayed over the course of the summer, will that be a trigger for an automatic delay in order to incorporate the most recent tax information into the model.

   Answer: ***There is a possibility that we would need to allow latitude with the due date depending on the final adjournment of the Legislature; however, that decision will most likely be made after a contract is awarded, so we would amend the contract for that purpose, if needed.***

3. Question: I would be interested in a description as to the availability of detailed tax and royalty data, whether there will be any confidentiality issues in terms of releases of source data, the time series over which detailed data would be available, and any other data issues such as format or changes in your information systems that would affect the availability of detailed data.

   Answer: ***A consultant may or may not have access to confidential data kept by the administration or by individual companies. Assume publicly available information is all that will be available. This data is available through the Alaska Department of Revenue, the Alaska Department of Natural Resources, and the Alaska Oil and Gas Conservation Commission. If you go to their websites, you will see the depth of data immediately available. The Legislature does not keep this data and so format and other changes are questions that you may want to ask of the state departments.***

   As a note, in Alaska, DOR may release data only in a manner that does not compromise taxpayer confidentiality; so, data released is aggregated. Occasionally data is not available because too few companies comprise that data set to be able to aggregate.

4. Question: Provide a description of your expectations as to required interviews and contact with State personnel in order to explore the tax and royalty policy issues to be addressed. Mostly focused on some ability to estimate some costs and requirements for those type of interviews. This is in the course of developing the understanding described by the RFP of the proposals at existing tax policies specifically as related to preparing this initial fiscal analysis model.

Answer: ***This is entirely contingent on the offeror's baseline knowledge and needs. Interviews with administration personnel, and in some cases industry companies themselves, can be critical in understanding how a system in statute plays out in application. Interviews should be based on an applicant's need. We are not requiring these interviews, but recommend that a consultant conduct them to develop and confirm their understanding of the system.***

5. Question: Under 2.08 to be able to qualify. It says work performed for government or sovereign related to fiscal systems does that mean one has had to actually worked for a foreign government or other sovereign directly on fiscal work or if someone just modeled for example Norwegian fiscal system would that qualify.

   Answer: ***2.08 does NOT mean that you have to have consulted for a foreign government. The Legislature seeks a consultant with experience consulting on behalf of a sovereign (government) – and not just for an oil and gas company. Ideally, the Consultant should have an understanding of government's needs, motivations, priorities, concerns, from a government's perspective, and not solely from an industry perspective.***

6. Question: The ongoing part of this contract, if someone is awarded a contract through 2019 or even through fiscal year 2018 how would that award affect the potential that that firm engages in other contract work with other oil and gas entities in the State. Would that be seen as a conflict of interest automatically or would it be on a case by case basis.

   Answer: ***The LBAC Chair will evaluate potential conflicts, on a case by case basis. There are no absolutes. Generally speaking, the Legislature expects its consultants to avoid potential conflicts while under contract with the Legislature. Conducting work for an oil and gas company operating in Alaska would be a potential conflict; especially if the work relates to Alaska. If the work conducted is unrelated to Alaska, it is a potential conflict, but the nature of the work will be looked at in greater detail to determine the likelihood of a conflict.***

DIVISION OF LEGISLATIVE AUDIT
RFP NUMBER 17-33-01
AMENDMENT NUMBER 3

7. All other terms and conditions of Request for Proposal 17-33-01, as subsequently amended, will remain as written.

In order for your proposal to be considered responsive, a signed copy of this amendment, in addition to your proposal, must be received by the issuing office prior to the closing date and time.

Tina Strong, Supply Officer
PHONE: (907) 465-6705
FAX: (907) 465-2918
TDD: (907) 465-4980

_____
NAME OF COMPANY

_____
AUTHORIZED SIGNATURE

_____
TITLE

_____
PRINTED SIGNATURE

_____
DATE

DIVISION OF LEGISLATIVE AUDIT
RFP NUMBER 17-33-01
AMENDMENT NUMBER 4

RETURN THIS AMENDMENT TO THE ISSUING OFFICE AT:

Division of Legislative Audit
State Capitol, Room 3
Juneau, AK 99801-1182
Attn: Tina Strong

DATE AMENDMENT ISSUED: April 20, 2017

RFP TITLE: Oil and Gas Fiscal Systems Economic Analysis and Expertise

RFP CLOSING DATE & TIME: 4:00PM Alaska Time on April 24, 2017

The following changes/additions/clarifications are made:

1. Question: As I understand it, a sole proprietorship with no employees (other than the owner) is not required to have workers compensation insurance. Is this correct?

   Answer: ***Yes.***

2. Question: Would a joint venture participant with one owner and one employee located outside the United States be required to have workers compensation insurance?

   Answer: ***Yes, because there is an owner and an employee.***

3. Clarification: All insurance coverage required by the RFP must be met and the contractor must maintain in force at all times during the length of the contract.

DIVISION OF LEGISLATIVE AUDIT
RFP NUMBER 17-33-01
AMENDMENT NUMBER 4

4. All other terms and conditions of Request for Proposal 17-33-01, as subsequently amended, will remain as written.

In order for your proposal to be considered responsive, a signed copy of this amendment, in addition to your proposal, must be received by the issuing office prior to the closing date and time.

Tina Strong, Supply Officer
PHONE: (907) 465-6705
FAX: (907) 465-2918
TDD: (907) 465-4980

_____
NAME OF COMPANY

_____
AUTHORIZED SIGNATURE

_____
TITLE

_____
PRINTED SIGNATURE

_____
DATE

EXHIBIT B

Gaffney,
Cline &
Associates

Request for Proposal: #17-33-01

Oil & Gas Fiscal Systems Economic Analysis and Expertise

TECHNICAL PROPOSAL

Prepared for

State of Alaska, Legislative Budget and Audit Committee.

April 24, 2017

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Gaffney,
Cline &
Associates

April 24, 2017

COVER LETTER

Tina Strong
Division of Legislative Audit
State of Alaska, Legislative Budget and Audit Committee.
State Capitol, Room 3
Juneau, Alaska 99801-1182

Dear Evaluation Committee,

I, Scott A. Monette, hereby attest and affirm that I have the legal authority, including fiscal authority, in the company, Gaffney, Cline & Associates (GCA), to bind said company with regards to the referenced RFP # 17-33-01 – OIL & GAS FISCAL SYSTEMS ECONOMIC ANALYSIS AND EXPERTISE. Issued April 3rd, 2017.

I also hereby affirm and attest to the following:

1) The accuracy of the contents of this proposal, the economic proposal, and all associated annex's and appendixes.
2) This proposal will remain valid for 90 days from the deadline to receive proposals.
3) Our firm, Gaffney, Cline & Associates, meets all minimum requirements established and set forth in the above mentioned RFP.
4) Our firm and all officers of the firm, Gaffney, Cline & Associates, will comply with all provisions established and set forth in the above mentioned RFP.

Offeror's Complete Legal Name:	Gaffney, Cline & Associates, Inc.
Type of Entity:	54 - Professional, Scientific and Technical Services
Main Address:	5555 San Felipe, Suite 550, Houston, TX 77056
Phone Number:	713-850-9955
Website:	https://www.gaffney-cline.com/
Alaska Bidder:	YES
How qualified as Alaska Bidder:	Alaska Business License - # 734028

Point of Contact:

Scott A. Monette – Business Development Manager.

5555 San Felipe, Suite 550. Houston TX, 77056.

Scott.monette@gaffney-cline.com . (713) 212-3597

1 Relevant Firm Experience

1.1 Overall Industry Reputation & Capabilities

GCA is an international petroleum consultancy, which has been operating worldwide for over 50 years. GCA focuses solely on the petroleum and energy industry, and specializes in the provision of policy, strategy, technical and commercial assistance to governments, financial institutions, and national and international oil, gas and energy companies worldwide. The provisioning of analysis and expertise for Oil & Gas Fiscal Systems and Economics is a core component of GCA's domestic and international business.

GCA employs a combination of commercial and technical professionals in main offices in the United States, United Kingdom and Singapore, with supporting offices in Argentina, Australia, Brazil and the UAE. This staff encompasses all upstream technical disciplines (economics, geology, geophysics, petrophysics, reservoir engineering, drilling and completion and development planning / facilities engineering) over both the oil and gas value chains, with midstream and downstream engineering and economics, commercial, legal and business strategy professionals to complement its technical staff.

GCA has considerable experience of economic analysis and studies of oil & gas fiscal systems, including assignments for some of the industry's key players.

1.2 Demonstration of GCA's analytical expertise, oil & gas fiscal systems knowledge, and industry knowledge

This knowledge and expertise is more comprehensively described below. In summary, GCA has more than 50 years' experience in providing advice relevant to this RFP to companies, governments and governmental bodies, and other industry players. GCA develops its own economic models. The GCA project manager has more than 40 years of relevant experience, has been engaged by the Department of Revenue, Alaska before, and has testified before House and Senate Committees.

1.3 Demonstration that GCA" meets minimum requirements as described in section 2.08 (a), (b), and (c) of the RFP.

The requirements as outlined in the above sections of the RFP stipulate:

- High-Level experience evaluating and advising on international oil & gas fiscal systems
    - GCA has worked for the Department of Revenue, State of Alaska before, during and after the ACES legislation to provide advice and testimony on international fiscal systems.
    - Similar work has been carried out for other governments, outlined below.
- Performed work related to oil & gas fiscal system for a government/sovereign
    - GCA has worked on specific projects related to oil & gas fiscal systems for the following countries or States:

- North America
  - Alaska
  - Nova Scotia
- Latin / South America
  - Brazil
  - Colombia
  - Ecuador
  - Mexico
  - Peru
  - Trinidad & Tobago
  - Venezuela
- Middle East
  - Saudi Arabia
  - Kuwait
  - Iraq
- Others including Afghanistan, Aruba, Brunei, Greenland, Palau, Timor Leste

- Possess advanced modelling capability and experience for evaluating the effectiveness of oil & gas fiscal systems.
  - GCA maintains its own proprietary economic models, and adapts these or develops custom models to meet project or client specific needs.
  - GCA has also extensive expertise in providing advisory services to international firms and government related to license rounds, many of which are also reflected in the list above. A key component of this expertise is the comparative effectiveness of existing and proposed oil & gas fiscal systems and those systems ability to attract investment and for which GCA frequently adapts its existing models or develops new custom models.

1.4 Prior Addresses from the past 10 years

Current Address:

5555 San Felipe, Suite 550
Houston TX 77056

Prior Addresses:

1300 Post Oak Blvd, Suite 1000
Houston, TX 77056

1360 Post Oak Blvd, Suite 2500
Houston, TX 77056

1.5 List three (3) comparable projects

1.5.1 Alaska

Between 2007 and 2010 GCA was engaged by the Alaska Department of Revenue (DoR) to provide economic support. Initially this was preparatory work in consideration of modifications to the 2006 PPT Act, and became the 2007 ACES Bill. This involved reviews of a large number of petroleum regimes globally, and modeling of a number of alternatives and variations to PPT while, in this case, maintaining the same general structure of fiscal take. The engagement also included providing both support and testimony in front of House and Senate Committees, and engagement with individual Representatives, Senators and Caucuses to assist in explaining issues and background materials.

Post ACES, GCA was also engaged on an ongoing basis by the DoR to prepare an economic model and assess impacts and potential modifications to ACES as a result of the changing oil price situation, and in this context also engaged with the Alaska Legislature, industry players and industry representative bodies.

In the 2008-2010 time window GCA was also engaged by the DoR to provide support in connection with AGIA and the gas line project. This work included numerous evaluations of fiscal take and policy considerations, including reviewing work and presentations of others, and briefing of DoR officials. During 2012-14 this work resurfaced in connection with Alaska LNG initiatives. As a result of the discussions that led to SB138, GCA provided wide ranging support to DOR on Property Tax mechanisms, in addition to supporting the State of Alaska team in negotiations concerning project financing, LNG marketing and risk assessment. GCA gave evidence and provided assessments at a number of hearings of the Municipal Advisory Gas Project Review Board, appointed by the Governor in 2014, and contributed to its annual report in 2014 and 2015,

1.5.2 Saudi Arabia

Between 2000 and 2003 GCA was engaged by Saudi Aramco and the Ministry of Energy to provide advice and recommendations with regard to the structuring and fiscal terms of a planned integrated upstream, midstream and downstream offering for the development of natural gas resources in the Kingdom. This included the development of both the structure of, and regulations for implementing, the Natural Gas Investment Tax. In addition to the fiscal structuring work, this assignment involved numerous meetings and presentations with the major oil company participants in the negotiations which took place in Dhahran, and presentations and briefings to Ministry officials in Riyadh and Jeddah.

More recently, GCA has been engaged in Saudi Arabia on contemporary matters that have required many of the aspects that would be required for the prospective Alaska work. Provision of further detail is limited for reasons of confidentiality.

1.5.3 Iraq

Between 2008 and still ongoing, GCA has been engaged by the Petroleum Contracts and Licensing Department (PCLD) of the Ministry of Oil, Iraq, to provide advice *inter alia* on the fiscal structure and contract terms applicable to the involvement of international oil companies (IOCs) in the expansion of the country's upstream sector.

GCA's was initially (2006) engaged by the World Bank to review and comment upon a draft contract proposed for this work. After the direct engagement with the PCLD, GCA assisted in modifying the fiscal and terms, and contract structure, such that it provided the necessary balance for a successful offering. The process involved several months of evaluation, drafting, and workshop sessions with IOCs, modifications, and discussion with the Minister for final approval.

In total GCA has worked with the PCLD on four rounds of license offerings, each time making certain modifications to the contractual or fiscal terms to reflect the differences in the balance of assets in the offering. In addition, GCA has provided ongoing advice to reflect modifications being considered, and for additional negotiated contracts being considered including with respect to related downstream elements such as natural gas utilization, mega-scale water supply (for petroleum reservoir support) and power projects.

In 2013 – 2014 GCA helped develop a model contract and fiscal structure for the integrated development of an oilfield and a refinery, allowing for balancing of upstream and downstream economics and the ability to fund such a large scale endeavor. This process was suspended in 2014 as a result of the security situation in the country.

1.5.4 Venezuela

Between 1990 and 2002 GCA was engaged by PDVSA to provide assist in the design and fiscal terms for a number of license offerings covering three offerings of exploration and production redevelopment assets.

There was considerable evolution in design over the fiscal regime throughout the course of the Venezuela "Apertura", each time requiring numerous presentations and workshops with key stakeholders in order to explain options and the implications of different choices.

Following the 1997 "Third Round" offering, which raised in excess of US$2.2 billion in cash bonuses, GCA was engaged to conduct a review and recommend proposals for further upstream fiscal reform and the partial privatization of certain parts of the company, although this was never in the end consummated as a result of first the 1998 oil price crash, and then the election of the Chavez administration.

1.6 List all projects in the past five (5) years with the State of Alaska

State of Alaska Government, USA: Analysis of regulations and fiscal regimes.

As mentioned above in section 1.5.1, GCA has worked on a multitude of project for the State of Alaska. Going back to as far as 1993, GCA served on a panel of consultants retained by the State of Alaska to determine whether current Alaskan taxation and royalty rates on hydrocarbon production were fair and economically attractive to investors.

Key services provided:

•Analysis of fiscal terms for hydrocarbon production.

•Economic modelling.

•Various reports, government workshops and presentations.

The study addressed the competitive nature of governmental regulations and fiscal regimes in a global industry and commented on trends around the world. Regressive and progressive (or profit-oriented) taxation methods were discussed. Sections of the final report dealt with the current state of the international oil and gas industry, a review of the Alaskan oil and gas industry, the Alaska fiscal structure, competition (prospectively and barriers) and incentives to outside investment.

From 1998-2011 GCA provided strategic and negotiation support to the Department of Revenue and Department of Natural Resources in connection with the passage of the Alaska Gas Inducement Act (AGIA), an Act to provide up to US$ 500 million of matching funds to assist in certification of an export project for North Slope Natural Gas. Following passing of AGIA, GCA assisted the State in its negotiations with the consortium working with the State (TransCanada Pipelines and ExxonMobil).

More recent work with in the past 5 years includes the work mentioned in Section 1.5.1 and:

State of Alaska Government, USA: Monetization of North Slope Natural Gas Resources.

In 2013 GCA commenced activities in support of the State in a revised project to complete a LNG export project, involving TransCanada Pipelines, ExxonMobil, BP, and ConocoPhillips along with direct equity participation by the State.

GCA support for the LNG project continued through 2014 and 2015 (see 1.5.1 above), including a number of workshops and training to build LNG capability within DOR and the wider State of Alaska AKLNG team.

Of particular significance was the formulation and negotiation of a significant Property Tax mechanism to underpin the LNG project, in a manner acceptable to the Borough's and other key stakeholders. With the subsequent development of the project under the State's direct leadership, this process changed its focus but much of this work remains largely intact.

In addition to its support for DOR, GCA also performed a study in 2014/2015 for Alaska Oil and Gas Conservation Commission (AOGCC) with respect to ensuring that the operator's

development plans for the Point Thomson reservoir were consistent with optimization of revenues for gas and condensate.

1.7 Intent to proceed without delay

GCA, if selected, will be able to proceed without delay and foresees no issues with complying with the timelines required in the RFP.

1.8 Photocopies of any licenses

1.8.1 See APPENDIX I

1.9 Required statements of Conflicts of interest as per section 1.20 of the RFP

1.9.1 See APPENDIX II

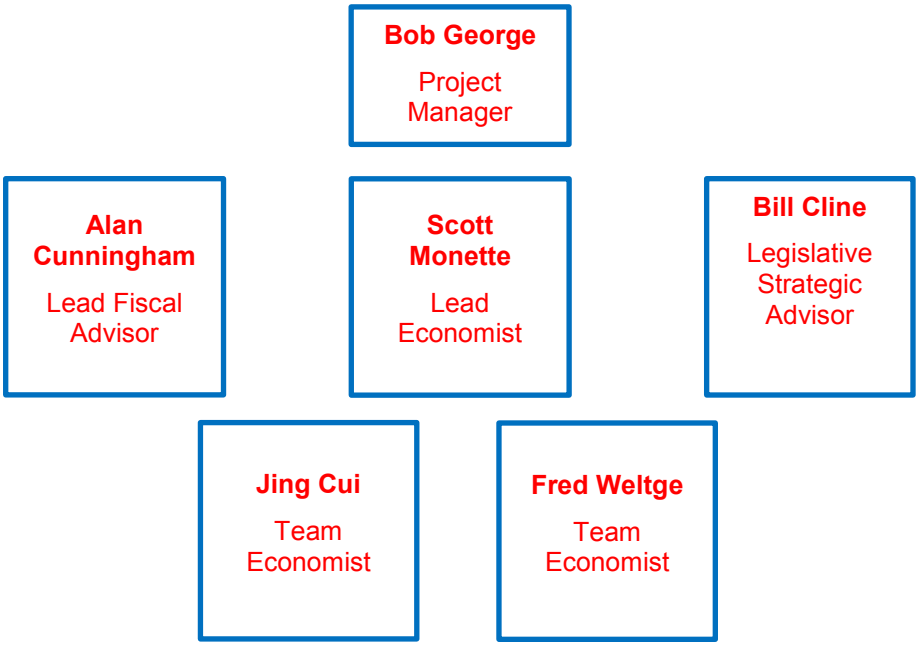
1.10 Specific Experience in developing models of oil & gas fiscal systems

1.10.1 See APPENDIX III

2 Team Experience and Qualifications

2.1 Describe the team to be assigned including the roles. Provide Resumes of team members

2.1.1 Organogram of GCA Project Team



2.1.2 Resumes of Team Members

See Appendix IV

2.2 Briefly describe each team member's role and similar experience

2.2.1 Bob George

Bob George will be the nominated Project Manager. With over 40 years of experience as an economist and strategic advisor to governments and companies alike, he brings an unparalleled level of expertise and technical understanding to the project.

Bob has been engaged with work for the State of Alaska since 2007, and has presented to both House and Senate Committees. He has also been closely engaged in all of GCA's major petroleum fiscal and contractual advisory contracts, including Saudi Arabia, Iraq and Venezuela highlighted in Section 1.5 of this proposal.

In addition to his work for Alaska and others on petroleum fiscal systems, Bob frequently engages as an expert witness in dispute resolution (court and arbitration) where he has provided both reports and testimony. He has also been engaged by the IRS in the United States, and Australian Tax Office to provide advice on petroleum fiscal and valuation matters.

2.2.2 Bill Cline

Bill Cline's primary role will be as legislative strategic advisor. This will include a role as expert witness if called on to testify. As a board member for the Associated of International Petroleum Negotiators (AIPN), Mr. Cline has many years serving as an expert witness on several high profile cases. Mr. Cline has been advising governments, international arbitration courts, and international oil companies for over 35 years in the international oil and gas industry and has managed a large number of GCA's engagements with national oil companies, governments and ministries in the Americas, Europe, Africa, Asia, and the Middle East. He focuses his efforts on combining the technical and commercial capabilities of the GCA Group into integrated decision-making support and advice for the Group's clientele particularly with respect to the development of commercial and fiscal arrangements for linking private sector capital and technology with sovereign or public sector petroleum resources.

Bill graduated from the Edmund A. Walsh School of Foreign Service at Georgetown University in Washington D.C. with a BSc. degree in International Economics and completed his MBA at Southern Methodist University's Edwin L. Cox School of Business in Dallas.

2.2.3 Alan Cunningham

Alan will function as the lead fiscal systems advisor. A professional with over 43 years in the international oil and gas industry, 10 with the World Bank, his perspective will play a key part in looking at the oil & gas fiscal competitive landscape and the attractiveness of any proposed changes.

Since Alan joined GCA he primarily provides expert advice to multi-disciplinary projects, including fiscal policy advisor, directing licensing rounds, field development planning, reservoir performance analysis, reserves estimation and auditing, and also mentors and develops talent.

Alan would also join Bob George and Bill Cline and serve as an expert witness if called on to testify before the legislature.

Alan graduated from University of Texas in 1973 with a B.Sc.Degreee in Geology and went on to earn B.A. Political Science in 1974. He earned the J.D.Law Degree at South Texas College of Law in 1977.

2.2.4 Scott Monette

Scott will act as lead economist for this project. With over 23 years' experience, most of it international, his blend of economics, modelling, and business development skills will be used to ensure the model built by GCA will be comprehensive and accurate.

While working in Europe, Scott was the lead modeler for the SPEED project for Royal Dutch Shell. This project's scope was to re-write every model for Shell worldwide and reconcile to a uniform model. This model could then be used to measure relative attractiveness across Shell's global portfolio. This project included work in over 30 countries and involved over 1 million lines of code.

While working in Venezuela, PDVSA tapped Scott to lead the migration of its national oil & gas fiscal system from hundreds of separate excel spreadsheets to once uniform portfolio evaluation system. The scope of work required the new model to maintain the full probabilistic capabilities of the prior models. The work also entailed the inclusion of financial and fiscal capabilities to be used for comparative statistics versus other Latin American fiscal regimes.

2.2.5 Jing "Cecilia" Cui

Cecilia will act as the project economist for the project. She will be responsible for assisting in developing the model as well as significant input on the "what if" scenario statistics and comparative analytics.

Cecilia specializes in economic, financial and fiscal analysis on oil and gas business entities, as well as strategic and commercial advisory to oil and gas clients, international and national oil companies and legislative assemblies.

2.2.6 Fred Weltge

Fred role will include both economic modelling and legislative review. He will be responsible for creating the overall structure and design of the model.

Fred has been with GCA for six years and has become a vital member of our team advising clients on oil and gas asset valuations, upstream contracts, national petroleum regimes, and industry movements.

2.3 Subcontractors

GCA does not plan to use any sub-contractors for this project

2.4 State of Alaska Employees

There are no current employees working for GCA that are previous employees of the State of Alaska in any capacity.

3 Project Understanding and Approach

3.1 GCA's understanding of the project

As per the Scope of Work references in Section 5.01 in the RFP:

The LBAC is soliciting proposals for one to four consultants to provide expert economic analysis and advice related to Alaska's oil and gas fiscal system, and to evaluate proposed changes to the fiscal system. The Contract work includes all work necessary to ensure the consultant is immediately prepared to evaluate proposed changes to the system and their effects if implemented. This will require an in-depth understanding of Alaska's current fiscal system, as it applies to the oil and gas basins of the North Slope, Cook Inlet and Middle Earth, and recent changes made during the 28th and 29th legislature, as well as changes made over the last decade. This would include, but is not limited to: House Bill 3001 of 2006 (Petroleum Production Act, "PPT", House Bill 2001 of 2007 "Alaska's Clear and Equitable Share "ACES"), HB 280 of 2010 (Cook Inlet Recovery Act), Senate Bill 21 of 2013 (More Alaska Production Act, "MAPA"), House Bill 247 of 2016 and any oil and gas fiscal legislation that passes the 2017 legislature. It will also require the consultant to develop an economic model with which to conduct evaluations of the fiscal system and may include a request for the consultant to provide information on improvement to the oil and gas fiscal system and the effects of the proposed changes.

The consultant is required to be available to the legislature on an as-needed basis to review proposed changes; provide quantitative and qualitative analysis through written reports and visual and verbal presentations in public committee meetings of the Legislature; testify as an expert witness before legislative committees meeting in public; provide education on oil and gas fiscal systems; respond to questions for Legislators and requests for information and potentially to conduct periodic reviews of the competitiveness of Alaska's fiscal system. The amount of work will be largely dependent upon the amount of legislation introduced proposing changes during the Legislative sessions, which begin in January each year and last for at least 90 days. In addition, one or more special sessions may be called to address specific matters and may be called at any time of the year.

Key extracts from RFP Scope of Work Section 5.01 include:

- Expert economic analysis <u>and advice</u> *(emphasis added)*;
- In depth understanding of Alaska's current fiscal system;
- Development of an economic model;
- Information on potential improvements and effects of proposed changes;
- Provision of quantitative and qualitative analysis and reports;
- Presentations and expert testimony to Legislative committees in public, and other ongoing support as a part of the legislative process.

Taking the above together, GCA would break this down into two main components:

Modeling. GCA maintains proprietary models for most petroleum fiscal regimes and contracts around the world. In the case of Alaska it also built a model in 2009-2011 specifically to model changes then being contemplated, and had previously carried out a similar exercise in connection with the ACES legislation.

In GCA's experience, the existence of a model (or models) is not the key to this particular type of exercise, nor is it the database underneath it allowing instant recall of numerous different global regimes, although knowledge of these and their key attributes is certainly a necessary condition to undertake this work.

Analysis of any fiscal system needs to recognize that conditions extant at the time it is performed are not static. Conditions may change on the inside, or they may change on the outside. Simply because a similar system works well somewhere else does not mean that it will work well in Alaska's specific circumstances (and *vice versa*). Even within Alaska the system needs to consider the particular makeup of players (3 major companies holding most of the resource base, but with a number of new entrants seeking to compete); light oil, heavy oil and gas physical and economic differences; export capacity and control of infrastructure; basin differences (North Slope, Middle Earth and Cook Inlet); the competitive landscape between Alaska and other countries and States and the desire and ability of other jurisdictions to regulate activity compared to the desire and ability of the State of Alaska; the competitive landscape within individual companies, with business units vying for capital; information asymmetry between the State and the companies; and changing economic fundamentals.

In this latter regard, since the 2006 PPT legislation the oil price has gone from $30 to $145 per barrel, back down to $40, up to $120, down to $25, and is now hovering around $50 per barrel under a "lower for longer" sentiment in the market. Natural gas has gone from $6-8/MMBtu, up to double digits, and down to $2-3/MMBtu with perceived caps arising from the amount of gas that can not only be produced in the United States at only marginally higher prices. Further, while gas markets were previously disconnected, the United States is emerging as a significant LNG exporter (beyond Alaska's historic role), and a "global gas price" is not that far away.

In working on the ACES legislation, two externalities were insufficiently recognized (although it is unclear that, even if they had received more attention, what weight would have been attached at the time to the likelihood of their occurrence, and therefore their influence on the outcome). One was oil price going to the levels it did; no-one was predicting oil above $100 per barrel and therefore its impact on ACES progressivity. Further, while unconventional gas was on the scene, and Bakken (North Dakota) unconventional activity as well, no-one foresaw the scale to which unconventional resources, oil and gas in their separate parts, would influence events.

Recognizing limitations in past analyses is no guarantee that the next "Black Swan" will be anticipated this time around, but recognizing that analysis needs to contemplate such events is a crucial aspect going forward. One aspect of such analysis is also to look not just at the results of large scale economic modeling, but breaking it down into project and incremental economics; the end result and what may influence the whole may actually have exactly the opposite effect on an individual investment reflected in incremental analysis. Influences for those who are major taxpayers may be different to those who are not; and long run macros effects may be different from individual investment evaluations.

Placing all this in the context of a model is to recognize that while an off-the-shelf model may indeed be an excellent starting point, much of the "heavy lifting" in any analysis is likely to come from "what if" scenario analysis, breaking it down to a level not typically built-in to large scale models. It is also not the model itself, but the modeler and people resources involved in the analysis that in the end will make the difference.

Support and Presentations. While there is a reasonable amount of "bridging" activity beyond the modeling phases, in the form of discussion and iteration with LB&A representatives, the second major component of work required is in the analysis, support and presentation of findings.

GCA has experience of this aspect of work in Alaska, and the need to present such work in a straightforward and concise manner while recognizing that it is likely there will be more than one set of views on any conclusions that may be drawn and presented.

This experience is extended through the independent expert role that GCA routinely undertakes, where having to analyze and conclude independently (the duty of care is the court or tribunal, not the client), and then write and present straightforwardly and coherently to a panel (whether jurors, a judge, or appointed arbitrators) that is mostly or completely non-expert is a key requirement.

3.2 Ability to comply with timeline in section 1.05

The indicative timeline in section 1.05 is outlined below:

4/03/2017	Issue RFP
4/13/2017	Pre-Proposal Conference
4/24/2017	Deadline for receipt of proposals
5/08/2017	LBAC issue Notice of intent to award contract
5/22/2017	Contract signed by LBAC
7/01/2017	Model established

GCA has full confidence in being able to fully comply with the timetable established above (also referred in in Section 1.05 of the RFP).

3.3 Describe GCA's expertise being able to provide the model required in the project.

GCA has previously (2009-2011 window) prepared an excel spreadsheet model for its own and DoR use. This was to model ACES and some potential modifications to specific aspects of the tax that were being considered at the time.

GCA routinely prepares economic evaluation models:

- Proprietary models for use in its routine reserves, due diligence and valuation work

- Custom models for clients for use in specific development cases. Good examples of this would be work for Saudi Aramco/Ministry of Petroleum/Ministry of Finance for Saudi Arabia NGIT, Venezuela licensing rounds, Brazil licensing rounds, Iraq licensing rounds, and other similar circumstances. In each case, a substantial portion of the work is in testing and evaluating different ideas and concepts, and frequent modifications and customization is required. Copies of these models are made available to the client if required.

3.4 Identify any potential problems GCA foresees

GCA cannot foresee any potential problems that are within its control. Issues with staff sickness, and uncontrollable events are always possibilities.

3.5 Identify and discuss methods of mitigation

For unforeseeable events outside of GCA's control, GCA has around 100 professionals in several countries.

3.6 Describe and discuss areas of strength

A typical GCA employee has more than 20 years of experience in the oil & gas industry. GCA employs top talent in a variety of specializations in order to provide the full spectrum of consulting expertise and services to its clients: Technical – Commercial – Strategic.

A key aspect of GCA's track record in petroleum policy and licensing is that it works both for the State and for the private sector, from which flows the experience and ability to assess and judge balanced outcomes. It is clear that a bad deal for one side is a bad deal for both sides, and will not last.

3.7 Describe any limitations

As this is a core service, and core competency of GCA, no limitations pertinent to the Scope of Work described in the RFP are envisaged.

4 Approach to Project Management

Through decades of experience, GCA has developed processes and procedures that provide a project management policy applicable to all assignments undertaken by the firm. These processes and procedures address all elements of project management, including planning, scheduling, estimating, quality assurance, reporting and project accounting.

The basis for GCA's approach to project management involves sound planning at the outset of the project to ensure that the scope, budget, schedule and milestones are firmly established. GCA's management strategy is based on a proactive approach to ensure communication, coordination and cooperation with our clients and among project team members.

GCA uses a critical-path project management approach to all of its assignments. Project team typically meets with the client in Week 1 to prepare the critical path. Milestone meetings (via conference call or at the GCA offices) are then provided to the client as frequently as required.

Under the GCA management system, quality starts at the time of preparation of a proposal to ensure that our team has the resources to fully address the project requirements in terms of capability, experience and depth. Upon award, the planning, scheduling and communication become the backbone of our approach. These are accomplished as follows:

Project Kick-off Meeting

Immediately upon award, GCA will schedule a project kick-off meeting between the client team and GCA's project team to review the specific project objectives, Scope of Work (SOW) and expand on GCA's knowledge of our clients' requirements.

Project Start-up and Project Plan

Following the kick-off meeting, it is critical to establish the project plan.

The project plan includes:

- Setting out the SOW and project objectives, as well as any particular risks/challenges.
- Identifying the project staff and assignment of responsibilities.
- Identifying the project requirements in terms of cost, schedule and level of effort (project related and monthly look-ahead).
- Identifying project inputs and outputs.
- Identifying resource allocation by week or month in terms of individuals and/or project support functions.

These plans are presented to the team and discussed at an initial internal kick-off meeting. The project plan is a living document, and is updated and revised monthly to reflect the evolution of the project.

Communications

From the initial distribution of the project plan, communication with all team members is the major factor in coordination and resource allocation. This communication is accomplished by:

- Ensuring team familiarity with, and buy-in to, the project plan.
- Monitoring monthly progress in relation to the previous look-ahead schedule (and addressing any slippage or potential slippage).
- Monthly distribution of the updated plan, with updated look-ahead schedule.
- Document control and distribution.
- Maintaining and distributing minutes of all meetings.
- Maintaining and distributing records of all significant telephone conversations or discussions.

In short, the GCA approach to coordination and communication is to make all team members aware of the tasks and schedule for the work, both in the short-term and in the overall project period.

5 Other Factors & Required Information

GCA believes that it has addressed all pertinent issues in the sections above.

Appendix V will contain all the signed addendums during the RFP process.

6 Appendices

Appendix I **Licenses**
Appendix II **Conflict of Interest Statement**
Appendix III **Specific Experience**
Appendix IV **Resumes**
Appendix V **Amendments**

Appendix I
Licenses

Alaska Business License # **734028**

Alaska Department of Commerce, Community, and Economic Development

Division of Corporations, Business and Professional Licensing
P.O. Box 110806, Juneau, Alaska 99811-0806

This is to certify that

GAFFNEY, CLINE & ASSOCIATES

PO BOX 4740 HOUSTON TX 77210

owned by

GAFFNEY, CLINE & ASSOCIATES INC.

is licensed by the department to conduct business for the period

December 02, 2016 through December 31, 2018
for the following line of business:

54 - Professional, Scientific and Technical Services

This license shall not be taken as permission to do business in the state without having complied with the other requirements of the laws of the State or of the United States.

This license must be posted in a conspicuous place at the business location.
It is not transferable or assignable.

Chris Hladick

Appendix II
Conflict of Interest Statement

Gaffney, Cline & Associates

Gaffney, Cline & Associates, Inc.

5555 San Felipe St., Suite 550
Houston, TX 77056
Telephone: +1 713 850 9955

www.gaffney-cline.com

April 24, 2017

Tina Strong
Division of Legislative Audit
State of Alaska, Legislative Budget and Audit Committee
State Capitol, Room 3
Juneau, Alaska 99801-1182

Statement Concerning Conflicts of Interest

As per Section 1.20 of RFP 17-33-01

As required in Section 1.20 of the RFP 17-13-01, GCA does hereby affirm that it knows of no current conflict of interest with respect to this project.

GCA has worked on several projects in the past for the State of Alaska. These projects were disclosed in our Proposal in Section 1.5.1 and Section 1.6. These projects have concluded without any current expectation of future work that would create any conflict of interest related to the Scope of Work outlined in the RFP.

Additionally GCA can affirm that:

- No GCA employee is currently employed or was a prior employee of the State of Alaska for the past 5 years
- No current client of GCA has hired GCA to work on a project in the State of Alaska for the past 5 years

GCA is a wholly owned subsidiary of Baker Hughes Incorporated (BHI). BHI has active operations in Alaska. However, these activities are oil field service operations and have no bearing on the project SoW in the RFP. GCA does not envision any potential conflict of interest with its parent company BHI.

GCA can also affirm that it will keep itself free from any future conflicts of interest and will maintain its independence in all matters related to the Scope of Work in the RFP for the duration of the project.

Yours sincerely

Gaffney, Cline & Associates Inc.

Scott Monette
Business Development Manager

Appendix III
Specific Experience

Gaffney, Cline & Associates

Typical Examples of STRATEGY AND FISCAL POLICY Related Projects

Gaffney, Cline & Associates (GCA) has considerable experience in working with governments, government agencies, national and international oil and gas companies, both to provide support for the strategic definition of fiscal system, energy policy and legislation, and to assist in its implementation. The following typical examples illustrate the wide variety of policy and strategy assignments performed by GCA.

Strategic & Fiscal Systems Advice: National Oil Companies & Governments

✓ **State of Alaska: Engagement by the Alaska Department of Revenue**: Between 2007 and 2010 GCA was engaged by the Alaska Department of Revenue (DoR) to provide economic support. Initially this was preparatory work in consideration of modifications to the 2006 PPT Act, and became the 2007 ACES Bill. This involved reviews of a large number of petroleum regimes globally, and modeling of a number of alternatives and variations to PPT while, in this case, maintaining the same general structure of fiscal take. The engagement also included providing both support and testimony in front of House and Senate Committees, and engagement with individual Representatives, Senators and Caucuses to assist in explaining issues and background materials.

Post ACES, GCA was also engaged on an ongoing basis by the DoR to prepare an economic model and assess impacts and potential modifications to ACES as a result of the changing oil price situation, and in this context also engaged with the Alaska Legislature, industry players and industry representative bodies.

In the 2008-2010 time window GCA was also engaged by the DoR to provide support in connection with AGIA and the gas line project. This work included numerous evaluations of fiscal take and policy considerations, including reviewing work and presentations of others, and briefing of DoR officials. During 2012-14 this work resurfaced in connection with Alaska LNG initiatives. As a result of the discussions that led to SB138, GCA provided wide ranging support to DOR on Property Tax mechanisms, in addition to supporting the State of Alaska team in negotiations concerning project financing, LNG marketing and risk assessment. GCA gave evidence and provided assessments at a number of hearings of the Municipal Advisory Gas Project Review Board, appointed by the Governor in 2014, and contributed to its annual report in 2014 and 2015.

✓ **Kingdom of Saudi Arabia: Engagement by Saudi Aramco and Ministry of Energy:** Between 2000 and 2003 GCA was engaged by Saudi Aramco and the Ministry of Energy to provide advice and recommendations with regard to the structuring and fiscal terms of a planned integrated upstream, midstream and downstream offering for the development of natural gas resources in the Kingdom. This included the development of both the structure of, and regulations for implementing, the Natural Gas Investment Tax. In addition to the fiscal structuring work, this assignment involved numerous meetings and presentations with the major oil company participants in the negotiations which took place in Dhahran, and presentations and briefings to Ministry officials in Riyadh and Jeddah.

More recently, GCA has been engaged in Saudi Arabia on contemporary matters that have required many of the aspects that would be required for the prospective Alaska work. Provision of further detail is limited for reasons of confidentiality.

- ✓ ***Promotion of Foreign Investment, Venezuela:*** GCA was retained by the national oil company of Venezuela, Petróleos de Venezuela S.A. (PDVSA), in a technical and strategic planning advisory role with respect to the country's efforts to attract capital from the international investment community in order to develop its domestic petroleum reserves. GCA was instrumental in developing the Venezuelan fiscal and contractual basis for the participation of the international oil industry and has been responsible for planning and exploiting the marketing of these opportunities. To date, there have been several rounds of Operating Agreements, an Exploration Round and several Association Agreements in the Faja region, resulting in a total of forty-five ventures in the upstream oil and gas sector operated by both international and domestic private companies. Venezuela is now an established part of the portfolio or portfolio design of virtually every large oil company and of many smaller ones.

- ✓ ***Relevant Petroleum Contract and Legislation Studies:*** GCA was commissioned by a national oil company to draft the model exploration and production license agreement for offerings to the international petroleum investment industry. In the course of this work, GCA reviewed numerous international exploration offerings with specific focus on recent worldwide exploration releases and work programs and the terms of international concession and production-sharing contracts. This work was carried out in conjunction with the strategic planning and execution of oilfield development and exploration area promotion campaigns by international tender.

- ✓ **Iraq: Assistance to the Ministry of Oil:** Between 2008 and still ongoing, GCA has been engaged by the Petroleum Contracts and Licensing Department (PCLD) of the Ministry of Oil, Iraq, to provide advice *inter alia* on the fiscal structure and contract terms applicable to the involvement of international oil companies (IOCs) in the expansion of the country's upstream sector.

  GCA's was initially (2006) engaged by the World Bank to review and comment upon a draft contract proposed for this work. After the direct engagement with the PCLD, GCA assisted in modifying the fiscal and terms, and contract structure, such that it provided the necessary balance for a successful offering. The process involved several months of evaluation, drafting, workshop sessions with IOCs, modifications, and discussion with the Minister for final approval.

  In total GCA has worked with the PCLD on four rounds of license offerings, each time making certain modifications to the contractual or fiscal terms to reflect the differences in the balance of assets in the offering. In addition, GCA has provided ongoing advice to reflect modifications being considered, and for additional negotiated contracts being considered including with respect to related downstream elements such as natural gas utilization, mega-scale water supply (for petroleum reservoir support) and power projects.

  In 2013 – 2014 GCA helped develop a model contract and fiscal structure for the integrated development of an oilfield and a refinery, allowing for balancing of upstream and downstream economics and the ability to fund such a large scale endeavor. This process was suspended in 2014 as a result of the security situation in the country.

Energy Economics

- ***Presentation of Legislation for Foreign Economic Relations, Kazakhstan:*** GCA was requested by a major oil company to make a presentation to representatives of the ministries and banks of Kazakhstan on worldwide petroleum licensing terms, taxation, joint venture and production-sharing agreements. The attractiveness of various options was described, together with reward profiles under different scenarios for both the government and the potential operating company.

- ***Energy Markets, Asia:*** For a financial institution funding an aid project, long term projections were provided of economic growth and energy demand in a large Asian developing country. The individual requirements for refined products were quantified and compared with likely refinery output. An assessment of indigenous crude oil production was made and import requirements defined. GCA's forecasts of crude oil and refined product imports and regional product supply/demand imbalances formed and design basis for new jetty importing facilities and product distribution facilities.

- ***Analysis of Fiscal Regimes, North and South America:*** To analyze the relative fiscal structure applicable to petroleum exploration in a number of countries, GCA carried out a series of economic analyses for an international independent to reflect contract formulae and fiscal regimes in nine countries in North and South America. Type field size cases were examined to quantify the sensitivity to the financial aspects of the various fiscal and contract regimes.

- ***Review of Petroleum Legislative and Economic Aspects, Tunisia:*** On behalf of a major independent oil company, GCA carried out a review of legislative and economic aspects of petroleum exploration and development in Tunisia. The results of the study were provided in a technical memorandum outlining operating conditions in Tunisia. This addressed the main issues of Tunisian legislation and petroleum contracts and provided unrisked scoping economics for three field sizes.

- ***Technical Audit of U.K. Fiscalizing System:*** On behalf of a major oil company, GCA was commissioned to carry out a full independent investigation of the fiscalizing system employed at a U.K. North Sea field including equipment, procedures, philosophy, design basis, and software. In addition to reviewing current production measurement and allocation procedures between PRT-paying and non-PRT-paying fields, GCA assessed and quantified the ability of existing facilities to handle future production and provided detailed audit and management reports recommending major conclusions and future action required to achieve permanent improvement in performance of the fiscalization system.

- ***Study of Petroleum Legislation and Fiscal Terms, Bolivia:*** GCA examined in detail the legislation and fiscal terms in respect of petroleum activities in Bolivia as part of a study addressing the impact of economic, political and fiscal considerations appropriate to investment in that country. In addition to preparing representative cashflow analyses to outline the economics of investments, contract terms and their historical evolution were traced.

- ***Review Fiscal Regime, Thailand:*** A U.S. oil company requested a review of the fiscal regime in Thailand considering the then recently enacted Petroleum Law - Thailand III. The objective was to evaluate the political and economic climate in Thailand with a view

to bidding on blocks in offshore Thailand. GCA's report included background information, economic prospects and energy demand, gas demand prospects, indigenous gas production potential and sample cashflows showing the impact of the tax laws on typical prospects.

- ✓ ***Review of Single Europe Act and its Potential Effect on European E&P Activities and National Oil Companies for a National Oil Company:*** For a national oil company, GCA reviewed the likely effect of the 1992 Single Europe Act on E&P national monopolies, discriminatory licensing procedures, equipment procurement practices, oil and gas production taxation and petroleum landing obligations.

- ✓ ***Crude Oil Valuation and Marketing Study:*** On behalf of an international financial institution, GCA provided an independent valuation of a new crude oil to allow a determination of likely income generated from fields under development. GCA's technical analysis comprised a full review of the crude characteristics and associated processing considerations, for both simple hydro-skimming refineries and complex conversion refineries. Also provided was a study of world crude market dynamics, including the identification of key target markets and a full review of transportation logistics and costs.

- ✓ ***Strategic Advice on Downstream Investments:*** GCA provided technical and economic advice to a Middle Eastern client regarding the most economically attractive capital investments for the processing of future gas condensate streams. The analysis comprised an appraisal of available refining, cracking and polymerization technologies for processing of the streams into refined products and/or into petrochemicals. This was combined with a projection of future demand and market dynamics for the refined products and petrochemicals under study. From this analysis, GCA was able to provide investment advice based upon economic investigations and future market dynamics, incorporating rate of return on investment calculations for the considered options.

- ✓ ***Comparison of North Sea Economics:*** For a European government agency, GCA reviewed a range of typical oil and gas field sizes, costs and economics for each North Sea national sector (Denmark, Holland, U.K., Norway, and Germany). Comparative commercial outcomes were developed for each 'type' field within each sector, to enable the client to assess its commercial attractiveness to additional investment.

- ✓ ***Growth Strategy, U.K. North Sea:*** GCA was requested by a major North Sea operator to provide assistance in identifying investment opportunities to expand their asset base and operations. GCA prepared an initial geographically based wide ranging analysis of all potential targets. These assets were then high graded using various operational and asset size criteria to produce a short list of opportunities.

- ✓ he upside potential and considerable direct field work in support of the sale process.

Governments: Oil and Gas Policy

- ✓ ***Fiscal Terms, Greenland:*** For over 10-years, GCA provided technical advice to the Mineral Resource Administration for Greenland (MRAG). (A section of the Danish Ministry of Energy reporting to both the Minister of Energy and the Environment and the leader of the Greenland Home Rule Assembly). Direct assistance was provided in the preparation and marketing of the successful licensing round in western Greenland and

other areas. Previously, GCA performed a detailed economic evaluation of proposals by a rights holder for modification to its concession agreements. This included technical audits of the company's assessment of the prospectivity of the area and the exploration and development costs assumed.

- ✓ ***Model Concession Agreements, Romania:*** GCA was commissioned, under a World Bank-funded package, to draft Concession and Production-Sharing Agreements for the National Agency for Mineral Resources (NAMR). The terms of these agreements were then modeled against a range of fiscal regimes in preparation for an acreage promotion exercise.

- ✓ ***Exploration Concessions, Aruba:*** GCA was retained by the government of Aruba to develop petroleum legislation, contracts, contract award procedures, area exploration and selection strategy, bidding parameters definition and implementation of Aruba's Exploration Promotion Campaign. The implementation included the identification of interested parties, arrangement of a seminar to explain the technical, contractual and contract award procedures, and data room management and organization. This effort culminated in the negotiation of exploratory contracts to evaluate the offshore potential of the areas in a manner that would be of maximum benefit to Aruba.

- ✓ ***Industry Regulation, Zaire:*** GCA provided a senior consultant on secondment to CTP the state energy agency in the Republic of Zaire. This year-long assignment in Zaire included assistance in setting up a group within the Ministry of Energy and Mines to monitor the activity and reporting of the oil companies operating in the country.

- ✓ ***Fiscal Terms, Alaska:*** Peter D. Gaffney, Senior Partner of GCA, served as the leader of a panel of consultants retained by the State of Alaska to determine whether current Alaskan taxation and royalty rates on hydrocarbon production were fair and economically attractive to investors. Conclusions were reached based on economic modeling and comparisons with fiscal terms prevailing in other selected areas.

- ✓ ***Resource Assessment, Argentina:*** GCA was engaged by the Sub-Secretariat of Energy (SSE) of the Republic of Argentina as part of a major World Bank funded study to audit the oil and gas reserves of this nation. This involved several GCA personnel being based in the country and covered all basins and fields including the review of several hundred producing reservoirs. The SSE also commissioned GCA to evaluate the potential of four main oil fields to be offered for Contracts of Association with YPF, the then national oil company. Prior to this engagement, GCA's experience in Argentina also included evaluation of fields offered for purchase on behalf of clients interested in formulating a bid. These projects involved a comprehensive understanding and application of the relevant contracts, taxation, economics and legislation, as well as relevant operating and cost considerations.

- ✓ ***Audit of National Oil Company, Cameroon:*** The petroleum sector in The Cameroon represents over 20% of government revenues but has recently seen serious declines. Therefore, the government commenced an integrated plan to revitalize the sector and to position Cameroon to take advantage of increased activity in the region. The Ministry of Economy and Finance (MINEFI) commissioned GCA (with World Bank funding) to undertake an audit of the operational and functional performance of SNH, the national oil company. The work had three main objectives: a) to evaluate the activities of SNH, their functional performance, mandate, relations with the private sector and cost control systems; b) to evaluate the SNH business plan; and c) to review the operating and capital cost structure of the Cameroon oil and gas industry.

The work involved considerable direct work with the government at Minister level. The work involved considerable direct coordination with the government and included: a) a review and comment on the role and organization of the national oil company, and its regulatory performance; b) a review and comment on Cameroon's Petroleum Code and its application in practice; c) a review of current efforts to attract foreign investment and suggestions for improvement; and d) a review and comment on existing contracts and recommendations for improvement.

- ✓ ***Development of Crude Valuation Methodology:*** A South American regulatory authority requested GCA's assistance in developing a methodology to value indigenously produced crude oils. The valuation method was to be implemented after the elimination of government price controls and formed the basis for assessing royalties and production taxes on the crudes.

- ✓ ***PSA Management Guidelines, West Africa:*** At the request of a West African state oil company, GCA prepared management and organizational guidelines (200-page illustrated document) for the staff group regulating the performance of operators within the framework of the country's Production-Sharing Agreements (PSAs).

  This addressed: a) regulatory and contractual frameworks, b) approval of Annual Work Programs and Budgets; c) approval of Development Plans, d) economic modeling; e) approval of Abandonment Plans; f) financial and non-financial monitoring and control; g) challenging the operator on non-compliance; and h) continual improvement.

  Text and schematics identified methods of calculation, particular key issues and their resolution, and the management of the operator-regulator interface. An important feature of the project was the holding of workshops, as a means to improving the detail and understanding of the guidelines, while also identifying skills requirements to enhance the regulatory expertise of staff.

Governments
Ministerial Support in Negotiations

- ✓ ***Azerbaijan-Georgia 'Early Oil' Export Project:*** Under a World Bank funded agreement, GCA provided technical, legal and financial advisory services to a special State Committee of a former Soviet Republic concerning the Azerbaijan-Georgia 'Early Oil' Export Project. The project involved the assessment of the commercial structure of the proposed project, an analysis of the proposed financing structure, and an evaluation of the method of accounting for infrastructure assets contributed by one of the parties to the joint venture. Proposed and alternate transit tariffs were drafted for consideration, and contractual arrangements for oil transportation and other service agreements were reviewed from both a commercial and a financial point of view. In addition to these commercial and proposed advisory tasks, GCA was also asked to review and comment upon the proposed investment levels. GCA professionals worked closely with senior Georgian government officials and took an active role in the negotiations with representatives of private companies and other governments.

- ✓ ***Policy Advice, Yemen:*** In the Republic of Yemen, GCA provided policy advice at the highest level and represented the government in negotiations with foreign oil companies. This responsibility necessarily included maintaining the fine balance required to keep the country attractive and profitable to the international oil industry while simultaneously

maintaining and realizing for the nation the full economic and social value of the country's natural petroleum resources.

- ✓ ***Termination of Major Refinery Operation, Caribbean:*** GCA represented a Caribbean government in negotiations with a major oil company operator of a refinery complex in the process of being shut down due to adverse economic conditions. GCA advised the government at Cabinet level as to its strategic options and provided assistance to local management in its dealings with the operator as it terminated the refining operations. The refinery had at one time provided over 50% of the government's revenue.

- ✓ ***Independent Audit of Abandonment Plans, Angola:*** At the request of a national oil company in West Africa, GCA undertook an audit of the Abandonment Plan submitted by the multi-national operator of one of the offshore Contract Areas. The audit addressed both the document itself and its method of compilation, and covered examination of legal and other regulatory requirements, visits to facilities, reservoir modeling, maintenance, economic analysis, assessment of abandonment procedures and costs, international comparisons, technology, and the management processes and systems associated with the overall abandonment planning activity. In addition to issuing the audit report, GCA also assisted the national oil company in its response to the operator, in implementing modifications to the Abandonment Plan and improving the planning process.

Appendix IV
Resumes

Bob George

Gaffney, Cline & Associates

Bob is Vice President of Gaffney, Cline & Associates (GCA). He has over 40 years of experience in the international oil and gas industry – more than 35 of those years with GCA. Bob actively participates in and manages GCA's advisory activities relating to government policy, valuations, and expert opinion and testimony, as well as providing global management oversight and strategic direction to all GCA offices.

Key Areas of Expertise

- Commercial strategy, financing, acquisitions and divestment
- Governmental petroleum policy, petroleum taxation and licensing issues
- Expert support and testimony in dispute resolution proceedings

Professional Experience

1984 – Present; 1974-1980: ***Vice President*** – Gaffney, Cline & Associates

Petroleum Policy, Legislation and Taxation

- Presently engaged by a South East Asian nation in negotiations with a major oil company on its investment plans and associated fiscal terms; engaged by the Alaska Department of Revenue and has provided testimony to various committees in both the Senate and House in the Alaska Legislature in connection with Petroleum Tax reform; review of Property Tax structure and possible reform in connection with Alaska LNG project; in Saudi Arabia, engaged by the Ministry of Petroleum and Ministry of Finance in the design of, and preparation of implementation regulations for, the country's Natural Gas Investment Tax, including regulations and the design of regulations for both upstream and midstream gas-related activities
- Joint-lead of the GCA advisory team that both developed and advised national oil companies and government agencies in the structuring, promotion and offering of petroleum leases to the industry; clients have included PDVSA, Brazil's ANP, Ecopetrol, KPC/KOC, Saudi Aramco, Pemex and Iraq's Ministry of Oil
- Managed design and drafting of petroleum law, exploration and production license agreement, petroleum taxation law, exploration and production regulations and petroleum licensing regulations for the Republic of Palau (in conjunction with the World Bank)

Expert Opinion and Testimony

- Engaged in the preparation of expert testimony and as an expert witness in a number of arbitration, litigation or mediation proceedings, as well as regularly reviewing expert reports prepared by others in GCA prior to their submittal; disputed matters have involved the valuation of royalty payments (Oil Basins vs. BHP); valuation in connection with the taking of assets by Governments (Western Mining vs. Commonwealth of Australia, Australian courts); Occidental vs. Ecuador, Mediation; ExxonMobil vs. Venezuela / Petróleos de Venezuela, ICSID/ICC); disputes regarding failed licensing, sale or farm-in agreements in Ukraine (Vanco vs. Ukraine, Stockholm Chamber of Commerce), China (Texaco vs. Apache, AAA) and Colombia (Stratus Oil and Gas vs. Hocol, ICC; two independent oil companies, ICC); litigation by shareholder groups involving assets in Canada (Paulson & Co vs. Total/Deer Creek, Alberta Court of Queen's Bench), New Zealand (expert advisor to Arbitrator and mediation between experts concerning privately held oil company, NZ Arbitration Act), and Kazakhstan (minority shareholders Chapparal Resources vs. Lukoil, Delaware US courts); change of fiscal terms in petroleum contracts and gas pricing in Algeria (Sonatrach vs. Duke and Anadarko vs. Sonatrach, UNCITRAL); and, insurance claim valuations in Libya and Syria
- Preparation of expert opinion and testimony in respect of a Deed of Arrangement of Nexus Energy Limited, Supreme Court of New South Wales, Australia

- Expert responsibilities (report and testimony) involving government entities and taxation authorities have included providing support to a client negotiating with the UK's Inland Revenue on a capital gains matter; for the Australian Tax Office in negotiations with companies on certain petroleum tax matters, involving issues such as transfer pricing and cost of capital; and for the US Internal Revenue Service, involving disputes on tax claims in the valuation of assets in Alaska, the Gulf of Mexico and elsewhere in the United States

Market Listings, Valuation, Strategy

- Strategic advice on projects ranging from multi-billion dollar market listings to working with a number of companies interested in developing their portfolios by identifying and acquiring or selling assets and/or companies, and preparing defense for hostile takeover activity
- Valuation opinions and Competent Person's Reports for market listings on global stock exchanges, including London, New York, Toronto, Oslo, São Paulo, Johannesburg, Singapore, Malaysia, Philippines, New Zealand and Australia

Management

- Global management of all GCA offices; responsible for corporate strategic development

1983 – 1983: Bank of America, UK

- Responsible for providing oil industry insight, understanding and analysis for a portfolio of multi-million dollar project loans, including analysis of corporate and project risks; additional responsibilities included marketing the bank's services

1980 – 1983: Getty Oil Company, UK

- Worked in the exploration department; responsibilities included economic evaluation of exploratory drilling and lease acquisition bid strategy, budget preparation, monitoring and control

1972 – 1974: Garmac Ag, Singapore / Indonesia

- Wellsite geologist

Professional Societies

- American Association of Petroleum Geologists (AAPG)
- Society of Petroleum Engineers (SPE)
- Association of International Petroleum Negotiators (AIPN)
- Institute of Directors, Member

Languages

- English *(native)*
- Spanish (*reading, basic conversation*)
- French (*reading, basic conversation*)

Education

- 1992 MBA, Open University, UK
- 1986-88 Investment Management & Corporate Finance, London Business School, UK
- 1972 BS (Hons) Earth Sciences, Leeds University, UK

Bill Cline

Gaffney, Cline & Associates

Bill is Gaffney Cline & Associates (GCA) Senior Advisor. GCA is an integrated firm with offices in a number of key locations for the international petroleum sector including the UK, North and South America, Asia-Pacific and the Middle East that provides a broad range of technical, commercial and strategic advisory support to the private and public sectors of the oil and gas industry, as well as to financial institutions, service and power sectors. Bill has over 35 years experience in the international oil and gas industry and has managed a large number of the firm's engagements with national oil companies and other national agencies and Ministries in Latin America, Africa, Asia and the Middle East.

Key Areas of Expertise

- Valuation of petroleum assets
- Petroleum Contracts development and negotiation support
- Petroleum sector resource management and fiscal reform

Professional Experience

1988 – Present – ***Executive Director*** – Gaffney, Cline & Associates

- Provides board-level advice and counsel to companies on issues such as competitive strategy, business direction and investment and economic analysis
- Advises national oil companies and governments on the strategic and practical dimensions of the transition to private/market economies, including the development of petroleum sector policy, model contracts, bidding round and negotiation processes and petroleum-sector reorganization and privatization
- Led GCA's team assisting the Government of Iraq in its first 5 Licensing Tenders and subsequent efforts around petroleum sector financing and development of large scale infrastructure projects.
- Centrally involved in GCA's multi-year advisory roles with Petróleos de Venezuela in its initiatives under the Apertura (the opening of the petroleum sector), with Brazil's Agência Nacional do Petróleo as it opened its upstream sector to the private sector (including Brazil's first 4 licensing rounds), and with Trinidad and Tobago's Ministry of Energy in the development of a Master Plan for the country's key natural gas sector
- Heavily involved in the firm's engagements on the restructuring and privatization of YPF S.A., in Argentina, and with Brazil's BNDES in the corporate valuation of Petrobras for its secondary share offering as well as the ANP and the Ministry of Finance its 2010 recaplitalization of Petrobras and the ~US$ 80 billion "pre-sel" development financing.
- Involved in GCA's engagements advising the Kingdom of Saudi Arabia with respect to its Natural Gas Initiative, the Government of Congo on restructuring its petroleum sector and related finances, the Governments of both Timor Leste and Afghanistan on petroleum and fiscal policy as well as institutional capacity development within the sector, and the governments of Brunei, Colombia, Mexico, Kuwait, Iraq and Peru with respect to business and contractual frameworks to facilitate the inflow of capital and/or technology and know-how into their respective upstream sectors
- Works with private sector companies, national oil companies, and ministries in the negotiation of commercial and fiscal arrangements and the valuation of petroleum assets, properties and companies for merger and acquisition assignments, as well as providing independent expert opinion for public disclosure or investor/lender due diligence purposes (debt and equity issues, project financings, fairness opinions, etc.) and dispute resolution purposes
- Acted in the capacity of expert witness particularly with respect to valuation of petroleum properties and/or petroleum industry practices in numerous arbitration, mediation and litigation proceedings including: ExxonMobil vs. Venezuela (ICSID); ExxonMobil vs. Petróleos de Venezuela (ICC); Anadarko Petroleum/Maersk vs. Sonatrach (UNCITRAL); Maersk vs. Algeria

(ICSID); Sonatrach vs. Duke (UNCITRAL); Texaco vs. Apache (AAA); Vanco vs. Ukraine (Stockholm Chamber of Commerce); Occidental vs. Ecuador (mediation); CNOOC vs. Talisman (mediation); a series of arbitrations adverse to Egypt (ICC, ICSID, UNCITRAL and CRCICA); Midland Resources vs. Shtaif et al. (Ontario Superior Court); Total,/ExxonMobil/Chevron/Nexen vs. NNPC (Nigerian arbitration); Repsol vs. Chevron (Spanish litigation); Niko vs. Bangladesh (ICSID and Bangladesh litigation); First National Petroleum vs. TNG (Stockholm Chamber of Commerce; and multiple cases for the United States' Internal Revenue Service, amongst others.

- Participated in and overseen numerous valuation exercises carried out by multi-disciplined technical and commercial analysis teams comprising geo-scientists, engineers, and economists. These evaluation and valuation assignments have included assets throughout the oil and gas industry's value chain including upstream (exploration, undeveloped discoveries, producing fields), midstream (pipelines, transportation media, gas processing plants) and downstream assets (refineries, petrochemical plants, market outlets, power generation facilities, and related infrastructure) as well as covered substantially all of the primary oil and gas regions of the world including North and South America, Western Europe, the Former Soviet Union, the Middle East, North and West Africa, the Indian sub-continent as well as the Far East and Australasia

1986 – 1988 – ***Manager, Market Development and Planning*** – Transco Energy

- Responsibilities included strategic planning and competitive analysis

1980 – 1985 – ***Various Positions*** - Global Marine Drilling Company

- Held a variety of positions within Global's worldwide operations and gained experience in supervisory positions on all types of offshore drilling units, including Exxon's Arctic Concrete Island Drilling system (CIDS)
- Responsible for the development and implementation of critical situation operating procedures for all of Global's deepwater rigs
- In 1983, responsibilities at Global were broadened to encompass a wide variety of special project work, including drilling unit performance analysis, operating cost reduction, equipment evaluation and rig efficiency enhancement projects

Professional Societies

- Association of International Petroleum Negotiators (Board of Directors since 2014)

Languages

- English
- Spanish (proficient
- French (proficient)
- Portuguese (fair)

Education

- 1986 MBA, Southern Methodist University, Dallas
- 1980 BSc.FS International Economics, Georgetown University, Washington, D.C.

Alan Cunningham

Gaffney, Cline & Associates

Alan has over 40 years of experience in the international oil and gas arena and has led organizations with as many as 2,000 employees, managing professional staff with technical, operational, commercial, financial, HSE and human resources responsibilities.

Key Areas of Expertise

- Business development
- Negotiations
- Planning and finance
- Exploration and production operations
- Land and asset management
- Policy and industry representation
- Expert witness and arbitration testimony

Professional Experience

2013 – Present: ***Technical Director*** – Gaffney, Cline & Associates

- Provides expert advice to multi-disciplinary projects, including fiscal policy advisor, directing licensing rounds, field development planning, reservoir performance analysis, and reserves estimation and auditing
- Advises clients on fiscal policy matters
- Advises and supports clients in the settlement of legal and arbitration disputes through the provision of expert witness reports and testimony
- Manages large multi-disciplinary project teams and/or multiple projects of significant scope and complexity
- Mentors and develops talent

2009 – 2013: ***Senior Specialist (Energy Policy)*** – The World Bank, Washington, D.C.

Provided the Governments of Cambodia, Papua New Guinea, Bangladesh, East Timor, Seychelles, Nigeria and South Sudan with energy policy advice and regulatory agency capacity building

2002 – 2008: ***President and Chief Operating Officer*** – Swift Energy, New Zealand

- Managed field exploration and field development programs
- Managed gas processing and product (oil/gas/LPG) sales operations
- Commercial and technical development of New Zealand's first underground gas storage facility

1998 – 2002: ***President*** – Entegrity Ventures International, Houston

Developed US and international mid- and upstream-energy projects for consideration by potential investors

1986 – 1998: ***Senior Executive Roles*** – Union Texas Petroleum, Houston, Jakarta

1996-1998: *Regional Vice President, Asia Pacific*, Houston
1992-1996: *General Manager, Worldwide Business Development*, Houston
1991-1992: *General Manager, Asia, South America & Australia*, Houston
1990-1991: *President, Virginia Indonesia Company*, Jakarta
1986-1990: *Vice President and General Manager, U.T.S.E.A*, Jakarta

- Developed and implemented international business development strategies
- Directed exploration and production organizations responsible for development of fields and facilities for the production and processing of 2 BCF/D and 50,000 BOP/D
- Commercial and operational development of the world's leading LNG export project (1990-2000) in Bontang, Indonesia

1981 – 1986: ***Management and Professional Roles*** – Union Texas Petroleum, Houston, Singapore
1985-1986: *Director and General Manager* – Huffco Operations, Houston
1985-1985: *Director Negotiations and Planning*, Houston
1983-1985: *Manger Negotiations*, Houston
1982-1983: *Manager Negotiations, U.T.S.E.A.*, Singapore
1981-1982: *Senior International Negotiator*, Houston

- Directed negotiations worldwide for upstream E&P agreements, including joint venture operations, product and asset sales, coal-bed methane operations and LNG Sales
- Successfully concluded negotiations for projects in China, Indonesia, Bangladesh, Papua New Guinea, Australia, Philippines, Korea, Taiwan, Japan, United Kingdom, Germany, Poland, Kazakhstan, Spain, Argentina, Tunisia and Pakistan
- Supervised the preparation of planning and budget models used to support successful leveraged buyout of 50% interest in Union Texas Petroleum by Kolberg, Kravis and Roberts

1974 – 1981: ***Field Experience*** – Houston, New Orleans
1977-1981: *Land Representative and Land Supervisor* – Mobil Oil Company
1974-1977: *Geophysicist* – Fairfield Industries

Professional Societies

- Petroleum Exploration Association of New Zealand (PEANZ) – Chairman/Board Director, 2005-2008
- Indonesian Gas Association (IGA) – Secretary/Board Director, 1990-1991
- Indonesian Petroleum Association (IPA) – Treasurer/Board Director, 1986-1991
- Association of International Petroleum Negotiators (AIPN) – Charter Member
- State Bar of Texas (*licensed, but currently inactive*)

Languages

English

Education

- 1977 JD Law, South Texas College of Law
- 1974 BA Political Science, University of Texas
- 1973 BS Geology, University of Texas

Scott A. Monette

Gaffney, Cline & Associates

Scott is a Senior Business Development Manager with over 24 years of industry experience with major oil and gas services companies, independent oil companies, and boutique consulting firms. He has a strong background in financial modeling, statistics, international economics, strategic planning, and oil and gas operations. Scott's diverse background in multiple disciplines from the technical and commercial through the strategic sectors of the industry has enabled him to build a wide professional network and vast international experience on multiple continents.

Key Areas of Expertise

- Petroleum Economics
- Business Development and Client management
- Development of oil and gas financial models
- Portfolio Management, Decision Analysis, Risk Mitigation, Value of Information
- Advanced statistics and probabilistic analysis

Professional Experience

2014 – Present: ***Principal Advisor*** – Gaffney, Cline & Associates

- Assists GCA's international clients by delivering customized consulting solutions

2012 – 2014: ***Principal Consultant*** – Decision Frameworks

- Led Decision Analysis projects; developed DA course materials and delivered Decision and Risk Analysis training in the US and overseas
- Taught and trained over 500+ industry professionals in advanced probabilistic and statistical analytics

2006 – 2012: ***President and Founder*** – Andalucía Oil Company

- Founded and grew independent E&P company from initial capitalization to successful operator:
  - Employed ten permanent and contract staff
  - Operated over 40 wells in depths from 2,000 to 11,000 ft
  - Participated in several wildcat drilling projects and generated over 30 prospects
- Screened new prospects and acquisitions
- Performed all financial reporting, tax and project financing decisions
- Hired and trained management team
- Negotiated several high-value unitized, multi-phase acquisitions with banks, private equity, and operators in several states and basins
- Participated in several joint ventures with other independent oil companies to perform multi-well exploration and exploitation plans

1998 – 2006: ***Business Development Manager*** – Schlumberger Int. (Value & Risk)
Business Development Manager – Latin America

- Served as President of SIS Value & Risk Community of Practice (CoP)
- Coordinated with engineering and development staff at company technology centers on impacts and shortcomings of products and economic processes, recommended changes and follow-up
- Manager of eight economic and risk domain experts across Latin America and Europe
- Presented several SLB papers at industry forums in South America and Europe
- Focused on the emerging markets of Brazil and Peru

- Took lead in helping EcoPetrol implement portfolio management, decision analysis and economic planning processes; helped ANH (Ministry of Energy) with bid-round pricing and concession modeling for IOCs

Business Development Manager – Latin America, based in Mexico City

- Same role, with focus more on Mexico

Senior Project Economist – based in London; clients included Shell – SPEED Project

- Supervised and managed global implementation of economic evaluation standards for Shell worldwide
- Built over 50 economic cash flow models for projects, countries, concessions and assets for all Shell Business Units worldwide
- Managed the efforts of five economists working on the project

At end of project, role transitioned to Business Development – Europe, including:

- Implemented Risk Analysis, Statistical Analysis, Decision Analysis, Value@Risk and Portfolio Management techniques for clients
- Worked with sales staff and marketing staff to devise new e-business strategies for Indigo Pool (Schlumberger A&D Business Unit)

Senior Economics Consultant – based in Caracas; clients included PDVSA

- Served as Senior Economist, working on a three-year implementation of a complete economics overhaul for PSVSA at all levels
- Handled Strategic Planning at the "Corporativo" level, to the Minister of Energy, to individual business units from Maracaibo to Puerto la Cruz
- Helped implement a new process to generate the "Plan De Negocios" or five-year business plan

Towards end of project, role transitioned to Marketing and Business Development, including:

- Led all of Latin America in the implementation and adaptation of Economic and Risk technology, including advancing new economic evaluation initiatives, such as:
  - Decision Tree Analysis-Portfolio Management- Monte Carlo simulations

Economics Consultant – based in Houston; clients included:

- Merrill Lynch – Set up and implemented a new economics workflow for evaluating prospective acquisition and divestitures for Merrill clients
- Altura – Modeled Permian Basin assets
- Marathon – Onsite economist

Professional Societies

- Association of International Professional Negotiators (AIPN)
- Texas Alliance of Energy Producers
- Society of Decision Professionals (SDP)

Languages

- English (*native*)
- Spanish (*fluent*)

Education

1995 BBA Finance and Economics, University of Texas, Permian Basin – Odessa

Jing "Cecilia" Cui

Gaffney, Cline & Associates

Cecilia specializes in economic, financial and fiscal analysis on oil and gas business entities, as well as strategic and commercial advisory to oil and gas clients, international and national oil companies and legislative assemblies.

Key Areas of Expertise

- Economic/Financial analysis
- Economic and fiscal regime modeling
- Strategic and commercial advisory

Professional Experience

2012 – Present: ***Professional, Petroleum Economist*** – Gaffney, Cline & Associates

- Performs economic analysis and modeling on project-based teams, such as cashflow and returns analysis, single-well economics, field development planning, LNG market and export competitiveness analysis, upstream contract modeling, CNG/LNG value chain modeling, tolling models, partnership deal structures and corporate financial analysis
- Conducts investment evaluations, strategic and commercial advisory, due-diligence and cost benchmarking studies on North America shale plays including Eagle Ford, Permian, Marcellus, Bakken and Horn River
- Conducts research on various topics for investment decisions and upper-management supports, such as petroleum fiscal systems and upstream portfolio optimization; US reserve audit regulations and reporting standards; shale potentials in Russia, Argentina, Australia and Poland; market analysis and competitive studies in midstream and downstream, including estimating LNG delivered prices to Asian market from newly proposed LNG projects
- Co-published a presentation on shale development economics at the American Association of Petroleum Geologists (AAPG) conference in 2013

2011 – 2012: ***Research Analyst*** – Harder Consulting, Inc. Austin, TX

- Constructed multiple-factor regression models to research on stock returns, which enhanced the accuracy of simulating stock performance by 13%
- Performed statistical analysis to identify portfolio risks in stock performance

2009 – 2010: ***Junior Research Analyst Intern*** – Decatur Capital Management, Inc., Decatur, GA

Constructed regression models and statistical tests to estimate stock returns and to identify portfolio risks, which enhanced the accuracy of simulating stock performance by 13%

2009 – 2009: ***Student Researcher*** – School of Mathematics, Georgia Institute of Technology, Atlanta

Acquired fundamental knowledge on partial differential equations used in image processing

2008 – 2009: ***Student/Research Assistant*** – Centers for Disease Control and Prevention, Atlanta, GA

- Conducted quality control of data processing prior to subsequent statistical analysis, modifying the data collecting process to reduce occurrence of repetitive errors
- Researched and presented literature reviews on topics such as cost comparison for medical devices, newly developed technologies for detecting breast cancer and health economics

2007 – 2011: ***Various Intern and Teaching Assistant positions***

Patents and Publications

- "Oil Price Crash to Have 2 Million Barrels per Day Impact in US?," Oil & Gas Finance Journal, March 2015.
- "A Closer Look at Shale Development Economics," American Association of Petroleum Geologists (AAPG) Annual Technical Conference, 2013.

Professional Societies

- World Affairs Council of Houston
- Association for Corporate Growth
- Chinese American Petroleum Association
- Phi Beta Kappa Honor Society
- Mortar Board Honor Society
- Association for Women in Mathematics (AWM)
- Omicron Delta Epsilon International Honor Society for Economics

Languages

- Chinese, Mandarin (*native*)
- English

Education

- 2012 MS Economics, University of Texas, Austin, TX
- 2010 BA Mathematics, Economics, *Magna Cum Laude*, Agnes Scott College (ASC), GA

Frederick Weltge

Gaffney, Cline & Associates

A very capable petroleum economist with six years' experience advising clients on oil and gas asset valuations, upstream contracts, national petroleum regimes, and industry movements on project based teams.

Key Areas of Expertise

- Economic/Financial analysis and modelling of oil/gas assets
- National hydrocarbon fiscal regimes
- Upstream block contracting and licensing

Professional Experience

2011 – Present **– *Senior Commercial Consultant*** – Gaffney, Cline & Associates

- Performing economic and financial valuations for upstream and downstream assets
  - Completed numerous global oil and gas asset valuations for due diligences, competent person's reports, and reserves reports, with experience in over 30 different countries
  - Conducted portfolio optimization and analysis for African and South American NOC
  - Evaluated operational losses for Force Majeure insurance claims in Libya, Egypt and Syria
  - Analysed field development and portfolio options to optimize value from client's asset base for small independents, particularly in Nigeria, US, Egypt, and Mexico
- Advising clients on upstream contracting, licensing and policy
  - Supported and met with the Petroleum Contracts and Licensing Directorate of Iraq to advise on business structure, marketing, evaluation, and process of upstream licensing rounds, including audits of IOC comments and proposals brought forth in subsequent negotiations
  - Advised the Ministerio Coordinador de Sectores Estrategicos of Ecuador on major integrated upstream/downstream project's business structure, economic evaluation, and negotiations
  - Contributed to a wide variety of Expert Witness Reports regarding oil and gas breaches of contract
  - Assessed strategies and options for clients bidding on competitively tendered oil and gas licenses
- Projecting industry movements to deliver client insights on market trends and implications
  - Advised clients on the contractual developments and opportunities of the Mexican Energy Reform
  - Analysed US unconventional activity by basin to forecast production and breakevens
  - Forecasted natural gas supply and consumption outlooks for multiple projects to determine potential for gas transportation, utilization and monetization investments
  - Identified investment opportunities in new conventional and unconventional plays
  - Evaluated gas monetization opportunities in Trinidad and Tobago, Kuwait and Iraq

2010 – ***Intern*** – Gaffney, Cline & Associates

- Edited and created upstream petroleum contracts for client countries
- Supported projects with research and statistical analysis to determine future trends and economic feasibility
- Assisted with economic and financial modelling of client data

2009 – 2010 – ***Research Intern*** – Prestige Economics

- Researched extensively the commodities market, specifically the metals and energy sectors
- Researched and presented how to start a commodities trading market for scrap metals
- Provided historical and statistical information to clients.

Professional Societies

- Association of International Petroleum Negotiators
- Energy Institute – Young Professionals

Languages

- English

Education

- 2011 B.A. Economics, The University of Texas at Austin, Austin, Texas
- 2011 Minor Finance, The University of Texas at Austin, Austin, Texas

Appendix V
Amendments

DIVISION OF LEGISLATIVE AUDIT
RFP NUMBER 17-33-01
AMENDMENT NUMBER 1

RETURN THIS AMENDMENT TO THE ISSUING OFFICE AT:

Division of Legislative Audit
State Capitol, Room 3
Juneau, AK 99801-1182
Attn: Tina Strong

DATE AMENDMENT ISSUED: April 6, 2017

RFP TITLE: Oil and Gas Fiscal Systems Economic Analysis and Expertise

RFP CLOSING DATE & TIME: 4:00PM Alaska Time on April 24, 2017

The following changes/additions/clarifications are made:

1. Question: "In Section 5.02 (Deliverables) the RFP says that the contractor shall develop an economic model on or before July 1, 2017, and that the consultant "shall have project life cycle models that measure the impact of fiscal system changes …""

   "The Cost Proposal (Section 6.03) is required in the first cost breakdown to break out the "professional fees to develop the contractor's expertise and an economic model.""

   A: "Is the economic model due on July 1 the same or different than the project life cycle models?"

   Answer: ***The economic model shall include, but not be limited to, the project life cycle models. Please see the amended section 5.02 below.***

   B: "Insofar as a myriad of different life cycle models are possible depending on different developmental situations, how many different life cycle models are required?"

   Answer: ***The RFP does not require a maximum or minimum number of project life cycle models as part of the proposal.***

   C: "Are the life cycle models also due on July 1? Should that first cost breakdown include the life cycle models?"

   Answer: ***Yes. Please see the amended section 5.02 below.***

DIVISION OF LEGISLATIVE AUDIT
RFP NUMBER 17-33-01
AMENDMENT NUMBER 1

2. Question: Regarding the insurance requirements (Section 3.06), would it be acceptable to have the arrangements in place to acquire the insurance, but not actually purchase it until, pending contract award, a definitive notification to proceed on actual work is issued?

   Answer: ***No. Please see AS 23.30.045 (d).***

3. On Page 22, section 5.02 (Deliverables) has been amended to now read:

   The contractor will be required to develop an economic model on or before July 1, 2017, to evaluate Alaska's current oil and gas fiscal system and potential proposed changes. The economic model shall include, but not be limited to, project life cycle models that measure the impact of fiscal system changes on common investor metrics such as NPV (Net Present Value), IRR (Internal Rate of Return), and EMV (Estimated Monetary Value).

4. All other terms and conditions of Request for Proposal 17-33-01 will remain as written.

In order for your proposal to be considered responsive, a signed copy of this amendment, in addition to your proposal, must be received by the issuing office prior to the closing date and time.

Tina Strong, Supply Officer
PHONE: (907) 465-6705
FAX: (907) 465-2918
TDD: (907) 465-4980

Gaffney, Cline & Associates
NAME OF COMPANY

AUTHORIZED SIGNATURE

Business Dev. Manager
TITLE

Scott A. Monette
PRINTED SIGNATURE

4-12-2017
DATE

DIVISION OF LEGISLATIVE AUDIT
RFP NUMBER 17-33-01
AMENDMENT NUMBER 2

RETURN THIS AMENDMENT TO THE ISSUING OFFICE AT:

Division of Legislative Audit
State Capitol, Room 3
Juneau, AK 99801-1182
Attn: Tina Strong

DATE AMENDMENT ISSUED: April 12, 2017

RFP TITLE: Oil and Gas Fiscal Systems Economic Analysis and Expertise

RFP CLOSING DATE & TIME: 4:00PM Alaska Time on April 24, 2017

The following changes/additions/clarifications are made:

1. Question: Does the company just need to understand the background associated with ELF, ACES, SB21 and HB247 or does the model delivered need to be able to run profiles under each of those systems?

   Answer: ***The company only needs to understand the background associated with the prior tax systems, as questions often arise in committee that seek to understand proposed changes in terms/context of past practices. It is not necessary to develop a model to run profiles under these systems; except, the current system is SB 21, with changes per HB 247, so that current system is the one on which a model must be based – so that proposed changes can be compared to the status quo.***

2. Question: The world of petroleum fiscal systems has dozens of different structures in play. Does the model need to be able to handle any structure or are you mainly looking to be able to compare Alaska to a defined set of fiscal structures?

   Answer: ***The model does not need to handle other structures in play in other parts of the world; however, the contractor must be able to compare Alaska's regime to other jurisdictions, in terms of total government take and other, similar metrics, including the interaction between a national government and a federated sovereign. Knowledge of other fiscal jurisdictions should be sufficient so that the contractor is able to discuss how various jurisdictions handle certain aspects – for example, how regimes treat new oil that is higher cost to develop, or how***

regimes allow for cost recovery. It is possible proposals would contemplate a shift from a profits to a gross tax system.

3. Question: Is it the intent of the government to run the model and cases? If so, should our price for building the model include the time it will take to train people how to use it properly?

   Answer: ***The government would not have possession of the model and is not expected to run scenarios. That is expected of the contractor, who has the background and subject matter expertise to not only 'run' the model but also to provide meaning and context to the results.***

4. Question: Do you need a breakdown anywhere in the proposal as to each person's hourly rate and how the blended hourly rate is derived?

   Answer: ***The RFP does not require a breakdown in the proposal as to each person's hourly rate and how the blended hourly rate is derived.***

5. Question: Once that blended rate is established, will that become the billable rate for all the continuing services regardless of what the task is and who does it?

   Answer: ***Yes.***

6. On Page 4, section 1.02 (Return Mailing Address and Deadline for Receipt of Proposals), the fourth paragraph has been amended to now read:

   Proposals must be received no later than 4:00 PM Alaska Time on April 24, 2017. Faxed or oral proposals will not be accepted. Proposals may be emailed to tina.strong@akleg.gov, no later than the date and time listed on page one of this RFP as the deadline for receipt of proposals, and must contain the RFP number in the subject line of the email. Emailed proposals must be submitted as an attachment in PDF format. The technical proposal and the cost proposal must be separate attachments in PDF format. Please note that the maximum size of a single email (including all text and attachments) that can be received by the Division of Legislative Audit is 20mb (megabytes). If the email containing the proposal exceeds this size, the proposal must be sent in multiple emails that are each less than 20 megabytes and each email must comply with the requirements described above in this section 1.02. The Division of Legislative Audit is not responsible for unreadable, corrupt, or missing attachments. It is the offeror's responsibility to contact the issuing office at (907) 465-6705 to confirm that the proposal has been received. Failure to follow the above instructions may result in the proposal being found non-responsive and rejected.

DIVISION OF LEGISLATIVE AUDIT
RFP NUMBER 17-33-01
AMENDMENT NUMBER 2

7. On Page 24, section 6.01 (Proposal Format and Content), the second paragraph has been amended to now read:

   Offerors who do not wish to email their proposal per the instructions in amended section 1.02 (Return Mailing Address and Deadline for Receipt of Proposals) must submit one original hard copy and a USB flash drive containing a print-ready electronic PDF version of their proposal to the Issuing Office address listed on Page 1 of this RFP.

8. All other terms and conditions of Request for Proposal 17-33-01, as subsequently amended, will remain as written.

<u>In order for your proposal to be considered responsive, a signed copy of this amendment, in addition to your proposal, must be received by the issuing office prior to the closing date and time.</u>

Tina Strong, Supply Officer
PHONE: (907) 465-6705
FAX: (907) 465-2918
TDD: (907) 465-4980

Gattney, Cline and Associates
NAME OF COMPANY

AUTHORIZED SIGNATURE

Business Development Manager
TITLE

Scott A Munethe
PRINTED SIGNATURE

4-24-2017
DATE

DIVISION OF LEGISLATIVE AUDIT
RFP NUMBER 17-33-01
AMENDMENT NUMBER 3

RETURN THIS AMENDMENT TO THE ISSUING OFFICE AT:

Division of Legislative Audit
State Capitol, Room 3
Juneau, AK 99801-1182
Attn: Tina Strong

DATE AMENDMENT ISSUED: April 14, 2017

RFP TITLE: Oil and Gas Fiscal Systems Economic Analysis and Expertise

RFP CLOSING DATE & TIME: 4:00PM Alaska Time on April 24, 2017

The following changes/additions/clarifications are made:

1. Question: I would like you to describe in greater detail the expected granularity, for lack of a better way of describing it, of the fiscal analysis model. How much detail do we expect in terms of various credits, the changes in tax policy over time, deductions, whether distributions or property tax issues are a part of this fiscal model, just generally how much granularity do you anticipate is to be provided by the work. Requests that we do it in the context of the components of the analysis as that will impact a proposer's cost proposal. More detail has cost implications.

   Answer: ***Changes in tax policy over time are not necessary in a model; however, credits, deductions, property tax, etc. need to be fully incorporated.***

   A model does not need to show how ELF, PPT, ACES worked; but the current regime in place today (SB21) should be the basis of comparison for future changes – so the current system (amended per any legislation passed this session) will need to be very granular. As the system has a number of complex features that interact with each other in extreme ways, the model needs to be calibrated to that and there will be opportunities to prove up assumptions in models with Revenue, others.

   It may be helpful to go to the LBA website, http://lba.akleg.gov/, where you can look at specific presentations for the type of analysis that the legislature requires.

DIVISION OF LEGISLATIVE AUDIT
RFP NUMBER 17-33-01
AMENDMENT NUMBER 3

2. Question: Please indicate what type of time constraints will be placed on the different models that participants that are the successful bidders, based on what happens with the legislature. The tax regime that is under debate right now in our legislature is not finalized and Sunday is the last day of session. If we go into Special Session, or if this is delayed over the course of the summer, will that be a trigger for an automatic delay in order to incorporate the most recent tax information into the model.

   Answer: ***There is a possibility that we would need to allow latitude with the due date depending on the final adjournment of the Legislature; however, that decision will most likely be made after a contract is awarded, so we would amend the contract for that purpose, if needed.***

3. Question: I would be interested in a description as to the availability of detailed tax and royalty data, whether there will be any confidentiality issues in terms of releases of source data, the time series over which detailed data would be available, and any other data issues such as format or changes in your information systems that would affect the availability of detailed data.

   Answer: ***A consultant may or may not have access to confidential data kept by the administration or by individual companies. Assume publicly available information is all that will be available. This data is available through the Alaska Department of Revenue, the Alaska Department of Natural Resources, and the Alaska Oil and Gas Conservation Commission. If you go to their websites, you will see the depth of data immediately available. The Legislature does not keep this data and so format and other changes are questions that you may want to ask of the state departments.***

   As a note, in Alaska, DOR may release data only in a manner that does not compromise taxpayer confidentiality; so, data released is aggregated. Occasionally data is not available because too few companies comprise that data set to be able to aggregate.

4. Question: Provide a description of your expectations as to required interviews and contact with State personnel in order to explore the tax and royalty policy issues to be addressed. Mostly focused on some ability to estimate some costs and requirements for those type of interviews. This is in the course of developing the understanding described by the RFP of the proposals at existing tax policies specifically as related to preparing this initial fiscal analysis model.

Answer: ***This is entirely contingent on the offeror's baseline knowledge and needs. Interviews with administration personnel, and in some cases industry companies themselves, can be critical in understanding how a system in statute plays out in application. Interviews should be based on an applicant's need. We are not requiring these interviews, but recommend that a consultant conduct them to develop and confirm their understanding of the system.***

5. Question: Under 2.08 to be able to qualify. It says work performed for government or sovereign related to fiscal systems does that mean one has had to actually worked for a foreign government or other sovereign directly on fiscal work or if someone just modeled for example Norwegian fiscal system would that qualify.

   Answer: ***2.08 does NOT mean that you have to have consulted for a foreign government. The Legislature seeks a consultant with experience consulting on behalf of a sovereign (government) – and not just for an oil and gas company. Ideally, the Consultant should have an understanding of government's needs, motivations, priorities, concerns, from a government's perspective, and not solely from an industry perspective.***

6. Question: The ongoing part of this contract, if someone is awarded a contract through 2019 or even through fiscal year 2018 how would that award affect the potential that that firm engages in other contract work with other oil and gas entities in the State. Would that be seen as a conflict of interest automatically or would it be on a case by case basis.

   Answer: ***The LBAC Chair will evaluate potential conflicts, on a case by case basis. There are no absolutes. Generally speaking, the Legislature expects its consultants to avoid potential conflicts while under contract with the Legislature. Conducting work for an oil and gas company operating in Alaska would be a potential conflict; especially if the work relates to Alaska. If the work conducted is unrelated to Alaska, it is a potential conflict, but the nature of the work will be looked at in greater detail to determine the likelihood of a conflict.***

DIVISION OF LEGISLATIVE AUDIT
RFP NUMBER 17-33-01
AMENDMENT NUMBER 3

7. All other terms and conditions of Request for Proposal 17-33-01, as subsequently amended, will remain as written.

In order for your proposal to be considered responsive, a signed copy of this amendment, in addition to your proposal, must be received by the issuing office prior to the closing date and time.

Tina Strong, Supply Officer
PHONE: (907) 465-6705
FAX: (907) 465-2918
TDD: (907) 465-4980

Gaffney, Cline & Associates
NAME OF COMPANY

AUTHORIZED SIGNATURE

Business Development Manager
TITLE

Scott A. Munatla
PRINTED SIGNATURE

4-24-2017
DATE

DIVISION OF LEGISLATIVE AUDIT
RFP NUMBER 17-33-01
AMENDMENT NUMBER 4

RETURN THIS AMENDMENT TO THE ISSUING OFFICE AT:

Division of Legislative Audit
State Capitol, Room 3
Juneau, AK 99801-1182
Attn: Tina Strong

DATE AMENDMENT ISSUED: April 20, 2017

RFP TITLE: Oil and Gas Fiscal Systems Economic Analysis and Expertise

RFP CLOSING DATE & TIME: 4:00PM Alaska Time on April 24, 2017

The following changes/additions/clarifications are made:

1. Question: As I understand it, a sole proprietorship with no employees (other than the owner) is not required to have workers compensation insurance. Is this correct?

   Answer: ***Yes.***

2. Question: Would a joint venture participant with one owner and one employee located outside the United States be required to have workers compensation insurance?

   Answer: ***Yes, because there is an owner and an employee.***

3. Clarification: All insurance coverage required by the RFP must be met and the contractor must maintain in force at all times during the length of the contract.

DIVISION OF LEGISLATIVE AUDIT
RFP NUMBER 17-33-01
AMENDMENT NUMBER 4

4. All other terms and conditions of Request for Proposal 17-33-01, as subsequently amended, will remain as written.

In order for your proposal to be considered responsive, a signed copy of this amendment, in addition to your proposal, must be received by the issuing office prior to the closing date and time.

Tina Strong, Supply Officer
PHONE: (907) 465-6705
FAX: (907) 465-2918
TDD: (907) 465-4980

Gaffney, Cline and Associates
NAME OF COMPANY

AUTHORIZED SIGNATURE

Business Development Manager
TITLE

Scott A. Monette
PRINTED SIGNATURE

4-24-2017
DATE

COST PROPOSAL FORM

RFP Number:	17-33-01
RFP Title and Description:	Oil and Gas Fiscal Systems Economic Analysis and Expertise

Company or Person(s) Submitting proposal: Gaffney, Cline & Associates

Address: 5555 San Felipe, Suite 550

City, State, Zip Code: Houston, TX 77056

Telephone No.: 713-850-9955 Fax No.: 713-850-9966

Email: scott.monette@gaffney-cline.com Alaska Business License No.: 734028

Indicate if you qualify as an Alaskan Offeror. ☒ Yes ☐ No (See RFP for criteria to qualify.)

The Offeror herby offers the price(s) listed below in accordance with the RFP Specifications:

Total Contract Price in professional fees for developing the Contractor's expertise and an economic model under RFP 17-33-01(10 percent):

(1) $ 135,000

Hourly rate for continuing services contingent upon the legislature's needs (30 percent):

(2) $ 550.00 per hour

(3) Monthly Retainer If Required (not to exceed $10,000) (a) 0
Number of Hours per month (b) 0
Retainer Hourly Rate: (a) divided by (b) (c) 0
(c) will be used for the evaluation of this section, if a retainer is proposed (see sec. 6.03 and 7.03 for criteria)

The LBAC does not guarantee any minimum or maximum volume of work under this contract.
Travel Expenses will be paid separately from professional services. Do not include travel expenses in your Proposal.

AUTHORIZED SIGNATURE: [signature]

PRINTED SIGNATURE: Scott A. Monette

DATE: April 24, 2017