



INTERIOR GAS UTILITY

CLEAN LOW COST NATURAL GAS FOR THE INTERIOR

REQUEST FOR PROPOSALS

RFP #01-2019

Financial Advisory Services

Issue Date: 01/11/2019

Due Date: 01/31/2019

Interior Gas Utility
3408 International Street
Fairbanks, Alaska 99701

FOR INFORMATION CONTACT:

Wesley Smith
Controller, FNG
Email: wsmith@fngas.com



***IMPORTANT NOTICE FOR
RFP # 01-2019***

Financial Advisory Services

If you are taking this Request for Proposals (RFP) from the IGU web site and intend to respond, provide the following information to us via email to wsmith@fngas.com to be included on the IGU list of companies interested in responding to this RFP.

Company Name: _____
Contact Name: _____
Company Address: _____
Telephone Number: _____
Fax Number: _____
E-mail Address: _____

Any amendments or clarifications to this RFP will be posted on the IGU website at <http://www.interiorgas.com>. Interested Offerors are responsible for carefully reviewing this RFP and any amendments or clarifications prior to submitting their proposal.

CONTACT:
Wesley Smith
Controller, FNG
3408 International Street, Fairbanks, AK 99701
Email: wsmith@fngas.com

RFP ISSUE DATE: 01/11/2019
DEADLINE FOR RESPONSES: 1/31/2019

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Attachment - Draft Contract

1.0 INTRODUCTION AND INSTRUCTIONS

1.1 PURPOSE OF THIS REQUEST FOR PROPOSAL

The Interior Gas Utility (IGU) is seeking proposals for the purpose of establishing a term contract with a financial advisory firm qualified and available to provide a full range of financial services to the IGU. Initially the contractor will provide financial advisory services required to obtain a credit rating, develop and execute a debt financing plan, and assist as requested in the issuance of tax-exempt bonds for project financing. Other services may be required over the term of the contract as identified in Section 3. Background regarding the IGU can be found in Section 3 and from the IGU web site at <http://www.interiorgas.com>.

The IGU intends to award a term contract beginning March 1, 2019 through February 28, 2020 with four (4) one-year renewal options subject to satisfactory completion of services. Attachment A is a draft of the proposed contract and terms.

1.2 MINIMUM EXPERIENCE REQUIRED

Offeror's must have been in business for at least three years and key individuals must have a minimum of three years of experience providing financial advisory services for public issuers of debt with similar characteristics to those of IGU.

An Offeror's failure to meet these minimum experience requirements will cause their proposal to be considered non-responsive and their proposal will be rejected.

1.3 SUBMISSION OF PROPOSALS AND DEADLINE FOR RECEIPT OF PROPOSALS

Offerors must submit one hardcopy of their proposal **and** one electronic copy in PDF format on a USB drive in a sealed envelope or package following the format under Section 4. The envelope or package must be addressed as follows:

Physical & Mailing Address

Interior Gas Utility
Purchasing
3408 International Street
Fairbanks, AK 99701

REF: RFP #01-2019 Proposal for Financial Advisory Services

Proposals must be received no later than 3:00 PM local time January 31, 2019 Faxed, emailed or oral proposals will not be accepted.

An Offeror's failure to submit its proposal prior to the deadline will cause the proposal to be disqualified. Late proposals or amendments will not be opened or accepted for evaluation unless by addendum to this RFP.

1.4 CONTACT REGARDING QUESTIONS

Any questions regarding this request are to be submitted by e-mail to the IGU Procurement Officer.

Wesley Smith
IGU
3408 International Street
Fairbanks, AK 99707
E-mail: wsmith@fngas.com

All questions that require clarification or interpretation of this RFP that cannot be answered by careful review of the document must be received in writing at the Issuing Office address (5) five business days before the due date for proposals. If the question cannot be answered by a careful review of the appropriate section of the RFP, the Procurement Officer will respond in writing and post an amendment or clarification, as appropriate, to the IGU website.

1.5 LOCATION OF WORK

IGU offices are located in Fairbanks. It is anticipated that the contractor will need to work closely with IGU staff located in Fairbanks. If the offeror has an office in Fairbanks it may be beneficial however it is not required as most communications will be by telephone and e-mail.

1.6 NEWS RELEASES

News releases by or on behalf of any Offeror pertaining to the award resulting from the RFP shall not be made without prior written approval of the IGU Procurement Officer.

1.7 RFP/CONTRACT MANAGEMENT

The IGU Board of Directors, or their designee, must approve the contract and any amendments if greater than \$150,000 prior to execution of the contract or amendments by the General Manager (GM).

The IGU GM or their designee will participate in the evaluation of proposals, make recommendations for negotiations, and negotiate the final terms and conditions of the contract, subject to approval by the IGU Board. The GM will also make any determinations with respect to a protest appeal as required by IGU policy and sign the contract for the IGU.

The Procurement Officer, as defined by this RFP, is Wesley Smith, FNG Controller. He is responsible for conducting the solicitation and overseeing the work of the Evaluation Committee to assure compliance with IGU procurement policy and making determinations with respect to any protest. The Procurement Officer is also responsible for contract administration that includes accepting proposals for changes, approving invoices and deliverables and evaluating contractor performance.

2.0 RULES GOVERNING PROCUREMENT

2.1 PREPARATION COSTS

The IGU shall not be responsible for response preparation costs, nor for costs including attorney fees associated with any challenge (administrative, judicial or otherwise) to the determination of the highest ranked interested firms(s) and/or award of contract and/or rejection of proposal. By submitting a response each interested firm agrees to be bound in this respect and waives all claims to such costs and fees.

2.2 REVIEW OF THE RFP

Offerors should carefully examine the entire RFP and any addenda thereto, and all related materials and data referenced in the RFP. Potential contractors should become fully aware of the nature of the work and the conditions likely to be encountered in performing the work. Any protest filed by a prospective Offeror related to the materials, data, and requirements of the RFP must be filed prior to the deadline for receipt of proposals. Protests based on an omission, error, or the content of the RFP will be disallowed if notice of the defect is not made as set out above.

2.3 ADDENDUM AND NOTICES

If an addendum or notice is issued it will be posted and available on the IGU website at:

<http://www.interiorgas.com>

No oral change or interpretation of any provision contained in this RFP made by any employee or representative of IGU at any time during the solicitation process should be construed by an Offeror as either an addition or change to the RFP. Written addenda will be issued when changes, clarifications, or amendments to this RFP are deemed necessary by the Procurement Officer.

An interested Offeror may request modifications to the scope, specifications, deadlines, or administrative requirements. Final acceptance or denial of any request is the decision of the Procurement Officer. Failure of the Procurement Officer to respond in writing to a request for addenda to the RFP shall be considered a rejection of the request.

It is the Offeror's responsibility to assure they have received and reviewed all addenda and notices related to the RFP. Proposals that fail to address material requirements in any addenda may be rejected as non-responsive.

2.4 LICENSES

All Contractors are required to hold a valid Alaska business license and the necessary applicable professional licenses required by Alaska Statute. For more information on these licenses, contact the Department of Commerce, Community and Economic Development, Division of Occupational Licensing, P.O. Box 110806, Juneau, Alaska 99811-0806. Telephone (907) 465-2538, www.dced.state.ak.us/occ/.

2.5 DISCLOSURE OF PROPOSAL CONTENTS – CONFIDENTIAL INFORMATION

All materials submitted in response to this RFP will become the property of IGU. The list of respondents to this RFP, and the content of proposals, will be kept confidential until the IGU issues a Notice of Intent

to Award. At that time, the selected proposal is open for review (except for information identified as being proprietary).

After the award of the contract, responses and proposals shall become public information except for properly identified proprietary information that has been requested to be kept confidential and the IGU concurs with that request in accordance with the procedures noted in this section. Such confidential information will be kept in the file in a sealed envelope marked confidential with the rest of the submittal.

If an Offeror wishes individual pages which they believe contain actual business proprietary information be held confidential, each page containing the presumed confidential information must be marked and an explanation furnished of its proprietary nature. In addition to marking individual pages, the proposal's cover will also be annotated with the words "THIS DOCUMENT CONTAINS PROPRIETARY INFORMATION".

"Confidential and Proprietary" information is not meant to include any information which, at the time of disclosure, is generally known by the public and/or competitors, or summary cost information used for the purpose of documenting the basis of award.

The Procurement Officer shall be the sole determining authority for application of confidential and proprietary information. Should the Procurement Officer determine that the requested information is not confidential and/or proprietary; the Offeror will be provided the opportunity to remove such designation or request the confidential or proprietary pages of the proposal be returned to the Offeror and the proposal be reviewed without consideration of that information. If the Offeror requests pages of the proposal be returned, all digital forms of the proposal submission will be returned to the Offeror.

Should the Offeror refuse to remove such designation, or request the designated pages be returned, the Procurement Officer shall reject the submittal as non-responsive without further recourse by the Offeror and return the entire submission to the Offeror.

By submission of a response, all Offerors acknowledge and are bound by this requirement.

2.6 RESPONSE FORMAT

Responses are to be prepared in such a way as to provide a straightforward, concise delineation of the Offeror's capabilities to satisfy the requirements of this RFP. Emphasis should be concentrated on

- 1) conformance to the RFP instructions;
- 2) responsiveness to the RFP requirements;
- 3) completeness and clarity of content.

Section 4 provides specific guidance for Offerors regarding the required proposal submission format.

2.7 SIGNATURE REQUIREMENTS

All proposals must be signed. A response and/or proposal may be signed by: an officer or other agent of a corporate vendor if authorized to sign contracts on its behalf; a member of a partnership; the owner of a privately-owned vendor; or another agent if properly authorized by a power of attorney or equivalent document. The name and title of the individual(s) signing the proposal must be clearly shown immediately below the signature.

2.8 PROPOSAL ACCEPTANCE PERIOD

Award of this proposal is anticipated to be announced within 45 calendar days of the proposal deadline, although all offers must be complete and irrevocable for 90 days following the submission date. Failure to announce the award within 45 days is not subject to protest under this RFP.

2.9 MODIFICATION/WITHDRAWAL OF SUBMITTAL

A respondent may withdraw a submission at any time prior to the final submission date by sending written notification of its withdrawal, signed by an agent authorized to represent the agency. The respondent may thereafter provide a new submittal prior to the final submission date; or submit written modification or addition to a submittal prior to the final submission date. Modifications offered in any other manner, oral or written will not be considered.

A final submittal cannot be changed or withdrawn after the time designated for receipt, except for modifications requested by the IGU as noted below.

After proposals are opened, modifications may be allowed prior to completion of the evaluation process if the Evaluation Committee determines that it is in the best interest of the IGU to solicit modifications or best and final offers.

Prior to contract award the highest ranked Offeror may be requested to modify or correct his proposal during contract negotiations to the extent it is in the best interest of the IGU and such modification would not affect the final ranking of their proposal.

2.10 REJECTION OF SUBMISSIONS & WAIVER OF MINOR INFORMALITIES

The Procurement Officer reserves the right to reject all submission if determined to be in the best interest of the IGU.

In addition, the Procurement Officer, based on recommendations of the Evaluation Committee, may reject any proposals that do not comply with all the material and substantial terms, conditions, and performance requirements of the RFP.

Minor informalities, that do not affect responsiveness; that are merely a matter of form or format; that do not change the relative standing or otherwise prejudice other offers; that do not change the meaning or scope of the RFP; that are trivial, negligible, or immaterial in nature; that do not reflect a material change in the work; or, that do not constitute a substantial reservation against a requirement or provision, may be waived by the Procurement Officer.

2.11 EVALUATION OF PROPOSALS

All responsive proposals received will be reviewed and evaluated by a committee that will be made up of IGU representatives and/or staff. Each member shall exercise independent judgment and no member's vote or score will be weighted more than any other. The evaluation will be based on the evaluation factors set out in Section 5 of this RFP.

2.12 EVALUATION INTERVIEWS FOR CLARIFICATION

The Evaluation Committee may request Offerors to participate in an interview process to provide clarification of certain points in their proposals prior to completion of the evaluation process. The purpose of these interviews is to ensure that the Evaluation Committee has a more complete understanding of the

Offeror's proposal. Material changes to proposals or negotiations are not allowed in this process. Information requested for the purposes of clarification will be limited to verification of statements made in the Offeror's proposal.

All Offerors will be given similar opportunities, as required for clarification. Interviews will be conducted in such a manner that information derived from competing Offerors is not disclosed. Interviews will be scheduled at the convenience of the Issuing Officer. AS 44.62.310 does not apply to meetings with Offerors conducted under this section. Interviews may be conducted by teleconference.

2.13 PROPOSAL DISCUSSIONS WITH OFFERORS DURING EVALUATION OF PROPOSALS

At the discretion of the Procurement Officer, an offeror whose proposal is reasonably suitable for award as determined in the initial evaluation conducted under 2.11 may be offered the opportunity to confidentially discuss the proposal with the Procurement Officer or Procurement evaluation committee.

The opportunity for confidential discussions, if held, will be extended to all offerors submitting proposals determined reasonably susceptible for award. Meetings with Offerors under this section are not subject to AS 44.62.310 - 44.62.319 (Open Meetings Act). Auction techniques that reveal one offeror's price to another, and disclosure of any information derived from competing proposals, are prohibited.

The Procurement Officer may limit discussions to specific sections of the proposals received or specific sections of the Request for Proposals. The conditions, terms, or price of the proposal may be altered or otherwise changed during the course of the discussions, if the changes are within the scope of the Request for Proposals. Any modifications to a proposal as a result of discussions will be reduced to writing by the offeror within the time frame designated by the Procurement Officer.

Final evaluations may be conducted as described in 2.11 considering the information provided by the offerors in the discussions or the Procurement Officer may request offerors provide a best and final offer per 2.14.

2.14 DISCUSSIONS FOR BEST AND FINAL OFFERS

The IGU may require written or oral submittals from Offerors for the purpose of determining the best offer that may be available. The purpose of these submittals will be to ensure the Offeror has a full understanding of the requirements of the RFP which may include additional requirements not specifically identified at the time the RFP was issued. Discussions will be limited to sections of the RFP identified by the Evaluation Committee.

Discussions, if held, will be with Offerors who have submitted a proposal deemed reasonably susceptible for award by the Evaluation Committee. Discussions would be after the preliminary evaluation of proposals has been completed by the Evaluation Committee. If modifications are made as a result of these discussions they will be put in writing.

Following discussions, the Evaluation Committee may set a time for best and final proposal submissions from those Offerors with whom discussions were held. Re-evaluation of the best and final proposals will be limited to the specific sections of the RFP opened to discussion by the Procurement Officer or their designee.

2.15 CONTRACT NEGOTIATIONS

Upon completion of the evaluation process, contract negotiations may be held in the IGU offices in Fairbanks or by teleconference.

2.16 CONTRACT TYPE

The contract awarded as a result of this RFP will be a term contract for one (1) year with four (4) one-year renewal options. IGU makes no guarantee as to the amount of work that will be available during the period of the contract and any subsequent renewals. Work will be requested and contracted as needed.

2.17 FAILURE TO NEGOTIATE

If the selected Contractor fails to provide the necessary information for negotiations in a timely manner, negotiate in good faith, or cannot perform a substantial portion of the contract within the amount of budgeted funds available for the project, the IGU may terminate negotiations and negotiate with the next highest ranked Offeror, terminate the award of the contract, or cancel the solicitation.

2.18 NOTICE OF INTENT TO AWARD

After completion of the evaluation process and negotiations with the most qualified Offeror, the IGU will issue a Notice of Intent to Award to all Offerors. This notice will contain the names and addresses of all the Offerors including the intended recipient of the contract.

2.19 PROTESTS

Any actual or prospective Offeror or contractor who is aggrieved in connection with the solicitation or award of a contract may protest to the IGU Procurement Officer. A protest with respect to the data, materials or requirements of request for proposal must be submitted in writing prior to the closing date.

The protest of the award of the contract must be submitted within five (5) calendar days after such aggrieved person knows or should have known of the facts giving rise thereto.

The protest must be filed in writing and include the following information: 1) the name, address, and telephone number of the protestor; 2) the signature of the protestor or the protestor's representative; 3) identification of the solicitation at issue; 4) a detailed statement of the legal and factual grounds of the protest, including copies of relevant documents; 5) the form of relief requested and 6) a non-refundable filing fee of \$75.00.

Within five (5) calendar days of submittal of a timely protest, the protestor shall submit a protest security (bond or cashier's check) in an amount not to exceed five percent of the protestor's proposal price or if proposals have not yet been opened, five percent of total estimated cost of the contract noted in the RFP or \$20,000, whichever is less,

- 1) If, after all the administrative and judicial remedies have been exhausted, the protest fails, the protest security shall be forfeited to the IGU.
- 2) If, after all the administrative and judicial remedies have been exhausted, the protest is upheld in whole or in part, the protest security shall be returned to the protestor.

If the protestor fails to submit the security as required in this section then the protest will be denied without further action.

If the protest is not resolved by mutual agreement, the IGU Procurement Officer, shall promptly issue a decision in writing which shall state the reasons for the action taken and inform the protestor of the right to an administrative review.

2.20 ADMINISTRATIVE APPEAL OF PROTEST DECISION AND HEARINGS

An administrative appeal must be filed with the IGU General Manager within ten (10) calendar days of the Procurement Officer's decision. The appeal request shall identify in detail all factual or legal errors in the decision that form the basis for the appeal. The administrative appeal shall be reviewed and determined de novo by the General Manager or, if in the best interest of the IGU as determined by the General Manager, by a hearing officer appointed by the IGU Board.

- 1) If a hearing officer is used, the hearing officer shall be a member of the State Bar for at least five years and experienced in contract or commercial matters.
- 2) The General Manager or hearing officer shall hold a hearing unless it is determined in writing that the appeal or the underlying protest is untimely or if the appeal involves questions of law without genuine issues of fact.
- 3) Hearings shall be recorded and conducted informally with due regard for the rights of the parties involved. The Rules of Evidence shall not apply.
- 4) The review shall be based on the provisions of this section and Alaska law.
- 5) The General Manager or hearing officer's decision may order that a proposal be accepted as the most responsive proposal and may order any of the additional remedies set forth in section 2.17 of this RFP. The General Manager or hearing officer, however, may not order the selection or rejection of any additive or deductive alternate, or award attorney fees.
- 6) Unless necessary to correct a failure to follow the procedures identified in this RFP or IGU procurement policies and procedures, the hearing officer may not substitute his judgment for the Procurement Officer on any matter vested within the Procurement Officer's discretion and may not order the amendment of any specifications, any change in the criteria for selection of a proposal, or any amendment, reordering, or reassessment of any qualitative judgment in the rating of a proposal.
- 7) The General Manager or hearing officer's decision shall be in writing and contain findings of fact and conclusions of law.
- 8) The decision of the General Manager or hearing officer will be the final administrative decision on the matter. The Rules of Evidence shall not apply.

2.21 REMEDIES ON PROTESTS OR APPEALS

If prior to the closing date for receipt of proposals, the Procurement Officer determines that a solicitation is in violation of federal, state or municipal law, then the solicitation may be canceled or revised to comply with applicable law.

If after the closing date for receipt of proposals, the Procurement Officer or hearing officer on appeal determines that a solicitation or a proposed award of a contract is in violation of federal, state or municipal law, then the solicitation or proposed award shall be canceled.

If after an award of a contract, the Procurement Officer, or General Manager or hearing officer on appeal determines that a solicitation or award of a contract was in violation of applicable law, then:

- 1) If the Offeror awarded the contract has not acted fraudulently or in bad faith:

- a. The contract may be ratified and affirmed, provided it is determined that so doing is in the best interests of the IGU, or
 - b. The contract may be terminated and the Offeror awarded the contract shall be compensated for the actual expenses reasonably incurred under the contract, plus 15% on those expenses, prior to the termination;
- 2) If the person awarded the contract has acted fraudulently or in bad faith, the contract may be declared null and void or voidable, if such action is in the best interests of the IGU.

In addition to the relief noted above, if a protest is sustained, and the protesting Offeror should have been awarded the contract under the solicitation but is not, then the protesting Offeror shall be entitled to the proposal preparation costs but shall not be entitled to attorney's fees, regardless of when incurred.

3.0 SCOPE OF WORK

The purpose of the contract resulting from this solicitation is to provide a full range of financial services to the IGU. Initially the contractor will provide financial advisory services required to obtain a credit rating, develop and execute a debt financing plan, and assist as requested in the issuance of tax-exempt bonds for project financing in addition to other services identified in this section.

3.1 BACKGROUND

The Interior Alaska Natural Gas Utility was created as an independent public corporation by the Fairbanks North Star Borough (FNSB) through its Ordinance No. 2012-52, after acquiring an area-wide natural gas utility power by transfer from the Cities of Fairbanks, Alaska and North Pole, Alaska. The Interior Alaska Natural Gas Utility doing business as the Interior Gas Utility (IGU) is wholly owned by the FNSB but is an independently managed, separate legal entity.

In June 2018, the IGU acquired Pentex Alaska Natural Gas Company, LLC (Pentex) including its subsidiaries Fairbanks Natural Gas, LLC (FNG), Titan Alaska LNG, LLC (Titan), Artic Energy Transportation, LLC, and Polar LNG, LLC. Titan produces LNG at its production facilities in Pt. Mackenzie, AK and transports it by tanker truck to LNG storage facilities in Fairbanks, AK. FNG operates the LNG storage and regas facilities and distributes natural gas to approximately 1,100 customers in its Fairbanks service territory.

IGU's primary objective is to provide clean burning, natural gas (NG) to the largest number of customers in the FNSB as soon as possible at the lowest cost possible. Its goal is to bring both economic and environmental well-being to the FNSB area and provide an important and necessary benefit to the public.

The NG distribution system is currently being built out within the City of North Pole and areas surrounding the City of Fairbanks, Alaska within the FNSB. Additionally, a large 5.25 million-gallon LNG storage facility is under construction in Fairbanks and is planned to be completed for NG service to new customers in late 2019. The ultimate system build-out is proposed to consist of approximately 720 miles of transmission lines, gas mains, and distribution lines with service to approximately 6,000 to 9,000 customers, depending on the level of conversions from other energy sources to NG.

3.1.1 CAPITAL IMPROVEMENT AND FUNDING PLAN

As part of its planning process and financing agreement with AIDEA, IGU developed a 12-year Capital Improvement Plan including the acquisition of Pentex, construction of LNG production and storage facilities, and buildout of distribution facilities in the North Pole and the greater Fairbanks areas. Table 1 below summarizes IGU's Capital Improvement Plan

Table 1 – IGU Capital Improvement Plan

Item	Amount (\$)	Totals (\$)
LNG Supply	Titan 2 & 3	\$ 75,487,000
Transportation	High-Capacity Trailers	\$ 4,745,000
Storage and Vaporization	Fairbanks and North Pole	\$ 58,676,000
Acquisition and Due Diligence	Pentex, LLC	\$83,631,400
Distribution	Gas main Expansion/Infill, Services, Meters	\$ 136,090,200
Program Management and Customer Acquisition	Program Management; Customer Acquisition Program	\$ 15,040,000
TOTAL		\$373,669,600
Source: IGU Financial Forecast and Pro Forma (May 2018)		

To date, financing for IGU’s Capital Improvement Plan has been provided through Capital Appropriations and SETS financing. Going forward, funding is to be provided by remaining SETS financing, tax-exempt revenue bonds, and other commercially-available financing sources as needed and available. Table 2 below summarizes IGU’s financing plan.

Table 2 – IGU Financing Plan

Sources of Funds		Amount
Capital Appropriations (HCS CSSB 18)		\$ 57,500,000
SETS Financing (SB 23 SLA 2013)		\$ 125,000,000
AIDEA Bonds (SB 23 SLA 2013)		\$ 150,000,000
Other Sources		\$ 41,169,600
Commercial Financing (LNG trailers)	\$ 4,745,000	
State storage credit – Fairbanks	\$ 15,000,000	
State storage credit - North Pole	\$ 5,830,000	
Other Debt or Cash Reserves (as available)	\$ 15,594,600	
Total Financing Requirements		\$ 373,669,600
Source: IGU Financial Forecast and Pro Forma (May 2018)		

3.2 STATEMENT OF SERVICES

Under the direction of the General Manager the contractor will provide financial advisory services required to obtain a credit rating, develop and execute a debt financing plan, and provide assistance as requested in the issuance of tax-exempt bonds for project financing.

This may include, but not necessarily be limited to, the following:

- Evaluate and provide both oral and written recommendations regarding:
 - IGU’s capital financing needs related to capital planning and improvement program needs.
 - IGU’s financial resources.
- Identify and analyze debt strategy alternatives, including alternative financing options; and recommend debt issuance strategies, including both timing and structure of debt issuance.
- Make recommendations regarding the conditions and form of bond sales.
- Evaluate the use of credit ratings or bond insurance, and recommend for or against the use of these credit options. Present any bond issue to a bond rating agency and bond insurers and work with the agencies to secure the best possible results.
- Assist in the development and evaluation of requests for proposals and other bidding documents for various services for the transaction, including procurement of bond insurance.
- Assist in communicating with rating agencies and addressing their requirements to establish and maintain IGU’s ratings.
- Assist in the preparation of official statements or other necessary financing documents.
- Assist in the negotiation of the terms or the evaluation of bids with bond purchasers including preparations for and participation in discussions and meetings with underwriters.
- Coordinate with bond counsel regarding legal documentation for any financing. Review and provide input into any Bond Resolution and other legal documentation for the bonds.
- For a competitive sale of bonds, the Advisor will take all steps necessary to ensure broad market exposure of the issue. The Advisor will take all steps necessary and customary for competitive bond sales.
- For a negotiated sale of bonds, the Advisor will review and oversee the Underwriter’s bond marketing plan, review the interest rates, reoffering yields, underwriters compensation and other terms and conditions of the sale, and advise the IGU on the reasonableness of the Underwriter’s purchase proposal.
- Assist in the closing of the transaction(s).
- Prepare bond amortization schedules at the level necessary to calculate future debt service payments and satisfy accounting, budgetary and borrowing requirements.
- Assist in the post offering responsibilities for each sale, including ensuring IGU compliance with continuing disclosure filing requirements and providing a post-transaction summary report.
- Provide additional services directly related to, and necessary for, the successful completion of financing.

3.3 THE WORK ORDER PROCESS

The selected contractor will be required to be available upon request to complete tasks. While some work may be negotiated on an hourly rate basis the intent is to follow a process that will provide for a cost effective and efficient means to accomplish the work required. Offerors may propose alternative processes, terms, or conditions that would encourage or promote efficiencies in using this term agreement.

IGU proposes to use the following work order assignment process for specific projects:

- After identifying the need for a project, the Procurement Officer will submit a request to the Contractor by e-mail or phone describing the task(s) to be completed. Each request will:
 - Identify the tasks to be completed.
 - Identify anticipated deliverables.
 - Provide a deadline for completion of the task(s).
 - Provide a deadline for submission of the work order proposal.
- Within the time frame identified in the work order request the Contractor will provide a written (e-mail may be sufficient) proposal that includes:
 - Concurrence with the plan and deliverables or an alternate plan and deliverables.
 - Estimated time involvement of key individuals.
 - A list of any proposed subcontractors and the work they will be doing.
 - A proposed work schedule identifying any critical decision points and expectations the Contractor may have for IGU for review or participation.
 - A cost proposal to complete the work order that includes estimates of all labor, transportation, materials, and expenses to complete the project.
 - A fixed cost price for the project as proposed.
- Upon receipt of the proposal, IGU will review the proposal with the Contractor and either accept the proposal as offered or negotiate as needed to ensure the work is completed in an efficient manner.
- The final work order scope, terms, schedule, and cost will be agreed to in writing by both parties and the IGU will issue a written notice to proceed (NTP) with the work (by fax or e-mail).

3.4 WORK ORDER ONE – DEVELOP A DEBT FINANCING PLAN AND PLACEMENT OF INITIAL BOND ISSUANCE – ESTIMATED \$25 - \$50MM.

For the purpose of evaluating the Offeror's approach to accomplishing a specific task, Offerors must provide a methodology and cost proposal for developing a debt financing plan and lead a competitive, negotiated or direct placement funding of a planned \$25 - \$50 million bond issuance in 2019 -2020.

In summary the tasks would include but not necessarily be limited to:

- Review of current IGU balance sheet and financial condition.
- Review of current Capital improvement and funding plan.
- Participating in discussions with the General Manager.
- Developing recommendations for viable financing options based on current market conditions.
- Making presentations to the IGU Board.
- Developing all materials and research necessary to lead to the placement of a \$25 - \$50 million Bond issuance in 2019-2020.

3.5 OTHER CONSIDERATIONS

- Notification time periods for work may vary from 24 hours to several weeks, depending on the nature and complexity of the work required.
- The expected level of detail associated with the Contractor's work will be specified in each work order and will be project specific.

- Unless special requests are made (e.g., related to scheduled meetings, or limited availability interviews), the Contractor will be free to perform the requested tasks at his/her discretion within the timeframe allotted by IGU.
- Subcontractors may be used by the contractor, subject to IGU approval. The Contractor must submit the full name, address, phone, fax, email and a copy of the subcontractor's business license with each work order.
- The Contractor may be required to provide a detailed description of the subcontractor's work in the response to a work order, and copies of agreements between the subcontractor and the Contractor.
- IGU makes no guarantee as to any minimum amount of work that will be given the successful contractor.
- The Contractor will be responsible for having all necessary equipment and other resources to perform the tasks.
- The Contractor will seek to be efficient with regard to time expended and costs incurred.
- Failure of the Contractor to respond to the work order requests timely or failure to complete work on time may be grounds for termination of the contract.

4.0 SUBMISSION REQUIREMENTS

The IGU wishes to discourage unnecessarily lengthy and costly proposal preparation, yet all proposals must contain the following information, formatted as requested. Proposals should be limited to the requested information. Failure to follow this format for a proposal or failure to include complete information as requested may result in a lower score or disqualification of the proposal depending on the severity of the discrepancy.

4.1 REQUIREMENT

Offerors must submit one unbound hardcopy of their proposal **and** one electronic copy in PDF format on a USB drive in a sealed envelope or package. The envelope or package must be addressed as follows:

Physical & Mailing Address

Interior Gas Utility
Purchasing
3408 International Street
Fairbanks, AK 99701

REF: RFP #01-2019. Proposal for Financial Advisory Services

Proposals must be received no later than 3:00 PM local time January 31, 2019. Faxed, emailed or oral proposals will not be accepted.

An Offeror's failure to submit its proposal prior to the deadline will cause the proposal to be disqualified. Late proposals or amendments will not be opened or accepted for evaluation unless by addendum to this RFP.

4.2 SUBMITTAL CONTENTS

Submittals are expected to be in the following format, address the specific issues, and are not expected to be more than 20 pages excluding exhibits.

4.2.1 INTRODUCTION

Include a letter of transmittal containing the complete name and address of the firm; name, mailing address, and telephone number of the contact person for the proposal; Alaska Business license number or proof of having a valid Alaska business license as required by Section 2.4, and a statement confirming that the proposal is valid for ninety (90) days from closing date for receipt of proposals.

Include a title page showing: RFP #01-2019

Firm's Name

Date of Proposal

Include a Table of Contents

4.2.2 UNDERSTANDING OF THE PROJECT AND COMMITMENT

Include a brief discussion of your understanding of the services required, your relevant experience providing financial advisory services for a utility and why this work would be a good fit for you or your company. Provide a brief summary of how you meet the minimum Contractor requirements listed in Section 1.2.

Include a summary of any potential problems you believe may be encountered in the performance of the contract and creative suggestions for addressing these problems. Also include your expectations of the General Manager, the IGU, or other entities that may be involved in this process.

Describe your availability to commit to this work as requested. Include other work or clients that you have or may have during the period of performance and any impacts that may have on your ability to complete work for IGU.

4.2.3 METHODOLOGY

Provide a brief description of the resources you have or would need to acquire to perform the tasks identified in Section 3. Detail any additional tasks or other requirements that may be required to perform the financial advisory services under the contract. Include any suggestions you may have for performing all tasks more efficiently.

Discuss anticipated interaction and communication between your firm and IGU as well as any expectations you would have regarding start-up. Provide examples of reports or other materials which may be submitted to the IGU.

If appropriate, provide a discussion of what services under the scope of work you may need to provide through subcontractors either known or to be selected at a later date. You may also detail any additional services you may be able to offer under the contract based on your company's resources. Include any suggestions to provide efficient management of the contract or expectations you may have for the IGU.

Also provide a more detailed response to Work Order One that includes:

1. A list of individuals who would work on this project, how many hours they would work and what tasks they would perform. Identify, as needed, any subcontractors and their time commitments or services they may provide.
2. Tell us how you would approach the work. At a minimum include:
 1. A brief description of how you propose to accomplish the task identified.

2. Provide the number of hours budgeted by individual by task.
3. Provide a work schedule. Include meetings and proposed interactions with the IGU. Identify who would participate in specific meetings and the purpose of those meetings.
4. Discuss any potential problems and methods to mitigate those problems that may arise during the performance of this work order.
5. Include a brief discussion regarding your expectations for the IGU during the performance of this work order.

4.2.4 PERSONNEL AND FIRM QUALIFICATIONS AND EXPERIENCE

Include a statement of qualifications and resumes for all key personnel designated to perform work under this RFP.

The statement of qualifications should include:

- A list of key players in the company, their position in the company, what role they will have under this contract.
- A statement of expected availability of key personnel over the term of the contract.
- An organizational chart for the company.
- A listing of key partners or subcontractors that may be directly involved in this contract that you routinely work with, how they relate to your organization, and what their role may be in this contract.

Resumes of key personnel should include:

- Education including current certifications and professional memberships.
- Work history with reference names and phone numbers.
- A listing of specific projects they were involved with.

In addition to information about the key individual's experience, provide documentation verifying the qualifications and experience of the firm and known subcontractors as they relate to carrying out the services solicited in this RFP.

Demonstrate experience in providing financial advisory services to similar entities. Provide the following information for no more than three clients that you have provided services for:

- A brief description of the level of service provided.
- The names of key individuals from your company that provided the service.
- Length of service provided.
- Client's name, address, current telephone number, and contact person who can respond to queries concerning their experience with your firm.

4.2.5 PRICE PROPOSAL

Offerors should include a detailed cost schedule for completing Work Order One showing the cost breakdowns for each task including:

- A. Loaded Labor Rates; include employee hours, rates, benefits, Overhead & Profit.
- B. Direct expenses: include equipment, travel, per diem and other expenses; if other expenses are listed - please provide an explanation.
- C. Lump sum not to exceed price for all tasks associated with this work order. (This price will be used in calculating the Offeror's score for price under XX of the evaluation criteria.)
- D. Assumptions used to determine price for this task.

If we proceed with the Work Order One the IGU intends to negotiate a lump sum or a fixed not-to exceed price for the work order per the Offeror's proposal. This information will also be used in the evaluation of methods and cost for the award of the term contract to determine the level of effort and overall value of the services proposed.

Proposers should also provide a brief discussion of any anticipated variable costs associated with this work order and recommend steps or actions the IGU and the Contractor may want to take to manage costs. In addition to the cost proposal required for Work Order One Offerors are required to submit a detailed cost and pricing schedule.

Actual costs for completing this term contract will vary depending on the final negotiated contract terms and conditions and the number of Work Orders issued during the term. If the renewal options are exercised, it is expected that price terms will be based on the negotiated cost schedule, terms, and conditions of the term contract. Offeror's must submit a cost and pricing schedule that includes:

1. Firm, fixed hourly rates for all key personnel for the initial period of performance. (These rates may be loaded or unloaded with overhead, general and administrative expenses, and profit. If the unloaded rates are provided, please include profit and overhead percentages.)
2. Direct expenses: Discuss subcontracts, equipment, travel, per diem and other expenses (if other expenses are listed - please provide an explanation.)
3. Any other terms or conditions that would be considered as part of the Contractor's rates or fee schedules.

This cost information will provide the basis for estimating future Work Orders and determining cost terms and conditions for the term contract.

Offerors should also provide a brief discussion of any anticipated variable costs associated with this contract and recommend steps or actions the IGU and the Contractor could take to manage costs.

Include any other proposed payment terms or conditions that may be different than those indicated in the standard or proposed terms for administering price increases during contract renewals.

5.0 EVALUATION CRITERIA AND PROCESS

5.1 EVALUATION PROCESS

All responsive proposals received will be reviewed and evaluated by a committee that will be made up of IGU representatives. Each member shall exercise independent judgment and no member's ranking or score will be weighted more than any other.

Proposals will be opened and evaluated in a manner that avoids disclosure of the contents to competing Offerors during the evaluation process and negotiations.

Proposals will initially be reviewed for the following minimum responsiveness requirements.

- Was the proposal received by the deadline for receipt of proposals?
- Does the firm demonstrate they meet the minimum experience and qualifications requirements of Section 1.2?

Proposals that fail to meet these requirements will be rejected as non-responsive and will not be further evaluated or scored. The Evaluation Committee will evaluate the remaining proposals based on the evaluation criteria and weighting listed in this section.

The Evaluation Committee may select a vendor for negotiations based on the evaluation of proposals as submitted with no additional contact from the Offerors. However, if the committee desires they may request additional information for the purpose of clarification (Section 2.12), discussions (Section 2.13), or develop a list of proposals reasonably susceptible for award, and request best and final offers (Section 2.14).

Re-evaluation of proposals after discussions will be conducted by the same Evaluation Committee using the same criteria and weights laid out in this section.

Offerors reasonably susceptible of being selected for award will be accorded fair and equal treatment with respect to any opportunity for discussion and revision of proposals.

NOTE: The IGU may award a contract on the basis of initial proposals received without requesting clarification, discussions or a best and final offer. Therefore, each initial proposal shall contain the Offeror's best terms from cost/price and technical standpoints.

5.2 EVALUATION CRITERIA

The Offeror's score under this section will be determined by the subjective review of the proposal as outlined under Section 4.2 above based on the following criteria and weighting:

Understanding Project and Commitment	15%
Methodology	25%
Firm's Qualifications and Experience	20%
Individual's Qualifications and Experience	20%
Cost – Work Order One and Rate Sheet	20%

5.3 SELECTION PROCESS

The final decision of the Evaluation Committee will be documented in writing and made a part of the contract file. The Evaluation Committee will recommend for negotiations to the Procurement Officer the Contractor whose proposal best meets the requirements of the project based on the criteria outlined in this RFP.

The apparent successful Contractor will be required to provide the following information during contract negotiations before award of the final contract.

- Certificate of Insurance.
- Proof of Subcontractor's Alaska Business Licenses.
- Any other information that may be needed for clarification of the Contractor's proposal.



INTERIOR GAS UTILITY

CLEAN LOW COST NATURAL GAS FOR THE INTERIOR

DRAFT CONTRACT

RFP #01-2019

Financial Advisory Services

Interior Gas Utility
3408 International Street
Fairbanks, Alaska 99701

Contract Manager
Wesley Smith
Controller, FNG
Email: wsmith@fngas.com

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IGU Standard Agreement for Professional Services

Contract Number #XXXXX
RFP #XXXXX

THIS AGREEMENT made between the INTERIOR GAS UTILITY, 3408 International Street, Fairbanks, Alaska 99701, hereafter referred to as the IGU, and

(Contractor)

hereafter referred to as the CONTRACTOR, is effective on the last date executed by its parties in consideration of the terms, conditions, and promises of Articles 1 through 8 in this document. The parties hereto agree as follows:

ARTICLE 1 - PURPOSE

- 1.1 IGU is engaging a Contractor to provide the services as described in Attachment B.

ARTICLE 2 - COMPENSATION

- 2.1 The amount payable under this Agreement shall not exceed \$ _____ for the initial period of the contract. The specific amounts payable under this Agreement are defined under Attachment D.

ARTICLE 3 - PERIOD OF PERFORMANCE

- 3.1 CONTRACTOR shall commence work _____ and shall complete the work in accordance with any time schedule required in authorized Work Orders. This Agreement is of no force or effect until executed by the CONTRACTOR and IGU. No services shall be undertaken or performed until a Work Order/Notice to Proceed is executed in accordance with section
- 3.2 The initial period of performance under this Agreement shall run from _____ through _____
- 3.3 The IGU reserves the option to renew this contract for four additional one-year periods. All renewals are to be for a period of one year at the same terms, conditions and price set forth herein.
- 3.4 The Contractor, at least 90 days prior to the contract anniversary date, may request in writing changes to the terms or conditions (other than pricing). Approved changes cannot constitute material changes to the contract and must be supported with appropriate written documentation.
- 3.5 The Contractor, at least 90 days prior to the second contract anniversary date, _____, may request an annual labor rate adjustment provided the percentage increase does not exceed the percentage change in the U.S. Department of Labor Consumer Price Index (CPI-U) for All Urban Consumers, All Items, Anchorage Area.

The maximum allowable price adjustment rate will be determined by comparing the percentage difference between the CPI in effect for the base year (2019) six month average (January through June), and each January through June six-month average thereafter. The percentage difference between those two CPI issues will be the maximum price adjustment allowable. No retroactive price adjustments will be allowed.

3.6 The approval of any change is at the sole determination of the IGU.

ARTICLE 4 - ATTACHMENTS

4.1 The following are attached to this document and incorporated herein:

Attachment	Title	Date Prepared	No. of Pages
A	General Conditions	January 2019	7
B	Statement of Work	January 2019	5
C	Consideration	January 2019	1
D	Work Order/Notice to Proceed Form	January 2019	2

ARTICLE 5 - IGU

General Manager	Dan Britton	Project Manager	
Address		Address	
Phone		Phone	
		E-mail	

ARTICLE 6 – CONTRACTOR

Contractor’s Manager	
Address	
Phone	
E-mail	
AK Business License Number	

ARTICLE 7 - SUBCONTRACTORS

7.1 N/A.

ARTICLE 8 - INSURANCE

8.1 Insurance is defined in Attachment A General Conditions, #4 Insurance, unless modified by language in any Contract Amendment to this Contract Services Agreement.

IN WITNESS WHEREOF, the parties hereto have executed this Agreement the day and year last written below.

ACCEPTED BY: _____ DATE: _____
 (Contractor Name and Title)

APPROVED BY: _____ DATE: _____
 Dan Britton, General Manager, IGU

Attachment A - General Conditions

1. Definitions

Additional or Extra Services - Services, work products, or actions required of the Contractor above and beyond provisions of this Agreement.

Amendment - A written change to this Agreement.

Appeals Officer – The IGU General Manager, or other individual designated by the General Manager whose decisions constitute the exhaustion of contractual and administrative alternatives for resolution of claims and disputes.

Change - A revision in the scope, complexity, character, or duration of the services or provisions of this Agreement.

Contracting Officer - The individual, or duly appointed successor, designated as the official representative to administer contracts for the IGU.

Contractor - The firm (person or any business combination) providing the Contract services required by this Agreement.

Contractor's Manager - The Contractor's representative in responsible charge of the project(s) and directly answerable for the required services.

Funding Agency - An agency of a federal, state, political subdivision, or local government entity which furnishes funds for the Contractor's compensation under this Agreement and which may have established regulations and requirements binding upon the IGU and the Contractor.

IGU - The Interior Gas Utility.

Notice to Proceed (NTP) - Written authorization from the IGU to the Contractor to provide all or specified services in accordance with the Agreement and any Work Order issued

Project Manager - IGU's representative in charge of the contract and the Contractor's primary point of contact with the IGU.

Statement of Services - Services and work products required of the Contractor by this Agreement (Attachment B).

Subcontractor – Firm (person or any business combination) engaged to provide a portion of the services by subcontract to the Contractor that is a party to this Agreement.

Work Order – A specific set of tasks mutually agreed to by the IGU and the Contractor for an agreed upon price in accordance with the provisions of this contract.

2. Information and Services from Others

The IGU may, at its election or in response to a request from the Contractor, furnish information or services from other Contractors. If, in the Contractor's opinion, such information or services is inadequate, the Contractor must notify the IGU of the specific service or material deemed inadequate and the extent of the inadequacy prior to use in the performance of this Agreement.

The IGU will then evaluate and resolve the matter in writing. Unless so notified by the Contractor, the IGU may assume the information or services provided are adequate.

The IGU is not obligated to provide any information or services except those specifically listed in Attachment B.

3. Indemnification

The Contractor shall defend, hold harmless and indemnify the IGU, its officers, agents, and employees, against any claims, loss, and/or damages directly or indirectly arising from or claiming to arise from any injury to any person(s), damage to any property, or any economic loss, arising out of, in whole or in part, (1) the Contractor's performance or non-performance of its duties under this contract; and/or (2) any defect in any services provided by the Contractor. This duty to defend, indemnify, and hold harmless shall include the Contractor's responsibility for any and all foregoing claims, even if such claims are groundless, false, and/or fraudulent and any and all equitable relief, damages, costs and attorney fees except those caused by either the IGU's sole negligence or its willful misconduct.

The duty of the Contractor to indemnify and defend the IGU includes but is not limited to (1) claims for damage to persons or property, (2) claims for economic loss, and (3) claims for costs, expenses, and attorney's fees.

The review, approval, acceptance, or payment for the work of the Contractor by the IGU does not release the Contractor from the duty to perform the work under the professional standard of care.

The indemnification obligation of the Contractor shall not be affected by the expiration or termination of this agreement.

"Contractor" and "IGU," as used within this Article, include the employees, agents, subcontractors, and other persons who are directly responsible, respectively, to each party.

4. Insurance

The Contractor shall not begin work under this Agreement until the Contractor has obtained and maintain in force the insurance coverage specified in this section with an insurance company rated "Excellent" or "Superior" by A.M. Best Company, or specifically approved by the IGU Risk Manager, and the IGU has received and reviewed the certificates of insurance. If the Contractor is a joint venture, then the joint venture itself must have insurance as specified below.

The Contractor shall assure that there is insurance in force which provides protection for the IGU from any claim which might arise from the Contractor's work under this Agreement. This insurance shall provide protection whether the work is performed by the Contractor, by any Subcontractor, or by their employees, agents, successors, or assigns.

- a. Worker's Compensation and Employer's Liability insurance covering all employees of the Contractor during the term of the contract. Workers' compensation coverage shall be at statutory limits. Employer's liability limits shall be no less than: \$100,000 each accident,

\$100,000 disease - each employee and \$500,000 disease - policy limit. The IGU will waive workers compensation insurance for sole proprietors or partners, upon receipt of an affidavit provided by the IGU; each partner must sign a separate affidavit. Executive officers of corporations who want waivers must produce the certificate of waiver as

approved by the Alaska Department of Labor. All Workers' Compensation policies shall contain a waiver of subrogation in favor of the IGU.

- b. Commercial General Liability insurance with a limit of not less than \$1,000,000 per occurrence written on an occurrence basis. Contractor shall add the IGU as an additional insured in Contractor's commercial general liability policy.
- c. Valuable Papers and electronic data processing (EDP) coverage in an amount sufficient to reconstruct the work done under this contract, but in no event less than \$10,000.
- d. Comprehensive Automobile Liability insurance coverage, not less than \$1,000,000 combined single limit, covering any one of the following combinations of vehicles: (1) any auto, (2) all owned, non-owned, and hired autos, or (3) scheduled and non-owned and hired autos with written assurance that any additional autos shall be insured before they are used to do work under this Agreement.
- e. Professional Liability insurance in the amount of \$500,000.

The IGU shall have the right at any time to require higher limits for general liability and property damage. In any such event, the additional premium or premiums payable solely as the result of such additional insurance shall be added by amendment to the Agreement price.

The Contractor shall furnish the IGU with Certificates of Insurance to certify insurance coverage. The Contractor shall ensure that the insurance policies referred to therein include a provision that while this Agreement shall remain in force, no such policy shall be canceled, not renewed, or materially altered until at least thirty (30) days written notice thereof has been given to the IGU.

5. Equal Employment Opportunity

The Contractor may not discriminate against any employee or applicant for employment because of race, religion, color, national origin, age, physical handicap, sex, or marital status.

6. Payments to the Contractor

Payments shall be based on approved Contractor's invoices submitted in accordance with this Article and the provisions of Attachment D. The sum of payments shall not exceed allowable compensation stated in the Notice to Proceed and no payments shall be made in excess of the maximum allowable total for this Agreement.

The Contractor shall not perform any service without a Notice to Proceed. Therefore, the IGU will not pay the Contractor for services or associated reimbursable costs performed outside of those services or costs which are authorized by a Notice to Proceed.

Contractor's invoices shall be submitted when services are completed, or monthly for months during which services are performed, as applicable, in a format provided by or acceptable to the IGU.

Invoices will be submitted in sufficient detail so that they correspond with Attachment C and reflect the work completed.

In the event items on an invoice are disputed, payment on those items will be held until the dispute is resolved. Undisputed items will not be held with the disputed items.

The Contractor shall submit a final invoice and required documentation within ninety (90) days after final acceptance of all services by the IGU. The IGU will not be held liable for payment of invoices submitted after this time

Any disbursements made under this Agreement shall be subject to any set-off required under the IGU Procurement Rules or the Fairbanks North Star Borough Code of Ordinances.

7. Changes

Changes within the period of performance, scope of services, or other provisions established by this Agreement may be ordered by the IGU by written amendment only. If such changes cause an increase or a decrease in the Contractor's cost, an equitable adjustment shall be made and specified in the amendment. The Contractor shall not perform any additional or extra services prior to receiving a fully executed copy of an amendment and a Notice to Proceed.

If at any time the IGU, through its authorized representatives, either verbally or in writing, requests or issues instructions for additional or extra services or otherwise directs actions which conflict with any provisions of this Agreement, the Contractor shall, within seven (7) days of receipt and/or prior to pursuing such instructions, so notify the IGU in writing, and to the extent possible, describe the scope and estimated cost of any additional or extra services. The IGU will then evaluate and, if appropriate, negotiate an amendment. Unless so notified by the Contractor, the IGU may assume such instructions have not changed any provisions of this Agreement nor require additional compensation. No additional payments shall be made to the Contractor without such notice.

8. Audits and Records

The Contractor shall maintain records of performances, communications, documents, correspondence, and costs pertinent to this Agreement and the IGU's authorized representatives shall have the right to examine such records and accounting procedures and practices.

The IGU's or Funding Entity's authorized representatives shall have the right to examine all books, records, plans, documents, and other data of the Contractor related to the negotiation, pricing, and performance of this Agreement and any change or modification for the purpose of evaluating the accuracy, completeness, and currency of the data, computations, and projections used.

The materials described in this Article shall be made available at a business office of the Contractor at all reasonable times for inspection, audit, or reproduction for a minimum of three (3) years from the date of final payment under this Agreement and for such longer period, if any, as may be required by applicable statute or other provisions of this Agreement.

Records which relate to litigation, or the settlement of claims arising out of the performance of this Agreement shall be made available until such appeals, litigation, or claims have been concluded.

9. Inspections by IGU

The IGU has the right to inspect, in the manner and at reasonable times it considers appropriate during the period of this Agreement, all facilities and activities of the Contractor as may be engaged in the performance of this Agreement.

10. Termination or Suspension

If the IGU becomes aware of any non-conformance with this Agreement by the Contractor, the IGU will give prompt written notice thereof to the Contractor. The Contractor shall correct any such non-conformance within seven (7) days. Should the Contractor's services remain in non-conformance, the percentage of total compensation attributable to the non-conforming work may be withheld.

The IGU may terminate upon ten (10) days written notice if the contractor fails substantially to perform in accordance with its terms of the contract (default termination). If the IGU terminates this Agreement, the IGU will pay the Contractor a sum equal to the percentage of work completed that can be substantiated, to the satisfaction of the IGU, in whole or in part either by the Contractor or by the IGU.

The IGU may at any time terminate or suspend this Agreement for its needs or convenience (convenience termination).

This agreement will terminate if the IGU fails to appropriate necessary funds or repeals all or substantially all of the appropriations which fund this agreement (failure to appropriate).

In the event of termination or suspension, the Contractor has no further duty to perform other than work reasonably necessary to stop work in a safe and workmanlike manner. Likewise, if this contract is terminated, the IGU has no further duty to pay the contractor except for the work satisfactorily completed or goods delivered and accepted as of the date of termination and the additional work completed as being reasonably necessary to stop work in a safe and workmanlike manner. The Contractor shall deliver copies of all drawings, estimates, field notes, data or other documents prepared pursuant to this Agreement to the IGU within seven (7) days.

11. Independent Contractor

The Contractor and its agents and employees shall act in an independent capacity and not as officers or agents of the IGU in the performance of this Agreement except that the Contractor may function as the IGU's agent as may be specifically set forth in this Agreement.

Any and all employees of the Contractor while engaged in the performance of any work or services required by the Contractor under this Agreement shall be considered employees of the Contractor only and not of the IGU. Any and all claims that may or might arise under the Worker's Compensation Act on behalf of said employees while so engaged and any and all claims made by a third party as a consequence of any negligent act or omission on the part of the Contractor's employees while so engaged on any of the services to be rendered herein, shall be the sole obligation and responsibility of the Contractor.

12. Predominance of Documents

Components of this Agreement shall stand and prevail in the following order: Agreement over General Conditions; General Conditions over Statement of Services; Statement of Services over Basis of Compensation; Basis of Compensation over any attachments beyond Attachment C.

13. Ownership of Documents

All documents, including original drawings, estimates, specifications, field notes, and data are and shall become the property of the IGU as products of this Agreement. The IGU will use them

solely in connection with the contract or other IGU requirements and will not sell them to others unless pursuant to this contract.

14. Subcontractors, Successors, and Assigns

The IGU must concur in the selection of all Subcontractors for Contract services to be engaged in performance of this Agreement.

If this Agreement includes named firms or individuals, then such firms or individuals shall be employed for the designated services unless the Agreement is changed by amendment.

The Contractor shall not assign, sublet, or transfer any interest in this Agreement without the prior written consent of the IGU.

This agreement binds the successors, heirs, personal representatives and any assigns of the parties.

The Contractor shall include provisions appropriate to effectuate the purposes of this Attachment A in all subcontracts executed to perform services under this Agreement.

15. Disputes

Any dispute concerning a question of fact arising under this contract which is not disposed of by mutual agreement shall be decided in writing by the IGU Project Manager.

Any appeal by the contractor of the Project Manager's decision must be filed in writing with the General Manager within 10 days of the contractor's receipt of the Project Managers written decision.

The administrative appeal shall be reviewed and determined de novo by the General Manager or, if in the best interest of the IGU as determined by the General Manager, by a hearing officer appointed by the IGU Board.

- (1) If a hearing officer is used, the hearing officer shall be a member of the State Bar for at least five years and experienced in contract or commercial matters.
- (2) The General Manager or hearing officer shall hold a hearing unless it is determined in writing that the appeal is untimely or if the appeal involves questions of law without genuine issues of fact.
- (3) Hearings shall be recorded and conducted informally with due regard for the rights of the parties involved.
- (4) The General Manager or hearing officer's decision shall be in writing and contain findings of fact and conclusions of law.
- (5) The decision of the General Manager or hearing officer will be the final administrative decision on the matter.

16. Extent of Agreement

This Agreement, including attachments, represents the entire and integrated agreement between the IGU and the Contractor and supersedes all prior negotiations, representations, or agreements, written or oral.

Nothing contained herein may be deemed to create any contractual relationship between the IGU and any Subcontractors or material suppliers; nor may anything contained herein be deemed to give any third party claim or right of action against the IGU or the Contractor which does not otherwise exist without this Agreement.

This Agreement may be changed only by written amendment executed by both the IGU and the Contractor.

All communications that affect this Agreement must be made or confirmed in writing and must be sent to the addresses designated in this Agreement.

The Contractor shall, prior to receiving final payment, execute a Release of Claims on a form specified by the IGU. The Contractor will identify all outstanding claims against the IGU arising out of or by reason of the services or work products furnished under this Agreement. Each claim listed shall include a statement of nature and estimated value. The IGU is released from all other claims arising out of or by reason of the services and work products furnished under this Agreement.

The failure of the IGU at any time to enforce a provision of this Agreement shall in no way constitute a waiver of the provision nor in any way affect the validity of this Agreement or any part hereof or the right of the IGU thereafter to enforce each and every provision hereof. A provision of this contract may not be waived by the IGU unless such waiver is expressed in writing.

17. Taxes

As a condition of performance of this Agreement, the Contractor shall pay all federal, state, and local taxes incurred by the Contractor and shall require their payment by any Subcontractor or any other persons in the performance of this Agreement.

18. Governing Laws

This Agreement is governed by the laws of the State of Alaska and federal and local laws and ordinances applicable to the work performed. The Contractor shall be cognizant and shall at all times observe and comply with such laws which in any manner affect those engaged or employed in the performance, or which in any way affects the manner of performance, of this Agreement. The proper venue for disputes arising under this Agreement shall be the Fourth Judicial District of the State of Alaska at Fairbanks, Alaska.

19. Other Matters

Time is of the essence of this contract.

Any terms of this agreement, by their nature, extend beyond the expiration or termination of the contract shall remain in effect until fulfilled.

1. BACKGROUND

The Interior Alaska Natural Gas Utility was created as an independent public corporation by the Fairbanks North Star Borough (FNSB) through its Ordinance No. 2012-52, after acquiring an area-wide natural gas utility power by transfer from the Cities of Fairbanks, Alaska and North Pole, Alaska. The Interior Alaska Natural Gas Utility doing business as the Interior Gas Utility (IGU) is wholly owned by the FNSB but is an independently managed, separate legal entity.

In June 2018, the IGU acquired Pentex Alaska Natural Gas Company, LLC (Pentex) including its subsidiaries Fairbanks Natural Gas, LLC (FNG), Titan Alaska LNG, LLC (Titan), Artic Energy Transportation, LLC, and Polar LNG, LLC. Titan produces LNG at its production facilities in Port Mackenzie, AK and transports it by tanker truck to LNG storage facilities in Fairbanks, AK. FNG operates the LNG storage and regas facilities and distributes natural gas to approximately 1,100 customers in its Fairbanks service territory.

IGU’s primary objective is to provide clean burning, natural gas (NG) to the largest number of customers in the FNSB as soon as possible at the lowest cost possible. Its goal is to bring both economic and environmental well-being to the FNSB area and provide an important and necessary benefit to the public.

The NG distribution system is currently being built out within the City of North Pole and areas surrounding the City of Fairbanks, Alaska within the FNSB. Additionally, a large 5.25 million-gallon LNG storage facility is under construction in Fairbanks and is planned to be completed for NG service to new customers in late 2019. The ultimate system build-out is proposed to consist of approximately 720 miles of transmission lines, gas mains, and distribution lines with service to approximately 6,000 to 9,000 customers, depending on the level of conversions from other energy sources to NG.

- Capital Improvement and Funding Plan

As part of its planning process and financing agreement with AIDEA, IGU developed a 12-year Capital Improvement Plan including the acquisition of Pentex, construction of LNG production and storage facilities, and buildout of distribution facilities in the North Pole and the greater Fairbanks areas. Table 1 below summarizes IGU’s Capital Improvement Plan.

Table 1 – IGU Capital Improvement Plan

Item	Amount (\$)	Totals (\$)
LNG Supply	Titan 2 & 3	\$ 75,487,000
Transportation	High-Capacity Trailers	\$ 4,745,000
Storage and Vaporization	Fairbanks and North Pole	\$ 58,676,000
Acquisition and Due Diligence	Pentex, LLC	\$83,631,400
Distribution	Gas main Expansion/Infill, Services, Meters	\$ 136,090,200
Program Management and Customer Acquisition	Program Management; Customer Acquisition Program	\$ 15,040,000
TOTAL		\$373,669,600
Source: IGU Financial Forecast and Pro Forma (May 2018)		

To date, financing for IGU’s Capital Improvement Plan has been provided through Capital Appropriations and SETS financing. Going forward, funding is to be provided by remaining SETS financing, tax-exempt revenue bonds, and other commercially-available financing sources as needed and available. Table 2 below summarizes IGU’s financing plan.

Table 2 – IGU Financing Plan

Sources of Funds		Amount
Capital Appropriations (HCS CSSB 18)		\$ 57,500,000
SETS Financing (SB 23 SLA 2013)		\$ 125,000,000
AIDEA Bonds (SB 23 SLA 2013)		\$ 150,000,000
Other Sources		\$ 41,169,600
Commercial Financing (LNG trailers)	\$ 4,745,000	
State storage credit – Fairbanks	\$ 15,000,000	
State storage credit - North Pole	\$ 5,830,000	
Other Debt or Cash Reserves (as available)	\$ 15,594,600	
Total Financing Requirements		\$ 373,669,600
Source: IGU Financial Forecast and Pro Forma (May 2018)		

Contractor Assigned Personnel

The following individuals may be assigned to work during the period of this term contract.

Name	Title

Other Staff may be added to the contract per the contract term subject to approval of IGU.

2. SCOPE OF WORK

General Overview

This term contract provides Financial Advisor Services to the Interior Gas Utility on an as needed, on call basis. The primary responsibility of the financial advisor is to assist the IGU management and the board in decisions that could have a financial impact on the IGU, including debt management issues.

The areas of responsibility may include:

- Evaluate and provide both oral and written recommendations regarding:
 - IGU’s capital financing needs related to capital planning and improvement program needs.
 - IGU’s financial resources.
- Identify and analyze debt strategy alternatives, including alternative financing options; and recommend debt issuance strategies, including both timing and structure of debt issuance.
- Make recommendations regarding the conditions and form of bond sales.
- Evaluate the use of credit ratings or bond insurance, and recommend for or against the use of these credit options. Present any bond issue to bond rating agency and bond insurers and work with the agencies to secure the best possible results.

- Assist in the development and evaluation of requests for proposals and other bidding documents for various services for the transaction, including procurement of bond insurance.
- Assist in communicating with rating agencies and addressing their requirements to establish and maintain IGU's ratings.
- Assist in the preparation of official statements or other necessary financing documents.
- Assist in the negotiation of the terms or the evaluation of bids with bond purchasers including preparations for and participation in discussions and meetings with underwriters.
- Coordinate with bond counsel regarding legal documentation for any financing. Review and provide input into any Bond Resolution and other legal documentation for the bonds.
- For a competitive sale of bonds, the Advisor will take all steps necessary to ensure broad market exposure of the issue. The Advisor will take all steps necessary and customary for competitive bond sales.
- For a negotiated sale of bonds, the Advisor will review and oversee the Underwriter's bond marketing plan, review the interest rates, reoffering yields, underwriters compensation and other terms and conditions of the sale, and advise the IGU on the reasonableness of the Underwriter's purchase proposal.
- Assist in the closing of the transaction(s).
- Prepare bond amortization schedules at the level necessary to calculate future debt service payments and satisfy accounting, budgetary and borrowing requirements.
- Assist in the post offering responsibilities for each sale, including ensuring IGU compliance with continuing disclosure filing requirements and providing a post-transaction summary report.
- Provide additional services directly related to, and necessary for, the successful completion of financing.

Other duties as may be required

- Assisting in developing and delivering presentations or position papers to the board, the legislature, rating agencies, bond insurers and investor groups or others as may be required.
- Providing opinions required under the Internal Revenue Service's Code or other governing authority.
- In addition to the foregoing, the IGU or its Board may request other financial services advice. The volume and subject matter of such work cannot be predicted. The assignment of such work to the contractor will be solely at IGU's discretion.

3. THE WORK ORDER PROCESS

The contractor is required to be available upon request to complete assigned tasks. Work may be negotiated on a lump sum or an hourly rate with a not-to-exceed price per work order. It is the IGU's intent to follow a process that will provide for a cost effective and efficient means to accomplish the work required. Proposers may offer an alternative process, terms, or conditions that would encourage or promote efficiencies in using this term agreement.

The Authorities propose to use the following work order assignment process for specific projects:

3.1 The IGU will submit a request to the contractor by e-mail or phone describing the task(s) to be completed. Each Work Order request will:

- Identify the tasks to be completed.
- Identify anticipated deliverables.
- Provide a deadline for completion of the task(s).
- Provide a deadline for submission of the work order proposal.

3.2 Within the time frame identified in the work order request, the contractor will provide a written (e-mail may be sufficient) proposal that includes:

- Concurrence with the scope, schedule, and deliverables or an alternate plan and deliverables.
- Estimated time involvement of key individuals.
- A list of any proposed subcontractors and the work they will be doing.
- A proposed work schedule identifying any critical decision points and expectations the contractor may have for the IGU for review or participation.
- A cost proposal to complete the work order that includes estimates of all labor, transportation, materials, and expenses to complete the project.
- A fixed cost price or an estimated not-to-exceed price based on the number of hours for the project as proposed.

Upon receipt of the proposal the IGU will review the proposal with the contractor and either accept the proposal as offered or negotiate as needed to assure a mutual understanding of the work requested and resources needed to accomplish the necessary tasks.

The final work order scope, terms, schedule, and cost will be agreed to in writing by both parties and the IGU will issue a written Work Order/Notice to Proceed (WO/NTP) (by fax or e-mail).

4. OTHER TERMS AND CONDITIONS

- Notification time periods for work may vary from 24 hours to several weeks, depending on the nature and complexity of work required.
- The expected level of detail associated with the contractor's work will be specified in each Work Order.
- Unless special requests are made (e.g., related to scheduled meetings, or board, or other presentations), the contractor will be free to perform the requested tasks at his/her discretion within the timeframe allotted by the IGU.
- The IGU reserves the right to approve or disapprove any change in the Contractor's project team members whose participation in the project is specifically offered in the contract. Similarly, changes in the amount of participation by key project members will require IGU approval. This is to ensure that persons with vital experience and skill remain fully involved in the project.
- Requests for any change in contractor personnel shall be submitted in writing to the IGU General Manager for the IGU's review and sign-off before the change is made. Contractor personnel changes, not approved by the IGU, may be cause for the IGU to terminate the contract.
- Subcontractors may be used by the contractor subject to IGU approval. The contractor must submit the subcontractor's company name, names of key participants with resumes, address, phone, fax, email and a copy of the subcontractor's Alaska business license, as required, with each work order.
- The Contractor may be required to provide a detailed description of the subcontractor's work in response to a work order and copies of agreements between the subcontractor and the contractor.
- The IGU makes no guarantee as to any minimum amount of work that will be given the successful contractor.
- The contractor will be responsible for having all necessary equipment and other resources to perform the tasks.
- The contractor will seek to be efficient with regard to time expended and costs incurred.
- Failure of the contractor to respond to the work order requests timely or failure to complete work on time may be grounds for termination of the contract.
- The IGU intends to maintain ownership and/or use of all materials produced as a result of the Contract.

- The Contractor is responsible for quality, occurrence and completion of all work identified by the contract. All work shall be subject to evaluation and inspection by the IGU at all times to assure satisfactory progress, to be certain that work is being performed in accordance with the contract specifications, terms and conditions, and to determine if corrections and modifications are necessary. Should such inspections indicate substantial failure on the part of the Contractor, the IGU may terminate the contract for default. Furthermore, the IGU may require the Contractor to reimburse any monies paid (pro rata based on the identified proportion of unacceptable products received).
- If the Contractor refuses or fails to perform the work, or any separable part thereof, with such diligence as will ensure its completion within the written contracted time frame, the IGU may, by written notice to the contractor, terminate the right to proceed with the work or such part of the work as to which there have been delays. This clause does not restrict IGU's termination rights under the general contract provisions of Appendix A, which is attached to this RFP in the contract documents package.

ATTACHMENT C - CONSIDERATION

- 1. The total estimated cost is anticipated to be no more than \$XXXX.XXX for the initial contract term. Actual authorization of the services to be provided will be dependent upon work orders requested during the period of performance and may be greater or less than the estimated contract amount for the initial contract term and any subsequent amendments. There is no guarantee of any minimum amount of work. The contract may be amended if the total anticipated authorization is projected to exceed the initial estimated amount during subsequent renewal periods.
- 2. The contractor will be paid either on a Time and Materials basis or a fixed price per task completed in accordance with the negotiated work order. The work order will be executed through the use of a WO/NTP form similar to that attached as Appendix D to this Contract.
- 3. Rates that will be used in negotiations and developing costs per work order will be as follows:

4. **Labor Costs:**

Rate	Name	Title

Rates may be adjusted annually during the term of the contract, by no more than the Anchorage CPI which stands at XXXX at the time of contract Award.

Expenses

- 1. Travel and per diem and other direct expenses will be calculated at cost or will be negotiated at an agreed upon lump sum fixed price per work order.
- 2. The contractor will not be reimbursed for work that is not approved in advance on an approved WO/NTP.
- 3. Unless the contractor provides written notice to the project manager, all work being performed in accordance with a work order will be considered within the scope of the WO/NTP.
- 4. Payment for services rendered will be made based upon successful completion of tasks and the submitting of an invoice by the Contractor in accordance with the payment schedule provided in the WO/NTP. Invoices should be submitted within 30 days after completion of the project.

IGU CONTRACT WORK ORDER

NOTICE TO PROCEED & BILLING SUMMARY

Work Order No:
Agreement No:
PSA Expiration Date:

Contractor: _____
Project Title: Financial Advisor Service

WORK ORDER/ NOTICE TO PROCEED

Provide services as identified in this work order consistent with the contract. Any services beyond the written scope and/or any costs above the price estimate in our Agreement, require prior IGU approval and a WO/NTP Amendment.

(Identify Scope, schedule, budget, and any attachments to this WO/NTP)

The Procurement Officer for this WO/NTP is: _____ Tel Nos (voice/fax): _____

IGU Project Manager Approval:	IGU General Manager approval:	Accepted for the Contractor by:
_____ Signature _____ Date	_____ General Manager _____ Date	_____ Signature Name: _____ Date

BILLING SUMMARY

This Invoice is for [] Progress OR [] Final Payment.

Sequential Invoice # for this Agreement is: []

Task Number	Task	Authorized To - Date	Prior Aprv'd Payments	This Billing	Total To - Date
Total Authorized NTE Amount for All Groups					
Sum of Prior APPROVED Payments					
Sum for THIS INVOICE					
Sum of Prior Payments and this Invoice					
Balance of Authorized Amount					

Billing summary is to be completed by Contractor and submitted with the contractor's invoice and back-up.	PAYMENT REQUEST (Contractor):
	_____ Signature Name: _____ Date

APPROVAL FOR PAYMENT

PAYMENT RECOMMENDED (Procurement Officer): I certify this Invoice to be valid and accurate and that services were performed substantially in conformance with the contract requirements and schedule.	PAYMENT APPROVED (General Manager) Based upon the Contract Manager's recommendation and certification, I hereby approve payment.
_____ Signature Name: _____ Date	_____ Signature Name: _____ Date

**INSTRUCTIONS TO CONTRACTOR
COST REIMBURSEMENT WORK ORDER (WO), NOTICE TO PROCEED (NTP)
& BILLING SUMMARY**

1. **RETAIN AN UNMARKED**, as issued, **COPY OF THIS FORM** to be used for reproduction and billing.
2. If this WO/NTP is unacceptable, notify the IGU immediately. If acceptable, acknowledge by signature where indicated *on a copy* of this WO/NTP and return it within ten days after your receipt.
3. Submit monthly Invoices to the Agency Contract Manager named in this WO/NTP. **Provide a copy of page one of this form as the FACE PAGE of each invoice submitted and with the following entries accurately completed:**
 - a) Indicate if the Invoice is for Progress or Final Payment and show the Sequential Invoice Number for this NTP.
 - b) Entries in the following columns: Prior Aprv'd Payments, This Billing, and Total to Date for each Task Group; plus the SUM TOTALS for: Authorized To - Date, Prior APPROVED Payments, THIS INVOICE, Prior Payments plus this Invoice, and Balance of Authorized Amount.

Note "Prior APPROVED Payments" amounts may NOT be the same as the total of all your prior invoices if some items were disallowed or adjustments were made. If a prior billing has not been acknowledged with any payment, or a different amount from your billing was paid without notification to you of the reason(s), attach a request for an explanation and remedial action.

4. Sign, date and enter printed or typed name under "PAYMENT REQUEST (Contractor)" thereby attesting to the following:

"By signature on this form, the Contractor certifies entries to be true and correct for the services performed to date under or by virtue of said Agreement. The Contractor further certifies that all applicable Federal, State and Local taxes incurred by the Contractor in the performance of the services have been paid and that all Subcontractors engaged by the Contractor for the services included in any invoice shall be fully compensated by the Contractor for such services."

5. Substantiate all charges in each billing, other than for Fixed Prices or Fixed Fees, by attaching a summary of hours expended and hourly labor rate per employee; summary of units completed; subcontractor invoices; expense receipts, etc.; or other proof of expenditures.
6. Prime Contractor's Labor Cost shall be billed to the Contracting Agency within 45 days of performance. Subcontractors' Cost shall be billed to the Contracting Agency within 60 days of performance. All of the Contractor's and Subcontractors' Direct Costs (Expenses) shall be billed to the Contracting Agency within 90 days of being incurred. Charges submitted after the above stated times may, at IGU's discretion, not be paid.
7. When each Work Order is approximately 75% complete, the Contractor shall determine if the Authorized Amount(s) might be exceeded; and, if so, shall provide an estimate of cost to complete.

If the Contractor provides no notice of any increase the IGU will conclude that work will completed within the amounts authorized here in and any claim for payment over those authorized by this WO/NTP will be disallowed as all work completed will be understood to be within the scope and authorized total price of the WO/NTP.

When notice of a cost increase is provided, IGU will determine, after discussion with the Contractor, if additional cost is reasonable and does not include costs that should be absorbed by the Contractor. If additional cost is validated, a negotiated Amendment to this WO/NTP will be executed which either (1) reduces the scope of services/work products required commensurate with the Authorized Amount(s), or (2) increases the Authorized Amount(s) to that required for completion of the original WO scope.