

**CONTRACT #8**  
**RFS # 347.01-11000**  
**Edison # 47823**

**Department of Revenue**

**VENDOR:**  
**Fast Enterprises LLC**



**BILL HASLAM**  
Governor

**STATE OF TENNESSEE**  
**DEPARTMENT OF REVENUE**  
**ANDREW JACKSON STATE OFFICE BUILDING**  
**NASHVILLE, TENNESSEE 37242**

**RICHARD H. ROBERTS**  
Commissioner

September 21, 2015

Leni Chick, Contract and Audit Coordinator  
Fiscal Review Committee  
8<sup>th</sup> Floor, Rachel Jackson Building  
320 Sixth Avenue North  
Nashville, TN 37243

RE: Tax System Replacement Contract

Dear Ms. Chick:

The Revenue Integrated Tax System (RITS) is the current software system used to administer and collect taxes. RITS is more than 20 years old and uses an outdated and inflexible programming language. The purpose of this contract is to replace this legacy system with a commercial off-the-shelf (COTS) integrated tax system.

This package contains the following materials as required by your office:

1. Supplemental Documentation Form.
2. Rule Exception Request.
3. Original Contract.
4. Contract Summary Sheet.
5. The approved Special Contract Request from CPO and the Comptroller's Office with justification.
6. The approval from OIR.

Please add the Department of Revenue to the October Fiscal Review Committee Calendar so that we may present this contract for approval.

Please advise if you have any questions or comments.

Sincerely,

A handwritten signature in black ink that reads "Richard H. Roberts".

Richard H. Roberts  
Commissioner

Supplemental Documentation Required for  
Fiscal Review Committee

*Contact Name:	Greer Allison	*Contact Phone:	741-8246		
*Presenter's name(s):	Commissioner Roberts or designee				
Edison Contract Number: <i>(if applicable)</i>		RFS Number: <i>(if applicable)</i>			
*Original or Proposed Contract Begin Date:	01/04/2016	*Current or Proposed End Date:	01/04/2020		
Current Request Amendment Number: <i>(if applicable)</i>	N/A				
Proposed Amendment Effective Date: <i>(if applicable)</i>	N/A				
*Department Submitting:	Revenue				
*Division:	Administration				
*Date Submitted:	09/21/2015				
*Submitted Within Sixty (60) days:	Yes				
<i>If not, explain:</i>					
*Contract Vendor Name:	Fast Enterprises LLC				
*Current or Proposed Maximum Liability:	\$33,000,000				
*Estimated Total Spend for Commodities:	N/A				
<b>*Current or Proposed Contract Allocation by Fiscal Year: (as Shown on Most Current Fully Executed Contract Summary Sheet)</b>					
FY:2016	FY:2017	FY:2018	FY:2019	FY2020	FY2021
\$4,450,000	\$9,000,000	\$7,000,000	\$7,000,000	\$5,550,000	
<b>*Current Total Expenditures by Fiscal Year of Contract: (attach backup documentation from Edison)</b>					
FY:	FY:	FY:	FY:	FY	FY
N/A	N/A	N/A	N/A	N/A	N/A
<b>IF</b> Contract Allocation has been greater than Contract Expenditures, please give the reasons and explain where surplus funds were spent:					
<b>IF</b> surplus funds have been carried forward, please give the reasons and provide the authority for the carry forward provision:					
<b>IF</b> Contract Expenditures exceeded Contract Allocation, please give the reasons and explain how funding was acquired to pay the overage:					

Supplemental Documentation Required for  
Fiscal Review Committee

<b>*Contract Funding Source/Amount:</b>			
State:	\$33,000,000	Federal:	
<i>Interdepartmental:</i>		<i>Other:</i>	
If “ <i>other</i> ” please define:			
If “ <i>interdepartmental</i> ” please define:			
Dates of All Previous Amendments or Revisions: <i>(if applicable)</i>		Brief Description of Actions in Previous Amendments or Revisions: <i>(if applicable)</i>	
N/A		N/A	
Method of Original Award: <i>(if applicable)</i>		Special Request	
*What were the projected costs of the service for the entire term of the contract prior to contract award? How was this cost determined?		Initial cost estimate \$35-\$45 million. Cost was determined using market research and extensive comparisons to other state tax agencies with comparable needs and functional requirements.	
*List number of other potential vendors who could provide this good or service; efforts to identify other competitive procurement alternatives; and the reason(s) a sole-source contract is in the best interest of the State.		None.	

# Rule Exception Request

Use this document to request changes to Central Procurement Office templates, policies, or other procurement documents or to modify the "necessary contract clauses" identified in Tenn. Comp. R. & Reg. 0690-03-01-.17 ("CPO Rule 17"). Complete this document in conformity with CPO Rule 17, which is available [here](#). Send the completed document in PDF format to: [Agsprs.Agsprs@tn.gov](mailto:Agsprs.Agsprs@tn.gov) All Rule Exception Requests are subject to review and approval by the Chief Procurement Officer. Rule Exception Requests that propose to modify any of CPO Rule 17's necessary contract clauses shall be subject to review and approval by the Comptroller of the Treasury.

**APPROVED**  
**Michael F. Perry/**  
**TLS**  
 Digitally signed by Michael F. Perry/TLS  
 DN: cn=Michael F. Perry/TLS, o=Central Procurement Office,  
 email=toni.stuart@tn.gov, c=US  
 Date: 2015.09.18 11:55:20 -05'00'  
**CHIEF PROCUREMENT OFFICER**

**APPROVED** *with exception*  
*Justin P.W. Brown 9/18/2015*  
**COMPTROLLER OF THE TREASURY**  
*not approved - D.18*  
*D2012*

<b>Agency request tracking #</b>	DG362
<b>1. Procuring Agency</b>	Department of Revenue (DOR)
<b>2. Edison contract ID #</b>	
<b>3. Contractor or Grantee</b>	Fast Enterprises LLC
<b>4. Contract's Effective Date</b>	January 4, 2106
<b>5. Contract or grant contract's Term (with ALL options to extend exercised)</b>	72 Months
<b>6. Contract's Maximum Liability (with ALL options to extend exercised)</b>	\$ 42,650,000
<b>7. Citation and explanation of the rule(s) for which the exception is requested</b>	<p>(1) 0690-03-01-.14(2)(c)                      The requirement of a multi-year contract shall be stated in the solicitation, and any multi-year contract shall be awarded pursuant to these Rules and shall not be for a period longer than sixty (60) months unless approved by the Chief Procurement Officer as being in the best interests of the State. The justification for the contract term exceeding sixty (60) months shall be maintained in the records of the Central Procurement Office. A report of all contracts awarded for a period longer than sixty (60) months in such format and at such interval determined requested shall be provided to the Comptroller of the Treasury.</p> <p>(2) Tenn. Comp. R. &amp; Regs., ch. 0690-03-01-.17(4). Necessary or Prohibited Contract Clauses and Rule Exceptions.</p> <p>4 Rule Exception Procedure. The Central Procurement Officer may approve exceptions to these Rules or Central Procurement Office Policy as follows:</p> <p>(a) The Procuring Agency may request, and the Chief Procurement Officer may authorize or initiate an amendment to an existing contract or a modification of a solicitation, at any stage of the procurement or contract negotiation process, in circumstances where the Chief Procurement Officer determines that doing so is in the best</p>

	<p>interests of the State.</p> <p>(b) If the Procuring Agency considers it necessary to modify a necessary contract clause, it shall submit a request to the Chief Procurement Officer to modify a necessary contract clause.</p> <p>1. The request for modification of a necessary contract clause shall contain justification that addresses the following:</p> <p>(i) The text of the new clause sought to be used;</p> <p>(ii) If applicable, the risks to the State created by the new clause, and the impact on the State by allowing the new clause;</p> <p>(iii) The conditions in the market place that justify modification of the necessary contract clause; and</p> <p>(iv) The anticipated impact on the State's procurement if modification to the necessary contract clause is not allowed.</p> <p>(c) The Chief Procurement Officer shall have the authority to approve the language submitted or may authorize acceptance of the modification under alternative language. Any approval shall be in writing and detail the specific alternative language approved</p>
<p><b>8. Description of requested changes</b> If adding new provisions or modifying existing provisions, insert the new or modified provisions in their entirety.</p>	<p>(1) Department of Revenue seeks to permit a contract term longer than 60 months (5 years).</p> <p>(2) At the request of DOR the Central Procurement Office in collaboration with DOR and F &amp; A Business Solutions Delivery negotiated the Contract with Fast Enterprises, Inc. Through these negotiations multiple standard contract terms were modified. See the attached spreadsheet which outlines the modifications made.</p>
<p><b>9. Justification</b></p>	<p>(1) The contract is request to be a four (4) year contract with two (2) options to renew. Due to the complexity of this contract and the cost and time associated with the implementation of this software it is not pragmatic to limit this contract to the standard sixty (60) months.</p> <p>(2) At the request of DOR the Central Procurement Office in collaboration with DOR and F &amp; A Business Solutions Delivery negotiated a Sole-Source Contract with Fast Enterprises, Inc. Through these negotiations multiple standard contract terms were modified. DOR and CPO concur that these modifications are in the best interest of the State.</p>
<p>Signature of Agency head or designee and date</p> <p><i>Richard Robert</i></p>	

Contract			
A.13	<p>A.13. Warranty. Contractor represents and warrants that the term of the warranty (“Warranty Period”) shall be the greater of the Term of this Contract or any other warranty general offered by Contractor, its suppliers, or manufacturers to customers of its goods or services. The goods or services provided under this Contract shall conform to the terms and conditions of this Contract throughout the Warranty Period. Any nonconformance of the goods or services to the terms and conditions of this Contract shall constitute a “Defect” and shall be considered “Defective.” If Contractor receives notice of a Defect during the Warranty Period, then Contractor shall correct the Defect, at no additional charge.</p> <p>Contractor represents and warrants that the State is authorized to possess and use all equipment, materials, software, and deliverables provided under this Contract.</p> <p>Contractor represents and warrants that all goods or services provided under this Contract shall be provided in a timely and professional manner, by qualified and skilled individuals, and in conformity with standards generally accepted in Contractor’s industry.</p> <p>If Contractor fails to provide the goods or services as warranted, then Contractor will re-provide the goods or services at no additional charge. If Contractor is unable or unwilling to re-provide the goods or services as warranted, then the State shall be entitled to recover the fees paid to Contractor for the Defective goods or services. Any exercise of the State’s rights under this Section shall not prejudice the State’s rights to seek any other remedies available under this Contract or applicable law.</p>	<p>A.13. Warranty.</p> <p>Contractor represents and warrants that the term of the warranty (“Warranty Period”) shall be the greater of the Term of this Contract or any other warranty general offered by Contractor, its suppliers, or manufacturers to customers of its goods or services. <u>With respect to each rollout phase, the Warranty Period shall begin on the date such rollout phase goes live and shall continue for a period of one (1) year.</u> The goods or services provided under this Contract shall conform to the terms and conditions of this Contract throughout the Warranty Period. Any nonconformance of the goods or services to the terms and conditions of this Contract shall constitute a “Defect” and shall be considered “Defective.” If Contractor receives notice of a Defect during the Warranty Period, then Contractor shall correct the Defect, at no additional charge.</p> <p>Contractor represents and warrants that the State is authorized to possess and use all equipment, materials, software, and deliverables provided under this Contract.</p> <p>Contractor represents and warrants that all goods or services provided under this Contract shall be provided in a timely and professional manner, by qualified and skilled individuals, and in conformity with standards generally accepted in Contractor’s industry.</p> <p>If Contractor fails to provide the goods or services as warranted, then Contractor will re-provide the goods or services at no additional charge. If Contractor is unable or unwilling to re-provide the goods or services as warranted, then the State shall be entitled to recover the fees paid to Contractor for the Defective goods or services. Any exercise of the State’s rights under this Section shall not prejudice the State’s rights to seek any other remedies available under this Contract <u>or applicable law.</u></p>	<p>Clarified how each warranty period applied to each rollout deliverable.</p>

C.2	<p>C.2. Compensation Firm. The payment methodology in Section C.3. of this Contract shall constitute the entire compensation due the Contractor for all goods or services provided under this Contract regardless of the difficulty, materials or equipment required. The payment methodology includes all applicable taxes, fees, overhead, and all other direct and indirect costs incurred or to be incurred by the Contractor.</p>	<p>Compensation Firm. The payment methodology in Section C.3. of this Contract shall constitute the entire compensation due the Contractor for all goods or services provided under this Contract regardless of the difficulty, materials or equipment required. The payment methodology in Section C.3 and the Travel Compensation provided in Section C.4. shall constitute the entire compensation due the Contractor for all goods or services provided under this Contract regardless of the difficulty, materials or equipment required. The payment methodology includes all applicable taxes, fees, overhead, and all other direct and/or indirect costs incurred and or to be incurred by the Contractor.</p>	<p>✓ Added Travel Compensation optional language</p>
C.3	<p>Payment Methodology. The Contractor shall be compensated based on the payment methodology rates for goods or services contained in Appendix 1 and as authorized by the State in a total amount as set forth in Section C.1. The Contractor's compensation shall be contingent upon the satisfactory provision of goods or services as set forth in Section A.</p>	<p>Payment Methodology. The Contractor shall be compensated based on the payment methodology rates for goods or services contained in Appendix 1 and as authorized by the State in a total amount as set forth in Section C.1. The Contractor's compensation shall be contingent upon the satisfactory provision of goods or services as set forth in Section A.</p>	<p>✓ Clarifying language and reference added</p>
C.4	<p>C.4. Travel Compensation. The Contractor shall not be compensated or reimbursed for travel time, travel expenses, meals, or lodging.</p>	<p>C.4. Travel Compensation. Compensation to the Contractor for travel, meals, or lodging shall be subject to amounts and limitations specified in the current "State Comprehensive Travel Regulations."</p> <p>The Contractor must include (in addition to other invoice requirements of this Contract) a complete itemization of requested travel compensation and appropriate documentation and receipts as required by the "State Comprehensive Travel Regulations."</p>	<p>✓ Used optional language from FA Template</p>

C.5.b

b. Contractor's invoices shall:

(1) Only include charges for goods delivered or services provided as described in Section A and in accordance with payment terms and conditions set forth in Section C;

(2) Only be submitted for goods delivered or services completed and shall not include any charge for future goods to be delivered or services to be performed;

(3) Not include Contractor's taxes, which includes without limitation Contractor's sales and use tax, excise taxes, franchise taxes, real or personal property taxes, or income taxes; and

(4) Include shipping or delivery charges only as authorized in this Contract.

b. Contractor's invoices shall:

(1) Only include charges for goods delivered or services provided as described in Section A and in accordance with payment terms and conditions set forth in Section C;

(2) Only be submitted for goods delivered or services completed and shall not include any charge for future goods to be delivered or services to be performed;

(3) Not include Contractor's taxes, which includes without limitation Contractor's sales and use tax, excise taxes, franchise taxes, real or personal property taxes, or income taxes, provided that, upon request, the State provides Contractor with the respective tax exemption certificate; and

(4) Include shipping or delivery charges only as authorized in this Contract.

✓

Vendor requested. DOR & CPO agreed.

D.6

D.6. Termination for Cause. If the Contractor fails to properly perform its obligations under this Contract in a timely or proper manner, or if the Contractor materially violates any terms of this Contract ("Breach Condition"), the State shall have the right to immediately terminate the Contract and withhold payments in excess of compensation for completed services or provided goods. Notwithstanding the above, the Contractor shall not be relieved of liability to the State for damages sustained by virtue of any Breach Condition and the State may seek other remedies allowed at law or in equity for breach of this Contract.

D.6. Termination for Cause. If the Contractor fails to properly perform its obligations under this Contract in a timely or proper manner, or if the Contractor materially violates any terms of this Contract ("Breach Condition"), the State shall provide written notice to Contractor specifying the Breach Condition. If within thirty (30) days of notice, the Contractor has not cured the Breach Condition, the State shall have the right to immediately terminate the Contract and withhold payments in excess of compensation for completed services or provided goods. Notwithstanding the above, the Contractor shall not be relieved of liability to the State for damages sustained by virtue of any ~~Breach Condition~~ breach of this Contract by the Contractor and the State may seek other remedies allowed at law or in equity for breach of this Contract.

✓

Added optional language.

D.7

D.7. Assignment and Subcontracting. The Contractor shall not assign this Contract or enter into a subcontract for any of the goods or services provided under this Contract without the prior written approval of the State. Notwithstanding any use of the approved subcontractors, the Contractor shall be the prime contractor and responsible for compliance with all terms and conditions of this Contract. The State reserves the right to request additional information or impose additional terms and conditions before approving an assignment of this Contract in whole or in part or the use of subcontractors in fulfilling the Contractor's obligations under this Contract

D.7. Assignment and Subcontracting. The Contractor shall not assign this Contract or enter into a subcontract for any of the goods or services provided under this Contract without the prior written approval of the State. Notwithstanding any use of the approved subcontractors, the Contractor shall be the prime contractor and responsible for compliance with all terms and conditions of this Contract. The State reserves the right to request additional information or impose additional terms and conditions before approving an assignment of this Contract in whole or in part or the use of subcontractors in fulfilling the Contractor's obligations under this Contract.

The State shall not assign this Contract without the prior written approval of the Contractor.

✓

Vendor requested. DOR & CPO agreed.

D.18

D.18. Limitation of Contractor's Liability. In accordance with Tenn. Code Ann. § 12-3-701, the Contractor's liability for all claims arising under this Contract shall be limited to an amount equal to two (2) times the Maximum Liability amount detailed in Section C.1. and as may be amended, PROVIDED THAT in no event shall this Section limit the liability of the Contractor for: (i) intellectual property or any Contractor indemnity obligations for infringement for third-party intellectual property rights; (ii) any claims covered by any specific provision in the Contract providing for liquidated damages; or (iii) any claims for intentional torts, criminal acts, fraudulent conduct, or acts or omissions that result in personal injuries or death.

D.18. Limitation of Contractor's Liability. The Contractor shall not be liable to the State or any other party for any lost revenues, lost profits, loss of business, decrease in the value of any securities or cash position, time, money, goodwill, or any indirect, special, incidental, punitive, exemplary or consequential damages of any nature, whether based on warranty, contract, statute, regulation, tort (including but not limited to negligence), or any other legal theory that may arise under this Contract or otherwise. In accordance with Tenn. Code Ann. § 12-3-701, the Contractor's liability for all claims arising under this Contract shall be limited to an amount equal to two (2) times the Maximum Liability amount detailed in Section C.1. and as may be amended, PROVIDED THAT in no event shall this Section limit the liability of the Contractor for: (i) intellectual property or any Contractor indemnity obligations for infringement for third-party intellectual property rights; (ii) any claims covered by any specific provision in the Contract providing for liquidated damages; or (iii) any claims for intentional torts, ~~criminal acts, fraudulent conduct, or acts or omissions that result in personal injuries or death.~~

*Wrong  
Document for*

Vendor requested. DOR & CPO agreed.

*the limitation of liability request*

D.19

D.19. Hold Harmless. The Contractor agrees to indemnify and hold harmless the State of Tennessee as well as its officers, agents, and employees from and against any and all claims, liabilities, losses, and causes of action which may arise, accrue, or result to any person, firm, corporation, or other entity which may be injured or damaged as a result of acts, omissions, or negligence on the part of the Contractor, its employees, or any person acting for or on its or their behalf relating to this Contract. The Contractor further agrees it shall be liable for the reasonable cost of attorneys for the State to enforce the terms of this Contract.

In the event of any suit or claim, the Parties shall give each other immediate notice and provide all necessary assistance to respond. The failure of the State to give notice shall only relieve the Contractor of its obligations under this Section to the extent that the Contractor can demonstrate actual prejudice arising from the failure to give notice. This Section shall not grant the Contractor, through its attorneys, the right to represent the State in any legal matter, as the right to represent the State is governed by Tenn. Code Ann. § 8-6-106.

D.19. Hold Harmless. The Contractor agrees to indemnify and hold harmless the State of Tennessee as well as its officers, agents, and employees from and against any and all claims, liabilities, losses, and causes of action which may arise, accrue, or result to any person, firm, corporation, or other entity which may be injured or damaged as a result of acts, omissions, or negligence on the part of the Contractor, its employees, or any person acting for or on its or their behalf relating to this Contract. The Contractor further agrees it shall be liable for the reasonable cost of attorneys for the State to enforce the terms of this Contract.

In no event shall the Contractor be required to indemnify and hold harmless the State for damages or injury to the extent caused by the State's own negligent or wrongful acts or omissions.

In the event of any suit or claim, the Parties shall give each other immediate notice and provide all necessary assistance to respond. The failure of the State to give notice shall only relieve the Contractor of its obligations under this Section to the extent that the Contractor can demonstrate actual prejudice arising from the failure to give notice. This Section shall not grant the Contractor, through its attorneys, the right to represent the State in any legal matter, as the right to represent the State is governed by Tenn. Code Ann. § 8-6-106.

✓

Vendor requested. DOR & CPO agreed.

D.20.b.2)

2) If the Contractor certifies that it is exempt from the requirements of Tenn. Code Ann. §§ 50-6-101 – 103, then the Contractor shall furnish written proof of such exemption for one or more of the following reasons:

- i. The Contractor employees fewer than five (5) employees;
- ii. The Contractor is a sole proprietor;
- iii. The Contractor is in the construction business or trades with no employees;
- iv. The Contractor is in the coal mining industry with no employees;
- v. The Contractor is a state or local government; or
- vi. The Contractor self-insures its workers' compensation and is in compliance with the TDCI rules and Tenn. Code Ann. § 50-6-405.

2) If the Contractor certifies that it is exempt from the requirements of Tenn. Code Ann. §§ 50-6-101 – 103, then the Contractor shall furnish written proof of such exemption for one or more of the following reasons:

- i. The Contractor employees fewer than five (5) employees;
- ii. The Contractor is a sole proprietor;
- iii. The Contractor is in the construction business or trades with no employees;
- iv. The Contractor is in the coal mining industry with no employees;
- v. The Contractor is a state or local government; or The Contractor self-insures its workers' compensation and is in compliance with the TDCI rules and Tenn. Code Ann. § 50-6-405.
- ~~vi. The Contractor self-insures its workers' compensation and is in compliance with the TDCI rules and Tenn. Code Ann. § 50-6-405.~~

*not approved  
no change  
in language*

Vendor requested. DOR & CPO agreed.

D.21.d.

d. The Contractor will indemnify the State and hold it harmless for any violation by the Contractor or its subcontractors of the Privacy Rules. This includes the costs of responding to a breach of protected health information, the costs of responding to a government enforcement action related to the breach, and any fines, penalties, or damages paid by the State because of the violation.

d. The Contractor will indemnify the State and hold it harmless for any violation by the Contractor or its subcontractors of the Privacy Rules. This includes the costs of responding to a breach of protected health information, the costs of responding to a government enforcement action related to the breach, and any fines, penalties, or damages paid by the State ~~because of~~ to the extent they were caused by the Contractor or its subcontractor's violation.

✓  
Vendor requested. DOR & CPO agreed.

D.25

D.25. Force Majeure. "Force Majeure Event" means fire, flood, earthquake, elements of nature or acts of God, wars, riots, civil disorders, rebellions or revolutions, acts of terrorism or any other similar cause beyond the reasonable control of the Party except to the extent that the non-performing Party is at fault in failing to prevent or causing the default or delay, and provided that the default or delay cannot reasonably be circumvented by the non-performing Party through the use of alternate sources, workaround plans or other means. A strike, lockout or labor dispute shall not excuse either Party from its obligations under this Contract. Except as set forth in this Section, any failure or delay by a Party in the performance of its obligations under this Contract arising from a Force Majeure Event is not a default under this Contract or grounds for termination. The non-performing Party will be excused from performing those obligations directly affected by the Force Majeure Event, and only for as long as the Force Majeure Event continues, provided that the Party continues to use diligent, good faith efforts to resume performance without delay. The occurrence of a Force Majeure Event affecting Contractor's representatives, suppliers, subcontractors, customers or business apart from this Contract is not a Force Majeure Event under this Contract. Contractor will promptly notify the State of any delay caused by a Force Majeure Event (to be confirmed in a written notice to the State within one (1) day of the inception of the delay) that a Force Majeure Event has occurred, and will describe in reasonable detail the nature of the Force Majeure Event. If any Force Majeure Event results in a delay in Contractor's performance longer than forty-eight (48) hours, the State may, upon notice to Contractor: (a) cease payment of the fees until Contractor resumes performance of the affected obligations; or (b) immediately terminate this Contract or any purchase order, in whole or in part, without further payment except for fees then due and payable. Contractor will not increase its charges under this Contract or charge the State any fees other than those provided for in this Contract as the result of a Force Majeure Event.

D.25. Force Majeure. "Force Majeure Event" means fire, flood, earthquake, elements of nature or acts of God, wars, riots, civil disorders, rebellions or revolutions, acts of terrorism or any other similar cause beyond the reasonable control of the Party except to the extent that the non-performing Party is at fault in failing to prevent or causing the default or delay, and provided that the default or delay cannot reasonably be circumvented by the non-performing Party through the use of alternate sources, workaround plans or other means. A strike, lockout or labor dispute shall not excuse either Party from its obligations under this Contract. Except as set forth in this Section, any failure or delay by a Party in the performance of its obligations under this Contract arising from a Force Majeure Event is not a default under this Contract or grounds for termination. The non-performing Party will be excused from performing those obligations directly affected by the Force Majeure Event, and only for as long as the Force Majeure Event continues, provided that the Party continues to use diligent, good faith efforts to resume performance without delay. The occurrence of a Force Majeure Event affecting Contractor's representatives, suppliers, subcontractors, customers or business apart from this Contract is not a Force Majeure Event under this Contract. Contractor will promptly notify the State of any delay caused by a Force Majeure Event (to be confirmed in a written notice to the State within one (1) day of the inception of the delay) that a Force Majeure Event has occurred, and will describe in reasonable detail the nature of the Force Majeure Event. If any Force Majeure Event results in a delay in Contractor's performance longer than forty-eight (48) hours, the State may, upon notice to Contractor: (a) cease payment of the fees until Contractor resumes performance of the affected obligations; or (b) immediately terminate this Contract or any purchase order, in whole or in part, without further payment except for fees then due and payable. Contractor will not increase its charges under this Contract or charge the State any fees other than those provided for in this Contract as the result of a Force Majeure Event except by a written amendment signed by the Parties.

Vendor requested. DOR & CPO agreed.

# Limitation of Liability Request

\*Pending Approval

In accordance with T.C.A. §12-3-701, approval of the Chief Procurement Officer and the Comptroller of the Treasury is required if the proposed limitation of contractor liability is an amount less than two (2) times the value of the contract; and, approval of the Chief Procurement Officer, Comptroller of the Treasury, and the Commissioner of Finance and Administration is required if the proposed limitation of contractor liability is in excess of two (2) times the value of the contract.

Route a completed request, as one file in PDF format, via e-mail attachment sent to: [Agsprs.Agsprs@tn.gov](mailto:Agsprs.Agsprs@tn.gov)

<b>APPROVED</b>	<b>APPROVED</b>	<b>APPROVED</b>
<b>CHIEF PROCUREMENT OFFICER DATE</b>	<b>COMPTROLLER OF THE TREASURY DATE</b>	<b>COMMISSIONER OF FINANCE &amp; ADMINISTRATION (only for &gt;2 times)</b>

<b>Request Tracking #</b>	<b>34701-DG362</b>
<b>1. Contracting Agency</b>	<b>Department of Revenue</b>
<b>2. Solicitation or Contract #</b>	<b>47823</b>
<b>3. Requestor Contact Information</b> – name, e-mail address & telephone #	<b>Tammy Grizzle Tammy.Grizzle@tn.gov</b>
<b>4. Proposed Contract Period</b> –with ALL options to extend exercised	<b>72 months</b>
<b>5. Anticipated Contract Maximum Liability</b> – with ALL options to extend exercised	<b>\$ 42,650,000</b>
<p><b>6. Approval of this request will permit a limitation of contractor liability by means of the following contract provision.</b></p> <p><b>D.18. Limitation of Contractor’s Liability.</b> <u>The Contractor shall not be liable to the State or any other party for any lost revenues, lost profits, loss of business, decrease in the value of any securities or cash position, time, money, goodwill, or any indirect, special, incidental, punitive, exemplary or consequential damages of any nature, whether based on warranty, contract, statute, regulation, tort (including but not limited to negligence), or any other legal theory that may arise under this Contract or otherwise.</u> In accordance with Tenn. Code Ann. § 12-3-701, the Contractor’s liability for all claims arising under this Contract shall be limited to an amount equal to two (2) times the Maximum Liability amount detailed in Section C.1. and as may be amended, PROVIDED THAT in no event shall this Section limit the liability of the Contractor for: (i) intellectual property or any Contractor indemnity obligations for infringement for third-party intellectual property rights; (ii) any claims covered by any specific provision in the Contract providing for liquidated damages; or (iii) any claims for intentional torts, <del>criminal acts, fraudulent conduct, or acts or omissions that result in personal injuries or death.</del></p>	
<p><b>7. Goods or Services Description</b> – brief summary only– do NOT restate the proposed scope of service</p> <p style="text-align: center;">Tax collection software system to replace legacy RITS.</p>	

<b>Request Tracking #</b>	<b>34701-DG362</b>
<p><b>8. Potential Risks of Liability to the State Resulting from the Procurement</b></p> <p>The Contractor has provided a large and complex system for the State of Tennessee and DOR believes the risk is very low. This Contractor has also successfully implemented similar systems in approximately 23 states. This shows a track record of success with governmental contracting. The potential risk to the state under this contract is estimated to be low.</p>	
<p><b>9. Anticipated Impact of Proposed Limitation of Liability on the State</b></p> <p>The proposed limitation of liability is estimated to have no impact on the State.</p>	
<p><b>10. Justification</b></p> <p>It was determined that GenTax was the best system available for the Department of Revenue to update their tax collection software. The vendor requested this change, and both CPO and DoR agreed. CPO and DoR concur that this is in the best interest of the State.</p>	
<p><b>Signature of Agency head or authorized designee, title of signatory, and date</b> (the authorized designee may sign his or her own name if indicated on the Signature Certification and Authorization document)</p>	



## OIR Pre-Approval Endorsement Request E-Mail Transmittal

**TO :** Mark Rampey, OIR Contracts  
Department of Finance & Administration  
E-mail : [Mark.Rampey@tn.gov](mailto:Mark.Rampey@tn.gov)

**FROM :** Tammy Grizzle  
E-mail : [Tammy.Grizzle@tn.gov](mailto:Tammy.Grizzle@tn.gov)

**DATE :** 08/31/2015

**RE :** Request for OIR Pre-Approval Endorsement

**Applicable RFS #** 34701-11100

**OIR Endorsement Signature & Date:**

*MB Bougel (MR)* 9/17/15  
 Chief Information Officer

*NOTE: Proposed contract/grant support is applicable to the subject IT service technical merit.*

Office for Information Resources (OIR) pre-approval endorsement is required pursuant to procurement regulations pertaining to contracts with information technology as a component of the scope of service. This request seeks to ensure that OIR is aware of and has an opportunity to review the procurement detailed below and in the attached document(s). This requirement applies to any procurement method regardless of dollar amount.

Please indicate OIR endorsement of the described procurement (with the appropriate signature above), and return this document via e-mail at your earliest convenience.

<b>Contracting Agency</b>	<b>Department of Revenue</b>
<b>Agency Contact</b> (name, phone, e-mail)	<b>Greer Allison, 615-741-7286, <a href="mailto:greer.allison@tn.gov">greer.allison@tn.gov</a></b>
<b>Attachments Supporting Request</b> (mark all applicable)	
<p>Note: The complete draft procurement document and the applicable documents listed below must accompany this request when submitted to OIR. Special Contract Requests and Amendment Requests without Agency Head signature are acceptable. OIR is aware that these documents will not have CPO signature when submitted with this request.</p>	
<input type="checkbox"/> Solicitation Document <input checked="" type="checkbox"/> Special Contract Request <input type="checkbox"/> Amendment Request <input type="checkbox"/> Proposed Contract/Grant or Amendment <input type="checkbox"/> Original Contract/Grant and Previous Amendments (if any)	
<b>Information Systems Plan (ISP) Project Applicability</b>	

**Applicable RFS # 34701-11100**

To avoid delay of OIR pre-approval, the applicability of an ISP project to the procurement must be confirmed with agency IT staff prior to submitting this request to OIR. If necessary, agency IT staff should contact OIR Planning with questions concerning the need for an ISP project.

IT Director/Staff Name Confirming (required): Anthony Starnes

Applicable – Approved ISP Project# DG362

Not Applicable

*Anthony Starnes*  
Assoc. CSO

**Subject Information Technology Service Description**

Provide a brief summary of the information technology services involved. Clearly identify included technologies such as system development/maintenance, security, networking, etc. As applicable, identify the contract or solicitation sections related to the IT services.

The proposed contract will provide the software and software maintenance necessary for the state to process tax returns and collect taxes due the state. The current Cobol/mainframe based system (RITS) is in excess of 20 years old and limits our ability to add functionality such as self-service options for our customers, integrated business intelligence, and electronic commerce solutions. The software will provide all existing functionality of the current system (RITS) and new functionality as described in the Statement of Work once composed.

# Special Contract Request

This form should be utilized to facilitate contract and procurement requests that require the Chief Procurement Officer's prior approval and that of the Comptroller of the Treasury, as applicable.

NOT required for a contract with a federal, Tennessee, or Tennessee local government entity or a grant.

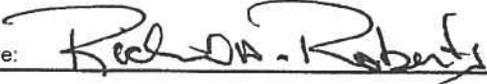
Route a completed request, as one file in PDF format, via e-mail attachment sent to: agsprs.agsprs@tn.gov.

<p><b>APPROVED</b></p> <p style="font-size: 1.2em; font-weight: bold;">Michael F. Perry -AK</p> <p style="font-size: 0.8em;">Digitally signed by Michael F. Perry -AK                  DN: cn=Michael F. Perry -AK, o=CPO, ou=CPO, email=andy.kidd@tn.gov, c=US                  Date: 2015.09.03 11:22:38 -05'00'</p>	<p><b>APPROVED</b></p> <p style="font-size: 1.2em; font-weight: bold;">Justin P. Wilson</p> <p style="font-size: 1.2em; font-weight: bold;">9/8/2015</p>
CHIEF PROCUREMENT OFFICER      DATE	COMPTROLLER OF THE TREASURY      DATE

<b>Request Tracking #</b>	
<b>1. Contracting Agency</b>	Department of Revenue
<b>2. Type of Contract or Procurement Method</b>	<input type="checkbox"/> No Cost <input type="checkbox"/> Revenue <input checked="" type="checkbox"/> Sole Source <input type="checkbox"/> Proprietary <input type="checkbox"/> Competitive Negotiation <input type="checkbox"/> Other _____
<b>3. Requestor Contact Information</b>	Tammy Grizzle, (615) 253-1381 Tammy.grizzle@tn.gov
<b>4. Brief Goods or Services Caption</b>	Tax System Replacement
<b>5. Description of the Goods or Services to be Acquired</b>	Tax collection software system already existing in successful production in other states to replace RITS. Product name is GenTax.
<b>6. Proposed Contractor</b>	Fast Enterprises, LLC
<b>7. Name &amp; Address of the Contractor's principal owner(s)</b> <i>- NOT required for a TN state education institution</i>	Martin Rankin – Managing Partner 7229 South Alton Way Centennial, CO 80122
<b>8. Proposed Contract Period</b> – with ALL options to extend exercised <i>The proposed contract start date shall follow the approval date of this request.</i>	6 years * <del>10 Years</del>

\* Confirmed change from 10 years to 6 years with Don Ivancic COT Office. 9/22/2015 - AKIDD

<b>Request Tracking #</b>	
<b>9. Office for Information Resources Pre-Approval Endorsement Request</b> – <i>information technology (N/A to THDA)</i>	<input type="checkbox"/> Not Applicable <input checked="" type="checkbox"/> Attached
<b>10. eHealth Pre-Approval Endorsement Request</b> – <i>health-related professional, pharmaceutical, laboratory, or imaging</i>	<input checked="" type="checkbox"/> Not Applicable <input type="checkbox"/> Attached
<b>11. Human Resources Pre-Approval Endorsement Request</b> – <i>state employee training</i>	<input checked="" type="checkbox"/> Not Applicable <input type="checkbox"/> Attached
<b>12. Are these goods or services currently available on a statewide contract? If YES, please explain why the current statewide contract is not being used for this procurement.</b>	<input checked="" type="checkbox"/> NO <input type="checkbox"/> YES,
<b>13. Maximum Contract Cost – with ALL options to extend exercised</b>	Approximately \$50M
<b>14. Was there an initial government estimate? If so, what amount?</b>	<input type="checkbox"/> NO <input checked="" type="checkbox"/> YES, \$35-45M
<b>15. Cost Determination Used- How did agency arrive at the estimate of expected costs?</b>	Market Research
<b>16. Explanation of Fair and Reasonable Price- Explain how agency determined that price is fair and reasonable</b>	Extensive comparison to other state tax agencies with comparable needs and functional requirements.
<b>17. Documentation of Discussions with Contractor- How did agency document discussions with Contractor? Attach documentation to this request as applicable.</b>	Email, telephone, RFI Issued and demonstrations conducted.
<b>18. Explanation of Need for or requirement placed on the State to acquire the goods or services</b>	The current Cobol/mainframe based system (RITS) is in excess of 20 years old and limits ability to add functionality critical to the collection, administration, and distribution of taxes.
<b>19. Proposed contract impact on current State operations</b>	There will be an increase in expenses during the implementation phase but benefits will increase efficiencies and revenues to the State.
<b>20. Justification – Specifically explain why the goods or services should be acquired through the procurement method or contract type selected.</b>	See attached.
<b>For No-Cost and Revenue Contracts Only</b>	
<b>21. What costs will the State incur as a result of this contract? If any, please explain.</b>	n/a
<b>22. What is the total estimated revenue that the State would receive as a result of this contract?</b>	n/a
<b>23. Could the State also contract with other parties interested in entering substantially the same agreement? Please explain.</b>	<input type="checkbox"/> NO <input type="checkbox"/> YES
<b>24. Summary of State responsibilities under proposed contract</b>	n/a

Request Tracking #	
<b>For Sole Source and Proprietary Procurements Only</b>	
25. Explanation of Need for or requirement placed on the State to acquire the goods or services	The current Cobol/mainframe based system (RITS) is in excess of 20 years old and limits ability to add functionality critical to the collection, administration, and distribution of taxes.
26. Evidence of Contractor's experience & length of experience providing the goods or services to be procured.	Vendor has a proven track record of multiple, successful implementations at agencies comparable to the Tennessee DOR. Contracted with 24 state tax agencies. All projects were delivered on time and on budget.
27. Has the contracting agency procured the subject goods or services before? If yes, provide the method used to purchase the goods or services and the name and address of the contractor.	<input type="checkbox"/> NO <input checked="" type="checkbox"/> YES, Method: Procured more than twenty years ago. Name/Address: Anderson Consulting
28. Contractor selection process and efforts to identify reasonable, competitive, procurement alternatives	RFI was issued in collaboration with CPO. Through that process and in collaboration with CPO and BSD, one vendor was identified who met the functional criteria.
<b>Signature Required for all Special Contract Requests</b>	
Signature of Agency head or authorized designee, title of signatory, and date (the authorized designee may sign his or her own name if indicated on the Signature Certification and Authorization document)	
Signature: 	Date: 9/2/2015



# CONTRACT

(fee-for-goods or services contract with an individual, business, non-profit, or governmental entity of another state)

<b>Begin Date</b> 1/4/2016	<b>End Date</b> 1/4/2020	<b>Agency Tracking #</b> 34701-11000	<b>Edison Record ID</b> 47823
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<b>Contractor Legal Entity Name</b> Fast Enterprises LLC	<b>Edison Vendor ID</b> 0000162641
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**Goods or Services Caption (one line only)**  
Tax Collection System, GenTax, replacement for RITS

<b>Contractor</b> <input checked="" type="checkbox"/> Contractor	<b>CFDA #</b>
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Funding —					
FY	State	Federal	Interdepartmental	Other	TOTAL Contract Amount
2016	4,450,000				4,450,000
2017	9,000,000				9,000,000
2018	7,000,000				7,000,000
2019	7,000,000				7,000,000
2020	5,550,000				5,550,000
<b>TOTAL:</b>	<b>33,000,000</b>				<b>33,000,000</b>

**Contractor Ownership Characteristics:**

Minority Business Enterprise (MBE): African American, Asian American, Hispanic American, Native American

Woman Business Enterprise (WBE)

Tennessee Service Disabled Veteran Enterprise (SDVBE)

Tennessee Small Business Enterprise (SBE): \$10,000,000.00 averaged over a three (3) year period or employs no more than ninety-nine (99) employees.

Other:

<b>Selection Method &amp; Process Summary (mark the correct response to confirm the associated summary)</b>	
<input type="checkbox"/> Competitive Selection	Describe the competitive selection process used
<input checked="" type="checkbox"/> Other	Sole Source

**Budget Officer Confirmation:** There is a balance in the appropriation from which obligations hereunder are required to be paid that is not already encumbered to pay other obligations.

*Jammy M. Hoyle*

<b>Speed Chart (optional)</b>	<b>Account Code (optional)</b>
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**CONTRACT  
BETWEEN THE STATE OF TENNESSEE,  
TENNESSEE DEPARTMENT OF REVENUE  
AND  
FAST ENTERPRISES LLC**

This Contract, by and between the State of Tennessee, Tennessee Department of Revenue ("State") and Fast Enterprises LLC ("Contractor") is for the provision of the GenTax commercial off-the-shelf integrated tax system software, as further defined in the "SCOPE." State and Contractor may be referred to individually as a "Party" or collectively as the "Parties" to this Contract.

The Contractor is a Limited Liability Company.  
Contractor Place of Incorporation or Organization: Location  
Contractor Edison Registration ID # Number

**A. SCOPE:**

- A.1. The Contractor shall provide all goods or services and deliverables as required, described, and detailed below and shall meet all service and delivery timelines as specified by this Contract.
- A.2. High Level Description: The scope of the replacement tax administration system project encompasses replacement of the State's current Revenue Integrated Tax System ("RITS"), including but not limited to comprehensive project management, business and system analysis, provision of the Contractor's integrated tax system, GenTax configuration, development of system interfaces, testing, training, system implementation and support.
- a. The Contractor shall provide, at a minimum, the same business capabilities of the State's current system. The State requires that the Contractor achieve the goals set out in Attachment A.
- b. The Contractor shall not place a limit on the number of inputs or outputs. Contractor shall provide the reports, letters, notices, and interfaces that are reasonable and necessary to administer the in-scope taxes and licensing programs.
- c. Contractor agrees that other state agencies shall have the right to acquire modules for the collection of taxes administered by those agencies at a price comparable to that charged by the Contractor with respect to similar taxes, sizing, contract conditions, etc.
- A.3. Customization.  
The parties agree to limit customization (site code) of GenTax to the extent feasible. Except for letters, reports, and interfaces, the Contractor shall not undertake site code without prior written State approval.
- A.4. Personnel.  
a. Contractor Personnel: The Contractor shall identify the key personnel and project team, including State and Contractor, with the creation of an organizational chart. A detailed description of how the Contractor will organize, deploy, and administer the project team will be included. All task assignments that require a State resource identified by the Contractor will only be assigned through the functional manager of that resource. The Contractor must obtain State's written approval prior to replacing or reassigning key personnel. Resource loading for each task must reflect Contractor and State staff, tasks, and schedules.

The State considers key personnel to include at a minimum:

- Project Manager
- Application/Functional/Configuration Manager
- Technical & Data Architect
- Data Conversion Manager

- Quality & Test Manager

The Contractor must provide the proposed staffing levels and workspace requirements for contractor staff that will be working on site at State locations.

All personnel are subject to State approval prior to placement on-site. The Contractor shall obtain written approval from the State prior to replacing or substituting the Project Manager or other essential project personnel.

The Project Manager must have experience in the field of tax administration; a Project Management Professional certification from the Project Management Institute or significant project management experience; and, relevant experience with projects of comparable scope, size, and complexity.

The Project Manager shall report to the representative designated by the State. The Project Manager will have overall responsibility for the project schedule, the successful implementation of the system, the activities of the vendor's resources, and coordination with the State.

A.5. Project Management and Implementation.

a. Project Management Plan: Within thirty (30) days after the effective date of the Contract and prior to concluding the Preparation Phase, the Contractor shall fully develop a comprehensive Project Management Plan ("PMP") in consultation with the State.

The PMP is intended to:

- Organize, prioritize, coordinate, integrate, and monitor project activities in order to deliver the required products (deliverables) within scope, quality, time, and cost constraints;
- Effectively communicate in order to keep project staff, stakeholders, and executive sponsor management apprised of the status of project activities;
- Implement and maintain quality assurance processes to ensure project products (deliverables) fulfill requirements and standards;
- Manage and control risks to the project that may impact its success.

The State shall confirm its approval of the Deliverables and PMP in writing. Such thirty-day period may be extended upon written approval of the State. In addition, the Contractor shall develop a Communication Management Plan, a Production Support Plan, a Test Management Plan, and Training User Guides at the appropriate times within the implementation schedule. The State shall confirm approval in writing.

If the Commissioner of Revenue, in consultation with the Business Solutions Delivery Division of the Department of Finance and Administration, determines that it is in the best interests of the State, the State may elect to require that any or all of the deliverable documents included on Attachment A-2 shall conform to the Tennessee Business Solutions Methodology (TBSM) Template, where such Template exists. In the event the State makes such election, the parties shall negotiate in good faith to determine the scope of said requirement and any related increase in charges to the State; provided, however, that any resulting increases in charges to the State shall not exceed two million dollars (\$2,000,000) in the aggregate.

The Contractor's Team shall work side by side with the State Project Team, and shall be fully cooperative and supportive of a close working relationship. The Contractor's Team shall train, mentor, equip and enable the State Project Team to be full contributors throughout the project life cycle, to drive the project to successful completion, and to ultimately own, manage and support the system after development, implementation, and other Contractor obligations are completed.

The Contractor will be responsible for the performance of all project management activities and shall direct all required reports and project updates to the designated State Project Director.

b. Implementation: The implementation of GenTax shall conform to the Contractor's propriety implementation methodology, incorporated herein as Attachment B. At a minimum, the GenTax functionality shall include the taxes listed in Attachment C. The parties anticipate that the implementation will occur in four (4) rollout phases, to be more specifically determined in the PMP.

A.6. Technical Requirements.

a. Architecture. To the extent practical and if requested by the State, the GenTax platform shall be compliant with the State of Tennessee Enterprise Technology Architecture – Standard Products, incorporated as Attachment D. Additionally, GenTax shall support, where appropriate, real-time data exchanges/system interfaces with other stakeholders (primarily other state agencies, counties, municipalities, and their vendors). The Contractor shall:

- Evaluate existing interfaces and specify, as appropriate, modifications, enhancements, or replacements to the interfaces. Attachment E contains a list of known system interfaces but does not constitute a comprehensive list of all needed interfaces that will be necessary for successful implementation. Some interfaces require encryption. The Contractor shall use Industry Standard encryption protocols including but not limited to HTTPS, SSL, SSH, TLS. Protocols associated with specific interfaces shall be determined by the Contractor and approved by the State during design.
- Develop interfaces that feature standardized data formats, methods of communications, and data interchange where applicable.
- Provide stress-testing software, which simulates actual system use for the State to use in conducting initial acceptance testing.

The Contractor shall proactively work and cooperate with the State and all of its Third Party vendors, as needed or requested by the State, to ensure that GenTax interoperates with all applicable State systems. All such cooperation will be performed by the Contractor at no additional cost. If the Contractor is cooperating and it determines that a Third Party provider is not timely working with the Contractor, the Contractor will bring the matter to the immediate attention of the representative designated by the State.

1) The Contractor shall develop and document a solution platform, compliant to State standards and approved by the State. The solution platform shall include the information specified in A.6.c. (Responsibility for Hardware) and A.6.d (Use of Virtual Server Environment). It shall also include the System Definition described in A.8.f. detailing how each component of the GenTax system will integrate and interface with all other system components.

2) The Contractor shall provide the services required by this Contract compliant with the technical environment described by the Enterprise Technology Architecture Standard incorporated as Attachment D.

3) Development Languages: As of the Effective Date, the GenTax system must be developed in computer development language that is considered "Current" by the State as outlined in the Enterprise Technology Architecture Standard.

4) Database Technology: As of the Effective Date, the GenTax system shall utilize a relational Database Management System (DBMS) that is considered "Current" by the State as outlined in the Enterprise Technology Architecture Standard incorporated as Attachment D.

5) Service Oriented Architecture (SOA). The GenTax system shall be compliant with service oriented architecture.

b. System Location. The GenTax system will be hosted on State-standard hardware within the State's Data Center.

c. Responsibility for Hardware. The State is responsible for providing the hardware used by the GenTax system. The Contractor shall provide clear specifications of all hardware that is needed. The Contractor shall size the hardware to sufficiently meet the business need, but not exceed what the State considers a reasonable amount of capacity. The Contractor shall deliver to the State a Hardware Capacity Analysis and Growth Plan that includes a capacity analysis and growth plan showing how the hardware requirements were derived and how to forecast additional hardware needs as system utilization and storage requirements increase. The State reserves the right to add, change, reconfigure, consolidate, or eliminate hardware at any time to meet the best interests of the State.

d. Use of Virtual Server Environment. The State may require certain components of the system to operate in the State's virtual environment. The Contractor shall specify which components can and cannot operate on virtual server technology.

e. The State shall acquire the necessary hardware and operating system software for all environments at the State locations. The Contractor shall assist with installation, configuration, and testing of hardware and operating system software at the State- specified location(s). The Contractor shall provide advisory services, guidance and assistance with respect to the installation of the GenTax system and related software in all environments.

A.7. Data Conversion.

a. The Contractor shall convert all data in the scope of the required functionality, current and historical, and identified in the Data Conversion Plan, from the existing RITS system into the new system.

b. Where practical, data being converted shall be "cleaned" prior to conversion, including but not limited to remediation of duplicated data, cleansing addresses and correcting known data errors. The Contractor shall manage the overall data cleansing process. For those data that cannot be reliably converted, the Contractor shall provide a report of those data. Cleansing shall be accomplished manually or programmatically in the legacy systems with support from State IT staff, or Contractor shall provide a mechanism for making corrections in GenTax after rollout. Corrections shall be done in an orderly process which insures that all hand-correctable data is reviewed and corrected. In some cases, cleaning shall be done by logic in conversion programs to detect and resolve data inconsistencies that can be resolved programmatically with a high level of confidence. The Contractor shall define specific data conversion algorithms at the applicable phase of the project for approval by State staff.

c. The Contractor shall develop a Data Conversion Plan and obtain plan approval from the State. The plan shall describe data cleansing and conversion methods, and identify the sources of all data in scope to the new GenTax system, including all data transformations needed.

d. The State shall extract data from legacy systems and provide the extracted data to the Contractor. The State shall provide control totals, record counts, etc. of data before the conversion. The Contractor shall develop and test data transformation and loading programs. The Contractor shall provide test results, control totals, record counts, etc., of the data after the conversion, and a reconciliation of data before and after conversion for review and approval by the State.

e. The Contractor shall manage the overall data cleansing process.

A.8. Environments.

a. The GenTax system shall have at a minimum six operating environments:

1. Development – Used for development of programmatic changes. Must be similar to production environment, but can be smaller in scale. This environment hosts the source code library, versioning/configuration management/release tools, and other software development and testing tools as needed.

2. Test – Used to verify new or modified code integrations with the current application baseline. Must accurately represent the production environment for the changes being tested, but does not require duplication of the entire production data set.

3. Quality Assurance (QA) – A working copy of the production environment, or alternately the testing environment that is kept in sync with production data. During development, this environment will be used to verify that the system software meets functional and technical requirements using a full copy of production data. After implementation this environment will be used to reproduce production error conditions and verify fixes by testing with real production data without making changes to the database of record.

4. Training – A small scale mockup of the production environment, capable of representing the current production version or new versions soon to be implemented into production. This environment will be used to train users ongoing with real production data without making changes to the production database.

5. Production – The official system of record. The production environment will be sized to handle any expected demand. The production environment shall operate in accordance with State's standards. Changes to the production environment are made only through documented change control procedures. The production environment shall be physically and logically isolated from the Development, Test, Quality Assurance, and Training environments.

6. Disaster Recovery – Provides the capability for disaster recovery of the normal production system. It will be physically separate from all other environments, but may be linked to the production environment. It must accommodate the entire production data set and the entire user base of the production system.

b. Each environment shall have separate security to allow users to have different permission levels in each environment.

c. System Updates: The GenTax system shall have a defined multi-environment "promote to production" process (e.g., development, test, QA, training, production), supported by software distribution tools to facilitate migration. The Contractor shall document this process in the PMP.

d. Scalability: The GenTax system shall support a fully scalable architecture designed to allow incremental changes in capacity to meet changing usage.

e. N-Tier Layers: The GenTax system shall have separate tiered layers to provide security between different components of the systems such as, but not limited to: database resources, user interface layer and application processing.

f. System Definition. The Contractor shall provide a system definition detailing how each component of the GenTax system integrates and interfaces with all other system components. The system definition shall cover the environments listed in A.8.a., above. The system definition shall

describe how the Contractor's solution best meets the needs of the State and is to include the following:

- 1) The application subsystems, components, and functional layers;
- 2) System administration and operations requirements;
- 3) Minimum and Optimal configuration requirements for technical architecture of the system;
- 4) Integration between systems and interfaces with the state environment; and
- 5) A schematic drawing of the proposed hardware/software system configuration, communications connectivity, and the relationships between all components in the environment.

g. System Functional Design. The Contractor shall review the existing To-Be reengineered process flows and deliver a full set of updated To-Be process flows that the Contractor recommends to modernize and streamline State processes during the project. The Contractor shall develop a functional specification for any custom-developed software components, except letter, reports, and interfaces.

#### A.9. Security.

GenTax system security shall be compliant with all State data security policies in effect at the time of implementation. System security shall be compliant with TN Enterprise Information Security Policies. In addition to the state security requirements, the GenTax system shall meet applicable security requirements of NASPO Level 2 and NIST Special Publication 800-37, Guide for the Security Certification and Accreditation of Federal Information Systems, under which the security of IT systems in support of the government can be evaluated in a repeatable, comparable, and consistent fashion.

##### a. Data Access.

- 1) The GenTax system shall allow authorized users to designate certain records as confidential, with the ability to restrict access and/or provide an alert to designated State staff or groups that the confidential record has been accessed.
- 2) The GenTax system shall allow authorized users to block the full display of selected data elements (e.g., social security numbers) both online and on reports.
- 3) The GenTax system shall track user login/logout and shall track each record accessed by the user.

##### b. Access Control.

- 1) The State maintains a centralized Active Directory environment for managing State staff authentication. The GenTax system shall use this Active Directory environment for staff authentication. External customers shall not use Active Directory. The GenTax system shall manage external customer access and GenTax access permissions for all users. The GenTax system security shall be role based. The GenTax system shall allow an administrator to create and manage users, groups and roles within the GenTax system, or a combination of both GenTax and Active Directory users.
- 2) GenTax administrators shall have the ability to create, clone, suspend, and delete role based users or groups.

3) GenTax administrators shall have the ability to view and/or assign an individual user's complete rights including group membership's assignments.

4) GenTax administrators shall have the ability to view and/or assign an individual group's complete rights including the individual users assigned.

5) The GenTax system shall allow GenTax administrators to determine and establish the password minimum length, complexity, aging, reuse, lockout, lockout timer.

6) The GenTax system shall comply with State Enterprise Information Security Policies, which require passwords to contain alpha, numeric, and special characters.

7) The GenTax system shall track additions and changes to user permissions, including who made the change, when the change was made, what permissions changed. The GenTax system shall provide the ability to produce a report showing the changes.

8) The GenTax system shall include login security management, allowing certain roles to add/change security to others in that person's organization.

9) The GenTax system shall restrict access to GenTax based upon users or user group's role- based security profiles.

10) The GenTax system shall allow the user to have one set of access credentials that will be universal throughout GenTax, including the main application, ad-hoc query and reporting, and any third-party products integrated into GenTax. The GenTax system shall make user authentication information available to all GenTax resources (e.g., screens, applications, transactions, etc.) the user attempts to access during that session, for the purpose of single-sign on. This single sign-in does not extend to cases where the business process demands the user re-authenticate to ensure non-repudiation.

11) The GenTax system shall automatically lock out users if their activity becomes idle for a time set by the GenTax system administrator.

12) The GenTax system shall lock out the suspect user account after a GenTax administrator defined number of invalid login attempts and provide notice to the administrator and a separate notice to the user.

13) The GenTax system shall provide an administrator view showing which employees, Business Partners, and Customers are actively using the GenTax system at any point in time.

14) The GenTax system shall have a means to rapidly log out of the GenTax system in the event the operator must leave his or her workstation in an emergency.

c. Security Notifications. The GenTax system shall provide automatic notification of significant security events defined by the administrator. The GenTax system shall allow authorized users to send system wide messages to State staff to notify them of GenTax system events that require their attention.

d. Encryption.

1) The GenTax system shall protect, through means compliant with the State's standards, any data that is transmitted through network resources.

2) If the GenTax system (excluding files managed by 3<sup>rd</sup> party applications, such as user's browser) stores any data (even temporarily) at remote locations or cached in a user's work station, there must be a process for purging the data automatically.

A.10. Technical Documentation.

The Contractor shall provide complete technical manuals, which shall describe overall aspects of the system configuration, operating instructions, and problem diagnosis of all components and features of GenTax and the corresponding technical specifications. The Contractor shall maintain comprehensive documentation on all software aspects. The Contractor shall not delete or redact any part of the technical manuals except to remove errors.

A.11. System Availability/Disaster Recovery.

The Contractor shall adhere to the following system configuration requirements and service level agreements ("SLAs"):

a. Availability: The Contractor shall ensure that GenTax will be available 99% of the time, excluding scheduled maintenance and outages not solely attributable to the Contractor.

b. Disaster Recovery: The Contractor shall cooperate with the State to make appropriate updates to the State's Disaster Recovery plan. Said plan and all updates shall be provided by the State, and shall be in substantially the same form as mutually agreed by the parties. In the event that any material change to the form of the plan is proposed by the Contractor, the Contractor shall so advise the State in writing. The Contractor shall support the review and updating of the Disaster Recovery plan on an annual basis to ensure the plan is current and accurate. Contractor shall assume full responsibility for portions of the Disaster Recovery plan specific to the recovery of the Contractor's application.

A.12. Training.

The Contractor shall be responsible for the development of a comprehensive Training Plan for users of GenTax. Training will primarily be conducted on-site in Nashville, Tennessee. Training must be conducted using a tested and fully functional training environment. The training environment must be available to the State as long as the State utilizes the system. The training environment must either mirror the system in production at the State, or it should reflect the to-be production environment, and it shall be maintained in the same manner that the production environment is maintained. The Contractor will be responsible for the Training environment through the end of the Warranty Period, as defined in Section A.13, after which the State will be responsible for updates.

A.13. Warranty.

Contractor represents and warrants that the term of the warranty ("Warranty Period") shall be the greater of the Term of this Contract or any other warranty general offered by Contractor, its suppliers, or manufacturers to customers of its goods or services. With respect to each rollout phase, the Warranty Period shall begin on the date such rollout phase goes live and shall continue for a period of one (1) year. The goods or services provided under this Contract shall conform to the terms and conditions of this Contract throughout the Warranty Period. Any nonconformance of the goods or services to the terms and conditions of this Contract shall constitute a "Defect" and shall be considered "Defective." If Contractor receives notice of a Defect during the Warranty Period, then Contractor shall correct the Defect, at no additional charge.

Contractor represents and warrants that the State is authorized to possess and use all equipment, materials, software, and deliverables provided under this Contract.

Contractor represents and warrants that all goods or services provided under this Contract shall be provided in a timely and professional manner, by qualified and skilled individuals, and in conformity with standards generally accepted in Contractor's industry.

If Contractor fails to provide the goods or services as warranted, then Contractor will re-provide the goods or services at no additional charge. If Contractor is unable or unwilling to re-provide the goods or services as warranted, then the State shall be entitled to recover the fees paid to Contractor for the Defective goods or services. Any exercise of the State's rights under this Section shall not prejudice the State's rights to seek any other remedies available under this Contract.

A.14. Illicit Code.

- a. Contractor represents and warrants that it shall not under any circumstances or conditions install various disabling devices, access codes, traps, copy protection devices, keys, time or date bugs, lock-up or deactivating devices, time bombs, termination by remote access, removal of source code, or other programs or code in the software or work product which could erase, corrupt, restrict use of, modify any data of the State, freeze, interfere with, or prevent the State's use of the software or its computing environment, destroy or terminate software or work product or data contained in it, or bypass any internal or external software security measure in order to obtain access to the systems or data of the State without the written consent of the State. Contractor also warrants that no other similar types of electronic techniques will be used at any time in the future.
- b. The Contractor shall warrant that, unless necessary, to perform valid duties under this contract or can be verified and documented as to not cause harm to the State's operating environment and/or utilization of the system, any system programs developed or provided by the Contractor under this contract to the State shall:
  - Contain no hidden files;
  - Not replicate, transmit, or activate itself without control of a person operating computing equipment on which it resides;
  - Not alter, damage, or erase any Data or computer programs without control of a person operating the computing equipment on which it resides;
  - Contain no virus or similar code known or unknown to the Contractor; and
  - Contain no enabled restrictive key, node lock, time-out or other function, whether implemented by electronic, mechanical, or other means, which limits/hinders the use or access to any software programs based on residency on a specific hardware configuration, frequency of duration of use, or other limiting criteria.

A.15. Inspection and Acceptance.

The State shall have the right to inspect all goods or services provided by Contractor under this Contract. If, upon inspection, the State determines that the goods or services are Defective, the State shall notify Contractor, and Contractor shall re-deliver the goods or provide the services at no additional cost to the State. If after a period of thirty (30) days following delivery of goods or performance of services the State does not provide a notice of any Defects, the goods or services shall be deemed to have been accepted by the State.

A.16. Maintenance and Support.

- a. The Contractor offers the following levels of Maintenance and Support:
  - Level 1: Annual GenTax Maintenance and Support, which includes:
    - Access to service packs;

- Access to new versions of Software;
  - Access to new and revised documentation;
  - Phone support; and
  - Defect repair – repair of bugs in GenTax (in licensed software for which source code is not provided) at no cost to the State.
- Level 2: In addition to what is included in Level 1, this level provides onsite Contractor personnel to ensure that defects in site code, extensions, and configurations (defects not covered by Maintenance) are resolved. In effect, this level provides a continuing warranty.
  - Level 3: In addition to what is included in Levels 1 and 2, this level provides onsite Contractor personnel to ensure that GenTax service packs, hot fixes, and upgrades are installed. If the State elects Level 3, Contractor guarantees that the State will always run the latest version of GenTax.
- b. During the Term of the Contract, the State will purchase a subscription to Level 1 Maintenance and Support. Such subscription shall begin on the date GenTax is delivered to the State.
  - c. The State shall have the option to purchase a subscription for Maintenance and Support during any renewal terms, as set forth in Section B.2. The State anticipates subscribing to Level 3 Maintenance and Support during such renewal terms, but shall notify the Contractor of the specific Maintenance and Support level desired within thirty (30) days of the renewal date. If the State opts to subscribe to Level 1 or Level 2 Maintenance and Support, the amount charged to the State shall be adjusted to reflect the lower level of service selected. If the State opts to subscribe to a higher level of service during the second renewal term than during the first renewal term, the amount charged to the State may be adjusted to include related catch-up costs.
  - d. The State may choose to retain additional Contractor support staff on a time and materials basis to assist with any tasks that are not covered by the then current Maintenance and Support level of service.

A.17. Funds Appropriation.

Contractor acknowledges that the State, as of the effective date of the Contract, has not yet appropriated funding for this Contract. In the event that funds are not appropriated or are otherwise unavailable, the State reserves the right to terminate this Contract upon written notice to the Contractor subject to the terms in Section D.4.

A.18. Publication 1075 Compliance.

Contractor shall participate in an annual assessment report on compliance with IRS Publication 1075, including the attached IRS Safeguard Computer Security Evaluation Matrix (SCSEM).

**B. TERM OF CONTRACT:**

B.1. This Contract shall be effective on January 4, 2016 (“Effective Date”) and extend for a period of forty-eight (48) months after the Effective Date (“Term”). The State shall have no obligation for goods or services provided by the Contractor prior to the Effective Date.

B.2. Renewal Options. This Contract may be renewed upon satisfactory completion of the Term. The State reserves the right to execute up to two (2) renewal options under the same terms and conditions for a period not to exceed twelve (12) months each by the State, at the State's sole option. In no event, however, shall the maximum Term, including all renewals or extensions, exceed a total of seventy-two (72) months.

**C. PAYMENT TERMS AND CONDITIONS**

- C.1. Maximum Liability. In no event shall the maximum liability of the State under this Contract exceed Thirty-Three Million Dollars (\$33,000,000) ("Maximum Liability"). This Contract does not grant the Contractor any exclusive rights. The State does not guarantee that it will buy any minimum quantity of goods or services under this Contract. Subject to the terms and conditions of this Contract, the Contractor will only be paid for goods or services provided under this Contract after a purchase order is issued to Contractor by the State or as otherwise specified by this Contract.
- C.2. Compensation Firm. The payment methodology in Section C.3. of this Contract shall constitute the entire compensation due the Contractor for all goods or services provided under this Contract regardless of the difficulty, materials or equipment required. The payment methodology in Section C.3 and the Travel Compensation provided in Section C.4. shall constitute the entire compensation due the Contractor for all goods or services provided under this Contract regardless of the difficulty, materials or equipment required. The payment methodology includes all applicable taxes, fees, overhead, and all other direct or indirect costs incurred or to be incurred by the Contractor.
- C.3. Payment Methodology. The Contractor shall be compensated based on the payment rates for goods or services contained in Appendix 1 and as authorized by the State in a total amount as set forth in Section C.1. The Contractor's compensation shall be contingent upon the satisfactory provision of goods or services as set forth in Section A.
- C.4. Travel Compensation. Compensation to the Contractor for travel, meals, or lodging shall be subject to amounts and limitations specified in the current "State Comprehensive Travel Regulations."

The Contractor must include (in addition to other invoice requirements of this Contract) a complete itemization of requested travel compensation and appropriate documentation and receipts as required by the "State Comprehensive Travel Regulations."

- C.5. Invoice Requirements. The Contractor shall invoice the State only for goods delivered and accepted by the State or services satisfactorily provided at the amounts stipulated in Section C.3., above. Contractor shall submit invoices and necessary supporting documentation, no more frequently than once a month, and no later than thirty (30) days after goods or services have been provided to the following address:

**State Agency Billing Address**

- a. Each invoice, on Contractor's letterhead, shall clearly and accurately detail all of the following information (calculations must be extended and totaled correctly):
- (1) Invoice number (assigned by the Contractor);
  - (2) Invoice date;
  - (3) Contract number (assigned by the State);
  - (4) Customer account name: **State Agency & Division Name;**
  - (5) Customer account number (assigned by the Contractor to the above-referenced Customer);
  - (6) Contractor name;
  - (7) Contractor Tennessee Edison registration ID number;
  - (8) Contractor contact for invoice questions (name, phone, or email);
  - (9) Contractor remittance address;
  - (10) Description of delivered goods or services provided and invoiced, including identifying information as applicable;
  - (11) Number of delivered or completed units, increments, hours, or days as applicable, of each good or service invoiced;

- (12) Applicable payment methodology (as stipulated in Section C.3.) of each good or service invoiced;
- (13) Amount due for each compensable unit of good or service; and
- (14) Total amount due for the invoice period.

b. Contractor's invoices shall:

- (1) Only include charges for goods delivered or services provided as described in Section A and in accordance with payment terms and conditions set forth in Section C;
- (2) Only be submitted for goods delivered or services completed and shall not include any charge for future goods to be delivered or services to be performed;
- (3) Not include Contractor's taxes, which includes without limitation Contractor's sales and use tax, excise taxes, franchise taxes, real or personal property taxes, or income taxes, provided that, upon request, the State provides Contractor with the respective tax exemption certificate; and
- (4) Include shipping or delivery charges only as authorized in this Contract.

c. The timeframe for payment (or any discounts) begins only when the State is in receipt of an invoice that meets the minimum requirements of this Section C.5.

C.6. Payment of Invoice. A payment by the State shall not prejudice the State's right to object to or question any payment, invoice, or other matter. A payment by the State shall not be construed as acceptance of goods delivered, any part of the services provided, or as approval of any amount invoiced.

C.7. Invoice Reductions. The Contractor's invoice shall be subject to reduction for amounts included in any invoice or payment that is determined by the State, on the basis of audits conducted in accordance with the terms of this Contract, to not constitute proper compensation for goods delivered or services provided.

C.8. Deductions. The State reserves the right to deduct from amounts, which are or shall become due and payable to the Contractor under this or any contract between the Contractor and the State of Tennessee, any amounts that are or shall become due and payable to the State of Tennessee by the Contractor.

C.9. Prerequisite Documentation. The Contractor shall not invoice the State under this Contract until the State has received the following, properly completed documentation.

- a. The Contractor shall complete, sign, and present to the State the "Authorization Agreement for Automatic Deposit Form" provided by the State. By doing so, the Contractor acknowledges and agrees that, once this form is received by the State, payments to the Contractor, under this or any other contract the Contractor has with the State of Tennessee, may be made by ACH; and
- b. The Contractor shall complete, sign, and return to the State the State-provided W-9 form. The taxpayer identification number on the W-9 form must be the same as the Contractor's Federal Employer Identification Number or Social Security Number referenced in the Contractor's Edison registration information.

**D. MANDATORY TERMS AND CONDITIONS:**

D.1. Required Approvals. The State is not bound by this Contract until it is duly approved by the Parties and all appropriate State officials in accordance with applicable Tennessee laws and regulations. Depending upon the specifics of this Contract, this may include approvals by the Commissioner of Finance and Administration, the Commissioner of Human Resources, the

Comptroller of the Treasury, and the Chief Procurement Officer. Approvals shall be evidenced by a signature or electronic approval.

- D.2. Communications and Contacts. All instructions, notices, consents, demands, or other communications required or contemplated by this Contract shall be in writing and shall be made by certified, first class mail, return receipt requested and postage prepaid, by overnight courier service with an asset tracking system, or by email or facsimile transmission with recipient confirmation. All communications, regardless of method of transmission, shall be addressed to the respective Party at the appropriate mailing address, facsimile number, or email address as stated below or any other address provided in writing by a Party.

The State:

Greer Allison, PMP  
Tennessee Department of Revenue  
500 Deaderick Street  
greer.allison@tn.gov  
Telephone # 615-741-7286  
FAX # Number

The Contractor:

Contractor Contact Name & Title  
Contractor Name  
Address  
Email Address  
Telephone # Number  
FAX # Number

All instructions, notices, consents, demands, or other communications shall be considered effective upon receipt or recipient confirmation as may be required.

- D.3. Modification and Amendment. This Contract may be modified only by a written amendment signed by all Parties and approved by all applicable State officials.
- D.4. Subject to Funds Availability. The Contract is subject to the appropriation and availability of State or federal funds. In the event that the funds are not appropriated or are otherwise unavailable, the State reserves the right to terminate this Contract upon written notice to the Contractor. The State's exercise of its right to terminate this Contract shall not constitute a breach of Contract by the State. Upon receipt of the written notice, the Contractor shall cease all work associated with the Contract. If the State terminates this Contract due to lack of funds availability, the Contractor shall be entitled to compensation for all conforming goods requested and accepted by the State and for all satisfactory and authorized services completed as of the termination date. Should the State exercise its right to terminate this Contract due to unavailability of funds, the Contractor shall have no right to recover from the State any actual, general, special, incidental, consequential, or any other damages of any description or amount.
- D.5. Termination for Convenience. The State may terminate this Contract for convenience without cause and for any reason. The State shall give the Contractor at least thirty (30) days written notice before the termination date. The Contractor shall be entitled to compensation for all conforming goods delivered and accepted by the State or for satisfactory, authorized services completed as of the termination date. In no event shall the State be liable to the Contractor for compensation for any goods neither requested nor accepted by the State or for any services neither requested by the State nor satisfactorily performed by the Contractor. In no event shall the State's exercise of its right to terminate this Contract for convenience relieve the Contractor of any liability to the State for any damages or claims arising under this Contract.

D.6. Termination for Cause. If the Contractor fails to properly perform its obligations under this Contract, or if the Contractor materially violates any terms of this Contract ("Breach Condition"), the State shall provide written notice to Contractor specifying the Breach Condition. If within thirty (30) days of notice, the Contractor has not cured the Breach Condition, the State shall have the right to immediately terminate the Contract and withhold payments in excess of compensation for completed services or provided goods. Notwithstanding the above, the Contractor shall not be relieved of liability to the State for damages sustained by virtue of any breach of this Contract by the Contractor and the State may seek other remedies allowed at law or in equity for breach of this Contract.

D.7. Assignment and Subcontracting. The Contractor shall not assign this Contract or enter into a subcontract for any of the goods or services provided under this Contract without the prior written approval of the State. Notwithstanding any use of the approved subcontractors, the Contractor shall be the prime contractor and responsible for compliance with all terms and conditions of this Contract. The State reserves the right to request additional information or impose additional terms and conditions before approving an assignment of this Contract in whole or in part or the use of subcontractors in fulfilling the Contractor's obligations under this Contract.

The State shall not assign this Contract without the prior written approval of the Contractor.

D.8. Conflicts of Interest. The Contractor warrants that no part of the Contractor's compensation shall be paid directly or indirectly to an employee or official of the State of Tennessee as wages, compensation, or gifts in exchange for acting as an officer, agent, employee, subcontractor, or consultant to the Contractor in connection with any work contemplated or performed under this Contract.

The Contractor acknowledges, understands, and agrees that this Contract shall be null and void if the Contractor is, or within the past six (6) months has been, an employee of the State of Tennessee or if the Contractor is an entity in which a controlling interest is held by an individual who is, or within the past six (6) months has been, an employee of the State of Tennessee.

D.9. Nondiscrimination. The Contractor hereby agrees, warrants, and assures that no person shall be excluded from participation in, be denied benefits of, or be otherwise subjected to discrimination in the performance of this Contract or in the employment practices of the Contractor on the grounds of handicap or disability, age, race, creed, color, religion, sex, national origin, or any other classification protected by federal or state law. The Contractor shall, upon request, show proof of nondiscrimination and shall post in conspicuous places, available to all employees and applicants, notices of nondiscrimination.

D.10. Prohibition of Illegal Immigrants. The requirements of Tenn. Code Ann. § 12-3-309 addressing the use of illegal immigrants in the performance of any contract to supply goods or services to the state of Tennessee, shall be a material provision of this Contract, a breach of which shall be grounds for monetary and other penalties, up to and including termination of this Contract.

a. The Contractor agrees that the Contractor shall not knowingly utilize the services of an illegal immigrant in the performance of this Contract and shall not knowingly utilize the services of any subcontractor who will utilize the services of an illegal immigrant in the performance of this Contract. The Contractor shall reaffirm this attestation, in writing, by submitting to the State a completed and signed copy of the document at Attachment Reference, semi-annually during the Term. If the Contractor is a party to more than one contract with the State, the Contractor may submit one attestation that applies to all contracts with the State. All Contractor attestations shall be maintained by the Contractor and made available to State officials upon request.

- b. Prior to the use of any subcontractor in the performance of this Contract, and semi-annually thereafter, during the Term, the Contractor shall obtain and retain a current, written attestation that the subcontractor shall not knowingly utilize the services of an illegal immigrant to perform work under this Contract and shall not knowingly utilize the services of any subcontractor who will utilize the services of an illegal immigrant to perform work under this Contract. Attestations obtained from subcontractors shall be maintained by the Contractor and made available to State officials upon request.
  - c. The Contractor shall maintain records for all personnel used in the performance of this Contract. Contractor's records shall be subject to review and random inspection at any reasonable time upon reasonable notice by the State.
  - d. The Contractor understands and agrees that failure to comply with this section will be subject to the sanctions of Tenn. Code Ann. § 12-3-309 for acts or omissions occurring after its effective date.
  - e. For purposes of this Contract, "illegal immigrant" shall be defined as any person who is not: (i) a United States citizen; (ii) a Lawful Permanent Resident; (iii) a person whose physical presence in the United States is authorized; (iv) allowed by the federal Department of Homeland Security and who, under federal immigration laws or regulations, is authorized to be employed in the U.S.; or (v) is otherwise authorized to provide services under the Contract.
- D.11. Records. The Contractor shall maintain documentation for all charges under this Contract. The books, records, and documents of the Contractor, for work performed or money received under this Contract, shall be maintained for a period of five (5) full years from the date of the final payment and shall be subject to audit at any reasonable time and upon reasonable notice by the State, the Comptroller of the Treasury, or their duly appointed representatives. The financial statements shall be prepared in accordance with generally accepted accounting principles.
- D.12. Monitoring. The Contractor's activities conducted and records maintained pursuant to this Contract shall be subject to monitoring and evaluation by the State, the Comptroller of the Treasury, or their duly appointed representatives.
- D.13. Progress Reports. The Contractor shall submit brief, periodic, progress reports to the State as requested.
- D.14. Strict Performance. Failure by any Party to this Contract to require, in any one or more cases, the strict performance of any of the terms, covenants, conditions, or provisions of this Contract shall not be construed as a waiver or relinquishment of any term, covenant, condition, or provision. No term or condition of this Contract shall be held to be waived, modified, or deleted except by a written amendment signed by the Parties.
- D.15. Independent Contractor. The Parties shall not act as employees, partners, joint venturers, or associates of one another. The Parties are independent contracting entities. Nothing in this Contract shall be construed to create an employer/employee relationship or to allow either Party to exercise control or direction over the manner or method by which the other transacts its business affairs or provides its usual services. The employees or agents of one Party are not employees or agents of the other Party.
- D.16. Patient Protection and Affordable Care Act. The Contractor agrees that it will be responsible for compliance with the Patient Protection and Affordable Care Act ("PPACA") with respect to itself and its employees, including any obligation to report health insurance coverage, provide health insurance coverage, or pay any financial assessment, tax, or penalty for not providing health insurance. The Contractor shall indemnify the State and hold it harmless for any costs to the

State arising from Contractor's failure to fulfill its PPACA responsibilities for itself or its employees.

- D.17. Limitation of State's Liability. The State shall have no liability except as specifically provided in this Contract. In no event will the State be liable to the Contractor or any other party for any lost revenues, lost profits, loss of business, decrease in the value of any securities or cash position, time, money, goodwill, or any indirect, special, incidental, punitive, exemplary or consequential damages of any nature, whether based on warranty, contract, statute, regulation, tort (including but not limited to negligence), or any other legal theory that may arise under this Contract or otherwise. The State's total liability under this Contract (including any exhibits, schedules, amendments or other attachments to the Contract) or otherwise shall under no circumstances exceed the Maximum Liability. This limitation of liability is cumulative and not per incident.
- D.18. Limitation of Contractor's Liability. The Contractor shall not be liable to the State or any other party for any lost revenues, lost profits, loss of business, decrease in the value of any securities or cash position, time, money, goodwill, or any indirect, special, incidental, punitive, exemplary or consequential damages of any nature, whether based on warranty, contract, statute, regulation, tort (including but not limited to negligence), or any other legal theory that may arise under this Contract or otherwise. In accordance with Tenn. Code Ann. § 12-3-701, the Contractor's liability for all claims arising under this Contract shall be limited to an amount equal to two (2) times the Maximum Liability amount detailed in Section C.1. and as may be amended, PROVIDED THAT in no event shall this Section limit the liability of the Contractor for: (i) intellectual property or any Contractor indemnity obligations for infringement for third-party intellectual property rights; (ii) any claims covered by any specific provision in the Contract providing for liquidated damages; or (iii) any claims for intentional torts
- D.19. Hold Harmless. The Contractor agrees to indemnify and hold harmless the State of Tennessee as well as its officers, agents, and employees from and against any and all claims, liabilities, losses, and causes of action which may arise, accrue, or result to any person, firm, corporation, or other entity which may be injured or damaged to the extent arising from acts, omissions, or negligence on the part of the Contractor, its employees, or any person acting for or on its or their behalf relating to this Contract. The Contractor further agrees it shall be liable for the reasonable cost of attorneys for the State to enforce the terms of this Contract.

In no event shall the Contractor be required to indemnify and hold harmless the State for damages or injury to the extent caused by the State's own negligent or wrongful acts or omissions.

In the event of any suit or claim, the Parties shall give each other immediate notice and provide all necessary assistance to respond. The failure of the State to give notice shall only relieve the Contractor of its obligations under this Section to the extent that the Contractor can demonstrate actual prejudice arising from the failure to give notice. This Section shall not grant the Contractor, through its attorneys, the right to represent the State in any legal matter, as the right to represent the State is governed by Tenn. Code Ann. § 8-6-106.

- D.20. Insurance. Contractor shall provide the State a certificate of insurance ("COI") evidencing the coverages and amounts specified below. The COI shall be provided ten (10) business days prior to the Effective Date and again upon renewal or replacement of coverages required by this Contract. If insurance expires during the Term, the State must receive a new COI at least thirty (30) calendar days prior to the insurance's expiration date. If the Contractor loses insurance coverage, does not renew coverage, or for any reason becomes uninsured during the Term, the Contractor shall notify the State immediately.

The COI shall be on a form approved by the Tennessee Department of Commerce and Insurance ("TDCI") and signed by an authorized representative of the insurer. The COI shall list each

insurer's national association of insurance commissioners (also known as NAIC) number or federal employer identification number and list the State of Tennessee, Risk Manager, 312 Rosa L. Parks Ave., 3<sup>rd</sup> floor Central Procurement Office, Nashville, TN 37243 in the certificate holder section. At any time, the State may require the Contractor to provide a valid COI detailing coverage description; insurance company; policy number; exceptions; exclusions; policy effective date; policy expiration date; limits of liability; and the name and address of insured. The Contractor's failure to maintain or submit evidence of insurance coverage is considered a material breach of this Contract.

If the Contractor desires to self-insure, then a COI will not be required to prove coverage. In place of the COI, the Contractor must provide a certificate of self-insurance or a letter on the Contractor's letterhead detailing its coverage, liability policy amounts, and proof of funds to reasonably cover such expenses. Compliance with Tenn. Code Ann. § 50-6-405 and the rules of the TDCI is required for the Contractor to self-insure workers' compensation.

All insurance companies must be: (a) acceptable to the State; (b) authorized by the TDCI to transact business in the State of Tennessee; and (c) rated A- VII or better by A. M. Best. The Contractor shall provide the State evidence that all subcontractors maintain the required insurance or that the subcontractors are included under the Contractor's policy.

The Contractor agrees to name the State as an additional insured on any insurance policies with the exception of workers' compensation (employer liability) and professional liability (errors and omissions) ("Professional Liability") insurance. Also, all policies shall contain an endorsement for a waiver of subrogation in favor of the State.

The deductible and any premiums are the Contractor's sole responsibility. Any deductible over fifty thousand dollars (\$50,000) must be approved by the State. The Contractor agrees that the insurance requirements specified in this Section do not reduce any liability the Contractor has assumed under this Contract including any indemnification or hold harmless requirements. The State agrees that it shall give written notice to the Contractor as soon as practicable after the State becomes aware of any claim asserted or made against the State, but in no event later than thirty (30) calendar days after the State becomes aware of such claim. The failure of the State to give notice shall only relieve the Contractor of its obligations under this Section to the extent that the Contractor can demonstrate actual prejudice arising from the failure to give notice. This Section shall not grant the Contractor or its insurer, through its attorneys, the right to represent the State in any legal matter, as the right to represent the State is governed by Tenn. Code Ann. § 8-6-106.

All coverage required shall be on a primary basis and noncontributory with any other insurance coverage or self-insurance carried by the State. The State reserves the right to amend or require additional endorsements, types of coverage, and higher or lower limits of coverage depending on the nature of the work. Purchases or contracts involving any hazardous activity or equipment, tenant, concessionaire and lease agreements, alcohol sales, cyber-liability risks, environmental risks, special motorized equipment, or property may require customized insurance requirements (e.g. umbrella liability insurance) in addition to the general requirements listed below.

a. Commercial General Liability Insurance

- 1) The Contractor shall maintain commercial general liability insurance, which shall be written on an Insurance Services Office, Inc. (also known as ISO) occurrence form (or a substitute form providing equivalent coverage) and shall cover liability arising from property damage, premises/operations, independent contractors, contractual liability, completed operations/products, personal and advertising injury, and liability assumed under an insured contract (including the tort liability of another assumed in a business contract).

- 2) The Contractor shall maintain bodily injury/property damage with a combined single limit not less than one million dollars (\$1,000,000) per occurrence and two million dollars (\$2,000,000) aggregate for bodily injury and property damage, including products and completed operations coverage with an aggregate limit of at least two million dollars (\$2,000,000).

b. Workers' Compensation and Employer Liability Insurance

- 1) For Contractors statutorily required to carry workers' compensation and employer liability insurance, the Contractor shall maintain:
  - i. Workers' compensation and employer liability insurance in the amounts required by appropriate state statutes; or
  - ii. In an amount not less than one million dollars (\$1,000,000) including employer liability of one million dollars (\$1,000,000) per accident for bodily injury by accident, one million dollars (\$1,000,000) policy limit by disease, and one million dollars (\$1,000,000) per employee for bodily injury by disease.
- 2) If the Contractor certifies that it is exempt from the requirements of Tenn. Code Ann. §§ 50-6-101 – 103, then the Contractor shall furnish written proof of such exemption for one or more of the following reasons:
  - i. The Contractor employs fewer than five (5) employees;
  - ii. The Contractor is a sole proprietor;
  - iii. The Contractor is in the construction business or trades with no employees;
  - iv. The Contractor is in the coal mining industry with no employees;
  - v. The Contractor is a state or local government; or The Contractor self-insures its workers' compensation and is in compliance with the TDCI rules and Tenn. Code Ann. § 50-6-405.

D.21. HIPAA Compliance. The State and Contractor shall comply with obligations under the Health Insurance Portability and Accountability Act of 1996 ("HIPAA"), Health Information Technology for Economic and Clinical Health ("HITECH") Act and any other relevant laws and regulations regarding privacy (collectively the "Privacy Rules"). The obligations set forth in this Section shall survive the termination of this Contract.

- a. Contractor warrants to the State that it is familiar with the requirements of the Privacy Rules, and will comply with all applicable requirements in the course of this Contract.
- b. Contractor warrants that it will cooperate with the State, including cooperation and coordination with State privacy officials and other compliance officers required by the Privacy Rules, in the course of performance of the Contract so that both parties will be in compliance with the Privacy Rules.
- c. The State and the Contractor will sign documents, including but not limited to business associate agreements, as required by the Privacy Rules and that are reasonably necessary to keep the State and Contractor in compliance with the Privacy Rules. This provision shall not apply if information received or delivered by the parties under this

Contract is NOT "protected health information" as defined by the Privacy Rules, or if the Privacy Rules permit the parties to receive or deliver the information without entering into a business associate agreement or signing another document.

- d. The Contractor will indemnify the State and hold it harmless for any violation by the Contractor or its subcontractors of the Privacy Rules. This includes the costs of responding to a breach of protected health information, the costs of responding to a government enforcement action related to the breach, and any fines, penalties, or damages paid by the State to the extent they were caused by the Contractor or its subcontractor's violation..

D.22. Tennessee Consolidated Retirement System. Subject to statutory exceptions contained in Tenn. Code Ann. §§ 8-36-801, *et seq.*, the law governing the Tennessee Consolidated Retirement System ("TCRS"), provides that if a retired member of TCRS, or of any superseded system administered by TCRS, or of any local retirement fund established under Tenn. Code Ann. §§ 8-35-101, *et seq.*, accepts State employment, the member's retirement allowance is suspended during the period of the employment. Accordingly and notwithstanding any provision of this Contract to the contrary, the Contractor agrees that if it is later determined that the true nature of the working relationship between the Contractor and the State under this Contract is that of "employee/employer" and not that of an independent contractor, the Contractor, if a retired member of TCRS, may be required to repay to TCRS the amount of retirement benefits the Contractor received from TCRS during the Term.

D.23. Tennessee Department of Revenue Registration. The Contractor shall comply with all applicable registration requirements contained in Tenn. Code Ann. §§ 67-6-601 – 608. Compliance with applicable registration requirements is a material requirement of this Contract.

D.24. Debarment and Suspension. The Contractor certifies, to the best of its knowledge and belief, that it, its current and future principals, its current and future subcontractors and their principals:

- a. are not presently debarred, suspended, proposed for debarment, declared ineligible, or voluntarily excluded from covered transactions by any federal or state department or agency;
- b. have not within a three (3) year period preceding this Contract been convicted of, or had a civil judgment rendered against them from commission of fraud, or a criminal offense in connection with obtaining, attempting to obtain, or performing a public (federal, state, or local) transaction or grant under a public transaction; violation of federal or state antitrust statutes or commission of embezzlement, theft, forgery, bribery, falsification, or destruction of records, making false statements, or receiving stolen property;
- c. are not presently indicted or otherwise criminally or civilly charged by a government entity (federal, state, or local) with commission of any of the offenses detailed in section b. of this certification; and
- d. have not within a three (3) year period preceding this Contract had one or more public transactions (federal, state, or local) terminated for cause or default.

The Contractor shall provide immediate written notice to the State if at any time it learns that there was an earlier failure to disclose information or that due to changed circumstances, its principals or the principals of its subcontractors are excluded or disqualified.

D.25. Force Majeure. "Force Majeure Event" means fire, flood, earthquake, elements of nature or acts of God, wars, riots, civil disorders, rebellions or revolutions, acts of terrorism or any other similar cause beyond the reasonable control of the Party except to the extent that the non-performing Party is at fault in failing to prevent or causing the default or delay, and provided that the default

or delay cannot reasonably be circumvented by the non-performing Party through the use of alternate sources, workaround plans or other means. A strike, lockout or labor dispute shall not excuse either Party from its obligations under this Contract. Except as set forth in this Section, any failure or delay by a Party in the performance of its obligations under this Contract arising from a Force Majeure Event is not a default under this Contract or grounds for termination. The non-performing Party will be excused from performing those obligations directly affected by the Force Majeure Event, and only for as long as the Force Majeure Event continues, provided that the Party continues to use diligent, good faith efforts to resume performance without delay. The occurrence of a Force Majeure Event affecting Contractor's representatives, suppliers, subcontractors, customers or business apart from this Contract is not a Force Majeure Event under this Contract. Contractor will promptly notify the State of any delay caused by a Force Majeure Event (to be confirmed in a written notice to the State within one (1) day of the inception of the delay) that a Force Majeure Event has occurred, and will describe in reasonable detail the nature of the Force Majeure Event. If any Force Majeure Event results in a delay in Contractor's performance longer than forty-eight (48) hours, the State may, upon notice to Contractor: (a) cease payment of the fees until Contractor resumes performance of the affected obligations; or (b) immediately terminate this Contract or any purchase order, in whole or in part, without further payment except for fees then due and payable. Contractor will not increase its charges under this Contract or charge the State any fees other than those provided for in this Contract as the result of a Force Majeure Event, except by a written amendment signed by the Parties.

- D.26. State and Federal Compliance. The Contractor shall comply with all applicable state and federal laws and regulations in the performance of this Contract.
- D.27. Governing Law. This Contract shall be governed by and construed in accordance with the laws of the State of Tennessee. The Tennessee Claims Commission or the state or federal courts in Tennessee shall be the venue for all claims, disputes, or disagreements arising under this Contract. The Contractor acknowledges and agrees that any rights, claims, or remedies against the State of Tennessee or its employees arising under this Contract shall be subject to and limited to those rights and remedies available under Tenn. Code Ann. §§ 9-8-101 - 407.
- D.28. Entire Agreement. This Contract is complete and contains the entire understanding between the Parties relating to its subject matter, including all the terms and conditions of the Parties' agreement. This Contract supersedes any and all prior understandings, representations, negotiations, and agreements between the Parties, whether written or oral.
- D.29. Severability. If any terms and conditions of this Contract are held to be invalid or unenforceable as a matter of law, the other terms and conditions of this Contract shall not be affected and shall remain in full force and effect. The terms and conditions of this Contract are severable.
- D.30. Headings. Section headings of this Contract are for reference purposes only and shall not be construed as part of this Contract.
- D.31. Incorporation of Additional Documents. Each of the following documents is included as a part of this Contract by reference. In the event of a discrepancy or ambiguity regarding the Contractor's duties, responsibilities, and performance under this Contract, these items shall govern in order of precedence below:
- a. any amendment to this Contract, with the latter in time controlling over any earlier amendments;
  - b. this Contract with any attachments or exhibits (excluding the items listed at subsections c. through f., below), which includes Attachment A (GenTax Implementation: Required Goals); Attachment A-2 (Deliverable Documents); Attachment B (Implementation Methodology); Attachment C (Minimum Required Taxes); Attachment D (Enterprise Technology Architecture – Standard Products); Attachment E (Tax System Interfaces);

- Attachment G (Federally Mandated Requirements for Technology Services Contracts with Access to Federal Tax Return Information) and Appendix 1 (Payment Methodology);
- c. any clarifications of or addenda to the Contractor's proposal seeking this Contract;
  - d. the State solicitation, as may be amended, requesting responses in competition for this Contract;
  - e. any technical specifications provided to proposers during the procurement process to award this Contract;
  - f. the Contractor's response seeking this Contract; and
  - g. The Contractor's Licensing Agreement, attached hereto as Attachment F.

**E. SPECIAL TERMS AND CONDITIONS:**

E.1. Conflicting Terms and Conditions. Should any of these special terms and conditions conflict with any other terms and conditions of this Contract, the special terms and conditions shall be subordinate to the Contract's other terms and conditions.

E.2. Ownership of Software and Work Products.

a. Definitions.

- (1) "Contractor-Owned Software," shall mean commercially available software the rights to which are owned by Contractor, including but not limited to commercial "off-the-shelf" software which is not developed using State's money or resources.
- (2) "Custom-Developed Application Software," shall mean customized application software developed by Contractor solely for State.
- (3) "Rights Transfer Application Software," shall mean any pre-existing application software owned by Contractor or a third party, provided to State and to which Contractor will grant and assign, or will facilitate the granting and assignment of, all rights, including the source code, to State.
- (4) "Third-Party Software," shall mean software not owned by the State or the Contractor.
- (5) "Work Product," shall mean all deliverables exclusive of hardware, such as software, software source code, documentation, planning, etc., that are created, designed, developed, or documented by the Contractor exclusively for the State during the course of the project using State's money or resources, including Custom-Developed Application Software. If the deliverables under this Contract include Rights Transfer Application Software, the definition of Work Product shall also include such software. Work Product shall not include Contractor-Owned Software or Third-Party Software.

b. Rights and Title to the Software

- (1) All right, title and interest in and to the Contractor-Owned Software shall at all times remain with Contractor, subject to any license granted under this Contract.
- (2) All right, title and interest in and to the Work Product, and to modifications thereof made by State, including without limitation all copyrights, patents, trade secrets and other intellectual property and other proprietary rights embodied by and arising out of the Work Product, shall belong to State. To the extent such rights do not automatically belong to State, Contractor hereby assigns, transfers, and conveys all right, title and interest in and to the Work Product, including without

limitation the copyrights, patents, trade secrets, and other intellectual property rights arising out of or embodied by the Work Product. Contractor and its employees, agents, contractors or representatives shall execute any other documents that State or its counsel deem necessary or desirable to document this transfer or allow State to register its claims and rights to such intellectual property rights or enforce them against third parties.

- (3) All right, title and interest in and to the Third-Party Software shall at all times remain with the third party, subject to any license granted under this Contract.
  - c. The Contractor may use for its own purposes the general knowledge, skills, experience, ideas, concepts, know-how, and techniques obtained and used during the course of performing under this Contract. The Contractor may develop for itself, or for others, materials which are similar to or competitive with those that are produced under this Contract.
  - d. Contractor agrees that the Contractor-Owned Software supplied under this Agreement shall be delivered to the State in object code form only.
  - e. Contractor will maintain the Contractor-Owned Software source code with an escrow agent and list the State as an authorized recipient of the source code in the event that Contractor has not made suitable alternate arrangements for the continued maintenance of the Software and one or more of the following events occurs:
    - 1) A receiver is appointed for the Contractor or for its property and assets;
    - 2) Proceedings under bankruptcy or insolvency laws are commenced by or against Contractor; or
    - 3) Contractor ceases doing business or discontinues offering maintenance for the Software.
- E.3. Software License Warranty. Contractor grants a license to the State to use all Contractor-Owned software provided under this Contract as described in the Contractor Licensing Agreement attached hereto as Attachment F.
- E.4. Software Support and Maintenance Warranty. As long as the State maintains its subscription to Contractor-Owned Software Maintenance, the Contractor shall provide to the State all software upgrades, modifications, bug fixes, or other improvements in its software that it makes generally available to its customers.
- E.5. State Furnished Property. The Contractor shall be responsible for the correct use, maintenance, and protection of all articles of nonexpendable, tangible personal property furnished by the State for the Contractor's use under this Contract. Upon termination of this Contract, all property furnished by the State shall be returned to the State in the same condition as when received, less reasonable wear and tear. Should the property be destroyed, lost, or stolen, the Contractor shall be responsible to the State for the fair market value of the property at the time of loss.
- E.6. Prohibited Advertising or Marketing. The Contractor shall not suggest or imply in advertising or marketing materials that Contractor's goods or services are endorsed by the State. The restrictions on Contractor advertising or marketing materials under this Section shall survive the termination of this Contract.
- E.7. Contractor Commitment to Diversity. The Contractor shall comply with and make reasonable business efforts to exceed the commitment to diversity represented by the Contractor's Response to Solicitation Number (Attachment Reference) and resulting in this Contract.

The Contractor shall assist the State in monitoring the Contractor's performance of this commitment by providing, as requested, a quarterly report of participation in the performance of this Contract by small business enterprises and businesses owned by minorities, women, and Tennessee service-disabled veterans. Such reports shall be provided to the State of Tennessee Governor's Office of Diversity Business Enterprise in the required form and substance.

- E.8. Intellectual Property. The Contractor agrees to indemnify and hold harmless the State of Tennessee as well as its officers, agents, and employees from and against any and all claims or suits which may be brought against the State concerning or arising out of any claim of an alleged patent, copyright, trade secret or other intellectual property infringement by products or services provided by Contractor hereunder. In any such claim or action brought against the State, the Contractor shall satisfy and indemnify the State for the amount of any settlement or final judgment, and the Contractor shall be responsible for all legal or other fees or expenses incurred by the State arising from any such claim. The State shall give the Contractor notice of any such claim or suit, however, the failure of the State to give such notice shall only relieve Contractor of its obligations under this Section to the extent Contractor can demonstrate actual prejudice arising from the State's failure to give notice. This Section shall not grant the Contractor, through its attorneys, the right to represent the State of Tennessee in any legal matter, as provided in Tenn. Code Ann. § 8-6-106. However, the Contractor shall not be responsible for any claims of infringement to the extent arising out of the following:
- a. State's modification of the Work Product other than as set forth in this Contract, the Work Product or Contractor-Owned Software specifications;
  - b. Use of the Work Product or the Contractor-Owned Software in a manner other than as contemplated in this Contract, Contractor's specifications, or as authorized in writing by Contractor; and
  - c. Use of the Work Product or the Contractor-Owned Software in combination, operation, or with other products in a manner that does not comply with their specifications, not specified by Contractor or which Contractor has not approved in writing.
- E.9. Partial Takeover of Contract. The State may, at its convenience and without cause, exercise a partial takeover of any service that the Contractor is obligated to perform under this Contract, including any service which is the subject of a subcontract between Contractor and a third party (a "Partial Takeover"). A Partial Takeover of this Contract by the State shall not be deemed a breach of contract. The Contractor shall be given at least thirty (30) days prior written notice of a Partial Takeover. The notice shall specify the areas of service the State will assume and the date the State will be assuming. The State's exercise of a Partial Takeover shall not alter the Contractor's other duties and responsibilities under this Contract. The State reserves the right to withhold from the Contractor any amounts the Contractor would have been paid but for the State's exercise of a Partial Takeover. The amounts shall be withheld effective as of the date the State exercises its right to a Partial Takeover. The State's exercise of its right to a Partial Takeover of this Contract shall not entitle the Contractor to any actual, general, special, incidental, consequential, or any other damages irrespective of any description or amount.
- E.10. Unencumbered Personnel. The Contractor shall not restrict its employees, agents, subcontractors or principals who perform services for the State under this Contract from performing the same or similar services for the State after the termination of this Contract, either as a State employee, an independent contractor, or an employee, agent, subcontractor or principal of another contractor with the State.
- E.11. Hiring of State Personnel. The Contractor will not hire any individual who was employed by the State in the previous twelve months.
- E.12. Confidentiality of State Records. Strict standards of confidentiality of records of the State shall be maintained in accordance with the law. All material and information, regardless of form, medium,

or method of communication, provided to the Contractor by the State or acquired by the Contractor on behalf of the State, whether verbal, written, magnetic tape, cards or otherwise, shall be regarded as confidential information in accordance with the provisions of State law and ethical standards and shall not be disclosed, and all necessary steps shall be taken by the Contractor to safeguard the confidentiality of such material or information in conformance with State law and ethical standards.

The Contractor shall maintain the confidentiality of any "Return," "Tax Information" or "Tax Administration Information" as defined by Tenn. Code Ann. Sec. 67-1-1701, generated or acquired pursuant to this Contract. Such "Return," "Tax Information," or "Tax Administration Information" shall be protected as confidential by the Contractor in accordance with the requirements of Tenn. Code Ann. Sec. 67-1-1702 and other applicable laws and regulations. In addition to maintaining the confidentiality of any "Return," "Tax Information," or "Tax Administration Information," the Contractor shall also maintain the confidentiality of other information which it acquires from the State under the Contract that is marked "Confidential" and shall not disclose such information to any third party unless specifically authorized to do so in writing by the State.

The Contractor will be deemed to have satisfied its obligations under this section by exercising the same level of care to preserve the confidentiality of the state's information as the Contractor exercises to protect its own confidential information so long as such standard of care does not violate the applicable provisions of the first or second paragraphs of this section.

The Contractor's obligations under this section do not apply to information entering the public domain but not from a breach by the Contractor of this Contract or previously possessed by the contractor without written obligations to the State to protect it; acquired by the Contractor without written restrictions against disclosure from a third party which, to the Contractor's knowledge, is free to disclose the information independently developed by the Contractor without the use of the State's information; or, disclosed by the State to others without restrictions against disclosure. Nothing in this paragraph shall permit Contractor to disclose any information that is confidential under federal or state law or regulations, regardless of whether it has been disclosed or made available to the Contractor due to intentional or negligent actions or inactions of agents of the State or third parties.

Subject to applicable law, including but not limited to the Tennessee Public Records Act, Tennessee Code Annotated, Title 10, Chapter 7, the State agrees to hold all of Contractor's pre-existing, proprietary or independently developed software, materials or information ("Contractor Materials") provided under this Contract in confidence; to use Contractor Materials only for the purposes for which they are disclosed, and to not disclose Contractor Materials to third parties without Contractor's prior written consent. The State agrees to take reasonable security precautions in order to protect the confidentiality of Contractor's Materials.

The State also agrees that the Contractor Materials are confidential pursuant to Tennessee law, rule and/or regulations and that unauthorized disclosure of Contractor Materials would be a violation of the State's Acceptable Use Policy. Further, the State will require that all employees and third parties (non-State employees) who require access to Contractor Materials sign the State's Acceptable Use Policy or alternatively, a non-disclosure agreement provided by Contractor. The Acceptable Use Policy or non-disclosure agreement must be signed prior to disclosure of Contractor Materials to that employee or third party.

In the event the State receives a request under the Tennessee Public Records Act for disclosure of Contractor Materials, the State will notify Contractor within a reasonable period of time and, to the extent permitted by law, shall not disclose information to a third party until the Contractor has had the opportunity to respond.

It is expressly understood and agreed that the obligations set forth in this section shall survive the termination of this Contract.

IN WITNESS WHEREOF,

FAST ENTERPRISES LLC:

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CONTRACTOR SIGNATURE

DATE

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PRINTED NAME AND TITLE OF CONTRACTOR SIGNATORY (above)

TENNESSEE DEPARTMENT OF REVENUE:

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RICHARD H. ROBERTS, COMMISSIONER

DATE

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**Attachment A:  
GenTax Implementation: Required Goals**

**Business Process Performance Improvements**

- Streamlined processes for revenue administration.
- Integrated applications and tools with expanded reporting capability.
- Performance focused high level business metrics and key performance measures.
- Ability to monitor performance – by State executive leadership and by supervisory staff.

**Enhanced Taxpayer Service**

- Improved taxpayers' customer service experience by improving the capabilities for filing returns, sending/receiving correspondence, and making payments.
- Enhanced web services for the taxpayer, such as access to the taxpayer's accounts.

**Agency Efficiencies**

- Streamlined and timely two-way communication with employees, taxpayers, and other stakeholders (including other state agencies, counties, and municipalities).
- Comprehensive access in a unified format to all of a taxpayer's transactions (including multiple tax types and multiple relationships/affiliations) within a single system.
- Elimination of redundant data collection and storage systems.
- Automated entry and workflow of documents.

**Increased Compliance and Collections**

- Increased compliance and collections through ease of access, streamlined audit management, and improved data mining capabilities resulting in the discovery of unpaid or underpaid tax liabilities.
- Interface with third party sources (such as the Internal Revenue Service, other State agencies, financial institutions, and external collection agencies) to send and receive data.

**Up to Date Technology**

- Position the DOR to capitalize on the availability of emerging technologies (i.e., Mobile devices, etc.) to address evolving taxpayer needs and behaviors, as well as changes resulting from the dynamic legislative, State government, and tax administration environments.
- Post changes immediately, i.e., real-time processing, with proper audit trails.

**Executive Dashboard**

- Summary performance measures to Executives as well as detailed performance measures for production and operations management and support purposes. Major areas of performance to be measured include compliance, collections, timeliness, speed, accuracy, and quality.
- Performance measures to facilitate historical comparisons, trend analysis, and spread analysis.

**User Views**

- Multiple views required, including internal, view only, and external views.
- Internal views are those used by State staff for daily work activities.
- View only access required – must allow the ability to conduct data mining, pull and extract data reports and performance metrics.

- External views are those used by taxpayers and other external parties to self-manage accounts, E-file/E-pay, and obtain other select data including performance metrics.
- Ability for taxpayer to print account information.

#### **Taxpayer Registration and Identification**

- Allow for self-registration and address validation.
- Register and update registration information for each individual, business, and organizational taxpayer/entity. Examples of data captured during registration include: name, identification numbers, filing status, filing frequency, address, contacts, relationships among taxpayers, assets, obligation information, tax exemptions, etc.
- Allow for entity identification creating a link between taxpayers/entities, returns, accounts, accounts receivable, audits, etc.
- Support automatically and manually establishing, generating, expiring, revoking, and printing special types of licenses, filings, garnishments, exemption certificates, and letters.
- Track licenses, notices of registration, and exemption letters which require renewal.
- Reprint licenses, notices of registration, exemption letters, and past period returns based on prompts by authorized users with a history of printings being maintained. Licenses must be associated with related fees assessed and paid.

#### **Returns Processing**

- Manage the processing of returns for all tax types administered by the State including zero-dollar returns, returns with payments, returns with refunds due, amended returns, prior year returns, extensions, balance due, no remit, delinquent, partial pay, rejected, estimated payments, protests, appeals, abatements, compromises, settlements, debt matched, etc.
- Support electronic real-time and batch processing of all tax and fee related forms and documents (returns, attachments, schedules, amended returns, suspensions, adjustments, payments, credits, declarations, vouchers and extensions). Returns may need to be approved, denied, altered, amended, adjusted, corrected, exceptions handled, discounts applied, or various fees applied.
- Notify taxpayers when edits, adjustments, or corrections are made, either automatically or manually.
- Track filing status and frequency.
- Returns tied to associated federal data; levies; bankruptcies; bonds; single or multiple payments, transfers, payment plans, restitution, the payee (taxpayer, responsible party, special filer payment, etc.), and receipts.
- Maintain notes associated with a return, a taxpayer, and an entity.
- Process and capture data and transactions from a variety of sources including manual, imaging, and electronic. Source of the data/transaction must be identifiable.
- Support the use of bar codes.
- Support document scanning, management, and retrieval.
- Manage physical records that are maintained outside of the system. Includes: assigning document identification (ID) numbers; inventory management; handling storage and location tracking; receiving and managing requests for documents; managing documents that are "checked out"; and, document retention and disposal.

#### **Taxpayer Accounting**

- Process, record, post, and fully account for all taxpayer financial transactions consistent with appropriate accounting principles.
- Ability to approve, release, adjust, process, deny, suspend, cancel, reverse, carry forward, write-off, calculate, modify, and receipt various types of transactions including payments,

unidentified payments, refunds, abatements, offsets, offer-in-compromise, penalties, interest, costs, fees, and bad checks for numerous types of taxpayers.

- Workflow management which allows for supervisory review, edits, and approval.
- Support funds flow and cash management capabilities.
- Ability to identify delinquent tax returns.
- Cashiering (excluding hardware).

### **Revenue Accounting**

- Revenue and data tracking/reporting (*e.g.* distribution, trend analysis, general ledger, workflow management, accounts receivable).
- Process, record, post, and fully account for all financial transactions consistent with appropriate accounting principles.
- Deposit (from multiple sources and deposited through various mechanisms), disburse, allocate, approve, release, adjust, process, deny, suspend, cancel, reverse, carry forward, write-off, calculate, modify, receipt, post to General Ledger (GL) various types of transactions including payments, unidentified payments, disbursements, refunds, abatements, discounts, offsets, offer-in-compromise, penalties, interest, costs, fees, and bad checks.
- Generate vouchers and recipient notifications for disbursements.
- Support funds flow and cash management capabilities.
- Workflow includes: supervisory review, edits, and approval (including approval for transactions greater than established thresholds).
- Interface and share data with external parties.
- Support an offset process that determines if any or all of a refund and credit can be used to satisfy a liability within the system.
- Support the ability to prioritize debt matches, pull data, statistics, and reports related to each offset and generate correspondence via hardcopy or electronically to affected groups.
- Refunds to be issued by check or electronic transfer. Refunds amounts are calculated based on multiple variables including amount of tax overpayment, interest, and statutory requirement. Refunds may be subject to cancellation or stop payment.

### **Case Management**

- Creation of automatic and manual referrals to and acceptance by divisions and work groups.
- Workflow includes: prioritizing, assigning, tracking, updating, cancelling, holding, reactivating, approving, releasing, suspending, and closing various case types.
- Exchange case related data between users.
- Track cases by assignee and by work team.
- Cases viewable by the supervisor, the assignee, and other authorized DOR parties.
- Transfer of taxpayer cases including supporting documentation to litigation personnel for analysis.
- Case workflow with litigation includes: assign to specific litigation personnel; import/upload administrative filings, court documents, and other documents related to the case; management of case timelines; tracking time, work, and expenses related to the case; track case status and final result; obtaining supervisory review and approval; and, case closure.

### **Collections**

- Collect outstanding debt including: automatically issued past due notices, monthly statements, and assessments; and garnishments and executions for asset seizure.
- Establishment of payment plan agreements; levy against taxpayer bank accounts; filing and reporting electronically of liens against taxpayer property.

- Association of all collection activities with the taxpayer including historical data.
- Share data with external parties.
- Off-site connectivity.

#### **Data Analytics and Reporting**

- Various standard and ad-hoc documents and reports are required, including Form 1099, invoices, Notice of Adjustment (PNOA), Accounts Receivable Reports, Refund Reports, etc.
- Reports broken down by staff members according to their roles.
- Reports must provide information for staff member workload and case management.
- Reports should be able to be detailed transaction reports or aggregate reports.
- Reports may need to be filtered various ways according to the type of transaction, time period, taxpayer type, etc.
- Automated, scheduled, and manual standard reports as well as the ability to create ad-hoc reports.
- Track and report changes to tax types and functions.
- Distributed electronically or printed and distributed manually.
- Provided in detail or summary format for a multitude of combinations utilizing various data fields.
- Report feature should support the need to conduct data mining, text mining, analytics, auditing, trend identification and analysis, and forecasting and modeling.
- Support Policy and research staff in their need to use data analysis, reporting, and sharing of data between users and various stakeholders.
- Forecasting and modeling capabilities including trending analysis of tax revenues by General Ledger account, transactions, and payment types including historical comparisons and spread analysis.
- Forecasting and modeling capabilities including analysis of revenue by General Ledger code based on taxpayer demographic statistics (i.e., business, individual, organization type, industry code, transactions, and payment types) including historical comparisons and spread analysis.
- Various standard and ad-hoc reports are required including, discrepancy, daily/monthly/annual reconciliation, reconciliations with external stakeholders, trial balance, collections, depreciation, roll-over, allocation justification, and monthly/annual closeout.

#### **Workflow Management**

- Combine the business processes for all tax types to enable a real-time, single view of the taxpayer and taxpayer data.
- Ability to support the State's data retention policies and disposal requirements to allow sufficient historical data to be available for production needs.
- Ability to archive as necessary.
- Ability to support research personnel in their need to use data analysis, reporting, and sharing of data between users and various stakeholders.
- The workflow must integrate with multiple core processes to manage and track work items from creation to resolution. The workflow must include at a minimum:
  - Prioritizing, assigning, and balancing of workload.
  - Prioritizing, monitoring, and tracking tasks.
  - Identifying and clearing bottlenecks.
  - Archiving and reporting.
  - Monitoring internal user, organizational, and process throughput and productivity.
  - Other functionality reasonably necessary to manage workflow.

### **Correspondence Management**

- Centralized management of correspondence (*i.e.*, tax returns, registration booklets, forms, responses to taxpayer inquiries, statements of accounts, bills, collection notices, discovery notices, legal action documents, returned correspondence, and other correspondence).
- Ability to: spell/grammar check; send to multiple recipients; send certified mail; use multiple types of paper stock; mail items individually or in bulk; mail to domestic or foreign addresses; record, track, and suspend mailings to undeliverable addresses; and, configure correspondence in various ways including single page, multiple pages, and multiple letters per envelope.
- Workflow includes: generating, suspending, canceling, re-printing, re-issuing, and supervisory review prior to sending specified correspondence.

### **Audit Selection**

- Support data mining and the ability to automatically select and judgmentally select accounts for audit cases.
- Ability to run ad-hoc queries of numerous data points; data mining and text mining; automatic audit selection; receive and either accept or reject referrals generated either automatically or sent manually by multiple work groups.
- Ability to send standard or ad-hoc correspondence to auditees.
- Ability to create audit work papers and upload/import documents to cases.
- Ability to support field audit assessments. Process includes: calculating, adjusting, tracking and notifying taxpayers; ability to register new taxpayers; handling and tracking payments received in conjunction with audits; and use of audit work papers.
- Ability to support: tracking of time, work, and expenses related to the case; tracking case status and final result; linking to documents and information; supervisory review and approval; transfer to other divisions; and, case closure.
- Off-site connectivity.

### **Non-compliance and Fraud Detection**

- Discovery activities to identify non-compliant taxpayers include: collection and organization of data from multiple internal and external data sources; construction of comprehensive taxpayer portfolios; and, evaluation and selection of non-compliant taxpayers (*i.e.*, business non-registrants, taxpayers who have filed for one program but not all tax programs they are subject to, individuals and businesses who fail to file returns or who under-report income, and fraudulent taxpayers).
- Ability to note that a taxpayer has a history of filing fraudulent returns.
- Automatic edits and routines to check returns and data for accuracy, indications of fraud, or other under reporting;
- Automated suspension of returns which exhibit fraud indicators.

### **Taxpayer Portal**

- Robust web interface/portal for taxpayers to initiate workflow, file returns, make payments, maintain their account information, obtain information about accounts
- Individual and mass communication with taxpayers (all taxpayers or taxpayers associated with a specific tax type).

**Attachment A-2  
Deliverable Documents**

Project Management Plan  
Business Continuity and Disaster Recovery Plan  
Communication Management Plan  
Configuration Management Plan  
Converted Data Reconciliation  
Data Conversion Plan  
Implementation Specifications Plan  
Interface Specifications Plan  
Production Support Plan  
Quality Management Plan  
Resource Management Plan  
Scanning Integration Design  
System and Pilot Test Results  
System Architecture Definition  
System Security Design  
System Utilities  
Technical Manuals  
Test Management Plan  
Training Design  
Training User Guides

## Attachment B: Implementation Methodology

CONTRACTOR shall use its proprietary implementation methodology to execute the project. This Methodology consists of nine major phases of work: Preparation, Definition, Base Configuration, Development, Testing, Conversion, Training, Rollout, and Production Support.

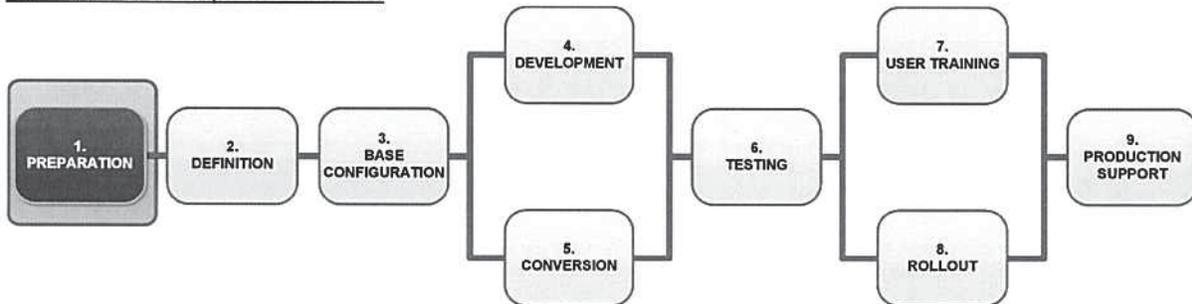
### Acceptance Process:

1. Work Product Acceptance Criteria
  - a. For each work product, State shall designate an individual to grant acceptance. The State has sole discretion to determine whether each Payment Milestone described below has been sufficiently completed for purposes of remitting payment to the Contractor. Before commencing preparation of a work product, Contractor will provide either an example from a prior implementation project or a template so that State can review and approve the form that the work product will take. No less than 14 days prior to deadline, Contractor will provide draft of work product to State. State shall provide comments and feedback no less than 7 days prior to deadline. Contractor shall revise document and resubmit with requested updates before deadline for acceptance or rejection by State.
2. Activity Acceptance Criteria
  - a. Contractor shall perform activities as described within each implementation phase. State shall verify that activities within each phase have been completed. State shall accept or reject completion of activities at its sole discretion.

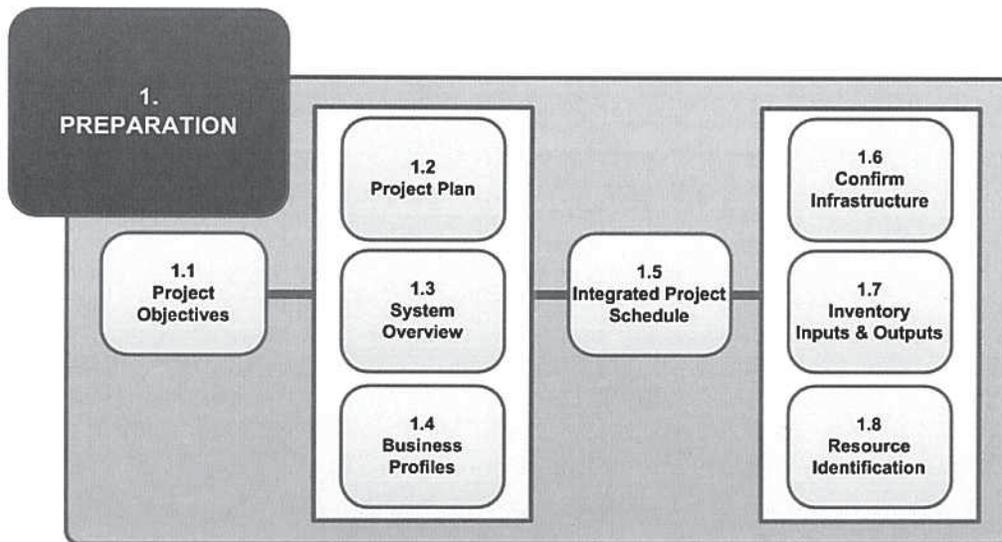
Delay in acceptance of deliverables listed below shall not delay progress of project, only payment to Contractor.

Each project implementation phase is presented as a deliverable and the below description contains information regarding the activities and work products created for each.

### Deliverable 1: Preparation Phase



The Preparation Phase involves the installation of GenTax and importing standard configurations, as well as project planning activities. Please note that the Contractor software and its base configuration will be fully installed during the first weeks of the project. Additional primary implementation activities include reviewing the project charter; developing the project plan and integrated project schedule, system overview, and business profiles; confirmation of project infrastructure; inventory of inputs and outputs for the various lines of business; and resource identification and assignment. These high-level Preparation Phase activities are outlined in the following graphic and text.



**1.1 Project Objectives** – The project management team reviews the project charter and discusses any necessary changes to be documented in the Project Plan.

**1.2 Project Plan** – The Project Plan is developed as a baseline for how the project team members will work with one another. Contractor and State will work cooperatively to complete the project plan work product utilizing the Contractor project plan tool and template.

**1.3 System Overview** – Team leads provide an introduction of the functional capabilities of the solution to agency technical, administrative, and user team members. Each of the modules to be implemented is demonstrated. Participants develop a common understanding of the approach and terminology for completion of this activity.

**1.4 Business Profiles** – A Business Profile is prepared for each line of business that is included in the implementation. The profiles document high-level statistical and processing information.

**1.5 Integrated Project Schedule** – Contractor and State will work cooperatively together to develop an Integrated Project Schedule work product.

**1.6 Confirm Infrastructure** – This step ensures that the project infrastructure is in place. This includes location, network, hardware, development software, and associated logistics. Confirmation of the project infrastructure is usually done in parallel with a review of the technical infrastructure. This review includes network, hardware, operating system and desktop software, and a determination of what changes in infrastructure, if any, are required for the production system. The Technology Plan work product is prepared.

**1.7 Inventory Inputs and Outputs** – Each implementation is required to support site-specific forms, letters, interfaces, and functions. These site-specific items can apply to all or individual in-scope lines of business. For each line of business, an inventory of inputs and outputs is prepared. This includes all letters, forms, and reports.

**1.8 Resource Identification** – The roles needed for the implementation of the business groupings are identified and documented in a Resource Plan. Resources will be organized into application teams using a function-centric organization structure.

In addition to the application teams, support teams are formed to deal with the following aspects of implementation across all phases and business lines:

1. Conversion and bridging
2. Security administration
3. Training
4. Technical support

In addition to the implementation activities above, Contractor will conduct additional preparation activities for the project. These activities include:

1. Confirming and implementing aspects of the agency's strategic objectives.
2. Identifying and implementing the technical and network changes necessary to support the new system.
3. Identifying internal and external stakeholders and conducting initial communications about the agency's new system and its ability to support the agency's objectives.
4. Establishing project procedures, standard meetings, and reporting mechanisms.
5. Installing GenTax and importing standard configuration:

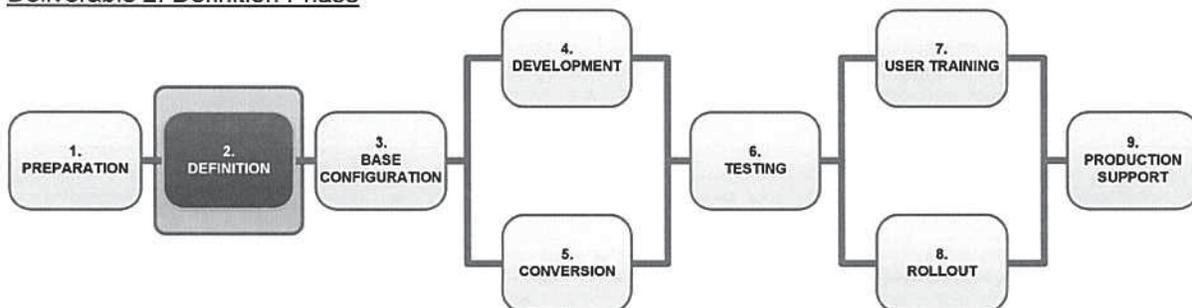
GenTax will be fully installed within the first few weeks of project initiation. Agency-specific configurations will be implemented during the course of the project. During installation, the technical team will run various tests and diagnostics to verify that the software is operational and to identify and resolve any issues.

Since the solution is a browser-based application, a desktop browser shortcut can be pushed to client workstations. Contractor approach to implementing the system at the server level is to work with an agency's technology department to ensure hardware and operating systems are implemented to function properly. System infrastructure configuration can be categorized in the following areas.

1. Hardware installation and configuration:
  - a. Physical server installation/hardening
  - b. Switch and routing
  - c. Virtualization
  - d. Firewall
  - e. Security
2. Application Servers – OS installation and system load-balance configuration
3. Database servers – OS and SQL Server installation and configuration
4. Web service and file servers – file/folder security and web service configuration
5. Appropriate updates to agency Disaster Recovery Plan

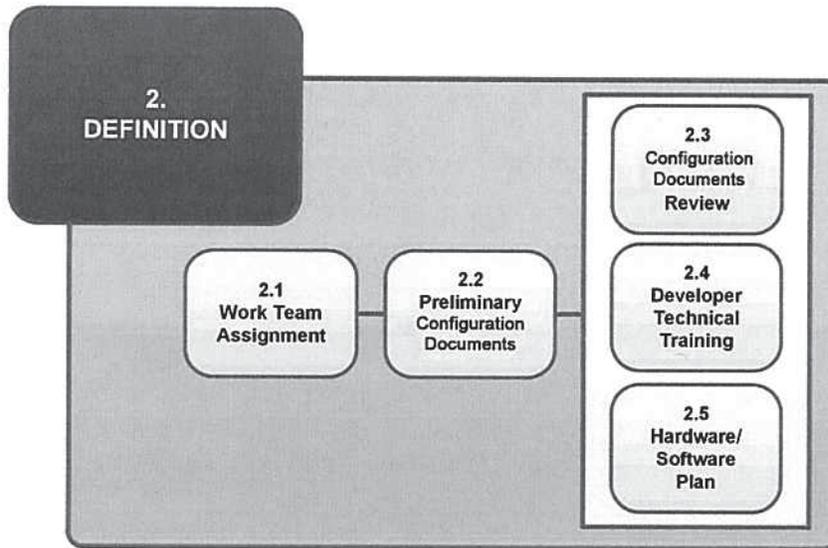
Contractor technical architects need access to install, configure, and maintain GenTax on the dedicated servers for the project. Contractor will work with agency staff to develop installation plans that support their infrastructure security policies.

#### Deliverable 2: Definition Phase



The Definition Phase focuses on the definition of work that will be performed to deliver the system functions. This phase includes multiple project definition activities, including personnel assignments, development of preliminary Configuration Documents, developer technical training, and creation and finalization of the hardware/software plan. The high-level activities of this phase are outlined in the

following graphic and text.



**2.1 Work Team Assignment** – Project personnel are assigned to teams in accordance with the organization structure developed in the Preparation Phase.

**2.2 Preliminary Configuration Documents** – The project team creates the rollout summary and preliminary Configuration Documents. Configuration Documents provide high-level details for how GenTax will be implemented to meet the agency’s business requirements. They serve a purpose similar to requirements and design documents in a custom-build project. Configuration Documents for a major functional area typically include:

1. Implementation scope/context diagram.
2. High-level business flow diagrams (business activity charts).
3. Terminology to be used, configuration to be completed, and site components to be developed.
4. Business rule details such as those governing the calculation of penalty and interest.
5. Letters to be configured, along with any associated site components, such as purpose (usage context), sample templates, and use of common letter data and specific letter data from the database or the user.
6. Reports to be implemented through configuration or site components, including purpose (usage context), data selection criteria, and specification of ordering, grouping, subtotaling, totaling, and so on.
7. Interfaces to be implemented, including purpose (usage context), conceptual approach, technical approach, record layout, and flow diagram, if applicable.

Each Configuration Document typically covers the approach for a single functional area. Together, the Configuration Documents and the base configuration of GenTax form the starting point for iterative configuration work during the Development Phase of the project.

**2.3 Configuration Documents Review** – The Configuration Documents Review consists of one or more meetings organized by the team lead(s) to communicate and verify the Configuration Documents among the other teams and associated user representatives.

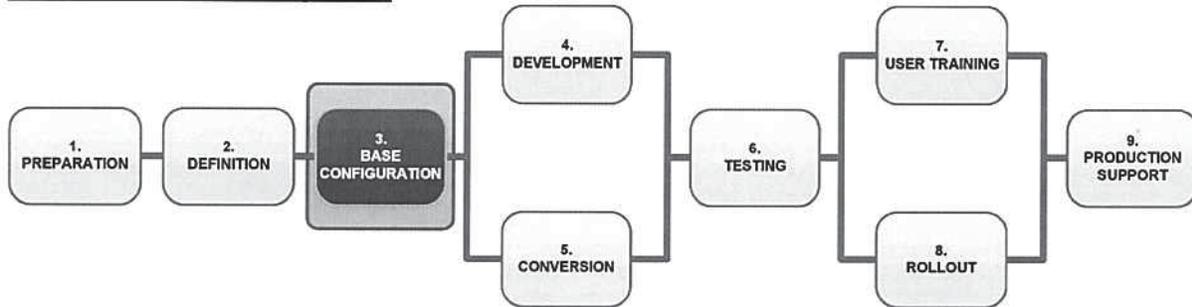
**2.4 Developer Technical Training** – Agency developers assigned to the project are trained in the solution’s development and configuration environment and tools. Note that in some circumstances it is possible to begin developer technical training in the Preparation Phase.

2.5 *Hardware/Software Plan* – The hardware/software plan describes the strategy and timing for the use of existing inventory and/or new purchases to establish the implementation platform.

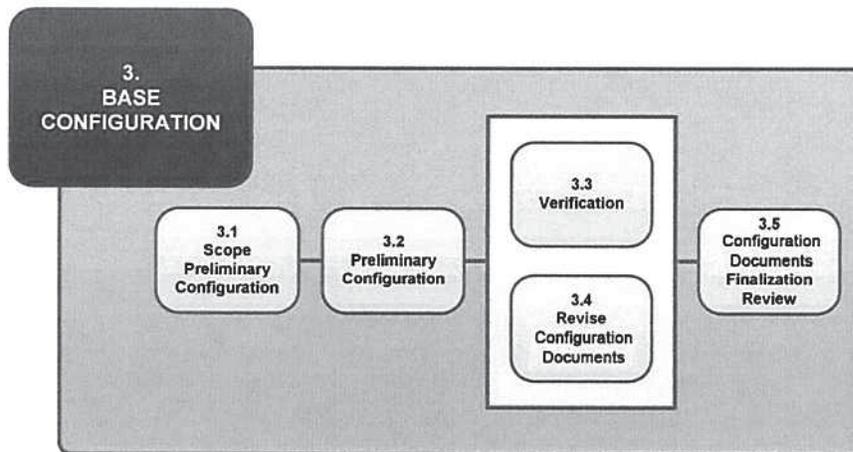
## Payment Milestone – Deliverables One and Two Completed

Completion of Deliverables One and Two is a payment milestone. At this point, the requirements are sufficiently defined to allow Contractor to proceed with scoping, configuring and delivering (via demonstrations) a base configuration.

### Deliverable 3: Base Configuration



The Base Configuration Phase is the phase in which the system begins processing the high-level requirements. Once the baseline is in place, the system will support basic navigation and functional area processing. The output of this phase is a set of finalized Configuration Documents that define remaining work. High-level activities of this phase are outlined in the following graphic and text.



**3.1 Scope Preliminary Configuration** – Using the Preliminary Configuration Documents, a subset of items are identified that will be implemented as the baseline. The baseline normally consists of items that do not require enhancements or programming but such activities may be included, particularly if they are high profile or critical to business operation.

**3.2 Preliminary Configuration** – The teams carry out the design and configuration tasks for the items identified in the Scope Preliminary Configuration.

**3.3 Verification** – At this point, user team members get their first hands-on exposure to their installation of the solution. The Verification step is both a communication and revision mechanism for the teams. At this time, the system is not yet complete and instabilities should be expected.

It is important to remember that the goal of this step is not to present a complete, robust, production-

ready system, but rather to confirm the direction being taken.

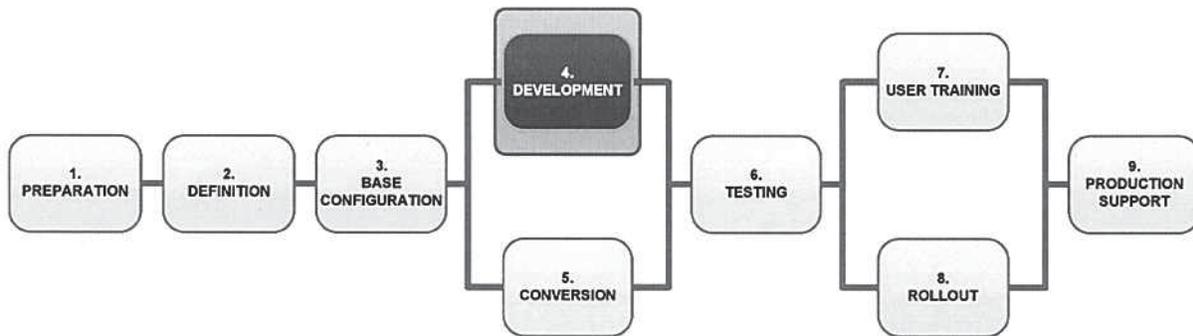
**3.4 Revise Configuration Documents**– The Configuration Documents are revised to incorporate input obtained during the Verification step.

**3.5 Configuration Documents Finalization Review** – The revised Configuration Documents are reviewed and this work product is finalized in one or more meetings organized by the team lead(s) to communicate and verify the Configuration Documents among the other teams and associated user representatives. This provides the team with the roadmap for development.

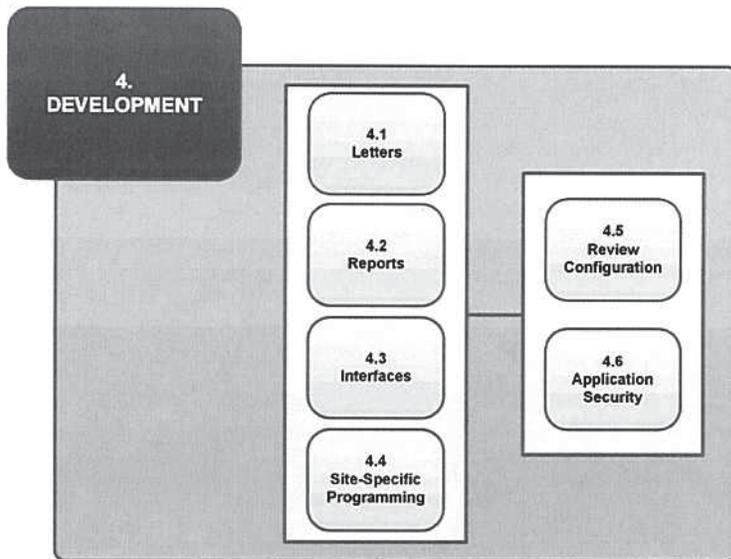
**Payment Milestone – Deliverable Three Completed**

Completion of Deliverable Three is a payment milestone. At this point, the base configuration is complete, the Configuration Documents are complete, and Contractor can proceed with completing configurations and programming.

Deliverable 4: Development Phase



Many aspects of development take place in virtually all phases of the project. During the formal Development Phase, however, the finalized Configuration Documents are used to produce work packages for developers that are used for specifying parameters, selecting options, defining thresholds, and performing other types of configuration, enhancements, or programming. Work in this phase consists largely of developing letters, reports, interfaces, and site-specific programming, as well as reviewing configurations and establishing application security requirements and configuration. High-level activities of this phase are outlined in the following graphic and text.



**4.1 Letters** – Perform the configuration and development needed to implement the in-scope letters and unit test. Although a variety of correspondence items are provided as core product models, most agencies have unique requirements that cannot be satisfied by pre-existing templates. Simple correspondence typically requires only a template and a few configuration rules related to security, requesting, and printing. More complex items may require site-specific program code to be developed during this phase.

**4.2 Reports** – Perform the configuration and development needed to implement the in-scope reports and unit test. A variety of mechanisms are available to obtain information from the system, including core product searches and list windows, configurable query result list windows, configurable data cubes, and formal reports. For reporting requirements that cannot be satisfied through configuration, development of a site-specific component may be required.

**4.3 Interfaces** – Perform the configuration and development needed to implement and unit test the in-scope interfaces. The Configuration Documents created in the Definition Phase identify each interface, the data required, the interfacing organization, and other key factors. Once finalized, the Configuration Documents become the primary driver of the work done by the project team. Contractor will evaluate the required interfaces during the Development Phase and recommend an appropriate approach given the source, platform, and volume of data.

The GenTax architecture is designed for ease of interface implementation. The software includes a number of tools and standard configurations that can be deployed to implement multiple interfaces for a wide array of transfer protocols and data formats.

**4.4 Site-Specific Programming** – Develop the necessary site-specific programs and unit test. Maximum flexibility is a primary design goal of the software, but not every aspect of the solution is configurable. Some truly unique variations may require programming to support specialized functions. Site components are programmed during the Development Phase and can be maintained, enhanced, or augmented by the agency over time. Site components work seamlessly within the software while minimizing the impact to future product upgrades. They are transparent to the user—a single, consistent, and integrated solution makes the user unaware of when they are accessing a core product or site-specific function.

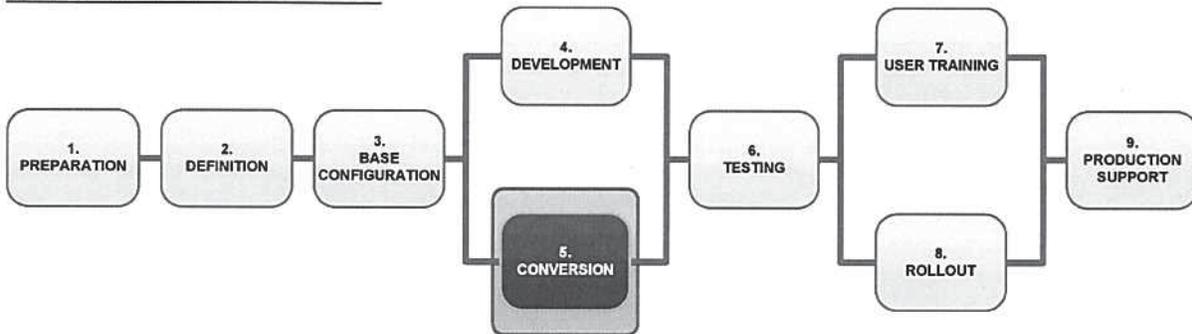
GenTax is built on a VB.Net platform. Consequently, development of custom components is built on the same platform and undertaken using the Microsoft Visual Studio Integrated Development Environment. FAST has created a number of add-ins for this IDE that enable developers to create business objects that inherit and reference the appropriate architectural components of GenTax. This enables the efficient

creation and testing of custom components that conform to FAST development standards and seamlessly integrate with the core software product.

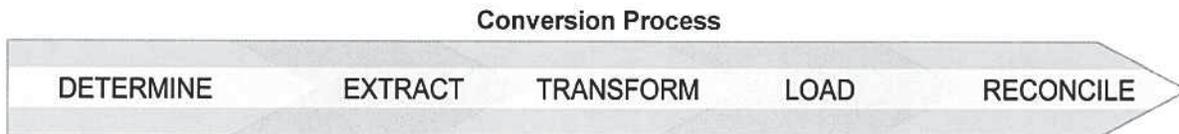
*4.5 Review Configuration* – Prior to completing the Development Phase, each unit-tested module is made available to the users to allow hands-on review of their implementation. This allows the project team to quickly identify and remedy issues prior to moving the configuration to the more controlled and stable Business-Testing environment. This review is done in the “development” environment, so it is important to remember that the configuration may be in a state of flux.

*4.6 Application Security* – A security implementation strategy, structure, and plan are developed. The agency begins to gather user functional access requirements.

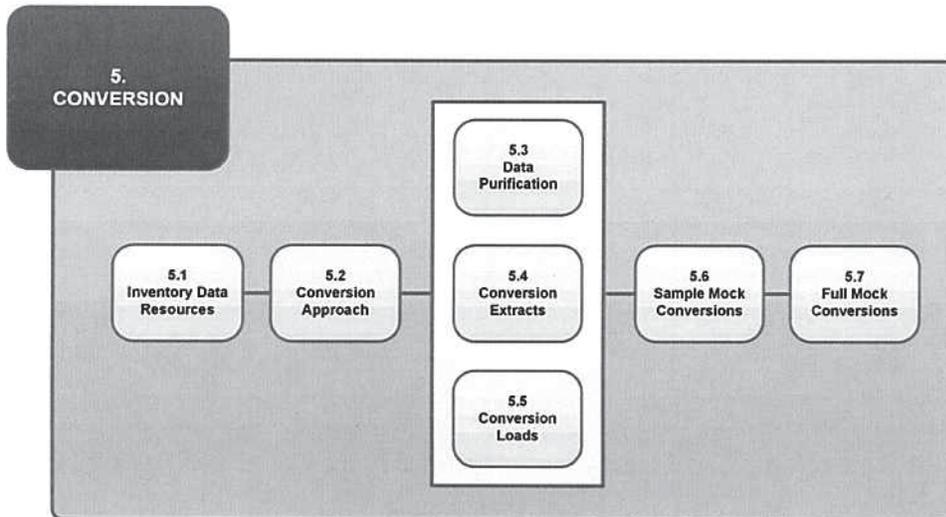
Deliverable 5: Conversion Phase



Conversion is an iterative process to extract, convert, purify, verify, and reconcile legacy data for use in the new system. In the Conversion Phase, legacy data from various sources is converted into the target database of GenTax.



Through a series of mock conversions, the project team will build a database optimized for the new system. The conversion process starts early in the project to allow time for purification and to allow a fully converted database to be used during End-to-End Testing. As the cutover date approaches, the mock conversion activity includes optimizing the time it takes to convert the whole database, so that it can be completed in the time allotted during cutover. At cutover, the production database and feeder systems are addressed according to a cutover checklist so that conversion can be conducted without conflict. High-level activities of this phase are outlined in the following graphic and text.



**5.1 Inventory Data Resources** – The existing data resources are inventoried. This defines the scope of agency data that is available to the conversion process. Each data source is reviewed for integrity and quality.

**5.2 Conversion Approach** – The conversion approach work product is the project conversion team’s equivalent to Configuration Documents. It defines how the business data will be converted:

1. Manual versus automated processes
2. Registration information
3. Approach to historical data
4. Number of years of financial data
5. Financial detail versus summaries
6. Approach to work in progress
7. Impact on new system processes

A conversion schedule contains a high-level schedule for conversion modules, while a conversion task list provides an inventory and schedule of the tasks to be carried out.

**5.3 Data Purification** – Prior to the execution of the conversion, the data from each source is inspected to determine if there are inconsistencies. These must be resolved by developing and executing strategies to purify the data prior to conversion.

**5.4 Conversion Extracts** – Conversion extract processes are developed and led by agency IT staff to access legacy data sources and create standard extract files. The conversion extract process also provides control reports that detail the extraction process and can be used to confirm the load processes.

**5.5 Conversion Loads** – Conversion loads include functionality to:

1. Validate the extract files
2. Reformat and load the extract files into the new data structures
3. Produce conversion load control reports detailing the validation and load process

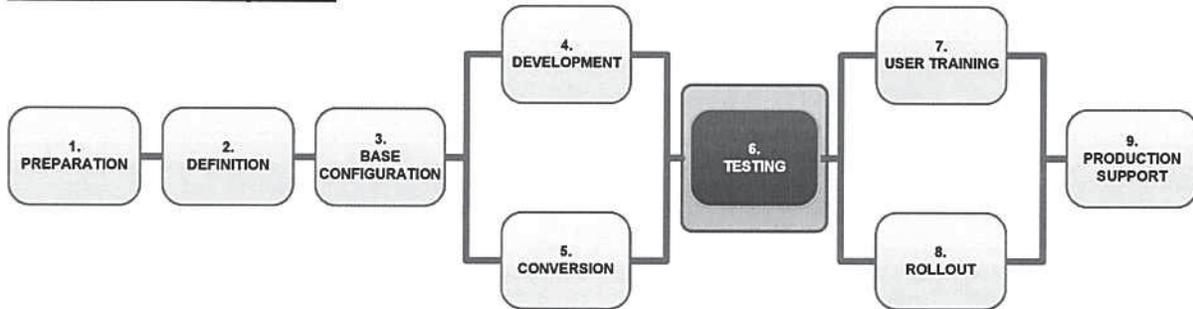
**5.6 Sample Mock Conversions** – Conversion is not a one-time event. For high data volumes, mock conversions are performed initially on a small subset of data and then on increasingly larger subsets.

**5.7 Full Mock Conversions** – One or more complete mock conversions is performed to provide the basis for user checkout of the converted data. Checkout is supported by a reconciliation document work product that describes how converted data is reconciled to its legacy source.

## Payment Milestone – Deliverable Four Substantially Completed

Substantial completion of Deliverable Four is a payment milestone. At this point, most configuration and programming have been substantially completed, the system has been migrated from the development environment to the test environment and is ready to test.

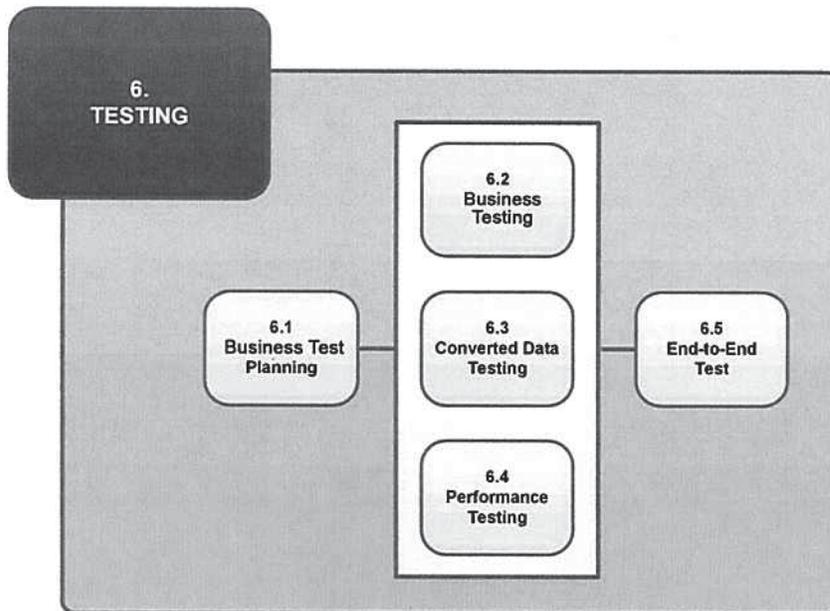
### Deliverable 6: Testing Phase



The Testing Phase ensures that the production system is able to meet the business needs in a robust and stable manner. This includes identification of system and specification instabilities or issues.

Issues identified in this phase shall be recorded, tracked, and resolved by Contractor using tools integrated within GenTax. These tools support classification, prioritization, logging, and reporting. These same tools will continue to be used during the Production Support Phase.

High-level activities of the Testing Phase are outlined in the following graphic and text.



**6.1 Business Test Planning** – Business Test Planning begins while unit testing is taking place toward the end of the Development Phase. Business Testing is focused on testing business functions as opposed to individual screens or background processes. The Business Test Plan identifies:

1. Business test conditions
2. Business test cycles

3. Business Testing execution approach
4. Modules targeted for performance testing
5. End-to-end testing approach
6. Acceptance criteria

*6.2 Business Testing* – The Business Test Plan is executed. Anomalies identified will be recorded and tracked to resolution.

*6.3 Converted Data Testing* – When the system goes live, it will be operating on converted data. Converted data testing is performed to confirm that new system processes execute correctly on the converted data. Anomalies identified will be recorded and tracked to resolution.

*6.4 Performance Testing* – A selection of high-volume items, both online and batch, are selected and used to:

1. Plan background processes
2. Ensure response times
3. Validate network throughput

Anomalies identified will be recorded and tracked to resolution.

*6.5 End-to-End Testing* – End-to-End Testing is the final step in the FAST Testing Phase. End-to-End Testing is conducted in the staging environment with an agency's converted data from full mock conversions. This test is often performed in parallel with the final steps of Converted Data Testing.

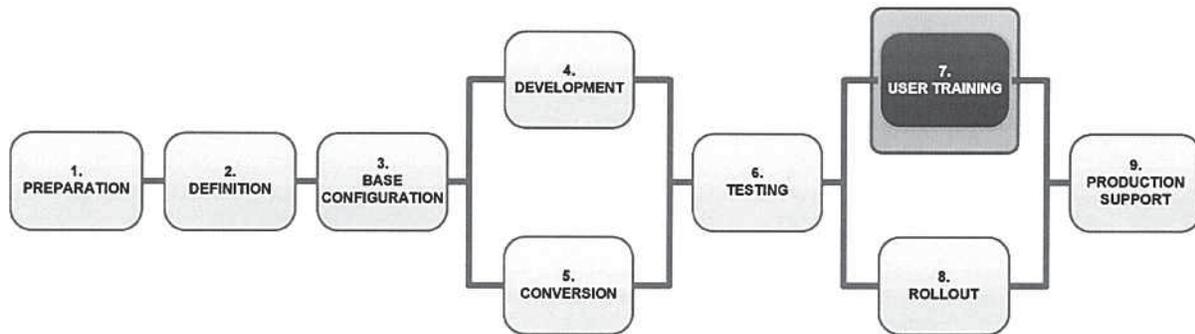
This testing activity uses the full functionality of the system to replicate daily business activities with converted data. End-to-End Testing has the following objectives:

1. Ensure that the system correctly executes all business functions.
2. Ensure that the system correctly executes all external interfaces (inputs and outputs).
3. Ensure that system functions triggered by a production job correctly execute required functionality.
4. Ensure that database adds, reversals, modifications, and tracing are correct.

During End-to-End Testing, an emphasis is placed on testing interfaces. The State expects that appropriate State personnel will be involved in End-to-End Testing. The FAST team leads work closely with the agency to ensure the full participation of the agency's external interfaces in the testing process.

Anomalies identified will be recorded and tracked to resolution.

## Deliverable 7: User Training Phase



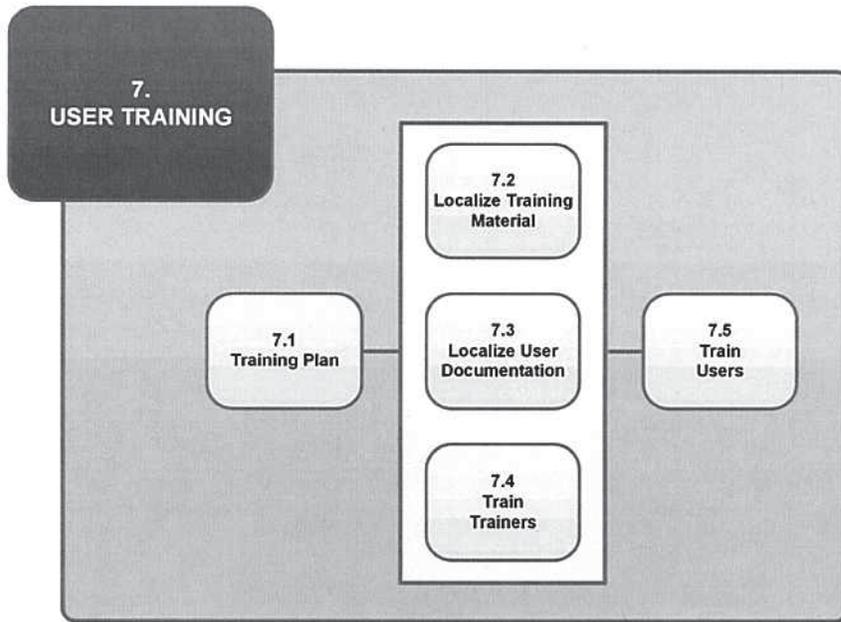
During the User Training Phase, business users are given exercises that allow them to become acquainted with the new or modified business processes. This phase also includes the documentation of the new or changed processes. New training materials include step-by-step instructions with descriptions of associated system functionality and navigation instructions. Screenshots and links to other useful information are also included in the training documentation. Because the development of these exercises and associated materials take place in advance of the actual delivery of training, adjustments to training processes and materials can be made if shortcomings or modifications are identified by expert users.

### Organizational Impact

As process changes are identified, they must be analyzed for their impact on the organization as a whole or on specific departments or personnel classifications. For example, some agencies use a paper-based, manual process to route items that require review by agency personnel. Since this routing is automated and uses electronic work items in GenTax, the legacy business process needs adjustment—both to redeploy personnel to other work and to also take advantage of the efficiencies inherent in GenTax. In the end, the goal of these process improvements is to allow the agency to function more productively and efficiently.

The State expects the Contractor to participate in organizational change management and assist the State in the development of change management deliverables.

High-level activities of the User Training Phase are outlined in the following graphic and text.



*7.1 Training Plan* – The Training Plan lays out the approach to training, including:

1. Identifying trainers and trainees
2. Selecting the training venue and equipment
3. Deciding on the format - presentation versus hands-on
4. Coordinating with testing activities
5. Analyzing the impact on agency organization and scheduling
6. Preparing the training schedule. The Training Schedule contains the detailed delivery schedule for the training modules.

*7.2 Localize Training Material* – Depending on the size and scope of the implementation, training can range from preparation of site-specific lab exercises to accompany all of FAST’s Tier 1 and 2 computer-based training modules and Tier 3 training workshops, to extensive customization of classroom training modules and lab exercises to reflect the agency’s configuration in detail.

*7.3 Localize User Documentation* – This step defines the user documentation, including online, paper and “quick reference” materials. Documentation is delivered to the users.

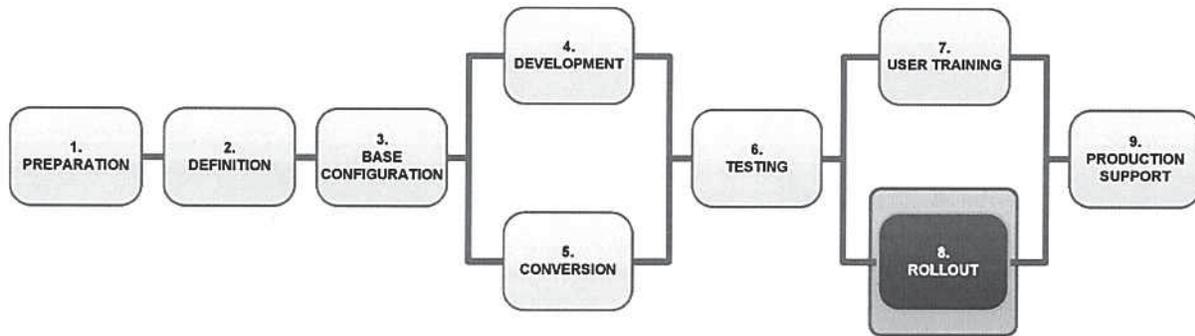
*7.4 Train Trainers* – Depending on the number of trainees, it may be appropriate to train agency trainers who then deliver training to agency users.

**Payment Milestone – Business Testing Substantially Completed**

Substantial completion of Business Testing is a payment milestone. At this point, training material has been developed and trainers have been trained to perform training to end users.

*7.5 Train Users* – Users are trained under a “train-the-trainer” approach. FAST implementation consultants and agency project staff support the agency’s trainers in training delivery by providing technical assistance and specialized instruction.

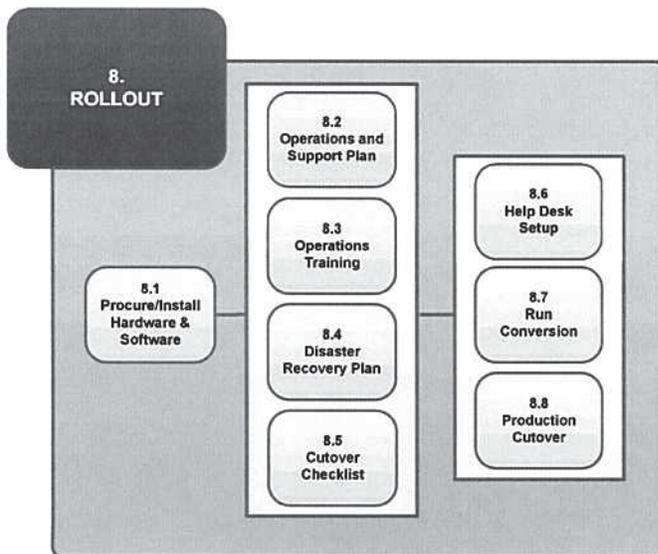
Deliverable 8: Rollout Phase



Preparations for the rollout are captured in a series of cutover checklists. Cutover checklists provide a list of interrelated steps and activities that must be coordinated to ensure a smooth and successful rollout, such as which systems to shut down and when shutdown should take place, which batch jobs to run or cancel, and which external interfaces to redirect. The final data conversion is run and reconciled. A high-level checklist is prepared to communicate the general schedule to agency personnel. A detailed, step-by-step checklist is prepared for the project team to follow. A detailed communication plan is also developed to keep all project team members, management, and other stakeholders aware of progress toward cutover weekend.

Once the new system has been brought live during the cutover weekend, users enter live transactions into the production system to verify that key transactions can be completed. This represents the final verification by users that the system is ready for production. Upon successful completion of all steps in the cutover checklists, the system is declared live and production use commences.

During the first week or so of production, the project team is deployed to support agency users who are encountering problems or questions about use of the new system. In a controlled fashion, all reported problems are logged in the FAST Central Repository system, assigned, repaired, tested, and promoted to production.



**8.1 Procure/Install Hardware & Software** – The hardware and software for the production implementation platform is purchased, installed, configured, and tested. Note that this step can take place much earlier in the project to accommodate procurement of hardware and software that is required.

**8.2 Operations and Support Plan** – The Operations and Support Plan details how the new system will be supported in production. This includes hours of operation, on-call support, hardware responsibilities, application responsibilities, and support team structure.

**8.3 Operations Training** – The Operations Manual details the processes associated with the day-to-day operations required, including:

1. Bringing the application up or down
2. Executing scheduled tasks
3. Diagnosing and remedying common problems
4. Scheduling backups

Agency personnel are trained in carrying out these tasks.

**8.4 Disaster Recovery Plan** – The agency's existing Disaster Recovery Plan is updated to cover the new application and its platform. The plan details which strategies the agency has or will implement to mitigate the impact of unforeseen events.

**8.5 Cutover Checklist** – Cutover checklists provide a list of interrelated steps and activities that must be coordinated to ensure a smooth and successful rollout. A high-level checklist is prepared for general consumption within the agency to communicate the general schedule. A detailed, step-by-step checklist is prepared for the project team to follow.

**8.6 Help Desk Setup** – A GenTax specific help desk provides a triage function—routing non- GenTax-related calls to the help desk, responding to and managing GenTax-related help calls, and sometimes dispatching a specialist from the project team to provide assistance in person.

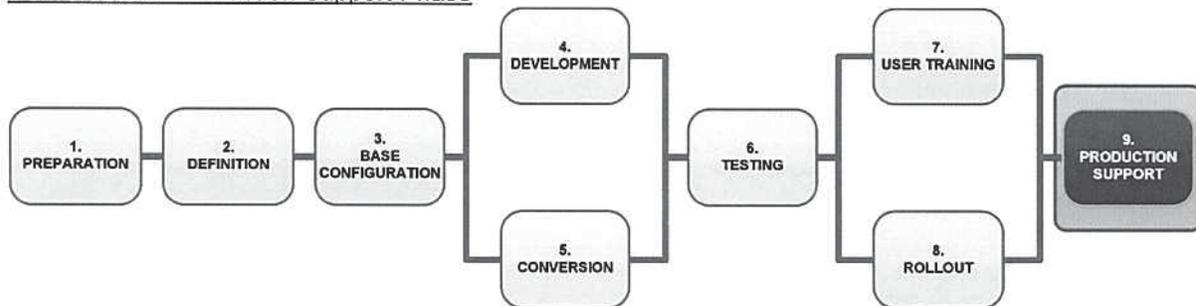
**8.7 Run Conversion** – Conversion processes are executed, databases are backed up, application servers are readied, and application shortcuts are installed to user desktops.

**8.8 Production Cutover** – The system goes live. The State's written approval is required prior to the system going live. Desk-side support is provided to users and operations are carefully monitored.

### **Payment Milestone – Deliverables Seven and Eight Completed**

Completion of Deliverables Seven and Eight is a payment milestone. At this point, the system has been implemented in production and is processing live business transactions.

#### Deliverable 9: Production Support Phase



Immediately after transitioning to production, a desk-side support team is deployed in the user work areas affected by the rollout. This team is comprised of project team members and agency staff who are most familiar with the software solution. They remain on duty for the initial days or weeks that the new system is in production. The desk-side support personnel are available to answer any questions that arise during those initial weeks. Users may have questions or may simply want someone standing by as they perform

new tasks.

Contractor experience has shown that deploying a desk-side support team is a highly effective means of managing anxiety and boosting confidence of agency staff as they first start to use the new system. Desk-side support may be extended, day-by-day or week-by-week, at the joint discretion of business areas and project management. The location, duration, and amount of desk-side support are determined through discussions between the agency and the FAST project team.

As the need for desk-side support diminishes, project team members are no longer deployed on a regular basis to the business areas. At this stage, a GenTax-specific help desk will serve as an application triage—routing non- GenTax-related calls to the help desk, responding to and managing GenTax-related help calls, and sometimes dispatching a specialist from the project team to provide in-person assistance.

As calls related to the new system decrease, the help-desk service transitions back into the standard agency help desk. During a transition period, Contractor will work with agency help desk staff to ensure they have the skills, knowledge, and procedures to take over. This may include training, use of a "buddy system," mentoring, and documentation development. The duration of these support periods varies according to the agency's comfort level in making the transition.

## Attachment C

### Minimum Required Taxes

- Alcoholic Beverage Taxes
  - Brand Registration and Renewal
  - Manufacturer Privilege Fee
  - Alcoholic Beverage and Wine Tax
  - Alcoholic Beverage Wholesale Tax (Enforcement Tax)
  - Wholesale Gallonage Fee
  - Bonds
- Auto Rental
- Bail Bonds
- Beer Taxes
  - Beer Barrelage
  - Beer Barrelage Registration Fee
  - Wholesale Beer
  - Wholesale Beer Registration Fee
- 
- Business Tax
- Coin Operated Amusement Tax
- Franchise and Excise
  - Franchise and Excise Exempt
  - Regulated Investment Company
  - Production Credit Association
- Gift
- Gross Receipts Taxes
  - Bottlers
  - Utilities - Gas, Water, Electric, Power
  - Vending Machines
  - Vending Machines Fee
- Hall Income
- Inheritance
- IFTA
- IRP
- Liquor By The Drink
- Litigation
- Litigation Fines and Fees
- Marriage License
- Mixing Bars
- Motor Fuel Taxes
  - Gasoline
  - Diesel
  - Special Privilege Tax
  - Environmental Assurance Fee
  - Export Tax
  - Liquefied Gas
  - Compressed Natural Gas
  - Fuel Alcohol Producers Fees
  - Prepaid User Fee
  - Various Refund forms
  - Motor Fuel Bond

- Supplier's License
- Blender's License
- Terminal Operator's License
- Exporter's License
- Transporter's License
- Importer's License
- Wholesaler's License
- Retailer's License for Dyed Diesel Fuel
- Petroleum Products and Alternative Fuels Bond
- Motor Oil Fee
- Occupation (Professional Privilege Tax)
- Recordation Tax
  - Realty Transfer
  - Debt Instruments (Mortgage, UCC Financing Statements, etc.)
- Sales and Use Tax
  - TV/Telecom
  - Prepaid Wireless Fee
  - Central Business Improvement District Tax
  - Retail Accountability Wholesaler Reports/Penalty
- Severance Taxes
  - Coal
  - Crude Oil/Natural Gas
  - Mineral
- Tire Fee
- Tobacco Taxes
  - Tobacco Tax Stamp
  - Other Tobacco Products
  - Licensed Distributor Report/Penalty
  - Pact Act Reporting
  - Tobacco Tax Bond (Stamp Affixing Agent)
  - Tobacco Tax Stamp Purchase Requisition
  - Tobacco License Fees
- TVA
- Unauthorized Substances

**Attachment E:  
Tax System Interfaces**

<b>TO/FROM</b>	<b>WHAT</b>	<b>INTERFACE DETAIL</b>	<b>TYPE</b>
Active Directory	Integrate DLS login with State Active Directory	Active Directory standard	Real
iNovah	Cashiering system	XML web services	Real
DataCap and VISTA (imaging and data capture systems)	Files containing taxpayer data collected from returns, remittances, DLNs assigned and deleted, and Index files.	Flat files	Batch
FileNet	Image files	Flat files	Batch
EDISON	Files sent from Financial Control and the Cashier's office to F&A for refund and remittance collection reporting.	Flat files	Batch
County Register of Deeds	RITS	Lien, Lien Extension, Lien Release	Paper
Financial Institutions +	RITS	Levy, Levy Release	Paper
Courts	RITS	Bankruptcy Info, Proof of Claim	Paper
RITS	Other State Agencies	Debt Collection Information	Case
Treasury	File of valid routing/transit numbers used for portal verification	Flat File	Batch
ePortal	Files of tax form data used for posting in RITS. These files come from several different portal applications and	Flat File	Batch

	contain Income Tax, Professional Tax, Sales Tax, Consumer Use Tax, Franchise & Excise Tax, and Business Tax forms.		
ePortal	Files of tax bill data used for posting in RITS. This file comes from the Bill Payment Portal application.	<b>Flat File</b>	<b>Batch</b>
ePortal	Files of DLNs assigned to various tax forms and bill payments during portal processing. These files are used in the RITS posting process.	<b>Flat File</b>	<b>Batch</b>
ePortal	Files of tax payment data used for posting in RITS. These files come from several different portal applications and contain Income Tax, Professional Tax, Sales Tax, Consumer Use Tax, Franchise & Excise Tax, Business Tax, and Bill Payment remittance data.	<b>Flat File</b>	<b>Batch</b>
Treasury	Files that are passed to Treasury for ACH processing of online ACH payments. These files are in various NACHA formats.	<b>Flat File</b>	<b>Batch</b>
Professional Tax Portal	Files of registration data taken from Professional Tax Portal filings that are used by the RITS batch registration process.	<b>Flat File</b>	<b>Batch</b>

ePortal	Files produced from RITS of active Sales Tax Account information used for verification by the Sales Tax Portal application.	<b>Flat File</b>	<b>Batch</b>
ePortal	Files produced from RITS of Sales Tax Rate information used by the Sales Tax Portal application.	<b>Flat File</b>	<b>Batch</b>
ePortal	Files produced from RITS of active F&E Tax Account information used for verification by the F&E Tax Portal application.	<b>Flat File</b>	<b>Batch</b>
ePortal	Files produced from RITS of active F&E Tax Exempt Account information used for verification by the F&E Tax Portal application.	<b>Flat File</b>	<b>Batch</b>
ePortal	Files produced from RITS of active Case balances used by the Bill Payments Portal application.	<b>Flat File</b>	<b>Batch</b>
ePortal	Files produced from RITS of active Business Tax Account information used for verification by the Business Tax Portal application.	<b>Flat File</b>	<b>Batch</b>
ePortal	Files produced from RITS of active Business Tax Situs information used for by the Business Tax Portal application.	<b>Flat File</b>	<b>Batch</b>
ePortal	Files produced from RITS of Business Tax Rate	<b>Flat File</b>	<b>Batch</b>

	information used by the Business Tax Portal application.		
ePortal	Files of active SSTP Account information used for verification by the SSTP Portal application.	<b>Flat File</b>	<b>Batch</b>
Avalara/Motor Fuels	Files of tax form data used for posting in RITS. Tax forms processed by this application include the Distributor, Exporter, Transporter, Blender, and Terminal Operators Returns, and Governmental and Wholesaler Refund Claims.	<b>Flat File</b>	<b>Batch</b>
Global Pmt Systems	Files of ACH Debit payments. These files are in the CCD+ format.	<b>Flat File</b>	<b>Batch</b>
Treasury	Files of ACH Credit payments. These files are in a proprietary format.	<b>Flat File</b>	<b>Batch</b>
Global Pmt Systems	Tax Registration File	<b>Flat File</b>	<b>Batch</b>
ShipCompliant	Files of tax form data used for posting in RITS. Tax forms processed by this application include the Brand Registration Return and Renewal.	<b>Flat File</b>	<b>Batch</b>
FileNet	File used by FileNet to index images of tax forms and remittances. This file is built from the files of forms and payments that	<b>Flat File</b>	<b>Batch</b>

	have been input to RITS.		
SFTP Server/RITS Mainframe	Tire Disposal Fee reports	Asterisk delimited file placed on SFTP server for counties to download	Batch
RITS Mainframe/SFTP Server	Local Business Tax New Registration files from cities and counties (LBN files)	Fixed width file pulled from the SFTP server and put on RITS	Real
RITS Mainframe/SFTP Server	Local Business Tax Account Change files from cities and counties (LBC files)	Fixed width file pulled from the SFTP server and put on RITS	Real
RITS Mainframe/SFTP Server	Local Business Tax Error files from cities and counties that could not be registered (LBE files)	Fixed width file pulled from the SFTP server and put on RITS	Real
SFTP Server/RITS Mainframe	New Business Tax accounts registered with Revenue sent to cities and counties (SBN Files)	Fixed width file extracted from RITS and placed on the SFTP server	Real
SFTP Server/RITS Mainframe	Tax Clearances issued by Revenue sent to cities and counties (SBT files)	Fixed width file extracted from RITS and placed on the SFTP server	Real
SFTP Server/RITS Mainframe	Business Tax recently closed accounts sent to cities and counties (SBC files)	Fixed width file extracted from RITS and placed on the SFTP server	Real
SFTP Server/RITS Mainframe	Updated lottery files of outstanding debt used by the Lottery board	Fixed width file extracted from RITS and placed on the SFTP server	Batch
BI Group/RITS Mainframe	File used to update the Property Tax Assessors website	Fixed width file extracted from RITS and emailed to the BI Group	Real
NCOA Vendor/RITS Mainframe	Extract of all addresses for standardization and verification	Fixed width file uploaded to vendor website	Real / Batch
RITS Mainframe/SFTP Server and other options	Files of individuals that are required to pay the professional	Fixed width files uploaded to RITS for processing	Real

	privilege tax received from the Boards		
SFTP Server/RITS Mainframe	Refund and CD files to be input into Edison	Fixed width files extracted from RITS and uploaded to SFTP server	Batch / Real
RITS Mainframe/EC Group	Streamlined Sales tax New registrations or change files used to update RITS	Fixed width file uploaded to RITS from network drive	Real
Financial Control/RITS Mainframe	Business Tax apportionment file used by Financial Control	Fixed width file extracted from RITS and emailed to Financial Control	Real
SSTGB Website/RITS Mainframe	Rate and Boundary files used by CSPs to file SERs	Csv files uploaded to SSTGB website	Real
Filenet /RITS Mainframe	File of registered accounts to be used by the DSDS group (Confirmation Numbers)	Fixed width file extracted from RITS	Real
RITS Mainframe/Bizreg (NIC file)	File of Portal applications to be registered in batch schedule	Fixed width file used to register account types from the registration website	Batch
Financial Control/RITS Mainframe	File of extracted Sales accounts to be sent to cities and counties for financial purposes.	Fixed width file converted to Excel	Real
SOS F&E Database/SOS BEAR Application	Extract of registered entities with SOS to be used for comparison to RITS	Zip file downloaded from BEAR application	Real
SOS F&E Database/RITS Mainframe	Extract of all registered F&E accounts to be used for comparisons	Fixed width file extracted from RITS and uploaded to SOS F&E Database	Real
RITS Mainframe/EC Group	Extract of return data used to update email addresses on RITS	Fixed width file extracted from return data	Batch
SOS Bear Application/RITS Mainframe	Stored procedure used to verify Good standing with the DOR for SOS	Query received from BEAR and Results sent back	Real

OIR/IRS-RITS Mainframe	Refund File (1099G forms). All refunds we issued to taxpayers during the previous calendar year.	Flat file gets sent to OIR and they send to IRS.	Batch
RITS Mainframe /Treasury	File of all payments that were rejected (bad checks, wrong account numbers for electronic payments, etc).	Flat File used to update RITS	Batch / Real
EC Group (NIC) /RITS Mainframe	Verify files extracted from RITS used for verification purposes	Several Flat files for certain account types	Batch / Real
Financial Control/RITS Mainframe	TDZ reports for addresses that fall in the Tourist Development Zone	Extracted from RITS and printed for Financial Control	Real
SOS /RITS Mainframe	Extract of all revoked F&E accounts to be sent to SOS	Fixed width file converted to Excel	Real
State_of_TN	Scan, key tax data and remittances	Flat File	Batch
RCAP	Scan, key tax data and remittances	Flat File	Batch
TNLBR	Scan, key tax data and remittances	Flat File	Batch
TNCOAL	Key tax data	Flat File	Batch
TNSLS	Scan, key tax data and remittances	Flat File	Batch
TNCOR	Key tax data	Flat File	Batch
TNFUEL	Key tax data	Flat File	Batch
TNTNG	Key tax data	Flat File	Batch

TNMISC	Key tax data	Flat File	Batch
TNGIL	Key tax data	Flat File	Batch
TNFAE	Key tax data	Flat File	Batch
TNSLSKFP	Key tax data	Flat File	Batch
9K250	Scan, key tax data and remittances	Flat File	Batch
TNSCN	Scan, key tax data and remittances	Flat File	Batch
DLN Authorization	DLN used for the day	Flat File	Batch
Taxpayers/RITS	Correspondence - returns, bills, liens, etc.	Printed documents	Batch
Comptroller's Office/RITS	Collections by tax class	Flat File	Batch
Edison/RITS	Taxpayer Refunds	Flat File	Batch
Dept. of Safety/RITS	Deposits	SFTP server	Batch
RITS - Conversation R101 Add Taxpayer /SSANAME (Search Software America)	Phonetic look up of taxpayer name	Online transaction	Realtime
Tickler Files to the IRS	EOAD Tickler Files to send to the IRS	Extract jobs creates flat files	Batch
SMRFI Files to IRS	Taxpayer information that file Sales, Corporate or Income Tax returns in Tennessee going to the IRS.	Extract jobs creates flat files	Batch
Customs CDS From IRS	Receive files from US Customs of large purchases made by TN	Load onto DB2 Tables and create reports	Batch

	residents for Audit.		
Wholesale Beer Report to Comptroller of the Treasury	Wholesale Beer Report for Comptroller of the Treasury and Taxpayer Services produced annually.	Extract job creates flat file	Batch
Website with controlled logins	Monthly Sales Tax Web update for all tax returns filed in a given jurisdiction	Extract jobs creates flat files	Batch
Bank Excise Apportionment/File of local Rates from the office of the Comptroller	Bank Excise apportionment process occurs annually at the request of Financial Control.	Extract jobs creates flat files	Batch
Collections Extracts	Create extracts for the collections booklets	Extract jobs creates flat files	Batch
Treasury reports	Reports of all remittances that are received by Revenue, to Treasury	Extract jobs creates flat files	Batch
MOTOR FUELS DIVERSION PROGRAM	Extract of Motor Fuel Returns sent to other participating states	Extract jobs creates flat files	Batch
REPORT PETROLEUM PRODUCT LICENSES	Report of Petroleum licenses is distributed to the Website used by the Wholesalers	Extract jobs creates flat files	Batch
TOBACCO TAX SETTLEMENT for the Attorney General office	JOB TO EXTRACT THE NEW AND CLOSE TOBACCO ACCOUNTS	Extract jobs creates flat files	Batch
Income tax files from IRS	Used to Match to Income tax on RITS, and create notices and bills for Non or under reporters.	Extract jobs creates flat files and runs independently of RITS, compares to RITs and sends File for update to RITS	Batch and Online (IRS MATCH)

**Attachment F  
Licensing Agreement**

## GenTax<sup>®</sup> Software Licensing Agreement

This Software Licensing Agreement (“Agreement”) is made by and between Fast Enterprises, LLC, a New York limited liability company (“FAST” or “Licensor”) and the State of Tennessee, Department of Revenue (“Licensee”). FAST has its principal place of business at 7229 S. Alton Way, Centennial Colorado, 80112. Licensee has its principle place of business at 500 Deaderick Street, Nashville, Tennessee 37242.

1. DEFINITIONS. As used in this Agreement, the following terms shall have the meanings ascribed to them:
  - 1.1. “Software” means the GenTax<sup>®</sup><sup>1</sup> Integrated Tax Processing Software that is the subject of this Agreement. Software includes tools and utilities that may be provided by FAST as part of the GenTax<sup>®</sup> package, as well as any fixes, enhancements, additions, and other modifications to the Software that may be provided.
  - 1.2. “Documentation” means all documentation associated with the Software, including technical data, computer listings and printouts, in human-readable form that:
    - 1.2.1. Documents the design or details of the Software;
    - 1.2.2. Explains the capabilities of the Software; or
    - 1.2.3. Provides operating instructions for using the Software to obtain desired results from a computer.
  - 1.3. “Use” means storing, loading, installing, executing or displaying the Software on a computer, processor, or controller, or making a copy of the Software for archival or backup purposes only.
2. SOFTWARE LICENSE.
  - 2.1. FAST grants the Licensee, in consideration for the license fee paid, a non-transferable, perpetual and non-exclusive right to use the Software, in object code form, and the Documentation furnished under this Agreement (the “License”).
  - 2.2. This grant shall allow the Licensee to use the Software to support the administration of and fulfill the business requirements and objectives of the \_\_\_\_\_ system, as described in the \_\_\_\_\_. The extension of this License to additional tax types and functionality could be subject to additional License fees.
  - 2.3. The Licensee may install the Software on any workstation or server within the Licensee’s business operation.
  - 2.4. All Software and Documentation furnished to the Licensee under this Agreement shall be used by the Licensee only for the purposes authorized under this Agreement.
  - 2.5. The Licensee agrees to use its best efforts to see that its employees and users of the Software and Documentation comply with the terms and conditions set out in this Agreement.
  - 2.6. The Licensee shall not take any steps, such as reverse assembly or reverse compilation, to derive a source code equivalent of the Software.

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<sup>1</sup> GenTax<sup>®</sup> is a registered trademark of Fast Enterprises, LLC.

- 2.7. The License extends to new versions of the Software, provided the Licensee has purchased and is current on its optional subscription to annual maintenance and/or support services and the Licensee's subscription to annual maintenance and/or support services includes access to new versions of the Software.
  - 2.8. FAST may, at no additional charge, modify the Software to improve operation and reliability or to meet legal requirements.
  - 2.9. Relocation of Software is the Licensee's responsibility and may result in additional support charges and modified service response times under any Support or Maintenance Agreement that FAST has entered into or will enter into with the Licensee.
  - 2.10. The Licensee is responsible for the security of its proprietary and confidential information and for maintaining a procedure external to the Software to reconstruct lost or altered files, data or programs.
  - 2.11. The Licensee must notify FAST if the Software is being used in an environment that poses a potential health hazard to FAST's employees or subcontractors.
  - 2.12. The License granted hereunder is not assignable or transferable.
  - 2.13. This Agreement does not grant a license to the Licensee to resell or otherwise redistribute the Software and Documentation.
  - 2.14. Except as provided in this Agreement, use of the Software, Documentation, or License thereto shall be permitted only with FAST's prior written consent, which consent shall not be unreasonably withheld. Any such use shall be subject to FAST's standard fee in effect at the time of the use.
3. REPRODUCTION OF SOFTWARE/DOCUMENTATION.
    - 3.1 The Licensee may not copy or reprint the Software in whole or in substantial party except to make archive copies of the Software. Any archive copy of the Software must contain the same copyright notice and proprietary markings that are on the original Software.
    - 3.2 The Licensee may not reproduce or copy the Documentation provided by FAST under this Agreement, in whole or in part, except as necessary for use as authorized under this Agreement. Any copy of the Documentation must contain the same copyright notice and proprietary markings that are on the original Documentation.
4. INTELLECTUAL PROPERTY/OWNERSHIP OF SOFTWARE. The Licensee acknowledges that the Software and Documentation, and all improvements and modifications made to them by any party, are and remain the sole property of FAST. This Agreement neither expresses nor implies that any interest in the Software and Documentation is assigned or transferred to the Licensee, except to the extent of the License granted by this Agreement.
5. FORM OF SOFTWARE. The Licensee agrees that the Software supplied under this Agreement shall be delivered to the Licensee in object code form only. FAST will maintain the Software source code with an escrow agent and list the Licensee as an authorized recipient of the source code in the event that FAST has not made suitable alternate arrangements for the continued maintenance of the Software and:
    - 5.1. A receiver is appointed for FAST or for its property and assets;

- 5.2. Proceedings under bankruptcy or insolvency laws are commenced by or against FAST; or
- 5.3. FAST ceases doing business or discontinues offering maintenance for the Software.

## 6. CONFIDENTIALITY.

- 6.1. Licensee acknowledges that all of the Software and Documentation provided to the Licensee pursuant to this License, in any form whatsoever, are FAST's "Confidential Information." Notwithstanding any provision in this Section 6 to the contrary, FAST acknowledges that Licensee is subject to and will comply with the Tennessee Public Records Act, Tennessee Code Annotated, Title 10, Chapter 7.
- 6.2. Unless otherwise authorized or required by law, Licensee hereby agrees: 1) to hold all Confidential Information in confidence; 2) to use FAST Confidential Information only for the purpose for which it is disclosed; 3) to reproduce the Confidential Information only to the extent allowed under this License; and 4) not to disclose the Confidential Information to any third party without FAST's prior written consent.
- 6.3. Licensee agrees to take reasonable security precautions, at least as great as the precautions it takes to protect its own confidential information, in order to protect the confidentiality of FAST's Confidential Information.
- 6.4. Licensee may disclose Confidential Information only to the Licensee's employees on a need-to-know basis. The Licensee will have executed or will execute appropriate written agreements with its employees sufficient to enable it to comply with all the provisions of this Agreement.
- 6.5. Licensee will segregate all FAST Confidential Materials from the confidential materials of others to prevent commingling.
- 6.6. At no time, under any circumstance, will any of FAST's Confidential Materials be removed from Licensee property without the prior written consent of FAST.
- 6.7. Licensee will notify FAST immediately upon discovery of any unauthorized use or disclosure of FAST's Confidential Information or any other breach of this Agreement by the Licensee, and will cooperate with FAST in every reasonable way to help FAST regain possession of the Confidential Information and prevent its further unauthorized use.
- 6.8. If the Licensee becomes legally obligated to disclose FAST's Confidential Information by any governmental entity with jurisdiction over it, the Licensee will give FAST written notice sufficient to allow FAST to seek a protective order or other appropriate remedy. If disclosure cannot be avoided, Licensee will disclose only such information as is legally required and will use its reasonable best efforts to obtain confidential treatment for any of FAST's Confidential Information that is so disclosed.
- 6.9. A Non-Disclosure Agreement in the form attached hereto as Attachment A, and incorporated herein by reference, shall be signed by the Licensee's agents, contractors, contractors' employees, and any other third parties (non-Licensee employees) who may be exposed to or gain access to FAST Confidential Information.

12. WAIVER. None of the provisions of this Agreement will be deemed to have been waived by any act or acquiescence by any party, but only by an instrument in writing signed by an authorized representative of the waiving party. No waiver of any provision of this Agreement will constitute a waiver of any other provision or of the same provision on another occasion. Failure to enforce any provision of this Agreement will not constitute waiver of such provision or any other provisions of this Agreement.
13. SEVERABILITY. Should any one or more of the provisions of this Agreement be held invalid or unenforceable by a court of competent jurisdiction, it shall be considered severed from this Agreement and shall not serve to invalidate the remaining provisions of this Agreement.
14. BINDING NATURE; NO THIRD PARTY BENEFICIARY. The terms and provisions of this Agreement shall be binding upon and inure to the benefit of the parties, and their respective successors and assigns, and is made solely and specifically for their benefit. No other person shall have any rights, interest or claims hereunder or be entitled to any benefits under or on account of this Agreement as a third-party beneficiary or otherwise.
15. AMENDMENT. This Agreement may only be enlarged, altered, voided or modified by a written amendment signed by FAST and the Licensee.
16. HEADINGS. Descriptive headings and Section/Paragraph numbering in this Agreement are for convenience only and shall not affect the construction or meaning of contractual language.

ACCEPTED AND AGREED TO:

---

Print name and Title

---

Signature

Date:

ACCEPTED AND AGREED TO:  
FAST ENTERPRISES, LLC

Per:

---

Print name

Signature

---

Date:

## ATTACHMENT A TO LICENSING AGREEMENT

### NONDISCLOSURE AGREEMENT

FAST ENTERPRISES, LLC, a New York limited liability company, ("FAST") is providing the State of Tennessee, Department of Revenue (the "Licensee") access to FAST products, tools, inventions, innovations, design concepts, program code, knowledge capital and professional services.

The following articles govern the procedures by which the undersigned ("I", "me", "my") will handle FAST confidential information. Specifically:

1. FAST declares that the following are confidential ("Confidential Material"):
  - a) Any data, products, inventions, innovations, program source code, program object code, program executables, data designs, data definitions, programming aids, tools, utilities, configurations, drawings, formulae, algorithms, ideas, designs, concepts, know-how, discoveries, techniques, training material, documents, manuals, methodologies, specifications, models, and other knowledge capital, electronic or otherwise, owned by FAST whether copyrightable or patentable or not;
  - b) Information relating to the technology, customers, business plans, promotional and marketing activities, pricing policies, finances and other business affairs of FAST;
  - c) Any documents or material which are marked "Confidential";
  - d) Information which, under the circumstances, ought to be treated as confidential.
2. FAST will disclose such Confidential Material to individuals as required for:
  - a) The implementation of FAST software for the Licensee's use; and/or
  - b) Use of FAST software by the Licensee.
3. I agree to receive any such Confidential Material in confidence and to use such Confidential Material solely for the purpose defined in Section 2 above, except as otherwise required by law, including but not limited to the Tennessee Public Records Act, Tennessee Code Annotated, Title 10, Chapter 7. I further agree to take either:
  - a) Such measures as I would take in protecting the confidentiality of my own confidential information, or
  - b) Such measures as a reasonable person would take in protecting the confidentiality of his or her own confidential information,whichever represents the higher standard, in protecting the confidentiality of the Confidential Material.
4. I agree that any Confidential Material that I receive can only be used for purposes outlined in Section 2 above, except as otherwise required by law, including but not limited to the Tennessee Public Records Act, Tennessee Code Annotated, Title 10, Chapter 7. Other uses can be made only after obtaining the written permission of FAST.
5. I agree not to remove, from Licensee's property, any Confidential Material without first obtaining the written permission of FAST.
6. I agree that I will not disclose any Confidential Material, directly or indirectly, to any party other than the Licensee without first obtaining the written permission of FAST, except as otherwise

required by law, including but not limited to the Tennessee Public Records Act, Tennessee Code Annotated, Title 10, Chapter 7.

7. I agree that all Confidential Material provided under the terms of this Agreement shall remain the property of FAST and shall be returned to FAST upon its request, including any and all copies I might produce.
8. Nothing herein shall be construed as giving me any license or right in connection with the Confidential Material disclosed to me.
9. My obligation to maintain information in confidence shall not extend to such portions of the information that, at the time of disclosure to me, are general knowledge in the public domain.
10. I understand that my obligation to protect the confidentiality of the Confidential Material extends beyond my involvement with the Licensee and beyond my involvement with FAST. Furthermore, my obligation to protect the confidentiality of the Confidential Material is not subject to changes in my employment status.
11. I understand that access to the Confidential Material is provided on a need-to-know basis. If, for any reason, such need no longer exists, I agree that I will return all Confidential Material to FAST, including any and all copies I may have produced.
12. If any term of this Agreement should be declared void or unenforceable, such declaration will have no effect on the remaining terms herein.

I HAVE READ THIS AGREEMENT CAREFULLY AND I UNDERSTAND AND ACCEPT THE OBLIGATIONS WHICH IT IMPOSES UPON ME WITHOUT RESERVATION. NO PROMISES OR REPRESENTATIONS HAVE BEEN MADE TO ME TO INDUCE ME TO SIGN THIS AGREEMENT. I SIGN THIS AGREEMENT VOLUNTARILY AND FREELY.

---

Print name

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Signature

---

Date

## Attachment G

### FEDERALLY MANDATED REQUIREMENTS FOR TECHNOLOGY SERVICES CONTRACTS WITH ACCESS TO FEDERAL TAX RETURN INFORMATION

Federal Tax Information ("FTI") means any return or return information, as defined by I.R.C. § 6103(b)(2), received from the Internal Revenue Service or secondary source, such as the Social Security Administration, Federal Office of Child Support Enforcement, or Bureau of Fiscal Service. FTI includes any information created by the recipient that is derived from return or return information.

#### 1. PERFORMANCE

In performance of this Contract, the Contractor agrees to comply with and assume responsibility for compliance by his or her employees with the following requirements:

- 1.1 All work will be done under the supervision of the Contractor or the Contractor's employees.
- 1.2 Any return or return information made available in any format shall be used only for the purpose of carrying out the provisions of this Contract. Information contained in such material will be treated as confidential and will not be divulged or made known in any manner to any person except as may be necessary in the performance of this Contract. Disclosure to anyone other than an officer or employee of the Contractor will be prohibited.
- 1.3 All returns and return information will be accounted for upon receipt and properly stored before, during, and after processing. In addition, all related output will be given the same level of protection as required for the source material.
- 1.4 The Contractor certifies that the data processed during the performance of this Contract will be completely purged from all data storage components of his or her computer facility, and no output will be retained by the Contractor at the time the work is completed. If immediate purging of all data storage components is not possible, the Contractor certifies that any IRS data remaining in any storage component will be safeguarded to prevent unauthorized disclosures.
- 1.5 Any spoilage or any intermediate hard copy printout that may result during the processing of IRS data will be given to the State. When this is not possible, the Contractor will be responsible for the destruction of the spoilage or any intermediate hard copy printouts, and will provide the State with a statement containing the date of destruction, description of material destroyed, and the method used.
- 1.6 All computer systems receiving, processing, storing, or transmitting FTI must meet the requirements defined in IRS Publication 1075. To meet functional and assurance requirements, the security features of the environment must provide for the managerial, operational, and technical controls. All security features must be available and activated to protect against unauthorized use of and access to Federal Tax Information.
- 1.7 No work involving Federal Tax Information furnished under this Contract will be subcontracted without prior written approval of the IRS.
- 1.8 The Contractor will maintain a list of employees authorized access. Such list will be provided to the State and, upon request, to the IRS reviewing office.
- 1.9 The State will have the right to void the Contract if the Contractor fails to provide the safeguards described above.

#### 2. CRIMINAL/CIVIL SANCTIONS:

- 2.1 Each officer or employee of any person to whom returns or return information is or may be disclosed will be notified in writing by such person that returns or return information disclosed to such officer or employee can be used only for a purpose and to the extent authorized herein, and that further disclosure of any such returns or return information for a purpose or to an extent unauthorized herein constitutes a felony punishable upon conviction by a fine of as much as five thousand dollars (\$5,000) or imprisonment for as long as five (5) years, or both, together with the costs of prosecution. Such person shall also notify each such officer and employee that any such unauthorized further disclosure of returns or return information may also result in an award of civil damages against the officer or employee in an amount not less than one thousand dollars (\$1,000) with respect to each instance of unauthorized disclosure. These penalties are prescribed by I.R.C. §§ 7213 and 7431 and set forth at 26 CFR 301.6103(n)-1.

- 2.2 Each officer or employee of any person to whom returns or return information is or may be disclosed shall be notified in writing by such person that any return or return information made available in any format shall be used only for the purpose of carrying out the provisions of this Contract. Information contained in such material shall be treated as confidential and shall not be divulged or made known in any manner to any person except as may be necessary in the performance of the Contract. Inspection by or disclosure to anyone without an official need-to-know constitutes a criminal misdemeanor punishable upon conviction by a fine of as much as one thousand dollars (\$1,000) or imprisonment for as long as one (1) year, or both, together with the costs of prosecution. Such person shall also notify each such officer and employee that any such unauthorized inspection or disclosure of returns or return information may also result in an award of civil damages against the officer or employee in an amount equal to the sum of the greater of one thousand dollars (\$1,000) for each act of unauthorized inspection or disclosure with respect to which such defendant is found liable or the sum of the actual damages sustained by the plaintiff as a result of such unauthorized inspection or disclosure plus in the case of a willful inspection or disclosure which is the result of gross negligence, punitive damages, plus the costs of the action. These penalties are prescribed by I.R.C. §§ 7213A and 7431.
- 2.3 Additionally, it is incumbent upon the Contractor to inform its officers and employees of the penalties for improper disclosure imposed by the Privacy Act of 1974, 5 U.S.C. § 552a. Specifically, 5 U.S.C. § 552a(i)(1), which is made applicable to contractors by 5 U.S.C. 552a(m)(1), provides that any officer or employee of a contractor, who by virtue of his or her employment or official position, has possession of or access to State records which contain individually identifiable information, the disclosure of which is prohibited by the Privacy Act or regulations established thereunder, and who knowing that disclosure of the specific material is prohibited, willfully discloses the material in any manner to any person or agency not entitled to receive it, shall be guilty of a misdemeanor and fined not more than five thousand dollars (\$5,000).
- 2.4 Granting a Contractor access to FTI must be preceded by certifying that each individual understands the State's security policy and procedures for safeguarding IRS information. Contractors must maintain their authorization to access FTI through annual recertification. The initial certification and recertification must be documented and placed in the State's files for review. As part of the certification and at least annually afterwards, Contractors must be advised of the provisions of I.R.C. §§ 7431, 7213, and 7213A. The training provided before the initial certification and annually thereafter must also cover the incident response policy and procedure for reporting unauthorized disclosures and data breaches. For both the initial certification and the annual certification, the Contractor must sign, either with ink or electronic signature, a confidentiality statement certifying their understanding of the security requirements.
3. **INSPECTION:**  
The IRS and the State shall have the right to send its officers and employees into the offices and plants of the Contractor for inspection of the facilities and operations provided for the performance of any work under this Contract. On the basis of such inspection, specific measures may be required in cases where the Contractor is found to be noncompliant with Contract safeguards.

**Appendix 1  
Payment Methodology**

The service description and deliverables set forth below are described in Attachment B: Implementation Methodology. The parties anticipate implementing the GenTax product in four rollout phases.

<b>Payment Milestones</b>	<b>Phase Deliverable (per Attachment B)</b>	<b>Invoicing Requirement or Estimated Invoice Date</b>	<b>Amount (per approved deliverable)</b>
Application Software Installation – License Fee Installment #1		January 11, 2016	\$3,000,000
Application Software Installation – License Fee Installment #2		July 15, 2016	\$2,000,000
<i>Rollout One</i>			
Deliverable 1: Preparation Phase and Deliverable 2: Definition Phase	1.1 – 1.8;  2.1 – 2.5	Full completion required for invoicing	\$450,000
Deliverable 3: Base Configuration	3.1 – 3.5	Full completion required for invoicing	\$750,000
Deliverable 4: Development Phase	4.1 – 4.6	Substantial completion required for invoicing	\$1,800,000
Business Testing	6.2	Substantial completion required for invoicing	\$900,000
Deliverable 7: User Training Phase and Deliverable 8: Rollout Phase	7.1 – 7.5  8.1 – 8.8	Full completion required for invoicing	\$2,100,000
<i>Rollout Two</i>			
Deliverable 1: Preparation Phase and Deliverable 2: Definition Phase	1.2 – 1.8;  2.1 – 2.5	Full completion required for invoicing	\$450,000
Deliverable 3: Base Configuration	3.1 – 3.5	Full completion required for invoicing	\$750,000
Deliverable 4:	4.1 – 4.6	Substantial completion	\$1,800,000

<b>Payment Milestones</b>	<b>Phase Deliverable (per Attachment B)</b>	<b>Invoicing Requirement or Estimated Invoice Date</b>	<b>Amount (per approved deliverable)</b>
Development Phase		required for invoicing	
Business Testing	6.2	Substantial completion required for invoicing	\$900,000
Deliverable 7: User Training Phase and Deliverable 8: Rollout Phase	7.1 – 7.5  8.1 – 8.8	Full completion required for invoicing	\$2,100,000
<i>Rollout Three</i>			
Deliverable 1: Preparation Phase and Deliverable 2: Definition Phase	1.3 – 1.8;  2.1 – 2.5	Full completion required for invoicing	\$450,000
Deliverable 3: Base Configuration	3.1 – 3.5	Full completion required for invoicing	\$750,000
Deliverable 4: Development Phase	4.1 – 4.6	Substantial completion required for invoicing	\$1,800,000
Business Testing	6.2	Substantial completion required for invoicing	\$900,000
Deliverable 7: User Training Phase and Deliverable 8 Rollout Phase	7.1 – 7.5  8.1 – 8.8	Full completion required for invoicing	\$2,100,000
<i>Rollout Four</i>			
Deliverable 1: Preparation Phase and Deliverable 2: Definition Phase	1.4 – 1.8;  2.1 – 2.5	Full completion required for invoicing	\$450,000
Deliverable 3: Base Configuration	3.1 – 3.5	Full completion required for invoicing	\$750,000
Deliverable 4: Development Phase	4.1 – 4.6	Substantial completion required for	\$1,800,000

Payment Milestones	Phase Deliverable (per Attachment B)	Invoicing Requirement or Estimated Invoice Date	Amount (per approved deliverable)
		invoicing	
Business Testing	6.2	Substantial completion required for invoicing	\$900,000
Deliverable 7: User Training Phase and Deliverable 8: Rollout Phase	7.1 – 7.5  8.1 – 8.8	Full completion required for invoicing	\$2,100,000
<i>Annual Maintenance – Fast and Optional Software</i>			
Year One		January 11, 2016	\$1,000,000
Annual Maintenance Contract Year Two		January 11, 2017	\$1,000,000
Annual Maintenance, Contract Year Three		January 11, 2018	\$1,000,000
Annual Maintenance, Contract Year Four		January 11, 2019	\$1,000,000
<i>Renewal Terms</i>			
Maintenance and Support Level 3, First Renewal Term			\$3,400,000
Each additional FTE, First Renewal Term			\$370,000
Maintenance and Support Level 3, Second Renewal Term			\$3,500,000
Each additional FTE, Second Renewal Term			\$380,000
<i>Election to Require Use of TBSM Templates (Section A.5)</i>			
Election			Not to exceed \$2,000,000 in the aggregate