BILL LEE
Governor

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

DAVID GERREGANO
Commissioner

November 1, 2019

Fiscal Review Committee
8th Floor Rachel Jackson Building
425 5th Avenue North
Nashville, Tennessee 37243-0213

Re: Proposed Contract Amendment for Avalara, Inc.

The Department of Revenue respectfully submits this amendment to the Avalara, Inc contract for review by the joint Fiscal Review Committee.

Avalara Incorporation provides tax compliance software. The company was incorporated in 1999 and is headquartered in Seattle, Washington.

Avalara provides the software and software maintenance for the Motor Fuels EDI and Tracking system. Since Avalara is the creator and owner of this software, currently, they are the only vendor that can supply the maintenance services required by this contract. Obtaining this contract is crucial in that this software is used for the receipt, processing, and tracking of several hundred Motor Fuel returns monthly. Total collections during the current contract total $4,698,358,348.11.

We appreciate your consideration in reviewing this original contract and welcome any questions.

Sincerely,

David Gerregano

David Gerregano

Cc: bs/jm

Supplemental Documentation Required for Fiscal Review Committee

*Contact Name:	Tyron Odom	*Contact Phone:	615.253.1381
*Presenter's name(s):	Justin Moorhead, Barbara Sampson		
Edison Contract Number: *(if applicable)*	44467	RFS Number: *(if applicable)*	
*Original or Proposed Contract Begin Date:	01/01/2015	*Current or Proposed End Date:	12/31/2020
Current Request Amendment Number: *(if applicable)*			
Proposed Amendment Effective Date: *(if applicable)*	January 1, 2020		
*Department Submitting:	Department of Revenue		
*Division:	Audit		
*Date Submitted:	November 1, 2019		
*Submitted Within Sixty (60) days:	Yes		
If not, explain:			
*Contract Vendor Name:	Avalara, Inc.		
*Current or Proposed Maximum Liability:	$2,003,592.00		
*Estimated Total Spend for Commodities:			

*Current or Proposed Contract Allocation by Fiscal Year:
(as Shown on Most Current Fully Executed Contract Summary Sheet)

FY:2016	FY:2017	FY:2018	FY:2019	FY2020	FY2021
$317,621	$323,973	$330,453	$337,062	$343,803	$350,680

*Current Total Expenditures by Fiscal Year of Contract:
(attach backup documentation from Edison)

FY:2016	FY:2017	FY:2018	FY:2019	FY2020	FY2021
$317,621	$323,973	$330,453	$337,062	$	$

IF Contract Allocation has been greater than Contract Expenditures, please give the reasons and explain where surplus funds were spent:	
IF surplus funds have been carried forward, please give the reasons and provide the authority for the carry forward provision:	
IF 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

*Contract Funding Source/Amount:			
State:	$2,003,592.00	Federal:	
Interdepartmental:		*Other*:	
If "*other*" please define:			
If "*interdepartmental*" please define:			

Dates of All Previous Amendments or Revisions: (*if applicable*)	Brief Description of Actions in Previous Amendments or Revisions: (*if applicable*)

Method of Original Award: (*if applicable*)	
*What were the projected costs of the service for the entire term of the contract prior to contract award? How was this cost determined?	$1,652,612.55. Vendor quoted price.
*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.	Avalara provides the software and software maintenance for the Motor Fuels EDI and Tracking system. Since Avalara is the creator and owner of this software, they are the only vendor that can supply the maintenance services required by this contract. Obtaining this contract is crucial in that this software is used for receipt, processing and tracking of several hundred Motor Fuel returns monthly.
*Provide information on the circumstances and status of any disciplinary action taken or pending against the vendor during the past 5 years with state agencies/ departments, professional organizations, or through any legal action.	None
*In addition, please provide any information regarding the due diligence that the Department has taken to ensure that the vendor is not or has not been involved in any circumstances related to illegal	

activity, including but not limited to fraud.	

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. Upload the completed document and route for approvals by selecting the appropriate RER e-Form in Edison. For additional guidance, please see the e-Forms Job Aid available online at the following: https://www.teamtn.gov/cpo/learning-development/cpo-job-aids.html. 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. Note: If the requested changes involve contracts under a delegation, please use the RER for the DA or DGA templates. Also, any change to the template language regarding the Limitation of Contractor's Liability shall be submitted using the Limitation of Contractor's Liability Request.

APPROVED **[Upload this RER to e-Forms in Edison. Approval will be captured in Edison Workflow.]** CHIEF PROCUREMENT OFFICER	**APPROVED** **[Upload this RER to e-Forms in Edison. Approval will be captured in Edison Workflow.]** COMPTROLLER OF THE TREASURY

Agency request tracking #	34701-Avalara FY20
1. **Procuring Agency**	Revenue
2. **Edison contract ID #**	44467
3. **Please select Procurement or Contract Type.** (This will be the RER e-Form for routing purposes.)	☐ Grant Contract – for contracts involving Grants ☐ Technology - for contracts involving technology ☐ Risk Management - for changes to insurance or indemnification ☒ Standard – Agency Term Contract or Statewide Contract (use for non-technology contracts for goods or services)
4. **Contractor or Grantee**	Avalara, Inc.
5. **Contract's Effective Date**	01/01/2015
6. **Contract or grant contract's Term** (with ALL options to extend exercised)	60 months
7. **Contract's Maximum Liability** (with ALL options to extend exercised)	$ 1,652,912.55

8. **Citation and explanation of the rule(s)** for which the exception is requested. TN Rules & Reg. 0690-03-01-.17. The contract was originally termed for sixty (60) months. The department is requesting the term extend to seventy-two (72) months.

9. **Description of requested changes** If adding new provisions or modifying existing provisions, insert the new or modified provisions in their entirety. Please provide red-lines or track changes to highlight any deviations from template language. Section 1.3 Software Upgrades. The Contractor shall provide all scheduled version upgrades, error resolutions and software patches during the Contract Term at no additional cost to the State. Software upgrades and patches shall be distributed via secure FTP site provided by the Contractor or other manner agreed upon by the parties. The Contractor shall further provide software upgrades required as a result of tax rate changes or other legislative acts during the Contract Term at no additional cost to the state. Section 3.1 Contract Term. This Contract shall be effective for the period beginning January 1 2015, and ending on December 31, 2020. The Contractor hereby acknowledges and affirms that the State shall have no obligation for services rendered by the Contractor which were not performed within this specified contract period. Section 4.4 Payment Methodology. The Contractor shall be compensated based on the payment rates herein for units of service authorized by the State in a total amount not to exceed the Contract Maximum Liability established in Section 4.1. Section 4.5 Invoices.

Deletes the language Ray Grigsby, Audit Manager and inserts Rodney Pendley, Tax Audit Manager.
10. **Scope of Goods or Services Caption:** Avalara provides the software and software maintenance for the Motor Fuels EDI and Tracking system.
11. **Justification** This is final year this vendor will be used. Motor Fuel tax data will capture and stored in Revenue's TR3 tax system.
Signature of Agency head or designee and date David Gerregano 11/1/19

STS Pre-Approval Endorsement Request
E-Mail Transmittal

TO : STS Contracts
Department of Finance & Administration
E-mail : it.abc@tn.gov

FROM : Tyron Odom
E-mail : Tyron.Odom@tn.gov

DATE : 7/15/2019 Received by STS on 10-17-19, all docs received 10-21-19

RE : Request for STS Pre-Approval Endorsement

Applicable RFS # 34701-AvalaraFY20

State Security Confidential Information Applicability

Under Tenn. Code Ann. §10-7-504(i) vendor identity or a description of the goods or services provided by the vendor shall be confidential.

☐ Applicable
☒ Not Applicable

Additional language is attached and endorsement is contingent upon inclusion of this additional language:

☒ Applicable
☐ Not Applicable

STS Endorsement Signature & Date:

Stephanie Dedmon, CIO (WMH)

Digitally signed by Stephanie Dedmon, CIO (WMH)
Date: 2019.10.31 11:04:08 -05'00'

Chief Information Officer

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

Strategic Technology Solutions (STS) 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 STS 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 STS endorsement of the described procurement (with the appropriate signature above), and return this document via e-mail at your earliest convenience.

Contracting Agency	Revenue

Applicable RFS #	**34701-AvalaraFY20**
Agency Contact (name, phone, e-mail)	**Tyron Odom, 615.253.1381**

Attachments Supporting Request (mark all applicable)

Note: The complete draft procurement document and the applicable documents listed below must accompany this request when submitted to STS. Special Contract Requests and Amendment Requests without Agency Head signature are acceptable. STS is aware that these documents will not have CPO signature when submitted with this request.

- ☐ Solicitation Document
- ☒ Special Contract Request
- ☐ Amendment Request
- ☐ Proposed Contract/Grant or Amendment
- ☐ Original Contract/Grant and Previous Amendments (if any)

Information Systems Plan (ISP) Project Applicability

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

IT Director/Staff Name Confirming (required): Daniel Pogue

- ☐ Applicable – Approved ISP Project#
- ☒ Not Applicable

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.

This is a motor fuel tracking (Cross Matching) system, maintenance and support, and is license to:

1. Continue compliance with T.C.A. Section 67-3-706 which mandates electronic filing.
2. Ensure more accurate data.
3. Provide more usable data.
4. Allow reallocation of support time.
5. Reduce processing time.
6. Reduce storage space.

STATE OF TENNESSEE, DEPARTMENT OF GENERAL SERVICES
CENTRAL PROCUREMENT OFFICE

Agency Term Contract Multi-Year - Issued to:

Avalara Inc
PO Box 10126

Bainbridge Island WA 98110

Vendor ID: 0000177374

CONTRACT NUMBER: 00000000000000000000044467 TITLE: Avalara Government Software

START DATE: January 01, 2015 END DATE: December 31, 2020

Contract Contact Information:

State of Tennessee
Department of General Services, Central Procurement Office
Contract Administrator: Orlando S Jordan
3rd Floor, William R Snodgrass, Tennessee Tower
312 Rosa L. Parks Avenue
Nashville, TN 37243-1102
Phone:
Fax: 615-741-0684

Line Information

Line 1
Item ID: 1000166531
System/Software Maintenance and Support, Avalara Government 5.x Components. Revenue Audit Division-Motor Fuel, 500 Deaderick St., 12th Floor, Andrew Jackson State Office Bldg, Nashville, TN 37242. Year 1
Unit of Measure: YR
Vendor Item/Part #: SSMTFLTRCKYR1
Manufacturer Item #:
Unit Price: $ 317621.02

Line 2
Item ID: 1000166532
System/Software Maintenance and Support, Avalara Government 5.x Components. Revenue Audit Division-Motor Fuel, 500 Deaderick St., 12th Floor, Andrew Jackson State Office Bldg, Nashville, TN 37242. Year 2
Unit of Measure: YR
Vendor Item/Part #: SSMTFLTRCKYR2
Manufacturer Item #:
Unit Price: $ 323973.44

Line 3
Item ID: 1000166533
System/Software Maintenance and Support, Avalara Government 5.x Components. Revenue Audit Division-Motor Fuel, 500 Deaderick St., 12th Floor, Andrew Jackson State Office Bldg, Nashville, TN 37242. Year 3

Unit of Measure: YR
Vendor Item/Part #: SSMTFLTRCKYR3
Manufacturer Item #:
Unit Price: $ 330452.91

Line 4

Item ID: 1000166534

System/Software Maintenance and Support, Avalara Government 5.x Components. Revenue Audit Division-Motor Fuel, 500 Deaderick St., 12th Floor, Andrew Jackson State Office Bldg, Nashville, TN 37242. Year 4

Unit of Measure: YR
Vendor Item/Part #: SSMTFLTRCKYR4
Manufacturer Item #:
Unit Price: $ 337061.97

Line 5

Item ID: 1000166535

System/Software Maintenance and Support, Avalara Government 5.x Components. Revenue Audit Division-Motor Fuel, 500 Deaderick St., 12th Floor, Andrew Jackson State Office Bldg, Nashville, TN 37242. Year 5

Unit of Measure: YR
Vendor Item/Part #: SSMTFLTRCKYR5
Manufacturer Item #:
Unit Price: $ 343803.21

APPROVED: _____ BY: _____ _____

CHIEF PROCUREMENT OFFICER PURCHASING AGENT DATE

CONTRACT
BETWEEN THE STATE OF TENNESSEE,
TENNESSEE DEPARTMENT OF REVENUE
AND
AVALARA, INC.

This Contract, by and between the State of Tennessee, Tennessee Department of Revenue, hereinafter referred to as the "*State*," and Avalara, Inc., hereinafter referred to as the "*Contractor*," is for the provision of Support and Maintenance, as further defined in the "SCOPE OF SERVICES."

The Contractor is a For-Profit Corporation
Contractor Place of Incorporation or Organization: Washington
Contractor Edison Registration ID # 177374

1. SCOPE OF SERVICES:

1.1 General Scope. The Contractor shall provide all service and deliverables as required, described, and detailed herein and shall meet all service and delivery timelines as specified by this Contract.

1.2 Description of Services. The Avalara Government 5.x application licensed by Tennessee includes support and annual maintenance for the following Avalara Government 5.x components:

(A) Tax Filing module that supports 6 Tennessee EDI tax returns and 2 non-EDI tax returns. This includes general functionality for editing, displaying, printing Tennessee tax returns and schedules. On-line capability for input and validation of all schedule and tax report data is included. State specific validation rules are supported for all tax returns and associated schedules.

(B) Reporting module that provides access to standard and custom reports. This includes custom reports for Tennessee, Express Query capability and Schedule Query Wizard.

(C) Cross-Matching module that provides on-line and scheduled execution of pre-defined and ad-hoc tracking audits. Reports generated by Cross-Matching identify areas of potential fraud. Differences in how transactions are reported provide a source of information to support audits of the parties involved.

(D) Interface from Avalara Government 5.x to the Tennessee back-office accounting system – RITS for transferring tax return data for original and amended tax returns.

2. DEFINITIONS:

2.1 "*Change Request*" shall have the meaning set forth in Section 7.2.

2.2 "*Confidential Information*" shall have the meaning set forth in Section 10.1.

2.3 "*Deliverables*" means a work of authorship that is expressly identified as a "Deliverable" in a Statement of Work prepared by Contractor specifically for the State during Contractor's performance of Support Services as provided in Section 7.1 and paid for the State as provided in Section 4.

2.4 "*Documentation*" means the performance specifications, operating instructions, and other relevant written materials accompanying or associated with Software, Modifications and Deliverables.

2.5 "*Effective Date*" means the first of the dates defined in Section 3.1.

2.6 "*Liaisons*" shall have the meaning set forth in Section 7.1.

2.7 "*Modifications*" means those changes to the Software (if any) made by Contractor to modify the Software to the specifications required by the State and to make the Software compatible with and/or enhance the operation of the Software on the State's computer system.

2.8 "*Proprietary Rights*" means all patent rights, copyrights, moral rights, trade secret rights, trademark rights.

2.9 "*Software*" means Contractor's Government Motor Fuel Tax Compliance, Reporting and Tracking Software.

2.10 "*Support Services*" means (a) consultative telephone or internet based support services for problems that the State encounters in its installation and use of the Software, (b) on-site assistance with the installation, implementation, training and integration of the Software, including, but not limited to, advice on changes to the State's computer system that will increase efficiency and performance, assistance with implementation of the Software at facilities designated by the State and recommendation and/or development of changes to business rules written by the State to aid in assigning schedule codes in movement of fuel transactions, (c) development of Modifications.

3. CONTRACT PERIOD:

3.1 Term. This Contract shall be effective for the period beginning January 1, 2015, and ending on December 31, 2019. The Contractor hereby acknowledges and affirms that the State shall have no obligation for services rendered by the Contractor which were not performed within this specified contract period.

4. PAYMENT TERMS AND CONDITIONS:

4.1 Maximum Liability. In no event shall the maximum liability of the State under this Contract exceed the amounts listed in Section 4.4. The payment rates in Section 4.4 shall constitute the entire compensation due the Contractor for all service and Contractor obligations hereunder regardless of the difficulty, materials or equipment required. The payment rates include, but are not limited to, all applicable taxes, fees, overheads, and all other direct and indirect costs incurred or to be incurred by the Contractor.

4.2 No Extension of Liability. The Contractor is not entitled to be paid the maximum liability for any period under the Contract or any extensions of the Contract for work not requested by the State. The maximum liability represents available funds for payment to the Contractor and does not guarantee payment of any such funds to the Contractor under this Contract unless the State requests work and the Contractor performs said work. In which case, the Contractor shall be paid in accordance with the payment rates detailed in Section 4.4. The State is under no obligation to request work from the Contractor in any specific dollar amounts or to request any work at all from the Contractor during any period of this Contract.

4.3 Compensation Firm. The payment rates and the maximum liability of the State under this Contract are firm for the duration of the Contract and are not subject to escalation for any reason unless amended.

4.4 Payment Methodology. The Contractor shall be compensated based on the payment rates herein for units of service authorized by the State in a total amount not to exceed the Contract Maximum Liability established in Section 4.1.

Service Description	Amount (per compensable increment)
Support and Maintenance for January 1, 2015 – December 31, 2015	$317,621.02
Support and Maintenance for January 1, 2016 – December 31, 2016	$323,973.44
Support and Maintenance for January 1, 2017 – December 31, 2017	$330,452.91

Support and Maintenance for January 1, 2018 – December 31, 2018	$337,061.97
Support and Maintenance for January 1, 2019 – December 31, 2019	$343,803.21

4.5 Invoices. The Contractor shall invoice the State only for the amount stipulated in Section 4.4, above, and present said invoices annually, with all necessary supporting documentation, to:

Ray Grigsby, Audit Manager
Tennessee Department of Revenue – Audit Division
500 Deaderick Street
12th Floor –Andrew Jackson State Office Building
Nashville, TN 37242

(A) Required Invoice details. Each invoice shall clearly and accurately detail all of the following required 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: Tennessee Department of Revenue, Audit Division
(5) Customer Account Number (assigned by the Contractor to the above-referenced Customer)
(6) Contractor Name
(7) Contractor Tennessee Edison Registration ID Number Referenced in Preamble of this Contract
(8) Contractor Contact for Invoice Questions (name, phone, and/or fax)
(9) Contractor Remittance Address
(10) Description of Delivered Service
(11) Complete Itemization of Support and Maintenance charges, which shall detail the following:
a) Applicable Payment Rate (as stipulated in Section 4.4.) of each service invoiced; and
b) Total Amount Due for the invoice period

(B) Allowed Billing. The Contractor understands and agrees that an invoice under this Contract shall:

(1) include only charges for service described in Section 1 and in accordance with payment terms and conditions set forth in Section 4;
(2) only be submitted for completed service and shall not include any charge for future work;
(3) not include sales tax or shipping charges; and
(4) initiate the timeframe for payment (and any discounts) only when the State is in receipt of the invoice, and the invoice meets the minimum requirements of this Section 4.5.

4.6 Payment of Invoice. A payment by the State shall not prejudice the State's right to object to or question any payment, invoice, or matter in relation thereto. A payment by the State shall not be construed as acceptance of any part of the work or service provided or as approval of any amount invoiced.

4.7 Invoice Reductions. The Contractor's invoice shall be subject to reduction for amounts included in any invoice or payment theretofore made which are determined by the State, on the basis of audits conducted in accordance with the terms of this Contract, not to constitute proper remuneration for compensable services.

4.8 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 any amounts, which are or shall become due and payable to the State by the Contractor.

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

(A) *ACH Form.* The Contractor shall complete, sign, and present to the State an "Authorization Agreement for Automatic Deposit (ACH Credits) Form" provided by the State. By doing so, the Contractor acknowledges and agrees that, once said form is received by the State, all payments to the Contractor, under this or any other contract the Contractor has with the State shall be made by Automated Clearing House (ACH).

(B) *W-9 Form.* The Contractor shall complete, sign, and present to the State a "Substitute W-9 Form" provided by the State. The taxpayer identification number detailed by said form must agree with the Contractor's Federal Employer Identification Number or Tennessee Edison Registration ID referenced in this Contract.

5. STANDARD TERMS AND CONDITIONS:

5.1 Required Approvals. The State is not bound by this Contract until it is signed by the contract parties and approved by appropriate officials in accordance with applicable Tennessee laws and regulations (depending upon the specifics of this contract, said officials may include, but are not limited to, the Commissioner of Finance and Administration, the Commissioner of Human Resources, and the Comptroller of the Treasury).

5.2 Modification and Amendment. This Contract may be modified only by a written amendment signed by all parties hereto and approved by both the officials who approved the base contract and, depending upon the specifics of the contract as amended, any additional officials required by Tennessee laws and regulations (said officials may include, but are not limited to, the Commissioner of Finance and Administration, the Commissioner of Human Resources, and the Comptroller of the Treasury).

5.3 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.

5.4 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 violates any terms of this Contract, the State shall have the right to immediately terminate the Contract and withhold payments in excess of fair compensation for completed services. 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.

5.5 Subcontracting. The Contractor shall not assign this Contract or enter into a subcontract for any of the services performed under this Contract without obtaining the prior written approval of the State. If such subcontracts are approved by the State, each shall contain, at a minimum, sections of this Contract below pertaining to "Conflicts of Interest," "Nondiscrimination," and "Records" (as identified by the section headings). Notwithstanding any use of approved subcontractors, the Contractor shall be the prime contractor and shall be responsible for all work performed.

5.6 Conflicts of Interest. The Contractor warrants that no part of the total Contract Amount shall be paid directly or indirectly to an employee or official of the State 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 relative to 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 months has been, an employee of the State or if the Contractor

is an entity in which a controlling interest is held by an individual who is, or within the past six months has been, an employee of the State.

5.7 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, color, religion, sex, national origin, or any other classification protected by Federal, Tennessee State constitutional, or statutory law. The Contractor shall, upon request, show proof of such nondiscrimination and shall post in conspicuous places, available to all employees and applicants, notices of nondiscrimination..

5.8 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 upon the receipt of written request of the reaffirmation to the General Counsel of Contractor. 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 material performance of this Contract, and semi-annually thereafter, during the period of this Contract, 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 such 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. Said 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 willful 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 either a United States citizen, a Lawful Permanent Resident, or a person whose physical presence in the United States is authorized or allowed by the federal Department of Homeland Security and who, under federal immigration laws and/or regulations, is authorized to be employed in the U.S. or is otherwise authorized to provide services under the Contract.

5.9 Records. The Contractor shall maintain documentation for all charges under this Contract. The books, records, and documents of the Contractor, insofar as they relate to work performed or money received under this Contract, shall be maintained for a period of three (3) 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.

5.10 Prevailing Wage Rates. All State contracts for highway construction projects, which are for the purpose of building, rebuilding, locating, relocating or repairing any streets, highways or bridges, require compliance with the prevailing wage laws as provided in Tenn. Code Ann. § 12-4-401 – 415.

5.11 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.

5.12 Progress Reports. The Contractor shall submit brief periodic progress reports to the State as requested.

5.13 Strict Performance. Failure by any party to this Contract to insist in any one or more cases upon 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 such 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 hereto.

5.14 Independent Contractor. The parties hereto, in the performance of this Contract, shall not act as employees, partners, joint venturers, or associates of one another. It is expressly acknowledged by the parties hereto that such parties are independent contracting entities and that nothing in this Contract shall be construed to create an employer/employee relationship or to allow either 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 shall not be deemed or construed to be the employees or agents of the other party for any purpose whatsoever.

5.15 Insurance. The Contractor, being an independent contractor and not an employee of the State, agrees to carry adequate public liability and other appropriate forms of insurance, including adequate public liability and other appropriate forms of insurance on the Contractor's employees, and to pay all applicable taxes incident to this Contract.

5.16 State Liability. The State shall have no liability except as specifically provided in this Contract.

5.17 Force Majeure. The obligations of the parties to this Contract are subject to prevention by causes beyond the parties' control that could not be avoided by the exercise of due care including, but not limited to, natural disasters, riots, wars, epidemics, or any other similar cause.

5.18 State and Federal Compliance. The Contractor shall comply with all applicable State and Federal laws and regulations in the performance of this Contract.

5.19 Governing Law. This Contract shall be governed by and construed in accordance with the laws of the State Of Tennessee. The Contractor agrees that it will be subject to the exclusive jurisdiction of the courts of the State in actions that may arise under this Contract. The Contractor acknowledges and agrees that any rights or claims against the State or its employees hereunder, and any remedies arising therefrom, shall be subject to and limited to those rights and remedies, if any, available under *Tennessee Code Annotated*, Sections 9-8-101 through 9-8-407.

5.20 Entire Agreement. This Contract is complete and contains the entire understanding between the parties relating to the subject matter contained herein, 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 relating hereto, whether written or oral.

5.21 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 hereof shall not be affected thereby and shall

remain in full force and effect. To this end, the terms and conditions of this Contract are declared severable.

5.22 Headings. Section headings of this Contract are for reference purposes only and shall not be construed as part of this Contract.

5.23 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 such information without entering into a business associate agreement or signing another such 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 because of the violation.

6. SPECIAL TERMS AND CONDITIONS:

6.1 Conflicting Terms and Conditions. Should any of these special terms and conditions conflict with any other terms and conditions of this Contract, these special terms and conditions shall control.

6.2 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. Any such communications, regardless of method of transmission, shall be addressed to the respective party at the appropriate mailing address, facsimile number, or email address as set forth below or to that of such other party or address, as may be hereafter specified by written notice.

The State:

Ray Grigsby, Audit Manager
Tennessee Department of Revenue – Audit Division
500 Deaderick Street
12th Floor –Andrew Jackson State Office Building
Nashville, TN 37242
ray.grigsby@tn.gov
Telephone # 615-532-6914

FAX: 615-741-5319

The Contractor:

DONNA PIERSON
Customer Account Manager for the SE Territory
Avalara, Inc.
24 Greenway Plaza, Ste. 1706
Houston TX 77046
Donna.pierson@avalara.com
Telephone # 713-302-1036

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

6.3 Subject to Funds Availability. The Contract is subject to the appropriation and availability of State and/or Federal funds. In the event that the funds are not appropriated or are otherwise unavailable, the State reserves the right to terminate the Contract upon written notice to the Contractor. Said termination shall not be deemed a breach of Contract by the State. Upon receipt of the written notice, the Contractor shall cease all work associated with the Contract. Should such an event occur, the Contractor shall be entitled to compensation for all satisfactory and authorized services completed as of the termination date. Upon such termination, the Contractor shall have no right to recover from the State any actual, general, special, incidental, consequential, or any other damages whatsoever of any description or amount.

6.4 Tennessee Consolidated Retirement System. The Contractor acknowledges and understands that, subject to statutory exceptions contained in *Tennessee Code Annotated*, Section 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 pursuant to *Tennessee Code Annotated*, Title 8, Chapter 35, Part 3 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 period of this Contract.

6.5 Tennessee Department of Revenue Registration. The Contractor shall be registered with the Department of Revenue for the collection of Tennessee sales and use tax. This registration requirement is a material requirement of this Contract.

6.6 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 offence 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.

7. SUPPORT SERVICES, MODIFICATIONS, AND DELIVERABLES

7.1 Email/Telephone Support Requests. The State will be provided installation and user guides and access to a support website. Within 15 days after the Effective Date, the State will provide Contractor the names of two (2) individuals (the "***Liaisons***") who are authorized by the State to contact Contractor to request and receive email or telephone Support Services. The Liaisons may contact Contractor for email/telephone Support Services via the support website or by Contractor's telephone support line between the hours of 7:00 a.m. and 7:00 p.m. CST, Monday through Friday, excluding federal holidays. Contractor will use reasonable commercial efforts to respond to such support requests within one business day after it receives such requests. Contractor will not respond to requests placed by individuals other than the Liaisons Contractor will use reasonable commercial efforts to assist the State with installation and use of the Software via email/telephone Support Services; *however*, the State acknowledges that Contractor may not be able to resolve such matters via telephone or by email. In the event Contractor is not able to resolve such matters remotely. The State may request on-site Support Services for such matters as provided in Section 7.2

7.2 Additional Change Requests. From time to time during the Term of this Contract, the State may request that Contractor perform Support Services in addition to those generally defined above by providing Contractor a written change request that clearly describes the particular Support Services desired by the State (each a "***Change Request***"). Each Change Request shall be subject to Contractor's acceptance, and Contractor will notify the State of its acceptance or rejection of each Change Request within ten days after receipt. Upon Contractor's acceptance of a Change Request, the specific details for Contractor's performance of such Support Services will be set forth in a mutually agreed upon statement of work, substantially in the form of the attached Exhibit B, which lays out a template Statement of Work for the State, (each a "***Change Request***"). Each Change Request must be signed by each party to be effective and shall be subject to all the terms and conditions of this Contract. If a Change Request conflicts with the current terms of the Contract, an amendment will be processed.

7.3 Limited License. The State hereby grants Contractor a limited, nonexclusive, nontransferable, royalty-free license to use, modify and/or create derivative works of (as applicable) the State's relevant Confidential Information (if any) for the purpose of allowing Contractor to perform its obligations hereunder, so that Contractor will comply with applicable law. Such license shall terminate upon the earlier to occur of (a) Contractor's completion of the relevant Support Services or (b) termination of this Contract.

8. WARRANTIES AND DISCLAIMERS:

8.1 Performance Warranty. Contractor represents and warrants to the State that all Support Services performed by Contractor, its agents and/or subcontractors, under this Contract will be performed in a professional and workmanlike manner. The foregoing warranties are subject to Contractor receiving written notice of the specific portion(s) of the Software, Support Services, Deliverables and/or Modifications that the State claims does not conform to the foregoing warranty within 30 days of the date on which such Software was accepted, Support Services were performed, or such Deliverables and/or Modifications were accepted by State (as applicable).

8.2 Remedy. IN THE EVENT CONTRACTOR BREACHES A WARRANTY PROVIDED IN SECTION 8.1, THE STATE'S SOLE AND EXCLUSIVE REMEDY WILL BE (A) WITH RESPECT TO SUPPORT SERVICES, TO HAVE CONTRACTOR RE-PERFORM SUCH SERVICES AT NO ADDITIONAL COST TO THE STATE OF TENSSEE; (B) WITH RESPECT TO DELIVERABLES AND/OR MODIFICATIONS, TO HAVE CONTRACTOR

REPAIR OR REPLACE SUCH DELIVERABLES AND/OR MODIFICATIONS; *PROVIDED, HOWEVER*, THAT THE DETERMINATION OF WHICH OF REPAIR OR REPLACEMENT IS APPROPRIATE WILL BE MADE BY CONTRACTOR, IN ITS REASONABLE DISCRETION OR (C) IF CONTRACTOR ELECTS NOT TO REPAIR OR REPLACE SUCH DELIVERABLES AND/OR MODIFICATIONS (AS APPLICABLE), TO HAVE CONTRACTOR PROVIDE A REFUND OF AMOUNTS ACTUALLY PAID BY THE STATE TO CONTRACTOR FOR SUCH DELIVERABLES AND/OR MODIFICATIONS (AS APPLICABLE).

9. INDEMNIFICATION:

9.1 Indemnity. Contractor shall defend or settle at its expense claims or suits instituted against the State arising out of or in connection with an assertion that the Software, a Deliverable or Modification, or the use thereof as authorized by Contractor under this Contract, infringes a U.S. patent or copyright existing as of the Effective Date. In addition, Contractor shall indemnify and hold the State harmless from and against damages (and, if Contractor has not assumed control of the defense and settlement, reasonable attorneys' fees incurred by the State) finally awarded to a third party in such suit or the amount of the settlement thereof; provided that (a) the State promptly notifies Contractor in writing of such claim or suit, (b) Contractor has the opportunity to assume sole control of the defense or settlement thereof and (c) the State furnishes all information available to the State for such defense to Contractor. Neither party is in any way authorized to agree to any settlement, compromise or the like which would require that the other party make any payment or bear other affirmative obligations beyond those required by this Contract without prior written approval of such other party, which will not be unreasonably withheld or delayed.

9.2 Additional Remedy. In addition to defending any infringement claim and paying any damages as required above, if Contractor determines that the Software, a Deliverable or Modification is or may be subject to an infringement claim, Contractor may, at its option (a) procure for the State the right to continue using the Software, such Deliverable or Modification (as applicable) in accordance with this Contract or (b) replace or modify the Software, such Deliverable or Modification (as applicable) so it becomes non-infringing, but substantially equivalent in functionality and performance. If Contractor determines that neither of the remedies in this Section 9.2 is commercially practicable, Contractor may immediately terminate the State's right to use the Software, or Deliverable or Modification, in which case the State will return the Software, or Deliverable or Modification to Contractor and/or cease all use of the Software, or Deliverable or Modification, and Contractor shall provide a refund to the State for all Support and Maintenance fees pre-paid to Contractor and a refund for all fees paid for Deliverables or Modifications pro-rated over the Term.

9.3 Exceptions and Limitations. Notwithstanding the foregoing, Contractor will not be obligated to defend the State or be liable for costs and damages for any claim of infringement to the extent based on (a) Contractor's compliance with specifications requested by the State and/or the State's request that Contractor incorporate the infringing item(s) into the Software, subject Deliverable or Modification, (b) modification of the Software, subject Deliverable or Modification by any party other than Contractor or under Contractor's control or instructions, (c) the combination or use of the Software, subject Deliverable or Modification, or any portion thereof, with other products, processes or materials not supplied by Contractor to the extent that the infringement claim arises out of such combination, (d) the State's use of the Software, subject Deliverable or Modification in a manner not authorized by the terms of this Contract or (e) materials not provided by Contractor. THE REMEDIES SET FORTH IN THIS SECTION 9 CONSTITUTE CONTRACTOR'S SOLE LIABILITY AND THE STATE'S EXCLUSIVE REMEDY FOR PROPRIETARY RIGHTS INFRINGEMENT.

10. CONFIDENTIALITY:

10.1 Definition of Confidential Information. As used herein, "***Confidential Information***" means all nonpublic information, including, without limitation, business, financial and technical information, reasonably considered by a party to be valuable and proprietary and disclosed by one party to the other before, on or after the Effective Date. Confidential Information may also

include proprietary or confidential information of third parties that have disclosed such information to a party hereto in the course of its business. Confidential Information shall not include information that the receiving party can prove (a) was already in the receiving party's possession as a matter of record prior to disclosure by the disclosing party, (b) is independently developed by personnel of the receiving party who as a matter of record did not have access to the disclosing party's Confidential Information, (c) is obtained from a third party who is not prohibited from transmitting the information to the receiving party by a contractual, legal or fiduciary obligation or (d) is or becomes generally available to the public other than as a result of disclosure by the receiving party. As between the parties, the Confidential Information of each party will remain its sole property. 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.

10.2 Protection of Confidential Information. Confidential Information will be used by the recipient party only for purposes of, or as otherwise authorized by, this Contract. Each party will hold the Confidential Information of the other party in strict confidence and protect such Confidential Information from disclosure using the same care it uses to protect its own Confidential Information of like importance, but not less than reasonable care. No Confidential Information will be disclosed by the recipient party without the prior written consent of the other party, except that each party may disclose the terms of this Contract and the other party's Confidential Information to its directors, employees, attorneys, agents, auditors, insurers and subcontractors only on a "need to know" basis in connection with their employment or engagement and who are obligated to keep such information confidential in a manner no less restrictive than set forth in this Section 10. The party employing or engaging such persons is responsible and liable for their compliance with such confidentiality obligations.

10.3 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.

10.4 Disclosures Required by Law. If the receiving party is required to disclose the disclosing party's Confidential Information by law or a governmental authority, including pursuant to a subpoena or court order, such Confidential Information may be disclosed, provided that, to the extent allowable under applicable law, the receiving party (a) promptly notifies the disclosing party of the disclosure requirement, (b) cooperates with the disclosing party's reasonable efforts to resist or narrow the disclosure and to obtain an order or other reliable assurance that confidential treatment will be accorded the disclosing party's Confidential Information and (c) furnishes only Confidential Information that the party is legally compelled to disclose according to advice of its legal counsel.

10.5 Additional Confidential Documents. The Contractor shall maintain the confidentiality of any "Return", "Tax Information" or "Tax Administration Information" as defined by Tenn. Code Ann. § 67-1-1701, et seq., 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. § 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.

10.6 Level of Care. The Contractor will be deemed to have satisfied its obligations under this Section 10 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 10.

10.7 Survival. It is expressly understood and agreed that the obligations set forth in this Section 10 shall survive the termination of this Contract.

10.8 Equitable Relief. Both parties acknowledge that any breach of this Section 10 would cause irreparable injury to the other for which monetary damages are not an adequate remedy. Accordingly, a party will be entitled to injunctions and other equitable remedies in the event of such a breach by the other. The right of each party to seek injunctive relief shall not limit in any manner their respective rights to seek other and/or additional remedies at law or in equity.

11. INTELLECTUAL PROPERTY

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 that 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 necessary 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 that are similar to or competitive with those that are produced under this Contract.

IN WITNESS WHEREOF,

AVALARA, INC.:

December 15, 2014

CONTRACTOR SIGNATURE **DATE**

Scott McFarlane, Chief Executive Officer & President

PRINTED NAME AND TITLE OF CONTRACTOR SIGNATORY (above)

DEPARTMENT OF REVENUE:

12/19/2014

RICHARD H. ROBERTS, COMMISSIONER **DATE**

ATTACHMENT ONE

ATTESTATION RE PERSONNEL USED IN CONTRACT PERFORMANCE

SUBJECT CONTRACT NUMBER:	44467
CONTRACTOR LEGAL ENTITY NAME:	Avalara, Inc.
FEDERAL EMPLOYER IDENTIFICATION NUMBER: (or Social Security Number)	[redacted]

The Contractor, identified above, does hereby attest, certify, warrant, and assure 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.

CONTRACTOR SIGNATURE

NOTICE: This attestation MUST be signed by an individual empowered to contractually bind the Contractor. If said individual is not the chief executive or president, this document shall attach evidence showing the individual's authority to contractually bind the Contractor.

Chief Executive Officer & President

PRINTED NAME AND TITLE OF SIGNATORY

December 15, 2014

DATE OF ATTESTATION

Amendment Request

This request form is not required for amendments to grant contracts. Route a completed request, as one file in PDF format, via e-mail attachment sent to: Agsprs.Agsprs@tn.gov

APPROVED	
CHIEF PROCUREMENT OFFICER	DATE

Agency request tracking #	34701-Avalara-FY20
1. Procuring Agency	Revenue
2. Contractor	Avalara, Inc.
3. Edison contract ID #	44467
4. Proposed amendment #	1
5. Contract's Original Effective Date	01/01/2015
6. Current end date	12/31/2019
7. Proposed end date	12/31/2020
8. Current Maximum Liability or Estimated Liability	$ 1,652,912.55
9. Proposed Maximum Liability or Estimated Liability	$ 2,003,591.82
10. Strategic Technology Solutions Pre-Approval Endorsement Request – *information technology service (N/A to THDA)*	☐ Not Applicable ☐ Attached
11. eHealth Pre-Approval Endorsement Request – *health-related professional, pharmaceutical, laboratory, or imaging*	☒ Not Applicable ☐ Attached
12. Human Resources Pre-Approval Endorsement Request – *state employee training service*	☒ Not Applicable ☐ Attached

13. Explain why the proposed amendment is needed

Avalara provides the software and software maintenance for the Motor Fuels EDI and Tracking system. The department is in the final rollout of our new tax system. This rollout includes the taxes Avalara maintains in their system. This contract is set to expire before the rollout (May 2020).

14. If the amendment involves a change in Scope, describe efforts to identify reasonable, competitive,

Agency request tracking #	34701-Avalara-FY20
procurement alternatives to amending the contract. **Currently, Avalara is the only vendor that can supply the maintenance services required.**	
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) David Gerregano	

AMENDMENT ONE
OF CONTRACT ~~477374~~ 44467

This Amendment is made and entered by and between the State of Tennessee, Department of Revenue, hereinafter referred to as the "State" and Avalara, Inc., hereinafter referred to as the "Contractor." For good and valuable consideration, the sufficiency of which is hereby acknowledged, it is mutually understood and agreed by and between said, undersigned contracting parties that the subject contract is hereby amended as follows:

1. Contract Section 1 Scope of Services is amended by adding the following as a new Section 1.3 Software Upgrades:

   1.3 Software Upgrades. The Contractor shall provide all scheduled version upgrades, error resolutions, and software patches during the Contract Term at no additional cost to the State. Software upgrades and patches shall be distributed via a secure FTP site provided by the Contractor or other manner agreed upon by the parties. The Contractor shall further provide software upgrades required as a result of tax rate changes or other legislative acts during the Contract Term at no additional cost to the State.

2. Contract Section 3.1. Contract Term is deleted in its entirety and replaced with the following:

   3.1. Contract Term. This Contract shall be effective for the period beginning January 1, 2015, and ending on December 31, 2020.The Contractor hereby acknowledges and affirms that the State shall have no obligation for services rendered by the Contractor which were not performed within this specified contract period.

3. Contract Section 4.4. Payment Methodology is deleted in its entirety and replaced with the following:

   4.4. Payment Methodology. The Contractor shall be compensated based on the payment rates herein for units of service authorized by the State in a total amount not to exceed the Contract Maximum Liability established in Section 4.1.

Service Description	**Amount** (per compensable increment)
Support and Maintenance for January 1, 2015 – December 31, 2015	$317,621.02
Support and Maintenance for January 1, 2016 – December 31, 2016	$323,973.44
Support and Maintenance for January 1, 2017 – December 31, 2017	$330,452.91
Support and Maintenance for January 1, 2018 – December 31, 2018	$337,061.97
Support and Maintenance for January 1, 2019 – December 31, 2019	$343,803.21
Support and Maintenance for January 1, 2020 – December 31, 2020	$350,679.27

4. Contract Section 4.5., Invoices, is amended by deleting the language "Ray Grigsby, Audit Manager" and inserting the following language: "Rodney Pendley, Tax Audit Manager."

5. Contract Section 6.2., Communications and Contacts, is deleted in its entirety and replaced with the following:

   6.2. 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. Any such communications, regardless of method of transmission, shall be addressed to the respective party at the appropriate

mailing address, facsimile number, or email address as set forth below or to that of such other party or address, as may be hereafter specified by written notice.

The State:

Rodney Pendley, Audit Manager
Tennessee Department of Revenue – Audit Division
500 Deaderick Street
12th Floor –Andrew Jackson State Office Building
Nashville, TN 37242
rodney.pendley@tn.gov
Telephone # 615-532-6124
FAX: 615-741-5319

The Contractor:

Donna Pierson
Customer Account Manager for the SE Territory
Avalara, Inc.
24 Greenway Plaza, Ste. 1706
Houston TX 77046
Donna.pierson@avalara.com
Telephone # 713-302-1036

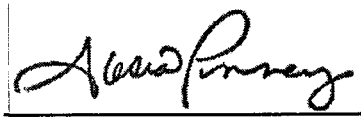
All instructions, notices, consents, demands, or other communications shall be considered effectively given upon receipt or recipient confirmation as may be required.

Required Approvals. The State is not bound by this Amendment until it is signed by the contract parties and approved by appropriate officials in accordance with applicable Tennessee laws and regulations (depending upon the specifics of this contract, said officials may include, but are not limited to, the Commissioner of Finance and Administration, the Commissioner of Human Resources, and the Comptroller of the Treasury).

Amendment Effective Date. The revisions set forth herein shall be effective upon execution. All other terms and conditions of this Contract not expressly amended herein shall remain in full force and effect.

IN WITNESS WHEREOF,

AVALARA, INC.



October 8, 2019

SIGNATURE **DATE**

Alesia Pinney, General Counsel

PRINTED NAME AND TITLE OF SIGNATORY (above)

TENNESSEE DEPARTMENT OF REVENUE (DOR):

David Gerregano 10/16/19

DAVID GERREGANO, COMMISSIONER **DATE**

Contract Approval – Agency Legal Certification

A completed contract routed for Central Procurement Office (CPO) approval via Edison must be accompanied by this Agency Legal Certification template that has been signed and attached in PDF format.

1. **Edison Contract ID #**	**44467**
2. **Contracting Agency Name**	**TN Tennessee Department of Revenue**
3. **Contractor Name**	**Avalara, Inc.**
4. **Service Caption**	**Government Software**
5. **Agency Contact** (name, phone, e-mail)	**Tyron Odom, 615.253.1381, Tyron.Odom@tn.gov**

6. Legal Certification

By signing below, the department's legal staff certifies that:

1) the contract as submitted includes only CPO template language (unless the agency has obtained an approved rule exception request);
2) the contract is legally sufficient both in form and substance to protect the best interests of the State; and
3) the contract does not contravene applicable law.

Kristi Hugat 10/14/19

Agency Attorney Signature & Date

7. (Optional) Alternative to Legal Certification Request

Note: If there are extenuating circumstances and a department's legal staff is unable to certify to a contract in the above manner, you must provide a written explanation with Agency Head signature, in the space provided below. Once the explanation is received by the CPO, instructions will be provided to the department as to what will be needed in order to gain approval of the contract, e.g., providing a Microsoft Word version of the contract, etc. **Please keep in mind that this alternative will slow down the approval process and should be the exception, not the rule.**

Agency Head Signature & Date – *contracting agency head or authorized signatory*

CFO Approval & Date: [signature] 10/18/19

Unit	Voucher	Invoice	Remit Supp	Name	Gross Amt	Reference	Pymnt Date	Recon Status	Reconciled Date	Warrant Amount	Metho	Message
34701	00037525	ZINV00608	0000177374	Avalara Inc	5,725.66	0001397886	1/9/2015	REC	1/9/2015	5725.660	EFT	ZINV00608
34701	00037510	ZINV00610	0000177374	Avalara Inc	5,725.66	0001397883	1/9/2015	REC	1/9/2015	5725.660	EFT	ZINV00610
34701	00037511	ZINV00612	0000177374	Avalara Inc	5,725.66	0001397884	1/9/2015	REC	1/9/2015	5725.660	EFT	ZINV00612
34701	00038939	PS201412-033A	0000177374	Avalara Inc	46,400.00	0001515871	4/2/2015	REC	4/2/2015	46400.000	EFT	PS201412-033A
34701	00037439	ZINV00606	0000177374	Avalara Inc	5,725.66	0001391788	1/5/2015	REC	1/5/2015	5725.660	EFT	ZINV00606
34701	00037440	ZINV00607	0000177374	Avalara Inc	18,227.66	0001391789	1/5/2015	REC	1/5/2015	18227.660	EFT	ZINV00607
34701	00037441	ZINV00609	0000177374	Avalara Inc	18,227.66	0001391790	1/5/2015	REC	1/5/2015	18227.660	EFT	ZINV00609
34701	00037442	ZINV00611	0000177374	Avalara Inc	18,227.66	0001391791	1/5/2015	REC	1/5/2015	18227.660	EFT	ZINV00611
34701	00037443	ZINV00613	0000177374	Avalara Inc	18,227.66	0001391792	1/5/2015	REC	1/5/2015	18227.660	EFT	ZINV00613
34701	00040071	PS201502-002	0000177374	Avalara Inc	112,800.00	0001608429	6/5/2015	REC	6/5/2015	112800.000	EFT	PS201502-002
34701	00058812	INV02767556	0000177374	Avalara Inc	337,061.97	0003486074	1/30/2019	REC	1/30/2019	337061.970	EFT	INV02767556
34701	00044093	INV00145679	0000177374	Avalara Inc	317,621.00	0001942283	1/29/2016	REC	1/29/2016	317621.000	EFT	INV00145679
34701	00050087	INV00549415	0000177374	Avalara Inc	323,973.44	0002472007	2/9/2017	REC	2/9/2017	323973.440	EFT	
34701	00054030	INV01414241	0000177374	Avalara Inc	330,452.91	0002930523	12/29/2017	REC	12/29/2017	330452.910	EFT	INV1414241
					1,564,122.60							