DRAFT MINUTES OF THE
NEVADA INSTITUTE OF AUTONOMOUS SYSTEMS
BOARD MEETING

JUNE 18, 2014

The meeting of the Nevada Institute of Autonomous Systems was called to order by Chairman John White at 1:02 p.m. at the Office of the Desert Research Institute, 755 E. Flamingo Rd., Room SNSC 182, Las Vegas, NV 89119 and the Desert Research Institute, 2215 Raggio Parkway, Room Stout B, Reno, NV 89512.

1. ROLL CALL/CALL TO ORDER

A quorum was established.

BOARD MEMBERS PRESENT:
Mr. James Barrett, Jr.
Mr. Scott Bensing
MajGen (R) Billy G. McCoy
Dr. Greg Mosier
Dr. Stephen Wells
Mr. John White
Ms. Nancy Wong

BOARD MEMBERS ABSENT AND EXCUSED:

STAFF MEMBERS PRESENT:
Mr. Steve Hill, Executive Director, Governor’s Office of Economic Development (GOED)
Ms. Lynda Hascheff, ESB Program Manager, GOED
Mr. Richard Jost, NIAS Counsel, Fennemore Craig Jones Vargas
Mr. Chris Tunley, Bowhead
Mr. Don Cunningham, Bowhead
Mr. Mike Bradshaw, Bowhead
Mr. James Fleitz, Bowhead
Ms. Tina Padovano, Administrative Assistant, GOED

GUESTS PRESENT:
Steve Philpott, FIRST NEVADA
Gary Lein, Hilburn & Lein, CPAs
Robert Cunningham, GC2IT
Mike Maier, RRG&7BAN
Rick Velotta, Las Vegas Review Journal
Kerry Ahearn, City of Boulder
Deborah Downs, AUVSI Nevada
Michele Paulson, Randall Advantage
Steve Curtis, DRI
Terry Culp, NVIE
2. PUBLIC COMMENT:

There were no public comments.

3. CHAIRMAN WHITE'S COMMENTS:

Chairman White announced that we are now flying publicly.

4. APPROVAL OF MAY 19, 2014, NIAS BOARD MEETING MINUTES:

Chairman White asked if any members had any amendments to the May 19, 2014 Minutes. Nancy Wong suggested that the May 19, 2014 Draft Minutes be amended. Lynda Hascheff received Ms. Wong’s changes and agreed to make Ms. Wong’s suggested amendments.

Nancy Wong made a motion to approve the May 19, 2014 Minutes as amended. Dr. Wells seconded the motion. The motion carried unanimously to approve the May 19, 2014 Minutes as amended.

5. FIRST PRESENTATION:

Dr. Wells introduced Steve Philpot to the Board. Mr. Philpot is a Board Member and the Chair of the Executive Advisory Board of First Nevada.

Mr. Philpot shared that First was developed twenty-five (25) years ago to interest young people in science, technology, engineering and math. Ten (10) years ago, DRI and UNLV saw an opportunity to introduce young people to opportunities in science through a sports model. Together, DRI and UNLV formed First Nevada. The programs start at the elementary school level and go through high school. Mr. Philpot stated that three (3) weeks ago the program was notified that there is dire need for more local support, or the program could end. This program is statewide.

Dr. Wells stated that the current deficit is approximately $30,000 to $40,000 a year.

Steve Hill asked Mr. Philpot for the corporate structure of First.

Mr. Philpot stated that First Nevada and First are both non-profit organizations. Contributions made to First Nevada will ensure that the funds stay in Nevada. All funds go to team formation in the State of Nevada. The funding gap should be closed within the next four (4) weeks to ensure their continued ability to support Nevada teams.

6. STATUS OF NIAS-BOWHEAD AGREEMENT:

Nancy Wong stated that she does not have a status update on the NIAS-Bowhead Agreement at this time.

Chris Tunley, with the PMO office, stated that he received a final draft contract from Blake Doerr today. Mr. Tunley hopes to have the parties together as early as tomorrow to review the contract. Mr. Tunley will update the Board as soon as possible.
Nancy Wong expects the next step is to have the contract reviewed by Richard Jost. Ms. Wong believes the Board should also have the opportunity to review the contract.

7. STATUS OF 501(c)3 APPLICATION:

Mr. Jost indicated the application is 95% complete. We are now completing the final changes between GOED and NIAS.

8. NIAS MANAGER JOB DESCRIPTION:

Dr. Wells reported that Greg Mosier has done a nice job on the first draft of the job description. Dr. Wells would like to be sure the job description includes adequate language regarding skills in communication. Dr. Wells plans to review the job description further this week.

9. FINANCIAL REPORT:

The total assets of NIAS as of May 31, 2014 are $80,648. The front balance at the end of May was $50,623. With regard to the tax return of NIAS, we would like to get the application approved or pending by the August 15, 2014 deadline. If necessary, the application can be extended up to three (3) months.

Scott Bensing asked if NIAS is required to have financial statements audited or reviewed.

If a review or audit is necessary or required, the financial statements will be in good shape.

Steve Hill mentioned that there is not a requirement for a formal review or audit of financial statements from GOED at this time.

10. BOWHEAD/NIAS BUDGETS:

Steve Hill stated that he and Chris Tunley have been working on a budget for both Bowhead and NIAS. This budget will be put together in the next couple of weeks. The budget will be brought back as an agenda item for the July board meeting and we will possibly seek approval at this time. Mr. Hill will be meeting with the Interim Finance Committee in August with a proposal to continue to receive funding from the IFC’s contingency fund.

11. PMO UPDATE:

Chris Tunley announced the award of the COA to announce the opening of the test site. They have been engaged with the FAA’s Safety Readiness Program. Our test site has been referred to as Gold Standard.

Chris Tunley announced that we are developing a grant opportunity with FTC on privacy. We are also working on a white paper with the FAA. This is a substantial funding opportunity.

Chris Tunley stated there have also been efforts in working with the FAA in connection with their Air Worthiness Program. This program is connected to the Designated Air Worthiness Representative (“DAR”), which will be the group certifying aircrafts for
special air certificates. We are working on developing our air worthiness program using these two PMO DARs.

12. PIPELINE REPORT:

Chris Tunley indicated there are 300 companies on the client list that have been targeted. The companies' total volume is estimated at approximately $200,000 to $1,000,000 plus. We have entered into statement work discussions.

James Fleitz announced that a bill has passed the House for funding of test sites. This bill should be going to the Senate soon. This funding, should it be approved, will be available in 2015.

Steve Hill stated this is a $2,000,000 per test site budget request.

James Fleitz brought attention to warehouse convention complexes in Nevada. These buildings are outstanding opportunities for smaller tests and will be the first indoor test sites. Early tests will benefit from the indoor environment.

13. TEST SITE OPERATOR PRIVACY POLICY:

Mr. Cunningham, with the PMO, stated the Nevada UAS Test Site Operator Privacy Policy is a requirement from the FAA and must be made available for public review and comment. The Privacy Policy will be reviewed and updated annually. The Privacy Policy will be available in writing at 777 N. Rainbow, Las Vegas, Nevada and possibly in Northern Nevada also. The Privacy Policy will be posted on the website once it is reviewed and approved by the NIAS Board.

Dr. Wells made a motion to publish the Test Site Operator Privacy Policy and make it available for public comments, as required by the OTA. If the Board has amendments to be made to the Privacy Policy, it will be brought back at the next meeting for discussion.

Major General McCoy seconded the motion. The motion carried unanimously.

14. GOED COMMENTS:

Steve Hill asked that all invoices be sent to GOED for payment as soon as possible. We have the funding available to pay invoices.

Mr. Hill announced that it may be necessary to purchase insurance at this time.
Mr. Hill thanked the Board for their work and participation.

Chairman White asked that an item regarding Board training and Board Development be added to the next agenda. There is a small amount of money built into the budget for training.
15. PUBLIC COMMENTS:

Chairman White opened public comment.

Richard Jost announced that we are in good standing with the Nevada Secretary of State.

16. ADJOURNMENT:

A motion was made by Dr. Wells to adjourn. The motion was seconded by Scott Bensing. The motion passed unanimously.
The meeting of the Nevada Institute of Autonomous Systems was called to order by Chairman John White at 2:03 p.m. at the Office of the Desert Research Institute, 755 E. Flamingo Rd., Room SNSC 182, Las Vegas, NV 89119 and the Desert Research Institute, 2215 Raggio Parkway, Room Stout B, Reno, NV 89512.

1. ROLL CALL/CALL TO ORDER

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BOARD MEMBERS PRESENT:
Mr. John White
Mr. James Barrett, Jr.
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BOARD MEMBERS ABSENT AND EXCUSED:
MajGen (R) Billy G. McCoy
Dr. Greg Mosier
Dr. Stephen Wells

STAFF MEMBERS PRESENT:
Steve Hill, Executive Director, GOED
Thomas Wilczek, GOED
Lynda Hascheff, ESB Program Manager, GOED
Richard Jost, NIAS Counsel, Fennemore Craig Jones Vargas
Chris Tunley, Bowhead
Don Cunningham, Bowhead
Mike Bradshaw, Bowhead
James Fleitz, Bowhead
Blake Doerr, Nevada Office of the Attorney General
Tina Padovano, Administrative Assistant, GOED

GUESTS PRESENT:
Robert Cunningham, Global C2 Integration Technologies
Mike Maier, RRG&7BAN
Joe Brown, Fennemore Craig Jones Vargas
Sandy Haslem, NVIE
Marty Rodman, American Institute of Aeronautics and Astronautics
Steve Endacott, Flight Test Concierges
Jeff Inglehart, NVIE
Wayne McKenzie, ACMi
Reggie Richardson
Patrick Sheets, Global C2 Integration Technologies
Stacy Mueller, NVIE
Joseph Andres, Reno Tahoe Airport Authority
2. PUBLIC COMMENT:

There were no public comments.

3. CHAIRMAN WHITE'S COMMENTS

Chairman White welcomed everyone to the NIAS Board Meeting.

4. STATUS OF NIAS-BOWHEAD AGREEMENT

Mr. Barrett and Ms. Wong have been working on the NIAS-Bowhead Agreement for many weeks. The Agreement is not currently finished, but Mr. Barrett and Ms. Wong expect to be finished within thirty (30) days.

Richard Jost acknowledged the amount of work that has gone into the Agreement.

There were no other questions.

5. NIAS MANAGER JOB DESCRIPTION UPDATE:

Steve Hill of GOED reported on the NIAS Manager job description update in place of Dr. Mosier and Dr. Wells. Mr. Hill has been working with Dr. Wells and Dr. Mosier on development of the job description. Dr. Mosier has prepared a draft job description for the Manager position. A portion of the job description is focused on communication and administrative duties. The person hired for this position will be classified as an independent contractor. It is recommended the Manager be located at the Bowhead offices in Las Vegas. Dr. Wells is doing the initial screening of the applicants. We have roughly seven (7) applicants at this time.

Nancy Wong suggested that if the person is designated as an independent contractor, they should be able to choose where they work. Ms. Wong is somewhat uncomfortable with having this person located at the Bowhead offices since the Manager will be responsible for overseeing the contractor. Ms. Wong asked if the budget will be adjusted to accommodate this position.

Steve Hill mentioned that DRI has office space available and UNLV could be approached. The budget has been adjusted by $10,000 per month for this position.

Steve Hill expects the position to be filled by September 1, 2014.

Nancy Wong would like to include that the NIAS Manager maintain a relationship with the team members in the job description.

Chairman White asked Lynda Hascheff to add Ms. Wong's suggested language to the proposal.

A motion was made by James Barrett to approve the job description with the additional language requesting the Manager maintain a relationship with the team members. Scott Bensing seconded the motion. All in favor. The motion carried.

6. GOED COMMENTS:

Steve Hill stated he has had conversations with the FAA. They are pleased with the status. Mr. Hill appreciates the work that everyone has done.
7. PUBLIC COMMENTS:

Patrick Sheets read through the draft amended and restated contract between NIAS and Bowhead. Mr. Sheets asked if there is a reason why it isn’t competed openly.

Chairman stated we have a PMO in place. The PMO has been in place and working for approximately six (6) months.

Mike Maier acknowledged all of the great work that has been done so far. Mr. Maier believes this is an opportunity to enhance the contract to make a better vehicle going forward.

Reggie Richardson suggested making this contract more bilateral in terms of input. A couple of things have been left out. We need to gather all of the concerns and then move forward.

Wayne McKenzie stated the original contract with Bowhead was also not competed. Chairman White stated we are working diligently on preparing a good contract.

Richard Jost stated the contract form of the First Amended and Restated Professional Service Contract is amending an existing contract that runs through February 28, 2017. We have completed an initial budget period under the contract, but we have a number of years to go. This amendment is to reflect changes that have been forced on us by the OTA. This is not a new contract, this is an amendment to the existing contract that has almost 3 years left to run.

Wayne McKenzie asked if the original contract is available for review by team members. Amending a contract that it is not competed does not justify the fact that it is not competed.

Chairman White does not know the availability of the original contract. Mr. McKenzie’s point is well taken. The Chairman suggested that Mr. McKenzie speak with Mr. Jost with regard to the original contract.

Mr. Reggie Richardson expressed concern with regard to IP issues.

Mike Maier stated there is still some uncertainty in terms of the original contract. Mr. Maier suggested possibly having a redacted copy made available. Mr. Maier also suggested forming a sub-committee to make suggestions to the board.

Steve Endacott commented regarding the right of first refusal. Mr. Endacott believes that the Governor’s Office of Economic Development and the Governor’s Office were pursuing this as a way to grow jobs in Nevada, attract developments in Nevada and to attract more UAV’s to the state.

Chairman White thanked everyone for participating in this meeting.

There were no other public comments.

8. ADJOURNMENT

Nancy Wong made a motion to adjourn the meeting. The motion was seconded by Scott Bensing. All in favor. The meeting adjourned at 2:37 PM.
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<th>Team Member</th>
<th>Comment</th>
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<td>Jane Smith</td>
<td>Proposed amendments and expanded Services Contract are needed.</td>
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<td>Mark Johnson</td>
<td>Revised the PMO contract to ensure clear responsibilities of the team members.</td>
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<td>Lisa Lee</td>
<td>Revised the PMO contract to ensure the PMO is aware of all tasks and responsibilities.</td>
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**Consideration of Comments from Team Members Regarding Proposed PMO Contract Amendment**

Nevada Institute for Autonomous Systems
| X | Comment 4. See Response to | Nevada Airline - Nevada - Seven Curtis  |
| X | Comment 2. See Response to | Wayne Management Air Traffic - Wayne - Hackertise |
| X | Comment 3. See Response to Comment | Wayne Management Air Traffic - Wayne - Hackertise |
| | N/A | Revised Author - Point Raised |

- "The first issue is providing the Leadship and Relevant ...
- "The second issue is from a corporative perspective. The ...
- "Without a competitive process needs to be discussed...
- "It may or that has been developed, ATRIC is not aware of it...
- "Concept: a plan to test that concept: test data and proof of ...
- "Is there is a planning document that addresses this? It is not available. The FAA expects a ...
- "The Nevadas Test Site by the FAA. In this case, ATRIC is expected to address the operational tasks assigned to ...
- "In the narrative, the first NAS/Bowhead contract to ...
- "Post copies of the OIA agreement and the amendments as ...
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<td>NNAS-UAS services provided at the same time as existing services for the issuance of an unsecured loan.</td>
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<td>NNAS-PMO is not the same entity as its parent company.</td>
<td>Does BTS have standing as an agent of the State?</td>
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<td>NNAS-PMO is not the same entity as its parent company.</td>
<td>How owns NNAS? Is NNAS a Nevada corporation, or is it a registered foreign entity?</td>
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- Restrictions: Confidentiality. Period subject to any published and budgeted and outlined shown for each T.O.
- Requirements: Hopefully not the P.M.O. Who approves the compliance with legal and regulatory procedures and whose any citizen read the procedures? Worksheet requirements regarding privacy. When are NIAS has posted a privacy policy on his NIAS website?
- Review: This party financial accountability him for NIAS and GOED. Currently in place. The reporting structure is review plan and documentation exist. Provides satisfactory in accordance with the P.M.O. and the P.A.A.S. O.T.A. Does a meet the requirements of the proposed extension/renumber.
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1. David Fresco - Boulder City
2. Sieve Fruen
3. Dave Payten

Note: The table contains comments and decisions regarding a specific issue. The comments are marked with an 'X' and the decisions are noted with 'N/A', 'Revised', or 'Approved'. The table also includes a section titled 'Do not use.'
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<tr>
<th>Manager</th>
<th>Author</th>
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<td>Boulder City</td>
<td>J. David Presser</td>
<td>28</td>
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The insurance requirements set forth in the agreement specifically states that:

5.21 Insurance Requirements on the Part of Customers or Vendors.

Section 5.21 and 14 of the Agreement specifies certain insurance provisions and requirements.

The insurance requirements include:

1. Insurance Policy - The insurance requirements should be tailored between private and public parties.
2. Additional Insured - An additional insured on the public entity's insurance policy.
3. Policy Limit - The policy limit is at least 5 million dollars.
4. Additional Insured - Any person or organization that may be called upon to perform services for the public entity.

Due to the varying common law and statutory liability caps between the varying common law and statutory liability caps, the insurance requirements that do not take into account the distribution of liability among the parties have been revised to reflect the required standards.
## Application for Recognition of Exemption

Under Section 501(c)(3) of the Internal Revenue Code

(Use with the June 2006 revision of the Instructions for Form 1023 and the current Notice 1382)

Use the instructions to complete this application and for a definition of all bold items. For additional help, call IRS Exempt Organizations Customer Account Services toll-free at 1-877-829-5500. Visit our website at www.irs.gov for forms and publications. If the required information and documents are not submitted with payment of the appropriate user fee, the application may be returned to you.

Attach additional sheets to this application if you need more space to answer fully. Put your name and EIN on each sheet and identify each answer by Part and line number. Complete Parts I - XI of Form 1023 and submit only those Schedules (A through H) that apply to you.

### Part I  Identification of Applicant

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<tr>
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<th>C/O Name (if applicable)</th>
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<tr>
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<td>Nevada Institute for Autonomous Systems</td>
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#### 3 Mailing address (Number and street) (see instructions)

<table>
<thead>
<tr>
<th>Room/Suite</th>
<th>300 S. Fourth Street, Suite 1400</th>
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<tbody>
<tr>
<td>City or town, state or country, and ZIP + 4</td>
<td>Las Vegas, Nevada 89101</td>
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#### 4 Employer Identification Number (EIN)

| 46-3341782 |

#### 5 Month the annual accounting period ends (01 - 12)

| 12 |

#### 6 Primary contact (officer, director, trustee, or authorized representative)

| Name | Kendis Key Muscheld, Esq. (authorized representative) |

#### b Phone: 602-916-5554

#### c Fax: (optional) 602-916-5554

#### 7 Are you represented by an authorized representative, such as an attorney or accountant? If "Yes," provide the authorized representative's name, and the name and address of the authorized representative's firm. Include a completed Form 2848, Power of Attorney and Declaration of Representative, with your application if you would like us to communicate with your representative.

| Yes | No |

#### 8 Was a person who is not one of your officers, directors, trustees, employees, or an authorized representative listed in line 7, paid, or promised payment, to help plan, manage, or advise you about the structure or activities of your organization, or about your financial or tax matters? If "Yes," provide the person's name, the name and address of the person's firm, the amounts paid or promised to be paid, and describe that person's role.

| Yes | No |

#### 9a Organization’s website: www.nias-uas.com

#### 9b Organization’s email: (optional)

#### 10 Certain organizations are not required to file an information return (Form 990 or Form 990-EZ). If you are granted tax-exemption, are you claiming to be excused from filing Form 990 or Form 990-EZ? If "Yes," explain. See the instructions for a description of organizations not required to file Form 990 or Form 990-EZ.

| Yes | No |

#### 11 Date incorporated if a corporation, or formed, if other than a corporation. (MM/DD/YYYY) 06/14/2013

#### 12 Were you formed under the laws of a foreign country? If "Yes," state the country.

| Yes | No |

For Paperwork Reduction Act Notice, see page 24 of the instructions.
Part II Organizational Structure

You must be a corporation (including a limited liability company), an unincorporated association, or a trust to be tax exempt. (See instructions.) DO NOT file this form unless you can check "Yes" on lines 1, 2, 3, or 4.

1 Are you a corporation? If "Yes," attach a copy of your articles of incorporation showing certification of filing with the appropriate state agency. Include copies of any amendments to your articles and be sure they also show state filing certification. ☑ Yes ☐ No

2 Are you a limited liability company (LLC)? If "Yes," attach a copy of your articles of organization showing certification of filing with the appropriate state agency. Also, if you adopted an operating agreement, attach a copy. Include copies of any amendments to your articles and be sure they show state filing certification. Refer to the instructions for circumstances when an LLC should not file its own exemption application. ☐ Yes ☑ No

3 Are you an unincorporated association? If "Yes," attach a copy of your articles of association, constitution, or other similar organizing document that is dated and includes at least two signatures. Include signed and dated copies of any amendments. ☐ Yes ☑ No

4a Are you a trust? If "Yes," attach a signed and dated copy of your trust agreement. Include signed and dated copies of any amendments. ☐ Yes ☑ No

b Have you been funded? If "No," explain how you are funded without anything of value placed in trust. ☑ Yes ☐ No

5 Have you adopted bylaws? If "Yes," attach a current copy showing date of adoption. If "No," explain how your officers, directors, or trustees are selected. ☑ Yes ☐ No

Part III Required Provisions in Your Organizing Document

The following questions are designed to ensure that when you file this application, your organizing document contains the required provisions to meet the organizational test under section 501(c)(3). Unless you can check the boxes in both lines 1 and 2, your organizing document does not meet the organizational test. DO NOT file this application until you have amended your organizing document. Submit your original and amended organizing documents (showing state filing certification if you are a corporation or an LLC) with your application.

1 Section 501(c)(3) requires that your organizing document state your exempt purpose(s), such as charitable, religious, educational, and/or scientific purposes. Check the box to confirm that your organizing document meets this requirement. Describe specifically where your organizing document states the purpose for which you are organized. Refer to the instructions for exempt purpose language. Location of Purpose Clause (Page, Article, and Paragraph): Pgs 1 & 2, Articles 4 & 7 ☑

2a Section 501(c)(3) requires that upon dissolution of your organization, your remaining assets must be used exclusively for exempt purposes, such as charitable, religious, educational, and/or scientific purposes. Check the box on line 2a to confirm that your organizing document states the purpose for which you are organized. If you rely on state law for your dissolution provision, do not check the box on line 2a and go to line 2c. ☑

2b If you checked the box on line 2a, specify the condition of your dissolution clause (Page, Article, and Paragraph). Do not complete line 2c if you checked box 2a. Pg 3, Article 9

2c See the instructions for information about the operation of state law in your particular state. Check this box if you rely on operation of state law for your dissolution provision and indicate the state: N/A ☐

Part IV Narrative Description of Your Activities

Using an attachment, describe your past, present, and planned activities in a narrative. If you believe that you have already provided some of this information in response to other parts of this application, you may summarize that information here and refer to the specific parts of the application for supporting details. The narrative description of activities should be thorough and accurate. Refer to the instructions for information that must be included in your description.

Part V Compensation and Other Financial Arrangements With Your Officers, Directors, Trustees, Employees, and Independent Contractors

1a List the names, titles, and mailing addresses of all of your officers, directors, and trustees. For each person listed, state their total annual compensation, or proposed compensation, for all services to the organization, whether as an officer, employee, or other position. Use actual figures, if available. Enter "none" if no compensation is or will be paid. If additional space is needed, attach a separate sheet. Refer to the instructions for information on what to include as compensation.

Name Title Mailing address Compensation amount (annual actual or estimated)

See Attachment

See Attachment

See Attachment

Form 1023 (Rev. 12-2013)
## Part IV
### Compensation and Other Financial Arrangements With Your Officers, Directors, Trustees, Employees, and Independent Contractors (Continued)

b List the names, titles, and mailing addresses of each of your five highest compensated employees who receive or will receive compensation of more than $50,000 per year. Use the actual figure, if available. Refer to the instructions for information on what to include as compensation. Do not include officers, directors, or trustees listed in line 1a.

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c List the names, names of businesses, and mailing addresses of your five highest compensated independent contractors that receive or will receive compensation of more than $50,000 per year. Use the actual figure, if available. Refer to the instructions for information on what to include as compensation.

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The following "Yes" or "No" questions relate to past, present, or planned relationships, transactions, or agreements with your officers, directors, trustees, highest compensated employees, and highest compensated independent contractors listed in lines 1a, 1b, and 1c.

2a Are any of your officers, directors, or trustees related to each other through family or business relationships? If "Yes," identify the individuals and explain the relationship.  
[Yes] [No]

b Do you have a business relationship with any of your officers, directors, or trustees other than through their position as an officer, director, or trustee? If "Yes," identify the individuals and describe the business relationship with each of your officers, directors, or trustees.  
[Yes] [No]

c Are any of your officers, directors, or trustees related to your highest compensated employees or highest compensated independent contractors listed on lines 1b or 1c through family or business relationships? If "Yes," identify the individuals and explain the relationship.  
[Yes] [No]

3a For each of your officers, directors, trustees, highest compensated employees, and highest compensated independent contractors listed on lines 1a, 1b, or 1c, attach a list showing their name, qualifications, average hours worked, and duties.  
[Yes] [No]

b Do any of your officers, directors, trustees, highest compensated employees, and highest compensated independent contractors listed on lines 1a, 1b, or 1c receive compensation from any other organizations, whether tax exempt or taxable, that are related to you through common control? If "Yes," identify the individuals, explain the relationship between you and the other organization, and describe the compensation arrangement.  
[Yes] [No]

4 In establishing the compensation for your officers, directors, trustees, highest compensated employees, and highest compensated independent contractors listed on lines 1a, 1b, and 1c, the following practices are recommended, although they are not required to obtain exemption. Answer "Yes" to all the practices you use.

a Do you or will the individuals that approve compensation arrangements follow a conflict of interest policy?  
[Yes] [No]

b Do you or will you approve compensation arrangements in advance of paying compensation?  
[Yes] [No]

c Do you or will you document in writing the date and terms of approved compensation arrangements?  
[Yes] [No]
Part V

Compensation and Other Financial Arrangements With Your Officers, Directors, Trustees, Employees, and Independent Contractors (Continued)

d. Do you or will you record in writing the decision made by each individual who decided or voted on compensation arrangements?
☐ Yes ☐ No

e. Do you or will you approve compensation arrangements based on information about compensation paid by similarly situated taxable or tax-exempt organizations for similar services, current compensation surveys compiled by independent firms, or actual written offers from similarly situated organizations? Refer to the instructions for Part V, lines 1a, 1b, and 1c, for information on what to include as compensation.
☐ Yes ☐ No

f. Do you or will you record in writing both the information on which you relied to base your decision and its source?
☐ Yes ☐ No

g. If you answered "No" to any item on lines 4a through 4f, describe how you set compensation that is reasonable for your officers, directors, trustees, highest compensated employees, and highest compensated independent contractors listed in Part V, lines 1a, 1b, and 1c.

5a. Have you adopted a conflict of interest policy consistent with the sample conflict of interest policy in Appendix A to the instructions? If "Yes," provide a copy of the policy and explain how the policy has been adopted, such as by resolution of your governing board. If "No," answer lines 5b and 5c.
☐ Yes ☐ No

b. What procedures will you follow to assure that persons who have a conflict of interest will not have influence over you for setting their own compensation?

See Conflict of Interest Policy Attached Exh. C

c. What procedures will you follow to assure that persons who have a conflict of interest will not have influence over you regarding business deals with themselves?

Note: A conflict of interest policy is recommended though it is not required to obtain exemption. Hospitals, see Schedule C, Section I, line 14.

6a. Do you or will you compensate any of your officers, directors, trustees, highest compensated employees, and highest compensated independent contractors listed in lines 1a, 1b, or 1c through non-fixed payments, such as discretionary bonuses or revenue-based payments? If "Yes," describe all non-fixed compensation arrangements, including how the amounts are determined, who is eligible for such arrangements, whether you place a limitation on total compensation, and how you determine or will determine that you pay no more than reasonable compensation for services. Refer to the instructions for Part V, lines 1a, 1b, and 1c, for information on what to include as compensation.
☐ Yes ☐ No

b. Do you or will you compensate any of your employees, other than your officers, directors, trustees, or your five highest compensated employees who receive or will receive compensation of more than $50,000 per year, through non-fixed payments, such as discretionary bonuses or revenue-based payments? If "Yes," describe all non-fixed compensation arrangements, including how the amounts are or will be determined, who is or will be eligible for such arrangements, whether you place or will place a limitation on total compensation, and how you determine or will determine that you pay no more than reasonable compensation for services. Refer to the instructions for Part V, lines 1a, 1b, and 1c, for information on what to include as compensation.
☐ Yes ☐ No

7a. Do you or will you purchase any goods, services, or assets from any of your officers, directors, trustees, highest compensated employees, or highest compensated independent contractors listed in lines 1a, 1b, or 1c? If "Yes," describe any such purchase that you made or intend to make, from whom you made or will make such purchases, how the terms are or will be negotiated at arm's length, and determine or will determine that you pay no more than fair market value. Attach copies of any written contracts or other agreements relating to such purchases.
☐ Yes ☐ No

b. Do you or will you sell any goods, services, or assets to any of your officers, directors, trustees, highest compensated employees, or highest compensated independent contractors listed in lines 1a, 1b, or 1c? If "Yes," describe any such sales that you made or intend to make, to whom you make or will make such sales, how the terms are or will be negotiated at arm's length, and explain how you determine or will determine that you are or will be paid at least fair market value. Attach copies of any written contracts or other agreements relating to such sales.
☐ Yes ☐ No

8a. Do you or will you have any leases, contracts, loans, or other agreements with your officers, directors, trustees, highest compensated employees, or highest compensated independent contractors listed in lines 1a, 1b, or 1c? If "Yes," provide the information requested in lines 8b through 8f.
☐ Yes ☐ No

b. Describe any written or oral arrangements that you made or intend to make.

See Attachment

c. Identify with whom you have or will have such arrangements.

d. Explain how the terms are or will be negotiated at arm's length.

e. Explain how you determine you pay no more than fair market value or you are paid at least fair market value.

f. Attach copies of any signed leases, contracts, loans, or other agreements relating to such arrangements.

9a. Do you or will you have any leases, contracts, loans, or other agreements with any organization in which any of your officers, directors, or trustees are also officers, directors, or trustees, or in which any individual officer, director, or trustee owns more than a 5% Interest? If "Yes," provide the information requested in lines 9b through 9f.
☐ Yes ☐ No
Part V: Compensation and Other Financial Arrangements With Your Officers, Directors, Trustees, Employees, and Independent Contractors (Continued)

b Describe any written or oral arrangements you made or intend to make.

c Identify with whom you have or will have such arrangements.

d Explain how the terms are or will be negotiated at arm's length.

e Explain how you determine or will determine you pay no more than fair market value or that you are paid at least fair market value.

f Attach a copy of any signed leases, contracts, loans, or other agreements relating to such arrangements.

Part VI: Your Members and Other Individuals and Organizations That Receive Benefits From You

The following "Yes" or "No" questions relate to goods, services, and funds you provide to individuals and organizations as part of your activities. Your answers should pertain to past, present, and planned activities. (See instructions.)

1a In carrying out your exempt purposes, do you provide goods, services, or funds to individuals? If "Yes," describe each program that provides goods, services, or funds to individuals.

☐ Yes ☐ No

1b In carrying out your exempt purposes, do you provide goods, services, or funds to organizations? If "Yes," describe each program that provides goods, services, or funds to organizations.

☐ Yes ☐ No

2 Do any of your programs limit the provision of goods, services, or funds to a specific individual or group of specific individuals? For example, answer "Yes" if goods, services, or funds are provided only for a particular individual, your members, individuals who work for a particular employer, or graduates of a particular school. If "Yes," explain the limitation and how recipients are selected for each program.

☐ Yes ☐ No

Part VII: Your History

The following "Yes" or "No" questions relate to your history. (See instructions.)

1 Are you a successor to another organization? Answer "Yes," if you have taken or will take over the activities of another organization; you took over 25% or more of the fair market value of the net assets of another organization; or you were established upon the conversion of an organization from for-profit to non-profit status. If "Yes," complete Schedule G.

☐ Yes ☐ No

2 Are you submitting this application more than 27 months after the end of the month in which you were legally formed? If "Yes," complete Schedule E.

☐ Yes ☐ No

Part VIII: Your Specific Activities

The following "Yes" or "No" questions relate to specific activities that you may conduct. Check the appropriate box. Your answers should pertain to past, present, and planned activities. (See instructions.)

1 Do you support or oppose candidates in political campaigns in any way? If "Yes," explain.

☐ Yes ☐ No

2a Do you attempt to influence legislation? If "Yes," explain how you attempt to influence legislation and complete line 2b. If "No," go to line 3a.

☐ Yes ☐ No

b Have you made or are you making an election to have your legislative activities measured by expenditures by filing Form 5768? If "Yes," attach a copy of the Form 5768 that was already filed or attach a completed Form 5768 that you are filing with this application. If "No," describe whether your attempts to influence legislation are a substantial part of your activities. Include the time and money spent on your attempts to influence legislation as compared to your total activities.

☐ Yes ☐ No

3a Do you or will you operate bingo or gaming activities? If "Yes," describe who conducts them, and list all revenue received or expected to be received and expenses paid or expected to be paid in operating these activities. Revenue and expenses should be provided for the time periods specified in Part IX, Financial Data.

☐ Yes ☐ No

b Do you or will you enter into contracts or other agreements with individuals or organizations to conduct bingo or gaming for you? If "Yes," describe any written or oral arrangements that you made or intend to make, identify with whom you have or will have such arrangements, explain how the terms are or will be negotiated at arm's length, and explain how you determine or will determine you pay no more than fair market value or you will be paid at least fair market value. Attach copies of any written contracts or other agreements relating to such arrangements.

☐ Yes ☐ No

c List the states and local jurisdictions, including Indian Reservations, in which you conduct or will conduct gaming or bingo.

Form 1023 (Rev. 12-2013)
4a. Do you or will you undertake fundraising? If "Yes," check all the fundraising programs you do or will conduct. (See instructions.)

- mail solicitations
- email solicitations
- personal solicitations
- vehicle, boat, plane, or similar donations
- foundation grant solicitations
- phone solicitations
- accept donations on your website
- receive donations from another organization's website
- government grant solicitations
- Other

Attach a description of each fundraising program.

b. Do you or will you have written or oral contracts with any individuals or organizations to raise funds for you? If "Yes," describe these activities. Include all revenue and expenses from these activities and state who conducts them. Revenue and expenses should be provided for the time periods specified in Part IX, Financial Data. Also, attach a copy of any contracts or agreements.

- Yes
- No

Do you or will you engage in fundraising activities for other organizations? If "Yes," describe these arrangements. Include a description of the organizations for which you raise funds and attach copies of all contracts or agreements.

- Yes
- No

List all states and local jurisdictions in which you conduct fundraising. For each state or local jurisdiction listed, specify whether you fundraise for your own organization, you fundraise for another organization, or another organization fundraises for you.

- Yes
- No

See Attached

e. Do you or will you maintain separate accounts for any contributor under which the contributor has the right to advise on the use or distribution of funds? Answer "Yes" if the donor may provide advice on the types of investments, distributions from the types of investments, or the distribution from the donor's contribution account. If "Yes," describe this program, including the type of advice that may be provided and submit copies of any written materials provided to donors.

- Yes
- No

Are you affiliated with a governmental unit? If "Yes," explain.

- Yes
- No

b. Do you or will you engage in economic development? If "Yes," describe your program.

- Yes
- No

Describe in full who benefits from your economic development activities and how the activities promote exempt purposes.

7a. Do or will persons other than your employees or volunteers develop your facilities? If "Yes," describe each facility, the role of the developer, and any business or family relationship(s) between the developer and your officers, directors, or trustees.

- Yes
- No

Do or will persons other than your employees or volunteers manage your activities or facilities? If "Yes," describe each activity and facility, the role of the manager, and any business or family relationship(s) between the manager and your officers, directors, or trustees.

- Yes
- No

Do there is a business or family relationship between any manager or developer and your officers, directors, or trustees, identify the individuals, explain the relationship, describe how contracts are negotiated at arm's length so that you pay no more than fair market value, and submit a copy of any contracts or other agreements.

8. Do you or will you enter into joint ventures, including partnerships or limited liability companies treated as partnerships, in which you share profits and losses with partners other than section 501(c)(3) organizations? If "Yes," describe the activities of these joint ventures in which you participate.

- Yes
- No

9a. Are you applying for exemption as a childcare organization under section 501(c)? If "Yes," answer lines 9b through 9d. If "No," go to line 10.

b. Do you provide childcare so that parents or caretakers of children you care for can be gainfully employed (see instructions)? If "No," explain how you qualify as a childcare organization described in section 501(c).

- Yes
- No

c. Of the children for whom you provide child care, are 85% or more of them cared for by you to enable their parents or caretakers to be gainfully employed (see instructions)? If "No," explain how you qualify as a childcare organization described in section 501(c).

- Yes
- No

d. Are your services available to the general public? If "No," describe the specific group of people for whom your activities are available. Also, see the instructions and explain how you qualify as a childcare organization described in section 501(c).

- Yes
- No

9a. Are you applying for exemption as a childcare organization under section 501(c)? If "Yes," answer lines 9b through 9d. If "No," go to line 10.

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- No

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- Yes
- No

d. Are your services available to the general public? If "No," describe the specific group of people for whom your activities are available. Also, see the instructions and explain how you qualify as a childcare organization described in section 501(c).

- Yes
- No

10. Do you or will you publish, own, or have rights in music, literature, tapes, artworks, choreography, scientific discoveries, or other intellectual property? If "Yes," explain. Describe who owns or will own any copyrights, patents, or trademarks, whether fees are or will be charged, how the fees are determined, and how any items are or will be produced, distributed, and marketed.

- Yes
- No

*Not Anticipated at this time
11 Do you or will you accept contributions of: real property; conservation easements; closely held securities; intellectual property such as patents, trademarks, and copyrights; works of music or art; licenses; royalties; automobiles, boats, planes, or other vehicles; or collectibles of any type? If "Yes," describe each type of contribution, any conditions imposed by the donor on the contribution, and any agreements with the donor regarding the contribution.

☐ Yes ☑ No

12a Do you or will you operate in a foreign country or countries? If "Yes," answer lines 12b through 12d. If "No," go to line 13a.

☐ Yes ☑ No

b Name the foreign countries and regions within the countries in which you operate.

c Describe your operations in each country and region in which you operate.

d Describe how your operations in each country and region further your exempt purposes.

13a Do you or will you make grants, loans, or other distributions to organization(s)? If "Yes," answer lines 13b through 13g. If "No," go to line 14a.

☑ Yes ☐ No

b Describe how your grants, loans, or other distributions to organizations further your exempt purposes.

c Do you have written contracts with each of these organizations? If "Yes," attach a copy of each contract.

☑ Yes ☐ No

d Identify each recipient organization and any relationship between you and the recipient.

e Describe the records you keep with respect to the grants, loans, or other distributions you make.

f Describe your selection process, including whether you do any of the following:

(i) Do you require an application form? If "Yes," attach a copy of the form.

☑ Yes ☐ No

(ii) Do you require a grant proposal? If "Yes," describe whether the grant proposal specifies your responsibilities and those of the grantee, obligates the grantee to use the grant funds only for the purposes for which the grant was made, provides for periodic written reports concerning the use of grant funds, requires a final written report and an accounting of how grant funds were used, and acknowledges your authority to withhold and/or recover grant funds in case such funds are, or appear to be, misused.

☑ Yes ☐ No

g Describe your procedures for oversight of distributions that assure you the resources are used to further your exempt purposes, including whether you require periodic and final reports on the use of resources.

14a Do you or will you make grants, loans, or other distributions to foreign organizations? If "Yes," answer lines 14b through 14f. If "No," go to line 15.

☑ Yes ☐ No

b Provide the name of each foreign organization, the country and regions within a country in which each foreign organization operates, and describe any relationship you have with each foreign organization.

c Does any foreign organization listed in line 14b accept contributions earmarked for a specific country or specific organization? If "Yes," list all earmarked organizations or countries.

☐ Yes ☐ No

d Do your contributors know that you have ultimate authority to use contributions made to you at your discretion for purposes consistent with your exempt purposes? If "Yes," describe how you relay this information to contributors.

☐ Yes ☐ No

e Do you or will you make pre-grant inquiries about the recipient organization? If "Yes," describe these inquiries, including whether you inquire about the recipient's financial status, its tax-exempt status under the Internal Revenue Code, its ability to accomplish the purpose for which the resources are provided, and other relevant information.

☐ Yes ☐ No

f Do you or will you use any additional procedures to ensure that your distributions to foreign organizations are used in furtherance of your exempt purposes? If "Yes," describe these procedures, including site visits by your employees or compliance checks by impartial experts, to verify that grant funds are being used appropriately.

☐ Yes ☐ No
<p>| | | | | |</p>
<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Part VIII</strong></td>
<td><strong>Your Specific Activities (Continued)</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>15</td>
<td>Do you have a close connection with any organizations? If &quot;Yes,&quot; explain.</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>16</td>
<td>Are you applying for exemption as a cooperative hospital service organization under section 501(e)? If &quot;Yes,&quot; explain.</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>17</td>
<td>Are you applying for exemption as a cooperative service organization of operating educational organizations under section 501(f)? If &quot;Yes,&quot; explain.</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>18</td>
<td>Are you applying for exemption as a charitable risk pool under section 501(n)? If &quot;Yes,&quot; explain.</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>19</td>
<td>Do you or will you operate a school? If &quot;Yes,&quot; complete Schedule B. Answer &quot;Yes,&quot; whether you operate a school as your main function or as a secondary activity.</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>20</td>
<td>Is your main function to provide hospital or medical care? If &quot;Yes,&quot; complete Schedule C.</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>21</td>
<td>Do you or will you provide low-income housing or housing for the elderly or handicapped? If &quot;Yes,&quot; complete Schedule F.</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>22</td>
<td>Do you or will you provide scholarships, fellowships, educational loans, or other educational grants to individuals, including grants for travel, study, or other similar purposes? If &quot;Yes,&quot; complete Schedule H.</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

**Note:** Private foundations may use Schedule H to request advance approval of individual grant procedures.
## Part IX: Financial Data

For purposes of this schedule, years in existence refer to completed tax years. If in existence 4 or more years, complete the schedule for the most recent 4 tax years. If in existence more than 1 year but less than 4 years, complete the statements for each year in existence and provide projections of your likely revenues and expenses based on a reasonable and good faith estimate of your future finances for a total of 3 years of financial information. If in existence less than 1 year, provide projections of your likely revenues and expenses for the current year and the 2 following years, based on a reasonable and good faith estimate of your future finances for a total of 3 years of financial information. (See Instructions.)

### A. Statement of Revenues and Expenses

<table>
<thead>
<tr>
<th>Type of revenue or expense</th>
<th>Current tax year</th>
<th>3 prior tax years or 2 succeeding tax years</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>(a) From 1/1/14 to 12/31/14</td>
<td>(b) From 6/14/13 to 12/31/13</td>
</tr>
<tr>
<td>1 Gifts, grants, and contributions received (do not include unusual grants)</td>
<td>1,460,000</td>
<td>1,000,000</td>
</tr>
<tr>
<td>2 Membership fees received</td>
<td></td>
<td></td>
</tr>
<tr>
<td>3 Gross investment income</td>
<td></td>
<td></td>
</tr>
<tr>
<td>4 Net unrelated business income</td>
<td></td>
<td></td>
</tr>
<tr>
<td>5 Taxes levied for your benefit</td>
<td></td>
<td></td>
</tr>
<tr>
<td>6 Value of services or facilities furnished by a governmental unit without charge (not including the value of services generally furnished to the public without charge)</td>
<td>505,000</td>
<td>0</td>
</tr>
<tr>
<td>7 Any revenue not otherwise listed above or in lines 9-12 below (attach an itemized list)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>8 Total of lines 1 through 7</td>
<td>1,965,000</td>
<td>1,000,000</td>
</tr>
<tr>
<td>9 Gross receipts from admissions, merchandise sold or services performed, or furnishing of facilities in any activity that is related to your exempt purposes (attach itemized list)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>10 Total of lines 8 and 9</td>
<td>1,965,000</td>
<td>1,000,000</td>
</tr>
<tr>
<td>11 Net gain or loss on sale of capital assets (attach schedule and see instructions)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>12 Unusual grants</td>
<td></td>
<td></td>
</tr>
<tr>
<td>13 Total Revenue Add lines 10 through 12</td>
<td>1,965,000</td>
<td>1,000,000</td>
</tr>
<tr>
<td>14 Fundraising expenses</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>15 Contributions, gifts, grants, and similar amounts paid out (attach an itemized list)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>16 Disbursements to or for the benefit of members (attach an itemized list)</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>17 Compensation of officers, directors, and trustees</td>
<td></td>
<td></td>
</tr>
<tr>
<td>18 Other salaries and wages</td>
<td>40,000</td>
<td>0</td>
</tr>
<tr>
<td>19 Interest expense</td>
<td></td>
<td></td>
</tr>
<tr>
<td>20 Occupancy (rent, utilities, etc.)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>21 Depreciation and depletion</td>
<td></td>
<td></td>
</tr>
<tr>
<td>22 Professional fees</td>
<td>127,500</td>
<td>60,230</td>
</tr>
<tr>
<td>23 Any expense not otherwise classified, such as program services (attach itemized list)</td>
<td>1,732,855</td>
<td>935,893</td>
</tr>
<tr>
<td>24 Total Expenses Add lines 14 through 23</td>
<td>1,900,355</td>
<td>996,023</td>
</tr>
</tbody>
</table>
### Part IX: Financial Data (Continued)

#### B. Balance Sheet (for your most recently completed tax year)

<table>
<thead>
<tr>
<th>Assets</th>
<th>Year End: 2013</th>
<th>Whole dollars</th>
</tr>
</thead>
<tbody>
<tr>
<td>1 Cash</td>
<td>1</td>
<td>999,996</td>
</tr>
<tr>
<td>2 Accounts receivable, net</td>
<td>2</td>
<td></td>
</tr>
<tr>
<td>3 Inventories</td>
<td>3</td>
<td></td>
</tr>
<tr>
<td>4 Bonds and notes receivable (attach an itemized list)</td>
<td>4</td>
<td></td>
</tr>
<tr>
<td>5 Corporate stocks (attach an itemized list)</td>
<td>5</td>
<td></td>
</tr>
<tr>
<td>6 Loans receivable (attach an itemized list)</td>
<td>6</td>
<td></td>
</tr>
<tr>
<td>7 Other investments (attach an itemized list)</td>
<td>7</td>
<td></td>
</tr>
<tr>
<td>8 Depreciable and depletable assets (attach an itemized list)</td>
<td>8</td>
<td></td>
</tr>
<tr>
<td>9 Land</td>
<td>9</td>
<td></td>
</tr>
<tr>
<td>10 Other assets (attach an itemized list)</td>
<td>10</td>
<td>1,379</td>
</tr>
<tr>
<td>11 Total Assets (add lines 1 through 10)</td>
<td>11</td>
<td>1,001,375</td>
</tr>
<tr>
<td>Liabilities</td>
<td></td>
<td></td>
</tr>
<tr>
<td>12 Accounts payable</td>
<td>12</td>
<td>997,398</td>
</tr>
<tr>
<td>13 Contributions, gifts, grants, etc. payable</td>
<td>13</td>
<td></td>
</tr>
<tr>
<td>14 Mortgages and notes payable (attach an itemized list)</td>
<td>14</td>
<td></td>
</tr>
<tr>
<td>15 Other liabilities (attach an itemized list)</td>
<td>15</td>
<td></td>
</tr>
<tr>
<td>16 Total Liabilities (add lines 12 through 15)</td>
<td>16</td>
<td></td>
</tr>
<tr>
<td>Fund Balances or Net Assets</td>
<td></td>
<td></td>
</tr>
<tr>
<td>17 Total fund balances or net assets</td>
<td>17</td>
<td>3,977</td>
</tr>
<tr>
<td>18 Total Liabilities and Fund Balances or Net Assets (add lines 16 and 17)</td>
<td>18</td>
<td>1,001,375</td>
</tr>
</tbody>
</table>

Have there been any substantial changes in your assets or liabilities since the end of the period shown above? If "Yes," explain. Yes No

### Part X: Public Charity Status

Part X is designed to classify you as an organization that is either a private foundation or a public charity. Public charity status is a more favorable tax status than private foundation status. If you are a private foundation, Part X is designed to further determine whether you are a private operating foundation. (See instructions.)

1a Are you a private foundation? If "Yes," go to line 1b. If "No," go to line 5 and proceed as instructed. Yes No

b As a private foundation, section 508(e) requires special provisions in your organizing document in addition to those that apply to all organizations described in section 501(c)(3). Check the box to confirm that your organizing document meets this requirement, whether by express provision or by reliance on operation of state law. Attach a statement that describes specifically where your organizing document meets this requirement, such as a reference to a particular article or section in your organizing document or by operation of state law. See the instructions, including Appendix B, for information about the special provisions that need to be contained in your organizing document.

Go to line 2.

2 Are you a private operating foundation? To be a private operating foundation you must engage directly in the active conduct of charitable, religious, educational, and similar activities, as opposed to indirectly carrying out these activities by providing grants to individuals or other organizations. If "Yes," go to line 3. If "No," go to the signature section of Part XI.

Yes No

3 Have you existed for one or more years? If "Yes," attach financial information showing that you are a private operating foundation; go to the signature section of Part XI. If "No," continue to line 4.

4 Have you attached either (1) an affidavit or opinion of counsel, (including a written affidavit or opinion from a certified public accountant or accounting firm with expertise regarding this tax law matter), that sets forth facts concerning your operations and support to demonstrate that you are likely to satisfy the requirements to be classified as a private operating foundation; or (2) a statement describing your proposed operations as a private operating foundation?

Yes No

5 If you answered "No" to line 1a, indicate the type of public charity status you are requesting by checking one of the choices below. You may check only one box.

- 509(a)(1) and 170(b)(1)(A)(i)—a church or a convention or association of churches. Complete and attach Schedule A.
- 509(a)(1) and 170(b)(1)(A)(ii)—a school. Complete and attach Schedule B.
- 509(a)(1) and 170(b)(1)(A)(iii)—a hospital, a cooperative hospital service organization, or a medical research organization operated in conjunction with a hospital. Complete and attach Schedule C.
- 509(a)(3)—an organization supporting either one or more organizations described in line 5a through c, f, g, or h or a publicly supported section 501(c)(4), (5), or (6) organization. Complete and attach Schedule D.
Part X  Public Charity Status (Continued)

e  509(a)(4)—an organization organized and operated exclusively for testing for public safety.

f  509(a)(1) and 170(b)(1)(A)(iv)—an organization operated for the benefit of a college or university that is owned or operated by a governmental unit.

g  509(a)(1) and 170(b)(1)(A)(v)—an organization that receives a substantial part of its financial support in the form of contributions from publicly supported organizations, from a governmental unit, or from the general public.

h  509(a)(2)—an organization that normally receives not more than one-third of its financial support from gross investment income and receives more than one-third of its financial support from contributions, membership fees, and gross receipts from activities related to its exempt functions (subject to certain exceptions).

i  A publicly supported organization, but unsure if it is described in 5g or 5h. The organization would like the IRS to decide the correct status.

6  If you checked box g, h, or i in question 5 above, you must request either an advance or a definitive ruling by selecting one of the boxes below. Refer to the instructions to determine which type of ruling you are eligible to receive.

a  Request for Advance Ruling: By checking this box and signing the consent, pursuant to section 6501(c)(4) of the Code you request an advance ruling and agree to extend the statute of limitations on the assessment of excise tax under section 4940 of the Code. The tax will apply only if you do not establish public support status at the end of the 5-year advance ruling period. The assessment period will be extended for the 5 advance ruling years to 8 years, 4 months, and 15 days beyond the end of the first year. You have the right to refuse or limit the extension to a mutually agreed-upon period of time or issue(s). Publication 1035, Extending the Tax Assessment Period, provides a more detailed explanation of your rights and the consequences of the choices you make. You may obtain Publication 1035 free of charge from the IRS web site at www.irs.gov or by calling toll-free 1-800-829-3676. Signing this consent will not deprive you of any appeal rights to which you would otherwise be entitled. If you decide not to extend the statute of limitations, you are not eligible for an advance ruling.

Consent Fixing Period of Limitations Upon Assessment of Tax Under Section 4940 of the Internal Revenue Code

For Organization

Not Applicable

(Signature of Officer, Director, Trustee, or other authorized official)  
(Type or print name of signer)  (Date)

(Type or print title or authority of signer)

For IRS Use Only

IRS Director, Exempt Organizations  (Date)

b  Request for Definitive Ruling: Check this box if you have completed one tax year of at least 8 full months and you are requesting a definitive ruling. To confirm your public support status, answer line 6b(i) if you checked box g in line 5 above. Answer line 6b(ii) if you checked box h in line 5 above. If you checked box i in line 5 above, answer both lines 6b(i) and (ii).

(i)  (a) Enter 2% of line 8, column (a) on Part IX-A. Statement of Revenues and Expenses.

(b) Attach a list showing the name and amount contributed by each person, company, or organization whose gifts totaled more than the 2% amount. If the answer is "None," check this box.

(ii)  (a) For each year amounts are included on lines 1, 2, and 9 of Part IX-A. Statement of Revenues and Expenses, attach a list showing the name of and amount received from each disqualified person. If the answer is "None," check this box.

(b) For each year amounts are included on line 9 of Part IX-A. Statement of Revenues and Expenses, attach a list showing the name of and amount received from each payer, other than a disqualified person, whose payments were more than the larger of (1) 1% of line 10, Part IX-A. Statement of Revenues and Expenses, or (2) $5,000. If the answer is "None," check this box.

7  Did you receive any unusual grants during any of the years shown on Part IX-A. Statement of Revenues and Expenses? If "Yes," attach a list including the name of the contributor, the date and amount of the grant, a brief description of the grant, and explain why it is unusual.

☐ Yes  ☒ No
Part XI User Fee Information

You must include a user fee payment with this application. It will not be processed without your paid user fee. If your average annual gross receipts have exceeded or will exceed $10,000 annually over a 4-year period, you must submit payment of $850. If your gross receipts have not exceeded or will not exceed $10,000 annually over a 4-year period, the required user fee payment is $400. See instructions for Part XI, for a definition of gross receipts over a 4-year period. Your check or money order must be made payable to the United States Treasury. User fees are subject to change. Check our website at www.irs.gov and type "User Fee" in the keyword box, or call Customer Account Services at 1-877-829-5500 for current information.

1 Have your annual gross receipts averaged or are they expected to average not more than $10,000? □ Yes □ No
   If "Yes," check the box on line 2 and enclose a user fee payment of $400 (Subject to change—see above).
   If "No," check the box on line 3 and enclose a user fee payment of $850 (Subject to change—see above).

2 Check the box if you have enclosed the reduced user fee payment of $400 (Subject to change).

3 Check the box if you have enclosed the user fee payment of $850 (Subject to change).

I declare under the penalties of perjury that I am authorized to sign this application on behalf of the above organization and that I have examined this application, including the accompanying schedules and attachments, and to the best of my knowledge it is true, correct, and complete.

Please Sign Here

[Signature of Officer, Director, Trustee, or other authorized official]

[Type or print name of signer]

[Date]

[Type or print title or authority of signer]

Reminder: Send the completed Form 1023 Checklist with your filled-in-application.
Form 1023 Checklist
(Revised December 2013)
Application for Recognition of Exemption under Section 501(c)(3) of the Internal Revenue Code

Note. Retain a copy of the completed Form 1023 in your permanent records. Refer to the General Instructions regarding Public Inspection of approved applications.

Check each box to finish your application (Form 1023). Send this completed Checklist with your filled-in application. If you have not answered all the items below, your application may be returned to you as incomplete.

☑ Assemble the application and materials in this order:
  • Form 1023 Checklist
  • Form 2848, Power of Attorney and Declaration of Representative (if filing)
  • Form 8821, Tax Information Authorization (if filing)
  • Expedite request (if requesting)
  • Application (Form 1023 and Schedules A through H, as required)
  • Articles of organization
  • Amendments to articles of organization in chronological order
  • Bylaws or other rules of operation and amendments
  • Documentation of nondiscriminatory policy for schools, as required by Schedule B
  • Form 5768, Election/Revocation of Election by an Eligible Section 501(c)(3) Organization To Make Expenditures To Influence Legislation (if filing)
  • All other attachments, including explanations, financial data, and printed materials or publications. Label each page with name and EIN.

☑ User fee payment placed in envelope on top of checklist. DO NOT STAPLE or otherwise attach your check or money order to your application. Instead, just place it in the envelope.

☑ Employer Identification Number (EIN)

☑ Completed Parts I through XI of the application, including any requested information and any required Schedules A through H.
  • You must provide specific details about your past, present, and planned activities.
  • Generalizations or failure to answer questions in the Form 1023 application will prevent us from recognizing you as tax exempt.
  • Describe your purposes and proposed activities in specific easily understood terms.
  • Financial information should correspond with proposed activities.

☑ Schedules. Submit only those schedules that apply to you and check either "Yes" or "No" below.

  Schedule A  Yes No ✓
  Schedule B  Yes No ✓
  Schedule C  Yes No ✓
  Schedule D  Yes No ✓
  Schedule E  Yes No ✓
  Schedule F  Yes No ✓
  Schedule G  Yes No ✓
  Schedule H  Yes No ✓
☐ An exact copy of your complete articles of organization (creating document). Absence of the proper purpose and dissolution clauses is the number one reason for delays in the issuance of determination letters.

- Location of Purpose Clause from Part III, line 1 (Page, Article and Paragraph Number) P. 1-2, Art. 4 and 7
- Location of Dissolution Clause from Part III, line 2b or 2c (Page, Article and Paragraph Number) or by operation of state law P. 3, Article 9

☐ Signature of an officer, director, trustee, or other official who is authorized to sign the application.
- Signature at Part XI of Form 1023.

☐ Your name on the application must be the same as your legal name as it appears in your articles of organization.

Send completed Form 1023, user fee payment, and all other required information, to:

Internal Revenue Service
P.O. Box 192
Covington, KY 41012-0192

If you are using express mail or a delivery service, send Form 1023, user fee payment, and attachments to:

Internal Revenue Service
201 West Rivercenter Blvd.
Attn: Extracting Stop 312
Covington, KY 41011
Part II - Organizational Structure

Part II, Line 1. The Articles of Incorporation for Nevada Institute For Autonomous Systems are attached hereto as Exhibit A.

Part II, Line 5. The Bylaws for Nevada Institute For Autonomous Systems are attached hereto as Exhibit B.

Part III - Required Provisions in Organizing Documents

Part III, Line 1. The Articles of Incorporation for Nevada Institute For Autonomous Systems include the required purpose statement on pages 1 and 2, Articles 4 and 7.

Part III, Line 2b. The Articles of Incorporation for Nevada Institute For Autonomous Systems include the required dissolution statement on page 3, Article 9.

Part IV - Narrative Description of Activities

The Nevada Institute for Autonomous Systems (NIAS), a Nevada nonprofit corporation, will operate exclusively as a tax-exempt organization described in Section 501(c)(3) performing educational, charitable relief of the burdens of government, and scientific research activities.

NIAS was formed in 2013 by leaders of the State of Nevada to work in conjunction with the Federal Aviation Administration (FAA) on integration of Unmanned Aerial Vehicles (UAVs) in the National Air Space (NAS) by 2015, including on the testing of Unmanned Aircraft Systems (UAS) in order to come up with regulations, protocols, certification and programs for UAS. NIAS is not only a critical part of the FAA's program, but is performing a wide array of educational programing in the State of Nevada. To date, NIAS has retained a single contractor, Bowhead Business and Technology Solutions, LLC, to begin the NIAS work, with that contractor designated as the NIAS "Program Management Office" (PMO), which is currently being overseen by the NIAS Board of Directors and officers.

NIAS brings together a team of educators, businesses, and government entities to foster learning and academic achievement by working with researchers, educators, and industry leaders alike, creating a safe, fulfilling, and academically enriching climate for the future of UAS research and development. NIAS will also be conducting and operating an FAA research and certification site. In its infancy now, NIAS will soon be directing a multitude of programs and projects, many of which are outlined below.
Why the Need for NIAS?

NIAS was formed to fill a critical need in the United States and in Nevada. In collaboration with the FAA, NIAS will provide one piece of the technical expertise required for an FAA Testing and Certificate process. Outlined below briefly are the areas each of the six FAA-selected test sites will cover for the UAS program the FAA was Congressionally mandated to create and carryout.

In addition to the FAA testing and services NIAS will conduct, NIAS will provide highly necessary educational services to Nevada students at all levels – kindergarten through university, and technical and vocational schools. Educational programs, discussed below, will cover science, technology, engineering and mathematics – STEM programs, and include integration of curricula, internships, symposia, forums, and an array of activities, clubs, workshops, simulations, etc.

A key initiative of the FAA was selection of solicitation of six UAS test sites, of which Nevada was one. Along with the FAA test site designation, came the need to educate the public about UAS, secure key partnerships and build educational and training programs with school systems and universities in the state of Nevada. NIAS is dedicated to not only educating the students and people of Nevada about UAS, but also giving them opportunities to learn and work in the technology, science, engineering, and mathematics fields that surround the highly technological arena of UAS. Additionally, NIAS is committed to the safe integration of unmanned systems into the National Airspace System and committed to conscientious protection and defense of privacy when unmanned vehicles are in use. NIAS will foster learning and academic achievement by working with researchers, educators and industry leaders.

What Are Unmanned Aircraft Systems?

The FAA defines an “unmanned aircraft system” as not only the aircraft itself, but all of the associated support equipment, control station, data links, telemetry, communications and navigation equipment, etc., necessary to operate the unmanned aircraft. The unmanned aircraft is the flying portion of the system, flown by a pilot via a ground control system, or autonomously through use of an on-board computer, communication links and any additional equipment that is necessary for the aircraft to operate safely. The FAA issues an experimental airworthiness certificate for the entire system, not just the flying portion of the system. The FAA was charged by Congress in the FAA Modernization and Reform Act of 2012 with updating its rules and regulations to include guidance for the operation, certification and utilization of the UAS in public space for commercial and private use.
Lessening the Burdens of Government, Research in the Public Interest, and Educational Activities – All within 501(c)(3)

The term “charitable” is used in section 501(c)(3) in its generally accepted legal sense and is, therefore, not to be construed as limited by the separate enumeration in section 501(c)(3) of other tax-exempt purposes which may fall within the broad outlines of “charity” as developed by judicial decisions. Such term includes: advancement of education or science, and lessening of the burdens of Government. Determining whether an organization lessens the burdens of government involves a two-part inquiry as to whether—(1) a governmental unit considers the activities to be its burden and recognizes the organization as acting on its behalf, and (2) the organization's performance of the activities actually lessens the burden of government. Treas. Reg. 1.501(c)(3)-1(d)(2). An activity is a burden of the government if there is an objective manifestation by the governmental unit that it considers the activities of the organization to be its burden. The interrelationship between the governmental unit and the organization may provide evidence that the governmental unit considers the activity to be its burden. Rev Rule 85-2, 1985-1 CB 178.

The FAA was mandated by the FAA Modernization and Reform Act of 2012 to select six UAS Test Sites to further test and research UAS integration into the National Airspace System. In December 2013, the FAA announced the six sites to operate the UAS test sites – Nevada being one, with NIAS to operate the Nevada site. The FAA noted that the six test site selections achieved cross-country geographic and climatic diversity, and each site has its own unique position in the test site array “to help the FAA meet its UAS research needs”:

State of Nevada. Nevada’s project objectives concentrate on UAS standards and operations as well as operator standards and certification requirements. The applicant’s research will also include a concentrated look at how air traffic control procedures will evolve with the introduction of UAS into the civil environment and how these aircraft will be integrated with NextGen. Nevada’s selection contributes to geographic and climatic diversity.

University of Alaska. The University of Alaska proposal contained a diverse set of test site range locations in seven climatic zones as well as geographic diversity with test site range locations in Hawaii and Oregon. The research plan includes the development of a set of standards for unmanned aircraft categories, state monitoring and navigation. Alaska also plans to work on safety standards for UAS operations.

New York’s Griffiss International Airport. Griffiss International plans to work on developing test and evaluation as well as verification and validation processes under FAA safety oversight. The applicant also plans to focus its research on sense and avoid capabilities for UAS and its sites will aid in researching the complexities of integrating UAS into the congested, northeast airspace.
North Dakota Department of Commerce. North Dakota plans to develop UAS airworthiness essential data and validate high reliability link technology. This applicant will also conduct human factors research. North Dakota’s application was the only one to offer a test range in the Temperate (continental) climate zone and included a variety of different airspace which will benefit multiple users.

Texas A&M University–Corpus Christi. Texas A&M plans to develop system safety requirements for UAS vehicles and operations with a goal of protocols and procedures for airworthiness testing.


“These test sites will give us valuable information about how best to ensure the safe introduction of this advanced technology into our nation’s skies,” said United States Transportation Secretary Anthony Foxx. These sites will help the FAA meet its UAS research goals of System Safety & Data Gathering, Aircraft Certification, Command & Control Link Issues, Control Station Layout & Certification, Ground & Airborne Sense & Avoid, and Environmental Impacts will be met. The FAA’s role is to ensure each UAS operator establishes a safe testing environment and to provide oversight that ensures each site operates under strict safety standards. Id.

The FAA established requirements for each test site that will help protect privacy of the public. The requirements were developed with public input and the final requirements were published on November 14, 2013 in the Federal Register. This followed the February Federal Register notice that asked for public comments on the draft privacy requirements for the six test site operators. Among other requirements, test site operators, NIAS included, will be required to comply with federal, state, and other laws protecting an individual’s right to privacy; have publicly available privacy policies and a written plan for data use and retention; and conduct an annual review of privacy practices that allows for public comment.

On November 7, 2013, the FAA released its first annual Roadmap (http://www.faa.gov/about/initiatives/uas/media/UAS_Roadmap_2013.pdf) outlining efforts needed to safely integrate UAS into the nation’s airspace system. The Roadmap addresses current and future policies, regulations, technologies and procedures that will be required as demand moves the country from today’s limited accommodation of UAS operations to the extensive future integration of UAS into the NextGen aviation system. NIAS will be part of all of this as one of the FAA’s chosen test site operators.
Nevada was selected as one of the six test sites to perform the testing and research for the FAA and NIAS operates that site on behalf of the State of Nevada. Accordingly, NIAS is relieving the burdens of government.

Educational activities and research done in the public interest are also 501(c)(3) activities. The Treasury Regulations provide that "educational", as used in section 501(c)(3), relates to: the instruction or training of the individual for the purpose of improving or developing his capabilities; or the instruction of the public on subjects useful to the individual and beneficial to the community. An organization whose activities consist of presenting public discussion groups, forums, panels, lectures, or other similar programs is educational. In addition, organizations are classified as educational with the meaning of 501(c)(3) that design programs and curricula for schools, prepare students for future careers, facilitate scholarships and internship programs, and perform similar such programs, all of which NIAS will do. See Treas. Reg. §1.501(c)(3)-1(d)(3).

In addition to the many direct educational activities outlined below, the research NIAS will perform in collaboration with the FAA for the testing of the UAS is for the benefit of the public, which is also scientific research within the meaning of 501(c)(3). Scientific research such as this will be regarded as carried on in the public interest:

- If the results of such research are made available to the public on a nondiscriminatory basis;
- If such research is performed for the United States, or any of its agencies or instrumentalities, or for a State or political subdivision thereof; or
- If such research is directed toward benefiting the public. The following are examples of scientific research which will be considered as directed toward benefiting the public, and, therefore, which will be regarded as carried on in the public interest:

"(1) Scientific research carried on for the purpose of aiding in the scientific education of college or university students; (2) scientific research carried on for the purpose of obtaining scientific information, which is published in a treatise, thesis, trade publication, or in any other form that is available to the interested public; ... or (4) scientific research carried on for the purpose of aiding a community or geographical area by attracting new industry to the community or area or by encouraging the development of, or retention of, an industry in the community or area. Scientific research described in this subdivision will be regarded as carried on in the public interest even though such research is performed pursuant to a contract or agreement under which the sponsor or
sponsors of the research have the right to obtain ownership or control of any
patents, copyrights, processes, or formulae resulting from such research.”


NIAS is exempt for all of its activities because no activity is conducted for the benefit of
any private individual or company, but every activity is undertaken for the United States, State of
Nevada and residents of Nevada, particularly the students of Nevada. Accordingly, NIAS is
exempt as an organization described in 501(c)(3) of the Internal Revenue Code.

**FAA Certification and Research Activities**

In collaboration with the FAA, NIAS relevant data collected at the site will be used to
feed the requirements being developed to support UAS integration. This includes providing
information to support development of certification procedures, airworthiness standards,
operational requirements, maintenance procedures, and safety oversight activities for UAS civil
applications and operations. NIAS will also provide technical expertise with the FAA Certificate
of Waiver/Authorization (COA) and/or Special Airworthiness Certificate (SAC) process in
certain areas (delineated below). NIAS will provide technical expertise for the COA and the
SAC, as directed and overseen by the FAA, in the following areas – Airworthiness, Personnel
Certification, Operations Qualification, and Location Assessment:

**Airworthiness**

The UAS Airworthiness process assists proponents with the development of documents,
checklists and programs required for FAA Special Airworthiness and /or (PMO) certification.
Areas of expertise comprise of assistance with:

- Program letter development for UAS contingency operations
- Safety evaluation checklist development
- Facilitating on site live flight test validation
- Inspection and maintenance program development
- Providing FAA safety data for comprehensive hazard analysis

**Personnel Certification**

NIAS can evaluate and assist with the certification of UAS/Remotely Piloted Aircraft
crewmembers and visual observers.

**Operations Qualification**

Another FAA process is the NIAS Operations Qualification process evaluates UAS flight
characteristics of the candidate UAS and Ground Control Systems, includes:
• Maintenance documentation
• Line-Oriented Flight Training (LOFT)
• Hardware-in-the-Loop simulations
• Safety and emergency procedures processes

Location Assessment
Location Assessment develops specific COA locations and airspace parameters for UAS operations that will be conducted in the National Airspace System (NAS). Our process starts with an application for a customer’s UAS at one of the NIAS-operated UAS Test Sites or the customer’s field of choice. The Location Assessment is designed to minimize impact to users of the NAS. UAS operations may be conducted at one of NIAS-operated UAS Test Sites or an acceptable alternate location. The Location Assessment process involves assisting UAS proponents with:
• Purpose and needs statement development
• Determining test, training or special requirements
• Determining airspace volume, density, proximity and time
• Harmonizing concepts and procedures among local Air Traffic Control facilities
• Conducting a Safety Risk Management review
• Designing safe and feasible de-confliction procedures

Overall COA/SAC Process:
Phase 1—Perform Critical Flight Testing and Safety Analysis: Flight Test data is collected and checked for compliance with aircraft parameters and safety requirements via NIAS our flight test card process.

Phase 2—Collect Technical Information: Collect and document all necessary information for the COA application.

Phase 3—Apply for COA/SAC: Submit COA/SAC application, monitor/respond to FAA inquiries; coordinate reply with proponents.

Phase 4—Flight Operations and Training: UAS PMO representatives will accompany SAC applicant during FAA inspections and initial Validation and Verification (V&V) flight tests. COA proponents receive similar PMO V&V oversight after COA approval. UAS PMO will ensure the operations team is trained on COA/SAC limitations/provisions as directed by FAA.

The UAS PMO will submit monthly usage, incident/accident reports to the FAA and re-apply for biannual COA and annual SAC renewals.
Education – Integrating Across all Levels of Education Science, Technology, Engineering and Mathematics (STEM)

Science, Technology, Engineering and Mathematics (STEM) is an important focus of Nevada school curriculum. A designation of Nevada as an FAA Test Site provides Nevada with leverage for Science, Technology, Engineering and Mathematics (STEM) and vocational courses to prepare students for future UAS employment. Rancho High School in the Clark County School District (CCSD) – the fifth largest school district in the United States – is already a magnet school for aviation, with both aeronautical engineering and aviation maintenance curricula. Rancho High School introduced UAS topics into curricula in the fall of 2013. These courses were approved by the State Board of Education and therefore may be taught in any Nevada school district. Nevada is aligning the elementary school “feeder programs” to middle school magnet programs, and the middle school “feeder programs” to high school magnet programs. This alignment will maximize successful matriculation into vocational schools, community colleges, and universities supporting UAS programs. NIAS will be supplementing such STEM and UAS programs with information and materials it develops, all with a design to engage students and keep them interested in STEM courses.

The Nevada System of Higher Education (NSHE) oversees several universities and colleges, including University of Nevada Reno (UNR), University of Nevada Las Vegas (UNLV), Desert Research Institute, Nevada State College, and several community colleges (College of Southern Nevada (CSN), Great Basin College, Western Nevada College and Truckee Meadows Community College). NSHE researchers are active in developing UAS with the Department of Defense (DOD), the Department of Energy Nevada National Security Site, and various private industries. UNR has an acclaimed Remote Sensing Program and excels in robotic and autonomous systems. Additionally, UNLV boasts programs in sensor development, aerospace engineering, and cyber security; and CSN and TMCC have robust Aviation Science and Transportation Technology programs that graduates commercial-certified pilots and flight operations professionals.

By integrating educational and scientific activities across the educational spectrum, Nevada primary and secondary schools, trade schools, community colleges, state colleges, and universities have created programs allowing Nevada to spearhead educational opportunities for the students of Nevada. NIAS plays a critical role in coordination of the information among the many groups – NIAS is a convener and a facilitator. NIAS is dedicated to continuing to raise the STEM learning activities designed to focus on student engagement, knowledge acquisition, literacy analysis, synthesis, and critical thinking skills that will impact the depth of student learning – raising the bar in Nevada.
Jumpstart to UAS – NIAS is Taking the Lead with Students

Beginning Concepts
- Statewide club with local chapters revolving around UAS, robotics, and autonomous systems
  - Includes Spring-break and Summer sessions for students in schools without an elective or after-school program on-site
  - Includes field-trips and industry career days
- Looking for six (6) schools in northern and southern parts of the State of Nevada.
- Speakers from the industry and pilots will talk to the students regarding real-life application, experience, and future job possibilities.
- Students learn on flight simulator software and progress through a series of software programs.
- Students may get to fly an actual UAS
- Students will be able to take field trips to local ranges and see UAS systems in action
- Prepares students for FAA-certification as Private Pilots

Progress to Date
In late August of 2013, contact information was exchanged with teachers at Leavitt Middle School who were interested in reestablishing aerospace curricula and/or the after-school aerospace club. The adopted/sponsored middle school provided a means for introducing the younger generation to the world of UAS operations, engineering, design, construction, and policy. NIAS installed UAS simulator software on the class computers and provided instructions for operations. By late October, NIAS had established an implementation model for the Jumpstart program and was discussing how to implement it in multiple schools and as a summer camp program.

An Open House (school principals) was held in October 2013 with a follow up Education Open Forum in November. Plans for “Jumpstart to UAS” Round Two formed in anticipation of the December NIAS presentation of its Education Outreach Brief and discussion with the Principals of Boulder City High School, Elton M. Garrett Middle School, Martha P. King Elementary, Andrew Mitchell Elementary School, and the Boulder City Manager. In addition, multiple higher education institutions, including UNR, were interested in sponsoring the Jumpstart to UAS Program. Discussions occurred with UNLV regarding application of the Jumpstart program for college minor and college outreach credit. Some of the discussions that resulted included:
- Expanding the program to include UAS flight and aviation maintenance technician courses
- Modify existing courses in composite materials manufacturing and repair to include UAS-specific topics, and
Collaborating with certified firefighter training programs to have integrated UAS operations

**Southwest Career and Technical Academy (SWTCA)**

NIAS reached out to SWTCA for web development and software support. Students were presented with an opportunity to redesign, host, and maintain the NIAS website. NIAS, through its PMO, also challenged students to modify flight simulator software to incorporate Nevada UAS Test Site ranges and aircraft. Additionally, there were discussions about hosting NIAS PMO luncheons/functions at SWTCA state of the art culinary learning facility.

**Vegas Public Broadcasting System (PBS)**

NIAS engaged in discussions for possible use of PBS capability to facilitate classroom instruction programs to be broadcast to additional classrooms. Production of DVR recordings of programs of instruction will allow outreach to rural areas without access to the network.

**University Academic and Research Programs**

NIAS is working with colleges and universities to develop UAS-related degree programs, pilot training and licensing programs, UAS mechanics certifications, aviation business administration degrees, and certified firefighter training courses with integrated UAS operations.

**Beginning Concepts**

- Provided an “Introduction to Aviation Safety for Small UAS” for remote-control aircraft clubs.
- Expanding “Jumpstart to UAS” to include a Career and Technical Education (CTE) program with UNLV Education Outreach.
- Teaming with local industry, GOED and Department of Employment, Training and Rehabilitation (DETR) to develop internships and work-study programs.
- Going forward in 2014, this program will be referred to as Jumpstart Nevada due to the expansion to cover the entire State of Nevada.

**Progress**

- NSHE UAS programs have the potential to grow following FAA UAS Test Site designation.
- UNR Unmanned/Autonomous Systems minor for the current school year; with plans to grow to Master, acclaimed Remote Sensing Program and excels in robotic and autonomous systems
- Western Nevada College’s Technology degree program in Automated Science
- Integration of UAS electives into two College of Southern Nevada degree programs (Aviation Technology and Fire Technology Management program)
Internships

In November, NIAS through its PMO with SBI to discuss how the PMO could participate in the internship program. In December, the PMO participated in Summer Business Institute (SBI) meeting for businesses hosting interns.

Industry Partnerships

- Integrate UAS options for internships through the SBI and other industry partners
  - Businesses in the UAS Industry would host students during a 6 week summer period Monday through Thursday, with Friday set aside for students to reflect on what they learned in a structured Institute environment.
  - Pre-recruit through Career and Business Days (NVBAA Conference in Henderson in October, Jumpstart programs, etc.)
- Create scholarships and internships to actively engage the Nevada System of Higher Education
  - Students/Interns provide support to the DRI’s ongoing studies and research throughout the region
  - Assist in providing qualified applicants to existing internships (FAA Interns at McCarran International are currently filled with Arizona State University students)

Other Education Outreach Activities

- Supported College of Southern Nevada STEM Conference for 120 local students at CSN Cheyenne Campus, January 30, 2014
- Attended Unmanned Vehicle University (Training/Academic), February 10, 2014, (This was a three-day seminar focused on emerging trends in the UAV industry related to FAA commercial integration of unmanned aircraft. The purpose of this relationship is to possibly further the ability to have UAS certification for student courses in Nevada and collaborate with Nevada Higher Education Institutions).
- Met with Southwest Career and Technical Academy concerning NIAS website and UAS flight simulation software, February, 2014
- Attended Unmanned Vehicle University, February, 2014

Conclusion

All of NIAS’s activities - education, lessening the burdens of government and research in the public interest – are all within the description of a 501(c)(3) organization. Nothing NIAS will do will be for private benefit or gain, but all for the benefit of the United States, Nevada and
the students of Nevada. NIAS research will all be carried on for the benefit of the public as it is all pursuant to a grant from the FAA for the sole purpose of ensuring the safe use of UAS in the public airspace, and development of rules and regulations around such use. All NIAS research and information acquired will be used to benefit the public and given to the United States government. The STEM education materials and curricula will be provided to the schools, universities and programs throughout the state of Nevada to raise the bar for all students in Nevada. Providing a better education in more relevant and advanced subjects in order to prepare students for a brighter future in globally relevant fields.

NIAS will perform its activities through its volunteer Board of Directors and Officers, its small staff (once hired), and its independent contractors. NIAS will also garner much assistance in performing its activities from those numerous state leaders, researchers, educators, businesses, and array of other supporters from around the state of Nevada who believe UAS and STEM education is critical to the development and growth of the students of Nevada — the future of Nevada.

**Part V - Compensation and Other Financial Arrangements With Your Officers, Directors, Employees, and Independent Contractors**

**Part V, Line 1a.** List the names, titles, and mailing addresses of all officers and directors.

<table>
<thead>
<tr>
<th>Name</th>
<th>Title</th>
<th>Mailing Address</th>
<th>Compensation for Services</th>
</tr>
</thead>
<tbody>
<tr>
<td>John V. White</td>
<td>Director/President</td>
<td>300 S. Fourth St., Suite 1400</td>
<td>None</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Las Vegas, NV 89101</td>
<td></td>
</tr>
<tr>
<td>Stephen G. Wells</td>
<td>Director/Secretary</td>
<td>300 S. Fourth St., Suite 1400</td>
<td>None</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Las Vegas, NV 89101</td>
<td></td>
</tr>
<tr>
<td>Nancy Wong</td>
<td>Director/Treasurer</td>
<td>300 S. Fourth St., Suite 1400</td>
<td>None</td>
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<tr>
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<td></td>
<td>Las Vegas, NV 89101</td>
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<tr>
<td>Gregory Mosier</td>
<td>Director</td>
<td>300 S. Fourth St., Suite 1400</td>
<td>None</td>
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<td></td>
<td>Las Vegas, NV 89101</td>
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<tr>
<td>Billy G. McCoy</td>
<td>Director</td>
<td>300 S. Fourth St., Suite 1400</td>
<td>None</td>
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<tr>
<td>J. Scott Bensing</td>
<td>Director</td>
<td>300 S. Fourth St., Suite 1400</td>
<td>None</td>
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<tr>
<td>James A. Barrett, Jr.</td>
<td>Director</td>
<td>300 S. Fourth St., Suite 1400</td>
<td>None</td>
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<td></td>
<td>Las Vegas, NV 89101</td>
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</tr>
</tbody>
</table>

Officers and Directors are not compensated for serving in those positions.
Attachment to Form 1023  
Nevada Institute For Autonomous Systems  
300 S. Fourth Street, Suite 1400  
Las Vegas, Nevada 89101  
EIN: 46-3341782

Part V, Line 1b. List the names, titles, and mailing addresses of the five highest compensated employees who receive or will receive compensation of more than $50,000 per year.

NIAS currently has no employees that will receive or have received $50,000 per year, but NIAS does anticipate hiring one or more employees who will receive compensation at or above such levels in the future.

When compensation is established for any employee, the Board of Directors will determine reasonable compensation for the type and amount of services performed by the employee, his or her relevant background, experience, and education, and in light of any other relevant factors, as well as based on data available on compensation paid by similarly situated organizations for similar services. The Board of Directors will also follow its Conflicts of Interest Policy (attached as Exhibit C), if applicable, approve compensation prior to paying it, and document in writing the approved terms/conditions and what information was used to determine the compensation.

Part V, Line 1c. List the names, names of businesses, and mailing addresses of the five highest compensated independent contractors that receive or will receive compensation of more than $50,000 per year.

1. Bowhead Business and Technology Solutions, LLC, to begin the NIAS work, with that contractor designated as the NIAS program management office. Bowhead was contracted for $930,000 in 2013 and will make over $1,000,000 in 2014.

Bowhead is operating under the direct oversight and management of NIAS Board of Directors to facilitate the educational programs, FAA test site development, operation and management, and other programs NIAS is developing. Bowhead was retained by NIAS to provide systems engineering and technical assistance in the administration of the FAA test site because of its excellent reputation in the aerospace and technology industry, with over thirty years of experience in delivering high impact business solutions to federal government, business, state and local government, and nonprofit organizations in the fields of engineering and technical services, systems engineering, analysis, and design, information technology management, systems integration, and network security monitoring, as well as program and project management.

2. Fennemore Craig, P.C., is a law firm and an independent contractor that will receive compensation of more than $50,000 per year, making approximately $120,000 to $140,000 in 2014.

Fennemore Craig was retained for its expertise in the UAS industry, tax and contracting areas. Fennemore Craig has represented NIAS since prior to formation and is currently assisting NIAS with its contracts with PMO, FAA, tax exemption application and various other matters.
When compensation is established for any independent contractor, the Board of Directors will determine reasonable compensation for the type and amount of services performed by the contractor, his or her relevant background, experience, and education, and in light of any other relevant factors, as well as based on data available on compensation paid by similarly situated organizations for similar services. The Board of Directors will also follow its Conflicts of Interest Policy (attached as Exhibit C), if applicable, approve compensation prior to paying it, and document in writing the approved terms/conditions and what information was used to determine the compensation.


No business or family relationships exist among the officers and directors of NIAS other than those of community members serving on common boards and as members of some of the same community groups.

Part V, Line 3a. For each of the officers, directors, highest compensated employees, and highest compensated independent contractors listed above, list their name, qualifications, average hours worked, and duties.

<table>
<thead>
<tr>
<th>Name and Qualifications</th>
<th>Duties</th>
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<tbody>
<tr>
<td>John V. White</td>
<td>President- The position will require him to be an active participant in the day-to-day operations of NIAS.</td>
</tr>
<tr>
<td></td>
<td><strong>Director</strong> – This position will require him to serve as a director on the Board of Directors for the entity, taking an active role in grant and other decisions of NIAS.</td>
</tr>
<tr>
<td></td>
<td><strong>Hours/Compensation</strong> – Over the next year, the President expects to work 10-15 hours per week on NIAS business in his capacity as a Director and President. He will not receive any compensation for his services, but may receive the reimbursement of reasonable expenses incurred on behalf of NIAS.</td>
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</table>

John Valery White was named Executive Vice President and Provost of the University of Nevada, Las Vegas (UNLV), effective July 1, 2012. Prior to being appointed to this position, John was the second dean of UNLV's William S. Boyd School of Law.

Mr. White joined the Boyd School of Law from Louisiana State University (LSU) Paul M. Hebert Law Center where he was the J. Dawson Gasquet Memorial Professor of Law. At LSU, he taught for 15 years and wrote and lectured extensively about civil rights law. He was also a Distinguished Visiting Professor at the University of Insubria in Como, Italy, where he explored the role of civil rights law and multicultural theories in responding to globalism. He helped organize and direct a summer school in comparative law in Insubria and twice directed the LSU summer program in Lyon, France. Before teaching law, he was an Orville Schell Fellow at Human Rights Watch in New York City where he worked on prison and human rights practices in Egypt. Dean White received his J.D. from Yale Law School in 1991, where he was a Notes and Topics Editor for the Yale Law Journal and participated in the Jerome N. Frank Legal Service Organization.
## Name and Qualifications

**Stephen G. Wells**  
Dr. Stephen G. Wells, President of the Desert Research Institute (DRI) of the Nevada System of Higher Education, oversees one of the world’s largest multidisciplinary environmental research organizations with approximately 550 scientists, technologists, students, and other support staff. He has helped build DRI from a $23.8 million per year operation in 1998, the year before he became president, to greater than $50 million currently.

From state-of-the-art facilities in both Las Vegas and Reno, Dr. Wells leads three core divisions and four interdisciplinary science centers that serve the State of Nevada; several federal agencies including the U.S. Dept. of Energy, Dept. of Defense, Environmental Protection Agency; and communities around the world. He is a graduate faculty member in the Hydrologic Sciences Program and Dept. of Geological Sciences at the University of Nevada, Reno. He serves on the boards of Research Parks, Ltd., Economic Development Authority of Western Nevada, Nevada Development Authority, Gathering Genius, Inc., Sierra Nevada College, and the Water Council.

Dr. Wells has held visiting appointments with the U.S. Air Force Office of Research, U.S. Geological Survey, Los Alamos National Laboratory, and The University of Liverpool as well as established consulting relationships with numerous federal agencies and private companies including U.S. Dept. of Justice, Sandia National Laboratories, and environmental and geotechnical firms in the western U.S.

Dr. Wells has published approximately 60 peer-reviewed papers and book chapters and edited six volumes. He is recipient of three national awards for research excellence: Geological Society of America Kirk Bryan award for best scientific paper in geomorphology and Quaternary geology, Gladys Cole Award for best scientific proposal in arid land geomorphology, and Geological Society of America Farouk El-Baz award for desert research.

Dr. Wells received his B.S. (Geology) from Indiana University, and a M.S. and Ph.D. in Geology from the University of Cincinnati. In 2007, Dr. Wells received distinguished alumni awards from the Dept. of Geology at Indiana University and the College of Arts and Sciences at the University of Cincinnati.

## Duties

**Secretary** – This position will require him to keep charge of the corporate books and keep minutes of NIAS meetings.

**Director** – This position will require him to serve as a director on the Board of Directors for the entity, taking an active role in grant and other decisions of NIAS.

**Hours/Compensation** – Over the next year, the Secretary and a Director expects to work 2-5 hours per week on organization business in his capacity as an officer and director. He will not receive any compensation for his services, but may receive the reimbursement of reasonable expenses incurred on behalf of NIAS.
<table>
<thead>
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<th>Duties</th>
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</thead>
<tbody>
<tr>
<td>Nancy Wong</td>
<td><strong>Director</strong> – This position will require her to serve as a director on the Board of Directors for the entity, taking an active role in grant and other decisions of NIAS.</td>
</tr>
<tr>
<td>Nancy Wong is an Executive Vice President and a principal of Arcata Associates Inc., a Las Vegas-based aerospace/defense company. With more than 400 employees in ten states across the nation, Arcata has provided technical and business support services to federal Government agencies since 1979.</td>
<td><strong>Treasurer</strong> – This position will require her to retain financial records of NIAS and related documentation.</td>
</tr>
<tr>
<td>Arcata’s core expertise is in range engineering and operations and maintenance (O&amp;M) in support of the test environment, specifically the test of Unmanned Aircraft Systems (UASs) and aircraft for both the Department of Defense and civilian agencies such as NASA. The company’s experience includes 30+ years of continuous experience working at the Nevada Test and Training Range at Nellis AFB providing real time support to testing, training and tactics development for manned and unmanned systems, aircrew and their equipment. Arcata has also served as the Research Facilities and Engineering Support Services (RF&amp;ESS) prime contractor at NASA Dryden Flight Research Center, Edwards California providing test support for aircraft and UASs for the past 11 years. For its work, Arcata was named 2008 and 2011 NASA Small Business Prime Contractor of the Year.</td>
<td><strong>Hours/Compensation</strong> – Over the next year, as a Director and Treasurer expects to work 2-5 hours per week on organization business in her capacity as a director. She will not receive any compensation for her services, but may receive the reimbursement of reasonable expenses incurred on behalf of NIAS.</td>
</tr>
<tr>
<td>In her role as Executive Vice President, Ms. Wong oversees the business administration functions of the company including human resources, finance, risk management and public relations. Wong currently serves on the Board of Trustees of the Las Vegas Chamber of Commerce. She received a Master’s degree in Business Administration from the University of California at Los Angeles, and a Bachelor of Arts degree from Stanford University. She and her husband, USAF Colonel Steve Seroka, have three children.</td>
<td></td>
</tr>
</tbody>
</table>
**Name and Qualifications**

<table>
<thead>
<tr>
<th>Name</th>
<th>Duties</th>
</tr>
</thead>
<tbody>
<tr>
<td>James A. Barrett, Jr.</td>
<td>Director – This position will require him to serve as a director on the Board of Directors for the entity, taking an active role in grant and other decisions of NIAS.</td>
</tr>
</tbody>
</table>

James A. Barrett, Jr. is the Founder and President of The JABarrett Company. Mr. Barrett's career has emphasized fiduciary-oriented financial planning, capital formation and entrepreneurial business development and operation. His work has been primarily in the Design & Construction, Resort, Hospitality, Gaming and Real Estate industries, for both privately held and publicly traded entities.

The JABarrett Company, a Nevada based Financial Advisors firm, was formed in July 2011 to provide independent and objective financial and organizational guidance to private businesses and their owners. The offerings of The JABarrett Company include assessments, advisory services, risk management oversight, governance formation and operation consulting. Capitalizing on Mr. Barrett's experience and relationships the company also provides specific project assistance in the modeling, acquisition, development, operation, financing and sale of real estate.

Mr. Barrett also personally serves as an independent advisory and fiduciary board member for a variety of companies, both private and public. In these positions he provides industry based, strategically oriented oversight and guidance for the short and long-term benefit of shareholders and management.

From 1985, until his retirement in July 2011, Mr. Barrett served as the senior financial executive and a member of the Board of Directors of Marnell Companies. The Marnell Companies consists of a number of successful business units involved in planning, architecture, construction, real estate development and various investment activities. Combined revenues averaged $500 million through fiscal 2010. Mr. Barrett's responsibilities included real estate development, treasury management, capital and operational budgeting, financial reporting, forecasting, credit and bonding relationships, risk management and tax planning.

Mr. Barrett holds a BS, BA Accounting from the University of Florida, is a Certified Public Accountant and holds a Non-Restricted Gaming License in Nevada and a Casino Gaming License in Michigan.
<table>
<thead>
<tr>
<th>Name and Qualifications</th>
<th>Duties</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Billy G. McCoy</strong></td>
<td><strong>Director</strong> — This position will require him to serve as a director on the Board of Directors for the entity, taking an active role in grant and other decisions of NIAS.</td>
</tr>
<tr>
<td>Major General Billy G. McCoy retired from the United States Air Force in 1993. He is currently the presiding Director, a member of the Corporate Governance and Nominating Committee and of the Compensation and Stock Option Committee for Boyd Gaming Corporation. Prior to serving on that Board, Major General McCoy was the President and Chief Operating Officer of Luscombe Aircraft Corporation from 1997 to 2001 and served as the Chairman of the Board of Directors until January of 2007. Major General McCoy entered the United States Air Force in June of 1963 and served as a Major General from October 1989 until his retirement.</td>
<td><strong>Hours/Compensation</strong> — Over the next year, the Director expects to work 2-5 hours per month on organization business in his capacity as a director. He will not receive any compensation for his services, but may receive the reimbursement of reasonable expenses incurred on behalf of NIAS.</td>
</tr>
<tr>
<td>During his 30 years of active service, Major General McCoy served as the Commander of Homestead AFB in Florida, Langley AFB in Virginia, Luke AFB in Arizona, Nellis AFB in Nevada and Lacklin AFB in Texas. He currently serves as a Board member of the Nevada Federal Credit Union and of the Desert Research Institute. He is also a Trustee of the Community College of Southern Nevada. Major General McCoy has a Bachelor of Business Administration degree in accounting from Texas A&amp;M University, a Master's Degree in Business from Auburn University and has completed Air Force post graduate schools including the Squadron Officer's School, Air Command and Staff College, Industrial College of the Armed Forces and the U.S. Army War College.</td>
<td></td>
</tr>
<tr>
<td>Major General McCoy received his Pilot's Wings in 1968 and shortly thereafter, flew 223 combat missions in Vietnam with the 4th Tactical Fighter Squadron. Among the awards he received during his 30 years in the Air Force are the Distinguished Service Medal, Defense Superior Service Medal, Legion of Merit, Distinguished Flying Cross, Meritorious Service Medal with Oak Leaf Cluster, Air Medal with 9 Oak Leaf Clusters, Joint Service Commendation Medal, Air Force Commendation Medal, Air Force Outstanding Unit Award with 3 Oak Leaf Clusters and the Air Force Organizational Excellence Award.</td>
<td></td>
</tr>
</tbody>
</table>
### Name and Qualifications

**Gregory C. Mosier**

Gregory C. Mosier is Dean and Distinguished International Professor in the College of Business at the University of Nevada, Reno. Greg's responsibilities include leadership and administrative responsibilities for 50 tenured and tenure-track faculty, approximately 110 instructors and staff and 2800 students at the undergraduate and graduate levels. His duties also include the oversight of 30 employees in the Business Services Group including the Nevada Small Business Development Center statewide program, Nevada Business Environmental Program and the Center for Regional Studies.

Mosier serves as a member of the KNPB Public Broadcasting Board of Trustees in Reno, Nevada and as an advisor to C4Cube, a non-profit, privately funded business incubator. He served on the Advisory Boards for Nevada Center for Entrepreneurship and Technology, Tahoe Ridge Winery and the Economic Development Authority of Western Nevada, as Industry Advisor for Business and Financial Services. He was President of the Western Association of Collegiate Schools of Business from 2011 to 2012, an organization that includes deans from business schools in Alaska, Arizona, California, Hawaii, Idaho, Nevada, Oregon, Utah, and Washington.

Mosier served as a member of the program committee for the Conference on Legal, Security and Privacy Issues in Information Technology Law in Prague 2008, Malta 2009 and Barcelona 2010. He is also the author or co-author of numerous journal articles and publications with research focusing on technology and the law, international business, and commercial law.

Mosier holds a bachelor's degree in secondary biology education from Oklahoma State University, a Juris Doctorate from the University of Kansas and a Doctorate in Higher Education Administration from OSU. He is a former corporate attorney, having worked in the oil and gas industry in Texas and is a member of the State Bars of Kansas, Texas and Oklahoma.

### Duties

**Director** – This position will require him to serve as a director on the Board of Directors for the entity, taking an active role in grant and other decisions of NIAS.

**Hours/Compensation**

Over the next year, the Secretary expects to work 2-5 hours per month on organization business in his or her position. He will not receive any compensation for his services, but may receive the reimbursement of reasonable expenses incurred on behalf of NIAS.
Name and Qualifications

J. Scott Bensing

J. Scott Bensing has served as President of the Nevada Military Support Alliance since March of 2013. He also served as a Director and Executive Board Member of NMSA since 2011.

Following graduation from the United States Naval Academy in Annapolis, MD in 1988, Scott was commissioned an Ensign in the U.S. Navy. He served as Main Propulsion Assistant, Combat Information Center Officer and Chief Engineer onboard the USS David R. Ray (DD-972) home ported in Long Beach, CA. He was at sea in the Persian Gulf when Iraq invaded Kuwait and participated in Operation Desert Shield/Desert Storm. Following his sea tours, he served as a congressional liaison officer for the Secretary of the Navy, stationed in the Pentagon and on Capitol Hill with the U.S. House of Representatives.

Bensing resigned his naval commission in 1995 and spent the better part of the next 15 years on Capitol Hill or involved in political campaigns. In 2009, Scott returned to Nevada fulltime and joined his partners in business in the companies: SB Strategic Consulting Inc., November Inc. and October Inc. He was appointed by Governor Brian Sandoval to serve as State Commissioner for the Interstate Compact on Educational Opportunities for Military Children. In addition to a B.S. degree in Political Science from the Naval Academy, Scott has a Master’s degree in Public Administration from The American University in Washington DC. Scott lives in Reno with his wife and two children and has two children in college.

Duties

Director – This position will require him to serve as a director on the Board of Directors for the entity, taking an active role in grant and other decisions of NIAS.

Hours/Compensation –
Over the next year, the Secretary expects to work 2-5 hours per month on organization business in his A Director. He will not receive any compensation for his services, but may receive the reimbursement of reasonable expenses incurred on behalf of NIAS.

Part V, Line 5a. Conflict of Interest Policy.

The Conflict of Interest Policy is attached as Exhibit C. It was adopted by resolution of the Board.

Part V, Line 8a. Leases, Contracts, Loans, or Other Agreements with Officers, Directors, Trustees, Highest Compensated Employees or Highest Compensated Independent Contractors in Lines 8a-f.

At some point in the future a contract for services, research or programs may be made between NIAS and one of the universities, school districts, research laboratories or other organizations who may have an employee or common director or officer with NIAS. NIAS will ensure that any such contract or agreement is entered into in accordance with its Conflicts of Interest Policy, including have the interested director or officer recuse himself or herself from the decision-making and voting process. NIAS will not engage in private benefit or inurement in violation of 501(c)(3) or related provisions of the Internal Revenue Code. The organizations with which NIAS will have contracts will, in many cases, be governmental entities, public bodies, public charities and/or tax-exempt organizations.
Part VI – Members, Other Individuals or Organizations that Receive Benefits From the Organization.

Lines 1a, 1b, and 3. Provision of goods, services, or funds to organizations.

As described in Part IV above, NIAS will provide a wide array of services and educational activities to and for the benefit of the public at large, particularly performing research and testing for the Congressionally mandated programs conducted on behalf of the FAA for the safety of UAS programs. The testing and research programs are limited to those with UAS to test or operate, but are open to all who meet the FAA rules and requirements to use the NIAS site and who will comply with the FAA mandated rules for operations. Any eligible student in Nevada will be able to participate in the available programs, curricula and activities made widely available through NIAS to improve STEM education. Eligibility will be determined by the availability of a program in the student’s school and by the school district participating in the programs, just as with all academic programs.

NIAS intends to make all of its research, educational materials and other activities as widely available as possible.

To the extent that any individuals who are related through family or business relationships to the officers or directors of NIAS participate in the services offered by NIAS, such individuals shall be entitled to participate on the same terms and conditions as any other member of the general public and no special or “discount” services will be provided to those related to NIAS officers or directors through family or business.

NIAS will be performing research and providing data to FAA, providing STEM programing and curricula to schools, universities, and technical and vocational programs, as well as holding symposia, forums, workshops, etc. for the general public about UAS. See above for detailed description of activities, Part IV.
Attachment to Form 1023  
Nevada Institute For Autonomous Systems  
300 S. Fourth Street, Suite 1400  
Las Vegas, Nevada 89101  
EIN: 46-3341782

Part VIII – Organization’s Specific Activities

Part VIII, Line 4a. Does the Organization or will it undertake fundraising?

Yes. Funds for the support of Nevada Institute For Autonomous Systems will be derived from operation of the test site, contributions and donations from the general public, other nonprofits, government, and businesses who are interested in supporting Nevada Institute For Autonomous Systems’ missions and purposes as outlined above, as well as revenue from fundraising activities.

NIAS has not yet begun any type of formal fundraising programs. In the near future, Nevada Institute For Autonomous Systems will conduct fundraising activities that will include direct solicitations for contributions to businesses, foundations, governmental organizations, and the general public, charity events, and similar types of fundraisers. No such fundraising programs are currently being planned, other than personal solicitations made by Board members and others involved in the launch of NIAS.

NIAS is a public charity as that term is defined in the Internal Revenue Code either Sections 509(a)(1) or 509(a)(2). It will be an organization that receives a substantial part of its financial support in the form of contributions from publicly supported organizations, from a governmental unit, and/or from the general public, but also from admissions to performances and/or educational services. It is unclear at this time the full extent of how its revenues will be derived, but it is believed a majority of its revenues will be grants, government contracts and/or similar sources of revenues. Accordingly, NIAS anticipates that it will “normally” receive at least 33-1/3% of its total support from direct or indirect contributions from the general public and as such is likely to best qualify as an organization exempt from tax under Section 509(a)(1) organization. It will also seek the support of governmental units, to the extent such is available. NIAS is organized and operated to attract public support on a continuing basis.

Part VIII, Line 4d. States and local jurisdictions in which the Organization will conduct fundraising.

Fundraising efforts will be conducted in primarily Nevada. NIAS will conduct its own fundraising activities through its directors, officers, and volunteers, and at this time does not intend to use contracted fundraisers.

Part VIII, Line 6a. Economic Development

NIAS is not directly engaged in economic development other than through its work in relieving the burdens of government as described above - education and UAS testing, safety and research. Part of NIAS’s work is directly funded by the State of Nevada through a grant from the Governor’s Office of Economic Development (GOED), the governmental department responsible for job creation and economic development in Nevada. GOED has specifically tasked NIAS with part of the educational efforts surrounding the STEM education programming in Nevada and working
with the FAA on the Congressionally mandated UAS program. NIAS believes that its education and research work may have economic development impacts.

That said, NIAS is working with GOED and GOED is directly performing the economic development activities for the State of Nevada. NIAS is working to further education about UAS and to fulfill the FAA requirements for the test-site. The activities NIAS is doing through its 501(c)(3) education, UAS testing and related research is foundational work with the students, government and industry to increase education levels and boost schools with STEM programs and technology training. This foundational work done by NIAS, both with students and the resulting governing FAA standards that will help set standards for a national industry, will result in a better workforce and cutting edge technology in Nevada, potentially resulting in economic development. Economic development is not NIAS’s primary mission and activity, but NIAS wants to recognize its activities will have a positive impact on the students, businesses and citizens on Nevada and the United States. NIAS’s role in education and research activities are all exempt activities. Its role in lessening the burdens of government are also a secondary form of exempt activities.

Lessening the Burdens of Government. As noted earlier, Regs. 1.501(c)(3)-1(d)(2) provides that the term "charitable" includes lessening the burdens of government. Rev. Rules. 85-1 and 85-2, 1985-1 C.B. 177, 178, provide examples of organizations that qualify as exempt under IRC 501(c)(3) on the basis that they lessen the burdens of government. The determination of whether an organization is lessening the burdens of government requires consideration of whether its activities are considered by a governmental unit to be a burden of that governmental unit, and whether such activities actually lessen such burden. To determine whether an activity is a burden of government the question to be answered is whether there is an objective manifestation by the government that it considers such activity to be part of its burden. The interrelationship between the organization and the government may provide evidence that the government considers the organization's activities to be its burden. The fact that the government expresses approval of the activity of an organization is not sufficient to establish that the organization is lessening the burdens of government. Factors that are key to look for include specific identification of the organization by the local or state government as well as significant involvement by the governmental authority. The following specific factors represent factors present here that favor granting exemption not only on the education and public research bases, but also on a lessening of governmental burdens rationale.

(1) There is a State statute specifically authorizing government funding of GOED, which in turn granted funds to NIAS to operate by assisting with the FAA project for the test site, research and education.

(2) NIAS was formed, in part, specifically to work with GOED on the FAA test site and to undertake the significant work to provide the STEM education and increase the ability to
ready students for the new industries that will be available to them, the demands of science, math and technology, and to prepare them for a more global future.

(3) The State, through GOED, provided the funding to NIAS as more than a mere grant but provides the State with approval authority over specifics of the FAA project, work with PMO and continued approval of NIAS work at the test site. Indeed, for its work, NIAS has also been specifically designated as a trusted agent of the State of Nevada for the purposes of fulfilling specific requirements of the contract with the FAA and been granted funds from the State through GOED to perform certain of the Congressionally mandated functions designated through the FAA.

(4) As explained in detail above, NIAS operates in conjunction with the State’s universities, colleges, and school districts.

(5) GOED utilizes NIAS to carry out services that would otherwise be conducted by GOED itself, and expects NIAS to raise independent funding to become self-sustaining and alleviate budgetary strains on GOED going forward.

(6) NIAS is required to provide quarterly and annual reports of its activities and finances to GOED.

Accordingly, within the meaning of Section 501(c)(3), NIAS “relieves the burdens of government” through its work for the FAA and for GOED, performing critical and government mandated work. While this work is not direct economic development, it will impact the economy of Nevada and it will impact the entire economy of the US as UASs and UAVs come into airspace.

Part VIII, Line 7a.

NIAS will work with its independent contractor PMO (Bowhead), and with the FAA, to ensure its test site complies with FAA requirements to meet Congressional mandates. No developer or contractor will have a relationship with an NIAS officer or director such that a conflict of interest will exist that can result in an excess benefit transaction.

Part VIII, Line 10. Ownership of music, literature, tapes, artwork or other intellectual property.

NIAS has not yet created most of the curricula, brochures, or other educational materials it will utilize in its many education related programs described herein, but that will be its own intellectual property. Additionally, it is anticipated NIAS may jointly develop some intellectual property with organizations with which it collaborates. NIAS may be provided materials for use that are either licensed to it or gifted to it, particularly with respect to the FAA related testing, safety
and/or research work, but that has not yet occurred, so NIAS cannot provide details of such arrangements at this time.

Part VIII, Line 11. Acceptance of contributions of real property; conservation easements; closely held securities; intellectual property such as patents, trademarks, and copyrights; works of music or art; licenses; royalties; automobiles, boats, planes, or other vehicles; or collectibles.

NIAS does not anticipate receiving contributions of real property, conservation easements, intellectual property, etc., but would not be adverse to receiving such contributions in the future after proper review of and due diligence about a proposed contribution.

Line 13a, b, d, e, f and g. Description of Grants to other organizations to further exempt purposes; records; selection process; oversight.

NIAS may make some grants to organizations that have charitable, scientific, and educational purposes to further the 501(c)(3) purposes of NIAS. NIAS’s Board of Directors will determine the recipients of support from time to time. These grants may be in the form of curriculum, funds, programming, etc.

NIAS does anticipate having written contracts with recipients and/or may require some specific form of application or grant proposal that must be submitted for consideration, but has not developed such a form as of this date of application. It is not feasible to provide a specific list of recipients because the recipients will be relatively few and will vary from year to year, depending upon the types of group making application, available funding, and programming needs of NIAS. Generally, however, the recipients will be those organizations such as schools or universities that have educational purposes similar to those of NIAS and that will further the missions of NIAS. While Nevada Institute For Autonomous Systems will not have a direct relationship with any recipient organization, an officer or director of Nevada Institute For Autonomous Systems may also be an officer or director of a recipient organization.

NIAS will obtain sufficient evidence to verify that the potential recipients are eligible for grants and verify the organizations operate for a 501(c)(3) purpose or that the entities are governmental agencies with projects that are for the benefit of the public, such as the a public school district. NIAS’s records will demonstrate the recipients’ need for the grant and will include such items as: a complete description of the project/grant; the purpose for which the project was performed; the name, address, and amount distributed to the grantee; and any relationship between a recipient and officers or directors of NIAS.

In the event NIAS grants funds for a specific purpose, NIAS will require the recipient to provide a report as to how the funds were used to fulfill the specified purpose. NIAS will also exercise expenditure responsibility in those instances where such oversight is required.
Part IX – Financial Data

If in existence less than 1 year, provide projections of likely revenues and expenses for the current year and the 2 following years, based on a reasonable and good faith estimate of future finances for a total of 3 years of financial information.

A. Statement of Revenue and Expenses

<table>
<thead>
<tr>
<th>Line 23. Expenses</th>
<th>01/01/14-12/31/14</th>
<th>06/14/13-12/31/13</th>
<th>01/01/15-12/31/15</th>
<th>01/01/16-12/31/16</th>
</tr>
</thead>
<tbody>
<tr>
<td>• Direct Costs</td>
<td>1,681,855</td>
<td>935,000</td>
<td>2,499,000</td>
<td>2,525,000</td>
</tr>
<tr>
<td>• Operational Costs</td>
<td>15,000</td>
<td>793</td>
<td>60,000</td>
<td>60,000</td>
</tr>
<tr>
<td>• Office Supplies and Equipment (Ink, paper, computer, printer, etc.)</td>
<td>6,000</td>
<td>0</td>
<td>12,000</td>
<td>12,000</td>
</tr>
<tr>
<td>• Publication and Website</td>
<td>15,000</td>
<td>0</td>
<td>10,000</td>
<td>10,000</td>
</tr>
<tr>
<td>• Board Meetings</td>
<td>2,000</td>
<td>0</td>
<td>3,000</td>
<td>5,000</td>
</tr>
<tr>
<td>• Payroll Taxes and Burden</td>
<td>8,000</td>
<td>0</td>
<td>24,000</td>
<td>36,000</td>
</tr>
<tr>
<td>• Education and Training</td>
<td>5,000</td>
<td>0</td>
<td>30,000</td>
<td>30,000</td>
</tr>
<tr>
<td>TOTAL LINE 23</td>
<td>$1,732,855</td>
<td>$935,793</td>
<td>$2,638,000</td>
<td>$2,678,000</td>
</tr>
</tbody>
</table>

B. Balance Sheet, Line 10

<table>
<thead>
<tr>
<th>Line, 10. Other assets</th>
<th>6/14/13-12/31/13</th>
</tr>
</thead>
<tbody>
<tr>
<td>• Prepaid Insurance</td>
<td>$1,379</td>
</tr>
</tbody>
</table>

TOTAL LINE 10                                           | $1,379            |
NEVADA INSTITUTE FOR AUTONOMOUS SYSTEMS

Board Resolution Number 2014-4

The Board of Directors of the Nevada Institute for Autonomous Systems, a Nevada not for profit corporation, at a meeting duly held on __________ __, 2014, voted to adopt the following written resolution to authorize the reimbursement of Board members for board training and development activities:

RESOLVED, that members of the Board of Directors of the Nevada Institute for Autonomous Systems ("NIAS") who participate in training or board development activities related to their duties as members of the NIAS Board of Directors are hereby authorized to request reimbursement for the costs of such training or board development activities by submitting an itemized description of such costs to the Executive Director or the Manager of NIAS. The Executive Director or Manager shall consult with the NIAS President and the NIAS Treasurer before approving such reimbursement. The Board will set an annual budget for board training and development and all reimbursement of Board members shall be subject to such budget limitations.

As corporate secretary of the Nevada Institute for Autonomous Systems, I certify by my signature hereunder that this Resolution is now in full force and effect and is in accordance with the provisions of the bylaws of the corporation.

By:

______________________________
its: Corporate Secretary

dated: __________ __, 2014
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<tr>
<th>ACCOUNTANTS' COMPILATION REPORT</th>
<th>PAGE NO.</th>
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</thead>
<tbody>
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<td>FINANCIAL STATEMENTS</td>
<td></td>
</tr>
<tr>
<td>Statement of Financial Position</td>
<td>2</td>
</tr>
<tr>
<td>Statement of Activities</td>
<td>3</td>
</tr>
<tr>
<td>Statement of Changes in Net Assets</td>
<td>4</td>
</tr>
</tbody>
</table>
ACCOUNTANTS' COMPILATION REPORT

To the Board of Directors and Members of
Nevada Institute for Autonomous Systems
Las Vegas, Nevada

We have compiled the accompanying statement of financial position of Nevada Institute for Autonomous Systems as of June 30, 2014, and the related statement of activities and changes in net assets for the six month period then ended. We have not audited or reviewed the accompanying statements of financial position and activities and changes in net assets and, accordingly, do not express an opinion or provide any assurance about whether the financial statements are in accordance with accounting principles generally accepted in the United States of America.

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America and for designing, implementing, and maintaining internal control relevant to the preparation and fair presentation of the financial statements.

Our responsibility is to conduct the compilation in accordance with Statements on Standards for Accounting and Review Services issued by the American Institute of Certified Public Accountants. The objective of a compilation is to assist management in presenting financial information in the form of financial statements without undertaking to obtain or provide any assurance that there are no material modifications that should be made to the financial statements.

Management has elected to omit substantially all disclosures and the statements of cash flows ordinarily included in financial statements prepared in accordance with generally accepted accounting principles. If the omitted disclosures and statements were included in the financial statements, they might influence the user's conclusions about the Organization's assets, liabilities, equity, revenues, expenses, and cash flows. Accordingly, these financial statements are not designed for those who are not informed about such matters.

The Organization is applying to be a non-profit organization exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code. All income except unrelated business activity revenue will be exempt from taxation.

July 11, 2014
NEVADA INSTITUTE FOR AUTONOMOUS SYSTEMS
STATEMENT OF FINANCIAL POSITION
JUNE 30, 2014

(See Accountants' Compilation Report)

ASSETS

CURRENT ASSETS
Cash - Operating  $1,381,878
Cash - PMO  12,871
Accounts Receivable  82,269
Prepaid Insurance  6,921
Prepaid Expense  26,835

$1,510,774

TOTAL LIABILITIES AND NET ASSETS

LIABILITIES AND NET ASSETS

CURRENT LIABILITIES
Accounts Payable  $7,182
Unearned Revenue  -

$7,182

TOTAL LIABILITIES

$7,182

NET ASSETS:
Unrestricted  1,503,592
Temporarily Restricted  -
Permanently Restricted  -

$1,503,592

TOTAL NET ASSETS

$1,510,774

TOTAL LIABILITIES AND NET ASSETS

$1,510,774
NEVADA INSTITUTE FOR AUTONOMOUS SYSTEMS  
STATEMENT OF ACTIVITIES  
FOR THE ONE MONTH AND SIX MONTH PERIOD ENDED JUNE 30, 2014  
(See Accountants' Compilation Report)

<table>
<thead>
<tr>
<th></th>
<th>ONE MONTH ENDED</th>
<th>ONE MONTH ENDED</th>
<th>ONE MONTH ENDED</th>
<th>2014 COMBINED</th>
<th>2014 YEAR-TO-DATE</th>
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</thead>
<tbody>
<tr>
<td></td>
<td>JUNE 30, 2014</td>
<td>JUNE 30, 2014</td>
<td>JUNE 30, 2014</td>
<td>YEAR-TO-DATE</td>
<td></td>
</tr>
<tr>
<td>OPERATING</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>REVENUES</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>$</td>
<td>$</td>
<td>$</td>
<td>$</td>
<td></td>
</tr>
<tr>
<td>Range Activity/Service Fees</td>
<td>$</td>
<td>$</td>
<td>$</td>
<td>$</td>
<td>$</td>
</tr>
<tr>
<td>Grant Income - GOED</td>
<td>1,368,000</td>
<td>-</td>
<td>1,368,000</td>
<td>1,460,000</td>
<td>1,659,269</td>
</tr>
<tr>
<td></td>
<td>1,368,000</td>
<td>82,269</td>
<td>1,450,269</td>
<td>1,659,269</td>
<td></td>
</tr>
<tr>
<td>EXPENSES</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
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NEVADA INSTITUTE FOR AUTONOMOUS SYSTEMS
STATEMENT OF CHANGES IN NET ASSETS
FOR THE SIX MONTH PERIOD ENDED JUNE 30, 2014

(See Accountants' Compilation Report)

Net Assets at Beginning of Period:

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<th>Type</th>
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Increase in Net Assets:

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<thead>
<tr>
<th>Type</th>
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<tbody>
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<td>$1,499,615</td>
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<td><strong>Total</strong></td>
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NET ASSETS AT END OF PERIOD:

<table>
<thead>
<tr>
<th>Type</th>
<th>Amount</th>
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<tr>
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<tr>
<td><strong>Total</strong></td>
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# TABLE OF CONTENTS

<table>
<thead>
<tr>
<th>ACCOUNTANTS' COMPILATION REPORT</th>
<th>PAGE NO.</th>
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<tbody>
<tr>
<td>FINANCIAL STATEMENTS</td>
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<tr>
<td>Statement of Financial Position</td>
<td>2</td>
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<td>Statement of Activities</td>
<td>3</td>
</tr>
<tr>
<td>Statement of Changes in Net Assets</td>
<td>4</td>
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</table>
ACCOUNTANTS' COMPILATION REPORT

To the Board of Directors and Members of
Nevada Institute for Autonomous Systems
Las Vegas, Nevada

We have compiled the accompanying statement of financial position of Nevada Institute for Autonomous Systems as of July 31, 2014, and the related statement of activities and changes in net assets for the seven month period then ended. We have not audited or reviewed the accompanying statements of financial position and activities and changes in net assets and, accordingly, do not express an opinion or provide any assurance about whether the financial statements are in accordance with accounting principles generally accepted in the United States of America.

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America and for designing, implementing, and maintaining internal control relevant to the preparation and fair presentation of the financial statements.

Our responsibility is to conduct the compilation in accordance with Statements on Standards for Accounting and Review Services issued by the American Institute of Certified Public Accountants. The objective of a compilation is to assist management in presenting financial information in the form of financial statements without undertaking to obtain or provide any assurance that there are no material modifications that should be made to the financial statements.

Management has elected to omit substantially all disclosures and the statements of cash flows ordinarily included in financial statements prepared in accordance with generally accepted accounting principles. If the omitted disclosures and statements were included in the financial statements, they might influence the user's conclusions about the Organization's assets, liabilities, equity, revenues, expenses, and cash flows. Accordingly, these financial statements are not designed for those who are not informed about such matters.

The Organization is applying to be a non-profit organization exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code. All income except unrelated business activity revenue will be exempt from taxation.

August 14, 2014
# NEVADA INSTITUTE FOR AUTONOMOUS SYSTEMS

**STATEMENT OF FINANCIAL POSITION**  
**JULY 31, 2014**

(See Accountants' Compilation Report)

## ASSETS

<table>
<thead>
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<td>Prepaid Expense</td>
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**TOTAL ASSETS**  

|       | $1,502,690 |

## LIABILITIES AND NET ASSETS

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<td>Unearned Revenue</td>
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**TOTAL LIABILITIES**  

|       |       |

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<th>NET ASSETS:</th>
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<tr>
<td>Permanently Restricted</td>
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</table>

**TOTAL NET ASSETS**  

|       | 1,502,690 |

**TOTAL LIABILITIES AND NET ASSETS**  

|       | $1,502,690 |
NEVADA INSTITUTE FOR AUTONOMOUS SYSTEMS
STATEMENT OF ACTIVITIES
FOR THE ONE MONTH AND SEVEN MONTH PERIOD ENDED JULY 31, 2014

(See Accountants' Compilation Report)

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<th></th>
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<th>ONE MONTH ENDED</th>
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<td>JULY 31, 2014</td>
<td>YEAR-TO-DATE</td>
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<td></td>
<td>OPERATING</td>
<td>PMO</td>
<td>COMBINED</td>
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<tr>
<td>Legal and Accounting Fees</td>
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<td>EXPENSES</td>
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<td>CHANGE IN TEMPORARILY RESTRICTED ASSETS</td>
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NEVADA INSTITUTE FOR AUTONOMOUS SYSTEMS
STATEMENT OF CHANGES IN NET ASSETS
FOR THE SEVEN MONTH PERIOD ENDED JULY 31, 2014

(See Accountants' Compilation Report)

<table>
<thead>
<tr>
<th>COMBINED YEAR-TO-DATE</th>
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</thead>
<tbody>
<tr>
<td>$ 3,977</td>
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<tr>
<td></td>
</tr>
<tr>
<td>$ 3,977</td>
</tr>
</tbody>
</table>

Net Assets at Beginning of Period:
- Unrestricted
- Temporarily Restricted

Increase in Net Assets:
- Unrestricted
  $1,498,713
- Temporarily Restricted

NET ASSETS AT END OF PERIOD:
- UNRESTRICTED
  $1,502,690
- TEMPORARILY RESTRICTED

$ 1,502,690
This report has been sanitized to exclude the customer company names and/or UAS platforms which are proprietary or confidential information based on Non-disclosure Agreements.

Business Development for Flight Operations

1. **OEM/Prior Customer** – Requested a full month of training and testing in Range 63B during the month of October. Waiting for the Statement of Work Requirements Worksheet, but draft pricing is developed but not sent yet. Program Information Document for Nellis is already on file but will be updated for the proposed operation if required.

2. **OEM Partner** – Submitted Certificates of Waiver or Authorization (COA) are in review within the Federal Aviation Administration (FAA) for both Desert Rock Airport (DRA) and the Boulder City Airport Operating Location (OL) south of Boulder City Airport (BVC). DRA COA has passed the FAA Air Traffic Feasibility Review and the Safety Review. The COA for the Boulder City OL has passed the Air Traffic Feasibility Review and is undergoing the Safety Review. When complete, FAA will complete the Air Traffic Control Coordination Review and then issue the COAs. Additionally, this UAS is being worked for a Special Airworthiness Certificate (SAC) under the new prototype FAA process which allows the Test Sites to issue SACs in the Experimental Category using on-staff Designated Airworthiness Representatives who will be delegated the authority for operations at that specific UAS Test Site. The PMO has begun the application and the customer has submitted two required documents—the Program Letter and Safety Checklist for coordination with the PMO prior to submission to FAA.

3. **OEM** – Certificate of Authorization for Desert Rock Airport flight operations was approved. Awaiting final approval of the aircraft lease agreement to send to the customer for completion as this is required to make the asset a public aircraft. Operations are on hold due to Environmental Impact Statement Record of Decision issues. The customer has an opening in the middle of September after the Reno Air Show (Reno Air Show is 10-14 Sep).

4. **Major OEM** – This is another SAC under the new prototype DAR program. The Program Letter and Safety Checklist have been submitted to the FAA. Additionally, the customer has requested flight operations in Range 63B, 6—10 Oct, so a Statement of Work and pricing are being coordinated. The required Program Information Document (PID) which describes the UAS and
proposed operations for Nellis Test and Training Range consideration has been submitted to enable the request for reserving the range time.

5. sUAS OEM - Two original teammates working with this company to assist developmental testing of a small UAS. Not much detail yet on method but expect Range 63B as a starting point for flight operations. Non-Disclosure Agreement (NDA), Flight Planning Guide (FPG), and Statement of Work Requirements Worksheet sent to teammate who is working with customer to complete—expects to have all complete within 2 weeks.

6. sUAS OEM - Crop imagery service provider business model. Non-Disclosure Agreement is complete. Proprietary sUAS Test Concept of Operations (CONOPS) received for our review and comment. Reviewed and responded. Customer answered some questions we had and will finalize SOW Worksheet and FPG within one week.

7. UAS OEM - Eight months out from flight testing, looking for compatible range with flying up to 15,000 feet, 10 - 15 flights over a four week period with 2 night flights. Wants Rough Order of Merit (ROM) on cost to make decision to proceed. Draft pricing complete, but awaiting further info from the SOW worksheet and FPG before completing the ROM. Large (Group 3, 800 pound max weight/24 foot wingspan) and older UAS that has been flown on a contract with Egypt for many years. UAS is being upgraded (sensor and avionics) which requires flight testing.

8. UAS OEM – Requesting a series of short 20 minute flights on a developmental 90 pound, Group 3 UAS. Best suited to R-63B. Wants 7 days in Sep which PMO has scheduled in Range 63B. Customer sent info needed for Program Information Document for Nellis which has been submitted. Waiting for SOW WS; pricing developed for September flying was sent to customer.

9. Foreign UAS OEM – Cost proposal sent for customer consideration for COA and flight operations at Reno Stead Airport. Awaiting customer decision to proceed. Is working with University of Nevada Reno on a possible project which would require a COA.

10. Small UAS (sUAS) OEM - COA for flying at American Society for Photogrammetry and Remote Sensing (ASPRS) Conference, Oct 21—22, in Reno. Customer has provided required information package to the PMO to complete the COA application. Forwarded copy of the proposed UAS Lease Agreement which is required for making this a public aircraft to fly under a COA. Additionally, customer has a possible series of flights in late Fall of 2014 for the Walker River Paiute Tribal Police to determine utility of using the UAS for Search & Rescue and surveillance. Customer in process of Special Airworthiness Certificate at end of August for operations in Colorado at a small farm outside of Denver. May be a possible future candidate for SAC. COA for Walker River Paiute Tribe Police effort should be worked for pricing proposal and COA as soon as decision to lease is agreed upon.
11. **Small UAS (SUAS) OEM** – Another COA for flying at American Society for Photogrammetry and Remote Sensing (ASPRS) Conference, Oct 21—22, in Reno. Customer has provided required information package to the PMO to complete the COA application. Forwarded copy of the proposed UAS Lease Agreement which is required for making this a public aircraft to fly under a COA.

12. **UAS OEM - Another COA** for flying at American Society for Photogrammetry and Remote Sensing (ASPRS) Conference, Oct 21—22, in Reno. Customer has provided required information package to the PMO to complete the COA application. Forwarded copy of the proposed UAS Lease Agreement which is required for making this a public aircraft to fly under a COA.

13. **Helicopter UAS OEM** - Possible SAC under the prototype DAR program on this company's small UAS helicopter. Next year, possible SAC on large Optionally Piloted Vehicle/UAS in one or both flight modes. Maybe some arena flying of the SUAS. Possible SAC for the mid-level model once it is re-worked (new engine, etc.). Sent Flight Planning Guide and SOW Worksheet to see if they will commit.

### Upcoming Events

1. Reno Air Races – booth participation  
2. Flight on COA at Desert Rock (tentative)  
3. Flight Operations in Range 63B  
4. FAA Test Site Technical Interchange Meetings, Virginia hosting  
5. Flight Operations in Range 63B  
6. ASPRS Conference  
7. Flight Ops Nellis Test and Training Range  
8. International Council of Air Shows PMO visit and tour  
9. Flights on COAs that are under FAA final review  

<table>
<thead>
<tr>
<th>Event Description</th>
<th>Dates</th>
</tr>
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<tr>
<td>Reno Air Races – booth participation</td>
<td>10—14 Sep</td>
</tr>
<tr>
<td>Flight on COA at Desert Rock (tentative)</td>
<td>15—19 Sep</td>
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<tr>
<td>Flight Operations in Range 63B</td>
<td>22—26 Sep</td>
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<tr>
<td>FAA Test Site Technical Interchange Meetings, Virginia</td>
<td>23—24 Sep</td>
</tr>
<tr>
<td>Flight Operations in Range 63B</td>
<td>1—3 Oct and 6—10 Oct</td>
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<tr>
<td>ASPRS Conference</td>
<td>21—22 Oct</td>
</tr>
<tr>
<td>Flight Ops Nellis Test and Training Range</td>
<td>All of Oct</td>
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<tr>
<td>International Council of Air Shows PMO visit and tour</td>
<td>12 Dec</td>
</tr>
<tr>
<td>Flights on COAs that are under FAA final review</td>
<td>Upon Approval</td>
</tr>
</tbody>
</table>
July 25, 2014

SUBMITTED ELECTRONICALLY

Docket Operations, M-30
U.S. Department of Transportation
West Building Ground Floor, Room W12-140
1200 New Jersey Avenue, SE
Washington, DC 20590-0001

Re: Smith College and Other University Faculty
Comment on FAA Notice of Interpretation
FAA Docket No. FAA-2014-0396

Dear Sir or Madam:

We represent Smith College in connection with the submission of its enclosed written comments in response to the Federal Aviation Administration's Interpretation of the Special Rule for Model Aircraft, published June 25, 2014.

Smith College’s comments are joined in support by faculty and administrator signatories from the sciences, engineering, biology, aerospace and other fields at Boston University, California University of Pennsylvania, Central Michigan University, Duke University, Five Colleges Consortium, Harvard University, Pennsylvania State University, Shippensburg University, Stanford University, St. Lawrence University, University at Albany SUNY, University of Redlands, University of Massachusetts Amherst, University of Michigan, and the University of Wisconsin.

We thank the Department for providing due consideration to these comments.

Respectfully submitted,

Brendan M. Schulman

BMS:rl
Enclosure
July 25, 2014

Docket Operations, M-30
US Department of Transportation
1200 New Jersey Avenue, SE
Room W12-140
West Building Ground Floor
Washington, DC 20590-0001

Submitted electronically to: www.regulations.gov

Re: FAA Interpretation of the Special Rule for Model Aircraft (Docket No. FAA–2014–0396)
Comment by College and University Educators and Researchers

To Whom It May Concern,

As educators and researchers, we write to express our collective concern about the Interpretation of the Special Rule for Model Aircraft (hereafter the Interpretive Rule for Model Aircraft or Interpretive Rule) published in the Federal Register on June 25, 2014. The Interpretive Rule addresses the critical issues of model aircraft safety and protection of our national airspace system. Perhaps inadvertently, this novel interpretation could also have serious and severely detrimental impacts on education and research in the United States, particularly in the areas of Science, Technology, Engineering, and Mathematics (STEM).

Model aircraft have been safely used in education and research since the earliest days of flight. The Wright Brothers used models to test their designs before putting their own lives at risk. Radio-controlled model aircraft, identical in many respects to today’s devices, have been used in the United States since at least the 1930s. Some of our nation’s top scientists, engineers, pilots, and astronauts furthered their careers experimenting with model aircraft, a list that includes John Glenn, Paul MacCready, Burt Rutan, Neil Armstrong, Robert Gibson, Arthur Young, Samuel Langley, Thomas Edison, William Stout, and numerous others. Model aircraft are ideal for developing and testing new designs that can improve the aerodynamic efficiency, flight dynamics, and safety of full-sized aircraft; with the availability of miniature cameras and other small sensors, these same models now make valuable contributions to environmental
science, GIS mapping, filmmaking, archaeology, agricultural science, and many other fields. As educators in STEM fields, we believe that free and open access to this technology is absolutely essential to our nation’s continued leadership in aviation, to our future economy, and to our long-term security.

Perhaps surprisingly, model aircraft used in research and education have a safety record that appears to be unmatched by any other form of aviation. According to the Academy of Model Aeronautics (AMA), there have been six recorded fatalities involving model aircraft in our entire nation’s history. Nearly all of these incidents involved the operator or direct participants. No fatalities have ever been caused by small battery-powered models (e.g., “Park Flyer” models) and, to the best of our knowledge, no fatalities have resulted from academic research with model aircraft. It is difficult to identify any other high-value activity that occurs in the outdoor airspace and has such an extraordinary safety record. Even baseballs are statistically more deadly. Some of today’s model aircraft are so small and safe that they can even be flown indoors around people and furniture.

We understand and share the FAA’s concern about model aircraft being operated in places where they do not belong and creating a hazard to manned aircraft operations. Recent news reports suggest there have been model aircraft sightings by airline pilots in the vicinity of airports and in other highly objectionable locations. We firmly believe that our legal system should address these transgressions through both civil and criminal remedies as appropriate against anyone who maliciously or through wanton recklessness endangers the navigable airspace. Our long-standing use of model aircraft, however, bears no resemblance to the objectionable practices that have recently become such a concern. Overbroad regulatory interpretation, such as the one the FAA has issued, will serve only to chill and thwart responsible parties, such as our institutions, while doing little if anything to restrain those who actually could put the safety of the public at risk.

Given the exemplary safety record of academic model aircraft and their disproportional contribution to science and engineering, we have several serious concerns about the new interpretive rule including:

1. **Unprecedented Expansion of FAA Jurisdiction**

   The Interpretative Rule states that “the FAA intends to apply its enforcement authority to model aircraft operations that endanger the safety of the National Airspace System (NAS).” While federal statutes in place since 1926 grant the FAA authority to regulate the navigable airspace, understood to be the airspace above approximately 500 feet altitude in most areas, the NAS is a term that the FAA now implies comprises all airspace in the United States, including our campuses, private backyards, and possibly even inside buildings. This

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1 Personal communication with Richard Hanson, Government and Regulatory Affairs Representative for the Academy of Model Aeronautics.

2 See 49 USC § 40103 (b)(1)
breathtaking jurisdictional expansion appears to conflict with long-standing expectations for privacy, property rights, and local control. It is notable that the navigable airspace in the United States was originally carved out of private property as an easement, that the Supreme Court has ruled decisively that landowners retain “exclusive control of the immediate reaches of the enveloping atmosphere”, and that aerial intrusions into this space by the government require a warrant. See Exhibit A. The Interpretive Rule for model aircraft patently disregards these long-standing precedents, regulating all airspace as if it were a public highway and placing onerous new restrictions on landowner activities, including in our case, research and education involving model aircraft.

2. Unreasonably Broad Definition of “Aircraft”

The Interpretive Rule also vastly expands the conventional definition of “aircraft” to include, in a most literal sense, “any contrivance invented, used, or designed to navigate, or fly in, the air”. Objects the size of butterflies and even toys that are “used in the air” appear to be gaining the rights, regulatory obligations, and federal protections afforded to full-sized passenger aircraft. In dismissing the FAA’s first-ever fine of a model aircraft operator, Administrative Law Judge Patrick Geraghty stated that the FAA’s interpretation of the word aircraft would result “in the risible argument that a flight in the air of, e.g., a paper aircraft, or a toy balsa wood glider, could subject the “operator” to the regulatory provisions of FAA. Part 91, Section. 91.13(a).” Under this new paradigm, even common objects such as Frisbees and baseballs could be construed as “aircraft” that could potentially harm people and property on the ground. The newly expanded definition of “aircraft” brings unreasonable and unwarranted restrictions that substantially reduce the value of our campuses for teaching and research.

3. Unwarranted Distinction between Recreational and Commercial Model Aircraft

The regulatory distinction between “recreational” and “commercial” use of model aircraft is troubling in that the FAA has not substantiated how this distinction promotes safety. It is concerning, for example, that a ten-year-old hobbyist can freely fly model aircraft for recreation, while our nation’s scientists, engineers, and entrepreneurs are prohibited from using the same technology in the same types of environments. The focus on restricting commercial use is also at odds with all previous FAA rules and advisories pertaining to other small airborne contrivances such as balloons, tethered balloons, kites, and even model aircraft. None of these prior rules for unmanned contrivances distinguish between commercial and recreational use; rather they promote safe use by providing unambiguous weight and altitude limits. The current fixation with restricting the commercial use of model aircraft gives the unfortunate impression that the FAA may be protecting vested interests, including pilots’

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4 United States v. Causby, 1946
4 Florida v. Riley, 1989; California v. Ciriolo, 1986
5 See for example CFR 101.1 and Advisory Circular 91-57.
unions and established aircraft manufacturers, from competition arising from innovative new technologies.⁶

4. Absence of Stakeholder Participation in the Rulemaking Process

Due to the highly technical nature of aviation, the FAA rulemaking typically relies on industry and government experts, with little direct involvement of the public. The regulation of model aircraft, however, presents an entirely different situation. These devices are designed to be used near the ground and are often intimately associated with the use and enjoyment of the land. Historically, they have been employed by experts and laypersons alike for recreational, academic, and commercial purposes. Major stakeholders include educators, researchers, filmmakers, journalists, farmers, innovators, entrepreneurs, small businesses, hobbyists, privacy advocates, municipalities, and landowners across the United States, to name a few. None of these stakeholder groups appear to have adequate representation within the FAA rulemaking process (Exhibit B) or within the Congressional legislative process that created the legal foundation for these rules.⁷ This lack of representation is concerning and needs to be rectified before restrictive new rules are promulgated for the near-ground space where we live, work, and play.

5. Conflicts with Institutional Safety Policies and Municipal Ordinances

The Interpretive Rule for Model Aircraft, with its expansive view of public airspace, appears to infringe on the right of landowners to exclude or otherwise control recreational model aircraft on their property. Many of our institutions have safety policies that limit model aircraft to certain parts of campus, require faculty oversight, and prescribe conservative limits on weight, altitude, and speed. Presumably if these model aircraft are now deemed to be operating in the public national airspace system, rather than on institutional property, our safety policies could be readily circumvented. Under current laws and regulations, model aircraft can weigh up to 55 pounds, fly at speeds well over 100 mph, and be operated by hobbyists of any age. They can also carry high-definition cameras that upload images on the internet for worldwide distribution. It is therefore more important than ever that landowners, whether they be individuals, institutions, or municipalities, continue to have jurisdiction of the airspace near the ground.

For all of the above reasons, we believe that the Interpretive Rule for Model Aircraft is ambiguous and unreasonable. It is not even clear, for example, what constitutes a model aircraft. Would a balsawood glider, designed by engineering students and tossed on a lawn,

⁶ The Interpretive Rule for Model Aircraft goes even further, stating in footnote 4 that "The FAA has also addressed recreational use of aircraft by pilots in the Sport and Recreational Pilot Certificate rules, which prohibit those pilots from acting as pilot in command of an airplane carrying passengers or property for compensation or hire, or in furtherance of a business." This footnote implies that researchers in numerous academic disciplines, especially in engineering and aeronautics, may effectively be banned from participating in model aviation as a hobby. This would represent an extraordinary level of government involvement in the private lives of US citizens.

⁷ FAA Modernization and Reform Act of 2012, PL 112-95.
qualify as model aircraft worthy of FAA regulation? Would our safety officer really need to notify all airports within five statute miles? Could our students and faculty continue to have a model aviation club, or would this be a commercial activity since tuition is being paid? If a student designs a novel Frisbee and it flies into a public road, does this now warrant an NTSB investigation? Would a new sport violate FAA rules if it utilized an object that “flies in air” and “could injure people on the ground”?

These ambiguities in the regulatory definition of an aircraft are compounded by the lack of clarity on the extent of public airspace and FAA authority. In letters to several operators of a small model aircraft (Exhibit C), the FAA’s UAS Aviation Safety Specialist wrote “Private land owners do not have any jurisdiction over the airspace above their property and cannot prohibit or allow aviation operations over their land.” While this notion may be perfectly reasonable for manned aircraft flying hundreds of feet above our homes, it is another matter entirely when “aviation operations” refer to toy-size contraptions hovering a few feet above the grass. The FAA’s recent $10,000 civil fine for a Styrofoam model airplane flown “under an elevated pedestrian walkway” even raises the possibility that federal aviation regulations for passenger aircraft could be applicable inside our buildings and research labs.

If the FAA actually interprets its jurisdiction to include all airspace in the United States, and its statutory mandate to protect persons and property from all contrivances “used in the air”, then model aircraft are only one of many hazards that will need to be addressed through regulation. Other serious threats to low-flying aircraft and people on the ground include bullets, fireworks, model rockets, golf balls, baseballs, children’s kites, and possibly even thrown stones. To ignore the very real dangers from these other airborne hazards, while focusing regulations exclusively on model airplanes, appears to be arbitrary and capricious. There is no evidence that small model aircraft being used responsibly in the immediate reaches of the airspace pose any undue hazard to aviation operations or to persons on the ground. Furthermore, numerous existing laws, governing reckless endangerment, nuisance, trespass, and privacy, have proven highly effective for limiting objectionable uses of the lowermost airspace.

In conclusion, we ask that the FAA to take the following actions:

1. Immediately suspend implementation of the Interpretive Rule for Model Aircraft.

2. Focus FAA rulemaking and enforcement efforts on persons who endanger manned aircraft by recklessly or maliciously operating model aircraft in the navigable airspace.

3. Introduce a new section in 14 CFR Section 101 (MOORED BALLOONS, KITES, AMATEUR ROCKETS AND UNMANNED FREE BALLOONS) that sets reasonable limits for MODEL AIRCRAFT based on straightforward parameters such as altitude, weight, and cruising speed. As is done for balloons, kites, and model rockets, the FAA should establish exemptions for small and lightweight model aircraft used responsibly at low altitudes and implicitly in accordance with local laws and landowner permissions. Larger and more hazardous models should be subject to
oversight from a Community Based Organization (CBO) such as the Academy of Model Aeronautics or a new academic CBO established by a consortium of Colleges and Universities.

4. In all future rulemaking pertaining to model aircraft, unmanned aircraft, and other low-flying contrivances, the FAA should respect the well-established precedent that the immediate reaches of the airspace are vested in the landowner and are therefore not considered a public highway for aviation.

We are aware that the FAA is under extraordinary pressure from many interest groups to regulate and otherwise control the lowermost reaches of the airspace for commercial use. We sincerely appreciate your thoughtful attention to our concerns and look forward to working closely with your agency to craft sensible regulations for model aircraft that promote safety, encourage innovation, and respect legal precedent.

Respectfully,

[Signature]

Paul Voss, Ph.D.
Associate Professor, Picker Engineering Program
Smith College

Joined in support by, listed alphabetically:

James G. Anderson, PhD.
Philip Weld Professor
Department of Chemistry and Chemical Biology
Department of Earth and Planetary Sciences and School of Engineering and Applied Sciences
Harvard University

Ella M. Atkins, Ph.D.
Associate Professor, Aerospace Engineering Department
University of Michigan, Ann Arbor

Donald C. Baumer, Ph. D.
Professor, Department of Government
Smith College
Reid W. Bertone-Johnson, MLA
Manager, Ada and Archibald MacLeish Field Station
Smith College

Carol Cady, M.Sc.
GIS Specialist
St. Lawrence University

Jon Caris, M.Sc.
Director, Spatial Analysis Lab
Smith College

Patricia A. Cleary, Ph.D.
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University of Wisconsin - Eau Claire

Mary "Missy" Cummings, Ph.D.
Associate Professor, Mechanical Engineering & Materials Science Department
Director, Humans and Autonomy Laboratory
Duke University

Philippe Cohen, Ph.D.
Executive Director, Jasper Ridge Biological Preserve
Stanford University

Elizabeth J. Carmichael, CPCU
Director of Compliance and Risk Management
Five Colleges Incorporated

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Associate Professor, Department of Geography-Earth Science
President, PASSHE GIS Consortium & Affiliates, President
Shippensburg University

David R. Fitzjarrald, Ph.D.
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David R. Foster, Ph.D.
Director, Harvard Forest
Harvard University

Mark Friedl, Ph.D.
Professor, Department of Earth and Environment
Boston University

Josh M. Gray, Ph.D.
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Director, Center for Geographic Information Science
Central Michigan University

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Joseph P. Hupy, Ph. D.
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University of Wisconsin - Eau Claire

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Pennsylvania State University

Steven Moore, Ph. D.
Director of Spatial Studies
University of Redlands
Thomas Mueller, Ph.D.
Professor, Department of Earth Science
California University of Pennsylvania

Robert M. Newton, Ph.D.
Professor, Department of Geosciences
Smith College

Eric E. Poehler, Ph. D.
Assistant Professor, Department of Classics
University of Massachusetts Amherst

Andrew Richardson, Ph.D.
Associate Professor, Department of Organismic & Evolutionary Biology
Harvard University

Chris Roosevelt, Ph.D.
Associate Professor, Archaeology Department
Boston University

Peter D. Washabaugh, Ph.D.
Arthur F. Thurnau Professor and Associate Professor, Aerospace Engineering Department
University of Michigan, Ann Arbor

cc: Ruth Constantine
    Joseph O'Rourke
    Laurie Fenlason
    Laura Smiarowski
Exhibit A

Excerpts from the landmark Supreme Court case on airspace rights.

United States v. Causby
328 U.S. 256 (1946)

"We have said that the airspace is a public highway. Yet it is obvious that if the landowner is to have full enjoyment of the land, he must have exclusive control of the immediate reaches of the enveloping atmosphere. Otherwise buildings could not be erected, trees could not be planted, and even fences could not be run. The principle is recognized when the law gives a remedy in case overhanging structures are erected on adjoining land. The landowner owns at least as much of the space above the ground as he can occupy or use in connection with the land. The fact that he does not occupy it in a physical sense-by the erection of buildings and the like-is not material. As we have said, the flight of airplanes, which skim the surface but do not touch it, is as much an appropriation of the use of the land as a more conventional entry upon it."

..."If [the regulating] agency prescribed 83 feet as the minimum safe altitude, then we would have presented the question of the validity of the regulation."
UAS ARC MEMBER ORGANIZATIONS

- General Atomics
- MITRE
- GE
- New Mexico State University *
- Raytheon
- National Business Aviation Association (NBAA)
- Northrop Grumman
- Insitu/Boeing
- Rockwell-Collins
- Honeywell
- PBFA
- DHS CBP
- ALPA
- AOPA
- AUVSI
- NASA
- AeroVironment
- Lockheed Martin

* New Mexico State University appears to represent the broad interest of the academic community, however, their presence on the ARC is through the Physical Science Laboratory (PSL). The PSL website states that the organization "performs a wide variety of research, testing and validation for the Department of Defense and other Federal government departments and agencies and is widely known as an expert agency in the field of unmanned aircraft systems."
Exhibit C

Cease-and-desist letter detailing the FAA’s expansive new interpretation of public airspace.

May 16, 2013

CERTIFIED MAIL—RETURN RECEIPT REQUESTED

Reed Timmer
Tornado Videos.net/TVNWeather
4060 Nicole PI
Norman OK 73072

Dear Mr. Timmer,

Our office recently became aware of your web site, www.tornadovideos.net advertising the use of a quadcopter or Unmanned Aircraft System (UAS) for the civil and commercial purposes of selling videos and conducting tornado research.

The Federal Aviation Administration (FAA) has the requirement for the regulation and safe operation of the National Airspace System which covers all navigable airspace in the US. Private land owners do not have any jurisdiction over the airspace above their property and cannot prohibit or allow aviation operations over their land. Unmanned Aircraft are unable to comply with Title 14, Code of Federal Regulations (14 CFR) and need a specific FAA authorization. The purpose of this letter is to inform you the FAA has taken steps to ensure the public safety regarding all UAS operations. Currently, the FAA authorizes UAS operations by three means:

1. Certificate of Authorization (COA)
   This authorization is an approved exemption that allows recognized public entities, i.e. federal, state, and municipal government related agencies and organizations, to self-certify their aircraft and conduct operations in accordance with the certificate after approval. The FAA reviews the operation to ensure it is in the public interest, safe, is operated by only the proponent, and does not significantly impact the safety of other air traffic or persons on the ground. To issue a COA normally takes about 60 business days once the proponent completes application and verifies its status as a public entity.

2. Special Authorization Certificate in the Experimental Category
   For civil operators, the FAA can issue an experimental aircraft certificate in accordance with 14 CFR Part 21. This allows for testing and development of the aircraft, market development, and training of pilots and crewmembers for prospective clients.

3. Advisory Circular 91-57 for Recreational hobbyists
   Those who use UAS only for recreational enjoyment and not for compensation or hire, operate in accordance with Advisory Circular (AC) 91-57. This generally applies to operations in remotely populated areas away from airports, persons and buildings, below 400 feet Above Ground Level, and within visual line of sight. The FAA recognizes that people and companies other than modelers might be flying UAS with the mistaken understanding that they are legally operating under the authority of AC 91-57. AC 91-57 only applies to modelers, and thus specifically excludes its use by persons or companies for business or research purposes.
The three means of UAS operations above are necessary due to the technical pace of UAS development and the proliferation of aircraft in our National Airspace System. UAS use has grown exponentially and most are not certified, manufactured, or maintained to the standards of manned aircraft. As a result, the FAA has put guidelines into effect to ensure public safety. Similarly, most wishing to operate UASs are not pilot trained, certified, or familiar with the Code of Federal Regulations to ensure the safety of others. While the FAA currently does not allow any UAS operation to be conducted for commercial purposes, the liability implications of such operations without authorization could be devastating to the person operating the UAS should an unfortunate accident occur.

It appears, based on your website, that you are currently using UAS without proper authorization and for civil or commercial purposes. This is in violation of FAA guidance for UAS. If this is true, I must advise you to cease operations until you have the proper authorization and safety is ensured. Proper authorization as a public entity can be obtained with a COA. If you are not certified to conduct public operations, you would be required to operate under the second option described above. The petition to 14 CFR Section 21.191 and the petition to 14 CFR Section 91.319 are not easily granted, you may go completely through the process and not receive the experimental certificate or the exemption. Also, please be advised that the application for an experimental certificate will require technical diagrams of your aircraft and radio control equipment. The experimental certificate application process is spelled out in FAA Order 8130.34B. If you have any additional questions about the Special Airworthiness Certificate or petition process, please contact Thomas Rampulla at thomas.rampulla@faa.gov.

More information regarding UAS program use can be found at the following websites:

- www.faa.gov/about/initiatives/uas/
- www.faa.gov/about/initiatives/uas/reg/

The FAA is working diligently to incorporate UAS into the National Airspace (NAS) and has been directed by Congress to integrate UAS by September 2015. For your safety and the safety of others, we require you to cease UAS operations as indicated by your website.

Please contact Alvin Brunner, UAS Aviation Safety Inspector, at 817-222-5246 with any questions during normal business hours.

Sincerely,

Alvin A. Brunner III
Aviation Safety Inspector
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