

**MINUTES OF THE  
NEVADA INSTITUTE OF AUTONOMOUS SYSTEMS  
BOARD MEETING**

**August 28, 2014**

The meeting of the Nevada Institute of Autonomous Systems was called to order by Chairman John White at 1:05 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. Call to Order, Roll Call and Establish Quorum.

A quorum was established.

Board Members Present:

John White, Chairman  
MajGen (R) Billy G. McCoy  
Dr. Stephen Wells  
Nancy Wong

Board Members Absent:

James Barrett, Jr.  
Scott Bensing  
Greg Mosier

Staff Members Present:

Steve Hill, Executive Director, GOED  
Lynda Hascheff, ESB Program Manager, GOED  
Richard Jost, NIAS Counsel, Fennemore Craig Jones Vargas  
Chris Tunley, Bowhead  
Mr. Don Cunningham, Bowhead  
Thomas Wilczek, Industry Specialist – Aerospace & Defense, GOED  
Bruce Tarbert, NIAS PMO  
James Fleitz, Bowhead  
Blake Doerr, Nevada Attorney General (Call-In)  
Tina Padovano, Administrative Assistant, GOED

Guests Present:

Deborah Downs, AUVSI  
Jon Daniel, PAC1  
Reggie Richardson, Sapphire  
Kerry Ahearn, Boulder City  
Curt Spaugh, Battlespace, Inc.  
Mike Maier (Call-In)

2. Public Comments

There were no public comments.

3. Chairman White's Comments

Chairman White acknowledged the announcement of DJI relocating to Reno, Nevada.

4. Approval of the June 18, 2014, Board Meeting Minutes

Dr. Wells made a motion to approve the Minutes of the June 18, 2014 Board Meeting. Nancy Wong seconded the motion. All in favor. Motion carried unanimously

5. Approval of the July 23, 2014, Board Meeting Minutes

Dr. Wells made a motion to approve the Minutes from the July 23, 2014 Board Meeting. Nancy Wong seconded the motion. All in favor. Motion carried unanimously

6. Presentation by SIR Team Member

Tom Wilczek stated Dr. Mohar of NSTech has shown interest in doing a presentation. This is a standing item in the hope that Dr. Mohar will attend a meeting. Dr. Mohar may attend the September meeting. This item should stand on the September 15, 2014 agenda.

7. NIAS PMO Contract Amendment

Chairman White asked Director Hill to respond to this item. Director Hill stated that toward the end of the 2013 legislative session, Director Hill approached the Governor with regard to a budget amendment in the amount of five million dollars. The Governor introduced a budget amendment and it was approved by the Nevada Legislature. The budget amendment provided that one million dollars be granted to an organization to help us prepare a presentation to the FAA with the ability to support the document with expertise and experience. Without the approved funding, we would have had to rely on a group of volunteers. The Interim Finance Committee approved the next round of funding yesterday, August 27, 2014. Both the Institute's Board and Bowhead bring great capacity to this effort. Director Hill appreciates all of the work that has been done on the contract.

Director Hill brought attention to public concerns relating to language in the contract in regard to Bowhead sending work out to team members. Director Hill stated Bowhead is prohibited from doing work with the PMO. It is important to point out, Bowhead makes no money from operating the PMO. Bowhead receives an eight percent override of their actual costs with payroll, and there is no markup on the rest of the costs that are incurred. The relationship with the FAA is not a revenue generating process. As the industry grows the opportunities will grow and there will be a broader point to balance.

Chairman White stated there is an open issue in the contract with regard to insurance that will need to be addressed.

Nancy Wong stated, as a result of the last meeting, we received a list of public responses. The main task ahead is to draft language that further defines the rolls and responsibilities of the PMO, the insurance, and to be sure that other documents that relate to the contract are consistent with the contract.

Richard Jost has prepared a spreadsheet of public comments relating to the contract. Mr. Jost apologized if anyone feels that their comments are not addressed. There were some very similar comments, and Mr. Jost tried to address the most represented comments. Currently, we are a bit further away from resolution on the insurance matter relating to the teaming agreements, location agreements in relation to the airports, and contracts with airframes. With regard to the issue with the least airframes, we want to be sure everyone that should be indemnified is indemnified, but in a way that does not limit the state's limited sovereignty.

Thomas Wilczek believes that the issue with Risk Management is concerning specific language within the leasing agreements, wherein the state is being asked to indemnify the bodies that own the platforms. If the indemnify portion of the agreement remains, they would have difficulty getting coverage from the underwriters. If Risk Management concurs with the language, it would increase the insurance rates dramatically. Risk Management is looking out for the best interest of the state.

Risk Management turned the documents over to Bowhead. Bowhead has found the language acceptable. The insurance matter is close to being finished.

Richard Jost believes the contract between the PMO and NIAS meets the requirements. If we are going to include exhibits, the language on the exhibits must be amended whenever documents are amended.

The PMO has found that locations have insurance in place for their organizations and locations. Not everyone have the same needs in regards to insurance.

Chairman White asked Richard Jost for a recommendation regarding attaching exhibits to the contract.

Richard Jost believes that by attaching the documents as exhibits it could eliminate the confusion that some teammates may have. Another option could be for the Board to direct the PMO to add exhibits to the website, or somehow make them available to the teammates.

Richard Jost suggested incorporating the accepted comments into the contract, better defining the roll of the PMO, and constructing a firewall with proprietary language between the PMO and their employers at Bowhead.

Chairman White suggested that Richard Jost draft language. The goal is to have the contract available at the September 15, 2014 meeting.

#### 8. Status update on Form 1023

A revised 501c3 Application and attachments were circulated to the Board. Mr. Jost thanked everyone for their input.

Dr. Wells made a motion for the 501c3 Application to be signed. The motion was seconded. All in favor. Motion carried unanimously.

#### 9. Board Resolution 2014-4

Chairman White explained that Resolution 2014-4 is in regard to Board training opportunities and reimbursing the Board for their expenses. A copy was circulated to the Board.

The Board requested a list of training opportunities that are available to them.

Dr. Wells made a motion for the Board to adopt Resolution 2014-4. The motion was seconded. All in favor. Motion passed unanimously.

#### 10. NIAS Board Manager position

Chairman White stated that a Subcommittee of Dr. Wells and Mr. Mosier have been working on the NIAS Board Manager position. A Board Manager announcement as been drafted, but has not yet been posted. There has been some discussion with regard to changing the position. The Chairman asked Dr. Wells to further summarize the status.

Dr. Wells stated that applications for the Board Manager position have been received, even though the position has not yet been posted.

Dr. Wells suggested this position may be better as an Executive Director position rather than a Board Manager. The hiring process has been stopped until the position's needs are further evaluated.

Director Hill stated a reconsideration of the position goes in hand with the Bowhead/NIAS Budget.

Chairman White suggested that we may want to increase the scope of qualifications of the position to reconcile with the budget.

Nancy Wong is a proponent of having this position filled as an Executive Director with increased responsibilities and qualifications.

Chairman White suggested that the position needs and budget implications be reviewed.

Dr. Wells would like to know how the position is to be advertised and asked how the advertisement is to be paid for. Dr. Wells stated that the subcommittee has never met.

#### 11. Management of NIAS website

Richard Jost stated comments received were a variation on the theme that people were having difficulty finding the OTA and up to date information on Board Meetings. Mr. Jost believes the PMO is maintaining the website.

#### 12. Financial Reports – June and July

Nancy Wong brought attention to the June 30, 2014 financial statement. An adjustment was made in the amount of \$26,835.00 due to there being a credit that should have been credited as a prepaid expense.

Nancy Wong stated that the July 2014 financial statement does not include legal expenses from April through July, this information will be included in the August financial statement. The Bowhead invoices from January through July were also not included in the July statement and will be included in the August financials.

Gary Lien stated that NIAS's total assets, as of July 31, 2014, are \$1,502,690.00. There is \$1,079,696.00 in the Operating Account. The PMO Account was \$12,871.00 at the end of July. Receivables at the end of July were \$77,269.00 and receipted in in the positive. Prepaid Insurance of \$6,019.00. Prepaid expenses, which are credits, of \$26,835.00. There were no payables reported in July. In August we did receive an invoice for legal fees and the Bowhead Invoice. The total revenue year to date is \$199,269.00. We have a grant income from GOED in the amount of 1,460,000.00.

There were no questions from Board.

#### 13. Bowhead/NIAS Budgets

Director Hill announced that a budget will be introduced at the September 15, 2014 meeting and the budget will have an outlook through June of 2015.

#### 14. PMO Report and 2<sup>nd</sup> QTR Report

James Fleitz reported that the PMO met with the FAA. The FAA requested the submission of a white paper and we have submitted the document. The FAA publishes a report for dedicated research, and they are currently putting a hold on this report until the Center of Excellence has been chosen. The FAA informed the PMO three of the nine research areas in the white paper were exactly what the FAA would have selected to do that research. The legal team at the FAA is unsure as to how to fund a white paper fairly and equitably when other sites were not given the same opportunity. We feel good about the product that we have turned in, we would like to help the FAA with the testing standards, and we are looking at getting the efforts funded. We agreed that the FAA would support us in leading the country in air worthiness certification. We feel that we are very close to having the first certified DARS.

In the second quarter we have received the COA for Desert Rock.

Mr. Fleitz reported that the FAA has visited the PMO's documents. The FAA informed us that we are the Pedigree and Gold Standard. Other sites are now acknowledging that we are the Pedigree and Gold Standard and they are asking us for contents from our master document library.

The PMO met with the FDC. The National Telecommunications and Information Committee has been assigned to take the lead on this.

The PMO flew the Magpie during the second quarter. Our tourists are enjoying the experience.

The PMO has developed the indoor range and a video will be presented at the end of this meeting.

Chris Tunley outlined the Pipeline Report that was distributed to the Board.

Chris Tunley distributed a Board of Director Report ("BOD Report") to the Board. The BOD Report highlights activities of the Pipeline efforts. A prior customer has requested a one month flying opportunity of 200 hours. There is a lot of support needed for this type of operation. A company has requested a series of short twenty minute flights, which amount to seven days of flight. There are three companies that are participating in flights in October. The PMO is working with the COA to support this project. Two teammates that are collaborating together on a project, and the PMO, have submitted the NDA Agreement.

We are utilizing special use airspace, which is the quickest path to flight operations. We are working toward FAA testing. The business model is shaping up to be a competitive market place.

The Reno Air Races is the next marketing push for the PMO. The PMO will have a booth at this event called the "Drone Zone". This event is garnishing a lot of support. It is anticipated that 75,000 people will attend the Reno Air Races.

FAA Technical Site will be hosted by Virginia in September. All of the test sites will come together for this meeting. We will have GOED's support and the PMO's support.

There is an upcoming American Society for Photogrammetry and Remote Sensing ("ASPRS") Conference.

The PMO announced the potential for a new initiative and potential opportunity. The state is teaming with DJI and securing assets to work with the school system. People want to be legal and want more information on UAS. We are considering a three day training course at an indoor facility. We are envisioning having the teammates organize the courses and the PMO possibly scheduling courses. We could possibly have one or two training courses per month. It could be a great opportunity for the indoor ranges, the teammates and the PMO.

A marketing video was played for the Board. The video will be put up on the website.

#### 15. Discussion on FAA Model Aircraft Rule

Director Hill stated there is a possible issue regarding FAA Model Aircraft. We have been approached by institutions to consider support of the letter from some institutions. The issues raised by the FAA and the institutions is diverse and interesting. There is concern with regard to having the ability to fly, this is difficult for all of us right now. We would like to try to reach a consensus and respond to the request from the universities. The feedback from UNR is they probably would not support the letter.

Dr. Wells stated, from listening to the DRI faculty, the ability to request a COA for a small UAS operation is a real challenge. Some of the requirements are a private pilot's license, we use radio control hobby aircraft and there is no FAA certification. An option is to possibly seek an exemption

under Section 333. The FAA is considering this exemption. Dr. Wells believes this also reflects UNLV's position.

Director Hill believes we should not engage at this time. Director Hill asked if this could be considered.

Dr. Wells brought this to the Board's attention on the request from faculty. Dr. Wells believes Director Hill's advice is well taken.

Chairman appreciates this being brought forward. The Board declined taking action at this time.

16. The next meeting is scheduled for September 15, 2014 at 1:00 PM.

17. GOED Comments

Director Hill brought attention to DJI moving to Nevada. DJI is one of the largest UAV companies in the world. We are seeing expansion with our global reach, the UAV sector, commercializing research, research institutions and developing our workforce. There are eight platforms, the smallest of which is the Phantom which is shown in the video. We will use them in the PMO and allow the university system to use them for research.

Director Hill mentioned that Ashima is moving to Nevada and bringing up to 400 jobs.

Director Hill suggested that the public have the opportunity to submit comments with regard to the Teaming Agreement.

Chairman White suggested GOED work with Richard Jost in making the Teaming Agreement available online for comments.

Bowhead has been instrumental in getting us on their team. Mr. Hill thanked everyone for their work.

We are seeing more jobs moving to Nevada.

18. Public Comments

The Board thanked Lynda Hascheff for her hard work.

Reggie Richardson commented on the contract with regard to the OTA. Mr. Richardson has spent a lot of time and expense working with the PMO on the language. Mr. Richardson spoke with a lawyer on the patent side and there are some conflicts with the language. Mr. Richardson asked who the government is in the language.

Richard Jost stated that Mr. Richardson's concern is being addressed.

Mike Maier is pleased with today's agenda and asked that documents from today's meeting be posted to website. There is an opportunity to engage teammates in regard to Item No. 7 (PMO Contract). Mr. Maier would like to see a teammate discussion scheduled, which could be led by the PMO.

19. Adjournment

The meeting was adjourned at 2:52 PM.