



Agreement No: HID001

SERVICES AGREEMENT

This Services Agreement ("Agreement") is entered into as of August 9, 2016 ("Effective Date") between Drone Dynamics, LLC ("Drone Dynamics"), and County of Hidalgo ("Client") (herein the "Parties") for various sUAS and/or ROV services to be provided by Drone Dynamics to Client pursuant to that certain agreement entitled "Drone Dynamics, LLC Standard Terms and Conditions" entered into by and between the Parties having an effective date of August 9, 2016 ("Terms and Conditions Agreement").

In consideration of the mutual promises contained in this Agreement, the Parties agree as follows:

- 1. Services. Drone Dynamics will provide sUAS and/or ROV services (herein so called) in accordance with the Statement of Work in the form attached hereto. Services will comply with the provisions of the Terms and Conditions Agreement referenced above.
2. Term. The term of this Agreement shall commence on the Effective Date set forth above and shall continue on a month-to-month basis, terminable by Drone Dynamics or Client with a 30-day written notice.
3. Compensation. Compensation shall be as set forth on the Statement of Work attached hereto.

DRONE DYNAMICS, LLC

By: [Signature]
Its: CEO

"CLIENT"
By: [Signature]
Its: County Judge

APPROVED BY COMMISSIONERS' COURT ON: 8/9/16

Client signature [Signature]



Drone Dynamics & The County of Hidalgo The Complete Professional Services UAV Robotics Program

Consultation (Legal, Regulatory, Public Relations)

See Schedule A

The Drone Dynamics legal team provides a turnkey legal, regulatory and public relations information for clients. From the first training session through the launch of your organization's UAV robotics program, all necessary FAA, state and local permitting as well as a proactive public relations campaign are established on the client's behalf.

Consultation (Best Practices)

See Schedule A

Drone Dynamics will assign a designated Implementation Manager to oversee governance across all domains of the engagement. Performance is reported during Quarterly Business Reviews (QBRs). Customer success, compliance, and investment protection is realized via ongoing proactive consultation that provides periodic updates to new laws/regulations, industry trends and as new technology hardware and software emerges providing new capability.

Ongoing Best Practices consultation ensures that all equipment, and operating procedures are updated based on recommended maintenance schedules and audits.

Drone Operator's Training Program and Certification.

See Schedule B

The Drone Dynamics, drone operator's training program and certification is a comprehensive, FAA compliant, mission specific training program tailored to the needs of Hidalgo County. The complete suite of Drone Dynamics courses consists of four modules spanning 112 hours of (basic, intermediate, and advanced) classroom, field training, written and hands-on drone operation proficiency tests. Upon completion, the options exist for continuing education, annual recertification and mission specific on-the-job training (OJT). Upon successful completion of the overall Drone Dynamics Training Program (Basic, Intermediate, and Advanced) each student will receive a certificate of completion.

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ON: 8/7/16

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With the approval of Drone Dynamics, qualified students may be eligible in year 2 to enroll in Drone Dynamics Instructor's training modules. Upon successful completion of the instructor's coursework, graduates may conduct authorized coursework to Hidalgo County personnel only. All Hidalgo County drone operators and instructors are required to complete annual recertification.

Ongoing Best Practices consultation ensures that all training materials, flight manuals are updated and compliant. All aspects of the Drone Dynamics Program are audited quarterly.

Drone Dynamics Public Safety Deployment Equipment Bundle.


See Schedule C

This is a complete small Unmanned Aircraft System (sUAS) to meet specific mission-type needs and requirements of Hidalgo County. Equipment trade-in/refresh will be considered upon annual contract renewal and determined by Drone Dynamics based upon consultation with client's flight operations teams and new mission requirements.

Total Cost Summary: Term 1 (years 1, 2) + Term 2 (years 3, 4, 5)

This agreement is designed to provide legal & regulatory compliance, investment protection, business continuity, and overall customer success throughout the entire 5 years of the program lifecycle. Drone Dynamics is the single professional services company equipped to provide such a comprehensive solution across all major departments of Hidalgo County.

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Program Component Description	DD Total Costs	Notes:
Term 1 (year 1):		
Consultation (Legal, Regulatory, Public Relations) (year 1)	\$ 15,000	Schedule A - 350
Consultation (Best Practices) (year 1)	\$ 13,600	Schedule A - 350
Drone Operator's Training Program and Certification. (year 1)	\$ 38,456	Schedule B
Drone Dynamics Public Safety Deployment Equipment Bundle. (year 1)	\$ 42,248	Schedule C
Total Term 1 (year 1)	\$109,304	
Term 1 (year 2)		
"Train the trainer" Instructor (year 2)	\$ 30,000	Schedule B
Consultation (Best Practices) (year 2)	\$ 48,000	Schedule A
Drone Dynamics Advanced Public Safety Deployment Equipment Bundle. (year 2)	\$ 110,400	Schedule C
Total Term 1 (year 2)	\$188,400	
Term 2 (years 3, 4, 5):		
Consultation (Best Practices) (year 3)	\$ 48,000	Schedule A * Optional _____
Consultation (Best Practices) (year 4)	\$ 48,000	Schedule A * Optional _____
Consultation (Best Practices) (year 5)	\$ 48,000	Schedule A * Optional _____

See schedules A, B, C for detailed deliverables, costs, and exclusions.

* Note: Initials next to optional components indicate continuation of ongoing support, maint., and legal/regulatory compliance, Consultation (Best Practices), beyond years 1 & 2.

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Automatic Renewal.

Comprehensive Consultation, Training, Equipment, Support & Maintenance, as defined by Schedules A, B, C, are provided by Drone Dynamics during Term 1 (yrs 1 & 2). Drone Dynamics Consultation (Best Practices) (year 2), as defined by Schedule A, will be renewed automatically and in effect through Term 2 unless notice not to renew is provided not more than 120 days and not less than 60 days prior to the end of the 2nd year anniversary. All parameters for Term 1 are applicable, except as noted. Upon non-renewal continued follow-on training, support, recertification, maintenance and equipment refresh will need to be re-quoted. Equipment trade-in/refresh will be considered upon annual contract renewal and determined by Drone Dynamics based upon consultation with client's flight operations teams and new mission requirements.

Travel & Expenses

- All travel conducted by Drone Dynamics personnel to be pre-approved by Hidalgo County.
- Travel time is accounted for within the Consultation (Legal, Regulatory, PR), and Consultation (Best-Practices) bundles. See Schedule A.
- Shipping on equipment billed as pass-through.

Payment Schedule Summary

- 30% initial services payment for
 - 1) Legal, Regulatory, and PR. 2) Drone Operator's Training Program.
 - No work to commence until receipt of initial services payment.
 - Training Equipment to be shipped and invoiced at start of contract.
- 35% payment invoiced and due 30 days at start of contract
- 35% final payment due within 60 days from start of contract or at delivery of Deployment Equipment, whichever comes first.
- Consultation (Best Practices) (Term 1 & 2) to be invoiced quarterly:
- A monthly statement of hours consumed will be provided by Drone Dynamics Implementation Manager with a minimum of 4 hrs/mo (year 1), 10 hrs/mo (years 2, 3, 4, 5) required to maintain business continuity, and flight team proficiency. Unused Consultation (Best Practices) hours can be "rolled over" and credited towards the next month and subsequent terms. Unused hours remaining in Q4 may be applied to the purchase of additional Drone Dynamics equipment, Drone Dynamics "train-the-trainer" per student fee, or additional Drone Dynamics support/maintenance.
- **NO CANCELLATIONS OR REFUNDS ON PAID FUNDS**



Schedule A

Consultation (Legal, Regulatory, Public Relations) is a turnkey component available at \$15,000.00 @ discounted rate of \$200/hour, capped at 75 hrs/yr. Additional consultation is billable at \$250/hr.

Consultation (Best Practices) is bundled as follows:

- year 1: offered at \$13,600 @ discounted rate, capped at 50 hrs/yr. Additional consultation is billable at \$250/hr. A total of 6 bi-monthly onsite visits included. Standard deliverables are prioritized over all other optional add-ons.
- Years 2, 3, 4, 5 offered annually at \$48,000 @ discounted rate, capped at 200 hrs/yr. A total of 12 monthly onsite visits included. Additional consultation is billable at \$250/hr. Standard deliverables are prioritized over all other optional add-ons.

Consulting Bundle	Bundle cost	Consultation Definition
Consultation (Legal, Regulatory, Public Relations, and Best Practices) Bundle (year 1)	\$15,000	<ul style="list-style-type: none"> • FAA section 333 & COA application. • Initial and ongoing Policy writing and support. • COA, N number updates if applicable. • Updates on relevant new laws, regulations. • Capped at 75 hours/yr, additional billed @ \$250/hr.
Consultation (Best Practices) Bundle (year 1)	\$13,600	<p>Standard:</p> <ul style="list-style-type: none"> • Onsite Quarterly Business Reviews (QBRs) reviewing contract performance, client goals and objectives. • Approved business travel. • Mission-type definition • Industry best practices and technology trends • Proactive flight control, mission planning software upgrade recommendations. Software to be provided by drone equipment vendor. • Quarterly flight training material, flight manuals audits, and updates. • Drone operator & instructor certification and recertification. • Camera and payload operational recommendations. <p>Capped at 50 hours/yr, additional billed @\$250/hr.</p>

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<p>Consultation (Best Practices) Bundle (years 2, 3, 4, 5)</p>	<p>\$48,000</p>	<p>Standard:</p> <ul style="list-style-type: none"> • Onsite Quarterly Business Reviews (QBRs) reviewing contract performance, client goals and objectives. • Approved business travel. • Mission-type definition • Industry best practices and technology trends • Proactive flight control, mission planning software upgrade recommendations. Software to be provided by drone equipment vendor. • Quarterly flight training material, flight manuals audits, and updates. • Drone operator & instructor certification and recertification. • Camera and payload operational recommendations. <p>Capped at 200 hours/yr, additional billed @\$250/hr.</p>
<p>Optional consultation:</p>		<p>Concept, architecture, high-level design consultation for video feed, livestreaming, data storage, mapping & 3D modeling applications.</p>

- Drone Dynamics will assign a designated Implementation Manager to oversee governance across all domains of the engagement. Performance is reported during Quarterly Business Reviews (QBRs). Customer success, compliance, and investment protection is realized via ongoing proactive consultation that provides periodic updates to new laws/regulations, industry trends and as new technology hardware and software emerges providing new capability.
- Ongoing Best Practices consultation ensures that all equipment, and operating procedures are updated based on recommended maintenance schedules and audits.
- Term 1 Consultation (Legal, regulatory, and PR) deliverables are available as updates bundled in Term 2 Consultation (Best Practices).

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Schedule B

A) Drone Operator's Training Program and Certification.

Includes 112 hours of (basic, intermediate, advanced) classroom, field-based training, written & hands-on proficiency tests. 6 full Drone Dynamics Training Program DJI Phantom 3Pro bundle kits. Also includes 75 hours of FAA instructor-led training. Includes annual support & maintenance.

Quantity	Item Description	DD Cost per Unit	DD Cost Total
6	Quadcopter (Phantom 3 Advanced)	\$ 613	\$ 3,678
6	Quadcopter Hard Transport Cases	\$ 152	\$ 912
18	Quadcopter LiPo Batteries	\$ 96	\$ 1,728
8	Spare props 2 pr	\$ 8	\$ 64
4	LiPo Batteries	\$ 45	\$ 180
4	LiPo Battery Meters	\$ 159	\$ 636
1	Portable Wind Meter	\$ 10	\$ 10
1	Weather Station Tripod	\$ 85	\$ 85
1	Weather Station Case	\$ 100	\$ 100
2	Platform Repair Kits	\$ 250	\$ 500
2	Repair Cases	\$ 35	\$ 70
	Equipment Total:		\$ 7,963
	Taxes : (to be assessed on invoice)		
	Annual Support & Maintenance		\$ 1,593
1	Comprehensive FAA compliant Drone Pilot/Operator Training (up to 30 students)		\$ 28,900
	Training Total (year 1)		\$ 38,456
4	"Train-the-Trainer" Instructor (year 2)	\$ 7,500	\$ 30,000

Training Equipment:

- Any equipment not listed above is excluded from this schedule.

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- Annual Support & Maintenance covers full replacement (during Term 1) (vehicle, controller, sensor), including next business day shipping.
 - (Qty 2) Phantom 3 Advanced
 - Equipment repair rates billed @ \$175/hr + parts.
- Equipment tune-up based on standard Drone Dynamics flight hours maintenance schedule. Loaner equipment available to minimize downtime.
- Equipment trade-in/refresh will be considered upon annual contract renewal and determined by Drone Dynamics based upon consultation with client's flight operations teams and new mission requirements.
- Shipping on equipment billed as pass-through.

Training:

- Group rate based on a minimum of 6 students, maximum of 30. A total of 15 students to advance and complete Intermediate level, and 15 students to complete Advanced.
- Incremental groups of 6 students can be added for \$14,000/group, plus travel expense.
- Individual student rates are \$3,500/person, plus travel expense.
- Onsite or Austin-based training options available.
- During year 2 authorized Hidalgo-County instructors are permitted to conduct training using Drone Dynamics Training program content, process, and materials exclusively to additional Hidalgo County-only students at an incremental charge of \$750 per student. A total of 4 onsite visits included.
- Training program content, process, and materials represent Drone Dynamics intellectual property.

B) Training Program

Upon successful completion of the overall Drone Dynamics Training Program each student will receive a certificate for Drone Pilot's (Basic, Intermediate, and Advanced) sUAS Pilot Safety Course. As well, Hidalgo County will receive a drone student evaluation & proficiency report from Drone Dynamics certified instructors.

Drone Dynamics Basic Pilot Safety Training Program:

Week One: Two days (16hrs) Multi-rotor and Fixed wing Simulator-based Training

Week Two: One day (8hrs) Programming and Basic Pilot Safety Training Course with issuance of 6 Quadcopters (Phantom 3 Advanced) complete kits to students.

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Training Objectives:

- Student will be familiar with basic platform safety.
- Student will be familiar with all laws restricting the flights of sUAS.
- Student will be familiar with No Fly Zones.
- Student will be familiar with FAA regulations pertaining to sUAS deployment. Student will be familiar with setting up their UAV platform, updating firmware, and understand the sUAS software interface.
- Student will be familiar with indoor/outdoor take-off and landing procedures.
- Student will be familiar with Drone Pilot Basic, Intermediate, and Advanced Training Courses and Certifications.
- Student will be familiar with all laws restricting the flights of sUAS.
- Student will be familiar with FAA regulations pertaining to sUAS deployment.
- Student will have a basic knowledge of the different types of applications for sUAS.
- Student will have a basic knowledge of the dangers with maintaining and piloting sUAS.
- Student will have a basic knowledge of sUAS components, functions, and basic maintenance requirements.
- Student will be proficient in performing a sUAS flight check and platform inspection.
- Student will be proficient in documenting sUAS maintenance, flights, and changes in payload.
- Student will be familiar with Flight Team roles and responsibilities.
- Student will be introduced to sUAS online and hands-on flying communities and insurance options.
- Student will show proficiency in basic orientation flying before a completion certificate can be awarded for the Drone Dynamics Basic Pilot Safety Course.

Week Three: One day (8hrs) hands-on Fixed-wing and Multi-rotor Orientation Flight Training.

Week Four: One day (8hrs) hands-on Fixed-wing and Multi-rotor Flight Training and Test-out.

Total Training Duration: 5 days (40hrs) over four weeks

Drone Dynamics Intermediate sUAS Flight Team Safety Training Program

Week One: One day (8hrs) Intermediate Flight Team Safety Training Course

Training Objectives:

- Student will hold a certificate for the Drone Dynamics Basic sUAS Pilot Safety Course.
- Student will be familiar with flight team roles and responsibilities.
- Student will be familiar with up to date FAA regulations pertaining to sUAS deployment.
- Student will be proficient in performing a sUAS flight check and platform inspection.
- Student will show proficiency in emergency procedures, manual flight, and flight operations in First Person View (FPV).
- Student will show proficiency in emergency procedures before a completion certificate can be awarded for the Drone Dynamics Intermediate sUAS Pilot Safety Course.

Week Two: One day (8hrs) Hands-On Emergency Procedures Flight Team Training

Week Three: One day (8hrs) Hands-On Manual Flight Team Training and FPV Flight Team Training

Week Four: One day (8hrs) Hands-On FPV Flight Team Challenge and Intermediate Course - Test Out

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Total Training Hours: 4 days (32hrs) over four weeks.

Drone Dynamics Advanced sUAS Flight Team Training Program

Week one: One day (8hrs) Advanced Flight Team Safety Training Course

Training Objectives:


- Student will hold a certificate for Drone Pilot's Intermediate sUAS Pilot Safety Course.
- Student will have understanding of FAA 333 exemption and Certificate of Authorization (COA) process.
- Student will be introduced into advanced drone payloads and autonomous/equipment.
- Student will be introduction into sUAS support equipment.
- Student will show proficiency in mission planning.
- Student will show proficiency in site advance/assessment.
- Student will understand solar flares and monitoring weather conditions.
- Student will show proficiency in completing a aerial photography mission before a completion certificate can be awarded for the Drone Dynamics Advanced sUAS Pilot Safety Course.

Week Two: One day (8hrs) Advanced Aerial Vehicle Components and Support Equipment

Week Three: One day (8hrs) Hands On Operation of Mission Ready sUAS, Flight Team Assignments and operations.

Week Four: Two days (16hrs) Public Safety Flight Team Mission Scenarios and Final Test Out Flight Team Mission.

Total Training Hours: 5 days (40hrs) over four weeks.

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Schedule C

Drone Dynamics Public Safety Deployment Equipment

Quantity	Item Description	DD Price per Unit	DD Price Total
Public Safety Deployment Equipment (year 1):			
6	Inspire PRO w/ X5 camera kit *	\$ 3,920	\$ 23,520
36	TB48 5700mah battery	\$ 134	\$ 4,824
1	Batt Charger - commercial grade	\$ 399	\$ 399
6	GoProfessional Case (waterproof)	\$ 375	\$ 2,250
12	Spare QR props, 1 pr	\$ 6	\$ 72
4	64gb SanDisk Extreme	\$ 41	\$ 164
6	Tablet Apple Air2	\$ 663	\$ 3,978
	Equipment Total:	\$ 5,538	\$ 35,207
	Taxes: (to be assessed on invoice)		
	Annual Support & Maintenance (years 1, 2) (20%)		\$ 7,041
	Total (year 1)		\$ 42,248
Public Safety Advanced Deployment Equip. (year 2):			
2	Fixed-wing system	\$25,000	\$ 50,000
4	DJI XT Thermal Flir 640-512 FLIR	\$10,500	\$ 42,000
	Annual Support & Maintenance (year 2) (20%)		\$ 18,400
	Total (year 2):		\$110,400
	Note *: kit includes:		
	• 1 DJI Inspire Pro black,		
	• 1 Zenmuse X5 camera + 3-axis gimbal,		
	• 2 remote controllers,		
	• 2 batteries,		
	• 1 battery heater,		

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- 1 tablet sunshade,
- 1 quad charger,
- 2pr spare props

Exclusions:

- Tethered drone
 - Livestreaming configuration
 - Cloud based storage, and cloud-based and desktop mapping 3D modeling infrastructure
 - Contract flight services.
-
- Annual Support & Maintenance covers full replacement (during the Term 1) (vehicle, controller, sensor), including next business day shipping.
 - (Qty 2) Inspire Pro, X5
 - Equipment repair rates billed @ \$175/hr + parts.
 - Support and Maintenance for Advanced Deployment Equipment includes (Qty 1/unit) quarterly tune-up and (Qty 1/unit) repair. Does not cover full replacement.
 - All equipment tune-up based on standard Drone Dynamics flight hours maintenance schedule. Loaner equipment available to minimize downtime.
 - Equipment trade-in/refresh will be considered upon annual contract renewal and determined by Drone Dynamics based upon consultation with client's flight operations teams and new mission requirements.
 - Shipping on equipment billed as pass-through.

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ON: 8/19/16

DRONE DYNAMICS, LLC
STANDARD TERMS AND CONDITIONS

These Standard Terms and Conditions ("Agreement") are made and entered into to be effective as of the 9th day of August, 2016 ("Effective Date"), by and between Drone Dynamics, LLC, a Texas limited liability company ("Drone Dynamics") and County of Hidalgo ("Client") (Drone Dynamics and Client being sometimes referred to herein as "Party" or "Parties").

1. Scope and Structure.

a. This Agreement sets forth the general terms and conditions under which Drone Dynamics will provide various services to its clients utilizing small unmanned remotely operated aircraft systems (commonly referred to as "drones", or "sUAS"), and small unmanned remotely operated vehicles (commonly referred to as "remotely operated vehicles", or "ROVs"). Additional terms and conditions pursuant to which the Parties may agree will be set forth in Services Agreements (herein so called) that will be made and entered into by and between the Parties, and which Services Agreements, upon execution thereof, shall be incorporated herein and be subject to these standard terms and conditions.

b. Each Services Agreement shall contain its own expiration and termination provisions and shall expire or terminate individually in accordance with such provisions. This Agreement shall remain in full force and effect in accordance with the term hereof from its Effective Date until it expires or is terminated in accordance with the provisions hereof, even if no Services Agreements are in effect at any given time.

c. In the event of any conflict or inconsistency between the provisions of this Agreement and any individual Services Agreement, the provisions of these standard terms and conditions shall control.

2. Drone Dynamics Services.

a. *In-house Model.* In this model Drone Dynamics provides training and advisory support for assisting the Client in developing an in-house sUAS and/or ROV program, with the Client providing its own pilots and operators.

b. *Out-sourced Model.* In this model Drone Dynamics provides sUAS and ROV capabilities utilizing Drone Dynamics' pilots and operators for agreed-upon Client services.

c. All sUAS and ROV operations will be conducted in accordance with Federal and state laws, rules and regulations and in accordance with the conditions and limitations provided in applicable Federal Aviation Administration grants of exemptions.

d. Services available to be included in the Services Agreements are (For termination definition see SERVICES AGREEMENT):

- Assist Client in understanding the economics and functionality of sUAS and ROVs in their operations
- Work with Client in determining what products and services best suit their needs
- Review "in-house v. out-sourced" options and assist Client in making decisions on which option is best for them
- Pilot and operator training
- Assist Client with understanding the regulatory landscape in the use of sUAS and ROVs
- Develop guidelines, processes and tactics to facilitate the use of sUAS and ROV's
- Complete provisioning of products and services
- Guidance on initial and on-going best practices for in-house teams
- Technology support
- Customer care – receiving and responding to incoming calls that relate to Client services performed by Drone Dynamics

e. For purposes of this Agreement, the term "Services" means the Drone Dynamics services that are specified in the Services Agreements.

3. Term and Termination.

a. The term of this Agreement shall begin on the Effective Date and shall continue in effect for a period of three (3) years thereafter. Following expiration of the initial term, this Agreement shall automatically renew for successive one (1) year terms unless either Drone Dynamics or Client notifies the other Party in writing at least ninety (90) days prior to the expiration of the initial or renewal term that Drone Dynamics or Client does not elect to have this Agreement be renewed.

b. Client may terminate this Agreement by written notice to Drone Dynamics pursuant to the section herein below entitled "Amendments to the Agreement."

c. Notwithstanding the above, this Agreement shall continue in full force and effect for as long as any Services Agreement is in effect, and this Agreement may not be terminated unless every Services Agreement between Drone Dynamics and Client is or has been terminated.

d. The term and termination provisions of the Services Agreements will be as specified therein.

4. Compensation.

a. The compensation to be paid by Client for services performed pursuant to this Agreement shall be as specified in the applicable Services Agreement.

b. Unless otherwise specified in the Services Agreement, all charges invoiced under this Agreement are due within thirty (30) days from the date of the invoice. All payments shall be payable at the offices of Drone Dynamics in Austin, Texas, in accordance with the instructions specified on the invoice. The amount of any invoice or part thereof which is more than thirty (30) days past due shall bear interest from its date until paid at the lesser of either (i) one and one-half percent (1 ½%) per month, or (ii) the highest rate of interest allowed by law.

c. Drone Dynamics shall have the right to suspend the performance of its Services due to invoices that are more than thirty (30) days past due.

5. Proprietary and Confidential Information.

a. Each Party shall maintain as confidential and shall not disclose to any third party any non-public information about the disclosing Party's business or activities that is proprietary and confidential, which shall include, without limitation, all business, financial, technical and other information of a Party marked or designated "confidential", or by its nature or the circumstances surrounding its disclosure should reasonably be regarded as confidential, and further including (i) any and all intellectual property, proprietary information and trade secrets; (ii) financial information including rates and pricing for Services; (iii) technical information, such as software and software platforms, research, development, specifications, procedures, algorithms, data, designs, and know-how; (iv) business information, such as operations, objectives, management, assets, results, planning, marketing interests, timing, strategic partners, customers, products and services; (v) information collected or developed by a Party regarding its customers and clients; and (vi) any discussions, negotiations and proposals between the Parties under this Agreement (all of which is referred to herein as "Confidential Information").

b. The Confidential Information that must be protected under this Agreement includes (i) tangible information (such as written materials, models and specimens, including electronic media such as computer zip drives, CD-ROM, electronic copies or any material resident in the hard or external drive of any computer); and (ii) information in oral form that is identified as being Confidential Information at the time of disclosure and confirmed in writing as Confidential Information within 30 days after the disclosure (or which, by its nature or the circumstances surrounding its oral disclosure, should reasonably be regarded as confidential, regardless of whether it was so later

confirmed in writing). The Party to whom the information is provided shall protect the Confidential Information from both unauthorized use and unauthorized disclosure by exercising at a minimum the same degree of care that it uses with respect to information of its own of a similar nature; however, in all circumstances such Party must exercise no less than reasonable protective care.

c. Notwithstanding the above, each Party has no obligation to protect information that (i) is rightfully known to the Party before disclosure under this Agreement without obligation of confidentiality, (ii) is independently developed by the Party without relying on the Confidential Information, (iii) is or becomes part of the public domain without breach of this Agreement or breach of a similar agreement, (iv) is lawfully obtained from a third Party not under an obligation of confidentiality; or (v) is free of confidentiality restrictions by written agreement of the other Party or Public information by law.

d. Either Party may disclose Confidential Information to the extent required by law, regulation or any governmental entity with jurisdiction over it, including any court of competent jurisdiction; but the Party being required to provide the Confidential Information by legal process must give the other Party prompt written notice of the required disclosure to permit that Party to seek a protective order and will disclose only such information as is legally required. Such notice must include, without limitation, identification of the information to be so disclosed and a copy of the order or reference to applicable law or regulation.

e. This Agreement does not obligate either Party to disclose any Confidential Information or take any other action not expressly agreed to herein. All Confidential Information of a Party will remain the exclusive and sole property of such Party.

f. Each Party agrees that the disclosure or use of Confidential Information in violation of this Agreement may cause irreparable injury that is inadequately compensable in monetary damages. Accordingly, either Party may seek injunctive relief for the breach or threatened breach of these Proprietary and Confidential Information provisions of this Agreement, in addition to any other remedies in law or equity. This provision does not alter any other remedies available to either Party.

g. Each Party agrees, at the sole option of the other Party and upon 10 days written notice, to return or destroy all written, tangible or otherwise accessible material in any form (including without limitation electronic media such as computer zip drives, CD-ROM, electronic copies or any material resident in the hard or external drive of any computer) containing or reflecting any Confidential Information of the other Party.

h. The provisions of this Proprietary and Confidential

Information section of this Agreement shall remain in full force for a period of three (3) years beyond the later of the termination of this Agreement or any Services Agreement.

6. Intellectual Property; Discoveries.

a. Drone Dynamics shall retain all right, title, and interest, in and to its own intellectual property including trademarks, patent rights, copyright interests, trade secrets and other forms of intellectual property, in and to the Drone Dynamics Services provided for herein, along with the platform software associated therewith, including without limitation, source and object code, data gathered or generated, plans, enhancements, reports, designs, technical know-how, manuals, documentation and other information used, employed or obtained by Drone Dynamics in the provisioning of the Services under this Agreement. Client shall not reverse engineer any software platform associated with the Services nor shall it authorize, request or allow any of its affiliates or vendors to reverse engineer the Drone Dynamics Services software platform.

b. Client agrees that any inventions, designs, improvements, and discoveries (herein individually and collectively "Discoveries") made by Client or Drone Dynamics during the term hereof, solely or jointly with others, which are made with equipment, supplies, facilities, trade secrets, or time of Drone Dynamics, or which relate to the Services, shall be the exclusive property of Drone Dynamics. Client agrees that it will promptly and fully inform and disclose to Drone Dynamics all such Discoveries, and Client agrees to assign such Discoveries to Drone Dynamics. Client also agrees that Drone Dynamics shall have the right to keep such Discoveries as trade secrets. For purposes hereof, the Discoveries shall be deemed to have been made during the term hereof if, during such period, the Discoveries were conceived or first actually reduced to practice.

7. Business Records. All files, records, documents, drawings, specifications, equipment, and similar items relating to the business of Drone Dynamics or Client shall remain the exclusive property of such Party and shall be left with or returned to such Party upon termination of this Agreement.

8. No License.

a. All computer programs, software, drawings, diagrams, specifications and other materials now or hereafter developed or licensed by Drone Dynamics, or which may be developed by Drone Dynamics in connection with provisioning of the Services to Client, whether or not developed at the specific request of Client, shall remain the property of Drone Dynamics and Client acquires no license, sublicense or any other rights in the same by virtue of this Agreement or the provisioning of the Services, unless otherwise agreed in writing by the Parties.

b. Notwithstanding the above, Drone Dynamics grants to Client a non-exclusive license, solely for the purposes described in this Agreement, to access and use the Drone Dynamics portal in connection with the Services. Except for the limited rights and licenses that may be expressly granted herein, no other license is granted, no other use is permitted.

9. Insurance.

Drone Dynamics represents and warrants to Client, and Client represents and warrants to Drone Dynamics, that each will maintain insurance covering all operations of the sUAS or ROV under this Agreement with an insurance company with a Best's rating of B+ or better and authorized in all states where the Services are performed, that names the other Party as an additional insured on a primary basis, including coverage for defense costs, without any contribution from its own insurers (who shall provide coverage on an excess basis only), that provides that the other Party shall receive at least ten (10) days' notice before cancellation and showing the following insurance in place and currently effective:

(i) Automobile bodily injury and property damage insurance in a combined single limit of not less than one Million dollars (\$1,000,000) per occurrence;

(ii) Broad form comprehensive general liability insurance, insuring itself against liability for bodily injury, property damage (including loss of use of property) and personal injury arising out of the Services, with the other Party as an additional insured under such policy in the amount of one million dollars (\$1,000,000);

(iii) Workers Compensation insurance in an amount required in each domicile where employees are used in association with the Services;

(iv) Any additional coverages in an amount or by type as required by any Federal, State or local governmental body.

10. Representations and Warranties.

a. Drone Dynamics represents and warrants to Client that (i) Drone Dynamics has the authority to enter into this Agreement and to perform its obligations hereunder, (ii) the execution, delivery and performance of this Agreement has been duly authorized by all necessary corporate action, and (iii) the execution and performance by it of this Agreement will not violate, breach or conflict with, or have the effect of violating, breaching or causing a conflict with, any other agreement to which it is a Party.

b. Client represents and warrants to Drone Dynamics that (i) Client has the authority to enter into this Agreement and to perform its obligations hereunder,

(ii) the execution, delivery and performance of this Agreement has been duly authorized by all necessary corporate action, (iii) the execution and performance by it of this Agreement will not violate, breach or conflict with, or have the effect of violating, breaching or causing a conflict with, any other agreement to which it is a Party, (iv) the data provided to Drone Dynamics by Client for use in its portal or in connection with the Services shall be accurate, true and correct, and (v) it has all rights necessary to grant Drone Dynamics access to its information (confidential or otherwise), its property and physical facilities in connection with the Services to be rendered hereunder.

11. Client Affiliates. Upon Client's request and Drone Dynamics' prior written approval (which approval may be withheld in Drone Dynamics' sole discretion), Client's divisions, subsidiaries, or other persons or entities that directly or indirectly, through one or more intermediaries, control, or are controlled by, or are under common control with Client (referred to herein as "Affiliates") may become Parties to this Agreement, whereupon they shall be included in the definition of "Client" herein. If an Affiliate previously approved by Drone Dynamics as a Party to the Agreement ceases to be an Affiliate, notwithstanding anything to the contrary in this Agreement Drone Dynamics shall have the right to immediately terminate this Agreement and Services to such Affiliate. Client is solely responsible for its Affiliates.

12. Independent Contractor Relationship. Drone Dynamics shall perform all Services solely as an independent contractor for Client and Affiliates and not as an agent or employee of Client or any Affiliate. Nothing contained in this Agreement will be construed as creating a joint venture, partnership or employment relationship between the Parties hereto, nor will either Party have the right, power or authority to create any obligation or duty, express or implied, on behalf of the other.

13. Marketing and Promotional. Upon Drone Dynamics' request and Client's prior written approval (which approval may be withheld in Client's sole discretion), Client may (i) grant to Drone Dynamics the right and license to use and display Client's name, logos, trademarks and trade names for marketing and promotional purposes, (ii) allow Drone Dynamics to name Client as a reference to prospective customers, and (iii) allow Drone Dynamics' prospective customers to contact and/or visit Client to discuss and/or view its operations in the use of the Services, provided, however, that such discussions or visits shall not interfere with the operation of Client's business, and provided further, that, such discussions or visits shall not require the dissemination of any Confidential Information relating to Client.

14. Third-Party Products. Drone Dynamics shall have the right to provide and/or incorporate into the Services and/or its portal "Third-Party Products," meaning goods, services, software and/or hardware

from a person or entity other than Drone Dynamics or Client. Third-Party Products are the property of their respective manufacturers, licensors, or other providers.

15. No Warranty. DRONE DYNAMICS MAKES NO WARRANTIES, VERBAL OR WRITTEN, IN RELATION TO THIS AGREEMENT, PORTAL, OR THE SERVICES, INCLUDING, WITHOUT LIMITATION, EXPRESS OR IMPLIED WARRANTIES OF MERCHANTABILITY OR EXPRESS OR IMPLIED FITNESS FOR A PARTICULAR PURPOSE. FURTHER, DRONE DYNAMICS MAKES NO WARRANTIES THAT THE PORTAL OR SERVICES WILL FUNCTION UNINTERRUPTED OR ERROR FREE, NOR THAT THE RESULTS OF USAGE OF ITS PORTAL OR ANY SERVICES OR THE FUNCTIONALITY OF THE PORTAL OR ANY SERVICES WILL MEET CLIENTS', ITS AFFILIATES' OR ANY PERMITTED USERS' EXPECTATIONS OR REQUIREMENTS.

16. Limitation of Liability. EXCEPT FOR EACH PARTY'S INDEMNIFICATION OBLIGATIONS, IN NO EVENT WILL EITHER PARTY BE LIABLE TO THE OTHER PARTY FOR ANY INDIRECT, SPECIAL, INCIDENTAL, CONSEQUENTIAL OR PUNITIVE DAMAGES, INCLUDING, WITHOUT LIMITATION, FOR LOSS OF LIFE OR PERSONAL INJURY, LOSS OF PROFITS, LOSS OF REVENUES OR LOSS OR INACCURACY OF ANY DATA, EVEN IF THE OTHER PARTY HAS BEEN ADVISED OF THE POSSIBILITY OF SUCH DAMAGES. DRONE DYNAMICS' LIABILITY TO CLIENT FOR ACTUAL DIRECT DAMAGES ARISING FROM THE AGREEMENT SHALL BE LIMITED TO THE FEES PAID BY CLIENT TO DRONE DYNAMICS UNDER THE AGREEMENT FOR THE ONE (1) MONTH PERIOD IMMEDIATELY PRECEDING THE CLAIM. IN NO EVENT SHALL EITHER PARTY RAISE ANY CLAIM UNDER THE AGREEMENT MORE THAN TWO YEARS AFTER THE EFFECTIVE DATE OF THE TERMINATION OF THE AGREEMENT; PROVIDED, HOWEVER, THAT THE LIMITATIONS SET FORTH IN THIS SENTENCE SHALL NOT APPLY IN THE CASE OF ANY CLAIM TO THE EXTENT ARISING FROM THE GROSS NEGLIGENCE OR WILFULL MISCONDUCT OF EITHER PARTY.

17. Indemnification by Drone Dynamics. Drone Dynamics shall defend, indemnify and hold harmless Client, its Affiliates, and any of their respective directors, officers, employees and agents (each, a "Client Indemnitee") from and against any third party claim, action, loss, liability (in any form), or other amounts, including, without limitation reasonable out-of-pocket attorneys' fees and expenses incurred by or rendered against a Client Indemnitee arising from (a) Drone Dynamics' material breach of the Agreement; or (b) Drone Dynamics' infringement of intellectual property, provided that Client gives prompt notice to Drone Dynamics of such claims. The obligations of Drone Dynamics contained in this paragraph shall

survive for three (3) years after termination of the Agreement.

18. Indemnification by Client. Client shall defend, hold harmless and indemnify Drone Dynamics, its directors, officers, employees, and agents harmless from and against any third party claim, action, loss, liability (in any form), or other amounts, including, without limitation reasonable out-of-pocket attorneys' fees and expenses incurred by or rendered against Drone Dynamics arising from (i) Client's and Affiliates' breach of the Agreement, (ii) any Agreement between Client and a third party related to Client's use of the Service(s); (iii) any act by Client (iv) Client's infringement of intellectual property; or (v) any information and/or data provided by Client and Affiliate to Drone Dynamics, provided that Drone Dynamics gives prompt notice to Client of such claims. The obligations of Client contained in this paragraph shall survive for three (3) years after termination of the Agreement, to the extent permitted by law.

19. Consents. Notwithstanding any provision of this Agreement to the contrary, if the provisioning of any Services as contemplated by this Agreement requires the consent, approval or authorization of any third party, Drone Dynamics (with the cooperation and assistance of Client, if necessary) shall use its commercially reasonable efforts to obtain as promptly as possible such consent, approval or authorization, and shall be excused from performing such Services while these efforts are being made. If any such consent, approval or authorization is not able to be obtained in a reasonable period of time, the Parties shall cooperate in good faith to devise an alternative arrangement to the provisioning of such Services that is reasonably satisfactory to each Party.

20. Amendments to the Agreement.

(a) Notwithstanding anything to the contrary contained in this Agreement, this Agreement may be amended by the following methods:

(i) By mutual written agreement of the Parties.

(ii) By Drone Dynamics upon thirty (30) days written notice of the proposed amendment to Client. This thirty (30) day period is herein referred to as the "Notice Period". This written notice may be given in one or both of the following manners:

(A) By posting the amendment on the portal maintained by Drone Dynamics on the Internet which Client has access to. For notices given in this manner the Notice Period shall commence on the third business day after being posted.

(B) Personal hand delivery to a representative of Client in person. For notices given in this manner the Notice Period shall commence on the day of personal hand delivery.

(C) Transmitted by facsimile on a business day with proof of delivery. For notices given in this manner the Notice Period shall commence on the date of the proof of delivery.

(D) By delivery to a nationally recognized overnight courier service, postage prepaid, for next business day delivery. For notices given in this manner the Notice Period shall commence on the second business day following the date of the delivery to the courier.

(E) Notwithstanding the above, for notices given in both manners the Notice Period shall commence on the third business day following the day after being posted on the Internet.

(b) Written amendments pursuant to this Section may include word changes in the body of the Agreement, along with additional documents such as addendums and supplements.

(c) Upon expiration of the Notice Period, Drone Dynamics may post the final format of an amendment as an "Effective Amendment" on the portal maintained by Drone Dynamics on the Internet which Client has access to, and may also, but is not required to, give notice of the amendment in one of the manners set forth above. The amendment shall become effective on the day and time of posting on the Internet.

(d) Client shall have the right to terminate this Agreement by written notice to Drone Dynamics within fifteen (15) days of the posting of an Effective Amendment. Such termination shall be subject to the provisions herein regarding survival of the Services Agreement.

21. Miscellaneous.

a. **Waiver.** The terms and conditions of the Agreement may not be waived or modified unless in writing signed by both Parties. The failure at any time to require the other Party's performance of any obligation under the Agreement shall not affect the right subsequently to require performance of that obligation.

b. **Headings.** Any headings of sections of this Agreement are solely for the convenience of the Parties and are not to be used in any interpretation of this Agreement.

c. **Counterparts.** This Agreement may be executed in several counterparts; each such counterpart shall be considered an original agreement and all such executed counterparts shall constitute one Agreement.

d. **Governing Law.** This Agreement is subject to and shall be enforced in accordance with the laws of the State of Texas.

e. Entire Agreement. This Agreement contains the entire agreement of the Parties relating to the subject matter hereof. This Agreement supersedes any prior written or oral agreements between the Parties.

f. Severability. If any covenant or provision of this Agreement or the application thereof to any Party or circumstance shall be held to be invalid or unenforceable, then in each such event the remainder of this Agreement or the application of such covenant or provision to any other Party or any other circumstance shall not be thereby affected. In such event, the Parties shall negotiate in good faith to replace the invalid or unenforceable provision with another reflecting the same relative distribution of economic benefits and burdens.

g. Dispute Forum; Injunction, Damages and Attorney's Fees. The Parties agree that they shall submit any disputes between them concerning the meaning of the Agreement or concerning their rights, obligations or performance hereunder, exclusively to state or federal courts located in Austin, Texas. The court shall have the right to award injunctive relief, actual, out of pocket damages only consistent with the terms of the Agreement, but neither Party is entitled to indirect, special, incidental, consequential or punitive damages. In any action, the substantially prevailing Party shall be entitled to recover reasonable out-of-pocket attorney's fees and court costs.

h. Force Majeure. Except for Client's payment obligations, if any Party to the Agreement is unable to meet its obligations under the Agreement as a result of flood, earthquake, storm, other acts of God, acts of war, acts of terrorism, fire, derailment, accident, strike, lockout, mechanical breakdown, computer or software malfunction or glitch, explosion, war, insurrection, riot, embargo, act of government or governmental agency or other similar cause beyond the reasonable control ("Force Majeure") of the Party seeking to be excused from performance under Force Majeure, such Party will be excused from performing its obligations for the duration of the Force Majeure.

i. Successors and Assigns. This Agreement shall apply to and bind the successors and assigns of the Parties hereto; provided, however, neither the Agreement nor any right or obligation hereunder is assignable in whole or in part, whether by operation of law or otherwise, by Drone Dynamics or Client, without the prior written consent of the other Party, which consent shall not be unreasonably withheld. Notwithstanding the foregoing, either Party may assign the Agreement in connection with a sale of substantially all of the assets, stock or ownership interests of a Party, a reorganization, merger or liquidity event.

j. Survival. Any provision of this Agreement, which by its nature cannot or will not be performed prior to the termination of this Agreement shall survive termination.

k. Notices (Other Than Notices of Amendments to this Agreement). All notices, requests, claims, demands and other communications hereunder shall be in writing and shall be given or made as follows to the Parties at their addresses set forth below: (i) by personal hand delivery to a representative of a Party in person - for notices given in this manner the date of the notice shall be deemed to be the actual day of such personal hand delivery; (ii) transmitted by facsimile on a business day with proof of delivery - for notices given in this manner the date of the notice shall be deemed to be the date of the proof of delivery; or (iii) by delivery to a nationally recognized overnight courier service, postage prepaid, for next business day delivery - for notices given in this manner the date of the notice shall be deemed to be the second business day following the date of the delivery to the courier.

If to Drone Dynamics:

Drone Dynamics, LLC
Attention: Chief Executive Officer

If to Client:

County of Hidalgo

Attention: Ramon Garcia

County Judge

ENTERED INTO AS OF THE DATE SET FORTH ABOVE.

Drone Dynamics, LLC

Robert Rocque
Robert Rocque, Chief Executive Officer

County of Hidalgo
"Client"

By: Bonnie Harris

Its: County Judge

APPROVED BY
COMMISSIONERS' COURT
ON: 8/9/16