NGING ENGINEERING

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Alameda County Sheriff Mr. Greg Presnell Mr. Kevin McDonnell 4061 E. Castro Valley Bl. #166 Castro Valley, CA 94552

August 8th, 2012

Subject: Quotation of (1) "Scout" System to Alameda Canada Sheriff Office

Attention: Greg and Kevin

I am writing further our discussions and interest in acquiring a Vertical Take off & Landing(VTOL) "Scout" UAS from ING Engineering.

As indicated in our earlier exchanges, please find below our proposal.

ING Engineering is Canada's leading robotic aircraft systems integrator. With over 3000 missions and 30,000 hours of persistent unmanned systems flight time in Afghanistan with the Canadian Army and now the Royal Canadian Navy, ING Engineering delivers intelligence, surveillance and reconnaissance requirements more accurately and cost-effectively than traditional methods.

Task Objective:

ING Engineering will provide a quotation to the Alameda County Sheriff Office for the acquisition of (1) VTOL "Scout" System. The "Scout" System will include the following:

- -1 Scout Aerial Vehicle
- -1 Command station with software
- -1 Scout base station
- -1 daylight camera-still with Video
- -4 smart Batteries
- -1 Three-Bay Battery Charger
- -1 Scout Mission Carrying Case
- -1 Scout Support Case
- -1 Spare Parts Kit (Extra set of legs, arms, propellers)
- *Recommended Payload Options:
- -Scout Video Zoom 10X Payload
- -Scout Go Pro Payload
- -Scout FLIR TAU Thermal Imaging Camera

Financial Proposal:

Phase 1 Activity	Costing Details	Budget
Scout System	- Complete Scout System - *including daylight camera- still with Video	\$CDN 89,500
Optional Payload Sensors	- Scout Video Zoom 10X Payload - Scout Go Pro Payload - Scout FLIR TAU Thermal Imaging Camera	\$CDN 13,500 \$CDN 4,500 \$CDN 27,000
Shipping	-Ship one complete Scout System	Billed at Cost
Total		\$CDN 89,500-134,500.00

Training:

ING Engineering will provide one Lead Trainer for up to 5 days of familiarization and training on the equipment at a rate of \$900 CDN per day. These services will include maintenance and training for launch, recovery and routine operations. The training will be provided at a site as mutually agreed. Travel and living costs will be billed as for actual costs incurred without mark-up. The proposal does not include cost of additional training, instructing, or flying which may be provided at request.

Delivery:

Upon acceptance of quotation and 40% deposit; ING Engineering will deliver the complete "Scout" System within 4-6 weeks. Remaining acquisition cost payable upon delivery of system.

ING Engineering is pleased to be considered for this critical task. Please feel free to contact us for any questions or points of clarification.

Best Regards

Aaron W. Stiles Director of Sales ING Engineering Inc.

cc:

Tammie Warren

Appendix A) Company Background:

ING Engineering is Canada's leading robotic aircraft systems solution provider and systems integrator. With over 3,000 missions and 30,000 hours of persistent unmanned systems flight time in Afghanistan with the Canadian Army and now with the Royal Canadian Navy, ING Engineering delivers intelligence, surveillance, reconnaissance and UAV-specific training solutions to clients in the military and commercial sectors.

ING Engineering delivers end-to-end unmanned systems solutions and systems engineering from requirements definition and solution development to ongoing field operations, data exploitation, and comprehensive training. Our team brings hundreds of years of accumulated experience in fields as diverse as special operations to C⁴ISR systems engineering. ING brings our unprecedented record of 99.3% mission availability in Afghanistan to the civil and commercial market including supporting critical law enforcement operations.

The company currently delivers UAS Services to the Department of National Defence in support of the Boeing (Insitu) ScanEagle platform, as well as the Prioria Maveric Mini-UAS platform. On both of these contracts, ING Engineering delivers services, maintenance, and training directly to and with the Canadian Forces customer with Secret (and higher) cleared Canadian experts – deployed domestically and internationally. ING Engineering is fully compliant with US ITAR and Canadian Controlled Goods Registration. In addition to thee platforms, ING has experience in the operation and support of a wide range of commercial UAV platforms.

Our Field Service Representatives (FSRs):

Our Field Service Representatives (FSRs) both operate and maintain the UAV fleet and entire system. ING employs UAV specialists with a wide range of backgrounds and skills that are specific to this market. Our team has over 800 years accumulated experience in various key trades in the Canadian Forces in Operations, Training, & Engineering including expertise in:

- Army, Air Force, and Navy Operations
- Special Operations
- Intelligence Operations
- Law Enforcement
- C4ISR Systems

They bring these skills as well as thousands of hours each in operating and maintaining the ScanEagle fleet in Afghanistan, Canada, and afloat with Royal Canadian Navy. For instance, many of our FSRs have extensive experience as AWACs Airspace Controllers, Radar Controllers as well as Air Traffic Controllers making them invaluable when operating UAVs in mixed civil/military airspace. Each of them was a senior leader in the Canadian Forces before joining ING Engineering, making for an exceptionally strong, focused and capable delivery team.

Appendix B) Terms and Conditions:

The Proposal is valid for 90 days from date of quotation

The Client will assign a project co-ordinator to work with the ING Project Resource.

All figures quoted are payable in Canadian dollars.

Travel, living expenses, and miscellaneous expenses will be billed additionally at cost.

Invoices will be issued monthly to the Client for services provided and expenses incurred during the month in question. Invoices shall be payable net 30 days.

Project plan changes and resource schedule changes are expected from time to time for the duration of the project. ING's Project Resource will be the contact for all such changes. Reasonable notice of such changes will be given in order that work schedules and travel plans may be appropriately managed.

All figures quoted are for scope identified in this proposal only - based on assumptions used in preparing this quotation. Any additional work or scope will be negotiated at the appropriate time.

Change control work carried out for this project will be estimated and provided to the Client for formal approval prior to any work being initiated.

ING will have access to all existing reports, plans, and records deemed to be necessary to complete its mandate.

If ING is prevented or delayed from performing its responsibilities for reasons outside of its control, the length of such delay shall extend the time for performance. If a deliverable is in process ING will be paid on a pro-rated basis. The pro-rata will be calculated on the amount of effort completed relative to the total effort budgeted for the specific deliverable.

All prices are quoted exclusive of taxes that may be applicable. Accordingly, the Client shall be responsible for all duties and taxes imposed as a result of the work carried out under the contract including, but not limited to, sales, value added, or services tax, import or export duty or tax, stamp taxes and any withholding tax or Corporate taxes or other amount that the Client may be required to withhold or deduct from payment.

With respect to any amount that the Client is required to withhold or deduct from payment to ING, the Client shall gross-up the payment owing to ING to the extent necessary so that ING will be paid the amount it would have received had there been no requirement to withhold or deduct that amount. In this regard the Client agrees to keep ING informed with respect to all such withholding or deduction requirements in order that ING will at all times have the necessary information in order to show the applicable grossed-up amount on its invoices for payment under the contract.

The Client shall assist ING in obtaining all necessary work authorizations, visas, and other approvals if required.

Where decisions, requests for information, or approvals are required from the Client, such decisions, responses or approvals will be given within (5) five business days of the request. Delays extending beyond five days may impact the project work plan and therefore require additional costs. Any additional costs will be presented for approval by way of a Change Request.

ING's total liability shall not exceed the amount of fees received by it. In no event shall ING be responsible for indirect, consequential or special damages, including loss of profit or expected savings.

This proposal incorporates the above text, as well as the assumptions which may be described in body of this proposal and such other industry standard terms and conditions as are appropriate for work of this nature, all of which shall be incorporated into a formal agreement to be signed by all parties.

<u>Acceptance</u>	of Proposal

I accept the above proposal and the terms and conditions set therein.

X	
Print Name: Company:	Greg Presnell / Kevin McDonnell Alameda County Sheriff Department
X	
Date	

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2011 marks the 10-year anniversary for ING Engineering and we continue to thrive as Canada's leading robotic aircraft systems solution provider and systems integrator. Over the past decade, ING Engineering has established itself as the Canadian leader in innovation and excellence in the field of unmanned systems.

Our approach to providing UAV ISR services in Kandahar saved countless Canadian lives over three years of combat operations. We are honoured to extend that capability with the deployed Royal Canadian Navy in 2012. Today we also bring our unprecedented record of 99.3% mission availability in Afghanistan to the civil and commercial market including supporting critical law enforcement operations.

ING Engineering's ability to meet the specific needs of the customer with one of our UAS systems and platforms and our extraordinary delivery team is what makes ING Engineering stand out from the crowd. From Law Enforcement and Search and Rescue to Forest Fire Detection, Environmental Monitoring and Exploration for Oil, Gas and Mining sectors, ING Engineering has the solution. With offices and team members located across Canada from the Yukon to Atlantic Canada, we are able to provide local support to most operations.



LAW ENFORCEMENT

Aerial Surveillance

Large assemblies and high profile conferences in urban areas can necessitate the need to monitor crowds for potential threats or disruptions. Unmanned systems can quietly and unobtrusively monitor large crowds for visible threats. Specialized sensing equipment can also detect electromagnetic, biological or chemical anomalies across a wide spectrum. Smaller and quieter unmanned systems can be launched and retrieved in tight urban areas needing tactical surveillance for special operations.

Search and Rescue

Law enforcement agencies tasked with search and rescue over land and water can cost-effectively search large areas more accurately than with traditional methods. Optical, radar and infrared technologies built into an unmanned aircraft system can deliver around-the-clock search capabilities within a wider range of meteorological conditions than a manned aircraft. Helicopter and traditional aircraft usage can be significantly curtailed and more effectively combined with unmanned systems for search and rescue and damage assessment. Read our "Police Work – Search and Rescue White Paper"

Emergency Response

Tactical support can now be provided to patrol officers or specialized teams by unmanned systems. This support includes the use of autonomous underwater vehicles for port security or missing persons, unmanned ground vehicles for explosives disposal, and the use of unmanned aerial vehicles for aerial intelligence gathering and mission control. The use of unmanned systems for these roles provides greater situational awareness and officer safety, while often providing higher availability than manned assets.

Highway Patrol

Remote and large stretches of highway present significant patrolling challenges to thinly spread police detachments. Unmanned systems can cover greater distances at higher speeds and lower total cost. This method of patrolling reduces manpower dependencies and helps put police where they are needed most.

Border & Coastal Patrol

Command, Control, Communications, Computers, Intelligence, Surveillance and Reconnaissance have been central drivers for the use of unmanned systems in the defense sector. Flying, crawling and swimming robots can be equipped with a range of sensing and monitoring payloads than can be integrated into the communications network. Using unmanned technologies offers strategic and tactical advantages while eliminating unnecessary risk to personnel.

Speed Enforcement

Aerial speed enforcement is now possible due to the cost effectiveness of operating small unmanned systems equipped with photoradar equipment. These devices can measure speed and photograph license plates from the air across a wider viewing field than traditional enforcement methods. This eliminates the need for roadblocks and the risk of dangerous maneuvers by drivers trying to elude speed zones.

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