



Letter of Intent: Funding Deployment of JPods Networks

Date: Dec 3, 2012

Objective: Mutually Profit from Deployment of JPods Networks

Whereas,

- Equity has a funding source interested in Personal Rapid Transit Networks;
- JPods, Inc. has technology and sites interested in having PRT networks deployed;
- Projects must be “shovel ready” with a known regulatory framework something similar to the following:

PERFORMANCE STANDARDS FOR GRANTING RIGHT-OF-WAY ACCESS TO FREE MARKET INNOVATIONS

WHEREAS, Returning communication infrastructure to a free market in 1984 resulted in vast innovation, better service at lower costs and millions of jobs;

WHEREAS, Privately funded freight railroads average over 400 ton-miles per gallon efficiency;

WHEREAS, Establishing performance standards based on economic work accomplished per unit of energy consumed may allow free market solutions that repeat communication infrastructure success in transportation infrastructure;

WHEREAS, the Congressional Office of Technology Assessment Study PB-244854 (1975) identified Automated Guideways and Personal Rapid Transit (PRT) networks as a solution to the 1973 Oil Embargo and the PRT network at Morgantown, WV has delivered 110 million oil-free, injury-free passenger-miles since starting service in 1975;

THEREFORE, BE IT RESOLVED,

Non-exclusive access to City rights-of-way will be granted to transportation systems providers meeting the following free market principles:

- (1) Privately funded construction, and
- (2) Privately operated without Federal subsidies, and

- (3) Exceed 120 passenger-miles per gallon, or equivalent efficiency, and
- (4) Exceed safety performance of transportation modes already approved for use.

THEREFORE, BE IT FURTHER RESOLVED, Regulation of free market innovations shall be based on:

- (1) Transportation systems maintaining the safety, insurance, inspection practices consistent with the ASTM and theme park industry, and
 - (2) Environmental approvals will be granted based on a ratio of energy consumed per passenger-mile of the innovation versus transport modes approved to operate in the rights-of-way, and
 - (3) All taxes and fees assessed on the transport systems providers, passengers and cargo shall be limited to 5% of gross revenues and paid to the aggregate rights-of-way holders by transportation systems providers.
- Equility has provided JPods with draft lending and equity investment documents;
 - Projects will be subject to due diligence at the time of any transaction based on the following guidelines;

1. Shovel Ready Project

'Shovel ready' means that the project is ready to go in every conceivable respect with the only missing element being the financing. This includes all wayleaves, permits permissions, environmental impact reports (where appropriate), signed EPC contracts and sub-contracts (if necessary subject to funding) and full financial model, including drawdown requirements. All drawdowns are provided quarterly and can extend out to 20 years although, in this case, we would anticipate three to five years maximum.

The financial benefit and gain for the investor, bearing in mind that they are putting up 100% of the capital in return for 50% of the equity, needs to be clearly presented. Also, our completion fee is 4% which is paid as part of each drawdown and needs to be added to the 'professional and consultancy' line of the project outgoings .xls. The figures need to show a payback within two or three years for each stage of the development. To illustrate, if the project is costing \$1bn with a straightforward drawdown of 4 x \$250m annual tranches, the funder wants to see the investment being repaid for each stage from a maximum of two years after stabilization.

2. Viable Technology

Our experience with the funder has already shown that they will take the risk on 'proving' technologies at a far earlier stage of development than JPods. We can cite two examples being a) a subsea, tide driven power generation system and b) a process for cleaning up smelting plant slagheaps. Both deals were in the

\$100's of millions class. We need to demonstrate that JPods is using proven, established technology and simply applying it to a new outcome.

3. Credible EPC (Engineering and Procurement Contractor)

For both the municipality and the funder, the two items above hinge on the leadership of a credible EPC. It needs to be a 'name' like Skanska, Balfour Beatty or similar that the US-based funder and the municipality will immediately recognize and take comfort from.

With these three pillars in place, we are 100% confident that we can deliver the funding required. Our minimum deal value is \$200m but, if the municipalities want to present a complete system for funding at \$1bn, \$2bn or more, this will not present a problem. We should go with just one system in one municipality to start with.

Equity Capital is happy to take calls from government agencies in their due diligence efforts.

Therefore, be it resolved,

- JPods may use this document to assure projects are shovel ready at the time they are submitted;
- Equity may use JPods documentation of projects, technologies, etc... so the capital source may develop their due diligence requirements;
- JPods and Equity will communicate with outside organizations as required to facilitate the funding and deployment of JPods networks.

Agreed to December 3, 2012 by the undersigned:



David Rose
CEO
Equity Capital
d.rose@equitycapital.com
www.equitycapital.com
+44 1568 611196



Bill James
CEO
JPods, Inc.
bill.james@jpods.com
www.jpods.com
612.414.4211