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November 17, 2008

Mark Dettle, Director City of Santa Cruz Public Works Department 809 Center Street Santa Cruz, CA 95060

Dear Mr. Dettle:

I include with this letter, the STATEMENT OF QUALIFICATIONS of PRT International, LLC, and its associate contractors per your requirements. Included with this letter are the following:

- ✓ References for PRT International
- ✓ References for Mesiti-Miller Engineering
- ✓ Project Team and Organization Chart
- ✓ Resumes
- ✓ The paper "Intelligent Transportation Network System"
- ✓ PRT System Requirements

We are aware that none of this can take place without the funding needed to build our test system. We are working on several avenues for fund raising, but have no firm commitments yet. Our development strategy, including a brief discussion of our test plans, is given in Section 20 of the enclosed paper "Intelligent Transportation Network System." Much more information can be found on our website, which is given above.

Why are we interested in the Santa Cruz project? I was invited to give a presentation on my work on PRT to the Santa Cruz City Council on February 29, 2000, during which time I was given a tour of Santa Cruz and the UCSC Campus to acquaint me with the potential for a PRT system. I also met with members of the Santa Cruz Citizens for PRT and City Councilman Ed Porter during my two days in your city, a visit on which I was treated most graciously. I have kept in touch and have followed the development of interest in PRT in Santa Cruz since that time.

The field of PRT has been developing since the 1950s, very slowly until in 1967 our federal government sponsored a series of studies of this technology. A great deal of activity followed in the United States and abroad with the major federal activity being the construction of a so-called PRT system in Morgantown, West Virginia. For a number of reasons that I am well acquainted with this project experienced serious cost overruns, notwithstanding that it is still in operation. This was almost fatal to Congressional interest in PRT. Those of us who were convinced that, if designed carefully, there was great potential in PRT continued our work and in 1989 the Northeastern Regional Transportation Authority, learning of our work, became seriously interested and invested over \$20 million in a test PRT system. For reasons that I am also very familiar with, serious cost overruns caused this project to collapse.

Intelligent Transportation Network Systems

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This second failure remarkably did not destroy interest in PRT; it actually increased interest and caused it to go international with many companies now proposing PRT systems. The basic problem has been a struggle between those who understood PRT and genuinely wanted to see it happen, and those who got assigned to work on it but did not understand it. Assigning engineers to work on something that they have not had time to understand is a recipe for failure. I hope to assist in correcting this deficit in understanding through the series of courses I list at the end of the enclosed paper "An Intelligent Transportation Network System." The situation I have described has made city planners justifiably skeptical about the eventual success of PRT, regardless of its promise and even regardless of recent PRT projects in England, Sweden, and the United Arab Emirates.

Many of us, mainly through the Advanced Transit Association, learned to understand the reasons for failure and the reasons technology and management strategies exist that can result in PRT systems that will realize its promise. From my contacts with Santa Cruz over the past nine years I have become convinced that the problems of PRT development have been understood there. If not your RFQ would not exist. I committed myself many years ago to work to commercialize PRT for reasons discussed in my papers. I am interested in Santa Cruz because I see a common interest with you.

We look forward to an opportunity to answer questions about our ability to serve Santa Cruz.

Very truly yours,

J. Edward Anderson, Ph.D., P. E.

Managing Director

PRT International, LLC