BOARD OF COUNTY COMMISSIONERS

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District 3

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District 5

April 10, 2014

Russell Roberts, Vice President
Florida East Coast Industries
8427 South Park Circle, Suite 140
Orlando, FL 32819

Dear Mr. Roberts:

On Sunday April 6th, I had a meeting with Mr. Matt Mohler concerning All Aboard Florida. At that meeting, I pointed out one of the problems at this time was the lack of clear information about the proposed All Aboard Florida passenger rail service, its plans and its finances. At the moment, there is a lot of speculation, with none of the type of information necessary for an elected official to fulfill his fiduciary duty to his constituents, for a project that will draw so heavily on government resources and which, given the information available to date, will have such a negative impact on our communities.

It is my understanding the purpose of our meeting today is to open up a dialogue that will give elected officials in Indian River County the type and quality of information necessary for good decision-making. It is my belief, all the questions below are fair and reasonable, given the type of community support All Aboard Florida is requesting from Indian River County.

Important to note is at my initial meeting with an All Aboard Florida representative, I was told this was to be a private project, on private property, with no government support. As the project unfolds, the reality is, at least based on the scarcity of information available; this proposed project is seeking substantial government support on the Federal, State, and local levels.

Additionally, at that initial meeting, no mention of the negative impacts the project would have were provided. Granted, I should have realized, and probably looked harder at the negatives of the project, but All Aboard Florida should have, if it were interested in being a good corporate citizen, been more forthcoming. "Buyer Beware" is not an appropriate position to take with a project like All Aboard Florida.

1801 27th Street, Building A
Vero Beach, FL 32960
(772) 226-1490

It did not help All Aboard Florida when Mr. Gonzalez, at the March 21st meeting of the Treasure Coast Regional Planning Council, was unresponsive to almost all of the substantive questions put to him. On the one hand, he said All Aboard Florida had a lot of studies to show the benefits of All Aboard Florida to our region. On the other hand, he refused to share the studies because All Aboard Florida was a private company. The reality is All Aboard Florida and a set of companies owned or managed by Fortress Investment Group, LLC, are asking for significant assistance from the governments and the communities through which the All Aboard passenger trains will travel.

I say all this because our community is now solidly against this project. If it is the goal of All Aboard Florida to gain our community's support or at least decrease the opposition to the project, I believe it will necessary for All Aboard Florida to be forthcoming with as much information as possible.

To help facilitate this process, I have the following list of questions, which I believe will help us begin an appropriate dialogue. Providing full and complete answers to as many of the questions as possible will be very much appreciated by everyone, not only in Indian River County and in the Treasure Coast region.

Corporate Structure:

1. There is a lot of misinformation with regards to the various companies that are affiliated with Fortress Investment Group, LLC. This has only fueled the public's apprehension and distrust of All Aboard Florida. Therefore, please provide the following information:

    a. A clear corporate organization chart, which will allow one to trace All Aboard Florida – Operations, LLC, to what I understand is its ultimate owner, Fortress Investment Group, LLC. On the chart please show any related Fortress Companies, which are necessary for the ultimate success of the All Aboard Florida passenger rail project.

    b. A list of all companies now owned, directly and indirectly, by Florida East Coast Industries, LLC.

    c. A list of all companies now owned, directly and indirectly, by Florida East Coast Rail, LLC

    d. A list of all companies now owned, directly and indirectly, by Florida East Coast Holding Corporation.

    e. What entity owns Florida East Coast Rail, LLC?

    f. What entity owns Florida East Coast Industries, LLC?

2. Please provide any and all documentation that shows All Aboard Florida – Operations, LLC's authority and/or right to develop and operate a passenger train on the existing tracks in Indian River County.

3. Attached is a copy of a proposed "Crossing Agreement" between Florida East Coast Railway, LLC, and Indian River County. Please tell us why it was sent? What is its purpose?

4. What is All Aboard Florida, TOD, LLC? What is its purpose?

5. What is All Aboard Florida New Sixth Street, LLC? What is its purpose?

6. What is All Aboard Florida Operations LLC? What is its purpose?

7. What is All Aboard Florida – Stations, LLC? What is its purpose?

8. If there are any other All Aboard Florida companies, please give their legal names, a description of the company and its purpose.

Engineering:

1. As far as railroad-crossing improvements are concerned, exactly what constitutes a Quiet Zone? Indian River County has heard some, or all of the following improvements, may need to be constructed before a Quiet Zone can be implemented . . .

   --- 4-quadrant gates
   --- Concrete median extensions
   --- advance warning signs
   --- Barrier-style fencing along rail corridor

2. Does the level of Quiet Zone improvements change with the train speed? In other words, do higher train speeds necessitate a higher level of Quiet Zone improvements, i.e. 0-79 mph, 79-110 mph, 110+?

3. Existing railroad gates and train sensors are connected to nearby traffic signals at most crossings, and offer advance warning times for as little as 20 seconds before the train reaches the crossing. Will the All Aboard Florida trains be set up in the same manner?

4. What are the actual rail crossing improvements you have planned in Martin, St. Lucie, and Indian River Counties and what are your best cost estimates for these crossings?

Financial and Economic:

1. Mr. Gonzalez, at the March 21st meeting of the Treasure Coast Regional Planning Council referred to "studies," which indicated the All Aboard Florida passenger rail service would have benefits for our region. Please provide copies of all "studies" related to the proposed All Aboard Florida passenger rail service.

2. Please provide the most recent audited financial statements for All Aboard Florida Operations and Florida East Coast Industries, LLC.

3. Please list all loans related to the All Aboard Florida passenger rail service being sought or already received, from any government entity, the name of the entity and the amount of the loan and the proposed interest rate of the loan.

4. Please list any other form of economic assistance the All Aboard passenger rail service has received or is seeking, the name of the government agency providing the support and your best estimate of the dollar value of the support.

I understand this request is asking for a lot of information, but I would expect at this stage of the project, almost all of the information requested is readily available to you and mostly, a matter of compilation. If it would assist you in getting the information to me, electronic copies of the available information would be fine. Please simply send the information to bsolari@ircgov.com.

Thank you very much for your time and assistance with this. I look forward to working with you as we develop the body of information necessary for me to fulfill my fiduciary duty to my constituents and for our community to fully understand the pros and cons of the proposed All Aboard Florida passenger rail service.

Sincerely,

Bob

Bob Solari
District 5

BS:mlp

Dylan Reingold

From: Martinez Miguez, Margarita [mmmiguez@feci.com]
Sent: Wednesday, January 15, 2014 3:31 PM
To: Chris Mora; Dylan Reingold
Cc: Ledoux, Robert (FECR.GPRK)
Subject: FECR Crossings - Draft Letter Agreement for Discussion
Attachments: FECR Crossings - Draft Letter Agreement for Review.docx

Thank you for participating on today's call with us. It was great to speak with both of you.
As requested, here is the draft letter agreement in MS Word.
Please advise if we may help in any other way.
Regards,
Margie

Margarita Martinez Miguez | Florida East Coast Industries, Inc.
305.520.2458 | mmmiguez@feci.com | www.feci.com

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[FECR LETTERHERAD]

VIA FEDEX

_____
_____
_____

Re: **Agreement between Florida East Coast Railway, L.L.C. ("FECR") and _____ (the "Licensee") with regard to the Crossings located at _____, as amended to date (the "Crossing Agreement")**

Dear _____:

This letter shall serve to memorialize the agreement reached between Licensee, FECR and All Aboard Florida – Operations LLC ("AAF") relating to the Crossing Agreement in existence that governs one or more Crossings (as such Crossings are more particularly defined in the Crossing Agreement) and terms relating to the construction, maintenance and safety of such Crossings. Specifically, and without modification to any other term, obligation or condition set forth in the Crossing Agreement, Licensee, FECR and AAF hereby agree to the following terms and conditions, in exchange for good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged by the parties:

AAF is developing an intercity passenger rail service from Miami to Orlando (the "Project").

AAF shall incur the necessary and reasonable capital investments to complete the initial installation of crossing improvements to the extent required for the Project to comply with currently applicable laws regarding safety at public crossings and commence passenger rail service (the "Initial Development Cost"). It is acknowledged and agreed, however, that the AAF's commitment to cover the Initial Development Cost for the installation of crossings improvements for the Project shall not encompass the cost of any other improvements to the Crossings, including any improvements required or desired by Licensee such as those related to the establishment of quiet zones. The Initial Development Cost expressly excludes any and all costs related to such other improvements.

In consideration of the foregoing, Licensee confirms the following:

- The Crossings, as improved for the Project, shall continue to be governed by the Crossing Agreement.
- The Licensee shall not be responsible for the Initial Development Cost, but shall be liable for any and all other costs due under the Crossing Agreement with respect to the Crossings as improved.
- AAF is an intended third-party beneficiary of the Crossing Agreement, with the right to enforce the terms and conditions thereof.
- Except as expressly provided herein with regard to the planned improvements to the Crossing, the Initial Development Cost and AAF's beneficiary status, all of the terms, conditions, covenants, agreements and understandings contained in the Crossing Agreement shall remain unchanged and in full force and effect, and the same are hereby

expressly ratified and confirmed by the Licensee. This includes, without limitation, the Licensee's continuing obligations related to construction, maintenance, safety, future changes and upgrades to the Crossings and the reimbursement of costs, all of which would continue to be governed by the Crossing Agreement.

If these terms are acceptable, please sign this letter in the space provided at the end of this signature page and return that signed document to us. To facilitate this process, it is agreed that this letter will be executed in counterparts, each of which will be deemed to be an original copy of this letter and all of which, when taken together, will be deemed to constitute one and the same agreement. It is also agreed that signed counterparts may be transmitted electronically (as an Adobe PDF file) or by facsimile, and that delivery in that way shall have the same force and effect as the delivery of original signatures. Also, this letter will be construed in accordance with the laws of the State of Florida, without regard to conflict of laws principles. Please understand, however, that the terms of this letter and any offer presented herein will expire and shall be null and void on the date that is 60 days of the date hereof if it has not been executed and returned to us by then. Further, if the Project is not complete by ____, the terms of this letter and any offer presented herein will expire and will be null and void.

We do hope to hear from you soon and look forward to working together. If you should have any questions, please contact our team at your convenience.

Sincerely,
Florida East Coast Railway, L.L.C.

By:_____

Print Name:_____

Print Title:_____

All Aboard Florida – Operations LLC

By:_____

Print Name:_____

Print Title:_____

AGREED, ACKNOWLEDGED AND CONFIRMED:

_____

By: _____

Print Name:_____

Print Title:_____

Cc: Robert Ledoux, FECR
Margarita Martinez Miguez, AAF

RESOLUTION NO. 2014-033

A RESOLUTION OF THE BOARD OF COUNTY COMMISSIONERS OF INDIAN RIVER COUNTY, FLORIDA, URGING ALL POTENTIAL DONOR AGENCIES TO REQUIRE ALL ABOARD FLORIDA TO PAY FOR ALL COSTS OF ALL ABOARD FLORIDA, AND THAT ANY GOVERNMENTAL ASSISTANCE SHALL BE PROVIDED AT NO LESS THAN MARKET RATES; AND DIRECTING CERTIFIED COPIES OF THIS RESOLUTION TO BE PROVIDED TO ANY APPLICABLE DONOR AGENCIES.

WHEREAS, All Aboard Florida, a subsidiary of Florida East Coast Industries, is proposing to provide passenger rail service between Miami and Orlando that will run through populated areas of Indian River County, including Vero Beach, Sebastian, and the communities of Gifford, Roseland, Wabasso and Winter Beach; and

WHEREAS, at first, such passenger rail service was touted as being provided by a private company, using solely private resources; and

WHEREAS, it is now understood that the passenger rail service is being proposed to be funded by a Railroad Rehabilitation & Improvement Financing (RRIF) Program loan of up to potentially $1.5 billion from the Federal Rail Administration an agency of the United States federal government; and

WHEREAS, it is now also understood that the State of Florida is proposing to spend $215 million for a new rail station at the Orlando International Airport which will benefit All Aboard Florida; and

WHEREAS, there are a total of 32 railroad crossings within Indian River County and 352 rail crossings in the region, and local governments, such as Indian River County, will bear the maintenance costs of upgraded railroad crossings and the costs of installing and maintaining any quiet zones; and

WHEREAS, instead of being a passenger rail service provided by a private company, using solely private resources, it is now clear that a significant portion of the financial burden of this passenger rail service is actually going to be borne by the taxpayers through assistance from the federal, state and local governments; and

WHEREAS, the Board of County Commissioners of Indian River County implores any donor agency, including the Federal Rail Administration and any other federal agency and the State of Florida and its agencies, to require All Aboard Florida to pay for the costs of All Aboard Florida, including quiet zones and corridor improvements, and that there shall be no governmental assistance, be it in the form of loans, infrastructure or right-of-way at less than

market rates, as such support would put the risk of the passenger rail service on the backs of the taxpayers.

NOW, THEREFORE, BE IT RESOLVED BY THE BOARD OF COUNTY COMMISSIONERS OF INDIAN RIVER COUNTY, FLORIDA, THAT:

Section 1. The above "WHEREAS" clauses are true and correct, and are hereby adopted as findings of the Board.

Section 2. The Board of County Commissioners of Indian River County urges any donor agency, including the Federal Rail Administration and any other federal agency and the State of Florida and its agencies, to require All Aboard Florida to pay for the costs of All Aboard Florida, including quiet zones and corridor improvements, and that there shall be no governmental assistance, be it in the form of loans, infrastructure or right-of-way at less than market rates, as such support would put the risk of the passenger rail service on the backs of the taxpayers.

Section 3. A certified copy of this resolution shall be provided to the Governor Rick Scott, the Federal Rail Administration and any other state, local or federal agency which intends to offer support for All Aboard Florida.

The foregoing resolution was moved for adoption by Commissioner Solari, and seconded by Commissioner Davis, and, upon being put to a vote, the vote was as follows:

Chairman Peter D. O'Bryan	Aye
Vice Chairman Wesley S. Davis	Aye
Commissioner Joseph E. Flescher	Aye
Commissioner Bob Solari	Aye
Commissioner Tim Zorc	Aye

The Chairman thereupon declared the resolution duly passed and adopted this 8th day of April, 2014.

ATTEST: Jeffrey R. Smith, Clerk of Court and Comptroller

By: _____
Deputy Clerk

BOARD OF COUNTY COMMISSIONERS OF INDIAN RIVER COUNTY, FLORIDA

By: _____
Peter D. O'Bryan, Chairman

BCC approval date: April 8, 2014

Approved as to form and legal sufficiency:

By: _____
Dylan Reingold, County Attorney