



June 17, 2014

Bob Solari, Commissioner, District 5  
Indian River County  
1801 27<sup>th</sup> Street, Building A  
Vero Beach, FL 32260-3365

Dear Commissioner Solari:

Thank you for your letter of April 10, 2014 to Florida East Coast Industries, All Aboard Florida and related entities. We will certainly endeavor to respond to those inquiries to the extent they are germane to the All Aboard Florida proposed operations through Indian River County. We agree that uninformed speculation is not productive, and we certainly want you to have access to the publicly available information regarding this project. For clarity and convenience, this response is organized in order, with your list of questions restated in *italics*.

**CORPORATE STRUCTURE:**

- a. *Please provide a clear corporate organization chart which will allow one to trace All Aboard Florida – Operations to Fortress Investment Group. Please show any related Fortress companies which are necessary for the ultimate success of the AAF project.*
- b. *List of all companies now owned, directly and indirectly by FECI, LLC*
- c. *List of all companies now owned, directly and indirectly by FECR, LLC*
- d. *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?*

We do not perceive these inquiries as being germane to All Aboard Florida's operations on the rail corridor through the county. This type of information is not normally provided to public entities unless they are requesting that information as part of a funding request. All Aboard Florida is not requesting funding from Indian River County.

2. *Please provide 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.*

The information is discussed in a variety of public filings with the U.S. Department of Transportation Surface Transportation Board (STB) and Federal Railroad Administration (FRA) All Aboard Florida's public filings are readily available on the STB and FRA websites, where this detailed information may be found. If you have any difficulty accessing this information, please let us know and we will provide links to these agencies' websites.

3. *Why was the proposed "Crossing Agreement" between Florida East Coast Railway, LLC and Indian River County sent to the county?*

Most of the existing crossing agreements in the rail corridor require the applicable municipality or other governmental authority to pay for certain crossing upgrades and maintenance. The proposed agreements to which you are referring will commit All Aboard Florida to pay for required crossing improvements that would normally have been the responsibility of the applicable municipalities or other public authorities.

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

All Aboard Florida consists of a number of affiliated companies which are responsible for various rail and non-rail aspects of the project. This is one such company.

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

See answer to question number 4

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

See answer to question number 4

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

See answer to question number 4

8. *Please give legal names, description of the company and purpose of any other All Aboard Florida companies.*

Again, we do not see this inquiry as germane to the operational issues raised in your correspondence.

**ENGINEERING:**

1. *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.*

The Train Horn Rule was enacted in 2005. In enacting a law requiring a Federal regulation requiring the sounding of locomotive horns, Congress also gave FRA the ability to provide for exceptions to the requirement by allowing communities to establish "quiet zones" under some circumstances. The Train Horn Rule is authorized under 49 CFR Part 222.

Under 49 CFR 222.37, a public authority (or public authorities if a public highway grade crossing is under control of more than one public authority) may establish a quiet zone. This section also provides that a State agency may provide administrative and technical services by advising them, acting on their behalf, or acting as a central contact point in dealing with the FRA.

A quiet zone consists of the installation of certain Supplemental Safety Measures (SSMs) at a highway railroad crossing. According to the FRA information guide on quiet zones, "SSMs are pre-approved risk reduction engineering treatments installed at certain public highway-rail crossings within the quiet zone and can help maximize safety benefits and minimize risk. SSMs include: medians or channelization devices, one-way streets with gates, four quadrant gate systems, and temporary or permanent crossing closures." Advance warning signs are also required at an approved quiet zone crossing.

If you are seeking further information, you should pose your question directly to the FRA. Tom Drake, the Crossing/Trespasser Regional Manager of FRA will be conducting a seminar on quiet zones, at an undetermined date in August.

2. *Does the level of Quiet Zone improvements change with train speed? In other words, do higher train speeds necessitate a higher level of Quiet Zone improvement?*

The complete set of regulations relating to quiet zones can be found at 49 CFR Parts 222.35 – 222.59

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. Will the AAF trains be set up in the same manner?*

All Aboard Florida trains is installing signal technology called Constant Warning Time, which calculates the time that crossing gates must be lowered based on the actual speed of the train approaching the crossing in order to deliver a more consistent advanced warning time. Beyond that, the trains will utilize gates and train sensors connected to nearby traffic signals in the same manner as is currently used by the freight railroad. In addition, AAF will be installing Positive Train Control, an advanced technology warning and monitoring system designed to control train movements and automatically stop or slow a train before certain accidents might otherwise occur.

4. *What are 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?*

Safety diagnostic reviews for counties south of Indian River County have been completed and final design and cost estimates are in progress. Safety diagnostics for Indian River and Brevard counties are estimated to occur in July. Representatives from FRA, FDOT, AAF, FECR, Indian River County, Vero Beach, and Sebastian will be invited to participate in the review. Each public entity will be provided copies of final plans and cost estimates.

However, it should be emphasized that All Aboard Florida is fully funding various safety improvements at all crossings and along the entire passenger corridor. These safety enhancements will be implemented in full accordance with FRA and FDOT guidelines. All Aboard Florida is committed to *Safety First* in the construction and operation of this system.

#### FINANCIAL AND ECONOMIC:

1. *Studies regarding the benefits of passenger rail service.*

Expansion of higher speed passenger rail service has been widely promoted by the U.S. Department of Transportation as the most efficient way to alleviate the extensive congestion constantly plaguing our

nation's highways, as well as the deleterious environmental effects caused by those numerous autos on our roadways. Including air quality impacts and depletion of fossil fuels. All Aboard Florida's operations will provide an efficient and cost effective transportation service which can alleviate the congestions on Florida's roadways.

All Aboard Florida will bring substantial benefits to Florida and the counties we serve. A recently released economic impact study by the Washington Economics Group shows that All Aboard Florida will add nearly \$3.5 billion to Florida's GDP. Over the next eight years it will generate more than \$2 billion dollars in labor income and \$600 million in tax revenues for federal, State and local governments. It will create, on average, 10,000 jobs per year during the construction phase and 5,000 jobs per year in its operational phase. This report was provided to you and your colleagues on the Commission on May 21.

Additional benefits relate to railroad operations through Indian River. AAF will improve the operating efficiency and reliability of the railroad through investments in new signals, communications technology and physical plant improvements to bridges and railroad capacity. These improvements mean more efficient and safer operations along the entire corridor. Every grade crossing on the corridor will be upgraded with safety enhancements done in full accordance with FRA and FDOT guidelines. These improvements will be 100% paid for by AAF. The county will bear zero costs. The result will create one of the safest railroads in the country, with adherence to the highest standards of safety required for operations at the speed and type proposed by AAF. In fact, as relates to safety, the results of the AAF investment will be a significant improvement and tangible benefit in terms of safety and operational efficiency.

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

All Aboard Florida Operations and Florida East Coast Industries, LLC are private companies. Our audited financial statements are not available for public review.

- 3. Please provide a list of all loans from any government agency related to AAF being sought or already received.*

As publicly reported, All Aboard Florida has applied for a direct loan under the Railroad Rehabilitation Improvement Financing (RRIF) program. The RRIF program was established by Congress in 1998. The RRIF loan program has been specifically designed to assist in the development of passenger and freight rail improvements in the United States. More information on the RRIF program can be found at <http://www.fra.dot.gov/Page/PO128>.

All Aboard Florida has not requested loans from any other government entity.

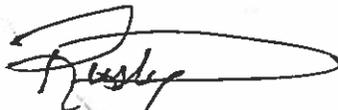
- 4. Please list any other form of economic assistance the All Aboard passenger rail service has received or is seeking, the name of the government agency providing the support and your best estimate of the dollar value of the support.*

All Aboard Florida has not requested any other form of economic assistance from government agencies.

In closing, Commissioner Solari, your assertion that All Aboard Florida is "seeking substantial government support" is simply false. All Aboard Florida is not requesting any financial support from Indian River County or any other county along this corridor. In fact, the only tax dollars being spent by Indian River County citizens relating to AAF is the \$100,000 you authorized to hire an attorney with rail experience. All Aboard Florida is not receiving grants or subsidies from local governments, the State of Florida, or the federal government. Any public property on which we will operate, such as the Orlando Airport, is paid for at fair market value through long-term lease agreements. Though a portion of our financing includes utilizing an existing federal loan program created to enable long-term financing of freight and passenger rail infrastructure, it is fully collateralized and will be repaid with private funds and with interest, much like financing on your home. These funds are supplemented by hundreds of millions of dollars in cash and equity from Florida East Coast Industries and third party investors.

We are dismayed that you continue to recite incorrect information despite our attempts to clarify inaccuracies and trust that this will serve to correct misinformation. All Aboard Florida is committed to working with Indian River County in a cooperative manner to address local concerns and answer questions relating to operation of our passenger system and impacts, many of which will be addressed in the Draft Environmental Impact Statement soon to be published by the Federal Railroad Administration. We look forward to working with you throughout this process.

Sincerely,

A handwritten signature in black ink, appearing to read "Russell Roberts", enclosed within a large, loopy, horizontal oval stroke.

Russell Roberts

Vice President of Corporate Development