



June 2017 Update

Citizens Against Rail Expansion in Florida (CARE FL) continues to actively pursue targeted legal, political and public communication channels to stop the ill-conceived All Aboard Florida (AAF)/Brightline rail project that threatens the public safety and current way of life of communities throughout the Treasure Coast.

Washington, D.C. Update

AAF Seeks Multi-Billion Dollar DOT-Subsidized Loan, Putting Taxpayers at Risk

Documents confirm AAF is seeking a new Railroad Rehabilitation and Improvement Financing (RRIF) loan from the U.S. Department of Transportation (DOT). AAF and DOT have done their best to prevent the public from knowing this, and it is the latest example in AAF's insatiable quest for public subsidies.

When AAF and DOT "voluntarily" withdrew the \$1.75 billion Private Activity Bond (PAB) allocation in November 2016, the action was a direct result of the August 2016 victory in the U.S. District Court, which ruled that the PABs were subject to the National Environmental Policy Act (NEPA). Since that time, AAF has been seeking a new DOT subsidy to fund Phase II of its project—the phase that will run from West Palm Beach to Orlando, directly through the Treasure Coast.

On April 13, CARE FL's and Martin County's lawyers filed a Freedom of Information Act (FOIA) request with DOT to obtain information on the new RRIF loan. On June 1, 21 and 27, DOT finally provided some of the requested documents. We now have an incomplete record of emails, phone calls and meetings between Florida East Coast Industries (FECI)—parent company of AAF—and DOT officials regarding a new RRIF loan. AAF's letter of intent to apply for RRIF was sent to DOT on April 11, and since that time AAF/FECI and DOT have been working through the details of the application process.

We understand but have not been able to confirm that the RRIF loan amount being sought by AAF is \$1.75 billion. What a coincidence—the same amount as the defeated PAB allocation.

This new RRIF loan application poses many new risks to U.S. taxpayers. There are no guarantees that AAF will be able to repay the loan. Based on conclusions from economic experts that AAF cannot demonstrate how this project will be financially feasible, repayment will always be in doubt. If AAF cannot repay the loan, taxpayers will be on the hook for potentially billions of dollars.

Disingenuous Congressional Testimony By AAF

In related news, Michael Reininger, Executive Director of FECCI, testified before the House Committee on Transportation and Infrastructure's Subcommittee on Railroads, Pipelines and Hazardous Materials on June 22, at a hearing titled "Building a 21st Century Infrastructure for America: Challenges and Opportunities for Intercity Passenger Rail Service."

U.S. Congressman Brian Mast (R-FL-18)—the Treasure Coast community champion—is a member of the House Transportation Committee and participated in the hearing.

During his opening statement, Mr. Reininger described AAF as a "private sector model" for passenger rail operations and discussed the need to streamline the regulatory process at the Federal Railroad Administration (FRA)—part of the DOT. He stated that the required environmental review process has been a disincentive to private investment and bemoaned the length and complicated nature of the process with respect to AAF, noting that it has been four and a half years and the process is still not over.

The delay described by Mr. Reininger is solely the tactical result of the decisions and actions of AAF and the FRA. After the Final Environmental Impact Statement (FEIS) was issued in August 2015, AAF and FRA made a decision to not issue a Record of Decision (ROD) which would have completed the process. The FEIS has been out and growing stale for almost two years, and they've been withholding the ROD to prevent the public from having the opportunity to take legal action against it.

After opening statements, members of the Transportation Committee had the opportunity to pose questions to Mr. Reininger and the other witnesses. Rep. Mast directed a series of hard hitting questions at Mr. Reininger.

First, Rep. Mast highlighted AAF's relentless quest for public dollars, despite claiming to be a private enterprise. He highlighted AAF's original RRIF loan application from 2013, its \$1.75 billion Private Activity Bond (PAB) allocation that was ultimately withdrawn due to a successful legal challenge by Martin and Indian River Counties, and more than \$200 million in state dollars for an intermodal facility at Orlando International Airport (a facility in which AAF may be the sole tenant), to name a few. Mr. Reininger spun each one as not being a public subsidy, despite evidence to the contrary.

Next, Rep. Mast turned to the maintenance costs for the rail crossing upgrades that are being left to the counties—aka, the local taxpayers—to pay. Mr. Reininger answered by referencing the longstanding agreements that Florida East Coast Railway (FECR) has with the counties, but Rep.

Mast immediately shot back, pointing out that the agreements are not with AAF, and that the counties are being asked to pay for maintenance costs associated with AAF, not FECR.

Finally, Rep. Mast turned to the issue of the antiquated rail bridges along the AAF route—the Loxahatchee and St. Lucie bridges. Earlier in the hearing, there was a discussion with another panelist about a 106 year old bridge on Amtrak’s northeast corridor route. Rep. Mast asked the panelist representing that bridge rehabilitation project about the importance of fixing aging bridges. After it was confirmed that fixing aging infrastructure is indeed important, Rep. Mast then turned to Mr. Reininger, asking why the Loxahatchee and St. Lucie Bridges—bridges completed 80 years ago—were not being replaced. Mr. Reininger’s evasive answer implied that the bridges were not that old, and that his company would be making improvements.

CARE FL is very grateful for Congressman Mast’s continued recognition of the threats that the AAF project poses to his constituents, and we thank him for his ongoing support.

As we have previously noted, AAF was forced in early 2017 to publicly acknowledge that Phase II would be delayed by more than two years, blaming the delay on the need for additional permits and not having adequate financing in place. Since its inception in 2014, CARE FL has persistently pushed forward to get the important facts out about public safety, environmental and financing concerns related to the AAF project and related increases in freight rail, and this acknowledgment from AAF is a clear sign we have made progress over the past three years.

Public Relations and Public Affairs Update from Tallahassee

Florida Development Finance Corporation (FDFC)

Earlier this spring, State Senators Debbie Mayfield and Anitere Flores sent letters to the Florida Development Finance Corporation(FDFC), inquiring as to the authority of the FDFC to approve and issue debt for the All Aboard Florida rail project.

Unsatisfied with the lack of response by the FDFC, on June 12th, Senator Mayfield sent a letter to Senate President Joe Negron, requesting that the Office of Program Policy Analysis and Government Accountability (OPPAGA) conduct a review of the FDFC.

Specifically, she asked that OPPAGA:

- Evaluate the process in which the FDFC operates as a conduit bond issuer.
- Compare the FDFC to other state authorized conduit bond issuers, i.e. Space Florida. Most importantly, what controls, measures, and safe guards are in place to protect investors and taxpayers?
- Determine whether the FDFC is required to use industry best practice standards when issuing debt.
- Examine whether the FDFC provides services that are not available from other entities.
- Make recommendations.

We believe this review by the OPPAGA will demonstrate the shortcomings of the FDFC and make any future debt offering for the AAF project go through the scrutiny it deserves.

Media/Public Relations

This month, CARE FL released a strong statement in response to Mr. Reininger's testimony before the Congressional Committee that brought attention to the facts regarding AAF's financing and their constant quest for government subsidies, set the record straight on the prolonged NEPA review, and thanked Rep. Mast for representing his constituents well during the hearing. The statement was provided to key reporters covering the hearing, and was posted on our website and Facebook page.

CARE FL's Facebook page continues to grow and see considerable engagement from followers. The page currently has nearly 5,300 likes and is updated on a regular basis with relevant articles and breaking news to keep supporters apprised of our efforts and progress.

In Case You Missed It

Federal train developer may switch tracks on Federal financing, by Shelly Sigo, *The Bond Buyer*

<https://www.bondbuyer.com/news/florida-passenger-train-developer-may-switch-tracks-on-federal-financing?brief=00000159-f607-d46a-ab79-fe27f2be0000>

Rep. Brian Mast questions former Brightline head about financing, safety by Jennifer Sorentrude, *Palm Beach Post*

<http://malled.blog.palmbeachpost.com/2017/06/23/rep-brian-mast-questions-former-brightline-head-about-financing-safety/>

Brian Mast, Brightline exec clash over public money for railroad by Scott Powers, *Florida Politics*

<http://floridapolitics.com/archives/240552-brian-mast-brightline-exec-clash-public-money-railroad>

Florida East Coast Industries CEO Vince Signorello steps down by Katherine Kallergis, *The Real Deal*

<https://therealdeal.com/miami/2017/06/06/florida-east-coast-industries-ceo-vince-signorello-steps-down/>

Rick Scott Chooses Michael Dew to Lead FDOT by Kevin Derby, *Sunshine State News*

<http://www.sunshinestateneews.com/story/rick-scott-chooses-michael-dew-lead-fdot>

Is Treasure Coast about to bear brunt of major rail freight surge? Letter to the Editor, *TC Palm*

<http://www.tcpalm.com/story/opinion/readers/2017/05/31/letter-treasure-coast-bear-brunt-major-rail-freight-surge/353980001/>

High-Speed Rail Rules Delayed Amid Trump Deregulatory Order by Shaun Courtney,
Bloomberg BNA

<https://www.bna.com/highspeed-rail-rules-n73014451653/>

US Judge tosses lawsuit to block AAF, Money for phase 2 still in question by Ann Henson,
Florida Bulldog

<http://www.floridabulldog.org/2017/05/u-s-judge-tosses-lawsuit-to-block-all-aboard-florida-money-for-phase-2-still-in-question/>

Interested in Helping?

Since CARE FL began in the Spring of 2014, we have made notable progress on a number of fronts, and winning this fight continues to be up to us! We hope you will continue to oppose AAF by standing with CARE FL.

To get the latest or to sign up for our monthly updates, please visit our website www.saveourfl.com or you can like our [Facebook page](#). You can also follow us on [Twitter](#).

We would love to hear from you and if you care to make a contribution we've made it easy – just [click here](#).

Please continue to share these updates with your family, neighbors and friends. There will be additional developments to report on in the coming weeks, so please keep an eye out for our monthly updates and possible calls to action.

Thank you for your continued support. **Together We Can Make A Difference.**

Brent P. Hanlon
Chairman, CARE FL