

Bond Case Briefs

Municipal Finance Law Since 1971

Fortress Eyes Building Two Phases of Las Vegas Rail Concurrently.

The company backed by Fortress Investment Group's private-equity funds plans to build two phases of a Las Vegas rail project concurrently, although it has yet to secure financing or break ground.

The venture that goes by the name of DesertXpress Enterprises in California and Nevada has proposed building a 170-mile (274-kilometer), high-speed line to Las Vegas from a southern Californian desert town called Apple Valley. It has approval to sell \$4.2 billion in municipal bonds for that initial phase, and has said it intends to market those unrated securities, the largest such high-yield deal ever, by the end of September.

For the second phase, the company that also operates under the name Brightline Trains is looking to extend that yet-to-be-built line from Apple Valley to an existing California commuter rail station in Rancho Cucamonga, some 50 miles from downtown Los Angeles. Its representative Sarah Watterson told members of the San Bernardino County Transportation Authority at a meeting Wednesday that construction of both segments would occur at the same time and the Rancho Cucamonga hub would open for service at the end of 2023, which would be the same as the first phase.

The extension could include a station in Hesperia, located between Apple Valley and Rancho Cucamonga.

"There is strong market demand," Watterson told the board, which oversees various modes of transportation in the region. "We would expect that our system could actually capture thousands of riders daily."

The firm hasn't yet secured regulatory permits or California's approval to sell municipal bonds for the expansion. Its first passenger rail in Florida, financed through tax-free bonds issued under the name Virgin Trains USA, has suspended service because of the pandemic. It's looking to boost ridership of the unprofitable line by adding stations.

Bloomberg Business

By Romy Varghese

September 2, 2020, 12:45 PM PDT