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Fortress Delays Record \$4.2 Billion Vegas-Train Bond Sale.

- **Company will sell short-term notes ahead of long-term debt**
- **Company had said it would sell record muni deal by Sept. 30**

The company that wants to build a high-speed train from California to Las Vegas is delaying its record \$4.2 billion unrated municipal-bond sale that was supposed to happen by the end of this month.

The venture backed by Fortress Investment Group's private-equity funds had said it would sell the debt for its proposed 170-mile (274-kilometer), line to Las Vegas from a southern Californian desert town called Apple Valley by Sept. 30. Instead, it intends to sell \$1 billion in short-term securities, to be refinanced by long-term debt later this year, according to Terry Reynolds, director of Nevada's department of business and industry.

The company's first passenger rail in Florida under the name Virgin Trains USA in 2019 sold such short-term securities, a \$950 million offering it has continued to roll over instead of converting into long-term debt. It's looking to add stations to boost ridership of the unprofitable line, whose service has been suspended due to the pandemic.

"It shows that this is a complex deal and that this might not be the right time to bring it to the market with its Florida line shutdown due to the virus and transportation volumes well below historical levels," Dan Solender, head of municipal debt at Lord, Abbett & Co, said of the Las Vegas sale delay.

California Treasurer Fiona Ma said she had granted an extension for the company to sell its long-term bonds to Dec. 1 as she has done for housing developers who had run into pandemic-related delays.

"We understand that they will be marketing their bonds soon and we are excited for their success!" Ma said by text message.

California and Nevada have given part of their states' limited allotment of private activity bonds to the project, which also had received some capacity directly from the federal government. The short-term financing, which will be AAA-rated because the proceeds will be held in an escrow account invested in securities backed by the U.S. government, will enable the company to maintain its federal allocation, Reynolds said.

"People are excited about the future of high-speed rail in America and the environmental and economic benefits it provides," Ben Porritt, a spokesman for Brightline Trains LLC, said in an email. "Brightline West is one of the most ambitious and transformative projects in the country and we are excited to introduce it to investors."

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By Romy Varghese

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