

# **Bond Case Briefs**

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## **Las Vegas Train Bonds Will Go To California Housing.**

- **California had set aside \$200 million for rail that's delayed**
- **Company plans to request debt for tourist train next year**

California reallocated \$200 million of tax-exempt private activity bonds formerly reserved for Fortress Investment Group's Las Vegas tourist train to be used instead by affordable housing projects.

In January, the state's Debt Limit Allocation Committee set aside that portion of California's limited financing resource in anticipation that the firm's Brightline Holdings would request it later in the year. Instead, the venture said in June it will seek an undisclosed amount of debt next year. The committee's three-member board on Wednesday unanimously approved moving the bonds to housing.

This is the second time California had expected the train to use the bonds, only to give the resource to housing, with demands from housing developers far outstripping what's available. Last year, California had given Fortress the ability to sell \$600 million of private activity bonds, which are meant for ventures for the public interest that are capped annually in each state by the federal government.

But Fortress was unable to get enough investors on board for an unrated bond deal that would have financed construction for a 169-mile (272-kilometer) line connecting Las Vegas to the desert town of Apple Valley, 90 miles away from downtown Los Angeles. After the firm pulled the deal in October, California reallocated Fortress's award to affordable housing needs.

In the latest iteration of the project, the line would move closer to Los Angeles by extending to Rancho Cucamonga, which is located along an existing commuter rail called Metrolink. In July, Brightline said it purchased a site in Las Vegas for its station.

### **Bloomberg Markets**

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