

Bond Case Briefs

Municipal Finance Law Since 1971

Fortress Firm Plans to Sell \$1 Billion of Debt for Florida Train.

- **Brightline has already sold \$2.7 billion of tax-free bonds**
- **Service suspended because of pandemic set to resume Nov. 8**

Brightline Holdings, the Florida luxury rail company backed by Fortress Investment Group, wants to sell an additional \$1 billion of tax-exempt private activity bonds primarily to finance its Miami to Orlando line.

The company, which has already sold \$2.7 billion of debt for the \$6 billion project, plans to seek formal authorization from a Florida agency needed to access the financing within a “couple weeks” and market the bonds shortly afterward, said Chief Executive Officer Michael Reininger by phone Thursday.

The issuance will be the last such financing for the line, he said.

The country’s first new privately financed intercity passenger rail in a century, launched in 2018 along Florida’s east coast, missed passenger and revenue forecasts even before the onset of the Covid-19 outbreak. But over recent months, the company has notched several wins to boost ridership, such as reaching an agreement with Walt Disney World Resort to develop a station on its property. Brightline is also working on commuter rail initiatives with Miami-Dade and Broward counties.

Fees from those commuter partnerships would be collateral for the new debt, Reininger said. The company also plans to allocate about \$100 million from the sale’s proceeds to cover the interest to bond holders through January 2023.

“We think it’s going to be attractive for the bond market,” Reininger said.

The train, which was suspended in March 2020 because of the pandemic, is set to resume service between Miami and West Palm Beach on Nov. 8. Construction on its Orlando expansion is expected to wrap up by the end of next year.

Municipal-bond investors have welcomed the developments. A bond due in 2049 traded Oct. 28 at an average yield of 6.1%, compared with a high of 7.75% in January, according to data compiled by Bloomberg.

Of the \$1 billion in proceeds, \$740 million would go to costs for the Miami to Orlando line and \$20 million to preliminary work on extending the train to Tampa, Reininger said.

Bloomberg Markets

By Romy Varghese

November 4, 2021, 2:54 PM PDT

