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Fortress-Backed Brightline Delays Long-Term Bond Sale for Florida Train.

- **Brightline plans to roll over short-term debt for Florida rail**
- **'They don't know if they have investors' yet, PFM adviser says**

Brightline Holdings, the rail company backed by Fortress Investment Group, is putting off testing bond investors' faith in its luxury Florida passenger train amid turmoil in the fixed-income markets.

The board of the Florida Development Finance Corp., which gives private entities access to low-cost financing, had in December awarded the company the ability to sell as much as \$1 billion of tax-free debt known as private activity bonds to finance an extension of service to Tampa from Miami.

Brightline then sold \$500 million as short-term escrowed debt, which doesn't reflect the project's risks, as a tactic to preserve its debt-issuing authority while it finalizes details.

With a July 1 mandatory tender deadline approaching for \$215 million of the escrowed securities, Brightline successfully requested the board's approval to roll them over for another short term instead of refinancing them into fixed-rate bonds that would demonstrate if enough investors believe in the rail's potential.

"They don't know if they have investors for these bonds at this time, and the current market conditions aren't favorable," said Nick Rocca, senior managing consultant at PFM Financial Advisors LLC, before the board voted unanimously to approve the request.

Brightline's decision come as volatility buffets the municipal market reeling from the Federal Reserve's path of rate increases to confront rising inflation, factors that diminish the value of fixed-income assets. Several local governments have recently delayed bond deals. At the same time, the amount of cash investors have pulled from funds that buy municipal high-yield bonds, such as Brightline's previous offerings, tallies the most on record year to date, according to Refinitiv Lipper US Fund Flows data.

Brightline had already sold \$2.7 billion of unrated tax-free debt for the \$6 billion project that began service in 2018 along Florida's east coast. A bond due in 2049 traded Monday at an average yield of 7.5%, its highest since last year, according to data compiled by Bloomberg.

Brightline will return to the Florida agency for approval before refinancing existing debt and selling the remaining \$500 million of its authorization. Ben Porritt, a company spokesperson, didn't return a request for comment on Wednesday.

Brightline also plans to sell debt for a line connecting Las Vegas to southern California.

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