

THE BOND BUYER

USDOT evaluating new bond request for Brightline/Virgin Trains

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The private owners of Florida's passenger train service plan to use debt financing for most of the project, instead of taking the company public to find stockholders willing to share in the cost.

The U.S. Department of Transportation confirmed Tuesday that it is considering a new round of private activity bonds for Brightline, which will be renamed as Virgin Trains USA this year. The company, also known as All Aboard Florida Operations or AAF Holdings, plans to use the financing for the train project between Miami and Orlando.



Florida Sen. Debbie Mayfield asked Brightline/Virgin Trains to move a bond hearing closer to people affected by the project.

The USDOT's acknowledgement comes after Virgin Trains [withdrew](#) an initial public offering from the market.

"AAF/Brightline has submitted a request to increase their allocation of PAB authority by \$950 million," a USDOT spokesperson told The Bond Buyer. "The department is currently evaluating that request."

The USDOT is also continuing to review a \$3.7 billion low-interest direct loan sought by AAF through the Railroad Rehabilitation & Improvement Financing Program.

The IPO, originally slated Feb. 12, was formally withdrawn on Friday in a notice signed by Virgin Trains Chief Financial Officer Jeff Swiatek. He said the company "may undertake a subsequent private offering," although he gave no timeline about when that might happen.

The company has asked the Florida Development Finance Corp., a statewide conduit financing agency, to issue its bonds.

The FDFC said Tuesday that a meeting location to consider the bond resolution has been changed to the Hyatt Regency Orlando International Airport on March 6. Brightline plans to lease a terminal at the airport.

The meeting originally was scheduled to be held in Jacksonville on March 11, but opponents objected to the location saying it would be 150 miles from the closest point of the project in Orlando.

Sen. Debbie Mayfield, whose district includes Indian River County where local officials oppose the train, told FDFC Executive Director Bill Spivey in a letter Monday that the Jacksonville location was inappropriate because of its distance

from the project and that FDFC doesn't typically provide a remote teleconferencing number for the public to participate.

"I respectfully request that the meeting be re-noticed and relocated to a site within the corridor of the proposed project to accommodate the attendance of interested members of the public," Mayfield, R-Melbourne, wrote.

When Mayfield questioned why the meeting date was moved up to March 6 from March 11, Spivey said in an email to the senator, "There were only three (3) dates (3/4, 3/6 and 3/11) that my Board could meet in time for the applicant to go into the Capital Markets during the time advised by their finance team. With movements in schedules, we were only able to accommodate the 6th."

Documents obtained by The Bond Buyer showed that the bonds could be priced as early as March 12.

A TEFRA public hearing is still set for March 1 in Tallahassee to approve the new \$950 million of PABs under the Tax Equity and Fiscal Responsibility Act.

At the March 6 FDFC meeting, board members will consider approving a bond resolution for \$2.7 billion of PABs.

The amount includes \$600 million that Brightline previously sold and plans to refinance, \$1.15 billion in PABS previously authorized by the FDFC that haven't been issued, and the new \$950 million of PABs awaiting USDOT approval.

Spivey said last week that the FDFC board will provide contingent approval of the bond resolution if the USDOT hasn't authorized the new allocation by the March 6 meeting.