

**CALIFORNIA INFRASTRUCTURE AND ECONOMIC DEVELOPMENT BANK
(IBank)**

**DESERTEXPRESS ENTERPRISES, LLC’s REQUEST TO AMEND AND RESTATE
RESOLUTION NO. 24-01 ORIGINALLY APPROVING THE ISSUANCE OF REVENUE
BONDS IN AN AMOUNT NOT TO EXCEED \$3 BILLION FOR AN ELIGIBLE HIGH-
SPEED RAIL PROJECT**

STAFF REPORT

INTRODUCTION

On January 24, 2024, the IBank Board of Directors (the “Board”) adopted Resolution 24-01 (the “Original Resolution”), authorizing IBank’s issuance of \$3 Billion in conduit revenue bonds for the benefit of DesertXpress Enterprises, LLC (d/b/a Brightline West) (the “Corporation”) to finance a high-speed rail project. The Corporation requests the Board approve extension of the termination date of the authority granted in the Original Resolution from October 20, 2024, by additional 270 days, to July 17, 2025. No other changes to the Original Resolution are requested. A redline draft showing the proposed changes to the Original Resolution is attached as Exhibit “A.” The revised resolution will be called the “Amended and Restated Resolution 24-01”.

DISCUSSION.

The Corporation plans to develop and operate a high-speed rail system running from Rancho Cucamonga, California, to Las Vegas, Nevada (the “Project”). The Corporation intends to finance the California portion of the Project through (1) IBank’s sale of tax-exempt, and/or taxable, exempt facility revenue bonds, and (2) IBank’s loan of the bond proceeds to the Corporation. The Corporation would be solely responsible for paying debt service on the bonds.

On January 24, 2024, the Board approved the Original Resolution, authorizing IBank’s issuance of up to \$3 Billion in tax-exempt and/or taxable conduit revenue bonds (the “Bonds”) for the benefit of the Corporation. Pursuant to the Original Resolution, IBank is authorized to lend the Bonds sale proceeds to the Corporation and the Corporation would use the proceeds to finance the California portion of the Project. The Corporation plans to finance the Nevada portion of the Project through a Nevada issue of conduit revenue bonds. A copy of the Staff Report provided in connection with the Board’s consideration of the Original Resolution is attached as Exhibit “B.” That Staff Report remains correct except as impacted by the requested extension and the passage of time.

The Corporation Requests an Extension of the Original Resolution Deadline to Sell the Bonds

The Board's authorization for IBank to sell the Bonds and loan the proceeds to the Corporation set forth in the Original Resolution expires on October 20, 2024, 270 days after original approval. The Corporation requests that the Board adopt "Amended and Restated Resolution No. 24-01" (the "A&R Resolution") to extend the expiration term of the Original Resolution. The Corporation is requesting an extension of the Private Activity Bonds primarily due to the execution of Federal Railroad Administration ("FRA")'s Federal-State Partnership ("FSP") grant with Nevada Department of Transportation ("NDOT") taking longer than previously expected.

The \$3 billion FSP grant was awarded in December 2023. Since that time, FRA, NDOT, and the Corporation have been working together to finalize the grant agreement. As of August 23, 2024, the grant agreement was finalized and is currently progressing through the final step of a required 30-day congressional notification period. The FSP grant is expected to be fully executed on or before the end of September. Given the importance of the grant to the total capital structure for the project, it was deemed in the best interest of the project, including to optimize terms and funding availability for the project, to await launching this larger construction financing after the FSP grant agreement is fully executed.

The Corporation expects to launch this financing expeditiously after execution of the grant agreement. Accordingly, the Corporation requests that IBank's authority to issue the Bonds be extended until July 17, 2025.

RECCOMENDATION

IBank Staff recommends approval of Amended and Restated IBank Resolution No. 24-01.

September 25, 2024

Exhibit A

*Draft Showing Proposed Changes to Original Resolution No. 24-01
(Amended and Restated Resolution No. 24-01)*

AMENDED AND RESTATED RESOLUTION NO. 24-01

AMENDED AND RESTATED RESOLUTION OF THE CALIFORNIA INFRASTRUCTURE AND ECONOMIC DEVELOPMENT BANK AUTHORIZING THE EXTENSION OF RESOLUTION 24-01 THAT AUTHORIZED THE ISSUANCE AND SALE FROM TIME TO TIME OF TAX-EXEMPT AND/OR TAXABLE REVENUE BONDS IN AN AGGREGATE AMOUNT NOT TO EXCEED \$3,000,000,000 TO PROVIDE FINANCIAL ASSISTANCE FOR AN ELIGIBLE PROJECT FOR THE BENEFIT OF DESERTXPRESS ENTERPRISES, LLC, A NEVADA LIMITED LIABILITY COMPANY (OR ANY AFFILIATE OR SUCCESSOR THEREOF, THE “COMPANY”), IN ONE OR MORE SERIES OR SUBSERIES, PROVIDING THE TERMS AND CONDITIONS FOR SAID TAX-EXEMPT AND/OR TAXABLE REVENUE BONDS AND OTHER MATTERS RELATING THERETO AND AUTHORIZING THE EXECUTION OF CERTAIN DOCUMENTS ASSOCIATED THEREWITH

WHEREAS, the California Infrastructure and Economic Development Bank (“IBank”) is duly organized and existing pursuant to the Bergeson-Peace Infrastructure and Economic Development Bank Act (California Government Code Section 63000 and following) as now in effect and as it may be amended or supplemented (the “Act”);

WHEREAS, IBank is authorized under provisions of the Act to issue tax-exempt and/or taxable revenue bonds to provide financing and refinancing for eligible projects located in the State of California;

WHEREAS, ~~on August 23, 2023, the Board adopted Resolution No. 23-10 approving IBank’s entry into one or more Loan Agreements and other documents for the issuance of tax exempt and/or taxable obligations to be sold to Morgan Stanley through a limited offering or private placement in an amount not to exceed \$2,000,000,000;~~

~~WHEREAS, on January 8, 2024,~~ the Company, has submitted an application (the “Application”) to IBank for the financial assistance to (i) finance and/or refinance a portion of the costs incurred or that may be incurred by the Company and/or one or more of its affiliates in completing the acquisition, construction, renovation, rehabilitation, repair, and/or equipping of a high speed, intercity rail system, including rolling stock, maintenance facilities, electrification infrastructure, parking facilities, a passenger station and rail lines, all running for approximately 184 miles within the median or adjacent to the Interstate 15 between (a) a passenger station to be located alongside Interstate 15 at the site of the Rancho Cucamonga Metrolink station near Milliken Avenue in the City of Rancho Cucamonga in San Bernardino County, and (b) the California side of the California and Nevada border approximately 0.2 miles south-southwest of Nevada Exit 1 East on Interstate 15 near Primm, Nevada, and including a passenger station and maintenance-of-way facility located in the Town of Apple Valley bounded to the north and east by Dale Evans Parkway, Colusa Road to the South and Interstate 15 to the west, and an in-line, passenger station providing intra-California service located in the City of Hesperia near the intersection of Joshua Street and Interstate 15 (collectively, the “Facilities”); (ii) fund a debt

service reserve fund and certain other reserves, (iii) fund a portion of the interest payable on the Bonds during the period of development of the Facilities; (iv) pay certain costs of issuance in connection with the issuance of the Bonds (as defined below); and (v) refund, in whole, the IBank’s outstanding Revenue Bonds (Brightline West Passenger Rail Project), Series 2020A (the “Refunded Bonds”), a portion of the proceeds of which was used to finance and refinance a portion of the costs of the Facilities (collectively, the “Project”);

WHEREAS, for those purposes, the Company has requested that IBank (a) authorize the issuance and delivery of its tax-exempt and/or taxable revenue bonds to be sold from time to time through one or more limited offerings, private placements or direct bank purchases subject to the conditions set forth in Exhibit 1 attached hereto (the “Term Sheet”), entitled California Infrastructure and Economic Development Bank Revenue Bonds (Brightline West Passenger Rail Project), Series 2024A, or such other name or names and with such series or subseries designations as may be necessary or desirable to conform to the terms of the Bonds to be issued pursuant to the Indenture (defined below) (the “Bonds”); (b) loan the proceeds of the Bonds to the Company pursuant to one or more Loan Agreements to finance and/or refinance the costs of the Project (collectively, the “Company Loan”); (c) provide for the payment of the principal of, premium, if any, and interest on the Bonds with revenues derived solely from the Company’s payment of the Company Loan; and (d) take and authorize certain other actions in connection with the foregoing (collectively, the “Transaction”);

WHEREAS, consistent with IBank’s policies, the requirement for credit rating by rating agencies may be waived by IBank for IBank bonds (such as the Bonds) that are privately placed in a limited offering or sold in a limited offering to investors that are qualified institutional buyers within the meaning of Rule 144A of the Securities Act of 1933, as amended (“Rule 144A”), or equivalent sophisticated investors with a demonstrated understanding of the risks associated with the municipal market, and acceptable to IBank, provided that IBank’s conditions for such transaction are met;

WHEREAS, because the Transaction provides that the Bonds will be sold in a limited offering to or placed directly with sophisticated investors or purchased directly by one or more banks or other financial institutions in accordance with IBank policy requirements, the Bonds are not required to be rated by any rating agency;

WHEREAS, the Company previously received an allocation in the amount of \$850,000,000 from the United States Department of Transportation for the Project (the “Prior USDOT Allocation”) pursuant to which the IBank issued the Refunded Bonds as exempt facility bonds to finance qualified highway or surface freight transfer facilities pursuant to Section 142 and related sections of the Internal Revenue Code, as amended by Section 11143 Title XI of the Safe, Accountable, Flexible, Efficient Transportation Equity Act (“Section 142 of the Code”); ~~and~~

WHEREAS, the Company has received an additional allocation in the amount of \$2,150,000,000 from the United States Department of Transportation for the Project (the “Additional USDOT Allocation,” and together with the Prior USDOT Allocation, the “USDOT Allocation”) pursuant to which the Bonds may be issued by the IBank as exempt facility bonds to finance qualified highway or surface freight transfer facilities pursuant to Section 142 of the Code; ~~and~~

WHEREAS, on January 28, 2024, the IBank Board of Directors adopted Resolution 24-01 (the “Original Resolution”), approving the Transaction, which approval was conditioned on the Transaction closing within two hundred seventy (270) days from the date of the adoption of the Original Resolution (such date, the “Closing Deadline”);

WHEREAS, because final negotiation and execution of the Federal Railroad Administration’s Federal-State Partnership grant agreement (the “FSP Grant”), which is an important component of the Transaction, has taken longer than anticipated, and is expected to be completed in the near future but after the Closing Deadline, the Company has requested that IBank amend and restate the authority set forth in the Original Resolution solely to extend the Closing Deadline;

WHEREAS, since the adoption of the Original Resolution, the Closing Deadline and expected closing date set forth in the Term Sheet for the Original Resolution has changed and the Corporation has negotiated a new closing date for the Bonds, as set forth in Exhibit 1 hereto (the "Revised Term Sheet");

WHEREAS, upon completion of the FSP Grant process, the Company intends to engage in the remaining construction financing efforts related to the Transaction, and

WHEREAS, IBank staff has reviewed the Application from the Company and forms of certain of the documents proposed to be entered into in connection with the Transaction, including a proposed form of Indenture of Trust relating to the Bonds by and between IBank and Deutsche Bank National Trust Company (or any successor or addition thereto or replacement thereof), as trustee (the “Indenture”), a proposed form of Loan Agreement, a proposed form of Bond Purchase Agreement, and a proposed form of Limited Offering Memorandum (collectively, the “Transaction Documents”);

NOW, THEREFORE, BE IT RESOLVED by the Board of Directors of the California Infrastructure and Economic Development Bank (the “Board”), as follows:

Section 1. The above recitals are true and correct.

Section 2. IBank hereby ~~revokes Resolution No. 23-10, and~~ authorizes and approves the issuance, execution, sale, and delivery of the Bonds, in one or more series or subseries and at one or more times, subject to the conditions set forth on the Term Sheet and lending the proceeds of the Bonds to the Company in order to finance and refinance all or a portion of the costs of the Project pursuant to the terms and provisions as approved by this resolution (this “Resolution”); provided that for Bonds that are issued as tax-exempt Bonds, such Bonds may be issued only to the extent allowable under the Internal Revenue Code of 1986, as amended and associated implementing Treasury Regulations (collectively, “Federal Tax Law”) in light of the amount of the USDOT Allocation then received for the Project.

Section 3. In accordance with IBank’s policies on limited offerings, direct purchases and private placements to investors that are qualified institutional buyers within the meaning of Rule 144A, or equivalent sophisticated investors with a demonstrated understanding of the risks associated with the municipal market, and acceptable to IBank, IBank hereby waives the requirement for a credit rating in connection with the Transaction.

Section 4. Subject to the conditions set forth in the Resolution, IBank hereby authorizes a negotiated sale, private placement and/or direct bank purchase of the Bonds, in one or more series or subseries from time to time and each of the Executive Director, the Chief Deputy Executive Director or the Executive Director's assignees, acting individually or collectively (each an "Authorized Representative" and collectively, the "Authorized Representatives"), is hereby authorized to execute and deliver one or more of each of the Transaction Documents (with respect to each of the one or more series or subseries of Bonds), substantially in the form on file with the Secretary of the Board and with such changes therein as any Authorized Representative may require or approve to carry out the intent of this Resolution. Any Authorized Representative is also authorized to execute and deliver any and all other agreements, certificates, letters, documents and instruments, including, without limitation, a tax regulatory agreement, a no arbitrage certificate, any supplemental indenture or other supplements or amendments to the Transaction Documents necessary to issue the Bonds from time-to-time in multiple series or subseries within the time limits set forth in Section 6, or remarket the Bonds from time to time in accordance with the provisions of the Transaction Documents, and other documents and certificates necessary or advisable to refund, redeem and defease the Refunded Bonds, letters of representations and certifications of authority, which they may deem necessary or desirable to consummate the issuance and delivery of the Bonds, or subsequent remarketing thereof, assign security provided by the Company with respect to the Company Loan to the trustee under the Indenture or Indentures as security for the Bonds, assign the rights of IBank with respect to the Company Loan to the trustee under the Indenture as security for the Bonds, consummate the Transaction, and otherwise to effectuate the purposes of this Resolution.

Section 5. All actions heretofore taken by the Authorized Representatives, officers, employees and agents of IBank with respect to the approval, issuance and sale of the Bonds and the consummation of the Transaction are hereby approved, confirmed and ratified. Any Authorized Representative is hereby authorized to take actions and execute and deliver any and all agreements, certificates, letters, instruments and other documents that they may deem necessary or desirable in order to (i) consummate the issuance, sale and delivery of the Bonds and the use of the proceeds of the Bonds to fund the Company Loan; (ii) effect the financing and refinancing of the Project; (iii) facilitate the Transaction; (iv) pay certain costs of issuance in connection with the issuance of the Bonds; and (v) otherwise effectuate the purposes of this Resolution.

Section 6. Unless extended by IBank, the Board's approval of the Transaction is conditioned upon its final closing within two hundred seventy (270) days from the date of the adoption of this Resolution.

Section 7. This Resolution shall take effect immediately upon its passage.

PASSED, APPROVED, AND ADOPTED at a meeting of the Board of Directors of the California Infrastructure and Economic Development Bank on ~~January 24~~September 25, 2024, by the following vote:

AYES:

NOES:

ABSENT:

ABSTAIN:

By _____
Scott Wu, Executive Director

Attest:

By _____
~~Angel Lau~~Stefan R. Spich, Secretary of the Board of Directors

EXHIBIT 1

IBank Term Sheet
Brightline West Passenger Rail Project
Date: ~~January 24~~ September 25, 2024

Bond Par Amount:	Not to exceed \$3,000,000,000; in one or more tax-exempt and/or taxable series, subseries, or combinations
Type of Offering:	Limited Offering, private placement or direct bank purchase in one or more series, subseries or combinations
Underwriters or Placement Agents:	Morgan Stanley & Co. LLC, and such other approved underwriters/placement agents as the Company determines necessary or desirable
Credit Enhancement:	None
Expected Credit Rating:	Not Rated
True Interest Cost*:	True interest cost not to exceed 15.00%
Maturity*:	Not to exceed 50 years from issuance
Collateral:	Any and all assets of the Company subject to exclusions and a pledge of the equity interests of the Company, on a senior, subordinate and/or parity basis with other indebtedness of the Company.
Expected Final Issuance Date*:	April 1 , <u>Fourth Quarter of</u> 2024
Guarantees:	None
Conduit Transaction:	The Bonds are special, limited obligations payable solely from payments made by the Company under the Transaction Documents, and IBank shall not be directly or indirectly or contingently or morally obligated to use any other moneys or assets of IBank for all or any portion of payment to be made pursuant to the Bonds.

* Please note that True Interest Cost, Maturity and Expected Final Issuance Date are subject to change.

Exhibit B

Staff Report Prepared in Connection with Original Resolution No. 24-01

**CALIFORNIA INFRASTRUCTURE AND ECONOMIC DEVELOPMENT BANK (IBank)
CONDUIT EXEMPT FACILITY BOND FINANCING**

STAFF REPORT

EXECUTIVE SUMMARY

Applicant:	DesertXpress Enterprises, LLC ("Borrower" or "DesertXpress")	Par Amount Requested:	Not to exceed \$ 3,000,000,000
Applicant Description:	DesertXpress is a Nevada limited liability company, formed in 2005 to undertake the acquisition, ownership, holding, marketing, design, development, construction, financing, and/or refinancing of an intercity high-speed passenger rail system ("Brightline West" or "System") project.		
Type of Financing:	Conduit Exempt Facility Revenue Bonds (Green Bonds) ("Bonds")		
Project Description:	The proceeds of the Bonds will be used to: (1) finance and/or refinance a portion of the costs incurred or that may be incurred by the Borrower and/or one or more of its affiliates in completing the acquisition, construction, renovation, rehabilitation, repair, and/or equipping of a high speed, intercity rail system, including rolling stock, maintenance facilities, electrification infrastructure, parking facilities, a passenger station and rail lines, all running for approximately 184 miles within the median or adjacent to the Interstate 15 ("I-15") (collectively, the "Facilities"), (2) fund a debt service reserve fund and certain other reserves, (3) fund a portion of the interest payable on the Bonds during the period of development of the Facilities, (4) pay certain costs of issuance in connection with the issuance of the Bonds, and (5) refund, in whole, the Issuer's Revenue Bonds (Brightline West Passenger Rail Project), Series 2020A (the "Refunded Bonds"), the proceeds of which will be applied to finance or refinance the Facilities (collectively, the "Project").		
Potential Project Sites:	<u>San Bernardino County</u> Rail Corridor within the median or adjacent to I-15 between Rancho Cucamonga and the California/Nevada state line; and the following three stations: Victor Valley Station, Rancho Cucamonga Station, Hesperia Station.		
Plan of Finance:	<p>IBank will lend the proceeds of the Bonds to the Borrower to finance the costs of the Project.</p> <p>The IBank Board approved Resolution No 23-10 on August 23, 2023 with the not to exceed amount of \$2 billion dollars. IBank has not issued any Bonds under Resolution No. 23-10 for the benefit of the Borrower. As such, IBank staff requests that the Board revoke Resolution No. 23-10. In August 2023 approval, the Borrower expected \$3.7 billion in Federal grants; however, they received \$3 billion of which \$2,775 billion will be used in California portion of the Project. Consequently, this request is to issue up to \$3 billion in bonds instead of the \$2 billion planned for in August 2023.</p>		
Type of Issue:	Limited Offering, private placement or direct bank purchase in one or more series, subseries, or combinations		
Tax Status:	Tax-Exempt		
Maturity:	Not to exceed 50 years from issuance		
Credit Enhancement:	None		
Credit Rating:	To Be Determined		
IBank Fees:	Issuance Fee \$1,100,000; Initial Annual Fee \$8,000 per yr.		
STO Fee:	Agent for Sale fee to be determined.		

Estimated Sources of Funds (CA):		Estimated Uses of Funds (CA):	
Tax-exempt Bonds Proceeds (USDOT Allocation)	\$3,000,000,000	Rail Infrastructure	\$6,235,000,000
Bank Project Finance Debt	\$3,198,000,000	Refunding Series 2020A Bonds	\$850,000,000
Federal Grants & Equity Funding	\$2,775,000,000	Design and Permitting	\$584,000,000
		Stations	\$209,000,000
		Pre-funded Interest & Fees	\$896,000,000
		Administrative Costs	\$139,000,000
		Costs of Issuance	\$30,000,000
TOTAL SOURCES	\$8,973,000,000	TOTAL USES:	\$8,973,000,000
Financing Team:			
Bond Counsel:	Orrick, Herrington & Sutcliffe LLP		
Borrower's Counsel:	Skadden, Arps, Slate, Meagher & Flom LLP		
Underwriter:	Morgan Stanley		
Underwriter Counsel:	Mayer Brown LLP		
Tax Counsel:	Greenberg Traurig LLP		
Trustee:	Deutsche Bank National Trust Co.		
Agent for Sale:	State Treasurer's Office		
Public Benefits:	<p>The Project is expected to create approximately 31,655 temporary construction jobs and when complete employ 510 full time workers in the state of California. The Borrower expects the Project to generate approximately \$7.5 billion in economic impact and approximately \$750 million in tax revenue, and ongoing operations in California for a period over 10 years of operations.</p> <p>The Borrower anticipates the Project will divert an estimated 3 million cars and 3 million air passengers annually, thereby eliminating 275 million kilograms of carbon emission from the I-15 corridor and Southern California skies. Brightline West expects to operate self-propelled electric high-speed trains capable of a top speed of up to 184 miles per hour. It is expected that the entire trip from Rancho Cucamonga to Las Vegas will take approximately 2 hours, about one-half the time of car travel.</p>		
Date of Board Meeting: January 24, 2024	Resolution Number: 24-01	Prepared by: John Belmont, and Dalibor Zivkovic	
Staff Recommendation: Staff recommends the revocation of Resolution No. 23-10 and the approval of Resolution No. 24-01 authorizing the issuance of Conduit Tax-Exempt and/or Taxable Bonds in an aggregate amount not to exceed \$3,000,000,000 for the benefit of DesertXpress Enterprises, LLC.			

BACKGROUND AND HISTORY

Background and History

DesertXpress was formed to develop the System. Although the System extends into Nevada, this IBank financing request is only for the Project which, as defined above, is the portion of the System located exclusively in California. In March 2019, Brightline Holdings LLC acquired the majority of the membership interests of DesertXpress Enterprises, LLC, dba Brightline West (“DesertXpress” or “Brightline West” or “Borrower”) for the purposes of completing the Brightline West Passenger Rail Project.

DesertXpress is part of a corporate organization experienced in the development and operation of high-speed intercity rail systems.

Brightline Holdings LLC, through its subsidiary, Brightline Trains Florida LLC (“Brightline Florida”), has developed, and is the owner and operator of, the privately-run intercity passenger rail system in Florida. The Borrower’s second system, Brightline West, will connect Las Vegas to Southern California.

The Nevada Secretary of State reports active status for DesertXpress as of January 11, 2024.

The California Secretary of State reports active status for DesertXpress as of January 11, 2024.

DesertXpress’ s current leadership is listed in Appendix A.

PROJECT DESCRIPTION

The Borrower requests IBank to issue bonds to: (1) finance and/or refinance a portion of the costs incurred or that may be incurred by the Borrower and/or one or more of its affiliates in completing the acquisition, construction, renovation, rehabilitation, repair, and/or equipping of a high speed, intercity rail system, including rolling stock, maintenance facilities, electrification infrastructure, parking facilities, a passenger station and rail lines, all running for approximately 184 miles within the median or adjacent to the I-15 between (a) a passenger station to be located alongside I-15 at the site of the Rancho Cucamonga Metrolink station near Milliken Avenue in the City of Rancho Cucamonga in San Bernardino County, and (b) the California side of the California and Nevada border approximately 0.2 miles south-southwest of Nevada Exit 1 East on I-15 near Primm, Nevada, and including a passenger station and maintenance-of-way facility located in the Town of Apple Valley bounded to the north and east by Dale Evans Parkway, Colusa Road to the South and Interstate 15 to the west, and an in-line, passenger station providing intra-California service located in the City of Hesperia near the intersection of Joshua Street and I-15, (2) fund a debt service reserve fund and certain other reserves, (3) fund a portion of the interest payable on the Bonds during the period of development of the Facilities, (4) pay certain costs of issuance in connection with the issuance of the Bonds, and (5) refund, in whole, the Issuer’s Revenue Bonds (Brightline West Passenger Rail Project), Series 2020A (the “Refunded Bonds”), the proceeds of which will be applied to finance or refinance the Facilities.

Brightline West is not requesting any state volume cap. As reflected in the resolution, the Borrower is contemplating tax-exempt bonds and/or bank loans that would use the federal allocation under supplemental indentures. In this case, the full \$3 billion may not be issued all

at once, but over a period of time and possibly across multiple transactions. Due to this plan, Brightline West requests extension of the IBank Resolution to (270) days.

The Project will have stations in the Victor Valley region and Rancho Cucamonga and an in-line station in Hesperia allowing for local rail service. The passenger rail system is expected to be integrated with Los Angeles’ Metrolink commuter rail system that terminates at L.A. Union Station.

The Bonds proceeds are expected to be used as follows:

New Money

Brightline West applied for an additional \$2.5 billion allocation of Private Activity Bond volume cap (the “2024 Allocation”) from the United States Department of Transportation (“USDOT”) pursuant to Section 142 and related sections of the Internal Revenue Code, as amended by Section 11143 Title XI of the Safe, Accountable, Flexible, Efficient Transportation Equity Act, and received this allocation on January 10, 2024. The Borrower expects to use up to \$2.15 billion of the 2024 allocation in California along with the funds from grants and the Borrower’s other sources of funds as defined earlier. The remainder of the 2024 allocation will apply to the Nevada portion of the project. The Borrower had previously used a \$850 million USDOT allocation for issuance of 2020A Bonds, enabling IBank to issue up to \$3 billion tax-exempt bonds for the Project.

Brightline West was awarded \$3 billion in federal funds in December 2023, of which, \$2,775 billion was allocated to the California portion of the System.

Table I displays a portion of the Project timeline.

Table I

Project Site	Construction Start Date	Expected Construction Completion Date	Estimated Project Cost
Construction of Rail Corridor between Rancho Cucamonga and the CA/NV state line	Q2 2024	Q2 2028	\$7.085B
Victor Valley Station, Rancho Cucamonga Station, Hesperia Station	Q2 2024	Q2 2028	\$209M
		Total	\$7.294B

Refunding 2020 Bonds

The Borrower previously received an allocation in the amount of \$850,000,000 from USDOT pursuant to which the IBank issued its tax-exempt Revenue Bonds (Brightline West Passenger Rail Project), Series 2020A (the “2020A Bonds”) in September 2020. The 2020A Bonds were issued as Escrow Bonds secured by Escrow Securities pursuant to an Indenture of Trust, dated as of September 1, 2020, as amended and supplemented by the First Supplemental Indenture of Trust, dated as of September 1, 2020.

A portion of the proceeds of the 2020A Bonds have been released from escrow to finance costs of the Project and the balance of which remains in escrow. The purpose of the 2020A Bonds was (a) prior to the first Escrow Release Date to fund the California Series 2020A Escrow Reserve Redemption Account and (b) from and after the first Escrow Release Date, to the

extent then available for such purposes pursuant to the Indentures and permitted by the Code and Treasury Regulations, to (i) pay or reimburse a portion of the costs of the design, development, acquisition, construction, installation, equipping, ownership, operation, maintenance, renovation and administration of the Southern California to California/Nevada boarder intercity passenger rail system and related facilities, with stations to be located initially in Victor Valley, California; (ii) pay a portion of the interest to accrue on the 2020A Bonds; (iii) fund certain reserve accounts for the 2020A Bonds; and (iv) pay or reimburse certain costs in connection with the issuance of the 2020A Bonds.

In August 2021, an aggregate principal amount of \$105,700,000 of the 2020A Bonds were remarketed and redesignated as “California Infrastructure and Economic Development Bank Revenue Bonds (Brightline West Passenger Rail Project), Series 2020A-1” (“2020A-1 Bonds”), pursuant to the Second Supplemental Indenture of Trust, dated as of August 1, 2021. Following this remarketing, the 2020A-1 Bonds were secured by the Trust Estate under the indenture. Upon the remarketing of such 2020A-1 Bonds, the \$744,300,000 of proceeds of the 2020A Bonds remaining in escrow were reinvested in Escrow Securities. The 2020A-1 Bonds had a scheduled mandatory tender date of January 26, 2023.

In January 2023, an aggregate principal amount of \$105,700,000 of the 2020A-1 Bonds and an aggregate principal amount of \$6,500,000 of the 2020A Bonds were remarketed and redesignated as “California Infrastructure and Economic Development Bank Revenue Bonds (Brightline West Passenger Rail Project), Series 2020A-2” (“2020A-2 Bonds”) pursuant to the Third Supplemental Indenture of Trust, dated as of January 1, 2023, in a Term Rate Mode for a Term Rate Period expiring on October 31, 2023.

On September 14, 2023, the full amount of the 2020A-2 Bonds and an approximately \$102,800,000 of the 2020A Bonds were remarketed and redesignated as “California Infrastructure and Economic Development Bank Revenue Bonds (Brightline West Passenger Rail Project), Series 2020A-3” (the “California Series 2020A-3 Bonds”) (“2020A-3 Bonds”) pursuant to a Fourth Supplemental Indenture of Trust. The purpose of remarketing such portions of the 2020A bonds was to release bond proceeds from escrow in order to apply bond proceeds to the costs of the Project. The refunding of the remaining 2020A Bonds in escrow will provide funds for construction of the Project.

The \$635,000,000 aggregate principal amount of the 2020A Bonds, which currently bear interest at a Flexible Rate, are subject to mandatory tender on January 31, 2024 (“Mandatory Tender Date”) at a purchase price equal to the principal amount, plus accrued interest to the Mandatory Tender Date.

The Borrower does not expect significant current cost savings from refunding the 2020A Bonds.

Table II (next page) displays some details about the 2020A Bonds redesignation and remarketing results.

Table II

Bond Series/ Loan	Issuer	Issued Par Amount	Issue Date	Current Outstanding Balance	Interest Rate	Maturity Date	Date Project Completed
2020A	IBank	\$850,000,000	9/29/2020	\$635,000,000	3.65%	1/1/2050	Ongoing
2020A-3	IBank	\$215,000,000 ¹	9/14/2023	\$215,000,000	8.00%	1/1/2050	Ongoing

Non IBank Issued Outstanding Debt

Table III displays the Borrower's non IBank issued Outstanding Debt related to the Nevada's System.

Table III

Debt Type	Issue Date	Issue Par Amount	Final Maturity	Current Outstanding Amount	Trustee
Tax-Exempt (NV)	1/26/2023	\$150,000,000	1/1/2050	\$150,000,000	Deutsche Bank, National Trust Co.

¹ Represents the remarketing of a portion of the \$850 million and the 2020A-2 Bonds.

FINANCING STRUCTURE

IBank Term Sheet Brightline West Passenger Rail Project Board Meeting Date: January 24, 2024

Par Amount:	Not to exceed amount of \$3,000,000,000; in one or more tax-exempt and/or taxable series, subseries, or combinations
Type of Offering:	Limited Offering, private placement or direct bank purchase in one or more series, subseries, or combinations
Underwriter:	Morgan Stanley & Co. LLC, and such other approved underwriters/placement agents as the Borrower determines necessary or desirable
Credit Enhancement:	None
Expected Credit Rating:	Not Rated
True Interest Cost*:	True interest cost not to exceed 15.00%
Maturity:	Not to exceed 50 years from issuance
Collateral:	Any and all assets of the Corporation subject to exclusions and a pledge of the equity interests of the Company, on a senior subordinate and/or parity basis with other indebtedness of the Company.
Expected Final Issuance Date*:	April 1, 2024
Conduit Transaction:	The Bonds are special, limited obligations payable solely from payments made by the Applicant under the transaction documents and certain collateral of the Applicant and IBank shall not be directly or indirectly or contingently or morally obligated to use any other moneys or assets of IBank for all or any portion of payment to be made pursuant to the Bonds.

*Please note that True Interest Cost, Maturity, and Expected Final Issuance Date are subject to change.

Financing Structure

The Bonds are being issued pursuant to an Indenture of Trust, to be dated as of their closing date. The Underwriter for Bonds will be Morgan Stanley and the Borrower may add further underwriters as the Borrower may deem necessary for a successful marketing and sale of the Bonds.

The Bonds will be unrated. Accordingly, consistent with IBank's policies on limited offerings and/or private placements, the Underwriter(s) will sell the Bonds only to "qualified institutional buyers" under Rule 144A of the Securities Act of 1933, as amended, or to equivalent sophisticated investors with a demonstrated understanding of the risks associated with the municipal market and acceptable to IBank.

The Bonds will be issued in a Fixed Rate, Term Rate or Flexible Rate for the applicable initial Rate Period until maturity or, if applicable, will convert to another interest rate mode. The Bonds will be subject to redemption and mandatory tender for purchase prior to maturity.

The Bonds are being issued as fully registered Bonds. Pursuant to IBank's policies for limited offerings and private placements, the Bonds will be sold in minimum denominations of \$100,000 and any integral multiple of \$5,000 in excess thereof.

The Bonds are intended to be issued as "exempt facility bonds." It is expected that IBank will issue \$3 Billion of the Bonds under Internal Revenue Code (the "Code") Section 142(a)(11) (the portion of the Code allowing tax-exempt bonds to finance high speed intercity rail facilities).

The payment of the Bonds, any Additional Bonds, and any Permitted Additional Senior Indebtedness will be secured by a senior, subordinate and/or parity lien on the assets and other property of the Borrower and the Pledgor that will be pledged as collateral to secure the payments on the Bonds. Pledgor is BL Train Holdings West, the direct parent of Brightline West.

Green Bonds

Brightline West believes the System offers a uniquely sustainable mode of transportation within the Southern California–Las Vegas corridor. The Borrower views the System as a key factor in mitigating the impacts of climate change by substantially reducing travel-related carbon emissions and is expecting designating the Bonds as "Green Bonds". Sustainalytics is expected to deliver the Green Bond Second Party Opinion, which will opine on Green Bond Framework prepared by Brightline Holdings. Sustainalytics intends to deliver a Pre-Issuance Review Report confirming that nothing has come to Sustainalytics' attention that would cause it to believe that, in all material respects, the Bonds are not aligned with the Framework.

Limited Obligations of IBank

The Bonds are payable solely from and secured solely by the pledge of the Applicant's payments under a loan agreement between IBank and DesertXpress together with other collateral provided by DesertXpress. Neither IBank, nor any of the members of its Board of Directors, nor any of its officers or employees, nor any person executing the transaction documents on behalf of IBank shall be personally liable for the Bonds or subject to any personal liability or accountability by reason of the execution thereof. The Bonds are limited obligations of IBank and are not a pledge of the faith and credit of IBank or the State of California or any of its political subdivisions.

PUBLIC BENEFITS

The Project's goal is to provide intercity passenger rail transportation, specifically operating within medium-distance travel corridors.

The passenger rail service is expected to operate at speeds up to 184 miles per hour. It will offer business, leisure and personal travelers safe, sustainable, fast, reliable, convenient, and comfortable travel between Southern California and Las Vegas. Travelers will be able to reserve specific seats on trains; access free high-speed Wi-Fi on board; and other amenities at stations such as business centers with print and copy services, and other ancillary services onboard the trains. The Rancho Cucamonga station will be adjacent to the existing Metrolink station, which provides direct connectivity to Los Angeles Union Station, which also connects to the full Southern California mass-transit system.

The trip between Southern California and Los Vegas, via automobiles on I-15, is approximately 4 hours without traffic and that timeframe may rise during peak days/times. The same trip via Brightline West is expected to take approximately 2 hours. The Project is expected to provide a better, cleaner, safer, and faster alternative to driving. For air passengers, in addition to the expected monetary savings, The System expects to deliver faster check-in process, features considerably less idle time and has far less frequent travel delays, providing a better overall experience.

The Project is expected to create a considerable number of jobs and economic and environmental benefits to the San Bernardino County and the State of California.

Some significant examples of specific public benefits include:

Safety – Brightline West expects that fewer miles traveled is estimated to reduce annual crashes; the estimated crash reductions have a value of \$44 million per year and eliminate a combined 75 annual highway fatalities and injuries. The Project features no at-grade crossings along the entirety of the 218-mile railroad and extensive safeguards to ensure vehicles cannot enter the railroad in the median of the I-15 corridor.

Greenhouse gas emissions – Brightline West expects by removing an estimated 275 million kilograms of nitric oxide, fine particulates, sulfur dioxide, and carbon dioxide from the air annually through the reduction of VMT, the Project will make a direct and meaningful reduction in climate pollution on one of the most heavily traveled segments of the interstate highway network. In addition, by shifting the equivalent of more than 16,000 short-haul flights per year to passenger rail, the Project will directly remove a potent source of climate pollution from the skies above Southern California. Stations will be LEED-certified with a goal of LEED Gold based on energy consumption, materials, water efficiency and first-mile, last mile solutions including electric vehicle charging stations and rideshare partnerships.

Reliability, Reduced Travel Time, Increased Efficiency – The Borrower believes the reliability and on-time performance of the Project will be over 95%, comparable to global systems. The anticipated trip time of approximately 2 hours and 10 minutes from Rancho Cucamonga to Las Vegas is nearly half the time of driving when driving conditions are normal, saving passengers time relative to comparable modes of travel.

Alternative to Driving and Flying – The Borrower expects that by delivering high-speed rail for travel between the Las Vegas and Los Angeles metropolitan areas, the Project will provide

a new option for travelers who generally drive or fly. The Project is expected to divert approximately 3 million cars and over 2 million air passengers per year to the Brightline West system.

Jobs and Economic Impacts – Upon opening for operations, the Brightline West system is expected to directly employ over 1,000 people with approximately 900 jobs being union roles, which amounts to approximately \$140 million in labor income per year. Additionally, Brightline West has been committed to partnering with building trades and other labor groups since beginning work on this Project. Brightline West entered into agreements in early 2023 that describe how these labor organizations, Brightline West, and its third-party contractors/operators will work together to construct and operate the Project.

Project & Job Information	Job Creation (CA Only)		
Brightline West High-Speed Rail	Construction	Full Time	Part Time
	31,655	510	0

The Borrower does not expect significant cost savings from refunding the 2020A Bonds.

Economic Development in Surrounding Areas – The introduction of new rail-transit is expected to spur developers to build new housing and other mixed-use real estate near stations. This can be very impactful, especially in the High Desert area, where housing, especially for many underrepresented communities, is in high demand and short supply. The Borrower expects the Project to approximately \$7.5 billion in economic impact and approximately \$750 million in tax revenue, and ongoing operations in California for a period over 10 years of operations.

Connectivity – The stations are expected to be designed and built as a multimodal hub to provide more opportunities for travelers to connect to a variety of transportation options. Brightline West has partnered with local transit agencies to work towards a transfer of passengers to and from local transit. As the passenger rail system is expanded and improved over time, there will also be opportunities to link all of California and other key markets, such as through Metrolink, Amtrak, California High Speed Rail, and the High Desert Corridor.

OTHER PROJECT DATA

PERMITS AND APPROVAL	
Required?	<input type="checkbox"/> NO <input checked="" type="checkbox"/> YES, Describe: All approvals have been obtained.
TEFRA	
Date of TEFRA Publication: 1/17/2024	Publications: IBank Website, https://ibank.ca.gov/board/notices-of-public-hearing/
Date of TEFRA Hearing: 1/24/2024	
Oral/Written Comments:	<input type="checkbox"/> NO <input checked="" type="checkbox"/> YES, Explain: See TEFRA Transcript for oral and written comments.
ELIGIBILITY REVIEW	
Applicant meets all of the IBank eligibility criteria? <input checked="" type="checkbox"/> YES <input type="checkbox"/> NO	<ol style="list-style-type: none"> 1. Project is in the State of California. 2. The Borrower is capable of meeting the obligations incurred under relevant agreements. 3. Payments to be made by the Borrower to IBank under the proposed financing agreements are adequate to pay the current expenses of the IBank in connection with the financing and to make all the scheduled payments. See Appendix C for Financial Statements. 4. The proposed financing is appropriate for the Project.
INDUCEMENT CERTIFICATE	
Completed?	<input type="checkbox"/> NO <input type="checkbox"/> YES Resolution No.: <input checked="" type="checkbox"/> N/A Date: Amount: \$

RECOMMENDATION

Staff recommends the revocation of Resolution No. 23-10 and the approval of Resolution No. 24-01 authorizing the issuance of Conduit Tax-Exempt and/or Taxable Bonds in an aggregate amount not to exceed \$3,000,000,000 for the benefit of DesertXpress Enterprises, LLC.

APPENDIX A: GOVERNANCE AND MANAGEMENT

BOARD MEMBERS

Randal A. Nardone	Co-Founder and Principal Fortress Investment Group LLC New York, NY
Joseph Adams, Jr.	Managing Director Fortress Investment Group LLC New York, NY
Demetrios Tserpelis	Chief Financial Officer Fortress Investment Group LLC New York, NY

OFFICERS

Sarah Watterson	President
Cynthia Bergmann	VP, Secretary, General Counsel
Jeff Swiatek	VP and Chief Financial Officer
Juan Godoy	VP, Assistant Secretary
Kolleen O.P. Cobb	VP, Assistant Secretary
Chris Yarris	VP, Chief Accounting Officer

Rendering – Station Lounge



Rendering – Rancho Cucamonga Station connection with Metrolink



Conceptual Brightline West Rolling Stock Renderings

