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WSJ: Oakland County, Mich., Opts For Private Placement In Wake of Detroit's Bankruptcy.

Oakland County, Mich., a triple-A rated county whose seat is located about 30 miles north of Detroit, privately placed about $316 million of debt Thursday with Bank of America Corp. instead of selling the bonds to municipal bond investors as originally planned.

The deal, which will refinance debt sold in 2007 that funded retiree medical benefits, will lower the county's interest rate to 3.62% from 6.2%, the county said in a statement.

Bank of America "made us an offer that was acceptable and were able to ensure the transaction was completed by our [fiscal] year end" of Sept. 30, said Robert Daddow, Oakland's deputy county executive. "We had no assurances of completing the transaction otherwise in a timely manner, and in doing so, [it] would have cost us additional underwriting fees."

Detroit's record bankruptcy filing "had no impact on the county's debt offering," Mr. Daddow added.

If Oakland County had proceeded with its original plan to sell the bonds to municipal bond investors, it would have been the biggest debt sale from a Michigan locality since Detroit's bankruptcy filing July 18, according to Thomson Reuters data.

The county had originally planned to sell its bonds to municipal bond investors earlier this month, but delayed the deal because bond offering documents weren't ready.

Oakland's private placement comes as some investors say they are hesitant to buy debt from Michigan local governments because Detroit's emergency manager, Kevyn Orr, has proposed that some bondholders receive steep haircuts. The uncertainty over Detroit debt's value makes it harder to assess the risk of other Michigan debt, these investors say. Michigan localities, such as Genesee County and the city of Battle Creek, have been able to sell debt in recent weeks, but have done so at relatively higher interest rates versus similar debt.