

# **Bond Case Briefs**

*Municipal Finance Law Since 1971*

---

## **WSJ: Detroit to Offer Refinancing for \$2.7 Billion in Water Debt.**

The city of Detroit through its water and sewerage department plans to offer to exchange about \$2.7 billion worth of debt and replace it with lower interest-rate, but better secured debt as part of a cost savings move, said a person familiar with the matter Wednesday.

The proposed debt tender offer comes as the city of Detroit works to exit from municipal bankruptcy filed in July 2013 with an estimated \$18 billion in long-term liabilities. Closed-door negotiations are ongoing between the city and its suburbs to turn the city water and sewerage department over to a regional authority, which could mean additional funds for the cash-poor city, this person said.

The state of Michigan still needs to sign off on the offer, the person said. The idea is to shore up the chances for repayment while yielding up to \$100 million in savings to reinvest in the water system serving Detroit and its suburbs. Details of the offer are expected to be released publicly Thursday, this person said.

The offer comes just weeks before the city is expected to defend its debt-cutting plan for the city in federal a bankruptcy court. Several creditors oppose the plan to cut about \$7 billion in debt, arguing in part it favors pension holders over some bondholders and doesn't adequately cash in on the city's famed art collection.

By MATTHEW DOLAN  
Aug. 6, 2014 7:39 p.m. ET