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Detroit Delays Bond Sale Related to Bankruptcy Exit.

(Reuters) – Detroit's public sale of $275 million of bonds that financed the city's exit from bankruptcy has been delayed but should take place no later than early August, a city official said on Monday.

Detroit is taking advantage of a new law that should give the bonds investment-grade ratings that could save the city between $20 million and $30 million over the life of the issue, according to the office of Michigan Governor Rick Snyder, a Republican.

The law took effect in April and places a specific statutory lien on Detroit income tax revenue pledged to pay off the debt.

The city is hoping the stronger payment pledge on the bonds will result in lower interest rates.

Detroit privately placed $275 million of variable-rate bonds with Barclays Capital to finance its Dec. 10 exit from the biggest-ever U.S. municipal bankruptcy. As part of the city's U.S. Bankruptcy Court-approved plan, that debt was due to be sold in the U.S. municipal market in a fixed-rate mode by May 9. The deal will mark the city's first post-bankruptcy public bond sale.

John Naglick, the city's deputy chief financial officer, said Barclays and Detroit finalized an agreement late last week for a 90-day extension requested by the city. Detroit asked for the delay while awaiting final action on the Michigan bill and the completion of a fiscal 2014 audit by May 31, he said, adding that the public bond sale should occur no later than Aug. 7.

Proceeds from the privately placed bonds were earmarked for retiring a prior $120 million Barclays loan to the city, to pay certain creditor claims from the bankruptcy and to finance city improvements.

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(Reporting by Karen Pierog; Editing by Lisa Shumaker)