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Michigan County Selling Notes Amid Possibility of Bankruptcy.

Michigan's Wayne County plans to sell nearly \$187 million of general obligation limited-tax notes next week, while warning potential investors that it could be headed to federal bankruptcy court.

The note sale is part of about \$8 billion of debt expected to be offered in the U.S. municipal bond market in the coming week, according to Thomson Reuters estimates on Friday.

Wayne County said if its plan to address chronic budget deficits by curbing pension and healthcare benefits and cutting wages is not implemented, the state of Michigan is likely to appoint an emergency manager, who could recommend a Chapter 9 municipal bankruptcy filing, according to offering documents for the note deal.

Detroit, which is in Wayne County, exited the biggest-ever municipal bankruptcy last year, shedding about \$7 billion of its \$18 billion of debt and obligations.

Wayne County's taxable notes, which mature on Dec. 1, 2017, are scheduled to be priced by Bank of America Merrill Lynch on Thursday. The deal will raise money to cover delinquent 2014 property taxes due the county and local governments in the county. The notes are rated SP-1, one notch below the top investment-grade level for notes by Standard & Poor's. The county's long-term GO debt is rated in the "junk" level by all three major credit rating agencies.

Next week's biggest negotiated offering is \$750 million of New York City Transitional Finance Authority building aid revenue bonds. Lead underwriter Goldman, Sachs & Co will hold a Monday and Tuesday retail presale period for the bonds ahead of formal pricing on Wednesday. The bonds are structured with serial maturities in 2016 through 2044 along with a term maturity, according to the preliminary official statement.

Topping the week's competitive calendar is a \$155 million South Carolina Transportation Infrastructure Bank revenue refunding bond issue pricing on Thursday.

Meanwhile, investors pulled money out of municipal bond funds for a sixth week in a row. Net outflows totaled \$411.8 million for the week ended June 10, up from \$380.7 million in outflows the previous week, according to Lipper, a unit of Thomson Reuters.

REUTERS

(Reporting by Karen Pierog in Chicago; Editing by Matthew Lewis)

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