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Detroit's County Seeks State Help on Fiscal Woes, Delays Note Sale.

(Reuters) - Michigan's Wayne County, home of Detroit, has asked the state for a fiscal emergency declaration to deal with a chronic budget deficit, spokesmen for the county and state confirmed on Thursday.

Wayne County Executive Warren Evans late on Wednesday formally asked Michigan Treasurer Nick Khouri to initiate a review process that would lead to a consent agreement between the county and the state.

The action led the county to postpone until next week the sale of nearly \$187 million of general obligation, limited-tax notes through Bank of America Merrill Lynch that had been scheduled for Thursday.

"It is now expected to be rescheduled to Wednesday or Thursday of next week in order to give investors time to digest and react to the executive's announcement as well as understand the strengths and vitality of the delinquent tax program," Wayne County Deputy Treasurer Christa J. McLellan said in a statement.

In a letter to Khouri, Evans said the county's general fund budget deficit was projected to jump to \$171.4 million in fiscal 2019 from \$9.9 million this year due to declining tax revenue and escalating personnel costs. In addition, the county's finances are sagging under an \$870 million unfunded pension liability and its credit ratings have fallen into the junk level.

Michigan Treasury spokesman Terry Stanton said the county's request was under consideration.

Wayne County's taxable notes, which mature on Dec. 1, 2017, will raise money to cover delinquent 2014 property taxes due the county and local governments in it.

In its offering document for the note sale, the county warned potential investors it could be headed to federal bankruptcy court if it did not implement its plan to address chronic budget deficits by curbing pension and healthcare benefits and cutting wages. That could lead to an appointment of an emergency manager, who could recommend a Chapter 9 municipal bankruptcy filing, the document said.

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

By REUTERS

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(Reporting by Karen Pierog; Editing by Lisa Von Ahn)

