

# **Bond Case Briefs**

*Municipal Finance Law Since 1971*

---

## **Detroit Water and Sewer Authority Washes Off Bankruptcy Stain.**

The Detroit Water and Sewerage Department is washing off the taint of its city's notorious financial reputation as it refinances debt a year after emerging from the worst-municipal bankruptcy on record.

The \$324 million in tax-exempt revenue bonds sold through the Michigan Finance Authority on Wednesday were priced at a top yield of 3.71 percent for securities maturing in July 2035, according to preliminary data compiled by Bloomberg. That's about 1 percentage point more than 20-year benchmark municipal bonds.

"For an issuer with the word Detroit in it, that's a pretty attractive spread" from the issuer's perspective, said Gabe Diederich, a Menomonee Falls, Wisconsin-based money manager at Wells Fargo Asset Management, which manages about \$39 billion of municipals, including some Detroit water and sewer debt. He didn't buy Wednesday's deal. "That's the tightest we've seen in a while for that name."

The authority said the deal "far exceeded," their expectations, according to Nicolette Bateson, chief financial officer for the water and sewer department. The proceeds are going toward a refinancing, and the deal generated net-present-value savings of about \$29.3 million, according to Jon Wheatley, the department's public finance manager.

The deal "kind of speaks for itself," said Daniel Solender, who oversees about \$17 billion as head of municipal debt at Lord Abbett & Co. in Jersey City, New Jersey, including some Detroit water and sewer securities. "It's really recovered a lot from where it was during the bankruptcy."

### **Bloomberg Business**

by Elizabeth Campbell

December 2, 2015 — 2:58 PM PST Updated on December 3, 2015 — 4:41 AM PST