

Bond Case Briefs

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New Michigan Law Allows Drainage Districts to Issue Term Bonds.

Michigan drainage districts can issue term bonds for their projects under a new law signed by Gov. Rick Snyder on March 1.

Term bonds allow bond issuers to group a number of bond maturities into one bond certificate. While they have become commonly used in recent years to increase interest in municipal bond issues, the language of the Drain Code was not flexible enough to permit them, resulting in higher interest rates in certain circumstances. Attorneys worked with the Michigan Association of County Drain Commissioners to propose the bill that became Public Act 27 of 2016, which makes term bonds available in drain bond financings. Term bonds will not be used in every drain bond issue, but they will provide an additional tool for finance professionals to use in the right circumstances to reduce the interest cost of drain bonds for the benefit of benefited properties and public corporations that are assessed for the cost of these projects.

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