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Detroit Mayor Unveils \$125 Million Bond Plan to Aid Neighborhoods.

(Reuters) - Detroit would use proceeds from a \$125 million bond issue to spruce up neighborhoods and spark the revitalization of commercial corridors, Mayor Mike Duggan proposed on Thursday.

His plan is aimed at making business districts outside of the downtown area more attractive and accessible in order to spur retail development.

"Using these bond funds, we are going to revitalize many of our neighborhood commercial corridors to create vibrant, attractive districts so Detroiters have a place to shop in their own neighborhood," Duggan said in a statement.

The bonds would be backed solely by Detroit's share of gasoline taxes and vehicle registration fees, which were increased state-wide by the Michigan Legislature in 2015. That revenue for the city is expected to grow from \$54 million in 2016 to \$95 million in 2021.

John Naglick, the city's finance director, said the bonds would be issued through the Michigan Finance Authority and privately placed with J.P. Morgan Chase in November, pending approval of the city council and the Detroit Financial Review Commission, a state oversight board created as part of the city's bankruptcy exit plan.

Naglick said the bank direct-draw term loan will generate a total interest cost of around 3 percent and annual debt service of no more than \$13 million.

In addition to the bond financing, Detroit plans to spend \$193 million of city, state and federal money to fix hundreds of miles of city roads, as well as sidewalks, over the next five years.

By REUTERS

OCT. 5, 2017, 5:27 P.M. E.D.T.

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