

DRAIN LAW

NEW MICHIGAN LAW ALLOWS DRAINAGE DISTRICTS TO ISSUE TERM BONDS

by Roger A. Swets

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. We 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.

This client alert is published by Dickinson Wright PLLC to inform our clients and friends of important developments in the field of drain law. The content is informational only and does not constitute legal or professional advice.

FOR MORE INFORMATION CONTACT:



Roger A. Swets is a Member in Dickinson Wright's Grand Rapids office. He can be reached at 616-336-1043 or rswets@dickinsonwright.com.



Terence M. Donnelly is a Member in Dickinson Wright's Troy office. He can be reached at 248.433.7224 or tdonnelly@dickinsonwright.com.



Wendy R Underwood is a Member in Dickinson Wright's Troy office. She can be reached at 248.433.7238 or wunderwood@dickinsonwright.com.



J. Bryan Williams is a Member in Dickinson Wright's Troy office. He can be reached at 248.433.7289 or jwilliams@dickinsonwright.com.



Paul M. Wyzgoski is Member in Dickinson Wright's Troy office. He can be reached at 248.433.7255 or pwyzgoski@dickinsonwright.com.