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Muni Bonds for Cow Manure-to-Natural Gas Project Default

By Martin Z. Braun2025-06-02T14:28:15184-04:00

About \$40 million of municipal bonds issued to build a cow manure-to-natural gas facility on a Wisconsin farm defaulted after it missed a June 1 principal payment.

The tax-exempt green bonds were sold by the town of Gillett, Wisconsin in late 2021 to finance a biogas facility on behalf of Aerogy LLC, a portfolio company of Macquarie Capital. Aerogy built the facility at Zahn's Farms dairy, according to a Macquarie [news release](#).

UMB Bank, which is the trustee for bondholders, said borrower WI RNG Hub North LLC would not pay a \$1.7 million principal payment due June 1, according to a [securities filing](#). The bonds, with a 5.5% coupon and maturing in 2032, are unrated. Nuveen LLC held about \$30 million of the securities as of April 30, according to data compiled by Bloomberg.

Zahn's Farms, a sixth-generation family-owned farm in Gillett, about 40 miles north of Green Bay, began operating the system in 2023, according to a [news release](#) from Wisconsin's economic development agency.

Michael Miller, Aerogy LLC's chief executive officer didn't immediately respond to a phone call seeking comment on the default. Aerogy partnered with Progressive EnergyCo, a New Orleans-based natural gas development company, to install the anaerobic manure digester, according to the release from Wisconsin's economic development agency.

Anaerobic digesters process the cow manure by heating it and using bacteria to ferment the sludge and make biogas, according to the release. Scrubbers then remove carbon dioxide and other contaminants. That leaves behind methane, which is the main component of natural gas.

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