

# **Bond Case Briefs**

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## **Defaulted California Plant Gets OK to Borrow More.**

- **CalPlant wins bid to sell \$18 million of new debt securities**
- **Company says it's making fiberboard from rice straw, a first**

A defaulted California company trying to produce a unique kind of sustainable fiberboard won approval from the state to issue as much as \$18 million of new debt.

California's Debt Limit Allocation Committee, which provides access to the low-cost financing intended for private ventures serving the public interest, on Wednesday approved the request by CalPlant I LLC. The company has already borrowed \$344 million since 2017 through sales of unrated tax-free debt, most of which is in default.

After years of delay and setbacks including the pandemic and a fire, CalPlant finally finished building a facility last year that it says is producing the world's first medium-density fiberboard made from a rice-cultivation byproduct called rice straw. The company has equity backing from entities including a subsidiary of the Teachers Insurance & Annuity Association of America.

The plant, which began making panels in November, needs more money to fully scale up to commercial operations. Despite the dubious distinction of having the third-largest high-yield muni default of the past decade, according to Municipal Market Analytics, the company is likely to sell most of the new securities to existing bondholders.

"This allocation is the final piece of the puzzle for this plant," said Nancee Robles, interim executive director of the debt committee, before the board approved the request.

### **Bloomberg Markets**

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