



North American Development Bank

Banco de Desarrollo de América del Norte

## Public Meeting of the Board of Directors

November 8, 2018  
San Antonio, Texas

### English Version

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[TRANSLATED FROM SPANISH]<sup>1</sup>

**MR. HEREFORD:** *Welcome.*

[IN ENGLISH]

If you can please take your seats. We're going to get started with the biannual Board meeting for the North American Development Bank Board.

[PAUSE]

Again, good afternoon. This is the second meeting for the Board, this year, that's taking place here in 2018. Without the Board being here we wouldn't have a meeting, so I'd like to begin by introducing our Board members.

I'd like to start with the chair, Mathew Haarsager, Deputy Assistant Secretary, Multilateral Development Bank Operations and Policy for the United States Department of Treasury and our 2018 Board President.

[TRANSLATED FROM SPANISH]

*Irma Gabriela González, Assistant Director of International Financial Organizations for the Ministry of Finance and Public Credit.*

[IN ENGLISH]

Dale Eppler, Deputy Assistant Secretary for Mexico and Western Hemisphere, Regional Economic Policy and Summit Issues out of the Bureau of Western Hemisphere Affairs for the United States Department of State.

[TRANSLATED FROM SPANISH]

*Citlali Pérez Saucedo, Deputy General Director of Border Affairs, General Office for North America, Ministry of Foreign Affairs.*

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<sup>1</sup> Text shown in blue indicates that the original comments were made in Spanish and were translated into English.

**[IN ENGLISH]**

Lisa Almodovar, Deputy Director of the Office of Regional and Bilateral Affairs, Office of International Affairs for the United States Environmental Protection Agency.

**[TRANSLATED FROM SPANISH]**

Liliana García Hernández, Assistant Director of International Strategy and Policy, International Affairs Coordination Unit, Ministry of Environment and Natural Resources.

**[IN ENGLISH]**

The Honorable Jose Rodriguez, State Senator for the State of Texas.

**[TRANSLATED FROM SPANISH]**

Carlos de la Parra Rentería, Director of Eco-Parque and research professor in the Department of Urban Studies and Environment, *Colegio de la Frontera Norte (COLEF)*.<sup>2</sup>

**[IN ENGLISH]**

And, of course, our Managing Director, Alex Hinojosa.

**[APPLAUSE]**

It's always impressive when we have a Board meeting to see how many of the ten border states... So in today's meeting represented here—thank you all for making the trip—we have seven of our ten border states represented. And I'd like to begin by recognizing the presence of mayors of Playas de Rosarito, Baja California, and Matamoros, Tamaulipas, Minerva Cecilia Rincón and Mario López.

**[TRANSLATED FROM SPANISH]**

From the state of Nuevo Leon, the Secretary of Sustainable Development, José Manuel Vital. Thank you for being here with us.

**[IN ENGLISH]**

Representing Texas Secretary of State Rolando Pablos, we have Enriqueta Caballero, the Director of Border Affairs in the Office of the Secretary of State.

**[TRANSLATED FROM SPANISH]**

The city councilman from Matamoros, Eliacib Lejía Garza.

**[IN ENGLISH]**

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<sup>2</sup> Mexican institute of scientific research and higher education specializing in U.S.-Mexico border issues.

Also from Matamoros, we recognize the presence of a great friend of the Bank, Salvador Treviño.

We appreciate the presence of Luis Javier Pinto,...

**[TRANSLATED FROM SPANISH]**

...from the Tamaulipas State Water Commission.<sup>3</sup>

**[IN ENGLISH]**

And then we wanted also to acknowledge the presence of Steve Niemeyer, Border Affairs Manager for TCEQ;<sup>4</sup> Tadeo de la Hoya, City Manager of San Luis, Arizona; Miguel Angel López from the state government of Baja California; Jesus Reyes, General Manager of the El Paso County Water Improvement District;...

**[TRANSLATED FROM SPANISH]**

...Gilberto Estrella, Secretary of Urban Development and Environment...

**[IN ENGLISH]**

...from the state government of Tamaulipas; Steve Sanchez, the General Manager of North Alamo Water System; Arturo Blanco from Region 6 of the EPA; Jose Saenz, General Manager of the Agua Special Utility District in Mission, Texas;

**[TRANSLATED FROM SPANISH]**

Eduardo López Arias, Secretary of Public Works for Reynosa; and Andrea García from the Municipality of Ciudad Juárez.

**[IN ENGLISH]**

And with that, also joining us is our Honorable Nelson Wolff, the Judge of Bexar County. He's going to give us the welcome to San Antonio. For those of you that might not be familiar with Nelson, he's 36 hours off his recent reelection. He got 58 percent of the vote. Here locally, he's held offices in the Texas House of Representatives, the Texas Senate, San Antonio City Council and as mayor of San Antonio. So, with that, Nelson has a great story about his history with the Bank, and we'd love for him to tell that story. Nelson.

[APPLAUSE]

**MR. NELSON WOLFF:** Well, thank you very much and welcome to San Antonio. It's great to see the Board of Directors here and the great job you've done now since you've been brought

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<sup>3</sup> Tamaulipas state water agency, *Comisión Estatal del Agua de Tamaulipas*.

<sup>4</sup> Texas Commission on Environmental Quality (TCEQ).

into the environmental piece, I guess about a year ago now, along with the NADBank, and we appreciate the work that the Board is doing. It's good to see Senator Rodriguez here. He's been a great friend of San Antonio, and we thank you very much for that, Senator.

Alex Hinojosa has been a delight to work with and to get a good understanding of where we're going with the Bank and how strong it has done over the years, and I think a great opportunity for the future. Provided that politics stay a little bit stable in Washington and Mexico, I think we'll finally get to that new iteration of NAFTA.<sup>5</sup>

I was honored to serve as mayor during the time that the work began on NAFTA. At that time, we were the first city in the United States to open up a trade office, first of all in Guadalajara, and then we opened up one in Monterrey. At the time, Benjamín Clariond was mayor of Monterrey. Then he became Governor, I believe, of Nuevo Leon. He had a great sense of humor, which I understand he still has today. That's correct? I walked into his office. He had my picture on the wall. I said, 'Benjamín, that's really nice that you would put my picture on your wall here.' And he said, 'yes, but you must understand, when the mayor of Houston comes, your picture goes down.' [LAUGHS]

He was so much fun. We spent, I don't know, I probably spent just about as much time in Mexico as I did here during those years. We worked hard to pass the NAFTA. We became known as the most pro-NAFTA city in the world—in our part of the world I guess you should say. And we had the initialing of the agreement here on October 7, 1992. And at the time, President Salinas was president of Mexico, and I had been to his office shortly before that and he said, 'I'll be seeing you soon in San Antonio.' I knew what that meant. And I think he was instrumental in having the treaty signed here in San Antonio.

We all worked real hard to get the passage, and I wanted to give you a number so you realize how difficult this is. Even with all the support of previous presidents, all the work we did going to Washington, on November 17, 1993, that NAFTA agreement passed on a 234 to 200 vote. So even with all the tremendous support we had, it was still a rather difficult vote to pull off. At the time, President Clinton worked really hard to get it passed, and we were successful, and hopefully we will be on a new agreement.

I happened to be in Mexico City in December, the year, the month following the passage of NAFTA, and I met with President Salinas. And we had an opportunity to go for either the environmental piece or the secretariat or the NADBank, and I said, 'what should we do?' He says, 'go for the NADBank.' Well, I listen to what he says, and I do what he says.

We came back, and we started working very hard on that. And we were over in Houston, Texas, at an event that President Clinton was at, and Jose Villarreal, who was very close to the president and very tight with him, had the credentials where he could follow the president wherever he went. And so the president went into the bathroom, and Jose followed him in there. He said, 'we understand they're going to put the Bank in Washington. Promise me you will *not* put it in Washington.' He said, 'I promise you I will not put it in Washington.' So that was really a good conversation, a good conversation to have.

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<sup>5</sup> North American Free Trade Agreement (NAFTA).

About two weeks after that, there was a congressman in California, Congressman Torres, who represented the L.A. area. Happened to be the congressman that passed the bill for the NADBank. I had a fundraiser for him—that always makes a congressman feel much, much better—I had a fundraiser for him in my home, and we made a deal where he would support the Bank coming here rather than San Diego, but he would want a portion of it, the domestic window in L.A., and without his support I don't think we would have made it.

On March 25, 1994, Governor Ann Richards, who was an absolutely beautiful person and a very good friend, called me and said, 'I just got a call from Senator Bentsen. He's been on a plane with Clinton and they said the Bank is coming to San Antonio.' And I said, 'well, what should I do?' She said, 'call a press conference right now and announce it before they change their mind.' [LAUGHS]

So I did exactly what she said, and then on June 17, 1994, Pedro Aspe from Mexico and Senator Bentsen convened the first Board of Directors of the NADBank. It's been a great success, all the wonderful programs that you've done principally along the border, many of them tied to the environmental issues.

We all now have to continue to pull together to make sure that the treaty, first of all, gets signed, initialed and that Congress passes it in both places. I don't think we can take anything for granted. But it has been, NAFTA has been so important to Texas, to our nation, to Canada, to Mexico, and I hope we don't lose sight of the deal, instead of arguing the particulars between the three countries. The idea of NAFTA was to create an economic zone in North America where we could compete with countries all around the world if we use the strength of every country, of our three countries, to do that. So, if we'll just get over that fact, how important that is to keep North America economically strong, I believe we'll get it passed.

So, again, thank all of you for supporting the NADBank, for supporting NAFTA. Hopefully we'll pull our way through. Thank you for inviting me, Alex. Thank you.

[APPLAUSE]

**MR. JESSE HEREFORD:** I'd like to...There was a couple of VIPs that we missed.

**[TRANSLATED FROM SPANISH]**

Manuel Martínez. Secretary of Economic Development for Rio Bravo, Tamaulipas, welcome secretary; Arturo Garza Jiménez, General Manager, *Sistema Municipal de Agua y Saneamiento de Piedras Negras*, welcome.<sup>6</sup>

**[IN ENGLISH]**

And I'd also like to welcome Ezequiel "Zeke" Ortiz, Jr., secretary from the Agua SUD—Special Utility District—out of Mission.

**[TRANSLATED FROM SPANISH]**

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<sup>6</sup> Local water utility, *Sistema Municipal de Agua y Saneamiento de Piedras Negras, Coahuila*.

Welcoming us from the Mexican side, Lluvia Ponce,...

**[IN ENGLISH]**

...is joining us. She's a member of the Mexican foreign service since 2007. Currently, she's the Consul for Economic and Community Affairs at the Consulate General of Mexico in San Antonio, and she took that position in December of 2017. Previously she's served as an advisor to the undersecretary of North American Affairs in Mexico City. She was previously appointed to the Embassy of Mexico in Washington, D.C., the Consulate of Mexico in Fresno, California and the Embassy of Mexico in Trinidad-Tobago. She's an economist and holds a master's degree in economics and technology transfer.

**[TRANSLATED FROM SPANISH]**

Lluvia, welcome. Thank you.

**[IN ENGLISH]**

**MS. LLUVIA PEREZ:** Hello, everyone. Good afternoon, on behalf of the Consul General—she couldn't be here today—but it's my great honor to be here with you and welcome you to this very relevant moment in history that we're living, and the history that NADBank is also doing.

So, since the foundation of NADBank in 1994 as Judge Wolff was mentioning, they have demonstrated that we can work together in benefit of our communities in both sides of the border. Although we are divided by an international border, our countries are connected by historical, cultural and, of course, economic ties that cannot be denied. Along the region we also share common resources and ecosystems that observe no political divisions, no administrations. These connections must build towards the well-being of the people living in both sides of the border and the improvement of shared environment. And NADBank is exactly the leader towards these efforts.

As you all know, the population in the border region is going to reach around 30 million by 2025, and that is going to create additional demand for services to ensure a safe and healthy living environment for both of our communities. In consequence, the NADBank role will become increasingly important in the development of welfare in our countries.

So, I invite you to participate actively in these types of meetings, to express your opinions, your concerns, and also your recommendations towards the future for the projects of the Bank. So, I am convinced that together we will make a border that is even more prosperous and more united. We all know that the past, the history of NADBank, is rich and wonderful, but I know the future is even brighter. Thank you so much.

**[APPLAUSE]**

**MR. JESSE HEREFORD:** Next I'd like to provide our Board chair with an opportunity to give some remarks. Mathew Haarsager currently serves as the Deputy Assistant Secretary for Multilateral Development Bank Operations and Policy at the U.S. Treasury. He's worked at

Treasury since 1998, having served previously as a Director of the Office of International Monetary Policy, acting U.S. Executive Director of the International Monetary Fund, U.S. Treasury Representative for Europe, the Director of the Office of East Asia, U.S. Treasury Representative for South America, U.S. Treasury Representative for México and Deputy Director of the Office of Russia, Eastern Europe and Central Asia. He previously worked in the international capital markets in New York City, Frankfurt and Zurich. He holds a BA from Occidental College, an MS from the London School of Economics and an MPP from Harvard University.<sup>7</sup> Mathew.

**MR. MATHEW HAARSAGER:** Thank you very much for that introduction. And I was appointed recently, just a couple of months ago, to the Board of the NADBank, and I'll say it's definitely an honor to now be a part of the Board, and it was an honor to serve as chair for the Board meeting today. I would like to thank our partners at NADBank, as well as at the Government of Mexico, for another productive Board meeting today.

We'd like to applaud NADBank's contributions to growth and improved quality of life for the peoples of the United States and Mexico. NADBank's work to preserve, protect and enhance human health and the environment has positively impacted communities on both sides of the border. And the United States continues to stand by this institution and support the good work of NADBank management's team and staff and including solid financial performance that they've achieved.

As I mentioned, we had a productive Board meeting today. We certified one new project for funding, wastewater system improvements in Nogales, Arizona, as well as approved a number of important policy matters and had quite good, robust discussions about the future of the Bank, and I think it was a very productive Board conversation. It was certainly my first, but I was very pleased to see that we have a lot of frank exchange and the ability to really make our points and come together over a lot of issues, and I look forward to continuing to work with my colleagues on the Board going forward.

So, with that, thank you very much and I look forward to participating in this, my first public meeting, and hearing what you all have to say.

[APPLAUSE]

**MR. JESSE HEREFORD:** Next, I'd like to call on Alex Hinojosa, our Managing Director, who most of you already know, needs no introduction here in this crowd. He's going to give us a brief status report of our 2018 activities. Alex, take it away.

**MR. ALEX HINOJOSA:** Thank you, Jesse. Good afternoon, everybody. It's a pleasure to have good attendance at this biannual meeting. What I will do is just give a review of the loan programs, technical assistance, grant programs that we have and the activities, and I think from that...from this presentation you'll see how active we're still staying. You know, this is just the activities for the current year.

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<sup>7</sup> MPP stands for Master of Public Policy.



So, you already heard the approval of another project today, but in March we had two new projects, a desalination plant in San Quintin, Baja California, \$36.6 million; Puerto Libertad solar park in Sonora, \$75 million; and then the disbursements of ongoing projects that we have ... we had in Ahumada, Chihuahua, Los Santos Solar Park. This is not the total amount of the loans but just how much is being disbursed as the projects get built. A solar park in Dixieland, California, \$4 million; another solar park in Galeana, Chihuahua, \$14.8 million; a wind energy park in Güémez, Tamaulipas, that's \$30 million; basic urban infrastructure which includes a number of the basic requirements for a city—water, sewer, streets—in Hermosillo, Sonora, \$13.8 million; another solar park in Hermosillo, Sonora, \$13.8 million; border-wide public transportation improvement program in...all around the Mexican border region. Essentially what we're doing is we're financing the financing arm for a bus manufacturer. They have... we're trying to get more natural gas and clean buses. So, this is \$1.2 million. And then we had a second program that we expanded for another \$5 million, and it's also low-emission vehicles. And we had El Mezquite wind energy project of \$21 million in Mina, Nuevo Leon; and Puerto Libertad Solar Park of \$15.2 million.

And from those you can see that we're participating strongly, as we did in the United States three or four years ago, with a lot of the solar and wind and other renewable energy projects, but now with the reforms in Mexico for energy and—a number of reforms were done but in this case energy—we're participating with the programs that the government has with the...

**[TRANSLATED FROM SPANISH]**

...Mexican federal electricity commission ...

**[IN ENGLISH]**

...and SENER, and so a lot of renewable energy projects that are being done, which is great because these don't require the use of water, they don't, they avoid the emissions of thousands of tons of greenhouse gases and others, other types of gases.<sup>8</sup> So, I think it's fulfilling the mandate of the Bank in participating in this type of project.

We had six projects that were completed as of September in 2018 and that includes three water and wastewater projects in Ensenada, Baja California, in Juarez, Chihuahua, and Matamoros, Tamaulipas. One air quality project, and basically what we do is paving, a lot of the city in San Luis Rio Colorado, Sonora. And if you all know, it's quite arid in that area, a lot of traffic, so paving streets helps *a lot* with air quality. And then of course we had two wind farms in Güémez and Llera de Canales, Tamaulipas—and these were completed projects.

So all of that...these are programs that were completed under the loan program, but we also have a program that we fund out of our own revenues, our own net income, and we call this the Community Assistance Program. We gave, for two new projects in 2018, US\$750,000. One is for a water supply and distribution system in Whetstone, Arizona, and the other one is in José Silva Sánchez, Tamaulipas, \$250,000 for a drinking water system in that small town. We also had \$1.6 million disbursed for the implementation of an additional eight projects. Equipment for sanitary landfill operations in Ahumada, Chihuahua; Central Región de

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<sup>8</sup> *Secretaría de Energía* (SENER), the Mexican Ministry of Energy.



Coahuila; in Madera, Chihuahua; in Nuevo Casas Grandes. All of those were equipment for sanitary landfills. This is something that we are focusing in on at the NADBank, is that we believe that waste and solid waste needs a little bit of attention, and we are trying to get them some equipment for the trucks that collect the trash, as well as the dozers and equipment for the landfills.

In Nogales, Arizona, we did a water main replacement, and we had some more equipment for sanitary landfill operations and waste collection in the Region de Cinco Manantiales in Coahuila; rehabilitation of the wastewater system of Sabinas, Coahuila; and then of course the drinking water improvements of Tombstone, Arizona. All these were...all these grants had been contracted by the end of the year, 2017, and then it takes a little bit, awhile to...we make sure that everything gets bid out properly, all the bidding and procurement is transparent, it's competitive, and that people get a chance to participate in these bids.

We had four projects that completed their construction. One was a wastewater project in Sabinas; and then, of course, the three solid waste equipment projects in Chihuahua, in Nuevo Casas Grandes, Region Cinco Manantiales in Coahuila and the Region Central de Coahuila.

BEIF—the Border Environment Infrastructure Fund. This is a program that is funded through the EPA, and we have been very close partners of EPA and making sure that these programs, the BEIF, as well as the PDAP, continues.<sup>9</sup> In fact, we're always asking for more money from the EPA to make this grow. But the BEIF, in particular, helps the construction side. The PDAP helps with the development and the planning and the engineering. But we had \$2.8 million approved for a project that...for projects: a wastewater collection and treatment in Camargo, Tamaulipas, and then the rehabilitation of the Collector Poniente in Tijuana for US\$350,000.

Four projects totaling \$3.8 million were contracted. One wastewater infrastructure in Marathon, Texas; a wastewater treatment plant in Sunland Park; a million, rehabilitation of the Collector Poniente in Tijuana; and a wastewater treatment plant in Willcox, Arizona.

All of these projects were contracted during the year. Some of them had been bid out the year before, but now the actual disbursements of money going out—15 projects totaling \$20 million.

Let's see. Here we go.

We had in Brownsville, Texas, wastewater collection system and residential connections; \$2 million; in Ciudad Juarez, Chihuahua, construction of the South-South Wastewater Treatment Plant; in Douglas, Arizona, the Bay Acres wastewater collection system and treatment plant expansion; in Hidalgo County, Texas, North Alamo regional wastewater collection and treatment; in Mexicali, rehabilitation of wastewater collection system; Nogales, Sonora—all of these are water or wastewater—in Reynosa; San Luis Rio Colorado; Socorro, Texas; Sonoyta; Sunland Park; and then several projects in Tijuana; in Tornillo, Texas; and Willcox, Arizona.

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<sup>9</sup> Project Development Assistance Program (PDAP).

Some of these we already know what to expect. The water systems that come off of the Rio Grande, we're many times having to treat for arsenic, and small communities that don't have wastewater systems, we're putting in new wastewater systems. So, it is a program that we value greatly, and we're hoping to continue. We think we're going to have additional funding for next year.

Completions for the—we had four projects that were completed: the Sur-Sur Wastewater Treatment Plant in Juárez, that was almost US\$8 million in BEIF and US\$9 and a half million of a loan; improvements to the water and wastewater system in Matamoros, \$15 million in BEIF and \$12 million in loan; and then of course expansion of the wastewater collection system in San Luis Rio Colorado, \$3 and a half million in BEIF; and then Cotton Valley wastewater collection system. So, I throw those out just as, you know, more and more, as we have less funds for BEIF, we're trying to get a component of a loan and a component of a grant. So be aware of that.

Technical studies. One of the benefits and, I think, strengths of the Bank is having great people who have a lot of expertise, and we do try to provide research and investigation into different types of projects. In this case we had five studies that were in process for \$720,000, another 11 projects that were in process with EPA-funded PDAP to support the development of water and wastewater projects, and then 25 initiatives in process with total grant commitments of \$1.3 million from the Border 2020 program that's funded by the EPA and administered by the NADBank. And these are studies that are done throughout to try to get information as to the condition of the environment that we have along the border.

One of the things that we do as a Bank is we measure our impacts. And when we do a closeout report, we say 'does the project do what it was supposed to do?' Does it...if we said it's going to serve so many people, is that a fact? If it's going to avoid certain pollutants, you know, we check on that. So, we close out reports. And in this case, in 2018 we had 14 projects they were closed out with loans, four projects with CAP grants, and benefitting some six million in population.<sup>10</sup>

Just a little something on the NADBank. We have a balance sheet that's \$2.2 or \$2.3 billion in assets. We have loans of \$1.3 billion at this point, and we have borrowed money to the tune of about \$1.6 billion—of course, part of that is to pay off existing debt, so it's about \$1.3 billion. And then we are very, very strong in that we keep reserves in designating part of our retained earnings. So, a balance sheet of \$2.4 billion.

Income statement. We have about...last year we had about US \$57 million in interest income, another \$10.9 in investments, so overall, we have a very, very lean operation. Seventy-seven people here in San Antonio, another 40 in Juarez, so,...but we use a lot of consultants, engineers, lawyers, technical people, and we had a net income of \$29 and a half million.

So, that concludes my status report, Mr. Chairman, and we're basically very proud to have some good results.

[APPLAUSE]

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<sup>10</sup> Community Assistance Program (CAP).

**MR. JESSE HEREFORD:** Thank you for the update, Alex.

Now we're going to move to the public comment portion of our meeting. Those that have registered for public comments, I have a list. If you're not on the list, at the end of it, we'll ask you to come up at that point in time.

The first person to give public comments,...

**[TRANSLATED FROM SPANISH]**

...José Manuel Vital, Secretary of Sustainable Development for the Government of the State of Nuevo Leon.

**[IN ENGLISH]**

And we're asking all comments to be 3-5 minutes please.

**[TRANSLATED FROM SPANISH]**

**MR. JOSÉ MANUEL VITAL:** Thank you.

**[IN ENGLISH]**

I'm going to talk to you in Spanish, no problem? Okay.

**[TRANSLATED FROM SPANISH]**

Thank you very much. I would like to participate by saying that what we've been taught a lot throughout our lives is that we must make our mark. In sustainable development, what you try to do is the exact opposite: we must leave the smallest mark of our passage through life.

We are presenting a project here today to NADBank, from which we have received great support. We have worked hard on this issue. It is the acquisition of 26 cars for Line 3 of our metro, which is going to provide a significant reduction in our carbon emissions.

That's the project that we've presented. In Nuevo Leon we have some other very important projects that will undoubtedly benefit our air quality, which today is a problem for us. I would also tell you, many times, that what we do on land is reflected in the air.

Our growth has been very strong. We have a city that in the last 15 years has gone from 10,000 hectares to 115,000 hectares. And our population density has dropped tremendously. Today we have 46 homes per hectare, 46 inhabitants per hectare, which is a very low density. So, movement in the city is extensive and lengthy, and we pollute a lot. To give you an idea, we've gone from having 260,000 cars to 2.3 million cars. So, we have to find a way to move and move differently. Reinventing our city is what we are engaged in today.

We have an extremely important project, which is to get the trains out of the city, salvaging 172 kilometers of tracks that we will use to transport passengers. Today we are completing the rail line with an investment of one billion pesos. That rail line will be ready by the second quarter of next year, and then we will proceed to remove the switchyards that are now in the city center and salvage the railroad tracks to use for passenger transport combined with freight, because there are some industries that will still have—we will have to do multimodal transport.

That's not going to help much to reinvent our city now. Doing the opposite of what we've always done: first, we grow and then we see how we move. Here we are going to have mobility first and then how we are going to redensify the city. And in that we look forward to having a lot of help from institutions like yours.

We thank you very much for the help and your good intentions to move this project forward. Thank you so much.

[APPLAUSE]

**MR. JESSE HEREFORD:** Thank you very much secretary.

**[IN ENGLISH]**

Next, I'd like to call Enriqueta Caballero, Director of Border Affairs for Texas Secretary of State Rolando Pablos.

**MS. ENRIQUETA CABALLERO:** Mr. Chairman, distinguished Board members, by way of introduction, my name is Enriqueta Caballero. I am the current Border Affairs Director for the Texas Secretary of State. Secretary Pablos was unable to join us today, and he sends his regards.

I want to take a brief opportunity to share my part, on behalf of the State, of the working, great working, relationship that we've had with the North American Development Bank since the late '90s, early 2000s. As you may know, the North American Development Bank is the first and only, that I'm aware of, international infrastructure bank that works along the Texas, as well as the U.S.-Mexico, border. The state of Texas has been one of the great benefactors of the money that has currently, was appropriated and is currently being appropriated. In Texas, the NADBank has invested over US\$600 million and has leveraged over US\$1.76 billion in border infrastructure projects.

And I would like to share with you, really briefly, that before I became the Director of Border Affairs, I was the Director of the *colonias* program that was under this agency, that was created and initiated in 1999.<sup>11</sup> One of our rules, or statutorily mandated rules, was to work at the state level with state agencies, our local partners, as well as our binational partners and our federal partners, to ensure that the border infrastructure projects that were dealing with water and wastewater were—that were already in the pipeline—were getting completed.

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<sup>11</sup> *Colonia* refers to housing developments that lack basic public services, such as water, wastewater, electricity, paved roads and public lighting.

One of the biggest challenges that we had at that time was that the State of Texas had invested several millions of dollars that were specifically for the border, to work in an economically distressed areas program, which were called the *colonias*, where there were areas that did not have access to water and wastewater. And so, one of the biggest challenges that we had at the time was that we *did* have the money that was allocated to put in the main lines to ensure that whatever lines were being connected to a water system or a wastewater system was established and connected. But one of the biggest challenges that we had was we didn't have the money, we didn't have the funds, to connect homes from the pipe to the actual private line.

So, in 2000, the Secretary of State took the initiative to approach the North American Development Bank and submitted a package of US\$8.9 million to fund approximately—several projects from Brownsville to El Paso—to...to afford connectivity for 23,000 residents along the border. So, from our end we feel that the...what the Bank has done has made it accessible for residents that live on the border. It has made it easier for the State of Texas to complete those projects. Since the onset of the Bank, they have been one of our strongest partners. They come to the table. They've always come to the table. And I think that having that funding available to the Bank has afforded us the opportunity to complete projects that probably would have not been doable prior.

The State of Texas right now is...it doesn't have the type of infrastructure funding that it had in place, so the NADBank actually has taken the lead role on that. And in ending my comments, I want to say that because of that investment and because of the willingness of the Bank to come to the table and to work with the state partners, we've greatly improved the quality of life for the Texas residents along the border.

And also, one of the things that now is very important, under Border Affairs, for Secretary Pablos is now your engineering uh—energy projects. As you know, energy is extremely important. It is going to be more important as the border region grows and continues to grow, and it affects border commerce, and it affects border trade and border transportation. So, we look forward to working with the NADBank with energy as well.

And thank you very much for allowing me the opportunity to make my brief comments. Thanks.

[APPLAUSE]

**MR. JESSE HEREFORD:** Thank you. And please thank Secretary Pablos, on our behalf.

Another great partner of ours here in Texas is the Texas Commission on Environmental Quality. I'd like to call Steve Niemeyer, Border Affairs Manager and Colonia Coordinator, for some comments.

**MR. STEVE NIEMEYER:** Thank you very much. I appreciate it. I'm going to stand over here, so they can take a picture of me against this, and it'll look good on Facebook and Twitter and everything else.

[LAUGHTER]

Thank you very much, Chairman of the Board and members of the Board and Senator Rodriguez and everybody else in the public. It's good to see a lot of new friends and old friends. And by 'old friends' I don't just mean people I've known for a long time. Some of them are old.

It's a joke. Some of you laughed. That's good. That's good.

I have a letter here that my Executive Director sent me. We're doing this just at the last minute. He's become our Executive Director September 1st. He's been very busy. So, I've got to track it down. Just a second. If you could give me 20 seconds, then I'll yield my time. But basically, what he's asked is just to say a couple of words. Oop!

And, you know, every time I come to one of these meetings, I do something that makes me look like a fool, so I'm being very consistent here. Let's see.

Here we go. So, this is from Toby Baker, who's the Executive Director of the Texas Commission on Environmental Quality. I'm just going to be—I'm just going to give you his points, and then we'll will send you the letter later. I don't want to belabor reading you a letter because everybody can read, so I'll save you some time. His main point was we work closely with the North American Development Bank. He is very grateful for the US\$5.86 million in Border Environment Infrastructure Funds that was given to the Bank for projects along the border.

Lately, in the past year, he's worked with the secretaries from his counterparts—he was a commissioner last year—from Chihuahua, Coahuila, Nuevo León and Tamaulipas. And one of them is here from Nuevo León. And he had private meetings, he went to the border, and we met with all these folks, and so he's really invested in the border. And one of the issues that has come up is wastewater, wastewater issues. Especially in Nuevo Leon, I mean, Tamaulipas, especially. And we have a long border with Tamaulipas, Texas and Tamaulipas, and he's glad to see that a lot of these funds for project development assistance program will actually be used along the border with Tamaulipas. And I think...let me see, Camargo, Rio Bravo, Miguel Aleman, and Díaz Ordaz, I'm sorry. And, as Alex pointed out, in Matamoros a project was just finished this year. So, we work closely with the Bank, and we're very grateful for everything that you've done. Y'all are terrific partners.

Five years ago, Daniel Gutierrez came down and helped us as we were going through a severe crisis where we were going to run out of water in some cities in the lower Rio Grande Valley if we didn't get enough water from somewhere soon. And so, he came and that was really helpful. And Salvador and Alex and Calixto have been very helpful with us in everything they've done. So is their staff.

One of the things is we're working on a trust in the Ciudad Juárez area to keep the air quality monitors operating, and the Bank has stepped up to help us with that. And then the one last point I wanted to make, if I can remember, is that we've helped—we provide comments on the findings of no significant impact that the Bank needs to send out so that they can give money for the BEIF projects. And so, our agency works with your staff. Carlos Acevedo,

wherever he is, he mails them to us, and we give comments, and then... money gets to the projects that is needed so that we can have better protection of the health and human environment along the border.

**[TRANSLATED FROM SPANISH]**

Thank you very much.

[APPLAUSE]

**[IN ENGLISH]**

**MR. JESSE HEREFORD:** Thank you, Steve. And please thank Executive Director Baker on our behalf.

Next, I'd like to call on...

**[TRANSLATED FROM SPANISH]**

...Mirna Rincón Vargas, mayor of Playas de Rosarito, Baja California.

**[IN ENGLISH]**

No? Going once, going twice.

Next, from Acciona Energía, CFO José Arteaga, talking about the Puerto Libertad project.

**[TRANSLATED FROM SPANISH]**

**MR. JOSÉ ARTEAGA:** Hello. Good afternoon. I wanted to thank you for the invitation to attend this public meeting, which for the first time Acciona is attending, so that I could directly thank the Board for approving the granting of \$75 million for the construction of the Puerto Libertad Solar Park, 404 peak megawatts that in a couple of months will already be energizing.

I also wanted to personally thank you for placing at our disposal the financing team that you have already put in place, Alex. We have been able to tell you in person several times; now I wanted to take the opportunity, in the presence of the entire Board, to express our appreciation for putting at our disposal this financing team that has made us feel that we had a partner beside us, not just a financier, but a partner who was helping us achieve the goals we were pursuing.

I'm going to give the mic to Grisel García Moncada, who is our Chief Marketing Officer, to talk about Acciona's other interests when deciding to invest in one place or another. Thank you very much.

**MS. GRISEL GARCÍA MONCADA:** Hello, good afternoon. Thank you very much for the invitation. For us it is very important to be able to state that, in addition to the investments



and obviously interest in the return on investment, per se, that we make in each region of the world—because we are 37,000 people working in Acciona on all five continents of the world—we are also currently very interested in the return on the social investment that we make. Whenever anyone new joins Acciona, I always tell them to be very proud to work where we are because, as our claim says, we are... '*Acciona business as unusual*' is the claim we use. We do business differently, and we also boast that we are experts in designing a better planet, experts in water, experts in infrastructure and experts in energy.

Today we have specifically prepared a video with a little of what we do, only in the region of Sonora in the Puerto Libertad project that José talked about a moment ago, for which we thank you very much for the investment and the partnership and the team that we have formed. But that's not all that we do. We not only do business, we also change the lives of the environments and the people wherever we go. When we arrive at an investment, since we are working in the energy sector with extreme climates and situations, where there is a lot of wind, where there is a lot of sunlight, obviously the life of these people changes when a transnational company arrives with two thousand employees, with economic stimulation. And we also support everything that has to do with raising awareness of the environmental impact, the ecological footprint, the social impact and the causes specific to each region.

I would like you to please join us in watching a short video that we've prepared only on the region of Sonora-Puerto Libertad. Thank you.

[VIDEO]

*NARRATOR: In Acciona Energía we are convinced that education is the answer to empowering society to change. Therefore, committed to the education for sustainable development sponsored by the UN and as part of our commitment to Mexico, we are developing the Sustainability Classroom, an environmental education program for the fourth, fifth and sixth grades at the elementary level and the three junior high grade levels, consisting of text books for students and participating teachers, covering such topics as sustainability, renewable energy, conservation and water use, the nine R's in smart cities.*

*FEMALE VOICE: We are recycling. We are doing recycling at every grade level with all the groups. The children are going to recycle at home. They are going to recycle at school and, this, we already have that agreement with a company.*

[APPLAUSE]

**MR. JESSE HEREFORD:** Thank you very much.

**IN ENGLISH]**

Next I'd like to call...

**[TRANSLATED FROM SPANISH]**

...Carlos Alberto Chang, Cementos Mexicanos, to give a few words. Thanks for being here with us.

**MR. CARLOS ALBERTO CHANG:** Thank you. Good afternoon. Okay. I have a short presentation, I don't know if there's... okay, perfect, thank you. Go ahead please.

I'm going to try to be very brief. We are basically a global leader in the construction industry. We operate in 50 countries on four continents of the world. Aligned with the jurisdiction of NADBank, we have a presence in five states on the Mexican side, in Baja Norte, Sonora, Coahuila, Tamaulipas and Nuevo Len.

Within the eligible projects of NADBank, we have a lot of involvement and knowledge in the area of reservoir construction, in canal lining. In terms of air quality, we have vast experience in highways, concrete pavements, parks, rural or farm roads, and we also have a lot of experience in public transportation with articulated buses for BRTs.<sup>12</sup> In terms of clean energy, we have been greatly involved with wind farms as well.

Our offer of value, well, we support all the city councils and encourage them. We have a lot of experience in designing pavements, integrating specifications, construction processes, training, in a nutshell.

And well, we make a tailor-made suit, as we say, because with new roads, we practically help make the specifications. As for existing paving with an asphalt layer that is now deteriorated, basically we help define, together with the city council, the best solution for rehabilitating the pavement. In this case, when the asphalt is extremely deteriorated, it is replaced and with a... We classify if it is low, moderate or also if there are concrete pavement repairs that are already more than 20 years old.

We have an alliance right now with the City Council of Matamoros. We are supporting there Lauro Villar Avenue, in which—it basically consists of six kilometers, which is an avenue that crosses through entire community. It is 89,600 square meters, and we are estimating a public investment of \$152 million pesos. This is the current condition of the avenue. Basically, as you can see, it's very deteriorated. He's got a lot of ruts. And the structure we're proposing is a 24-centimeter-thick pavement.

We also have an alliance with the City Council of Playas de Rosarito in Baja California Norte. The boulevard we want to rehabilitate is Josefa Ortiz de Domínguez Boulevard. In this particular case, it's a 1.8-kilometer road, and we are estimating an investment of \$75 million pesos. And it's similar. It's new pavement, and we are also considering 24 centimeters of thickness. This is, as I said, a new road. Here it is practically how it is expected to be done, and it is a similar roadway.

In conclusion, basically what we want to say is that we are at the disposal of all the municipalities, helping them on issues related to construction processes, technically and in everything needed to implement projects in the future. Thank you very much.

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<sup>12</sup> Bus rapid transit (BRT).

[APPLAUSE]

**MR. JESSE HEREFORD:** Thank you. The mayor of Matamoros, Tamaulipas. Mario López. If you'd like to make some public comments.

**MR. MARIO LÓPEZ:** Good afternoon, gentlemen and ladies. Distinguished members of the Board, I'm honored to be able to participate in this meeting of the Board in order to express on behalf of Matamoros our appreciation for the work done over the last 22 years with these institutions, BECC and NADB, I wish now—which are now a single institution to continue meeting the goals for which they were created.<sup>13</sup>

In Matamoros we have carried out, with the North American Development Bank and the Border Environment Cooperation Commission, successful investments in water and wastewater infrastructure, solid waste management and energy efficiency to improve the quality of life of our residents. To date, we have carried out six certified projects in water and wastewater as well as in municipal solid waste, with an investment of more than US\$152 million in infrastructure in our city, which would not have been possible without the support of all you.

We are currently completing, with the support of the Government of the State of Tamaulipas, Phase II of the comprehensive water and wastewater project, so allow me to request that you initiate the certification project of the same project. Actions under Phase III, which will raise the quality of life of our residents by achieving 98% drinking water coverage, 93% wastewater collection coverage, as well as 75% wastewater treatment coverage, actions that require an investment of more than \$810 million pesos.

Let me provide follow-up document so that, together with the support of the U.S. and Mexican government institutions that are all represented here, we may achieve the certification of Phase III of the comprehensive water and wastewater project. Thank you very much, and God bless you.

[APPLAUSE]

**MR. JESSE HEREFORD:** Thank you very much.

Now from the State of Tamaulipas, from the Tamaulipas State Water Commission, Luis Javier Pinto Covarrubias.<sup>14</sup>

**MR. LUIS JAVIER PINTO COVARRUBIAS:** Good afternoon. Friends, the Rio Grande watershed is one of the most important in Mexico, and it's in trouble. We have a shortage of water, and we need as a society to treat it and reuse it because we are using the resources beyond what is reasonable, compromising the environment, but also climate change.

Thank you for the invitation to participate in this public meeting of the Board of the North American Development Bank. And given the population growth in the Rio Grande basin, well

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<sup>13</sup> Border Environment Cooperation Commission (BECC).

<sup>14</sup> Tamaulipas state water commission, *Comisión Estatal del Agua de Tamaulipas*.

annual growth in most of the 14 sister cities exceeds 3%. That is why the Government of Tamaulipas intends to increase the percentage of treatment of the water discharged to the Rio Grande, by taking the necessary steps before the Federal Government, CONAGUA, so that, to continue working hand in hand with NADBank.<sup>15</sup>

As we well know, the Governments of Mexico and the United States of America, since '93, have had, by virtue of the charter, this development bank to address the environmental problems of the border and its binational basin. Now, under the framework of the 2030 agenda of the United Nations, 17 sustainable development goals are contained to achieve three extraordinary things in the next 12 years: End extreme poverty; combat inequality and injustice, and combat climate change.

Water security has its counterpart, uncertainty. And in the face of this, UNESCO's international water program includes options for wastewater reuse and a combination of end-use efficiency, system efficiency and innovative storage in urban water systems.

A high percentage of international wastewater is discharged without any treatment. Achieving sustainable solutions in wastewater treatment entails a major challenge, especially in urban and peri-urban areas. Therefore, we are in favor of forming a front to focus on wastewater reuse, a front that must already present an approximation so that the Rio Grande is no longer a recipient of our backwardness in wastewater treatment.

Now, they are no longer just treatment plants. It is technology and innovation. It's bringing research and science closer together, which could make financing a better solution alternative. And if the big obstacle is financial, then priority will have to be given to technologies with low operation and maintenance costs, as well as using less civil works and using clean energy to take care of the environment.

Given all of this and given the financial challenge, in Tamaulipas, we know that with the North American Development Bank we are in good hands. Thank you very much for your attention,

[APPLAUSE]

**MR. JESSE HEREFORD:** Thank you very much Luis.

[IN ENGLISH]

Next, I'd like to call on Ezequiel Ortiz, Jr., Board Director from the Agua Special Utility District in Mission to give some comments.

**MR. EZEQUIEL ORTIZ, JR.:** Good afternoon distinguished members of the Board, special guests and visitors. My name is Ezequiel Ortiz, Jr., and I'm a resident of Palmview, Texas. I am proudly here to serve as the Agua SUD Board member, secretary.

The Agua Special Utility District was created by the 80th Texas Legislature and is authorized to provide, operate and construct necessary improvements in its certificated area to provide

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<sup>15</sup> Mexican national water commission, *Comisión Nacional del Agua* (CONAGUA).

service to existing and future customers for water, sewer, contract services in Hidalgo County and Starr County in Texas. Our Board's commitment has been to enhance the quality of life for the families within 120 square miles that we serve through safe, sanitary and affordable wastewater and water services.

The area that our district services has a number of economically disadvantaged area program *colonias*, within its service area, with the primary wastewater service being served by on-site septic tank systems. We have recently undertaken certain wastewater projects to expand our service delivery to areas, including some of the last unincorporated communities in south Texas to have first-time sewer service.

Through our Palmview sewer project, currently underway, we will implement a collection system with approximately 160,000 linear feet of sewer lines, four lift stations and approximately, approximately connecting 1,752 homes in Palmview and the surrounding areas.

The district recently received notification from NADBank that Agua SUD east sewer project has been selected for funding from the U.S. Environmental Protection Agency's U.S.-Mexico Border Program, technical assistance funding. The funding from this technical assistance grant will assist the district to develop the necessary design work to hook up approximately 1,752 homes with new wastewater system, as well as to decertify the septic tanks that the system will replace.

On behalf of the Agua Special Utility Board of Directors, employees and families that we serve, we want to extend our most sincere appreciation to you, the members of NADBank Board for your support in developing and implementing infrastructure projects that help preserve, protect and enhance the environment of our border region in order to advance the well-being of our people of the United States and Mexico. We are grateful for this technical assistance funding that will assist in our efforts to comply with NADBank certification criteria and to provide the approximately—appropriate planning for water improvement projects in the district certified service area.

Once again, thank you for the opportunity to address you today, and we look forward to continuing to serve our citizens and improve their quality of life. I would like to now pass the mic over to our General Manager, Mr. Eddy Saenz.

[APPLAUSE]

**MR. EDDY SAENZ:** Thank you, Mr. Ortiz. As he had mentioned, and he represents the city of Palmview, and the project that we're undertaking here is in the city of Palmview. Agua SUD has 15,700 customers right now. And they only serve around 10 percent of them in sewer in one of the cities. We have five cities: Sullivan City, La Joya, Benitas, Palmview, as well as a portion of the city of Mission.

And what we have done here today, the Water Development Board, along with Agua SUD, have partnered up to commit US\$40 million to take care of the first four phases of this project, which are two phases of collection systems, four major lift stations and one main lift station with a force main that is currently under contract and will get started.

Project number five is what we have left and that is what we hope we can work with NADBank on. We're currently working with your staff on getting all the paperwork together to make sure that it meets all your guidelines in regards to the technical assistance program, which is basically connecting those homes. And these, these connections here are going to be in the city of Palmview that as, that, as Mr. Ortiz had mentioned, is only about 1700 or 1800 connections out of a population in the city of Palmview of over 6,000.

So, we have a long way to go because we have 15,000 connections. But our project is designed to take care of south Palmview and then it'll go into north Palmview eventually. What you see here in the green and yellow are collection systems. The four squares are lift stations and then it comes down to a black square there, which is our main lift station into a force main, and we are cooperating with the City of Mission, and they will be treating our sewer. And this is just the first phase, and we will go north another, to get the other 3 to 4,000 connections for sewer.

This project—we really count 1900, but we know we have guaranteed about 1700 connections. And we will be, we will be working in the design phase. Emilio Salinas here has helped us out from M-2 Engineering to make sure we have all the connections and all the proper planning, all the environmental taken care of.

If there's any questions, we're here. But we do appreciate your assistance and support, and we look forward to having this project being certified as well. Thank you.

**MR. JESSE HEREFORD:** Thank you Eddy.

[APPLAUSE]

**MR. JESSE HEREFORD:** From Reynosa I'd like to call José Ramón Cárdenas Hernández to provide some comments.

**[TRANSLATED FROM SPANISH]**

**MR. JOSÉ RAMÓN CÁRDENAS HERNÁNDEZ:** Good afternoon. On behalf of Dr. Maki Esther Ortiz Dominguez, we're going to have a short presentation.

Okay. It is well known that there has already been cooperation between NADBank and the City, the City of Reynosa. Since 1998 we have had some cooperation between the two entities. Next please.

We have several projects: the reconstruction of the sewer system, the green tire recycling plant; the solid waste treatment plant; modernizing public lighting; and we're planning a wind farm. Next.

The reconstruction of the sewer system. It is well known that in Reynosa we have a problem with the entire system or a large part of the system. Next. Next. Sewer system failures have caused the infrastructure to deteriorate. We really want to fix the problem we have in Reynosa in relation to the sewers. Next. You see images like this every day. Next. We have a

list of priority infrastructure works and investment for 2019. They are collectors... force mains... lift stations and repairing collectors in various neighborhoods, repairing sewer lines. Next.

Studies have been carried out, and we realized that there are approximately 168 serious problems in the city of Reynosa: 22 trunk lines, 32 sewer mains, 108 sewer lines, 6 sinkholes which is a huge problem. We really need an investment of about US\$10 million. Next. You continue to see problems like these. Next.

Okay. That's a bit of the problem we have in the sewer system. I'm going to try to do this faster. The green tire recycling plant. Next. Okay, a 2016 study showed that there are about 3,268,000 used tires. A lot of them are left in Reynosa. Next. We want to turn the tires into recycled material and reuse it in different, in different systems. Next. Next.

The recycling process is very easy. We've already seen it with several alternatives. The first step is shredders. The second step is graters. The third step is mills. The fourth step is fine milling equipment. The fifth step is the rubber powder system, and the last step is the molding equipment. Next. We want to transform this—next—into this. In repurposed rubber, in moldings for paving blocks, for curbs and for other types of materials that can be used in the municipality. Next.

Materials can also be recovered, and we estimate that there is already approximately \$4,320,000 pesos in recovered materials, from recycling, with a 10-year investment. Next.

The Anacuas Solid Waste Treatment Plant. We have already seen several alternatives for what can be done with the waste. Next. There is a process that has just... well, we have been in contact with this company, and they are offering us total waste recycling, well, 95%, without having so much separation or so much waste. The process for this system is reception, separation, grinding, intermediate storage, incorporation, molding, compression and drying. Next. This is a prototype of the plant. Next. This is the result of treating solid waste in a block, which is stronger than a normal block. It gives us a lower price, greater firmness and compaction, biologically and chemically inert, less disintegration in water and a duration of approximately 80 years. Next.

The economic impacts. It minimizes collection costs. Garbage is processed, industrially, without prior selection. Increase in gross domestic product in the area. Decrease in the cost of final disposal. It minimizes construction costs. Environmental impacts. It preserves the environment, reduces harmful fauna, elimination of landfills, generation of... risk of... reduces the risk of fires, rising temperatures and greenhouse gas emissions. Next.

Remediation of the landfill goes along with this project. The project includes... Well, the project reduces waste by 95%, which keeps landfills from being used up. Next. This is basically the process. What we need—want and what the garbage can be turned into. Next. We have already located the property. It is close to the city of Reynosa, well, within the city of Reynosa, on a very, very central property. Next.

Okay, there's been talk about clean energy and saving energy. Next. We are planning a wind farm, a small one, that can provide power to the City of Reynosa and can be uh... Well, it can



provide full power to the City of Reynosa. Next. This would be the park. Basically, there are six wind turbines. Next. It's a 24-megawatt wind farm. Next. Next.

This is basically a site of a plan. Next. This would be the project site, where it would be located. Next. And the cost we have for this project. Next.

Modernization of public lighting. Well it has already been taking place in Reynosa. They've been changing the lights, but it's not enough. We need to incorporate new technologies and incorporate clean energy for these types of projects. Thank you very much.

[APPLAUSE]

**MR. JESSE HEREFORD:** Thank you very much José Ramón.

**[IN ENGLISH]**

Next for public comments, Steve Sanchez, General Manager, North Alamo Water Supply Corporation, from Edinburg, Texas.

**MR. STEVE SANCHEZ:** Good afternoon Board members, Chairman. Yes, my name is Steven Sanchez, and I'm the General Manager for North Alamo Water Supply. With me, I have our Wastewater Manager, Augustine Gomez, and our engineers, Allan Booe, from Melden & Hunt, and Mike Hernandez, also with Melden & Hunt.

I want to give you thanks for giving us the opportunity to come and approach y'all with our project that we have in the Rio Grande Valley. It comes out of Hidalgo County, Texas, just north of the city of Weslaco, and the project is a wastewater treatment plant and a collection system.

The community that is looking to get service there is what, is called Sunrise Hill. It's also known as Teran. There's a population of about maybe 4,000 people that are there. They have water service, but no wastewater. And during a heavy rain event, the septic tanks tend to overflow, go into the streets and...or it's just flooding. Children are playing out in the ditches and with all the feces in there. So, there's a need.

They are a low-income people. They *want* the service. We've been trying to get this together for the *last 18 years*. We're close to it. We've got the project. There were a lot of obstacles that we had to go through, and we're close to it. We were hoping that we could get enough money from the Texas Water Development Board, through EDAP, to take care of it.<sup>16</sup>

This is—the combined treatment plant and the collection system—is about just under U\$17 million. So, of course, EDAP is starting to run out and, with the monies that we received, we had to scale it back. We went back to about US\$8 and a half million to get it scaled back. With that, it comes with quite a hefty loan price on it. The debt service that the residents would have to go ahead and pay there is horrendous. But we're moving ahead. The Board of

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<sup>16</sup> Economically Distressed Areas Program (EDAP).

Directors of North Alamo said ‘we've got to get it done,’ so they've instructed us, given us marching orders to go and try to get this thing completed and get it started.

So again, that's why we're here with NADBank, to basically again partner with y'all, as you all did with us just west of there in the North Donna Regional Wastewater Treatment Plant. You partnered with us very well and to bring a collection system all the way from Edinburg, all the way toward Donna. And again, this is the *exact* same type of project that is there north of Weslaco. And, again, we're here to work with y'all, and we worked real well with y'all before.

Now, Mr. Hernandez here has got a slide presentation that basically shows y'all where the project is and what we're looking at and the *colonias* that are involved and some of them that we had to scale back from, just so we could get it started from that. Again, I'm going to turn the mic over to Mr. Hernandez. But again, I want to thank you all for giving us the opportunity to be here and make our presentation to y'all, and I look forward to working with y'all. Thank y'all very much.

**MR. MIKE HERNANDEZ:** Good afternoon Board of Directors. My name is Mike Hernandez. I'm with Melden & Hunt Engineers. Move to the next slide please.

This is a quick overview of the project. As Mr. Sanchez mentioned, it's in Hidalgo Counties, right along the Rio Grande River. We're targeting 10 *colonias* north of Weslaco. We want to bring first-time sewer service to these areas where we're looking at a population of about 3200 people in that area. We've gone out there, done house-to-house surveys. These people really, really want sewer in their area. A lot of the complaints have been when it rains, septic tanks overflow, sewer all over the yards, running down the streets. So, these people in these areas are really asking for *sewer*. And as Mr. Sanchez mentioned, we're utilizing the EDAP program for some of the funding, and EDAP funds have been, have been...are pretty much gone and depleted. So right now—if you can please move to the next slide.

This is our funding. We're looking at a 700,000-gallon wastewater treatment plant and a collection system of ten *colonias*. We've had to reduce that from a US\$15.8 million to a US\$8.2 million project, and we're only going to target two *colonias* right now with the funding that's available through the Water Development Board. As you can see, the construction costs for reducing the project is now US\$8.2. We're getting an EDAP grant, we're getting some loan components and some principal forgiveness. So, again, as Mr. Sanchez mentioned, we're looking forward to teaming up with the NADBank and possibly fund the remaining of this project so we can bring additional first-time sewer service to these additional *colonias* that need it really bad. Thank you.

[APPLAUSE]

**MR. JESSE HEREFORD:** Thank you very much.

I'd like to call Gonzalo Bravo. He's going to read a letter from Index Sonora. Gonzalo.

**[TRANSLATED FROM SPANISH]**

**MR. GONZALO BRAVO:** Yes, thank you. Mr. Gerardo Vázquez, chairman of the Board of Directors of Index Sonora—Index is an organization representing the maquiladora industry—was going to come to this meeting but sent his regrets yesterday and asked us to read this letter.

*It says: "We are very interested in creating work synergies with the institution that you represent, since your participation would be instrumental in strengthening the economy of the Arizona-Sonora megaregion in developing the supply chain, direct material, for the maquiladora and export manufacturing industry. As you know, with the modernization of the USMCA to meet the origin rule percentage, specifically in regional content, we have the huge challenge of manufacturing products worth US\$1.6 billion, approximately. Currently, in Sonora US\$16 billion is assembled and exported but US\$13 billion is imported from different continents. There is no Sonoran company that manufactures products that may be incorporated into the supply chain. It is basically assembly, so we see a great opportunity to jump start the economy of the Arizona-Sonora megaregion, but it requires working together where one fundamental arm is the development banks. I sent a presentation explaining the project in greater detail, and if you allow me, I can explain.*

Thank you very much.

**MR. JESSE HEREFORD:** Thank you Gonzalo.

**[IN ENGLISH]**

Is there anybody else that's registered to give public comment?

Okay. Seeing none, I'm going to turn it over to our Chair for some closing comments and then I have two announcements to make.

**MR. MATHEW HAARSAGER:** Thank—Is this on? Thank you.

I'll just, I'd just like to say thank you to everybody for coming out today. I personally really appreciated the opportunity to hear from all of you, all the ways in which you've worked with NADBank, you're hoping to work with NADBank, and then just generally the challenges your communities are facing. I think it's really helpful for me, and I think for my Board colleagues as well, to, you know, to have this direct input from you as we're doing our work in the Board. So just once again, thank you for coming and sharing that with us, and I look forward to hopefully seeing more of you again the next time we do a NADBank Board meeting here in San Antonio. Thank you.

**[APPLAUSE]**

**MR. JESSE HEREFORD:** Thank you, Mathew.

The first announcement, if there are any members of the press that would like comments, we'll have media availability with management after we adjourn the meeting. That's not the most important announcement. The most important announcement is the reception is going to be downstairs on the first floor ready to go as soon as we adjourn.

So thank you all for being here. We appreciate your presence, we appreciate your projects, we appreciate your friendship, and we look forward to continuing to work together. The meeting is adjourned. Thank you.

[MEETING ADJOURNED]

# **ATTACHMENTS**

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## **WRITTEN COMMENTS RECEIVED**





Consejo Nacional  
de la Industria Maquiladora  
y Manufacturera de Exportación



**index  
Sonora**

**Carta**

## **Banco de Desarrollo de America del Norte**

Hermosillo, Sonora 08 de Noviembre del 2018

### **Consejo Directivo**

Banco de Desarrollo de America del Norte  
San Antonio Texas. EUA.

Antes que nada reciban un saludo cordial y al a vez acepten una disculpa no me fue posible asistir presencialmente.

Estamos muy interesados en hacer sinergias de trabajo con la institución que representan, ya que su participación seria estratégica para fortalecer la economía de la mega región AZ-SON desarrollando la cadena de proveeduría (Material Directo) de la Industria Maquiladora y Manufacturera de Exportación. Como ustedes saben con la modernización del USMCA para cumplir con el % de las reglas de origen específicamente en el contenido regional, teneos el gran reto de manufacturar productos con un valor de \$1.6 Billones USD. Aproximadamente. En la actualidad en Sonora se ensamblan y exportan \$16 US Billones pero se importan \$13 US Billones de diferentes continentes. No hay ninguna empresa Sonorense que manufacture productos que se incorporen a la cadena de proveeduría se hace prácticamente ensamble, por lo que vemos una gran oportunidad, de detonar la economía de la mega región AZ-SON pero requiere de trabajo en conjunto donde un brazo fundamental es la banca de desarrollo.

Envié una presentación que explica con mayor detalle el proyecto y si me permite puedo explicar.

Aprovecho para reiterarles mis mas altas consideraciones

A T E N T A M E N T E'

Gerardo Vazquez F.

Presidente del Consejo Directivo  
INDEX SONORA A.C.





**Letter**

**North American  
Development Bank**

Hermosillo, Sonora; November 8, 2018

**Board of Directors**

North American Development Bank, San Antonio, Texas. USA.

First of all, receive a cordial greeting and at the same time accept my apology as I was unable to attend in person.

We are very interested in creating work synergies with the institution that you represent, since your participation would be instrumental in strengthening the economy of the Arizona-Sonora megaregion in developing the supply chain (direct material) for the maquiladora and export manufacturing industry. As you know, with the modernization of the USMCA to meet the origin rule %, specifically in regional content, we have the huge challenge of manufacturing products worth US\$1.6 billion. Approximately. Currently, in Sonora, \$16 billion is assembled and exported but US\$13 billion is imported from different continents. There is no Sonoran company that manufactures products that may be incorporated into the supply chain. It is basically assembly, so we see a great opportunity to jump start the economy of the Arizona-Sonora megaregion, but it requires working together where one fundamental arm is the development banks.

I sent a presentation explaining the project in greater detail, and if you allow me, I can explain.

I take this opportunity to send you warm regards

S I N C E R E L Y

Gerardo Vazquez F.  
Chairman of the Board of Directors  
INDEX SONORA A.C.