



North American Development Bank

Banco de Desarrollo de América del Norte

Public Meeting of the Board of Directors

May 30, 2019

Ciudad Juárez, Chihuahua

English Translation¹

MR. BRAVO: ...Development for the Department of Treasury.

[APPLAUSE]

Ambassador Mario Chacón Carrillo. He is the General Director for North America for the Ministry of Foreign Affairs. Welcome Ambassador.

[APPLAUSE]

Dale Eppler. He is the Deputy Assistant of the Secretary for Mexico and Western Hemisphere Regional Economic Policy and Summit Issues for the U.S. Department of State.

[APPLAUSE]

Iris Jiménez Castillo—we are seeing her again after a long time—Deputy General Director of International and Regional Affairs for the Ministry of Environment and Natural Resources.

[APPLAUSE]

Lisa Almodovar is the Deputy Director of the Office of Regional and Bilateral Affairs for the U.S. Environmental Protection Agency. Lisa.

[APPLAUSE]

Joining as part of this Board also for the first time, Lizeth Aurora Villegas. She is the Deputy General Director for Financial Analysis of Public Local Finances and the Mexican border state representative. Lizeth, welcome.

[APPLAUSE]

Of course, the Senator of the State of Texas, Jose Rodriguez. He is the U.S. border state representative. Senator.

[APPLAUSE]

¹ The only language spoken during the meeting was Spanish. Consequently, this entire document is a translation from Spanish into English.

Denise Moreno Ducheny, a lawyer from San Diego and the U.S. border resident representative.

[APPLAUSE]

Mr. Alex Hinojosa, Managing Director of the North American Development Bank.

[APPLAUSE]

Let's give a very, very warm welcome to Ms. Alejandra de la Vega, Secretary of Innovation and Economic Development for the Government of the State, representing here at this time Governor Javier Corral Jurado. Thanks Alejandra.

[APPLAUSE]

Okay, we recognize in the audience various distinguished guests that have come from many places on the border. Gerardo Ronquillo, Treasurer of the Municipality. Thanks for being with us, Gerardo.

[APPLAUSE]

The two Consul Generals in El Paso and Juárez, John Tavenner and Mauricio Ibarra. He's over here.

[APPLAUSE]

Mauricio Ibarra just joined the Consulate. He is a career ambassador... Excuse me, career service career, as well as an excellent professional, and was a member of this Board until the end of last year.

The two commissioners of the International Boundary and water Commission, Jayne Harkins and Roberto Salmón.

[APPLAUSE]

Both provided valuable input in the private session this morning.

Manuel Gerardo Ocejo, Assistant Director of construction for CESPT, which is the utility operator for Tijuana. Thanks, Gerardo.²

[APPLAUSE]

The Mayor of Gustavo Díaz Ordaz, Tamaulipas, José Manuel López, is joining us.

[APPLAUSE]

² Local water utility, Comisión Estatal de Servicios Públicos de Tijuana (CESPT).

Steven Wright from Four Walls Nation. Thank you very much.

[APPLAUSE]

Artemio Alafa, Manager of COMAPA in Díaz Ordaz is here. We have good news for him today.

[APPLAUSE]

I don't know if the director of the *Junta Municipal de Saneamiento* for Juárez is here?³... For Ojinaga?... I don't see Paola Avitia. Guillermo Lash, Manager of the utility system in Matamoros, welcome.

[APPLAUSE]

Jessica Herrera, from the City of El Paso... She registered. ¿She's not here?

From the company Génesis, José Ignacio Matera...

[APPLAUSE]

From academic sector, Dr. Adrián Vázquez from the *Universidad Autónoma de Ciudad Juárez*. Adrián, I saw you... He is here.

[APPLAUSE]

Eduardo Ramos, president of COPARMEX. I did see him. Eduardo.⁴

[APPLAUSE]

Also Ivonne Reul Rodríguez, Director of Infrastructure for the Government of Tamaulipas. Thanks, Ivonne, for coming from so far away. Thank you.

[APPLAUSE]

David Corrales, Director of OOMAPAS in Agua Prieta is not here.⁵ He registered... Okay. Thank you.

MR. BRAVO: Next the chairman of the Board of Directors, Mr. Gabriel Yorío González, is going to say few words. Mr. Chairman.

MR. GONZÁLEZ: Testing, testing. Okay. Good afternoon everyone. Thank you very much for joining us. I am very, very honored to participate in this first meeting of the Board of Directors and this first public meeting of NADBank this year. First of all, I want to welcome once again,

³ Local water utility, Junta Municipal de Agua y Saneamiento (JMAS).

⁴ Mexican employers' association, Confederación Patronal de la República Mexicana (COPARMEX).

⁵ Local water utility, Organismo Operador Municipal de Agua Potable, Alcantarillado y Saneamiento (OOMAPAS).

the Secretary of Innovation and Economic Development of the Government of the State of Chihuahua, Ms. Alejandra de la Vega. Thank you very much for joining us.

For me, it is a privilege to be here today, especially because we had two days, I think, that were very productive, long, with a lot of discussion, but I think they were very, very fruitful for, for the Bank, but also for us as... on... the Board.

We had the opportunity to review financial statements. We had the opportunity to review lines of business that the Bank wants to explore. We also had the opportunity to explore the new approaches that they are trying to implement on environmental issues. And I think it was very informative to also understand first-hand the impact that the Bank has on the border region of the two countries. We also had the privilege of visiting two water treatment plants, one in Tornillo, Texas and the other here in Ciudad Juárez, and I think that knowing these impacts first hand, the impact it has on the economy, but also the impact it has on economic development is very informative of the impact, of the reach that the Bank can have in the life of the border and, above all, in the cities around the border.

I would also like to highlight that currently and as part of the discussions that we held today during the private session of the Board, we discussed issues that go beyond mere initiatives and are more focused on defining the strategic planning of the Bank. The Bank is considering medium-term outlooks in preparing strategic plans, with a view to five years and is trying to concatenate the different levels of administration of the Bank with its long-term development objectives, and I think that these are innovations, good international practices that all development banks have, and NADBank is no exception. It is moving in that direction and in that sense, we are very, very pleased with the work they have been doing in recent years. I also just found out that the Bank is 25 years old this year. So I want to congratulate you and of course thank you and recognize you for the work you have done in recent years, both its managing director and all the staff that works with, at the Bank. And without further ado, I think, I will give the floor to those who really know about the administration of the Bank, no?

MR. BRAVO: Thank you very much, Mr. Chairman.

[APPLAUSE]

I would like to note the presence of José María Bulás from CEMEX, who is joining us. Thank you. A long-time friend of the Bank.

[APPLAUSE]

Now we respectfully ask Ms. Alejandra de la Vega to say a few words, please, Alejandra.

MS. DE LA VEGA: Good afternoon everyone. On behalf of Governor Javier Corral, thank you for the opportunity to be here. Welcome to Ciudad Juárez. Welcome to Chihuahua. The Governor wanted to be here, but because of his schedule, it became complicated, and the Governor asked me to attend on his behalf. I would like to thank the chairman of the Board, Mr. Gabriel Yorrio, and the entire Board of Directors. And in particular the Governor asked me to thank Alex Hinojosa and the entire work team for their collaboration with the State of Chihuahua and the interest shown in the projects of the State of Chihuahua.

Since its inception, the North American Development Bank has cooperated greatly in the economic development of this region and provides technical and financial advice in the region within its jurisdiction. The binational nature of the Bank is a great example of the region to which we belong. The commercial, industrial, social, cultural and family interaction between our region is constant and intense in the border states. It is an example of public policies that seek true social and economic development, understanding that, as co-inhabitants of this same region, it is essential that the progress and quality of life of the people who live there, be satisfactory and developed in both nations.

This collaboration is even more crucial right now. Today more than ever, it is important, essential, to continue efforts to build tangible ties of understanding and collaboration between our nations and between our states. The growing trend of economic and social integration in our countries requires us and reveals the need to work closely and in profound coordination.

The projects that this institution promotes are strategic for the growth and development of our main economic sectors, by enabling us to offer services and infrastructure that are essential for them, but even more important for our citizens.

For the Government of the State of Chihuahua, we are certain of the necessary collaboration, we are aware of the pressing needs facing our region, and we recognize the support that this institution provides. It can be very important in finding and offering sustainable solutions that benefit everyone in the short, medium and long term.

Thank you very much for being here and for your willingness to collaborate and build solutions for the regional problems we share. Thank you.

[APPLAUSE]

MR. BRAVO: Thank you very much, Secretary. Right now, we have the public comment period, if you want to join us. Do you have time? Yes? Perfect.

So, we move to this very important part in our institution, which makes us very special, I think, because it is the public voice of the works on the border. And three people signed up in advance to speak and then two other people have asked to speak using these forms that you can submit out there and you can put your name and what you want to present.

We have more or less five minutes for each comment. Steven Wright from Four Walls has the floor, please, Steven.

Ah, sorry, sorry, sorry. The director of NADBank is going to say a few words. Sorry.

MR. HINOJOSA: There we go. Once again. Mr. Gabriel Yorio González, Secretary Alejandra de la Vega, members of the Board, everyone, good afternoon.

I would like to report on what the Bank has done in 2018. We certified—part of our mandate is the certification of projects. So, any project that we are going to provide funding or that we

are going to finance, we do studies of the benefit to the community with our environmental mandate. So, part of that is certification. We have six projects that were certified: three water projects, two wastewater collection projects and a solar park.

The total investment was US\$276.6 million. The Bank's participation was 115, would be US\$115 million, with US\$111.6 million in loans for two projects and \$3.7 million in grants for four projects. Once again, with our mandate, we have monitoring and measurement, which would be for approximately half a million, for a population that benefits 575,000.

The loan program ...loans approved and contracted for three projects. The San Quintin desalination plant, approved for US\$36.1 million; the Puerto Libertad Solar Park—one of the largest in the Americas really—US\$75 million; and the border-wide low-emission bus purchase program in Mexico—it was an increase—it was for US\$20 million. In this program, what we are doing is we are financing buses, buses with clean energy, that is, natural gas or clean diesel. One hundred sixty-six million dollars were disbursed during the year for 10 projects under construction.

We have an assistance program for low-income communities and the results for 2018 were US\$1.2 million for three projects: the Drinking Water System for José Silva Sánchez in Tamaulipas, US\$250,000; Water Supply and Distribution System Improvements in Whetstone, Arizona, US\$500,000; and Peña Blanca Wastewater System Improvements in Nogales, US\$450,000. There was also US\$500,000 contracted for the water project, a community near Whetstone, Arizona. Two point two million dollars was disbursed for eight projects in process. The first was what was approved and then the \$2.2 million, was what was already in process.

We also manage the BEIF, that is the Border Environment Infrastructure Fund, with funding from EPA.⁶ The 2018 results were US\$2.9 million approved for two wastewater collection projects in Camargo, Tamaulipas, \$2.5 million; in Tijuana, Baja California, \$350,000 in additional funds. We have five wastewater projects with a total of US\$4.3 million contracted in Tijuana; Marathon, Texas; Loma Blanca, Chihuahua; Sunland Park, New Mexico; and Willcox, Arizona. Twenty-five million dollars were disbursed during the year for 16 projects that are under construction.

Fifteen Projects completed the construction and began operations: nine water or wastewater projects; two solid water equipment projects; two wind farms and a street paving project to improve air quality. A total investment of US\$819 million; our participation was US\$213 million; with a population benefitted of 2.9 million. Here you can see that the leveraging that the Bank does is to attract other funds and with great success.

We also did an analysis ... of the results that... It's a process that we have begun some years ago, but here what we have aggregated through 2018... We've done reports on 106 projects with their reports: four water treatment plants with a combined capacity of 2,528 liters per second; 335 kilometers of pipeline, 28 treatment plants ... wastewater treatment plants with a capacity of 11,390 liters per second, with 1,500 kilometers of sewer lines. We have one water conservation project for an irrigation district with 3.2 kilometers of improved canals,

⁶ U.S. Environmental Protection Agency (EPA).

three storm drainage projects with 34.6 kilometers of collectors and 476,124 cubic meters of capacity in reservoirs. All this is what is really important, because it indicates that this is the benefit to the communities that we support.

There we are. Thanks.

Aggregate results. We are continuing here the impact of the 106 projects with closeout reports: three sanitary landfills and 92 collection vehicles and landfill equipment benefitting approximately 2.3 million people. With the sanitary landfills, an estimated 1,363 metric tons of waste are being properly managed, and .8 hectares of dumps closed. Five roadway improvement projects that are providing 6.9 million square meters of streets were paved, 183,000 people benefitted, and we also have 1,578 metric tons a day of airborne dust that was avoided. All this is important for air quality and the communities. We have two public transportation projects that supplied 343 low-emission vehicles and in this 3.5 million people are benefitting, 2,554 metric tons a year are greenhouse gas emissions, are avoided, and 173 metric tons a year of NO_x emission were avoided. We also financed 15 clean energy generation plants with a combined capacity of 1,134 megawatts or 1.1 gigawatts, benefitting five million people. They are going to generate 3,133 gigawatt-hours a year of electricity, 1.7 million metric tons a year of emissions were avoided and also 4,000 metric tons a year of other polluting emissions were avoided.

This year we have activity with the approval of new projects and financing. Four new projects have been certified to receive a total of US\$113 billion in loans and grants. One of them is the Monterrey Light Rail Line 3 in Monterrey, Nuevo Leon, US\$103 million; expansion of the sanitary landfill in Maverick County, Texas, which was approved by the Board today, with a US\$2.9 million-loan and a US\$150,000 CAP grant; the rehabilitation of collector Poniente, Segment 1A, in Tijuana, Baja California, with a US\$2.4-million BEIF grant and a wastewater collection and treatment project in Gustavo Díaz Ordaz, Tamaulipas, with a US\$4.5 million BEIF grant.

Part of what the Bank also does is provide technical assistance to develop projects and studies. In 2019, we have seven studies in process or development financed with TAP grants for US\$1.4 million. Thirteen projects were in process or development funded with US\$2.0 million in PDAP grants to support the development of 12 water or wastewater projects prioritized by EPA to receive BEIF grants. We have 22 Border 2020 initiatives in process—which are usually environmental studies—with of US\$1.13 million in grants.

Something that we also take great pride in hosting are events where we provide information or bring certain industries together. We have the XXIV Border Energy Forum, which will be held August 21, August 20th and 21st in San Antonio, Texas. Here what we do is join forces in the region to develop projects that help improve the environment, financing opportunities, new technologies and how to continue building alliances that benefit both countries.

The *Instituto para Administración de Servicios Públicos*, the Utility Management Institute, UMI, will be in San Antonio, two modules in July, one in July and one in September. Our objective is to teach the first modules on the planning, implementation of a successful utility on both sides of the border.

This is a summary of the activities we have had in 2018 and this first quarter of 2019. Thank you.

[APPLAUSE]

MR. BRAVO: Thank you very much, Alex. Now we turn, for sure, to public comments. So, I had called Steven Wright of Four Walls. At the microphone over there, you can speak, and he has a presentation.

And they are going to show the presentation from here. Yes.

MR. WRIGHT: Good afternoon. My name is Steven Wright. I am a cofounder and codirector of the NGO called Four Walls International.⁷ I am here with my colleague, William Matson, and we came to talk specifically about our program, Border Impact Bond. I want to thank Alex for the invitation. We are excited to present it. Yes. Next.

It is important to recognize that we have been working 10 years in the border area of San Diego and Tijuana, reusing solid waste as construction materials. This is a map of our projects on both sides of the border, but we are very lucky to have the experience of also building in Guatemala and Colombia. Next.

In our house, in our home, we have...

[AUDIO PROBLEM]

...a very big problem. We have a very big problem. It's that the solid waste...

[PAUSA / PAUSE]

Okay. Oh! Sorry. We have a big problem, no? We have a lot of tires, a lot of garbage, a lot of sediment the crosses to the north side, and this is a photo of the sediment basins in Gold Canyon. It represents a sub-basin of the Tijuana River basin and.... next.

We are spending 20% of the region's state parks proposal to mitigate those two sediment pools. The State of California is spending US\$1.8 million annually to more or less not solve the problem, no? To prevent further damage to the estuary. When we look at what San Diego County spends, also in the city of San Diego, it's more like US\$3 to US\$8 million annually. Next.

This is a map of the river, Tijuana River basin, and you can see that we have 70% on the Mexican side, 30 to the north. And here, you can see a map...the region where we are focused in the Los Laureles sub-basin, in the little green star, is the Gold Canyon sediment basins. Okay. And what we have learned in these 10 years is, if we move upstream in the basin and we can create economic incentives and local jobs, we can prevent the same materials from crossing the border for 70% less than what we spend to remove them from the river and put them in a garbage can.

⁷ Non-governmental organization (NGO).

So, it doesn't matter what, how we intervene or what we do, it's very obvious that what it entails is a sustainable financed mechanism, to remain consistent and have a measurable impact. That's why we created the Border Impact Bond. I took the Impact Finance model, but with a binational element, and the idea is that private money can work on basin improvements, above the basin, and the stakeholders below, on the north side, are going to see the savings. They are going to save a lot of money and that money can repay, the principal and interest of the investors. next.

Partnering with our colleagues at the University of California Irvine, we identified three hot spots, three places that are responsible for 60% of the sediment and trash that crosses the border. That is an aerial view of the three hot spots. And with the financing from the Border Impact Bond, what we are going to do is create jobs, stabilizing the hills and the canal. We are going to create a recycling program centered on the needs of the community and we are going to reforest the hills and install green infrastructure. Next.

The initial implications, working with the simulations on the computer, indicate that the state is going to save quite a bit of money. One more... And it also indicates that the risk for the State is minimal. There isn't much risk involved. Next.

So, we came here to present. We appreciate the opportunity. But we came in order to be on your radar. Begin the discussion, because the NADBank, the truth is, the ideal partner. Because when we do it in Los Laureles, we are going to have a plan that can be replicated throughout the river basin, as well as all the binational basins on our border. And we are in the planning and design phase for implementation or participation. And we are excited to continue the conversation, to see if there is an opportunity to work together, to take the Border Impact Bond to the market. Thank you very much for your time, and here is my contact. I hope to talk later. Thanks.

[APPLAUSE]

MR. BRAVO: Thank you very much, Steven and thanks for coming from so far away.

Another person who also came a long way, from Chihuahua, Dr. Oscar Ibáñez. He just arrived. Thanks Oscar. President of the *Junta Central de Agua y Saneamiento*.⁸

[APPLAUSE]

A half hour ago he was in Villa Ahumada, eating his second burrito. Oscar, come on up please ... He asked to speak.

DR. IBÁÑEZ: Well. Okay now. Look, well, first, the Governor's representative, Alejandra, already gave thanks on behalf of the State. I only want to share a bit of our experience working with the NADBank.

Objectively, I have for many years, since their inception, known the binational institutions that emerged from what was the Free Trade Agreement, and I can say that the work that has

⁸ State water agency, *Junta Central de Agua y Saneamiento* (JCAS).

been done on this piece, in particular Chihuahua, especially in the region of Paso del Norte, but also in the area of Palomas-Columbus, the entire Juarez Valley, including Ojinaga, has been very important. The work that the Bank has developed really, well, it's already part, I believe, of the legacy, of successful partnerships, and we want to continue that way, continue with this type of collaboration and these projects.

I'm going to mention a couple of issues that are conceptual and have to do with the one who spoke before me. In the Tijuana-San Diego area, it has always been a problem, this issue of water, which then they share the... and the discharges then affect the ecosystem of the two countries. Here we also have the same thing. We have a basin where raw sewage can indiscriminately affect both sides of the border. However, the work that has been carried out by the Bank, with the support of the Bank, with E.P.A., with CONAGUA, has permitted that infrastructure here on the border is now already at 100% of water treatment.⁹ We are about to complete some collection infrastructure to connect all the... the wastewater in Ciudad Juarez, with treatment. But we need to go to the next level, I believe. We need to reuse that water. We need to take advantage of the energy from biosolids. We need... take every opportunity to be energy efficient, not just from the treatment sludge, but also by improving our efficiencies in producing water.

We have been working with the Bank, right now with its technical department, in training management staff for the utilities. We are going, we are already registered for this session that they are going to have in July in San Antonio.

Right now, the Bank is supporting us with another facet that we had not dealt with and that I think is going to be fundamental for the region and that is the storm water management. Everything that has to do with rainfall in this basin and which ultimately has binational impacts. All of us who live here had to live through the 2006 tragedy, when the Elephant and Caballo reservoirs were full. They had to release the water. The river was full. We had floods in the area of New Mexico, Texas and, of course, also here in Juarez. We didn't have any way to send the water anywhere. Today, this morning, in the meeting of the Technical Committee of the Juarez Bridge Trust, a very important investment was approved, \$600 million pesos in funding for storm drainage.

The Bank is supporting us with technical assistance for what would be the design of a utility that will help operate and maintain a system with these characteristics. It is very expensive infrastructure, but has an impact, not just on the quality of life of people, but also on productivity and on the best environmental operation of the entire city.

These projects that are being done in storm drainage include recharging the aquifer, which also has a binational impact. We share the aquifer. We pump water from the same aquifer, both in New Mexico and in Texas, and this is very important, because these studies and these projects are looking to recharge the aquifer. We have proposals for green infrastructure, for which we have also received support, training from the Bank, to incorporate them as the new way of working and recovering rainwater, scarce rainwater, but ultimately, we need to make the most of it.

⁹ Mexican national water agency, *Comisión Nacional del Agua* (CONAGUA).

The Bank was also there with the State of Chihuahua when the Governor decided to do a long-term State Water Plan. The Bank also provided support through technical assistance to do this plan, which was recently presented by the Governor and the General Manager of CONAGUA.

I'm making this brief summary of everything that the Bank has meant for the State of Chihuahua and especially for this region and raise it as a basis for a partnership that is going to continue to be a success for the region. Each of these infrastructure works also has an impact on the American side. Recently, we are proposing to... to the Environmental Protection Agency, also, to do... build infrastructure that mixes, in the northwestern part of the city, collectors that have been damaged because of the lack of storm drainage, that ultimately represents a risk of sewage, prior to treatment, going into the river and affecting, may affect, the operation of the basin.

All these activities ultimately benefit, or affect, the entire basin, the two countries. And it's when an institution with these characteristics, binational, that allows us to address these issues effectively, as such binationally, because... the basins, we cannot deal with just one side.

I'll close by saying that the Bank's interest in participating in project financing, has also raised the possibility that storm drainage infrastructure may be one of those opportunities. Energy infrastructure to have clean energy for everything that is the... our production, our use of energy. We are the main consumer, at the state government level, of energy, the water utilities, and we are well aware that we have to move to the use of clean energy, to improving efficiency standards. We are also asking the Bank for advice to go to a next-level efficiency study, to further improve the efficiency of all production equipment and link it to the use of clean energy.

And finally, last Friday, we made, we awarded two treatment plant rehabilitations in Chihuahua. The Bank was involved in this process. Several of the companies that were seeking to participate in this process, approached the Bank to request letters of credit support and it is likely that ultimately the winning company will go to the Bank for, well, its financial tools. There we also had significant additional support from the Bank, because we are going to change, modify, the operation of those plants for cogeneration of electricity, also with biomass, with the sludge from the plants.

This very brief summary of the activities that we are doing with the Bank, and I will surely forget some, such as the \$9.2-million investment that is going to be made here in El Sauzal, in Juarez Valley, to complete an investment made by the State Government and CONAGUA, and the one pending in Ojinaga. But this very brief summary, I want to do it like this, I wanted to do it like this, as a testament of the gratitude of the State Government and as an indication of how all this infrastructure, all these activities, have an impact on both sides of the border. And how this institution that is explicitly and effectively binational allows this infrastructure to be developed and we expect that it will continue being developed with ever greater quality and greater professionalism.

With much thanks to the institution, and we remain willing to partner and continue investing with you. Very kind of you.

[APPLAUSE]

MR. BRAVO: Okay. Thank you, Oscar. Well, everything you have mentioned is part of an agenda that we have agreed on with the State Government. A few weeks ago, some very special initiatives were agreed on for this Administration, and everything you mentioned Oscar has to do with those important initiatives.

I'd like to recognize the presence of Hugo Almanza, manager of the Tornillo utility, who has just arrived. Thank you.

[APPLAUSE]

Yesterday our Board visited the arsenic removal plant. It was a very exciting visit, and we congratulate for all that work that you all are doing. Thank you very much.

Next, Mr. Andrés García from the company Ibero Mexicana de Energía has the floor.

[APPLAUSE]

MR. GARCÍA: Good afternoon. First of all, to thank the directors of the North American Development Bank for the opportunity that they are giving us to present this project of ours. I've come on behalf of a group of entrepreneurs in Matamoros, Tamaulipas who are committed to developing industrial parks and industrial facilities. For this reason, we have built a 200-hectare park in Matamoros in order to promote and support the development of the maquiladora industry on the border. For this reason, the main reason was to provide added value to our park, and the development of a cogeneration plant for electricity based on a combined-cycle system powered by natural gas came to mind.

The advantages that we see in this project is that, in this way, we can generate clean electricity that supports the environment and is also more economical than the way power is currently being priced by the entity, the Federal Electricity Commission.¹⁰ In addition to these environmental benefits, in the border region in the area of Reynosa, there is significant wind energy development. Wind power is one of the cleanest energies, but it has a drawback, that it is not a 24-hour support. When there is no wind there is no energy, just like solar at night, there is no power. So, this project also complements part of the development of clean wind and solar energy to cover the peaks and to cover the hours when there is no demand.

Our project is a project with a 66,000-kilowatt capacity. We have practically the entire project developed, the authorizations from the federal authorities, authorized, and currently we are only in the process of closing the contract to obtain natural gas, which is an import gas since Mexico does not currently have the capacity to supply gas.

The project is called the cogeneration cycle, because in addition to generating electricity, we are going to generate... the residual heat is going to be used to generate ice water. Ice water, in the border area, there is a great need for air conditioning in the plants. Air conditioning is

¹⁰ *Comisión Federal de Electricidad (CFE).*

the main consumer in the plants. So, by generating ice water that we can deliver in pipes, it's also going to represent substantial savings for the costs of the development of industry.

We think that with this, we are supporting both the development of industry and the environment, in terms of clean energy generation, given that, as you know, natural gas is one of the least polluting, which in addition well it's going to avoid using fuel oil or other solid fuels that are more polluting.

Broadly speaking, this is our project, there we have the presentation, and we are available for any additional clarification. Thank you very much.

[APPLAUSE]

MR. BRAVO: Víctor Alfonso Sánchez has asked to speak. He has a proposed study for demineralization of salt water.

MR. SÁNCHEZ: Good afternoon. As you have already seen, my name is Víctor Alfonso Sánchez Ruelas. I'm a chemical engineer and was with the organization Delacar in Matamoros in '96.

I've really come here to leave you, the Board of Directors and our current manager of the Matamoros water utility, with a concern. That is, since Matamoros is the last city on the Rio Grande basin, well, we receive, perhaps, the worst quality water, right? Because we are last. But we are located in a prime area because we are right next to the sea. So, instead of being the last, why not be the first to produce desalinated water. So, that is simply the concern that I've come to request that the Board of Directors to look into the feasibility and do the project of this type of desalination. It's really all I want from you.

[APPLAUSE]

MR. BRAVO: It's that I was told it was being activated... exactly.

Okay, now Ivonne Reul from the Government of Tamaulipas has the floor. Ivonne, please. She is going to present a border master plan.

MS. REUL: Thanks. Good afternoon everyone. Thank you for the invitation, Board members. I would just like to make one comment. I think we are all very aware of the current situation on the border. Wait times have not changed. They are still interminable. The costs, the extra costs, both operating and spillover, is impressive, aren't they? And those with private transportation businesses, etc., live it every day.

On top of this, the National Development Plan, as such, only considers two specific regional projects. There's the Maya train. There's the airport. There is also, uh... igniting the Isthmus of Tehuantepec, and it mentions the free zone on the northern border. But as such, there is no specifics about what it is that is going to be done, nor, nor, nor has it been clear. So, today I'm raising my voice in the name, not only of the Government of the State of Tamaulipas, but also all the States involved, because the Texas Department of Transportation is working on updating the current border master plan and Mexico, well, as of today, does not have as such sufficient resources to be able to participate.

I think Mexico should participate in this master plan, providing its share of studies, its numbers, its interests, its concerns, not just consider one side, but rather the issue that all the states have. And that's why, I would like to hold a meeting, not just with the Bank, but also with the states involved—Chihuahua, Coahuila, Nuevo Leon and Tamaulipas—to see how we might support each other and, thus, find areas of opportunity on the border. At all the border crossings something can be done. There is a lot to do. And... and I think that there is good communication and simply, just, a lack of understanding and engage and well I would request any support that Bank might provide in that respect. Thank you very much.

[APPLAUSE]

MR. BRAVO: Thank you very much, Ivonne.

With that, we move to the closing of the meeting by the chairman of the Board.

MR. GONZÁLEZ: Very well. Thank you very much. Well, it's time to conclude the public meeting of the Board of Directors of the North American Development Bank. These, these contacts and public opinion exercises are very valuable for us, because it allows us to hear, also first hand, what your concerns are, what problems you are trying to deal with, beginning even with the last speaker, the role of the Bank, even in terms of trying to coordinate the states. I think that it is a very important role that the NADBank can perform. And obviously, I was very much struck by the way in which even in trying to address a border issue you are trying to see how an environmental solution may perhaps be linked to an innovative financial product. And I think that that... they are initiatives that the NADBank, that the Bank, is perhaps the best institution to address these types of initiatives.

Having said that, I thank you all for your participation. I also thank you for providing your views, opinions and perspectives. To close, it's been a pretty intense two days. It was very interesting, and I just, mostly want to thank you all, thank the NADBank team, thank the Board members, for all the support, all the logistics and, for my part, it would practically... it's the last speech. I will close with this. Thank you very much.

[APPLAUSE]

MR. BRAVO: Thank you very much, Mr. Chairman. Thank you all, the dais. We are providing a reception here on the terrace that is on the left. We finished really early. We were going to begin around 5:30, but we're going there to see what we can do to speed up the drinks and food. Thank you very much. We'll see you at the next one.

[APPLAUSE]

[MEETING ADJOURNED]