Border Sanitation and Water Quality

Binational Border Sanitation and Water Quality Summit

March 2011
North American Development Bank (NADB)

The NADB was established in 1994 under the auspices of the North American Free Trade Agreement (NAFTA) between the United States and Mexico.

The NADB’s objective is to facilitate financing for environmental projects along the US-MEX border region by promoting sustainable development among the communities throughout the region.
NADB Board of Directors

- Secretary of the Treasury
- Secretary of State
- Administrator, Environmental Protection Agency
- U.S. Border State Representative
- U.S. Border Public Representative

U.S.A.

- Secretary of Finance and Public Credit
- Secretary of Foreign Affairs
- Secretary of the Environment and Natural Resources
- Mexican Border State Representative
- Mexican Border Public Representative

Mexico
Eligible Sectors

NADB PROGRAMS

Loan
- Competitive fixed or floating rates
- Focuses on the financial viability of projects (credit risk analysis, source of repayment, collateral and guarantee structure)

Technical Assistance
- Support project development with regards to the closing of financing, project design, related development studies, and project bidding

Eligible Sectors

Water and Sewage
- Potable water treatment plants
- Sewage and wastewater treatment
- Water conservation
- Storm drainage

Residential, industrial and hazardous waste
- Landfills
- Recycling
- Equipment
- Toxic waste disposal

Air quality
- Street paving
- Pavement rehabilitation
- Road bypasses
- Urban mass transit systems
- Border crossings

Renewable Energy
- Wind
- Solar
- Hydroelectric
- Geothermal
- Bio-fuels
- Biomass
- Methane capture

Energy Efficiency
- Public lighting
- Equipment replacement
- Water efficiency programs
Recent Sector History

- Decreased grant funding available
  - Border Environmental Infrastructure fund
  - CDBG

- Lack of bond insurance quality
- Credit Quality is more significant
- Changing buying groups
## Bond Insurers

<table>
<thead>
<tr>
<th>Claims Paying Ability</th>
<th>Insurer</th>
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<tbody>
<tr>
<td>Caa2/R/na</td>
<td>AMBAC Assurance Corporation</td>
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<tr>
<td>Aa3/AA+/na</td>
<td>Assured Guaranty Corp. (AGC)</td>
</tr>
<tr>
<td>Aa3/AA+/na</td>
<td>Assured Guaranty Municipal Corp. (Formerly FSA)</td>
</tr>
<tr>
<td>na/na/na</td>
<td>CIFG Assurance North America, Inc.</td>
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<tr>
<td>na/na/na</td>
<td>Financial Guaranty Insurance Company (FGIC)</td>
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<tr>
<td>Baa1/BBB/na</td>
<td>National Public Finance Guaranty Corp. (MBIA's public finance subsidiary)</td>
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<tr>
<td>Ca/R/na</td>
<td>Syncora Guarantee (Formerly XL Capital Assurance )</td>
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</tbody>
</table>
Funding Sources

- CDBG – grant
- USDA Loans
- State Revolving Funds loans
- NADBank loans
- Open Market bond issue
## Interest Rate Differential
### Representative Tax Exempt Muni Bond Yields

<table>
<thead>
<tr>
<th>Maturity</th>
<th>INS</th>
<th>AAA</th>
<th>AA</th>
<th>A</th>
<th>BBB</th>
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<td>0.31</td>
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<td>0.33</td>
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as of 03/10/11, 4:29 PM. Source: S&P.