



**Border Environment Cooperation Commission and
North American Development Bank**



Public Meeting of the Board of Directors

**July 16, 2008
San Antonio, Texas**

ENGLISH VERSION

MR. FLORES: Good afternoon. Welcome all of you to this Public Meeting of the Board of Directors, of the NADBank and BECC, the Border Environment Cooperation Commission. Thank you for your attendance. As we get started, as usual, we like to recognize dignitaries or representatives of the offices of elected officials in attendance, and of course, as always, I'm sure to omit an important name, so I ask your forgiveness in advance.

But I do want to recognize that we have present and will be providing comments later during this meeting, José Lorenzo Villegas Vasquez, Presidente Municipal of Naco, Sonora. We have with us, Presidente Municipal Roberto Bennett Ramos of Rio Bravo, Tamaulipas and Presidente Municipal Jorge Ramos Hernández of Tijuana, Baja California. We have also in the audience somebody who has been supportive of the Bank and of assistance to us on many occasions, Daniel Mesa representing Senator John Cornyn's office. Ryan Sullivan representing State Senator Carlos Uresti is present. My former boss, the person who hired me into this job, Raul Rodriguez, the former Managing Director of The North American Development Bank is present.

I understand there's a representative here of U.S. Congressman Charlie Gonzalez, and I'm going to put you on the spot, you're going to have to stand up.

SUZANNE: Thank you.

MR. FLORES: Thank you, Suzanne, for being here. As many of you know, Congressman Gonzalez has been a big advocate of the Bank and supporter of the institution, of both institutions. He was the house author of the reform legislation that created this now single Board of Directors that governs both institutions, and we're actually in his District at this moment where we're having this meeting, so thank you for being here.

At this time what I would like to do is welcome Ms. Beth Costello who is going to provide some welcoming remarks on behalf of the City of San Antonio. Beth, if you would, please.

I think you're live.

MS. COSTELLO: Oh, thank you. Thank you. Good afternoon, distinguished members of the Board of the BECC and the NADBank. I would like to especially welcome back Liza Morris and Ricardo Ochoa Rodriguez, as we know that the Chairmanship of this position rotates between the Department of the Treasury and Hacienda each other year. I'm Elizabeth Costello, Director of International Affairs for the City of San Antonio, and we give you the most cordial welcome to San Antonio.

[TRANSLATED FROM SPANISH¹]

Good afternoon, distinguished members of the Board of the BECC and the North American Development Bank. Knowing that chairmanship rotates between the two departments of the Treasury, we would like to give a special welcome to Liza Morris and Ricardo Ochoa Rodriguez. I'm Elizabeth Costello, Director of International Affairs for the City of San Antonio. You are very welcome.

[IN ENGLISH]

Mayor Hardburger and the City Council hold the belief that San Antonio is the most Mexican city in the United States.

[TRANSLATED FROM SPANISH]

Mayor Hardburger and the members of the City Council believe that San Antonio, Texas, is the most Mexican city in the United States.

[IN ENGLISH]

We eventually hope that every other city in the United States eventually shares that same wish.

[TRANSLATED FROM SPANISH]

We hope that someday most of the other U.S. cities share that sentiment.

[IN ENGLISH]

But today more than ever, we're grateful for your invaluable work which keeps alive our commitment to our most important bilateral relation.

[TRANSLATED FROM SPANISH]

But today more than ever, we're grateful for your valuable work which revitalizes our commitment to our most important bilateral relation. So, welcome.

[IN ENGLISH]

Welcome to your second home. Thank you very much.

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

[APPLAUSE]

[TRANSLATED FROM SPANISH]

MR. FLORES: Thank you very much, Beth, for those very gracious comments.

At this time I would also like to remind you, for those who need one, we have translation devices available, if anyone needs one and does not have one.

[IN ENGLISH]

If anybody would like to have an interpretation listening device, we have those available. Just please ask one of the people standing at the door for your help in that.

At this moment what I would like to do is recognize and introduce the members of the Board of Directors present, starting with Ms. Liza Morris, Chairperson of the Board, Acting Director of the Office of Multilateral Development Banks at the U.S. Department of Treasury.

[TRANSLATED FROM SPANISH]

Ricardo Ochoa Rodríguez, Head of the International Affairs Unit, Mexican Finance and Public Credit Agency.

Alejandro Estivill Castro, General Director for North America, Mexican Ministry of Foreign Relations.

Enrique Lendo Fuentes, Head of the International Affairs Unit, Mexican Ministry of Environment and Natural Resources, SEMARNAT,

[IN ENGLISH]

...Mexico's Environmental Protection Agency.

Daniel Darrach, Border Affairs Coordinator of the Office of Mexican Affairs at the U.S. Department of State.

Michael Stahl, Director, Office of Regional and Bilateral Affairs, EPA Office of International Affairs, the U.S. Environmental Protection Agency.

The Honorable Lorenzo "Larry" Larrañaga, Member of the New Mexico House of Representatives, in representation of U.S. Border States on the Board of Directors.

Mr. Jacob Monty, the Managing Partner of Monty Partners, LLP, in representation of the U.S. General Public on the Board of Directors.

At this time I will turn the microphone over to Ms. Liza Morris to provide opening remarks on her behalf and to recognize the other Board members for any opening comments that they would like to make as well.

MS. MORRIS: Thank you very much. It's a real pleasure to be here in San Antonio. This is the fifth meeting of the combined BECC/NADBank Board of Directors, after the reforms which were approved by Chairman Gonzalez. And it's really a pleasure to be here.

I want to be brief today because the purpose of this meeting is so that we can listen to you, but I do want to tell you a little bit about what we did today. We certified and approved \$149 million worth of project financing for three projects and I want to highlight one in particular, because it's very interesting. It's an innovative project and a new sector for the NADBank. It's a methane capture plant for the largest dairy farm in Chihuahua. And they capture the methane and they use it to generate electricity to run the dairy. So it's innovative and it's a private sector project, so it's very interesting. We were pleased to approve this today.

And I did want to tell you that we also talked about how to measure the results of these institutions, because that's so important for all of the stakeholders to know what the impact is of these projects. And I think it's a testament to the increasing importance and impact that these institutions are having in the border region by a standing-room-only audience here today. Now, I don't know how many NADBank and BECC staff make up the audience, but it still is a testament. And we appreciate your being here. And we think that the institutions are working effectively and are working more closely together to achieve positive results and improve the environment and improve the lives of the people in the border region. Thank you.

I will now turn it to any of my Board colleagues who would like to make a few comments. No? Well, good, let's hear from you. First I'll turn it over.

MR. FLORES: Okay. As I said at the beginning, in recognizing dignitaries in the public, there's always the risk of omitting somebody. I've had it brought to my attention that we have with us [the Mayor of Valle Hermoso, Tamaulipas, Hamid Name Pineda. Welcome.](#) I also want to recognize Mr. Jorge Ovalle De La Cruz, [representing the State of Nuevo León. Welcome.](#)

At this time I will ask Mr. Daniel Chacon, General Manager of the Border Environment Cooperation Commission, to come to the podium—or perhaps he'll stay in his chair... or no, he will come to the podium—and provide an update on the activities of the BECC.

[TRANSLATED FROM SPANISH]

MR. CHACÓN: [Good afternoon everyone.](#)

[IN ENGLISH]

I'm going to speak in English, in Spanish, excuse me; the presentation is in English, so if you need these small devices, please get one, okay?

[TRANSLATED FROM SPANISH]

[Thank you very much for attending our meeting. I especially want to acknowledge the attendance of several mayors from the border region and government](#)

representatives, who greatly honor us by coming and learning about our programs and the work we are doing in our institutions.

I would like to call your attention to the drawing here before you. Sometimes I compare this drawing to those little toys that people put above children's cribs so that they will go to sleep early. They are called "mobiles," I believe, in current terminology. But I would like to call your attention to the fact that the drawing contains a series of elements that depict what we do.

The border region is especially important for both countries, but unfortunately we are located in an area, which from a climatological standpoint, is vulnerable. And its vulnerability comes from the effects that we are already seeing with regard to the well-known climate change, which is so talked about and which represents a challenge for the border. Most of the border is located in an arid, semi-arid area, and according to predictions that have been made through models developed with a group of climate experts, the border region is going to experience a protracted drought this century.

This, then, forces us to make water our main concern regarding sustainability. Since water is a scarce resource that will become increasingly scarcer, we must use it wisely, must be able to assume all those attitudes, initiatives, projects that will help us conserve water, use it better, change our behavior patterns, precisely so that we will be able to remain and make our existence possible in the future in this region of the planet where we happen to live. And I'm confident that we are going to succeed. I am confident that with the effort of all border residents we will come to have the attitudes and the projects and the right initiatives to make better use of water and thus ensure our survival.

Another important element here with the environment, the little trees, is solid waste management. We also have to, henceforth, be wise enough to take advantage of what we already generate, to value the waste that we now have, and see it's not simply a waste, find that return value, which will then allow us to save natural resources as a result thereof, but also in practice to continue reducing it, and this also has a lot to do with our lifestyle.

Well then, we have our nature, our natural resources, different ecosystems along the border. Some people see the desert as an ecosystem without any value. In reality, the desert has an enormous amount of biodiversity that is more vulnerable than a jungle. We have to teach our children to appreciate deserts. If I ask a child what an ecosystem is, he is going to draw me a Chiapanecan jungle with monkeys; he's never going to draw a desert; nevertheless, it's likely that from a survival standpoint, the desert might have much more value.

We also have—can we go back a bit, please—we have a fuel pump that says BIO. We just recently certified a very interesting project that makes biodiesel from grease, from the grease that is collected in diners. Imagine this amount of waste, that even... even causes revulsion when you see it, converted into fuel and that saves us, that relieves us of the need to extract another fuel from the ground at a very high environmental cost, thereby taking advantage of waste that would otherwise end up contaminating the soil, aquifers, taking up space in a sanitary landfill. Now it is being turned into a fuel that can be used to power vehicles. And this is a project that we just certified, which, just like the one mentioned by Liza Morris, this project is one of our

biggest news items, along with the project to recover methane from the farm in Ciudad Delicias, Chihuahua.

We also have an electric generator there. Here we have our good friends, from the state of Texas, who are very active in submitting projects and proposing projects of that nature. And, well, as a result of all of that, we have our populations jumping for joy, and in our institutions we want to be like the 'Smart' cars. And I don't know if you have seen any of them around here. Are there Smart cars in San Antonio? No? They're small two-person vehicles with sufficient weight and characteristics to transport a person from point A to point B with the smallest carbon footprint possible, with the least possible use of resources. And thus we also want our border to become a sustainable border through the rational use of resources. Let's go on to the next one, please.

Our institution manages its work through seven programs. The main program is Technical Assistance and Project Certification, which is what our founding document orders us to do. But we also have around this and to reinforce this mission, a series of additional projects—a click, please—which are strategic planning; environmental project management; knowledge management, which is a very important issue right now—another click, please—public participation, which has been one of the pillars of the BECC-Bank model for project certification; internal improvement of our processes so that we can become like the Smart car, a small, efficient vehicle with only the weight and number of employees needed to operate—nothing more. And in general other programs that help us support all the preceding ones. Next, please.

And I'm just going to show this slide, which has four bullets. The first, please. Before the internal private meeting of the Board, we had 138 certified projects; with the three that were certified at the meeting, we now have 141 projects, which add up to—these three additional ones, around US\$150 million, to the number shown at the top—that is to the 2.951 we add another 150 and we will be close to US\$3.1 billion in certified projects during the life of our two institutions.

These three projects, which I already said are worth about US\$150 million, are part of 11 projects that have been certified since December... and that we will probably end up certifying on December 31, 2008. This brings us to the number that I mentioned, and the projects certified since the last Board meeting in November, totaled four, with close to US\$60 million, which will make a total of 17 projects for 2008.

This joint Board has certified, since its inception, 33 projects, which is a very high rate of effectiveness, in the sense that one project is being certified every 3.2 weeks. This is better than the previous rate, where one project was certified every 3.3 weeks. It was once thought that our organizations were like little turtles that moved very slowly and that projects were being certified very slowly. These new statistics tell us that we are hitting the gas pedal in terms of project certification. A click on this slide, please.

Here we have the number of projects in our pipeline. You can see that the end number is 86 projects. A large number of these projects have to do with water and have to do with a grant that we call the BEIF grant, the Border Environment Infrastructure Fund. This BEIF grant has been provided by the U.S. federal government through the environmental agency and comes to more than US\$600 million since its inception, and has made a big difference in water management on the border.

A very striking fact is that on the Mexican side of the border, in the first 100 km, wastewater treatment coverage was 31, 32% in 1995. Ten years later, in 2005, this coverage is 80%. In the rest of the country, coverage continues to be 36%. President Calderón has set a goal of achieving around 60% to 70% coverage by the end of his administration.

This means, then, that the border, through this resource, has been able to make strong progress in 10 years with sizable investments in the development of a large amount of infrastructure for water. This is a contribution for which, in this case, we must acknowledge the U.S. federal government, but we must also recognize the matching funds that have been provided by Mexico, the National Water Commission,² where every dollar from this grant has been matched with two and even three dollars. This is very striking because the grant has been like seed money, like an enticement, like a magnet that has helped bring in all of these additional resources and make a big difference on the border.

And the merit, then, is in the communities represented here that have enthusiastically entered into this arrangement and have helped us to become a region that acts responsibly with the environment, responsibly with the health of their residents, responsibly with ecosystems and with the management of resources, and thus I have great hopes that we will overcome the challenge of climate change. That is the work that we have before us, and, well, we will do our best to get it done. Next, please. On the third one.

The projects would not be possible if we did not have plans, programs, designs, right? Even the simplest carpentry job requires some prior planning, in theory. I sometimes do carpentry work at home and I don't plan ahead, so things turn out wrong, and the first one scolded by my wife is me.

Any work, and especially infrastructure work, requires thorough planning beforehand. When projects are carried out without thorough planning, they fail. And in environmental field, for many years since this issue first arose, probably back in the mid-50's, there were numerous failures for several reasons—lack of planning, lack of knowledge—it was not an exact science back then. In some cases it still isn't a very precise science and, therefore, planning efforts are important. We cannot waste resources, because there are very few resources for this.

So, Technical Assistance, the sums shown in this table reflect the effort that both of our institutions make in project planning, so that we ensure the success of the projects and we can be confident that the resources are being used effectively and that we are really dealing with the problems and finding solutions for them. It's not right to build white elephants when money is so scarce and now that there is a way to plan things better. So, this planning effort is reflected in these figures. To date, BECC, through various programs, including an important contribution from EPA, the U.S. environmental agency, that compliments this BEIF program that I was telling you about, we have reached a sum of US\$34.96 million. Next, please.

This is the graph that I was mentioning; now, let me announce that we have a new prioritization process coming up. What is this "prioritization"? Well, the funds from

² *Comisión Nacional del Agua*

this BEIF program that have been decreasing and that we hope will be increased in the near future, those funds that have recently already been approved are available to carry out projects. We have here today many of those who, at some point, can make the decision about the projects needed in their communities. Please, consider yourselves advised of the fact that we are going to initiate this new process, to select projects that can be financed with BEIF funding. We are going to begin this project prioritization and selection process soon. In prior fiscal years we have received a huge number of applications. The needs are many. We hope that you will send your projects to us so that we can address the needs of your regions.

In addition, I also want to inform you that we are making an effort to plan. We have been identifying the needs on the border and we have completed the needs assessments of the six Mexican states and the state of New Mexico. We would also like to discuss them with you, to have the opportunity to schedule a meeting with each community represented here and the communities along the border, to discuss these findings we have made, these determinations that we have made, so that we can agree on how to prioritize them and on what could be, at some point, the lines of action that we might take with each community based on the needs detected.

Here I would like to end my presentation and thank you for your attention.

[APPLAUSE]

[IN ENGLISH]

MR. FLORES: Thank you, Daniel. Now, Mr. Jorge Garcés, the Managing Director of the NADBank will give an update.

MR. GARCÉS: Thank you, Juan Antonio. Buenas tardes. Bienvenidos a San Antonio. I'm very happy to see so many people present here. We are... honoring us with your presence here.

I'm going to be very brief because I know this is your meeting. We want to hear what you have to say, but I think Daniel made a very good case as to what is the function of our two institutions. In particular, the institution that I represent, the North American Development Bank, is the financial arm of the two institutions. So we are more... only involved in the area of financing and technical assistance.

But before I give you my presentation, let me tell you that this is a Bank that belongs to all of you. Many times when I read reports from the Mexican press, they refer to the North American Development Bank as the American bank—sometimes, not all the time. And they're right in that sense, in the sense that this is an American bank, but it's also a Mexican bank. You, Mexico and the U.S., are half owners of this bank. Each country contributed capital, equal parts of capital to this bank, so this is a bilateral institution, half owned by Mexico and half owned by the United States. What I'm going to try to do here today is to give you a brief summary of how we are utilizing the funds that are provided by your country and my country.

The North American Development Bank finances projects through three different procedures: through loans, through grants and through technical assistance. The loans, we have a market-rate loans and low-interest rate financing. In the grants, we have the

BEIF grants, that Daniel already mentioned, and we have other grants that we generate, capital we generate at the Bank for grants called the IDP, the PDP and the UMI—those are the technical assistance—and also we have grants for SWEP for solid waste facilities.

But what I want to give you, very briefly, is what the Bank's performance in the last 6 months... no, in the last 7 months or 8 months, since we last met here in San Antonio—I'm sorry, Juarez. We have 14 loans, approved loans contracted worth \$82 million dollars. Ten of these loans have been fully disbursed. Fourteen of the 17 projects with funding contracted in the last 8 months are already in construction or bidding. And we have approved the first renewable energy project approved and contracted. I'm talking about the GAF which we will be signing later this afternoon. So at the end of June the Bank's portfolio looked like this, where the majority of our investment is in water/wastewater projects, but you can see definite growth in the areas of new sectors—what we call the air quality and clean energy—which comprise now about 25 percent or a quarter of our loan portfolio.

Briefly, these are the loan disbursements of the Bank in the last few years. You can see a high growth in 2007, and in 2008 we expect to disburse approximately \$100 million dollars. Right now, so far, we have disbursed a little bit over \$20 million, a little bit more than that, but we expect by the end of the year to disburse one hundred million dollars. And to summarize the Bank's portfolio as of June 30th, we have 43 of the 50 loans approved that to date have been contracted which is a very significant figure, for a total of \$238 million dollars, which is also a very significant figure considering where we were several years ago. Forty of the 43 loans contracted to date have been partially or fully disbursed. A total of \$203 million dollars has been disbursed, so that also is a significant figure. Six loans have already been repaid in full and 34 loans totaling \$177 million dollars are outstanding.

In the grant programs, like I mentioned, we have the three grant programs. The EPA contributions with the Border Environmental Infrastructure Fund have been \$626 million dollars; \$537 million of those have been approved for 73 projects; 100 percent of funding is contracted; 76 percent of funding has been disbursed—and that is a very significant figure because a couple of years ago we were at approximately 40%, so we have made tremendous progress in the way we have been disbursing EPA BEIF funds. So that means that there are \$65 million dollars that remain available for the BEIF program. Many of those funds... the majority of those funds are already committed to projects that are already in the pipeline. Of these 73 projects, 36 are completed, 34 are in construction, and 3 are in bidding or about to start the bidding process. Very quickly, this is a chart showing the rate of disbursement. You can see how the disbursement rate has been increasing the last four to five years.

The SWEP program, this is a grant program that we administer at the Bank out of the generated capital from our investments. We have over \$7 million in approved grants for 12 projects, ten grants contracted, and one grant for half a million dollars being signed today for Tijuana, Baja California, and one grant for Ascensión, Chihuahua, is pending registration of the land title. So that is the status of that.

These are the SWEP projects in the pipeline. I'm not going to read them, but you can see them there and the amount of the actual cost of the loan that we anticipate that the SWEP grant will generate; so this is \$4.75 million dollars that we hope to generate

\$7.5 million dollars in loans. These are the ones in the pipeline for 2009. Again—perdón—again here, the four projects will require three and a half million dollars in grants but they will generate \$5 million dollars in loans. We would like to see that ratio a little higher on this side, but we understand that the communities are in dire need of all of the help they can get, and that's what we're here for.

The water conservation program, this is the \$80 million dollars that the United States and Mexico set aside for water conservation and that's where we are right now. We have spent 77 million; 72 of that have been disbursed. We have a few monies left but those have already been committed to two projects that you see there. So that fund is completely gone, but we're still working on these two projects.

Technical Assistance, again I already mentioned that, the studies to help build capacity in the communities, 183 studies; the PDP to help in the development of the projects; and the UMI to help the utility operators being trained in management and financial matters. That has been very, we think that has been very successful.

So in summary, let me say and indicate that the figures that we show here are a little different from the BECC because not all the projects that have been certified are being financed by the Bank. Some of these projects that are certified decide not to get any financing from this institution. They decide to go on their own, they decide to scrap the projects totally, or they come to the Bank. So that is why there's a little difference in the total amount of projects. But a key figure to address here is what Ricardo Ochoa from Hacienda indicated earlier today, we're fast approaching the \$1 billion benchmark for loans and grants from the Bank.

I believe that is all what I have to say. Well, no, I'm sorry. I always... it's one thing to talk about funds, dollars and pesos and so forth, but we want to see what the financial expenditures, what kind of an impact they have on the quality of life of the people in the communities in the border region. Because as it was said earlier today, the role of these two institutions is to provide quality of life for the residents of the border region. And we estimate that many of border communities for the first time are having wastewater services provided to them. We estimate 300 million [gallons] are prevented now that are being treated, but before they were being discharged in the rivers and creeks of the border region. We are saving water; we've already talked about that in the water conservation program. We are paving the streets which will help the quality of life by improving the air quality and preventing respiratory illnesses in the communities. And this is a collage of some of the projects that we are building. This one we're going to be signing today. This is a very—what, I'm sorry—that one is very important today. We're going to be signing in a few minutes a disbursement of the first tranche, but that is a project that is very important to the Bank and to the BECC because it's the first private-sector loan in the new sectors in the United States, so we are happy to see that become a reality.

And now I'll stop so we can go ahead and do the signing which is what we're all here for. Thank you.

[APPLAUSE]

MR. FLORES: Thank you, Jorge and Daniel for those updates on the activities of our two institutions. At this time I'm going to ask Mr. Arturo Núñez and Mr. Armando Pérez-

Gea, our Directors for Project Development in New Sectors and Core Sectors, respectively, to approach the podium and they're going to present some brief information regarding the projects that we are celebrating today at this meeting. And then we'll invite representatives from those communities to provide some comments.

MR. GARCÉS: I forgot to recognize the presence here of Salvador Trevino, representing the Government of Tamaulipas. I'm sorry, I forgot to do that.

[TRANSLATED FROM SPANISH]

MR. FLORES: I would also like to apologize to you, Mr. Treviño. As you know, Tamaulipas is a very important ally in our efforts. Thank you.

Arturo.

MR. NÚÑEZ: Good afternoon. It is a honor and a pleasure to be with you taking part, particularly at this time in the meeting, where we are going to ask our Managing Director, Mr. Jorge Garcés, to be so kind, along with the Mayor of Naco, Sonora, Mr. José Lorenzo Villegas Ramírez, as to proceed to sign the US\$500,000 loan for paving and air quality improvement in Naco, Sonora.

[SIGNING OF LOAN AGREEMENT]

Thank you very much and congratulations.

[APPLAUSE]

Mr. Mayor, if you would like to say a few words to the audience.

MR. VILLEGAS: Good afternoon. I am very pleased to be here in San Antonio, especially to receive this invitation, to congratulate the members of the Board. Thank you very much, because this is extremely important for our municipalities.

I would like to give my warm regards to some mayors who are here, who are my counterparts. And I would also like to give my warm regards to everyone who has been involved in these great projects, the members of the BECC, the members of NADBank. Many thanks to the director of the BECC, Daniel Chacón. Many thanks to Jorge Garcés, as Director of the Bank.

And, most of all, I would like to give a brief summary, a story that I would like you to know about. Naco is a very small town with approximately 8,000 residents and quite a few problems. It is very difficult for a town with this number of residents to be able to take off, both in Mexico and in the United States. However, due to the problems that arose there in this municipality, because of the complaints from our neighbor, Naco, Arizona, well, attention was drawn to this tiny municipality.

I want to tell you that we are very satisfied, especially the citizens of the municipality of Naco, because it's quite an important project, this paving project, but there are also two earlier projects, very important ones, that is the one for wastewater and oxidation lagoons and also the sanitary landfill, the solid waste project.

So, then, these projects, some were subsidized, quite a lot of grant funding, but also now for paving, the municipality is entering this loan. But above all else, I think that to thank the Board and especially the institution that each one represents, because our municipalities also have few resources, and with these projects we will bring a lot, a lot relief to the communities, above all, as Daniel Chacón was saying a moment ago, to improve air quality in our municipalities, so there will be no pollution.

So, we're very happy to now have three projects. I'm also happy to have been part of the three projects because I was also mayor from 2000 to 2003; today I am for the second time. And I believe that I should also thank Jorge Garcés as a representative of the Bank, all of his people, the BECC, all of their people, the EPA, because it could be that I am back because of those good projects. Thank you very much.

Naco, its people, are very satisfied. But, above all, I think that this town has a lot of future. Now large investments are coming to the city from Spain and they are very pleased that we have made progress and that Naco is not going to be a city, soon, with a lot of problems... on the contrary, it's going to be a city to which, now when it grows, well it's going to grow in an orderly manner, because with these important projects, well, there will no longer be any unmet needs. I want to tell you that with this paving we are going to cover another 30% of the town, which would leave a backlog of only 20%, out of 100%.

Thank you very much. God bless you all.

[APPLAUSE]

MR. NÚÑEZ: We would also like to ask the Bank's Managing Director, Mr. Jorge Garcés, and the chair and co-chair of the Board to kindly present the check for the first disbursement to the company Global Alternative Fuels for the biodiesel plant project located in El Paso, Texas. It will be received by Mr. Carlos Guzmán, company president, and Mr. James Robinson III, a partner in the company. Daniel, if you would kindly join us for the presentation.

[PRESENTATION OF CHECK]

The check is for the amount of US\$3.7 million in this first disbursement; the loan is for US\$19.9 million.

Thank you very much. Congratulations, Carlos. If you would like to say a few words to the audience.

MR. GUZMÁN: Of course, thank you very much. Good afternoon, everyone. I would like to thank you for your participation and for helping us realize a dream that we have had for a long time, of being able to reduce, a little, the oil consumption that we have in our area of the border. I had the opportunity to participate as a soldier in the war in Iraq for one year and I would like to do everything possible so that we do not have to participate in this war in the future.

We have other projects, in addition, that we are developing to help make our border region a little greener and we would like to be able count on your cooperation in the future. Thank you very much.

[APPLAUSE]

[IN ENGLISH]

MR. FLORES: You're going to have to fold that check to fit in your wallet.

[TRANSLATED FROM SPANISH]

MR. PÉREZ-GEA: Hello, good afternoon. Now it's my turn to present two projects, two core-sector projects. The difference between a core-sector project and a new-sector project, as we call them, is that in the core sectors there is a grant component, in addition to the loan component. And it's thanks to all the decisions made by the Board, that the municipalities and cities, both in the United States and in Mexico, receive loans, often at low-interest rates, and in addition they receive grants, to carry out their projects, which otherwise would be very difficult to do.

I am going to first present the project that is going to be signed today with a US\$3.7 million loan and a BEIF agreement that, thanks to the EPA, the Bank is administering and providing to the City of Río Bravo, Tamaulipas, for US\$12.8 million.

So, this is a project that supports water and wastewater collection and treatment infrastructure. I am going to ask for the participation of Mayor Roberto Bennett Ramos and the Manager of COMAPA-Río Bravo, Francisco Javier Pulido, to please come forward to sign both agreements, the \$3.7 million loan agreement and the \$12.8 million BEIF agreement, both in dollars. Congratulations.

We also invite the representative of the Tamaulipas state government, Mr. Salvador Treviño, to join us for the signing with the Managing Director of the Bank, Jorge Garcés, and, as witnesses, the chair and co-chair of the Board of Directors of the Bank and BECC, and, of course, the Managing Director of the BECC, as well.

[SIGNING OF AGREEMENTS]

[APPLAUSE]

If you would like to make a few comments, Mr. Francisco Javier Pulido, Manager of COMAPA, we are pleased to invite you to do so.

MR. PULIDO: Good afternoon, honorable members of the Board. On behalf of COMAPA in Río Bravo, Tamaulipas, we would like to publicly recognize Mr. Eugenio Hernández Flores, governor of the State of Tamaulipas; Messrs. Jorge Garcés, Héctor Camacho, and Armando Pérez-Gea, officials of the North American Development Bank; and the Manager of the BECC, Mr. Daniel Chacón; and Mayor Roberto Bennett Ramos, for all of their support for the implementation of the water and wastewater collection and treatment project in Río Bravo and Nuevo Progreso, Tamaulipas, directly benefiting the public health of more than 115,000 people; addressing the longstanding need for basic infrastructure and wastewater treatment in Río Bravo; strengthening harmonious and ecological development on the border of Mexico and in the United States. Thank you very much. Thank you very much.

Now I would like the Mayor to join me. We have a token of appreciation for Mr. Jorge Garcés, Director of the Bank, and for Mr. Daniel Chacón of the Border Environment Commission. Thank you.

[PRESENTATION OF TOKENS OF APPRECIATION]

[APPLAUSE]

MR. PÉREZ-GEA: The last project that we are going to present for signing is also a project, not in the water and wastewater sector, but in the solid waste sector, where there is also a grant component in addition to the loan component.

We are going to sign the project for the procurement of collection equipment in the city of Tijuana, Baja California. This is a project with a total cost of US\$5.3 million. The loan component of this project is for \$2.4 million and the grant component, SWEP, is for a half a million dollars. A million and a half people are benefiting from this project. With us is the mayor of the city of Tijuana, Mr. Jorge Ramos Hernández, and the Secretary of Finance, Don Ricardo Vallín. Mayor Jorge Ramos is going to sign both documents, the loan component as well as the grant component.

[SIGNING OF AGREEMENTS]

As always, we thank those here on behalf of the Board, Ms. Liza Morris, Mr. Ricardo Ochoa, and Mr. Daniel Chacón of the BECC. Thank you very much and we invite the mayor, Don Jorge Ramos, if you would like to make some questions... I'm sorry, if you would like to say a few words. Excuse me.

MR. RAMOS: All of my questions have already been answered.

First of all, I want to express thanks, on behalf of the City of Tijuana, for the support that we have been receiving, not only on this occasion, which is very important to us, but for the support we have received from NADBank throughout its entire history since its inception, regarding the issue of water management there on the Baja California border.

As you know, Tijuana is growing at a rate of 100,000 residents a year; 5% annual growth has been recorded in the past eight years, and such a level of population growth, without the support and grant assistance of other entities, would be impossible to manage and to address the needs of our residents.

Just to give you some background information, when I was general manager of the water utility in Tijuana from 1995 to '97, with the support we received from NADBank, we were able to increase water service coverage from 72% to 95% of the city in just five years, despite those growth rates.

And with respect to water treatment, in six years we were able, from 49% water treatment coverage, we are today at 86% coverage in a city with an enormous growth rate. That has made the water utility in the city of Tijuana, Mexico's most important macro utility—as rated by the National Water Commission in 2005.

And now, on the management of the issue of trash in the city of Tijuana, this year we are investing \$220 million pesos, which is practically US\$22 million, so that we can increase collection coverage and trash management in Tijuana, which is at 75% efficiency, to 90% in the next two years, with the hefty investment that we are about to make this budget year and the next.

So we thank the Board for having approved this loan and even more we thank them for the US\$500,000 in support from the SWEP, because this support allows us to tackle the challenge of governing this very important city in Mexico and in Baja California.

So, I thank you very much. On this issue of trash management, we are investing in highway infrastructure so that our sanitary landfill can be more easily accessed by our vehicles and we are also constructing two transfer stations so that the driving distances will be more efficient, shorter. And we also just, I am very pleased to tell you this news, that we just installed the only trash recycling machinery in the state of Baja California. And today Tijuana is selling trash. We are receiving revenue for selling trash and this year we hope to come here to the Board to make a proposal because it is precisely with private-sector support that we are achieving this management and thus we intend to consolidate ourselves as one of the cities with intelligent trash management and administration there in Mexico, in the city of Tijuana.

So, many thanks to all of the NADBank officials and the entire Board for the support we have received, not only now but in the last nine years. Thank you very much.

[APPLAUSE]

[IN ENGLISH]

MS. MORRIS: Wonderful.

MR. GARCÉS: Before we proceed with the public comments, I want to take this opportunity to recognize Mr. Everardo Corona, [Documentation Consul for the Mexican Consulate here in San Antonio](#), here in San Antonio, please would you identify yourself.

[APPLAUSE]

MS. MORRIS: All right.

MR. GARCÉS: [Welcome](#).

Finally, I also want to recognize Mr. Greg Gucci, Deputy Executive Administrator of the Texas Water Development Board. Mr. Gucci, thank you.

[APPLAUSE]

[TRANSLATED FROM SPANISH]

MR. FLORES: Thanks, Jorge; thanks, Armando and Arturo; and congratulations to all of the representatives of the communities of the projects being celebrated today.

Now we begin with this very important part of this meeting, in which public comments are received. We will begin, please, with Mr. Salvador Treviño Garza, Head of the Environmental Agency for Sustainable Development of the state government of Tamaulipas, please.

MR. TREVIÑO: Good afternoon to all of you. With the permission of the Board, I would like to touch on the issue of waste, a sanitary landfill specifically in Frontera Chica, the river border. Is the presentation ready?

Well, for the Government of the State of Tamaulipas, really, the issue of solid waste is vitally important. We know perfectly well that the issue of waste means health. And well, in this region, precisely in this region, for more than 30 years now, the adverse impact on health, both on the Mexican side, northern Tamaulipas, as well as in South Texas, due to poor management, has, well, presented serious pollution in this region.

The cities that make up this river border—there are five municipalities—are: Ciudad Guerrero, Ciudad Mier, Camargo, Miguel Alemán, and Díaz Ordaz. All of them, to form an interesting project, a project for more than \$54 million pesos. Well, because of the obviously economical conditions of these small municipalities, it would be impossible for them to do it on their own.

Advantages of doing, really managing a regional project, well there are obviously substantial savings resulting from the economies of scale that are generated in the implementation of a project of that type.

Within the structure planned for the payment of the financial commitments for project maintenance and operation, a trust is required, which is precisely the one to which the federal funding allocated to this municipality will be allocated. Moreover, there will be strong participation from the state government in this trust, contributing funding state funding, federal funding, to meet the commitments of these municipalities, above all so that the project will always have financial security and operational continuity.

This, then, obviously establishes a proposal for a serious problem, which this has been for this area and I can solve. How? Well, with a SWEP grant for US\$2 million and with a municipal loan guaranteed by the State for the same amount, US\$2 million. Those additional contributions that are required in this project will obviously be made by both municipal and state funding. And, well, by creating in this legal and operational framework infrastructure in which this project will last over the long term.

As conclusions, I think that the main objective, which this Board specifically works on every day, is to solve a health problem, a health problem that for many years has been detrimental to citizens of Tamaulipas, as well as in South Texas.

Moreover, a financial and operational proposal is set forth in keeping with the financial conditions of the municipalities, with the direct and very committed participation of the state government. Moreover, the illnesses that until now have been occurring in the area because of pollution are going to be prevented.

So, it is also a proposal that, in another way, generates a model for other cities in the state. Specifically, the State, has also had the good fortune to have been working with this Board, with two institutions that have given it a hand for more than eight years

now. Well, there is a comprehensive solid waste project underway, where we see that most cities are regional projects. We can already see the concrete case in Matamoros, which received a grant to close its old trash dump; the area of Altamira, Tampico, and Madero, where they are solving their problems regionally; the region of Victoria, Mante, and San Fernando that very soon we will be presenting regional landfills; as well as the city of Río Bravo, a special case where it can be installed on the same land as the wastewater treatment plant that the City had previously; in the city of Reynosa and in the city of Nuevo Laredo, we have other projects that have to do with renewable energy.

So with respect to this project today, we are talking about the importance that the issue of solid waste demands, where at the state level, in fact, a new code for sustainable development was just approved; where we will address the vacuum that existed in the regulations and together, we, the federal and state governments, will be able to ensure continuity on the issue of solid waste. Likewise, within the same organic structure of the state government, this new Environmental Agency for Sustainable Development is being created, which will be looking at all of the issues, together with this Board, with the two institutions, BECC and the North American Development Bank, to guarantee that the projects happen.

We do not have the slightest doubt that what makes the difference for these projects happens here in this meeting place. SWEP participation really guarantees that the projects that are presented can be completed. In addition, we also commit, on behalf of the state government, to continue working together with you, in both SWEP and loans, as we have shown in recent years where Tamaulipas has been increasing its participation, to continue doing so in the different areas to improve the quality of life of all Tamaulipans. Thank you very much.

[APPLAUSE]

MR. FLORES: Thank you very much, Mr. Treviño.

[IN ENGLISH]

I would now like to invite friend, Steve Niemeyer, in representation of the Texas Commission on Environmental Quality, to make some remarks.

Wherever you'd like.

MR. NIEMEYER: You have to forgive me, I'm getting old.

Good afternoon and howdy. That is what we say here in Texas. I would like to see how the translator translated that. Good afternoon and howdy, Chairman Morris and Vice Chair Ochoa and distinguished Members of the Board, thank you for allowing me to direct some brief remarks to y'all. That is another thing we say in Texas.

It's always good to have Board members come to the border. Especially when they come to one of our border states in this lovely town of San Antonio, where I actually went to school and graduated from college. I'm also glad that you had your last meeting in Ciudad Juarez and you could see border conditions firsthand. I hope you continue to have meetings in the border.

For the record my name is Steve Niemeyer and I work for Border Affairs at the Texas Commission on Environmental Quality. The TCEQ, as we shorten ourselves because it's much easier to say, is the state's environmental agency with about 2900 employees and 16 regional offices and our Austin headquarters.

Chairman Garcia sends his regrets that he is unable to attend today's meeting. We are fortunate to have Chairman Garcia, he was appointed by Governor Perry last year to the agency, and now he is our Chairman. We're fortunate to have him as the Chairman of the agency. He's a strong advocate for the border. He's from Brownsville originally and he worked for one of our border senators for many years before becoming the Border Policy Director for then Lieutenant Governor Rick Perry, and then Governor Perry became governor, he was the Border Policy Director and later Deputy Secretary of State, so he's got a long, strong history of supporting the border.

Since he's not here, I regret you'll have to hear from me instead. Nobody ever gets my jokes. In any case, let me say that our agency has always been a strong supporter of the Commission and the Bank. We appreciate the efforts of Daniel Chacón, Jorge Garcés and the terrific staff of both institutions. The TCEQ has worked with the Bank and the Commission staff in a variety of settings and on many projects. These include quarterly inter-agency meetings held in Austin on border infrastructure, and these are organized by the Office of Secretary of State. In fact last year in February, we had a meeting down the hallway right here, at the Bank, with the other members of state environmental agencies, of state water agencies, for the Border Governors' Conference, and it was hosted here at the Bank. They were gracious enough to host it. And Jorge and Daniel came, and their staff gave us excellent support for a really terrific meeting. We appreciate it very much.

Second, we've been able to share information with the Texas public about projects in Mexican towns that border Texas. Both agencies have been very helpful in this regard. This is important because things that happen on the border in Mexico benefit Texas residents directly, and a hundred dollars spent in Mexico has much more impact than a hundred dollars spent on the U.S. side. These projects, especially water and wastewater projects, benefit Texas residents and documenting those improvements has been extremely useful.

Let me conclude by saying something brief about water conservation. I'm especially heartened to hear that you certified a project today for water conservation in Imperial Valley. We believe that water conservation is extremely important. Water conservation projects, especially those like the proposed Falcon-Matamoros pipeline and the Brownsville weir, both of which have been endorsed by the ten U.S./Mexican Border Governors, are an area the BECC and the NADBank should continue to emphasize.

Thank you very much.

[APPLAUSE]

MR. FLORES: Thank you, Steve.

[TRANSLATED FROM SPANISH]

We now recognize Mr. Jesús Hernández Caballero, on behalf of Domos Agua. Please proceed.

MR. HERNÁNDEZ: Good afternoon, everyone. *Good afternoon, everybody.* First, thank you for the invitation that makes these events public, which above all else is an informational strategy, to show that the project models and funding can work.

In particular, we have some comments about the feasibility of the projects. Right now we have one of the concessions, a 160 liter-per-second water treatment plant, that right now we produce 100 and it is in the heart of an industrial center where there is interest in reusing at least 80 liters per second. There the project requires distribution infrastructure and treatment that, technically, it is already receiving.

Here it's not possible, 'why can't it be done,' but 'how do we make the project happen' and, in particular, our comment as a company is to figure out the way to make it happen. We are seeing, with respect to guaranties, out there, there have been meetings with our staff. But we do see that the worst thing that can happen in projects is that they don't move forward, the delays, because of criteria, because of paperwork. And I think that in these projects, as in all successful projects, they are moving, and especially that these types of projects have a great impact on both sides of the border and especially for institutions such as the NADBank, as we have seen and we have seen for ourselves.

That is all for now. Thank you.

[APPLAUSE]

MR. FLORES: Thank you, Mr. Hernández.

We now invite the general manager of Eco Quim, Carlos Treviño Treviño, please.

If you would like to speak... No? Okay.

Juan Pablo Garza, no?

[IN ENGLISH]

Mr. James Elium, III, General Manager, Olmito Water Supply Corporation.

Robert Hamm, Executive Director of the Imperial Valley Association of Governments, California.

MR. HAMM: Good Afternoon. My name is Bob Hamm. I am the Executive Director of the Imperial Valley Association of Governments, and we are the transportation planning agency in that corner of California along the Mexican border.

I'll try to be brief. I believe they're passing out now copies of what I wanted to talk about, but I'm very pleased to see that both NADBank and BECC are getting into the area of air quality and beyond the traditional water, wastewater, solid waste and so on. But we would like to see, or at least get the Board thinking about being even more aggressive in that area. And in particular we have a problem that seems like it started in California. It's now spread along the entire border. We've been treating it and looking at

it as an economic issue, but it has serious health implications and environmental implications, particularly due to air quality. And I'm talking about the long waits at the border. In our particular area it's typically from June to the middle of September, we have triple digit temperatures every day. Our average border wait weekdays is between an hour and two hours, and that means cars are strung along an international fence between Calexico and Mexicali, two or three lanes deep idling in this 100 degree, 100 degree plus weather. And it's no coincidence that the only incident in California where we are not attainment for carbon dioxide is at a receptor that happens to be on the football field at the Calexico high school four blocks off the border.

We are...

[RINGING CELL PHONE]

Oh my... Sorry about this. It's a new one and I haven't figured out how to shut the thing off when I need to.

Anyhow, one of the approaches that we want to take, and that is what we passed out, is we're working with Caltrans typically to get General Services to agree to build a new border crossing. Any of you that have been involved in this, about the time they decide it's necessary and needed, it's about a 25-year wait before you get delivery of the project and that is because they have to go through the funding and so on.

And we believe that border infrastructure is the only way to get rid of this air quality, which is a NAFTA related issue, I mean the increased trade is what causes the increased lines and the increased pollution. So what we want to see is some cooperation with General Services Administration, the local transportation bodies and so on in trying to find a way to shorten the lines by making better borders, more efficient borders.

And one of the things that we are looking at with Caltrans—and that's why I wanted to give you a head's up this year because we'll probably be coming back as this thing gels out because we'll need some financing—but we're looking at valued pricing. We have some room at the Calexico border crossing to add about six new lanes, and we want to do just what they're doing in other areas of California to move traffic. They're building new lanes and they're financing it by having people who find value in moving quicker, paying a toll to do that. And this is one of the things that we're hopeful of doing. Caltrans has just put into the Federal Highway Administration to study this.

We will have to also work with the people in Mexicali, who are our partners in a lot of these projects, in working on some intelligent transportation systems because people have to know long before they get to the border which border crossing to use, how long the waits are going to be at each of the border crossings and, if they so desire, how much the toll will be if they decide to use that mechanism. So we're going to combine some new infrastructure with some intelligent transportation systems, and we hope to partner with NADBank and BECC on doing this.

Thank you very much.

[APPLAUSE]

MR. GARCÉS: Earlier today at the press conference our Chair announced what was approved today, the three projects that were approved today for financing. One was 'Energia Lactea' and the other was the water conservation in the Imperial Valley in California. And the third one I want to bring to your attention today is the paving project, air quality project in Reynosa. I want to bring it to your attention because we have with us el Lic. Jesus Guillermo Acebo Salmán. He is Secretary of Public Works, and he wants to say a few words. This is a project that is going to pave three million square meters of streets benefiting 180,000 people, Mr. Secretary, please.

[TRANSLATED FROM SPANISH]

MR. ACEBO SALMAN: Good afternoon to all of you. I thank you for the invitation issued to the City Council of Reynosa, on behalf of Mayor Eliseo Oscar Luebert. We are here thanking Mr. Garcés, Mr. Ochoa, Ms. Liza Morris, Dr. Chacón for the efforts being made so that today we may receive the good news that a loan has been approved for paving under a comprehensive street and paving program, which covers approximately three million square meters over three years, some of which this program has already begun.

Due to the growth of our city, as already mentioned by the mayor of Tijuana, Reynosa's growth also exceeds 5%, higher, of course, than Mexican cities. Moreover, we must mention Reynosa's serious paving deficit, estimated at 50%, which is adversely affecting the health of the residents of Reynosa, of Tamaulipas who reside in this region and in this way we will greatly help the health and the transportation of people and goods in our city.

Likewise, this loan that was approved today, which we are very happy about, will be and will serve to support 20% of the comprehensive program, which the Reynosa City Council has marked for this three-year term, with which, with the mix of funding from the federal government, the state government and the citizens, we are sure to make a historic program in our city.

I greatly appreciate the technical support that we have received from the NADBank and BECC, and I will also tell you that we are working on a comprehensive hydrological study of the city, as well as a sanitary landfill, also for Reynosa. Thank you very much for that support.

I must also say, because one must speak fairly, that Reynosa has benefited from previous support for water treatment for more than US\$40 million. We thank you very much and we hope to continue working hand in hand with this Board, with the Bank, and with BECC. Thank you very much.

[APPLAUSE]

MR. FLORES: Thank you, Mr. Secretary.

[IN ENGLISH]

I would now like to invite Hector Gonzalez, the Government Affairs Manager of the El Paso Water Utilities, please.

MR. GONZALEZ: Good afternoon Members of the Board. As noted, my name is Hector Gonzalez. I'm the Government Affairs Manager for El Paso Water Utilities. We're responsible for providing water, wastewater and now storm water for the residents of El Paso.

We were here two years ago, at which time we made mention of an idea to develop the training program in El Paso that would include a variety of different areas, such as training operators from throughout the state, along with border communities, the area of finance, the area of conservation, to name a few. Coincidentally, we also had our desalination plant under construction along with an education center that was under construction and when we were last here two years ago, we agreed we would prepare a proposal, a funding request to you, to either develop one or several of these areas.

We decided to move forward with the construction of our desalination plant which is now completed. It happens to be the largest inland desalination plant in the world, able to treat 27 and a half million gallons of water a day. And we've also completed an education center located just adjacent to this desalination plant, which, by the way, I would invite all of you to consider having one of your public meetings at this facility. It's able to accommodate 250 people and has a variety of classrooms and basically a museum, if you will, on water. We have people from throughout the city, namely a lot of the schools, come and learn about water and water-related topics.

But the reason for being here today is to indicate that we have developed a proposal to begin the first phase of this training program and to focus on water conservation. As was mentioned before, I know one of the projects that you provided funding to today was to provide monies for water conservation. So what we would like to propose is a training program where we would train utility operators from throughout the state, as well as to include all communities on both sides of the border, and begin a training program or implement a training program in the area of water conservation, and I've got a copy of the proposals and I'm going to leave with Mr. Garcés, along with Mr. Chacon, for them and their staff to consider funding this proposal. As I said, the first phase to include water conservation.

The second area that I wanted to make mention of is as of the 1st of March of this year, El Paso Water Utilities was directed to also operate and maintain the entire system related to storm water, and that is to include all areas within the city of El Paso, and what we would like to do is consider the possibility of submitting a request for certification to include those areas that are outside the city but yet within the county, within El Paso County, to ultimately be able to develop and construct storm water facilities for those areas outside the city. And so we expect and hope to be able to meet with the staff of BECC, and ultimately NADBank, in consideration of certification and ultimately funding some of these new facilities within El Paso County.

Thank y'all very much.

[APPLAUSE]

MR. FLORES: Thank you very much, Mr. Gonzalez.

I would now like to recognize our friend, Mannti Cummins, in representation of American Shoreline. And Madam Chair, I just point out that we indeed are moving into a

new economy here, as evidenced by the title that Mannti carries, which is "Wind Manager". That's the first time I've seen that one.

[TRANSLATED FROM SPANISH]

MR. CUMMINS: Good afternoon.

[IN ENGLISH]

Good afternoon. I'd like to talk to you about our company, American Shoreline. We're in the energy development business, started out on the dark side in oil and gas, still very active in that, given it is gas that powers all of our cars to get down here this afternoon. But we have about 4,000 megawatts of wind energy projects, essentially divided 2,000 megawatts in the United States and 2,000 megawatts in Mexico. I'd like to speak with you first about our projects in Texas, our projects in Mexico, and make some comments about the essential role that NADBank and BECC have played, and will continue, to play in the development of these projects.

Our first project is in Kennedy County, the Peñascal Wind Farm, under construction now. The first phase of 200 megawatts will be in operation by the end of this year. NADBank has been present in that providing professional advice, emotional support and moral support in that process. We accessed Project Development Program funds for the early development of that program, and because of your support we are able to put together an investment package representing US\$2 billion for this potential 800 megawatt project.

Secondly, we have two other projects in Zapata, Jim Hogg and Webb Counties, the Alta Mesa and Rio Vista projects; as well we've applied for BECC certification. These also represent a potential investment of US\$2 billion, spread out over three to four phases. The first phase of the Rio Vista project in Jim Hogg County will be beginning construction in 2009 and service in 2010. Working with Maestro Chacon and his team at COCEF, the BECC, we hope to achieve certification for that project later this year, and sometime in the near future have a signing ceremony and walk out with one of those pretty documents that this gentleman has right there.

But that is only just the beginning. We have another 150-megawatt Alta Mesa project in Webb County that is under the same development timeline as the Rio Vista project with certification hopefully achieved this fall, coming to a financial close sometime in the first or second quarter of 2009, construction in 2010.

[TRANSLATED FROM SPANISH]

I'm going a switch gears a bit to talk about my position as director of the company Frontera Renovable, which is the Mexican affiliate of the company American Shoreline, with headquarters in Monterrey, Nuevo Leon. In Mexico we have three projects, likewise, with about 2,000 megawatts under development. We currently have 62,000 hectares under contract, three measuring towers that are showing very strong wind potential. We have entered into initial talks with self-generation partners.

And also in this work I want to highlight the work of Mr. Arturo Núñez and Mr. Scott Storment, who have also been there from the start of this. I want to emphasize the

importance of NADB and BECC in supporting these projects. If it weren't for the existence and support of those two organizations, these development programs wouldn't be possible. We hope to expand this strategic partnership among the organizations that we represent, the organizations here, to have a string of projects in phases that would represent an overall investment, some US\$5 billion, supplying an endless number of homes, industries, with clean energy that does not pollute, that does not use water, renewable, and it's cheap.

Well, thank you very much and thanks for your support.

[APPLAUSE]

[IN ENGLISH]

MR. FLORES: Thank you, Mannti.

[TRANSLATED FROM SPANISH]

We now recognize Enrique Orozco Oseguera, board member of the operating agency, Cucapá International Bridge.

MR. OROZCO: Good afternoon, thank you for giving us the opportunity to tell you about a project that we have in San Luis Río Colorado, Sonora, a little out of the ordinary for the formation of this organization, it seems as if,...it looks as if it may not be accepted, assimilated, that also fits perfectly well as an environmental problem to be accepted.

I want to tell you, for those who are also not familiar with the location of San Luis Río Colorado, we are neighbors of the city of Yuma, Arizona, and our sister city on the U.S. side is San Luis, Arizona. Our temperature, between the months of June and August, is approximately... we get as high as 52 degrees centigrade, more or less 130 degrees Fahrenheit.

Even today, any of you who take a little drive through that area are going to become aware of a very real problem that we have, which is the reason we have come, to bring up the issue of a new commercial port. It turns out that we also have a phenomenon in San Luis Río Colorado, where approximately some 12,000 workers, on an annualized daily average, cross each day to work in the fields of Yuma, Arizona. From 3 a.m. to 7 or 7:30 a.m., that number of people crosses. And they return between 4 in the afternoon onward until about 8 at night. Well, that customs office in San Luis Río Colorado, in reality we cannot call it a customs office, and our project would instead be, instead to create a new customs office, which we are doing in a planned manner, and solve a serious problem that we have there, it's quite serious, the environmental issue.

But, why is it an environmental issue? Well, it turns out that the wait that we have right now with the growth of San Luis Río Colorado, we have already exceeded 200,000 residents, and the creation of the metal wall that is being built, it turns out that that and the line that forms parallel to the border, what we have is really a tunnel and the two-to-three-hour wait in those temperatures, you can imagine how much toxic emissions we are producing with those vehicles, not to mention the thinning of oils and engines. And we are bringing about an environment approximately five feet up, that when we lean against anything, we soil our shirtsleeves, and the black smoke that we are breathing.

This is the environment that we live with in that area, unfortunately because that customs office was never planned. Extraordinary measures have been taken to try to provide service, but today it is now definitely true chaos.

The only main outbound road to go to the United States is a 14-meter street, which was divided in half, in which trucks also circulate on one side, alongside light vehicles. But, still, because of its location as it is and the way in which the operating system of that customs area was patched together; it turns out that whenever a vehicle has to go through a second inspection, well light-vehicular traffic has to be stopped and whenever it has to return, light vehicles are stopped. And, in addition, whenever it enters and leaves the United States, well light vehicles are stopped. That and the bad thing about infrastructure right now, because it is fenced in and surrounded by dwellings, businesses; that is, everything is residential, it definitely cannot grow anymore. All of this seriously multiplies the toxic fumes and very heavy pollution.

As a result we tried to promote a commercial port ourselves. We formed an alliance with a group from Yuma, the Yuma Port Authority, with which we have worked quite hard these past 10 years. We form part of a group that provides information to the community, joining our efforts to see if we can solve this problem, since in the new project we have traffic is not going to be parallel to the border. It will go north-south, and that will automatically solve our problems with the concentrations of pollutants. We will begin removing the trucks, which are the main cause of the long waits for light vehicles, passenger vehicles. It's a shame that on both sides of the border we rank number one in respiratory problems and we are definitely not happy about this, it doesn't please us, and we would like to be able to succeed in resolving it. I believe that all citizens on both sides of the border, well, they have the right to have, precisely, a better quality life.

Lastly, I want to tell you that our the proximity from Yuma to the sea, which is 60 miles approximately, 111 kilometers, also means that an average of 30,000 people often go to the beach Friday afternoons through Sunday. You can also just imagine these comings and goings; well, right now every day we have lines three or four miles long, or 5 to 6 km. And this is definitely impossible and we are appealing to all of you for your understanding to see if we can incorporate this project. Today we have attempted to provide the necessary requirements to the Mexican authorities, trying to reach the respective environmental project. We have received quite a bit of support from officials at the Bank, at BECC. First, an expression of gratitude, we hope we are not causing you... we're not being inconvenient by insisting on our position, but I think that it is important that we provide an idea of our problem again.

The Mexican Government finally agreed that we might do a binational project for a commercial port. On the U.S. side, they began on February 15th of this year. Now the commercial port is under construction and we hope to begin operations by September of the coming year—for both projects. We would like to begin on August 28th, which are the dates that we have proposed with the Mexican federal government and also according to the GSA in the United States.³

Well, once again I appreciate the opportunity that you gave us. We hope we have been heard. And soon we will invite you to the inauguration of San Luis Río Colorado II. Thank you very much.

³ U.S. General Services Administration

[APPLAUSE]

MR. FLORES: Thank you, Mr. Orozco.

We now invite Juan Carlos Ochoa de la Rosa, Director of Special Projects representing the Coahuila state water agency, *Comisión Estatal de Agua y Saneamiento de Coahuila*, to speak to us, please.

MR. OCHOA: Thank you. First of all, thanks to all of the members of the Board and greetings from our governor of Coahuila, Mr. Humberto Moreira Valdez; from the director of the state water agency, Emilio Vichara Marcos Wong, that is the agency for which I work.

As background information, I would like to tell you that we have worked previously with the Bank, especially in the area of Acuña and Piedras Negras, taking advantage of the 100-km jurisdiction. We have already had projects in construction, currently in the operation phase, in the area of water and wastewater.

What we are seeking now is with the new expanded 300-km jurisdiction Coahuila finds itself almost greatly benefited, by encompassing most of the municipalities in Coahuila. And we are currently working with the Bank to be able to propose to you viable projects that soon we will also be signing with you, loans, agreements in water management, sewage, wastewater treatment, solid waste collection and disposal, as well as also considering water conservation through changes or the replacement of conventional toilets with water-saving toilets, which are largely a problem in several areas of the state regarding this issue.

More than anything, we want to continue working with you; we have always done so quite well, with the entire team of the Bank and BECC. We are at your service. Thank you very much.

[APPLAUSE]

MR. FLORES: Thank you, Mr. Ochoa.

[IN ENGLISH]

Now I would like to invite Mr. Thomas Rodriguez, Director of the Utilities Department of my hometown, Laredo, Texas.

MR. RODRIGUEZ: Thank you. Madam Chairman, Members of the Board, I'm here on behalf of the City of Laredo Utilities Department, on behalf of the Mayor and the City Council, to thank you for what you've done for us, because we have endeavored the project to give water to the *colonias*.

The Water Development Board has helped tremendously, but without your help we wouldn't have been able to complete on the northwestern part of town, as we call the Mines Road and Peñitas, the wastewater and wastewater treatment plant, as well in South Laredo and East Laredo where we had an 18-inch water line that was funded by NADBank. That one is complete; the other ones we're working hard.

We're under a new City Manager. Our new City Manager used to be an Assistant City Manager for the City of Laredo, Carlos Villarreal. He came in as City Manager in April of 2007, and yours truly is in the second tour as the Director of Utilities. So I came back in May of 2007, and I have to give you the commitment that I have given to your staff that we are working hard to complete the projects on time.

And I also want to thank you and thank your staff because they have helped us tremendously and have made things good for us. Thank you very much.

[APPLAUSE]

MR. FLORES: Thank you, Mr. Rodriguez. The last person we have signed up to speak, Mr. Roberto Bennett,...

[TRANSLATED FROM SPANISH]

... the mayor of Río Bravo, Tamaulipas. Please, Mr. Mayor.

MR. BENNETT: Good afternoon, with the permission of the Board of the North American Development Bank and the Border Environment Cooperation Commission. First of all and on behalf of the residents of Río Bravo, Tamaulipas, I want to tell you that we are very happy to be able, today, to sign this important agreement, where we hope to be on a par with other cities regarding environmental issues that are so important to us and especially for the young.

Río Bravo did not have, until today, treatment plants and it has open-air sewers. And this important agreement is achieved with you, to a very large extent, thanks to the contribution that enables us to complete these projects, a BEIF grant for more than US\$12 million. Sincerely, to the entire Board, to the institutions that you represent, thank you very much for this important support and aid for Río Bravo, Tamaulipas.

I would also like to tell you that we are very interested in the issue of the sanitary landfill, an issue that we will have to look at in coming days and we thank you in advance for any assistance you may render Río Bravo, Tamaulipas, on this important environmental issue.

Many thanks to the Board. We are very happy; I think you can see that, and we thank you. Thank you.

[APPLAUSE]

MR. FLORES: Thank you Mr. Mayor.

[IN ENGLISH]

That concludes the public comments as far as the people who had signed up to provide comments before the Board. If there is anybody else here present that would like to make any comments before the Board of Directors, we would invite you to do that now.

Very well, then Madam Chair, I turn it back over to you for any closing comments you and the rest of the Board may have.

MS. MORRIS: Thank you. I want to make a brief comment. Thank you all for being here. It's an important opportunity for Members of the Board who do not reside in the border to get a real sense of the challenges, the environmental challenges that you face, and how the BECC and the NADBank can help you address them. It's very important for our effective oversight of this institution, and we appreciate your being here, thank you.

[APPLAUSE]

MR. FLORES: Thank you, Madam Chair, Members of the Board. At this time we invite all of you to stay for a reception that we have here following this meeting.

The meeting is adjourned and we invite you to stay. Thank you.

[MEETING ADJOURNED]