

The logo of the North American Development Bank is a stylized, three-dimensional graphic. It consists of three interlocking, stepped shapes that resemble a map of North America or a series of steps. The top portion of the logo is blue with a white cloud pattern, while the bottom portion is green, representing grass. The entire logo is set against a background of blue water with white ripples.

# North American Development Bank

Border Sanitation and Water Quality

Binational Border Sanitation and Water Quality Summit

**March 2011**

# North American Development Bank (NADB)

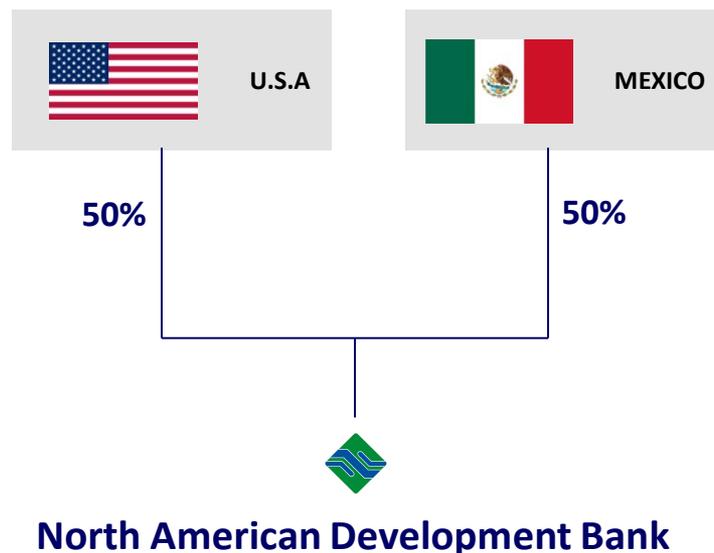
## NADB

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 .

## Structure

NADB is capitalized and governed equally by the governments of both the United States and Mexico.



# NADB Board of Directors



## U.S.A.

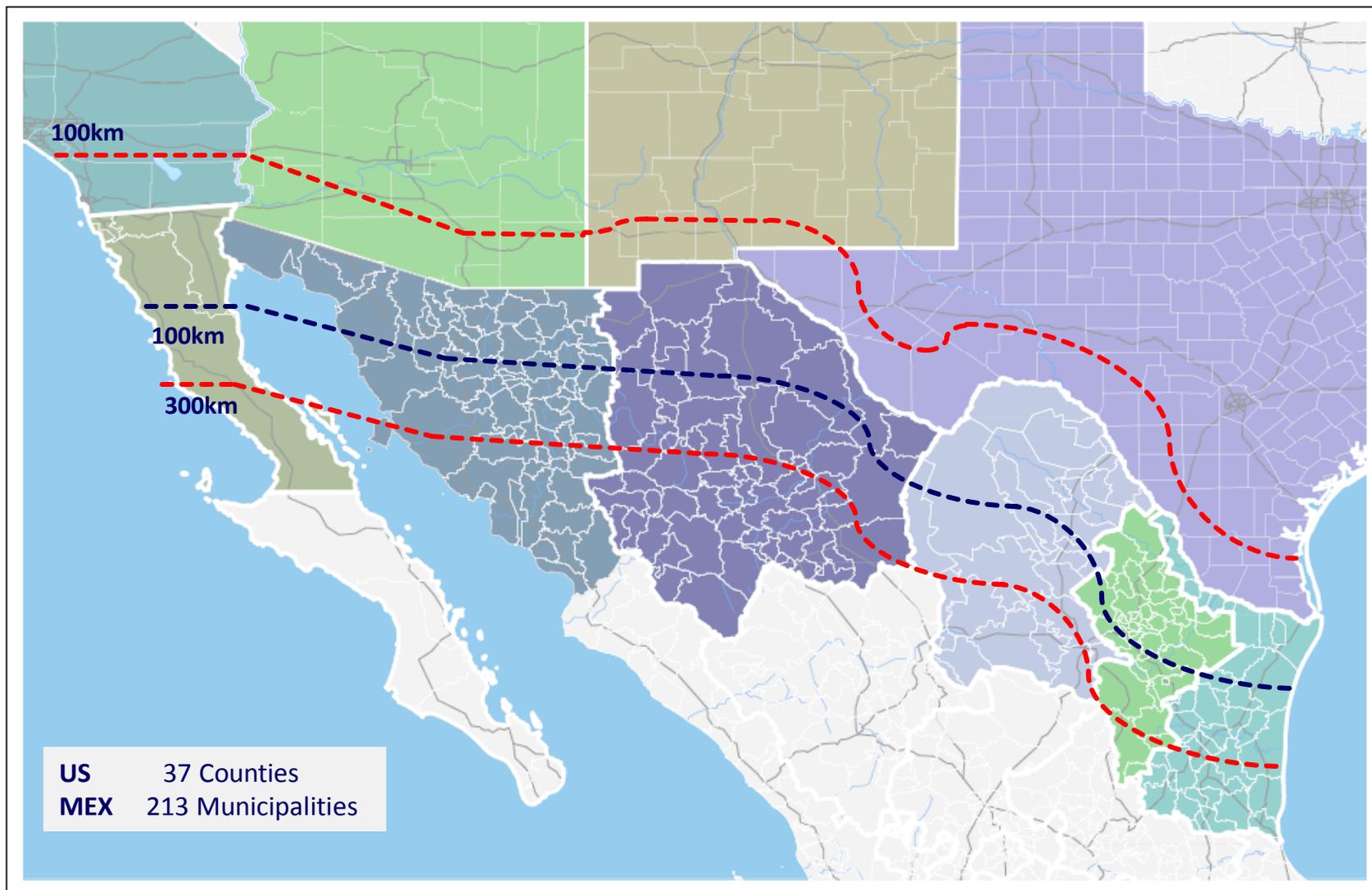
- Secretary of the Treasury
- Secretary of State
- Administrator, Environmental Protection Agency
- U.S. Border State Representative
- U.S. Border Public Representative



## Mexico

- 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

# NADB Jurisdiction



# 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

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- ❖ Decreased grant funding available
  - ❖ Border Environmental Infrastructure fund
  - ❖ CDBG
  
- ❖ Lack of bond insurance quality
- ❖ Credit Quality is more significant
- ❖ Changing buying groups

# Bond Insurers

Claims Paying Ability Moody's/S&P/Fitch	Insurer
Caa2/R/na	<a href="#"><u>AMBAC Assurance Corporation</u></a>
Aa3/AA+/na	<a href="#"><u>Assured Guaranty Corp. (AGC)</u></a>
Aa3/AA+/na	<a href="#"><u>Assured Guaranty Municipal Corp.</u></a> (Formerly FSA)
na/na/na	<a href="#"><u>CIFG Assurance North America, Inc.</u></a>
na/na/na	<a href="#"><u>Financial Guaranty Insurance Company</u></a> (FGIC)
Baa1/BBB/na	<a href="#"><u>National Public Finance Guaranty Corp.</u></a> (MBIA's public finance subsidiary)
Ca/R/na	<a href="#"><u>Syncora Guarantee</u></a> (Formerly XL Capital Assurance )

# Funding Sources

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- ❖ CDBG – grant
- ❖ USDA Loans
- ❖ State Revolving Funds loans
- ❖ NADBank loans
- ❖ Open Market bond issue

# Interest Rate Differential

## Representative Tax Exempt Muni Bond Yields

Maturity	INS	AAA	AA	A	BBB
3 M	0.35	0.29	0.31	0.8	1.8
6 M	0.37	0.3	0.33	0.82	1.81
1 Y	0.57	0.39	0.44	1.15	2.11
2 Y	0.98	0.73	0.84	1.54	2.59
3 Y	1.41	1.07	1.2	1.87	2.98
5 Y	2.15	1.76	1.92	2.59	3.67
10 Y	3.49	3.02	3.2	3.72	5.16
15 Y	4.42	3.86	4.1	4.63	5.79
20 Y	4.93	4.32	4.6	5.06	6.01
30 Y	5.3	4.81	5.03	5.4	6.25

as of 03/10/11, 4:29 PM. Source: S&P.

# North American Development Bank



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