

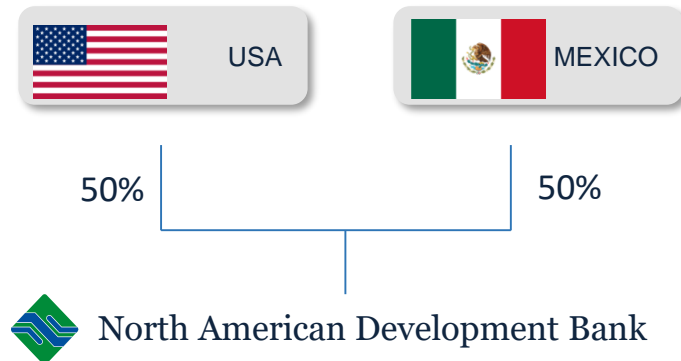
North American Development Bank



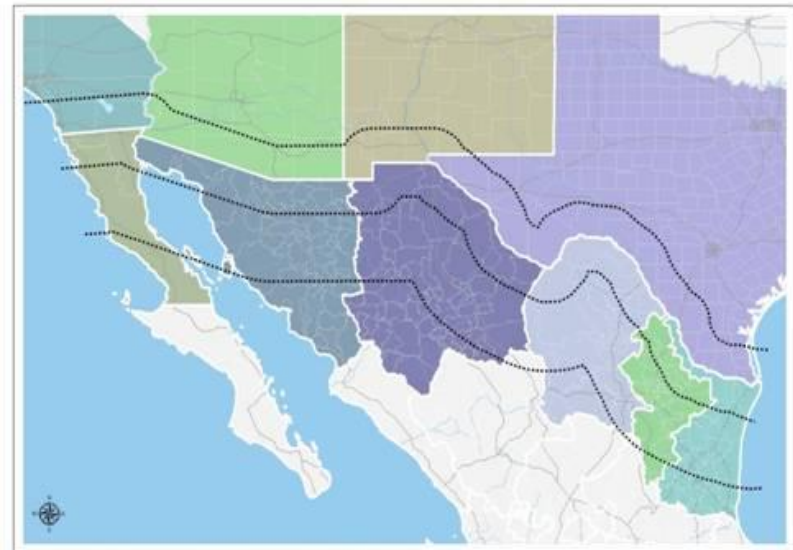
The North American Development Bank

- ◆ NADB was established in 1994 under the auspices of the North American Free Trade Agreement (NAFTA) between the United States and Mexico to address environmental issues.
- ◆ One of NADB's objectives is to facilitate financing for environmental projects along the US-Mexico border region within its jurisdiction.
- ◆ NADB also provides technical assistance for project development.
- ◆ Its headquarters is located in San Antonio, Texas.
- ◆ NADB is rated **Aa1 by Moodys** and **AA by Fitch Ratings**

Structure



Geographic Jurisdiction





Board of Directors

- ◆ *NADB has a ten-member Board of Directors, with an equal number of representatives from the U.S. and Mexico.*

U.S. Members	Mexico Members
<i>Secretary of the Treasury</i>	<i>Secretary of Finance and Public Credit (SHCP)</i>
<i>Secretary of State</i>	<i>Secretary of Foreign Affairs (SRE)</i>
<i>Administrator of the Environmental Protection Agency</i>	<i>Secretary of the Environment and Natural Resources (SEMARNAT)</i>
<i>U.S. Border State Representative</i>	<i>Mexican Border State Representative</i>
<i>U.S. Border Public Representative</i>	<i>Mexican Border Public Representative</i>





Programs & Eligible Sectors

NADB PROGRAMS

Loan

- ◆ Competitive fixed or floating rates.
- ◆ Up to 85% of total project cost.
- ◆ Tenors of up to 25 years.
- ◆ Currency: in dollars and pesos.

Roles

- ◆ Senior lenders.
- ◆ Financial/Technical advisor.
- ◆ Lead arranger.

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



Renewable Energy Projects

<p>Ocotillo (Financing Deal of the Year) 2012 Wind Project Imperial Valley Co, CA</p>  <p>265 MW</p> <p>NADB as Mandated Lead Arranger and Lender NADB Loan: \$110 M</p>	<p>Los Vientos 1A 2012 Wind Project Cameron Co, TX</p>  <p>200 MW</p> <p>NADB as Mandated Lead Arranger and Lender NADB Loan: \$110 M</p>	<p>Picture Rocks Solar 2012 Solar Project Picture Rocks, AZ</p>  <p>20 MW</p> <p>NADB as Collateral Agent and Lender NADB Loan: \$65 M</p>	<p>El Porvenir 2012 Wind Project Reynosa, Tamaulipas</p>  <p>54 MW</p> <p>NADB as Lead Arranger and Lender NADB Loan: \$51 M</p>	<p>Ventika I&II 2014 Wind Projects General Bravo, Nuevo León</p>  <p>252 MW</p> <p>NADB as Lender NADB Loans: \$140 M</p>
<p>Eolica de Coahuila 2016 Wind Project General Cepeda, Coah.</p>  <p>199 MW</p> <p>NADB as Lender NADB Loan: \$90 M</p>	<p>Energía Sierra Juarez 2014 Wind Project Tecate, BC and San Diego, CA</p>  <p>155.1 MW</p> <p>NADB as Technical and Modeling Bank and Lender NADB Loan: \$39.1 M</p>	<p>Tres Mesas I & 2 2015 Wind Project Llera de Canales, Tamaulipas</p>  <p>148.5 MW</p> <p>NADB as Technical Advisor and Lender NADB Loan: \$55 M</p>	<p>La Mesa and Cd. Victoria 2015 Twin Wind Projects Güémez, Tamaulipas</p>  <p>99 MW</p> <p>NADB as Co-Lead and Lender NADB Loan: \$40 M per project</p>	<p>Los Vientos 1B 2012 Wind Project Willacy Co, TX</p>  <p>202 MW</p> <p>NADB as Mandated Lead Arranger and Lender NADB Loan: \$110 M</p>
<p>Sunpeak Solar Park 2011 Solar Project Niland, CA</p>  <p>23 MW</p> <p>NADB as Collateral Agent and Lender NADB Loan: \$77.4 M</p>	<p>El Centro Solar 2013 Solar Project El Centro, CA</p>  <p>20 MW</p> <p>NADB as Collateral Agent and Lender NADB Loan: \$65 M</p>	<p>Picture Rocks Solar 2012 Solar Project Picture Rocks, AZ</p>  <p>20 MW</p> <p>NADB as Collateral Agent and Lender NADB Loan: \$65 M</p>	<p>Alamo IV Solar Park 2014 Solar Project Brackettville, TX</p>  <p>40 MW</p> <p>NADB as Collateral Agent and Lender NADB Loan: \$40 M</p>	<p>Los Santos Solar 2015 Solar Project Ahumada, Chihuahua</p>  <p>20 MW</p> <p>NADB as Collateral Agent and Lender NADB Loan: \$35 M</p>

2nd and 3rd Auction



- ◆ NADB actively participating as lead arranger and senior lender for several projects that were awarded contracts on the 2nd Auction.
- ◆ 18 year + Construction term loans.
- ◆ Projects include additional risk mitigating measures, including:
 - ◆ Limited outstanding principal after year 15
 - ◆ Penalties are included in financial model at the different production scenarios
 - ◆ Cash sweeps halfway through the project if certain metrics are not achieved
 - ◆ Limited exposure to merchant risk and higher DSCRs for those revenues
 - ◆ Limited consideration of capacity (*potencia*)
- ◆ NADB has been approached by several projects that intend to submit bids for the 3rd auction.
- ◆ Development banks have covered a large portion of the financing for projects that were awarded contracts on the second auction. Further work is needed to find a structure that allow the inclusion of commercial banks.
- ◆ The risk mitigating measures implemented in the second auction projects are expected to remain in place. It will be interesting to see how the settlement chamber will play out in terms of the overall risk assessment.



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