

(Washington DC) Today, the North American Development Bank (NADBank) held their first meeting in over two years in an executive session and then in a public meeting where citizens could make their concerns known. Originally conceived as a joint venture between the governments of Mexico and the United States, the NADBank's mission was to make loans for border communities to upgrade sewage and water treatment facilities. Congressman Charlie Gonzalez sent a letter to the NADBank stakeholders, which was read at today's meeting.

In March, when word leaked that NADBank may be closed Congressman Charlie Gonzalez and seven other Representatives with districts on the U.S.-Mexico border urged the Treasury Department and their counterparts in Mexico to keep the institution open. These Representatives pointed out that numerous projects on both sides of the border have provided clean, safe drinking water and addresses serious, long-term environmental hazards.

Congressman Charlie Gonzalez issued the following statement:

"NADBank has done important work on both sides of the U.S.-Mexico border, and today's meeting represents the first step in ensuring that this work continues. Moreover, any of the remaining institutional or structural impediments to the successful operation of the NADBank must be removed. This must include regular stakeholder meetings to approve projects and hear public concerns so that the NADBank can fulfill its mission to improve lives for some of our nation's poorest communities.

This bank has an admirable record of success under less than ideal operating conditions as it was long unable to offer below market rate loans to communities that lacked any other route to securing financing for vital infrastructure projects. Free of those constraints, NADBank can achieve what is in my opinion the highest goal of government: helping people combat problems bigger than any one person or community.

Let this begin a new era for NADBank."

The text of the letter follows:

June 19, 2006

The Honorable Kenneth Peel

Deputy Assistant Secretary

United States Department of Treasury

1500 Pennsylvania Avenue, NW

Washington, D.C. 20220

Dear Deputy Assistant Secretary Peel and fellow NADBank Board Members:

I appreciate the opportunity to express my views regarding the future of the North American Development Bank to the full board of this important institution. I as well as numerous other stakeholders appreciate the Board's decision to hold a public board meeting in my congressional district in San Antonio.

As you know, the NADBank is the only multilateral financial institution dedicated solely to improving the quality of life of residents of the US/Mexico border region. It has administered over \$700 million in grants and loans that have financed over \$2 billion in projects that have had a measurable impact on the quality of live of hundreds of thousands of individuals.

Unfortunately, the development of the NADBank has at times been endangered by government personnel in both Washington and Mexico City who in my view often fail to appreciate the unique challenges facing the US/Mexico border. As the Board continues its deliberations, I encourage it to be aware of several basic facts about the border region.

First, without grants or below market rate financing many border communities can not fully use the loan capacity of the NADBank. Market rate financing does work along the border but it must often be in combination with other financing tools. This challenge was unfortunately exacerbated by the fact that it was not until 2003, nearly eight years after the founding of the NADBank, when explicit authority was given to the NADBank to offer low interest rate products.

Second, environmental pollution does not stop at the border. Pollution in Mexican border-towns impacts the health of American citizens. The recent rapid growth in loan proposals for Mexican communities should not be a concern but rather viewed as an opportunity to improve the quality of life of American border residents. This loan growth in Mexico is further evidence that the NADBank is fulfilling its original mission.

Third, we have to improve the institutional capacity of border utilities particularly on the Mexican side of the border. One of the key achievements of the NADBank is that it has trained hundreds of utility personnel on the fundamentals of managing a utility in a financially responsible way. This management competency is necessary before a utility can even prepare a loan proposal to the bank. This investment in institutional development would have not happened but for the NADBank.

Finally, it is fact that we need an institution that is uniquely dedicated to the challenges of the US/Mexico border region and is located in that region. Washington and Mexico City are many hundreds of miles away from the border both in geographic terms as well as psychologically. Nothing more exemplifies this challenge in my view than the failure of board members who are largely based in Washington DC and Mexico City to hold a public meeting regarding the future of the bank for over two years.

Today's board meeting is an encouraging event. Relations between the United States and Mexico have unfortunately taken a turn for the worse. The NADBank fortunately provides an

opportunity, particularly given the upcoming Mexican presidential election, to highlight that the United States and Mexico can work together to the mutual benefit of the citizens of both nations.

Sincerely,

Charles A. Gonzalez

Member of Congress

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