



CERTIFICATION AND FINANCING PROPOSAL

ANZALDUAS LAND PORT OF ENTRY EXPANSION PROJECT IN MISSION, TEXAS

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EXECUTIVE SUMMARY

ANZALDUAS LAND PORT OF ENTRY EXPANSION PROJECT IN MISSION, TEXAS

Project: The proposed project consists of the construction of commercial vehicle inspection facilities at the Anzalduas Land Port of Entry (LPOE) to support the processing of loaded southbound and northbound commercial vehicles in a sparsely populated area of Mission, Texas (the “Project”).¹ The Project includes the construction of southbound and northbound inspection facilities to accommodate primary and secondary inspection of commercial vehicles, an operational command center, a truck driver pavilion, an overnight parking lot and exit control booths, among other facilities. Refer to Section 3.1.2. “Project Scope” for additional information.

This proposal is for the LPOE infrastructure on the U.S. side of the Anzalduas International Bridge (AIB). The Mexican Ministry of Infrastructure, Communication and Transportation (SICT) confirmed to NADBank that planning for the infrastructure that must be implemented on the Mexican side of the border is in process, and NADBank expects to provide technical assistance funding for the final design. A separate certification and financing proposal for the infrastructure on the Mexican side of the border in Reynosa, Tamaulipas, could potentially be submitted in the future.

Objective: The purpose of the Project is to improve air quality in the Region.² The Project will provide capacity to service southbound and northbound loaded commercial traffic at the Anzalduas LPOE, which will help reduce congestion at the Pharr-Reynosa International Bridge (PRIB) and lead to lower net travel times in the Region.³ The reduction in net travel times will reduce the emission of greenhouse gases (GHG) and criteria pollutants in the region and lead to an overall improvement in air

¹ A land port of entry (LPOE), also known as a border station, is the facility that provides controlled entry into or departure from the United States for persons and materials and consists of the land, buildings, on-site roadways and parking lots that the LPOE occupies. An LPOE houses the U.S. Customs and Border Protection (CBP) and other federal inspection agencies responsible for the enforcement of federal laws pertaining to such activities. Source: <https://www.gsa.gov/real-estate/gsa-properties/land-ports-of-entry-overview>.

² The region is defined as the area on both sides of the border that includes origin to destination locations for crossings at the Anzalduas International Bridge and the Pharr-Reynosa International Bridge (the “Region”). Refer to Section 3.1.3. “Technical Feasibility” for additional information.

³ Travel time refers to the amount of time it takes a commercial vehicle to drive from the origin to destination locations defined in the traffic study commissioned by NADBank. Refer to Section 3.1.3. “Technical Feasibility” for additional information.

quality. In addition, the Sponsor will pursue a Leadership in Energy and Environmental Design (LEED) certification for the Project to further contribute to the displacement of emissions related to the use of energy and other resources at the facilities.

Expected Outcomes: The estimated environmental and human health outcomes resulting from the operation of the Project are based on the assumption that some commercial vehicle traffic will be diverted from the PRIB to the AIB and the overall average crossing times at both facilities will be reduced.⁴ Expected outcomes are presented below.⁵

- Reduction of GHG emissions and other pollutants from commercial traffic in Year 1 of Project operation, as measured in metric tons, by approximately:

CO ₂	NO _x	CO	VOC	PM ₁₀	PM _{2.5}
19,563	131	54	12	13	5

CO₂ = carbon dioxide, NO_x = nitrogen oxides, CO = carbon monoxide, VOC = volatile organic compounds, PM₁₀ = particulate matter (PM) with a diameter of 10 micrometers (µm) or less, PM_{2.5} = PM with a diameter of 2.5 µm or less

- An average reduction in crossing time of approximately 34 minutes per commercial vehicle, which accounts for most of the emission reductions presented in the table above.
- Reduced exposure to pollutants by diverting some of the commercial vehicle traffic from the densely populated area near the PRIB to the sparsely populated area of the Anzalduas International Bridge.

Population to benefit: 999,260 inhabitants.⁶

Sponsor: City of McAllen, Texas.

Borrower: City of McAllen, Texas.

Project Cost: US\$59.6 million.

⁴ Crossing time refers to the time needed to traverse the border crossing, including queuing, inspection and processing times at the facilities, and is a major component of total travel time.

⁵ Source: Regional air quality study conducted for NADBank by Texas A&M Transportation Institute (TTI). Refer to Section 3.2.1., “Environmental and Health Effects/Impact” for more details. The results presented herein refer to the expected benefits from the operation of the PRIB and the AIB, assuming that the AIB border crossing infrastructure in both the U.S. and Mexico has become fully operational.

⁶ The population to benefit includes the communities of Mission, McAllen and Pharr in Texas and the urban area of Reynosa in Tamaulipas. These communities are closest to the PRIB and AIB and will therefore benefit from the reduced emissions resulting the Project. It is worth noting that more communities may benefit due to the regional effect of reducing pollution.

NADBank Loan: Up to US\$33.5 million.

**Uses and Sources of
 Funds:**
 (US\$ millions)

Uses	Amount	%
Construction	\$ 51.7	86.8%
Contingency (15% of construction cost)	7.5	12.5
Cost of issuance	0.4	0.7
TOTAL	\$ 59.6	100.0%
Sources	Amount	%
NADBank loan	\$ 33.5	56.2%
TxDOT funding	22.0	36.9
Coordinated Border Infrastructure Program grant	4.1	6.9
TOTAL	\$ 59.6	100.0%

TxDOT = Texas Department of Transportation

CERTIFICATION AND FINANCING PROPOSAL

ANZALDUAS LAND PORT OF ENTRY EXPANSION PROJECT IN MISSION, TEXAS

1. PROJECT OBJECTIVE AND EXPECTED OUTCOMES

The proposed Project consists of the construction of commercial vehicle inspection facilities at the Anzalduas Land Port of Entry (LPOE) to support the processing of southbound and northbound commercial vehicles in a sparsely populated area of Mission, Texas. The Project includes the construction of southbound and northbound inspection facilities to accommodate primary and secondary inspection of commercial vehicles, an operational command center, a truck driver pavilion, an overnight parking lot and exit control booths, among other facilities, as explained in greater detail in Section 3.1.2. “Project Scope.”

Commercial vehicle traffic in the region where the Anzalduas International Bridge (AIB) is located currently crosses the border at the Pharr-Reynosa International Bridge (PRIB)—the fourth busiest port on the U.S.-Mexico border, located approximately 9 miles to the east.⁷ Expanding the LPOE facilities at the Anzalduas International Bridge, along with the necessary infrastructure on the Mexican side of the border, will permit southbound and northbound loaded commercial vehicle traffic to cross at an additional bridge in the Region, leading some commercial traffic to be diverted from the PRIB to the AIB. This diversion will reduce net crossing times at both bridges, resulting in a net reduction of emissions of greenhouse gases (GHG) and criteria pollutants (NO_x, CO, VOC, PM₁₀ and PM_{2.5}) from commercial traffic, including approximately 19,563 metric tons per year of carbon dioxide (CO₂), 131 metric tons per year of nitrogen oxides (NO_x) and 54 metric tons per year of carbon monoxide (CO), among others.

Diverting commercial traffic from the densely populated area neighboring the Pharr-Reynosa International Bridge to the sparsely populated area of the AIB will help reduce exposure to pollutants near the PRIB.

2. ELIGIBILITY

2.1. Project Type

The Project falls within the eligible category of mobility.

⁷ The region is defined as the area on both sides of the border that includes origin to destination locations for crossings at the Anzalduas International Bridge and the Pharr-Reynosa International Bridge (the “Region”). Refer to Section 3.1.3. “Technical Feasibility” for additional information.

2.2. Project Location

The Anzalduas International Bridge encompasses the LPOE facilities and transportation infrastructure to connect the cities of Mission, Texas, and Reynosa, Tamaulipas. The LPOE infrastructure on the U.S. side of the border is approximately 6.4 miles southwest of the city of McAllen (McAllen) and less than a mile east of the U.S.-Mexico border at the following coordinates: latitude: 26°8'44.87"N and longitude: 98°18'43.34"W. Figure 1 illustrates the geographic location of the land ports of entry in Mission, Texas, and Reynosa, Tamaulipas.

Figure 1
PROJECT LOCATION MAP



2.3. Project Sponsor and Legal Authority

The public sector Project sponsor is the City of McAllen, Texas (the “Sponsor”, the “City”, or “Anzalduas”), which along with the Cities of Hidalgo and Mission, Texas, has the legal authority through Presidential Permit No. 99-01 issued in 1999 by the U.S. Department of State to construct, operate and maintain an international bridge, its approaches and facilities at the international boundary between the United States and Mexico.⁸ The permit considers the expansion of infrastructure for commercial traffic starting in 2015, as explained in greater detail in section 3.1.3.

⁸ Source: U.S. Department of State, Presidential Permit 99-01: Anzalduas Bridge, <https://2009-2017.state.gov/p/wha/rls/95200.htm>

In May 2021, Texas Governor Greg Abbott signed Senate Bill 1334 into law. The legislation amended the Texas Transportation Code to authorize a municipality or county bordering the Rio Grande to use the proceeds from the sale of bonds to construct, improve, enlarge or equip, in whole or in part, a toll bridge or a related building, structure or other facility and subsequently lease, rent or donate the property, infrastructure or other facilities to the United States federal government or representative agency for use in performing a federal government function such as conducting customs inspections at an LPOE.⁹

3. CERTIFICATION CRITERIA

3.1. Technical Criteria

3.1.1. General Community Profile

The AIB connects the cities of Mission in Hidalgo County, Texas, and Reynosa, Tamaulipas, and both communities are expected to benefit from an increase in economic activity due to the United States-Mexico-Canada Agreement (USMCA), as well as from the creation of employment opportunities and additional income during the construction and operation of the Project. The Sponsor expects the Project to generate approximately 100 jobs during construction. In addition, the development of the Project is expected to provide economic and environmental benefits to the urban area of Reynosa, Tamaulipas. Their socioeconomic information is described below.

Hidalgo County and the City of Mission, Texas

According to the U.S. Census Bureau, in 2020 Hidalgo County had an estimated population of 870,781, representing 3.0% of the state population. poverty rate in Hidalgo County was 26.9%, considerably higher than the 13.4% poverty level estimated for the state. Finally, median household income (MHI) for the same year was estimated at US\$40,014, also considerably poorer than the US\$61,874 estimated at the state level.¹⁰

In 2020, the population of the City of Mission was 85,778, which represented 9.8% of the population of Hidalgo County. Estimated at 22.5%, the poverty rate was better than at the county level but still higher than the state average of 13.4%. Similarly, MHI was estimated at US\$48,815.¹¹

The communities of McAllen and Pharr in Texas may also benefit due to the regional effect of reducing pollution.

⁹ Sources: City of Pharr, May 2021, <https://pharr-tx.gov/pharr-takes-lead-in-creation-and-successful-passage-of-hb-2843-sb-1334-in-texas-legislature-to-enhance-bridge-funding/> and Government of Texas, <https://capitol.texas.gov/tlodocs/87R/billtext/html/SB01334S.htm>

¹⁰ Source: U.S. Census Quick Facts, <https://www.census.gov/quickfacts/TX>

¹¹ Source: U.S. Census Quick Facts, <https://www.census.gov/quickfacts/fact/table/missioncitytexas,TX/PST045221>

Reynosa, Tamaulipas

In 2020, the population in the urban area of the municipality of Reynosa was 691,557, which represented 19.6% of the population of the state of Tamaulipas.¹² According to the 2019 Economic Census, the main economic activities in the entire municipality (urban and surrounding areas) are manufacturing (49.1%), mining (23.2%), retail trade (8.5%) and wholesale trade (3.9%).¹³

U.S.-Mexico Border Crossings¹⁴

The U.S.-Mexico border extends approximately 1,953 miles from the Pacific Ocean to the Gulf of Mexico and has 59 border crossings, of which 55 are in operation and four are closed.¹⁵ The border crossings serve all modes of transportation to move people and goods, including privately-owned vehicles (POVs), buses, pedestrian walkways, bicycles and commercial trucks for the transportation of goods.

The development and improvement of U.S.-Mexico border crossings is a complex process requiring the coordination of multiple federal and state agencies on both sides of the border and other private-sector stakeholders.¹⁶ Historically, the governments of both countries have coordinated and worked on joint solutions to increase the options for land movement of goods and people to support economic growth.

Since the implementation of the North American Free Trade Agreement (NAFTA), trade along the U.S.-Mexico border has more than tripled, from US\$173 billion in 1994 to US\$615 billion in 2019.¹⁷ With the more recent passage of the USMCA, which entered into force in 2020, trade between the U.S. and Mexico is expected to continue to grow. The USMCA encourages investment in infrastructure, facilities and operations along the Texas-Mexico border, supporting economic growth and providing new employment opportunities.¹⁸

The *Texas-Mexico Border Transportation Master Plan 2021* (BTMP) developed by the Texas Department of Transportation (TxDOT) determined in its regional summary for the Rio Grande Valley (RGV)/Tamaulipas Region that the combination of economic growth and the USMCA will most likely result in a tripling of the value of trade between the U.S. and Mexico by 2050. This growth implies a near-tripling of commercial vehicle traffic at the border by 2050, which is expected to strain the border processing capabilities at land ports of entry and could lead to significant congestion at land border crossings in the region. Consequently, there is a need to enhance the movement of goods and people through a more efficient border crossing system.

¹² Source: INEGI, 2020 Census, <http://cuentame.inegi.org.mx/poblacion/habitantes.aspx?tema=P>

¹³ Source: INEGI, 2019 Economic Census, <https://www.inegi.org.mx/app/saic/>

¹⁴ Border crossing infrastructure includes LPOE facilities, as well as other complementary transportation infrastructure (e.g., bridges, roads, railroads, etc.), that connect Mexico and the United States on the border.

¹⁵ Source: Ibid.

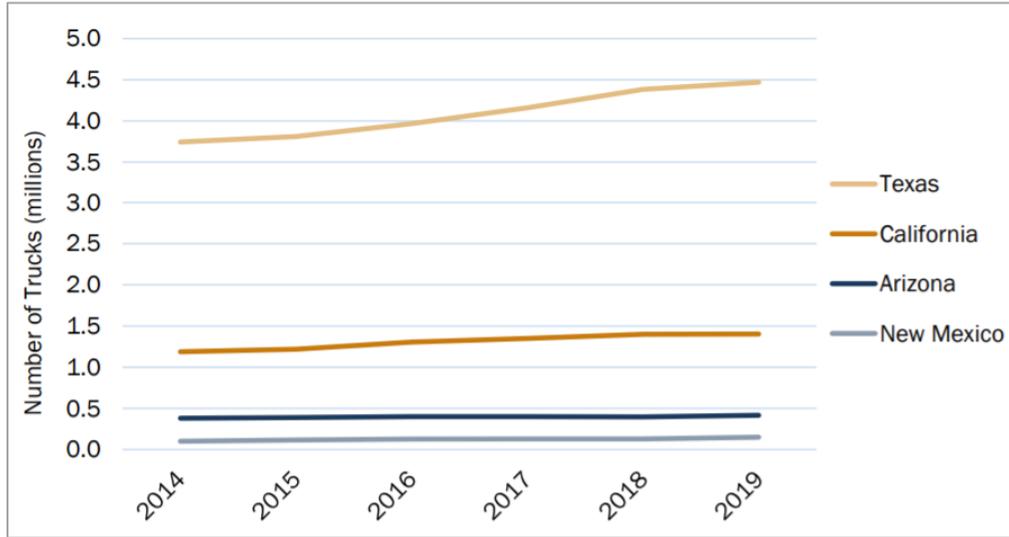
¹⁶ Source: Analysis conducted for NADBank by FOA Consultores and TTI, *Analysis of International Border Crossing Projects on the U.S.-Mexico Border*, 2019, https://www.nadb.org/uploads/files/december_2019_port_of_entry_study.pdf

¹⁷ Source: Texas Department of Transportation (TxDOT), *Texas-Mexico Border Master Plan 2021*, <https://www.txdot.gov/government/partnerships/trade-border/btmp.html>

¹⁸ Source: Ibid.

Texas ports of entry handle more northbound commercial vehicle crossings than any other state in the border region, with total crossings increasing from approximately 3.7 million in 2014 to 4.5 million in 2019, as shown in Figure 2.

Figure 2
U.S.-MEXICO BORDER, NORTHBOUND TRUCK CROSSINGS BY STATE



Source: TxDOT, 2020 International Trade Corridor Plan, 2020.

Left unaddressed, insufficient border crossing infrastructure could ultimately result in a loss of economic opportunity due to congestion and delays, highlighting the importance of projects such as the AIB commercial vehicle expansion. Improving the existing infrastructure is important to relieve current and future traffic congestion, reduce negative environmental impacts and improve the quality of life for residents in the border region.

Texas-Mexico

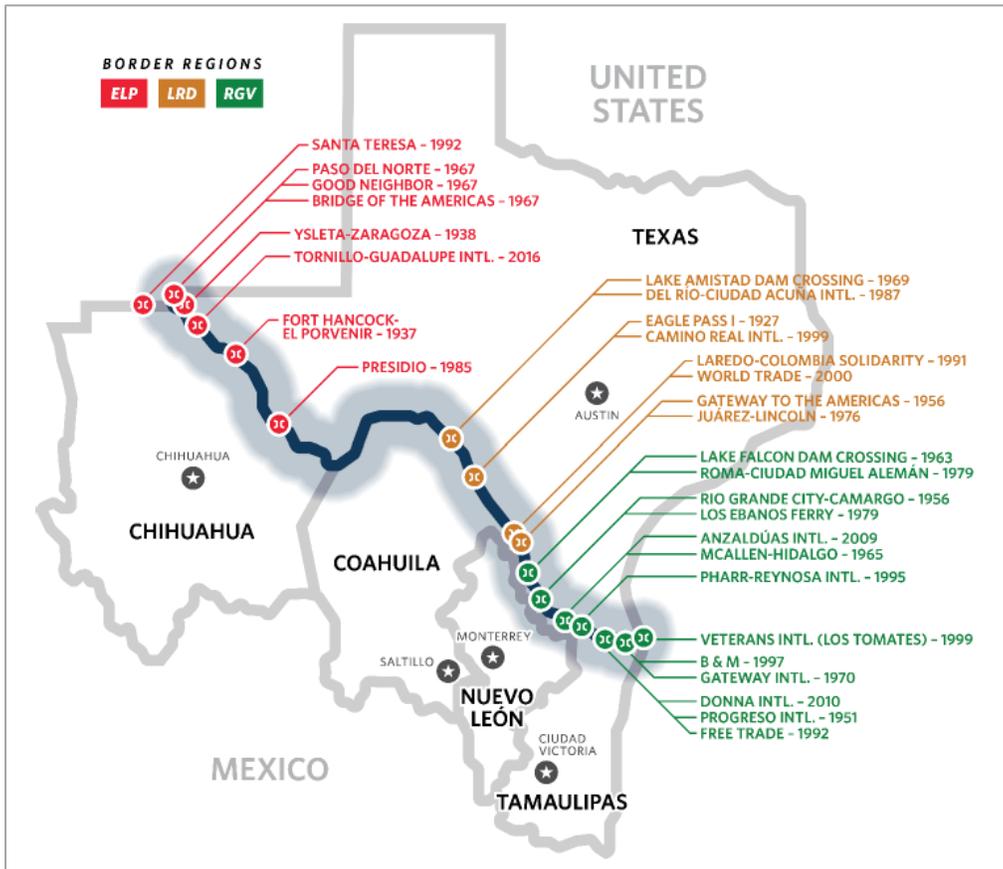
Texas and Mexico share a 1,254-mile border with 28 vehicular crossings and six rail crossings that allow vehicular, pedestrian and rail traffic subdivided into three main regions, as shown in Figure 3: El Paso, Laredo and the Lower Rio Grande Valley.¹⁹ Of the 28 border crossings, 15 serve both commercial vehicles and POVs.²⁰ Almost all border crossings on the Texas-Mexico border are bridges with tolls.²¹

¹⁹ Source: Ibid.

²⁰ Source: TxDOT, *Texas-Mexico International Bridges and Border Crossings*, 2019, <https://ftp.dot.state.tx.us/pub/txdot/move-texas-freight/studies/texas-mexico-bridges-crossings-2019.pdf>

²¹ Source: Analysis conducted for NADBank by FOA Consultores and TTI, *Analysis of International Border Crossing Projects on the U.S.-Mexico Border*, 2019, https://www.nadb.org/uploads/files/december_2019_port_of_entry_study.pdf

Figure 3
TEXAS-MEXICO BORDER CROSSINGS



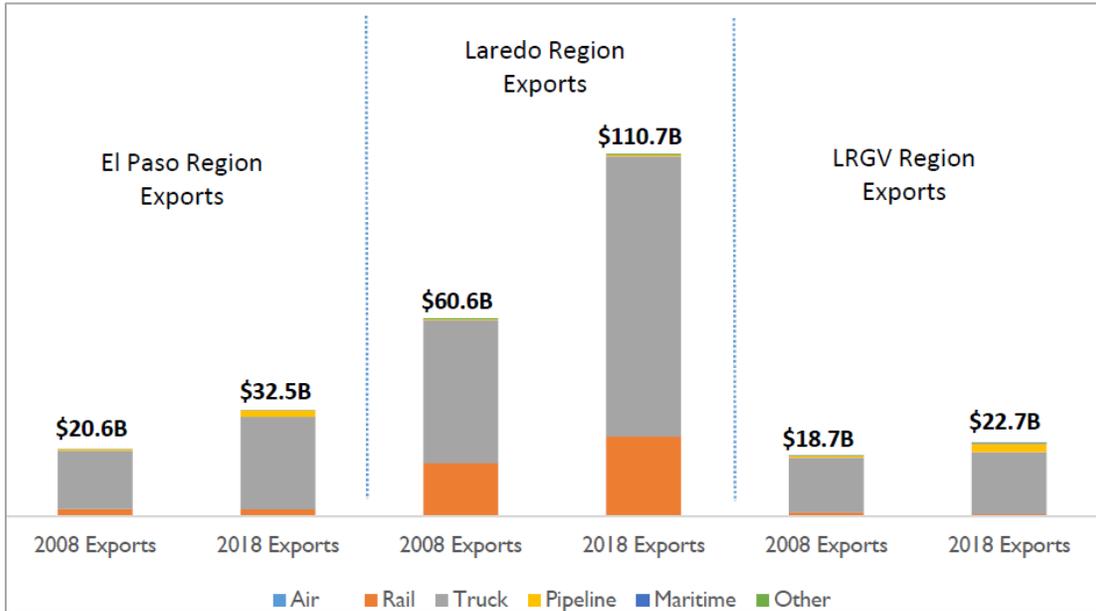
Source: TxDOT, *Texas-Mexico Border Master Plan 2021*

Along with Canada and China, Mexico is a top trading partner of both the U.S. and Texas. In 2019, the U.S. traded US\$615 billion with Mexico, up from US\$394 billion in 2010, a 56% increase.²² Similarly, Texas trade with Mexico over the same period increased 40%, up from US\$151.7 billion in 2010 to US\$212.9 billion in 2019. LPOEs in the Texas-Mexico border region actually processed twice the value of Texas’ trade with Mexico in 2019, at US\$441.9 billion, of which approximately 70% (US\$310.1 billion) crossed by truck and 17% (US\$74.8 billion) crossed by rail.²³ Continuous growth in trade along the Texas-Mexico border underscores the importance of the border crossings in this region. The LPOEs that allow for commercial vehicle traffic are key to the Texas economy. Figures 4 and 5 illustrate that the cross-border movement of goods by commercial vehicle is by far the dominant mode of transportation for both exports and imports in the three border crossing regions of Texas.

²² Source: TxDOT, *2020 International Trade Corridor Plan*, <https://ftp.dot.state.tx.us/pub/txdot-info/iro/border-trade-report.pdf>

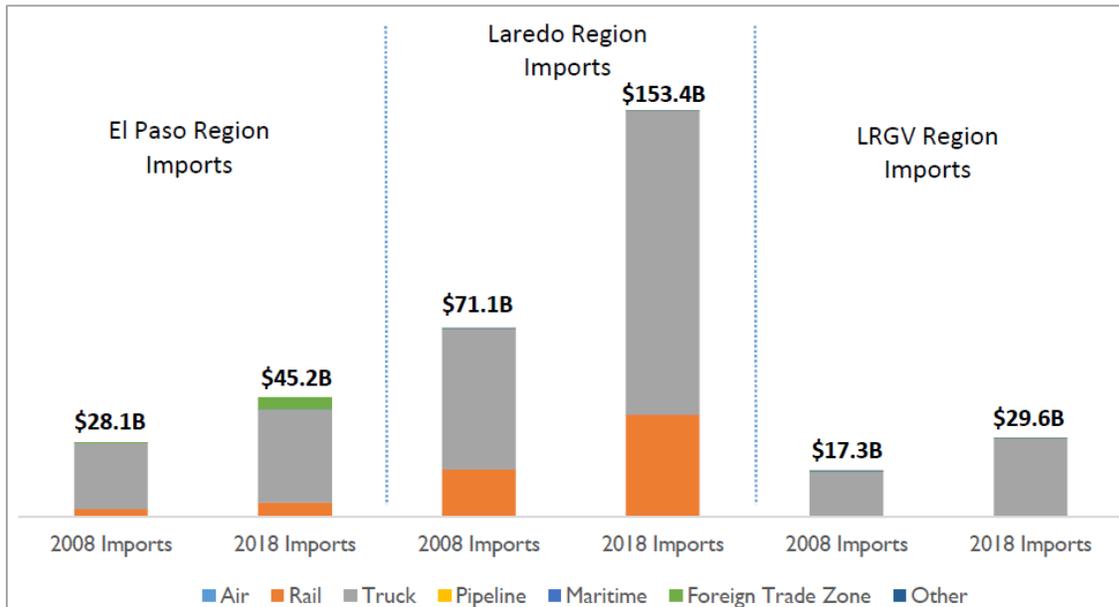
²³ Source: Ibid.

Figure 4
TEXAS EXPORTS TO MEXICO



Source: TxDOT, *Texas-Mexico International Bridges and Border Crossings, 2019*

Figure 5
TEXAS IMPORTS FROM MEXICO



Source: TxDOT, *Texas-Mexico International Bridges and Border Crossings, 2019*

Due to ongoing trade growth in the Texas-Mexico border region, there is significant interest in increasing the number of border crossings and their processing capacity. In 2018, nearly 4.4 million northbound truck crossings were recorded from Mexico into Texas, 34.5% higher than the number registered in 2008.²⁴ Over the past decade, three non-commercial vehicle traffic crossings were opened along the Texas-Mexico border: Tornillo-Guadalupe International Bridge, Anzalduas International Bridge and Donna-Rio Bravo International Bridge. The latter two are located in the Lower Rio Grande Valley region and are currently in the process of expanding their facilities to accommodate loaded commercial vehicle crossings.²⁵

*Border Crossings between Hidalgo County, Texas, and Rio Bravo and Reynosa, Tamaulipas*²⁶

Hidalgo County and the cities of Reynosa, Rio Bravo and Nuevo Progreso in Tamaulipas are connected by five border crossings as shown in Figure 6:

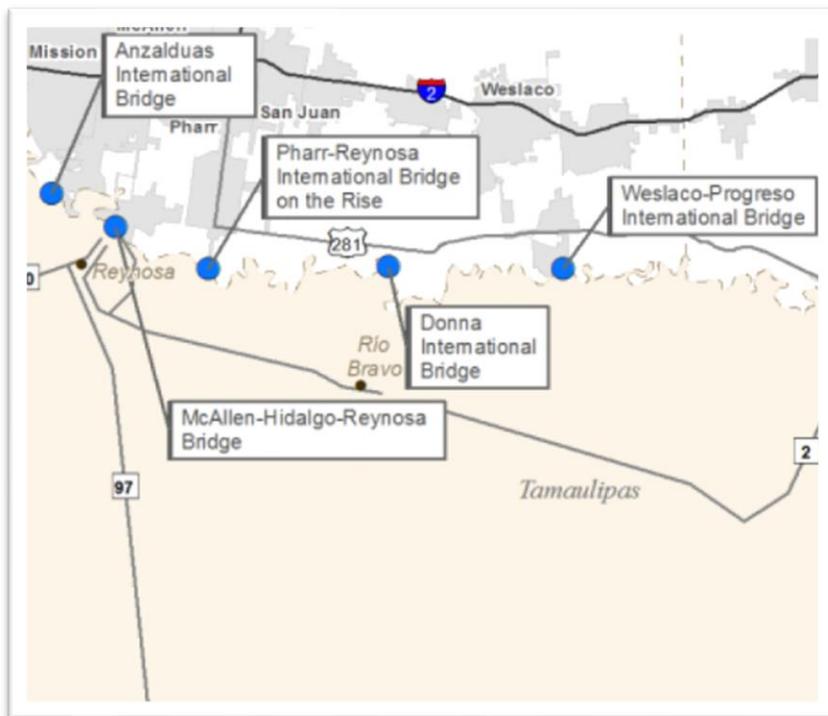
- Anzalduas International Bridge (AIB) between Mission, Texas and Reynosa, Tamaulipas;
- McAllen-Hidalgo International Bridge (MHIB) between the city of Hidalgo, Texas and Reynosa, Tamaulipas;
- Pharr-Reynosa International Bridge (PRIB) between Pharr, Texas, and Reynosa, Tamaulipas;
- Donna-Rio Bravo International Bridge between Donna (DIB), Texas, and Rio Bravo, Tamaulipas;
- Weslaco-Progreso International Bridge between Progreso, Texas, and Nuevo Progreso, Tamaulipas.

²⁴ Source: TxDOT, *Texas-Mexico International Bridges and Border Crossings*, 2019, <https://ftp.dot.state.tx.us/pub/txdot/move-texas-freight/studies/texas-mexico-bridges-crossings-2019.pdf>

²⁵ NADBank has received a request to fund the commercial expansion of both LPOEs.

²⁶ Source: Texas Department of Transportation (TxDOT), *Texas-Mexico Border Master Plan 2021*, <https://www.txdot.gov/government/partnerships/trade-border/btmp.html>

Figure 6
HIDALGO COUNTY-REYNOSA, RIO BRAVO AND NUEVO PROGRESO INTERNATIONAL BRIDGES



Source: Texas Department of Transportation, *Texas-Mexico International Bridges and Border Crossings*, 2019.

These border crossings provide access to retail, industrial and educational centers on both sides of the border, and two of the five crossings allow commercial vehicle traffic: i) Pharr-Reynosa International Bridge and ii) Weslaco-Progreso International Bridge.²⁷ Expansion of the AIB is expected to serve commercial traffic diverted from the PRIB. The characteristics of the AIB and PRIB border crossings are described below.

Anzalduas International Bridge (AIB)

Located three miles northwest of the McAllen-Hidalgo International Bridge, the AIB began operations in 2009 and started service for southbound empty commercial trucks in August 2016. The bridge on the U.S. side is owned by the Cities of McAllen and Mission.²⁸ The AIB spans 3.2 miles and has two safety bump-out spaces for disabled vehicles.²⁹ Currently, six northbound and

²⁷ Southbound empty commercial traffic is also permitted to pass at the AIB. The Weslaco-Progreso International Bridge is far from the influence of the PRIB and, therefore, only minimal commercial traffic, if any, is expected to be diverted from there to the AIB.

²⁸ The new LPOE facilities will be donated to the General Services Administration (GSA) and CBP, which will operate and maintain the new infrastructure, while the Cities of McAllen and Mission will continue to carry out the financial operations of the AIB.

²⁹ Source: TxDOT, *Texas-Mexico International Bridges and Border Crossings*, 2019, <https://ftp.dot.state.tx.us/pub/txdot/move-texas-freight/studies/texas-mexico-bridges-crossings-2019.pdf>

southbound lanes are in operation. The northbound lanes lead to inspection booths for entry into the United States, including a SENTRI lane.³⁰ The lanes are elevated to preserve the nearby U.S. Fish and Wildlife Refuge. Currently, the AIB only serves passenger vehicles and empty southbound commercial vehicles.³¹ The LPOE facility at the AIB is the first Leadership in Energy and Environmental Design (LEED) certified LPOE facility along the U.S.-Mexico border.³² The Project will pursue the LEED certification as well.

In the U.S., the roadway connecting to the AIB is FM 396 (Bryan Rd.), which in turn connects to U.S. 83 near Mission and provides access to the surrounding industrial areas. In Mexico, the AIB connects to highways MEX 40 and MEX 2, which provide access to the industrial parks (*maquiladoras*) located in western Reynosa. The hours of operation of the AIB for southbound travel are from 6:00 a.m. to 10:00 p.m., seven days a week.³³ Figure 7 provides an aerial view of the crossing.

Figure 7
ANZALDUAS INTERNATIONAL BRIDGE



In 2019, approximately 182,000 POVs crossed at the AIB every month. In addition, about 1,700 empty commercial vehicles crossed at the AIB into Mexico.³⁴

³⁰ The Secure Electronic Network for Travelers Rapid Inspection (SENTRI) is a U.S. Customs and Border Protection program that allows expedited clearance for pre-approved, low-risk travelers upon arrival in the United States.

³¹ Source: City of McAllen, <https://mcallen.net/departments/bridge/anzalduas>

³² LEED is an internationally recognized green building certification system developed by the U.S. Green Building Council.

³³ Source: TxDOT, *Texas-Mexico International Bridges and Border Crossings*, 2019, <https://ftp.dot.state.tx.us/pub/txdot/move-texas-freight/studies/texas-mexico-bridges-crossings-2019.pdf>

³⁴ Source: C&M Associates, Inc., *Donna-Rio Bravo International Bridge Investment Grade Traffic and Revenue Study Update – Final Report*, September 2021.

Pharr-Reynosa International Bridge (PRIB)

The PRIB is the seventh busiest border crossing in the United States and the fourth busiest along the U.S. border with Mexico. It was constructed to relieve congestion on the McAllen-Hidalgo International Bridge due to commercial traffic. The PRIB is comprised of a four-lane bridge (three northbound lanes and one southbound). The U.S. portion of the bridge is owned and operated by the City of Pharr, and a six-lane structure connects the border crossing facilities with U.S. highway 281. On the Mexican side, a loop connects to highways MEX 2 and MEX 40.³⁵ The PRIB connects the eastern area of Reynosa, where many industrial parks (*maquiladoras*) are located, to the Pharr Industrial Park on the U.S. side, as well as to local retail and tourist centers on both sides of the border. The hours of operation of the PRIB for southbound travel are from 6:00 a.m. to midnight for privately-owned vehicles seven days a week, 6:00 a.m. to 11:00 p.m. Monday through Friday for commercial vehicles, and 7:30 a.m. to 4:00 p.m. Saturday and Sunday for commercial vehicles.³⁶ Figure 8 provides an aerial view of the crossing.

Figure 8
PHARR-REYNOSA INTERNATIONAL BRIDGE



In 2019, approximately 107,000 POVs crossed at the PRIB every month along with 104,000 commercial trucks.³⁷ Starting in 1996, a year after the bridge began operating, all northbound commercial traffic was directed from the MHIB to the PRIB.³⁸

³⁵ Source: TxDOT, *Texas-Mexico International Bridges and Border Crossings*, 2019, <https://ftp.dot.state.tx.us/pub/txdot/move-texas-freight/studies/texas-mexico-bridges-crossings-2019.pdf>

³⁶ Source: Pharr International Bridge, Pharr Trade numbers. <https://bridge.pharr-tx.gov/>

³⁷ Source: C&M Associates, Inc., *Donna-Rio Bravo International Bridge Investment Grade Traffic and Revenue Study Update – Final Report*, September 2021.

³⁸ Source: TxDOT, *Texas-Mexico International Bridges and Border Crossings*, 2019, <https://ftp.dot.state.tx.us/pub/txdot/move-texas-freight/studies/texas-mexico-bridges-crossings-2019.pdf>

A total of US\$33.1 billion in trade was recorded at the PRIB in 2020, of which US\$11.5 billion were exports to Mexico and US\$21.6 billion were imports to the U.S. The top exports to Mexico were liquefied natural gas (LNG) and other petroleum gases (US\$4.2 billion), followed by gasoline and other fuels (US\$874 million) and motor vehicle parts (US\$501 million). The top imports from Mexico fell into five main categories: agricultural products, primarily in the form of fresh fruit (US\$3.0 billion); electrical boards, motors and automotive parts (US\$2.5 billion); TVs, computers and monitors (US\$2.5 billion); insulated wire and cable (US\$930 million) and medical instruments (US\$901 million).³⁹

3.1.2. Project Scope

The proposed Project consists of the construction of commercial inspection facilities at the Anzalduas LPOE to support the processing of loaded southbound and northbound commercial vehicles in a sparsely populated area of Mission, Texas. The LPOE infrastructure includes:

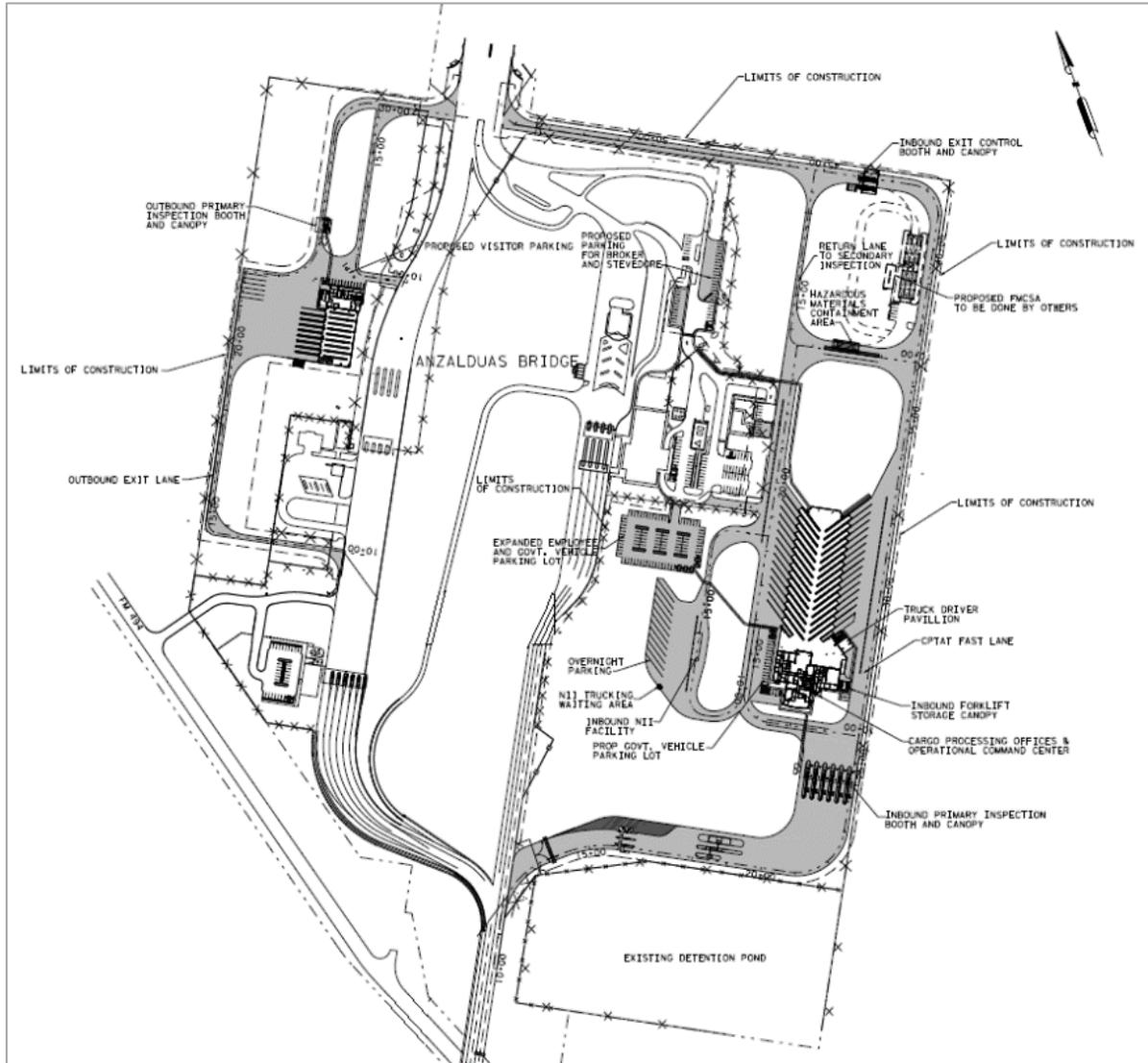
- *Southbound infrastructure.* Southbound inspection facilities will include a two-lane primary inspection booth and canopy, an eight-bay secondary commercial inspection facility, a forklift storage canopy and an outbound exit control booth.
- *Northbound infrastructure.* The northbound facility requires the incorporation of essential elements in order to implement Unified Cargo Processing (UCP).⁴⁰ The main northbound infrastructure will consist of two one-way lanes and shoulders leading to a six-lane primary inspection booth and canopy, along with a 30-bay secondary commercial vehicle inspection facility. Additional facilities include a non-intrusive inspection facility, a Customs Trade Partnership Against Terrorism (CTPAT) fast lane, a cargo processing office and operational command center, a truck driver pavilion, a two-lane exit control booth, an overnight parking lot, a forklift storage canopy, an expanded employee parking lot and a new government employee parking lot.

The layout for the southbound and northbound commercial traffic infrastructure is shown in Figure 9. The southbound infrastructure will be constructed on the west side of the existing Anzalduas LPOE, and the northbound facilities will be located on the east side of the Anzalduas LPOE.

³⁹ Source: Pharr International Bridge, *World City Report*, <https://bridge.pharr-tx.gov/world-city-report/>

⁴⁰ UCP is a joint program between the U.S. Customs and Border Protection (CBP) and Mexico's Tax Administration Service (*Servicio de Administración Tributaria*, or SAT) under which Mexican customs officers work side by side with CBP officers on the United States side to jointly inspect and process shipments of cargo destined for the United States (<https://www.cbp.gov>).

Figure 9
COMMERCIAL LPOE EXPANSION LAYOUT



Note: Areas shaded in gray indicate new LPOE infrastructure.
Source: Project Sponsor

The inspection of northbound commercial traffic will be conducted jointly by Mexican federal authorities and U.S. federal authorities. These inspections will take place on the U.S. side of the border. The inspection of southbound traffic will be conducted separately by U.S. federal authorities on the U.S. side of the border and by Mexican customs officials on the Mexican side of the border.

Additionally, just as for the existing infrastructure, the Sponsor will pursue a LEED certification for the Project.

3.1.3. Technical Feasibility

In March 1996, the City of McAllen, Texas, in coordination with the Cities of Hidalgo and Mission, submitted a revised application to the U.S. Department of State requesting a Presidential Permit to jointly authorize the three cities to construct, operate and maintain an international bridge for vehicle, pedestrian and commercial traffic at the international boundary between the U.S. and Mexico.⁴¹ In July 1999, the State Department issued Presidential Permit 99-01 for the Anzalduas International Crossing, a year after an updated bridge traffic study was submitted for its review. The Presidential Permit allowed for the construction of permanent cargo facilities no earlier than January 1, 2015, unless northbound commercial vehicle traffic at the nearby PRIB reached 15,000 vehicles per week prior to that date.⁴²

Pursuant to the provisions of the Presidential Permit and in order to evaluate different layout options for the expansion of the Anzalduas LPOE to accommodate loaded commercial vehicle traffic, in 2019 the City of McAllen issued a request for proposals for the design and specifications and to prepare contract documents related to the commercial bridge improvements. On October 10, 2019, the Sponsor received seven statements of qualifications for the Project.⁴³ On December 9, 2019, the AIB Board of Trustees awarded the contract for architectural engineering design services based on the recommendations made by engineering and bridge staff.⁴⁴ The final design was validated by U.S. Customs and Border Protection (CBP) in December 2021. The City of McAllen expects to carry out a bid process for the construction of the new infrastructure in March and April 2022, with contract award date projected for July 2022.

The Presidential Permit states that border station facilities used by agencies of the U.S. Government shall be owned by the General Services Administration (GSA). Therefore, the City of McAllen, will donate the new commercial crossing infrastructure to GSA and CBP to service commercial traffic at the Anzalduas LPOE pursuant to the U.S. Government's Donations Acceptance Program (DAP). The DAP was established in fiscal year 2015 to explore, foster and facilitate partnerships for port of entry infrastructure and technology improvements, and GSA and CBP were authorized collectively to accept donations of real property, personal property, money and non-personal services from the private sector and government entities.⁴⁵ GSA works closely with CBP to design, construct, maintain and operate land ports of entry along more than 1,900 miles of border between the U.S. and Mexico and more than 5,500 miles of border between the U.S. and Canada.⁴⁶ The Donation Acceptance Agreement (DAA) was fully executed on December

⁴¹ Source: TxDOT, *Texas-Mexico International Bridges and Border Crossings*, 2019, <https://ftp.dot.state.tx.us/pub/txdot/move-texas-freight/studies/texas-mexico-bridges-crossings-2019.pdf>

⁴² Source: U.S. Department of State, Presidential Permit 99-01: Anzalduas Bridge, <https://2009-2017.state.gov/p/wha/rls/95200.htm>

⁴³ Source: Anzalduas International Bridge Board of Trustees meeting, McAllen TX, October 28, 2019, <https://www.mcallen.net/docs/default-source/advisory-boards/anzalduas/anzalduas---october-28th-2019.pdf?sfvrsn=2>

⁴⁴ Source: Anzalduas International Bridge Board of Trustees Meeting, McAllen TX, January 13, 2020, <https://www.mcallen.net/docs/default-source/advisory-boards/anzalduas/anzalduas-bridge---january-13th-2020.pdf?sfvrsn=4>

⁴⁵ Source: CBP, Donations Acceptance Program. <https://www.cbp.gov/border-security/ports-entry/resource-opt-strategy/public-private-partnerships/donation-acceptance-program>

⁴⁶ Source: GSA, <https://www.gsa.gov/about-us/newsroom/congressional-testimony/keeping-pace-with-trade-travel-and-security-how-does-cbp-prioritize-and-improve-staffing-and-infrastructure>

15, 2021, by the AIB Board, GSA and CBP. The GSA and CBP agreed to accept the donation upon completion, provided the facilities are constructed in accordance with the terms and conditions of the DAA.

As part of its review of the feasibility of the Project, NADBank hired a third-party consultant to conduct a regional study of commercial traffic conditions and the expected effects of the Project on congestion and crossing times in the region (the “Traffic Study”).⁴⁷ Given the proximity of the AIB to the PRIB, the region was defined as the area on both sides of the border that includes origin to destination locations for crossings at the AIB and the PRIB, consisting of the communities of Mission, McAllen and Pharr in Texas and the urban area of Reynosa in Tamaulipas (the “Region”). Travel time refers to the time it takes a commercial truck to travel from a selected origin to destination pairing and includes crossing time. Crossing time refers to the time needed for the truck to traverse the border crossing, including queuing, inspection and processing times at the facilities.

The Traffic Study provided projections for commercial vehicle traffic in Year 1 and Year 23 of Project operations based on historical traffic crossings at the PRIB.⁴⁸ A base line was defined as the scenario in which the Project does not become operational yet southbound empties are still able to pass at the AIB and northbound and southbound commercial vehicles (CV) continue to cross at the PRIB (the “Business-as-usual Case,” or “BAU Case”). A second scenario assumes that the AIB commercial expansion is completed, and fully loaded CVs can cross the AIB in both directions (the “Project Case”). The Traffic Study concluded that the addition of the Project, assuming continued operations of the PRIB, will result in a reduction in travel time for commercial vehicle traffic attributed primarily to the reduction in crossing time. The reduction in travel time will consequently result in emission reductions and also help to address congestion at the PRIB, as explained in more detail in Section 3.2.1.

3.1.4. Land Acquisition and Right-of-Way Requirements

Under a Real Estate Donation Agreement signed on August 14, 2006, the City of McAllen donated 61.34 acres of land it owned in Hidalgo County, Texas, to the GSA. The donation included, without limitation, all mineral rights, riparian rights, easements and any right, title and interest to adjacent streams, stream beds, streets, alleys and rights of way. The donation was fully completed in May 2007. The Project will be developed within the existing right of way designated for the Anzalduas LPOE.

3.1.5. Project Milestones

Construction works for the Project are expected to start in July 2022, with commercial operation date (COD) projected to be achieved in December 2023. Table 1 presents the status of key milestones for Project implementation.

⁴⁷ Source: C&M Associates, Inc. *Donna-Rio Bravo International Bridge – Scenario Analysis Proposal*, 2022.

⁴⁸ The Sponsor currently estimates that the first full year of operations for the Project will be in 2024.

Table 1
PROJECT MILESTONES

Permits	Status
Land donation to GSA	Completed May 2007
Environmental review and decision (TxDOT)	Completed January 2021
Donation Acceptance Agreement (DAA)	Completed December 2021
Final project design	Completed December 2021
Procurement process	Expected to begin by April 2022
Contract award	Expected by July 2022
Construction notice to proceed (NTP)	Expected by July 2022
Commercial operation date	Expected by December 2023

Additionally, SICT confirmed to NADBank that planning for the Mexican portion of the infrastructure is in process. NADBank expects to provide technical assistance funding for the final design. The start of operation of the infrastructure on the Mexican side of the bridge is expected to occur at the same time as the entry into operation of the Project.

3.1.6. Management and Operation

The AIB and its related tolling and bridge road infrastructure (excluding the LPOE) is owned and operated by the Cities of McAllen and Mission. Under the provisions of the DAA, the commercial infrastructure improvements at the LPOE will be donated to GSA and CBP, the owner and operator of the Anzalduas LPOE.⁴⁹ Currently, GSA manages 124 of the 167 LPOEs along the U.S. borders, while CBP owns and operates 40 additional locations that are mostly smaller LPOEs in remote, rural areas. The remaining three are owned by the U.S. Department of Agriculture (1) and the National Park Service of the Department of the Interior (2).⁵⁰

Typical maintenance activities at an LPOE include routine resurfacing of the inbound and outbound roads and parking lots, as well as preventive maintenance and upkeep on inspection equipment. Additional activities may include routine upgrade, repair and maintenance of buildings and roofs at the LPOE facilities, replacing door locks or windows, painting interior and exterior walls and replacing essential facility components such as air conditioning units.

⁴⁹ A land port of entry (LPOE), also known as a border station, is the facility that provides controlled entry into or departure from the United States for persons and materials and consists of the land, buildings, on-site roadways and parking lots that the LPOE occupies. An LPOE houses CBP and other federal inspection agencies responsible for the enforcement of federal laws pertaining to such activities (<https://www.gsa.gov/real-estate/gsa-properties/land-ports-of-entry-overview>). Border crossing infrastructure includes LPOE facilities as well as other complementary transportation infrastructure (e.g., bridges, roads, railroads, etc.) that connect Mexico and the United States on the border.

⁵⁰ Source: GSA, <https://www.gsa.gov/about-us/newsroom/congressional-testimony/keeping-pace-with-trade-travel-and-security-how-does-cbp-prioritize-and-improve-staffing-and-infrastructure#:~:text=Of%20the%20167%20land%20ports,million%20square%20feet%20of%20space>

3.2. Environmental Criteria

3.2.1. Environmental and Health Effects/Impact

A. Existing Conditions

Currently, loaded and empty commercial traffic is permitted to cross in either direction at the Pharr-Reynosa International Bridge, whereas only empty commercial traffic can cross southbound at the AIB.⁵¹ In 2019, approximately 104,000 commercial vehicles crossed the PRIB every month, equivalent to average daily crossings of 4,471.⁵² On average 2,325 commercial vehicles crossed the PRIB each day going northbound, with 2,146 daily southbound crossings.⁵³

Over time, economic activity and commercial traffic is expected to increase all along the U.S.-Mexico border, including in the Lower RGV where the PRIB and AIB are located. Longer border crossing times will result in increased traffic-related emissions, thus worsening pollution levels. Populations living or working near public infrastructure designed for the use of personal and commercial vehicles (e.g., highways and ports of entry) are at an elevated risk for exposure to traffic-related emissions and may experience adverse health effects, as found in a study conducted in 2021 in the Paso del Norte region.^{54, 55}

Traffic-related emissions have localized, along with regional environmental and human health effects. The implementation of the Project will result in a reduction of emissions related to commercial traffic crossing through the AIB and PRIB. To analyze the environmental impact of the Project, NADBank hired a third-party consultant to carry out an environmental analysis in the form of an emissions study (the “Emissions Study”).

As stated in Section 3.1.3, the Traffic Study provided an analysis of traffic and time patterns for northbound and southbound commercial traffic in the Region and defined a Business-as-usual Case, or BAU Case, as a baseline against which to compare the Project Case. Similarly, the Emissions Study considered two scenarios to evaluate the regional effect of additional commercial capacity at the AIB: (i) business as usual, i.e., loaded commercial vehicle crossings going in both directions at the PRIB and empty commercial vehicle crossings for southbound trucks at the AIB (the “BAU Case”); and (ii) the AIB opens to loaded commercial vehicle traffic traveling both northbound and southbound, and the PRIB continues to operate as usual (the “Project Case”). The analysis in each study focused on two points in time: Year 1 of Project operation and Year 23

⁵¹ The Weslaco-Progreso International Bridge is far from the influence of the PRIB and, therefore, only minimal commercial traffic, if any, is expected to be diverted from there to the AIB.

⁵² The figure assumes 280 revenue days over a calendar year. Revenue days are calculated as the equivalent number of “weekdays” during the year based on the ratio of weekend-to-weekday traffic.

⁵³ Source: C&M Associates, Inc., *Donna-Rio Bravo International Bridge Investment Grade Traffic and Revenue Study Update – Final Report*, September 2021.

⁵⁴ Source: Texas Commission on Environmental Quality. *Low-cost air sensor study in the Paso del Norte, 2021*, <https://www.cccjac.org/uploads/9/1/9/2/91924192/final-report-low-cost-sensors.pdf>

⁵⁵ The Paso del Norte region encompasses an area along U.S./Mexico border that includes El Paso County in Texas, Doña Ana County in New Mexico and Ciudad Juarez in Chihuahua, Mexico, all of which lie in the northern Chihuahuan Desert.

of Project operation, near the end of the proposed loan tenor.⁵⁶ Inputs to the Emissions Study were derived from the Traffic Study and included:

- Traffic crossings. Estimated number of commercial vehicles that pass through each port of entry, considering historical commercial traffic at the PRIB and AIB and growth projections into the future.
- Travel time. Estimated overall northbound/southbound travel times from origin to destination locations defined in the Traffic Study. Travel time includes crossing time.
- Crossing time. Estimated time for queuing, inspection and processing of the trucks at the inspection facilities.

The results for the BAU Case, which establishes a baseline against which the addition of the Project can be compared, are presented below.

BAU Case – Traffic

The Traffic Study projects daily CV crossings at the PRIB and AIB to be 5,889 at the beginning of the period analyzed and will increase by 52% to 8,962 by the end of the period, as shown in Table 2.

Table 2
PROJECTED COMMERCIAL TRAFFIC
 (Vehicles/Day)

Bridge	Year	
	Year 1	Year 23
PRIB	5,791 (2,957 northbound and 2,834 southbound)	8,710 (4,501 northbound and 4,209 southbound)
AIB (southbound empties only)	98 southbound	252 southbound
TOTAL	5,889	8,962

Source: C&M Associates, Inc., *Donna-Rio Bravo International Bridge – Scenario Analysis Proposal, 2022.*

BAU Case – Crossing Time

The BAU Case projects that the average crossing time for commercial vehicles at the PRIB will be 158 minutes for northbound traffic and 103 minutes for traffic traveling southbound in Year 1. The combined average for trucks going in either direction will be approximately 129 minutes, which translates into approximately 12,660 truck-hours per day assuming 5,889 daily crossings.⁵⁷ By Year 23, the combined average crossing time per truck is expected to increase to 214 minutes, or over 31,900 truck-hours per day, assuming 8,962 daily crossings, an increase of 66% over Year 1.⁵⁸ These results are presented in Figure 10.

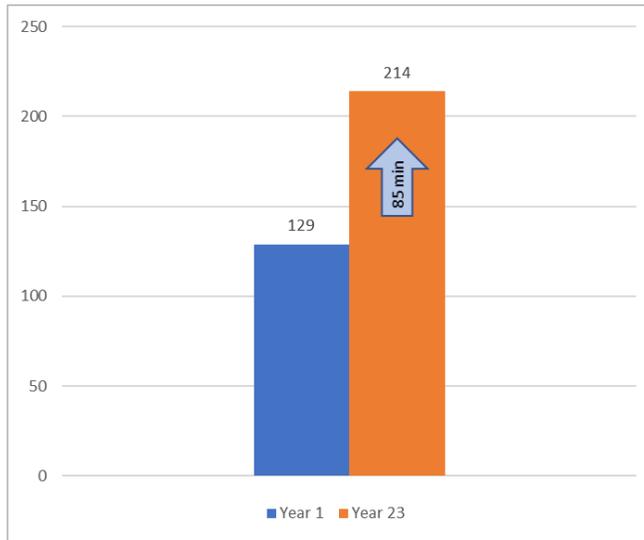
Figure 10

⁵⁶ The Sponsor currently estimates that the first full year of operations for the Project will be in 2024.

⁵⁷ The figure assumes 280 revenue days over a calendar year. Revenue days are calculated as the equivalent number of “weekdays” during the year based on the ratio of weekend-to-weekday traffic.

⁵⁸ Source: C&M Associates, Inc., *Donna-Rio Bravo International Bridge – Scenario Analysis Proposal, 2022.*

**AVERAGE CROSSING TIME OF TRUCKS
 (MINUTES)**

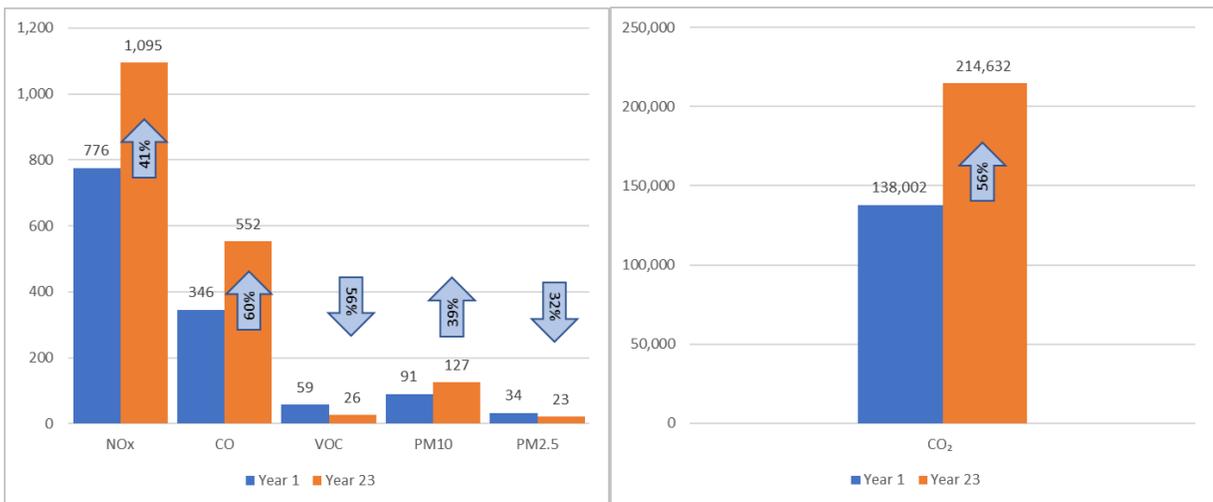


Source: C&M Associates, Inc., *Donna-Rio Bravo International Bridge – Scenario Analysis Proposal, 2022.*

BAU Case – Estimated Emissions

The results of the BAU Case from the Emissions Study are presented in Figure 11. Emissions associated with criteria pollutants (NOx, CO, VOC, PM₁₀ and PM_{2.5}) are estimated to increase by as much as 60% between Year 1 and Year 23, while CO₂ emissions are projected to go up by 56%.

**Figure 11
 COMPARISON OF BAU CASE EMISSIONS – YEAR 1 AND YEAR 23
 (Metric Tons/Year)**



Source: Texas A&M Transportation Institute (TTI), *Assessment of Emissions and Environmental Benefits at the Donna-Rio Bravo International Bridge in Tamaulipas/Texas, Phase 2 Analysis, 2022.*

Of note, volatile organic compounds (VOC) and PM_{2.5} emissions are both expected to decrease over time even without the addition of the Project. This decline is explained by the assumption that most of the heavy-duty truck fleet will comply with U.S. Environmental Protection Agency (EPA) 2010 emissions standards by Year 23. The more stringent emissions control systems required by this standard, such as diesel particulate filters (DPF), are expected to contribute to a reduction in the emissions of diesel particulate matter (both PM_{2.5} and PM₁₀) and VOC. DPF are effective at reducing particulate matter emissions from exhaust under a wide range of operating conditions, including the low-speed movements observed at the border crossings.⁵⁹ Nevertheless, with respect to PM₁₀ emissions, the benefits expected from the widespread adoption of the EPA 2010 emissions standard are projected to be offset by other factors, such as increased brake wearing during stop and go operations to cross the bridge. Consequently, the model projects that PM₁₀ emissions will increase by 39% from Year 1 to Year 23, while VOC and PM_{2.5} will decrease by 56% and 32%, respectively.⁶⁰

B. Project Impacts

The implementation of the Project will provide an alternative route for commercial trucks that typically cross the border through the PRIB. With the expanded capacity for commercial crossings in the Region, commercial traffic is expected to experience an overall reduction in travel time, and the Region will, in turn, benefit from a reduction in emissions. The results of the Project Case are presented below.

Project Case – Traffic

The Traffic Study assumes that the total number of annual commercial vehicle crossings will be the same under the BAU Case and Project Case. Stated differently, the opening of the AIB to CV traffic resulting from the entry into operations of the Project will not necessarily induce a greater number of commercial vehicle crossings in the Region. As such, the results of the Traffic Study assume the same total number of CV crossings in the BAU Case as in the Project Case, with the entry into operations of the Project expected to lead to a diversion in commercial vehicle crossings from the PRIB to the AIB.

The results of the Traffic Study for the Project Case are presented in Table 3, with total CV crossings estimated at 5,889 in Year 1, of which 1,101 trucks are expected to cross at the AIB. Between Year 1 and Year 23, CV traffic at the AIB is projected to grow 40%, while the estimated growth rate at the PRIB is closer to 55%.

⁵⁹ Source: Texas A&M Transportation Institute, *Assessment of Emissions and Environmental Benefits at the Donna-Rio Bravo International Bridge in Tamaulipas/Texas, Phase 2 Analysis*, 2022.

⁶⁰ Source: Ibid.

Table 3
PROJECTED COMMERCIAL TRAFFIC
 (Vehicles/Day)

Bridge	Year	
	Year 1	Year 23
PRIB	4,787 (2,361 northbound and 2,426 southbound)	7,424 (3,682 northbound and 3,742 southbound)
AIB	1,101 (596 northbound and 505 southbound)	1,538 (819 northbound and 719 southbound)
TOTAL	5,889	8,962

Source: C&M Associates, Inc., *Donna-Rio Bravo International Bridge – Scenario Analysis Proposal*. 2022.

It is important to note that the Traffic Study assumes a relatively rapid shift in commercial traffic patterns upon the opening of the AIB to loaded commercial vehicle traffic. However, there is some degree of uncertainty regarding the ultimate traffic numbers, as well as the ramp-up period to reach the anticipated daily crossings estimated in the Traffic Study. In addition, a key assumption of the Traffic Study is that the infrastructure needed to facilitate the flow of CV traffic will be constructed on both sides of the border at around the same time even though this Project is only for the infrastructure on the U.S. side of the border. As stated in Section 3.1.5, SICT confirmed to NADBank that planning for the Mexican portion of the infrastructure is in process. The start of operation of the infrastructure on the Mexican side of the bridge is expected to occur at the same time as the entry into operation of the Project, but this will depend on factors beyond the scope of the Project.

Project Case – Reduction of Crossing Time

The Traffic Study projected the crossing times of commercial vehicles at both the AIB and PRIB based on the estimated traffic at each facility. In Year 1 of Project operation, the average crossing time for all CV traffic is expected to be 27% less in the Project Case than the BAU Case, or a reduction of approximately 34 minutes per crossing. This result is equivalent to a savings of 3,385 truck-hours per day (assuming 5,889 total daily crossings). The expected time savings per crossing are even greater in Year 23 of Project operation, with an estimated reduction in average crossing time under the Project Case of nearly 71 minutes when compared with the BAU Case. This 33% reduction in average crossing time is equivalent to approximately 10,600 truck-hours per day (assuming 8,962 total daily crossings). These results are presented in Figure 12 below.

Figure 12
REDUCTION IN AVERAGE CROSSING TIME FROM ADDITION OF PROJECT
(Minutes)



Source: C&M Associates, Inc., *Donna-Rio Bravo International Bridge – Scenario Analysis Proposal*, 2022.

Shorter crossing times will allow for increased economic growth in the Region and more efficient delivery of goods and services into the U.S. and Mexico, while also reducing emissions. Interpolating the results presented in TxDOT’s BTMP, NADBank estimates an economic benefit from reduced crossing times during the first year of operations of the Project equal to US\$2.1 million per day to the U.S. gross domestic product (GDP) and US\$2.5 million per day to the Mexican GDP.⁶¹

Project Case Results – Estimated Reduction of Emissions

Table 4 presents the results of the Emissions Study for the Project Case in Year 1 of Project operation and the expected reduction of CO₂ emissions and criteria pollutant emissions from commercial traffic in metric tons per year.

⁶¹ Calculation based on TxDOT’s BTMP estimations.

Table 4
CO₂ AND CRITERIA POLLUTANT EMISSIONS REDUCTIONS – YEAR 1
 (Metric Tons/Year)

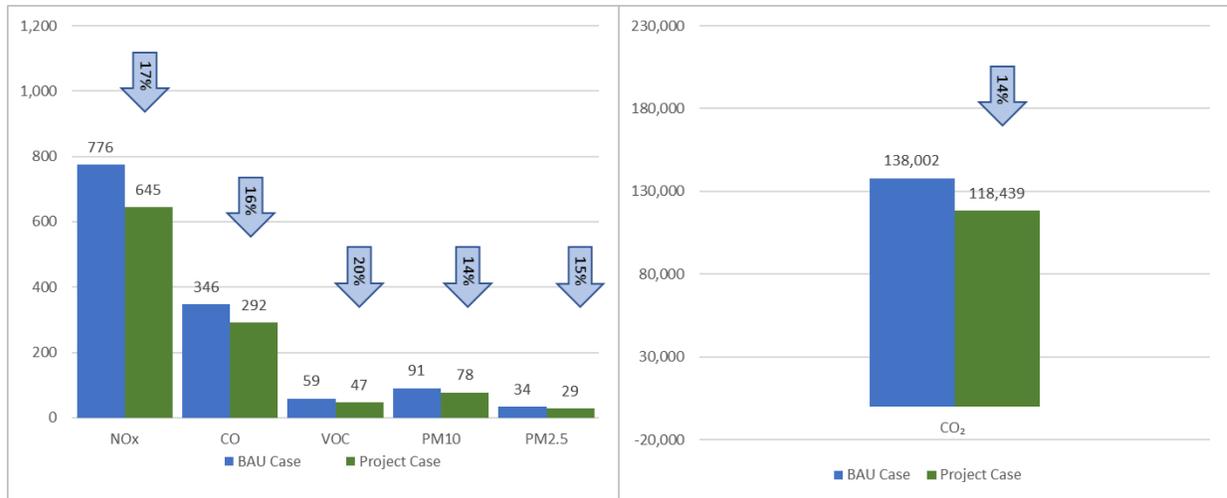
CO ₂	NO _x	CO	VOC	PM ₁₀	PM _{2.5}
19,563	131	54	12	13	5

CO₂ = carbon dioxide, NO_x = nitrogen oxides, CO = carbon monoxide, VOC = volatile organic compounds, PM₁₀ = particulate matter (PM) with a diameter of 10 micrometers (µm) or less, PM_{2.5} = PM with a diameter of 2.5 µm or less

Source: Texas A&M Transportation Institute (TTI), *Assessment of Emissions and Environmental Benefits at the Donna-Rio Bravo International Bridge in Tamaulipas/Texas, Phase 2 Analysis, 2022.*

In Year 1, emissions from criteria pollutants are projected to be reduced by up to 20% when compared to the BAU Case, while CO₂ emissions are expected to be reduced by 14%. These results are shown in Figure 13.

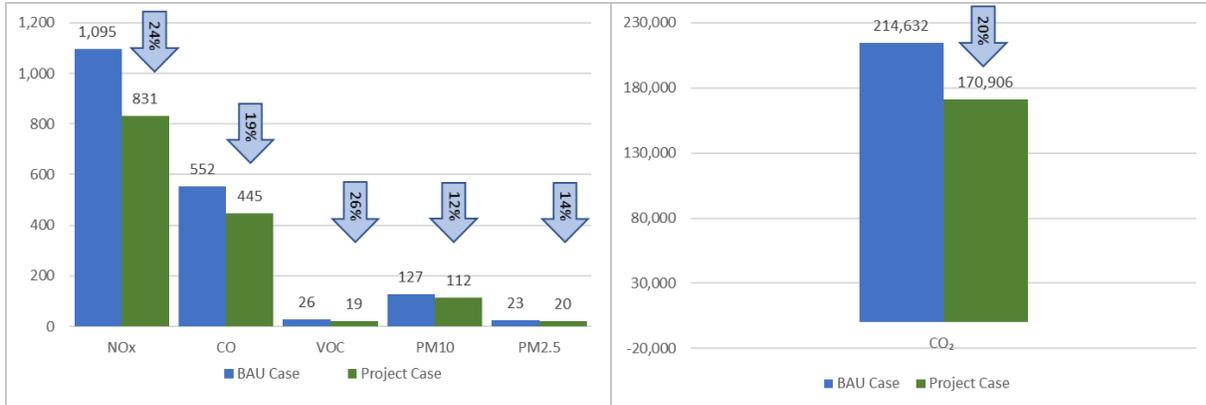
Figure 13
REDUCTION OF EMISSIONS – YEAR 1
 (Metric Tons/Year)



Source: Texas A&M Transportation Institute (TTI), *Assessment of Emissions and Environmental Benefits at the Donna-Rio Bravo International Bridge in Tamaulipas/Texas, Phase 2 Analysis, 2022.*

A similar reduction in emissions is expected when comparing the Project Case to the BAU Case in Year 23 of Project operation, with up to 26% lower emissions from criteria pollutants and 20% less from CO₂ emissions as shown in Figure 14.

Figure 14
REDUCTION OF EMISSIONS– YEAR 23
 (Metric Tons/Year)



Source: Texas A&M Transportation Institute (TTI), *Assessment of Emissions and Environmental Benefits at the Donna-Rio Bravo International Bridge in Tamaulipas/Texas, Phase 2 Analysis, 2022.*

In summary, the expanded capacity to process CV traffic at the AIB is expected to result in improved operations, reduced travel time and overall reduced emissions in the Region. Other studies have also concluded that there are operational and environmental benefits from the implementation of new infrastructure to process traffic at ports of entry. For example, a study conducted by the San Diego Association of Governments (SANDAG) in 2021 reported benefits in terms of reduced crossing time and emissions related to the development of planned infrastructure in the California-Baja California border region.⁶²

Additional Project Benefits

The Sponsor will pursue a LEED certification for the Project to ensure energy-efficient operations. The LEED certification considers the energy and water consumption of a project once it is operational, CO₂ emissions associated with its energy consumption, the fabrication and transportation of the materials to be used in its construction and indoor air quality, among other factors. The LEED protocol assigns points to all evaluated aspects of a project and ranks the project based on the sum of all the points obtained during the evaluation process. Different frameworks are applied depending on the type of project to be evaluated. The LEED certification includes 4 different certification levels as presented below.

<i>Certified</i>	<i>Silver</i>	<i>Gold</i>	<i>Platinum</i>
40-49 points	50-59 points	60-79 points	80+ points

The Project is expected to meet the requirements for LEED certification at the “Certified” level. The actions required to achieve this certification include construction on previously developed

⁶² Source: San Diego Association of Governments, *Impacts of Border Delays at California-Baja California Land Ports of Entry, Volume 3: Emissions Impact Analysis Report, 2021,* https://www.sandag.org/uploads/projectid/projectid_535_28732.pdf

land, outdoor/indoor water use reduction, construction and demolition waste management, enhanced indoor air quality strategies, a construction indoor air quality management plan, indoor air quality assessment, interior lighting, thermal comfort, reduced use of electrical lighting by introducing daylight into the space and selection of products with improved environmental life-cycle impacts.

In addition, diverting commercial trucks from the PRIB's neighboring residential and industrial clusters on the Mexican side of the border to the sparsely populated area surrounding the AIB inspection facilities will help reduce exposure to pollutants at the Pharr-Reynosa International Bridge. Other benefits related to the Project include:

- Better inspection systems (X-ray and non-intrusive inspection technologies),⁶³
- Enhanced regional competitiveness due to increased commercial crossing options in the Region, and
- Improved national security by deploying the latest in border security technology.

C. Transboundary Impacts

Important positive transboundary impacts have been identified as a result of the development and forthcoming implementation of the Project. The entry into operations of the AIB for loaded southbound and northbound commercial vehicles will help reduce travel and crossing time, as well as traffic-related emissions, which affect the nearby communities of Mission, McAllen and Pharr in Texas, as well as Reynosa in Tamaulipas.

Moreover, a portion of northbound commercial traffic is expected to be diverted from crossing at the populated urban area surrounding the PRIB to the sparsely populated area surrounding the AIB, thus reducing exposure to idling commercial vehicles and pollutants. Finally, economic growth in the broader region will be supported by providing increased processing capacity for current and future commercial traffic.

⁶³ Non-intrusive inspection technologies enable CBP officers to examine vehicles without physically opening or unloading them. Source: CBP, https://www.cbp.gov/sites/default/files/documents/nii_factsheet_2.pdf

3.2.2. Compliance with Applicable Environmental Laws and Regulation

A. Environmental Clearance

As the proposed Project is related to the transportation sector and funds from TxDOT will be required, an environmental review and authorization from TxDOT is required. TxDOT uses its Environmental Compliance Oversight System (ECOS) to approve transportation projects from an environmental standpoint. The determination, issued on September 1, 2021, concluded that the Project:

- Meets the definition of a categorical exclusion contained in 40 CFR 1508.4 and, based on past experience with similar actions, will not involve significant environmental impacts.⁶⁴
- Will not significantly impact planned growth or land use for the area.
- Will not have a significant impact on any natural, cultural, recreational, historical or other resources.
- Will not involve significant air, noise, or water quality impacts.
- Will not have a significant impact on travel patterns.
- Does not otherwise, either individually or cumulatively, have any significant environmental impacts.
- Does not involve any unusual circumstances, including substantial controversy on environmental grounds; significant impact on properties protected by section 4(f) of the DOT Act or section 106 of the National Historic Preservation Act; or inconsistencies with any federal, state or local law, requirement or administrative determination relating to the environmental aspects of the action.
- Meets the definition and any conditions on the use of the specific categorical exemption criterion identified above.

Based on the above findings, TxDOT determined that the Project qualified for a categorical exclusion and does not require an environmental assessment or environmental impact statement under the National Environmental Policy Act (NEPA).

TxDOT conducted the following studies as supporting evidence:

- *Hazardous Materials Technical Report*. An Initial Site Assessment was conducted to identify potential hazardous materials in the proposed Project's right of way and areas adjacent to the commercial vehicle inspection facilities at the Anzalduas LPOE. The search in the regulatory database identified three hazardous material facilities near the proposed Project limits, and an additional three unrecorded potential hazardous material

⁶⁴ Categorical exclusion means a category of actions that do not individually or cumulatively have a significant effect on the human environment, and which have been found to have no such effect in procedures adopted by a federal agency in implementation of regulations and for which, therefore, neither an environmental assessment nor an environmental impact statement is required. An agency may decide to prepare environmental assessments for the reasons stated in §1508.9, even though it is not required to do so.

sites were identified during a site visit. Nevertheless, the risk of the sites affecting the Project area was determined to be low, and no spills, odors or other evidence of contamination were observed within the right of way. The study also concluded that there were no concerns about potential hazardous materials, and therefore no further investigations were deemed warranted at the time the report was finalized.

- Surface Water Analysis Report. The findings presented in the report are as follows:
 - Section 401 of the Clean Water Act. A Section 401 water quality certification is not required for the Project.
 - Section 402 of the Clean Water Act. The Texas Pollutant Discharge Elimination System Construction General Permit (CGP) authorization requires compliance with applicable regulations during the design and construction phases of the Project. For this reason, a project-specific analysis is not required as part of the environmental review process under Section 402 of the Clean Water Act. All CGP authorization documents (e.g., notice of intent or site notice) will be completed, posted and submitted to the Texas Commission on Environmental Quality (TCEQ) when required. In addition, a Storm Water Pollution Prevention Plan was prepared.
 - Section 404 of the Clean Water Act. The Project will not involve any regulated activity in any jurisdictional waters and, therefore, does not require a U.S. Army Corps of Engineers (USACE) permit under Section 404 of the Clean Water Act.
 - Section 303(d) of the Clean Water Act. A project-specific analysis is not required as part of the environmental review process under Section 303(d) of the Clean Water Act because, to date, TCEQ has not identified a need to implement control measures beyond those required by the CGP on road construction projects. Therefore, compliance with the CGP, along with coordination under the TCEQ Memorandum of Understanding for certain transportation projects, collectively meet the need to address impaired waters during the environmental review process. The CGP requires the Project and its associated activities to be implemented, operated and maintained using best management practices to control the discharge of pollutants from the Project site.
 - Section 14 of the Rivers and Harbors Act. A project-specific authorization is not required as part of the environmental review process under Section 14 of the Rivers and Harbors Act (33 USC 408). This authorization is intended for any project that involves alterations to, or will temporarily or permanently occupy or use, a federally authorized civil works project of USACE (e.g., sea walls, bulkheads, reservoirs, levees, wharfs or other federal civil works projects or associated federal land) and is not applicable to the Project.
 - General Bridge Act/Section 9 of the Rivers and Harbors Act. The Project will not require a permit, bridge lighting authorization or exemption from the U.S. Coast Guard under Section 9 of the Rivers and Harbors Act, which outlines the requirements for approval to construct dams, dikes, bridges or causeways in or over a navigable waterway.

- Section 10 of the Rivers and Harbors Act. The Project does not require authorization from USACE under Section 10 of the Rivers and Harbors Act, which outlines the requirements for approval to construct smaller structures in a navigable waterway.
- Executive Order 11990, Protection of Wetlands. The Project will not involve construction on any wetlands.
- Executive Order 11988, Floodplain Management. The Project was designed in accordance with the TxDOT Hydraulic Design Manual, which ensures that the Project will not result in a “significant encroachment” as defined by Federal Highway Administration rules.
- Tier I Site Assessment. This assessment, dated July 2020, was conducted to identify potential impacts of the Project and resulted in the following findings:
 - Vegetation within the Project area primarily consists of maintained grassy areas with some scattered mesquite trees.
 - Potential habitat may be present for four state-listed endangered species: the black-spotted newt, the sheep frog, the South Texas siren and the white-lipped frog.
 - Coordination with the Texas Parks and Wildlife Department (TPWD) will be required for seven threatened and endangered species: the Texas horned lizard, the Northern aplomado falcon, the black-spotted newt, the sheep frog, the South Texas siren, the white-lipped frog and the red-crowned parrot.
 - Best management practices will be implemented to protect water quality, birds, bats and terrestrial reptiles. More details are presented in Section 3.2.2.B.
- Species Analysis. The following findings were reported:
 - Bald and Golden Eagle Protection Act. The Project is not within 660 feet of an active or inactive Bald or Golden Eagle nest. No coordination with the U.S. Fish and Wildlife Service is required.
 - Migratory Bird Treaty Act. The Project will comply with applicable provisions of the Migratory Bird Treaty Act and Title 5, Subtitle B, Chapter 64, of the Texas Parks and Wildlife Code. Except through federal or state approved options, the removal and destruction of active bird nests will be avoided.
- Archeological Survey Report. A survey was conducted to identify cultural resources within the footprint of the Anzalduas LPOE. No archeological materials were observed, and no new sites were recorded during the survey. The Project was also deemed unlikely to impact any known or unknown resources with the potential to be eligible for listing on the National Register of Historic Places or as a state antiquities landmark. No further archeological work was recommended prior to construction.

TxDOT issued the corresponding environmental approval for the Project on January 9, 2021.

B. Mitigation Measures

As part of TxDOT's requirements as set forth in the Environmental Permits, Issues and Commitments sheet, the following actions and best management practices will be implemented by the Sponsor to reduce, mitigate and control any environmental impacts resulting from Project activities:

- Fauna
 - Birds. In addition to complying with the Migratory Bird Treaty Act, the following best management practices will be implemented:
 - Prior to construction start, daytime surveys for nests will be conducted, including under bridges and in culverts. Active nests should not be disturbed.
 - Active nests, including ground-nesting birds, shall not be disturbed, destroyed or removed during nesting season.
 - To the extent practicable, the removal of unoccupied, inactive nests will be avoided.
 - The establishment of active nests will be prevented during nesting season.
 - Birds, eggs and active nests will not be collected, captured, relocated or transported without a permit.
 - Bats. Survey and exclusion protocols should be followed prior to commencement of construction activities, as follows:
 - For activities that can potentially impact structures, cliffs, caves or trees, a qualified biologist will perform a habitat assessment and occupancy survey of the features with roost potential as early in planning as possible.
 - If bats are present or recent signs of occupation are observed, appropriate measures will be taken to ensure that bats are not harmed, such as timing or phasing construction.
 - If, as a result of construction, features used by bats are removed, replacement structures should incorporate bat-friendly design, or artificial roosts should be constructed to replace these features, as practicable.
 - In all instances, harm to or the death of bats should be avoided. Bats should only be handled as a last resort and after communication with the TPWD.
 - Fossorial mammals and reptiles.
 - If black-tailed prairie dog (BTPD) burrows or pocket gopher mounds are to be excavated and/or directly impacted, the contractor will coordinate with TPWD.
 - When a construction zone is adjacent to active BTPD burrows or pocket gopher mounds, barriers will be erected to discourage animals from moving through or into the construction area.

- When seeding or revegetation is planned in an area adjacent to BTPD burrows or pocket gopher mounds, a vegetative area should be considered in the planting to discourage dispersal into the right of way.
 - For open trenches and open pits left uncovered, escape ramps will be installed at an angle of less than 45 degrees. Excavation areas will be visually inspected for trapped wildlife prior to backfilling.
 - Contractors will be informed that if reptiles are found on the Project site, the animal should be allowed to leave the Project area safely.
 - Contractors will be advised of the potential occurrence of fossorial mammal and reptile species in the Project area and to avoid harming any animals if encountered.
- Water quality
 - The use of equipment in streams and riparian areas will be minimized during construction.
 - When temporary stream crossings are unavoidable, they are to be removed once they are no longer needed, and the banks and soils around the crossing will be stabilized.
 - Vegetation
 - The use of any non-native vegetation in landscaping and revegetation is discouraged. Locally adapted native species should be used.
 - The use of seed mix that contains seeds from only locally adapted native species is recommended.
 - Vegetation clearing activities should be avoided during the general bird nesting season, March through August, to minimize adverse impacts to birds.

The following measures will also be implemented as part of the Storm Water Pollution Prevention Plan:

- Storm water management. Detention swales will provide stormwater drainage. All drainage from Project discharges into the main floodway of the International Boundary and Water Commission.
- Erosion and sediment controls. The following activities will be conducted:
 - Maintenance. All controls will be maintained in good working condition. If a repair is necessary, it will be done within seven calendar days.
 - Inspection. Inspections will be carried out for areas of the construction site that have not been fully stabilized. Personnel shall inspect disturbed areas at least every 14 calendar days and within 24 hours of the end of a storm event of 0.5 inches or greater.

- Waste materials. All waste materials will be collected and properly stored. All construction materials will be disposed of at a local dump.
- Sanitary waste. Sanitary waste will be collected by a licensed contractor.
- Offsite vehicle tracking. Access roads will be dampened for dust control. Excess dirt from roadways will be removed.

C. Pending Environmental Tasks and Authorizations

There are no pending environmental authorizations.

3.3. Financial Criteria

The total cost of the Project is estimated at US\$54.6 million, including construction, contingencies and other related financing costs. The Sponsor has requested a loan from NADBank for up to US\$33.5 million to support implementation of the Project. Table 5 presents a breakdown of the estimated Project costs and proposed sources of funding.

Table 5
USES AND SOURCES OF FUNDS
 (US\$ Millions)

Uses	Amount	%
Construction	\$ 51.7	86.8%
Contingency (15% of construction cost)	7.5	12.5
Cost of issuance	0.4	0.7
TOTAL	\$ 59.6	100.0%
Sources	Amount	%
NADBank loan	\$ 33.5	56.2%
TxDOT funding	22.0	36.9
Coordinated Border Infrastructure Program grant	4.1	6.9
TOTAL	\$ 59.6	100.0%

TxDOT = Texas Department of Transportation

The proposed loan will be made through the issuance of international toll bridge system revenue bonds (the “Loan”). The revenue bonds will be secured by and payable from a junior lien on and pledge of the net revenue of the toll bridge system, which is comprised of the Anzalduas International Bridge and the McAllen-Hidalgo International Bridge (the “System”).

The loan payment mechanism is consistent with the well-established municipal bond market in the U.S., and the revenue collected for payment of the NADBank Loan will be irrevocably pledged and deposited into an interest and sinking fund. Such revenue will be equal to the gross revenue of the System less (i) payment of maintenance and operations expenses for the System, (ii) debt

service for any existing and future senior lien obligations of the System and (iii) any reserve funding related to the senior lien obligations, if required.

A preliminary analysis conducted by NADBank verified that the Sponsor has the legal authority to contract the financing and that the System has sufficient net revenue to issue an additional bond commitment and still meet and exceed the required debt service coverage ratio threshold.

Considering the Project’s characteristics and based on the financial and risk analysis performed, the proposed Project is considered to be financially feasible and presents an acceptable level of risk.

4. PUBLIC ACCESS TO INFORMATION

4.1. Public Consultation

On April 6, 2022, NADBank published the draft certification and financing proposal for a 30-day public comment period.

4.2. Outreach Activities

The Cities of McAllen, Hidalgo and Mission consider the Anzalduas LPOE to be important infrastructure for economic development in their region. There has been sustained interest in expanding the capacity of this LPOE to serve southbound and northbound commercial traffic. On July 18, 2018, during Senate Hearing 115-815 titled “Trade and Commerce at U.S. Ports of Entry,” CBP Commissioner Kevin McAleenan remarked on the importance of the Donations Acceptance Program to support the expansion of infrastructure for commercial traffic at the Anzalduas LPOE.⁶⁵

The Cities obtained a Presidential Permit that allows service for commercial traffic starting in 2015. To evaluate different layout options for the expansion of the Anzalduas LPOE infrastructure, the City of McAllen published a request for proposals for its design and specifications. On December 9, 2019, a contract was awarded to develop a preliminary layout. The City plans to begin a public procurement process for the construction of the new infrastructure in April 2022.

NADBank conducted a media search to identify public opinion about the Project.

- *Rio Grande Guardian* (December 5, 2021) – “City of McAllen seeks NADBank loan for Anzalduas Bridge expansion project.”
<https://riograndeguardian.com/city-of-mcallen-seeks-nadbank-loan-for-anzalduas-bridge-expansion-project/>

⁶⁵ Source: U.S. Government. Senate Hearing 115-815, Trade and Commerce at U.S. Ports of Entry.
<https://www.govinfo.gov/content/pkg/CHRG-115shrg40448/html/CHRG-115shrg40448.htm>

- *Rio Grande Guardian* (December 21, 2020) – “Podcast: Rodriguez: Anzalduas will be a ‘game changer’ for RGV, Texas.”
<https://riograndeguardian.com/podcast-rodriguez-anzalduas-will-be-a-game-changer-for-rgv-texas/>
- *Texas Government Insider* (September 4, 2020) – “State allocates \$2.1B to Rio Grande Valley transportation improvements.”
<https://www.spartnerships.com/newsletter/2020/tgi-9-4-2020/texas-government-insider-9-4-2020.html>
- *KRQE* (February 6, 2020) – “Proposed trust fund to improve federal land ports gaining support.”
<https://www.krqe.com/news/border-report/proposed-trust-fund-to-improve-federal-land-ports-gaining-support/>
- *VBR Positive Valley News* (-) – “Anzalduas Bridge Proposal Selected for Program.”
<https://valleybusinessreport.com/news/anzalduas-bridge-proposal-selected-for-cbp-donations-acceptance-program/>
- *Rio Grande Guardian* (September 24, 2019) – “Darling: We’re close to having fully loaded trucks on Anzalduas Bridge.”
<https://riograndeguardian.com/darling-were-close-to-having-fully-loaded-trucks-on-anzalduas-bridge/>

In summary, these publications highlight the importance of providing additional capacity to process northbound and southbound commercial traffic through the Anzalduas International Bridge. No opposition to the Project was detected.