PROJECT PROPOSAL
THROUGH THE WATER INVESTMENT PROGRAM

EXPANSION OF THE STORMWATER DRAINAGE SYSTEM FOR CAMERON COUNTY DRAINAGE DISTRICT NO. 6 IN TEXAS

Revised: March 19, 2026

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EXECUTIVE SUMMARY

EXPANSION OF THE STORMWATER DRAINAGE SYSTEM FOR CAMERON COUNTY DRAINAGE DISTRICT NO. 6 IN TEXAS

Stormwater drainage in Cameron County is provided by a network of manmade ditches, many of which were constructed in the early 1900s. The flat topography and low-infiltration soils in the region impede drainage and increase the risk of flooding during moderate to severe rainfall events. Overland flows are further restricted by canal levees, roadways, railroad embankments and other infrastructure corridors that limit the ability of stormwater to drain naturally by gravity.

These physical constraints, combined with ongoing urban development and historically limited funding for drainage improvements and maintenance, have led to recurring flooding that affects residential areas, roadways and access to essential services. Flooding issues are further compounded by reliance on gravity discharge through outfalls along the levee system operated by the International Boundary and Water Commission (IBWC). During major storm events IBWC must close its levee gates as part of its flood-control operations to prevent flood waters from flowing back into upstream drainage systems and adjacent communities. These closures temporarily restrict gravity discharge from local drainage infrastructure, exacerbating the impacts of flooding.

Cameron County Drainage District No. 6 (the "District" or the "Sponsor") is seeking $11,300,000 in debt financing through Unlimited Tax Improvement Bonds to implement a coordinated set of stormwater drainage and flood-control investments (the "Project"). NADBank financing will support the construction of four shovel-ready drainage outfall and pump station projects along the IBWC levee (projects 1–4), providing permanent, controlled pumping capacity to evacuate stormwater during IBWC closed-gate conditions. In addition, bond proceeds will support internal drainage conveyance improvements (project 8), strategically targeted land acquisition to secure corridors and sites necessary for the implementation of future drainage projects (projects 9, 10, 11, and 16), and costs associated with bond issuance.

Together, these investments form an integrated drainage resilience program that addresses both immediate flood-control needs and longer-term system capacity by reducing flood risk, improving system reliability during extreme rainfall events and strengthening operational capacity of the District. The Project supports the District's long-term Master Plan, which identifies more than $60 million in needed drainage improvements and represents a critical step toward developing a more resilient stormwater management system for northwest Cameron County.

Table 1 provides a summary of the eligibility of the proposed Project and key aspects of the proposed financing

Table 1
PROJECT PROFILE

Project Eligibility

Type (Sector):	Stormwater drainage
Location:	Cameron County, Texas
Sponsor:	Cameron County Drainage District No. 6 (CCDD6 or the "District")

Project Summary

Objective:	To enhance stormwater drainage performance in northwestern Cameron County by addressing capacity constraints along the IBWC levee, improving internal drainage conveyance and enabling future flood-control infrastructure through targeted land acquisition.
Expected Outcomes:	The Project is expected to generate environmental and human health benefits related to the following outcomes:[1] ▪ Up to 4,000 households protected from flooding[2] ▪ Approximately 8.1 square miles protected from flooding
Population to Benefit:	Approximately 12,000 residents
NADBank Additionality:	NADBank financing accelerates implementation of critical flood-control and drainage investments that address IBWC closed-gate conditions and strengthen the long-term stormwater management capacity of the District.
Project Cost:	US$11,300,000

Financing Summary

NADBank Loan Amount:	US$11,300,000
Loan Type:	Loan in the form of Unlimited Tax Improvement Bonds, Series 2026
Borrower:	Cameron County Drainage District No. 6
Percentage of Project Financed by NADBank:	100%

[1] Outcome indicators reflect direct benefits from implemented project components (projects 1–4 and project 8) and do not include potential future benefits associated with land acquisition for projects that will not be constructed under this Project.
[2] Estimates based on U.S. Census Bureau, *ACS 5-Year Estimates (2020–2024)*, Tables B11001 and B01003, applied to GIS-delineated drainage service areas for Projects 1–4 and Project 8 and 3.05 persons per household from U.S. Census Bureau *QuickFacts* (2020-2024).

PROJECT PROPOSAL
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EXPANSION OF THE STORMWATER DRAINAGE SYSTEM FOR CAMERON COUNTY DRAINAGE DISTRICT NO. 6 IN TEXAS

1. CERTIFICATION CRITERIA

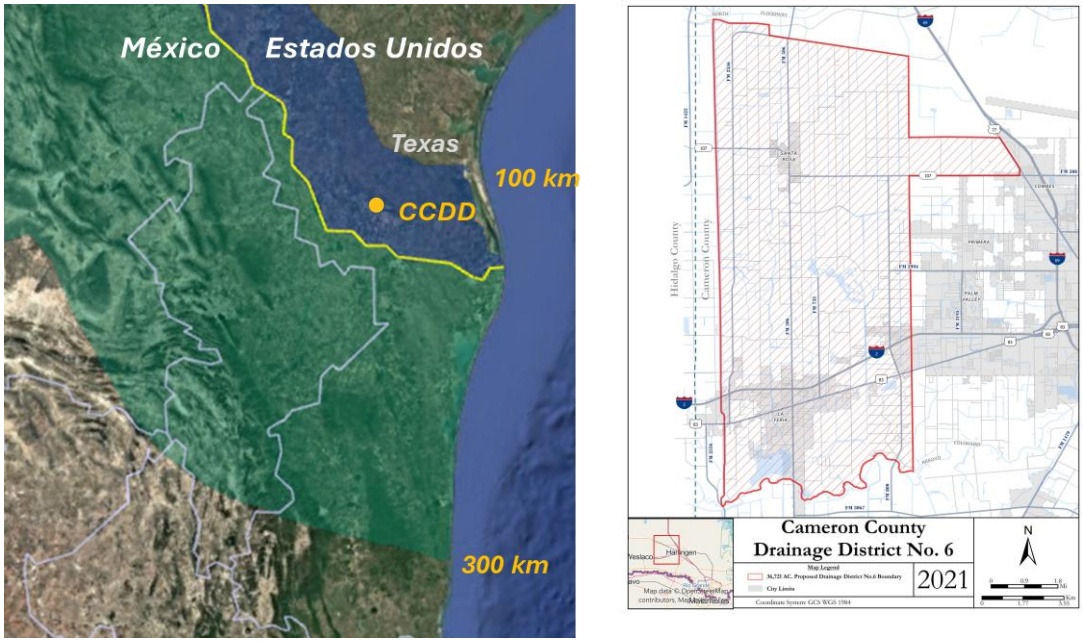
1.1. Technical Criteria

1.1.1. Project Description

Project Location

Cameron County Drainage District No. 6 encompasses approximately 36,721 acres in northwestern Cameron County, Texas, in the U.S.-Mexico border region. The District includes the communities of Santa Rosa and La Feria, as well as portions of the City of Combes and surrounding unincorporated rural areas. It is located roughly 25 miles from the U.S.-Mexico border at Los Indios/Matamoros and is hydraulically connected to the Arroyo Colorado and the IBWC North Floodway system, which form part of the binational flood control network in the region. Figure 1 shows the location of the Project area relative to the U.S.-Mexico Border as well as the jurisdiction of the District.

Figure 1
PROJECT LOCATION MAP



The area is characterized by flat terrain and low-infiltration soil, which makes it particularly vulnerable to flooding during extreme rainfall events. The manmade ditches, many constructed in the early 1900s, were not designed to accommodate current development scales or recent increases in storm intensity and frequency.

There are approximately 18,000 residents living within the District's service area. Direct benefits from the proposed improvements are expected to accrue to residents within the defined service area of projects 1–4 and project 8. Residents of the District are predominantly employed in agriculture, small businesses and service industries. Agriculture including citrus, sugarcane and row crops is a key economic activity and is highly vulnerable to flood damage. Repeated storm events have also caused long-term property devaluation and increased public health risks.

Project Scope

The Project consists of a coordinated set of stormwater drainage and flood-control investments within the District's service area. NADBank financing will be used to support construction, planning, and land acquisition that collectively strengthen the District's capacity to manage stormwater and mitigate flooding. The scope of work, shown below in Figure 2, includes the following components:

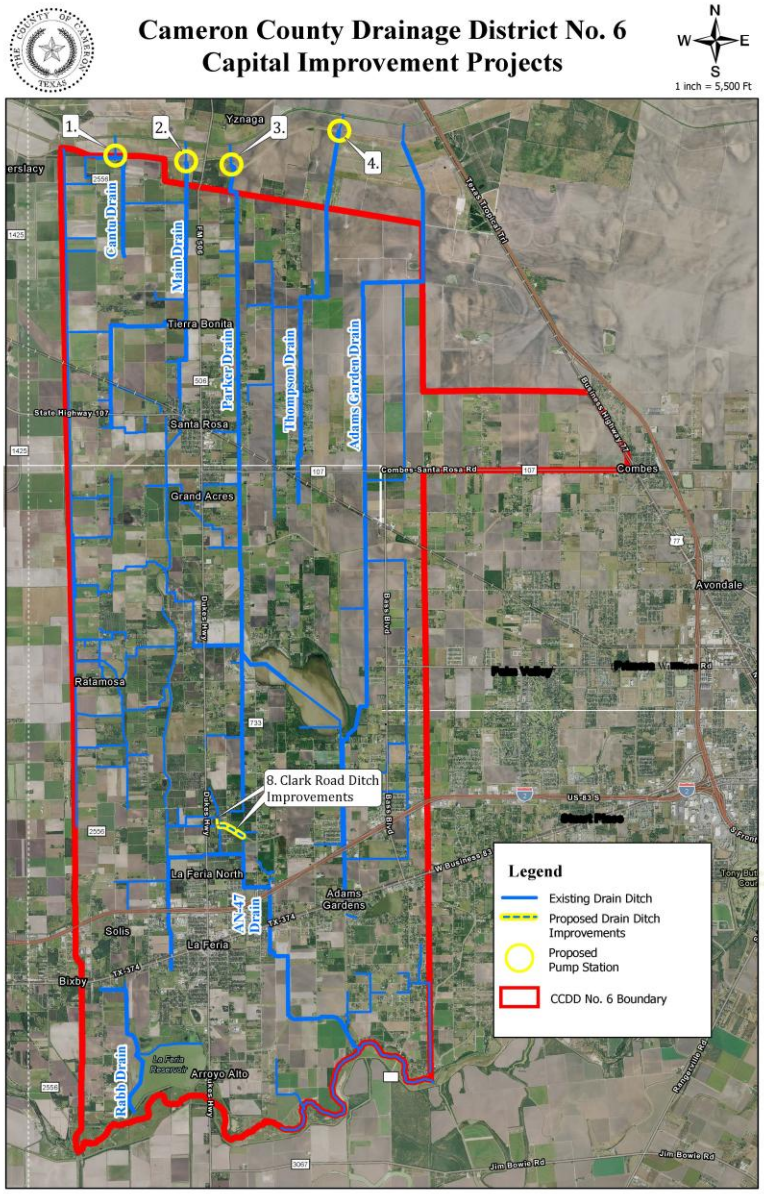
- *Projects 1-4 – IBWC Box and pump projects*. The primary component of the Project consists of the construction of four drainage outfalls and pump station facilities along the IBWC North Floodway levee system. Each project includes replacing existing undersized drainage crossings with dual 10-foot-by-10-foot reinforced concrete box culverts designed to increase gravity drainage capacity under normal operating conditions. In addition, each site will be equipped with two 100 cubic-foot per--second (cfs) pumps, enabling the controlled discharge of stormwater into the floodway during IBWC closed-gate conditions when gravity drainage is not possible. Collectively, projects 1-4 will provide approximately 800 cfs of total pumping capacity. These projects are fully designed, shovel-ready and have received the required IBWC construction permits and authorizations.

- *Project 8 – Clark Road drainage improvements*. An existing drainage channel will be widened and improved to increase conveyance capacity. Financing will be used for (i) construction activities currently underway and (ii) planning, land acquisition, and design for subsequent project phases. This component complements the IBWC outfall projects by improving internal drainage conveyance within the District.

- *Land acquisition for drainage infrastructure*. A portion of the financing will be used to acquire approximately 118 acres of land within the District to support implementation of identified drainage and flood-control projects included in the District's capital improvement program, specifically Projects 9, 10, 11 and 16. Although not part of this certification proposal, these projects involve drainage conveyance improvements, channel widening, detention facilities and related stormwater management infrastructure that require dedicated corridors and undeveloped land. Construction activities on acquired parcels will be subject to project-specific design, environmental review and permitting, as applicable.

Together, these components form an integrated investment program combining shovel-ready flood-control infrastructure, internal drainage improvements and strategic land acquisition to support the District's long-term capital plan. All Project components are directly related to stormwater management and flood-control objectives and fall within the District's statutory authority and operational responsibilities.

Figure 2
LOCATION OF SCOPE OF WORK



Project Milestones

Table 2
PROJECT MILESTONES

Activity	Date
Construction startup (projects 1-4)	Expected during the 3rd quarter of 2026
Construction completion (projects 1-4)	Expected during the 1st quarter of 2027
Construction startup (project 8)	1st quarter of 2026
Construction completion (project 8)	Expected during the 1st quarter of 2027
Land acquisition (projects 9,10,11,16)	Expected during the 2nd & 3rd quarters of 2026
Financial close/bond issuance	Expected during the 1st & 2nd quarters of 2026

1.1.2. Technical Feasibility

The technical feasibility of the Project is supported by the Preliminary Engineering Report prepared for the District and compliance with applicable IBWC design and permitting requirements. The Project has been designed to address a specific and well-defined flood prevention mechanism—stormwater backwater conditions upstream of the IBWC levee during gate closures—using established drainage and pumping technologies commonly applied in flat, low-relief floodplain environments.

During Project development, the District evaluated a range of alternatives to address flooding associated with IBWC closed-gate conditions. These alternatives included maintaining existing gravity outfalls, expanding gravity conveyance alone, relying on temporary or mobile pumping during storm events and constructing additional upstream detention facilities. Gravity-only improvements were determined to be insufficient under closed-gate conditions, as discharge to the North Floodway is physically restricted when gates are closed. Temporary pumping was found to be operationally unreliable and insufficient to manage inflows during major storm events, while additional upstream detention facilities alone would not adequately mitigate prolonged ponding during extreme rainfall events. Based on this analysis, the District identified permanent pump stations integrated with upgraded outfalls as the most effective and reliable solution for evacuating stormwater during closed-gate scenarios.

The selected solution—dual reinforced concrete box culverts combined with fixed pumping capacity—is appropriate for the hydrologic and operational conditions of the drainage system. The dual 10-foot-by-10-foot reinforced concrete box culverts substantially increase gravity drainage capacity under normal operating conditions, while installing two 100 cfs pumps at each site enables active discharge when gravity flow is not possible. With 800 cfs of total installed pumping capacity across the four sites, the Project is sized to address anticipated inflows during major storm events based on the results of hydrologic and hydraulic analyses and is consistent with regional flood-control practices along leveed systems. The proposed technologies are conventional, sound and widely used in similar flood-control applications.

The Project design has been reviewed for consistency with IBWC requirements for construction along the North Floodway levee system, including hydraulic compatibility, levee integrity and operational safety. The District has obtained the necessary IBWC construction permits and long-term authorization to construct, operate and maintain the facilities on federal lands. These approvals indicate that the proposed infrastructure meets applicable technical and regulatory standards. Environmental reviews have also been completed, further supporting its readiness for implementation.

In addition to the IBWC outfall projects, the Project includes drainage conveyance improvements under project 8, as well as land acquisition to support implementation of drainage infrastructure under future projects District. Project 8 involves widening and improving an existing drainage channel using well-established, technically feasible excavation and earthwork techniques. Land acquisition activities support the implementation of identified drainage projects included in the District's capital improvement program and do not, by themselves, involve construction. Future construction activities associated with these projects will be subject to project-specific design, environmental review and permitting.

The Project is compatible with the District's capacity to operate and maintain the proposed infrastructure. The District has statutory responsibility for drainage and flood-control infrastructure within its jurisdiction and has experience operating similar assets. The pump stations will operate under defined conditions—primarily during IBWC gate closures—reducing operational complexity. Standardized pump equipment, electrical systems and control components have been selected to facilitate routine maintenance, ensure availability of replacement parts and support long-term reliability. The District will be responsible for ongoing operation and maintenance in accordance with approved procedures and IBWC requirements.

1.1.3. Land Acquisition and Right-of-Way Requirements

Project implementation includes targeted land acquisition to support the construction and operation of specific drainage and flood-control infrastructure in the District's capital improvement program. NADBank financing will be used, in part, to acquire approximately 118 acres of land required to implement projects 8, 9, 10, 11 and 16, which involve drainage conveyance improvements, channel widening, detention structures, and related stormwater management infrastructure.

The parcels to be acquired are primarily undeveloped or agricultural properties and have been identified by the Sponsor as necessary to construct and operate the referenced projects in accordance with applicable engineering, environmental and regulatory requirements. Land acquisition under the Project is directly linked to these defined drainage improvements and does not include speculative development or unrelated property purchases.

For the IBWC Box and Pump projects (projects 1–4), all required property rights and access authorizations have already been secured, including the necessary IBWC approvals to construct, operate and maintain the facilities on federal lands along the levee. No additional land acquisition is required for the construction or operation of those components.

The Sponsor has statutory authority under Texas law to acquire property for drainage and flood-control purposes and has demonstrated the ability to complete land acquisition activities in a timely manner. No involuntary resettlement is anticipated as part of the Project. The Sponsor will maintain documentation related to land acquisition and access rights and will make such documentation available as part of NADBank's due diligence and monitoring processes.

1.1.4. Project Operations

The District is a political subdivision of the State of Texas, formally established in November 2021 through a public vote in response to recurring flooding events. The District is governed by a Board of Directors elected by local residents and led by officers, including a president, vice president, and secretary. Under Chapters 49 and 56 of the Texas Water Code the District has legal authority to levy ad valorem property taxes, issue bonds, acquire land and construct, operate, and maintain drainage and flood-control infrastructure.

The District is responsible for the planning, implementation, operation and long-term maintenance of stormwater drainage infrastructure within its jurisdiction, including coordination with federal and state agencies. For this Project, the District will manage construction and implementation activities through standard public procurement procedures and will oversee contractor performance, compliance with permit conditions, and adherence to approved schedules. Upon completion, the District will assume full operational control of the pump stations, drainage outfalls, internal conveyance improvements and other assets financed under the Project.

Operational activities will include routine inspections of intake and discharge structures; operation of pump systems during qualifying storm events; periodic testing of mechanical and electrical components; maintenance of drainage channels; and coordination with the IBWC on levee operations and gate closures. Operating procedures will be consistent with IBWC requirements, applicable permits and approved design and operating documents.

The District has experience operating drainage channels and pumping infrastructure and will utilize a combination of in-house staff and contracted services, as appropriate, for routine maintenance and specialized mechanical or electrical work. As previously mentioned, standardized pump equipment, electrical systems and control components facilitate maintenance, ensure the availability of replacement parts and support long-term reliability. Operation of the pump stations is expected to be event-based, primarily during IBWC closed-gate conditions, which limit routine operating hours and associated equipment wear.

Funding for operations and maintenance will be supported through the District's existing revenue sources, including ad valorem tax revenue authorized under Texas law. Its financial structure allows for allocation of funds for routine maintenance, repairs, and periodic equipment replacement over the life of the Project.

The District will implement and operate the Project in accordance with NADBank's financing requirements, including compliance with applicable reporting standards.

1.2. Environmental Criteria

1.2.1. Environmental and Health Effects/Impacts

A. Existing Conditions

The communities served by the District experience recurring flooding due to structural limitations in the stormwater management system. Drainage within the District relies primarily on a network of manmade ditches and agricultural canals, many of which were constructed in the early 1900s and were not designed to current hydrologic standards nor to handle current drainage needs deriving from land development. The flat topography and low-infiltration soils in the region further constrain system performance, resulting in shallow but widespread ponding during moderate to severe rainfall events.

A critical constraint affecting current conditions is the District's reliance on gravity discharge through outfalls along the IBWC levee system. During major storm events, the IBWC must close levee gates as part of its flood-control operations to prevent stormwater from flowing back into upstream communities, roadways and drainage infrastructure. While this action is necessary to protect property and infrastructure on both sides of the levee, it temporarily prevents gravity discharge from upstream drainage systems. The District lacks permanent pumping capacity at several critical outfalls, resulting in backwater, prolonged ponding and upstream flooding during closed-gate events.

In addition to outfall constraints, internal drainage capacity within the District is limited. Many channels are undersized, detention facilities are minimal, and available pumping infrastructure is insufficient to manage peak inflows during extreme rainfall. These conditions have contributed to repeated flooding events in recent decades, including major storm events in 2008, 2018, 2019 and 2020, which resulted in extensive property damage, roadway closures and disruptions to essential services.

Flood mitigation has been identified as a priority at the state and regional levels. Following major storm events, agencies such as the Texas Water Development Board have emphasized the need for improved stormwater and flood-control infrastructure in the Lower Rio Grande Valley. Regional flood-control operations administered by the IBWC and flood hazard mapping prepared by the Federal Emergency Management Agency further indicate that substantial portions of the District remain exposed to flood risk under current conditions.

Flooding disproportionately impacts local residents and businesses. Flood events regularly disrupt access to homes, schools, employment centers and emergency services, particularly in low-lying residential areas. Standing water following storm events poses public health risks and delays the timely restoration of normal activities. Recurrent flooding has also affected agricultural operations within the District and has constrained economic development by increasing risk and uncertainty for households and local governments. Together, these conditions underscore the need for targeted investments to address both system capacity limitations and operational vulnerabilities in the District's stormwater infrastructure.

B. Expected Environmental/Human Health Outcomes

The Project is expected to generate environmental and human health benefits related to the following Project outcomes:

- Up to 4,000 households protected from flooding
- Approximately 8.1 square miles protected from flooding

C. Other Project Benefits

The Project is expected to generate social and economic benefits for communities within the District's service area, where recurring flooding has historically disrupted daily activities and limited economic stability. By improving the reliability of stormwater drainage infrastructure, the Project supports safer residential conditions and more consistent access to transportation, employment, education, and essential services.

Reduced flood-related disruptions are expected to benefit low- and moderate-income households that are disproportionately affected by flooding due to their location in low-lying areas and limited capacity to absorb repeated losses. Improved roadway accessibility during storm events will also support safer emergency response and continuity of public services.

Small and medium-size enterprises, including locally owned commercial, service and agricultural operations, are expected to benefit from improved drainage performance through reduced operational interruptions, lower flood-related losses and improved access for customers, employees and suppliers during and after storm events.

Project implementation will generate short-term economic activity through construction and related professional services. In addition, targeted land acquisition will strengthen the District’s capacity to implement drainage infrastructure, supporting efficient delivery of public works and contributing to long-term economic resilience within the District.

D. Transboundary Impacts

The Project does not involve new international conveyance structures, diversions or changes to floodway operating criteria, and it will not alter the timing, volume or direction of flows in a manner that would result in adverse downstream or cross-border impacts. Pumped discharges during IBWC closed-gate conditions are limited to rates reviewed and approved by IBWC as part of the permitting process.

Accordingly, no transboundary impacts are anticipated due to Project implementation. Any Project component that could have a negative transboundary impact would require appropriate mitigation or would be determined ineligible for financing.

1.2.2. Compliance with Applicable Environmental Laws and Regulations

The proposed Project is expected to comply with all applicable environmental laws, regulations and permitting requirements. The Sponsor has demonstrated both the institutional capacity and commitment to secure the necessary clearances for Project implementation.

A. Environmental Studies or Consultations

Environmental and cultural resource considerations for the Project have been addressed through reviews conducted during the planning, design and permitting processes for the Project components. These reviews evaluated potential environmental impacts associated with the construction and operation of drainage outfalls, pump stations and drainage conveyance improvements, as well as related ground-disturbance activities.

For the IBWC box and pump projects (projects 1–4), environmental review and technical evaluation were completed in coordination with IBWC, which is responsible for flood-control infrastructure and levee operations along the Rio Grande. These reviews considered hydraulic compatibility, levee integrity and environmental considerations associated with construction and long-term operation.

Given that the Project components are primarily located within previously disturbed drainage corridors, levee alignments or agricultural land, no impacts to known historic, archeological or cultural resources were identified during the review process. If previously unidentified cultural or archaeological resources are encountered during construction, appropriate discovery procedures must be followed in accordance with applicable regulations.

B. Environmental Clearance and Permitting

The Project is subject to applicable federal, state, and local environmental laws and regulations governing flood-control infrastructure, construction activities and stormwater management.

At the federal level, projects 1–4 require authorization from the IBWC because they are located on or adjacent to federal lands within the North Floodway. The Sponsor has obtained the required IBWC construction permits and long-term authorization to construct, operate, and maintain the drainage outfalls and pump stations along the levee. These approvals confirm compliance with applicable IBWC technical, hydraulic and environmental requirements.

At the state level, construction activities associated with the Project are subject to environmental regulations administered by the Texas Commission on Environmental Quality (TCEQ). Construction activities will be covered under the Texas Pollutant Discharge Elimination System Construction General Permit, and a Stormwater Pollution Prevention Plan (SWPPP) will be prepared and implemented prior to commencement of construction.

At the local level, the Project will comply with applicable requirements of Cameron County and the District for construction activities and the operation of drainage infrastructure.

C. Mitigation Measures

Environmental impacts associated with the Project are expected to be temporary, localized and primarily related to construction activities for drainage outfalls, pump stations, drainage conveyance improvements and associated earthwork. Anticipated impacts include short-

term ground disturbance, equipment operation and construction-phase stormwater runoff. No significant long-term adverse environmental impacts are anticipated during Project operation.

Mitigation measures will be implemented in accordance with permit conditions and standard construction best management practices, including erosion and sediment control measures, appropriate management of construction materials and stabilization of disturbed areas after construction. Construction activities along the IBWC levee will be carried out in compliance with IBWC requirements to maintain levee integrity and operational safety.

Land acquisition financed under the Project supports securing the corridors and site necessary for the implementation of identified drainage improvements (projects 8, 9, 10, 11, and 16). Environmental impacts associated with these projects will be addressed through project-specific design, environmental reviews and permitting, as applicable, prior to construction.

If previously unidentified cultural or archeological resources are encountered during construction, work will be halted in the affected area, and appropriate notification and consultation procedures will be followed in accordance with applicable regulations.

D. Pending Environmental Tasks and Authorizations

At the time of preparation of this Project proposal, all major environmental authorizations required for the IBWC box and pump projects (projects 1–4) have been obtained. Remaining environmental tasks consist primarily of standard pre-construction and construction-phase requirements, including preparation and implementation of the SWPPP and compliance with permit inspection, monitoring and reporting obligations.

No additional federal or state environmental permits are anticipated for land acquisition. Environmental requirements for project 8 construction activities will be addressed through existing and applicable construction-phase permits. Should the Project scope change or additional construction activities be proposed in the future, environmental requirements and permitting needs will be reassessed in accordance with applicable regulations and the NADBank due diligence process.

1.2.3. Environmental and Social (E&S) Due-diligence Results

A. Project E&S Category

In accordance with the NADBank Environmental, Social and Governance (ESG) Policy, which establishes guidelines for assessing and classifying potential environmental and social impacts of its financed operations, the Bank determined that the proposed Project falls within category B. This category is assigned to transactions with potentially limited environmental or social risks and impacts, which are typically site-specific, largely reversible and can be readily addressed through mitigation measures and by adhering to international best practices. The potential negative environmental impacts of the Project on settlements or

environmentally sensitive areas are considered to pose a medium risk, and the necessary mitigation measures will be implemented to prevent or minimize them.[3]

B. E&S Due Diligence Conclusions

Based on the review of the Project documentation to determine any environmental and social risks associated with Project implementation, NADBank concluded that the Project does not appear to pose any significant risks and that the City District has the necessary tools and resources to meet the environmental and social obligations under the Project, including compliance with applicable regulations and annual compliance reports.

C. Summary of Proposed Mitigation Measures

No additional mitigation measures are needed.

1.3. Financial Criteria

Cameron County Drainage District No. 6, as the Borrower, has requested a loan for US$11,300,000 from NADBank (the "Loan" or the "Bonds") for implementation of the Project.

The District was created to provide a local entity responsible for operating and maintaining the existing ditch system and for improving drainage infrastructure to increase stormwater removal capacity within its jurisdiction. In order to finance these improvements, the District is issuing debt in the form of Unlimited Tax Improvement Bonds, Taxable Series 2026, secured by an ad valorem tax levied on all taxable property within its boundaries, without limitation as to rate or amount. This structure provides for a secure and stable revenue stream to meet the financial obligations associated with the loan.

The total cost of the Project, including construction management costs, contingencies and applicable taxes, is estimated at US$11.3 million. The Loan proceeds will be used for the purpose of improving the stormwater removal capacity within the District and the costs associated with the debt issuance.

2. PUBLIC ACCESS TO INFORMATION

On January 14, 2025, the NADBank Board of Directors approved Resolution BR 2025-1 establishing the WIP, which provides programmatic certification of projects that meet the eligibility criteria and requirements defined under the program. Since this Project complies with the provisions of the WIP, a separate public consultation process was not required.

NADBank conducted a media search to assess public opinion regarding the Project. No opposition to the Project has been identified.

[3] Source: NADBank Environmental, Social and Governance Policy (ESG), (https://48573272.fs1.hubspotusercontent-na1.net/hubfs/48573272/publications-and-studies/nadbank_esg_policy_eng.pdf).