



CERTIFICATION AND FINANCING PROPOSAL

EXPANSION OF MATERIAL RECOVERY FACILITY IN MCALLEN, TEXAS

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EXECUTIVE SUMMARY

EXPANSION OF MATERIAL RECOVERY FACILITY IN MCALLEN, TEXAS

The City of McAllen (the “City” or “McAllen”) in Texas provides basic services to its population of 148,782 inhabitants, supporting local economic development. Its Public Works area, which consists of 14 departments, manages an existing material recovery facility (the “MRF”), among other infrastructure.¹ The MRF has positioned itself as one of the main facilities in the McAllen-Edinburg-Mission Metropolitan Statistical Area (MSA), and the expansion of the facility will further cement McAllen’s role as the regional leader in materials recovery.

The City sees an opportunity to handle more material and increase efficiency through expansion and new automated equipment, underscoring the role that such facilities play in regional supply chains. For instance, materials recovered by the MRF such as plastic #1 (polyethylene terephthalate, PET), plastic #2 (high-density polyethylene, HDPE), cardboard and paper are sold to companies that turn them into new bottles and packaging products. Current operations at the MRF face processing capacity constraints, including manual sorting, which could be automated.

The MRF has the capacity to process approximately 4 tons/hour with a recycling rate of 67%, while the remaining 33%, which results from a combination of non-recoverable material and manual processing challenges, is sent to the landfill. Some studies report an average residual rate between 20% and 25% for similar facilities.^{2,3} In fiscal year (FY) 2024, the MRF reported a total of 13,431 tons of materials received, of which 8,960 tons were recovered and 4,471 tons were sent to landfill.⁴ The City disposes of approximately 150,000 tons of solid waste in the landfill every year.

The proposed project, the first of its kind to be funded by NADBank, includes automation improvements at the MRF and an expansion of the average processing capacity to 10 tons/hour, along with the purchase of land for future operations (the “Project”). The total cost of the Project, including new equipment, electrical upgrades and land is estimated at US\$10.0 million.

¹ Source: City of McAllen. Public Works website.
<https://www.mcallenpublicworks.net/about>

² Source: Florida Recycling Partnership Foundation. Examining Contamination Rates At Florida Materials Recovery Facilities.
<https://frecycling.org/wp-content/uploads/2021/10/UF-MRF-Contamination-Report-Final.pdf>

³ Source: Science Direct. Material Recovery Facilities (MRFs) in the United States: Operations, revenue, and the impact of scale.
<https://www.sciencedirect.com/science/article/abs/pii/S0956053X24006408#:~:text=Glass%20had%20little%20revenue%2C%20and%20increasing%20revenue%20for%20recyclables.>

⁴ Source: City of McAllen. Annual Budget, Fiscal Year 2026.
<https://www.mcallen.net/docs/default-source/default-document-library/city-of-mcallen---approved-annual-budget-book-fy-25-26.pdf?sfvrsn=2>

The Project will also boost the recycling rate of the MRF to 95% and is thus expected to reduce the amount of material sent to landfill to 5%. In general, the 95% target rate for processing is achievable for facilities with efficient equipment and processing operations, as the current average processing capacity in the U.S. is 87%.⁵ Following the implementation of the Project, an estimated 20,800 tons per year are expected to be received at the MRF, of which approximately 19,760 tons will be recovered. Moreover, the new equipment will allow the MRF to recover additional types of materials, such as plastic #5 (polypropylene, PP).⁶ Due to operational challenges at these facilities throughout the U.S., only 3% of PP, which is mainly used in food containers, is currently recycled.⁷

The Project will enable the City to leverage its ongoing partnerships. Since 2020, Coca-Cola Southwest Beverages has been working with the MRF to increase its output by improving processes and conducting community outreach.⁸ In addition, after Project implementation, the City expects to receive grants from The Recycling Partnership for up to US\$625,000 for equipment reimbursements, including US\$75,000 for outreach activities.⁹

The financing provided by NADBank will be in the form of first lien revenue bonds. The source of repayment of the loan will be net revenue from the City's sanitation fund. Most sanitation fund revenue is generated from user fees for commercial and residential garbage pickup, with additional revenue received for brush collection, composting, recycling operations and roll-off services. The sale of recovered material results in approximately US\$700,000 per year in revenue, representing less than 5% of sanitation fund revenue, although this amount will potentially increase to US\$1.2 million with the implementation of the Project. The NADBank financing will enable the City to improve efficiency in its recycling operations while maintaining prudent financial management of the sanitation fund.

Table 1 highlights key facts regarding the Project's eligibility, objective and outcomes, as well as the financing proposed by NADBank.

⁵ Source: The Recycling Partnership. State of Recycling, The Present and Future of Residential Recycling in the U.S. 2024.

https://recyclingpartnership.org/wp-content/uploads/dlm_uploads/2024/01/Recycling-Partnership-State-of-Recycling-Report-1.12.24.pdf

⁶ PP is commonly used for takeaway containers, margarine and yogurt containers, straws, ice cream tubs, among others.

https://methodrecycling.com/world/journal/recycling-101-what-do-the-plastic-codes-mean#:~:text=There%20are%20seven%20different%20plastic%20codes:%20*.can%20be%20recycled%20up%20to%2010%20times.

⁷ Source: Cleantech Group. Why is Polypropylene (PP) So Difficult to Recycle?

<https://cleantech.com/why-is-polypropylene-pp-so-difficult-to-recycle/>

⁸ Coca-Cola Southwest Beverages Leads the Charge in Sustainable Packaging. Source:

https://cocacolaswb.com/press_releases/coca-cola-southwest-beverages-leads-the-charge-in-sustainable-packaging/

⁹ Subject to meeting the grants' conditions. The Recycling Partnership. Source: <https://recyclingpartnership.org/>

**Table 1
 PROJECT PROFILE**

Project Eligibility

Type (Sector):	Solid waste
Location:	City of McAllen, Texas
Sponsor:	City of McAllen (“McAllen” or the “City”)

Project Summary

Objective:	The Project will increase the capacity to recycle materials and the recycling rate and reduce the amount of material sent to the landfill.
Expected Outcomes:	The Project is expected to generate environmental and human health benefits associated with the following outcomes: <ul style="list-style-type: none"> ▪ Improved waste management capacity (tons/hour) ▪ Solid waste recovered for reuse (tons/year)
Population to Benefit:	183,000
NADBank Additionality:	NADBank participation will enable the City to invest in expanding its capacity for material recovery, improve operational efficiency and add automation, making its sanitation infrastructure more resilient, while maintaining and strengthening prudent financial management of its sanitation fund. NADBank participation will enable the City to access additional funds; after project implementation, the City could be eligible for grants for up to US\$625,000 for equipment reimbursement, including US\$75,000 for outreach activities.
Project Cost:	US\$10,000,000

Financing Summary

NADBank Loan Amount:	US\$10,000,000
Loan Type:	Municipal debt issuance in the form of first lien solid waste revenue bonds, series 2026 (the “Loan” or the “Bonds”)
Borrower(s):	City of McAllen

CERTIFICATION AND FINANCING PROPOSAL

EXPANSION OF MATERIAL RECOVERY FACILITY IN MCALLEN, TEXAS

1. CERTIFICATION CRITERIA

1.1. Technical Criteria

1.1.1. Project Description

Project Location

The Project will be implemented approximately seven miles from the border, in the City of McAllen, where the Sponsor has identified the need to expand the capacity of the existing material recovery facility (the “MRF”) operated by the Public Works Department (PWD). Figure 1 shows the geographic location of the City of McAllen, in Hidalgo County, within the 100-kilometer jurisdiction of NADBank in Texas.

Figure 1
PROJECT LOCATION MAP



According to the U.S. Census Bureau, in 2024, Hidalgo County had an estimated population of 914,820, which represents 2.5% of the Texas population (37,290,831 inhabitants). The County had an average poverty rate of 26.9%, which is considerably higher than the 13.4% poverty level estimated for the state of Texas. The median household income (MHI) was estimated at US\$52,281, which is less than the US\$76,292 estimated for the state.^{10,11}

In the same year, the City of McAllen reported a population of 148,782, which represents 16.3% of the county's population. The city had an average poverty rate of 20.2%, which is higher than the 13.4% poverty level estimated for the state of Texas. The median household income was estimated at US\$60,165, which is less than the US\$76,292 estimated for the state.¹²

Public services provided by the City of McAllen include the operation of a material recovery facility through its PWD. This facility provides service beyond the city of McAllen to partner cities such as Pharr, City of Mission, City of Edinburg, City of Weslaco, City of Harlingen, City of Donna, City of San Juan City of Mercedes, City of Alton, and City of Peñitas, as well as to several independent school districts (ISDs) and businesses. The current capacity for recycling materials is approximately 4 tons/hour, and MRF provides service to an estimated population of 118,000. The proposed Project will increase the recycling capacity to 10 tons/hour, and the expected benefited population is an estimated 183,000 residents.

Project Scope

The Project consists of providing a loan to the Sponsor for up to US\$10.0 million, to expand and automate the processing capacity of its existing MRF from 4 tons/hour to 10 tons/hour, including electrical upgrades and the purchase of land for future operations (the "Project"). The Project includes the following main components to be part of the infrastructure expansion:

- **Metering bin with bag breaker**: This component will help maintain a more consistent material flow on the sorting line, remove more material from bags, and recover material more efficiently.
- **Cardboard screen**. The screen will be used to capture cardboard before entering the manual sorting line and allow sorters to focus on capturing additional materials.
- **Second compactor**. The compactor captures all the material not recovered from the sorting line. Once the compactor is full, the MRF must stop the processing line to swap the full compactor for an empty compactor. A dual compactor system will reduce the amount of downtime associated with swapping compactors.
- **Magnetic separator**. The magnetic separator will help separate ferrous materials into a conveyor pulley and discharge non-ferrous materials into a separate storage bin. This equipment will increase the capture rate of ferrous metals, particularly tin cans.

¹⁰ Source: U.S. Census Bureau. Quick Facts: State of Texas, (<https://www.census.gov/quickfacts/fact/table/TX/PST045224>).

¹¹ Source: U.S. Census Bureau. Quick Facts: Hidalgo County, Texas. <https://www.census.gov/quickfacts/fact/table/hidalgocountytexas/PST045224>.

¹² Source: U.S. Census Bureau, Quick Facts: City of McAllen, Texas <https://www.census.gov/quickfacts/fact/table/mcallencitytexas/POP060210>.

- Eddy current separator. This separator is intended to recover aluminum, which will be repelled to a separate conveyor or storage bin while other material falls off the end of the conveyor into a storage bin.
- Ballistic separator (2D/3D). This component will separate two types of waste:
 - 3D waste, such as bottles, cans and other materials that roll or bounce.
 - 2D waste, such as paper, cardboard and film plastics.¹³
- Optical sorter for polyethylene terephthalate (PET) and polypropylene (PP). The separation of PET and PP from the sorter line will be supported using these optical sorters that use high-resolution optical sensors, often combined with near-infrared spectroscopy. Plastics are analyzed and separated automatically based on each item's reflectance properties.¹⁴

As part of the Project, the City has already secured two plots of land:

- The MRF is located within the PWD premises. Equipment and vehicles operated by the PWD (e.g., for brush collection and other operations) are also stored within the PWD site. Those vehicles and equipment will be relocated to the new five-acre plot, which is adjacent to the PWD and was purchased in April 2025, to facilitate future capacity growth of the MRF.
- In May 2025, the City of McAllen purchased a nearby 2.5-acre plot of land with a cardboard baling facility. The MRF will expand its compacting capacity with this existing infrastructure and use this plot for temporary storage of other materials too.

Project Milestones

Financial closing is expected to take place in April 2026. Electrical upgrades to the Project are expected to begin in February 2026 and will be completed in June 2026. Once electrical upgrades are completed, equipment upgrades will start in June 2026 and will be completed in November 2026. Table 2 presents the status of key milestones for Project implementation.

**Table 2
 SUMMARY OF PROJECT MILESTONES**

Key Milestones	Status
Land purchase	Completed (May 2025)
Contract for upgrades to the material recovery facility	Executed (June 2025)
Contract for the electrical upgrades	Executed (January 2026)

¹³ Source: MSW. Ballistic separator.
<https://www.mswsorting.com/Waste-Sorting/Ballistic-Separator.html>.

¹⁴ Source: MSW. PET sorting machine.
<https://www.aisortingmachine.com/sorting-solutions/plastic-sorting/pet-sorting-machine#:~:text=PET%20sorting%20machines%20rely%20on,human%20intervention%20while%20maximiz,ing%20throughput.>

1.1.2. Technical Feasibility

The Sponsor has developed a variety of plans and actions to increase city services and promote economic growth. Among the projects identified to improve current services in the City are the upgrades to handle more material and increase efficiency through expansion and new automated equipment. For this purpose, the Sponsor hired an engineering firm to conduct a feasibility study in 2021. The study presented various options to address the Sponsor's needs with the most suitable configuration of the new equipment. Based on the results presented in the study, the Sponsor issued a Request for Proposals in September 2024 and awarded the winner a contract in June 2025 to start all necessary activities for carrying out the upgrades.

The Project is included in the Sponsor's Strategic Business Plan (Adopted Budget 2025) that establishes seven strategic goals and strategies. Strategy 1.4 focuses on activities to improve the City's efficacy regarding solid waste management through the following objectives, among others:

- Increase commercial recycling
- **Upgrade recycling center**
- Increase revenue to its Solid Waste Program
- Continued implementation of Sanitation Ordinance
- Enhance compost marketing¹⁵

1.1.3. Land Acquisition and Right-of-Way Requirements

As described in the Project Scope section above, the Sponsor has secured two plots of land for the Project to facilitate future expansion of the MRF and its processing capacity. A 5-acre land adjacent to the Public Works Department was purchased in April 2025, and a nearby 2.5-acre land, with an existing privately-owned baling facility and offices, was acquired in May 2025. This facility and equipment are not currently in operation.

1.1.4. Project Operations

Incorporated in 1911, the City of McAllen has extensive experience in providing a full range of services, including sanitation and recycling services.¹⁶ These services are provided by the Public Works Department,¹⁷ which manages, among other infrastructure, a material recovery facility and 31 miles of stormwater infrastructure. Public Works is currently operating in five divisions: i) renewable sources; ii) solid waste; iii) streets and drainage; iv) fleet operations; and v) administration.

¹⁵ Source: City of McAllen. Strategic Business Plan (Adopted Budget 2025)
<https://www.mcallen.net/docs/default-source/citymanager/city-strategic-plan/city-of-mcallen-strategic-plan-fy24-25.pdf?sfvrsn=2>

¹⁶ Source: City of McAllen. Annual Comprehensive Financial Report. Fiscal Year 2024.
<https://www.mcallen.net/docs/default-source/finance/cafr/fiscal-year-2024.pdf?sfvrsn=2>

¹⁷ Source: City of McAllen. List of Departments, <https://www.mcallen.net/departments/home>.

The following services are covered:

- Renewable resources
 - Brush and debris collection
 - Produce nutrient rich mulch and compost
 - **Receive, process, manage and sell recycling commodities**
- Solid waste
 - **Residential solid waste and recycling services**
 - Commercial solid waste services
 - Refuse collection to commercial, construction, and industrial industries
- Streets and drainage
 - Maintenance of streets and alleys
 - Sidewalk construction repair
 - Stormwater management and maintenance of drainage infrastructure
 - Cleanup of graffiti
 - Street sweeping
- Fleet operations
 - Maintenance and repairs for all City vehicles and equipment
 - Rolling stock
 - Inventory of supplies and parts for City departments

The implementation of the Project will be carried out by an engineering company hired by the Sponsor with ample experience in turnkey solutions for the recycling industry. Management, operation and maintenance will be carried out by the Sponsor, through the MRF staff, who has demonstrated a robust institutional capacity for identifying, prioritizing and managing projects. With over 30 years of experience, the Public Works Department staff has the capacity to operate the facility and will carry out maintenance activities as recommended by the equipment manufacturer.

In addition, the Sponsor has a solid organizational structure and technical and financial controls, as well as good reporting practices. The loan agreement will require the Sponsor to provide all necessary Project-related information and comply with NADBank's monitoring, evaluation and reporting requirements.

1.2. Environmental Criteria

1.2.1. Environmental and Health Effects/Impacts

A. Existing Conditions

As mandated by Chapter 90 of the McAllen City Code, the City provides solid waste services including recycling materials at its MRF operated by the Public Works Department.¹⁸ The MRF, which started operations in 2000, provides residents with educational support, recycling tools and services that allow the City to accomplish its goals of reducing landfill waste and expanding regional partnerships for education. The facility has positioned itself as one of the main recycling centers in the McAllen-Edinburg-Mission Metropolitan Statistical Area. The MRF has partnerships with Pharr, City of Mission, City of Edinburg, City of Weslaco, City of Harlingen, City of Donna, City of San Juan and City of Mercedes, City of Alton and City of Peñitas, as well as McAllen ISD, Sharyland ISD, U.S. Postal Office, and over 800 businesses.

The MRF receives recyclables collected from residential areas (approximately 40,000 homes), schools and businesses, resident drop-off and municipal drop-off. Accepted items are cardboard, paper, plastics code #1 (PET),¹⁹ plastic code #2 (HDPE),²⁰ aluminum cans, tin and glass. Resident drop-off items include bulky items, such as furniture, carpet, bulky toys, wood, tires, and appliances. Items not accepted include construction debris, clothes and hazardous waste. The MRF also offers services for paper shredding, electronic waste disposal, and also sells compost and mulch produced by the PWD.²¹ The MRF reported a total amount of materials received of 13,431 tons in fiscal year (FY) 2024, of which 8,960 tons were recycled and 4,471 tons were sent to landfill,²² where the City disposes of approximately 150,000 tons of solid waste every year.

The operation of the current MRF infrastructure represents a challenge due to processing capacity constraints. All sorting is done manually, and the MRF has a capacity to process approximately 4 tons/hour with a recycling rate of 67%, while the remaining 33%, which results from a combination of non-recoverable material and manual processing challenges) is sent to landfill. Some studies report an average residual rate in U.S. between 20% and 25%

¹⁸ Source: <https://ecode360.com/43406804#43406805>

¹⁹ PET is commonly used for soda, water, juice bottles, salad dressing containers, peanut butter jars, among others.

https://methodrecycling.com/world/journal/recycling-101-what-do-the-plastic-codes-mean#:~:text=There%20are%20seven%20different%20plastic%20codes:%20*,can%20be%20recycled%20up%20to%2010%20times.

²⁰ HDPE is commonly used for milk containers, detergent bottles, shampoo/conditioner bottles, some food containers, among others.

https://methodrecycling.com/world/journal/recycling-101-what-do-the-plastic-codes-mean#:~:text=There%20are%20seven%20different%20plastic%20codes:%20*,can%20be%20recycled%20up%20to%2010%20times.

²¹ Source: McAllen Recycling Center.

<https://www.mcallen.net/illegaldumping/mcallen-recycling-center#:~:text=The%20City%20of%20McAllen%20Recycling%20Center%20accepts%20the%20following%20recyclable,center's%20Bulky%20Waste%20Drop%20Off.>

²² Source: City of McAllen. Annual Budget, Fiscal Year 2026.

<https://www.mcallen.net/docs/default-source/default-document-library/city-of-mcallen---approved-annual-budget-book-fy-25-26.pdf?sfvrsn=2>

for these facilities.^{23,24} In general, the 95% target rate for processing is achievable as facilities use efficient equipment and improve processing operations. The current average processing capacity in the U.S. is 87%.²⁵

The Project is expected to increase the capacity to process 10 tons/hour with a recycling rate of 95% and reduce amount of material sent to landfill to 5%. An estimated 20,800 tons per year are expected to be received at the MRF, of which approximately 19,760 will be recycled.

Additionally, with the new capacity, the MRF will continue to process current recyclables and other materials such as plastic #5 (PP).²⁶ In general, due to operational challenges at material recycling facilities in the U.S., only 3% of PP is being recycled.

B. Expected Environmental/Human Health Outcomes

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

- Improved waste management capacity (tons/hour)
- Solid waste recovered for reuse (tons/year)

C. Other Project Benefits

The Project will allow the MRF to partner with surrounding communities to expand their recycling programs, and the City will process those collected materials. Through this collaboration the population served will increase. The City has the goal for the MRF to increase its regional reach and expand its service throughout the McAllen, Edinburg and Mission Metropolitan Statistical Area.²⁷

²³ Source: Florida Recycling Partnership Foundation. Examining Contamination Rates At Florida Materials Recovery Facilities.

<https://flrecycling.org/wp-content/uploads/2021/10/UF-MRF-Contamination-Report-Final.pdf>

²⁴ Source: Science Direct. Material Recovery Facilities (MRFs) in the United States: Operations, revenue, and the impact of scale.

<https://www.sciencedirect.com/science/article/abs/pii/S0956053X24006408#:~:text=Glass%20had%20little%20revenue%2C%20and%20increasing%20revenue%20for%20recyclables.>

²⁵ Source: The Recycling Partnership. State of Recycling The Present and Future of Residential Recycling in the U.S. 2024.

https://recyclingpartnership.org/wp-content/uploads/dlm_uploads/2024/01/Recycling-Partnership-State-of-Recycling-Report-1.12.24.pdf

²⁶ PP is commonly used for takeaway containers, margarine and yogurt containers, straws, ice cream tubs, among others.

https://methodrecycling.com/world/journal/recycling-101-what-do-the-plastic-codes-mean#:~:text=There%20are%20seven%20different%20plastic%20codes:%20*.can%20be%20recycled%20up%20to%2010%20times.

²⁷ Source: U.S. Census Bureau. Metropolitan and Micropolitan Statistical Areas Population Totals: 2020-2024.

<https://www.census.gov/data/tables/time-series/demo/popest/2020s-total-metro-and-micro-statistical-areas.html>.

D. Transboundary Impacts

No transboundary impacts are anticipated due to the implementation of the Project.

1.2.2. Compliance with Applicable Environmental Laws and Regulations

For the implementation of the Project, the Sponsor must comply with all applicable federal, state and/or municipal provisions, laws and regulations. According to Title 30, Chapter 328 of the Texas Administrative Code, a city, county, state or federal government operating a municipal solid waste recycling facility is exempt from obtaining the corresponding registration and permits from the Texas Commission on Environmental Quality.^{28,29}

A. Environmental Studies or Consultations

Under the exemption described above, no additional environmental studies or consultations are anticipated for the installation of Project components within the current MRF site. Similarly, the use of the five-acre plot of land to store equipment and vehicles operated by the PWD, and the use of the existing baler in the 2.5-acre plot, are covered under the exemption.

B. Environmental Clearance and Permitting

No environmental permits are anticipated. Construction or any other municipal permits will be obtained for the implementation of the Project. NADBank will require the Sponsor to verify compliance with applicable regulations.

C. Mitigation Measures

Although the Project is not expected to have any significant negative environmental impacts, mitigation measures and best management practices for the sector will be implemented during construction to address any minor and temporary adverse impacts.

D. Pending Environmental Tasks and Authorizations

No pending tasks have been identified, and environmental permits are not required. If any permits or authorizations are required, the Sponsor will be responsible for confirming that they have been obtained and that the necessary mitigation measures have been implemented as applicable.

²⁸ Source: Cornell Law School. Title 30 of the Texas Administrative Code (30 TAC) §§328.4

[https://www.law.cornell.edu/regulations/texas/30-Tex-Admin-Code-SS-328-4#:~:text=\(1\)%20Storage%20time%20limits%20for,approved%20by%20the%20executive%20director.](https://www.law.cornell.edu/regulations/texas/30-Tex-Admin-Code-SS-328-4#:~:text=(1)%20Storage%20time%20limits%20for,approved%20by%20the%20executive%20director.)

²⁹ Source: Texas Commission on Environmental Quality. Notice of Intent (NOI) to Operate a Municipal Solid Waste Recycling Facility

<https://www.tceq.texas.gov/downloads/permitting/waste-permits/msw/forms/20049.pdf>.

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.³⁰

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 of McAllen 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 required, as the Sponsor submitted documentation demonstrating compliance with its environmental and social obligations.

1.3. Financial Criteria

The total cost of the Project, including new equipment, electrical upgrades and land is estimated at US\$10.0 million. The financing provided by NADBank will be in the form of first lien revenue bonds (the “Loan” or the “Bonds”). Table 3 presents a breakdown of the estimated Project costs and proposed sources of funding.

³⁰ Source: NADBank Environmental, Social and Governance Policy (ESG), (https://48573272.fs1.hubspotusercontent-na1.net/hubfs/48573272/publications-and-studies/nadbank_esg_policy_eng.pdf).

Table 3
PROJECT FINANCING PLAN
 (US\$ Millions)

Uses		Amount	%
Equipment and upgrade*		\$ 7,000,000	70%
Electrical upgrades*		1,000,000	10%
Land**		2,000,000	20%
TOTAL		\$ 10,000,000	100.0 %
Source	Instrument	Amount	%
NADBank	Loan	\$ 10,000,000	100.0%
TOTAL		\$ 10,000,000	100.0 %

* Approximate figures, with costs of issuance included.

** The City has already purchased the land for the Project, and a portion of the Loan proceeds will be used to reimburse this cost to the City.

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

2. PUBLIC ACCESS TO INFORMATION

2.1. Public Consultation

NADBank published the draft certification and financing proposal for a 30-day public comment period beginning February 12, 2026.

2.2. Outreach Activities

As part of its efforts to make the community aware of the benefits of recycling and composting, the MRF staff has conducted a series of events/conferences in local schools and workshops in its own facilities. Additionally, staff from the MRF worked with radio stations to promote their services and invite the community to participate in programmed events.³¹

³¹ Source: McAllen Recycling Center.
<https://www.mcallenrecycles.com/recycle-right-mcallen>

NADBank conducted a media search to identify the public opinion about the Sponsor or publications about the proposed Project. The following references to the Project were found online:

- *City of McAllen News*. (November 1, 2024) “*McAllen Investing in Recycling Improvements*”
<https://www.mcallen.net/publicstuff-widgets/news/2024/11/01/mcallen-investing-in-recycling-improvements>
- *KGRV*. (November 6, 2024) “*McAllen city leaders working to expand recycling center*”
<https://www.krgv.com/news/mcallen-city-leaders-working-to-expand-recycling-center/>
- *KGRV*. (January 8, 2026) “*McAllen recycling center being upgraded*”
<https://www.krgv.com/news/mcallen-recycling-center-being-upgraded>

NADBank’s review of publicly available information about the Project Sponsor, its investments and business practices did not detect any relevant concerns related to a potential investment in the proposed Project.