TEXAS DEPARTMENT OF TRANSPORTATION
BORDER TRADE ADVISORY COMMITTEE
JUNE 30, 2016
SMU CAMPUS
5901 BISHOP BOULEVARD, DALLAS, TX 75205
APPENDICES

BOARD TRADE ADVISORY COMMITTEE

Carlos Cascos, Chair, Secretary of State
Veronica Escobar, Judge, El Paso County
Ramsey Cantu, City of Eagle Pass
Oscar Leeser, Mayor, City of El Paso
Rob Harrison, Center for Transportation Research, UT at Austin
Gerardo (Gerry) Schwebel, International Bank of Commerce
John B. Love, III, Councilman, District 2, City of Midland, Texas
Josue Garcia, Jr., Donna International Bridge
German Rico, East Kelly Railport
John Esparza, Texas Trucking Association
Paul A. Cristina, P.E., Texas Trucking Association
Andrew Cannon, Hidalgo County MPO
Matthew McElroy, City of El Paso
Sam Vale, Starr-Camargo Bridge Company
Julie Guerra Ramirez, Progreso International Bridge
Pete Sepulveda, International Bridge System, Cameron County
Rigoberto Villarreal, McAllen-Hidalgo International Bridge/Anzalduas International Bridge
Pete Saenz, Mayor, City of Laredo
Arturo Domínguez, Kansas City Southern Railroad
Robert Garza, Mayor, City of Del Rio
Eduardo A. Campirano, Port of Brownsville
Luis Alfredo Bazan, Pharr International Bridge
Tony Martinez, Mayor, City of Brownsville
Chris Boswell, Mayor, City of Harlingen
Brenda Mainwaring, Union Pacific Railroad
John Hopkins, B&M Bridge
Rolando Pablos, Borderplex Alliance
Rafael M. Aldrete, Texas Transportation Institute
Jake Giesbrecht, Presidio International Port Authority
Ed Drusina, International Boundary and Water Commission

***Not all Members Present
SECRETARY CASCOS: Well, good morning. My name is Carlos Cascos. I'm the Texas Secretary of State. And it gives me great pleasure to welcome you to another BTAC meeting on the beautiful SMU campus. And I want to thank the SMU administration for -- you know, for allowing us to use this facility. It's a beautiful facility. Thank y'all very much, and thank you for what y'all did to help us set this up.

My role here is to lead the meeting. But as y'all know me, I'm going to punt it to smarter people than me, like Caroline. And we will start -- and I would like to start by calling the meeting to order. And then I want to go around the table and just everybody kind of introduce yourselves, even though everybody knows who you are. But nonetheless, introduce yourself, a very, very brief commentary as to where you're from and, you know, what you had for breakfast. And then we can just move on forward.

And let me start over here with Jake. I will start with Jake and start off to the left and go around.

MR. GIESBRECHT: Good morning, everybody. My name is Jake GIESBRECHT. I'm from Presidio, Texas. And I'm very grateful for Secretary
Cascos, for TXDOT and for everything they have done for us. And not only everything they have done for us, but everything they're going to do for us. Thank you very much.

MR. BIELEK: Good morning. I think that was a suggestion. I'm Bob Bielek. I'm a District Engineer for TXDOT in El Paso. I'm trying to build a bridge there in Presidio and trying to provide some roads so that your inspection facilities are not simply parking lots.

MR. OLAGUBEL: Good morning. I'm Juan Olagubel, City of McAllen, representing both international bridges at -- thank you having us.

SECRETARY CASCOS: Thank you, Juan.

MR. ALDRETE: Good morning. I'm Rafael Andrete with the Texas A&M Transportation Institute in El Paso. And I oversee a center where we conduct a lot of research on border issues and have the opportunity to participate in this committee. I am looking forward to today's meeting.

MR. BAZAN: Good morning, Secretary Cascos and everybody. My name is Luis Bazan, Director for the Pharr International Bridge. Happy to be here. Thank you.

MR. CANNON: Good morning. Andrew
Cannon, Transportation Director for the Hidalgo County MPO, the front door of the great State of Texas.

MR. DRUSINA: Ed Drusina, Commissioner for the International Boundary and Water Commission. And we're out of El Paso, Texas. But we have offices in Brownsville, San Diego. It's great to be here. Good to see you again, Secretary of state.

SECRETARY CASCOS: Thank you, sir.

MR. CANTU: Good morning, Mr. Secretary and ladies and gentlemen. Ramsey Cantu, Mayor for the City of Eagle Pass. It's a pleasure to be here with all of y'all. And we look forward to continuing working together to come up with some productive measures of bettering our border areas, especially now that we're here in Dallas.

MR. RICO: Good morning, Judge. German Rico, Port San Antonio.

MR. GONZALES: Good morning, Mr. Secretary. Gabriel Gonzales, City Manager of City of Harlingen representing Mayor Chris Boswell.

MR. DOMINGUEZ: Good morning, Mr. Secretary. Arturo Dominguez. I'm with the Kansas City Southern Railway, Director of International Rail Operations in Laredo.

MR. SAENZ: Good morning everyone. To
the Secretary, good morning. Pete Saenz, Mayor of
Laredo, Texas.

MR. MCELROY: Good morning, Secretary.
Good morning everyone. Having coffee for breakfast.

SECRETARY CASCOS: The only one that
followed my instructions. Okay?

MR. MCELROY: I tried to. Matthew
McElroy with the International Bridges in the City of
El Paso.

MR. LOVE: Mr. Secretary, good morning.
John Love, City Councilman for the City of Midland and
Chairman of the Permian Basin MPO. And I had a hot,
humid, sweaty walk for breakfast.

MS. MELVIN: And I'm Tiffany Melvin.
I'm the President of North American Strategy for
Competitiveness, NASCO. And some of you around the
table and in the room know what that is already. And
for those of you that don't, I will give you a little
cliffhanger because you'll find out in just a bit when
I speak a little bit more in detail about our efforts.
Thanks.

MR. SCHWEBEL: Good morning,
Mr. Secretary. Good morning, friends. I'm Gerry
Schwebel. I'm with the International Bank of Commerce
in Texas. And it's great to be here in the border
City of Dallas.

MR. CRISTINA: Secretary, good morning, everyone. Paul Cristina, Director of Public Private
Partnerships with BNSF Railway headquartered in Fort
Worth.

MR. HIRSH: Good morning, Secretary.
Paul Hirsh, also from BNSF Railway. I'm AVP for the
Mexico Business Unit. So as you have seen, we -- glad
to be here.

MR. BOECKING: Good morning,
Mr. Secretary. I'm Steve Boecking. I'm Vice
President with Hillwood, the real estate development
company representing Alliance Texas, an inland port
here in Dallas/Fort Worth. And I manage the foreign
trade zone at Alliance. I do government relations and
supply chain and logistics infrastructure.

MS. MAYS: I'm Caroline Mays with
TXDOT. That's all I'm going to tell you. You guys
know me. Thank you for being here.

SECRETARY CASCOS: Okay. We will start
going back this way. Speak up, please.

MR. GRIMALDO: Jose Grimaldo, University
of North Texas.

MS. APPETTI: Jennifer Appetti,
Consulate of Mexico.
MS. CONNELL: I'm Rachel Connell. I'm with NASCO.

MS. PIFER: Sherry Pifer. SH 130.

MR. GARZA: Joel Garza, MPO.

MR. BOMBA: Michael Bomba, University of North Texas.

MR. HUERTA: Avdiel Huerta, Secretary of State's Office.

MR. VILLA: Good morning. Juan Carlo Villa with the Texas A&M Transportation Institute.

MS. PROZZI: Jolanda Prozzi with the Texas A&M Transportation Institute.

SECRETARY CASCOS: Back over there.

Who's next? Hey, how are you?

UNIDENTIFIED SPEAKER: How are you?

SECRETARY CASCOS: I'm good.

UNIDENTIFIED SPEAKER: Good morning.

Is this thing on?

SECRETARY CASCOS: Everybody can hear you.

UNIDENTIFIED SPEAKER: You don't need me to hear me. Good morning, Secretary. Good morning, Caroline. I'm glad to be here. I've got some guests that I brought with me today. I've got Anabel Cordona that is the Chairwoman of Rio Grande Valley
Partnership.

As you can see, I've got State Representative Martinez --

SECRETARY CASCOS: Well, you brought the big guns today.

UNIDENTIFIED SPEAKER: I brought big guns, yes. I don't like to travel alone. And then I have got with me -- who else -- Mr. Ernesto Silva. So I'm happy to be here, and hopefully we can make some --

SECRETARY CASCOS: Well, they could have introduced themselves. It's okay, but --

UNIDENTIFIED SPEAKER: Well, I know that. But I wanted to do that.

SECRETARY CASCOS: It's that control, that you --

UNIDENTIFIED SPEAKER: It's the control of the microphone.

SECRETARY CASCOS: Please.

UNIDENTIFIED SPEAKER: I'm going to take the limelight away from Sam Vale today.

SECRETARY CASCOS: That won't be hard.

MR. HERNANDEZ: Good morning. I'm Frank Hernandez, General Director of our U.S./Mexico Operations for BNSF Railway.
MS. GARZA: Good morning. My name is Cindy Garza. I'm with the City of Pharr Economic Development Corporation.

MR. RODRIGUEZ: Roberto Rodriguez. I'm with TXDOT in the Laredo District.

MR. LEAL: Charlie Leal with TXDOT State Legislative Affairs.

MR. GRANGER: Ryan Granger with TXDOT Federal Affairs.

MR. SAUVIGNET: Henry Sauvignet, IBC Bank.

MR. ARISPE: Miguel Arispe, Hidalgo County MPO.

MR. BOCANEGRA: Jon Bocanegra, Hidalgo County MPO.

MS. WOLF: Lindsey Wolf with Secretary of State.

MR. DOWNEY: Alejandro Downey, and I'm also with the Secretary of State's Office.

MR. GARZA: Rene Garza, Pharr District TXDOT.

MR. HATHCOCK: Jeff Hathcock, North Central North Texas Council of Governments.

MR. BROWN: Jason Brown, North Central Texas Council of Governments.
SECRETARY CASCOS: Did we miss anybody?
If we did, we will make up for it later. Who did we miss?

MR. GARCIA: Good morning, Secretary.
Josue Garcia with the Donna International Bridge. I apologize for being late.

SECRETARY CASCOS: You get to clean up.

We got everybody? Okay. Very good. Let's go ahead and get started. It's -- did we miss somebody. Now, this will be going around. So y'all can sign it to --

Okay. With us this morning, we have a very special guest who really -- now, we have almost one-and-a-half good special guests, one from outside of the area but more importantly, the Dallas County Judge, Judge Jenkins, who I've known for several years.

We have sat on a couple of committees together. And I'll tell you his most recent claim to fame was how well you handled the crisis, the -- I think it was the Ebola crisis that you had.

JUDGE JENKINS: The Ebola.

SECRETARY CASCOS: Yeah. And he handled it very well. I was keeping up with it from
afar.

And I want to say, Judge, congratulations on the way that you handled it. It could have gotten out of control, but you did an admiral job. I'm so proud to know you.

So with that, you know, he's here to give us a few welcoming remarks and some comments.

So with that, Judge Jenkins.

JUDGE JENKINS: Thank you, Secretary. I appreciate that. Thank you very much, Secretary. And the Secretary is a friend of mine from when we were county judges together. And if he asks me to do something, I'm going to do that thing.

This is one of my great honors this week. I will tell you my -- another great honor, a little obscure fact. It's not obscure to us, but it may be to you who are from out of town. You're in a 45 percent Hispanic county right now. Dallas County is 45 percent. It's probably a little higher than that because it went from 43 percent in the census -- in the two-year census to 45 percent. So it's growing very rapidly. It will be a Hispanic majority county before 2020.

The other great honor that I had this week is a young lady I met when we had the unaccompanied
Job No. 2326166

minors -- when we offered to house the unaccompanied minors here. Someone said, Judge you need to have a town hall meeting and explain to people that these children, these 2,000 children will be coming here. And I said, town hall meetings are for the right and the left to scream at one other. And I want to go out to the neighborhoods and just talk to the people where the children will be housed.

And so this young lady found 20 young Hispanic lawyers. And we went to the neighborhoods, and we calmed everyone's fears. And they were very welcoming and unafraid. The honor was yesterday when I swore that young lady in to the Dallas County Community College District. She became the first Hispanic to win in an overwhelmingly, like, 80/20 non-hispanic district.

And she really exemplifies something that we believe in Dallas. You know, Dallas is big on following great philosophers, so we follow the advice of Bill Murray. As he espoused in Stripes, our forefathers have been kicked out of every decent country in the world. Right?

And so her parents came in from Mexico. I got a chance to eat lunch with them yesterday and try out my Spanish because they don't speak much English.
But they did bring their family here, build a better life for her children. She went to Greenhill, which is one of our great schools here, and then on to some Ivy League school and is a lawyer and is now on that board.

I also want to tell you about trade and our economy here very briefly in my remarks. And by the way, I might even get confused. I give my personal testimony in this room twice a year to seminary students. I go to church across the hall, or across the street there at the Methodist church and have preaching in my background. But I won't preach at you today. I promise I'm almost done. But I do want to tell you about our local economy, about your opportunities to do business here.

Our Commissioner's Court takes a break in July. And so next -- the 5th, the day after the holiday, is our last meeting for July. Just on my agenda for that week, I have approved a little tax break for Amazon to build another 700-job facility. Secretary, Matt and Governor Abbott were together the first time they opened the facility in the little town of Coppell. They're opening another one. It will be their third here in Dallas County in the last three years.
I have a free trade zone inclusion for 2 million square feet of spec space for something called South Port down in the Dallas County Inland Port, and one other business that I think is a little under 300 jobs that we're doing something for. So it is a constant thing.

Those of you who are around here have probably seen that I'm pushing, and now have the support of the surrounding counties as well, for tax relief, for lowering the taxes here. And that includes business personal property tax that some of you pay if it's not free trade zone, you know, property.

And the reason for that -- because we're seeing these unprecedented rises in our property values because there's so many good jobs here, and there's so much stuff coming here that middle class homes are going up 12 percent in value this year if we don't do something.

And so that's a good -- the tax breaks are good for you, but it also tells you that Dallas County and also North Texas -- I don't want to slight my brothers here from Tarrant County. Although, we have an inland port in Dallas County. And if you're driving a truck, taxes are lower here. People are
friendly here. There are great folks over there, too,
but -- consider us.

But we're open for business. We're a
welcoming community. We're very honored to have you
here. Our mayors -- Francisco is not -- the Consul
General is not here yet, but he will be sitting here.
And our mayors, Betsy Price and Mike Rawlings, just
went to Mexico, along with me and a delegation to make
sure that people know that we are here.

We don't want for people to think of just
Houston when they get away from the border. We want
them to recognize North Texas as the fourth largest
metropolitan area in the United States. We have seven
million people. We're open for business, and we want
to do business with you.

Thank y'all for being here.

SECRETARY CASCOS: Thank you, Judge.
I just sent a text message to
Representative Martinez asking if he wanted to say a
few words. I don't know if I've get your right
number.

MR. MARTINEZ: You know, Secretary, if
you ever ask --

SECRETARY CASCOS: Go ahead.

MR. MARTINEZ: -- if a politician wants
to speak, we always say yes. So it really is a
pleasure to be here, especially sitting beside you.
And I just want to say thank you to everybody and look
forward to working with y'all.

I'm State Representative from Rio Grande
Valley from District 39. I'm also the Vice Chair of
Transportation of TXDOT. So really an honor to be
here. Thank you.

SECRETARY CASCOS: Thank you.

You know, I think as we went around the
audience and everybody identified where they were
from, there's a very strong delegation from South
Texas, more specifically Hidalgo County. So, you
know, we're very proud of that fact that they actually
made -- everybody's, you know, trek was long. But
coming from the Valley, it's especially long. And I
want to thank those of y'all that took the time, you
know, to come up from the Valley for this.

Our next meeting, just so you know so you
can start planning your hotel and airlines, I believe
is going to be El Paso September the 7th. And it's
ironic that it's 11 days before my birthday, so I --
you know, whenever y'all decide to do --

UNIDENTIFIED SPEAKER: Two days before
mine.
SECRETARY CASCOS: There you go. We can have a party when we're there. Right?

UNIDENTIFIED SPEAKER: Yes.

SECRETARY CASCOS: Okay. Let me -- anybody else like to say a few words before we get started?

Okay. Well, let's move on. You know, the next item on the agenda is the approval of the minutes. And I just told the staff that we can do it one of two ways. One, is we can approve the minutes now; or because you have not had the opportunity to read them, to defer them until the next meeting.

I hope at the next -- before the next meeting, you will get the minutes beforehand to give you the opportunity to read them and review them before you have to approve them. It's kind of unfair to get them 30 minutes before you -- you know, and then try to approve them.

So if it's okay with everyone, if you want to approve them, we can. If you want to defer that until September, we can do that as well.

So do I have a motion either way?

MR. LOVE: I ask that we move for approval.

SECRETARY CASCOS: Okay. Move by
Councilman Love. Do I have second to approve?

MS. RAMIREZ: I second.

SECRETARY CASCOS: Please, as you second -- your name, please say it into the microphone because they are taking -- you know, they are recording this.

MS. RAMIREZ: Second the motion. Julie Ramirez.

SECRETARY CASCOS: Okay. I have a first and a second. All in favor signify by saying aye.

AUDIENCE: Aye.

SECRETARY CASCOS: Any opposed? The items carries.

Okay. Strategic Border Transportation issues. If you read the agenda, that's me. I'm going to punt now to my esteem colleague sitting to my right. You got a new hairdo. How cool is that, just for this meeting. Right?

MS. MAYS: Yes.

SECRETARY CASCOS: Okay. Caroline, you're on.

MS. MAYS: Thank you very much, Secretary. We have been working together for a long time, so --
SECRETARY CASCOS: I can kid around.

MS. MAYS: -- he can make fun of me.

But thank you again for being here. This next agenda item is what the Secretary had asked the committee to think about from the last meeting and bring forth a couple of ideas that you have.

And we have taken that. A lot of you provided comments and feedback. And we're taking that, and we're getting that up on the screen here so we can have a discussion on some of those issues as we start the meeting.

SECRETARY CASCOS: Do we need to dim the lights for this? We have our dimmers.

MS. MAYS: Yeah, probably a little bit. Okay. While we're dealing with the technical issues, I can actually start while they do that. We put this in a couple of buckets. So what you will see later and what I'm talking about here is -- we looked at the different items you-all sent and kind of put it in buckets so we could be able to have the discussion.

So the first one we have, you know, was Interstate I-35 between Laredo and San Antonio is taxed with heavy trucks moving international freight - require truck only lane. So that was one of the comments.
And then the second one, we need truck only parking and staging areas. Again, on the side it shows you how many times or how many people actually mentioned that idea.

Wider interstates. Existing infrastructure in Laredo provides limited alternative routes to motoring public when trains are waiting to move south in Mexico. That actually was mentioned a couple of times, but not just for Laredo. I think we had a comment from the Valley, as well as El Paso. So I just wanted to capture that here.

So again, look at these ideas. And I would like to hear from the committee what your thoughts are. Are there any things we're missing, or have we articulated what you, you know, indicated correctly?

Does this resonate? I know a couple of you submitted those. So if you want to expound on it, that's fine, too.

UNIDENTIFIED SPEAKER: Caroline, if I could.

MS. MAYS: Yeah.

UNIDENTIFIED SPEAKER: I think in conjunction with not just the actual lanes, I think it would be important for us to look at the border patrol checkpoints, that they do not become choke points for
some of these truck lines and maybe create -- like, we
may have in our Points Of Entry.

But I know that in Laredo, 35 is becoming a
major issue where, during peak hours of the day,
you've got miles now because there's only two lanes
going into a six-lane border patrol checkpoint area,
which two lanes are dedicated to trucks. Therefore,
they take two lanes of trucks and vehicles -- lanes
may be totally open.

So I think that's something we also should
review and look at, that those border patrol
checkpoints do not become, you know, great gridlock on
those major arteries like 35.

SECRETARY CASCOS: Okay. We have a
recommendation. Okay. Now tell me, how do we do
that?

UNIDENTIFIED SPEAKER: My recommendation
to do it is that we actually talk to BP, CBP, and say,
how are you managing those truck lanes at those border
patrol checkpoints? Because we've got them down in
the Valley, and I'm sure it's not just related to us.
I think we should look at especially those major
arteries, which are going to be down to the Valley and
to 35.

And I'm sure -- I don't know what El Paso
has at their end as well that -- as we see the volume
of trucks on those highways, they all now concentrate
into a border patrol checkpoint, which becomes another
inspection point. And you don't replicate what you've
got at the Port Of Entry.

SECRETARY CASCOS: The -- does anybody
have any -- anybody want to chime in on that? I think
it's a good point. I think as far as -- the
recommendation would be addressing or speaking with
CBP border patrol to see -- and maybe even invite them
to one of our meetings, you know, to one of our BTAC
meetings, maybe somebody from there.

The last time we did, we talked about DPS,
too, and they're -- and what they're doing, you know.
They get checked at the Port Of Entry, and then at
least at Cameron they get checked at the Port Of
Entry. And then ten miles upstream and just before
they get to San Benito, they get -- the trucks get
pulled over again and get checked again by DPS. So
that's one of the things that we also may want to
consider discussing, the DPS check points.

Not that we want to circumvent anything, but
it's kind of -- you know, they get checked when they
come in. They get fully inspected. They drive ten
miles, and they get pulled over again. That's the
biggest complaint that I got when I was county judge, about that. We did talk to DPS, and they alleviated a little bit of that. So maybe we can go back and then talk with them about that as well, you know. So I think it works both ways.

Steve?

When y'all speak, introduce yourselves.

Okay?

MR. BOECKING: I'm Steve Boecking. Is this not being addressed by the new Single Window Initiative?

MS. MAYS: No. This is actually on the highway itself. It's the choke point. If you've driven on 35 coming back from Laredo, there's a checkpoint right there. And you have to get off the interstate; everybody, trucks, passengers, and then they check you. It's, what, how many miles from Laredo?

SECRETARY CASCOS: About 90 miles.

MS. MAYS: North of Laredo --

UNIDENTIFIED SPEAKER: It's about 30 miles.

MS. MAYS: -- yeah, about 30 miles.

MR. SCHWEBEL: This is the 28-mile marker.
MS. MAYS: Yeah.

MR. SCHWEBEL: It's the 28-mile marker coming in right before you get to -- this is Gerry Schwebel again. And what you've got is that -- because it's a two-lane northbound highway, once you get to that point, to the border patrol checkpoint, those two lanes are being taken over by trucks, both trucks. So what happens is when you get to the actual -- to the border patrol checkpoint, they'll open up into six lanes, of which two on the right side are trucks. But the vehicle lanes are wide open because they're standing behind trucks. So what you've got is that -- if you were to make, like, it's proposed there, a right lane is a truck only, you're going to have a longer line.

Or maybe, perhaps, it requires more planning on the part of border patrol to say, Hey, if you've got five miles out there, somebody understand, you know, why you have got long lines which are creating, perhaps, new delays on 35.

SECRETARY CASCOS: And I'll tell you when it's worse is holidays. I mean, it's -- whether it's Memorial Day or spring break or July 4th coming up, you will have lines. The Cerritos checkpoint is about 89 miles out of Brownsville. Then you've got
the Falfurrias checkpoint. Then you've got -- I mean, I'm sure there's numerous, and I think the challenges are all of the same.

MS. MAYS: Yeah. Secretary, one of -- to answer Gerry's question -- this is Caroline Mays -- our TXDOT Laredo District is here, and they have been working with CBP. There's things in the works to address that. You want to comment? Yeah, come to the microphone and comment.

SECRETARY CASCOS: Introduce yourself.

MS. MAYS: Yes.

MR. RODRIGUEZ: This is Robert Rodriguez with the Laredo District. A few weeks ago, we had a meeting with border patrol regarding that issue there at the Mile Marker 28 -- with border patrol. They did mention now they have their tagging. I believe that's what it's called in the Valley. They enrolled two companies, which is the one that transports, I want to say, about 80 to 120 trucks a day. So they're trying to alleviate that with a new tagging.

They also started a few weeks ago with the busses, but only with Laredo-Columbia so that they would reach -- they started a new program also with the busses, which is called Inspect Once/Clear Twice,
which now they have border patrol, too, inspecting the
vehicles -- I mean, the busses so they don't have to
stop at the checkpoint.

We just recently started working with TTI,
the Texas Transportation Institute. They're going to
be doing a study of that area of Mile Marker 29 --
actually all the way from Loop 20 to Mile Marker 29 to
work on the traffic congestion. And border patrol is
gladly going to be working with them on this issue.
And they want to know their short-term solution,
mid-term and long-term.

And for that we also invited the trucking --
some of the people from the trucking industry.
Because border patrol, as I mentioned --
(unintelligible) are going to -- removed from there
many, many, many years. So we need to know if we need
to buy adjacent properties. We need to expand in five
years, ten years. So they also want to know some
numbers for the near future so they can do their
part.

MS. MAYS: Thank you.

SECRETARY CASCOS: Thank you.

Yes, Mayor Saenz.

MR. SAENZ: This is Pete Saenz, Mayor of
Laredo, Texas. Thank you, Mr. Secretary and Caroline
and, of course, all to you.

    Yeah. If I can expand on that issue, too.

You know, that -- you know, obviously, I would echo
the concerns and the sentiments by Mr. Schwebel.

    But also, we need to be thinking if we could
expand that Item 2. It says, need for commercial
tuck parking/staging areas. And that's good. But if
we can expand it maybe even to include the
pre-clearance concept that we have been talking about.
I know we mentioned it briefly last meeting, I
believe, or I guess other meetings that I've been
attending, and bringing in border issues that deal
with border issues.

    If we can get CBP dual Customs basically in
some sort of a area on the Mexican side where all of
the inspection can be done, all of the Customs
inspection. Even DPS may do their inspection as well.
So this way it will facilitate the crossing at the
bridge and won't create those bottlenecks there at the
bridge and the long lines that extend miles into
Mexico and vice versa. Sometimes the miles are on our
side when the Mexican Customs system is down, or
whatever.

    And I believe the Canadian border has been
successful. I think there's been studies. I have
been visiting with some of the TXDOT folks as well, and I think you-all are aware of that. And maybe we need to focus on that process, that system that the Canadians use and apply it to the Mexican border -- you know Texas/Mexican border, our ports of entry.

Because obviously, we have a major, major problem in Laredo and, of course, the border as well. Since we handle so much, we need to streamline it and make it more efficient. We do have a smaller version at the airport. At our airport we have dual Customs where we can pre-clear any air freight that lands in Laredo. It can be pre-cleared by Mexican Customs. And by the way, they do carry arms.

And the Mexican Constitution has also been amended wherein U.S., the custom folks or federal people can actually go into Mexico and also carry guns. And that's also now being utilized at the Columbian Solidarity Bridge. They're also -- they said Laredo, you know, also controls and owns that bridge on the U.S. side where livestock are inspected.

And they feel secure because on the Mexican side, they have got three or four branches of the military. So the U.S. federal people go into Columbia and do their thing, and it just facilitates the crossing of livestock. So we can do that. We can
expand it, but maybe expand it to include all types of
inspections.

And then I would suggest that whatever
system Canada is using and it's worked apparently,
that we use it. But even to avoid further
inspections, maybe the cargo should be taped or sealed
or something where they don't have to, you know,
reinspect that at some point north.

And, you know, they can inspect maybe the
chassis and the wheels, or wherever they think maybe
there's contraband or drugs or something in the cab,
but avoid additional time in reinspecting the cargo if
they suspect something.

So anyway, you know, things of this nature
need to be implemented. And I would strongly suggest
that maybe this committee consider at least
investigating and see what Canada is doing to apply
this. It's not a novel concept. It's out there, it's
my understanding. And we're using semblances of it
there in the -- at Columbia and also at our airport.

So, yeah, thank you so much.

MR. GARCIA: Josue Garcia with the Donna
International Bridge. Right now, you know, we're at
the stage -- and I want to speak to the one
inspection. Our port -- we're currently designing our
port for commercial. And so this is one of the things that we have been really, you know, addressing because that is one of the things that will really, you know, make it expedited.

And U.S. Customs and border protection is looking at things on how to redesign or how to master plan a lenient type of a port so they can expedite.

So they're well aware, you know, at the field office in Laredo and of the inconveniences that are taking place throughout the border. So, you know, since we're designing our port at this point for commercial, we're tapping into, you know, DOT, DPS and, you know, agriculture, anybody that has to do anything with the inspection.

So that's, you know, the approach that we're taking right now. And we pretty much agree that that is a real good point that we need to follow through on. Thank you.

SECRETARY CASCOS: Thank you.

As we discussed, make sure that you try to keep your comments to about two to three minutes so we can get through all these slides.

Caroline.

MS. MAYS: Okay. The next slide is primarily on rail. And as you can see here,
discussions about -- or concerns about blocked streets, you know, for trains. And, again, this was -- it's border-wide, you know, trains stopping at international boundaries. I have seen that myself in Laredo and in El Paso whereby, you know, we've had these complaints throughout the border region, one, because the trains go through downtown, you know.

So, again, any discussions here anybody wants to expound on this and, you know, talk about, you know, the rail kind of, you know, challenges with the border regions?

MR. DOMINGUEZ: Secretary, Arturo Dominguez, Kansas City Southern Railroad. Being directly responsible and working for the railroad company there at Laredo, I have firsthand knowledge and experience of the processes that take place in order to get a train into or out of Mexico.

And any railroad people in this room will tell you that it's not a good idea to stop a train for whatever reason. And so the idea is to keep them moving. What is capping the efficiency at Laredo at the very least is the processes that exist, I guess, at the -- right at the authority level going into and out of Mexico.

And so it seems that the issue is more of a
documentation matter and, I guess, a processing matter, not the physicality of getting a train to or from Mexico.

MR. SAENZ: Again, Pete Saenz from Laredo. If I can chime also on that, too. It appears that the train is stopped primarily by Mexican officials there at the bridge on technicalities, and that is understandable. But those could be done -- no physical inspection or visible inspection is actually done on the bridge.

It's just the paperwork -- that some way, somehow at their office they see some inconsistency in their paperwork. And then some way, somehow the train is stopped because there's a sequence of trains or the trains were not properly organized or the merchandise wasn't properly organized. But, then, again the train is stopped. That can be easily done, at least in my humble opinion, at the yards.

So again, if we can -- you know, the same concept, the pre-clearance, the secured corridor type concept would be applied. Any issue, you know, should be handled at the yards, be it on the north -- on the U.S. side or on the Mexican side. But allow the trains to go through and keep the fluidity of the trains and, you know, obviously less traffic
congestion.

MR. CRISTINA: Paul Cristina with BNSF. The pre-clearance idea, if it worked for trucks, it would work maybe even easier for trains in the yard.

But in terms of decongesting border interchanges, we see the -- each border crossing is a system of systems. You have the rail infrastructure, the places where the trains actually sit. And then you have the inspection process that requires technology and people. And at every one of those border crossings, each of those systems is at a different level of capacity.

So it might be worthwhile for the committee to consider evaluating the capacity of each of those systems at each of the border crossings and then figure out what investment is needed in order to level the capacity across all of those systems.

And the second level of that would to be provide some consistency, find ways to work internationally to provide consistency among those systems of systems at each different border crossing. Because we see variations in the way things are done from one place to another that gives everybody some reasonable expectation about what they're going to be asked to do when they get to that point in the terms.
of the decongesting of border interchanges at the border.

MS. MAYS: Any other comment?

MR. SCHWEBEL: This is Gerry Schwebel again. One of the things that we have talked with Kansas City, Arturo Dominguez, is how much out of a outreach are there within the border communities in regards to the challenges that these railroads are having in these interchanges?

And I say that because, you know, I have a -- you know, there's a rail line right next to my office. And when you talk about people that are driving in the community, they're from Mexico or from the U.S. And I see that there's a general lack of disregard for the actual, you know -- what do you call it -- the A-yards.

You create a culture because a train is stopped and it's not moving, people will begin to ignore that until, I guess, a train starts moving. And I don't know. If there is something going on, is it outreach informing, you know, to the communities and say, Look, number one, you're not only violating the law by disregarding the signs, but the dangerous side that is associated once a train starts moving.

So in English or Spanish because of both
sides of the border, is there some of that going on in other communities? And if there are -- Mayor Saenz, I don't know if there is anything going on like that in Laredo. That's a kind of -- that would help end this process.

MS. MAYS: And I think that goes to the Secretary, one of the -- you know, probably to the Secretary. You want to write down one of your other recommendations is, you know, an outreach strategy, developing an outreach strategy for border communities to deal with some of these of issues, especially train crossing issues, blocking of highways, et cetera, you know, people walking across the train tracks when a train is coming, et cetera. So that could be, you know, another, you know, one of your recommendations on the bucket list.

But right now I don't, you know, know of any broad, you know, border-wide outreach strategy unless, you know, the mayors and stakeholders hear from the border regions if they have anything specific.

MR. SCHWEBEL: If I may be more specific in asking, is it the -- you know, are people just ignoring the signs basically and just dashing through anyway through the -- yeah, we have plenty of that in Laredo. And, of course, that's created, you
1 know, accidents. And, of course, the railroad company
2 may or may not want to speak to that.
3
4 But certainly, you know, people get
5 frustrated, especially when they've had to wait 30 to
6 40 minutes sometimes, even longer sometimes, you know,
7 depending on the train situation there at the
8 bridge.
9
10 If I may add, too, these rail studies -- I
11 know Laredo is undergoing a grade -- you know,
12 above-grade separation study in the area. At some
13 point years ago, the railroad company -- or one of
14 them had -- was considering maybe creating another
15 bridge -- or constructing another bridge and bypassing
16 the inner city.
17
18 But that hasn't been -- yeah, they decided
19 against that recently. And they want to continue
20 through the inner city, so that puts the burden on us
21 to start thinking about above-grade bridges, in other
22 words, overpasses over the rail lines.
23
24 So any studies that we can do within the
25 very near future, you know, to accommodate the
26 lessening of traffic congestion in the inner city
27 would be ideal. And I know that Laredo is undergoing
28 some sort of studies along those lines, but it's going
29 to take some time. Thank you.
MS. MAYS: Okay. We will move on to the next slide. Again, this is continuing with the rail theme. And as you can see here, you know, the comments that were made, we need to evaluate and understand the impact of trade.

With the Santa Teresa -- I don't know -- a lot of you are not from El Paso. But recently, one of the main railroads, you know, has built a railyard in New Mexico out of El Paso. And so we're really looking at that impact to Texas. Because now it's going to take what was in Texas that was generating jobs and generating, you know, economic activity in Texas and El Paso -- now that has moved to Santa Teresa.

So really to look at the impact of that and, you know, look at are there alternative gateways that we can -- you know, meaning Texas can, you know, look at building those gateways and not lose those gateways to neighboring states because that's a big issue for Texas.

And then, you know, I think Paul mentioned this, you know, maximizing efficiency at the border with the rail crossing infrastructure. So again, you know, any comments on that would be, you know, very welcome at this point.
I am going to try to move a little bit faster because we're a little bit behind. But, you know, any comments from committee members? I know there are people from El Paso here. Don't make me call you out.

MR. HERNANDEZ: This is Frank Hernandez with BNSF. Two things real quick that are tied in. One, there are numerous standardized practices that we could put into effect. Because there is a disconnect, even though it's CBP that handles the same operation at each gateway.

And I won't talk about where it works badly. But I have worked at all the gateways along the U.S./Mexico border, except one. And I will tell you that Eagle Pass has a great system, and we have just a tremendous relationship with CBP. I think the mayor can -- well, the mayor of Eagle Pass can attest to that. Because it just works well. Even though there's a lot of operational challenges, the delays are minimal.

Secondly, with regard to Clint, Texas, one of the things that I have mentioned to Mr. Hirsh and Cristina with BNSF is the importance of involving the Mexican authorities. Because Clint, Texas actually works better for connecting from the Mexican side with
less challenges than it does at Santa Teresa. And we
still maintain the employment figures and so forth
because the business would stay within Texas and not
go to another state.

MS. MAYS: Thank you. Any other
comments on this issue?

We have Jake GIESBRECHT. Go ahead.

MR. GIESBRECHT: This is Jake
GIESBRECHT from Presidio. And I am going to comment
on what she said on New Mexico and Texas. I think one
of the things that we have in Presidio -- I think the
relationship between the State of Texas and the state
of Chihuahua is very important. And I think that
needs to be cultivated.

Because I was in -- I'm with the State of
Chihuahua Economic Development Team, and I know how
hard New Mexico lobbied four or five or eight years
ago on this project. And that's not happening only on
railroads. It's happening on roads.

So if we don't want to lose jobs in Texas
and traffic, then we need to intervene a little bit in
the relationship with the State of Chihuahua. That's
my comment. Thank you.

MS. MAYS: Thank you.

Ivan.

Union Pacific obviously built the Secretary's terminal. And I would just caution that we're not too short-term in our thinking in terms of direct impact, but more of a competiveness. Ciudad Delicias, El Paso and Juarez Chihuahua region, for those of us that are familiar with that region, has an incredible potential.

You know, it's -- for Union Pacific it was not so much about state lines. It was -- I think where the new terminal is to where our headquarters are in El Paso is 13 rail miles. So it's essentially right next door, and the potential of the region entirely over time complements each other really well, as opposed to if we get into a trap of directly competing strictly on city or county limits or state limits. That is just what I wanted to mention there.

And then, of course, I caught Mayor Saenz -- my good friend Mayor Saenz's comments about great separation. There was a mention of Eagle Pass. I would just echo the notion of great separations. Rail traffic is going to continue to grow.

The impact on the communities will continue to be felt. And the sooner that we can start thinking
about how to allow trains and people freely around each other, I think the better everybody will be.

Thank you, Caroline.

MS. MAYS: Thank you.

Any other comments? We will move on. Okay.

Then the next topic is really on the actual bridge crossings themselves. So you can see here a lot about DPS inspection issues that was mentioned earlier. You know, a lot of this is just streamline inspections.

So again, the group, please feel free to chime in. Any thoughts to expand and expound on that? Y'all are very quiet. You don't have any inspection issues?

Yes, Matthew. Let's go with Matthew first.

MR. MCELROY: I guess I would start with the idea of streamlining the freight inspections. It's not just CBP. When we look at each segment of how long it takes to cross from Juarez to El Paso with the aduana inspection in queue it's probably double or triple what it is at CBP. So CBP is waiting for trucks to leave aduana.

So if you can do a joint inspection or something else, that is the longer-term solution, as opposed to just keeping CBP as the point for streamlining inspections.
The other thing that I want to talk about is the better fluidity of trucks on the border. That whole system of having to do another DPS inspection is something that we need to take a much longer look at. Because the way it's working right now, it's not conducive to getting trucks across the bridge quickly. And many, many times it's actually the U.S. trucks that fail the inspections, not the Mexican trucks. And so the reason it was put in place was to catch all of these Mexican trucks that were not going to meet inspections. But by far and away, it's actually the U.S. trucks that don't pass that inspection.

SECRETARY CASCOS: As follow-up to that, do you have any statistical data that -- I'm not disputing it, but do you have anything that basically supports that so we can somehow include that in our --

MR. MCELROY: Absolutely, we can get that, give you field ratings.

SECRETARY CASCOS: Can you get that to us --

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MR. MCELROY: Sure.
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SECRETARY CASCOS: -- that there's more U.S. trucks that are failing versus Mexican trucks that are failing?
MR. MCELROY: Yes, absolutely.

SECRETARY CASCOS: I've never heard that. That's interesting.

UNIDENTIFIED SPEAKER: Very interesting.

MS. RAMIREZ: Mr. Secretary?

SECRETARY CASCOS: Yes.

MS. RAMIREZ: We are from Progressive -- Julie Ramirez from Progressive Bridge. And obviously I'm a small -- we're a small port, nothing like what Laredo and Eagle Pass experience. But we do have an issue with the DPS, or it's not an issue, but it's a problem.

We are privately owned, and they do come into our premises to inspect the trucks, just something that I understood was not supposed to happen. So we would like -- or I would think that we should have someone from CBP here to help us, someone from DPS. I don't -- I think we had decided we were going to invite somebody, and I don't see anybody here that could probably explain why and how and where we're going with all of this.

When -- a few months back when the Governor sent in 1,000 agents, we were bombarded at the bridge with that. Obviously, all our trucks were being
stopped. They were being fined. I -- they were being fined in my property.

And I had to go out there and say, Hey, look, you're on our property. Well, who are you? And what are you doing? And no disrespect to the troopers, but it had to be told.

So we need to have people from these agencies here to explain why and how and how we're going to streamline all of this. I just -- and the same with CBP. I had invited second in command to come in to this meeting so that he could try to explain, you know, all of these inspections that are going on.

When Homeland Security became Homeland Security, I thought that's what it was for, to bring everybody together and just get one thing done at a time. But obviously, we're not there. We're dealing with Customs. We're dealing with DPS. We're dealing with immigration. We're dealing with -- we're dealing with everything, so --

Anyway, that's all that I have to say about it.

SECRETARY CASCOS: Yeah. I think -- that was brought up, I think, at the last meeting to invite somebody from the Department of Public Safety
to join us.

AUDIENCE: Yeah.

SECRETARY CASCOS: And I think we need to make that effort again. Maybe El Paso -- we can maybe get the commander of El Paso and maybe even get somebody, you know, from the Austin office of DPS, whether Steve McCraw or some of the lieutenants, to go and just kind of explain to us what is going on, and not just what's a task force and we're doing this.

I think we need to look -- you know, and if you could get information about the U.S. trucks more so than Mexican trucks before the El Paso meeting of September 7th, I think that would be great for us to have, if you can do that, please.

MR. McELROY: I'll get that. And then the other thing I would mention here that is missing is that southbound inspections are really problematic that CBP does. They -- none of the bridges, at least in the El Paso region, were ever constructed with the idea that southbound inspections would be done. So now they're doing southbound inspections, and it's pushing trucks all the way back up into every road and highway in our region.

MR. MARTINEZ: Secretary, Representative Armando Martinez from District 39. When we get those
numbers, if we could please have numbers sent to our office as well. I'm very interested.

SECRETARY CASCOS: Yeah.

Sam, how are you doing today?

MR. VALE: I'm doing fine once I found the college.

SECRETARY CASCOS: SMU is not hard to find.

MR. VALE: It's not like Austin where you're going to run into it, one way or the other. In any event, Sam Vale, by the way, for the record. The issues are all of the above right now. Commercial traffic has not decreased, even though their tourism traffic has decreased and is on a slight rise.

If you're looking at the commercial traffic, it never really went below 10 percent. And it's been growing every year, more so in the bigger ports than in the smaller ports, depending on how many issues you have locally.

But you talk about Customs issues. The first and biggest and most important one is there's not enough of them. They're grossly understaffed. I can tell you right now we have with Laredo and five other communities what we call the South Texas Assets
Consortium. We're certified. We can reimburse Customs for their services, but you can't reimburse for an officer that's not there.

So we have money that goes begging -- I mean, isn't this kind of crazy to want to pay for custom services. It's like a user fee. But we agreed to do it in the hope that it would be a short-term situation that we could get justification for the staffing.

Well, they don't exist. The State of Texas gave us a $650,000 grant to match 50 percent of our reimbursements for ag' specialists. We have not spent a penny of it because we don't have ag' specialists available. So you start with that litany and go across the protocols, the rules, the regulations.

Now, we had the problem with DPS and DOT. But we just forced them to be in the same building. We're a private company, Julie. We built the building. We told the federal government that we're there. We got our Congressman involved. And we said, We want them both in the same facility.

And so we don't have dual inspections, but that's because we proactively went in and said, one building. You either want to use it; or you don't want to use it; or you can get out on the highway.
And that's the way it started, and we forced them.

They fought with each other for a while, I mean, like, whose desk is in front of the bathroom and stuff like that, real important issues. But they're all -- all of those guys are trying to do a job, but there is a lack of consistency in the way they're receiving directions on what to do.

So you can break all of these into small pieces and really get into it, which probably would be beneficial. But I don't know that you can do it, Mr. Secretary, in such a large forum. But you can get into that, and it's important to Texas.

SECRETARY CASCOS: Mr. Bazan.

MR. BAZAN: Mr. Secretary, real quick.

SECRETARY CASCOS: Introduce yourself.

MR. BAZAN: Yes. Luis Bazan, Pharr Bridge. I guess my biggest thing, I'm looking at that streamlining issue there. And you're mentioning CBP and border patrol. I think we're talking about two different agencies here.

Border patrol are known as the guys in green. CBP are known as the guys in blue. At least that's the way I know it. In our port, for example, we don't have them side-by-side inspecting cargo. That's up the road. That's up where -- you know,
close to Falfurrias.

So I think there needs to be also a fine line there separating the two because, you know, I don't know in what ports we actually have border patrol inside the facility, inside the federal facility inspecting side-by-side. So I just wanted to shed some light on that.

SECRETARY CASCOS: All right. Thank you, Luis.

MR. SCHWEBEL: This is Gerry Schwebel. Our distinction is we -- the green shirts are at the checkpoints. Okay? The blue shirts are at the Port Of Entry. They're both checking, one way or the other, freight, you know, if you look at it that way. That's where, I think, fellows are coming from, in that direction.

But I -- following up on your point about going and getting feedback from CBP or DPS, I do think that this committee needs to hear from those folks. Those programs or those projects that are trying to streamline or make more efficient the operation at the Port Of Entry, you know, whether they're pilot projects, like the one in Laredo or the one in Chihuahua that impacts El Paso, they -- the more knowledge we have of single-window initiatives -- you
know, those are the programs that are related to trade
to create greater efficiency.

But also with that efficiency comes greater
volume of vehicles on our transportation system. And
how are we planning and coordinating that
transportation highway system with that increased
volume of trade that Sam Vale is talking about? And
it impacts safety inspection.

It impacts, you know, how many citations
they're going to use for that and the trends that are
coming down the road right now as a result of that
increase of trade. We have got to be a step ahead.
We seem to be catching up, and I think that's why I'm
looking forward to working with this committee to try
to identify those trends of the future.

MS. MAYS: Thank you. And let's move
on to the next slide. This is about funding. I have
a few more slides, so we're trying to wrap this up by
about 10:00 so we can get to the next session.

Funding, any comments on that? You will
have a lot of money.

SECRETARY CASCOS: Where is Jesse?

MR. HEREFORD: Right here.

SECRETARY CASCOS: Okay. Just bring
your checkbook.
MR. HEREFORD: It will bounce, but we're good.

SECRETARY CASCOS: Sounds familiar.

MS. MAYS: Any comments on this?

MR. SAENZ: It's Pete Saenz again, Mayor of Laredo, Texas. Yeah, the World Trade Bridge, as you know, is really the heavy lifter for the City of Laredo. You know, we do over $200 billion worth of trade.

At the last visit that the Commissioner was there, you know, he noticed, you know, the long lines and suggested -- or asked specifically a CBP officer what, you know, he personally would do. And he said, Well, if we had another lane coming from Mexico into the U.S., an expedited lane or a trusted, you know, shipper lane, you know, that is what we would -- he would recommend.

And it made a lot of sense. So the City of Laredo is footing the bill and creating that lane. And that's going to take care of about 30 or 40 percent of that traffic. Especially the empty trucks that are coming south to north, you know, they could segregate them and use that lane. And that obviously is going to save time.

And then on top of that, we're doing some
other exit booths with weigh motion --
weighing-in-motion scales. But we're investing as
well with the City of Laredo. Since we do own the
bridges, you know, it's incumbent upon us to -- you
know, to invest in that. But we can't do it all, too.
And this is where the partnership or the partnering
comes in, and we expect TXDOT to help out as well.

So anyway, we're cognizant of that and the
municipalities. And they should come up to bat, so to
speak, and do what they need to do. Thank you,
Secretary.

SECRETARY CASCOS: Sam.

MR. VALE: When I see things up there
like system funding, I think those are probably the
most important things that we can deal with because it
has to do with access to points of entry.

And as some of us pointed out before, for
various reasons virtually all of the so-called border
money that was done the last -- in this first
go-around, I mean, not even Laredo got a penny, much
less anybody else. I think Eagle Pass might have
gotten some dollars. But of this huge $60-million pot
divided between three districts for basically
$10 million a year, well, you can't even pave a street
in Dallas for that.
But it was supposed to be kind of a seed -- it was a seed fund that you could draw from other pots. And until -- you remember a month ago the famous $60-million announcement. Well, after you break it up, there's not much there. And you've got to pull from other sources within TXDOT because the off-system funds -- the off-system projects, as I understand it, are those that are supported by the community in order to facilitate trade and commerce.

The in-system are the projects that generally are longer term in planning that TXDOT generated, and those are going long. But these little things that you're talking about, like what the City of Laredo is doing, all of those are off-system.

But we have got to get that better coordinated, and I think this committee can do a lot to influence that process because it is a TXDOT group. Thank you.

MS. MAYS: Okay. We will move on to the next issue. This is a lot of information in here. But again, how do -- what we at TXDOT do -- or you-all do is to understand what the issues are. So this had to do a lot with the data, analysis, analytical tools, studies that are needed, you know.

So one is expand TXDOT Preliminary GPS
Seven-Day -- this is the maps that I showed at the last meeting showing, you know, 2,000 trucks from, you know, the three border regions going throughout the United States. There was a request whether we have those by each POE, which we don't. So I think that comment is indicating that we need to look at expanding that.

And then there were several comments about understanding cross-border freight by origin and destination by each POE. Because if I asked any of you right now, do you know what comes through your Port Of Entry and where it goes, anybody know? And probably the answer is no because everybody is quiet.

So those are some of the things that we need to be looking at and understanding and telling the border stories that what comes out of the port of -- you know, the World Trade Bridge, where that should go. It comes out of Pharr. It comes out of El Paso. Each of those bridges, you know, to understand that -- so that's one of the comments there, you know.

And then one was looking at the infrastructure, at the POEs themselves. You know, some of it is aging. How can we better address those? So again, I'm going to throw it to the committee to have discussions on these. No comments?
MR. SCHWEBEL: This is Schwebel again.

My comments were in regards to -- we need to understand clearly what we're up against in order to plan what we need for the future.

And I think there's -- you know, there's a general -- we don't know -- I hear Ghana and I hear El Paso. We didn't talk about Laredo. You know, usually the ones that speak the loudest are the ones that control the mike.

But I would like to know what's going on in Presidio. I would like to know more about what's going on in El Paso and talking about Eagle Pass. And I think that if we have the assessment of what projects are ongoing right now and maybe innovative mechanisms for financing or funding some of those programs so that maybe what may be good for Laredo may be good for Eagle Pass or El Paso, instead of every community, you know, in Texas just working independently, that's one of the things that I think we can look at.

And then after that understanding, what is going on with our Mexican counterparts. You have new Governors with new initiatives, you know, as well on the Mexican side. That planning -- maybe doing some planning on the infrastructure for their Ports Of
Entry. And are we coordinating with them those initiatives as well? That's what I would like to see us have more dialogue on.

MR. CRISTINA: And Paul Cristina with BNSF. I think that as we're talking, there's a link between that first bullet that says identifying most effective module investments. There's a link there between that and the public/private partnership discussion that was had on the other side because the State, you know, cannot direct how the free market moves goods and services. But it does influence things by making grant opportunities available for different types -- for certain types of facilities or generating specification for the things that the State would like to see. That happens in other places as well.

SECRETARY CASCOS: Yeah. I think Gerry brought up a good point. And I think that even though we're here as a committee that's identifying -- or trying to identify the border as -- this is the way I see it -- as a region, okay, which you're kind of alluding to. Let's talk about what every --

But at the end of the day when we come here, we're talking about our individual communities, our individual challenges, our individual bridges. And it
kind of tends to take focus away from the regional concept. And that's very hard because at the end of the day, many of -- well, not many more, but we're very parochial in what we wanted. You know, it's all in Brownsville or Pharr or Laredo, or wherever it is.

And I think maybe for the next meeting that we're going to have in El Paso, maybe dedicate a good chunk of time to learning about the different points of entry and what their challenges are and identifying exactly what you're talking about.

You don't know what is impacting Presidio or Eagle Pass, per se, you know, because, you know, you're focusing -- I mean, with all due respect, is Laredo like what Mayor Saenz -- it's Laredo. You know, that's fine. We need to hear all of those.

But I think it would behoove all of us if we heard from each Port Of Entry as to what the challenges are and also -- you can also extend it to the inland port of San Antonio and the port of Dallas, you know, and talk about those things that we have.

So maybe for the next meeting, send it out. After this -- it's September 7th. You've got plenty of time to try to identify and maybe give that Port Of Entry a good 20 minutes, 15 or 20 minutes to talk about what is relevant in that Port Of Entry. So
maybe we can get a little bit more global perspective.

I see it from the State level. But maybe
those of you that are not familiar with what is going
on in Brownsville or Pharr or in, you know, Progreso
or whatever it is, come up with 15, like, your
challenges, what they are, what you see. Okay? So
let's shoot for that for the September 7th meeting.
Okay?

MR. HIRSH: Paul Hirsh from BNSF. I
agree 100 percent with what you just said. But I
think that it's important to consider the short-term
on the promise that each Port Of Entry has at least
time for those to have another look, which is what
Caroline was saying about understanding where is the
origin in this nation of all the freight that goes
through the border. Because that is what is going to
determine eventually what should go and what mode of
transportation and what's the ultimate crossing for
that.

So, yes, you need to fix the problems that
all the cross towns have right now short-term. But
what is the best strategy long-term for the State of
Texas to move freight across the border. And if you
don't have information of the origin in this nation
and type of commodity and where it goes, it's very
difficult to determine what the states want to be, you
know, in 10, 15, 20, 30 years from now.

SECRETARY CASCOS: Well, then, for that
September 7th meeting, you may want to come up with a
15- or 20-minute presentation, too, as to where you
see the long-term effect. Obviously, the rail is a
very significant, you know, transportation mode.
Maybe come up with something as to how you see it from
your perspective where you think those investments
should be, where you think we should go in the next
15, 20 years in terms of transportation.

MR. HIRSH: And we're fine doing that.
The pilot is missing to have -- I think, a good
assessment of that is that the information that she
was asking and nobody could respond to, we don't have
that information.

SECRETARY CASCOS: Right.

MR. HIRSH: That's something that we, as
a company, don't have. And I think that a lot of
people I know in the room that works on that
information, how can we make sure that we have that
information that will allow us to make the right
decision?

SECRETARY CASCOS: We will work towards
that as well. Keep in mind that this committee is not
a short-term ad hoc committee. This is supposed to be a long-term planning committee. You know, we're having a lot of meetings very quickly. We have some catching up to do, but we're going to do that. So please, I mean, I want you to feel free to engage.

As the Mayor says, yesterday in Laredo, we had lively discussions on it. And I think those are important. So if you're not ready by September the 7th, whatever it is, you know what, it's not the end of the world. We will follow up for the next meeting.

This is going to be a long-term commitment from myself and hopefully most of these committee members that have been here for a while. So hopefully, you will get the info that you need as well. Okay?

Go ahead.

MS. MAYS: Yeah. So I was going to say brace yourself. Okay? We're going to be doing great work, but we need a lot of your input. So we will be reaching out to, you know, corresponding bridges and communities. When we go to El Paso, we're definitely going to be reaching out to them to make those presentations. And I think that's really the key here.

At the end of the day, we need to understand
each of the issues. And then the first step is understanding issues at each of the POEs and the regions, you know, and then bubble that up. You know, at the end of the day, we need you to think about border-wide, you know, issues and how can we articulate that without kind of each of the POE issues.

But I think at the end of the day, you're going to find out that a lot of issues are the same. They might just be at different scales. So how do we have one voice to articulate those issues as this committee moves forward, you know, so that when the strategies are developed, they're developed that benefits everybody.

Whether you're down in Laredo or El Paso, everybody is kind of in the same boat. The issues are the same and how to address them, and that's really going to be up to you-all to do that.

SECRETARY CASCOS: Sam, real quick.

MR. VALE: Mr. Secretary and members, one of the things that we all talk about but that we really don't do together is we try to convince CBP and federal agencies and state agencies. You better start looking at the Points Of Entry as a system, not Laredo versus Pharr or Eagle Pass or El Paso. Because from
the interest of the State of Texas, which we all fall
under that umbrella, we're creating -- it's a system
that must be functional. And it has to be functional
all over because you have to give industry multiple
choices.

The minute you reduce industry to one
choice, they feel that they -- prices are higher,
everything goes up. So when you -- if you want to
know how Delphi works, they know more about every Port
Of Entry's logistics than any other competitor of
theirs. But they go out and physically study it, but
they keep it to themselves.

But we should look at it as a system. How
many lanes are out there? How many are functional?
How many are staffed from the point of view. Then the
individuals within that will have to compete for their
resources. But the State needs to help us facilitate
road accesses, all of that and I still think join
together with us when we try to talk to the
congressmen and the senators for funding.

SECRETARY CASCOS: Thank you, Sam. And
just as a final point before we go to the next slide,
keep in mind that we have 28 Points of Entry between
Brownsville and El Paso. 28 Points of Entry, and
there are not 28 representatives here today. Okay?
MS. MAYS: Okay. Yeah. We're going to move to the next slide. It's kind of related to the same issue, I think. Some of you have already alluded to this first point here, the need to have a master infrastructure plan, in this case not just for the POEs. I think some of your comments really, you know, resonated with this point is that we need to look at it as a system. And I think this Point No. 1 misses that because it's just looking at the POEs. The POEs wouldn't function without the transportation system and a network in place. So I think I'll broaden that out to make sure that, you know, we're capturing the entire system here.

So, again, a couple of these bullets, if anybody feels inclined to discuss it, that's fine. But if not, we can need move to the next one. I will give you one second or two.

Okay. We will move to the next one. And this one, I think, was alluded to earlier as really communication, coordination and collaboration. I think Gerry mentioned, you know, are we communicating to the border communities about issues there? But this goes beyond that, is collaborating with our Mexican counterparts, collaborating between you-all, the border communities. You know, wherever,
El Paso, Laredo and the Valley region, you're all communicating. This is a forum for that, but you have to do it outside of this, you know, collaborating and communicating on a fairly regular basis to share ideas, share challenges, share how you are solving those challenges.

So, again, don't look at this as it's somebody else. It's really in this room being able to talk to each other and be able to use each other as a resource. So I want to hear a little bit from you-all about this.

MR. DOMINGUEZ: Arturo Dominguez, Kansas City Southern. I believe it's very important that we do engage our Mexican counterparts. We're all talking about working in unison together, developing a system on the U.S. side of the border and on the Texas side of the border. But we have no idea what is happening on the Mexican side.

They, like us, have little kingdoms. Theirs are more defined because you have -- each port has different ideas about how to run their own port. They don't have the same rules in one port that apply in another. That is just the way the constitution is written. And it's within their right to operate that way.
So I think we probably need to engage them as a border community along the Texas/Mexico border and understand what their needs are. What do they need so that they can do their job better? We don't want to compromise what their objectives are. Mexican Custom's objectives are different than U.S. Custom's objectives. So we need to ask them as well. You know, what do you need to make your job better?

SECRETARY CASCOS: Thank you.

MR. HIRSH: And I think adding to that, it's not only what they need in the way that Mexican government needs in each of the different states. But, you know, you can build a perfect infrastructure in the U.S. and having, you know, ten lanes going to the border. If you're going to have one that's not joining the other side, it's not going to do you any good.

So it not only has to deal with all the regulations and paperwork and joint inspections like what was discussed before, but also make sure that the infrastructure is going to be on the other side as well.

SECRETARY CASCOS: Well, we have talked about that from my office's perspective in terms of what we're talking about in -- we've talked to
Chairman Luis from TXDOT when we visited Presidio and El Paso. We talked about -- it's not just important that we do our thing here in identifying the infrastructure challenges that we have on the Texas side. You're absolutely right.

It does no good to develop our infrastructure here if our Mexican counterparts don't develop their infrastructure. And he's going to say a few words in a few minutes. If they don't develop in coordination with our infrastructure projects, if they do not coordinate and improve their infrastructure, you're right. It does no good to have a multi-interstate highway leaving our Texas Port Of Entry five or six lanes northward if there's a one-lane or two-lane coming from, you know, the Point Of Entry on the Mexican side. You're absolutely right.

And we are working with that. There's another committee that we met with yesterday in talking with our Mexican counterparts. But it's going to be challenging because dealing with Mexico is a little bit different. There's a lot more hurdles, you know, to deal with. There's a lot of political ramifications dealing with, you know, the local, state and federal, depending on what party is what. Those
are the realities of it. But, you know what? I agree
with you and that's something that we're working on as
well.

    MS. MAYS: Okay. Thank you.

    UNIDENTIFIED SPEAKER: One suggestion
that I would make, too, Mr. Secretary, is the Consul
in the Valley, the Consul General --

    SECRETARY CASCOS: We've got one here,
and he's going to say a few words.

    UNIDENTIFIED SPEAKER: Oh, wonderful,
yeah. Because I think they have the bigger scope.
You know, they have the Washington/Austin versus --
you know, the capitals of the states. And they can
kind of have a good sense of what the politics are.
Not that you are free to discuss that here, but --

    SECRETARY CASCOS: Not here.

    UNIDENTIFIED SPEAKER: Okay. Good.

Thank you.

    UNIDENTIFIED SPEAKER: Mr. Secretary,
if I may say something.

    SECRETARY CASCOS: Yes.

    UNIDENTIFIED SPEAKER: I think it would
be important to also have a lot of the decision makers
be at the next meeting. Just because, you know, for
years -- and I have two international bridges in my
district. And that would be Donna and Progreso Bridge. And for years you've heard the Progreso Bridge and their import lot and the difficulties they have had about opening that import lot that would be a big impact not only for the Rio Grande Valley, but for the State of Texas.

So I think that would be very important to help them and find out exactly what they need to do and what steps they need to do and the type of time lines we have in front of us in order to make that happen and come to fruition.

SECRETARY CASCOS: Thank you.

MS. MAYS: This is the last slide. And, again, this is -- some of this has already been talked about, you know, promoting trade and what needs to be done. But we just wanted to kind of highlight some of the issues here that were mentioned that, you know, kind of fit within that.

But again, like I mentioned, a lot of this has been discussed already. So unless anybody really wants to talk about any of these, we can close this session. Any final comments from any of the committee meetings? And again, this is the first kind of --

Oh, Jake.

MR. GIESBRECHT: Mr. Secretary, thank
you. Yes, I have one -- I would like to comment on
what the Mayor from Laredo said earlier about the
Canadian northern border. I used to work at the
northern border and the deficiencies that they have
over there through Detroit. And Stan, I met him in
Mexico City when he was at the meeting with Sam.

And they just have a lot of -- I would like
to really emphasize that we concentrate on that a
little bit, if we could get that southern border more
efficient. Because it's all in efficiency. We used
to -- they can cross 12,000 trucks through the town of
Windsor, Ontario with 20 stoplights and not have any
traffic jam in one 24-hour period. And we cannot do
30 trucks in Presidio running through the same thing.
We have -- I think we're on a different playing field.

SECRETARY CASCOS: I was in Canada a
couple of weeks ago and visited a Point Of Entry in
Buffalo, New York because I wanted to see firsthand,
you know, why, you know, exactly what you're saying.
And that's something -- who knows, maybe we can plan a
trip to Canada.

MS. MAYS: I was going to say that.
I'm Canadian, so I could get you guys in Canada with
no problem. But to the Secretary's point, actually
Matthew Rooney -- that's on the agenda. We're going
to be going to Detroit-Windsor next week. He, you
know, has a group that he oversees that looks at
border issues north and south. So he's going to touch
on that.

But I think, you know, the Secretary will
have to decide and the committee will decide if that's
something that the committee wants to do as a whole,
to really take a trip up there, you know, and look at
that firsthand. Because I don't know if any of you
have been there. You know, Jake, the Secretary and
others have been to the Canadian border. It's night
and day, you know, looking at that.

I was horrified when I went to the southern
border and I saw people walking in 110 degrees walking
across the border and waiting in line for hours.

So again, learning from the northern border
and seeing what the issues are -- we can look and see
if we can get, you know, people who know the border to
come and present. So that's, you know, another option
we can do. But I think seeing is believing. So
again, I will leave it to the Secretary and then
you-all to decide really what you want to do. We can
go either way, invite them here or you-all go up
there.

SECRETARY CASCOS: I think that -- and I
spoke to the Canadian official about going back again. It was impressive, and I think it would -- I know it would be a cost issue for some folks, and maybe not everybody could go. But we can discuss that at some point in the future before something -- you know, maybe plan a trip to Toronto or to Buffalo, New York and then plan maybe a good -- I'll tell you, when I went, it was four days. It was one day going up, one day coming back and two days there.

But my issue was -- one of the stops I had was at a border Port Of Entry. And they were gracious. They toured us. We could probably do a three-day deal, one day just to focus on that Port Of Entry. And, you know, that could be a good half-day deal. We might be able to get away with it maybe going up for -- maybe for two-and-a-half days, or something, maybe two nights, three days. But that's something that we can poll everybody and maybe discuss, see if that would be of an interest.

It just gives you a whole different perspective on why is it that we have a -- your point was exactly right. I mean, they were very, very fluid. And what I could see was that the communications between the U.S. port and the Canadian port, the people was so different. They actually --
they interacted very, very well.

And at the meeting yesterday, we talked about that a little bit at our Good Neighbor Committee Meeting yesterday that Mayor Saenz chairs. And I think, why is the difference? Maybe the bureaucracy is different. I don't know what it is, but that's something we want to consider. You know, I think it would be worthwhile to go look at it and see how they do it on the north end and maybe learn from how they do it. It may not fit, but at least it gives us an idea or a perspective.

Are you through with that?

MS. MAYS: Yes. We're done with this session. So Secretary --

SECRETARY CASCOS: Yes. Before we go on to the next session, I've got two special guests, one that I just saw walk in a few minutes ago, but -- and one sitting to my left.

I will tell you that for those of y'all that have not noticed -- and I've noticed it -- there's a whole different relationship now between Texas and Mexico than what it was, you know, a year-and-a-half or two years ago. I mean, it's totally different. We've got more interaction with the Consul Generals.

I have got to meet most of them already, and
I have met, Francisco sometime back. But there's a lot more engagement. And I think that that goes to the -- and there's not a political announcement, but I think it really does go to the Governor's perspective on the importance that the border plays.

And I think he has brought it to a different level. I think he -- I think by the way we're meeting and engaging, it's something that -- he recognizes the importance of the juggernaut that the border is for the state and for the country.

And what I tell people when I'm out selling Texas -- you know, Texas is the economic juggernaut of this nation. Other people may not like it, but that's a fact. That's just the way it is. And the border is one of those economic juggernauts of this state. And so -- and I think it's important, so I will tell you.

With that, I'm going to introduce Francisco de la Torre Galindo, who is the General Consul stationed in Dallas. He's become a good friend to me and to Texas. But if y'all have not seen the difference, you start looking at where we were a year or two years ago and where we are today. And I think he can better attest to that because I think he's right at the front lines.

So with that, let me introduce the Honorable
Francisco de la Torre Galindo, the General Consul stationed here in Dallas, Texas.

CONSUL GALINDO: Thank you, Secretary.
SECRETARY CASCOS: No applause yet.
CONSUL GALINDO: I would like to begin with something. If you go to Canada, please invite me.
SECRETARY CASCOS: Okay. You got it.
CONSUL GALINDO: That's the first thing.
SECRETARY CASCOS: You know Sarah Winslow?
CONSUL GALINDO: Yes, of course.
SECRETARY CASCOS: She went.
CONSUL GALINDO: Right.

I am a very lucky man. I have been appointed recently, June 1st. I just arrived to Texas, and I'm lucky to be in Texas. This is a great state. And to be in Dallas, it's a great community.

The second reason I am lucky is to have the opportunity to meet with the stakeholders of the Border Trade just a month from arriving here. It's great to be here.

The Mexican government is completely engaged in transforming the country. It hasn't been easy.
You know the structural reforms that we just implemented. It has not been easy to do the things we should have done 20 or 25 years ago when we're doing it now. As you may know, the presidents are now together. They were gathered yesterday in Canada.

We need -- we believe that we have to make this region the most competitive region of all the planet if we want to succeed in this era. And we're willing to change many things that we have to do, especially infrastructure and the border. So the Mexican government is engaged.

We're taking -- this comes back to Mexico City. I know something because I grew up in Mexico City. The border people usually tells me -- and here is Jenny from the border. She's Mexican from the border. They always tells us in Mexico City, You don't know the border, you don't understand. We live here every day. You have to be here to understand. Well, now I'm here. Such a border, Dallas. But we understand what you're going through.

The better improvements we make in the northern border of Mexico will be in the benefit of our community and the community of Texas.

And the third point, and the last one, I am lucky because I have friends like Carlos Cascos. I
had the opportunity to meet him about a year ago, a
year-and-a-half ago. We were a little bit worried in
Mexico about what was happening in Texas, the truth be
said. And suddenly, we found that we have friends
here that think alike and think about the benefits of
trade. We have the same principles, respect and
tolerance.

So it's great to be here, and it's great to
work with you. We will deliver the message for the
Mexican authorities. And we know we have friends,
partners and allies in Texas. Thank you guys.

SECRETARY CASCOS: Thank you.
CONSUL GALINDO: Thank you so much.
SECRETARY CASCOS: You can applaud
him.

(Applause.)
SECRETARY CASCOS: Thank you very much.

My other guest, who I saw walk in and then
she walked out and then she walked back in, is Ana
Garcia. She's here with Senator Cornyn's office.
Ana, thank you. Would you like to say
anything?

MS. GARCIA: No, thank you.
SECRETARY CASCOS: Are you sure?
MS. GARCIA: Judge, Mr. Secretary,
thank you for having us. It's a pleasure to see a lot
of familiar faces from the Valley. Senator sends his
regards, and we're here to help in any way that we
can.

I have my colleague here with me from the
Dallas office.

MR. MCLOCHLON: Collin McLochlon. I'm
the Regional Director, Ana's counterpart here in North
Texas. For the purposes of today, she's the --

SECRETARY CASCOS: She's in charge. Yeah, she's
always in charge.

MS. GARCIA: Thank you for having us.

SECRETARY CASCOS: Thank you very much.

And express our appreciation to the Senator for
allowing you guys to show up today, and convey the
message that you're going to hear today, you know,
back to him. He's been a very, very strong advocate
for the border, and he's been a very good friend to
all of us. So thank you very much.

MS. GARCIA: Yes, sir. Thank you.

SECRETARY CASCOS: All right. Next.

MS. MAYS: And before Michael gets up
there, we have gotten -- we're working with TTI and
UNT to help us, you know, articulate what this
committee is going to be working on the next, you
know, few months to come up with the strategic border
blueprint.

And to do that, you know, they're going to
be engaging the committee at every meeting starting to
put, you know, pen to paper to discuss and document
some of the issues you guys have discussed here,
including what you just finished.

But they're going to start putting that
together into a framework that at the end of the day,
as the Secretary already said, you need to have some
kind of recommendation and a road map moving forward
so that's what they're going to be helping the
committee do, and they might be talking to you
one-on-one to better understand what issues you have.

But, again, I want to emphasize a lot of work
you're going to be doing is going to be rolling up
your sleeves, work-session-type committee. It's not
just coming and hearing presentations. We have some
of that, but this session that they're going to be
presenting is, again, getting your feedback on a lot
of key issues that we need to be able to articulate in
about, you know, 12 months or so. Thank you.

Michael.

MR. BOMBA: Thank you, Caroline. Thank
you, Secretary Cascos and all the members of BTAC.
As Caroline told you, what we are here to do is to help you write the plan. So we will be doing the writing, but you're going to be telling us what to write.

So as Caroline said, I'm Michael Bomba. I'm with the University of North Texas. I'm joining my colleagues Juan Villa from TTI and Jolanda Prozzi also from TTI. And here is -- I want to openly talk about today some of the parts of this presentation.

The first thing I want to talk about is the vision and the mission of the blueprint. So this is going to be one of the key products that the BTAC produces over the next 15 months. It has three main parts to the vision.

The first one is to develop a single vision for the border, not for one part of the border, not for one community, not for a county, not for a segment of the border like in the Border Master Plans. We want to have a single vision for the entire border region.

And the reason for that is because that's going to make the border more competitive as it competes with other regions around the country for federal funding. If you're trying to compete with Southern California on the empire, you can't just talk
about one border crossing Texas. You need to talk about the importance of the entire border. So that is what this plan is going to do.

It's going to be used to guide future, state and federal investments in border infrastructure. The last time that we were together, Sherman Louis talked about a desire of TXDOT and the State Texas to make significant investments in the border region.

And when he used the word, investments, he wasn't using it as a code word for spending, per se. He was using it as a work implying not only do we not spend money, but we expect to get some sort of return. And so how will we get that return, or how is that return expected?

It will be expected as statewide economic development and growth, which are actually two different terms. We can grow the economy, but it doesn't necessarily benefit. What we want is not only growth, but we also want development within the economy so that households and individuals grow in their wealth.

We want to improve economic development not only statewide but also within the border regions. And then finally when we spend this money for improved infrastructure in capacity and operations along the
border, we want to spend it the most effective way possible so that we get a good bang for our buck, in simple terms.

The last thing, we want to position Texas' economy to take advantage of all these changes that are occurring in Mexico. Mexico is going through an extremely rapid period of industrialization right now. We need to take advantage of that. We're perfectly positioned. We're close by. We have a lot of cross border trade. This plan is to help us do that.

We also want to take advantage of the future energy or the -- well, the current energy reforms but as they get implemented in the future. Texas companies can benefit from that greatly. But we need to plan ahead.

So at this point I want to ask you if you think we're on target with the mission and the vision for this blueprint or if you think there's something we need to add or something that we want to modify. Just looking at these, what do y'all think? Any thoughts?

UNIDENTIFIED SPEAKER: It's a good outline.

MR. BOMBA: Okay.

MR. SAENZ: Let me ask you this. I
know it may be a -- I'm sorry. Pete Saenz, Mayor of Laredo, Texas. The overall perception of Mexico and the U.S. -- and I know it's the political season that we're in, but that goes a long way, too.

When I visit with people in Mexico, and especially the private sector and even some government high-level government officials, I mean, they -- they're not happy with the rhetoric. They understand it's -- you know, obviously there's political motivations for that.

But as a border area, we need to be very careful as to how we treat that. And we need to give assurances to the extent that we can give that Mexico is truly our partner and that we heavily depend on Mexico for livelihood, especially the border area, but more so Texas. You know, Texas -- you know, Mexico is our number one trade partner. And we have a surplus trade with Mexico.

So that will has to play in some way, somehow into that. Maybe beyond the elections, it may calm down, and things will get a little better. Regardless, as public figures, personally, I think we have a responsibility to speak to that when we can. Thank you.

MR. BOMBA: Thank you. And I agree. I
think you will see more of that theme going through this presentation. Mexico needs to do well for Texas -- do well and vice versa. I think that is something that this blueprint will re-enforce.

MR. SCHWEBEL: Michael, if I -- this is Schwebel. And I keep saying this over and over again, and I said it last week at another meeting that you and I were in. Somewhere along the line, we all need to start talking about North America and economic integration versus a border that is only a region of the world, like a different planet.

And we can talk about -- anyone who wants to talk about Mexico and the border, then they can talk about the border. But we have got to talk about the benefits, as the Secretary said, especially the Texas border. But it's an economic region that benefits North America, and we've got to put that in our jargon, in our language and in discussion, instead of, you know, going and talking about creating a model or initiative that is just for the border and they think it's just indigenous to us and unique to us. It's to the whole North American continent.

And I don't know how we can put that into your model of the discussion at the beginning or as a mission statement on what we're trying to achieve and
what is good for this region of North American is good
for the entire region of North America, not for one,
only one region.

MR. BOMBA: That's a very good point. And again, I think this -- because in this
presentation, you will see those themes sort of
repeating themselves.

Let me go ahead and move on to the next part
of the discussion, unless someone else has something
else they want to say. Okay. So now we're going to
talk about the intent and the purpose of the
blueprint. So why are we -- well, we want to tell the
story. We want to tell the story of trade not only to
Texans, but also to the rest of the country.

The Free Trade Agreement between Canada and
Mexico, as well as the other trade that's sort of
happened as a response to that and also over time, as
we have other agreements that are probably going to
take effect in the future, has created a lot of
benefits statewide and nationally. And we want to
explain those to people so that they understand what
these benefits are.

We need to outline key strategic issues and
challenges along the Texas border, but we don't want
to talk about it in terms of the specific projects,
per se. We want to keep this broad and sort of a
general theme.

We want to recommend solutions, again, not
necessarily identifying this project as a solution.
But how are we sort of as a community going to deal
with the overall problems of getting trade back and
forth across the border. We will outline
implementation and an action plan. We will work to
build consensus among the members of the BTAC, and
that's a critical step. Because whatever we come up
with, there needs to be a general consensus among the
committee that this is the best path moving forward.

And so that is why we're trying to have this
interaction with you now. And, of course, we will
interact with you more as the process goes on for the
next 15 months as we build this blueprint.

And we want to advance our relationship with
Mexico. As we have been saying, it's critical to the
state's growth. It's a critical part of what we are
right now. It's why we're the strong economy in the
country. And it's going to help propel us into the
future and grow to be able to support all of the
people that are coming to Texas because that's -- as
the state grows in population, the economy needs to
grow quickly as well. And so Mexico is going to play
a key role in helping us keep up with that growth.

What this blueprint is not going to do is it's not going to identify particular projects and particular communities. As Secretary Cascos said, this is a grand vision for the entire border, not just for one location.

We're not going to talk about distributing funds. That will happen at some later time. That won't happen as part of this particular effort.

We want our goals and aspirations to be, as I said, for everybody, for the entire border region, not for a particular location. And we want to make sure that those goals and aspirations are reasonable so we highlight their success.

And we also want to concentrate just on freight transportation. Although, there are a lot of other issues of what are related to the border as far as movement and pedestrians and vehicles, private vehicles, those are not the topics that we will be talking about here. Here, we're looking at the economic aspect of it.

As we've discussed earlier, the border offers a lot of opportunities for growth. And as stated, Texas -- Mexico is Texas' largest trading partner. It's the third largest trading partner with
the United States, so we're right in the middle of all of that.

As cross-border trade continues and as Mexico furthers its industrialization, we're going to be in a very good position to take advantage of that. As you can see in this figure, manufacturing is the sector of the Mexican economy that's growing the most. So that's -- you know, it's producing the goods going back and forth across the border.

It's also important to our state and national economy. This particular figure over here on the right, what this shows are the number of jobs that Texas supports related to exports -- well, exports in general, so not just Mexico. This is in the entire nation with all other nations in the world.

But what you can see is that Texas is helping support over one million jobs in the U.S. economy through trade with the rest of the world and that is very significant. Mexico is our third largest trading partner, so that's a big chunk of those jobs.

And it creates jobs in the particular communities across from the border. The ratio from the research shows about every ten jobs in Mexico produces a new job in the United States, so there's a very direct -- and these jobs are not just in --
UNIDENTIFIED SPEAKER: Would you repeat that? Every ten jobs?

MR. BOMBA: Every ten jobs in a Mexican -- produce about one job roughly in the city across the border. And that number has changed over time. If you look at the earlier research, it was probably about three jobs. And now over time it's come down to about one or even less than one. But it's -- if you were to round it, that's about the range. And it's been shown in multiple studies.

And when we release our White Paper related to this presentation, I have some studies in there that you can go back and look at that actually show you what these numbers are.

And these jobs, of course, are transportation services, warehousing, things like that. But they're also in professional services, so these are both blue collar and white collar jobs: accountants, attorneys, other types of folks who have -- on the border who have to help this cargo move back and forth. Those jobs are supported by trade as well.

So, again, when we talk about the purpose and the intent of blueprint, are we on track? Is there something we need to add or something that we
need to modify or strengthen? Give us some feedback, if you don't mind.

MR. GIESBRECHT: I have one question. This is Jake from Presidio. And we have one client coming through Presidio that's -- the competitor is France, and it's right here. Five miles from here this is where -- and it's Holland Hitch. And that particular client, I know them personally very well, but they produce -- Holland Hitch produces a fifth wheel for the truck. And it's a foundry in Mexico that produces that, and they have maybe 200 jobs over there. But at the foundry, this plant right here in Wylie has at least 200 jobs.

So that's one example. And if we're not efficient enough at the Port Of Entries and the roads that we take -- we're down to the competitiveness of the world that we can -- out of France they can ship the fifth wheels here to Wylie for $200 more than we are out Chihuahua.

MR. BOMBA: Okay. So.

MR. GIESBRECHT: So that's -- what I'm saying is, are you doing a study of the world? I mean, are you doing the Europe -- are you competing us or benchmarking?

MR. BOMBA: That's a good point.
MR. GIESBRECHT: You're talking about the blueprint. But if there is anything missing, then I would really suggest --

MR. BOMBA: Blueprinting or benchmarking the rest of the world?

MR. GIESBRECHT: Yes.

MR. BOMBA: Yeah, that's a good point. And that's something that needs --

MR. GIESBRECHT: One specific.

MR. BOMBA: Right. We need some feedback from y'all about these White Papers and what we should be doing in the White Papers.

One of the things we'll talk about in just a second in a couple of slides is how trade is not only a job producer, but it's a job saver. Because if these people in Wylie can't put some of that production in Mexico, then the whole process isn't -- if you can ship from France for $200 more. I mean, it's just a matter of time before France is more competitive.

MR. GARCIA: Josue Garcia with Donna Bridge. At some point, you know, all of us went through the Border Master Plans. So how does that -- does this compliment what was studied back then because I know the Rio Grande Valley, Laredo, El Paso
all went through the same process. And I'm seeing, you know, the same things being studied over. Are we reinventing the wheel here or --

MR. BOMBA: Well, I would say what we're doing is for sort of updating what was being done. But we have more vision for the border as a whole, as opposed to breaking it into these sections.

The other thing is a lot has changed since the Border Master Plans have been completed with energy reforms and with this very rapid industrialization of Mexico. So we're going to be able to incorporate the most up-to-date information and -- some of those previous plans, which -- particularly, it's the first ones that --

MS. MAYS: Can I just expand on that? This is not going to be replacing the Border Master Plan. We're actually going to be updating the Border Master Plan. We had three of them developed. We're going to be doing one Border Master Plan for the entire border region. This is going to feed into the Border Master Plan.

Think about this as kind of the bigger picture. What are the key strategic issues that we need to address? And then the Border Master Plan will drill into them and look at specific projects that
need to be implemented. You know, so just think about kind of -- you know, the next step done is going to be the Border Master Plan. We're always going to have that because that's where the rubber is going to meet the road.

SECRETARY CASCOS: Meets the road? I like that. Yeah, get Pete Saenz, steel on the rail.

MR. SAENZ: Thank you very much. I'm a newcomer to this group and to politics in general. But I think you're there. Can we tie into maybe to some national standards, maybe GDP or something where, you know, we can truly show and identify the value of the border to not only Texas, but the U.S. economy, you know, something along those lines where people can say, wow, this is -- you know, they do play a big part somewhere.

MR. BOMBA: Right. Right. No. I agree. And I was looking for some statistics that would show the share of trade in Texas' state in the GBD. I couldn't find those, but I'm going to continue looking for them.

I think this is a -- you know, as I showed you before, this figure is very powerful. We're supporting a million jobs in the United States and Texas through trade. That's a lot of jobs. Not every
one of those jobs are physically located in Texas because of the way the data is calculated and the way they calculate it.

But many of the jobs that are being reported for other states are -- so you know, when you round it all about, that million is probably pretty close.

SECRETARY CASCOS: Just as a follow-up, Mayor, I've read a report not too long ago that talked about job creation because of trade. And I think I've mentioned it to a lot of people.

But what I -- the report said there's about six million jobs that are created in the nation because of trade with Mexico, and there's 500,000 that are created in Texas because of trade with Mexico, to put that in perspective. Okay.

MR. LOVE: Does the -- this is John Love from the City of Midland. Does the blueprint have a public information component to it? Because it seems like -- I'm from a very conservative part of the most conservative state in Texas. And NAFTA sometimes tends to be a four-letter word. And this information is really, really great. I just don't think the public at large sees it and understands it, and so I think by the public not being informed about it, it makes everything that we do that much harder.
MR. BOMBA: That's a good point. I mean, I think the White Papers will be one way of getting that information out. But obviously, you know, a forum where people can have a discussion would be helpful as well.

I don't know, Caroline, if there are any plans to have a more public forum.

MS. MAYS: Well, again, that's -- you, the feedback from the committee is that -- you know, from what I'm hearing from you, John, is that we need to include a public awareness. Public education is a big component of the strategic issues that we want to articulate here. And I think it was mentioned earlier.

Gerry mentioned the fact that, how are we reaching out to the stakeholders of the border communities? I think now you're bringing up the other component. How are you reaching the rest of, you know, Texas, the rest of, you know, the U.S. and the rest of North America about the strategic importance of the border? So, yes, definitely that should be captured in this. So, you know --

MR. LOVE: And I'm only just referring to what happened last week with Brexit and the fact that the most Googled thing after the vote was, what
is the EU? You know, people voted against it not knowing what it was about. And I kind of get that we have that same type of thing going on with NAFTA in the United States, specifically with Texas as well. Because I think most people -- and I could say this about a lot of Midlanders and Odessans. They think that it's just a one-way exit for jobs and that Texas is not getting anything from it. So --

SECRETARY CASCOS: Well, I will tell you that -- and I mentioned it to Steve -- I don't know where Steve went, but -- I mentioned it to Steve earlier and somebody else that as I travel the state -- and my role is obviously promoting Texas and all the good and, you know, facing the challenges we have.

There's a lot of Texans who don't know a whole lot about Texas. And I see that, no matter where I'm at, you know. And so part of my role has been to inform and educate about what is going on in terms of what Texas has done over the last numerous years in terms of jobs and stuff.

But, yeah, I mean, that's a challenge we're always going to have. I mean, you know, a lot of people want -- you know, want to be spoon fed information. And, you know, very few will take the
initiative to really research and look up stuff.

But, yeah, I mean, that's not uncommon for anywhere in Texas, whether it's Midlanders or Odessans. I'm going to be there next week. But it's about educating and informing folks about Texas and the Mexican relation, the border, et cetera. I mean, it's a challenge, but, you know --

MR. LOVE: At our last meeting, we talked about this. The conversation is currently being dominated by Trump and the Wall.

SECRETARY CASCOS: Right.

MR. LOVE: That's all Americans tend to think about when it comes to the border.

SECRETARY CASCOS: Right, yeah.

MR. JAIME: Ivan with Union Pacific. I couldn't agree more about the education component. I walked in a little bit after your presentation started. Maybe you had already covered it.

But is there an effort to capture workforce needs also at the border? I think that there's a perception, and part of it is real, that there's a very robust workforce at all of the border points with people that understand logistics and trade.

But at least our company had founded -- sometimes, especially when the oil field was really
booming, it was really difficult to find labor. And so we were having to bring labor in from other states: managers, train conductors, train engineers. Is there a component study if the workforce is ready for a lot of this massive growth and trade?

MR. BOMBA: It hasn't -- I haven't presented that yet, but that's a good point. I think that is something that we should look at. Because activity follows later, I mean, when it comes down to it.

MR. JAIME: Yeah.

MR. BOMBA: And so if we don't have labor there, that --

MR. JAIME: Well, I know -- for example, in the trucking industry, I know that something that's been talked about a lot has been the -- if folks don't want to do the long-haul truck drives.

You know, I know in the rail industry, there's also different components. So it's something that I think definitely needs to be looked at as well to see if we're going to have the people we need to make this work.

MR. BOMBA: That's a good suggestion.

MR. JAIME: The same thing for CBP. Just the last thing that I will mention on -- I know...
Customs and border protection have been assigned a budget or given some money to hire 2,000 agents. And I know that it's been three years, and they have not yet met their quota because they are having a really difficult time.

Part of it is also their process, right. But I just wanted to kind of cement that point that it's going to be real important we have the people to accommodate the trade that's coming.

MR. BOMBA: Thank you. We will incorporate that into the study.

Let me go ahead and move on to the goals and objectives of the blueprint. And these are based upon the vision and the mission of it. The first thing is we want to achieve a single vision. It's essential that we, as I said before, have a consensus and what it is that we present to the public.

We don't -- we won't be pursuing individual projects. We won't be pursuing multiple interests, per se. We're going to be pursuing it as -- the border as a whole and tell that story to the public, both in the State of Texas and throughout the country.

We want this blueprint to be comprehensive and internally consistent. As I said, we don't want to have portions of the blueprint that contradict each
other in different portions. We want to make sure
that it's reasonable and logical. We want to have
goals that have clear methods for achieving the
outcome that we want. And we want to be reasonable in
the outcome and the goals that we have and not based
upon inspirational ideas or assume demand or funds
that may not be there.

And then finally, we want to talk about both
the risks and the opportunities. I think Secretary
Cascos talked to us last time about we need to talk --
there's sometimes hard discussions we need to have
about the border situation. And we need to have those
frankly, as well as talk about the good things that we
have and to promote those.

The intent of the plan is to position the
Texas economy, as I said before. We want to tell them
about the story, the success that we've had not only
along the border, as far as economic development, but
in the state and the nation overall.

Many of you have spent your entire lives at
the border. You remember when it was 18 or 20 percent
unemployment in some of these counties, and now we're
looking at 6 or 8 percent. So we have had significant
economic development locally since NAFTA has been
implemented.
And we have seen other economic development throughout the state and throughout the nation. But sometimes those stories aren't as dramatic, so maybe that's, you know, part of the problem with the messaging that we have had so far.

We are promoting economic growth with this plan statewide and nationally and also retention of jobs, as I just mentioned before. If that cross-border trade was not happening, how effective would the victory of auto makers in the United States be against the job of Koreans? It would be very hard to make a car that was as cheap as they're making it and compete in it internationally. So it's critical to saving the jobs that we have here, in addition to growing the jobs to have that cross-border trade.

We have been able to develop these manufacturing clusters, particularly in the automotive industry, but not in other industries such as aviation. The last meeting we had David Marquez from San Antonio talk about all that stopping. And then we have been -- sorry, just looking at my notes here -- just promoting general economic growth throughout the region of the border. And even though we have accomplished a lot, there is still a lot more to do.

There have been shortcomings to trade. It's
not to say that everything related to trade has been
great for workers and companies in the United States.
Some have not fared so well due to that competition.

And so when we think about what we're trying
to do, we need to take those folks in account because
we don't want to dismiss their concerns. They're very
real. But we want to look for ways to help them in
the future, take advantage of what trade is offered.

We want to develop and improve transportation
infrastructure. Historically, the way that's been
done is to look at border crossings and look at the
infrastructure that feed directly into those
crossings. And we will continue to talk about that in
this study, but we also want to look at it broader,
the key transportation corridors that feed into the
border region.

And not only that, but how do they connect
to places not only in Texas, but over the rest of the
United States? Because if you can't -- not all of the
activity is happening on the border. A lot of the
times, the border is just where it crosses and it
goes -- it may go 1,000, 1,500, 2,000 miles farther
before the next step in the process occurs.

So how do we connect those places to the
border efficiently so that if there are any sort of
problems with goods moving back and forth, they're not happening here in Texas?

We need to look at -- or continue looking at solutions to problems, like heavy-weight corridors. They've been implemented in some portions of the border. Are they appropriate for others? Have they done what we had hoped they would do? What are the alternate types of infrastructure, like truck-only lanes, which has been discussed?

That may be a way of increasing productivity for trucking by having less congestive routes and also, perhaps, they could be able to haul more than one trailer. And that would increase the productivity and also deal with some of these problems with driver shortages.

We need to understand better existing practices and regulations at the federal level and at the state level and how that impacts trade. So we're talking about congestion and about what CBP is doing or what DPS is doing.

As a committee, we need to understand that better so that when we come up with ideas or suggestions about how that can be approved, it's based upon factual information and it's logical and it's something that we can either talk to them about or
maybe even talk about at a higher level with lawmakers.

And we need to look at best practices around -- not only the U.S., but around the world. You know, there are borders everywhere, and many of those borders deal with the same kind of problems that we have. We need to look at other examples and see what we can learn from them and maybe apply some of that here.

The work that we do will be guiding the decision of policymakers, in addition to the Texas Transportation Commission and Secretary Cascos. We're also going to be providing information to the Texas legislature and to the Governor and to local communities and to the general public. And so this is a very important task that we have to inform them about the border.

MR. SAENZ: How about the Texas Congressional legislature?

MR. BOMBA: Well, that's a good point as well.

MR. SAENZ: You have got to talk to Congressmen because they have the money.

MR. BOMBA: Right. Right.

MR. SAENZ: And most of the Senate. If
they don't vote it, you don't get it.

MR. BOMBA: Right. Right. That's a very good point. We need to be looking also at our federal legislatures.

We want to talk about the border and explain some of the impacts that occurred due to this large amount of trade going back and forth. Border congestion delays, how that affects economies, how that affects businesses.

You know, the ripple effects -- the delay in Laredo, for example, can have a ripple effect all the way into Michigan. So we need to understand what those ripple effects are and how we can mitigate them or resolve them.

We need to talk about transportation effects. These tend to be more local. But again, congestion at the border can affect the entire system of the local community that may have nothing to do with trade. You know, they may just be people's everyday activities. We need to try to mitigate that and minimize those impacts.

And then finally, there are health impacts that come primarily from air quality. The border areas are -- of those impacts. We need to look at ways to improve the flow of goods, reduce congestion
so that the air quality in those regions are better.

The plan or the blueprint will be multi-mobile in nature. Although, highways are mostly what TXDOT works with and is mostly how the cargo moves. We still need to look at rail, maritime, airports and pipelines. All of those are important.

And I think among those, rail and pipelines are probably going to see an increase over time since Mexico is concentrating much more on its rail transportation infrastructure within the country. And as we start exporting more natural gas into Mexico, which it needs to fire -- no pun intended -- its energy production for all of this industrialization.

Electricity is very expensive in Mexico, or it tends to be very expensive in Mexico. Natural gas has been what it's used to bring those costs down. Many of these manufacturers are energy intensive with electricity. So for Mexico to be competitive, it needs to have cheap electricity.

We have an overabundance of natural gas, so it's a perfect market coming together. But it has to be able to get from one place to another and pipeline is the most efficient way to do that.

We need to, as I said before, make sure that the border links to our Texas communities so that they
can get goods back and forth and we can have these origins and destinations connected efficiently. We have our existing infrastructure. But the other corridors that we have been looking at over time -- I-69, which is sort of in the process of being developed, as well as others like La Entrada al Pacifico, and all of these things that we have talked about in the past.

And then finally, we need to look at how we're going to fund all of this because everything cost money. The new FAST Act that Congress approved has a portion of it -- or has a component within in that allows a portion of funds that are already allocated to the states to be dedicated to border projects. So this would be a good tool for helping us think about how that money could be used.

We need to think about how different levels of government can partner into the local governments with state or federal government. And then we need to look at, of course, the innovative funding sources, such as Public Private Partnerships or user fees, things that people don't always like to talk about, but are going to probably be the quickest way to get things done.

MR. SAENZ: The State of Texas also has
a line item within the TXDOT budget border --

MR. BOMBA: Okay.

MR. SAENZ: -- separate funding. And the one that's in the federal legislation -- Jessie was one of the architects of it -- went hand-in-hand. So you had to get the state line item available. The federal government had to agree. The Governor has to assign a certain amount.

But the worst part of it is for people to think that that's the end gain. It is like seed money. It has to be supported by other TXDOT line items.

MR. BOMBA: So those are the types of things that we want to incorporate into this blueprint.

And I think at this point I'm ready to take any other feedback that you have.

MR. SAENZ: Yes. Can I get one comment?

MR. BOMBA: Sure, Mr. Saenz.

MR. SAENZ: Here again Pete Saenz. Just so we can attract possibly more funds toward the trade transportation industry, so to speak, can we establish or show how much the federal government and the State of Texas collects into their general fund, so to
speak, from this industry and how much money is going 
out and see there if is an imbalance of some sort?

MR. BOMBA: I think that would be good to show, as well as how much of the nation's economic 
activity we're producing by managing the border with 
all of this trade is going back and forth. So that helps make the case, so we can certainly put those 
types of statistics into the report.

Anything else?

MR. SCHWEBEL: Michael -- this is Schwebel -- one of the things -- and I don't know if this is something that's more of a vision-type of deal, but Texas is an energy state. I know you did a deal about the energy sector. And it has so much to contribute.

But if we look at the future of transportation in the trucking side, such as CNG Fleets, Canada is probably doing a lot more work than some of us realize is going on. Can we plan on making some recommendations at, like, the State of Texas where there is so much truck -- so many trucks coming in, that we look at, perhaps, more CNG stations to provide some natural gas to those fleets?

And if there is a growing trend in the trucking industry or there's a growing trend or
innovation in the rail industry, it's one of those new
trends that we need to, you know, be planning for and
having more of those types of energy or green industry
in the State of Texas versus other states on the border.

If we're innovators and we have the supply, then why shouldn't we have the first ones to have and allow to support that transportation sector?

MR. BOMBA: I think that's a good point. We can work on that, and we can work on other, like, hybrid -- electrical hybrid and other types of technologies. Again, in places like El Paso when you're struggling with air quality to try to stay within the standards, these can be very beneficial.

You know, a lot of challenges, of course, is that with some trucks, they tend to be the older vehicles and it's hard to get them to adopt this new technology. But there may be some advances out there that could help them retrofit more easily, so I think that is something that we should look at.

Anything else? Okay. I'm going to turn this over to Juan. Thank you very much.

MR. VILLA: Thank you, Michael. My name is Juan Villa with the Texas A&M Transportation Institute. I am going to move pretty fast on my
slides. We're going to provide you with a copy of this presentation, so that way you can provide us with feedback.

As Michael mentioned, our main goal at UNT and TTI is to come up with a plan. We're going to help TXDOT produce the plan. The plan is going to come from you. So, you know, the topics that I would like to discuss are four.

The first one is we need to define what the border is. I think we have -- as was mentioned earlier, you know, the Border Master Plans have a very specific definition of what the border is. There's a commercial zone and so on.

So basically, we would like to hear from you. But I think the key point here is not just on the border, but the whole state. You know, the whole corridors that lead from the border are the important parts that we need take into account.

The next item that we would like to get feedback from you is the strategic issues. We have identified these four categories of strategic issues. But again, you know, these are the ones that we have come up with. We just heard earlier this morning some other ones that are included in these four categories that we cannot -- such as workforce, that we didn't
take into account in the initial assessment. And, you know, Tiffany is going to talk later about this, so that will be a helpful idea.

One point I want to make again is what Michael was referring to with these White Papers. Our idea we were discussing with Caroline how to come up with a plan this year compared to previous versions of the BTAC is to develop some White Papers on the topics that we hear back from you that we can develop further and we can make a presentation during the coming meetings. And that way we can get some feedback to see how relevant those topics are. For example, we have heard workforce. We have heard the employment not only in Texas, but throughout the U.S.

So again, I won't go through the details. But again, this one is -- the first one is coordination. We already heard this morning not only coordination within Texas, but, you know, federal, state agencies, Mexico as well. So those are important issues that we need to take into account.

The next one is the infrastructure. Here, I will just classify it as hardware and software. You know, the hardware infrastructure, whatever we do in terms of not only at the POE itself but also, again, the corridors leading to and from and not only
highways. You know, we heard already from the railroad and others about some issues with rail and also that Michael mentioned earlier.

Under operations again, it's multiple inspections. We know that that's an issue. There's three potential inspections going northbound and now with these outgoing inspections, that also creates an issue. So again, we need to identify what can the State do in terms of recommendations and moving forward.

And the other one is the capacity constraints. Again, we have rail. We have highway and other modes of transportation.

And finally, the funding. You know, Jessie is still here. So, you know, we can probably move into -- again, he knows the ways of funding, again, not only border projects but also the actual corridors that lead to and from the border.

So, again, we heard about the program that CBP has already, you know, been implemented. But probably, we can come up with ways of identifying not only pilot projects, but these to become the way to move forward and also other -- more projects like the one -- where there's a new POE being built with some public projects that, again, could be implemented.
So, again, I will stop here because we're running late. But, again, once you receive this presentation, please get back to us with comments. Are we missing something? Have we captured all the strategic issues? And hopefully we can, again, get a list of issues. And then probably in the next meeting in September, we can come up with priorities and where do we start analyzing these. So that's the next one.

The key point here is to reach a consensus. Where do we go from here on the strategies, on the initiatives and most important, the last bullet, the action plan? At the end of these processes, we need to come up with a plan that we can recommend to different stakeholders and then the implementation of these, again, recommendations to different levels of government, the legislature all the way to the general public.

As we heard just right now, there is some -- you know, here we are preaching to the choir. But eventually, we need to tell the world about Texas and to tell them the story about why this is important and why we need to continue working on this.

So with that -- again, these are the final questions that we have for you. And are we on target? Are we missing something? That is a key point because
again, we live -- you know, Michael, Jolanda, myself, Caroline, we do this for a living. So we are involved in this, so we might be missing something that is completely other that we have not seen.

Are the key strategic issues there, or are there some other ones, again, that we need to add? Are there some of them that are no longer an issue, but, you know, we have been --

And I think the main message here is what Sam mentioned earlier. You know, this is a system. It's not only one POE and another one. It's a whole system, and the system includes not only the border, but all the corridors. I think that's why we're here in Dallas today and not at the border region.

We heard from Judge Jenkins earlier. You know, Amazon is moving here, Toyota is moving here. So it's a whole state and the whole region that is going to benefit from a much better border plan.

So thank you again, and I will leave open the floor. I think you might need some coffee. But, you know, we can have further discussions. Thanks again.

MS. MAYS: I was just going to say any comments because I know Juan went through a lot of that very quickly. But I think one of the things I
really want to at least hear from the group is -- can you go back to the slide on strategic issues and to mention -- because some of you discussed -- there's a slide that talks about the strategic issues. And next to that, that's captured.

Because this is going to give, you know, TTI and UNT a framework to work on so that when we come back at the September meeting, we can start reporting on that. And also the White Paper is kind of digging deep into the issues. Those White Papers that you will be seeing will help us so that we're capturing the right things. Go back one more, I think. Yeah, here. So just this slide here quickly.

MR. CRISTINA: Paul Cristina with BNSF. Isn't this going to be filled by all of those things that we talked about this morning, all of the strategic objectives that we've already offered?

MS. MAYS: Yes.

MR. CRISTINA: So at some point we're going to come to terms as a group on prioritizing those and the best ones that go to the --

MS. MAYS: Yeah. Yes.

SECRETARY CASCOS: We're a ways from that, but we're working towards that.

Sam.
MR. VALE: I also think that we need to educate all of our border communities on what the requirements of TXDOT are to work with off-system projects and in-system projects. There's a process. You have to have a certain amount of environmental done.

They're not going to go out and say we're going to build a road tomorrow if they haven't gotten the environmental. It's got to meet the FEMA regulations. It's got to have some sort of right-of-way taken care of by preferably the local community. And then you get -- some preliminary design work has to be done.

And we can sit here and talk about all of the projects that we want. But unless we -- that's where we participate is local communities, and that's how we can get TXDOT into being able to move on the -- what we look at is the things that are important to us, connecting to the ports and to the communities and getting in and out. Then they can tie us into their system. That is an important education process.

90 percent of our communities, when I talk to the mayor, city council members, county judges, et cetera, don't understand that. They think it's just a request to TXDOT.
SECRETARY CASCOS: You know, I think that who is challenged even more are those privately owned bridges. Those are the ones that don't have that connectivity, you know, to let's say, you know, to TXDOT and knows what the, you know, I guess dealing through a gauntlet.

For those of us that have built bridges in different counties and cities, you know what the -- I mean, we know what it is. We know the environmental. We know what TXDOT needs. We know what parks of wildlife -- you know, we know all that stuff.

But it is -- I wish it was a one-stop shop where somebody could just click a button, and this is all that we need. Also, presidential permits take a long time to get.

You know, I know that we're working on some other, you know, factors along the borders. We're going to build. Well, where is your permit? Well, we're going to do that later. No. You've got to do that first. You do that first, and then you do everything else later. But okay.

I think -- is there anything else? John, do you want to say something?

MR. LOVE: I was just going to say -- I'm dubbing off of what Sam was saying -- is I think
that that would be a great thing for MPOs to do, is to communicate that information to the public. I know my MPO currently is trying -- well, looking for ways to engage the public and reach out to the public. I think that would be a great thing for MPOs to do.

SECRETARY CASCOS: Let me say -- now is a good time for me to say something. You know, if you miss something where, you know what, I should have said something, feel free please to e-mail, send that commentary, that question, that inquiry to Caroline so hopefully we can address it either through that mode or at the next meeting.

UNIDENTIFIED SPEAKER: And Juan, you said you were going to get your presentation to us. Do you have it here, or are you going to e-mail that to us or --

MS. MAYS: Yeah. I will, you know, e-mail that. Sorry. We were working the last minute. Juan, did you send me the presentation? But we will get that presentation to the committee, and then we're going to be posting that on the website as well. I remember sending you all of that, the website with all of your beautiful, nice profiles. Thank you very much.

But, yeah, we will put all of that on there.
But again, like the Secretary said, this is a working committee. If ideas come up, please send those to us so we could capture it, so we can bring it to the table, forward it to the consulting team so that it could help us, you know, make that into what you ultimately will be responsible for producing.

SECRETARY CASCOS: Yeah. We're going to go ahead and take about a ten-minute break. So let's reconvene at 11:20. So you're free to do what you need to do: phone calls, bathroom, treats, whatever it is.

(Recess taken at 11:15 to 11:32.)

MS. MELVIN: I actually gave a presentation to a women's leadership group in Kansas City the other day. So I have crazy notes I've been taking throughout the day. Anyway, forget it. It's lost its moments, my story about my name and being in the freight industry.

And I was telling these women that clearly, you can see my mother wanting me to be, like, a powerhouse in the North American Freight industry by calling me Tiffany. So here we go. But it's something like, well, maybe you stick out a little bit. I was, like, yeah, maybe I do. That could be good. I was saying that Tiffany can go two ways. It
can go princess, or it can go stripper. There's not a
whole lot in between there. But here I am. Anyway --

SECRETARY CASCOS: Are you the
princess, or are you the stripper?

MS. MELVIN: I'm neither. I'm just
trying to maneuver my way through life with this name.
It's very, very frou-frou, I think, and not quite
fitting of my personality. But I'm taking up my time,
and I know we're running late. So --

MS. MAYS: It's going to be in the
minutes. You know that.

MS. MELVIN: As long as my mom doesn't
read them, I'm sure it will be fine. And there's no
risk of that happening either. So okay.

All right. So I know that a lot of you know
NASCO, but there's some in here that I don't think
know NASCO. So I'm very honored to be here. Thank
you, Secretary Cascos and Caroline for inviting me to
speak. We are running late. I talk fast, as it is.

But I am going to try to even get more information
into a smaller amount of time.

NASCO stands for North American Strategy for
Competitiveness. We have been around for 22 years.
We started out as the I-35 Corridor Coalition, so
there are some people in the room that might still
think that we're entirely focused on the I-35 mid-continent corridor. But I want to spend most of my time today talking about where we are now.

So over those 22 years, we have grown into an entirely continental organization. We have members from all over Canada, the United States and Mexico from government. So we have provinces all over the Canadian border, cities, counties, states. We have industry that covers every level of supply chain. We have all the modes of transportation, waterboards, inland ports, logistics hubs, real estate companies, insurance, banks, I mean, universities, community colleges.

So we have this amazing, very vibrant energetic group of members that stand ready to assist in all things North American. And really, not all things; in three things. Supply chain and logistics, energy in the environment and closing the skilled workforce gap and manufacturing and logistics jobs.

So there's been a lot of discussion today about wanting to maybe visit the Canadian border, getting in touch with Canadian border crossing representatives. NASCO stands ready to assist in anything, any way that we can help, be supportive of your objectives, of your initiatives, of events you
would like to have, meetings, that kind of a thing. We have a great network that is very excited about meeting people on the southern border.

That's what NASCO does best. We connect people to one another. I know your theme is connecting the Tex/Mex border with North Texas and beyond. That "and beyond" we cover in spades.

So I know each of our focus areas, we have advocacy efforts and then we have action items and things that we try to roll up our sleeves and do and get dirty and try things out and test concepts.

So I know there was earlier a mention of, you know, the -- to help with the trade growth, technologies, innovative technologies, to help with trade growth. So obviously, we're very supportive of the Single Window.

At NASCO we believe there should be a North American Single Window that when you talk about inner operability with other governments and countries around the world, that you must be inner operable with Canada and Mexico first as a North American continent.

There's so many ways that our North American continent can be self-sustaining. So through supply chains, we're focused on the Single Window. We have done quite a few different pilot projects, testing
out, technology-based solutions for improving freight
flows in major metropolitan areas, along major freight
corridors. We're promoting more cross-border efforts
along those lines to test technologies as you move
across international borders.

So separate and apart from the Single Window
Initiative, but actually through optimization where
containers need to be picked up and dropped off,
appointment times, appointment windows, factoring in
border wait time, things like that. So we have got a
lot of really cool pilot projects that we've been
involved in in engaging stakeholders.

There's one that we're doing now that I have
to put a plug in for. If any of you have contacts
with trucking companies that are moving freight in
between or along the I-35 corridor, there's a TXDOT
project that is trying to coordinate communication
platforms between trucking companies and their
destinations, like deliveries, local deliveries, major
freight movement but also factoring in TTI's system
for information on construction zones so that the U.S.
DOT and TXDOT are looking at, can you help move
freight more effectively and securely through major,
major construction on major freight networks.

And so there's a nasty construction zone
between Waco and Austin going on right now. It used
to be 100 miles between Dallas and Austin. Now it's
43. But if any of you have trucking companies or
people that you know that might be moving some freight
in that major zone, there's a real opportunity there
to help us test out some cool technologies to improve
efficiencies there. So that's my plug for that.

You guys were mentioning corridors and the
effect of -- you know, the corridors might be local
here in Texas, but they connect to all over the USA
and the continent. So NASCO is really involved in
publicizing local projects of continental
significance, which I think almost all of you are, if
you're at a border crossing in Texas, are a local
project with continental significance.

So again, we stand ready to help publicize
your efforts, your needs, your requirements, your
strategies, all that kind of a thing.

Under workforce -- I know that someone was
bringing up workforce. Ivan brought up workforce.
That's one of our major focus areas, recognizing that
you can have these great efficient transportation
networks. But if you don't have the workers that are
manufacturing the goods and moving the goods, you have
nothing.
So NASCO has played a very large role in being vocal about the need to raise awareness of pipelines for manufacturing and logistics jobs, getting people interested in those types of jobs, recognizing there's a huge skilled worker gap of what we need over the next several years and what there exists in these industries.

We have worked with -- the Manufacturing Skills Standards Council has been one of our key partners, and they are the nationally accredited U.S. nationally accredited body on developing entry level and mid-level logistics and manufacturing certification programs. They're part of the U.S.'s staffable credentialing program that incorporates other organization's programs as well.

But MSSC is that first step. And we're in the process of working with the Bush Institute and several other organizations on a tri-national workforce pilot. NASCO has done a small scale tri-national workforce pilot with their credentials by introducing those programs to Mexico and Canadian companies that have trained, like, at least 50 employees total and trying to show that the ones that come out of that training are better at their jobs than the ones that have not had training to show the
benchmark of how this program can be successful.

    What we're recognizing, though, through that small workforce pilot is that the way people respect and value training versus a certification or on-the-job work versus knowledge in Mexico and Canada is slightly different than we value it here.

    So what we're now doing is switching that to a larger scale pilot to work on creating the pipelines in Mexico and in Canada at the high school and technological school level to get students to take the courses while they're in high school. When they graduate, they will already have the certification and getting the industry to commit to offering them an interview or, in fact, going on and hiring them and then being able to gauge the success of those students in the industry.

    You come out with the training. You come out with the knowledge. And then your on-the-job performance is better than those that have not taken it. So that is what we're now shifting our efforts to. So I just think for some of you that might be interested in workforce, that is something that we're working on at a tri-national level.

    Energy -- Gerry has mentioned the CNG at the borders. We've been working a lot on alternative
fueled, renewable energies, following the Mexico energy reforms, connecting our Canadians and U.S. to opportunities in Mexico.

They were slightly ill-timed with the drop in oil prices, but we do believe, you know, that will fix itself eventually. So there's a lot of stuff we have going on there as well.

What I want to focus the rest of my time on -- I am sorry. I'm going really fast here. Does anyone have any questions? You can hit -- Rachel Connell is with me as well. She's our director of membership and events. But you can hit us up after the talk.

But trade is under attack. So, again, there were some comments on the PowerPoints before us about what to do about people that think NAFTA has been a huge failure and what to do about people that are racists and bigots as it pertains to Mexico and trade with Mexico.

Our organization has come up with two different campaigns over the past couple of years. One is called Think North American. It is designed to go into -- I don't even know if I said this. We are the only tri-national grassroots membership organization that exists that works on supply chain
logistics energy and workforce.

So we have got a great network at the grassroots level. The people -- someone asked me how we're funded. People pay -- entities pay membership dues on an annual basis. But it's not like we're beholden to two or three different states or one federal government agency.

Like, what we do is truly a democracy led by the voting rights of our members. And so we have a great ability to go into those grassroots areas and communicate to the local population and key stakeholders the importance of trade on their daily lives, the importance of North America, the importance of thinking North American, voting North American, that our continent has a great opportunity for energy independence and security and to be self-sustaining. So we're hard at work in trying to help send those messages about the power of North America in the global marketplace.

And then we also just came up with our All Trade Is Personal campaign last year. We're working with several different like-minded organizations that are binational organizations or organizations that are caring about trade and even this committee as well to try to help get people to recognize the importance in
their daily life, the positive impact trade plays in your daily life, that everything you touch, see, smell, eat all day long got there on a truck, train, a ship or a plane.

The cost of goods in the marketplace is based on transportation, logistics costs and fuel costs and the value of trade and keeping those costs low.

So we're out there mostly trying to educate and show the general population -- but that's a big "ask" -- the elected officials that vote on this stuff and the elected officials that all too often cower to the lowest common denominator in their communities that like to complain about this stuff.

And so -- I'm sorry -- so we're trying to get to the elected officials to give them talking points about how to address constituents that may be these types of people. And so we are working very hard on that. And we would welcome any of your participation, your good stories that you have to tell, particularly about Mexico companies or Mexicans that have come to the United States and are huge contributors to their community and, you know, that have the positive Mexico stories to tell. We're looking for those.
And we're going to be kicking off a campaign. This is not just for future trade agreements, which is critical, but just for the general kind of welfare of our entire continent.

So that is a slight -- oh, we have -- Rachel would kill me -- we have events that we do around the continent. We have regional competitiveness summits that are small events, like a day long where we bring in Canada, U.S., Mexico perspectives for two or three issues that are critical to that region. We do them all over the continent all year long.

And then we have annual events that rotate between the three countries. It's in Dallas and Fort Worth in November, November 14 and 15 this year. One day is in Fort Worth, and one day is in Dallas at the Bush Center. And then our next one in 2017 will be in Monterey, and then it goes up to Canada.

So that's a great way if you're interested in learning more about our organization or meeting our North American network. It's when our family comes together, which is why we call it the Continental Reunion.

Oh, and harmonization and regulation of policies, like between provinces and states and across international voters, that's a key element of ours as
So I wanted to kind of boil this down. I know I went very fast, but I really appreciate being here. I hope to meet all of you. Thank you to all of our NASCO members that are already existing. And I guess that's it.

I can take questions or if you want to skip them, that's fine, too.

UNIDENTIFIED SPEAKER: That deserves an applause.

(Appause.)

MS. MAYS: Thank you Tiffany. I appreciate it.

MS. MELVIN: Thank you.

SECRETARY CASCOS: You realize that they will never look at you the same now.

MS. MAYS: Okay. Can we have our next panelists -- Terry, can you have the panelists come up?

MR. POLAND: Yes. If I can have the gentlemen join me. For those of you who don't know me, I'm Terry Poland. I'm a logistics professor at the University of North Texas. And I direct the Jim McNabb Institute.

And Caroline asked if we could have a panel
discussion where we could really learn from the
shippers that are moving that freight over the
highways or in those railcars or by air cargo into and
from Mexico, as well as some of the carriers that are
moving some of that freight. I know we have several
railroads represented here, but in this group we will
also be looking at those companies that are moving the
freight on the highways.

So who we have here today is Luis Leal, who
is the CEO from the Marquis group, a heavy hauler. We
have Tom McCoy, who is Director of Global
Transportation for Sanmina SCI. We have David Faraby,
Vice President of Sales from Lone Star Transportation
and then Jim Corrigan, President, Trinity Logistics
Group. So we have both shippers and carriers
represented here today.

So what I would like to do is just let each
of them briefly talk about what their company does in
terms of movement and also maybe in terms of freight
and how they relate to some of the things happening in
Mexico.

So Luis, we will start off with you.

MR. LEAL:  Sure. Good morning. I'm
Luis Leal. I'm with Marquis Trans Logistics. We're
actually a Fort-Worth-based company. We have a
terminal in Laredo, Texas. We have a terminal in
Monterey, Mexico. We actually have a group of
companies, trucking companies based out of this area.
We also have a Mexican carrier side.

We concentrate doing dry bed, flat bed and
specialized trade. One of our new divisions, Project
Logistics, which is a growing trend in Mexico. A lot
of the manufacturing plants in Mexico are bringing a
lot of equipment from the United States into Mexico.

So, you know, we do -- manage anything that's
from a FedEx box to giant boilers coming in and
weighing about 300,000 pounds. So that's what we do.

MR. MCCOY: Thank you. My name is Tom
McCoy. I'm with Sanmina Corporation. We're a
San-Jose-based company, and we're about $6.3 billion.
We're a contract manufacturer primarily in the
electronics industry and the mechanical industry. You
don't see our products because it's always branded
under other OEM names.

We have about 120 facilities around the
world, 26 plants here in the United States. We've got
13 plants or more in Mexico. We have seven in
Guadalajara, two in Monterey, one in Reynosa. We have
three large repair facilities. One is in Juarez,
Guadalajara and in Mexico City.
So we transfer a lot of product not only across the border. We have -- we operate with three PPLS, two in McAllen and Hidalgo, one in Laredo. And then we operate our own facility in El Paso where we bring in a lot of material that we take across to Juarez, as well as we use it as an export or really a distribution for northbound product that our customers want brought over the border. Once it's over the border, then we hold it there. And then we distribute it to their end customers.

So we utilize a lot of air freight, a tremendous amount of air freight. We bring in air freight through DFW, through LAX. And then we will truck it to El Paso and then down to Guadalajara. And we're using -- primarily, our cross-border points are McAllen to service our Reynosa facility. Laredo services Guadalajara and Monterey. And El Paso services Guadalajara, as well as Juarez.

So we have been in Mexico for 25 years or more, and that's one of our largest growing areas. And, you know, one of the things you were talking about today is -- that's where growth can really -- can really happen.

And it can happen not necessarily just through organic growth, but it can happen at the
expense of some of your competitors called China and Europe and other places as well. Thank you.

MR. FARABY: Good morning. My name is David Faraby with Lone Star Transportation. We're one of the largest movers of open bed freight throughout the U.S. Together with our sister companies in the Daske Group, we are the largest flatbed organization in North America.

Particularly to this group, Lone Star does a lot of work in and out of Mexico, not only regular flatbed work, but we are a big supplier of over-dimensional cargo. We have substantial investments and facilities in Laredo and in Pharr.

We cross lots of loads every day, do a lot in the over-dimensional market. And that's one of the things we will talk about here in a few minutes, I think.

MR. CORRIGAN: I'm Jim Corrigan from Trinity Logistics Group. And we're also an open bed and flatbed trucking company. And when we grow up, we want to be like Lone Star. But yeah, that's part of the story.

The truth is Trinity Logistics Group is a wholly-owned subsidiary of Trinity Industries, which is a heavy manufacturing company. You know, we built
about 35,000 railcars last year. But we build wind
towers, utility poles, inland barges, guardrails, a
lot of other products as well.

But like all of our Trinity businesses, we
strive to be premiere, and the folks in the Daske
group certainly are -- in that company there's -- we
do work with them a lot, but -- so we're a trucking
company, but we're also the shipper of most of
Trinity's freight. And we move that by truck and by
rail primarily.

Trinity has plants throughout the United
States, especially the southeast up through the
Midwest and in Texas. But we also have a significant
platform in Mexico as well, including plants in
Sabinas, Monclova, Huehuetoca and Monterey. So we do
a thriving business. Our primarily border crossing
location is Eagle Pass, so that's a smaller
destination than Laredo down Highway 57 southwest of
San Antonio there.

But about this time last year, we were
crossing around 1,800 loads a month southbound into
Mexico. And we kind of pride ourselves on being a
flexible manufacturer. So as capacity and demand
needs change, we shift.

And we can build just anything anywhere, so
we will see different products made in the U.S. and in Mexico and a lot of trade, a lot of freight going back and forth between those areas.

MR. POLAND: Okay. Go ahead. I will just let you guys pass it along. I am going to go ahead and get some of the questions started, and then I will start taking questions from the floor.

Well, we have got a question right away. So we will just start with it.

MR. DOMINGUEZ: Arturo Dominguez. For the record, has NAFTA hurt you or anybody?

MR. CORRIGAN: Not in my experience, which is relatively short with the company. But, you know, I think Trinity Industries, as a whole, is probably an example of a company that greatly benefits from that cross-border trade. It's vital to our business model as a company to be able to have that flexibility to change our manufacturing locations and freely move freight back and forth across the border, both inbound and then finished products across.

MR. POLAND: The rest of the panel.

MR. FARABY: From Lone Star's perspective, there's two sides to the coin. It's certainly been beneficial to us as Mexico is a huge market for us, and we see more manufacturing going
down there. So both in and out, it's a very good thing.

We have our challenges from a compliance standpoint with some of the carriers that we compete with coming out of Mexico, particularly when it comes to safety requirements and hours of service and stuff.

And I heard the gentleman earlier make a comment about the inspections, that more Mexico trucks were favorably inspected than U.S. trucks. And that comment surprised me, but I think it would be interesting to see what those violations were.

Because it's certainly a requirement here in the U.S. for all carriers, your first -- your first commitment is to the highway public and that you run a safe operation. So both sides of the coin, but overall, I would say favorable, yeah.

UNIDENTIFIED SPEAKER: From our standpoint absolutely beneficial.

UNIDENTIFIED SPEAKER: Yes. It's been great for our business. So, you know, a lot of manufacturing has started going through -- comes from the United States into Mexico. Instead of buying equipment from Italy or France or Europe, we prefer to buy it from the United States. So all the buyers that I deal with prefer to buy from United States.
MR. POLAND: Thank you. Yes, sir.

UNIDENTIFIED SPEAKER: Yeah.

Especially since we have shippers, I was wondering if you could talk a little bit or if you can give us an insight about how you choose what mode of carrier you use, whether you're going to use air, rail, truck or other and how you also select your Port Of Entry?

I mean, I think a lot of it has to do with geographic location. But also, I know that a lot of the ports are always thinking about how can they make their ports more competitive. So if you could maybe -- you guys are actually the ones making those decisions, so if you could give us some insight on both of those.

MR. POLAND: Tom, that would probably be a good one for you.

MR. MCCOY: Basically, ours is speed, okay, in the sense that it's the velocity of the shipment that we have, how fast we have to move it.

Primarily, we're servicing -- we're crossing the border with product that we're bringing in from the U.S., a little bit of Canada. And it's primarily LTL cargo and small package. In that case it's really -- the mode -- you know, small package guys, we really don't have a lot of choice. Right? There's
two companies. That's it. So that really boils down
to the type of service they're willing to offer and
the price.

From an LTL standpoint, we look very much
at -- the market that we're pursuing right now is
we're accumulating cargo in about five different
locations in the U.S., and then we're trying to move
full truckloads either down to Laredo or right across
the border. But in most cases, all the LTL cargo
still stops in Laredo. And we cross the border at
that point.

The other locations are chosen really
because of geography purely. You know, why do we
cross -- if the plant is in Reynosa, you're going to
go across in McAllen. Okay? If -- Laredo makes the
best sense just from geography, as well as quite
honestly, the infrastructure on the Mexico side.
Okay?

Because we -- one of the things that you
have got to think about is as you build your
infrastructure here in the U.S., you're really
building the bigger part of the funnel. Right? So
you can build a really good, big, top funnel. But
it's still going to be limited by the amount of
capacity for the Mexican highways to handle it as it
And we move probably, I don't know, eight to nine truckloads a night out of Laredo and down into the Guadalajara area. And those trucks are absolutely limited to -- they have to stay on the national highway. They are on GPS. They cannot go off on the track. And so we're going to go through Laredo, no matter what, or we're going to come down through El Paso.

The next geography and most of what is coming out of El Paso is product that it's more economical for us to fly into Los Angeles and truck it down. Okay? I'm getting to a whole other story as to why DFW doesn't play into that. But that's for maybe a different conversation.

But really, it's velocity of the supply chain and geography.

UNIDENTIFIED SPEAKER: Let me just kind of piggyback off that question. How does the infrastructure in Texas also affect your decisions as carriers as to what routes, what Ports Of Entries you're going to be selecting? So --

MR. FARABY: From my perspective, and I said earlier, that Lone Star does a lot of work in the over-dimensional overloads. And we counsel with
shippers sometimes on what the best options are.

One thing our state has -- when you get over-dimensional permits, the State of Texas, by far, has the most functional and knowledgeable permit department of any state in the union. So that's huge not only in getting your loads moved, but the time to get the permits done.

Secondly, the infrastructure here is very favorable generally. And I agree with Tom's comment about looking at the logistics of where it's actually going and getting it out, getting it in there.

And Texas is a very freight-friendly state when it comes to weight requirements for over-dimensional loads and the size you can move compared to some of the other border states, like Arizona and California. So it's one of the intangibles that our state has working for us a whole lot.

MR. CORRIGAN: I would say from Trinity's perspective, the choice is very simple for us. Mode selection is based on cost. And, you know, we're primarily looking at a choice between moving freight by rail and moving it by flatbed. A lot of, you know, plated steel and things like that, so air hasn't been an option really for us.
But, you know, we will make choices to ship via rail over truck for the overall cost savings to the company. And then geography is the primarily -- you know, our plants are 80 miles, 150 miles straight down 57 from Eagle Pass. The Monterey addition is relatively recent, so we see that -- you know, we see probably two crossings merging here for us in the near future.

But as far as Highway 57 goes, unlike, you know, maybe what you see on 35, the infrastructure in Mexico is at least equal to, if not better than that from going from San Antonio down to Eagle Pass where it's primarily a, you know, two-lane highway. And if you get stuck behind one of the trucks that's marked TLG, you will be cursing it for about two-and-a-half hours as you're going 64 miles an hour. But --

So, you know, I would love to see that highway expanded and the crossing expanded there. You know, I think it would promote some additional growth.

UNIDENTIFIED SPEAKER: When we were preparing, Luis, we were talking about a specific issue that you were facing. And it's come up during the discussion today, and that's some of the coordination between local, state, federal. But you have also run into one, especially with the locals,
like on permitting for oversized, overweight shipments. So I was wondering if you could just talk about that.

MR. LEAL: Yes. Especially, on the oversize in the City of Laredo -- so there's a process of getting the permits, so it's pretty much you go to TXDOT. And you can get a permit through TXDOT. And then from there, we have to go get a permit through the City of Laredo and get actually escorts approved by the City of Laredo.

So sometimes our facilities, they're really close to the Columbia bridge. And I know where Lone Star's is. They're a little more on the inside. We're more on the outside. We run into problems like Customs delays one or two days because we don't have a permit on the city-approved escorts for us to ensure a three-mile run or a four-mile run so we don't run the other way.

So my perspective, you know, has always been, you know, first of all, to do super loads. When we're doing super loads, we're actually doing -- it takes about 10 to 12 weeks to get a full permit load versus -- you know, of course, TXDOT is really great with over-dimensional or oversized loans.

But when it becomes super loads, we're
looking at 10 to 12 weeks versus Nebraska, versus Kansas, versus Oklahoma that have an easier process, which it takes about a month, anywhere from two to six weeks. So that's one challenge that I run into.

And sometimes customers don't understand that. So I have to explain to them. So, you know, I sit in a lot of meetings with the CEOs and -- and we're actually talking about multinational companies that are buying a $10 million boiler or certain specific equipment. And they don't understand why Texas takes so long to do it.

They offer to pay for, you know, air freight, and sometimes we're -- you know they offer to do that. They want us to go around Texas. So that's one of the issues that I run into, the process -- the permitting process for super loads, the time frame.

Two is the process for that permit for the City of Laredo, which is -- no one really has it anywhere that I've gone, but in Nebraska or Kansas. They don't -- there's no locals. And it's, every once in a while, an easy process. But it's only bad for 24 hours.

So if I pull the permit right now, go down and get the permit, I have got 24 hours. And there is that coordination between everybody. There's a whole
team of people that have to advise the Mexican Customs
that I'm coming through.

So if somebody is coming late or if I've got
my permits and the city-approved escorts don't come
across, they don't come on time, I lose my whole day.
I lose my whole crew. I am billing my customer for
thousands of dollars. And then I lose my permit to --
it's a notice. It's not a permit. It's just you need
to notify 24 hours in advance to the Mexican Customs.
So that just causes two or 3 days of delays, and
customers are not happy about that.

So another thing to add on to the other
gentleman's question, how do they -- how do we pick
the shipper? But we deal with a lot of the shippers
and buyers and actually the buyers from the Mexican
companies. Because they have to have a -- they have
to be the import of record.

So, you know, a U.S. Customs agent is
allowed to import from any port. A Mexican Customs
agent can only import from four ports, if I'm not
mistaken, maybe three. So they pick Laredo. They
have a main office in Laredo. They have an office in
Veracruz, Mexico City for the airport and that's it.

So big customers like him, he probably has
three or four Customs agents when importing from this
point to this point, so that's very key. So how do we
pick ports? Because of the Customs agents. And a lot
of companies would -- they push everything to Laredo
or to McAllen, depending on that.

Two is the safety. I tell my customers, you
know what, I don't mind going through McAllen, but I
prefer to go through Laredo. Even though we're
actually -- you know, we're probably closer to
McAllen, crossing to McAllen. But I would go through
Laredo, come back around due to safety.

And I will tell you this. I'm on the
ground. I'm not in the office. I'm on the ground all
the time, and I can tell you there's areas that I will
not go. And I'm a former Marine. I spent four years
in the Marine Corps. I am not afraid of any bullets
or anything like that. But there's certain areas that
you don't go. We actually tell the customers do not
go through Alameda. Just try to avoid that area
because of safety.

So how do we choose ports? For me my job is
to advise the customer, to make sure they know that
we -- that for the safety of my employees, the safety
of their own involved, it is preferred to avoid
certain areas. That's the way we choose ports, too.
Thank you.
MR. POLAND: Any questions? One of the things that we were talking about, of course, was all of the inspections with CBP and border patrol and, you know, some of the other things happening at the crossings.

But I would be interested in hearing some of the panel members' points on what they view as some of the most significant challenges in trying to move freight back and forth across the border.

If I could start with you, Tom, on that one.

MR. MCCOY: Well, really, the most significant challenge is just making sure that your paperwork is right. I mean, that's the bottom line is that as long as your paperwork is right, as long as you have good Customs welfare on both sides of the border, we usually don't have problems.

I mean, we were -- you know, we're a Tier III C-TPAT certified company. So we really don't have -- we have fast lane privileges. So unless there's really a major security issue or something at the border, we don't have the problems that a lot of other companies that maybe don't necessarily ship across at all times.

We, in fact, get across the border, let's say, in McAllen so fast that in our SOP for the plan,
we still time our truckers down to the minute as to when they leave our McAllen cross-dock until they can arrive at the plant.

Now, that has some things to do with security as well. Because if they're not there within that hour-and-30-minute time frame, we start being a bit concerned and start wondering what's happening, you know, is there a problem at the bridge.

But in all honesty, in the last couple of years, we have seen a huge increase in the efficiencies of being able to get -- of consistently being able to get it across. You always have the delays, you know, in Juarez at the bridge. But it's nothing to what we saw two to three to four years ago.

UNIDENTIFIED SPEAKER: I want to echo what Tom said. The paperwork is the key. If your shipper is well-qualified and understands how to process his paperwork, it makes things very simple.

Also, I want to go back just a minute. I'm not sure that everybody understands about -- the comment about a super load. If you see a truck and trailer going down the highway today, a truck-trailer load can gross 80,000 pounds.

And particularly, in Texas a super load is anything that is truck, trailer and load over 254,000. 
In those situations, yeah, the State of Texas does do bridge analysis, as they should, and does their due diligence. That can take a little longer to get a permit.

But I reiterate the fact that our over-dimensional permit at TXDOT, it's just one of the best in the country. And shippers recognize that, and they know they can get loads through here.

MR. CORRIGAN: Yeah. From our standpoint -- what was the question again, what are --

MR. POLAND: What are the major challenges that you face? Yes.

MR. CORRIGAN: Yeah. Well, challenges, you know, some of the ones as far as dealing with compliance of the Mexican carriers, that is an issue that we have had a different experience with because our partner Mexican carrier is my counterpart with Trinity de Mexico. So, you know, ultimately, we're reporting to the same business.

So we've worked closely with them to ensure that their compliance is up to our standards and vice versa and, you know, helping them with training, regulation, compliance or maintenance. We do that.

Now, when we do occasionally deal with outside non-Trinity Mexican carriers, yeah, we had
some of those same struggles as has been outlined by
David before. At Eagle Pass specifically, it kind of
goes back to an infrastructure problem again. You
know, you have the volume going through there that you
do in Laredo or El Paso, so the resources are not
dedicated to that.

And currently, there's three lanes on the
commercial bridge. And that commercial bridge is
opened 9:00 a.m. to 10:00 p.m. Monday through Friday.
And I think it's 9:00 to 2:00 on Saturdays and closed
on Sundays. So that causes a -- you know, meanwhile
freight is flowing all of the time into and out of our
Eagle Pass yard.

But you get a system that shuts down and has
to restart again every Monday morning, so you get that
ebb and flow and that backlog versus if it was open
24/7 and you would have that consistent day's flow
through there.

Also, just with some of the dimensions
there, we have struggled with the oversized loads,
especially, you know, super loads coming through there
just because of the turning radiuses on the bridge.
And, you know, you have to do a lot of coordination
ahead of time because they will ultimately have to
shut down multiple lanes just to get that one load
through there. And then if your timing is off, then it's reset and try it again, you know, maybe tomorrow, maybe next week kind of thing.

But yeah, that -- we have -- you know, we have had a really good relationship with an in-house Customs broker down there. So I think kind of investing in the expertise to ensure that your paperwork is always up to par really helps.

MR. SAENZ: I was just curious -- Pete Saenz -- when you deliver to Mexico, do your trucks come back empty, or do you bring back materials or goods?

MR. CORRIGAN: We do our best to do round trips, but our -- we control everything southbound. In a lot of cases, we sell to our customer, and the customer is responsible for the product coming northbound.

And so there's some cases we have to, you know, empty out a trick and turn it away. But we work with our carriers down there, as well as the carriers here in North America or in the United States to try and make sure that we can get as many back-to-backs as we possibly can. It just works out much better that way than waiting for, you know, another -- you know, getting in other trucks.
Once it's on our campus -- in Guadalajara we have -- we essentially have seven plants on one large campus. And so we, in fact, will -- we may be unloading a truck at our -- we have a general distribution center on the campus. So we will unload that truck there and then send it over to pick up a full load and then take it back out.

MR. SAENZ: Thank you.

UNIDENTIFIED SPEAKER: Luis, what is your experience on balance between front hauls and back hauls going to and from the border?

MR. LEAL: I mean, we are loading going back and forth. I mean, we're just, you know -- we have a layover again there one day, but we're -- you know, there's plenty of freight. You know, the American side is pretty easy. There's a lot of just little boards and a lot of big network of freight brokers and PPLs and Mexican sides.

There's no freight -- there's no -- it's all connections, you know. And it's building relationships. We come back and forth all the time loaded, so --

MR. POLAND: David?

MR. SCHWEBEL: Can I ask a question?

MR. POLAND: If I can just get their --
the other two gentlemen's perspectives and what their balance is. And then we'll --

MR. FARABY: From Lone Star's perspective, we load down and back. And I assure you if it's not that way, they call the sales department and they want to know why.

MR. CORRIGAN: And for Trinity it's really based on Trinity's product and on what we're producing down there. So in the last three years, it's been about a three-to-one ratio of southbound Mexican bound freight versus what is coming out.

So building all of those railcars, that finished product is coming out on the rail. But, yeah, we have got about three empty trucks coming out of Eagle Pass for every one going in. We try and go down to Laredo, and we have had a little bit of success with some cheap freight. But Lone Star has got all of the good customers down there.

MR. POLAND: Yes, sir, your question?

MR. SCHWEBEL: This is Schwebel. I have a question in regards to -- I drive every weekend from Laredo to San Antonio. And this is a question related more on the safety, as well as the availability of adequate equipment.

It seems to me that I see more trailers with
Mexican plates. I'm seeing more trailers with Mexican plates. So the question is -- you may have a tractor hauling a tractor, you know, and maybe a -- or whatever, when you look at it. But are these independents -- just for clarification, are these independents, or are these -- you know, what is the difference between a for-hire independent hauling a Mexican trailer versus you-all as carriers?

MR. FARABY: So at Lone Star and at Daske group, we're what's referred to as asset-based. We own trucks and trailers. Okay? And I think the same is true with Trinity. Yeah, we're asset-based.

So our trucks will pull our trailers. And in our instance we wouldn't -- it would be a very unusual circumstance for us to be pulling a trailer with a Mexico plate or anything like that. Now, the flipside of that is our trailers in Mexico, many times a Mexico carrier will come up to our yard and pick up one of our trailers and move it into Mexico for us.

My understanding is that the Mexico carriers that come into the United States, and not all of them do, are held to the same DOT safety standards as U.S. carriers. The big difference is that those standards don't start until they enter the U.S.

So, for instance, where I am governed by
hours of service rules here -- I'm not saying they do this -- but a Mexico carrier could drive from Monterey to Laredo and not have to log or do his hours of service and picks that up at the U.S. So he can have more operating time door-to-door than I could. So there's some things like that that still need to be addressed, I think.

UNIDENTIFIED SPEAKER: My question at this point -- and I would like each one of you to address this -- what are you seeing in terms of trends and in terms of the volume of freight you're moving, as well as maybe the mix of shippers or the mix of freight itself? What are you seeing in terms of trends occurring?

MR. LEAL: Can I answer his question real quick?

UNIDENTIFIED SPEAKER: Yes.

MR. LEAL: There is not a truck that really crosses the border door-to-door. Especially, a Mexican carrier that goes to the border drops at a yard. A transfer carrier does that.

Now, because the transfer carrier, which is maybe a Mexican national who has a visa, will cross the border. Just, all he does is cross the border back and forth with one tractor, and that's all he
does. He takes it to the border location. Then the American carrier will pick it up.

My situation -- our transload -- I try to transload most of my freight. If I don't pick it up in Mexico -- so we have an asset-based company. But at the same time we are -- so whatever I can't pick up in one day, I hire somebody else to pick it up for me.

So when we cross the border, we transload at our facility. And it comes -- you know, we transload it and put it on a American trailer. I don't see -- I hardly see Mexican trailers on the road, the people I deal with. You see them here and there, but we try to stay away from that because they don't have the same qualifications, or they're not maintained properly. We know that, and then -- I know that for a fact.

So once we cross over, we switch everything to American trailers. Unless our American trailer went south and is coming back, then we don't do that, switch American trailers.

You say what is the difference between a hired, an independent and -- they're all private companies. It's just all in one. So it's one carrier. It's not for hire. It's probably like -- sometimes like Trinity, all they do is just their own stuff. But they actually -- I am pretty sure they
I have got some back hauls.

But, you know, I can assure you that that driver that is coming from Mexico doesn't drive over here. You know, Mexican drivers will stay in Mexico. The transfer drivers will cross the border, and the American drivers will pick it here.

There are entities, Mexican companies, like -- that have their own -- are actually, a Mexican company. But they have their own facility here, and they have their own carrier here, which is a little different. But they're actually not Mexican carriers. They're more like American carriers. They're people based out of Dallas and out of Laredo and with experience and safety.

I assure you most of the carriers that come -- that actually operate here, most of them are -- there's no Mexican drivers really driving here. Very few have the special visas that they can drive here and there. But, you know, it's pointless.

Because as a Mexican driver coming here, you can deliver in Detroit, but you cannot bring anything back. So all of that profit goes out the door. So they prefer to get it to the border, get an American carrier with an American driver to go back and forth. Because they will deliver in Detroit, and they will
come back -- they will reload somewhere nearby and then come back south. So they're making money. It's just they're not making money if they just get more Mexican drivers to do that.

So when people say NAFTA has ruined the truck driver's jobs, I don't think that's true. Because there's no way that a Mexican company can be profitable by driving over to Detroit and coming back empty. It will kill your profits.

So I think -- just to answer your question.

MR. SCHWEBEL: Okay. Thank you.

UNIDENTIFIED SPEAKER: What was your question?

UNIDENTIFIED SPEAKER: So your question basically is, what do we see as far as volume and growth?

UNIDENTIFIED SPEAKER: What you see in terms of transit and mix of freight and volume.

UNIDENTIFIED SPEAKER: Well, for us, you know, our business is increasing into Mexico. We have bought some additional plants. So, you know, the volume itself is increasing. I think that there is some impact, you know, the way we operated ten years ago versus the way we operate it today.

Because of some of the Customs regulations
that existed, you know, five or ten years ago in Mexico, it made -- there was a lot of tariffs on bringing in, let's say, product out of China or into Asia directly into Mexico, very high tariffs.

So the way the whole system was set up was that you brought everything into the United States, you cleared it in the United States. And then it shipped over as a domestic shipment out the U.S. into Mexico.

That changed here in the last few years, so there's more cargo that's flowing, let's say, directly from Asia into the Port of Manzanillo that is then taken up, you know, via rail or via truck in containers directly to the plant. So there's some volume that's being greatly impacted by that.

So whereas, ten years ago, five years ago, we used to literally bring -- everything that we brought in from Asia would come into the U.S. We would collect it in Laredo and then ship it down. A large amount of the ocean freight is especially going directly into Mexico.

Also, one of the things that you're seeing now is that -- especially out of Asia, the large airlines are shipping cargo directly into Guadalajara, directly into Mexico City on large freighters. That
is relatively new to the market here in the last two
to three years, whereas, every -- the route was LAX,
DFW, IAH and then move it down.

Now, as an example, Cathay Pacific is flying
a flight every night from Hong Kong to Guadalajara.
And it's full. Okay? So that's one 747/800 that is
not coming in to Dallas and not coming in to LAX
that's going directly into Guadalajara. It's also
leaving full. Okay?

So there's product that -- before the system
was you bring into the United States, and then you
send it out. Now it's going back out. You have the
same thing. Korea Airlines has a cargo aircraft going
in two to three times a week into Guadalajara.
Panalpina does the same with their 747.

So the trade has changed a bit, in that
Mexico is very dependent on especially air freight and
some of the ocean freight to bring it in through the
U.S. And because of trade laws and the fact that they
have increased some of their capacity to be able to
handle air freight in these markets, you know, that
whole strategy is changing a bit. So that's one of
the things to think about.

UNIDENTIFIED SPEAKER: I think from our
perspective with due respect to look at the downturn
economy that we had, we see an increase in freight in not only the number of loads, but the variety of things we're moving in and out. It can be, you know, Caterpillar equipment or wind blades or Sheetrock, air conditioners, a wide variety of products, a broader perspective than we have ever seen before.

And we have also found that -- at one time our imbalance was there was more out movement in. And now that balance is more equalized, surprisingly, particularly, the building materials areas. So it's a very favorable market for us.

UNIDENTIFIED SPEAKER: And for us, you know, if you just go back to the fact that we've been building so many railcars recently and the production goes way down. So for us freight is down, but some of our business units are seeing an uptake this year, especially in the construction areas.

So, yeah, just some shifting markets there. But I think overall, and probably reflected in railcar loadings, too, among the different classes, they're all down, except for a few categories. So I think those are pretty much the same kind of categories that you will see, you know, ups and downs in the trucking freight market as well.

MR. POLAND: Okay. Any final questions
with that?

Yes, sir.

MR. SCHWEBEL: Just one quick question. TPP, is that going to hurt y'all or help y'all or, you know, what's -- do y'all have any thoughts on that, the Transpacific?

UNIDENTIFIED SPEAKER: I have just a real quick cute story, but -- I was in Malaysia a couple of weeks ago at our plant. And I -- the plant manager and the vice president of the division came and said, hey, we want to talk to you. And it quickly turned out that they wanted to talk to me because I was the only American, you know, anywhere nearby.

And they have a customer that is desperately wanting to know when TPP is going to pass. Okay? Because obviously, Malaysia doesn't enjoy the same -- you know, the same trade privileges as, you know, Mexico and the Caribbean Basin and all that.

And so I basically gave them a, you know, Session 101 of the fact that we have a presidential election, so you can forget anything to do with TPP. But they really look at it -- their standpoint was, we would prefer -- they're going to end up putting the product -- the manufacturing is going to go to Mexico. Okay?
But it was like, well, we would prefer to put it in Malaysia because of the labor issues and other things. But TPP is the only thing that would allow it. Right now the numbers just are not there.

So, you know, beware if it ever does come about, it will have some impact, especially in the fact that it will impact, you know, Singapore and Indonesia and Malaysia. And these countries are kind of standing on the sidelines waiting to, you know, go after some of that business.

MR. POLAND: With that, thank you, gentlemen. Really appreciate all your time. And I tapped several of you quite often for different things, so thank you very much for being here today.

(Applause.)

SECRETARY CASCOS: Anybody have any brief questions? Because we're going to break for lunch. We're all hungry.

MS. MAYS: So the logistics for lunch is, lunch is in the room next door. And you're going to bring your lunch and come back and eat here because we're going to have a lunch meeting. So pick your lunch, come back. We have, you know, two distinguished guests who are going to be with us during the lunch hour.
So appreciate it. Thank you again for your patience this morning. But I think we're at a good place right here. We should be back on track for the rest of the afternoon. Thank you.

(Lunch Recess at 12:35 to 1:00.)

SECRETARY CASCOS: Let's move on. We're 50 minutes ahead of schedule, which is great. Let's go.

MS. MAYS: Where is Steve? We have a speaker MIA.

SECRETARY CASCOS: We're about to get behind again.

MS. MAYS: Paul might have to go if we can't find Steve.

SECRETARY CASCOS: Why don't we do this? Let's go on to the 2:00 one.

MS. MAYS: Yeah, BNSF.

SECRETARY CASCOS: Then we can come back to Steve. He may be on a phone call or something, so let's do that.

Paul Hirsh, you're on, man. And, Paul, thank you very much for joining us today and participating in this. We appreciate it. So you're on.

MR. HIRSH: Thank you very much for the
opportunity to be here. My name is Paul Hirsh. I'm
here for the BNSF Railway. I've been involved with
transportation in and out of Mexico for the last 15
years.

I'm only six months with BNSF, but I've been
involved in all of these from the different modes of
transportation and working with the rail, working with
trucks and sometimes dealing with barges. And I
really appreciate everybody being here. I think this
is a good effort to make sure we can improve that.

To summarize what I'm actually going to be
talking about -- but I tend to deal with a lot of
shipments in and out of Mexico now (unintelligible).

They were CEO's in companies and we asked
them, okay, what keeps you awake at night? And they
always said, well, we know technology, and we can --
and, you know, they decided to go into Mexico because
they know the benefits of being close to the big
markets. They know that they can get enough engineers
and people in IT over there.

So the only thing that they were really
scared of is -- they would say, we're not sure how
we're going to be moving everything that we need to
move by year 2020 when they're going to go from -- to
five million cars a year. So as far as the
transportation business, that's great.

    But there's all of these challenges that has
to do with infrastructure, and it has to do with
processing systems that, you know, most of those
issues were discussed here today. So I'm not going to
bring anything new that you don't know on those
issues. But, you know, I'll probably give the
perspective now that we can give from the railroad.

    So with that said, this is the outline that I
have. We're going to talk about who we are and the
major gateways that we interact with Mexico and then
some of the investments that we have down in what are
the areas of opportunities that we see. As we said
before, they've already been discussed in the room.

    So BNSF, we are headquartered in Fort Worth.
We are one of the railroads on the western part of the
U.S. We're the largest by volume. You can see our
network there in orange. We have 32,500 miles of
track. We cover 28 states in the U.S., three in
Canada. And we work with the two railroads in Canada,
the other ones in the U.S., a lot of small, short
railroads. And we work also with the two Mexican
railroads, BNSF and FXE.

    We are connected to Mexico directly with two
gateways. They are El Paso and Eagle Pass, and then
we also have other connections that we can do, like Brownsville and also in the northern part of --

So going to out gateways, this is, you know, El Paso. We connect directly there. We have rail lines to the gateway in El Paso. We interchange there with FXE, along with the Union Pacific that also interchanges with FXE there.

We have restrictions as far as the amount of hours that we can work at the gateway. And obviously, it diminishes our ability to move freight across the border. Those are things that we're working on.

There's some great separations on where we started and where we're working trying to see if we can eventually improve, you know, and have more hours of operations.

But, you know, being that moving freight on the train has a lot of benefits for a lot of different companies, depending on the commodities and where they're going and having the ability with the growing trade between Mexico and the U.S. To have, you know, the facility to go through the borders, that's very important.

On the right side, you can see the -- what we are moving in and out. Where it says AG, 59 percent, that is agricultural products. IP is industrial products. That is the oil, that's the energy
products, construction products. And then where it says CP, that's what goes into a container.

And you're going to see on there where that changes. And obviously, that has to do with, you know, what others we serve from the different gateways.

On the right side, you have several of the origins and destinations. And obviously, we couldn't put all the commodities in here. But they're the assets we discussed earlier this morning that -- we believe that it's very important to have a pretty good understanding of everything that moves in and out of Mexico by origin, by destination, by commodity so that the State of Texas can decide what is the best way of moving those freights through the States and in and out of Mexico. And that impacts obviously in the different gateways and the different investments that need to be done.

You can see the volumes over there on the bottom right. El Paso is a big gateway for us, so there's a lot of freight that's moving there. There's some of the limitations that we have to grow the business over in El Paso and some of the challenges that we have over here, the hours of operation, the infrastructure on the border. As we know, we go
through the middle of the city, and we go through the
middle of --

The other issue that's important, and I know
was also discussed, is the problem that we have when
you have the same two countries, the same two
commodities and then different Ports Of Entry and you
have different regulations and you have different
requirements and you have different ways of moving
freight. That is very complicated for our customers,
and that makes it a bit harder for freight to move
across the border. And there's a lot of examples with
that that we can discuss.

Probably a simple one is, we get to the
border and there's all this information that we could
have provided ahead of time that we didn't provide.
And when there's more than one entity involved, that
information is not shared among everybody.

And then as we also discussed this morning,
there's multiple points of contact that need to
happen. And there's different people assigned to do
different inspections, and the same information needs
to be provided to different people. Some differences,
in Santos we're still using paper.

So when you have an entire train that is held
because someone needs a physical piece of paper,
that's a problem. And I think that that's something that -- you know, that needs to be solved and we'll improve a lot of the efficiency of the border.

So the opportunities that we're going to talk about again -- look at what can be done to improve that. It was discussed -- the Santa Teresa with a new border crossing point. And we're going to be talking about that in a further slide.

And then the other gateway that we actually see to Mexico is Eagle Pass. You see the change of the pattern of the products that we move, so this is where we cross most of our IP products into Mexico. And you can see that it has the significant portion of our pie going into Mexico versus agricultural products.

The same way, you can see the origins and destination. And this is the gateway that you see, and over the years we are growing our volume over there.

We operate on trackage rights over there. That means that we are not the owners of the rail that gets through the border. We operate over Union Pacific with trackage rights. We interchange at -- I think that's also with FXE. And then we have a much better operation, as Frank alluded to this morning.
But we have a very good relationship over there with all the authorities at the border. It works very efficiently, and we can work 24/7. So that's where we cross in a more efficient way through the border.

Challenges, obviously, you know, we share that, as I said, with the UP. And so we need to make sure that similar trains cross through the border so it's not just one rail operation. Two different railroads are going through another one, so there's a lot of information and coordination that need to happen. And, you know, we need to work with our partners to make sure that that happens.

The other gateway that we use is Brownsville. You can see that's where mostly we cross your IP products and agriculture products. We don't have any containers moving in that gateway.

On the right side, you will see origins and destinations. And you can see the diminishing volume that we cross through Brownsville. And that has to do with market changes and the relationship we have with different railroads that -- you know, in terms of what are the most convenient gateways for us to move in and out of Mexico.

It's -- we get over there from the U.S. with
haulage agreements. The difference with trackage and
haulage for those who don't know is if we are using
our own locomotive or if we are using other railroad's
locomotive to move our cars. And that's what happens
on this access to Brownsville. So UP moves that for
us.

We have good exchange at the border, but
we're limited also for the hours of operations in the
different windows, north and southbound. Again, we
are required to work with other railroads to go
through the border. And obviously, the issues that
was discussed on the Mexican side of our security
going through that gateway and the fact that there is
some portions of the access to the border where we're
limited on the amount of weight that we have in our
cars going through the border.

This is some of the improvements that we're
doing. If you notice, another railyard is on our
other rail partners. But we are trying to put all of
the investments that are required to make sure that
our trains, you know, have a fluid movement in and out
of Mexico and that gives us, you know, the ability to
serve our customers better.

An example, at El Paso we're putting in a
facility to check containers when we're required or
the cars when they're required by CBP or the border authorities when we need to make an inspection. So instead of having to take it outside to another place, we can just do it directly in our facility. That also reduces the time for the containers and the cars to move, and also it releases the cars for the customers.

We just finished and we're about to start a new yard in San Antonio that will help us on the sorting of the cars that go in and out of Mexico so that, again, we can have a better product to offer and, you know, the railroad becomes a better solution for moving in and out of Mexico.

On the line going into New Mexico, you can see there are certain extensions, the CBP facilities. So that, again, this is investments that we are doing to make sure that the product that we offer in and out of Mexico, it's improving.

As an example of this, we started late last year to start moving containers -- refrigerated containers in and out of Mexico. So it's something that years back, no one will say, okay, I'm going to be putting temperature-controlled equipment on a train going in and out of Mexico because of all the delays and all this stuff. So now we're doing that, so we're moving temperature-controlled equipment. So we're
moving frozen products from the interior of Mexico into the U.S.

And we're now working on moving southbound. And that, you know, lies a lot of work working with the Mexican authorities not only for the inspections at the border, but also trying to work with them to allow us to do the inspections at the interior of Mexico and not directly at the border so that if we have some stuff there, we can go all the way through.

We came out with three opportunities where we thought that could be something to recommend to the company that I think we already discussed earlier today. And this was one of the questions that came up on the Santa Teresa.

That's the BNSF line going to El Paso. Here you have Union Pacific, and there is the -- today obviously, we're connecting through here. One purposed option is moving here, which it would go through Santa Teresa on to Mexico. We're more of the idea that something could be done that's much simpler for -- which is going through Clint or any other place on the border.

And obviously, from the Texas point of view, that will keep all the crossing on the Texas side. We also think that there's a lot of investments
associated and you see the difference on one side than the other side. And then, you know, for BNSF and understanding, you know, the cause of doing this is like, you know, any other new line.

If it's built over here, that requires eventually not only the cost of construction, but the cost of maintenance. And we still need this one over here, so for us it would double because of maintenance on the lines in El Paso.

So, yes, there's a lot of issues for the people in El Paso and parties that need to be probably resolved on how and where to cross. But I think there's other options to consider, especially looking at it from the point of view of Texas and crossing in a different place than Santa Teresa.

And then we already discussed, you know, at length earlier today is the issue of, you know, where is the freight coming to and from and in what type of commodities. And then if Texas is going to be investing money on infrastructure, where to do it, where it makes more sense to do that and invest on rail, invest on trucks, what are the most convenient investments and where you're going to get the ROI based on the different commodities and where they're going, you know, if you're going close to the border
or you're going to the interior of Mexico or you're going west, you're going right, what type of commodity, where the new plants are going to be.

And I think having a good study and all that, which is the information that we try to use, it's not ready available. I think that would be adding a lot of value to that decision-making process.

And as we saw also, you know, when you have two commodities, two countries -- I mean, the same commodity, two countries and you have different processes at different borders, it really makes it very complicated to cross. As we heard before today, you know, in one place you're required to do one thing and the other one, you're required to do another.

Customers are looking for alternatives in transportation, so it's very difficult when you are asked for one paperwork when you're going through one border and then you're asking for a different one when you're going through another. And that's something that -- on the U.S. side, something is on the Mexican side.

I mean, Customs administrators on the Mexican side have the ability to decide, and that has created a lot of problems for the customers and for us to offer, you know, alternatives when a customer can
operate in one place and not in another.

So I think that it is -- based on the freight that is moving today and what is coming in the future, we think that there's a lot of opportunity to work not only on the United States side, but also with Mexican authorities to make sure that the border crossings are something easy, seamless and probably the Canadian entity for -- will be something that probably makes sense to include with that.

So do you have any questions? That's all I have.

MR. SCHWEBEL: This is Gerry Schwebel. We tend to measure trade in our part of the world by trucks and by railcars. What about containers or all these trades -- how do you -- do you track those? How do you track those numbers, or do you show those numbers as well, containers that are, like, double stacking?

MR. HIRSH: Yeah. We look at all of that. We count the units that goes with --

MR. SCHWEBEL: But how do you report those units? Because, you know, we track it by railcars. And we say we have an increase in railcars, we have an increase in trucks. But we don't tend to track the containers or the double stack of
MR. HIRSH: You bring a good point with containers and double stack. For those that don't know double stack, it's when you have those trains that you have two containers, one on top of the other.

So when -- even between the railroads and when we're talking about units, you can compare a boxcar to a platform that takes containers. And sometimes, you know, that's what we do. When you're talking about units, you're talking about each individual container.

So in a flat car that moves two containers, we consider that two. But sometimes when you -- you know, other railroads, sometimes you may get that, you know, talking about units. And they're talking about the number of cars. So it is an issue sometimes, yes.

MR. SCHWEBEL: And is the trend to keep -- are they really 20-footers, or are they --

MR. HIRSH: No. Everything -- most of what goes on trains today, you know, in the freight across the border is 53 for containers.

MR. SCHWEBEL: Oh, really?

MR. HIRSH: That's what it is, yeah.

MR. SCHWEBEL: What makes it -- the size
of the trailer?

MR. HIRSH: Exactly the same as the size of the trailer. Now, there is some 20s and 40s that eventually cross the border. But most of the freight today that goes to Mexico is on 53s.

MS. MAYS: I have a question. You probably covered this. But from a rail perspective, what would you say are kind of your two key issues and challenges of the border? I know I know some of them. You know, like, railroad crossings being one of them.

But what are kind of your three major issues impacting, you know, doing cross-border movement but also going outside of the border once you get past the crossings?

MR. HIRSH: Yeah. At the crossing points, you have infrastructure, and you have paperwork. I would say those are the two major issues affecting. And then on the interior of Mexico, probably the most important issue that we have right now is security.

Unfortunately, in several parts of Mexico, you know, the train is much more secure than the truck. I mean, you can stop a train, but how do you take everything out of the train? Right? So you can stop a truck, and then you just change your driver.
And you drive it to your home.

So railroad is much more secure than a truck. The problem is that we're having more people that jump on these trains and have the ability to break a seal and eventually, you know, break things and take a little -- you know, even if it's a few cases of whatever commodity we're moving. And obviously, that creates a lot of issues.

And for certain customers that's a problem. Of course, if you're moving, you know, food products, obviously, you know, you're compromising the product.

And then, you know, we're having some issues, especially like in French vehicles where, you know, they steal the keys or they steal the batteries or they steal the tires. And that creates not only problems because -- you know, that's a problem. It's not going to be where it's supposed to be and in the right conditions.

But, you know, loading and unloading and, you know, issues with border authorities. So security is one issue that today really, it's causing problems for the rail industry.

MS. MAYS: How about on the U.S. side? You said on the Mexican side is primarily security. How about the U.S. side?
MR. HIRSH: No. We don't have any security issues in Mexico.

MS. MAYS: No, not security. But what kind of issues you have on the U.S. side?

MR. HIRSH: For the Mexico freight that we move is that we are dependent on working with our partners. And obviously, you know, different gateways, we can access ourselves or, you know, we need to go through other rail carriers. And I will say, you know, we could have, you know, better agreements over there probably that will help us have a better solution for customers shipping in and out of Mexico.

MS. MAYS: No infrastructure issues on the U.S. side?

UNIDENTIFIED SPEAKER: Are you talking about the border, you mean?

MS. MAYS: Yeah. Once you get -- let's say, you know, you guys cross at Eagle Pass. Once you get to Eagle Pass, the actual border crossing itself and you're moving north, you know, you don't have no issues there?

UNIDENTIFIED SPEAKER: We add capacity to our network as demanded by the volumes that we move. And so we would say -- we would answer that
question as, no. But the point that we made about leveling the systems' capacity at the border is probably the most important point.

MS. MAYS: Okay.

UNIDENTIFIED SPEAKER: But you can have capacity on the rails for five trains a day. But if you only have capacity to process trains at one train per day, especially when windows are limited, then the extra rail capacity doesn't do you any good.

So that's why we're so focused on understanding and leveling between those differences.

MR. JAIME: You know, Caroline, if I may -- and I'll support what Paul is saying. From an industry standpoint, I think what you'll find from the rail.

SECRETARY CASCOS: State your name.

MR. JAIME: Oh, I'm sorry. Ivan Jaime with Union Pacific. I think what you'll find from the rail companies is just a very, very heavy investment. I know BNSF has invested heavily, as have we.

But what really restricts us is -- as Paul was mentioning, is the Customs component, the manifestation. And I was talking to my colleague here next to me, and I think we share something in common with the private vehicle or bridge owners; that when
you're a private entity, perhaps, the attention that's
given to you by Customs is a little different, as
opposed to maybe the public entities.

Number one and the number two is just for,
example, in Eagle Pass, as the Mayor knows, we're not
really restricted in how much track we can build.
We're more restricted in to where you can place your
trains because there's crossings, there's, you know,
different areas.

So that's where I think really -- that's why
you hear the rail companies so consistently harping on
grade separations and on ensuring that the public can
stay off of the railroad right away so that we can
keep adding track and keeping that going.

MS. MAYS: That's exactly what I was
trying to get at. You know, if you have those choke
points, you know, those conflict points where you
have -- with a lot of -- at railroad crossings because
that seems to be, kind of like I said, a consistent
issue in the border region.

And I am sure that impacts, you know, the
rail fluidity, the efficiency to how you guys can move
in and out of the border regions. So that's kind of
where I was getting at, not necessarily capacity
aspect from the railroad point of view, but where you
intersect with highway, with roadways within, you
know, the border communities. And I just want that to
come out, and I'm glad you brought it up.

UNIDENTIFIED SPEAKER: Cameron County
is a perfect example, if I may very quickly -- we had
eight miles of track where the BNSF also -- we hauled
our trains. And we could not utilize it because if
you staged trains there, you would be blocking half of
the town. So you're losing capacity.

Whereas, now with the new west rail bridge,
you have one crossing and you have six miles of track.
You have six miles worth of trains that you can put in
there without impacting.

And so you're automatically creating
capacity. If we could close -- or if we could have
nothing but overpasses in Laredo -- we've talked to
the Mayor -- we could have a 10,000-foot slot where we
could fit in six trains. And the same thing with
Eagle Pass.

So a lot of this is with the right grade
separations, you could create incredible, incredible
capacity for trains at least.

MR. JAIME: And then there's another
issue that's important to notice that we're saying.
Sometimes the fact that Customs acts in different ways
at different borders. You know, for example, we get a
greater percent of inspections crossing with Eagle Pass
than other border crossing points.

    What that does is that then you need to stop
that train. So now the need to have sightings and
places to stop that train increases now because, you
know, you need new infrastructure just because
authorities have decided to make higher inspections
over there.

    By the way, we just, you know -- and we're
not going to tell CBP how they need to conduct their
business. But, you know, why is it different in
different border crossing points, especially when --
you know, of 100 percent of everything that was
inspected on BNSF shippers this year, there was
several incidents in everything they inspected. All
right.

    So sometimes those are things that are not
infrastructure on the rail. But depending on the
decisions that are made by the authorities at
different, you know, Ports of Entry, it affects our
infrastructure.

    MR. HERNANDEZ: I would like to add one
other thing. Frank Hernandez with BNSF. I talked
earlier about how Eagle Pass, to me, is kind of a
model, if we could have that kind of cooperation with all the authorities.

But I will give you a prime example to your question a moment ago on what we have on the U.S. side. When we arrive with trains, for example, at El Paso, then it can take hours before Mexico finally gives us the clearance, even though we sent the paperwork a day in advance. We have addressed those issues at Eagle Pass, and they adjusted it immediately.

CBP, I saw in one of the presentations where they talked about delays because of locomotive inspections. We addressed that with CBP at all the gateways, and the only gateway that immediately changed was Eagle Pass.

So even with additional infrastructure, if everything stops because of the regulatory agencies, it's kind of an inefficient use of your infrastructure. At Eagle Pass -- and I know Yvonne can speak to this -- that gateway continues to improve on a daily basis. But a lot of it has to do with the city and with the regulatory agencies at that location.

MS. MAYS: Any other cities want to comment? Mayor, I know you're looking at me.
MR. SAENZ: No. As a matter of fact, I need to call you-all to go visit us and see how best we can, you know, make our rail port more efficient and Frank, in particular.

SECRETARY CASCOS: Anything else? Are we good?

Yes, sir. State your name.

MR. ANDRETE: Rafael Andrete with the Texas A&M Transportation Institute. I wanted to ask the railways if they would be willing to share their -- all the destination data so it can be incorporated with other data that we may find for the --

UNIDENTIFIED SPEAKER: I don't know how much of that that we already have as public information and everything.

UNIDENTIFIED SPEAKER: That's probably something we can talk about offline.

SECRETARY CASCOS: Can you have that ready for the next meeting, and just let him know?

UNIDENTIFIED SPEAKER: Mr. Secretary, we will talk about that offline.

SECRETARY CASCOS: Well, think hard. Rose, tell him that our meeting is -- tell him our meeting is in Midland, but we will meet in El Paso.
Okay?

Thank you very much. Anything else? All right. We're good. Thank you.

(Applause.)

All right. Who's next? Oh, yeah, Steve. You're next, man. And you're the last one. I saved the best for the last.

MR. BOECKING: Thank you very much, Secretary Cascos and to the committee.

SECRETARY CASCOS: Good to see you again, Steve.

MR. BOECKING: It's a pleasure and an honor to talk to you-all today. It seems like everything we have been talking about today -- and I'm sure in your past meetings -- has been focused on border issues on either side of the border, which is kind of what the title of the committee is.

What I would like to do this afternoon is to put a little perspective on the border issues and how they affect the global supply chain and the rest of the supply chain. In the -- these are the major populations in the United States that are pretty much today and are forecasted for the next 20 or 30 years. And here are the major inland ports that are being developed -- or are developed in the United States.
No real big surprises here. But each of every one of these ports is either shipping product across the Mexican border or receiving product from the Mexican border. So what you-all figure out here in this community, in this committee really affects the entire supply chain of the United States.

The Texas/Mexico border is a huge piece of the global supply chain. These are the -- but there's other pieces of it that are integrated. It's not just the Mexico border. It's not just ocean freight. It's not just air freight. The whole thing has to work for us as a system, and I will show you a little bit more about that today.

Once that product from the seaports hits the seaports, then it needs to get into the interior of the United States where -- most of the consumption is happening west of the Rocky Mountains. Probably 70 percent of that consumption is happening west of the Rocky Mountains.

And the customers that are importing and exporting need multi-modal transportation. In Texas, for example, coming up to Dallas/Fort Worth where we are today, we have got the major highway transportation. And from Dallas/Fort Worth to Laredo, for example, is about 450 miles, 500 miles, which is a
good solid truck day, which can take seven-and-a-half hours.

Now, if you're smart enough to take the new state highway 130, Sherry, you can cut about an hour, 45 minutes or an hour off of the trip.

So I'm going to talk about how Alliance Texas fits into this global supply chain with the Mexico border, but entirely all modes of transportation. We're located -- today we're here in the center of Dallas. Alliance Texas is located on the northwest corner of the Dallas/Fort Worth Metroplex, which is about 6.5 million people.

And drilling in, Alliance Texas is about 18,000 acres, and one of the keys is the multi-modal transportation that I'm talking about. On the west we have the BNSF intermodal rail hub. This is the fourth largest hub in their system, which provides connectivity from LA/Long Beach to Alliance and then to the east coast ports and then also northbound and southbound, Chicago, Kansas City, Alliance, Houston, and El Paso.

In the middle of Alliance is Alliance Airport, which is a cargo-only airport. We don't do commercial passengers. No American Airlines or Delta or anything like that. It's strictly cargo and
general aviation. So it's an international airport. We have Customs on-site. So it handles any airplane made today.

Coming down the middle is I-35. NAFTA Highway obviously goes right to Laredo and then up into the -- anywhere in the United States. And on the eastern boundary of Alliance, we have the Union Pacific rail line, which provides direct rail service to our customers. So you have got railcar service, and you have intermodal rail service.

The BNSF Intermodal facility is a huge driver business primarily from Asia, LA, Long Beach or Oakland into Alliance. And then Fort Worth Alliance Airport gives us air cargo to and from Asia. FedEx has a huge sorting hub here, which gives us connectivity throughout the United States. And they're flying daily flights to Asia, servicing ten cities in Asia out of here.

This airport will handle any airplane made today, fully loaded 747s. And with Customs on-site, what I would really like to see is some of that Guadalajara and Mexico air freight coming through here, as in the Sanmina example that we heard.

Some of the basic numbers about Alliance, in the 18,000 acres, we have -- over $8.4 billion has
been invested there. In 2014 we celebrated
our-billionth tax dollar generated. The taxes are
very low, but our taxing entities -- it's a
public/private partnership between the FAA, the City
and federal and private.

So we have developed over 40 million square
feet. And 25 years ago, it was all farmland. Now
there's 45,000, 44,000 people that work there every
day. And it's only about 50 percent developed. You
put all of that together, and we call it the Alliance
Global Logistics Hub.

And I'm going to show you some of this and
talk about how it connects with Mexico. On the
eastern part of Alliance is what we call the gateway.
And these are some of the companies that are located
in the gateway, many logos that you recognize. I
think we have about 60, 65 global 500 -- Fortune 500
companies here. And these are the ones that I am sure
are doing business with -- crossing the border with
Mexico.

All of the Lego Toys are manufactured in
Monterey. Who else is here? Wal-Mart, Grainger,
Cardinal Health, Callaway Golf -- any golfers in the
crowd -- the Callaway Golf Clubs. They make their
golf clubs and golf clubs in Mexico. And a lot of
auto parts distribution here.

All of this is dependent on that cross-border trade and the efficiencies of that. Coming to the airport, Alliance Center, we have got the FedEx hub and -- I missed my next companies there, but I'll proceed.

The West -- Alliance Westport is the western section. These are the companies that used more intermodal next to the -- this is the BNSF Intermodal Rail Hub and the Alliance Airport. And a lot more logos that you will recognize, but a lot of companies that are doing business with Mexico. But they're also doing business in Asia and Europe and Canada. So it's not just a Single Window. We need to be thinking about the global supply chain.

Our -- one of our newest developments is Alliance Center North that we just opened up a couple of years ago. We built two million-square-feet facilities. This is a million square feet for LG, and this is another million square feet for Wal-Mart.com. They have another 800,000 square feet on the other side of the park.

But I think LG is one of the great examples. They're bringing -- all of the LG televisions in the United States are coming from
Mexico, across the border and through this facility. Also, they're doing white goods, refrigerators, washers, dryers, those types of things coming up from Mexico.

But they're bringing -- from Asia they're bringing in the home consumer electronics, like DVRs or whatever they have there. And then they're doing some of that by ocean and some of that by air cargo. So they're using all modes of transportation, all directions. And it's really a good example of the system that I'm talking about and how the Texas/Mexico border fits into that system.

We're expanding -- we continue to expand, and we've purchased another about 300, 250 acres up here next to the Texas Motor Speedway. This is the Wal-Mart and LG building. This continues on to the north here. Alliance Airport is here, so -- and we will be developing that.

I think I already said Alliance is only about 50 percent developed, so there's a lot left to do. So we need to clean up these border crossings because we need to get the product in and out of Mexico.

And I get the question quite a bit -- 80 percent of the AT&T cell phones are processed through
Alliance -- are you a cell phone part? No. Are you an automotive part? No. This is a global supply chain part. It doesn't matter what is inside the box. Like, you know, all the product that's crossing in Eagle Pass or in Laredo, does it really matter to y'all what is inside the box? No.

It's the cargo going through and its efficiencies for the supply chain that people are looking for. And it all works -- to make the whole transportation system work, you have to have the soft amenities like the foreign trade zone.

Alliance is one of the top foreign trade zones in the United States. And you don't think you would find that in little old Fort Worth, Texas. But we process -- let's see -- for about three of the last five years, we have processed more foreign trade zone product than any other FTZ in the country.

And then you have to file in the workforce. Like I said, we have 44,000 people that work at Alliance. So our new prospects that want to do their supply chain there and they say, well, yeah, this is all really cool, but you have already hired the best 44,000 people. What's left for me?

So that's very important in the transportation industry, the warehousing industry, the
manufacturing industry. Those are keys. So we work very hard on workforce development, and we work very closely with all of our educational partners, like UNT and TCU and Tarrant County College and North Central Texas College and the Dallas County Community College and the high schools.

Earlier this week I had four high schools in talking about workforce development and certification. So those things are very critical to this whole supply chain system.

And then a sense of community, it can't just be a place to where you go work and go home. So we do a lot of things to get everybody together and have fun and do some of the social things: a great air show and races and water parks and those types of things.

And to do that, Hillwood has several different companies, landscape company, construction company, property management company, companies that run the airport and all different types of companies that run and manage this project.

And that's our system. I tried to talk as fast as Tiffany. How did I do? I'm glad there's no Customs people here. I'm the one person that's glad there's no Customs people here. They don't like this picture.
I will open it up to any questions.

SECRETARY CASCOS: Any questions for Steve? Hearing none and sensing none. Thank you, Steve. We're good. Thank you.

MR. BOECKING: Let's go home.  

(Appause.)

SECRETARY CASCOS: All right. Open discussion. Anybody want to comment on anything that you've heard today, unless you want to save it for El Paso.

Yes, sir.

UNIDENTIFIED SPEAKER: Well, I do have an observation. If you looked at every photograph that was put up on this wall here today -- we saw the bridges specifically -- there is always a line of trucks or trailers or people waiting to go from one end to the other.

I think one of the things that we need to look at as we continue with the objectives here as a group is to try to understand or define what is acceptable. Like, going to the airport on the TSA line, we have heard and seen on the news recently that there's thousands of people waiting to get a ticket. Is that acceptable? Nobody seems to think it is.

And we here in the international trade
business have grown -- have been densensitized by lines. I mean, ever since I can remember, there's always been a line waiting to go somewhere. So we've got to maybe define that. What is acceptable? What isn't acceptable?

SECRETARY CASCOS: I can tell you, go to Franklin's BBQ, and there is a line just to get BBQ at 8:00 in the morning. His BBQ can't be that good to stand in line for three hours to get a chunk of beef. It's crazy. I don't know. That's a good point.

We want to show you something real quick that I think -- I showed it to -- I gave it to some Canadian folks that I met with. I think it's a visual. Some of y'all have probably already seen this.

MS. MAYS: Yeah.

SECRETARY CASCOS: Explain that, what that is.

MS. MAYS: Yeah. You guys have seen this from the last meeting, but some of you were not here. So essentially, this is tracking about 2,000 trucks for over three of the POE regions, El Paso, Brownsville and Laredo. And this is not POE-specific. And these are U.S. trucks.

If you remember, the gentlemen that were on
the panel indicated that the dray just moves from Mexico to the border. And then the United States trucks take it from the border and take it wherever it goes. So this is what that movement is when the 18-wheeler, a U.S. carrier picks it up from the border and now takes it to whatever destination it goes. So --

And if you follow that for seven days, you will see --

SECRETARY CASCOS: Can we zoom in a little bit? Is that just one map or --

MS. MAYS: Yeah. That's just one map, yeah. So you see that's Day 1. This is Brownsville. So that's Day 2.

SECRETARY CASCOS: That's just from the Brownsville Port Of Entry. Okay?

MS. MAYS: And then, you know, it keeps going Day 3. So you see, I'm almost close to Canada and all the way to the west coast. By Day 7 we are in -- Day 7 we are literally everywhere in the United States, including the west coast.

So you look at this. Look at your sphere of influence if you're in the Valley. If you're in on the Valley border Port Of Entry, that is your sphere of influence. Your influence is not the Valley. And
that's the point we're trying to get here. Your influence is beyond the Valley.

SECRETARY CASCOS: Beyond the State.

MS. MAYS: Yeah, beyond the State of Texas, you know. And that's the message that you-all, as part of this group, need to really wrap your head around it. You, the border regions, are just the cross-through over a lot of the trade activities we're talking about, the economic -- you know, the North American concept that Matt talked about earlier. All of this, you guys are influencing that and really need to think about that.

So then the next one we go to, this is Laredo. Again, you see Laredo. A lot is more east coast, but also you see a lot of west coast connectivity here.

So Day 1, you know, this is how far a truck goes. Steve just mentioned that, you know, you're about, what, an hour -- a day's, you know, truck drive. But it's actually farther. A truck can go farther than Dallas. And that could be, you know, the team drivers doing more than that. Yeah, team driving, they can do more than, you know, 11 hours a day. So that's Day 1 from Laredo.

Day 2, you can see again, we're almost to
the west coast. Canada, Day 5. Almost the entire U.S. and Canada, Day 7. So, again, Laredo is much more spread out compared to what you saw with Brownsville. So it's a little bit different between the three Port Of Entries, kind of where the concentrations are. Laredo, a lot of east and, you know -- spread a lot more than, let's say, Brownsville.

SECRETARY CASCOS: I mean, they're all the way up to Canada.

MS. MAYS: All the way up to Canada, west coast, you know. So again, you know, the point the Secretary wants to make here is you guys think about this. When you're thinking about your Point Of Entry, this is where your customers are located all over U.S. and Canada.

MR. SAENZ: I also want to make a comment. If you go back to the last slide, from Laredo we also are going still farther south. Correct?

MS. MAYS: Yes. Because you're connecting with other Point Of Entries, believe it or not. Remember, one of the gentlemen said they take and then they move and go the other way because that truck is taking stuff probably to the other port. If
it's less than a truckload, it has to go to a place whereby it's being put in another truck, consolidating so they can take it to the final destination. So you have port-to-port movements in here as well.

So, again, you also see a lot of -- one of the gentlemen talked about that they bring stuff from the west coast, and they truck it in. So you see a lot of that red line going to the west coast, going past El Paso into the west coast.

So, again, a lot of things are moving between the different -- because if stuff is coming from, let's say, the Port of Massillon, or one of those Mexican ports and is coming through Laredo, guess what? It might be going to another port to be, you know, transloaded to another ship to go somewhere else. So, you know, there's a lot of things that's going on here.

MR. SAENZ: Yeah. But, say, from Laredo back to Brownsville, it would appear that maybe that you go through Brownsville and then farther north?

MS. MAYS: Well, but it also depends on the commodity.

MR. SAENZ: There's the interaction.

MS. MAYS: Yeah. It depends on the
commodity. A lot of commodities are crossing through Laredo, but then they have to go back down to the Valley to be -- the carrier -- the United States carrier might be, you know, on this side where they consolidate.

So if it's, let's say, an ag' product, maybe their major warehouse is in the Valley. So they're going to move that to the Valley and then put it in a full truckload so they can move it up north.

MR. HIRSH: And if you think about it, on the Mexican side, the strategic decision of Texas is that there's a triangle that goes from, you know, the Monterey/Laredo border to Mexico City to Guadalajara where you have about 70 or 80 percent of all the production and consumption in Mexico.

So then finally it goes through the border in Texas and then back into Mexico. There's products that are produced or consumed on the western part of the States and goes through the borders in Texas and back west.

MS. MAYS: Okay.

MR. HIRSH: How do you maintain that freight there in the future? That's something that, you know, from Texas' point of view, you need to think about. So if you make -- and that's what is happening
today, that the borders are more efficient crossing
and border transportation going through Texas. And
that freight is still going to be there. If some
other state makes it easier to go the other way,
that's where the freight is going to be.

SECRETARY CASCOS: Right.

MS. MAYS: Oh, yeah. And no question
about it, you know. You're going to see that. We've
seen that with Mexicans making the improved --
building the Super Highway. And that's changed the
produce where it crosses at. You know, it used to
cross in -- now we're seeing a lot of that come into
Texas.

Because any investments you make in the
infrastructure, whether it's highway primarily, you
know, or rail is going to change, you know, how
freight moves. So we're going to see that. And, you
know, let's not be mistaken. Other states are looking
at ways to improve their border crossings so that they
could -- you know, when I go to other states, they
want to compete with Texas.

So, you know, they're going -- they're
looking at ways to make their border crossings more
efficient, improve their infrastructure so they can
get some of the trade that we have crossing through
Texas.

But Laredo -- like you said, geography is in favor of Laredo. And then some of the things Laredo has done in terms of, you know, really holistically look at how you move trade. The process is in place, and other things make it much more conducive to move and to cross through Laredo. So, again, you know, some of it is that. But some of it is just, you know, the way it's been done.

So then now we go to our friends in El Paso. Look at El Paso. A lot going on in El Paso with the west coast but also, you know, the center part of the U.S. You talked about the Asia trade. A lot of that is Asia trade, you know, from there going to the DFW region.

But then you have a lot of connection with San Antonio, so that tells you a lot of things right there. So a lot of that coming in and going to the west coast for Asia markets, as mentioned earlier. So they --

For Day 2 --

MR. SAENZ: Let me ask you this, if I may. Pete Saenz again. Were those studies done at the same time period, more or less, or over --

MS. MAYS: Yes. They took 2,000 trucks
each. In Laredo in the same time period -- yeah, 2,000 in the Laredo region, 2,000 here, 2,000 in the Valley.

Yes.

UNIDENTIFIED SPEAKER: Another reason for the efficiency is not just competing with other States. It's because the efficiency generates more investment in Mexico coming back through Texas. Even on the produce side, you have produce operators from the State of Texas that have gone from seasonal work to year-round work basically by putting additional farms in Mexico and then shipping that up by truck because they can hit the east coast within a day.

MS. MAYS: Yeah, absolutely. You know, I wish I had invited him. There's a gentleman that owns a couple of grocery stores here in the Dallas region called Hong Kong Market. I met him last year. And what he told me is that there are fruits that they used to import from other parts of the world, and it used to cost about 16 or $20.

They can now plant those same foods in Mexico, and the price has dropped to, like, 2 to $3. Because they can plant it in Mexico. They will cut the cost of transportation. The labor cost in Mexico is fairly cheap. So, yes -- so you see that. You
hear somebody like that telling you their story about Mexico and how it's changed the game. It's huge.

So El Paso, Day 5 and Day 7. So again, this is just kind of giving you guys the story and, you know, what we've talked about all day today without telling the story and then really seeing what the border means to the entire North America and not just the Texas border/Mexico border region.

Secretary, that's it.

SECRETARY CASCOS: Okay. Just a few closing comments. One thing before I forget, when we go to El Paso, it's a little bit -- you know, it's hot. It's the only place that I know that they water their dirt. But anyway, I love El Paso.

It's casual. Okay? I want you to know that it's casual. You can come as casual as Sam or if you want to wear a sports coat -- you don't have to wear a coat. I'm not very dressy all the time -- never really. But anyway, so keep that in mind, that it's a very casual -- I want you to be comfortable.

For the ladies -- well, y'all look nice all the time -- wear whatever you want, you know. At least for the guys, you don't have to wear a tie. If you want to, if you want to impress people, that's fine. If you don't that's fine as well.
I think the reason I wanted Caroline to bring that up is because we take a lot for granted in this state. We really do. And when we're here by -- you know, when I travel, I mean, I talk about Texas and, you know, the pride that we have. And there are a lot of states that are trying to emulate what we do. Either it's in infrastructure. Either it's in job creation. Either it's entrepreneurship. There's a lot of states that are trying to emulate what Texas has done.

And I know that y'all have heard about the Texas Miracle and how everything happened because of the Texas Miracle. It was no miracle. It was a deliberate action. It was something that was deliberately done, either through investment or entrepreneurship.

So, you know, miracles come from above. And trust me, I don't know of anybody in Texas that has that direct connection with above yet. But I'm telling you, it was a deliberate action by the legislation, by the leadership of this state that has made Texas what it is.

So keep in mind as we go out and you help me promote the state and people ask you the impact of the border, you have a visual now of the three Ports Of
Entry from beginning to the middle to the end as to what these trucks -- where they go. That's a great selling point.

I know everyone says, you know what, what if we do this in CBP and DPS? You know, those are fine. Those are things that we have to address to make our system better. But I still believe that we have the best system in the nation to do this, and we just want to make it even that much better. So hopefully with that, we're going to continue with that dialogue.

But anyway, I want to thank y'all very much. I think we got done a little bit early, so if anyone wants to catch an earlier flight. I don't know if I can make an earlier flight or not. Probably not. But if not, then we shall see you September the 6th or 7th. The 7th is the meeting. Right?

MS. MAYS: September 7th.

SECRETARY CASCOS: So go up the day before. We will try to coordinate something with some El Paso folks. But thank you again for participating. It's great to see you-all again. Again, feel free to communicate any commentary that you forgot to say over to Caroline so we can incorporate it at the next meeting. All right? Thank you very much. This meeting is adjourned.
(End of proceedings at 2:30 p.m.)
STATE OF TEXAS
COUNTY OF DENTON

I, Kendra L. Rowland-Finch, a Certified Shorthand Reporter in and for the State of Texas, certify that the foregoing Record of Proceedings was reported stenographically by me at the time and place indicated, and that the Record of Proceedings is a true record of the proceedings.

Given under my hand of office on this the 26th day of July, 2016.

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