Date:
December 06, 2017

Case:
BORDER TRADE ADVISORY COMMITTEE MEETING
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ON

DECEMBER 6, 2017

9:00 A.M.

AT

SOLOMON P. ORTIZ CENTER

402 HARBOR DR.

CORPUS CHRISTI, TEXAS 78401
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1 MR. PABLOS: Good morning. The time is 2
9:12. My name is Rolando Pablos. At this time, I'd
3 like to call this meeting of the Border Trade Advisory
4 Committee meeting to order. First item that I would
5 like to --
6 Caroline, should we take roll first?
7 Let's go ahead and take roll to establish a quorum,
8 please.
9 MS. MAYS: Good morning, Secretary. Good
10 morning. What I'm gonna do is just let everyone
11 introduce themselves and then we have a sign-in sheet
12 right here that's going to go around. Please do sign.
13 If you are here on behalf of somebody else, please
14 initial and then write your name under your signature.
15 So, Secretary, we can start from the other
16 end.
17 MR. PABLOS: Okay. Please, if you would,
18 introduce yourself.
19 MR. CANTU: Mayor Ramsey Cantu for the
20 city of Eagle Pass.
21 MR. VALLEJO: Representing Mayor Martinez,
22 Alfonso Vallejo.
23 MR. HERNANDEZ: Fernando Hernandez
24 representing Ruben Vogt, the County of El Paso.
25 MR. SCHWEBEL: Good morning. I'm Gerry
1 Schwebel. I'm with International Bank of Commerce of
2 Texas.
3 MR. GALEAZZI: Dante Galeazzi with the
4 Texas International Produce Association.
5 MR. SAENZ: Pete Saenz, Mayor of Laredo,
6 Texas. Good morning.
7 MR. CRISTINA: Good morning. Paul
8 Cristina with BNSF Railway.
9 MR. BAZAN: Good morning. Luis Bazan,
10 Pharr International Bridge.
11 MR. ALDRETE: Good morning. Rafael
12 Aldrete with TTI.
13 COURT REPORTER: I'm sorry. I can't hear
14 you-all.
15 MR. PABLOS: Some people don't have
16 microphones. So if you can speak into the mic.
17 MR. DOMINGUEZ: Good morning. Arturo
18 Domínguez, Kansas City Southern Railroad.
19 MR. TAYLOR: Good morning. Tommy Taylor
20 with Fasken Oil and Ranch.
21 MR. EATON: David Eaton, Kansas City
22 Southern Railroad.
23 MR. GARCIA: Josue Garcia. Good morning,
24 with Cameron County Bridge system.
25 MR. RICO: Good morning. German Rico with
1 Port of San Antonio.
2 MS. LOPEZ: Good morning. Marga Lopez,
3 Donna International Bridge.
4 MR. STRESOW: Good morning. Paul Stresow,
5 City of El Paso International Bridge System.
6 MR. CANON: Andrew Canon, Hidalgo County
7 MPO.
8 MR. LOVE, III: John B. Love, III, City
9 Councilman, City of Midland, Permian Basin Metropolitan
10 Organization and the President Elect of Texas Municipal
11 League.
12 MS. VENEGAS: Good Morning. Hello. Lori
13 Venegas on behalf of Mr. Robert Garza for the City of
14 Del Rio.
15 MR. MEDINA: Michael Medina with the El
16 Paso MPO.
17 MR. CANAS: Jesus Canas with the Federal
18 Reserve Bank.
19 MR. PABLOS: Rolando Pablos -- I'm sorry.
20 MS. TORRES: Reyna Torres, Consul General
21 of Mexico in San Antonio covering Corpus Christi.
22 MR. PABLOS: Rolando Pablos, Secretary of
23 State.
24 MS. RYAN: Laura Ryan with the Texas
25 Transportation Commission.
1. **MR. SMITH:** Peter Smith, Texas DOT.
2. **MS. MAYS:** Caroline Mays, TXDOT.
3. **MR. GUARDUNO:** Lauren Guarduno, TXDOT.
4. **MR. CANAVATI:** Jorge Canaviti, J. Canavati & Company. Good morning.
5. **MR. GUENTHER:** Roger Guenther, Port Houston.
6. **MR. LARUE:** John LaRue, Port of Corpus Christi.
7. **Barbara Canales, who is also present today.
8. **MS. MAYS:** I'd like to concile the list of them.
9. **MR. PABLOS:** Excellent. Do we have a quorum now?
10. **MS. RYAN:** Thank you. Good morning. I just wanted to first off say good morning and thank you for all of us to come together, whether it's maritime or our ports along the Texas-Mexico border and I perceive or real competition. I think it's important that we coordinate, cooperate with our Mexican counterparts and today with us, we have Ambassador Reyna-Torres Mendivil and I'd like to ask her to say a few words on behalf of the Mexican government.
11. **MS. MENDIVIL:** Thank you so much, Secretary Pablos. I am very happy to be here. I had the opportunity to be one of your previous meetings when I was just arriving in San Antonio and I learned a lot since then and I learned much more of the work that you are doing and the work of the Border Trade Advisory Committee. I am delighted to be here because I now believe even more than at that time, the importance of infrastructure and the importance of all the different (indiscernible) here today and how relevant that is for the future of our two countries and of course the whole community. I think that the work that you are doing here can provide certainty on many occasions in very uncertain times and I appreciate that and that we need to work together in order to be clear of the challenges and of course the opportunities in the future and in the near future and in the years to come to be able to seize all those opportunities for the benefit of our communities, and I am particularly happy to see so many faces here travelling from different cities in this day.
12. **MR. PABLOS:** Thank you, Ambassador. And speaking of Corpus Christi, I do want to take time to thank John LaRue and Port of Corpus Christi, Commissioner Canales. This is a beautiful facility. I've been looking forward to coming down here, even with this weather, you know. It's so charming to be down in Corpus Christi. I look forward to coming down next time to take a look at the Port and see all the great things we're doing.
13. **Commissioner Canales, where are you?**
14. **MS. CANALES:** Right here, sir.
15. **MR. PABLOS:** Okay. Thank you very much. We had a really nice discussion last night about the needs of our Texas border with Mexico, we also have
16. **Columns are not aligned properly**
17. **intend to work in conjunction on the Mexican side. We need to make sure that we coordinate, cooperate with our government.**
18. **4 Ambassador Reyna-Torres Mendivil and I'd like to ask her to say a few words on behalf of the Mexican government.**
19. **9 Secretary Pablos. I am very happy to be here. I had the opportunity to be one of your previous meetings when I was just arriving in San Antonio and I learned a lot since then and I learned much more of the work that you are doing and the work of the Border Trade Advisory Committee. I am delighted to be here because I now believe even more than at that time, the importance of infrastructure and the importance of all the different (indiscernible) here today and how relevant that is for the future of our two countries and of course the whole community. I think that the work that you are doing here can provide certainty on many occasions in very uncertain times and I appreciate that and that we need to work together in order to be clear of the challenges and of course the opportunities in the future and in the near future and in the years to come to be able to seize all those opportunities for the benefit of our communities, and I am particularly happy to see so many faces here travelling from different cities in this day that is not particularly welcome here in Corpus Christi. This is the first time that we don't have beautiful weather in Corpus Christi when we are here. So thank you even twice for making the effort to be here in this very rainy day. Thank you.
20. **MR. PABLOS:** Thank you, Ambassador. And speaking of Corpus Christi, I do want to take time to thank John LaRue and Port of Corpus Christi, Commissioner Canales. This is a beautiful facility. I've been looking forward to coming down here, even with this weather, you know. It's so charming to be down in Corpus Christi. I look forward to coming down next time to take a look at the Port and see all the great things we're doing.
21. **Commissioner Canales, where are you?**
22. **MS. CANALES:** Right here, sir.
23. **MR. PABLOS:** Okay. Thank you very much. We had a really nice discussion last night about the needs of the Port and one of the things I stressed was the need for cooperation across the State coming down in Corpus Christi. I look forward to coming down next time to take a look at the Port and see all the great things we're doing.
24. **Commissioner Canales, where are you?**
25. **MS. CANALES:** Right here, sir.
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<td>1 think that's what this Committee is tasked to do. So I 2 wanted to thank you, Port of Corpus Christi. 3 Jorge Canavati, thank you for all your 4 work you've been doing. Thank you for helping us put 5 this together. 6 MR. CANAVATI: I appreciate it. 7 MR. PABLOS: I really appreciate that. 8 And to all the participants who travelled to come down 9 here to be part of our roundtable discussions, I just 10 want to say those discussions are so helpful. They're 11 meaningful and this new approach to our Committee 12 meetings has proven to be very successful. As the 13 Ambassador mentioned, she was part of the group, I 14 guess back in June when we had Senator Cornyn and 15 Congressman Hurd to be part of -- along with Chairmain 16 Lewis, be part of a roundtable discussion, so I hope 17 that that is adding value to your visits to your 18 participation here. So I wanted to thank you. 19 I'd also like to recognize our member of 20 interest, Jesus Canas with the Fed. Jesus, where are 21 you? 22 MR. CANAS: Right here. 23 MR. PABLOS: There you are. Thank you for 24 being here. Do you have any comments to add at this 25 time?</td>
<td>1 currently have three plans along the border, three 2 separate districts: Pharr District, Laredo District, 3 El Paso District. What we're now looking at doing, 4 with the support of the Federal Highway Administration, 5 is doing a new plan that will take the good things and 6 review what we've done in the past with the previous 7 border plans, look at what we had just recently been 8 doing with the great plan for the State, and pull those 9 all together to consolidate the master plan or border 10 plan along the corridor. It will go steps further than 11 what we've done in the past, especially with the 12 guidance and desires of the Secretary to make sure that 13 we're integrating teamworking with the Mexican 14 officials, as well as to make sure that we're focusing 15 on development. So we have been going through the 16 (inaudible) with a procurement process to engage a 17 consultant and I'll let Tim kind of expound on that. 18 I think we are in negotiations right now. Want to add 19 anything? 20 MR. JUAREZ: Okay. Good morning. I'm Tim 21 Juarez with TXDOT's Transportation Planning and 22 Programming Division out of the Freight and 23 International Trade Office and I serve as the 24 International Trade and Border Coordinator for TXDOT 25 and will serve as the project manager for this</td>
<td>1 see that might not be to your liking? Okay. Hearing 2 none, I'd like to take this up for a vote. All those 3 in favor, please signify by saying aye. 4 (AYES WERE HEARD.) 5 MR. PABLOS: Any opposed? 6 (NONE HEARD) 7 MR. PABLOS: Okay. That motions carries. 8 Let's move into our Texas-Mexico 9 Transportation Board or Master Plan presentation. I'd 10 like to hand it over to Caroline Mays. 11 MS. MAYS: Thank you, Secretary. And 12 while Tim Juarez is coming up on the podium, I wanted 13 to, one, give my boss, Peter Smith, a few minutes to 14 kind of give you a little context about this. But 15 before that, we did come to this committee on a few 16 occasions to talk about the Border Master Plan so we're 17 going to give you a little bit more update today. So 18 I'll turn it over to Peter for just a few words. 19 MR. SMITH: Thanks, guys. So to-date, 20 right now, we're operating on the three separate plans 21 along the border associated with the TXDOT districts. 22 COURT REPORTER: May I have you use the 23 mic, please? 24 MR. PABLOS: Can we pass that mic around? 25 MR. SMITH: Sorry. So right now we</td>
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25 Brownsville. We'll be looking at facilities going both north and southbound, but also east and west. The two committee structure will be having regular scheduled meetings. We anticipate to receive feedback and guidance from those committee structures, and they will also be assisting us with stakeholder outreach. The 6 regional representatives know their areas better than us and so we're going to rely upon them to look at the 8 trade association, the economic development 9 corporation, the manufacturer, trucking association and 10 et cetera, so that we, TXDOT, as we go through the 11 development of the various tasks, get that impact and 12 information from the users. The committee overall will lead the overall development of the Border Master Plan 14 but it's going to be a local government, it's going to be the stakeholders, it's going to be the partners who 16 will be the actual implementers of the plan. Next slide. So we wanted to announce 18 today to the Border Trade Advisory Committee the 19 selected consultant team. HDR Engineering, Inc. was 20 selected as the consultant to conduct the study on behalf of BTAC and TXDOT. The team members include 21 Jacobs Engineering, CPCS Transcom, Inc., Blanton & Associates, B2Z Engineering, Inc., Garver, LLC, and 24 GUNDA Corporation, LLC. HDR will serve as the prime, 25 and the identified project manager is Alejandro Solis.

1 Mr. Solis has detailed background in developing bi-national studies. He has worked with the states of California and Arizona. He has also worked with the Mexican federal government and states in developing studies for them. And one of his key studies was the development of the expansion of the Panama Canal. So we are very pleased to select HDR for the consultant 8 team. As you may recall, TXDOX went through an RFQ beginning in March of 2017. We have received four proposals, selected down to three for interviews, and 11 then selected HDR.

Next slide. Please. So we wanted to remind the Border Trade Advisory Committee that essentially you will be guiding the effort and you will be providing the recommendation to the Texas Transportation Commission. As noted, the Border Master Plan Development is going to be through a bi-national regional committee structure. We do have from the update -- from the original Border Master Plans done in 2012 and 2013, we had a Juarez-El Paso Border Master Plan, Laredo, Nuevo Laredo, and then lower Rio Grande, Tamaulipas. Through administration and commission direction, we will be doing one Border Master Plan that 24 will be covering from El Paso-Juarez to the Port of 25 Brownsville. We'll be looking at facilities going both north and southbound, but also east and west. The 2 committee structure will be having regular scheduled 3 meetings. We anticipate to receive feedback and 4 guidance from those committee structures, and they will also be assisting us with stakeholder outreach. The 6 regional representatives know their areas better than us and so we're going to rely upon them to look at the 8 trade association, the economic development 9 corporation, the manufacturer, trucking association and 10 et cetera, so that we, TXDOT, as we go through the 11 development of the various tasks, get that impact and 12 information from the users. The committee overall will lead the overall development of the Border Master Plan 14 but it's going to be a local government, it's going to be the stakeholders, it's going to be the partners who 16 will be the actual implementers of the plan. Next slide. So we wanted to announce 18 today to the Border Trade Advisory Committee the 19 selected consultant team. HDR Engineering, Inc. was 20 selected as the consultant to conduct the study on behalf of BTAC and TXDOT. The team members include 21 Jacobs Engineering, CPCS Transcom, Inc., Blanton & Associates, B2Z Engineering, Inc., Garver, LLC, and 24 GUNDA Corporation, LLC. HDR will serve as the prime, 25 and the identified project manager is Alejandro Solis.

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1 that they can warehouse it at a particular location so
2 that when we need to receive their data, they can then
3 have a mechanism to transfer over to TXDOT. We are not
4 going to re-evaluate or identify and develop new data.
5 We want to rely upon the data that the partners and the
6 stakeholders already have and have made an investment
7 and have provided an approval system to. We'll
8 continue to review that data to ensure that we have
9 consistency throughout the entire border, but we're not
10 going to go and re-invent the wheel. We're going the
11 use the data from the regional partners.
12 Next slide. So as part of the scope
13 development and the outreach that we have done, we
14 continue to receive input and feedback from all the
15 partners. Today we are here to receive input and give
16 additional information through the Border Trade
17 Advisory Committee. For the last three months, we have
18 been in communication with our Mexican counterparts
19 through Secretaria de Comunicaciones y Transportes.
20 They are the lead federal agency, so SCT is taking the
21 lead for Mexico and they have included representatives
22 from SRE and SAT. So those monthly conference calls
23 continue to occur until we actually finalize upon the
24 scope of work. We are also in contact with the U.S.
25 Federal Partners, so FHWA, FTA, Customs, Border

1 Protection, General Services Administration, and then
2 the Federal Motor Carrier Safety Administration will
3 receive notice of the scope of work of development so
4 that we can get that input from them. And then, of
5 course, at the State level, we are going to be
6 inclusive of the Department of Public Safety and the
7 Motor Vehicles Department as well.
8 Next slide. So the next steps we're going
9 to take in the development of the Border Master Plan,
10 we're going to continue with contract negotiations with
11 the selected consultant. We want to be able to receive
12 input from the various partners, as I noted and as
13 listed here on the slide. We will continue to do
14 various presentations and stakeholder outreach. We
15 have been to the Harlingen-San Benito MPO and Hidalgo
16 County MPO. We will be presenting at their policy
17 committees at the end of this month. We have scheduled
18 meetings with Laredo MPO, Laredo R (Phonetic) in May,
19 the city of Del Rio and Eagle Pass, and we have done
20 outreach as well to El Paso and El Paso County. So we
21 continue to do that outreach. If there are local
22 governments or partners that would like for us to come
23 and visit them and do presentations, even if it's the
24 railroads or state association, we are willing -- more
25 than willing to do that. In addition to that, our goal

1 is to have a contract executed no later than February
2 of 2018. In order to do so, we have to receive
3 feedback from all the partners no later than December
4 31st. If we can get that sooner, that will be
5 beneficial to us so that we can start reviewing all the
6 comments, combining them into one scope of work.
7 In your packet today, you have Attachment
8 C. This attachment C is the services to be provided by
9 the engineer. It is a draft copy that lists all the 11
10 tasks. This is the information that we're asking BTAC
11 and other members to build upon in providing us your
12 comments.
13 We hope to initiate a work authorization
14 in Spring of 2018. That will actually kick off the
15 development of the Border Master Plan and then we
16 will -- our first step will be is go to introduce the
17 development of the Border Master Plan to all the
18 partners throughout the three regions.
19 The next slide. So here is our contact
20 information, both Caroline and myself, and then I --
21 This is end of the presentation so we're going to open
22 up to questions or any comments you may have.
23 MR. PABLOS: Thank you. That was a
terrific presentation. I'm excited about this. I do
24 have some questions though, Tim. With respect to your
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<td>1 do that secondary and cursory outreach. What we are doing from the three border districts is we have begun to develop a point of contact list for each of the four regions and we're going to be establishing a process where TXDOT, through its three border districts, will conduct those type of outreach and stakeholder engagement at the regional levels. But I'm gonna see if Caroline would like to add anything to that.</td>
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<td>10 MS. MAYS: Secretary, you bring up a very good point. I think one point of emphasis is going to be working with BTAC. A lot of BTAC members have great relationships with private sector in Mexico so I'm going to lean on you-all to provide us with those 15 contacts. Once we get consultants on board, they're going to have to go and find the Mexican counterparts. So, again, 21 we're going to be looking to you-all to help us with 22 that and any context you have, you know, urge 23 you-all to start providing us with that because what 24 Tim mentioned is we're starting to do the legwork now 25 so that by the time the consultants come, we've done at least some legwork so that we can provide them with that information so we can start crafting just how we do that because it's going to be a daunting task and 4 the Mexicans -- at least on the public sector side, are very interested in this plan and they want to be fully engaged. They're providing us comments already and 7 feedback and certainly we are going to continue to do 8 and work with you-all and our Mexican counterparts. 9 This is a bi-national plan.</td>
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| 10 MR. PABLOS: For me, a centerpiece of this 11 has to be stakeholder engagement on both sides of the border because -- And if we look at experience of the past year, it always seems that we start at a certain 14 point that doesn't include the stakeholders and then 15 when we come up with our conclusions, the stakeholders feel like they were never a part of it, right. And so 17 I want to make sure that from a grassroots perspective, we include the Mexican side and our Texas side of 19 stakeholders from the get-go. So I'm going to ask for 20 assurances that that's going to happen. Because if we 21 get started without at least them knowing that they're 22 involved, then this thing's not going to work. 23 MR. JUAREZ: And so I think I would 24 re-emphasize what Caroline has noted: If any of the 25 Border Trade Advisory Committee members have point of 1 contact lists on your data, if you can send that to us, 2 we will look about either a one-page or a wide summary 3 introducing the concept of the Border Master Plan, 4 where we are in the process, and the need to get 5 feedback from them. 6 MR. PABLOS: And, you know, we can always 7 rely on Mr. Contacts himself, Gerry Schwebel. He knows everybody in Mexico so, Gerry, we're gonna need your 9 help, particularly with Jose Don Coronado. I mean, 10 they're the ones -- I mean, it's a conglomerate of 11 other organizations, and so -- especially in Mexico 12 City, right? They are in Mexico city, so from the 13 federal perspective, we can engage them and as it 14 trickles down to state and local, we can also rely on 15 them to help us bring those folks together, including 16 trade associations. You know, John Esparza's 17 counterparts on the Mexican side, I think is also very 18 important, because they're the ones that have the 19 practical opinions, the on-the-ground experience and 20 they need to be involved. 21 MR. SMITH: Secretary, first of all, you 22 asked -- and I agree with you to do that and I say as 23 part of the selection process of the consultants, we 24 were confident that the consultant that we selected 25 showed the ability to be able to reach out on both sides, both sides of the border for stakeholder 2 involvement. 3 MR. PABLOS: Were there any Mexican 4 consultants considered? 5 MR. JUAREZ: In the -- 6 MS. MAYS: Generally, our procurement 7 process -- and Lauren is here, that can probably speak 8 to that better than I can. The consultant firms have 9 to be able to do work in Texas; they have to be certified in Texas, but we can assure you that the team 10 that was selected, one of the names, as Peter 11 mentioned, is the project manager used to work for SCT, 12 yeah. So he understands, you know, one, Mexico City, 13 understands Mexico, he understands the institution, the 14 stakeholders, but then now he lives in Washington, D.C. 15 so he understands this side of the border. So we're 17 very comfortable that was one of the main criteria for 18 selecting this consultant from -- because the project 19 manager understands issues on both sides of the border. 20 So -- but they have other sub-consultants. 21 MR. JUAREZ: Can you pull the sub-consultants? 22 MR. JUAREZ: Can you go back a couple of 23 slides, please, to the team composition? One more. 24 One more. More. There you go. Thank you. 25 MS. MAYS: Yeah. And they've done work on
1 the border; they've done work in California, in
2 Arizona, you know, on border issues -- border-related
3 issues so we're very comfortable with their experience
4 and their ability to be able to at least get us the
5 product and the results that we're looking for. And
6 once we get them on board, they will come in front of
7 this committee and, you know, be able to have, you
8 know, discussions with them and answer some of your
9 questions and therefore -- This committee is going to
10 be -- BTAC is going to be molding that process. So,
11 you know, as we mentioned, we can assure you that this
12 is going to be a process that is very open and very
13 inclusive.
14    MR. PABLOS: Ambassador, I'd like to see
15 if it's possible for SRE to perhaps participate, even
16 if it's just at an advisory level, along with the
17 consulates, within the consulates across the border.
18 You know, you-all do have access to some of the
19 partners on the other side and so maybe we can have
20 that discussion later as to how we ask SRE to also help
21 out.
22    MS. MENDIVIL: Absolutely, Secretary.
23 This is an issue that I raised since the beginning a
24 few months ago and, of course, there is a willingness
25 to be active and participate and of course I will have

1 really good, but it's kind of a vision. How are we
2 ever going to get the vision to coincide with the
3 funding? Because if you can have all the vision in the
4 world and then those of us know this: The very first
5 plan in California, the top three guys that were top
6 number one did not get funded first. It was several
7 steps down. You have the concepts of office system
8 projects, in-system projects that we have that doesn't
9 necessarily fit with the Mexican side, but it also
10 doesn't necessarily fit with the Border Master Plans.
11 A Border Master Plan has to me generated to the point
12 it's a checkoff, yeah, we've got it, but I have yet to
13 see it be tied in some way firmly to the funding that
14 comes through from TXDOT based on their environmental,
15 right-of-ways, and construction plans, many times being
16 critical to these off-system projects, which a lot of
17 these are.
18    MR. JUAREZ: So one of the components and
19 one of the comments we continue to receive from the
20 partners is that how is prioritization going to occur,
21 how is evaluation going to occur, where would the
22 ranking be, and really, that's going to be a
23 data-driven aspect so we're going rely upon the user's
24 data. If you look at Task 7, Task 9, and Task 10 in
25 the Attachment C, we're going to be looking at

1 forecasting that's going to identify what current
2 projects are under development, what current projects
3 will be coming in a 5-,10-, 15-, or 20-year
4 implementation. Part of that effort is going to also
5 be the financial element from the entity that is the
6 sponsoring agency of that project. What type of
7 associated funding do they have; is it 100 percent
8 fully funded; is it a 70 or 50 percent increments just
9 where they are. What we have begun to note to the city
10 and the counties, as well as the federal agencies, that
11 from your plans and programs, regardless if it's 5, 10,
12 or whatever, we're going to need to have that
13 information so that we know where you are in the
14 development of your particular project from a
15 programming aspect, and we're going to lay them all
16 out. So, for example, TXDOT runs with a 10-year UTP
17 program. It has identified the priorities for TXDOT.
18 So we're going to lay that 10-year program -- The
19 thought process is with BTAC guidance is to lay that
20 10-year program in comparison with all the other
21 programs through all the other stakeholders and users
22 of the system and let's see where the priorities lie.
23 If we can look at a full system from a border crossing
24 support facility to the transportation network, then
25 we're going to see where we are. If there's some
1 particular gaps in any of the three components, then
2 how do we best fill in that gap. So it's going to be a
3 lot of discussion with all the partners and the
4 stakeholders, but it's going to lead to a
5 recommendation and investment plan and then that
6 recommendation investment plan will lead to the
7 implementation plan. We're hoping that we have a very
8 systematic approach, but really, it's just a
9 30,000-foot global approach. We're going to rely upon
10 BTAC, the stakeholders and partners and all the various
11 committees to help drive that decision. So no final
12 decision has been made but that's the thought process
13 for implementation. So hopefully, that, Mr. Vale,
14 addresses your comment.
15 MR. VALE: Kind of, because you still have
16 this very blurred way of funding and you mentioned you
17 see the sponsor going to come up with a hundred
18 percent. That always is a key deal. The transition
19 from off-system to an on-system is very significant and
20 I don't think most people understand it. And it's not
21 about what's the most justifiable project. It's about
22 who gets to the table first shovel-ready. That's what
23 it's about, and any district director will tell you
24 that.
25    MR. GUARDUNO: This is Lauren Guarduno.

1 Let me help with that discussion real quick. I realize
2 some of the things that we run up against is the
3 funds -- all sorts of different things -- the funds
4 that we receive through TXDOT -- and it gets
5 distributed through to the regions -- has -- some cases
6 it has restrictions placed upon it. Just like, for
7 example, the cause says we're bad on spending money on
8 railroads. We got a lot of highway money that it's
9 hard to get to spend on railroads. Kind of the same
10 conversations kind of happens to the
11 on-system/off-system discussion, you know. There are
12 requirements that we have some of this funding that can
13 be spent off-system, it can be. It does have low
14 participation requirements on it, of course, and some
15 of that varies depending upon whether you're an
16 economically disadvantaged county or not. That affects
17 the percentage, as you-all know. And so I think what
18 we probably need to do is we lay out this plan on the
19 border is that we need to be -- I think we need to --
20 probably the first thing to your point, we need to just
21 capture every available funding source that is eligible
22 that we can put to use to try and solve our border
23 issues in a way -- and I think that needs to always be
24 put in the front, you know, the forefront so that
25 everybody understands that we are -- you know, that we

1 are utilizing it to the maximum extent every available
2 source that we can spend because we do have some
3 situations where it's going to affect that transition
4 between on-system/off-system, especially as it relates
5 to border issues. And so I hear what you're saying on
6 that. I think we need to tie down what the money
7 availability is that we can use and see what the rules
8 are associated with that because some of it, quite
9 frankly, comes to us is with some federal requirements
10 on it, too. I mean, there's some things we gotta do
11 with the federal dollar says you can spend it
12 off-system but there's certain matches, for example.
13 So I think that would be a good exercise for us to
14 probably put in front of this committee, Secretary, and
15 that way everybody can at least see what is the
16 available funding source that we have to play with when
17 we try to solve those border issues.
18    MR. PABLOS: That's a good point. Thank
19 you, Sam.
20    Gerry.
21    MR. SCHWEBEL: Good morning. I was happy
22 to see that a senior member of the Border Trade
23 Advisory Committee, Mr. Vale, was the first one to
24 speak and started off very well with a bang, Sam. In
25 fact, I want to echo Sam's comments that there's a

1 great deal of experience, I think, in this committee in
2 other projects -- in other border plans. One of the
3 things I would recommend is that when you go and make
4 these presentations to the FTO's and the city councils,
5 that a BTAC member do the introduction of the
6 representatives who are making the presentation,
7 because when you get down to the local politics of it,
8 I think it's important that everybody that is involved
9 in the industry at the local level also supports those
10 presentations, not only on the U.S. side but I would
11 encourage -- because especially those communities that
12 are sister cities like that have the bi-local or
13 bi-national commission or at the local level, you know,
14 whether it's El Paso-Juarez or Laredo-Nuevo Laredo and
15 also McAllen and Brownsville. You know, other
16 communities up and down the border also, you know, are
17 key to all of this, so I would encourage that as well.
18 One that I -- I would remind you when Sam was talking
19 that a vision without execution is a hallucination, and
20 so the point of whatever we plan and whatever we put on
21 paper, that the execution become tantamount for the
22 success. You know, this is a major project. I'm glad
23 to see that Texas is taking this on, but it is a major
24 deal. We've attempted this stuff for years, right,
25 Sam? And I'm glad that the leadership -- your
1 leadership. Secretary, with the commissioners, TXDOT
2 that they take this as a priority through the
3 (indiscernible) work and TXDOT and your leadership
4 really encourages this. This is an opportunity that we
5 have right now, especially in light of the weather and
6 what's going on, putting together the best plan that
7 will actually provide for economic you know, vitality
8 of North America. So I would hope that would be the
9 driving force of our initiative and that we really get
10 to the point of execution.
11 MR. PABLOS: Commissioner, and then Mays.
12 MS. RYAN: I just wanted to add to both
13 comments and I thought about your definition of vision
14 and hallucination and I thought about that for a minute
15 and I'm happy to say I don't think I hallucinate often
16 so I was very pleased to hear that definition. That's
17 a really good point. You both -- excellent points and
18 I don't have a pocket of money so I can't answer the
19 funding, but what I can tell you is that the commission
20 is working hard on with the agency and Lauren can
21 validate the type of questions that we push on is that
22 both plans, the freight advisory plan and this plan,
23 when it's complete, will be living documents. They
24 will not sit on a shelf. They will be ever-changing,
25 ever-evolving. One of the things -- because funding is

1 scarce and I will not try to be an expert on the
2 different categories that Lauren just spoke of on
3 funding, but one of the things that we can no longer do
4 to accomplish and be successful at overcoming the
5 challenges is continue to look at things vertically and
6 in isolation. We can't let a local district -- and I
7 don't mean this in a negative way -- or a freight plan
8 or a particular authority, whether it be an area,
9 decide this is what we need for us. The solution is
10 when we all come together. So when we look at a UTP
11 and we try to define projects that need funding, the
12 question is how many checkboxes does this particular
13 project offer; how many problems does it solve; how
14 many benefits does it offer to the State; how many
15 different channels does it touch. And those are the
16 types of questions that when we're looking to spend
17 dollars, that's really how far can we stretch them.
18 And I'm not stating that's never been done, but I can
19 tell you it's probably being challenged a lot harder
20 now as we try to put all these pieces into place. So
21 that won't answer all the funding issues, but I can
22 tell you it's being looked at hard every time we
23 address funding in UTP and a project gets done. And
24 that is why the work that the committees are doing is
25 so important, because we can't make those decisions

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1 without the initiatives and the recommendations that'll
2 come from these committees because that's how we put
3 those pieces together. So I think that's where that
4 teamwork comes together. There is a pillar. It's a
5 three-legged stool, so to speak, and if one leg fails,
6 then it's gonna tip.
7 MR. VALE: May I suggest that it would be
8 good for all of us if we not only did -- with the
9 State's side of the funding, but that we made a direct
10 effort to try to educate the local communities who have
11 resources that can be dedicated, that they need to be
12 setting it aside in their budgets two or three years
13 ahead of time, because the biggest problem that we've
14 got -- and it's doubly enhanced when you're actually
15 crossing the borders so that the infrastructure
16 coincides -- but many of the communities don't -- they
17 look at a deadline as well, that's the day I gotta turn
18 it in, but really the deadline is when did you finish
19 getting the funding, when did you finish getting the
20 plans and the right-of-ways and all of that done.
21 Those guys are gonna go first because that's just the
22 way it is, I mean, when you get to the plate. And some
23 of the communities are not prepared because they
24 haven't budgeted it or done it. And so it's an
25 education effort also to really coordinate, everybody

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1 has got to understand what they have to do in the
2 funding levels. We have gone with -- as trade groups
3 to Washington. We actually got the coordinated border
4 infrastructure plan passed in the previous federal
5 legislation and got them to add components that the
6 governor could add five percent. We also had to go to
7 the State legislature and get the State legislator to
8 give the governor and TXDOT a line item that they could
9 use and call it something 11.
10 MR. GUARDUNO: Line 11b.
11 MR. VALE: Yeah, but those are just parts
12 of anybody who thinks that that's enough to do
13 something when you come to building expensive highways,
14 doesn't understand the process. But it's sometimes we
15 see and communities think, oh, we're going to get this
16 money and this divided up between all the districts and
17 then comes down to one maybe one or two projects can
18 possibly be funded. Last year I think only one in the
19 South Texas -- or district got funded because of the
20 money that it required and it was ready to go. So we
21 really need to do a lot of education of our
22 communities, our own mayors, our own county judges so
23 that they understand that they gotta start squirming
24 it away and match what TXDOT said, I can do this but we
25 need this matching over here. If you want really want
1 to think public -- private/public partnerships, we
gotta educate people how to do that.
3 MR. PABLOS: So the person who will truly
understand this, Mayor Saenz, do you have some
5 comments?
6 MR. SAENZ: Yes, I do have some,
7 Secretary. I'm just curious to see those -- Is it on?
8 Thank you so much, Mr. Secretary. When I was just
9 leafing through this contract here, I saw some of these
10 tasks and it involves a Task 7, Forecasting, and then
11 the economic analysis. My concern is this NAFTA.
12 That's a big assumption here. Are we assuming that
13 NAFTA is going to continue, or is it going to be broken
14 down?
15 MR. PABLOS: Well, let's have a
16 discussion. Let's talk about that, and I think, Gerry,
17 you've been at the forefront of that and, you know, my
18 personal view and belief is that we have to get ready
19 for great things. We have to assume that great things
20 are going to happen. We know that our manufacturing
21 system is so integrated that, you know, it doesn't seem
22 possible, plausible that we would ever break that out,
23 right. And so what we need to focus on is particularly
24 in areas like energy, is that great things are gonna
25 happen, right? Along our land ports, same thing. But
1 that being said, I'll give you the floor, Gerry. Maybe
2 you can, you know, give us your point of view. You're
3 everywhere where anyone needs to be when it comes to
4 NAFTA and so what are your thoughts, Gerry?
5 MR. SCHWEBEL: Well, simply, there's no
6 question that these negotiations have been perhaps the
7 most challenging in recent history and -- but I do
8 concur that at the end of the day, as you were saying,
9 you know, our North America's supply chain is so fully
10 integrated that whatever the way, you know, our future
11 trade relation will be, you know, it's still gonna
12 continue, in my opinion, to grow. Mexico is never
13 gonna go anywhere, or Canada will always be our
14 neighbor. We'll continue to work together and making
15 sure that together we can compete locally. How it's
16 gonna look like, we'll know when we get closer to the
17 magic March date. But at our end, we remain optimistic
18 that a better document, a better agreement will prevail
19 but as a negotiations. It's not a -- It's not gonna be
20 a perfect agreement. Neither was NAFTA. The first
21 agreement was not perfect and sometimes, I guess -- I
22 don't know if it was -- I think it was Bill Clinton
23 saying don't let the search for the perfect solution be
24 the end of a better solution. I think we'll come out
25 with a better solution. How it's gonna look like at
1 the end, it's gonna be -- it will be different. We
2 hope -- we anticipate that it will be positive for all
3 at the end. So I would encourage -- the question is
4 that I think we should continue and not talk it down,
5 not be in a negative field. I mean, there's a lot of
6 pundits out there that would like to see it end just
7 because it sounds like the nice thing to do. I'm not
8 one of those. We'll continue to fight and be part of
9 the process. Texas has a lot at stake, has probably
10 the most at stake. That's why, you know, the
11 leadership of the State, your leadership and the
12 private sector leadership of the State needs to work
13 hand in hand with others in making sure that it does
14 stay in place and we focus our attention, and
15 especially with the opportunities, like you said, such
16 as the energy center that has so much potential.
17 MR. PABLOS: And for purposes of our
18 planning, my recommendation, subject to this body's
19 approval, is to move forward full throttle, assuming
20 that greater things can happen. And as our consultants
21 develop the process or develop the plan and take in
22 input, they can throttle it up or throttle it down, but
23 I think that it would be a mistake to start this with
24 making assumptions of anything less.
25 MS. SCHWEBEL: So the assumption would be
1 NAFTA is going to continue and we'll continue to grow?
2 MR. PABLOS: Well, that would be my
3 recommendation. Go ahead and then we'll have the
4 Ambassador.
5 MR. BAZAN: Luis Bazan, Harbor Bridge
6 Director. One of the things we've been hearing -- and
7 I know Gerry Schwebel was in Monterrey recently for the
8 NASCO Conference, and there's at least three companies
9 out there, consulting firms that help and aid American
10 companies set up production in Mexico. Our
11 understanding is that these companies are waiting in
12 line. They're not stopping at anything to continue
13 with their investments in Mexico. So I think if we're
14 going to leave room for them, like Mayor Pete Saenz was
15 saying, with the economic analysis and the forcasting
16 is looking to those companies and finding out what that
17 economic impact is from these companies that are
18 actually trying to still venture into Mexico instead of
19 productivity over there. So I don't know what the plan
20 is, the plan of action is for these engineers, who
21 they're going to be contacting, but I think that would
22 may be one the approaches to contacting these several
23 consultant firms. There's data out there.
24 MR. PABLOS: And that's where I was
25 referring to with respect to the private sector. But
1 the question on the floor right now is what assumption
2 do we undertake as we move forward with getting the
3 consultant's guidance, and I think that's a question
4 and that -- my recommendation is that the guidance is,
5 you know, full speed ahead. We're assuming growth,
6 we're assuming great things happening. And then as
7 March comes around, next year comes around, we'll still
8 be in the initial stages of the planning anyway, so --
9 But we really -- as we request for your input on this
10 contract, as Tim mentioned, and I think we have a short
11 fuse, right? What is the deadline here?
12 MR. JUAREZ: So our original deadline is
13 December 20th. Essentially gives the Border Trade
14 Advisory Committee two weeks. If you would like to
15 extend that the 31st, that's fine. But the key goal in
16 order to have an executed contract, we have to have a
17 defined scope of work. That's really the key
18 component. So the sooner we get all the input and have
19 us review all the comments, then we can go forward with
20 that.
21 MR. PABLOS: I would recommend that we
22 just keep the 20th as a deadline.
23 MR. JUAREZ: Okay.
24 MR. PABLOS: This is where you would
25 submit your comments and at the beginning of the year,
1 we will compile them and bring those to the table.
2 Ambassador?
3 MS. MENDIVIL: Thank you so much. Just a
4 quick point from the other side of the table. I share
5 the optimism that the Chair has -- Gerry has expressed,
6 but I think that the assumption of the level of
7 integration that we have between the two economies,
8 particularly in Texas, should come from deeper, not
9 rely upon what's happening on that negotiating table.
10 I think that the ties are there, the ties are historic,
11 and you do have the figures, and so that's why whatever
12 steps you need to move on should come from the
13 certainty of the reality of figures that go well beyond
14 and deeper in the deeper layer than what is happening
15 on the negotiating table. I think whatever the outcome
16 is, that's why I talk about in times of uncertainty,
17 the work that you do is very important, because that
18 provides certainty on what is going to happen in this
19 very specific scenario at a local and federal level.
20 MR. CANAVATI: Mr. Secretary, may I say
21 something?
22 MR. PABLOS: Yes, please.
23 MR. CANAVATI: Just to continue on Mr.
24 Bazan's remarks, first of all, we agree with Gerry
25 wholeheartedly, but the investment into Mexico is going
1 to continue with -- through that NAFTA but there won't
2 benefit for Texas. We're more or less over 40 trade
3 agreements worldwide. You'll have U.S. investment
4 there, but for other markets, not our symbiotic
5 integration. That's a risk, and we're going to talk
6 about that in our energy committee in a moment. So
7 it's --
8 MR. VALE: But there will be trade and
9 going forward with the commercial activity --
10 MR. CANAVATI: Absolutely.
11 MR. VALE: -- cannot be unplugged.
12 MR. CANAVATI: That's right.
13 MR. VALE: It is -- When you talk about
14 integration, Mr. Secretary, people gotta understand
15 that it really does mean it is together, it is one
16 piece and you cannot take out a portion of it and have
17 the rest of it survive. The costs may go up and it may
18 become an issue of demand. Those things can happen,
19 but whether it's a trade or not is a question of how
20 much it's going to continue. Retail sales have already
21 shown that they can go down rather rapidly and that
22 it's very much an attitude issue, and when that
23 negative atmosphere is created, the Mexicans will be
24 judicious in the way they handle their activities. I
25 like to tell people that the Mexicans are used to
1 suffering and we're not. They will get behind their
2 national interest and they will support whatever pain
3 they have to have and we will not. We are going to
4 scream bloody murder when things don't go well and jobs
5 start being lost. So all of that, I think, will cause
6 adjustments along the road and we will be successful.
7 Mexico has already demonstrated that they can purchase
8 products a little more expensive than are currently
9 purchased in the United States, but they will survive.
10 It just will be a little more expensive to them.
11 That's what we're facing, is a higher cost of doing
12 business.
13 MR. PABLOS: Well, and here's the one
14 thing. The keystone of our planning, I think, needs to
15 be the long view. It's not the next 4 years, it's not
16 the next 10 years. It's the next 50 years. What are
17 we looking at down the line, right? And so we have to
18 operate with that in mind and whatever we're doing
19 today needs to be, you know, for the long term, right?
20 We may have bumps in the road but at the end of the
21 day, we're so integrated, we're such a strong and
22 powerful region, that we need to think regionally for a
23 long term.
24 MR. CANAVATI: It's called symbiosis.
25 MR. PABLOS: All right. Any
1 other questions? Yes, Caroline?

2 MS. MAYS: I'd like to make a couple of

3 comments on some of the questions that was asked. One,

4 first to Mayor Saenz's questions about the forecast

5 thing. And, Secretary, you're absolutely right. We

6 have to assume, you know, several scenarios, and one of

7 the scenarios in the forecasting would definitely be

8 that NAFTA will be here and the growth is going to

9 continue, but then also we kind of have to take another

10 assumption that what if, the what if, so that we kind

11 of have, you know, a couple of cards on the table so --

12 to help us with this long-term planning. So that's one

13 of the things that we're going to be working with the

14 consultants, and definitely with you-all to help us

15 with making some of these assumptions so we can have

16 alternative scenarios in place because this is a

17 planning document and this will be a long term.

18 Mayor.

19 MR. SAENZ: Along those lines, too, the

20 what if is important but also priorities as to what

21 area --

22 COURT REPORTER: I need a name.

23 MR. JAIME: Pete Saenz, Mayor of Laredo.

24 MR. SAENZ: -- should be funded first and

25 given the integration and the movement and what's best

1 detailed perspective to the task and the sub-task

2 identified in Attachment C. If there's a component

3 such as an aerial planning that Caroline mentioned and

4 Mayor Saenz alluded to, then that's the type of

5 information we would like as well. We're going to be

6 very open into your particular viewpoints and

7 perspectives and we will address them accordingly. So

8 really, it's a very wide open perspective. The 11

9 tasks are just guides for each of the BTAC members but

10 we're not trying to limit any of the members and

11 saying, you know, this is what we want. We're going to

12 be very open at this point in time. And I just want to

13 add, the three components that will be addressed in

14 here is the network transportation system, the port of

15 entry or border crossing, and then its associated

16 support facility. And we should look at it from a

17 policy, program, and project aspect for short, medium,

18 and long-term approach.

19 Yes, Paul.

20 MR. CRISTINA: Hi. I'm Paul Cristina of

21 BNSF. My question is how does this study relate to the

22 strategic transportation blueprints that we talked

23 extensively about in the last meeting and it's gonna be

24 briefed again this afternoon? If we need to hold this

25 discussion until that, that's fine, but I'm just trying

1 for our State and for our nation as well. So set

2 priorities as well.

3 MS. MAYS: Absolutely. And then back to

4 Sam's comments and questions about the funding and, you

5 know, prioritizing projects. Again, border issues are

6 both federal, state, local, so the prioritization

7 process would have to consider federal perspective as

8 they make decisions at the federal level to fund a lot

9 of the border infrastructure as well. So we're going

10 to be looking at that, too. This is not just a state

11 process. The previous Border Master Plan, the federal

12 agents were very involved, the federal process would be

13 placed and certainly this one will be doing the same,

14 integrating that into a final process or our federal

15 partners from both the Mexican side and the U.S. side

16 will be involved at the table. So I just wanted to,

17 you know, at least bring that to the table so all of

18 you can be aware that we're going to be following a lot

19 of what was done in the previous Border Master Plan

20 with some enhancements for this go-around.

21 Mr. PABLOS: Gerry.

22 MR. SCHWEBEL: I'm trying to understand

23 the deadline I'm concerned with of December 20th, what

24 is it that you're expecting to get from us, Tim?

25 MR. JUAREZ: So we would like to have your
25 thanks for inviting the Ports to this event. I think
24 I think
23 Houston.
22 representing Texas Ports Association and the Port of
21 on, and I'd like to start with Roger Guenther
20 some energy, some general discussion on what's going
19 important discussion on seaports and multi-modalism,
18 Texas into Mexico so we're going to have a very
17 important railroads as well that connects directly from
16 ports in our State here with us, and one of the most
15 convenience, but we have two of the most important
14 panelists are in our packet here so review them at your
13 everybody. Again, welcome. We have the files of our
12 so I'm trying to be as efficient as possible.
11 so I'm trying to be as efficient as possible.
10 We're going to try to get everybody out of here early
9 hand it over to Jorge Canavati, who is the moderator.
8 information for different companies. It's Mr. Villa.
7 He lives in (Indiscernible). He have a lot of years
6 living over there and he has a lot of knowledge of
5 different companies, but he can help us to grow the
4 Movement of Energy. So if the panelists -- Is that
3 correct?
2 skip the panel on energy and we'll move into the panel
1 we had scheduled for working lunch, which is Texas

2 John can say this since you're going to hear, we are
1 we are presented by kind of what we're calling other
2 win (phonetic) recommendations, and we'll talk about
3 that a little bit this afternoon, that you-all have
4 been working on and we're at the point where I really
5 need to start moving into implementation so we're going
6 to be asking for champions. Those are things that
7 you-all can do as BTAC moving forward, so that's how
8 the two documents are kind of matched one group of
9 (indiscernible) into the other.
10 MR. PABLOS: Any other comments? We'll
11 take one more.
12 MR. VALLEJO: Hello. Alfonso Vallejo. We
13 have one person here that is an asset to obtaining
14 information for different companies. It's Mr. Villa.
15 He lives in (Indiscernible). He have a lot of years
16 living over there and he has a lot of knowledge of
17 different companies, but he can help us to grow the
18 list.
19 MR. PABLOS: Thank you. We welcome any
20 help. Appreciate it. Any other comments?
21 Thank you, Tim.
22 MR. JUAREZ: Thank you so much.
23 MR. PABLOS: Okay. So at this time, what
24 I'd like to do, given that we're ahead of schedule, is
25 move on to one of the roundtable discussions. We'll

23 important to the national economy. We do different
22 things in different ports. I'll say this once. I'm
21 not going to speak for John, but I think we're in
20 things in different ports. I'll say this once. I'm
20 for us to move goods to and from where they need to go.
19 that is going to continue to need to be (indiscernible)
18 the investments we're making to accommodate the flow,
17 We're worried about our ports. I'm not worried about
16 Authority Advisory Committee and TPA and all of that.
15 We're worried about our ports. I'm not worried about
14 the investments we're making to accommodate the flow,
13 enough. We talk about our ports all the time, but, you
12 into and out of our state. And we can't say that
11 our economy depends on the efficient flow of commerce
10 to the economic viability and growth of our economy in
9 Texas. And whether we're border ports of entry or
8 to economic viability and growth of our economy in
7 But our port, along with all Texas ports, are critical
6 tonnage in the United States and we can't forget that.
5 Both in the top 10 in
4 trying to be humble.
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2 the two most important ports in the State.
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1 by state law in a lot of things that we do. However, 2 people forget we are accountable to our local entities 3 that appoint our governing bodies, our Commissioners, 4 but beyond that, we have nationally significant 5 terminals and businesses, and we are businesses that 6 are significant driver to the economy to the State of 7 Texas, so we have to ensure that we protect assets that 8 we have and allow our economy and economic 9 competitiveness in this to grow. So that’s just an 10 opener, Jorge, and I can talk about more about Houston, 11 quickly if you want to -- 12 MR. CANAVATI: Sure, please. 13 MR. GUENTHER: We’re a big container port. 14 That’s our predominant line of business. We do about 15 two-thirds of the container business in the U.S. Gulf, 16 have been doing that and it continues to grow and that 17 trade continues to grow into and out of Texas, both on 18 the export side, which is very much energy related on 19 the container side, but our import business is growing 20 rapidly as well due to the efficiencies of moving 21 product from, you stated, the Panama Canal. So that 22 business continues to grow. A lot of investment is 23 being made on the export side, mainly plastic resins 24 that is energy related, as well as a lot of 25 distribution centers that are being built in our region

1 and again, has a huge economic impact for our State. 2 We also do break law (Phonetic), energy-related area, 3 import a lot of steel pipe for the exploration and 4 production of energy, as well as project cargo to 5 support a lot of the refinery and development of both 6 import and export around the world. So we’re pretty 7 versatile as far as our Port Houston Authority public 8 facilities and we continue to grow those facilities to 9 accommodate the business. So look forward to talking 10 more, but in some questions later maybe. 11 MR. CANAVATI: Sure, absolutely. So you 12 discussed the challenges of the transportation network 13 and how does that relate to -- You mentioned as well, 14 the Panama Canal widening, deepening with the new super 15 close Panamax vessels and so on. 16 MR. GUENTHER: Well, we are making huge, 17 tremendous investments in our facilities. Ships are 18 getting bigger so we’re having to buy bigger cranes to 19 accommodate those larger sized vessels. We’re 20 making -- we’re expanding our capacity on the container 21 side to stay ahead of that demand. We’ve been working 22 on that because we knew that with the renaissance and 23 the energy sector with the very affordable natural gas, 24 we’ll call it, that customers have been calling us 25 starting four or five years ago saying, hey, you gonna

1 have the capacity to ship all these boxes of plastic 2 resins that are going to be going around the world and 3 we’ve done that. So we’ve created that capacity making 4 those investments, but also -- I won’t get into it 5 here, but it’s a federal obligation problem that you’ll 6 hear when we talk about most ports in Texas, is the 7 word channel and dredging and funding for those things 8 and it’s not a State obligation, but I think the 9 awareness at a State level and the support so that the 10 State understands, you know, on both sides of the port, 11 water side and the land side, we have the take care of 12 in order not to cause any interference with the 13 freewill of commerce through our ports. So we spend a 14 lot of time, again, on State side. The needs are -- I 15 use the example, you know, we don’t want congestion. 16 There are congestion in a lot of container ports around 17 the world. We have about 2.4 million TEU’s now. This 18 year we’ll do just a bit more than that. And we 19 crossed the 2 million TEU threshold only 2 years ago. 20 So tremendous growth that we’re seeing. We have the 21 capacity to develop our terminals to handle 5 or 6 22 million TEU’s a year, 20-foot equivalent units. And I 23 just ask the question. Someone talked earlier about 24 planning ahead. We have to look at -- we have to have 25 a 20/40 plan. We have a 20/40 plan with our Port.

1 What is the Port gonna look like as far as our needs 25 years out? But I pose the question to ourselves all 3 the time. What is transportation network on land side 4 need to look like? I’m not just talking about roads. 5 I’m talking about intermodal opportunities, barge 6 opportunities, because we can build it to handle 5 or 6 7 million TEU’s. What if we had that today? Do we have 8 transportation network to support that, either on the 9 land side or the water side? 10 MR. CANAVATI: And it’s very important. 11 MR. GUENTHER: And the environmental. 12 There’s a lot of things we think about, that we worry 13 more and talk about a lot more about just what the 14 developments we’re making in our ports. 15 MR. CANAVATI: We appreciate it, Roger. 16 Once we finish our initial presentations, of course, we 17 are open to questions and answers, ladies and 18 gentlemen. 19 John LaRue -- He is my boss, by the way, 20 in a way. 21 MR. LaRUE: Nobody is Jorge’s boss. I 22 think we all know that. 23 MR. CANAVATI: Except Daisy. The Port of 24 Corpus has received unprecended domestic and foreign 25 direct investment in recent years, which is very
1 impressive. Can you speak to that, John, tell us
2 what's going on with the Port and why has investors,
3 organizations, manufacturing energy, looked at Corpus
4 this way?
5  MR. LaRUE: Thanks, Jorge. There are
6 several factors. One obviously is the Port and the
7 channel. That is a key part of why we've had so much
8 success with some of the foreign direct investment and
9 most recently with domestic. The channel is the key to
10 that and we're working on a project right now. In
11 fact, it's our top priority to deepen and widen from 47
12 feet to 50, 54 feet. And we've had the approvals for
13 that and to be honest, it's just more of what we've all
14 seen day to day in Washington with delays. And Roger
15 can talk about that. Every Texas port could talk about
16 those delays. He mentioned dredging and the issues
17 that we had with that, and to be honest, Texas as a
18 State, gets short-changed in Washington on dredging.
19 If you go from the Sabine River all the way down to
20 Brownsville, almost every major Texas port has a
21 dredging project and we have a very difficult time as a
22 group getting the funding. The last round the funding
23 went to Ports Jacksonville, Tampa, Charleston, Savannah
24 and Boston. One port -- not just in Texas -- one port
25 in the Gulf that got any money. And when you want to

1 look at, as Jorge was saying, where is the payback for
2 the United States, not just for Texas but the United
3 States, it's in ports that are going to export. It's
4 not just in bringing in products from overseas. It's
5 exporting products from the United States where we're
6 creating jobs here. And all the ports in Texas are
7 economic export drivers and we are having a very
8 difficult time in getting that dredging. We've been
9 successful up to this point but we're now reaching the
10 point where we need that deeper water to get more
11 projects. But we've been able to bring in companies
12 like Voestalpine, which is an Austrian steelmaker.
13 They're bringing in iron ore from Brazil and from
14 Canada. They manufacture it into a -- it looks like a
15 charcoal briquet but it's 90 percent pure iron, and
16 they're shipping that back to Europe and they are the
17 principal supplier for the European oil industry. So
18 if you have a European car, part of that car probably
19 started here in Corpus Christi, believe it or not, with
20 the basic products. And just to show with what you're
21 doing with border trade, they're shipping products they
22 found in market in Mexico, which they didn't
23 necessarily expect or maintain here, but AHMSA, which
24 is major steelmaker in Mexico, is buying about 400,000
25 tons of their product. They move some of it by rail to

1 Altamira, export by ship to Altamira and then rail into
2 Monterrey. But they're also moving product through the
3 port by rail to Laredo, to Mexico. So significant
4 impact with that. We've had a Chinese pipe company
5 that came here. And one of the reasons besides the
6 ship channel is something we all know because we've all
7 lived here in this area here with energy, and it's not
8 just crude. We in the Port spend a lot of time talking
9 about crude and the export of crude, but natural gas is
10 the driver for a lot of this, and Roger mentioned, the
11 plastics industry, which is having a renaissance in
12 Texas with the supply of natural gas. We've just
13 announced recently in the last six months Exxon SABIC,
14 which everybody knows Exxon, but SABIC is Saudia
15 Arabian Basic Industries, a joint venture building a 10
16 billion dollar plant to create some of those plastic
17 compounds that Roger was talking about. And, again,
18 they're going to ship that by rail and they're going to
19 move it out in the Port of Houston, a good part of it.
20 Actually, Roger and I have talked about one of the
21 things that State ought to be looking at when we give
22 incentives to companies to come into the State, nothing
23 is a guarantee but there ought to be something where
24 they really look at use in Texas ports and take that
25 and we give them an incentive in some fashion and they

1 move it offsight to either the east coast or the west
2 coast when they could use the Texas ports for some of
3 that. I think that's something maybe we want to talk
4 about, Texas ports in our next legislative agenda, to
5 look at. Again, I'm not talking about guarantee.
6 We're not talking about quota, but something to give
7 Texas ports a fair look when they're handling products
8 to keep some of these jobs that we're putting our money
9 into right here in Texas.
10  MR. CANAVATI: Thank you, John. We know
11 that the Port of Corpus Christi is -- I was gonna use
12 the term is going to be, but is and will increase this
13 in the very short term, one of the principal suppliers
14 of fuels into Mexico industry and infrastructure, and
15 it's very important. Today there is a relationship
16 with Tuxpan, the Port of Tuxpan, Tamira, Vera Cruz,
17 Juan Sacuatos (phonetic) and not only is it where we're
18 doing things ocean, but also through pipeline and rail
19 from Corpus, so the positioning is incredible and
20 there's a NAFTA project that you and I like to talk
21 about often that I would love for you to mention.
22  MR. LaRUE: Sure. There's a pipeline
23 being built from Agua Dulce, Texas, which is about 30
24 miles west of here close to Alice that's going through
25 Texas, down to Brownsville, then out into the Gulf of
1 Mexico and down to the Port of Tuxpan, and then back
2 into Mexico and distributed out throughout the
3 industrial center through Mexico. And that is -- if
4 you want to talk about NAFTA projects, this is a
5 Canadian company building this. So they're building
6 it, they're taking Texas gas, spending about 2 billion
7 dollars on this project, running it across Texas to
8 Brownsville out into the Gulf and delivering gas into
9 Mexico. So, Gerry, that might be the poster child for
10 some of your talk of what does NAFTA do for us. Well,
11 there it is right there with that project. It's a
12 tremendous project.

13 Jorge mentioned gasoline and fuels. We're
14 just developing a product right now with a Texas
15 company, Howard Energy, to build a rail -- fuel-to-rail
16 project where they're going to load railcars in the
17 Port of Corpus Christi and ship them to Mexico. Mainly
18 diesel, but also gasoline. There's a shortage of those
19 products in Mexico. So we're developing that project
20 right now with Howard Energy. I think you'll see more
21 of that. Howard Energy and NuStar, another company,
22 another Texas company -- NUSTAR is developing pipelines
23 to also handle that. And I think when you talk about
24 multi-modal, I expand it beyond just the movement of
25 goods as we're talking about normally by rail, by

1 water, by truck. Pipeline is one of the ways Texas
2 moves tremendous amounts of products. It's very safe,
3 very efficient, and it does end up somewhere else. It
4 ends up in the rails, it ends up in the trucks, and as
5 we've seen, it ends up on ships.

6 MR. CANAVATI: Absolutely. The Port of
7 Tuxpan is developing -- and first of all, let me
8 explain. We had invited the Mexico ports to this
9 meeting but their fiscal year ran. It was a little bit
10 complicated. Perhaps later we can have a special
11 meeting so they can give you in detail the impressive
12 development of infrastructure because of the energy
13 reform there at Terra. Tuxpan itself is going to be a
14 major supplier of jet fuel, much coming from the Port
15 of Corpus Christi into the new Mexico City Airport.
16 This much has to do with the new super highway that
17 connects Tuxpan to Mexico City now, a three and a half
18 hour trip, believe it or not. And so, again, Mexico’s
19 infrastructure is connected to what's happening here.

20 Another NAFTA project is that there are
21 various San Antonio energy corporations that have their
22 infrastructure in Corpus that are supplying the natural
23 gas to Monterrey industry, which as we like to say
24 mention, they manufacture the products to bring back
25 into the United States. So this is part of all this

1 connection that Gerry and Sam have been talking about
2 and it's a symbiotic relationship. And, John, with
3 this, I appreciate your insight on this, which is very,
4 very important what the Port is doing now, and David
5 Eaton from the Kansas City Railroad to Mexico on the
6 rail side has an incredible story to tell at various
7 levels of the projects.

8 MR. EATON: Thank you. Imagine 65,000
9 barrels of gasoline and diesel in one train. We -- in
10 2016, we did not move one single unit train of gasoline
11 or diesel from Texas into Mexico. This 2017, we'll
12 move about 85 trains, and in 2018, we are anticipating
13 200 full trains. And this is a Texas-Mexico story. I
14 prepared one slide that's in your materials here. And
15 Kansas City Southern is proudly a Texas railroad. We
16 own the Texas-Mexican. Our border representative, Art
17 Domínguez, is here and we appreciate everything you do
18 for the company, Art, and there are some very exciting
19 things on process improvements that are happening on
20 the rail side that are not necessarily the focus of
21 today's presentation, but Mexico needs fuel. The
22 Mexican refineries are deficient. Demand increases in
23 Mexico. In 2013, constitutional changes made a lot of
24 things possible in the energy space in Mexico,
25 specifically in the mid-stream area. Today you can
1 of next year, we anticipate 14 to 15 unit trains a
2 month of gasoline and diesel from the Howard terminal
3 in Corpus Christi to a couple of different destinations
4 in Mexico. So the volumes are really exciting. Safety
5 is primarily the focus. You've gotta have good rail,
6 but you've gotta have good cooperation with all the
7 authorities along the route, the emergency response
8 protocols, solid planning for re-placing and
9 responding to emergencies. So this is an exciting
10 opportunity for Texas. The origin of this product is
11 going to be without a doubt from the Houston area
12 complex, Corpus area and we stand to be a key vendor in
13 moving the product from origin to destination. We are
14 investing in large terminals at origin at destination.
15 I know that BN and UP are doing the same.
16 One final comment I would also make on
17 energy is the plastics focus that all the other
18 panelists have talked about. BN and UP have some great
19 opportunities to load. You take that hopper out of
20 Formosa or Point Comfort or wherever all these exciting
21 crackers are developing around the Gulf area and you
22 move that product looking for containers. There is so
23 much plastics that's going to be developed that you
24 can't consume all that plastic in the U.S. so they're
25 all looking for export markets and you need containers

1 for export markets. So you see the BN partnering, I
2 think you partners call the Frontier Logistics in the
3 Dallas area. UP has partnered with KTM, and basically
4 the business model is you take that hopper of plastics,
5 load it at the cracker at the facility; Dow, Formosa,
6 Exxon, et cetera, and you move the hopper over to
7 Dallas where there is a fair, abundant supply of
8 containers, maritime containers, and you transload from
9 the hopper to the maritime container in Dallas and you
10 go out to Portabella and Long Beach.
11 If you look at our map here, we have a
12 similar product offering at the Port of Lazaro
13 Cardenas. Today there is an aggressive move of
14 maritime containers from the Port of Lazaro Cardenas
15 when we move up to the Mexico city, about 30 million
16 people in that valley consuming all types of Asian
17 product. And so 98 percent of our containers are
18 moving back from Mexico City to the Port of Lazaro
19 Cardenas. And with an Indiana based company called
20 Wolfmatic, we are building a facility in Mexico City to
21 do exactly what BN and UP are doing in the Dallas area,
22 and that is to bring that hopper down from the Texas
23 Gulf to Mexico city where you transload from a hopper
24 to a maritime container and take advantage of that flow
25 of maritime containers going back.

1 My boss always says just give us 3
2 percent. That's all we're looking for. We know that
3 Exxon is going to dominate in Houston. A lot of the
4 other ports are going to be benefitting from this resin
5 boom, but if we can get 2 or 3 percent of that traffic
6 going out Lazaro Cardenas on the BCS, we think that
7 that's a very good book of business. So we're excited
8 and thankful for being here.
9 MR. CANAVATI: It's our privilege, but
10 Lazaro Cardenas International, I mean, you've crossed
11 the border. We started with a project with H.E.B.,
12 right?
13 MR. EATON: Right. LA to Houston, Lazaro
14 to Houston, Lazaro Cardenas to Houston is 400 miles
15 shorter than Los Angeles on to Houston. And so we have
16 a project that we can't get all the steamship lines on
17 board quite yet, but the geography works with us and
18 the congestion I think works with us. Our
19 international service offering between Port of Lazaro
20 Cardenas and the Houston area, we have a large
21 intermodal terminal in Kendleton and we have some
22 traffic today coming from the Port of Lazaro Cardenas
23 to the Houston area.
24 MR. CANAVATI: That's excellent. You
25 also -- Well, Mexico is still challenged in developing

1 the pipeline infrastructure. We know it's aggressively
2 developing. In the meantime, I know the Kansas City
3 acts as a connector between pipelines and Mexico.
4 MR. EATON: If you look at this map that's
5 up on the screen here today, there's a couple of gaps
6 in the pipeline. The Sierra Madre Mountains are
7 dominant and between Monterrey and San Luis Potosi,
8 there are no pipelines for refined products and
9 there likely won't be. Between Tampico and San Luis
10 Potosi, there are no pipelines because of the Huasteca
11 Potosina and there won't be. And if you look down
12 towards Lazaro Cardenas, from Lazaro Cardenas up to
13 (indiscernible), there are no pipelines and there
14 likely will not be due to the geography, and so our
15 railroad bridges the gaps and the pipeline network.
16 Some even if some of the pipelines get built that are
17 under discussions, the Howard from Corpus Christi to
18 Monterrey or the three projects that are on the table
19 from Tuxpan to Tula, we think that those gaps are still
20 going to be a good opportunity and that's why we've
21 invested so much money in the terminals in Monterrey
22 and San Luis Potosi to handle those refined products
23 trends.
24 MR. CANAVATI: Thank you very much, David.
25 Questions and answers, ladies and gentlemen? The floor
1 and American custom services are working side by side
2 in the -- on the U.S. side examining cargo so there is
3 one examination by two different governments and each
4 maintains its sovereign rights to prosecute violaters
5 of the law. So things are going to change. So
6 probably to be very beneficial to the Port of
7 Brownsville when they get into the -- into the ballgame
8 on the issue of customs -- Mexican customs being on the
9 U.S. side. And the philosophy that we're all working
10 from in the trade community is like one border, one
11 port, which means we can figure ways to examine the
12 goods and services on either side of the border that
13 will ultimately be the examination at one stop. It
14 doubles your infrastructure usage, it gives you a lot
15 more personnel. There's a lot of good reasons why we
16 should do this versus the historical, and it's working
17 very well. It's piloted in Nogales, Arizona, Mariposa.
18 Now they're going both ways to unified cargo
19 processing. This is not the guys that are in the fast
20 and secure trade category or the CT Pact that
21 (indiscernible) risk. Customers are given background
22 information and the facilities are checked. This is
23 normal commerce that's doing this and it really is a
24 huge, huge time of saving. You're going from three
25 hours worth of stuff at the ports of entry down to less
1 than an hour. And that's not for the special guys.
2 That's for anybody. And so these processes are going
3 to change the dynamic where you will be able to have
4 the services you need at the Port of Brownsville and
5 will diminish the Port of Matamoros, because you're
6 right. If you've ever tried to go there on the
7 four-wheeler, you can do it. You gotta go through
8 water and mush and it's kind of like being down in the
9 bayous of Louisiana.
10 MR. CANAVATI: Thank you. Mayor Pete --
11 MR. SAENZ: Yes, sir.
12 MR. CANAVATI: -- you have Aguanas at the
13 Laredo Airport pre-clearing automotive parts very
14 successfully, I hear.
15 MR. SAENZ: Well, we use the railroad. As
16 a matter of fact, I think Laredo now is the only port
17 that has dual customs agents, Aguanas, and we're
18 typically at the airport. We also have the World Trade
19 Bridge on the U.S. side, and also on the rail line, the
20 KCS and things like that. The KCS -- Eagle Pass --
21 That's pre-clearance. Well, not pre-clearance but it's
22 just dual inspection then. So that's that. And, of
23 course, it's time efficiency and logistics will help in
24 all of that gray area. We're also basically stating
25 that all of these auto -- the truck inspection deals
1 is open.
2 No? I can't believe this.
3 Yes, please.
4 MR. VALLEJO: Yes. Alfonso Vallejo. I
5 have a question about Brownsville area. I know that
6 Mexico PEMEX put a port in Matamoros so that way, they
7 will remove the oil, crude oil from Guatewal,
8 (phonetic) and they are building rail and also the
9 roads. Do you know what is the status?
10 MR. EATON: I'm gonna go back to Sam's
11 comments about great plans and great Powerpoint
12 presentations. Our personal opinion is that there will
13 be no port in Matamoros.
14 MR. VALLEJO: It's already existing.
15 MR. EATON: Well, there's no -- I mean,
16 there will be no rail connection to that port, I can
17 guarantee you that. It's 50 miles of impossible
18 territory. You have such great ports in Brownsville
19 and in Corpus and Altamira, Tampico. We just don't see
20 the business case for a significant development of Port
21 of Matamoros.
22 MR. CANAVATI: The thing is it's a supply
23 domestic terminal for the PEMEX offshore rigs. There's
24 been a lot of talk from the State of Tamaulipas to have
25 why nots and blah, blah, blah, but we told them the
1 can also being incorporated into the CT Pact. In other words, we don't want those trucks stopping multiple 2 times. We want them moving so we're trying to build a 3 one-stop shop deal and just move on.

5 MR. CANAVATI: Excellent, excellent.
6 MR. JAIME: Hey, Jorge, Ivan Jaime with 7 Union Pacific. I just wanted to see if you wanted 8 to mention the International Crews Project. The 9 co-location there at KCS, which Mayor Pete Saenz of 10 Laredo alluded to already, is eventually going to 11 spread out throughout the border which I think is going 12 to have a really positive effect on cross border rail 13 lines.

14 15 truck, the rail -- the train stops in the middle of the 16 bridge to change the crew, International Crews is an 17 effort that has been underway between Union Pacific and 18 Kansas City Southern for many years and I think we're 19 very, very close, right, Ivan, hopefully. And 20 essentially you've got three different rail yards: The 21 UP, KCSR on the U.S. side and the KCSR on the Mexican 22 side, each rail yard about 12 or 15 miles inland. And 23 the idea is that you would have a select group of fast 24 rail crew members that would go each from each inland 25 yard to the other inland yard, not stopping at the

Page 74 1 to 10 miles inside the U.S. and it would be a bilingual 2 specifically trained train crew that means that 3 dispatch would all occur separately. It's basically 4 pre-screening a select group of rail crew.

5 MR. CANAVATI: Excuse me. Mayor Pete and 6 then you're next.

7 MR. SAENZ: My understanding here is that 8 TBP is telling us within the next five years we'll have 9 more high tech scanning machines and extra machines so 10 the train will just blow quicker, faster to the bridge 11 and for us to be a situation to have a train traverse 12 the inter-city, there is -- we'll be having more trains 13 probably moving quicker. The frequency is going to 14 increase but that's something that you-all -- we need 15 to work with you-all and build overpasses and, of 16 course, with TXDOT as well.

17 UNIDENTIFIED SPEAKER: (No microphone) 18 (Indiscernible) for the record. I do want to clarify, 19 Mr. Secretary, that the idea of being International 20 Crews in the pictures is taking up a security 21 efficiency. I in no way -- 22 COURT REPORTER: I need a microphone -- I 23 can't hear him.

24 MR. CANAVATI: Can you speak more into the 25 microphone, please.

Page 75 1 UNIDENTIFIED SPEAKER: How's this?

2 Better? I do want to clarify that it's not -- the 3 international crews is not an idea to get rid of jobs 4 in the U.S. It is just matter of bringing trains into 5 the rail yards. Instead of delivering the trains to 6 the crews to the bridge, the trains will be delivered 7 to the crews at the rail yards. Similar to airplane 8 pilots coming into the U.S., Mexican pilots, foreign 9 pilots. So that's not the idea. They will be -- As a 10 matter of fact, we'll be increasing jobs on the Mexican 11 side so it will be good all around.

12 MR. CANAVATI: Any other questions, ladies 13 and gentlemen? Thank you very much and applause, 14 please, for our wonderful panel. Thank you.

15 MR. PABLOS: Thank you, Gentlemen. What 16 we'll do at this time is we'll take a 15-minute break 17 so we'll re-convene at 11:10 and we'll move into the 18 next panel, Energy and Manufacturing Investment in the 19 Corpus Christi Economy. Thank you.

20 (SHORT BREAK.)

21 MR. PABLOS: So as I promised, I'm going 22 to try to get us out of here early. We are going to 23 start with our next panel. So here's what I propose: 24 We'll start with our next panel, which is our Energy 25 and Manufacturing Investment in the Corpus Christi
1 Economy. Right now, it's 11:15. We will go through 2 12:15 with this panel, then we'll start lunch. We'll 3 have the next panel, which will be our Mexico 4 Challenges panel. That should take us through 1:00, 5 1:15. Then we'll quickly go through our Strategic 6 Transportation Blueprint with hopes of being out of 7 here by 2 o'clock. So if there's no objection to 8 getting out of here early, then I propose we move in 9 that direction. So at this time, what I'd like to do 10 is I'd like to hand it over to our panel and to our 11 moderator, Tommy Kurtz.

12 MR. KURTZ: Thank you, Mr. Secretary, and 13 members of the Board Trade Advisory Committee. I'm 14 Tommy Kurtz. I'm Vice President of the Corpus Christi 15 Regional Economic Development Corporation. We're the 16 regional economic development group for the three 17 county, Corpus Christi MSA, which covers roughly 18 population 450,000 people. We've been asked today 19 to -- Jorge reached out a few weeks ago to ask about 20 basically having a panel to talk about the growth in 21 our region in the past but also looking forward. So 22 even though Jorge asked, I still complied, anyway.

23 We've worked with Jorge for about two years since I've 24 been here in Corpus so great privilege to work with 25 him.

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1 right now. And that doesn't mean we'll get all of 2 that. It just means that we're working multiple 3 projects from companies from actually all over the 4 globe that are looking at Corpus Christi and 5 basically -- especially last decade, (Indiscernible) 6 with the growth in opposition and with our world class 7 port. Today, we thought it would be good to have both 8 a private sector, Buckeye, major district terminal here 9 in the Corpus Christi area, to speak, Kevin Burke. And 10 then we have the chairman of the Port, Charles Zahn, 11 who has been here long Corpus Christian area leader for 12 many years. As I joke, I'm not worthy to carry his 13 flip flops. You know, Charlie, he wears flip flops a 14 lot and definitely takes advantage of the areas of the 15 quality of life and living in Port Aransas.

16 So, anyway with that, Kevin, why don't you 17 introduce yourself and talk about Buckeye's operations 18 here and then we'll have Charlie introduce himself and 19 then talk about why Corpus Christi.

20 MR. BURKE: All right. My name is Kevin 21 Burke. I'm the Senior Director for Buckeye Operations 22 here in Corpus Christi. What we have here in the 23 Corpus area, we have a crude oil gathering system that 24 pulls crude out of the Eagleford Basin via pipeline.

25 We'll bring it down to our processing facility here in
1 several crew pipelines tie in to our facility and then
2 into our marine terminals. We then, via pipeline, we
3 ship it through our facility and load those vessels.
4 We load anywhere between 800 and 900 vessels a year so
5 we are an extremely busy terminal. We can load
6 anything from barges to what we call Aframax, and
7 hopefully in the near future with the deepening of the
8 port, we’re in hopes of loading what they call Suez
9 Max, which will allow us to ship upwards of three
10 quarters of a million barrels of crude on any given
11 ship. There’s about 150 employees here in the Corpus
12 area that work for Buckeye and, again, that’s probably
13 the highlights of it.
14       MR. KURTZ: Maybe comment on the --
15 especially with the expansion of the channel, how that
16 will impact Buckeye, how important that is.
17       MR. BURKE: Okay. So a couple of things:
18 The deepening of the channel. What that allows us to
19 do is I referred to two types of vessels: Aframax and
20 Suez Max is what they call them. The Aframax, we can
21 load about 550 to 650,000 barrels of crude on those
22 vessels. If we have the deeper port, what that allows
23 us to do is it allows us to bring in larger ships and
24 what we can do is we can ship upwards of 750, 800,000.
25 I think there’s even vessels out there with the right
1 design that we could load upwards of 850,000 barrels of
2 crude on those. What that allows, it’s an economy of
3 scale for the customer. The cost of shipping goes down
4 substantially if you can load it on the larger ships.
5 The other piece that I failed to mention
6 is one thing that Buckeye is looking at, is we’re
7 looking at a pipeline out at the Permian Basin up in
8 the Midland area. So with the pipeline, what that
9 allows us to do, it allows us to bring more crude down.
10 Obviously want to get crude through as quickly as we
11 can. So the deeper water allows the larger ships, it
12 allows us to ship more crude, load more crude in a
13 quicker timeframe.
14       MR. KURTZ: I’m going to turn it over to
15 Charlie. I guess Charlie will maybe take us back on
16 how we got here with the growth up until now, and as I
17 talked about earlier, we travel together obviously on
18 various projects looking at the area for the EDC. Tell
19 us then how is the port prepared long-term in regards
20 to preparing for the future growth.
21       MR. ZAHN: Okay. My name is Charlie Zahn.
22 I have the pleasure of serving as Chairman of the Port
23 of Corpus Christi Commission. I’m -- in my real job,
24 I’m a water lawyer and I have followed what Tommy and
25 the UUC have done here in the last six years that I’ve
1 been on the Commission and looked at what the iron
2 industry partners are looking for in order to be
3 successful. The Port of Corpus Christi is a 91-year
4 old entity. It’s an entity that’s supported by fees
5 from customers rather than taxes and I like to say if
6 my industry partner is successful, then the Port of
7 Corpus Christi is successful. So in our long-term
8 planning with the Port of Corpus Christi, we try to
9 look at the needs of our industry partners and see what
10 we can do from a Commission standpoint, from a Port
11 standpoint to provide the infrastructure so that our
12 partners can continue to be successful. In doing
13 that, we also meet with the representatives from the
14 Economic Development Corporation to see what else we
15 might be able to do with the Port of Corpus Christi in
16 order to help facilitate bringing new industry into the
17 area. I can tell you in the travels that we’ve had --
18 I know Ian and I have travelled a lot, Tommy and I have
19 travelled a lot. Of course my Executive Director, John
20 LaRue and I have traveled a whole lot. And I want to
21 just tell you a little bit about attitude. I think
22 we’re all very fortunate, Mr. Secretary, that we live
23 in the State of Texas. As we travel around the world,
24 there’s something that seems to resonate throughout the
25 world when they talk about Texas. Number one, Texas of
1 long channel that Mr. Burke was referencing a minute ago from the Gulf of Mexico into the Port of Corpus Christi. It's 45 foot deep, 400 foot wide. The number one project of the Port of Corpus Christi is to deepen and widen that project to make it advantageous to those who do business with the Port of Corpus Christi.

2 We're looking to go up to 54 foot depth and going from 400 to 520 foot of width, and the reason for that is two-fold: Number one is safety. It gives us a safer channel at the Port of Corpus Christi, and Number two, as Mr. Burke says, it provides a tremendous business advantage to our industry partners as they deal with the Port of Corpus Christi and they move their product throughout commerce and the world. The other is is that we have -- I was listenting to our friends from KCS -- we've got a rail yard that we've committed to move, 17 significant dollars to in the last several years where we now have the ability to -- we have three Class 1 railroads working the Port of Corpus Christi and we've just completed eight unit train tracks in the Port of Corpus Christi to give us the ability and our partners the ability to move their products throughout the United States by rail and even into Mexico and Canada.

3 And last, but certainly not least, we've got connectivity to the interstate highway system here in the United States which, again, gives our industry partners the ability to move their products from Canada to Mexico.

4 The other project that we've got under construction right now which plays a big part of that is one example of that with the steel plant that we have from Bend are interested in two things in that regard: One is that it's reliable, and two it's inexpensive. And I use an example of that with the steel plant that we have from 15 Austria, Voestalpine. They looked at us when we were talking over in -- when Mr. LaRue and I were over in 17 Austria talking to the chairman and he used those two 18 terms. He said where I am, he says, I've got a source of gas that Mr. Putin could turn off tomorrow morning.

5 And I pay $12 in mcf for that gas today and we're paying less than 3 in Texas today so that was an integral part of the decision-making process that 20 and 21 bought that one billion dollar facility to the Port of Corpus Christi. The other is I have --

6 MR. BURKE: Can I jump in real quick? Let me dovetail on that, if you don't mind. Industry 2 manufacturing or mining industries, I've been in both 3 refining and petrochemical industry. The energy costs of the energy, that is probably the number one 4 portion of your op.ex. that you spend every year, depending on the industry, runs anywhere from 25 up to 6 45 percent of your operating expenses. So when you're 7 talking about the reliability of the energy and the cost of the energy, that is probably the number one 8 thing that the manufacturers are looking at just for 9 the sheer reason that is the largest portion of your 10 operating expenses on any given year. So it is key to 11 any decision that's to be made. Thank you.

12 MR. ZAHN: I agree with that, and our 13 dealings with industry have proven that time and time 14 again. The last piece of that puzzle that we're 15 interested in from the Port of Corpus Christi and 16 working to the Economic Development Corporations is of 17 course, workforce. We're fortunate in Corpus Christi 18 to have two fine universities in Texas A & M 19 Corpus Christi and Del Mar College. When we go and 20 visit with an industry, we try to determine what their 21 workforce needs are and 22 workforce needs are and 23 Chrishi are extremely rival and sitting down with these 24 folks, seeing what their workforce needs are and 25 developing curriculum within their university programs.
1 to help provide that workforce. And I think that, you know, that's a message that we all need to take to heart when we see the presidents of boards of these universities, thank them because I don't think we could bring some of the industries in here if we didn't have the ability to provide that workforce for them.

7 The effect of the investment that the Port of Corpus Christi is making, we've got a 10-year -- a 10 billion dollar investment that we're making to provide the infrastructure for the industry that's coming into the Port of Corpus Christi. Our industry partners today have in excess of 50 billion dollars in investment that they're making either in new facilities or upgrading existing facilities to take advantage of the energy source that we've got coming from west Texas. I'll tell you six years ago when I was on the Commission, we had 40,000 direct/indirect jobs associated with the Port of Corpus Christi. Today, six years later, we've got over 90,000 jobs that are associated directly and indirectly with the Port of Corpus Christi. I will tell you that we provide through our industry partners over 300 million dollars a year in taxes to the taxing entities in the Coastal Bend. So the investments that we have made in the Port of Corpus Christi and the investments that our industry partners have made are an integral part of the economy of Corpus Christi and the investments that our industry associated directly and indirectly with the Port of Corpus Christi that on an annual basis, we go visit with each one of our industry partners and their corporate headquarters to get a feel of -- and let them know what's happening. Number 1, and Number 2, I will tell you that we provide the infrastructure for the industry that's obviously are the ones that are gonna benefit and gonna sustain over the long run. The markets of the future -- what you're seeing in like in the crude market right now, there is a discount of WTI, which is coming out of the Permian Basin, versus North Seas Brent Crude. So what you're seeing right now is you're seeing the WTI displacing Brent crude because of that discount. They can buy it cheaper. Where Brent Crude has gone in the past, it has typically gone to the east coast, the northeast up in the New York Harbor area. They've always processed a lot of Brent crude. It also goes into the European market. So I think a lot of what you're seeing from a crude standpoint with what's coming out of the Permian and the Eagleford is going to displace a lot of that. NGL's: A lot of NGL's, LPG's what we see is a lot of that ends up and it's gonna go down to to Latin America. Central and South America is where a lot of those markets are. They use it for heating down there and they also use a lot of it for power generation, so I think that's where you're gonna see a lot of those markets.

8 MR. ZAHN: Now, I agree with Ken in that we've had announced to the Port about eight new pipelines from Permian Basin into Corpus, and I think we will probably see a gas pipeline and an oil pipeline come in through the Port of Corpus Christi. You might see also tied into with the pipelines that have been announced into Mexico, do you think all of those projects will happen, or can you handicap that?

9 MR. BURKE: If I could handicap that one, I'd be getting paid a lot more than what I get paid right now, but I'll tell you what. Do I see all of 10 that happening? No, I don't. I don't truly see all of 11 them happening. It will be -- the first ones to market 12 obviously are the ones that are gonna benefit and 13 gonna sustain over the long run. The markets of the 14 future -- what you're seeing right now is you're 15 seeing the WTI displacing Brent crude because of that 16 discount. They can buy it cheaper. Where Brent Crude 17 has gone in the past, it has typically gone to the east 18 coast, the northeast up in the New York Harbor area. 19 They've always processed a lot of Brent crude. It also 20 goes into the European market. So I think a lot of 21 what you're seeing from a crude standpoint with what's 22 coming out of the Permian and the Eagleford is going to
1 -- the new markets are kind of what you said: NGL, LPG 2 going into South America. We do see, in conversations 3 with some of our industry partners, that also going 4 into Asia as a result of the opening of the Panama 5 Canal. We see a lot of our manufacturing. Our number 6 one trade partner is Mexico, foreign trade partner is 7 Mexico, and we're seeing a lot of the manufactured 8 products. For example, the hot iron briquets from 9 Voestalpine rather than going strictly to Europe, a 10 portion of that is going into Mexico and I think that 11 is a market that's going be a continuing market for our 12 manufacturing businesses in the Port of Corpus Christi. 13 I wanted to mention one other thing. 14 We're talking about the significance of deepening and 15 widening our ship channel, but we were talking to one 16 of our industry partners that's involved in the LPG 17 business and if they were able to get a VLCC into their 18 facility, a very large crew carrier into their 19 facility, the savings and the amount of product that 20 they can put on that vessel rather than the vessel that 21 they've got today, it's a million and a half dollars' 22 investment. So that project has a significant economic 23 impact on the industries that we've got coming into the 24 Coastal Bend.

MR. KURTZ: And to add to that a lot of

1 projects that we're currently working on, looking at 2 the Board, and they're very receptive and we talked
3 about that, they want a global market out of Corpus,
4 but they also want to service Mexico and Latin America,
5 so that's why it ties in with what Charlie had said.
6 Let me ask this also, Ken. So the Corpus 7 Christi facility, how does it compare to your other oil
8 and gas facilities? I guess the pros and cons in
9 regards to -- and then I guess to dovetail on that,
10 what are some things that I guess from a local,
11 regional, and even a state perspective, things that
12 could help Buckeye grow?

MR. BURKE: Okay. So the facility that we
13 have here in Corpus, for Buckeye, this is one-of-a-kind
14 facility that we have here in Corpus. As a matter of
15 fact, in the industry, there are not too many
16 facilities where you have refining, an LPG hub,
17 internal operations all rolled into one. So from a
18 Buckeye perspective, this is kind of a one-of-a-kind
19 facility that we have. We do have marine terminals
20 throughout the U.S., throughout the Caribbean that
21 compare. There is only one larger marine facility
22 within Buckeye, but we actually move more product, more
23 ships, and have more crew foot on our facility here
24 with about half of the storage. So we turn our tanks

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1 over about twice as often as they do. So it is by far
2 one of the most efficient terminals that Buckeye has.
3 As far as your -- the second part of your
4 question, what could it help Buckeye out? Obviously,
5 we already talked about the deepening and the widening.
6 The other thing is when we started up Buckeye here in
7 Texas, I think the number of employees that we had was
8 about 85. As I mentioned a number of 150 earlier, so
9 obviously an employee workforce, a skilled workforce is
10 critical to us. One of those things that we're seeing
11 is Del Mar College has a program designed to teach
12 operators how to be operators and how a maintenance
13 technician can change their skills. That has been
14 valuable to us. In my last hiring class, I think, if I
15 was to put a number on it, I think about 70 percent of
16 that hiring class came through Del Mar. So that's a
17 tremendous benefit for us. Again, that's something
18 that as we grow, we're gonna need more and more
19 employees and those are probably the two biggest things
20 that we have: The deepening of the Port and the
21 employee population.

MR. KURTZ: Anything on the state, state
22 folks? Here's your chance.

MR. BURKE: Absolutely. Let me open up.

(Inaudible)
1 Commission because we diversified our product and the
2 price of oil went from 150 to actually 30. So we
3 really did look good then, but we continue, though, to
4 rely on energy. As I said earlier, our vision is to
5 get an energy port of the Americas. When we lifted the
6 export ban, I will tell you we were doing zero exports
7 and today we're almost a half a million barrels of oil
8 on export and our consultants believe in the next three
9 or four years it will be up almost to 1.6 million
10 barrels of export oil and we're (indiscernible) today.
11 And so that's a big part of our future growth, and you
12 know, as far as the State, I have to admit that the
13 State of Texas has been extremely helpful. The biggest
14 problem -- Let me back myself up. The number one goal
15 from my commission is the deepening and widening of my
16 ship channel. The biggest problem I've had is the
17 regulatory mess in Washington, D.C. with that process.
18 It's something that we started back in 1990. It's
19 something we have been authorized on twice in Congress
20 and we can't seem to get any money for it, which is
21 what Tommy was referring to, but when I've gone to the
22 State of Texas and to the local elected officials and
23 state-wide elected officials and asked for help as far
24 as contacts in Washington, letters of support or
25 letters of approval, that's helped. There's also a
1 need in my port and other ports in Texas for some
2 funding from Austin and we haven't seen any of that
4 lately, you know. We were fortunate when we did our
5 expansion of of our rail yard that we did get a grant
6 from the State and we appreciate that, but it seems
7 like you get a grant and they say you've already gotten
8 one now and they forget you about. But there's always
9 a need on Texas ports for as much funding help as we
10 can get and you've got to understand the significant
11 economic impact that the ports have on Texas. I
12 will tell you that if we were able three years from now
13 or four years from now to sit in this room with you and
14 say we have just completed the deepening and widening
15 of the Corpus Christi ship channel, the first year
16 economic impact, that one thing, would be 39 billion
17 dollars to the economy in the State of Texas. So it's
18 something that would make a significant difference to
19 our state and the country that we can get through
20 that regulatory mess in Washington, D.C. -- I do have
21 to admit that the last several times that Mr. LaRue and
22 I have been to Washington, including last week, that
23 the regulatory time is a hundred percent better than it
24 was this time last year.
25

MR. KURTZ: We'll open up to the audience

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1 young, by the way. He said, "Why are you here?" Well, 2 I mentioned to you that it was important the Port of 3 Corpus Christi, on December 31 of 2015 when the DOT 4 went underneath our bridge with a tanker full of oil 5 going to Europe -- and I went to that picture in my 6 Power Point and I pointed to it and said, "That's why 7 I'm here." I said, "You've got a product, you need to 8 get it out to the market. I got the ability to get it 9 out to the market for you." So we told the folks in 10 Midland, you know, our story and how we might be able 11 to work with them to help them export their product. 12 We're going to San Antonio, I believe, next month, to 13 do the same thing. We believe that the purpose in 14 Texas, if we can get the message out in the areas that 15 have products, be it oil, be it refined products, be it 16 manufactured products, to use our ports to put that 17 product down into commerce, that not only it benefits 18 us, but it benefits the entire State of Texas. And so 19 that's a program we've started. It's one we're going 20 to continue.

21 MR. CANAVATI: Thank you, Charlie. John 22 LaRue asked me to write the work plan for the -- the 23 port plan for energy in Nueces in 2018, which we did, 24 and I accepted the job. The very first thing that's on 25 that work plan is to do what Charlie just mentioned in 26 secretary and Jorge's panel from the Texas or U.S. 27 discussion this morning talking about the energy 28 packets as well, but pretty much we kicked off the 29 discussion this morning talking about the energy 30 sector, the midstream focus is primarily on the logistics of 31 transportation that impact both the retail and delivery 32 system as well as the overall flow of energy commerce.

33 MR. SCHWEBEL: Thank you. I'm sure I'm 34 going to Europe -- and I went to that picture in my 35 CRE (indiscernible) talking about their energy sector 36 forums that have been done by -- Take this particular 37 case -- Mexico's Energy Regulatory Commission. They've 38 been on the roadshow sharing their programs and their 39 energy sector, you 40 MR. KURTZ: So with that, I guess let's 41 have a round of applause for our panelists. Thank you 42 very much for listening and on to lunch. Thank you. 43 MR. PABLOS: Thank you very much. 44 Gerry, it's all yours.

45 MR. SCHWEBEL: Thank you. I'm sure I'm 46 very much for listening and on to lunch. Thank you. 47 MR. KURTZ: So with that, I guess let's 48 have a round of applause for our panelists. Thank you 49 very much for listening and on to lunch. Thank you. 50 MR. PABLOS: Thank you very much. 51 Gerry, it's all yours.

52 MR. SCHWEBEL: Thank you. I'm sure I'm 53 not going to interrupt you from eating so continue to 54 17 eat, enjoy your good meals. We've got a great dessert 55 panel for you-all. I'm Gerry Schwebel and it's my 56 pleasure to moderate the next panel. And pretty much 57 what we said in the prior panels. I've been trying to 58 go over their bios because you've got them in your 59 packets as well, but pretty much we kicked off the 60 discussion this morning talking about the energy 61 sector, the midstream focus is primarily on the logistics of 62 transportation that impact both the retail and delivery 63 system as well as the overall flow of energy commerce.

64 But I will start off by sharing with you, 65 11 some of you may or may not -- I don't know if you've 66 12 had the opportunity to participate in some of the 67 forums that have been done by -- Take this particular 68 case -- Mexico's Energy Regulatory Commission. They've 69 been on the roadshow sharing their programs and their 70 CRE (indiscernible) talking about their energy sector 71 and it's a very powerful PowerPoint presentation -- In 72 fact, if anybody is interested in getting that and have 73 not seen it, I'm sure that the BTAC members can get 74 asked so we can distribute it all because it really is 75 one of the most powerful presentations that I've seen 76 in regards to the energy sector of Mexico and the 77 only -- And one of the things that I know that they 78 have an upstream, midstream, and the downstream. The 79 midstream focus is primarily on the logistics of 80 distribution, talks about anything from pipelines to 81 7 barges to trucks, rail, all areas of mode of 82 transportation that impact both the retail and delivery 83 9 system as well as the overall flow of energy commerce. 84 10 But I will start off by sharing with you, 85 9 some of you may or may not -- I don't know if you've 86 10 had the opportunity to participate in some of the 87 13 forums that have been done by -- Take this particular 88 14 case -- Mexico's Energy Regulatory Commission. They've 89 been on the roadshow sharing their programs and their 90 CRE (indiscernible) talking about their energy sector 91 and it's a very powerful PowerPoint presentation -- In 92 fact, if anybody is interested in getting that and have 93 19 not seen it, I'm sure that the BTAC members can get 94 asked so we can distribute it all because it really is 95 one of the most powerful presentations that I've seen 96 in regards to the energy sector of Mexico and the 97 only -- And one of the things that I know that they 98 20 asked so we can distribute it all because it really is 99 21 one of the most powerful presentations that I've seen 100 in regards to the energy sector of Mexico and the 101 23 only -- And one of the things that I know that they 102 highlight in their presentation is a quote actually by 103 from Corpus. Thank you, Charlie.

104 1 up and down the border visiting with you, so please if 11 she calls to set a meeting so that, one, that you-all 12 can get to know each other, and also so that Keta can 13 have an opportunity to explain to you what the 14 Secretary of State's office is doing along the border 15 6 and also, so she can understand from you what your 16 7 needs and the requirements are of the State so that we 17 8 can assist you with that.

18 So, Keta, will you please stand up so 19 everybody can see you and know that you are now 20 handling our border affairs. Thank you.

21 (APPLAUSE)

22 MR. PABLOS: Thank you, Keta.

23 Gerry, it's all yours.

24 MR. SCHWEBEL: Thank you. I'm sure I'm 25 not going to interrupt you from eating so continue to 26 17 eat, enjoy your good meals. We've got a great dessert 27 panel for you-all. I'm Gerry Schwebel and it's my 28 19 pleasure to moderate the next panel. And pretty much 29 what we said in the prior panels. I've been trying to 30 go over their bios because you've got them in your 31 22 packets as well, but pretty much we kicked off the 32 23 discussion this morning talking about the energy 33 24 sector, and Jorge's panel from the Texas or U.S.

34 25 perspective. Now we're going to focus on Mexico and
25 Texas surpassed Canada in 2002 as the major exporter of
23 So as you will note, Texas exports right now are around
22 of them as once. I didn't realize that I have this.
21· · · · · · · ·Next one, please.· Sorry.· Just click all
20 percent per year.
19 percent per year when Texas exports grew about 12 or 13
18 Between 1994 and 2016, U.S. exports grew about 6
17 nation.· Now, this chart shows you exactly that.
16· · · · · · · ·Next please.· As you, I'm pretty sure know
15 all this, Texas exports have grown faster after NAFTA
14 from this openness and this trade cooperation between
13 Texas-Mexico border region has benefitted tremendously
12 every year. So this is why the borger region, the
11 Port of entry, so that's why this is about 250 billion
10 And 75 percent of U.S.-Mexico trade closest via a Texas
9 million, close to 10 percent of Texas total employment.
8 years, we are again in part with the nation at 56,000
7 income, we can say now that for the first time in many
6 $30,000 to $47,000.· And when we look at household
5 per capita income has grown from, in real terms, from
4 jobs have been created between 1994 and 2015 and Texas
3 NAFTA was elected, let me tell you that about 4 million
2 summarize what -- how we have benefit as State since
1· · · · · · · ·Next one, please.· So just to kind of
2 Next one, please.· And this chart shows
11 the nature of this U.S.-Mexico trade, which is in
12 intermediate goods.· This chart shows intermediate
13 goods, imports from Mexico, and consumer goods imports
14 from Mexico.· The green line is consumer goods imports.
15 These consumer goods or fire (Phonetic) goods are the
16 ones that we can say compete directly with U.S.
17 produces.· And you can see, it is not the majority of
16 what we import from Mexico, right.· What we import from
19 Mexico for the majority that we import from Mexico are
20 intermediate goods, as you well know.· And the
21 importance of this chart is the correlation that exists
22 between intermediate goods imports from Mexico and
23 Texas total exports -- and U.S. total exports, which is
24 the blue line.· As you can see, they are always on a
25 one-to-one relationship and this implies that we
1 the nation.· I mean, California.· Sorry.· With
2 California exporting only about 163 billion and
3 Washington close to 90 billion.· Those are the top
4 three exporters to the world from the U.S.· And about
5 1.1 million jobs in Texas are tied to exports, and this
6 includes agricultural goods.· If we only talk about
7 manufacturing jobs related to export, we're talking
8 about 990 million jobs, which is altogether 1.1
9 million, close to 10 percent of Texas total employment.
10 And 75 percent of U.S.-Mexico trade closest via a Texas
11 Port of entry, so that's why this is about 250 billion
12 every year. So this is why the borger region, the
13 Texas-Mexico border region has benefitted tremendously
14 from this openness and this trade cooperation between
15 both countries.
16 The next one, please.· This chart shows
17 you what we export to Mexico.· And as you can see, the
18 majority of about one-third of our exports to Mexico
19 are related to the maquiladoras.· We see here computer
20 electronics with about 26 percent and transportation
21 equipment with 12 percent.· After that, the energy
22 industry falls with petroleum and coal going around 12
23 percent, between 11 and 12 percent, and chemicals with
24 10 percent.· So here's your opportunities still ahead
25 for the industry going forward.
1 will talk about Texas in the NAFTA era and how
2 successful the State has been as perhaps a proxy for
3 what Texas will be in the NAFTA 2.0 era, right?· This
4 is just looking about how we have benefit and
5 particularly on the Texas-Mexico border.· But before I
6 end my presentation, I will talk about some of the
7 issues that I see going forward in terms of fully
8 realize the possibilities of this cooperation between
9 Texas or the U.S. and Mexico in terms of energy.· And
10 before I continue, let me tell you that everything that
11 I will say here is my own and it doesn't reflect the
12 Federal Reserve Bank of Dallas' point of view or the
13 Federal Reserve System.
14 Next please.· As you, I'm pretty sure know
15 all this, Texas exports have grown faster after NAFTA
16 than the rest -- in exports than the rest of the
17 nation.· Now, this chart shows exactly that.
18 Between 1994 and 2016, U.S. exports grew about 6
19 percent per year when Texas exports grew about 12 or 13
20 percent per year.
21· · · · · · · ·Next one, please.· Sorry.· Just click all
22 of them as once. I didn't realize that I have this.
23 So as you will note, Texas exports right now are around
24 250 billion, right.· They surpassed Canada in 2002 as
25 Texas surpassed Canada in 2002 as the major exporter of
1 So let me show you this one. Since what we make now --
2 since -- the jobs that we do now or that we have now in
3 Texas-Mexico are paying more, per capita income has
4 been increasing along the Texas-Mexico border, and this
5 chart shows you how far away we are from the national
6 average in terms of per capita income. We still have a
7 lot of room to grow, right? But as you can see,
8 looking at the gray bar, all border cities have
9 improved during or after NAFTA in terms of per capita
10 income growth. If we look at unemployment, the picture
11 is even better, with all border cities experiencing
12 lower unemployment rates after NAFTA.
13 Okay. So now, I guess it's better if you
14 do it. So now here we go. So now let me go into the
15 U.S. energy connection. Again, what I expect is
16 similar, if not more benefits than the ones that I have
17 just shown you, right. Based on the talks that I
18 have -- that you have been having today, and what I
19 have been hearing, going for coffee and so and so, it
20 looks like you already have the engine going. And the
21 benefits in terms of employment, wages and road are not
22 that far away from now. But what I see as the main
23 opportunity right now is the midstream set. I mean,
24 you know that for sure. You are the experts. I'm not
25 an expert on the energy. But it is the most timely, I

1 the Mexican side grows 10 percent, employment on the
2 U.S. side grows an average of about 2.5 percent. If we
3 look at El Paso, when maquiladora activity or
4 maquiladora (indiscernible) goes up 10 percent in
5 Cuidad Jarez, employment in El Paso grows up almost 3
6 percent; In Laredo, almost 5 percent; in McAllen close
7 to 7 percent; and in Brownsville, 2.2 percent. In
8 fact, based on this study, we can say that between 1990
9 and 2016, one of every five jobs created along the
10 Texas-Mexico border has been due to cross border
11 manufacturing activity. The impact is even greater
12 when we look at the services, which as you can see in
13 the case of Laredo with employment low at 7.2 percent,
14 or in El Paso, 5.3 percent, in McAllen, 6.6 percent.
15 Before we use to manufacture one part of that product
16 on the U.S. side, like in El Paso and some more
17 manufacturing on the Mexican side, Cuidad Juarez, we
18 combined both products and then send them to the U.S.
19 market. But now, most of the manufacturing takes place
20 on the Mexican side. Most of the manufacturing takes
21 place in Cuidad Juarez and El Paso benefits now
22 servicing those trade flows. In theory, the wages that
23 we make by servicing trade flows are higher and we have
24 benefit from that.
25 Next one, please. Next one. Here we go.
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<td>1 companies in pipeline infrastructure in order to supply</td>
<td>1 when we grew 1 percent more than what we're growing</td>
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<tr>
<td>2 Mexico. So this chart shows you in kind of gray, light</td>
<td>2 right now. If we look at labor supply products or</td>
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<td>3 gray right here, the pipeline capacity and how even</td>
<td>3 difficulty of finding personnel to work in the three</td>
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<tr>
<td>4 before the energy reform -- This is the energy</td>
<td>4 sectors here: Manufacturing, services, and retail, you</td>
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<td>5 reform -- even before the energy reform, they were</td>
<td>5 see that the product is the same, right? And it's even</td>
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<td>6 getting ready or already investing into that capacity,</td>
<td>6 getting worse when we look at manufacturing. And</td>
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<td>7 right. And then it looks like here at the energy</td>
<td>7 remember that in Texas, manufacturing activity is also</td>
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<td>8 reform time, it has been growing since then. Then this</td>
<td>8 strongly related to energy activity because they supply</td>
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<td>9 other -- I guess that gray line shows the price of</td>
<td>9 a lot of the pipes and machinery that the industry</td>
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<td>10 electricity in Mexico, and how that price of</td>
<td>10 needs. So if we're gonna make this industry grow even</td>
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<td>11 electricity in Mexico has been dropping since the</td>
<td>11 more by supplying to Mexico all this kind of investment</td>
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<td>12 energy reform, because exports of gas to Mexico have</td>
<td>12 project that you're talking about, well, this problem</td>
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<td>13 been growing since then, right? And this is not only</td>
<td>13 is going to be even worse.</td>
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<td>14 good for household because they now pay lower</td>
<td>14 The next one, please. And the difficulty</td>
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<td>15 electricity prices, but this is really good for this</td>
<td>15 of finding workers is not only in like low skill</td>
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<td>16 manufacturing connection that we have, right? Because</td>
<td>16 positions. It's even harder to find qualified</td>
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<tr>
<td>17 the majority of manufacturing plants in Mexico -- all</td>
<td>17 personnel when we look at mid-skill positions, which is</td>
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<td>18 manufacturing plants, I guess, utilize electricity,</td>
<td>18 slowly related to manufacturing activity, right, and</td>
</tr>
<tr>
<td>19 right? But the majority of electricity generation</td>
<td>19 then when we are looking for high skill positions to</td>
</tr>
<tr>
<td>20 plants in Mexico utilize natural gas to produce it,</td>
<td>20 fill in.</td>
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<tr>
<td>21 right? So now they import cheap gas from the U.S.,</td>
<td>21 Next one, please. Next one. So, again,</td>
</tr>
<tr>
<td>22 mainly from Texas. These are Texas exports, okay?</td>
<td>22 we don't have enough workers in Texas right now and in</td>
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<tr>
<td>23 Mainly from Texas, produce electricity at a lower price</td>
<td>23 the nature, we're all just talking about Texas, and</td>
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<tr>
<td>24 that help these manufacturing plants to be even more</td>
<td>24 that's an issue if we want to keep growing. The State</td>
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<td>25 competitive when they are -- or more productive by</td>
<td>25 is booming and some regions are even going faster than</td>
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<td>1 making that connection with the U.S. side along with</td>
<td>1 others within the State, but we don't have enough</td>
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<td>2 the U.S. to export more goods to them, to the world,</td>
<td>2 workers to hire. If we talk about Mexico, the problem</td>
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<td>3 right. So we are so interconnected and these</td>
<td>3 is the same, because in the energy industry, remember</td>
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<td>4 developments related to the energy reform and this</td>
<td>4 that we had this monopoly which was or still is called</td>
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<td>5 energy exchange between the two countries is even gonna</td>
<td>5 PEMEX, right? And they were the only ones who worked</td>
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<td>6 help more that manufacturing symbiosis that we have</td>
<td>6 in the energy industry; they were the only ones that</td>
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<tr>
<td>7 right now.</td>
<td>7 developed the skills that they needed to work in the</td>
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<td>8 Next one, please. Next one. We have some</td>
<td>8 energy industry; they are the only ones, you know, the</td>
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<td>9 issues going forward and they are related to labor,</td>
<td>9 industry plus it's -- it's union, right. So we don't</td>
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<tr>
<td>10 right? We don't have enough workers in Texas right</td>
<td>10 have a lot of -- the supply of workers is not big</td>
</tr>
<tr>
<td>11 now. This chart shows you the results from this</td>
<td>11 enough. That's what I think. And if we are planning</td>
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<tr>
<td>12 manufacturing and surveys that we do at the Dallas Fed</td>
<td>12 to supply some of that labor that they will need across</td>
</tr>
<tr>
<td>13 where we ask manufacturers and service companies if</td>
<td>13 the Rio Grande, it's gonna be worse because we don't</td>
</tr>
<tr>
<td>14 they are having problems hiring the workers they needed</td>
<td>14 have enough right now to supply our own labor market,</td>
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<tr>
<td>15 to produce. And on our end, about 70 percent more or</td>
<td>15 right? So a big issue going forward if we want to</td>
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<td>16 less, about 68 percent of those companies surveyed,</td>
<td>16 fully capitalize from this opportunity, right?</td>
</tr>
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<td>17 which were 376 in November, said they had problems</td>
<td>17 Next one, please. And definitely just to</td>
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<td>18 finding personnel to work, okay. And I'm including</td>
<td>18 conclude, the Huachicon problem. This word is -- I'm</td>
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<tr>
<td>19 here May 2014 as a reference point because this year we</td>
<td>19 pretty sure you know what huachicon is, right;</td>
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<td>20 grew in Texas about 3.5 percent, right? Do you</td>
<td>20 huachicoleros? The ones who get to the pipelines,</td>
</tr>
<tr>
<td>21 remember? It was like the energy boom. So right now</td>
<td>21 right, at night or even like around 9:00 A.M. and then</td>
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<tr>
<td>22 we are growing around 2.4, 2.5 percent and we are</td>
<td>22 take gasoline from PEMEX pipelines, right. It's a huge</td>
</tr>
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<td>23 almost at the same level of difficulty finding workers</td>
<td>23 problem in Mexico and just some estimates tells you</td>
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<td>24 that when we grew at 3.5 percent. In other words, the</td>
<td>24 that this is about one billion dollars per year in -- I</td>
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<tr>
<td>25 market labor is even tighter now than it was in 2014</td>
<td>25 mean, that's the size of this problem in Mexico. And</td>
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1 recently, if you haven't been paying attention to the news, this has been a huge problem this year related to lots of deaths and kidnappings and problems with illegal fights with the military and so on. So this is another big issue going forward in terms of the Mexico-Texas U.S. energy connection.

2 With that, I will conclude and I guess open the floor for questions, or are we having questions at the end, Gerry? Questions at the end, or --

3 MR. SCHWEBEL: At the end.

4 MR. CANAS: Thank you. Thank you very much.

5 MR. SCHWEBEL: Thank you very much, Jose.

6 Let me invite now to the floor -- what we want to do from here -- Luis del Rosal, who will also be sharing her point of view from her experiences there at the SMU Center, Texas. I think -- I found it very interesting you know, you work with Mission Foods has their program on the Texas-Mexico Center and just on a personal note, I was at the Bush Library when the CEO of Mission Foods was talking about how many tortillas Mission Foods sells, you know -- Right -- a million a day, and I find it startling because there was some 25 folks in the audience that were questioning the accuracy of that statement. And right after that event, we had a private luncheon with Will Hurd, 3 Congressman, and the gentleman behind me says, "That can't be true. There's no way that that amount is true." And we had -- there was two gentlemen that were the waiting staff that were serving the buffet, which let's ask the people that eat tortillas. You know, I asked the waiter in Spanish, you know -- and I'm sure you maybe may speak Spanish, "Oyga, amigo. Quantos tortillas comen ustedes en un ano," "How many tortillas do you eat daily," and they responded, "Oh, 12 como un kilo." One kilo. So that was just one guy. So I turned around and said if this gentleman can eat one kilo a day, will that convince you that that figure is correct? And that's the kind of information a lot of people don't really understand clearly when we're talking about what we're talking about. So that's just a personal observation but we're here to talk about energy, but I found it startling because of her background and you can see it in the (inaudible) --

21 MR. JAIME: Gerry, how many tortillas do you eat daily, Gerry?

22 MR. SCHWEBEL: Can't you tell? Can't you tell? Plus the chips and the guacamole.

23 MS. DEL ROSAL: I'm going to stay here, if 1 you-all don't mind that I don't use the podium, because I think it's a great way to start our panel talking about Mission Foods because they are a part of the 4 opportunities, those companies that seek opportunities in Texas and come and grow and become part of our community. And I represent the Texas-Mexico Center, which is the resurgent policy center at Southern Methodist University, but we exist thanks to the generosity of Mission Foods, so I always want to make it a point to thank them for their vision and for representing what we really want to study in our 12 center, which is integration. And energy integration 13 is one of those pillars of communities because all of us use energy. So the more that we can work together for a stable energy future, I think that Texas and Mexico will benefit. On a funny note, those million 17 tortillas that they are being consumed are actually 18 their fastest growing population are Koreans. Koreans are using the tortilla for Korean tacos. It's very interesting.

21 So back to energy and energy reform, I'm going to briefly talk about some of the challenges of BC as a university and as a research center and some of the opportunities. I think Jesus really talked a lot about Mexico-Texas U.S. energy connection. And energy integration 13 is one of those pillars of communities because all of us use energy. So the more that we can work together for a stable energy future, I think that Texas and Mexico will benefit. On a funny note, those million 17 tortillas that they are being consumed are actually 18 their fastest growing population are Koreans. Koreans are using the tortilla for Korean tacos. It's very interesting.

So back to energy and energy reform, I'm going to briefly talk about some of the challenges of BC as a university and as a research center and some of the opportunities. I think Jesus really talked a lot about Mexico-Texas U.S. energy connection. And energy integration 13 is one of those pillars of communities because all of us use energy. So the more that we can work together for a stable energy future, I think that Texas and Mexico will benefit. On a funny note, those million 17 tortillas that they are being consumed are actually 18 their fastest growing population are Koreans. Koreans are using the tortilla for Korean tacos. It's very interesting.
1 look at other places for their gas. But we need to
2 build them. They don't exist, and the infrastructure
3 is not there, and again, that's a huge opportunity for
4 midstream markets.
5 The other thing is that even though the
6 bids and the blocks that have been given to this point
7 is more on the impact for the downstream sector, until
8 we see kind of the returns from those investments,
9 there are still a lot of opportunity to send from the
10 United States. Again, I go back to pipeline building
11 connections, things that don't exert transportation
12 because Mexico will continue to import energy. It just
13 has to. It's not fast enough, the reform is not fast
14 enough to have an impact where it will have Mexico
15 become independent -- energy independent. The minister
16 of energy actually recently announced that they're
17 looking at a 4 billion dollar investment for storage,
18 rail, and pipeline transportation just to meet the
19 current needs of the Mexican community. So again, for
20 midstream companies looking of where -- kind of a more
21 safe bet, there's nothing safer than saying, hey, we
22 already have a need. Natural gas is growing. That's a
23 place where investments will be safer than what will be
24 a capital intensive downstream that you don't know how
25 much you'll have.

1 hopefully early next year, but until that happens, it's
2 kind of hard to know what is the right place to invest
3 and who are the partners looking for investors, who are
4 the major -- if it's not a major multi-national
5 company, it's from a smaller midstream company or a
6 company that wants to invest in midstream and needs the
7 expertise of U.S. companies, how do you find them. So
8 that's one of the areas where I think it's a challenge,
9 and until that is fixed, it will be slower.
10 And then we talk about human capital.
11 Jesus talked about the need for human capital in Texas,
12 but the same is true for Mexico. So Mexico is seeing
13 the average person working in the energy industry in
14 Mexico is 45 years old. PEMEX will have about 20,000
15 people retire in the next 10 years that work in the
16 energy industry, and these are specialized workers that
17 understand the industry. Like Jesus said, because for
18 many years that industry was closed out, there was no
19 point to studying petroleum engineering, or
20 petrochemical engineering because you really probably
21 wouldn't have a job. And engineers in Mexico, although
22 Mexico produces more engineers than most Latin-American
23 countries, they are not specialized in that area and
24 they also tend not to be bilingual, which is a concern
25 for U.S. ambassadors who are wanting to go there and at

1 so those are the opportunities we see:
2 Storage facilities, trains for infrastructure, security
3 companies, services in the areas where wells are
4 located, especially for workers. And again, the less
5 of an environmental pushback compared to the U.S. and
6 Canada. But all of this comes with some three major
7 issues and challenges we have identified. There's no
8 way for you to actually find out where the midstream
9 opportunities exist. There's no centralized place, and
10 in Mexico I talk about centralized place because Mexico
11 is very centralized. So the information tends to be in
12 one place, and right now for midstream companies,
13 there's not one placement to see if Chihuahua and
14 Tamaulipas and these other states are needing
15 investments, right? It is kind of this ad hoc, you
16 know, we find out because of partnerships, which is a
17 great way to invest in the Mexican energy market,
18 finding Mexican partners and no political climate. And
19 to help you with those investments. But there's not a
20 central place to find that information. I think that
21 has a lot to do with the fact that we still do not
22 have -- the government has not finished mapping the
23 energy capacities in Mexico. That doesn't exist yet.
24 We've been told by some government sources in Mexico
25 that will be happening or will be completed

1 the management level or they need specialized people,
2 or just to read the manuals that are common there, the
3 knowledge base that already exists that will come from
4 Texas and the United States, they're already there. So
5 that's an opportunity, actually, for Texans, for Texas
6 universities, and for investment, even just in human
7 capital. I think it's gonna be one of those pressing
8 challenges to have a specialized work force. I know
9 it's already a pressing challenge in Texas, Jesus, so
10 let's collaborate in developing that workforce so we'll
11 help on energy on both sides.
12 And the last, the last challenge is
13 political times. We talked about security, the losses
14 that we see because of stealing and employment.
15 Politics in Mexico are about to change. Presidential
16 election is coming. We don't know if Andres Manual
17 Lopez Sobrador, if he wins, what that will mean for the
18 energy reform, as he is a staunch nationalist and he's
19 not said anything at this point that we think he would
20 change it, but in the past, it was always said that the
21 oil belongs to the people. So if he wins the election
22 and certainly will rank, nobody knows if he will have
23 the votes in Congress in order to withdraw from the
24 reform, but he could still stall it and make the
25 environment for ambassadors harder. So that's
1 something just to have a consideration of a challenge
2 that probably was not there in the recent
3 administration, but is something to consider for
4 ambassadors. But I think that, again, working together
5 through diplomatic channels will help secure
6 investments.
7 So those are just simple couples of ideas
8 and would love to answer questions in the end.
9 MR. SCHWEBEL: Thank you, Luisa. I'm from
10 Laredo, Texas and one of the things that I feel a lot
11 of clients you take away Texas, it's probably make most
12 of the other border communities, pretty much every
13 major over-the-road carrier, U.S. has a terminal on the
14 U.S. side and every Mexican over-the-road carrier has a
15 terminal on the Mexican side, especially ports like in
16 like Laredo or Brownsville or El Paso. So in order for
17 the growth of the energy center to reach its full
18 potential, you gotta be able to know how are you gonna
19 move it, whether it's pipelines or whether it's rail or
20 whether it's trucks. You know, trucking continues to
21 be, you know, probably the major source, wouldn't you
22 say, John, of mode of transportation, railroads coming
23 in pretty close second, you know. But I think it's
24 important for people to understand that there's
25 challenges on each side as well and I hope John will

1 share with us his perspective of the opportunities as
2 well as the challenges from the trucking perspectives.
3 John,
4 MR. ESPARZA: Gerry, thank you very much.
5 Again, I'm John Esparza, President of the Texas
6 Trucking Association. I've had this role now for about
7 11 years, spent about the same amount of time working
8 in the State government as well. I think there's some
9 great segueways to a couple of the conversations,
10 including Gerry's on what we just discussed about some
11 of the challenges for the trucking industry. And
12 specifically, with regards with cross border dreyage.
13 And that's the right word: Dreyage. Exactly what
14 Gerry shared is the system in place today and has been
15 for some time. It is where you've got freight that
16 comes in from Mexico or goes into Mexico. Either way,
17 it enters into the border areas and there are companies
18 that specialize in just moving that freight across the
19 border. It was -- NAFTA was mentioned earlier and I
20 can tell you going back to February 1st or 2nd of this
21 past year just after the election, we had -- I had
22 taken a group of 50 trucking company executives out of
23 Texas and we were in Washington, D.C. and we sat down
24 with Congressman Brady, and we were sharing our
25 concerns that were already being discussed about what

1 happens with NAFTA, what if the -- some of the promises
2 or some of the things that we heard during the election
3 come to fruition; what does that mean for us. We
4 recognize, as everybody in this room does, that any
5 changes to NAFTA are things that we're going to pay
6 particular attention to. Our friends up in Minnesota,
7 they're paying particular attention to as well. So
8 it's just not something that affects those of us that
9 have the border in our front-view mirror or our
10 rear-view mirror, how ever you want to look at it. But
11 what we found was there was a growing coalition of
12 folks that had concerns, and today it's clear that
13 still is a concern for all of us. But we began sharing
14 then and what has now today turned into -- No one, I
15 don't think disagrees that you need to look at that, it
16 can be tweaked, it can be improved, perhaps it can be
17 updated. But at its core, it has to remain viable for
18 all parties. And, you know, we struggle as an industry
19 today just with the make up of drivers. We're talking
20 about a lot of transfer that's happening at the borders
21 this day and age. Nobody but you guys knows best how
22 much we're talking about. And to Gerry's point
23 earlier, in the State of Texas, even moreso in the
24 State of Texas but even in Texas and across the
25 country, trucks are delivering exclusively over 87

1 percent of goods to communities, exclusively. This
2 happens to be a community that we're in today that has
3 a large port. You're seeing a lot of freight that
4 comes in in large containers, of course, but what also
5 happens there is we end up being first mile/last mile.
6 We make no bones about it. We were sharing earlier in
7 one of the breaks with some of our railroad partners,
8 we look at it that way: A partnership. I'm glad we're
9 not like BC when it comes to things in the State of
10 Texas and in our states that share a border with
11 Mexico. We know our challenges are very specific and
12 we -- our ability to work together and solve our
13 problems makes us unique and sometimes unique from
14 other states. I look up and down and see all the ports
15 such as this one that compete. We work hard as a
16 trucking industry to continue to keep those contacts or
17 those communications with the clients that we have with
18 our shipping industry to keep that freight coming
19 through Texas. We know we're geographically positioned
20 to be very unique in distribution of goods throughout
21 the United States. That's a given. We went through an
22 exercise this session in terms of the plastic resin
23 pellets that are being produced and that we've had a
24 lot of conversations about with many of the
25 stakeholders in this room, and the future of those
1 pelts in the State of Texas, frankly up and down the 2 Gulf Coast. We need to remain viable to be able to 3 continue to transfer that throughout the State and 4 throughout the rest of the country.

5 We took strides as an industry to support 6 efforts this past legislative session and this is 7 something that wasn't very popular for trucking going 8 back 10 years when I first saw this, but we did 9 increase some of the weights and tolerances on moving 10 containers. And what we could also look at over the 11 course of the last several years is that there's always 12 exceptions. Moving equipment throughout the energy 13 sector, we deal a lot in oversized or overweight 14 permits. You-all know that. I grew up in west Texas. 15 I have family still out in the western part of the 16 State. I grew up in the oil patch. It's just a way of 17 living and a way of life, and part of that way of life 18 is sharing the road with oilfield equipment. On the 19 one hand, the industry -- and we did struggle with the 20 efforts to raise weights on certain highways around the 21 State, but at the same time, we're here in the heart of 22 the sector and the State that struggled the most with 23 their own infrastructure needs because of trucks at 24 their existing weights were tearing up roads in a way 25 that was unprecedented and compounded, of course, by the

1 fact that you've got a lot of energy that was produced 2 in this part of the State, of course, and that's in 3 west Texas as well. So interestingly enough, as an 4 industry, we find ourselves arguing both sides of that 5 coin. If done appropriately and correctly, you can 6 move heavier weights. At the same time, if you're not 7 being responsible or not being careful about the way 8 that you're hauling on existing roads, although that 9 could even be lawful, you are going to consume those 10 roads in a much greater and a much higher rate.

11 Leadership in this State going back 12 several sessions now saw fit to increase the amount of 13 infrastructure spending. You guys will remember 14 Proposition 1, Proposition 7 going back a couple of 15 sessions. That was beneficial, of course. We are just 16 now beginning to realize those projects are being led. 17 We have all had those conversations over the last 18 couple of meetings and certainly the last couple of 19 years about where we are on the spending side of that, 20 and our biggest fear as the stakeholder from the 21 trucking side is we did not experience perhaps the 22 cold, fatigue (indiscernible) out there that shows the 23 rest of the voting population that, wow, we're doing a 24 lot of work, there's a lot of construction going on out 25 there any time of the day, any day of the week across

1 the entire state. But our biggest fear is that the 2 motoring public believes well, we've already solved 3 that problem. What do you mean we don't have that 4 money; what do you mean that we're not keeping up with 5 our infrastructure and filling those needs? Remember 6 at one point in time we led the country in our highways 7 and our prowess across the United States for how we 8 built things and the state of our infrastructure, and 9 then we didn't and we fell behind and we're doing some 10 great work to catch up, that's certain, and not for the 11 folks in this room that are doing their part, of 12 course. But to-date, the state of the infrastructure 13 is still our biggest concern, clearly. We've got to 14 move product on these highways out there. We have to 15 16 do it. 17 Back in 2001 when I was working in state 18 government, I had the opportunity to sit across from 19 several border governors with our then govenor and hear 19 the story or the proposal of what we had called then 20 the Trans-Texas Corridor. I can remember how excited 21 our Mexican counterparts were, how excited those 22 govenors, how engaged they were in the prospect of a 23 superhighways that were coming to meet the border. 24 Secretary Pablos, a few years after that I know was in 25 one of those meetings, was in several of those
1 It's got so many different implications. And then you
2 take other sectors of trucking, whether it's frozen
3 food or whether it's fuel, the oilfield industry will
4 always, and certainly still today, makes up the largest
5 sector of the trucking elements of the State of Texas.
6 Just moving that around in Texas, frankly. But given
7 that we're such a large trade partner, given that our
8 largest trade partner with that relationship -- and
9 I'll have to give deference to Governor Abbott because
10 this is stealing his thunder -- he often talks about
11 the fact that given that Texas is a larger economic
12 power than Russia, that makes him more powerful than
13 Putin. And in many ways, he's right when he talks
14 about the economical prowess of the State of Texas. We
15 understand that that comes on the back of trucking,
16 comes on the back of rail, comes through our seaports.
17 Without all these things combined working efficiently
18 and in any one occasion when any of them gets congested
19 or there's any delays -- you see that whether it's at
20 seaport or on rail -- If any of those modes experiences
21 challenges, we all work too close. It has an impact on
22 the other mode. Rails challenges, seaports challenges,
23 airport challenges, we -- it impacts trucking and we
24 understand that better than most, of course.
25

1 been a lot of discussion about truck platooning,
2 autonomous trucking. More recently, the presentation a
3 couple of weeks ago at TESLA involving electronic
4 trucks, I've had -- got a lot of questions on that.
5 Well, how far away is that, John? It's a lot closer
6 than we all think. I think the most important point
7 about what TESLA shared actually is shown in a light or
8 forensic Freightliner and Volvo and Peterbilt and Mack.
9 They're all working on the electronic versions of
10 trucks, but what I think was very important about what
11 was shared that really put the trucking industry even
12 out there in terms of where technology is taking us is
13 that new equipment is now comparable to what
14 diesel-powered equipment is. In other words, you're
15 getting the same amount of power with what was shared.
16 You're getting the same amount of miles with what was
17 shared. The last 20 to 30 years, the trucking industry
18 has worked to tackle emissions issues. That engine
19 that was pumping out black smoke 25 years ago is
20 actually cleaning the air and scrubbing the air in the
21 air attainment/non-attainment areas across the country.
22 Those Class A trucks that were built in 2008 or later,
23 they're continuing to burn cleaner, but what we have
24 put by the wayside is while we're burning cleaner, our
25 miles per gallon is still 5, 6, 7, even if that, miles
26 per gallon. That efficiency is starting to change as
27 well. There's already some benchmarks out there where
28 you're going to see those, the fuel efficiency of that
29 equipment begin to change. That hasn't happened in a
30 very, very long time. But we all should also be
31 concerned given that since the early '90s it has been
32 the taxes that were captured from fuel that provides us
33 the infrastructure and the budget that Lauren and TXDOT
34 have to work with. That's a big concern. The more
35 efficient we get, even with freight on the rise, we're
36 putting more pressure on our infrastructure at 80,000
37 pounds and greater and not putting as much into the
38 13 kitty. That's a concern. We move into electric
39 vehicles, that can be a concern too if we don't put the
40 proper tax provisions in place so that we're
41 capturing dollars appropriate for infrastructure that
42 need to be captured.
43
44 Luisa mentioned natural gas. We have,
45 several years ago when the cost of diesel was $4.00 and
46 above, you had a lot of pressure on companies and a lot
47 of interest in utilizing a much cheaper version of
48 fuel. The truck driver immediately by and large pushed
49 against that. Why? Because those engines or those
50 duel systems, it was rumored early on and it could have
51 been true, in some cases, it was, that they wouldn't
52 happen with the electronic trucks, as we continue to
53 test in the State of Texas, now you're gonna see more
54 10 trucks platooning -- that's a great technology where
55 certain efficiencies can be realized. That's gonna be
56 another area that you will see grow. Of course, 13
57 automated trucks, there's a lot of concern out there
58 about that. I always address it simply as this: The
59 technology may be available there today and at some
60 point in the future become more viable for the use of
61 trucking industry, true, but much like a pilot sits in
62 the cockpit of an aircraft, that doesn't mean the
63 19 driver goes away. It'll change the way the driver
64 interacts with the vehicle. And that's great. Perhaps
65 21 that will help us with our driver shortage, which
66 you've heard about ad nauseum for years now. It is not
67 going away. We don't have enough drivers for the
68 24 amount of freight that we need to move across this
69 country. There again is why it's so critical that we
70
1 work closely with our railroad partners, with our
2 stevedors, our steamship lines, with our ports and
3 airports. It's something that won't go away any time
4 soon.
5 Lastly, in our job as an industry and us
6 as an association is to continue to stay close to the
7 regulatory process in the State of Texas, and that can
8 mean anything from state laws to working with agencies.
9 It still amazes me today how you have CVP authority
10 over all of our border crossings yet there's so many
11 different nuances between each bridge and each county
12 up and down the border. That is very frustrating to
13 the trucking industry, and becomes very frustrating to
14 those -- our customers and those of you out there that
15 rely on our trucking industry. And, again, that's
16 everybody in here.
17 So we still have a lot to work through.
18 We know that the energy sector is going to continue to
19 grow and provide and our ability to adjust utilizing
20 technology, promoting good regulatory environments, and
21 doing our part to continue to keep the economy strong
22 with the leadership that we have here and what we have
23 back in Austin today, we see a bright future for
24 trucking. It will continue to evolve and grow. Thank
25 you.

1 MR. SCHWEBEL: Thank you, John.
2 We're coming along on this last 45 minutes
3 or so and here's an opportunity for each of you all to,
4 you know, to ask your questions with the wealth of
5 knowledge that we have here with our panel members.
6 And I wake up every day and I thank the Lord that I
7 live in Laredo, Texas where I-35 starts and I wake up
8 -- and in my office, I'm right on I-35, I overlook
9 I-35, then I have Kansas City Railway line right behind
10 me so I hear the whistles of the train and I hear the
11 trucks and the cars going by and that is
12 (indiscernible) some of our border communities. And as
13 much as we want to talk about everything else, we
14 basically -- you know, especially for Texas and the
15 street mobility community study, transportation
16 services is the largest employer, you know, for your
17 jobs in Texas. And so if it moves, you eat it, you
18 smell it, you touch it, it's moved by a train or by a
19 plane or by a truck, you know, by barge, by ship. So
20 that's it. That's our life blood. So each one of us
21 in this room has a major role to play as we plan like
22 our two-year plan or whatever year plan it's going to
23 take for our border plan, that we fully share our
24 knowledge to come up with the best document, you know,
25 that's gonna be good for Texas, you know, make sure it
I'm not talking about open the borders and everybody growing, what is the solution? Immigration, right? I don't even know exactly what is the (indiscernible) of this conolets anymore. But what about if you, the Texans within the energy industry who knows what they need, get some kind of agreement with 6 these Mexican entity and these conolets, you kind of train these new workers. Because you have conolet even in Pana (indiscernible) where I am from, right, or you have conolet even in this little town in the middle of Tuxpan, Gutierrez. So, again, it's simple. We just need to have the willingness to do it.

MR. SCHWEBEL: John, how many folks really -- or how many parents really raise their kids to be truck drivers and tell them it's a good paying job? Or how many folks say, hey, I want you to become a logistics technician at a warehouse?

MR. ESCHERZA: As Willie Nelson said, don't let your babies grow up to be truck drivers instead of cowboys. Same thing. And I'm going to bust a great misconception. I'll call it the great American cowboys. Same thing.

Let me tell you a little bit about why. Yeah, we've got our DPS partners in the room. I'm not going to point them out. He's back there but I'm not going to put him on the spot, but he will agree that the job of the motor carrier enforcement officer in the United States is you have -- you will never have enough enforcement officers to enforce enough on carriers in the State of Texas. There will be drivers that it won't -- you do not have to have probable cause to pull over a truck over to check a logbook. That's the job.

MR. SCHWEBEL: It's very simple, right. In two terms of economics, right, we only grow if we have land, labor, and capital, right. And if we don't have enough, we don't grow enough. So how do we compensate for that? Well, we have -- Good point. If we didn't have land, we just go out and get another country.

That's what it's about. And carriers today can do a truck over to check a logbook. That's the job. That's the way it used to be but it's not the way anymore, right? So you would go through 3 productivity gains, all these technological advancements and so forth. But we have been growing really slowly in the U.S. Like, about, what? Two percent per year? So we are kind of top, right? So if we want to continue growing and our labor force is not growing, what is the solution? Immigration, right?

I'm not talking about open the borders and everybody comes in. We can talk about different ways and 11 structures to do this, but I mean, it's obviously for 12 us that we are just across this labor abundant country to capitalize for that competitive advantage. So how do we do this in terms of the energy industry? Well, you can argue about it. But I don't know if you remember that Mexico has -- It's just an idea of mine, and I told this idea to -- and I told it to the -- And I mentioned it to the previous PEMEX head. It was Lasoya, right. I told him, well, what are you doing in 20 terms of how are you getting ready for this human capital development that is coming? He didn't have an answer, right, but I told him what about utilizing your conolets (Phonetic). You know what a conolet is? This 24 technical schools, right. They're basically all over the Mexican territory and they are also in now because they are also using the missions for the manufacturing industry. I don't even know exactly what is the (indiscernible) of this conolets.
25 ago, he's looking at a way to integrate a younger man into the workforce. If it's a dreyage truck, that's probably the 21st century piece of equipment that that company is using. Why? Because it only has to go within a handful of 5 miles. You're sending a truck from Monterrey all the way to Minnesota, that's gonna be your best piece of 7 equipment. It's really that simple. So, therefore, 8 those carriers that are in that program -- and there's 9 very few of them, but their equipment is sound. That's 10 Joanna Cisneros, our State FNCSA (Phonetic) director, 11 is nodding her head because she knows. They were 12 tasked with that years ago and there was a program that 13 through two tries at it, you have a number of folks 14 that are participating, but it goes to show that you've 15 got great qualified workers, you've got a system in the 16 United States that needs improvement so we can continue 17 to utilize the workers that we have more broadly, and 18 as an industry, absolutely we can support that because 19 we don't have enough truckers. 20 MR. SCHWEBEL: Yes, Mayor. 21 MR. SAENZ: Yes. Is this trend throughout 22 the United States, low unemployment? 23 MR. CANAS: Yes, and low -- the labor force is not growing nationally, and there are some 24 states where it's even worse. I have demographics,
MR. SCHWEBEL: Can I tell him that today because bonus day is tomorrow?

MR. PABLOS: You tell him that you feel that the bonus can be maximized. How's that? Thank you.

So we're at 1:30. I'd like to stay on track to be out of here by 2:00 so I'd like to move on to the next item, which is our Transportation Blueprint discussion. I'd like to hand it over to Caroline, and Caroline, I would ask you to help me keep it right at the 30 minute cap. I know. The mission statement, the Committee, you-all developed this, you know, this is the purpose. This was designed by you-all. You-all designed this blueprint to be out of here by 2:00 so I'd like to move on quickly.

The Committee has seen most of it and then we want to really go kind of through the next few slides is going to kind of highlight the challenges that you-all helped us identify. So the bonus can be maximized. How's that? Thank you.

So we're at 1:30. I'd like to stay on track to be out of here by 2:00 so I'd like to move on to the next item, which is our Transportation Blueprint discussion. I'd like to hand it over to Caroline, and Caroline, I would ask you to help me keep it right at the 30 minute cap. I know. The mission statement, the Committee, you-all developed this, you know, this is the purpose. This was designed by you-all. You-all designed this blueprint to be out of here by 2:00 so I'd like to move on quickly.

We can go to the next slide. And as you can see up here, you know, this is the purpose. This was designed by you-all. You-all designed this blueprint to be out of here by 2:00 so I'd like to move on quickly.

And then the next slide really talks about, you know, the process of kind of what we've done so far. You-all helped develop the linear goals and objectives, and also you helped to define the challenges and also the recommendations so that's kind of how we've been going off of the Blueprints.

Next slide quickly. On the vision statement, the Committee, you-all developed this, you know. The mission statement, the Committee developed it, and then also the goals and objectives. And the next few slides is going to kind of highlight the 20 goals, you know, with that but also tying it to the 21 challenges that you-all helped us identify.

So, Juan, are you here? You want to go through it very quickly. The Committee has seen most of it and then we want to really go kind of through the discussion on the other one. So we're at 1:30. I'd like to stay on track to be out of here by 2:00 so I'd like to move on quickly.

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So, Juan, are you here? You want to go through it very quickly. The Committee has seen most of it and then we want to really go kind of through the discussion on the other one.
1 Next slide, please. On the Public Awareness and Education, also we have made some progress on that. We have developed several white papers and 4 documents that we have presented to you at previous meetings basically addressing this issue. There's not 6 enough information. We just need to make sure that we 7 have the latest data. For example, what we saw from 8 the Federal Reserve this morning. We just need to 9 update probably some of the numbers that we have. But, 10 again, the importance of the border is being presented, 11 so we just want to make sure that we have the latest 12 information and we have a comprehensive plan to 13 implement that vision throughout the border and not 14 only the border but throughout the U.S. and in Mexico. 15

Next. In terms of improving efficiency, 16 and capacity, we have a specific recommendation that 17 Caroline is going to present, how to use technology to 18 improve border crossing capacity with different pilot 19 programs that we identified here with you, so that's 20 moving along. But, again, the idea is for you to 21 review these lists, long lists, and either identify 22 priorities or get rid of some of them that, again, have 23 already been implemented.

Next. And also, some of the plans are 24 going to be applicable to the Border Master Plan that 25 Tim presented earlier, because again, these database, 2 for example, we're working with TXDOT in creating this 3 massive database information of all the border issues, 4 data, trade data and so on that, again, has already 5 been prepared. So we just need to have a cohesive way 6 to put it together into a single reservoir of that 7 information that will move forward.

Next. And, again, on the communication 8 and collaboration with Mexico and also with other 10 stakeholders, you know, we have discussed here earlier 11 today the potential of securing Mexican stakeholders in 12 these type of meetings. You know, we will work with SRE 13 and with other Mexican agencies to be able to come up 14 with a plan on how to get this involvement more 15 systematic throughout the process of the Border Master 16 Plan, and also through the implementation of the 17 Blueprint.

Next. So with that, I will get back to 19 Caroline so she can present the five.

MS. MAYS: Okay. As I mentioned earlier, 21 we presented this to you in the last meeting and these 22 five key recommendations are kind of what you-all and 23 the Secretary considered early wins, things that we can 24 can start -- the Committee can start working on now and 25 not wait, one, until the Blueprint is done or until we 26 do the Border Master Plan. And the first one, the 2 Texas-Mexico Task Force, the attempt is really to be 3 able to engage Mexico and Texas. Right now we do not 4 have a forum that specifically looks at just Texas and 5 Mexico issues. You know, Sam had mentioned some of the 6 bi-national group, bridges and border crossings group. 7 We have the joint working committee. Those are -- 8 report at the federal level. They're not necessarily 9 the State of Texas. So what you-all propose is that we 10 create this task force -- and I'm glad that the 11 Ambassador is here and definitely this is something 12 that we felt that it was a low-hanging fruit that we 13 can start working on now. So really the goal for the 14 rest of the recommendations today is to have you-all 15 volunteer as champions so we can move into actual 16 implementation of this strategy. If you look at this 17 kind of whole page that we provided you outlines, you 18 know, implementation strategy, but we need champions 19 from BTAC to be able to help us with implementing 20 those. We will be doing all of that with all of you 21 that volunteer for each of this to sit down with you 22 come the beginning of the year, to start flushing this 23 out so we can start moving this towards implementation. 24 So that's kind of number one, the task force. And I 25 wanted to get some feedback on the Committee since 26 you've seen this several times now. If you have any 2 comments on really the implementation of this because I 3 remember when we presented it last time, you-all were 4 in agreement that this is critical to advance to some 5 of the issues that were discussed today by almost every 6 panel that we've had presented today that need to 7 collaborate, coordinate, communicate with our Mexican 8 counterparts on some of the issues that have been 9 discussed today. So just want to give you, you know, 10 just a minute or two if you have any specific comments 11 on the task force.

Gerry.

MR. SCHWEBEL: Thank you, Caroline. I 14 think this is an opportunity to -- I want to put an 15 idea on the table. You know, as a result of the NAFTA 16 dialogue of discussion, Texas -- for instance, Texas 17 Association of Business has created a Texas-Mexico 18 trade coalition and it's basically the private sector 19 for members of the State in the State chamber. Echoing 20 the Secretary's comments about the stakeholders, if 21 those individuals that are participating -- maybe we 22 are looking at making that -- considering making that a 23 permanent -- playing a permanent role with the 24 Secretary and the Governor's office, and perhaps 25 allowing that coalitions, you know, for lack of a
1 better term, to remain in place with a permanent body
2 and not just because of NAFTA but something that we
3 could continue to work on. So I just want to place
4 that on the table for consideration.
5 MS. MAYS: Okay. Great comment. Thank
6 You. Definitely. We'll follow up with you on that.
7 So are you volunteering to be our champion on this?
8 MR. SCHWEBEL: As long as the Secretary
9 doesn't volunteer me, I'll volunteer. Sam will join
10 me.
11 MR. PABLOS: This is the first time he has
12 been speechless.
13 MR. VALE: I was trying to avoid being
14 recruited. When I mentioned earlier the bi-national
15 group, not necessarily the whole group, but at least we
16 have the leadership there. That's a federal highways
17 organized activity so it's going to fit very much into
18 what we're doing regarding TXDOT activities. So you
19 can just -- Those are people that deal with Texas
20 anyway. So if you just pick the leadership as well as
21 the Mexican leadership that's on that, that will be
22 beneficial to the task force, not necessarily taking
23 the whole group and trying to get (Indiscernible.)
24 Just the leadership that pertain to the activities that
25 we're dealing with here.

1 Can you go to the next slide? The next
2 one. So what we are, you know, trying to do here is
3 trying to start articulating that, you know, a much
4 more comprehensive fashion and moving forward and
5 looking at, you know, capturing the Border needs; and
6 then two is identifying specifically what those
7 projects are but also the cost so that, you know, you
8 put a price tag to it and when you-all go and ask, you
9 have something that you can take with you that shows
10 this is what we're asking for and this is what it will
11 mean to the Border regional for trade in the State of
12 Texas. So this one, the Trade Lanes Program is really
13 what we're really trying to do is have a business case
14 to ask for funding, in a nutshell, and you'll have this
15 in front of you. So, you know, if any of you have any
16 comments, we'll be happy to take it but also we're
17 looking for Champions.
18 MR. VALE: I mean, I think that's probably
19 one of the more important activities to be involved in
20 and I was impressed with the recent comments made by
21 your district director in Pharr and Hidalgo when he was
22 trying to explain to city leaders it's not about who
23 come up with an idea and plan first. It's who comes up
24 with an idea and plan that has that financing attached
25 to what TXDOT cannot do, and that is critical because

1 most of the citizen community, Laredo included, cannot
2 take that activity seriously enough and they want TXDOT
3 to fund everything. That's history. That's not
4 happening anymore. So I think we need to get that
5 message out to the private sector and to the community
6 political leadership, what has to be done to properly
7 fund a project, particularly the off system into the
8 on-system projects.
9 UNIDENTIFIED SPEAKER: I can't volunteer,
10 but I think probably on this particular function, we
11 need to make sure the three district engineers are all
12 critical players in this because they'll be the ones
13 that -- they'll be on the TXDOT side and be a part of
14 that partnership, so that would be Pete, Bob, and our
15 new district engineer in Laredo, Salazar -- Mr.
16 Salazar.
17 MS. MAYS: Absolutely. So I'm still
18 looking for a few good BTAC members.
19 MR. CANTU: Caroline, I'd like to
20 volunteer for that. Mayor Cantu for the City of Eagle
21 Pass. Since we've taken off, there's been partnerships
22 with TXDOT where we have recently funded over 2 million
23 dollars from state cut tax dollars to fund the bridge
24 expansion, the bridge too. We'll go ahead and -- we
25 have some experience in that.
MS. MAYS: Awesome. Thank you.

MR. SCHWEBEL: Caroline --

MS. MAYS: Yes, Paul.

MR. CRISTINA: (No microphone) So from BNSF's perspective, this is what we would probably contain or engage in -- at the Secretary General's approval on it (Inaudible) so I'm gonna take all this stuff back, but --

MS. MAYS: Okay. I'll put you down but with a question mark. And, again, if you want to get back to me after this, that's fine. Okay.

The next one, quickly -- next couple of ones. I won't go into it a lot, but we're talking about public awareness and education. You heard what the Port of Corpus Christi is doing, which I find is probably the most prevalent thing I've heard. They have all together going throughout the State to educate people about the border. I know the Secretary and I have talked about that; how can we do the same with telling our border story and I think that's a model that the Port is doing something that it's really, really critical, so that's what this goal, public awareness and education is about. How can we better tell the border story to the rest of Texas, but to the rest of the nation. So, again, looking for volunteers on this and this will involve a lot of things. One of the things we did with the freight plan launch, we have a 3-minute video that really captures what freight is in Texas and why it's important and we want to start doing that for the border as well and communicate that through different media outlets to educate about the border. John Love, TML -- had a session at TML in October. Mayor Saenz was there and Mayor of El Paso and others at that TML function. This is thousands of public sectors or local leaders and we really need to be getting out and educating these policy makers to run the State.

So volunteers? I know John is already on this here.

MR. SAENZ: I also chair the Texas Border Coalition and I'll visit with them, too, and maybe they can help with --

MR. JAIME: I can as well, Caroline, on that whenever -- I really want to do that.

MR. EATON: Kansas City Southern would like to participate in that as well.

MS. MAYS: Okay. Next one.

Secretary, I'm trying to move fast. I want to give the opportunity to comment.

Technology and innovation. I know this is something that we talked a lot about and Sam has mentioned the pilots that have been done in Arizona, et cetera. So again, here is to look at what some of this quick wins, pilots that can be brought to Texas Border Crossing so that we can see some of the gains that other border crossings are seeing like Nogales cutting the wait time to unbelievable amounts. Can that be a competitive advantage for Texas Border Crossings? So that's what this technology is all about and, again, looking for champions here so we can have discussions with federal partners, CBP, et cetera, to see or listen. Texas Border Crossings are ready for some of these pipelines. You don't just have to do it in Arizona --

Mayor?

UNIDENTIFIED SPEAKER: Mind if I move to Austin --

UNIDENTIFIED SPEAKER: Marga Lopez with Donna International Bridge. We're working on monitors and inspection and pipe projects as we speak.

UNIDENTIFIED SPEAKER: Caroline, the city of El Paso also.

UNIDENTIFIED SPEAKER: (Without microphone) Caroline, if I could just take a moment.

If CBP is going to start unified -- (Inaudible)

MS. MAYS: In El Paso? Okay. So that 10 will count in El Paso in that.

Next.

MR. GALEAZZI: Texas International Produce Association will be a part of that as well.

MS. MAYS: Anybody else?

MR. SCHWEBEL: You've got the important one.

MS. MAYS: Yes, I have you, Mayor.

(Minya) I have you down. And 20 then the last recommendation is private sector involvement. I know we talked a lot about that. So Secretary, my pet peeve -- and many of you heard earlier that you need to involve private sector on the Texas side, but also on the Mexican side because, one, 25 they can tell a better story that helps us make great
1 plans but also make great strides in the investment
2 decisions. Because we can’t do things in the back.
3 They’re the ones that are crossing the borders. Even
4 though you’re providing that infrastructure so they can
5 cross the border, we’re providing the infrastructure to
6 deliver good to the American consumers, Texas consumers
7 so how we do that is one of things we’re identifying
8 here and really this will be instrumental for the
9 Border Master Plan and if we can really start
10 assembling, you know, who some of the stakeholders are,
11 what their organizations or big companies. I know the
12 secretary talked about multi-nationals, making sure
13 that we get them at the table so that they can help us
14 identify not just the challenges, but also tell the
15 story.
16 MR. VALE: Caroline, I’d like to make a
17 comment on this. I’ve testified before several
18 congressional committees about public/private
19 partnerships and the one thing that I don’t think they
20 quite understand in Washington, I think Texas might be
21 a little more understanding is private sector people
22 are not into this for altruistic purposes. They’re
23 doing things because they’re going to get a return on
24 their investment. And any of you can identify how that
25 return or investment is going to be generated. You

1 make investments that need match their needs. So
2 there’s a lot of things that we can outline that’s in
3 their best interest because in some instances,
4 decisions are being made in a vacuum without talking to
5 the industry, without understanding how they do things.
6 So, yes, I agree with you totally.
7 So any takers on this? I need names.
8 MR. SCHWEBEL: We’ll get you to the list.
9 From Del Rio to Brownsville, we’ve got it.
10 MR. PABLOS: Caroline, go ahead and put me
11 down and I’ll chair that and then we’ll work with
12 everyone to begin to identify some additional members.
13 MS. MAYS: Yeah, and what the goal is I
14 think for all of us, five recommendations. At least
15 we’ll need representation from each of the border
16 regions, because they’re -- as you all know, they’re a
17 little bit unique so we want to make sure we have them
18 at the table and the last meeting, one of the comments
19 was made, don’t forget about the small border
20 crossings. I need you-all to step up. I need small
21 border crossings to be part of the conversation. So if
22 you’re not volunteering for this -- and I’m not calling
23 you to verify. This is not an inclusive to make sure
24 you’re all part of this.
25 MR. VALE: As matter of fact, many of us.
January. Tomorrow, I am hosting our first quarterly breakfast for our Coastal Generals across the State. We have about 105 Coastal Generals. We've invited every single one of those to participate and what I'm going to do is bring the cross border corridor together so that we can explain to the Consul, to the Consular Corps about what the State is able to offer with respect to corridor investment and other type of support. This time they'll be hearing from UTP system. We'll have President Pemez (Phonetic) there and any other engaged school on the policy there to talk about what it is that UT Austin is doing. UT Austin just signed a pact with Victor Monterrey and they're all over the world, but certainly we want to make sure that the Consular Corps understands what we have is amenities to offer and visa versa. We also want to understand what each country is looking to accomplish in Texas. So I'll have that on a quarterly basis. It's called Consul General but at the same time, it also gives me an opportunity to showcase very important projects like BTAC and what we're trying to do along the border. It will allow us to showcase the border on the South By Southwest. I think it's a great opportunity. I know that in El Paso, San Antonio, they've had independent booths there but what we're trying to do is to create a natural border for them from El Paso down to Brownsville so that we can showcase the entire region from El Paso to Brownsville as one trading block. So if there's any interest, please let me know.

We're looking at the end of March for our next meeting. We still haven't looked at the date, and then I'll take any input with respect to a place. So we've seen lab ports with Port of San Antonio. We're here today. We were in Austin last time. If there are any, if there's any input as to where we should hold the meeting next time, please let me know and we will be sure to let everybody know. That being said, it's 1:59. I held on my promise.

Ms. MAYS: Secretary, can I just --

MR. PABLOS: Yes. Okay. Don't let me go over 2 o'clock.

Ms. MAYS: No. Quickly, the Border Master Plan is just reminding you, you know, we need the feedback December 29th. Jorge, you're wagging your finger. Let me just finish. With the Blueprint, we're gonna follow up in January, and then lastly, the Trade Border Plan (indiscernible), we have copies somewhere. If you would like copies, we have it available for you to pick and take.

MR. PABLOS: Thank you and I plan to be there, so thank you for the invitation.

MR. APPLEWHITE: Thank you.

MR. PABLOS: Okay. That being said, the time is 2:01 and I will now adjourn this meeting.

Thank you.

(END OF MEETING.)
THE STATE OF TEXAS

I, SYLVIA D. TREVINO, a Certified Shorthand Reporter in and for the State of Texas, do hereby certify that the above and foregoing contains a true and correct transcription of all portions of the above-referenced Border Trade Advisory Committee meeting to be included in the transcript of said committee meeting, and were reported by me to the best of my ability.

Given under my hand and seal of office on the 27th day of December, 2017.

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