

April 30, 2014

TO: MR. BRUCE BRACKER, CHAIRMAN, GNSCCPA

FROM: Luis E. Ramírez Thomas, President, RAI-N

SUBJECT: Activity Report

On behalf of Ramirez Advisors Inter-National, LLC (“RAI-N”) allow me to present our activity report to you and the Board of Directors of the Greater Nogales Santa Cruz County Port Authority (“GNSCCPA”). Before outlining the issues and efforts we have addressed on your behalf to date, we request and welcome your continued comments and suggestions as to how we can improve on our services, our communications and on our activities on your behalf. With your feedback we will make every effort to improve our response to your needs and learn to better anticipate your directives.

Our activities on behalf of the GNSCCPA have focused on the following key areas:

1. **Congressional Border Briefing;**
2. **Upcoming Arizona-Mexico Commission Plenary;**
3. **Crossborder Trucking Update;**
4. **Rail Issues at Nogales; and**
5. **Representation of GNSCCPA with Key Entities.**

This report is not intended to be a full description of all our activities but rather provides highlights and information on the direction of our activities to keep Board of Directors informed and to ensure that our activities adhere to the vision and guidance imparted to RAI-N by the GNSCCPA and its leadership. Throughout this period, RAI-N has maintained active and frequent communications with Ms. Allison Moore, Mr. Bruce Bracker and various other members of the Board of Directors in order to ensure that we have a fully coordinated approach to our efforts. RAI-N stands ready to address any issue, concern or suggestion that may arise from this report and from our on-going dialogue with the leadership and the Board of Directors.

1. CONGRESSIONAL BORDER BRIEFING

- ✦ On Wednesday April 2, 2014, the GNSCCPA, in partnership with the Arizona-Mexico Commission and with participation from the Cities of Nogales, Douglas and San Luis, the Second Congressional Border Briefing took place at the offices of the Fresh Produce Association of the Americas. Close to 45 people attended this high level event, including Mayors Arturo Garino of Nogales and Danny Ortega, Jr. of Douglas, along with Councilman Marco Pinzon of San Luis.
- ✦ Eight of the Congressional offices had staff present, some more than one, including the offices of:
 - Senator John McCain
 - Senator Jeff Flake
 - Congressman Raul Grijalva
 - Congressman Ron Barber
 - Congressman Paul Gossar
 - Congresswoman Ann Kirkpatrick
 - Congressman Matt Salmon
 - Congressman David Schweikert
- ✦ Presentations were made by all three border cities, along with an update from Customs and Border Protection on the current situation at Arizona's ports of entry.
- ✦ Will Brooks, Director of Field Operations, Tucson for CBP, confirmed that Arizona's ports of entry are slated to receive 170 new officers (120 for Nogales, 25 for Douglas and 25 for San Luis).
 - Perhaps of greater significance is that the Tucson Sector is also receiving additional funding to cover for any staffing losses due to attrition, thus the expectation is that the ports of entry will have a net gain of 170. This is different from previous years in which attrition was not covered in the appropriations and thus the gains could be reduced by as much as 50%.
- ✦ The Briefing included a presentation by JB Manson regarding regional opportunities, particularly those identified during recent visits to Guaymas and Culiacan (previously reported to GNSCCPA).
- ✦ In an effort to promote the manufacturing sector, Richard Rubin of Javid LLC, gave an update on the impacts maquiladoras have on Mexico but also on the US side, recounting his experience and the relocation of as many as 100 family members to Nogales and southern Arizona as a result of his relocation to Nogales close to 30 years ago.
- ✦ The Briefing also included a tour of the DeConcini and Mariposa ports of entry, offering Congressional staffers the opportunity to see first hand the situation at the ports of entry, both for the processing of cars and people as well as trucks and their cargo.



Mayor Arturo Garino of Nogales, Mayor Danny Ortega, Jr. of Douglas, and Councilman Marco Pinzon of San Luis.



Discussions during the session at the offices of the Fresh Produce Association of the Americas.



Tour of the pedestrian operations at the DeConcini port of entry, with overview provided by Port Director Guadalupe Ramirez of CBP.



Tour of the commercial operations at the Mariposa port of entry, including a description of the Mariposa Reconfiguration project.

2. UPCOMING ARIZONA-MEXICO COMMISSION PLENARY

- ✦ The Arizona-Mexico Commission will be hosting its next Summer Plenary at the Camelback Inn Resort in Paradise Valley June 19 and 20.
- ✦ In addition to the regular Plenary and Committee sessions there will be a series of seminars on doing business in and with Mexico on Thursday afternoon.
 - Special Mention: Roberto Coronado of the El Paso Branch of the Dallas Federal Reserve will be making a presentation on the Federal Reserve's take on Mexico and the opportunities for business.
 - This session promises to be a true highlight for the event.
- ✦ A strong participation representing the Ambos Nogales area is highly recommended.

3. CROSS-BORDER TRUCKING UPDATE

- ✦ The dialogue between the Federal Motor Carriers Safety Administration (FMCSA) and the trucking industry at Nogales continues.
- ✦ The Arizona Department of Transportation (ADOT) continues to advocate for the effective and efficient enforcement of applicable laws and regulations while ensuring that trade is not negatively impacted.
- ✦ On Wednesday, April 30, 2014 another meeting of the working group took place at the offices of the Fresh Produce Association of the Americas (FPAA)
 - Special thanks to Georgina Felix of the FPAA for all her time and dedication to this critical issue.
- ✦ Among the key items from this meeting, as reported by Ms. Felix:
 - Mr. Arturo Ramirez of FMCSA Denver attended the meeting

- One major achievement has been that FMCSA is now permitting minor repairs to be done inside the compound
- An issue that will require some analysis and investigation is if fines can be separated between the tractor trailer and the box as there are many instances that the tractor trailer is owned by one entity and the box by another
- According to the rules, fines are to be adjusted based on the income level of the company. This has not been happening at Nogales resulting in maximum fines being issued. FMCSA is working to help address this concern
- ADOT will be hosting a Trucking Safety Rodeo on July 12 in Nogales during which both FMCS and the Department of Public Safety (DPS) will participate. Customs and Border Protection will also be in attendance.
- The office of Senator Flake has been monitoring this issue and reports are that the Senator will be meeting with the Director of ADOT in coming days to look into this issue.
- The next meeting of the working group is scheduled for May 30, 2014.

4. *RAIL ISSUES AT NOGALES*

- On Thursday, April 10, 2014, a meeting with Robert Turner, Senior Vice President for Corporate Relations and Zoe Richmond, Director of Governmental Affairs for Arizona and New Mexico, took place
- Gail Lewis, Director of International Programs and P3s for ADOT, attended the meeting.
- During the meeting Chairman Bracker, and Board members JB Manson and Terry Shannon, Jr. attended the meeting and discussed the desire to explore the shipment of fresh produce from Nogales via rail from Nogales to destinations in the Mid-West and the East Coast.
 - Working on a test shipment from the Port of Tucson to Baltimore and requested support from Union Pacific to undertake this test
 - This would mark the first time fresh produce would be shipped by rail in more than 30 years.
- Additionally, a team from CAADES and CIDH out of Sinaloa presented their multimodal project that will start with the shipment via rail of grains from Culiacan to the Mexico City area.
 - They intend to eventually ship grains, such as corn, wheat, soy and sorghum via train through Nogales to the United States. These would be new commodities to cross at Nogales
 - They plan a second phase to this project that will permit them to ship fresh produce via train from this facility

- They expect the multimodal yard to be operational by December of this year.
- ✦ The discussions also included the possibility of constructing a multimodal rail yard at Nogales in the future

5. ***REPRESENTATION OF THE GNSCCPA WITH KEY ENTITIES***

- ✦ Continuing efforts to maintain an on-going dialogue with various agencies in order to ensure full coordination of efforts and maximizing the impact of our limited resources, including:
 - ADOT;
 - AMC;
 - DHS/CBP;
 - Ferromex;
 - GSA;
 - Office of the Mexican Consulate General, Phoenix
 - Offices of Arizona Congressional Delegation;
 - Office of the Governor;
 - SCT;
 - SRE;
 - State Department;
 - State of Sonora;
 - Transportation and Trade Corridor Alliance;
 - Union Pacific; and
 - US Consulate in Nogales, Sonora.
- ✦ It is imperative to highlight the great success that has been achieved on these efforts by coordinating efforts with key stakeholders, including the FPAA, Santa Cruz County, the City of Nogales and others as each has well established relationships with most of these entities.