

February 17, 2015

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. Gubernatorial Transition;**
- 2. Visit by Governor of Sinaloa;**
- 3. Border Banking;**
- 4. Querobabi Inspection Station;**
- 5. Cross-border Trucking Update;**
- 6. Rail Initiatives at Nogales;**
- 7. Visit by Congressman Gosar;**
- 8. Congressional Border Briefing; and**
- 9. 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. *GUBERNATORIAL TRANSITION*

- ✦ On January 5th, The Honorable Doug Ducey took over as Governor of Arizona.
- ✦ It is important to note that Governor Guillermo Padres Elias of Sonora was present at the inaugural, sending a message of the importance in the relationship.



- ✦ In addition, the State of Baja California was represented by the Secretary of Tourism, Lic. Oscar Escobedo Carignan.



- ✦ Governor Ducey has named most of his cabinet. Of particular note is that he has kept John Halikowski as the Director of the Arizona Department of Transportation (ADOT) and Henry Darwin as the Director for the Arizona Department of Environmental Quality (ADEQ).
- ✦ As of February 17, 2015 he has not named anyone to fill the positions vacated by Margie Emmermann who served as both the Policy Advisor for Mexico and

Executive Director of the Arizona-Mexico Commission. Ms. Emmermann continues to serve as the Acting Executive Director on a contract basis.

2. ***VISIT BY GOVERNOR OF SINALOA***

- In January 27, 2015, Governor Mario Lopez Valdes of the State of Sinaloa, visited Arizona and held top level meetings with Governor Ducey and other dignitaries.

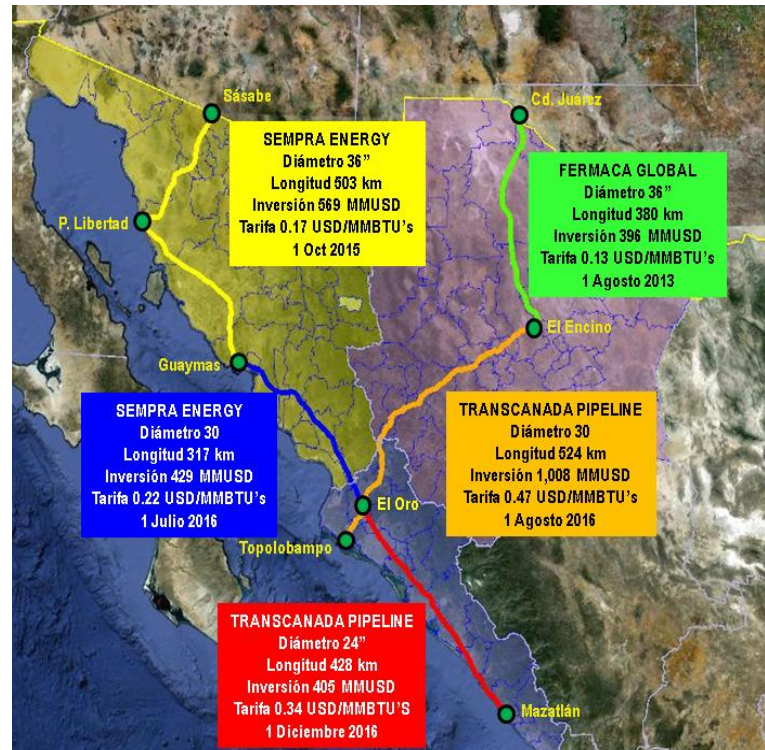


- A delegation accompanying the Governor also met with representatives of key state agencies, including ADOT, the Arizona Commerce Authority, the AMC, and the Arizona Office of Tourism.



- Among the topics for discussion were:
 - the need to forge stronger economic ties between both states;
 - consideration by the State of Sinaloa to establish a representative office; in Arizona, with a reciprocal office by Arizona in Sinaloa;
 - Sinaloa getting natural gas through two pipelines from the US-Mexico border to provide service to the principal locations in Sinaloa, including, Culiacan, Los Mochis and Mazatlan.
- The natural gas pipeline is the foundational effort by the Sinaloa government to move forward with the industrialization of the state, to diversify the state's economy and thereby creating new jobs and attracting new investment.

- This map illustrates the pipelines that will service the Sinaloa economy.



3. ***BORDER BANKING***

- The border-banking situation has been getting a lot of attention. We have now had letters sent by Senators Flake and McCain (both separate and jointly).
- The Senators from Arizona recently sent a letter to the Chairman of the Senate Committee on Banking Housing and Urban Affairs.
 - A copy of the letter is provided in Attachment #1.
- On February 4, 2015 the Committee on Financial Institutions of the Arizona State Senate held a hearing on the banking situation at the border.
 - Special thanks to the Fresh Produce Association for all their efforts in getting this hearing scheduled.
 - Testimony was presented by:
 - Lance Jungmeyer of the Fresh Produce Association of the Americas;
 - Duane Froeschle, Alliance Bank of Arizona
 - Sabrina Hallman, Sierra Seed Company
 - Bruce Bracker, GNSCCPA.



Duane Froeschle, Alliance Bank of Arizona and Lance Jungmeyer, Fresh Produce Association of the Americas



Arizona State Senate Committee on Financial Institutions



Sabrina Hallman of Sierra Seed Company and Bruce Bracker, GNSSCPA

- Among the issues raised were:
 - Federally imposed regulation are driving big banks away
 - Border business and border communities are not able to meet banking needs;
 - Border companies are turning to foreign banks to meet operational and line of credit needs;

- Need to hold hearing/forum with all stakeholders at one table.
- A copy of Chairman Bracker's testimony is provided in Attachment #2.

4. *QUEROBABI INSPECTION STATION*

- ✦ We continue to monitor the progress being made by the US Embassy on this issue and are awaiting for Federal Deputy Mario Sanchez from Sonora to schedule a meeting that will include all the relevant stakeholders to a meeting in Mexico City.
- ✦ Special thanks to the US Consulate General in Nogales, Sonora for their support in this endeavor.

5. *CROSS-BORDER TRUCKING UPDATE*

- ✦ ADOT continues to be actively involved on this issue.
- ✦ There have been delays on the dialogue with the Federal Motor Carrier Safety Administration (FMCSA) as the Administrator resigned and the General Counsel is currently serving as the Acting Administrator.
- ✦ Director Halikowski of ADOT will be sending a letter to Associate Administrator for Field Operations, Annie Collins, inquiring as to the status of the proposal to have ADOT take over all Level 1 inspections at the ports of entry.

6. *RAIL INITIATIVES AT NOGALES*

- ✦ As part of the efforts to promote a true multimodal alternative for the flow of cargo through the Nogales corridor, one of the initiatives has been to advocate for the improvement of the Tucson-Nogales corridor.
 - One of the principle goals has been to increase the weight bearing capacity of the line from 268,000 pounds to 286,000 pounds, bringing it up to the standard of all major lines, such as the Sunset Line that connects El Paso with the Los Angeles area.
 - Zoe Richmond of the Union Pacific has confirmed that this work has started, at an estimated cost of \$15 million (all funded directly by Union Pacific). The replacement of 32 timber bridges with steel and concrete bridges should be completed in 2015 with minimal impacts to the flow of trains during the entire construction phase.
- ✦ Additionally, the construction project to improve the Rio Rico rail yard is underway.
 - UP has confirmed that CBP inspection and enforcement operations will not be impacted during the construction phase.

7. *VISIT BY CONGRESSMAN GOSAR*

- On February 23, 2015 The GNSCCPA will be hosting a stakeholder meeting with Congressman Paul Gosar.
 - The Congressman has taken a keen interest on the border banking issue and is hopeful of finding ways to impact the situation.
 - A copy of the Congressman's Bio and Committee assignments are provided in Attachment #3.

8. *CONGRESSIONAL BORDER BRIEFING*

- On March 2, the GNSCCPA, along with the Arizona-Mexico Commission and the Cities of Douglas and San Luis, will be hosting the first Border Briefing for the Arizona Congressional offices.
- The meeting, as always, will be focused on presenting the realities of the border to our Congressional offices.

9. *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;
 - Consulate General of Canada;
 - DHS/CBP;
 - Ferromex;
 - GSA;
 - Offices of Arizona Congressional Delegation;
 - Office of the Governor;
 - SCT;
 - State Department;
 - State of Sinaloa;
 - 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.

Attachment #1
Copy of Letter Senate Banking Committee

United States Senate
WASHINGTON, DC 20510

February 10, 2015

Senator Richard Shelby
Chairman
United States Senate Committee on
Banking, Housing, and Urban Affairs
Washington, DC

Dear Chairman Shelby,

We are writing to urge you to hold a hearing in the Senate Committee on Banking, Housing, and Urban Affairs that would examine access of communities and businesses to banking services in states bordering Mexico.

Over the last few months, we have heard from constituents in Arizona who own and operate cash-intensive businesses along Arizona's southern border, including ranchers, farmers, and other agricultural businesses. They have expressed serious concern about recent bank branch closures, as well as long-standing accounts being closed, due to among other issues burdensome regulatory compliance costs and the potentially indiscriminate application of anti-money laundering regulations. In one case, as recently reported by National Public Radio, La Roca restaurant in Nogales had its bank account of 40 years closed by Chase Bank.¹ In that case, Chase attributed compliance with how federal officials have administered anti-money laundering regulations as the reason for closing that account.

In September, Senator McCain sent letters to the CEO's of Bank of America, Citigroup, JPMorgan Chase, and Wells Fargo asking each a series of questions with the intention of gaining a better understanding of the issues facing banking along the southern border. In response to those letters, the banks attributed the closures to the area's economic decline, reorganization of banks given the growing use of online banking services, as well as (and of most relevance to the request in this letter) regulatory and compliance burdens associated with Community Investment Act, anti-money laundering regulations, and the new Remittance Transfer Rules under Dodd-Frank. In addition, Senator Flake sent a letter to Treasury Secretary Lew raising concerns of local interests regarding the economic impact of bank account and branch closures and soliciting further information on the issue.

¹Border Businesses Lose Bank Accounts Amid Money-Laundering Fears; *Jude Joffe-Block*; NPR; January 4, 2015; <http://www.npr.org/2015/01/04/374582727/border-businesses-lose-bank-accounts-amid-money-laundering-fears>

Mr. Bruce Bracker
Chairman
February 17, 2015

As you of course appreciate, it is crucial for the economic vitality of businesses operating in border states to have access to capital and banking services through all avenues of banking—especially given the fact the Mexico is our third largest trade partner. For this reason, we must do everything we can to balance valid security concerns along the border with unnecessary regulatory hurdles that impede adequate banking services along the southern border.

Thank you for your consideration of a hearing on issues facing banking on the southern border. Please do not hesitate to contact us if you have any questions.

Sincerely,



John McCain
United States Senator



Jeff Flake
United States Senator

Attachment #2
Testimony Before Arizona Senate Financial Institutions Committee

Testimony by:
Bruce Bracker, Chairman
Greater Nogales Santa Cruz County Port Authority
Before the Senate Committee on Financial Institutions
Arizona State Legislature

Phoenix, Arizona
February 4, 2015

Chairman Farnsworth and members of the committee, Good Afternoon.

My name is Bruce Bracker and I am the President of a Bracker's Department stores in Nogales, a series of family owned retail outlets in Nogales, Arizona which were established by my grandfather more than 80 years ago.

Today, I stand before you as the Chairman of the Greater Nogales Santa Cruz County Port Authority. In partnership with the public and private sectors, the strategic mission of the Port Authority is to strengthen the regional economy, improve international trade and spur tourism and community development by making the international ports of entry and surrounding areas the most efficient and effective for generations to come. In short we want to make Nogales better.

The Port Authority has taken on many issues that impact our community directly, issues that may not grab many headlines but that can have dire repercussions on our businesses and our quality of life. Thus, I am here today to ask for your support and intervention on an issue that is directly impacting the job-creators in our economy – small business.

The big banks, such as Wells Fargo, Bank of America and Chase have always touted themselves as pillars of our community but it is clear that they are pillars only when it is convenient for them. Let me give you the punch line up front, the big banks are abandoning our communities.

Chase has closed branches in Nogales, Douglas and Ajo. Wells Fargo has closed in Douglas. Not only are they leaving our communities, but they are informing small businesses that they can no longer bank with them. Time and time again, companies that have had accounts for years, and most for decades, have simply been informed via a form letter that their bank accounts will be closed.

They are being closed not for lack of payment, lack of use, or lack of profitability for the bank. They are closing because the banks have made the unilateral decision to not deal with the regulatory frameworks imposed on them that have set higher standards for monitoring and compliance. In other words, it is just too much of a hassle for them. They will provide the services only, and I stress ONLY, if you are a big business doing business with a big bank.

We have sought to work with the banks, offering our market knowledge, and our history in the community to provide whatever information or support we can, but with no results. In many ways, I interpret these actions by the big banks as discriminatory under the lending practices of the United States. They are favoring big business over small business.

I ask you this question, if a company has a 30 or 40 year history with the bank, it is not overleveraged, they conduct legal forms of both domestic and international business, and they have a stellar and constant record of payment for any loans, would you not think that these companies would be considered top tiered clients of the bank?

These are the very same clients all over the border region that are not only being denied loans, but they are being denied the very banking services that these big banks are chartered to provide. They can't even keep a checking account!

Furthermore, when a branch closes in a community like Nogales, a community of some 25,000 people, it leaves a big gap for everyone in that community. Do they expect us to have to drive to Tucson to do all our banking?

This situation is untenable. Our companies are searching far and wide for working capital and are, in many instances, forced to turn to Canadian banks to meet their financial needs so that they can stay in business.

Allow me to clarify that these companies, although they qualify as small businesses they have an annual portfolio of business that can easily exceed \$10 million or \$15 million.

Madame Chair and members of the committee, Nogales is a dynamic hub for international business. Nogales is the gateway for over 19 million people, 6.2 million cars, 620,000 trucks, and 1,800 trains. It is estimated that more than \$25 billion worth of trade passed through our community last year. Arizona's exports to Mexico alone are expected to exceed \$8 billion in 2014. Some of you in the committee may remember that we just completed a \$250 million modernization of the Mariposa port of entry and its connectivity to the federal highway system.

But if our local businesses cannot find the working capital and financing needed to stay in business we seriously jeopardize not just the wellbeing of Nogales but that of Arizona and our nation.

Mr. Bruce Bracker
Chairman
February 17, 2015

I would like to suggest that you call the banks in to testify to tell you why they are leaving the border, how they plan to service the legal border businesses, and how we as local business owners can stay in business. I would also suggest that you seek out the federal regulators and inform them of the consequences their actions are having.

I thank you for your attention to this critical matter and I stand ready to answer any questions you may have.

Attachment #3

Congressman Gosar's Bio, Committee Assignments and Caucuses

Congressman Paul A. Gosar, DDS hails from Prescott, Arizona and is serving his second term in Congress as the Representative from Arizona's Fourth Congressional District. As a health care provider and small business owner, Gosar is focused on bringing jobs back to the district, reforming health care, reining in government spending, and ensuring that the American people are involved in the solution-making process.

Before he was elected to Congress in 2010, Gosar owned his own dental practice in Flagstaff for twenty-five years. His experience in Dentistry earned him the Arizona Dental Association's "Dentist of the Year" and induction into the Arizona Dental Association's Hall of Fame. His experience in working to reform health care started when he served as the President of the Arizona Dental Association and as the Vice-Chair of the American Dental Association Council on Governmental Affairs.

Whether Gosar is in Washington fighting for his constituents or back home in Arizona listening to the people and working together to find solutions to the problems that face Arizona's Fourth Congressional District, he remains committed to ushering in a new era of government that empowers individuals and reforms the bureaucratic procedures that stifle job creation and innovation.

Committee Assignments

Congressman Paul Gosar serves on two committees of the House of Representatives, the House Committee on Oversight and Government Reform and the House Natural Resources Committee.

The House Committee on Oversight and Government Reform has oversight over virtually everything the government does and is dedicated to exercising effective oversight over the federal government. It also works proactively to investigate and expose waste, fraud, and abuse in the federal government. Gosar is committed to finding problems in the government and working with the American people to find commonsense solutions. Through his role on the committee, he will continue to work toward bringing transparency to the federal government and opening up the dialogue between Capitol Hill and Arizonans. Within the Oversight Committee, Congressman Gosar serves on three subcommittees:

- **The Subcommittee on Energy Policy, Health Care, and Entitlements**, of which Gosar is **Vice Chairman**, *has oversight over federal health care policy, food and drug safety, energy policy and solvency of federal entitlement programs.*
- **The Subcommittee on Economic Growth, Job Creation, and Regulatory**

Affairs *has oversight jurisdiction over regulatory affairs, impediments to economic growth and job creation, monetary policy, banking, infrastructure and tax policy.*

- **The Subcommittee on National Security** *has oversight jurisdiction over national security, homeland security, foreign operations, immigration, emergency management and criminal justice.*

Congressman Paul Gosar also serves on the House Natural Resources Committee, which considers legislation about American energy production, mineral lands and mining, fisheries and wildlife, public lands, oceans, Native Americans, irrigation and reclamation. Arizona's Fourth Congressional District is rich in natural resources and this committee is an important avenue for Gosar to fight for the concerns of the district. Within the Resources Committee, Congressman Gosar serves on three subcommittees:

- **The Subcommittee on Energy and Mineral Resources** *oversees American energy production and mining on federal lands – both onshore and offshore.*
- **The Subcommittee on Water and Power** *is responsible for matters concerning America's water resources, federal irrigation projects, generation of electric power from federal water projects and interstate water issues.*
- **The Subcommittee on Indian and Alaska Native Affairs** *oversees all matters regarding Native Americans, including the 565 federally recognized tribes and Alaska Native Corporations and nearly 1.9 million American Indians.*

Congressional Caucuses

In addition to his committee assignments, Congressman Paul Gosar is a member of a variety of Congressional Caucuses, which are groups of members of Congress that meet to pursue common legislative objectives.

- Academic Medicine Caucus
- Coal Caucus
- Congressional Caucus on US-Turkish Relations
- Congressional Cement Caucus
- Congressional Constitution Caucus
- Congressional Fire Services Caucus
- Congressional Gaming Caucus
- **Congressional Interstate 11 Caucus**
- Congressional Pro-Life Caucus
- Congressional Rare Earths Caucus
- **Congressional Rural Caucus**
- Congressional Services Caucus
- Congressional Sportsmen's Caucus
- **Congressional Travel and Tourism Caucus**
- Congressional Unmanned Systems Caucus
- Congressional Wire and Wire Products Caucus

- Defense Communities Caucus
- Energy Savings Performance Caucus
- General Aviation Caucus
- GOP Doctor's Caucus
- Health Care Caucus
- Immigration Reform Caucus
- Israel Allies Caucus
- Joint Strike Fighter Caucus
- Law Enforcement Caucus
- Military Mental Health Caucus
- Military Veterans Caucus
- National Guard and Reserve Components Caucus
- National Parks Caucus
- Native American Caucus
- Nuclear Issues Working Group
- Oral Health Caucus
- Range and Testing Center Caucus
- Real Estate Caucus
- Republican Israel Caucus
- Restaurant, Resort and Hospitality Caucus
- Rural Health Care Caucus
- Rural Veterans Caucus
- **Small Business Caucus**
- Specialty Crop Caucus
- **U.S.-Mexico Friendship Caucus**
- Veterans Jobs Caucus
- **Western Caucus**