

ATALYST ISSUE No. 14 | Fall 2014



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The Arizona-Mexico Commission improves economic prosperity and quality of life for all Arizonans through strong, publicprivate collaborations in advocacy, trade, networking and information.

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For more information, or to submit content for future issues of the CATALYST, contact the Arizona-Mexico Commission at (602) 542-1345.



LETTER FROM THE GOVERNOR

Dear Friends,

As I reflect on my time as Governor, and specifically as Chair of the Arizona-Mexico Commission, I am proud of the success we have had in advancing Arizona's cross-border relationship with Mexico. Over the past five years, our committee chairs, members, and AMC staff have worked tirelessly to fulfill our mission of improving the economic prosperity and quality of life for all Arizonans through strong, public/private collaborations in advocacy, trade, networking, and information.

This issue of the *Catalyst* highlights examples of the AMC's most notable accomplishments since 2009, as well as advancements being made on its bilateral agenda, including initiatives involving Arizona's border communities, ports of entry, and trade relationship with Mexico.

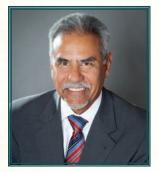
This work is highlighted during the Arizona-Mexico Commission's Plenary Sessions, and the plenary this past June was no exception. It is always remarkable to see so many people from both sides of the border come together to advance what is now a 55-year legacy. Let us continue what Governor Paul Fannin founded in 1959 by committing to its mission and increasing our competitiveness, strengthening our security, fostering sustainability, and improving our quality of life. If you are not a member of the AMC, I would highly encourage you to join, and help build upon its history of success.

Sincerely,

Janice K. Bruver

Janice K. Brewer Governor, State of Arizona

Chair, Arizona-Mexico Commission



LETTER FROM THE AMC PRESIDENT

Dear AMC Members, Supporters, and Friends,

This issue of the *Catalyst* is a very special issue as it highlights the legacy that our committees leave under Governor Brewer's administration. Since 2009, the Arizona-Mexico Commission and each of our 13 binational committees have accomplished many meaningful and impactful initiatives that have propelled the Arizona-Mexico relationship into the 21st century. Although the AMC will continue to be the premier cross-border entity, it is important to reflect on our accomplishments and thank all those involved in making the AMC the successful organization it is today.

In addition to the activities of the individual committees, the AMC as a whole has been successful under the leadership of its Chair, Governor Jan Brewer. From expanding Arizona's port of entry system, to increasing trade with Mexico, to appointing a director to the Arizona State Office in Hermosillo, to creating partnerships that have enhanced Arizona's and its border communities' economic prosperity, Governor Brewer has provided us with nothing but support and encouragement.

This year marks the Arizona-Mexico Commission's 55th anniversary. From its inception as the West Coast Trade Commission to what we are today, our mission of promoting economic prosperity for the Arizona-Sonora region has never wavered, nor has the support of our governors and chairs. The AMC thanks Governor Brewer for her leadership and direction as we build upon the legacy that she leaves.

Sincerely,

Larry Lucero

Jawana T. Queso



Ribbon Cutting of Arizona State Trade Office in Mexico City

n this fast-paced global economy, it is crucial to continually strengthen Arizona's trading relationships and particularly with our largest trading partner, Mexico. In keeping with the organization's 55-year tradition, the Arizona-Mexico Commission (AMC) has been focused on improving the Arizona-Mexico bilateral agenda with the goal of advancing Arizona's economic competitiveness, creating new jobs, and enhancing the quality of life for citizens on both sides of the border. There is great news to report.

On October 5-8, 2014 the AMC, in partnership with the Arizona Commerce Authority (ACA), Arizona Department of Transportation (ADOT), Arizona Office of Tourism (AOT), and the City of Phoenix led a delegation of 70 Arizona leaders on a very successful trade mission to Mexico City. The central event of the mission was the grand opening of the State of Arizona Trade and Investment Office in Mexico, led by the ACA, in partnership with the City of Phoenix and additional funding partners including the Maricopa Association of Governments, City of Tucson and Visit Phoenix. With the support of Governor Brewer and the state legislature, Arizona has made a commitment of \$300,000 to the ACA to establish and manage the office, which creates a platform for businesses in both countries to expand their international trade and foreign direct investment opportunities. Arizona's new trade office builds upon the state's current engagement in Mexico by complementing Arizona's existing office in Hermosillo, Sonora, a collaboration between the AMC and the ACA.

In addition to the opening of the trade office, members of the delegation held strategic meetings focused along three important tracks for Arizona and Mexico: transportation and corridor development, tourism and economic development - each netting impressive commitments secured from public-and private-sector Mexican officials. The accomplishments of this Arizona-led mission stand to spur trade opportunities and help to enhance the competitiveness of the region.

With strong representation from the Arizona business community and university representatives, the delegates from the economic development, trade and innovation track attended meetings and held high level discussions with the Director for North America at the Ministry of Foreign Affairs, Ana Luisa Fajer Flores, the Director of ProMéxico Francisco Gonzalez Diaz, the Deputy Secretary of Commerce for the State of Queretaro, the heads of Mexico's leading chambers of Commerce, and key representatives of the Mexican National Council of Science and Technology (CONACYT). The delegation came away with a much better understanding of Mexico's strong commitment to regional competitiveness and innovation, and the impressive aerospace presence in the state of Queretaro and vast manufacturing in the State of Mexico, both with tremendous supply chain opportunities for Arizona. Mexican federal leaders also announced that ProMéxico will open a representative office in Phoenix. ProMéxico is the federal government agency responsible for promoting Mexico's participation in the international economy - supporting exports and attracting foreign investment. The combination of an Arizona office in Mexico City and a ProMéxico office in Phoenix will offer many new opportunities for business interaction and economic development.

The meetings served to create a robust relationship with the industrial leaders of the country and open multiple doors for future industry partnerships and strong business ties. The Arizona State Office in Mexico will be the conduit to help advance the initiatives identified in the sector meetings and solidify the outcomes.

ARIZONA-MEXICO AT A GLANCE (2013 data)

\$14.1 billion = Arizona's bilateral trade with Mexico
48.3 million = Number of people that crossed the border

16.3 million = Number of cars

763,000 = Number of trucks

1,800 = Number of trains

\$450+ million = Investment in border infrastructure in the past 7+ years

The timing could not be better. Mexico is projected to move from the number 14 to the number 5 spot as the world's largest economy by 2050, and Arizona is in a perfect place to capitalize on that growth. A trade office will not only help the Arizona business community navigate Mexican business, government and protocol more effectively, but also show that we are a committed player.

"With \$14 billion in annual trade with Mexico, it is clear that our partners to the south are an integral part of our growth and ability to compete in a global environment," said Sandra Watson, president and CEO of the Arizona Commerce Authority. "It is truly exciting to hear that ProMéxico will open a representative office in Phoenix, a reflection that for Mexico, Arizona represents a market of great opportunity and a possible platform for the rest of North America."

In addition, the Arizona delegation hosted a breakfast with the secretaries of Commerce, Transportation and Tourism, along with the presidents of 9 industry chambers and representatives from the state university from the State of Mexico, the most populous Mexican state with a strong manufacturing presence.

"We are focused on building on our strong relationship with the states of Sonora and Sinaloa to forge strong partnerships with all the key states along the corridor from the Arizona-Mexico border to Mexico City. The State of Mexico is a manufacturing giant in Mexico and through our universities and business networks, we are looking to refine our collaborative efforts and competitive advantages for the entire corridor. In turn, that allows us to compete in the global marketplace," said Margie



Arizona Delegation in a meeting with Trans-Mex Swift Transportation Mexico Subsidiary

Emmermann, Executive Director of the Arizona-Mexico Commission and Mexico Policy Advisor for Governor Jan Brewer.

By any measure, the relationship with Mexico is close, dynamic and ever evolving. The year 2013 marked a new record in Arizona's exports to Mexico, with \$14.1 billion, an increase of about \$900 million over exports during 2012. This increase translates into thousands of new jobs throughout Arizona. In addition, the year 2014 is on track to set another record. In 2013, more than 48 million people crossed the border in and out of Arizona and 2014 is on target for even more crossings.

One of the keys to continuing these increases in cross border trade and visitor traffic are efficient and highly functional transportation corridors linking Arizona to Mexico.

Among the primary obstacles for the growth in the Arizona-Mexico relationship are the delays for goods and people to cross the border and much has been done in order to improve the situation at our border. To date, more than \$450 million dollars have been invested by both Arizona and its federal partners (Customs and Border Protection, the Federal Highways Administration and the General Services Administration) to improve our ports of entry and their connectivity to the federal highway system.

The largest border project, the reconfiguration of the Mariposa Port of Entry at Nogales, was officially completed with a ribbon cutting ceremony in Nogales on October 15, 2014. This project represents an investment of more than \$250 million and will double, if not triple, the throughput for inspection at this port of entry. The port will have the capacity of processing more than 4,000 trucks per day (currently, the port processes 1,500 to 2,000 trucks per day during the peak season). Additionally, this port will have twelve car lanes (up from four), dedicated pedestrian facilities and a dedicated bus lane. This project will also positively affect truck wait times that in the past ranged from four to eight hours, and in some instances overnight, are now seeing wait times measured in minutes since the lane expansion. The reconfiguration of the Mariposa Port of Entry which integrates the latest in design and technology—positions Nogales as one of the most modern and efficient port facilities in all of North America.

Similar efforts are underway at the Douglas/Agua Prieta and San Luis/San Luis Rio Colorado Ports of Entry. The City of San Luis is working on projects to expedite pedestrian traffic at San Luis I and to allow cars to cross at San Luis II. The City of Douglas and the Municipality of Agua Prieta have come together to build a new port of entry that will relocate all commercial operations out of the downtown area to a new facility approximately five miles to the west. The Arizona Department of Transportation was excited to hear that the Ministry of Communications and Transportation (SCT) has committed to support the development of a new port of entry at Douglas/Agua Prieta and the expansion of the San Luis II Port of Entry to permit the crossing of cars.

Trade needs to move beyond the port of entry so improvements to critical highways that connect to the border are critical. Arizona's Key Commerce Corridors, the state's interstate



Arizona Delegation meeting with Secretaria de Relaciones Exteriores in Mexico.

highways and key state highways, are vital to keeping trade with Mexico flowing. Enhanced transportation funding that will allow the state to continue enhancing our corridor competitiveness is critical to maintaining one of our greatest assets in a globally competitive world.

To attract companies interested in the North American market, it is crucial that Arizona leverage its proximity to Mexico to provide a binational platform for research and development, manufacturing, and product distribution.

This region is also the bridge between key markets in central Mexico, the Western United States, and Canada. For several years now, Arizona has diligently been working on improving and promoting the efficiency of a north-south trade corridor as the key link connecting central Mexico, including the states of Jalisco, Guerrero, Nayarit, Sinaloa and Sonora with Arizona and beyond. Arizona's agenda has been consistently presented to both the public and private sectors at the highest levels in Mexico, advancing Arizona's priorites in smaller high level technical meetings led by Margie Emmermann, Executive Director of the Arizona-Mexico Commission and John Halikowski, Director of the Arizona Department of Transportation (ADOT).

These meetings set the stage for the progress that was made on critical transportation initiatives in the transportation track during the recent trade mission. There are a number of ongoing issues affecting the flow of traffic along MX15 – the highway that connects Mexico City to the Arizona border at Nogales. These issues include the delays created by the military inspection station just north of Hermosillo, Sonora, where trucks have to wait several hours to be inspected by the Mexican military. This is the only permanent military checkpoint of its kind in the U.S.-Mexico border region.

Arizona has been working with the Ministries of Foreign Affairs, Communications and Transportation and Agriculture along with the Mexican Customs Service and the U.S. Embassy in Mexico City to identify ways to make this facility more efficient. The work is paying dividends as there is now a concerted effort by these entities to identify solutions to streamline the process at the military checkpoint while maintaining the integrity of the security measures. As an outcome of our meetings, the U.S. and Mexican governments announced they are working to finalize a plan to invest as much as \$11 million in improvements to the checkpoint (\$6.8 million from the Merida Initiative on implementing U.S. technology, equipment and training and \$4 million by the Mexican government on supporting infrastructure). This possible use of Merida Initiative funds is a great contributor to the security of the entire region and it will help expedite the processing of trucks, thus reducing wait times and enhancing corridor competitiveness.

The Mexico City transportation meetings culminated with pledges by Mexican officials to spend the equivalent of \$1.1 billion on MX-15 highway improvements to expedite the shipment of goods from central Mexico into the U.S. The impressive announcement also confirmed that the Mexican government is constructing bypasses around the largest

metropolitan areas between Mexico City and Nogales, including bypasses at Guadalajara, Tepic, Los Mochis, Ciudad Obregon and Hermosillo. These bypasses will result in the savings of several hours of travel time for trucks from Mexico City to the border and vice versa.

The investment will smooth the transportation of goods and people from Mexico and its ports into the U.S. through Arizona. Arizona Department of Transportation Director John Halikowski said that a positive, long-term relationship with Mexico is yielding results for Arizona.

"Our efforts to forge strong working relations with our counterparts in Mexico have been ongoing over many years. That's why we come back from this trip with tremendous results benefiting all of Arizona," Halikowski said. "The news that the Ministry of Communication and Transportation of Mexico will spend more than a billion dollars over the next three years to modernize the road connecting central Mexico, including the states of Sinaloa and Sonora, to our border means they recognize the potential of our trade corridor. We are their gateway to the western United States."

Arizona, spearheaded by ADOT and in coordination with the Nogales Customs Brokers Association, Ferromex and Union Pacific, is also finding ways to enhance Arizona rail connectivity with Mexico. In 2013, nearly 1,800 trains crossed the border through Nogales. The ability to offer a true multimodal alternative for the shipping of products between Central Mexico to the Arizona border is one of the best ways to enhance the corridor's competitiveness and to



Arizona Delegation and Government Officials of the State of Mexico

better compete against Texas and California - two states that are hoping to divert trade away from Arizona to their own ports of entry.

Arizona has created a stakeholder group to promote rail alternatives for the movement of cargo both northbound and southbound through Nogales. The stakeholder group includes such critical entities as the Arizona Department of Transportation, Union Pacific, Ferromex, the Association of Agricultural Producers of Culiacan (Sinaloa), U.S. Customs and Border Protection, the US Department of Agriculture, the Food and Drug Administration, the Mexican ministries of Communications and Transportation, and Agriculture, the Greater Nogales Santa Cruz County Port Authority and the Nogales Customs Brokers Association.

All of the strategic initiatives mentioned above become even more critical when put into the context of the work outlined through an extensive statewide outreach process conducted by the Transportation and Trade Corridor Alliance (TTCA). Among many recommendations that were revealed as part of The TTCA Roadmap, an aggressive recommendation is to double Arizona's trade with Mexico by 2025 (www.azttca.org). This ambitious goal will require all partners to work together.

"The relationships we build and strengthen through delegations such as this one to Mexico, are perhaps the most valuable. The face-to-face connection and the long-lasting friendships allow us to work with confidence that in the future we can come together to overcome obstacles and work together for the betterment of the entire region," said Sherry Henry, Director of the Arizona Office of Tourism.

"The new Arizona State Trade and Investment Office in Mexico will be another ongoing opportunity for us to help strengthen our ties with Mexico to increase this important travel activity that benefits us all." Mexico is Arizona's largest and most important international visitor market. For nearly 20 years, AOT has had a travel-trade representative in Mexico promoting Arizona as a travel destination and encouraging cross-border visitation and overnight stays that stimulate Arizona's economy.

Mexican visitation directly contributes to Arizona's economy leading to increased tourism expenditures, job creation and tax revenue. According to AOT's Mexico Visitor Survey the agency conducted in 2007, each day, an average of 65,000 Mexican residents travel to Arizona to work, visit friends and relatives, recreate and shop. These visitors spend more than \$7 million daily in Arizona's stores, restaurants, hotels and other businesses contributing substantially to Arizona's export trade with Mexico.

On this recent trip to Mexico the Tourism Track worked to advance many of the initiatives the Tourism, Arts and Culture Committee of the AMC has been working on throughout the year. These initiatives stand to facilitate cross-border tourism and make our region more attractive to both domestic and international tourism. Topics such as notifying our Mexican counterparts of our impending request to the U.S. State Department to change Travel Warnings to Travel Recommendations to avoid the negative perception that it is unsafe to travel to Mexico in general when there has been

a specific and localized incident that does not mean it is dangerous to visit Mexico.

Additionally the group advanced an initiative to collaborate with the Secretary of Tourism (SECTUR) and other appropriate Mexican federal entities to implement a system to facilitate the crossing of visitors who are utilizing motor coaches and tour operators. Simply put, this is a process that would allow for the distribution of the Mexico Tourism Visa prior to arrival at the border so that tour operators can have the proper information filled out to facilitate the border crossing with Immigration officers and avoid long waits that are so detrimental to business and tourism.

This will be especially important with the upcoming Super Bowl to be held in Arizona in February 2015 and was a topic of animated discussion with SECTUR. Plans for Super Bowl Central and other areas where the Mexican government could participate and promote Mexican tourism to the border region and Arizona around the game were discussed with SECTUR as well as with American Airlines and Brand USA where other Arizona sporting activities were identified as prime destinations for the Mexican market.

An important outcome of the trip was an invitation by Diputado David Cuahtemoc Galindo Delgado for the Arizona Office of Tourism to present to the Mexican Congress' Western Hemisphere Affairs subcommittee on information regarding the many issues discussed during the delegation meetings. This will certainly help advance these topics, most notably the Mexican Tourist Visa to enhance the flow of visitor traffic across the border.

Arizona is not an independent player in the global arena. It is through the ability to leverage its assets and relationships with its Mexican neighbors and partners that Arizona grows in stature as a global competitor. The Mexico City Office and our ongoing broad working relationship with various local, state and federal partners in both Mexico and the U.S. help to ensure that we can reach our goals.

Our competitors are not standing idle. It is time for Arizona to let the world know that Arizona is open for business!

MOVING THE SONORA-ARIZONA REGION

By: Raul Murrieta Cummings, Under Secretary for Infrastructure, Ministry of Communications and Transportation of Mexico



Arizona Delegation meeting with Raul Murrieta Cummings, Under Secretary for Infrastructure, Ministry of Communications and Transportation

exico is in motion. The Government of President Enrique Peña Nieto is in the process of implementing the "Communication and Transportation Infrastructure Investment Program 2013-2018", the most ambitious and important infrastructure policy in the history of Mexico.

At the conclusion of this administration more than \$29 billion dollars will have been invested in the highway network, with the goal of making notorious improvements to the quality of our land-based communication thoroughfares, directly benefiting the users and the productive chains in order to enhance Mexico's competitiveness, thereby improving the lives of all Mexicans.

Mexico's highway system is distributed into 15 major corridors with more than 374,000 kilometers, of which more than 49,000 kilometers comprise the federal highway system (8,459 kilometers are toll roads and 40,710 kilometers make up the highway system that is free to the user).

Main Highway Corridors



The Ministry of Communications and Transportation (SCT for its initials in Spanish) builds projects of great significance in the 15 major corridors to address the deficiencies in the area of connectivity between various regions and the states



that they represent, as well as between Mexico and the United States on pathways that incentivize commercial exchanges and the communication between people, through the institutional collaboration and with the participation of the private sector, through the bidding process associated with Public-Private Partnerships.

We work daily to improve the quality of our highways and ports of entry, through the extensive utilization of Intelligent Transportation Systems (ITS) to reach high standards in the areas of user safety, public security, and highway efficiency (reduction of wait times, charging of tolls, information for users, etc.). During the term of the current administration more than \$29 billion dollars will be invested in ITS deployment throughout the entire federal network.

It is worthwhile that we bring attention to the strategy that the Government of the Republic is implementing in the Mexico-Nogales Corridor with a branch to Tijuana. Approximately \$2.34 billion dollars will have been invested in 7 projects by 2018.

These projects will result in important reductions in travel times, accidents and vehicular operational costs, taking heavy traffic outside of urban zones, and benefiting, significantly, the environment and urban mobility.

The announcement by President Peña Nieto in the City of Hermosillo this past April 22, stands out. There, the Chief Executive committed and investment of \$980 million dollars for the widening to four lanes with high specifications and hydraulic concrete for the entirety of the Don-Nogales highway, which covers 668 kilometers and that crosses the entire state of Sonora.

These improvements will strengthen the corridor through the consolidation of the Atlacomulco region as a neurologic point for transportation and the economy of central Mexico; the development of logistic hubs and production in the west; and

| Project | Work | Status | Estimated Investment (Million USD) |
|----------------------|---|-----------------|--|
| Atizapan-Atlacomulco | Construction to 4 lanes (21 meters) | In Construction | \$440.60 |
| Guadalajara Bypass | Construction to 4 lanes (21 meters) | In Construction | \$430.08 |
| Tepic Bypass | Construction to 2 lanes (12 meters) | In Construction | \$165.04 |
| Mazatlan Bypass | Construction to 4 lanes (21 meters) | Concluded | \$107.59 |
| Don-Nogales Station | Modernization to 2 lanes (10.50 meters) | In Construction | \$1,015.04 |
| Cd. Obregon Bypass | Construction to 2 lanes (12 meters) | To be Initiated | \$82.56 |
| Hermosillo Bypass | Construction to 2 lanes (12 meters) | In Preparation | \$97.74 |
| Total | | | \$2,338.60 |

the facilitation of long-haul transportation in the northwest region, greatly benefiting the agro-fisheries, trade and tourism sectors in the region.

These actions have a clear impact on the border and must be accompanied by an modernization strategy for the infrastructure that connects Mexico with the United States, with the ultimate goal of promoting trade in North America. According the US Census Bureau, trade between Mexico and Arizona grew to more than \$26 billion dollars in 2013, and will continue to grow in coming years. Therefore, border infrastructure must be capable of responding efficiently to these tendencies.

In that sense, both countries have the vision of creating a border that is a true engine for competitiveness and regional development. The SCT, in coordination with the appropriate Mexican and American agencies, works tirelessly to ensure that the flow of both goods and people across the border be more efficient and expeditious. In particular, in the Sonora-Arizona region we are undertaking the much needed modernization of the Nogales Corridor; we have insisted on the authorization for the crossing of cars through the San Luis Rio Colorado II and we are analyzing projects for new crossings in the region, among other actions.

We share the interest in improving our border infrastructure to offer a quality service and offer more alternatives to users, in order to reduce border crossing times, thereby ensuring the efficient transport of people and goods from the center, West and Pacific of Mexico, to Arizona and the rest of the United States. In that respect, SCT recognizes the leadership demonstrated by the Arizona Department of Transportation and, in particular, by its director, John S. Halikowski, in the identification and support for various projects for cross-border mobility.

In Mexico we are convinced of the virtuous cycle that is generated by infrastructure: more infrastructure, more competitiveness; that will allow us to reach greater economic development, which in turn, will lead to more investment in more and better infrastructure. The investments and actions that SCT undertakes in the region are now an essential component of the economic development of our nation. Through more and better infrastructure, Mexico and the Sonora-Arizona region are already in motion.

Translation by Luis E. Ramirez Thomas, MSFS

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Josh Rawitch Sr. Vice President, Communications, The Arizona Diamondbacks

NEW FACES AT THE AMC



ED ZUERCHERAMC BOARD OF DIRECTORS

Ed Zuercher was appointed as Acting City Manager effective October 17, 2013. Mr. Zuercher acts as the Chief Operation Officer for the City of Phoenix and oversees the largest Councilmanager form of government in the United States, with 14,500 City employees, including 7 employee

unions and associations. Mr. Zuercher, working with the Mayor and City Council, is responsible for a city budget of \$3.5 billion, including airport, water/wastewater, solid waste, convention center and hotel, transit system and general city services.

Mr. Zuercher's career with the city started as a management intern and grew to include management assistant, assistant to the city manager, public transit director, executive assistant to the city manager, mayor's co-chief of staff, and assistant city manager.

He received his Master of Public Administration from the University of Kansas and his B.A. English/secondary education from Goshen College in Indiana.



JESSICA PACHECO AMC BOARD OF DIRECTORS

Prior to her current role, she served as director of Government Affairs where she directed the company's public affairs efforts and managed stakeholder relationships. Her previous roles at APS span from managing franchise agreement negotiations to corporate community outreach

to customer care in the call center.

Jessica also served as senior vice president for Public Affairs at the Arizona Chamber of Commerce, where she was responsible for general business advocacy for the Arizona business community. She has worked extensively in economic and community development arenas throughout Arizona, the southwestern United States and northern Mexico.

She is responsible for leading the company's state and local public affairs strategy.



BILL VILLALON AMC BOARD OF DIRECTORS

Bill Villalon is Vice President and Head of Global Automotive at APL Logistics. Based in Phoenix, Arizona, he is responsible for the strategic development, growth and profitability of the company's automotive logistics business worldwide.

A seasoned executive with more than 30 years of experience in the global transportation and logistics industry, Mr. Villalon joined the Company in 1984. Prior to his current assignment, he was Vice President, Land Transport Services and also previously served in various senior-level positions, including President, Americas Region; Vice President of the former APL Stacktrain Services group; and Vice-President, Southeast Asia for APL Liner. Prior to APL, Mr. Villalon spent 12 years with a major U.S. rail carrier.

Mr. Villalon holds an MBA in Finance from the University of California, Berkeley and a BA in Political Science from Washington University in St. Louis.



MELISSA SANDERSON AMC BOARD OF DIRECTORS

("Mel") Sanderson was a member of the U.S. Foreign Service for over 20 years, serving in a multitude of countries and assignments. Her last diplomatic posting was as Political Counselor in the Democratic Republic of Congo during its transition to democracy. In 2006, while still in

Congo, she was recruited by Freeport McMoRan Copper & Gold, to serve as its Vice President for Africa. She stayed another four years in DRC before accepting a promotion and returning to the Phoenix corporate headquarters in 2010, where she is currently Vice President for International Affairs. Reflecting her continuing interest in and involvement with international issues, Mel also serves on a number boards such as the Boards of the Phoenix Committee on Foreign Relations, Phoenix Sister Cities, the Arizona-Mexico Commission among others.



JOSH RAWITCH SPORTS COMMITTEE CO-CHAIR

Josh Rawitch is entering his 20th season in Major League Baseball and third as Sr. Vice President of Communications with the D-backs. He is responsible for the internal and external communication efforts of the organization, including baseball and business public relations,

media relations, publications, social media, photography and fan feedback.

Rawitch joined the D-backs following 15 seasons with the Los Angeles Dodgers, where he was most recently the Vice President of Communications. The Los Angeles native attended Indiana University, where he received a Bachelor's Degree in Sports Marketing and Management with a minor in Business. He currently teaches Strategic Sports Communications at ASU's Walter Cronkite School of Journalism and Mass Communication, and was previously an adjunct professor at USC's Annenberg School for Communication for two years.

Rawitch serves on the board of directors for the Greater Phoenix Chamber of Commerce, Camp Soaring Eagle and as the Co-Chair to the AMC Sports Committee. He is secretary for board of the Desert Southwest Chapter of the Juvenile Diabetes Research Foundation.



MISAEL CABRERA ENVIRONMENT & WATER COMMITTEE CO-CHAIR

Misael has served as the Deputy Director of the Arizona Department of Environmental Quality (ADEQ) since 2011. He functions as the chief of staff for ADEQ and oversees key functions while executing Director Darwin's vision for

leading-edge and balanced environmental protection.

Before joining ADEQ, Misael held a variety of leadership, operational and technical roles during a 20-year career within the environmental consulting industry.

Misael is a registered engineer and resides in Chandler with his wife and two children.

WELCOME NEW AMC SPONSORS



ARIZONA SUMMIT LAW SCHOOL

The Arizona Summit Law School, known until 2013 as the Phoenix School of Law, is a for-profit, private law school located in Phoenix, Arizona. Founded in 2005 and accredited by the American Bar Association in 2010, Summit Law is the only private law school in Phoenix, AZ and asserts to have had a bar pass rate of 100 percent. Summit Law is part of the InfiLaw System of independent law schools, which includes Florida Coastal School of Law and Charlotte School of Law. Arizona Summit Law provides a student-focused learning environment that meets the needs of students from all walks of life.



CITY OF NOGALES

The City of Nogales, Arizona, is the county seat for Santa Cruz County located along Arizona's southern boundary, which borders Nogales, Sonora, Mexico, and is Arizona's largest international border City. Due to the International Border, Nogales is the economic capital of the region and serves as one of the major international gateways into the United States. Referred to as Ambos Nogales, the communities of Nogales, Arizona and Nogales, Sonora, México comprise the largest international border community in Arizona, with a combined population of 177,732 inhabitants as of the 2000 U.S. and Mexican censuses (U.S. Census Bureau 2000, Instituto Nacional de Estadistica Geografia e Informatica 2000).



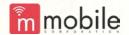
CITY OF TUCSON

The City of Tucson is one of the "Mega-Trend" cities of the 21st Century. Tucson is the seat of Pima County and this metropolitan area supports over 750,000 residents. It celebrates a diversity of cultures, architecture, and peoples. Yet, it is one of the : premier health services center for the Southwest, the Optics Valley, the astronomy center of the world, home of a premier research institution - University of Arizona, and a tourism destination.



FRESH PRODUCE ASSOCIATION OF AMERICAS

The Fresh Produce Association of the Americas (FPAA) is a non-profit trade group that was founded in Nogales, Arizona, in 1944. FPAA has grown to become one of the most influential agricultural groups in the United States. Today, the FPAA provides a powerful voice for improvement and sustainability, serving the needs of more than 100 North American companies involved in the growth, harvest, marketing, import, and distribution of Mexican produce.



MOBILE CORPORATION

Mobile Corporation is an online community for the new mobile workforce that allows people to make money using their mobile devices and work from anywhere. By 2020, over 50% of the United States and 80% of the worldwide labor force will consist of independent online mobile workers. There is huge shift in how work will be done, and it's starting right now. The Mobile Corporation community connects professionals and clients through a trusted network where they have access to a global marketplace of jobs and talent. Mobile Corporation has its U.S. headquarters in Harvard Square, Cambridge, MA, its Mexico headquarters at Plaza Carso, Mexico City, DF, and its development team in Nogales, Sonora, Mexico.

Mobile Corporation was founded by Jeffrey Peterson, CEO and Chairman, former CEO and founder of Quepasa.com. Jeff served on the Arizona-Mexico Commission (AMC) Board of Directors and Executive Committee from 2003-2009 under former Governor Janet Napolitano. Mobile Corporation recognizes the significance of the AMC's mission and role with Mexico and thus continues as a corporate sponsor. Victor Flores, who served as President of the AMC Board of Directors during the Napolitano administration continues as a board member representing Mobile Corporation.



OSVIL INTERNATIONAL

Osvil is located in Douglas, Arizona. It is a boutique brokerage that provides consulting and logistics assistance and a full range of expert customs services with highly personalized attention. Whether you've been shipping across borders for years or you're just starting out, their customs specialists will create inventive and effective approaches to get your shipment through quickly and efficiently. They simplify and streamline the importing process for all of their clients, helping them achieve better results. Visit us at www.osvil.net



PIMA COUNTY

Pima County is in the south central region of Arizona. It is the second-most populous county in Arizona, with a population of 980,263, according to the 2010 U.S. Census. It is a major commercial and academic hub that is home to Tucson, the second largest city in Arizona. Nearly all of the county's population is contained in metropolitan Tucson. Pima County is a destination for those looking for a unique sense of place and myriad learning opportunities.



R. L. JONES CUSTOMHOUSE BROKERS INC.

R.L. Jones Customhouse Brokers Inc. was founded in 1938 in Calexico California. Over the years, they have expanded their coverage to include all major U.S Southwest borders Ports. Today, they employ more than a hundred and fifty individuals system wide. They have offices located on both sides of the border to complement and facilitate border crossing of merchandise. Their trained and motivated team of professionals delivers integrated services to meet our Import/Export, warehousing, transportation and freight forwarding needs.



UNION PACIFIC CORPORATION

Union Pacific Corporation is one of America's leading transportation companies. Its principal operating company, Union Pacific Railroad, is North America's premier railroad franchise, connecting 23 states in the western two-thirds of the country by rail, providing a critical link in the global supply chain. It operates from all major West Coast and Gulf Coast ports to eastern gateways, connects with Canada's rail systems and is the only railroad serving all six major Mexico gateways. From 2007-2013, Union Pacific invested more than \$21.6 billion in its network and operations to support America's transportation infrastructure.

AMC NEW MEMBERS

Andrew Squire, City of Tucson

Brandon Bailey, Arizona Summit Law School

Camila Bekat, City of Tucson

Charlene Fitzgerald, Yuma Metropolitan Planning Organization

Charles Sotelo, Sonora Arizona International, LLC

Chase Emmerson, CVE Inc.

Chris Kaselemis, City of Tucson

Curtis Woody, Town of Marana

Daniel Bazua, RL Jones Customs Brokers

Darren George, BBVA Compass

David Treanor, Arizona Clean Fuels Yuma

Dr. John Moffatt, Pima County Government

En-Tien Chen, Academy Franchise Partnership, Inc.

Everardo Martinez Inzunza, Arizona Western College

Gustavo Acosta, RL Jones Customs Brokers Ilya Iussa, AZ Summit School of Law

Joanna Tejeda, Arizona State University

John Bernal, Pima County Government

Jonathan Solorzano, Hyatt Investments

Jose Padilla-Torres, The University of Arizona

Joshua Meyer, Law Office of Joshua J. Meyer

Juan Moran

Juan Padres, City of Tucson

Juanita Garcia, Seiger Pima County

Lance Jungmeyer, Fresh Produce Assoc. of Americas

Lia Koski, Maricopa County Dept. of Public Health

Luis De La Cruz, Andale Construction

Karla Avalos, City of Tucson

Maria Angelina, Contreras

Mario Fierro, FIERROMETAL

Mary Lou Valenzuela, Valley of the Sun United Way

Mike Czechowski, City of Tucson

Mike Lacey, AZ Dept. of Water Resources

Monica Pesqueira, University of Arizona Medical Center

Oscar Vildosola, Osvil International

Patrick Cavanaugh, Pima County Government

Priscilla Storm, Diamond Ventures

Raul Gonzalez, Raytheon

Rene Moreno, Piper Jaffray & Co.

Ricardo Luna

Robert Shuler, Fresh Produce Assoc. of Americas

Shane Dille, City of Nogales

Sharon Aldrich, University of Phoenix

Sofia De Los Reyes, Gowan Company

Teresa Bravo, Pima County Government

Troy Pearce, PMD Development

Zoe Richmond, Union Pacific Corporation

SILVER AND BRONZE SPONSORS





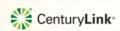
























ARIZONA-MEXICO COMMISSION PLENARY SESSION ARIZONA AND SONORA: EVOLUTION OF A REGION - JUNE 19-20, 2014

Are You Ready For International Business? Focus on Mexico Forum

Rave reviews were received for the Thursday Forum. The AMC would like to thank Walter Bastian, Deputy Assistant Secretary of Commerce; Roberto Coronado, Assistant Vice President in Charge and Senior Economist, El Paso Branch, Dallas Federal Reserve Bank; Fernando Gamboa Rosas, Director General for the Promotion of Sea Ports, SCT; Bruce Wright, Associate Vice President for University Research Parks, U of A; Panelist: Glenn Williamson, Canada-Arizona Business Council; Gene Seroka, Port of Los Angeles;



Zoe Richmond, Union Pacific; Marcel Joffroy, Joffroy Group for Mexico; James B. Manson, Pacific Brokers; Mark Roberts, Vice President, Specialty Banking Alliance Bank of Arizona; Mary Carmen Fuertes Abascal, Barrera Siqueiros y Torres Landa; and CP Humberto Garcia Borbón, Garcia Gutierrez Garagorri y Asociados, S.C. for their enormous contributions to the Forum!

Thursday Networking Reception

Once again, we had an extremely well attended Thursday evening networking reception that afforded plenary attendees the time to connect with friends and collogues, discuss business opportunities, and advance important bilateral topics. Most importantly everyone had time to enjoy the beautiful venue chosen for this year's plenary.

Working Committees

The 14 working Committees started the day bright and early with meetings to advance the important topics of their bilateral agendas and to develop the recommendations each committee would be presenting to the governors later that day at the Plenary. Much progress was made during the day.



Governor's Private Meetings

Governor Jan Brewer and Governor Guillermo Padres held several private meetings to advance the bilateral agenda for the Arizona-Sonora region. The meetings which included elected officials and community leaders of the communities of Ambos Nogales, Douglas/Agua Prieta, San Luis, Somerton, Yuma/San Luis Rio Colorado, Tucson and Guaymas all centered around the region's need to continue focusing on corridor competiveness as this will ultimately increase global trade opportunities and create jobs for Arizona and Sonora. Commitments were made by the Governors for a focused and continued effort to advance regional needs.

Governor's Luncheon

With the heightened attention border economies are receiving from the discussions surrounding the initiatives of the High Level Economic Dialogue (HLED) driving the US-Mexico bilateral agenda, Governors Brewers and Padres invited business leaders from Arizona and Sonora to learn about this important work. Ana Luisa Fajer, Director for North America for the Mexican Ministry of Foreign Affairs, and Hugo Rodriguez, now the Consul General for the US in Mexico City, US State Department, gave a comprehensive presentation of how this dialogue is shaping US-Mexico relations and the impact to the border region in a multitude of areas.

Plenary Session

This year's Plenary Session was a busy one. The Nominating Committee of AMC presented a slate for ratification of the board of the AMC, committees presented their recommendations to Governors Brewer and Padres, the Water Committee signed an MOU witnessed by the governors for the investigation of binational desalination opportunities, and the Transportation and Trade Corridor Alliance released its TTCA Roadmap, a comprehensive document outlining aggressive strategies, policy recommendations and actions for global market connectivity.

Gala Dinner

The Gala Dinner, or Governors' Dinner, the culminating event of the two day Plenary is an opportunity for friends and colleagues to gather and reflect upon the special and unique relationship Arizona and Sonora share. It is also a time for the AMC to thank our sponsors for their generous contributions and to recognize distinguished individuals who have made a difference in the Arizona-Mexico relationship. This year's plenary; Governor Jan Brewer's last as Governor of the State of Arizona was a huge success and the AMC gives a very special thanks to the governor for her support of the AMC and participation at every single Plenary during her term in office.

AMC AWARDS



Governor Guillermo Padres, Lic. Hilda Davila Chavez, Governor Jan Brewer

PAUL FANNIN AWARD: Lic. Hilda Davila Chavez with Ventanillas de Salud

Namedafterthe AMC founder, Gov. Paul J. Fannin, this award is bestowed by the Arizona-Mexico Commission to an organization that exemplifies his vision in founding the commissions. "God made us neighbors, let us be good neighbors." Ventanillas de Salud is a program developed by the Mexican Department of Health (Secretaria de Salud de Mexico) and the Department of Foreign Affairs (Secretaria de Relaciones Exteriores). It is managed and operated through the consular network of Mexico in the United States in collaboration with diverse local healthcare organizations. Ventanillas de Salud improves the physical and mental wellbeing of the Latino population and increases access to preventative healthcare, medical insurance coverage, and the delivery of these services in a culturally sensitive and appropriate manner. Throughout Arizona there are 5 Ventanillas locations one in Douglas, Nogales, Phoenix, Tucson, and Yuma.

TONY CERTOSIMO AWARD: John Halikowski, Director of the Arizona Department of Transportation

The Tony Certosimo Award commemorates the spirit of the AMC's first executive director. It was Mr. Certosimo's dedication and leadership that allowed the AMC to grow into the vibrant organization it is today. This year, the award for cross-border leadership is being presented to an individual who works diligently to advance a binational agenda for the betterment of the region on a daily basis. Director of the Arizona Department of Transportation, Co-Chair of the AMC's Transportation, Infrastructure and Ports Committee and Chair of Arizona's Transportation and Trade Corridor Alliance, John truly understands the importance of the relationship with Mexico for Arizona and sets the example for the agency he leads. He has spearheaded the development of the TTCA's Roadmap and the Arizona-Sonora Border Master Plan and understands the marriage of infrastructure and economic development. He has championed this new vision throughout Arizona and beyond and his Key Commerce Corridors plan is a testament to this vision.



Governor Guillermo Padres, John Halikowski, Director, Department of Transportation, Governor Jan Brewer

Governor Guillermo Padres, Bob Ramsey, Governor Jan Brewer, Ann Nichols

ANDY NICHOLS AWARD: Bob Ramsey Founder of the Ramsey Social Justice Foundation

The Andy Nichols Award celebrates Dr. Nichols' efforts to improve the quality of life in the Arizona-Mexico region through binational border health initiatives.

Bob Ramsey, nationally recognized leader of emergency medical systems and founder of the Ramsey Social Justice Foundation, has dedicated much of his life to serving others. He has served as a board member of numerous civic and community groups for more than three decades and has donated to so many causes over the years. He has been an enormous supporter the AMC and through Bob's generosity, the state of Sonora has received over 120 ambulances loaded with equipment and supplies.



Gov. Guillermo Padres, City of Phoenix Vice Mayor Jim Waring, Sandra Watson Pres. & CEO Arizona Commerce Authority, Representative Rick Gray, Gov. Jan Brewer



Govenor Jan Brewer, Margie Emmermann and Governor Guillermo Padres

SPECIAL RECOGNITION: City of Phoenix Vice Mayor, Jim Waring, Sandra Watson President & CEO Arizona Commerce Authority, State Representative Rick Gray

The Arizona-Mexico Commission bestowed a very special recognition on three organizations who have displayed an enormous commitment to advancing the Arizona-Mexico relationship. The Arizona Commerce Authority, Arizona House of Representatives, and the City of Phoenix have spearheaded initiatives that will greatly improve our economic ties with our most important trading partner, Mexico. Their leadership and collaboration on numerous initiatives this past year greatly enhanced our bilateral agenda and led to the funding of an Arizona Trade Office in Mexico which opened on October 7, 2014 in Mexico City and will be essential in reaching the State's goal of doubling trade to Mexico by 2025 a goal announced at the summer plenary by the Transportation and Trade Corridor Alliance (TTCA).

LIFETIME ACHIEVEMENT AWARD — Margie Emmermann

Margie Emmermann was awarded a Lifetime Achievement Award by Governor Brewer for her service to advancing crossborder relations and trade with Mexico and her dedication to the Arizona-Mexico Commission.

The Lifetime Achievement Award is rarely awarded and the honor was bestowed on Margie because of her many years of dedication to the state Arizona, the AMC, its members and the successful advancement of the issues that make up the core of the AMC's mission. Margie's unique tenure in state government, with over twenty years of steadfast service and commitment to the advancement of cultural and economic ties between Arizona and Mexico, was celebrated by Governor Brewer and Governor Padres and the over 400 Plenary attendees.

Arizona-Mexico Committee

KEY ACCOMPLISHMENTS 2009-2014

COMPETITIVENESS

Agribusiness & Wildlife Committee

Sonoran counterpart to Agribusiness & Water Council of Arizona established



The Agribusiness Council of Southern Sonora (CASS), sister organization to the Agribusiness & Water Council of Arizona (ABWC), was created on October 3, 2013. The effort to create a Sonoran counterpart to ABWC dates back 15 or more years, but officially began with several visits from ABWC representatives to Cd. Obregon, Sonora, beginning in 2006. Members of the then "Agri-Business Council of Arizona" began meeting with university and other officials in Cd. Obregon to discuss the idea of working together across borders on water and agricultural projects. The concept was grounded in Arizona and Sonora's shared interest in the connectivity of agribusiness and water, two fundamental necessities of life, and shared Sonoran desert, which knows no boundaries. Participants worked with colleagues from the Technological Institute of Sonora (ITSON) in Cd. Obregon, agricultural producers, irrigation district managers, and agribusiness representatives among others, to make friendships, develop trust, and discover opportunities to mutually benefit each other. The exchange has mutually benefited both states' agricultural sectors by facilitating learning about growing and marketing commodities, water use conservation and efficiency, and the difference in operations at the local, state and national levels of governance.

San Luis cattle crossing pens facilitated by Agriculture

The Agriculture Department has worked with USDA-APHIS to establish a rule allowing cattle from Baja and Sinaloa to cross at San Luis. The AMC Agriculture committee developed an Action Plan to work with the Cattlemen's Union in Hermosillo to develop plans that would need to be approved by the USDA. In 2013, USDA officials with other interested groups met in San Luis, Sonora to observe the possible site and to either

approve or reject the selected site. It was approved and the USDA requested plans for the pens. While the financing of the pens on the Sonora side remains unresolved, the Cattlemen's Union anticipates moving ahead soon to complete the effort. This operation will allow cattle from Sinaloa and Baja to cross cattle in San Luis rather than having them trucked to El Paso to cross and then returned to California for grass.

Economic Development Committee

Economic Development Committee revs up Sonora Engine Forum

In 2013, Sonora hosted the first Sonora Engine Forum, an aerospace manufacturing industry event that attracted more than 120 companies and 250 trade attendees from different parts of the world. The forum proved to be a great venue to promote trade in the region and showcase the region's capabilities to foreign companies, and the second Sonora Engine Forum is scheduled for the first quarter of 2015. The forum is part of the Economic Development Committee's strategy for promoting joint economic development to compete in the global economy through sustainable economic growth in high priority industries.

Arizona Trade Representative in Sonora appointed

The Arizona-Sonora economic relationship was solidified by the appointment of an Arizona Trade and Investment Representative in Sonora in 2012. The Arizona Trade Representative's main objective is to assist Arizona companies enter the manufacturing supply chain in Sonora and help locate



basic outsourcing of components. In a global economy it is key that companies remain competitive, and this includes outsourcing of components for their products.

Industry and academia collaborate on regional workforce development

The Economic Development Committee promoted advancements in regional workforce development by facilitating contacts among academia, workforce professionals and government officials. These connections help to provide technical assistance on training programs in Sonora, and foster collaboration between universities, including for the possible development of shared degrees in various fields of the aerospace industry.

Arizona opened AZ State Trade and Investment office in Mexico City

Arizona's \$7 billion trade relationship with Mexico will be enhanced by the opening of the Arizona Trade Office in Mexico City. This major accomplishment is the result of the collaboration between multiple levels of government with the goal of increasing trade with Arizona's number one export market.



Energy Committee

Analysis of bi-national electricity transmission opportunities authored by Energy Committee task force



Arizona and Sonora formed the Bi-National Electricity Transmission Task Force in 2012 to examine electricity transmission opportunities created by Mexico's passage of a law allowing federally operated utility to purchase conventional or renewable energy from U.S. firms. The governors tasked the Energy Committee with forming the Task Force, which was composed of 19 members from utilities, government, the private sector, and academia. In addition, Sonoran Secretary of Commerce Moisés Gomez Reyna obtained formal support from the Comisión Federal de Electricidad (CFE), which assigned a Task Force representative to provide information for the analysis.



The product of a series of cross-border working meetings, Bi-National Electricity Transmission Opportunities for Arizona and Sonora – A White Paper was formally presented to the Governors on June 14, 2013. The paper resulted in Arizona and Sonora signing a Declaration of Cooperation to recognize bi-national electricity transmission opportunities between the two states and further explore the feasibility of a future electricity transmission line interconnection. The paper may be viewed at www.azenergy.gov/Policy/Bi-NatlTransm.aspx.

Energy Committee hosts "Meeting the Energy Needs of the 21st Century" Forum



In June 2012, Arizona hosted the "Meeting the Energy Needs of the 21st Century" forum following Mexico's establishment of a renewable energy portfolio standard of 35 percent by 2024. The forum brought together more than 70 business leaders and officials from federal, state and local governments of both nations to learn more about renewable energy potential. The event featured a keynote

address by Past Chairman of the Federal Energy Regulatory Commission Pat Wood III, and a roundtable discussion with representatives from the solar industry, utility leaders from Tucson Electric Power, and a former director of Mexico's Federal Energy Commission (CFE).



Cross-border energy tours educate participants about regional energy sources

Since 2012, Arizona and Sonora have hosted multiple tours of energy facilities and energy-related university research projects to educate policymakers about the region's energy sources. In February 2012, Salt River Project (SRP) was proud to host the first energy tour, which included an aerial tour of the 20-megawatt Copper Crossing Solar Ranch and SRP water system. The event was featured on a Telemundo newscast.



In June 2014, tours of the 280-megawatt Solana Generating and the 2,200-megawatt Gila Power Stations, both near Gila Bend, Arizona were conducted. Solana is one of the world's largest concentrating solar power facilities. Gila is a natural gas fired combined-cycle power facility, and the third largest of its kind in the United States.

Among the energy tours in Sonora were the 1-megawatt Coppel Solar Farm, the first privately-funded project of its kind in the state. Coppel is a chain store that is using photovoltaic panels to generate electricity to 53 of its subsidiaries. Other energy tours have included: the manufacturing process at Global Solar (now Hanergy) in Tucson; Tucson Electric Power's Solar Test Yard; and energy efficiency and 192-kW renewable energy projects installed at the Holcim APASCO cement plant operations near Hermosillo.

Tours have also been conducted to see the various types of research being conducted at state universities, including: the Heliostat Solar Testing Field at the Universidad de Sonora near Hermosillo; the Arizona Center for Algae Technology and Innovation at Arizona State University in Mesa; and the University of Arizona Tech Park Solar Zone in Tucson.

Energy and Environment Committee

Joint session explores intersection of energy and environment

The Energy and Environment Committees hosted their first-ever joint session at the June 2014 Summer Plenary in Scottsdale, to address members' overlapping interests in energy, water and environmental issues. Topics included Mexico's Climate Change Laws and the Carlsbad Desalination Plant under construction in California, which will be the largest desalination plant in the Western Hemisphere.

The Energy Committee had previously hosted presentations touching on environmental concerns, including renewable energy and efficiency. In June 2013, Houston-based Kinder Morgan presented to the Committee about their planned Sierrita Gas Pipeline project, a 60-mile natural gas pipeline south of Tucson to Sasabe, Arizona. And in February 2014, Sempra Mexico presented about extending this pipeline project 500 miles south from Sasabe to El Oro, Sinaloa, Mexico. When the first phase of this project is completed, it will be the first time the State of Sonora will have access to natural gas energy, which is expected to reduce costs and improve the environment by replacing generating plants now using bunker oil.

Financial, Business & Legal Services Committee

First-ever International Mortgage Lenders Association established

In recognition of the need for an independent, non-aligned body to lead in the education process regarding opportunities of loaning moneys and appropriate methods of originating international mortgage loans to Americans buying property in Mexico, the FBLS was the catalyst in bringing together a diversified group of cross-border professionals to organize and create the first ever International Mortgage Lenders Association with an initial membership of 100 representing mortgage lenders and brokers, real estate appraisers, title companies, real estate agents and developers, financial services providers and law firms with real estate practices lending, accounting and public notaries in Mexico.

Tax manual on foreign investment in Sonora and Arizona published

To foment cross-border business opportunities and attract foreign investment to the Arizona-Sonora region, a manual addressing tax considerations on foreign Investment in Mexico and Arizona, was published in collaboration with the Colegio de Contadores Publicos de Sonora and the Arizona accounting firm of Woods and Dwyer LLC. The end product resulted in a bilingual manual entitled "Basic Guide to Federal, State and Local Taxes in Sonora and Arizona," which serves as a valuable resource of information and as an educational tool for foreigners wanting to invest or do business in our region.

Real Estate Committee

Real estate knowledge sharing effort promotes transaction security

The Real Estate Committee demonstrated its ongoing commitment to industry education with the first "Real Estate Knowledge Exchange Symposium" at the Summer 2012 AMC Plenary in Tucson, Arizona. Such exchange of critical industry-related information benefits industry professionals as well as consumers by providing transactional security that helps make the Arizona-Sonora region more competitive. The first symposium was attended by over 140 real estate professionals from both states, who heard from a variety of industry experts throughout the day and received continuing education credit.



The Real Estate Committee continues to offer "Knowledge Exchange" sessions at AMC Plenary meetings. Topics have included the trust process for foreign ownership of Mexican real estate, a complex process foreign buyers must follow to acquire property near a coastline or international border.

"Invest Now in Arizona and Sonora" video debuts

The Real Estate Committee, in collaboration with the Financial, Business & Legal Services Committee, debuted at the Summer 2014 Plenary the video "Invest Now in Arizona and Sonora." The bi-national video provides an overview of the cross-border economy, and highlights residential and resort properties in Arizona and Sonora, as well as commercial, industrial, agricultural and retail real estate. The video aims to enhance the knowledge of the economic dynamics of real estate opportunities in both Arizona and Sonora, and will be available on the ADRE and AMC websites.



Tourism, Arts & Culture Committee

Tourism Committee advances U.S. - Mexico Wine Trail



The Tourism Committee's ongoing efforts to promote the Arizona-Sonora region as a tourism destination include support for the development of a cross-border wine trail. The effort involves working with wine growers and wine associations on both sides of the border to share best practices and facilitate connections that will benefit the regional wine industry Sonora is preparing to have locally-produced wine available in 2015. Once Sonora's wine production occurs, AOT and COFETUR will assist in joint marketing efforts to create the U.S.-Mexico wine trail.

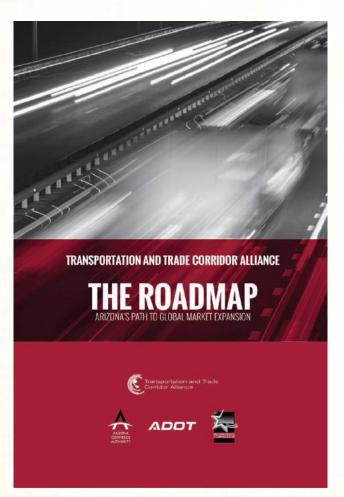
Additionally, the Committee will continue to work with different communities and organizations to enhance the image of the border region, focusing on disseminating accurate information to expedite crossings on both sides of the border. These efforts include working on collaborative marketing opportunities for Ambos Nogales, with the support of the Arizona Office of Tourism (AOT) and COFETUR. Per the recommendations of AOT, Nogales, AZ, hired an Economic Development specialist and created an Economic Development and Tourism Advisory Board to research opportunities and present them to the City Council. And Nogales, Sonora created a Strategic Alliance of economic development and tourism advisors to promote tourism in Ambos Nogales.

AMC holds summit, "Revitalizing the Arizona-Mexico Tourism Industry"

The Tourism Committee worked with the AMC, AOT, Metropolitan Tucson CVB and the University of Arizona to hold a Tourism Summit on "Revitalizing the Arizona-Mexico Tourism Industry." That effort came to fruition on April 11, 2012, when nearly 100 tourism industry partners met in Tucson to discuss the challenges facing tourism in the border region and learn about opportunities to enhance our cross-border relationship. Mexico tourism expert Miguel Torruca discussed trends in tourism at a national Sonora becomes first Mexican state to establish real estate certification.

The Real Estate Committee collaborated with the State of Sonora to establish a Sonoran law to require all individuals selling Sonoran real estate to be certified and listed in the Sonora Agent Registry. Sonora is now the only state in Mexico with this requirement. The ability to work with a 'certified' real estate professional provides protection to consumers from both states.

Additionally, the Committee established a process for Sonoran developers to obtain an Arizona Development Public Report, which is required to market a Sonoran development in Arizona. Bilingual brochures were distributed at Plenary meetings in Arizona and Sonora, and are available on the Arizona Department of Real Estate website.



Transportation, Infrastructure and Ports Committee

Transportation and Trade Corridor Alliance completes Roadmap for a globally competitive Arizona

The Transportation and Trade Corridor Alliance (TTCA) in 2014 completed the TTCA Roadmap, a comprehensive document designed to support moving Arizona toward a more globally competitive second century. The Roadmap was constructed by a group of experts from the public and private sectors brought together in 2012 by Governor Jan Brewer as the TTCA, with the charge to develop a plan to position Arizona in a fast-growing global marketplace. The Roadmap focuses on high-value trade and investment, market connectivity, and alignment of policy and actions.

Arizona sits in the middle of an economically powerful mega-region with accessibility to three dynamic world-class markets: southern California, central Texas and northern Mexico. After more than a year of work, the Roadmap outlines how connectivity to these markets will help ensure Arizona's success in the global marketplace and will facilitate an export-based economy for the state, and makes a clear case for the need to continue to add modern and efficient transportation infrastructure. This infrastructure connectivity provides the means to attract new businesses and industries, create jobs, foster trade and economic development, and secure investment and new wealth. The TTCA Roadmap supports a plan to invest \$20 billion over 20 years to improve Arizona's existing transportation infrastructure while adding new infrastructure. Investment and connectivity are critical for reaching a major goal set out in the Roadmap — double Arizona's trade with Mexico and other global markets by 2025, and solidify Arizona's accessibility and global competitiveness.

ADOT Director Halikowski co-chairs the TTCA Steering Committee with former Arizona Congressman Jim Kolbe. Serving as vice chairs are Margie Emmermann, Executive Director of the Arizona-Mexico Commission and the Governor's Policy Advisor for Mexico and Latin America, and Sandra Watson, President and CEO of the Arizona Commerce Authority. Other leaders from the transportation and business communities head up the five TTCA subcommittees: Freight, Trade and Economic Development, Education and Communication, Logistics and Supply Chain Development, and Mexico and Ports of Entry. TTCA leaders recognize that these key partnerships must reach out across the public and private sectors to accomplish the objectives set out in the Roadmap.

Find the entire TTCA Roadmap at azttca.org/PDF/Roadmap.

Major improvements coming to State Route 189 and the Mariposa Port of Entry

State Route 189 leading to the Mariposa Port of Entry in Nogales will see major improvements in the coming years.



The State Transportation Board has approved a \$69 million improvement project for SR 189, which allocates \$6 million for design and environmental work in the state's 2015-2019 Five-Year Transportation Facilities Construction Program. The \$63 million construction project is tentatively scheduled to begin in Fiscal Year 2022.

A \$225 million project to modernize and expand the Mariposa Port of Entry is now complete. The port is fully operational, these improvements will speed the processing of commercial and noncommercial traffic at one of the largest ports of entry along the U.S.-Mexico border. The Mariposa Port of Entry currently has 12 vehicle lanes, eight commercial vehicle lanes and facilities for pedestrians. The Arizona Department of Transportation has invested more than \$20 million in the area's roadway transportation infrastructure.

Border Master Plan developed through crossborder state and federal collaboration





The Arizona-Mexico Commission, Arizona Department of Transportation and Federal Highway Administration worked collaboratively with the state of Sonora, Mexico, the Federal Secretariat of Foreign Relations, the Federal Secretariat of Communications and Transportation, and other local, state and federal agencies to develop an Arizona-Sonora Border Master Plan.

The need for an integrated transportation master plan to improve the efficiency and effectiveness of cross-border traffic prompted the need for this Border Master Plan. Arizona has a total of six ports of entry along its border with Mexico. In 2012, more than 22 million people were processed through these border crossings. At each port of entry, heavy congestion and security issues affect daily pedestrian, commercial and vehicular traffic traveling across the border.

Completed in 2013, the Border Master Plan includes a prioritized list of recommended Arizona-Sonora border-related infrastructure projects and documents their readiness for funding and implementation. The Border Master Plan study area extends along the entire Arizona-Sonora border, which incorporates a wide range of international jurisdictions, including federal, tribal, state, county and city governments on both sides of the border.

Border Communities Roadmap delivers strategic economic development plan

In December 2013, Governor Jan Brewer released the Border Communities Roadmap, a strategic action plan with economic development priorities and policy direction to foster economic prosperity for Arizona's border communities and the entire state. Arizona's border communities are gateways that enable the flow of billions of dollars of trade with Mexico, and millions of cross-border travelers annually. The Border Communities Roadmap calls for Arizona to: expand capacity at commercial ports of entry on its international border with Mexico; strengthen trade corridors; and develop a focused trade and transportation strategy to foster job creation and attract new business and investment that benefit the entire state. The Border Communities Roadmap presents five game-changers or significant shifts that are catalysts for new opportunities:



- 1. Build upon Arizona border community assets
- 2. Form new strategic alliances
- 3. Harness Mexican economic shifts
- Leverage key commercial corridors for market connectivity
- 5. Support emerging business development opportunities

Development of the Border Communities Roadmap was a collaborative effort between the Arizona-Mexico Commission, the Arizona Commerce Authority, the Arizona Department of Transportation and the Arizona Office of Tourism, working closely with the communities of Douglas, Nogales, San Luis, Somerton and Yuma.

Lukeville Port of Entry Expansion



The Arizona Department of Transportation (ADOT) added two reversible primary inspection lanes and booths at the Lukeville Port of Entry, increasing the number of lanes to five. The \$2.5 million project was financed by the Rocky Point Convention and Visitor's Bureau and ADOT and was designed and constructed in collaboration with the U.S. General Services Administration (GSA).

This accomplishment arose in part from a joint effort of the AMC Tourism and Transportation Committees of the AMC, which in 2007 established the Lukeville Port of Entry (POE) Master Planning Committee, a bi-national working 26 committee comprised of public and private sector entities and industry leaders from both sides of the border. The committee included the AMC, the Arizona and Sonoran Offices of Tourism, ADOT, Customs and Border Protection the Federal Highways Administration, GSA and their Mexican counterparts.

State Route 195, Avenue E and the San Luis II Port of Entry see enhancements



September 2009, the Arizona Department of Transportation completed State Route 195, also known as the Area Service Highway. SR 195 is a 26-mile, four-lane highway that extends from Interstate 8 to Avenue E and to the newly constructed San Luis II Port of Entry and ADOT Safety Inspection Facility. The San Luis II Port of Entry, a state of the art commercial vehicle facility opened in November 2010.

Design for the widening of Avenue E from a 2 lane roadway to 4 lanes from the San Luis II Port of Entry to SR 195 is nearly complete with construction anticipated to start in the fall of 2014.

San Luis street enhancements improve border traffic flow



The Arizona Department of Transportation and the City of San Luis are working on an extensive improvement project in the downtown San Luis area to improve the circulation of traffic to and from the San Luis I Port of Entry, enhance pedestrian and bicyclists' safety, and improve access to downtown businesses. The U.S. 95 (Main Street) Enhancement Project will convert Main Street to a local road serving the business community immediately north of the San Luis I Port of Entry.

QUALITY OF LIFE

Education Committee

Education Committee Drives Historic Commitment to Education in the Arizona-Sonora Region

Throughout the past five years, the Education Committee for the Arizona-Mexico Commission has been the conduit for thoughtful and meaningful discussion to initiate ideas regarding regional educational issues. These initial seeds of discussion have ripened into educational advancements that seek to better the Arizona-Sonora region by expanding students' educational opportunities with the various academic projects begun through the channel provided by the Arizona-Mexico Commission. These advancements include: the Education Committee's creation of the program for the electronic validation of bi-national student records; the advancement of the dual certification program of certain professional careers that allows qualifying candidates to practice in both states; the development of the Community Colleges' Consortium; and meaningful discussion between the two states' departments of education regarding current issues such as special education, safety in schools, character education, and English language programs. These efforts have all been part of a progressive and collaborative vision for the states' shared economic future, which aligns with Arizona's desire to become a more competitive international economy.

Electronic validation of bi-national student records reduces education gap

The Education Committee has successfully implemented the electronic validation of binational student records for those students traveling from Arizona to Sonora. Previously, the interpretation of the 1961 Hague Convention Treaty's legal requirements regarding students' high school academic records prohibited the transfer of student records between countries without a lengthier process requiring an apostille and a delay in bi-national high school students enrolling into school once they arrived into Sonora. This delay resulted in a gap in education for students in both states. However, through the Education Committee's work, a Memorandum of Understanding (MOU) was signed by the Secretaries of Education from the United States and Mexico in November 2012, which stipulated that both countries would pursue the development of an electronic transfer of student records. The birth of a pilot program for the electronic validation of student records occurred during the AMC's June 2013 Summer Plenary Session, when Governors Brewer and Padrés signed a similar MOU between Arizona and Sonora allowing for the development of the pilot program for the electronic transfer of student records. The program is administered through both the Arizona Department of Education (ADE) and the Secretariat of Education (SEC) in Sonora.

The pilot program was successful in its initial phase from 2013-2014. The success led the Education Committee to strive for the expansion of the program to other parts of

Arizona and to promote the program's availability to binational families. The process seeks to shorten the required time for students to enroll in schools, which will ultimately lead to more students participating in an educational system, which in turn leads to a more solid regional economy for Arizona and Sonora. With more awareness of the program's existence, families and school districts in Arizona are more hopeful about preventing their students' drop-out rate. The Education Committee continues to strive for more economic stability for our citizens through reduction of high school drop-out rates and better preparation of our students to work and study in either state.



Dual certification program offered for professional careers

Over the past few years, the project initiated by the Education Committee for the dual certification program of professional architects graduating from Arizona and Sonoran university programs has flourished. The project was formed in order to find experts in fields which are highly sought for both states. Approximately 70 professional architects have applied and received the dual licensure certificates.

The successful implementation of the dual certification of architects led the committee to research the possibility of including other professional careers. The committee extended the boundaries of the original MOU to include the field of industrial engineering. The success of the extension



was shown with our first duly certified industrial engineer giving his gratitude at the Interplenary Session in February 2014, in Hermosillo, Sonora.

These creative expansions have allowed for more fluid trade of highly-skilled professionals between the two states without as many obstacles to the economic expansion of both states. With dual certification, experts in specific career fields such as the ones mentioned have strengthened economies in both states by having such professionals share their knowledge and skills with local professionals.

Education Committee Creates Dialogue between Arizona and Sonora Departments of Education



With the facilitation of the Education Committee, the Secretary of Education (SEC) from Sonora and the Superintendent of Public Instruction from Arizona have engaged in discussions of educational topics and trends that affect both states. These open conversations have resulted in the sharing of rich information regarding both states' research and implementation of academic programs in special education, school safety, character education, and English language programs for all students.

The professional connections and relationships made during these sessions have allowed for more academic research and information to flow across both sides of the border through meaningful exchange among professionals in the education systems of both states. This solid network has thus far resulted in a more economically sound region by addressing issues in both states who face quickly expanding population of students with new yet similar needs in both states. Collaborations and ideas among professional educators allow for the exchange of data-based research and strategies that could help teachers and students. For example, research-based approaches to special education have been helpful for understanding our students better in order to help create classroom environments more conducive to learning and being a part of society as adults in the future.

Community Colleges Consortium Created

The Community Colleges Consortium has launched professional dialogue amongst colleges and universities on

both sides of the border and has given rise to meaningful conversation regarding educational issues and academic needs of students in both states. Topics such as international credit transfer between universities, teacher training, foreign language instruction and certification, and scientific research in education are all issues that affect Arizona and Sonora. Joint solutions to these issues strengthen higher education in both states.

Health Committee

Arizona and Sonora Health Departments Partner on Accident Prevention

Arizona Department of Health Services (ADHS) has worked closely with the Secretaría de Salud de Sonora (Health Ministry of Sonora) on striving to educate the public on motor vehicle safety in the Arizona-Sonora region. In 2013, during the AMC Summer plenary, a declaration of cooperation was signed by ADHS Director Will Humble and Sonora Secretary of Health Dr. José Jesus Bernardo Campillo – with Governors Brewer and Padres as witnesses – to educate the public about the importance of properly restraining infants and children when riding in motor vehicles and, the use of car seats, and the importance of transporting infants and children in the back seat.



The ADHS Office of Injury Prevention conducted a Child Passenger Safety Training Course for 15 participants from the State of Sonora at Southeast Arizona area Health Education Center in Nogales, AZ on January 23, 2014. Participants received a certificate of completion and are now able to serve as car seat technicians and educate the public on the proper use of child safety restraints. These 15 participants will take additional training in October to they can conduct Child Passenger Safety Training Courses in the State of Sonora and thus increase the number of car seat technicians that are able to educate the public on the proper use and installation of child passenger restraints.

ADHS also is working in collaboration with Rural Metro Ambulance and other partners to collect gently used car seats that are then donated to the State of Sonora. The Safe Kids Sonora program is then setting up the logistics to receive and distribute the car seats in Sonora.

Border States Jointly Address Behavioral Health

Arizona and Sonora have carried out several exchanges in the area of behavioral and mental health, with the goal that each state understand what services are offered by its counterpart.

In 2012, ADHS hosted a delegation from the State of Sonora that included Lic. Leticia Amparano, General Director of Mental Health for the State of Sonora, on a tour of the Arizona State Hospital and meetings with behavioral health personnel from ADHS. Detailed discussions were held regarding the services provided in Arizona and the policies and state statutes.

In October of 2013, Cory Nelson, ADHS Deputy Director for Behavioral Health traveled to Hermosillo, Sonora to give a keynote speech at a Mental Health Conference convened by the Secretary of Health of Sonora. During his stay in Hermosillo, he then toured the Hospital Cruz del Norte along with several other facilities, thereby gaining a much better appreciation of the services and facilities in Sonora.

In February of 2014, a declaration of cooperation was signed by both State Health Officers and witnessed by both Governors to contact a binational and simultaneous illicit drug prevention campaign in the border communities to be conducted in October of 2014. Arizona and Sonora are the only two states conducting binational work of this nature.



Health Committee Supports Healthy Farms Project

The Healthy Farms Project of the AMC Health Committee aims to help the farm owner meet good agricultural practices, and protect farm workers through health education and promotion, including the proper handling of pesticides. The health education is achieved through the use of community health workers that work on the farms. In the State of Sonora, the Proyecto Jornaleros is working with farm owners in Sonora to achieve similar outcomes.

Arizona and Sonora Provide Model of Infectious Disease Surveillance

Arizona and Sonora have served as a model for the other states on the U.S.-Mexico border in the area of binational infectious disease surveillance, due primarily to the strong and ongoing working relationship fostered through the structure of the AMC Health Services Committee. Epidemiologists from both states have worked closely together in the timely



sharing of infectious disease information of mutual interest. In 2009, the H1N1 influenza pandemic struck. Due to the working relationship between our two states, ADHS and the Health Ministry of Sonora had the important binational infectious disease information that they needed in order to send out proper notifications to the residents of the Arizona-Sonora region.

In 2011 Epidemiologists from ADHS and from the Health Ministry of Sonora began a project aimed at assisting the State of Sonora in determining the disease burden of Coccidioidomycosis (Valley Fever) in Sonora. The state health officers and the Governors signed a Declaration of Cooperation to address this issue in a more formal way and to educate healthcare providers to diagnose Valley Fever.

Arizona and Sonora are also leaders in the border region in the electronic sharing of epidemiologic information. ADHS developed the Medical Electronic Disease Surveillance Intelligence System (MEDSIS) a secure web-based, centralized, person-based disease surveillance system for Arizona. It is a secure system that is also used for communicating case information with health officials in Sonora, Mexico, regarding cases of binational interest. In May 2014, ADHS personnel traveled to Hermosillo, Sonora to train personnel from Sonora on the use of the newly updated version of MEDSIS. This allows epidemiologists to securely and quickly share information about infectious diseases and thereby better protect the residents of both

In February 2014, the state health officers and Governors signed a Declaration of Cooperation aimed at enhancing the binational infectious disease surveillance by allowing laboratory results from the U.S. to be considered as official in Mexico.

Sonora Delegations Explore Arizona Assisted Living Facilities

In 2011, a delegation from Sonora met with ADHS personnel from the division of licensing to discuss the requirements in Arizona for assisted living homes and centers. A detailed discussion was held regarding the licensing rules and regulations, and relevant Arizona statutes. The group then visited an assisted living home and an assisted living center. In June 2014, a follow-up delegation from Sonora again visited an assisted living home and an assisted living center.

Health Committee Promotes Nutrition and Physical Exercise

ADHS and the Health Ministry of Sonora made nutrition and physical exercise a priority by looking for opportunities to collaborate on programs in the Arizona-Sonora Region. ADHS programs such as Eat Well Be Well and the Arizona Nutrition Network worked closely with counterparts in Sonora where efforts such as the 5 Pasos Program are used. In addition, tribal programs such as the Tohono O'odham Nation's Health O'odham Promotion Program (HOPP) were shared with Sonora as a model of excellence. ADHS and the Health Ministry of Sonora also worked closely with Mariposa Community Health Center on programs to address obesity and diabetes.

Teen Pregnancy Prevention on Binational Agenda

ADHS and the Health Ministry of Sonora worked with communities along the border regarding teen pregnancy prevention. ADHS personnel shared materials and prevention programs with their Sonoran counterparts, and Sonora convened binational health council meetings in each of the Arizona-Sonora Sister cities to develop prevention strategies for those communities. Mariposa Community Health Center along with Southeast Arizona area Health Education Center conducted a Parent/Teen Retreat for effective Communication called, "Can We Talk? Tomando Responsibilidad" in January of 2014.

Arizona-Sonora-Border (ARSOBO) NGO Provides Medical Devices

The Health Services Committee has worked closely with ARSOBO, a Mexican NGO devoted to providing medical devices for individuals with disabilities. ARSOBO is a not-for-profit 'social' business that hires those with limitations to construct the medical device they use or need. ARSOBO's



philosophy is to charge an amount for the medical device to insure ownership and maintain a sense of dignity but charge only what the family can afford (with subsidies paying the rest). The Health Services Committee has worked to raise awareness of ASORBO and the services it provides, and invited ARSOBO to present at the Health Services Committee meetings.

Tourism, Arts & Culture Committee

Arts, Tourism, and Business Summit Addresses Cross-Border Exchange

A pre-session to the Arizona Mexico Plenary held at the Wigwam Resort engaged over 120 individuals from the Arts, Tourism and Business industries in both Arizona and Sonora attended. Discussions ranged from growing cross-border artist exchanges, developing programs and tours that connected both Sonora and Arizona, and the economic impact of the arts in both our states. Speakers addressed the needs to promote the value of the arts within all sectors and in cross border work.



Opendance Promotes Healthy Diet Project

In relation the AMC's efforts to fight obesity, the Arizona Commission on the Arts sponsored a one-week residency by the professional dance company Opendance to teach students about movement and proper diet. Dancers will work with teachers, especially those involved in dance and physical education, to engage young people in movement and dance activities.

Arts Administrator Cross Border Exchange

The Arizona Commission on the Arts, in conjunction with the AMC and the Instituto Sonorense de Cultura, offered two cultural exchange program for arts administrators. First, ten members of the Arizona Arts Industry traveled to Hermosillo, Sonora to meet local arts administrators, tour facilities, visit galleries, and hear from cultural leaders. Then eight members of the Hermosillo arts community and the Instituto Sonorense de Cultura visited Phoenix, Arizona. During their visit they attended a dinner at the home of the Director of the Arizona Commission on the Arts, along with more than 50 arts and cultural leaders, and visited arts organizations, individual artist studios, and participated in the AMC plenary

SECURITY

Emergency Management Committee

Emergency Response Training Helps Prepare Sonora First Responders

A large variety of training has been provided to both sides of the border for 'First Responders' through the initiative of the Emergency Management Committee. The training includes 'First Responder Awareness' (8 hours), 'First Responder Operational' (24 hours), 'Swift Water Rescue' (8 hours), 'Traffic Incident System' (4 hours), 'Incident Management System' (8 hours), 'Forest Fire Response' (16 hours), Community Emergency Response Team' (24 hours), 'Warehouse Fire Response, (8 hours). The following are number of participants trained:

Year Participants

2010: 389+ 2011: 236+ 2012: 575+ 2013: 1838+ 2014: 650+ Total: 3688+

The 'First Responder Awareness' was provided to several agencies to include the Mexican Federal Police in Nogales, Sonora. This training is for individuals who respond to releases or potential releases of hazardous substances as part of the initial response to the site for the purpose of protecting nearby persons, property, or the environment from the effects of the release. Two days later the Federal Police was first on scene. When the Nogales, Sonora Fire Department arrived with two of the instructors of the course, the Federal Policemen thanked the instructors saying that because of the course they knew what to do and what not do and that the course perhaps saved their lives.

The 'First Responder Operational' course was taught in Caborca. The purpose of the Hazardous Materials First Responder Operational course is to provide participants with an improved capability to respond to hazardous material events in a safe and competent manner, within the typical resource and capability limitations at the operational level. Two days later a train hauling sulfuric acid derailed between Naco, Sonora and Caborca. The first responders included many that had been trained from Agua Prieta, Naco and Caborca. The operation was successful in the response and there were no injuries. The coordination between Sonora and Arizona exemplified the excellent working relationships that have been developing over the years.

Table Top Exercises Deliver Incident Preparedness

In the past five years, the Emergency Management Committee has helped facilitate several bi-national exercises that have provided the participants with the practice to perform with efficiency and seamless coordination between



the agencies that often includes both states working together on a response. 'Table Top Exercises' gather participants, present them with a scenario, and ask what actions they would take. These type of exercises have been conducted in both states. In Sonora they have taken place in Rocky Point, San Luis Rio Colorado, Nogales. In Arizona they have taken place in Yuma, Nogales and Douglas. Another type of exercise is the 'Functional Exercise,' where participants from their offices are presented with a scenario and are required to communicate with other agencies and determine what actions will be taken and by whom. No personnel are activated in this type of exercise. This type of exercise will test communications between agencies on both sides of the border. The third type of exercise is the 'Full Scale,' where personnel respond to a scenario. This type of exercise will test the response and communications of the agencies involved. There have been several 'Full Scale' exercises in the past five years. An accident scenario at the Nogales, Sonora Customs Inspection station had over 300 participants from both sides of the border in 2012. The Arizona State Exercise in 2013 included participants from Sonora at the Emergency Operation Center where Mexico conducted a 'Functional Exercise' with agencies in Sonora. Another accident scenario involving hazardous materials in Rio Rico had Nogales, Sonora as participants in 2013 where over 400 from various agencies to include Pima County participated. Another exercise in Agua Prieta in July of 2014 had over 200 participants to include the Douglas Fire Department.

Equipment Donations Aid Sonoran Families and First Responders

Over the past five years there has been over \$700,000.00 of safety equipment donated to the State of Sonora. This equipment has come from Northern Command, Environmental Protection Agency, the State of Arizona and various agencies with Arizona. Included in this equipment are over 400 child car seats. There have been occasions where donated equipment was used as soon as Mexico received the equipment. One such case was after Northern Command provided an air compressor to Nogales, Sonora,

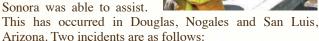


that replaced a unit that could only fill one air bottle every 10 minutes with one that could do over 20 in the same amount of time. The system was placed into operation at 5:00 pm one afternoon. At 2:00 am the following morning there was a structural fire in downtown Nogales. Because the fire department was able to fill air bottles rapidly the fire fighters were able to fight the fire continuously preventing many more building from being destroyed. Only one building suffered damage.

Arizona and Sonora Cooperate in Border Region Emergencies

In recent years there have been many emergency incidents in which Arizona responders aided Sonora responders and vice versa. Nogales, Arizona, and Tubac were able to assist Nogales, Sonora, with the fire pictured below.

There also have been several incidents where Sonora was able to assist.



- 1. Nogales, Arizona had a structure fire in 2010. Due to weather conditions the fire spread, and Nogales, Arizona called for mutual aid from Rio Rico, Tubac and Patagonia. The fire then spread to four houses and endangered additional homes, including the Mexican Consulate. The bi-national plan was activated, and Nogales, Sonora arrived with 30 fire fighters and 4 apparatus. The fire was contained to the four houses.
- 2. Arizona agencies battling a cross-border forest fire requested assistance from Nogales, Sonora. The Nogales, Sonora fire department responded and worked on the Sonora

side of the fire for three days to contain the fire. Had the fire not been controlled in Sonora, it was posing a danger of exploding to the west of Nogales and proceed in a northwesterly direction for several miles.

An incident does not recognize a border. There have been several more incidents in Mexico that could have caused further damage to Arizona had it not been for the training, exercises and equipment provided to Sonora. The Emergency Management Committee has truly been successful in building a bridge between our two nations.

Security Committee

Since 2011, the Security Committee has been laying the groundwork for a first-of-its-kind 24/7 public safety communications system for the border region, a system which will be available by the end of 2014 or early 2015.



The secure exchange of law enforcement information is critical for the neighboring states of Arizona and Sonora, and their respective Departments of Public Safety have a long history of collaboration through their border liaison programs. The border liaison programs operate as a means of communicating in a common language through telephone calls to make requests for assistance. The limitations of telephonic requests – which are only effective for calls made during border liaison working hours - moved the Committee to develop a 24/7 communications system that would allow both states' public safety agencies to communicate through a secure website and help minimize response time. This mechanism would be the first of its kind for Cross Border States along the U.S.-Mexico Border, and would greatly benefit law enforcement agencies in their public safety efforts.

From mid-2011 through the end of 2012, the Committee visited each state's public safety headquarters and supporting communications centers to understand each other's communications systems and capabilities. Since then, the respective agencies have been working on communication protocols that will be integral pieces of a secure website for the sharing of operational information on a 24/7 basis. During the most recent plenary session in June 2014, the Committee tasked each state's respective technical divisions to develop the final components of the secure information exchange system and prepare it for launch by the end of 2014 or early 2015.

Border States to Share Information on Repatriated Persons

In June 2012, the Security Committee approved an agreement between the Arizona Department of Corrections (ADOC) and the State of Sonora Attorney General's Office for the development of a system that will notify Sonoran authorities of inmates being released from Arizona prisons and subsequently repatriated to Mexico. Since then, the Sonoran Attorney General's Office Technical Division developed a database that houses the information and tracks pertinent data from released inmate files that has been helping the State of Sonora mitigate the risks of returning felons that may be wanted for crimes in Mexico.

Law Enforcement "Train the Trainer" Program Takes Effect

The Security Committee has established a binational law enforcement training program, culminating with the creation of a cadre of instructors on both sides of the border. By initially providing basic level training during 2012, the Committee progressed to tactical level training in the early part of 2013 and continued on to highly functional level of training known as "Train the Trainer" in early 2014. Trainers will continue to share the knowledge they learned from their cross-border counterparts with cadets participating in future academy classes. The goal is to provide this knowledge early in the careers of law enforcement officers so that they use these skills in addressing Arizona and Sonora's mutual and shifting border public safety concerns.

Crime Scene Management and Basic Homicide Investigation Training Provided to Sonora AG's Office

Arizona DPS instructors have provided extensive training on crime scene management and homicide investigations procedures to the Sonora Attorney General's Office in response to a request at the February 2014 Plenary in Sonora. The Sonora Attorney General's Office is the lead investigative agency for crimes committed in the State of Sonora. Upon request, seasoned Arizona DPS instructors promptly developed a lesson plan. The following week, the officers performed a three-day, 24-hour training session for 25 Sonora Public Safety Police and Sonora Attorney General's Office Investigators.

The investigative training was tailored to teach critical crime scene management techniques that aid in the investigation of homicides and provide essential evidence gathering methods for use in trials.

Sonora Training of U.S. Officers Continues Mutually Beneficial Law Enforcement Information Exchange Events

In September 2012 and April 2014, State of Sonora Public Safety Agencies provided training to U.S. Federal, State and local law enforcement officers that operate along Arizona's southern border, as part of the Security Committee's

commitment to conduct mutually beneficial training sessions. The topics of instruction were 1) and overview of Mexican documents that included a comprehensive review of enhanced security features as well as examples of fraudulent documents, and 2) intelligence sharing on the topics of Gangs Operating in Sonora, Narcotics Smuggling and Organized Crime Trends.

This type of instruction from our Mexican counterparts has enabled U.S. and Sonoran law enforcement agencies to create working relationships that help each state in their efforts to create a safe and secure border region.

Basic Response Tactics Training Course Offered in Sonora



Level I – April 2013: Tactical Building Entries and Tactical High Risk Vehicle Stops.

In April of 2013, AZDPS instructors provided training to 30 officers from the State of Sonora Department of Public Safety in Hermosillo, Sonora. The training was designed to improve Mental Preparedness and Basic Tactical Operations to address a variety of threats. The concept of teamwork was stressed throughout the training session so that students would recognize that successful law enforcement operations are dependent upon teamwork and trust.

This particular training is largely credited with the successful resolution of a Jan. 10,2014 shootout between State of Sonora Public Safety police officers and six gunmen traveling in two vehicles on federal highway 2 in northwestern Sonora State.

Level II – April 2014: Warrior Mindset, Weapons Manipulation, Building Clearing Maneuvers and Live Fire Training

Arizona DPS instructors provided a 32-hour training session to Sonora Public Safety Police officers on Basic Response Tactics. This course consisted of Weapons Manipulation Training, Advanced Tactical Building Clearing Maneuvers and Live Fire Training. The intention of this training was to build a survival mindset with an emphasis on controlling high-risk situations.

A first-ever live fire training was conducted to acclimate officers to high-risk situations. The importance of proper weapon manipulation was emphasized as a critical component in surviving a shootout.

SUSTAINABILITY

Agribusiness & Wildlife Committee

Binational Effort Promotes Conservation of Sonoran Pronghorn

Over the last 25 years, Arizona and Sonora have worked together in the research and recovery of the endangered Sonoran pronghorn, the fastest terrestrial animal in North America. The recovery efforts took an intense and more direct course when in 2002 the U.S. population dwindled to 21 pronghorn after a 13 month drought. The population in Sonora, México has always been larger than the one in the U.S. In 2004, a captive breeding program was initiated with some animals captured from the remaining population and augmented with individuals from México. The first enclosure was established at Cabeza Prieta National Wildlife Refuge with a second enclosure established a few years later at Koffa National Wildlife Refuge. Both pens have been extremely successful with numbers steadily increasing every year. Every December, some animals from the pens are released into the wild. Thanks to this binational collaboration amongst the Arizona Game and Fish Department, the Comisión de Ecología y Desarrollo Sustentable de Sonora (CEDES), the Pinacate Biosphere Reserve, U.S. Fish and Wildlife Service, U.S. National Parks Service, Department of Defense, Bureau of Land Management, and others, today's population in Arizona (captive and wild) is close to 300 pronghorns! Cooperation among all the organizations on both sides of the border working towards the recovery and eventual delisting of the Sonoran pronghorn will be key in achieving the ultimate goal especially, in light of the uncertainty posed by climate change in the Sonoran Desert.



Arizona-Sonora Region Cooperates to Monitor Zoonotic Diseases



With funding provided by the Arizona-Mexico Commission Board of Directors, the Arizona Game and Fish Department. in collaboration with the Subsecretaría de Ganadería-SAGARHPA organized and implemented the workshop "Monitoring zoonotic diseases in the Arizona-Sonora region." The workshop took place in April 2013 in Hermosillo, Sonora, and it was an excellent opportunity to share information with Sonora about how Arizona deals with wildlife and domestic livestock diseases. The workshop was a success and 28 participants learned about rabies in Arizona; livestock diseases in wildlife (Brucellosis, Tuberculosis, and Bluetongue); food safety (fresh vegetables and enteric pathogens); feral swine diseases (Influenza, Pseudorabies, Brucellosis, and Leptospirosis); personal protection, biosafety and biosecurity; and sample collection and preservation. The exchange of information between the participants from Sonora and Arizona provided insight to methods of disease management in each country, and will lead to improved public health and food safety on both sides of the border.

Wetlands Training Program Promotes Conservation

Since 1996, the Arizona Game and Fish Department has been implementing wetlands conservation workshops in Mexico. Through the years, the Department has partnered with multiple agencies and groups from Canada, Mexico, and the United States. In particular, the Comisión de Ecología y Desarrollo Sustentable de Sonora (CEDES) has played a critical role in making this project a reality. The wetlands workshop is part of an innovative approach to promote wetlands conservation through training, community participation and local capacity building in Mexico. Many priority species of birds that breed in Arizona, winter in Mexico and other parts of Latin America. Mexico's wetlands represent important wintering grounds for many of these birds. Conservation of native birds is of great interest to citizens and is of economic significance to the State of Arizona. Tangible results of 18 years of implementing this

program in Mexico include: more than 550 people trained; a wetlands training manual (the first wetlands textbook in Spanish); celebration of 14 World Wetlands Day ceremonies; increase in the number of wetlands in Mexico successfully designated as Ramsar sites; creation of five state wetlands committees and five bird festivals; and contribution to meeting the goals of the North American Waterfowl management Plan and the North American Wetlands Conservation Act. In 2006, the governments of Mexico and the United States recognized the Program Coordinator with their national wetland conservation awards.

Environment & Water Committee

Environment & Water Committee Facilitates Binational Cooperation in the Pretreatment of Ambos Nogales Wastewater

A Memorandum of Understanding (MOU) between the Arizona Department of Environmental Quality (ADEQ) and the Municipality of Nogales, Sonora - recently renewed for five years – has helped facilitate binational cooperation on industrial wastewater pretreatment efforts. In Ambos Nogales, the U.S. and Mexico Sections of the International Boundary and Water Commission (IBWC) are obligated to take appropriate actions to prevent the discharge of untreated industrial wastewater into the wastewater conveyance in Nogales, Sonora in order to preserve the efficiency of the Nogales International Wastewater Treatment Plant (NIWTP) in Rio Rico, Arizona. For the protection of the downstream environment of the Santa Cruz River, ADEQ works with the Nogales, Sonora Potable Water and Wastewater Utility (OOMAPAS-NS) to provide training and equipment in support of the city's municipal pretreatment program. The MOU clarifies the roles relating to binational cooperation on industrial pretreatment efforts, including training and donations of equipment either through grant programs or partnering organizations. The objective is to protect infrastructure and the environment from impaired binational wastewater quality while encouraging information exchange at appropriate binational venues such as the AMC.

This MOU was renewed on June 14, 2013. The Environment



& Water Committee provided an appropriate venue for the renewal, which was accompanied by a donation of sampling and monitoring equipment for the communities of Ambos Nogales totaling \$5,000. This kind of monitoring is helping both cities take proactive measures to prevent wastewater contamination impacting the NIWTP and/or the downstream Santa Cruz River. The Environment and Water Subcommittee will continue to provide an appropriate venue for both communities to share progress on their pretreatment programs and solicit support for the protection of the binational Santa Cruz River watershed and the Los Alisos basin south of Nogales, Sonora.

Cross-Border Cooperation Mitigates Metals in Binational Wastewater



Since December 2009, ADEQ has worked with the State of Sonora Water Commission (CEA), the Arizona Department of Water Resources (ADWR), and the U.S. International Boundary and Water Commission (IBWC) on the mitigation of metals impacting binational wastewater in Nogales, Arizona and Nogales, Sonora, often referred to as Ambos Nogales.

The Nogales International Wastewater Treatment Plant (NIWTP) in Rio Rico, Arizona serves communities in both Arizona and Sonora and is an important factor in protecting the water quality of the Santa Cruz River (SCR). In 2009, water quality monitoring from various locations along the Santa Cruz River detected cadmium 1.5 miles downstream of the plant's outfall at levels indicating the river was approaching chronic impairment for aquatic wildlife. During this period, the U.S. International Boundary and Water Commission (IBWC) notified ADEQ as required by their Arizona Pollutant Discharge Elimination System (AZPDES) permit that the NIWTP was discharging cadmium to the SCR at concentrations in excess of the permissible limits. Discharges were related to lack of pretreatment of wastewater influent and the plant's inability to treat or remove metals. As stipulated in Minute Number 276, the U.S. and Mexico Sections of IBWC are obligated to take appropriate actions to prevent the discharge of untreated industrial wastewater into the wastewater conveyance in order to preserve the operational efficiency of the NIWTP.

In support of the action item initiated in December 2009, ADEQ directly engaged the regulated community in Nogales, Sonora regarding cadmium with the support of officials in Sonora. FOSCR's monitoring data was shared at conferences and professional meetings as evidence regarding the impact of metals on the NIWTP and the SCR. These activities highlighted the importance of pretreatment to the regulated community while the Nogales, Sonora Potable Water and Wastewater Utility (OOMAPAS-NS) pursued source characterization through oversight monitoring of industrial outfalls. ADEQ also engaged the City of Nogales, Arizona in regards to regulation of the industrial sector north of the border.

In 2010, the U.S. IBWC witnessed an 89 percent reduction in the loading of cadmium from Nogales, Sonora between August 2009 and October 2010. A final report summarizing associated activities and results was published through the Arizona Mexico Commission on June 3, 2011. Strategies and relationships developed through this action item are helping maintain a check on metals in wastewater treated in Rio Rico, Arizona and Los Alisos, Sonora.

Educational Efforts Increase Understanding of the Value of Binational Effluent



The Arizona Department of Environmental Quality (ADEQ) has for several years worked with IBWC, the Sonoran Institute and the Friends of the Santa Cruz River to produce a database containing water quality and flow data, culminating in a 2012 action item that has improved data on binational effluent.

In 2009, the Nogales International Wastewater Treatment Plant (NIWTP) was upgraded from an aerated lagoon plant to an activated sludge plant. Because the newer plant is more expensive to operate, IBWC currently subsidizes costs for treating wastewater delivered from Sonora up to its allotted 9.9 MGD. However, Nogales, Sonora pays for the actual cost of treatment for discharges in excess of 9.9 MGD. Under IBWC's Minute 276 (July 26, 1988), Sonora is allotted 9.9 MGD (67%) of the plant's treatment capacity;

the remaining plant capacity (4.75 MGD or 33%) is reserved for municipalities in Arizona. Although Sonora currently delivers 9.9 MGD of wastewater to the NIWTP and the SCR, it is under no obligation to do so under Minute 276.

The Arizona-Mexico Commission has provided a venue to evaluate the economic and environmental factors supported by Ambos Nogales wastewater. In the summer of 2012, the U.S. Geological Survey (USGS) presented a summary of the ecosystem services of binational effluent the upper Santa Cruz River Watershed. Through the use of a hydrologic model known as the Soil and Water Assessment Tool (SWAT), the USGS evaluated the economic and environmental impacts on Arizona resulting from different wastewater diversions to the LAWTP.

In June, 2012, an action item was realized to supplement the model with missing data not considered by the USGS. The Arizona Department of Environmental Quality (ADEQ) worked with IBWC, the Sonoran Institute and the Friends of the Santa Cruz River to produce a database containing additional water quality and flow data. Results from a revised model were published on June 28, 2013 in the journal Water (http://www.mdpi.com/2073-4441/5/3/852/). The manuscript entitled "Framing Scenarios of Binational Water Policy with a Tool to Visualize, Quantify and Valuate Changes in Ecosystem Services," outlines an approach for evaluating impacts of effluent-management decisions on surface water, groundwater recharge, real-estate values, socio-environmental vulnerable communities, and the environment using Ambos Nogales as a case study.

ADEQ Helps Obtain Border 2020 Grants

ADEQ's Recycling Program and Office of Border Environmental Protection Program (OBEP) was recently designated for significant funding from the U.S. Environmental Protection Agency in the first round of Border 2020 funding for projects affecting the Arizona-Mexico border area. A total of five programs were funded to the tune of \$264,068 by Border 2020. Coupled with in-kind funding, that will mean \$452,922 of funding to protect the public health and environment of the border region.

"ADEQ played a large role in getting these programs funded," said ADEQ Southern Regional Director Amanda Stone. "The staff of OBEP staff was behind the scenes coaching, writing, coordinating, encouraging and generally doing what needed to be done to get competitive applications in on time. That OBEP work resulted in getting significant new resources awarded in Arizona."

OBEP Director Edna Mendoza added that, "Continuing to collaborate with partners, including those in the neighboring state of Sonora, is what will get us incrementally closer to a cleaner and more productive border region. It's a wonderful testament to the team that perseverance pays off!"

The projects being funded include:

Electronic Waste Recycling – ADEQ Recycling Coordinator J.B. Shaw said Border 2020 contributed \$63,621 of a



\$138,215 total to conduct four free regional electronic waste recycling events and several satellite events within the border region beginning in October and continuing through May 2015. The funding also will allow creation of a web-based "toolkit" that will provide marketing materials, recycling contacts, educational materials, best practices and an online interactive area where communities can share ideas about successful e-waste recycling techniques. The proposal is an action item of the Arizona-Mexico Commission's Environment and Water Committee.

Cargo Truck Wait Time Emissions Study – Border 2020 is contributing \$67,314 of a \$135,984 project that will do an inventory which estimates particulate matter and NOx emissions from northbound cargo trucks waiting to cross into Arizona at the Mariposa Port of Entry in Nogales, Sonora. The study also will identify emissions reduction strategies. The study is similar to a project that was done in El Paso, Texas, measuring emissions during wait times of cargo trucks entering Texas from Ciudad Juarez, Mexico. A study of hazardous air pollutants was conducted during the 1990s in both Nogaleses using the Nogales, Arizona, post office as a base.



Pretreatment Training for Metal-Plating Facilities – Border 2020 is contributing \$63,015 toward a \$95,401 project to fund two 16-hour seminars for metal plating shops and the metals manufacturing industry in the Nogales region. The money is directed toward reducing metals and cyanide discharges in wastewater and stormwater which have historically impacted the Santa Cruz River in Arizona. ADEQ Hydrologist Hans



Huth will be assisting with the seminars which will include two site visits to Alcoa Fastening Systems in Tucson. Air Emissions Inventory – Border 2020 is funding \$53,610 for an air emissions inventory in Nogales, Sonora, which is of paramount interest to ADEQ and the U.S. Environmental Protection Agency because of long-standing air quality problems in the region, primarily from dust. The study will inventory sources like industry, unpaved roads and mobile food preparation. It also is the first step in the Mexican federal government developing plans and mitigation strategies for controlling dust and other emissions.

Used Oil Collection – This \$29,712 project, with \$16,508 coming from Border 2020, will establish a used oil recycling program in Nogales, Sonora, with five permanent collection sites and training for small businesses in proper oil disposal. Oil recyclers will collect the oil free of charge. Improperly disposed oil may end up in the Nogales Wash, which flows north into Arizona.

ARIZONA STATE OFFICE IN HERMOSILLO, SONORA

In the current economic environment in Mexico particularly in the first six months of 2014, we have been closely following changes made to structural and economic reforms during President Enrique Peña Nieto's administration. The effects of these reforms stand to favorably increase business opportunities for Arizona companies wanting to do business in Mexico. The structural reforms will have very farreaching effects on the economy of Mexico and its position in the global economy. It is now predicted that Mexico will grow from its current standing of 14th largest economy to 8th largest economy by 2050. As a result of the Mexican structural and economic reforms, we are confident that suitable opportunities for Arizona businesses will increase in all of Mexico as well as in the Arizona-Sonora region, and new opportunities in areas such as energy and telecommunications will unfold.

While reforms are being implemented, our office continues to identify niche opportunities for Arizona businesses. We have been focused on opening channels of communication and establishing relationships with different business sectors, specifically local industry and manufacturing companies also known as maquiladoras. Our goal has been very targeted; to identify and capitalize on business opportunities for Arizona companies to enter the supply chain of the Sonora manufacturing industry. The end result is for Arizona businesses to supply products and services that with proximity to market, and the potential for reduced costs provided, will ultimately offer a more a competitive and effective production process.

Our office is working on business promotion for Arizona with states in the northern region of Mexico through participation and organization of trade missions and business agendas on both sides of the border. Examples of such endeavors include the trade mission and corresponding business agenda conducted on February 3-7, 2014, as part of the celebration of the Phoenix-Hermosillo Sister Cities Commission's 38th anniversary. From these meetings another trade mission for Friday, May 23, 2014 surfaced, where entrepreneurs from Hermosillo traveled to Phoenix to participate in an event at the Costco Business Center of Phoenix where Hermosillo companies could see products and services of interest to their

businesses. From these events and other efforts our office was involved in, trade exchange was achieved between companies from both sides of the border, which we look to grow even more now that businesses are aware that the Arizona Trade Office in Sonora is here to help their needs.

The Arizona State Office in Hermosillo will continue its focus on identifying potential investors interested in Arizona, either through seminars we will be hosting in coordination with the Arizona Commerce Authority, or in the outreach efforts we continue doing as part of the mandate of the office.

An important endeavor we will be working on, in coordination with the Arizona Commerce Authority, is encouraging Arizona companies to participate in Manufacturing Industry Expos that will be organized in the states of Sonora, Baja California, Chihuahua and Sinaloa during the second half of this year, as well as the next Seminar of the Mining Industry to be held in the city of Hermosillo next October 21, 2014.

In addition to promoting participation in these events, we are offering to work with Arizona businesses that attend them to schedule additional meetings with representatives of targeted industries, according to the interest of the Arizona businessmen. This is with the goal of making the first contact with a potential client or business opportunity. Once the contact is made, our office will assist in the advancement of the business opportunity, as appropriate.





Credit photo: Patricia Jimenez



One Border - One Community

By: Will Humble, Director of Arizona Department of Health Services

here's an old adage in public health "In clinical medicine, your patient is the patient; in public health, your community is the patient". When it comes to public health, the entire Sonoran Desert region is our community and our patient.

Just as in clinical medicine, public health can't pull together a full picture and design public health interventions unless there is a complete "patient" assessment. In order to improve health in border communities, efforts must be coordinated, best practice shared, and common strategies implemented to improve health in the border region. Arizona's public health partnership with Sonora's public health system is key to putting together the pieces so the public health of our common community can jointly improve.

Sonora and Arizona now share an electronic infectious disease reporting system as a result of collaborative efforts via the Arizona Mexico Commission. Epidemiologists in both Arizona and Sonora use the system in daily activities to identify everything from regional foodborne illness outbreaks to data sharing for regional illnesses like Valley Fever, West Nile virus, and Dengue Fever.

The system also helps us to jointly coordinate patient care for those undergoing treatment for tuberculosis that move back and forth between Arizona and Sonora. This data sharing helps both states identify outbreaks early and coordinate public health efforts to help stem the spread of disease in the border region.

Arizona and Sonora are also coordinating efforts to get families to buckle up their children while driving. Both Sonora and Arizona can improve when it comes to getting families to buckle their kids up for safety. Last year, the Arizona Department of Health Services and the Secretaría de Salud Pública in Sonora kicked off a joint multi-year campaign to encourage more Latino families to buckle up. The media and outreach campaign was developed and implemented jointly—using cross-border focus groups to develop the messaging.

The Arizona Department of Health Services is also coordinating car seat donation system in which Arizonans can donate gently-used car



seats for use in Sonora. Through the AMC, the donated Arizona chairs are sent to Sonoran birthing hospitals so families that can't afford a car seat leave the hospital with the baby buckled up safely.

Electronic infectious disease surveillance and child safety restraints are just two examples of joint initiatives that have been fostered through the AMC. Over the last few years, Arizona and Sonora health authorities have shared public health laboratory best-practices, jointly worked on messaging to prevent teen pregnancy in Latino populations, developed and implemented border-specific substance abuse prevention, collaborated on assisted living standards, and much more.

Health officials from Texas, New Mexico and California and describe the details of the work that public health folks in Arizona and Sonora have achieved over the years. There's a common refrain among these public health peers: "I wish we had that kind of relationship with our Mexican colleagues, there's so much we could accomplish".

There is a reason why border public health initiatives thrive in Arizona and Sonora. It's because of the leadership of the AMC. People in public health leadership positions will come and go, but the institution of the Arizona Mexico Commission has always been there to make sure public health has a catalyst for positive change across our border.



It is common knowledge that Mexican fruits and vegetables are a key driver to the Arizona economy, with more than 37% of all Mexican produce imports coming through Nogales, Arizona alone.

Increasingly, U.S. supermarkets are turning to Mexico not only for high-quality produce, but also for the high levels of social responsibility that are used on the farms and packing houses where the produce is grown.

The labor market in Mexico is highly competitive. Farmers understand that responsible treatment of workers is the right thing to do; it is critical to their business success.

It is not uncommon to find farms where workers have been employed for 10 years, 20 years, or more. These programs have made a difference in the lives of generations of families and their children. In some cases our farms are where families learn the skills to live in a modern society.

The tradition of family-run farms is alive and well in Mexico. The investments made by these farms have a positive impact on workers and their communities. In fact, we know of children who were born on the farm, and because of the schooling and stability, who are now in college.

 Farmers offer competitive wages and benefits that include access to health care, dentists, education programs, and family housing.
 Long-term retention of workers is not uncommon at many farms.

- Large farms are able to offer workers virtually year-round employment, in areas where few other job opportunities existed.
- Many workers are learning sophisticated technical skills that enhance their career opportunities. These skills include innovative planting and harvesting methods to food safety practices and operating high tech packing and sorting equipment.



Farmers offer benefits such as:

- Onsite doctors and dentists. For many farm workers and their families, the only time they
 are ever able to see a health care provider is when they are working
- Day care
- · Healthy meals
- Social workers educational programs for children and adults
- Life skills training, including how to live in a modern society
- Scholarship programs
- Sports activities and recreational areas.
- Housing and services that exceed many of the living conditions that workers experience
 at home.

So, the next time you enjoy a Mexican tomato, cucumber, watermelon or mango, know that your purchase is helping create a better life for those that picked it and packed it.



THE GROUND SWELL MOVEMENT FOR REGIONALIZING SAN LUIS SONORA AND YUMA COUNTY

By: Julie Engel, President/CEO of Greater Yuma Economic Development Corporation

n 2010, the Greater Yuma Economic Development Corporation (GYEDC) and the COPRESON Economic Development Council joined forces to initiate asset mapping of the combined region. Infrastructure, buildings, educational offerings, labor force and a new commercial border crossing were the beginning of the long, arduous task of identifying the strengths of two states and two countries functioning as a seamless region. In order to map the assets of this vibrant agriculture driven economy several studies have been and continue to be conducted in order to ultimately build the best business case possible for marketing this dynamic region.

In 2011 and 2012, the Arizona Sonora Border Master Plan was completed by the Arizona Department of Transportation. This study addressed capacity and congestion, cost effectiveness, project readiness, regional benefit, and the level of bi-national regional coordination at all Arizona-Mexico Ports of Entry. Additionally, it prioritized the infrastructure funding for the future. During this process, a second study was underway that had been commissioned by the Yuma Metropolitan Planning Organization, known as the Rail Corridor Study. The goal of this study was to recommend ways to improve freight rail service and access within Yuma County along with rail connections to adjacent areas in Mexico or California. Four tech memos and a final report addressed the following:

- 1: Yuma County Economic and Freight Profile
- 2: Evaluation of Rail Alternatives
- 3: Implementation Plan for Preferred Alternative
- 4: Economic Impact

This study was completed in 2013.

In January 2013, Governor Brewer commissioned the Arizona Border Communities Roadmap to be coordinated by the Arizona Mexico Commission (AMC) in partnership with the Arizona Department of Transportation, Arizona Commerce Authority and Arizona Office of Tourism. The Preliminary Roadmap report was presented to the Governor on June 13, 2013 at the AMC Summer Plenary. This report garnered intelligence from Border Communities all along the US-Mexico Border. The existing assets located at Arizona's Border Crossings were compared with best practices and infrastructure advances at the borders of our competitor states. Each region was involved in guiding this vision, from that came a strategic framework with a focus on developing a strong business case. The Yuma region business case will have three components:

- Why Invest here: this message will focus on site selectors, developers, and the end users
- 2. Creation of the marketing message
- 3. Development of a work plan that addresses our gaps

These combined studies have provided this region with the tools necessary to build a strong bi-national corridor that will function as efficiently as our major competitors' trade corridors, and attract major industry to our region through future infrastructure improvements. We have complete support from our elected leaders at the local and state levels to build this economic driver for Arizona and Sonora. With minimal geographic or climatic issues impeding the movement of goods through our region, and one of the most efficient north-south trade corridors in the Americas we are poised for greatness. With the support of the AMC, our Governors and Mayors; the San Luis Sonora and Yuma County region will be a major economic corridor for the United States.



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BRIGHT FUTURE LIES AHEAD FOR THE AMC SPORTS COMMITTEE

By: Josh Rawitch, SR. Vice-President, Communications, Arizona Diamondbacks

uring the annual plenary session in Phoenix this past June, the Sports Committee formally reconvened for the first time in several years to discuss the ways in which the various teams and entities in Phoenix can work more closely with their neighbors in Sonora. Representatives from the Diamondbacks, Phoenix Suns, Arizona Cardinals, Phoenix International Raceway and the Arizona Super Bowl Host Committee met with CODESON's Vicente Sagrestano and made progress toward some new initiatives that have kickstarted the committee's goals.

"There was a renewed energy about the various entities at the plenary's sports committee meeting and you could just feel that each of the Arizona-based teams recognize the need to do more together in order to expand our partnerships in Mexico," said D-backs Sr. Vice President Josh Rawitch. "Vicente opened his doors to us and made it clear that he and his colleagues want to work more closely together for the betterment of both states."

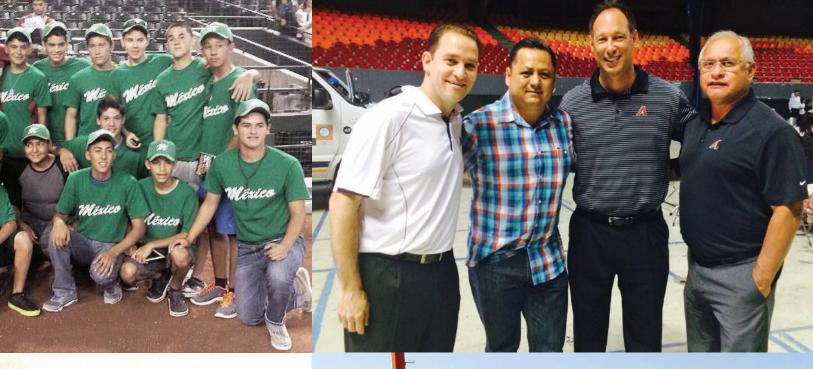
One order of business that was set in motion is an upcoming trip to Hermosillo in November for each of the Arizona-based entities where there can be an authentic impact on the youth of Sonora. Each team is hoping to bring a current or former athlete to help raise the profile of the visit, which will come shortly after P.I.R.'s race earlier that month. The track also hosts a NASCAR Toyota Mexico Series Race in March.

"We are excited to get more involved in the Arizona-Mexico Commission's goal of improving economic prosperity and quality of life through strong collaborations," said PIR Director of Communications Zac Emmons, who was attending his first plenary session on behalf of the track. "Hosting the Toyota 120 race at PIR each of the last two years has shown how beneficial that cross-border collaboration can be, and we look forward to working with our friends in the Valley sports community to build on that success, both in Arizona and in Sonora."

The formalization of the committee will enhance several of the initiatives already being undertaken by the Valley sports teams.

The D-backs have been in talks to bring a Spring Training game to Hermosillo in March, something the team has done on eight different occasions (1998-2001, 2003, 2008-10) at historic Hector Espino Stadium. Any future games would be played at Estadio Sonora, a venue for which the D-backs provided guidance on the planning and construction. The team recently hosted more than a dozen youths from Guaymas who had the opportunity to meet Mexican pitcher Oliver Perez and team officials have a very strong relationship with the defending Caribbean Series champion Hermosillo Naranjeros.

The Phoenix Suns are also heavily involved in promoting their brand in Mexico, having teamed up with the cities of Nogales and Sonora to host a day of community outreach last October which included a youth basketball clinic with Tom Chambers



and several Suns alumni. The WNBA Phoenix Mercury, in partnership with the Sports Commission in Hermosillo, also hosted 100 Hermosillo youths at one of its games in August followed by a sleepover at US Airways Center.

The Arizona Cardinals had a busy off season this year in Mexico as well, according to former NFL player and current Manager of International Business Roland Cantu, who also attended the Sports Committee meeting at the Arizona plenary session. The franchise recently partnered with USA Football to put on a series of Heads Up Football Moms' Safety Clinics and kids camps in the cities of Hermosillo, Mexico City and Guadalajara, Mexico. The Heads Up program is designed to educate on awareness of concussionlike symptoms along with instruction on the proper fitting of helmets and shoulder pads.

Looking forward, hosting Arizona-Mexico specific sporting events and community outreach will enable the AMC Sports Committee to further promote economic prosperity and improved quality of life for the communities of Arizona and Mexico.





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DOUGLAS-AGUA PRIETA: A SHARED VISION FOR THE FUTURE

By: Carlos Fernandez, Chairman Douglas International Port Authority

ver the past two years, Agua Prieta's Mayor Irma Villalobos de Teran and Douglas' Mayor Danny Ortega Jr. have worked very hard in the positioning and development of the proposed Douglas-Agua Prieta Commercial Port of Entry through a Private Public Partnership Initiative.

Both Mayors' have advocated for this project at all levels of government on both sides of the border. The participation and involvement of the Arizona-Mexico Commission has been instrumental throughout this process. The project is taking shape and the planning, design, and permitting process has already begun.

The vision of both Mayors is much bigger than building a new Port of Entry. They truly believe that the development and construction of a new commercial Port of Entry will be the impetus of a much bigger economic development plan. The Mayor's visionary plan has four main components:

- Relocate heavy commercial traffic out of the urbanized footprint of both cities
- 2. Facility improvements at the existing Douglas and Agua Prieta Port of Entries
- 3. Develop and construct an International Boulevard
- 4. Prepare both cities for future growth

The relocation of heavy commercial traffic out of the urbanized footprint to a new location will allow heavy commercial traffic to better maneuver their oversized and overweight loads, hazardous materials would not be transported through densely populated areas, improve pedestrian and vehicular flow near the existing ports, improve the air quality near the ports, and ultimate will eliminate the need to close the ports in its entirety during the processing of oversized/overweight loads at both ports.

Facility improvements would allow both ports to comply with existing and future inspection requirements such as U.S. southbound inspections and increased Mexican inbound inspections specific to agricultural products and provide port users with modern, efficient and effective facilities to expedite the processing of people and vehicles. This is an effort to



facilitate and increase cross border traffic that results in more economic development opportunities for Douglas and Agua Prieta businesses.

The construction of an International Boulevard will allow both cities to be connected to the existing state and federal highways system on both sides of the border. This transportation corridor/boulevard will allow for the creation of new commercial zones intended to provide entertainment, restaurant, retail and medical tourism business opportunities on both sides of the border.

Both cities need to plan for the future by relocating the heavy commercial traffic to a new port location where land is available for future industrial uses, thus providing both cities with the advantage of near-shoring options and creating more commercial and economic development opportunities for both cities.

The significant investment in mining and energy sectors in Northeastern Sonora fortifies the cities strategic advantage to tap into existing and future near-shoring opportunities. In addition, the significant roadway infrastructure improvements of expanding the highway capacity from a two-lane highway to a modern four-lane highway between Agua Prieta and Cananea results in enhancements to the economic development opportunities for this region.

With this in mind, both Mayors with the assistance of the Arizona-Mexico Commission, are putting a lot of emphasis on developing a regional strategic roadmap to execute their vision to not only bring economic prosperity to the Douglas-Agua Prieta region, but also to the states of Sonora and Arizona and beyond.



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U.S.-MEXICO WINE TRAIL

By: Laura Franco French, Arizona Office of Tourism

he Tourism Arts and Culture committee of the Arizona-Mexico Commission, along with the Arizona Wine Growers Association, the Fundación Sonora and other partners, is working on establishing the first of its kind U.S. – Mexico Wine Trail. This unique bi-national industry highlights the Sonoran region's exciting economic development, marketing, and workforce opportunities.

Fundación Sonora is a private initiative that receives public sector funds to develop the economy of Sonora and cultivate diverse workforce opportunities. For the last four years, they have been testing the soil near Cananea and experimenting with growing 16 different grape varietals, all from France. The wine project, led by Gustavo Susarrey Galaviz and Jorge Munguia Galaz, has yielded successful grapes including malbec, grenache noir, tempranillo, syrah, chardonnay, turiga nacional and carmeniere, to name a few.

The Arizona Wine Growers Association has been a strong partner and part of the Tourism and Arts and Culture Committee's recommendation to work with the wine growers and wine associations on both sides of the border to share best practices and facilitate linkages with information that will benefit the wine industry in the Arizona-Sonora region. Peggy Fiandaca, president of the Arizona Wine Growers Association, has invited the Fundación Sonora to tour her vineyard, Lawrence Dunham Vineyards, and spent time sharing information and supporting the nascent Sonoran industry.

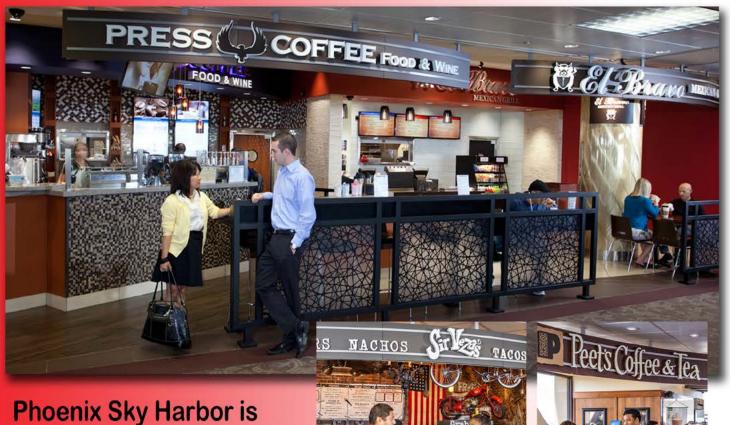
On a recent trip to the vineyards between Naco and Cananea, Sonora, the Fundación Sonora shared their plans to have their first harvest this year and produce wine in 2015. Representatives from SouthEastern Arizona Governments Organization, Cochise College, the Mexican Consulate in Douglas, the Arizona Office of Tourism, the Arizona Wine Growers Association, the Sonora Office of Tourism, Sierra Vista, and Cochise County toured the vineyards and heard the Fundación Sonora's plans to work with Aridus Wine Company, a grape custom crush facility in Willcox, AZ, to potentially have their grapes crushed and processed in Arizona, creating a dynamic synergy and jobs between Arizona and Sonora. The Fundación Sonora also plans to build a tasting room that will anchor the three to four future vineyards they hope to have in the next five years.

The Tourism and Arts and Culture Committee will continue to work with the wine industry to help establish a U.S.–Mexico wine trail and marketing campaigns to promote the region as a vibrant tourism and wine tasting destination.

There is currently a U.S. – Canada wine trail between New York, Vermont and Quebec. The Champlain Valley Wine Trail is a federally funded non-profit organization that facilitates communication, outreach and promotion of the existing trails and helps to market the vineyards as a region. The non-profit has been supportive of our efforts and will help when we are ready to create the U.S.-Mexico wine trail.



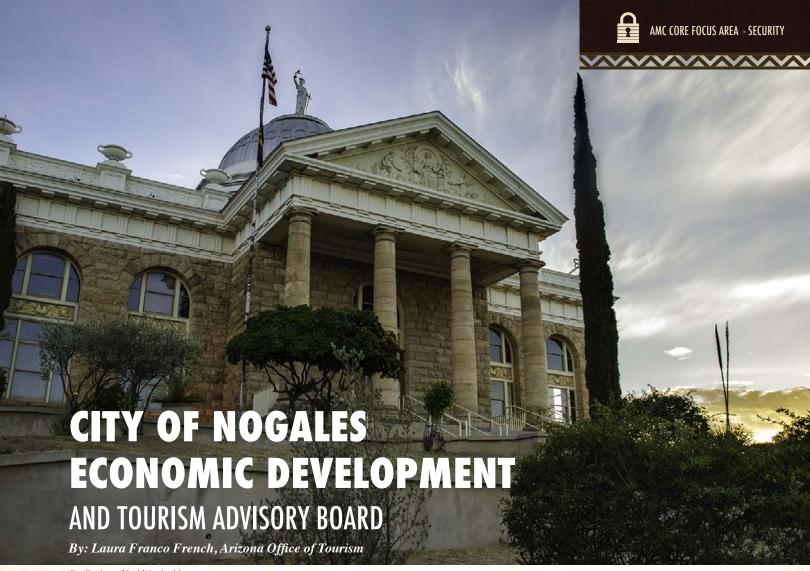
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Credit photo: Noel Weatherbie

he Tourism Committee and Arts and Culture Committee continue to work on a recommendation to work with different communities and organizations to enhance the image of the border region, specifically working with Ambos Nogales to continue efforts in both communities to develop tourism marketing opportunities and promote Ambos Nogales as a bi-national tourism destination. One of the accomplishments of this recommendation is the creation of the City of Nogales' Economic Development and Tourism Advisory Board. The Board was formed in January to provide policy recommendations to the City Council. The Mayor and Council appointed 15 members representing the Nogales-Santa Cruz County Chamber of Commerce, the Greater Nogales-Santa Cruz County Port Authority, the Fresh Produce Association of the Americas, Nogales Community Development, the City of Nogales, the Santa Cruz Tourism Alliance, customs brokers, as well as other community groups.

The formation of a tourism advisory board was a recommendation of the Arizona Office of Tourism's Nogales Strategy and Marketing Plan completed in December 2013. The plan was created by the Arizona Office of Tourism (AOT) and Nichols Tourism Group after working with the Nogales business community and the City of Nogales for over a year to gather research, look at industry trends, and provide guidance on Nogales' tourism potential. The plan can be found at www.tourism.az.gov and www.azmc.org

When the board was formed, Mayor Garino said, "the Economic Development and Tourism Advisory Board is going to help create the vision for the City of Nogales. We look forward to working in partnership with AOT to rejuvenate tourism to our beautiful community."

AOT received applications from the City of Nogales and the Nogales Santa Cruz County Tourism Partnerships to participate in AOT's 2015 Marketing Cooperative program, further leveraging valuable resources and partnering with AOT to expand travel and tourism related activities for rural areas.

The Economic Development and Tourism Advisory Board were recently split in two to allow the Tourism Advisory Board to focus on tourism specific opportunities and develop long-term strategic goals to promote the dynamic border city.

The Tourism and Arts and Culture Committee continues to be encouraged by the support of Nogales' business community, community leaders, the City Council, and City staff on their efforts to improve tourism promotion in Ambos Nogales.

MEXICO'S ENERGY REFORMS: KEY TO ECONOMIC GROWTH?

By: Luis Ramirez Thomas, MSFS, President, Ramirez Advisors Inter-National, LLC

n Monday, August 1, 2014, President Enrique Peña Nieto signed a package of landmark energy reform bills into law, thus ending the 76-year-old state monopoly of Mexico's state-run oil, gas, and electricity industries. Among the key changes are provisions that will permit the exploration of oil and natural gas by foreign companies in partnership with Petroleos Mexicanos ("Pemex"), the importation of natural gas and gasoline, and the establishment of gas stations by companies other than Pemex.

Although the laws are now finalized, their full implementation will take several years – until January 1, 2018. At that time, Mexico's Treasury Department (La Secretaría de Hacienda y Crédito Público) will eliminate all controls over the price of gasoline.

For those of us that grew up in Mexico, the prospect of a non-Pemex gas station is surreal. But so are many other aspects of the reform. So much so in fact that over the past few days and weeks leading up to the approval of the reforms by the Mexican Senate, little else garnered much political discussion throughout Mexico. Globally, the interest this has caused for the world's largest oil and exploration companies is truly palpable.

As with any law in Mexico, especially structural changing laws of this magnitude and complexity, it will take quite a bit of time for implementation to occur. The first sections of the law governing hydrocarbons, electricity and geothermic energy, will take effect on August 12, 2014. In September of 2014, the new governing boards will be named for both Pemex and the Federal Commission of Electricity (CFE). By December of the same year, the plan for the restructuring of Pemex will be presented, including the creation of a totally separate subsidiary that must be created and will be dedicated to exploration and production.

By January 1, 2015, gasoline prices will adjust solely based on inflation rather than what had become the traditional "gasolinazo", the term that referenced the dramatic announcements of major increases in gas prices from one day to the next. Then on January 1, 2016, Mexico will permit the importation of natural gas and permits for the establishment of other-than-Pemex gas stations will start being issued. A year later, January 1, 2017, Mexico will permit the importation of gasoline which stands to create a competitive market thus affording consumers a choice as to where they purchase their gasoline.

The structural changes are many, including a number of labor changes, particularly with regards to the pension funds for employees of Pemex and CFE – which number in the hundreds of thousands.

While overall sentiment is that this reform was necessary for Mexico to continue to emerge as one of the most significant economic players in the global economy, forecasts are still mixed. It is clear that by 2035, Mexico's energy demand will double and the system that was in place was not up to the task. Pemex, although one of the largest oil companies in the world, was marred by losses, dwindling reserves by traditional measures and lacked the financial wherewithal to invest in new technologies that would allow it to tap into new fields and reserves. The opening up of the energy sector has clearly brought many companies and new resources to the table. The ultimate test will be the ability for Mexico to attract new investment, create new jobs, and have the energy sector serve as a foundation for future growth and development.



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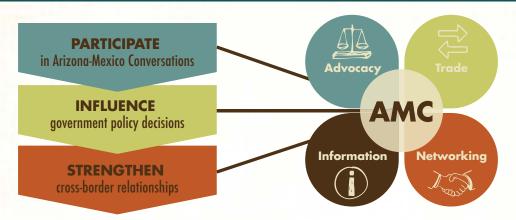
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