

SECRETARY OF STATE
TEXAS BORDER AND MEXICAN AFFAIRS DIVISION
TEXAS-MEXICO STRATEGIC COMMISSION
MEETING

Tuesday, September 12, 2006

Nell Hays Conference Room (4th floor)
Rudder Building, 11th at Brazos
1019 Brazos
Austin, Texas

MEMBERS PRESENT:

H.S. BUDDY GARCIA, CHAIR
CADY NORTH
VICTOR CARRILLO
HELENA ESCALANTE
DIANA BORJA
CARLOS RUBENSTEIN
AGUSTIN DE LA ROSA
ESTHER HITZFELDER
ALFONSO CASSO

P R O C E E D I N G S

MR. GARCIA: One thing I do ask everyone is just before we all speak, just for the record, because we are taking, just be sure and say your name as you make comments. Good morning to everyone. My name is Buddy Garcia.

I am the Deputy Secretary of State in this capacity, a Border Commerce Coordinator. We are meeting this morning as a result of House Bill 925, which created the Texas-Mexico Strategic Investment Commission. And I ask that you all introduce yourselves for the record. The membership is made up of a variety of agencies, and the goals of this Commission mirror somewhat the Board of Commerce Coordinator duties, and so we will talk about that.

And I am sending a sign in sheet around. But if you all could, for the record, please introduce yourselves and with whom you represent. We are fortunate, we have an actual Railroad Commissioner with us today.

MR. CARRILLO: Victor Carrillo, Commissioner, Texas Railroad Commission. And I wanted to come see what this was all about. We, while the legislative process was going on, I guess in the last session that established this. We noticed the absence of the Railroad Commission

and thought that an energy perspective might be appropriate.

So we sought that to be amended. And so I figured I had better be here, because we tried to do that.

They are interested in the Texas-Mexico Border initiatives, cross-border initiatives, particularly with regard to energy.

The Secretary of State and I just posted an energy trade mission to Mexico, just a couple of weeks ago that was very successful. It would be an annual event. But anyway, I am really just here to listen and see what this group is all about, and offer my help and the help of my agency. So thank you.

MR. GARCIA: Thank you, Commissioner.

MS. ESCALANTE: Hi. My name is Helena Escalante, and I am with the Office of the Secretary of State. I work for Buddy in the Texas Border and Mexican Affairs Division.

MS. BORJA: My name is Diana Borja, and I work for the Texas Commission on Environmental Quality, Border Affairs, here in Austin.

MR. RUBENSTEIN: Carlos Rubinstein. I also work for the TCEQ. I am the Rio Grande water master, and I am also the Director of the Texas Border Area Commerce

Commission.

MR. DELAROSA: Agustin De la Rosa. I am the Director for the International Relations office for TxDOT.

And here representing the agency. Also as we go forward in the meeting, we developed the report that we like to present to the Commissioner, and it is how TxDOT is supporting and will support different functions of this particular Commission.

And with me are a couple of other TxDOT representatives. And I will let them introduce themselves.

MS. HITZFELDER: I am Esther Hitzfelder, also with the International Relations Department of TxDOT.

MR. NORTH: I am Cady North, the state legislative aide for TxDOT.

MR. CASSO: And I am Alfonso Casso. I also work for the Deputy Secretary of State for Border Affairs.

MR. BUTCHER: I am a guest. My name is Allan Butcher with the [inaudible] in San Antonio. We are under contract to the Webb County Rural Rail Transportation District.

MS. MOLINA: I am Kay Molina. I work for [inaudible].

MR. GARCIA: Thank you, Kay. Now one thing I

wanted to mention was, as our guest was introducing himself, there was a couple of bills that passed last session that overlapped. And we have similar duties in this Border Transportation Advisory Committee, in the sense that we are discussing the flow of commerce at ports of entry between Texas and Mexico.

And included in that Border Transportation Advisory Committee will be a report that I will share with all the members of this Commission, so that we can utilize the findings and the recommendations of that Committee. That committee is made up of 31 members from around the State, ranging from local officials to state officials from El Paso to Brownsville that are experts on the trade issues between Mexico and Texas.

And so I find that some of these bills last session that passed have overlapping duties, and it is my intention, not only as chair of this group, but as Chairman of the Border Transportation Advisory Committee to utilize all our resources to achieve our goals even where they overlap. I think what the Legislature was getting at from my discussion with some of the members who were authors of these various pieces of legislation was, they were determined to have all of the state agencies and have Border Affairs divisions communicating and working

together.

And given that each agency have limited budgets, the best bang for our buck, the most juice we can get out of the squeeze is going to be from us working together. And so that is one aspect of the function of this Commission that I intend to utilize the findings from the Border Trade Advisory Committee.

We are working on recommendations which will be available before the November TxDOT meeting, and I will make sure that everyone here gets a copy of that. Missing so far are representatives from the Water Development Board and the Department, what is the acronym now? DSHS.

The Department of State Health Services. That has changed names so many times.

VOICE: The best mnemonic device that I have heard for that is, dishes.

MR. GARCIA: Dishes. Well, the dishes are missing so far. And they will be here shortly, I am sure.

If not, we will make sure they are included in our discussions. We are very fortunate to have a court reporter here to make sure that we don't miss out on anything.

And we will try to summarize to the best possibility what we generate here, in our functions and

goals. One thing I wanted to make note of is, as Board of Commerce Coordinator, except for my duties as Deputy Secretary of State, the Board of Commerce Coordinator has a number of duties assigned to it that overlap or that are practically married by the creation of this Commission. And to go down, some of them examining trade issues with U.S., Mexico and Canada, act as an ombudsman for government agencies dealing with Texas-Mexico regulations, border regulations.

Steadying the flow of commerce between the ports of entry with Mexico and Texas. Establishing a plan to aid the commerce, which falls under again into the other category, the Border Trade Advisory Committee, where we are working very diligently on establishing some plans.

Working with federal officials to resolve transportation issues, that is an ongoing process.

Working for NADBank funding, that is not something that we directly affect, but something that as Deputy Secretary, I have advocated, as well as encouraged and advised the Governor to continue to support. And the recent Border Governors Conference yielded language from all ten governors suggesting that the NADBank was not only doing well, but deserved to be funded and funded fully. The expiration of excess electric power sales from Texas

to Mexico, something again that maybe not directly done but through the state.

But I indirectly had a hand in establishing there is a cross-border electric setup now in Mission, Texas, to Reynosa that Hunt Company developed and was I believe the ribbon cutting, ground-breaking ceremony was a few months ago. Maybe it was in February, or I think it was in February or March. And that is something that potentially will generate or attract business.

They have the potential to, with no customers at this time, to develop enough electricity, both in Mexico and on the U.S. side. It is the first of its kind, a cross-electric current that goes through, and is going to possibly be an available source of electricity for some type of manufacturing plant of the future. So I think it is going to be the beginning of a trend.

They have their permits. They have their cross-border electricity set up. And now it is a matter of marketing it, and attracting business to that region. So I have been fortunate enough to be included in that exploring of how we can continue to maybe generate that in the private sector.

But these issues that I am mentioning are things that the Board of Commerce Coordinator was already

working on, that this Commission has been tasked with seeking goals of trying to increase those topics. And so with your expertise, we hope to develop recommendations when possible, whether it be to the Legislature or to the Governor or to even private sector folks that we can figure out a better way to streamline competition and marketing of the border.

One thing that we have identified, areas of environmental protection that need to be addressed cooperatively between Texas and Mexico. I know TCEQ is already actively working on a number of these areas. And so I hope to coordinate, and at least establish today, what it is that we individually, our agencies do for the goals that are established here underneath the Commission functions.

The legislation that created this Commission requires us to meet once a year. We can meet informally or formally as much as we need to. I see this is just the minimal effort at this point. But there is no reason why as necessary we can't continue to meet or meet informally over the internet or conference calls, if we decide that we have the opportunity to do so, or there is an issue that arises that requires all of us to put our heads together.

What I wanted to do was, after today was, in a very informal way, get copies of things that I have been working on as Board of Commerce Coordinator that fill these Commission goals and share them with you in writing so that you will have established for yourselves some of the things that we are already cooperating, in Texas, your Board of Commerce Coordinator is already working on, and maybe we can find some unique ways of planning and working around that things that maybe I have not identified or developed further.

Included, I think that we have in the agenda, did you get one of these as well? The comparison, the side-by-side? So you all can see.

MS. ESCALANTE: Does everybody have this? If not, do you. There you go.

MR. CASSO: Unfortunately, when you compare the color --

MS. ESCALANTE: We should have printed it in color. I apologize.

(All talking at once.)

MR. CASSO: What we tried to do was show all the overlap, and all the registration of Texas. But we didn't print them in the color.

MS. ESCALANTE: But if you, those of you that

have bright eyes will be able to tell that there is, of course, the black print, and then a slightly greyish print. That is the one of the functions that overlap.

MR. GARCIA: Some of these goals that we have been tasked with doing are going to involve just communicating year round, because quite frankly, if the federal government is or isn't doing things, we can develop maybe ideas we can do as a group, or maybe communications we can share with our Congressman, or maybe even just things that we recommend to the Legislature or to the Governor or to our respective agency heads.

But obviously, we cannot control Congress. We can utilize our various agencies to steer in one direction. But my experience has been in this capacity that I have been serving now for almost two years that examining these issues doesn't necessarily lead to recommendations that the state Legislature for example can incorporate, or examining issues between Mexico and Canada does not make their jurisdiction come here.

So many of these issues are going to be outside of our control, or outside of our jurisdiction. But nonetheless, by improving communication, I have seen a rather modest change in the approach that the state is taking in working with our counterparts in Mexico. I know

Canada is very interested in marketing so many of their exporting goods with Mexico, and are counting on Texas relations to try and make those connections.

The premiers of some of these provinces have become very close to Texas in hopes of getting close to the Mexican governors. And these are things that we have been able to facilitate; open door communication, open door processes.

So what degree your agencies are already on a day-to-day basis tackling your jurisdictional issues, perhaps we can share these things, and put them together in a report of some sort for consumption by the various legislators that live along the border, or for whomever is interested in the Investment Commission's progress. I don't see a real need to elaborate on some of these issues, other than the fact that we are exploring and continue to work together, and maybe out of this, improve our communication with each other.

This afternoon, the interagency workgroup which used to be an informal roundtable, and now it is a statutory group, will develop similar, hopefully, common goals. And some of you folks, if not all of you, will be involved in that. So again, to what degree we overlap, I am not concerned so much with a one particular report out

of each group, as much as where we have identified certain recommendations or substantial improvements with the flow of commerce that we keep track of them, and make sure that the folks who develop this legislation and these laws are involved and know that we are working together.

I have always been very impressed with the various agencies who have border divisions. But in my role as Board of Commerce Coordinator, and I don't mind saying on the record, there is no funding available. And as you can see from the numerous requirements of that position, if not for TxDOT, TCEQ, Water Development Board and all of your agencies, Railroad Commission, all of you, we would not be able to do -- to be able to meet the goals of the legislation.

So I make it very clear yesterday, I was testifying before the LBB, and I made it very clear again that these functions that I have tackled are only accomplished because of the various agencies working together. If not, we would not have, I would not have the ability to with just my two hands and the various things as Deputy Secretary that I am tasked with doing as well, I would not be able to accomplish these goals.

So I am very appreciative of that, but I think the Legislature, this is exactly what they envisioned, is

that we would work together in the capacity that they want to develop these various goals. The idea of unifying all our agencies at the state level is one thing, but at the federal level and international level, sometimes it is not as formally possible.

So I do mention that on the record, just so that we can establish where we are, and then maybe with your assistance, establish maybe some guidelines and where we want to go. I am completely open to your all's expertise and recommendations as well as any ideas that you may have regarding this Investment Commission if you think that certain recommendations can be made to the Legislature.

I think that is really what some of the legislators I have talked to personally want to see, is we can develop the recommendations, solid recommendations that involve them before session, and they can in turn be either turned into legislation or avoid duplicity where possible, then they will follow our lead. So with that, I want to open up the table to anyone to fill us in on any potential issues that they want to explore or identify. Please mention your name before you visit or ask.

If I can answer any questions to you, regarding any of these issues, and what I have been working on, I

intend to do something similar this afternoon. But since Commissioner Carrillo is here, I just thought maybe you all may have some ideas of where you want to go with this, and if you all want to meet again, we can explore that later as well. But formally, I wanted to just make sure that we were open for business.

I kind of was stalling to see if anyone came in from Water Development Board and the health folks. But if not, we will fill them in later, and ask them to report comparably. So with that, I will just pass it around the table, if anyone has anything you want to bring up or identify, or issues that you are working on you think may be applicable to this Commission.

MR. DELAROSA: Buddy, if it is okay, I can go ahead and start. Agustin De La Rosa with TxDOT. What we did is, we looked at if you would, we will try to at least make one copy for each agency. What we did, is we looked at what the functions of this Commission were, based on the bill. They identified eleven different functions as what we were supposed to be doing, and how we were supporting those areas.

So what we did, we looked at the different functions, and I believe there was six out of the eleven is applied to stuff that TxDOT is doing. In addition to

item function 11, as to possible recommendations for further legislative action. And this report basically covers those six areas that are identified on the agenda, that you all put out.

And they basically fell under three different categories dealing with communication, dealing with trade, and then the last area, dealing with infrastructure. So I am not going to read the whole report. But as I indicated it basically identifies what we are doing and as an example, in communication.

The first two or three pages covers different organizations that we participate in. You mentioned earlier, Buddy, about how we may be able to maybe not influence at the federal level, but at least communicate and coordinate. We participate with various groups like the U.S. Mexico Joint Working Committee.

The deals, it is a binational group that deals with transportation issues along the Texas or along the U.S. Mexico border, co-chaired by Federal Highway Administration and Mexico's Secretary of Communication and Transportation. We also participate with the binational bridges and borders group. They look at all the crossings at the border.

We handle the border technology exchange

program, that deals in trying to provide technology, training, assistance, coordination with our transportation counterparts in our four border states. And the Border Governors Conference, which is another big avenue, if you will to maintain that link. Also very helpful.

So those are the type of things we addressed in communication, and then in trade, and looked at the Agenda Items 2 and 3. We are doing a couple of studies now within TxDOT. The border travel time study, basically it is looking at congestion, maybe bottlenecks at all of our international crossings, between Texas and Mexico within a two to five mile radius.

And basically, it is going to look at the infrastructure, and if possible, projects that could be implemented. It could be done in the short term to facilitate the infrastructure and the communications between us and the crossings. The integration and consolidation of border freight transportation data is another current study that is ongoing.

Trying to identify all the different data that is out there for our folks to plan. Take all this data, collect it at the federal, state and local level, and then to be used by our planners to determine what infrastructure needs, what impacts NAFTA might be doing in

our roadways, within the state. And so that is what this report does.

You know, so we want to applaud the Commission and kind of address those. Additionally, at the very end, and the conclusion, we also identified some areas for possible recommendations for addressing border challenges, as far as from the TxDOT perspective. And they came from our legislative affairs or government and business interface division.

So we are looking at rail relocation fund to be capitalized. It was introduced during the last session, but there is no money there, so hopefully, the idea of trying to -- I don't think TxDOT is going to be asking for that. To capitalize that fund, so that the rail relocation and along the border can occur.

Down in the Valley, in El Paso is another project they are looking at. Looking at other issues such as the purchasing of property by speculators, when they know that some future highway is going to occur, some legislation to prevent that. So that is kind of what this report identifies.

MR. GARCIA: Thank you, Gus. I appreciate it.

MR. DELAROSA: And I want to also publicly

commend Esther Hitzfelder from our office who basically put this together, and Cady North assisted us very much in getting the report.

And there was also approval by our administration. In particular, Amadeo Saenz has seen it, and also he is aware of what we presented to the Commission, and concurs with the report.

MR. GARCIA: Well, thank you. As you all can see, how much trust I repose in the TxDOT and Gus and Esther, our ongoing relationship. I think this is -- although this Commission is not required to submit a report, I, at the appropriate time, want to make sure that the Lieutenant Governor, Speaker, and various members are going to be able to see this, and giving you all full credit of course.

This is the type of exercise, and I saw in here the various bills that you also have hit on, Senate Bill 183, there is a couple of other that require, which I am involved in as well. A quarterly meet with Mexico. For us, as you mentioned, the Logistics Conference with Nuevo Leon and Coahuila, and Tamaulipas, that we are working on ways with our Mexican counterparts to make the trade routes more -- expedite trade quicker and safer.

And figure out what the costs are that are

affecting competition. How do we designate or market the border in a different way so that goods and services get through quicker, safer. And then of course, most competitive with the rest of the global economy. And this is a very good step in that direction for someone who doesn't know a lot about it.

I think if they read over there, your conclusions and where we are headed is very helpful. So I appreciate that. That is again, pardon the example. I am more or less the waiter, if you will. I am taking the food and giving it to the consumer, and I am just kind of the middle man here.

I really want to make sure that the appropriate people that have the expertise that are investing the daily effort here. Get the credit as well as the ones who are increasing the goals here that we can actually reach.

MR. DELAROSA: Another thing that I was thinking about. Also again, Buddy, one of the things that I saw, or at least the way I was viewing things is that it seemed to me that at times, maybe our legislators are really fully aware of everything that we are doing, you know, the different agencies that are doing it.

So based on what bills were coming out, as to

when we needed to communicate and coordinate and do those type of things. I mean, a lot of us are doing that. And this is one way to try to at least capture all of that. Even within our own agency, many of our divisions are not fully aware of what we do in Mexico.

So this definitely helps. A number of them are involved in different border issues, and we send out an email basically asking for input. This is how we put this report together. And so we were able to obtain a lot of additional information.

But this is just the way of trying to inform our legislators that you know this is what we are doing, and we are doing quite a bit. And hopefully, with this type of action, things will improve.

MR. GARCIA: You know, one step further than that, I really think it is important and I appreciate you saying that. Not only do the legislators know what goes on, on a daily basis, but so that they can, when these discussions come up with their constituents, be able to take ownership of that, and say as a Senator or a State Rep or whatever, that they are in tune with what is actually going on.

So often, I feel like the folks that I visit with are frustrated because flood hits El Paso, wipes

everything out, where is FEMA? What have we got? And they themselves don't know what is available to them. And it takes a devastating situation for them to be aware that the agencies exist. And then it becomes almost too little, too late.

Whereas on a daily basis, when there isn't some natural disaster, there is quite a bit of coordination going on all the time. In lieu of that, I think we want to elevate the amount of communication we have with them.

And that will help in turn, I think help the folks at the local level realize that they in fact are getting their bang for their buck when the state tax dollars are in issue. So I appreciate that.

I will look over this and comparably, I think if we could have work on trying to within our own selves share this type of information, strategic information that we are working on. Maybe not in the short term, but I know that in regard of health challenges that we have along the border, that we don't have someone from the Department of Health right now, but those are the types of things that again, people are working on daily.

But am I completely knowledgeable on everything going on? Not exactly in that realm. This Commission gives us an opportunity to explore some of that. You and

I of course worked together quite a bit on these things, so I am very well aware of some of these. Yes, Diana?

MS. BORJA: I was going to talk about some of the things we were doing. It is not comprehensive. What I have prepared here were some maps.

(All talking at once.)

MS. BORJA: If you look at this, what you will see here is the definition of border, under the La Paz Agreement. So this is one type of work that we are doing. The La Paz Agreement between the United States and Mexico signed in the late 1980s was defined as 100 kilometers either way. We work with more than this.

But I am just letting you know this is one focused area. There are, these are, the different colors are regional workgroups. And I am going, and I am talking about Border 2012. And notice that this has two different regional workgroups.

This one has three states; the yellow one. And this one has four states that we worked with. Now what is significant here is that although it is an international agreement, the States are partners in this. And it is not lip service from EPA. We are full partners. This tristate one, New Mexico, West Texas, Chihuahua. The co-

chairs are the chairmen of the TCEQ.

The Secretary of the New Mexico environmental agency. The secretary of the Chihuahua agency. And the federal people, EPA and the federal counterpart, too. They are co-chairs on this. The same for the green one down here. The states are co-chairs.

Okay, what we do here is we have task forces. On the one here, on the tri-state, we have task forces on air, water, waste, environmental education, environmental response, compliance assistance. Now what you need to notice here is that the border, the river is the middle of the region. It is not the edge of two lands.

It is another way of looking at it. And so the whole task forces work on that area, whether it is air, water waste, whatever. In this lower region here, because there are so communities in this here, compared to over here, the area from Amistad to the Gulf, we have to divide that into three task forces.

And I have some papers here too. I am going to pass this around here. I will show you one. We divided it into the Amistad task force, which is Del Rio, Eagle Pass, Piedras Negras, Ciudad Acuna. South end task force, which is Laredo, Nuevo Laredo, Zapata County Commissioner, Salinas, Hidalgo, Nuevo Leon.

And then the Gulf task force, which the reason I named those cities is because the co-chairs of the task force for example, the Gulf. It is the Mayor of Brownsville and the Mayor of Matamoros. Now to have it set up that way, you have an involvement at the local level, under the La Paz Agreement that you have never had before.

And it has already started to generate projects. And we can show you some projects that are already happening online. And some of the money comes from EPA; Border 2012 grants. Some of it has been from NADBank. Some of it from other sources. But we have projects on the ground, happening.

By the way, this area here is Ciudad Acuna, Del Rio, Eagle Pass and Piedras Negras, you ask them what their biggest problem, and what they want to focus on, and it is scrap tires. Scrap tires. Now what you have here is that although Texas as of today is using more tires than it generates as far as the used tires, we still have a lot of piles in different places that are not used.

And the thing is that the markets for Texas, like the paper mills in Louisiana are one big market. There are other -- cement kilns, other markets that are using the tires. The border region is the furthest from

the U.S. markets. So we have put together for example, the scrap tire workshop that we had in Matamoros, and we invited Monterrey, [inaudible], Saltillo and so on.

We are looking at things like, what is happening to scrap tires in the border region. How can we get them to them markets, either side. And again, when you look at the border, at this region with the river as the middle of your region, you have an interesting perspective.

You know, you are not as locked in, although we honor sovereignties very careful with that. So we have here the chairs of these task forces here, and then again, we work on air, water, waste, environmental education, compliance assistance, environmental health.

MR. GARCIA: Is there a comprehensive list of everything there you are working on?

MS. BORJA: Uh-huh.

MR. GARCIA: That would be very helpful, too. Because I was not aware that the -- I remember when they were named, but I was not aware of the details of what they had actually been working on.

MS. BORJA: Yes. I can get you a list of what they are working on.

MR. DELAROSA: Who are all the members of these

task forces?

MS. BORJA: Whoever wants to be in it. But what is the interesting thing is, when you have mayors that are co-chairs, you get a lot of city staff even from outside of that city. You have McAllen, La Feria. You have cities, Weslaco. You have the universities also participating on there, and the private sector as well. It is --

MR. DELAROSA: Do you have any TxDOT? TxDOT folks on?

MS. BORJA: There were TxDOT people at the Brownsville meeting. There were. They always want TxDOT there. And they make a point to make sure they make that invitation and they attend. But they have been good about that. Because of the overlap in many areas, and I don't say overlap as if they are doing the same work we are doing.

But the connections exist; I should say that. Parks and Wildlife has been very participatory, Agriculture has too. The state agencies have been supportive. I wanted to mention something on another topic.

We of course participate on the environment worktable, and the water work table, and Carlos is the co-

chair for the water worktable. But I want to talk about the environment worktable. At the environment worktable, Jerry Clifford of EPA spoke on the BEEF funds.

Are you all familiar? The BEEF funds are Border Environmental Infrastructure Funds. When the NADBank first started, because of the lending rates that they had, market lending rate, they weren't -- they were going nowhere. Then EPA got some money and gave it over to the NADBank as grant money for them to combine it with a loan or as grants alone, and then saying sorry to move.

Because it in essence has the effect of lowering the interest rate, and it made things move.

Well anyway, he did a report which I think would be very useful for those who are interested in the NADBank. One percent on the Mexican side had potable water before the NADBank and then what percent had it now, and when will they reach 100 percent. They have it down, very clear.

What percent had wastewater before the bank and NADBank, what percent had it now and when they reach 100 percent. And it is very interesting that there are figures and everything. And of course, we can verify there is such, there is so.

But if anyone wondered, why haven't the bank

and NADBank, well, there it is. And of course, it isn't only on the Mexican side that they have the statistics for it, but the ones on the Mexican side are the most telling.

MR. GARCIA: I agree.

MS. BORJA: Most significant. So anyway, we can give you those figures too, because no Texas project can speak for the Water Development Board. No Texas project of BECC and NADBank has been funded only by BECC and NADBank. All Texas projects funded by BECC and NADBank were partially funded by the Water Development Board, ORCA, Housing and Community Development, the USDA. It is a patchwork quilt of funds.

And of course, you all might know why. This fund can only be used for the plant, the treatment plant.

This fund can only be used to make roads and whatever. This fund can only connect from the road to the house. It is that kind of specificity.

So if it did not have that patchwork quilt, I am calling it that, of funds, it wouldn't have happened. So it is a collaboration of the state agencies with BECC and NADBECK to make it happen. And of course, the work that you all do, with Yvette's committees, where she brings all these agencies together, and invariably, in one of the meetings somebody will say, I didn't know you were

part of the BECC.

There is that kind of collaboration. Also you avoid having the cities kind of pit the agencies against each other. You know. One city was telling the NADBank they had to get several \$100 million more because TCEQ has them under enforcement because of the chlorination by-products.

And so the NADBank sat with our scientists here and said will this meet this need? And we said no. That kind of collaboration. It wouldn't have worked. We would have been spending too much money.

MR. GARCIA: Well, I would like, if you could include that, not only for all the members here, but so that we can have that to submit to again, the Speaker and the Lieutenant Governor or members. What I would like to do is, be able to use that as an argument for NADBank, continued funding of NADBank, if not, and send a letter maybe, of correspondence to our federal representatives, the EPA, whomever, to make sure that we have our ammunition for our state Legislators, for our state officials to apply for NADBank money as well.

I think Texas is a very big beneficiary, and in the case of Mexico, oftentimes, they don't have options. They don't have the ability to take out even a -- loans

with the most modest rates of, percentage rates of -- they just don't have anything. It if is not a grant, they just can't even take out loans.

And we are talking about very competitive loans that NADBank has been able to, as you mentioned so eloquently, with a combination of sources competes now with bank rates. But I think the fight that we really need to engage in here as this group is, to figure out a way to convince EPA and their equivalent in Mexico that NADBank is in fact, not only very worth, but needs to be continued.

MS. BORJA: Jerry Clifford also included in his statement that for every one dollar of NADBank investment, you had two dollars leveraged. Of course, when they were talking about one dollars, two dollars, 100 million, 100 million kind of thing. So and for every -- and he had a figure of so much money, you had so many jobs created.

MR. GARCIA: And probably a drop in the bucket on what the need is, as well. I mean with Water Development Board citing it, maybe another \$100 million needed or billion. I can't even remember now, what it was. They are not here to recommend.

But I remember across the board, they said maybe a billion dollars were needed along the border, and

maybe \$4 billion statewide as far as water and wastewater needs. So you are talking about that is U.S. Imagine what it is like in Mexico.

My understanding, Diana, and you can correct me if I am wrong, is that NADBank came about as a result of agreements made with NAFTA. And that was part of the deal, was with the expected growth that was going to be tied into NAFTA, and the population explosion, there needed to be some mechanism to offset some of the growth, because of the potential disease and other problems that come about if you don't have clean water and wastewater. And somehow that message has just kind of gotten further and further away when there is funding involved, or demands for funding.

MS. BORJA: But it was EPA. EPA -- those statistics and they are excellent. They are very good.

MR. GARCIA: That would help us a lot, I think, in our charge here to try and figure out ways to get funding.

MS. BORJA: May I state one more thing here. Going back to this month here, one of the things is that when we had that collaboration like with Matamoros, Reynosa, and so on, it is not only cities right on the river. It is not only them.

What we have is that, and I think that TxDOT is one of the best examples of that, you have capacity building. You have the Matamoros asking for training for city staff doing environmental work as you did not see five or ten years ago. This is new. This is really new.

The city is getting in there, and doing capacity building. And TxDOT to me, has the best capacity-building activity going on. We could do more.

But training and handling, the day-to-day handling of the landfill. They have a landfill now. The day-to-day managing of a landfill, wastewater systems, on and on. I know Carlos does a lot of work, and I will let him talk to the Board as to about what he is doing.

MR. RUBENSTEIN: Sure. Yes. One of the things I would add to, a couple of thing to what Diana has been talking about. As an agency, we also include as part of our Strategic Plan a volume in the Strategic Plan specific to the border. And I think Diana may have brought an example of that one.

On top of that, you may be aware, Buddy, that we recently reorganized our field operations division so that we can better address, better identify, better advocate the needs of the border. And so the three regions, Harlingen, Laredo and El Paso, that service

border are all operating as one area, so there is commonality for us in our identification of issues.

One of the things that when you listen to Diana speak, that I think we would be remiss in not including as well is the pressures to the local communities from the growth. And I will mention Laredo as an example. We have been -- and it has been in the news, last year, and to a lesser degree this year, but the water pressure problems in Laredo.

Those are issues that we obviously have direct purview over, on the enforcement side of it. For Laredo to get square on just meeting the requirements today, that we have identified as deficiencies in the distribution systems and their water capacity, drinking water alone, it would take in excess of \$22 million.

And the problem with the growth rate along the border is that if they got square with that today, tomorrow they would probably be out of compliance, because of the growth rate. And Laredo is only one example of many. And so that also speaks to the environment, to health and to the need for BECC and NADBank, so I would recommend that we use that as well, Buddy.

We can provide also include in the list that Diana is mentioning a list of all the entities that we

have at the threshold of where they should be planning to increase their treatment capacities for water wastewater.

You have worked with the farmers in irrigation districts in the Valley a long time. And so you know that they need in excess of \$200 million to \$300 million just to improve their conveyance systems to meet the ever-depleted water supply issues as well.

So maybe that would be something that should be included as well. And I think that would obviously help out. With the information that TxDOT is putting together, and the information that we have and we share, on air quality along all those border crossings, that probably would be useful as well on the report. So there is a myriad of sources of information that we could compile and be able to put together on a good report for you.

MR. GARCIA: That would be very helpful. Thank you. An example though, the water conveyance systems of the Valley. The Rio Grande is often been used as they water conveyance system.

And not only is it not as efficient, but what are the opportunities, if there are any for funding of something like that, of lining it, or even of coordination of the various water-using entities, the cities and the irrigators. Is there any effort, or is there going to be

in your guesstimation an opportunity for this to come together.

Is this a federal issue, primarily? Is there something the State can do about that. Or is it their responsibility?

MR. RUBENSTEIN: No. I think all of us play a role in it, and there is various opportunities and it encompasses local, the districts themselves, the cities, the counties, state and federal as well. We know from the regional water-planning documents, both the one five years ago and the one that was just recently adopted that in the Valley, the best place to spend money to actually produce water is in the conveyance systems, the optional conveyance systems.

All but three cities in the Valley rely on those conveyance systems to get their raw water. The cities and the districts are working together better, but not well enough yet, in identifying the investment potential. For example, cities could partner with the districts to fund some of the improvements, and the return should not be money.

The return to the city should be a water right to meet their growth down the road, because that is one of the areas where the cities haven't done as good a job as

they should have done to be able to develop that economically in the Valley and having sufficient water rights. We are not there yet, as an area.

But the opportunity exists. NADBank has funded upwards of \$40 million for some of the needed improvements. The problem, and you know this well, I know that. So I am preaching to the choir.

But as you know, the problem is we identified improvements that should have taken place from the year 2000 to the year 2050. Our growth is such that we can't wait until 2050. It all needs to take place now. And you are talking in excess of \$200 million to \$300 million to improve the conveyance. But we know if those things were put in place, it would generate and conserve water alone, all the water that would be needed simply to meet the growing water demand for municipal purposes to the year 2030. So as a return for the investment, that would be a good thing.

You know that there is going to be work done to modify the structure of the Rio Grande Regional Water Authority. I believe Senator Lucio and Senator Hinojosa are working on the legislation for that. Hopefully, that will get the cities on the irrigation districts working closer together on those issues as well. So there is

plenty of opportunities and it impacts a myriad of entities, federal, state, and local.

MR. GARCIA: Well, I am very optimistic that it will come together in the spirit that it was suggested two years ago. And they have had some kinks in that, but it really is important for the purposes, not just on our side, on the Mexico side.

If you can keep me, or even physically include some of these topics that you were talking about, so I can coordinate all this for distribution as well, I think this would be very helpful to the Speaker, the Lieutenant Governor's staffs at the very least. Prior to next session, so they can take a look at it now. I spoke with Kate over in the Speakers' office this morning, who is taking Scott Sims' place.

And I want to make sure that she as well as whoever the Lieutenant Governor designees are very close to us, although it is not mandated here, I just want to make sure they are in the loop, so that we give them enough time, October, November, enough time for them to really make some of these issues that are on before next session, and then the variety of legislation, if it gets filed, that they can jump behind, because they have enough information to make those judgments.

So whatever you have got, we can develop and distribute as the Commission, as this group sees fit. And as I mentioned again, we can do this informally through emails. So if you include your email address and whoever your designees are, that you want us to go, Alfonso, Helena or myself to work through. The idea again, is that we are sharing information that you all think would be very helpful in some of these goals.

And unless you all have something else, I was going to go on to Commissioner Carrillo, so we can wrap this official meeting up, and maybe work on maybe a chance of meeting again if necessary, formally or to include our health and whatever, folks. But I think the water development folks are following that category with you all as well as to some of the improvements, and TxDOT, some of the things that you all are doing together.

As long as we just keep up with really, I think that one of our things that I would like to do out of this group in the short run would be to develop maybe some time of a support letter for NADBank. Make it official, whether we have it on letterhead, my letterhead or some type of individual letters that come out of our agency, or whatever. And we can talk about that later.

But we just don't want to lose sight of the

fact that NADBank is very fragile right now, and we need to get our arms around it. All ten Border Governors came together and decided that it was absolutely imperative, that they had chanced their goals and cleaned up their opportunities. Their obligations are very clear, that we need to support them.

So that was a specific request from the Baja California Governor and Governor Perry said I am with you all the way. What we need to do is, make sure that we send a clear message to both our federal governments that NADBank not only should be supported, but we are the true beneficiaries of this, and it is a combination of a lot of things. So to what degree we can do that and be loud, to amplify that message, I think that is really what we can accomplish in the short run.

Commissioner, I just want to give you the opportunity maybe even to throw out whatever you are thinking and what you are working on. I know you were just in Mexico City recently on an energy mission, and maybe you can report back on some of that.

MR. CARRILLO: I will be very brief. It sounds to me like from hearing what TxDOT has got going on, and TCEQ, and I am sure the ag piece the others have got something going on.

But at the very least, something that could be helpful is a compilation of what different state agencies are doing in a summary fashion, succinctly, so that people have one place where they can go and say hey, here is what Ag and Air Commission are doing with regard to Mexico, that could be a product of this. And it may just be a listing of the agency with some headings of different projects, and it could be in electronic format, where you could then go and launch into their own website, or whatever, and get more detail.

But from our perspective, of course, we focus on energy issues, oil and gas, pipelines, surface mining, coal mining, et cetera, natural gas, utility rate making.

But we are involved in other issues. You mentioned the DC tie transmission. That was a project that we highlighted in this Texas-Mexico energy trade mission to Mexico City. It is a very unique project.

150 megawatt DC tie that will allow electricity to go between the ERCOT system here, and the Mexican system. And interestingly, not just for commercial purposes but there are reasons, technical reasons whereby us shedding some of that electricity to Mexico and vice versa can help the stability of our system.

So it is not only commercial, but it can be.

So highlighting those kinds of projects would be good. And I noticed, for example on that one, that the PUC, while they are not technically, I don't think, represented here, it would be good to get their input on what is going on in regards to Mexico.

They for example, on the DC tie issue, they are the ones who issue the permits, et cetera. We have for a while now been engaged in cross-border energy issues, including encouraging cross-border pipelines for natural gas in particular. Natural gas transmission. There are some ongoing projects.

We could give you a list of what is already out there, and some that are coming to the fore. I think many people don't realize that Texas exports a good number, a good amount of natural gas to Mexico. And the U.S., we certainly import -- I guess Mexico, other than Canada is our primary supplier of oil, to the tune of about 1.6 million barrels of oil per day.

And fostering that ongoing positive relationship with our neighbors to the south is part of what we are involved in. There are some ongoing energy related projects; liquefied natural gas facilities that are proposed to be built in Texas, that could impact Mexico. There are some proposed in Mexico that could

impact Texas.

So we are mainly involved in an awareness of all those issues, and where we can help out, we do. But certainly, we could put together a little description of what we have got going in Mexico and provide that to you, Buddy.

MR. GARCIA: Very helpful. Any description of the cross-border pipelines would be very helpful. In fact, I don't even have an inventory of that. I know that Mexico is very reliant on gas exports from Texas to Mexico.

MR. CARRILLO: And we in turn, very reliant on imports of oil from Mexico. There is also, we oversee coal, surface mining of coal. And I know there are discussions interest of us supplying coal to Mexico or vice versa to supply our growing electricity demands. So there are opportunities for collaboration that I think a group like this could help.

MR. GARCIA: Well actually, I think we have already identified some areas that we can at least put some information together and be very helpful to the legislators. If not, just the Speaker and Lieutenant Governor in the short run. Again, we are not required to do that, but I think it is a good idea.

And we are at a point right now, October, November, where legislative staffs, those folks might be interested in looking at some of that. I am very optimistic that identifying some of these things that we are already doing would be very beneficial to all involved. And so to what degree you all have any other ideas about things that you can share with us, and that we can collaborate on.

One other thing that I think is very important is that we include the relationships that we have with our Mexican partners, and continue to enhance those whenever possible. The strategy right now in Mexico with the new administration coming in in Mexico City, and some of the discussion.

You know they are sitting on so much natural gas and oil, and some of the things that we can learn from each other. I would like to think very optimistically, that we are going to -- part of our strategy is going to help our state government and theirs as well as our federal governments market the border differently. And maybe create a -- you talk about this DC tie. It is only 150 megawatts now, but there is no reason why I think, it can't be expanded.

And what that lures whether it be in the area

of population growth or even industrial uses, no one has really done this before. And I think it is important. Because this is something. Technically, you are right. I don't understand how it works.

Where we are dumping energy over, and how that works. But these are areas right now, and I don't know if anybody has ever been there, but it is wide open for development. It is an area outside of McAllen and Mission that has all the infrastructure ready for development. It is an industrial part area.

And on the Mexico side, it is virtually just fields. Wide open fields. There is no reason why we can't establish -- and with the ideas of TxDOT and highways of the future and this won't be a true corridor, a true link.

That economies are going to want to develop further. Because as a government we can only do so much. But the private sector coming together. So this communication is being given for that purpose, I think. Yes, ma'am.

MS. BORJA: Diana Borja. I wanted to mention something that prior to the Fox administration coming on, we did collaborate with EPA or the Mexican states, the U.S. states got together and did a what do you call it, an

accord. But anyway, what were the priorities, what were the issues at that time.

And they used that to orient the new Fox administration. At this last Border Governors Conference at the environment worktable, EPA and some are not, the counterpart to EPA talked to us about let's do it again.

Let's organize information from the U.S. and Mexican states and the two federal governments as an orientation document so as to say, this is important. This is what is happening now. And maintain that continuity.

You run the risk of it falling. This is a whole changeover. So I am saying that where that can be put together to take over, to the new administration, it is not time lost.

MR. GARCIA: That is a great idea. As well as also I know that you all are working on low sulphur fuel issues with Mexico, and probably some others that we didn't talk about today. Anything that we find that is of mutual benefit, I think those are wonderful things that you all are working on that is very beneficial to everybody.

MR. RUBENSTEIN: One last point, Buddy. On your focus on BECC and NADBank, a well-paced focus, you

might want to also rely on a joint declaration because we have included declarations both in common both on the environment and specifically from the water table.

MR. GARCIA: A joint declaration of the Border Governors.

MR. RUBENSTEIN: Yes, sir. It specifically speaks to the need for expedited funding and for the bank to return to the purpose for which it was created.

MR. GARCIA: I will make sure upon completion of that joint declaration, make sure that copies are available to the Speaker and Lieutenant Governor as well as members of the Legislature accordingly. I think that is a very good point. There was a lot of good stuff that happens and it happens year round in that forum, and not to forget that.

This, I know when Senator Shapleigh came up with the idea of this Commission, he wanted to model this on I believe it was the Commission in Sonora, in Arizona.

They have their own commission, a cross-border commission. And I explained well, ours is a little different. We have got four Mexican states that we are tied to. And you know the subtleties and the sensitivities if you include one state and not another.

And so this broad attempt was an effort to

mirror kind of some of the functions of the Border Governors Conference. And what the Border Commerce Coordinator is doing.

And I am just thinking out loud here that if we combine some of these things that we are already doing, it really leads to what the functions of this group are really I think some of the things that they just aren't aware that are happening already. But quite a bit of obvious work that is going on, and a testament to the agencies here and their staffs that some things that you have identified including Diana not dropping the ball where we have already made some progress.

I think this is a very big opportunity for us all here. So I look forward to working with you and your respective staffs as well. Anything you come up with it.

This could be a vehicle for anything on the side. So as an email group maybe even I may have just put you all in a special group on email.

Whenever necessary, this is like I said, by law it says we are supposed to meet once a year. I don't see any reason why we can't meet as much as necessary, just because of the beauty of the internet. So we can do some of these things and work together. As long as anyone else that you designate, or that you think logically might be

of interest.

I want to include also again this afternoon the Interagency Workgroup on Border Issues is going to be, is even a more cumulative group and has comparable vision, that I want to help incorporate. So whether it be under the auspices of this Commission or the worktable group from this afternoon, I hope the idea is that we are going to compile some very useful information, and very timely information. Yes.

MR. DELAROSA: Agustin De la Rosa. Buddy, for clarification and your perspective, the second part of the bill indicates that the Commission is to work with local governments, metropolitan and planning organizations and other appropriate community organizations to identify and develop initiatives to address the needs.

And another one, the Commission shall work with industries and communities on both sides of the Texas-Mexico border to develop international industry cluster initiatives. How do you view us working in those areas?

MR. GARCIA: Well, the people that are, in my opinion, that are working on some of the clustering issues are over in the economic development area of the Governor's Office are doing that. But for whatever reason, weren't identified to be a part of this

Commission.

Those are things that are ongoing, and I may visit with Mark Ellison and have him -- they, when you consider the Border Governors Conference recommendations, there are recommendations included in that regard. There is a worktable that discusses that. And so I see some of this stuff as I mentioned.

There is so many of these bills that have passed for pride of authorship or what have you, that overlap. And the Legislature didn't distinguish the variety of issues that would need to be sorted out in the process. But a lot of that is ongoing as well. And maybe they are not represented here. Maybe in the worktable group this afternoon.

Or maybe even through just including a copy of the Border Governors Joint Declaration, because there are issues that are mentioned there in that regard. But I would not worry, in the sense that if we are not covering it here, because we don't do that in our various agencies, I would be -- very easy to explain that to a legislator who says, why haven't you hit on this. And I say well because of the groups that you identified for this Commission aren't involved in that sort of thing.

MR. DELAROSA: As a commission, as a commission

like this, maybe we would not adjourn and meet and discuss you know, with MPOs and things like that. But as individual agencies, as an example, I mean TxDOT works very closely with MPOs all along the border.

MR. GARCIA: And I know, because of one of the bills, Senate Bill 183 or a couple of the others, that I am involved in with TxDOT, and then another one with DPS.

That is ongoing. There is a couple of other issues we have with cross-border, with our transportation folks, the federal transportation motor carrier, the transportation folks.

And they yield very little in these meetings that I go to, compared to the meeting with the MPOs or even for that matter, with the local representatives. So it is an ongoing process. I think this is just an effort.

They are just trying to quantify a variety of things they wanted to see us working on. I think the effort is really what they are after.

In my private discussions with a couple of legislators, that was really what they were interested in.

And they didn't feel the effort was there to actually share with the legislators in a comprehensive fashion what is going on. And this is just an effort to do that.

So I wouldn't worry about that. I think that

as far as improving on some of those particular issues, I will make sure that we include something on everything. But we obviously can't do work that we don't do.

MR. DELAROSA: And one last comment. There is a CD included in the report. And Esther if you would, just kind of do a little brief summary of what is in there. It is just some reports that are part of the initial report.

MS. HITZFELDER: This is a short summary of a lot of information. And what we did was we put sort of for the reference page, and most of the references are on websites.

MR. GARCIA: Very good.

MS. HITZFELDER: But there were four or five different reports that for one reason or another, are not on a website anywhere. So we put those reports on a CD. And several of them were legislative reports.

So they are on the CD that is in the package. That is not any more or less important than the websites. It is just that those particular documents weren't available.

MR. DELAROSA: Right. So we just wanted to clarify that.

MR. GARCIA: Very good.

MR. CARRILLO: Buddy, I have one request. Because I admit that before today, I didn't know -- well, no. That is not true. Until about a week ago, I didn't know about this interagency workgroup.

But we have folks attending from the Railroad Commission and that is good. But if something related to Mexico, something significant is going on, whether it is the Governor's Office, some branch of state government that you are aware of, because you are kind of the central cog around that, perhaps particularly with this group of folks, you have our email addresses.

Send us an email and let us know what is going on. If there is anything, for example, my agency could lend in support, then we would at least be aware of it. So just ongoing.

MR. GARCIA: No. By all means, Commissioner. As well as not only having that ongoing, but to make sure that. You have raised a good point. We include links to things that we can share and say hey, here is a link. Just an FYI.

Here is another just timely update, maybe once a month, we will send out an email and just make sure that people here hear the latest stuff. It could even be informative articles, newspaper articles, things of that

nature that are timely enough. I know that I am forever am sending out emails, just FYI.

And with nothing more than just, read the attached. And maybe if it is something that you don't want it, delete it. If it is something that appeals to you, it sometimes is very helpful. I find that over-including is sometimes is better.

So good point, Commissioner, and we'll do that.

I will gladly serve as the cog, as you put it, so that we can share this information and everyone will be on the same page.

MS. BORJA: Buddy, this is Diana Borja. There was a key that was brought up at the environmental worktable. And I have not yet found out what is it all about. Do you recall, the low or ultra low sulfur [phonetic] diesel fuel, we have been communicating with PEMEX and your agency helped us along with PEMEX communicating with PEMEX.

So to my knowledge, there was a change in the regulations that came out from the federal Mexican agency where they tightened the regulations much better, much more to our liking. They said they could not have ultra low sulfur diesel fuel available on the border by 2007, when our new trucks would be, our newly built trucks would

totally use it, and could only use that. But they were going to purchase it from Texas.

Well, it turns out that there is a kink there.

And I have to look further into that, what the EPA representative said was, there is a kink either in the regulations or the law that refineries in the U.S. have to create and sell some percentage on the U.S. And I don't know if it has to be more than 80 or whatever.

And if they were to do what we are asking them to do, to sell it to the Mexican side, they would bump against that. So the Mexicans may not try sellers to the level of ultra low sulfur diesel fuel that we are needing to keep that going. And we were just so surprised. What he was pointing out is that we are not communicating enough with us.

And here the states were moving along this line of buy it from the U.S. side, get it on the border, and the federal people knew about this problem and had not communicated it to us. And so I need to find out more about this kink.

MR. GARCIA: Yes. Find out about this kink, and then who you recommend as well, or what we can figure out who we need to lobby, or discuss this with. Because obviously, if it is a federal regulation, then we need to

figure out how. Maybe they can make some kind of an adjustment, just for even the border area alone.

MS. BORJA: Yes. And I need to call your agency to visit. Some help will recall this conduct and the TxDOT as well.

MR. CARRILLO: And we have just renewed or established new relationships with a lot of PEMEX folks, because of our trade. So I will give you [inaudible] to give us a call.

MR. GARCIA: Thank you, Diana. That was what I thought was a big plus, that whole low sulfur movement, especially for the air quality along the border. So thank you for that, and we'll see what we can do to move on forward on that.

Does anyone have any other business to discuss before this Commission? If not, we will adjourn for now, until further notice where we can meet again. And I appreciate all your contributions. This is an excellent movement in the right direction.

And we will work diligently putting everything together and communicating via email, at least for our next communication and ongoing communication. So thank you all for being here, and we'll get in touch with our representatives from the Water Development Board and the

health folks as well. And if they have anything to add, we will make sure you get copies of that. With that, we are adjourned.

(Whereupon, the meeting was concluded.)

C E R T I F I C A T E

IN RE: Texas-Mexico Strategic Commission

LOCATION: Austin, Texas

DATE: September 12, 2006

I do hereby certify that the foregoing pages, numbers 1 through 58, inclusive, are the true, accurate, and complete transcript prepared from the verbal recording made by electronic recording by Sunny L. Peer before the Secretary of State, Texas Border Mexican Affairs Division.

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