

# JERRY PACHECO



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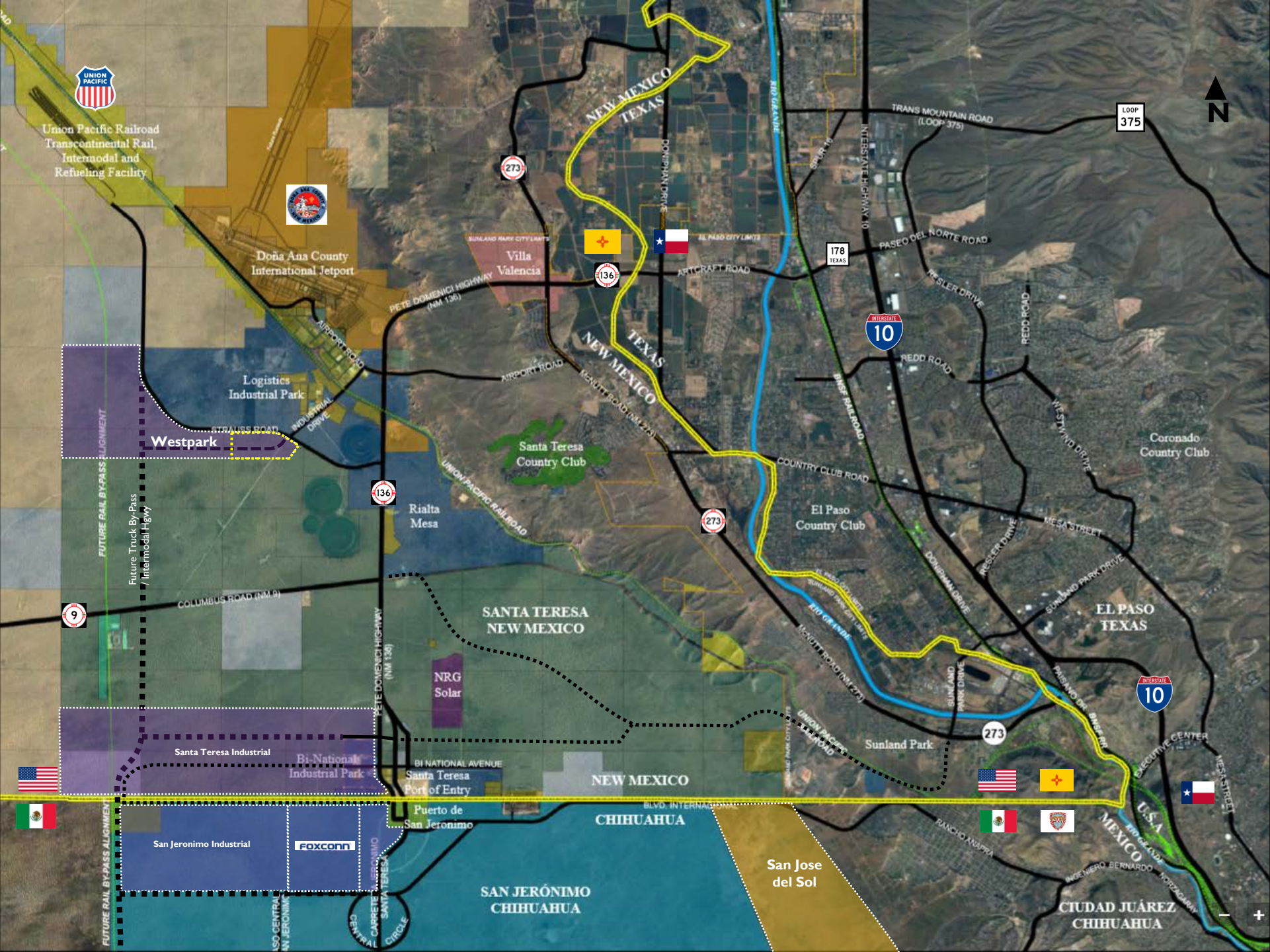
# NEW MEXICO ECONOMIC UPDATE

- The bad:
  - NM unemployment was 6.7% (worst in nation), but now has dipped to 6.6% (only ahead of AK)
  - Economy traditionally heavily reliant in
    - Oil revenues: funds more than 20% of state budget
    - Government spending: has decreased during the past 10 years
    - Tourism/service sectors

# PERSPECTIVE FROM THE PRIVATE SECTOR

- The opportunity: Diversify the economy:
  - Rail cargo:
    - Projects in Los Lunas and Santa Teresa
    - Tap into cargo shipments moving east from Port of LA and Long Beach
  - Santa Teresa

# INVESTMENT FLOW AND BUSINESS OPPORTUNITIES IN NEW MEXICO



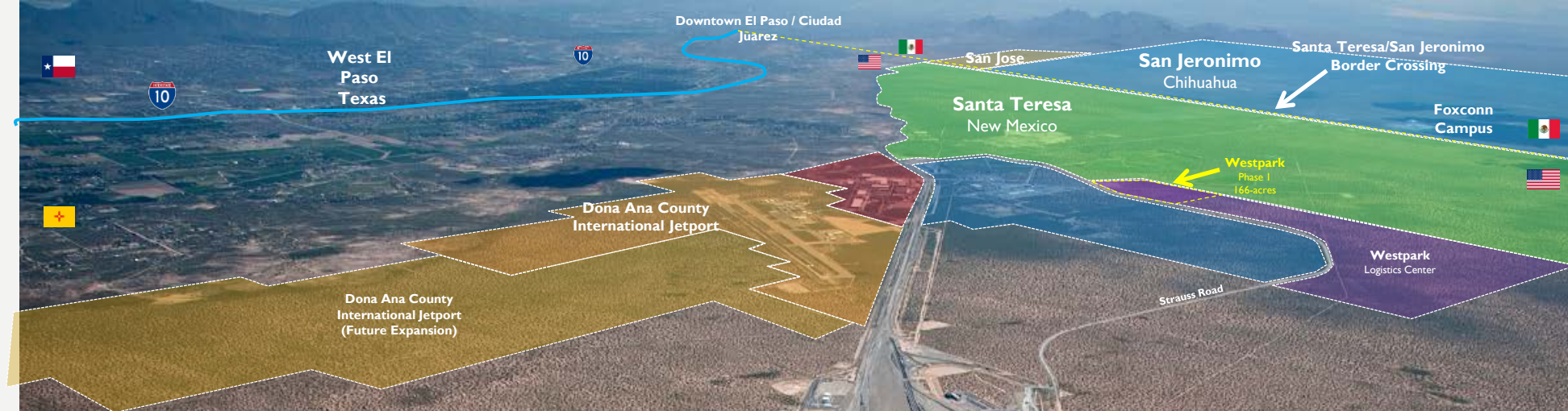
# STRATEGIC ADVANTAGE

A satellite-style map of the Pacific region. The map shows the North Pacific Ocean, the Bering Sea, and the Gulf of Mexico. A dashed line represents the shipping route from Asia, passing through the Bering Sea and the Gulf of Mexico. Two yellow stars are placed on the West Coast of the United States, indicating a specific point of interest. The map also shows the borders of Canada, Mexico, and various US states. Labels for countries and regions include Mongolia, China, South Korea, Japan, Thailand, Vietnam, Philippines, Malaysia, Indonesia, Papua New Guinea, Mexico, and the United States. The text 'STRATEGIC ADVANTAGE' is overlaid in a black box at the top, and 'The way goods from Asia enter the US is changing...' is overlaid in a black box in the middle.

The way goods from Asia enter the US is changing...

# STRATEGIC ADVANTAGE UNION PACIFIC'S SUNSET ROUTE





### Santa Teresa Facility - Key Metrics:

Site Acreage: 2,200 acres (11.5 miles long by 1 mile wide)  
 Trackage: 74,000 ft. expandable to 145,000 feet  
 Intermodal Lift Capacity: 225,000 units expandable to 700,000 units  
 Container and Trailer Parking: 1,266 stalls expandable to 4,380 stalls  
 Automated Gate System: 8 lanes expandable to 12 lanes  
 Refueling: First 'run-through' locomotive refueling facility  
                   Refrigerated Container and Trailer refueling  
 Initial Phase Opening: April 2014

Santa Teresa Intermodal  
 Facility  
 \$418 Million Investment  
 (Phase I completed May 2014)



**“Santa Teresa is the future of our company”**

John J. Koraleski  
 Chairman and CEO  
 Union Pacific Corporation  
 CNBC Interview: May 28, 2014



# STRATEGIC ADVANTAGE



Our geography gives us the opportunity to supply the Mexican Maquila Industry

Chihuahua is Mexico's largest exporter at about \$45 Billion in annual exports – more than 10 times that of NM.

Chihuahua has one of the largest manufacturing sectors in Mexico.

# STRATEGIC ADVANTAGE

## BUILDING NM'S SUPPLIER BASE

Through the IBA/NM Partnership **Supply the Supplier Program** we can bring the benefits of the border directly to the rest of the state.

Santa Teresa is NM's **Built-in Market** which the rest of the state can use to develop indirect exports.

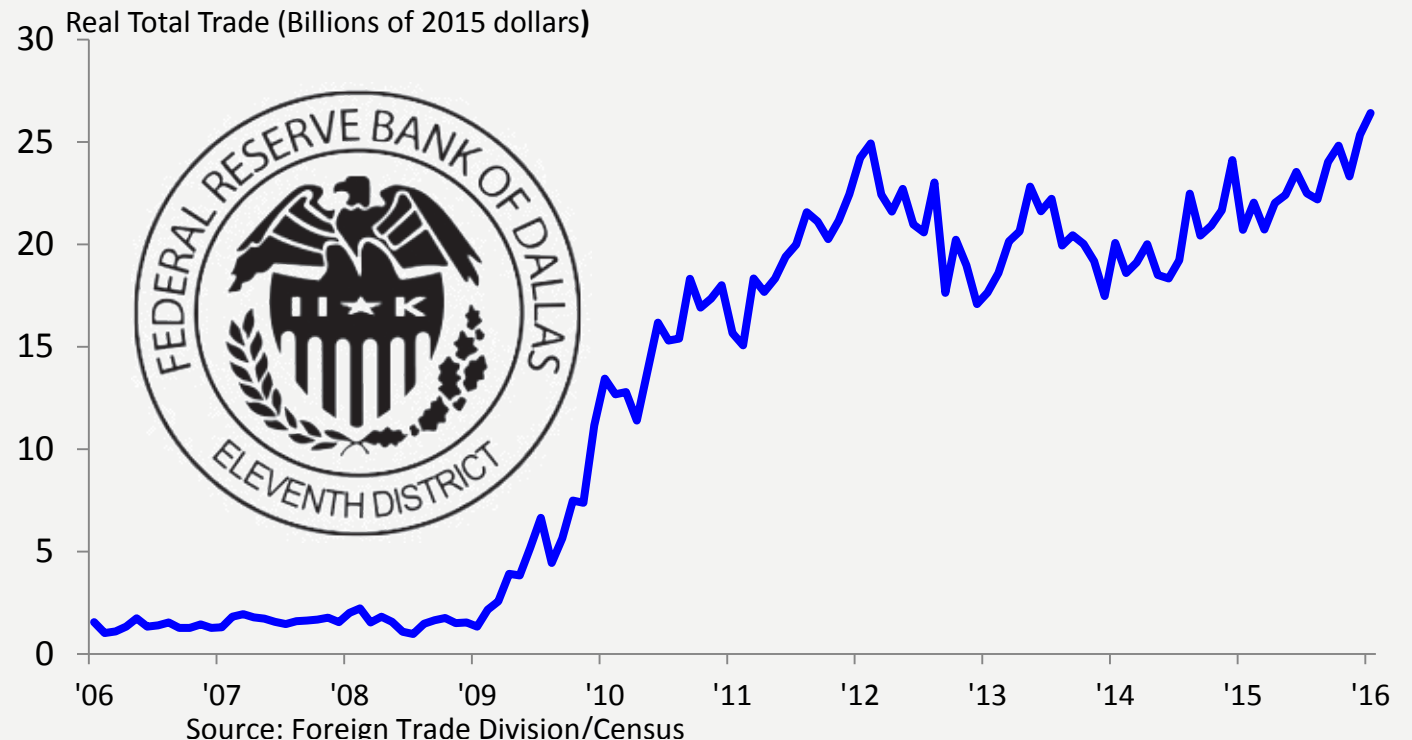
1<sup>st</sup> three successes:



# NEW MEXICO

The Federal Reserve Bank of Dallas has recognized New Mexico's exports to Mexico as a major economic driver in our region. The following graph was presented at a Fed Board meeting during an economic update where Santa Teresa was the only bright spot in the region.

## A RISING STAR: SANTA TERESA (*FEDERAL RESERVE*)



## 75 % OF BILATERAL LAND TRADE IS DONE BY THE TEXAS BORDER PORTS

2015 Rank	Port	Total Trade (Bil. \$)	Share of Total (%)
1	Laredo - Texas	197.63	43.3
2	El Paso - Texas	68.91	15.1
3	Otay Mesa - California	42.63	9.3
4	Hidalgo - Texas	29.17	6.4
5	Nogales - Arizona	27.31	6.0
6	Eagle Pass - Texas	26.07	5.7
7	Santa Teresa - New Mexico	21.98	4.8
8	Calexico-East - California	16.25	3.6
9	Brownsville - Texas	14.29	3.1
10	Del Rio - Texas	5.05	1.1
	Other	7.38	1.6
	<b>Total</b>	<b>456.67</b>	

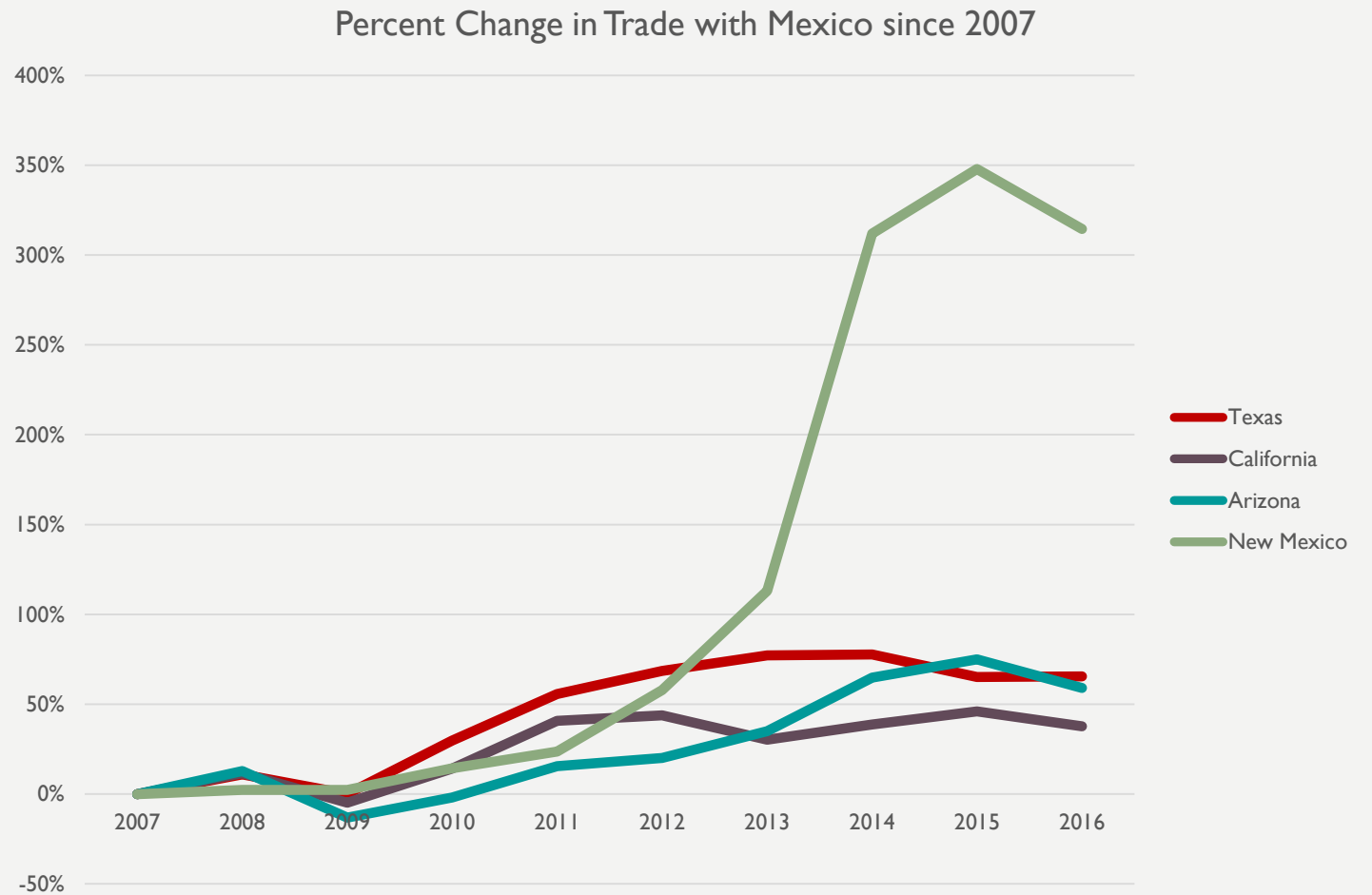
Source: Bureau of Transportation Statistics, US Department of Transportation.

# NEW MEXICO

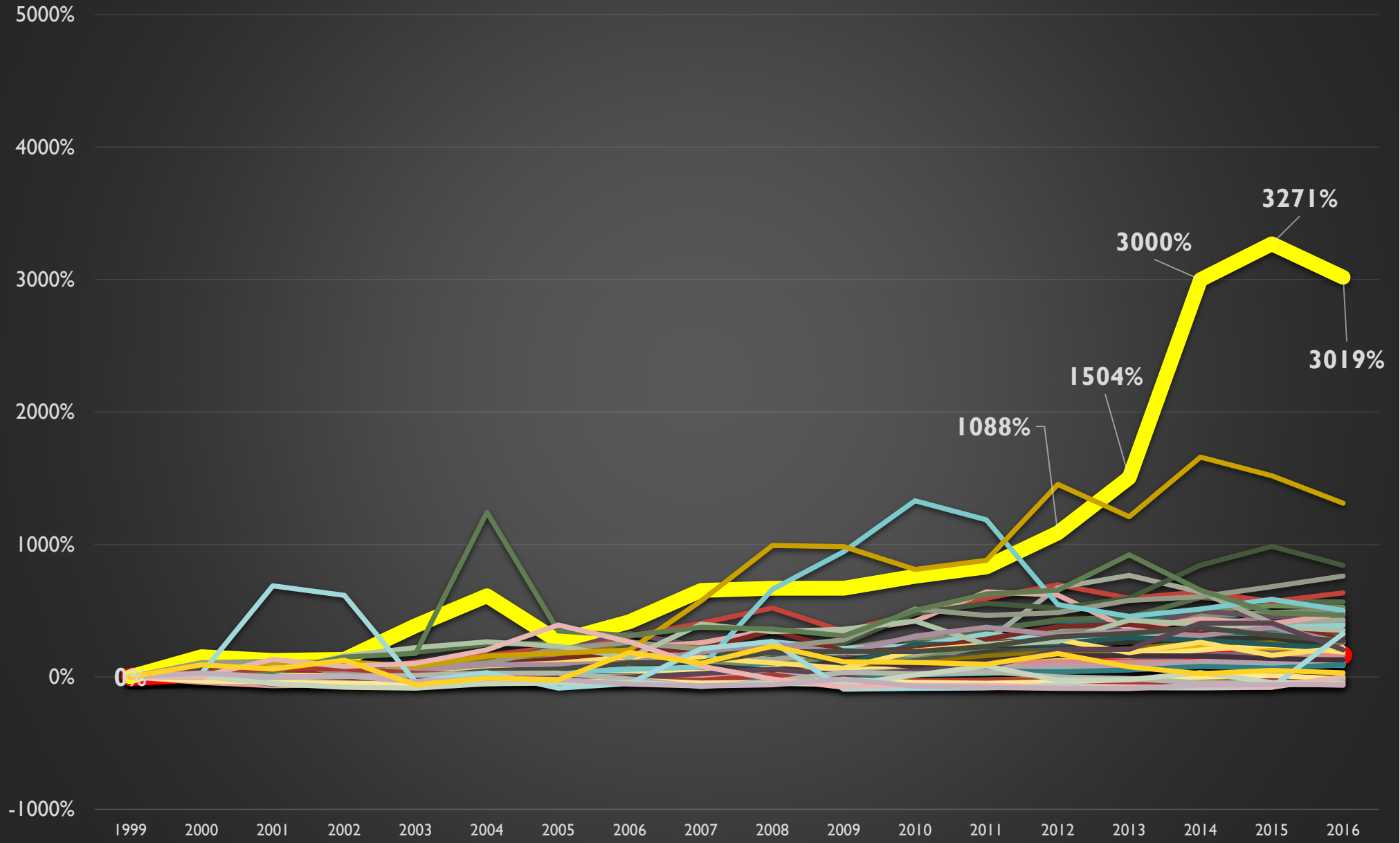
Even though NM's exports to Mexico are lower than the other border states, NM's export **growth** to Mexico is far outpacing our neighbors.

Since 2007, Texan exports to Mexico have increased 65%, California 46%, and Arizona 75%.

**NM has seen our exports increase almost 350%.**

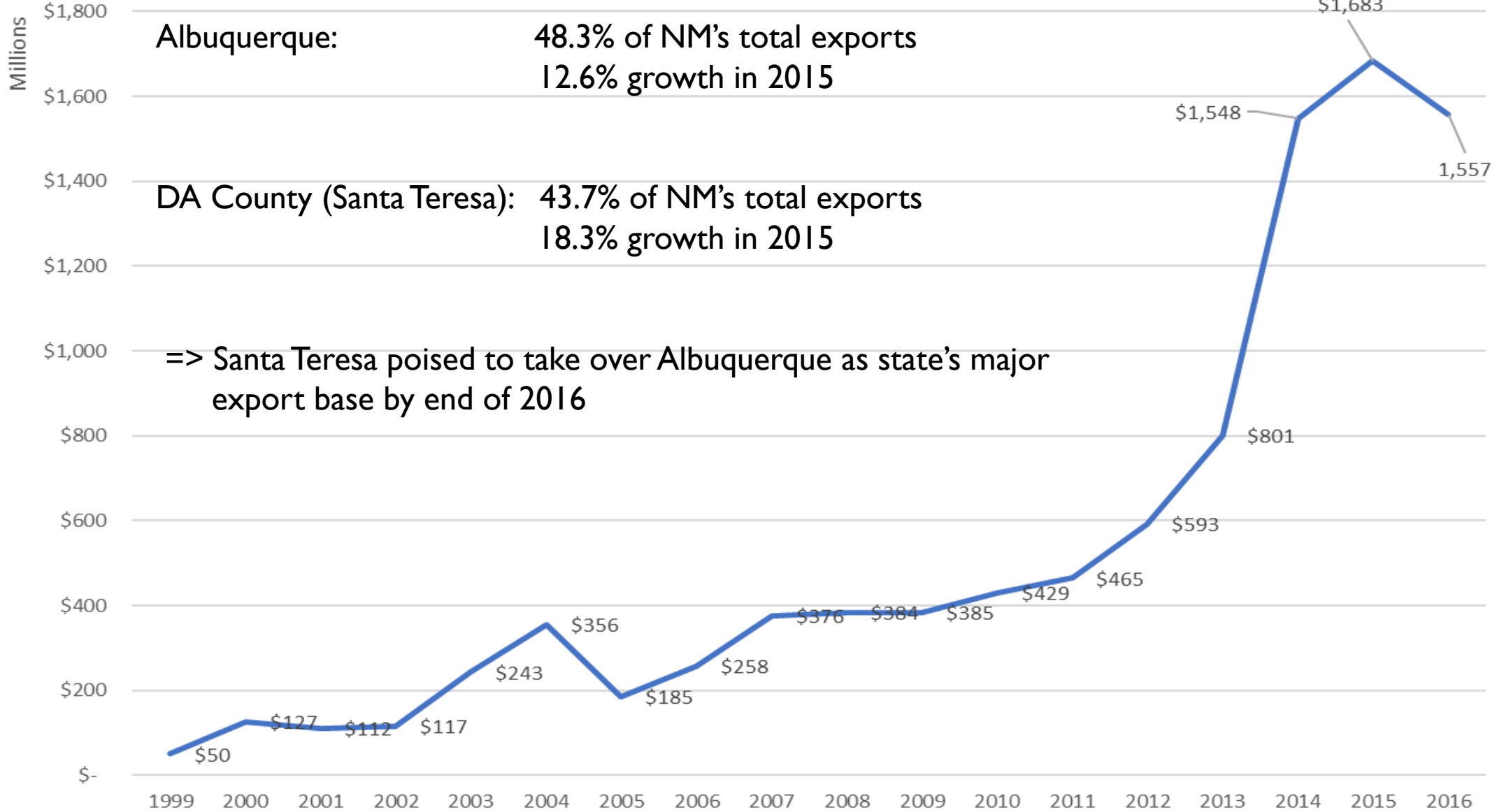


# % Growth of State Exports to Mexico, 1999 to 2016 Using 1999 as a baseline



# New Mexican Exports to Mexico 1999 - 2016

2016 update



# New Projects

**FedEx Ground**  
Distribution Center – 215,000 s.f.



**Valley Cold Storage & Transportation**

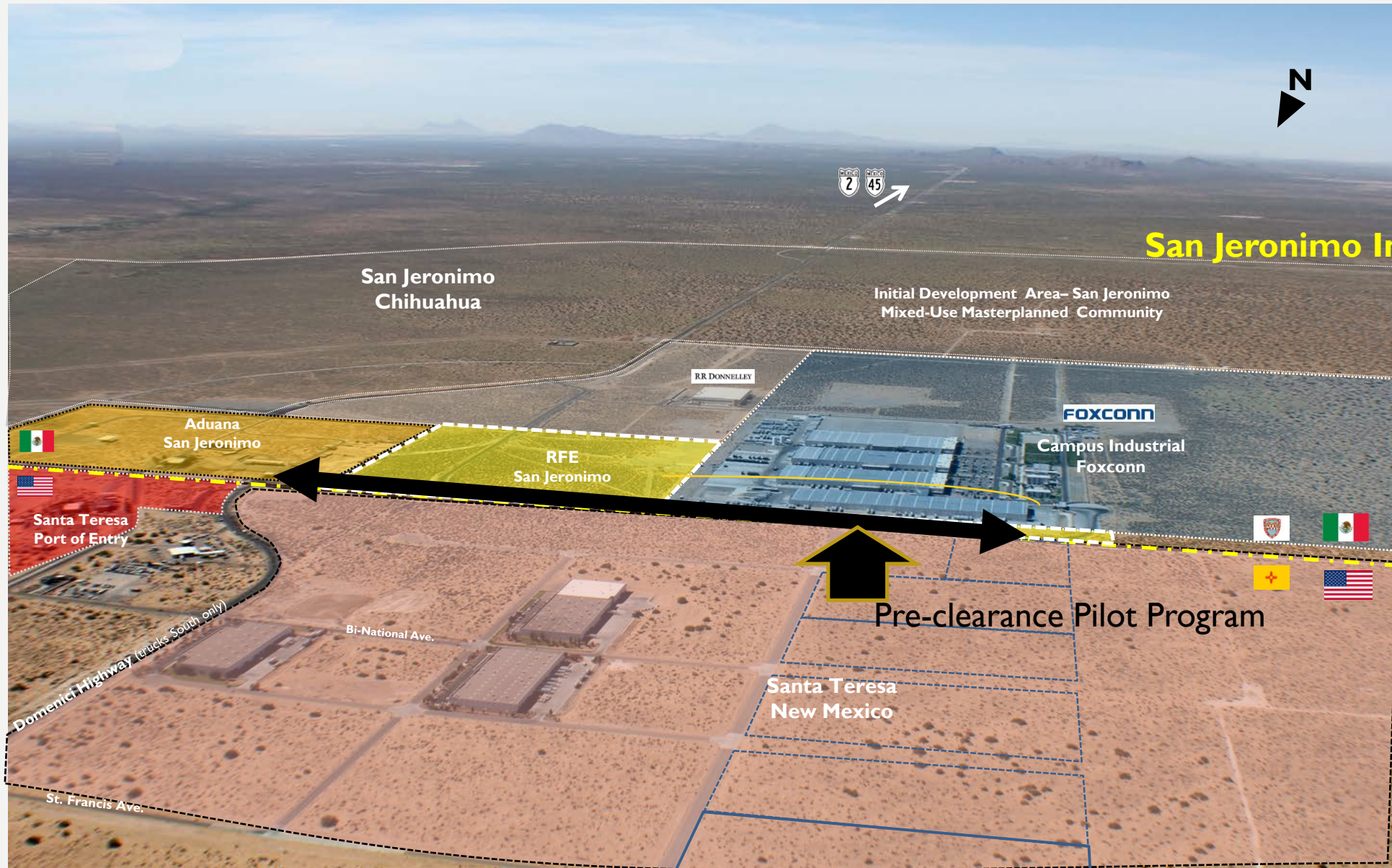
Cold Storage/Distribution Center –  
96,000 s.f. expandable to 303,000 s.f.





# SAN JERONIMO, CHIHUAHUA

# San Jeronimo Industrial Park



# BI NATIONAL COMMUNITY

Los Santos  
70,000 acres

**Los Santos  
Bi-National  
Community**

Santa Teresa, New Mexico  
San Jeronimo,  
Chihuahua  
San Jose, Chihuahua

