EIGHTH ANNUAL INTERNATIONAL LEGISLATORS FORUM

Manitoba | Minnesota | North Dakota | South Dakota

Front Row (left to right): Representative Ole Aarsvold-ND, Honourable Rosann Wowchuk-MB, Senator Orv Smidt-SD, Ms. Mavis Taillieu-MB and Senator Tom Fischer-ND

Second Row: Representative Morrie Lanning-MN, Mr. Tom Nevakshonoff-MB and Mr. Daryl Reid-MB

Third Row: Senator Gary Hanson-SD, Representative Carol Pitts-SD and Ms. Erna Braun-MB

Fourth Row: Representative Lyle Koenen-MN, Senator Jim Peterson-SD, Representative Kathy Hawken-ND, and Representative Mary Ellen Otremba-MN

Fifth Row: Senator Arden Anderson-ND, Representative Loren Solberg-MN, Representative Paul Dennert-SD, Senator Tom Fiebiger-ND and Senator Tom Hansen-SD

Sixth Row: Senator Rod Skoe-MN, Mr. Cliff Cullen-MB, Representative Tim Rounds-SD and Senator Dan Skogen-MN

Back Row: Representative David Monson-ND, Representative Jon Nelson-ND and Senator Rich Wardner-ND

Bismarck, North Dakota - June 16-18, 2008

The Eighth Annual International Legislators Forum
Ramkota Inn
Bismarck, North Dakota
June 16-18, 2008

Steering Committee and Delegates

2008 Steering Committee

The Steering Committee, appointed to continue activity between annual meetings, is composed of legislators from the four jurisdictions. Members are: Manitoba – Honourable Rosann Wowchuk and Ms. Mavis Taillieu; Minnesota – Representative Morrie Lanning, Senator Tom Saxhaug and Senator Rod Skoe; North Dakota – Representative Ole Aarsvold and Senator Tom Fischer; South Dakota – Senator Gary Hanson and Senator Orv Smidt.

2008 Delegates

Manitoba

Honourable Rosann Wowchuk
Ms. Mavis Taillieu
Mr. Cliff Cullen
Mr. Daryl Reid
Mr. Larry Maguire
Mr. Tom Nevakshonoff
Mr. Rob Altemeyer
Ms. Erna Braun

Minnesota

Senator Tom Saxhaug
Representative Morrie Lanning
Senator Rod Skoe
Representative Mary Ellen Otremba
Senator Dan Skogen
Representative Lyle Koenen
Representative Loren Solberg

North Dakota

Senator Tom Fischer
Representative Ole Aarsvold
Senator Arden Anderson
Representative Kathy Hawken
Senator Rich Wardner
Representative Jon Nelson
Representative David Monson
Senator Tom Fiebiger

South Dakota

Senator Orv Smidt
Senator Gary Hanson
Representative Paul Dennert
Representative Carol Pitts
Representative Tim Rounds
Senator Tom Hansen
Senator Jim Peterson

Meeting Highlights

The eighth annual meeting of the international Legislators Forum began with a Steering Committee meeting on Monday afternoon, June 16, 2008, during which the Steering Committee members and staff reviewed the agenda for the annual meeting and discussed updates on agenda items.

Following that meeting, a reception was held for all delegates, spouses, presenters and sponsors at the North Dakota Heritage Center. 2007-2008 Co-hosts, Senator Tom Fischer and Representative Ole Aarsvold, welcomed all participants, introduced fellow Steering Committee members and thanked meeting sponsors. Senator Fischer introduced North Dakota Governor John Hoeven, who also welcomed the delegates. The formal portion of the meeting began on Tuesday, June 17, 2008. Following self-introductions of delegates, each of the working groups and panels made their presentations and engaged in a question and answer period with delegates.

Special guests and speakers included

- North Dakota Governor John Hoeven
- Rob Pengally, Canadian Consul in Minneapolis
- Mary Speer, US Consul in Winnipeg
- Senator Bob Stenehjem, Senate Majority Leader in ND
- Representative Merle Boucher, House Minority Leader in ND
- Senator David O'Connell, Senate Minority Leader in ND
- Senator Carolyn Nelson, Chair, Consensus Council Board
- Dale Eberle, BND Senior VP Banking Services, Bank of ND

The meeting concluded with sincere thanks to Tom and Ole and the North Dakota delegation for their hospitality and an invitation from the Manitoba delegation to attend the next annual meeting in Manitoba, Canada.

Sponsors

The delegates to the eighth annual international Legislators Forum gratefully acknowledge the support of the following sponsors:

- The Canadian Consulate in Minneapolis
- Touchstone Energy
- Taipei Economic and Cultural Office in Kansas City
- Blue Cross and Blue Shield of ND
- Ottertail Power
- Great River Energy

Legislators Forum Facilitator

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Monday, June 16

Heritage Center Reception

Delegates and spouses, presenters, sponsors and guests began this year's annual meeting with a reception at the North Dakota Heritage Center. ND Senator Tom Fischer and Representative Ole Aarsvold, co-hosts for this year's meeting, welcomed the guests and thanked them for their attendance at the Legislators Forum (LF). Senator Fischer then introduced Governor John Hoeven, who also welcomed the participants and gave extended remarks about the value of these annual meetings and the cross-border dialogue and cooperation they promote for issues of shared importance in our region. The Governor also spoke about initiatives his administration has taken, particularly relative to economic and community development, education and energy-related issues, which he noted on the delegates' agenda. He wished the delegates good luck in their proceedings, and he thanked the Consensus Council for staffing and facilitating the meetings over the full eight years.

Tuesday, June 17

Energy

Implementing Legislators Forum Energy and Transmission Resolutions and Requests: A Status Report

Brad Crabtree-bcrabtree@gpisd.net

The Great Plains Institute (GPI) is a small Midwestern nonprofit whose mission is to "accelerate the transition to a low-carbon energy system." It brings public and private interests together in order to "develop and advance win-win policies in partnership with industry, agriculture, environmental groups and state/provincial governments, demonstrate promising technologies, identify research critical to their commercialization, and educate key audiences about their benefits."

Current GPI initiatives include the Native Grass Energy Initiative, the Advanced Coal and CO_2 Capture Program, the Upper Midwest Hydrogen Initiative, and the Midwest Renewable Energy Tracking System. Powering the Plains (PTP) is another project designed as a public-private partnership launched in 2001 to "reduce CO_2 emissions in the Upper Midwest while adding economic value to energy and agriculture," and "position the region to capitalize on its energy advantages." It includes industry executives, agriculture producers, environmental advocates and government officials from ND, SD, IA, MN, WI and MB and is sponsored by foundations and participating companies and organizations.

PTP has had a long relationship with the Legislators Forum, and results from this participation have included: hydrogen legislation and resolutions in MN, ND and SD (5 bills and 2 resolutions), legislative authority for ND and SD participation in the Midwest Renewable Energy Credit Tracking System (M-RETS), cellulosic biomass and renewable energy objective legislation in ND and a resolution in SD.

PTP was tasked by legislators to develop a 50-year roadmap for regional energy development. It has done so with assistance from a University of Minnesota research team that helped PTP develop a regional CO_2 scenario model. The modeling results showed that high-energy efficiency is the least-cost option for reducing CO_2 emissions in the region. The final road map product is available at http://www.poweringtheplains.org. The roadmap's conclusions were that it is possible to meet energy needs and reduce CO_2 emissions 80% by 2055 at little or no additional cost over business as usual. GPI is currently working on expansion of the regional CO_2 scenario model requested by legislators in 2006 and the tasks set by the legislators in 2007. The LF recommendations have been incorporated into two agreements recently signed by Midwest Governors and Premier Doer.

Overview of Summit Platform and GHG Accord and Implementation

Hunter Roberts-Hunter.Roberts@state.sd.us

On November 14 – 15, 2007, Governors Jim Doyle (WI) and Tim Pawlenty (MN) co-chaired the MGA Energy Security and Climate Stewardship Summit. At the Summit, Governors from across the Midwest and MB Premier Gary Doer, agreed to pursue new initiatives to increase the production and use of renewable and alternative energy sources, promote energy efficiency and ensure a reliable electric grid. They agreed that the region must meet at least 2% of annual retail sales of natural gas and electricity by 2015 and an additional 2% each year thereafter through efficiency. By 2030, 30% of the region's electricity should come from renewable sources. The region should develop clean coal technologies and CO_2 capture with all new power plants capturing CO_2 by 2020. The availability of low-carbon fuels should increase tenfold, and, by 2025, half of the region's transportation needs should be met with biofuels and low-carbon fuels. To that end, the Governors and Premier signed two agreements, that are posted at: www.midwesterngovernors.org.

As part of the first agreement, states and the province signed on to a variety of targets and timelines on energy efficiency, biobased products and transportation, renewable electricity, and coal and carbon capture storage. In addition to these individual state/provincial goals, Governors and the Premier also agreed to six regional initiatives: a CO_2 Management Infrastructure Partnership, development of a Low-Carbon Energy Transmission Infrastructure, a Transmission Adequacy Initiative, a Bioproduct Procurement Program, an Advanced BioEnergy Permitting Collaborative, a push for renewable fuels corridors and common signage.

The second agreement, called the *Midwestern Greenhouse Gas Reduction Accord (GHG)*, commits the signatory states/province to work together to achieve a regional emissions reductions target for the region and to implement a cap-and-trade mechanism to help ensure the regional target is met. The MGA has the opportunity to shape federal climate policy, and defeat of the Lieberman-Warner climate change bill at the federal level has elevated the importance of the MGA regional effort.

The MN and WI governors will co-chair the 2-year implementation process for these recommendations, and GPI and other organizations will assist MGA with advisory group facilitation, coordination, and technical assistance. Completion of modeling and prioritization of measurable policies will

occur by October of 2008, and elements of model rules for CO_2 cap-and-trade program will be agreed-upon by November of 2008. Completion of an MGA-wide regional energy roadmap incorporating Summit commitments and recommendations and a Summit in September of 2009 will follow.

Examples of Ways to Manage CO_2 Impact

Rick Lancaster-rlancaster@grenergy.com

The goal of Great River Energy (GRE) is to reduce CO_2 emissions by 50% by 2050. The "least-cost alternative" to current energy usage is simply energy efficiency. To achieve this efficiency, both wind power and hydroelectric power will be harnessed. GRE is utilizing a variety of methods to increase energy efficiency and lower CO_2 emissions—from building an efficient headquarters to improving coal drying methods and carbon capturing systems.

Great River Energy has teamed with several partners to study the feasibility of using biomass with coal at Spiritwood Station, a power plant under construction near Jamestown, ND. The study will be finished in the third quarter of 2009. The team expects to determine feasible supply, delivered cost, fuel characteristics, in field handling requirements, baling, loading, transportation, densification, storage options, and site capacity to handle up to 10% co-firing. Blue Flint Ethanol is beginning a joint venture with Headwaters, Inc, the Spiritwood Station, which will produce 50 million gallons of ethanol each year. The plant will not use a boiler, but will use steam from the Coal Creek Station. The project will produce CO_2 which they intend to capture.

Manitoba Energy Efficiency Strategy

Shaun Loney-Shaun.Loney@gov.mb.ca

Shaun began his presentation with a discussion of the Midwestern Energy Security and Climate Stewardship Summit. The participating jurisdictions were IN, IA, KS, MB, MI, MN, OH, SD, and WI. He also briefly discussed the GHG Accord, from which rose an agreement among MB, MI, MN, and WI to establish GHG reduction targets and timeframes, develop a cap and trade system, and join The Climate Registry.

Shaun explained that MB's total carbon emissions are about 20 million tons, with a target of reducing emissions to 17 million tons by 2012. Goals for MB include reducing up to one million tons in the transportation sector, .65 million tons from MB's large emitters, .67 million tons through expanding clean energy, .68 million tons from agriculture, forestry, and community programs, and .25 million tons or more from future climate action investments.

New MB energy legislation includes a phase down of MB's last remaining coal plant, reduction of large landfills, implementation of green building standards, and establishment of a Climate Action Registry. MB has begun to finance a Home Insulation Program and has instituted regulations banning inexpensive, non-energy efficient furnaces. Within 25 years, MB hopes to have "net zero homes," that produce as much energy as they use. Additionally, a push toward transportation efficiency has occurred in the province, with the recent use of hybrid vehicles and electric buses. He said that MB is the leading jurisdiction for the manufacture of hybrid buses in the world. Shaun concluded that energy efficiency supports other objectives, like providing employment to citizens.

Questions and Answers

A delegate asked how, in severe cold climates, cabin heat is accomplished. The panel answered that current, internal combustion cars have been designed to make limited use of the heat from the engine, but this approach is slow and inefficient. As such, electric heaters in hybrid vehicles can actually heat the cabins of cars much faster than internal combustion engines.

Another delegate asked about the power of electric cars in difficult winter conditions. In answer, a panelist said that electric cars are often quite powerful. An example is the Ford Escape SUV, which will soon have plug-in technology.

A delegate asked about shifting the current gasoline tax to a tax on other items, like electric cars themselves, in order to pay for road maintenance. The response included the fact that the entire automobile paradigm is currently shifting, and politicians will soon be forced to cope with these issues.

A delegate said that, in SD, there is currently a liability issue, as well as other roadblocks relative to blender pumps. He asked how North Dakotans managed to overcome these roadblocks. A panelist responded that, because of ND legislation, liability is not an issue in ND.

A delegate said that, with MB hosting the next Legislators Forum, perhaps focus should be put on hydroelectric power, as MB makes good use of that form of energy. Panelists noted that substantial progress has been made in MB with regard to hydroelectric issues, and that innovative practices for many types of energy generation could be explored as a theme for an energy session at the 2009 meeting.

A delegate said that, with regard to electric cars, consumers will be interested in the annual cost per mile. The delegate asked what statistics could be given in that respect? The panelists answered that the statistics depend upon the usage of the vehicle. In Winnipeg, all taxis are hybrids because those cars are efficient for city driving. However, they are not very good for highway driving. About 50 cents per gallon is the gasoline equivalent for electric cars, and the cost of batteries should continue to decline with ever-advancing technology in that area.

Another delegate asked about incentive-based versus regulatory legislation. A panelist noted that both ND and SD have renewable objectives, rather than standards, but with obligatory reporting, while MN has a binding portfolio requirement. Most incentives are at the federal level. The federal production tax credit is two cents per kilowatt-hour.

Various incentives also exist at other levels of government.

Areas of Agreement on Energy

The delegates reaffirmed that hydroelectric power is green and a renewable energy source. They stated that they might make it a potential agenda item for the 2009 international Legislators Forum in MB. They also agreed that enhanced research and development of clean coal technology, as well as CO_2 capturing technology should be discussed. They agreed that clean diesel should be used in agriculture-related capacities and that there are other concerns that need to be addressed with regard to availability and use of renewable fuels for rural residents. They agreed that energy policy should not disadvantage rural areas.

The delegates agreed to support either voluntary or mandatory renewable portfolio standards (RPS). They agreed that integrated gasification combined cycle (IGCC) research should continue, in addition to using waste heat for other purposes. They agreed it is essential to enhance cellulosic research and to explore the use of hybrid vehicles and related infrastructure. They agreed to continue exploring wind energy, as well as wind and hydroelectric combinations. Additionally, they discussed siting for wind turbines and the environmental issues that process raises.

The delegates agreed that conservation is also a key factor, that, with adequate infrastructure investment, the Port of Churchill might be a promising tool for the importation of Liquified Natural Gas (LNG) and the continued movement of other materials such as fertilizers and that geothermal energy should be used together with wind and hydroelectric energy. They agreed that coal and liquid gas should continue to be used in addition to electricity and that enhanced clean coal technologies are required. They agreed to support international pipelines and other methods of energy transport from Canada to the US and vice versa. They agreed that "the roadmap" should be updated and presented in a more detailed way next year and that a matrix should be developed showing the status of roadmap goals and standards.

Community Development

Regional Demographic Shifts that Affect Community Viability

Dr. Richard Rathge-Richard.Rathge@ndsu.edu

The objectives of Dr. Rathge's presentation were to review regional population movements, discuss implications for the labor force, and briefly explore the impact of demographic changes on community viability. Rathge said that a decrease in population will be seen throughout the Great Plains by 2020. Also, there is a trend that married people tend to stay in the area, and single people leave. While some counties will increase their population, many throughout ND and SD will lose 10% or more. He discussed age distributions and the augmentation of the distribution that will occur by 2020. The tipping point, he said, will be 2010, when the first of the Baby Boomer generation will begin to turn 65. After that, on average, 1.8 million people in the US—5,000 each day—will turn 65 per year.

With regard to labor force implications, ND gained 60,000 people in its labor force throughout the 1970s, of which 80% were young adults. But, in the 1980s, labor force growth was just 35,000. In the 1990s, labor force growth was down to 20,000. Therefore, the LF jurisdictions should not just look for bodies, but for participation in the labor force.

Make Way for Youth

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The objectives of "Make Way for Youth" are to revitalize and grow rural communities by targeting young people who have left a rural area and encouraging them, once they are starting their careers/businesses, to do so in a rural area. As such, the program aims to facilitate professional integration, stimulate the economy and create new business—in addition to preventing and controlling rates of exodus—for rural communities in MB.

The program reaches out to younger people at three, strategic moments: high school intervention, which targets 14-17 year old students before they leave the rural community; post secondary tracking, which targets 18-25 year olds while they are in cities for school/training etc., to keep them apprised of the opportunities in their chosen fields available in rural areas; and the return to the region movement, which targets 22-30 year olds who are just starting their careers. At this point, tours to local communities, job interviews, and other activities, are organized for the individuals by the program to help them re-integrate into rural areas. Although a relatively new program, Make Way for Youth results have been successful so far, with over 20 migrations to rural Manitoba areas to date.

Regional Immigration in Manitoba

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Since the 1867 Constitution, immigration in MB has been a responsibility shared by provincial and federal governments. In 1998, the Canada-Manitoba Immigration Agreement was signed between the provincial and federal governments, and it was renewed in 2008. MB's Immigration and Multicultural Division's strategic directions are to support the safe and effective recruitment of temporary workers and permanent immigrants to meet MB's economic needs, now and in the future; to provide accessible and relevant settlement services before and after arrival to ensure integration, labor market success, and retention; to promote and support communities that welcome newcomers; and to strengthen and celebrate MB's cultural diversity.

In MB, immigration of skilled workers, able to integrate more quickly and easily into the provincial labor force, has been a tool used to combat demographic issues being seen in the region. MB's Provincial Nominee Program (PNP), targets skilled workers and professionals who could fill labor shortages in local MB industries, and are therefore assisted by the program to immigrate to MB in a more expedited fashion. Detailed information on the PNP and MB's Settlement is available at: http://www.gov.mb.ca/labour/immigrate/resources/index.html.

The PNP has been extremely successful to date in combating demographic issues and labor force shortages in MB. In 2006, the program helped approximately 10,000 skilled workers arrive in MB and pushed immigration to the province to its highest level in 50 years. Due to the success of the PNP, MB has committed to increasing immigration levels to 20,000 arrivals per year within the next ten years, and other Canadian provinces are now replicating the PNP in their jurisdictions.

Workforce Development: Lessons Learned in West Central Minnesota
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The West Central Initiative (WCI) is a MN 501(c)(3) non-profit corporation that works "to build unrestricted endowment as a permanent resource for the region." Because of the facts that West Central MN has some of the lowest wages in the state and that out-migration and an aging population are leading to labor shortages, the Workforce 2020 program was begun. Workforce 2020 is "an incumbent workforce training program primarily focused on manufacturing that addresses long-term shortages and gaps in the availability of skilled labor." Businesses, MN Technical Institutes and other training providers have aided Workforce 2020. The WCI Board initially committed $1 million in grant funds over the first four years, and later, up to $400,000 each year.

Through Workforce 2020, 60% of manufacturing workers in the region have been retrained. The out-migration has been reversed, and the population of the area is now growing at a rate of 1% each year. West Central is now seventh of 10 regions and moving up and has experienced a 1.4% gain in manufacturing employment. A study by Dr. Andrea Lubov in 2007, "Using Labor Turnover to Measure the Cost Effectiveness of Employee Training," concluded that "turnover rates for establishments that participated in the training were lower in 20 of the 24 quarters reviewed. The difference was statistically significant in 17 of the 20 quarters."

Practical lessons learned from the Workforce 2020 program are three-fold: There is no end to the need for training; the target of the program changes, and outside support for the program matters a great deal. Philanthropic and governmental roles should not be overlooked in the areas of identification of issues and provision of data.

Questions and Answers

A delegate said that 62 is the average retirement age in MN. He asked what trends were seen with regard to early retirements in general. The panel responded that people are retiring at earlier ages, but many "retirees" view retirement differently. They are, essentially "reengineering" themselves. Their potential is still relatively high, and their transitions are typically a function of moving from one career to another.

Another delegate asked about findings with regard to out-migration. A panelist responded that, while a high amount of out-migration still exists, a phenomenon known as "return migration" has been noticed. For example, when seniors lose mobility and need care, they return to ND. That is why FL and ND rank first in the nation in proportions of people aged 85 and older.

A delegate also asked if the West Central MN programs were open to all manufacturers, or only to selected segments. A panelist responded that, after the program was begun, it became open to all manufacturers.

What kinds of problems, if any, a delegate asked, is MB seeing with regard to immigrant families and education? A presenter said that the challenges come mostly from the refugee program. Most children in this program have disrupted educations and cannot speak English or French. They require special attention. Provincial Nominees, however, are selected based on their ability to work in MB, their education levels, their ability to speak English or French, and other factors—and so this is not a problem for immigrants to MB who arrived as part of the PNP.

A delegate asked if there is any significance to the fact that German is the second-highest source country for immigration to MB. A panelist noted that there is a large Mennonite community in MB. Mennonites who left Russia often relocated to MB. Many MB businesses travel to Germany to promote MB. These businesses typically employ welders, machinists, and engineers.

A delegate asked if immigration policies have affected illegal immigration in MB. The panel responded that illegal immigration is simply not an issue for MB.

Rain Source Capital
Steve Mercil-smercil@rainsourcecapital.com

Equity is cash invested in a company in return for part ownership in that company. This investment is repaid, and profit is realized by selling this ownership to others. It is essentially building value in a business. There is a "sweet spot" for equity investors, which occurs around the point where revenues begin. There are several elements in a "good investment opportunity." These are management, markets, uniqueness, financial and human resources, price, structure, control, exit, growth potential, stage and timing. Ideal companies will have significant growth. This is important to demographers as well. A company will only grow if it has sufficient labor available.

Rain Source Capital's mission is to "promote economic development by building the capacity for making equity investments in areas underserved by the traditional equity markets." The Rain Network has approximately $70 million available for investment. Rain Source is nationally recognized, with a network of 21 Rain funds, a $16.5 million Rain Source Equity Fund, and a $15 million Invest Northwest Fund LP.

Forty-one communities in 55 companies, at $1.4 million per company and involving 2,200 jobs are served by Rain. A total of $78 million has been invested, as 24 co-investments have occurred. There are several benefits to the Rain Network: significant leverage of capital and management expertise, enhanced service, enhanced deal flow, significant syndication capability, and long term sustainability.

Innovation
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The Center for Innovation focuses on three aspects: innovation, entrepreneurship, and private investment. 70% of ND innovation is focused on technology or manufacturing. The Center has strategic partnerships with many ND research and funding sources, including the Red River Research Corridor, Centers of Excellence, the NDSU Research Park, the

Dakota Foundation, and Rain Source Capital. It is involved in creating new employers through "incubators" and coaching and mentoring of entrepreneurs. This is not possible without access to capital, and this is why strategic partnerships are keys to success.

The "Innovate North Dakota" program was launched in 2006 as a source of rural idea flow. 160 business plans are in the running statewide with Angel investors as judges. The top five business plans receive $10,000 and start-up services. The program is governor sponsored, Center delivered. See http://www.innovators.net for more information.

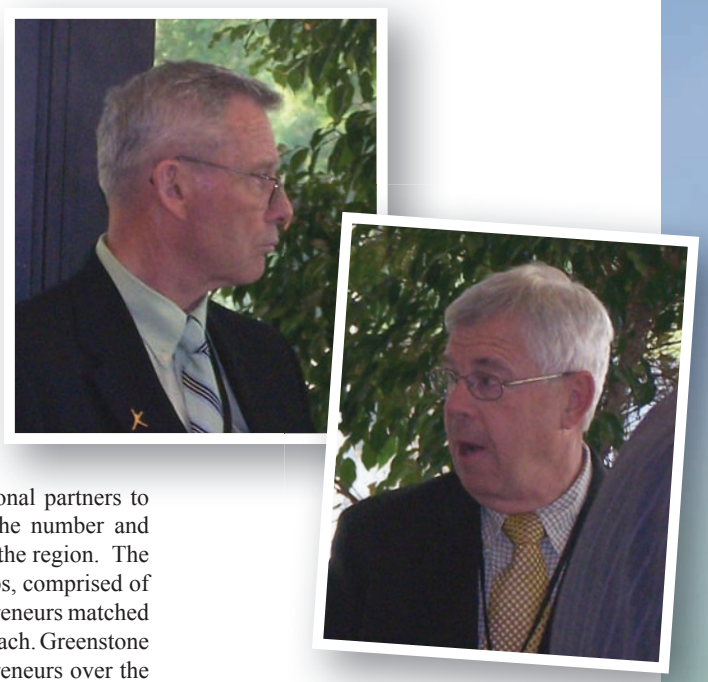
The Dakota Venture Group was also launched in 2006 with five student managers. It now consists of 18 undergraduate and graduate students. It possesses a $300,000 evergreen equity fund, and information about it can be found at: http://www.dakotaventuregroup.com. The "Valley Angels" is a group of 31 accredited investors with a total of $1.3 million, including 11 Center alumni. Members meet 6 times each year and assist the Center by recruiting talent, sending students to educational seminars, and setting examples for students. The program has been a rousing success.

There have been several lessons learned from these programs. These include that:

- Innovation comes from many places (researchers, COEx, SBIR, innovators, industry, inventors, etc.),
- Entrepreneurs need assistance, infrastructure, capital, talent, E-climate, E-community,
- Angel investors need training, entrepreneur deal flow, service, and syndication to build their portfolio (the 45% investment tax credit is a great incentive),
- Seed financing is vital (SBIR, STTR, Grants, E-Loans, etc.),
- Entrepreneur programs need to be flexible, adaptable, and entrepreneurial, not bureaucratic, and
- Investment leads to prosperity (i.e. not savings).

Growing Entrepreneurs in Northeastern Minnesota
Mary Mathews-marym@entrepreneurfund.org

The Northeast Entrepreneur Fund (NEF) promotes "the entrepreneurial spirit and creating economic wealth and diversity." It provides individual counseling, group training, loans, networking, coaching and other services beneficial to businesses and entrepreneurs in 10 counties in northeastern MN and Douglas County, WI. Additionally, it creates and implements regional strategies designed to foster an entrepreneurial culture. It has been a success, with 1,000 businesses started, stabilized, or expanded since its inception. It provides many services, like business loans of up to $100,000, one-on-one technical assistance, training, a CORE FOUR ® Business Planning Course, recordkeeping, networking lunches, and others.



The Greenstone Group, a new initiative of the NEF, is working with over 30 regional partners to create a system to increase the number and skill level of entrepreneurs in the region. The core strategy is Growth Groups, comprised of 7 to 10 growth-focused entrepreneurs matched with a professional business coach. Greenstone proposes to coach 500 entrepreneurs over the next 10 years to help them achieve their goals in growing their businesses, create new role models of entrepreneurship and diversify the region's economy.

Enterprise Institute
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The vision of the Enterprise Institute (EI) is to see SD nationally recognized as the most improved state for growth-orientated, innovation-based companies to start their operations. Its mission is to encourage and assist the establishment of growth enterprises in the region using all resources available.

EI operates three programs: The Business Resource Center, providing customized assistance to start-up companies seeking to improve; the Entrepreneur Network, a networking resource, and the Entrepreneurial Forum, providing education opportunities. Through these programs, office space is made available to budding entrepreneurs. Industry trends and demographics are studied, as are non-traditional approaches to starting a business. SD is currently ranked low in the number of patents and trademarks and intellectual property, but is now growing and has moved up 12 spots. The programs have worked with over 1,000 clients using attorneys, accountants and research consultants to increase capacity. They generally attract high-risk ventures. The October 2008 Expo will be held in Sioux Falls, SD.

Questions and Answers

A delegate said that the real issue is the "valley of death," or getting first investors. She asked how her jurisdiction can get investors for first businesses. The panel stated that incentives vary by area, and that tax credits help build credibility. It is difficult to create portfolio companies as Angel investors.

Another delegate asked how the Entrepreneur Fund is funded. A panelist responded that, initially, funding was from foundations and has evolved to foundations, government, and earned income. Creating deal-flow requires capital and technical assistance support. The NEF is creating entrepreneurial role models to inspire others' visions for high growth business opportunities and to build a pipeline, or a growing supply, of entrepreneurs and locally-owned companies.

A delegate said that the risk-averse control a large portion of the capital and asked how that can be changed. The panelists responded that it was amazing that farmers can be conservative with regard to risk, because of all the volatility in agriculture markets. Also, a point is reached at which one is not prepared to take risks. All sorts of financing mechanisms are part of a mosaic. There is no "silver bullet" to solve the problem. The point is to get people comfortable with the idea of investing, not just investing. Tax incentives help with some high-risk deals, but "deal flow" is paramount. There are many people who need education about investing when they consider it for the first time. Furthermore, Angel investing is not just a way to make money. It is about mentoring, socializing, and networking. These help to grow possibilities.

A delegate asked the panel for advice it would give to policymakers to increase entrepreneurship. The panelists responded that the public must understand that entrepreneurship is important to the vitality of the entire Midwest. It is about growing our own industry and solving our own problems. From the capital access side, legislators should review publications about best practices. They should make sure the risk-rewards system is in balance. Most importantly, they should listen to people who know about

economic development. Panelists encouraged delegates to browse http://www.ssti.org, which tracks technology-based economic development because it contains many public policy lessons.

Community Collaboration

Mona Cornock-Mona.Cornock@gov.mb.ca

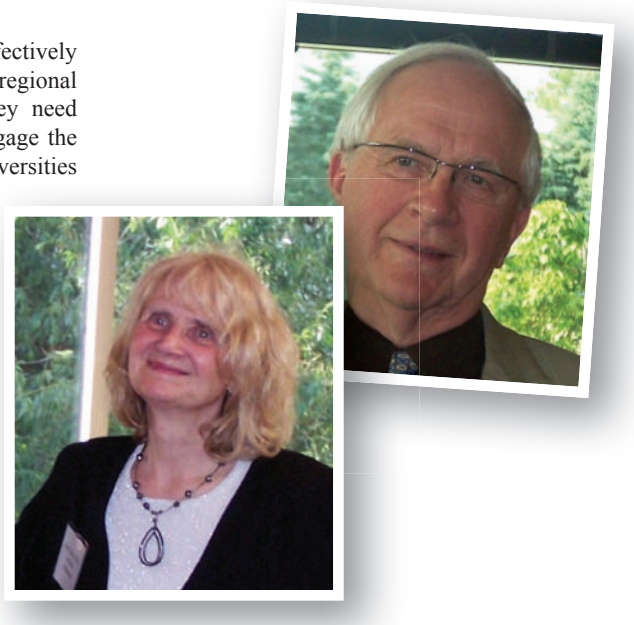
The Rural Development Institute (RDI) is a research unit of Brandon University in western MB focusing on rural and northern community development research, practice and policy. It uses a collaborative approach, Participatory Action Research (PAR) toward community development, which aims to empower participants through involvement in and control of the research agenda; process and findings and establishment of individual and community change as a planned outcome. PAR has great potential to effectively incorporate desirable and planned community outcomes, as it links research with community action and change.

Lessons learned from collaborative partnerships include that: Developing trusting and valued relationships and partnerships require deliberate effort, time, financial resources, and committed, skilled and sustained leadership; Partnership and relationship-building processes should be considered investments; and Resources are needed to develop, maintain and grow these investments.

Communities need to effectively partner with governments, academic institutions, other communities and regional organizations. They need individuals who have the desire, skills and time to devote to the partnership and relationship-building efforts, to move from competition among rural communities to collaborative strategies to achieve success and organizational infrastructure — including a vision, goals and objectives; defined roles for executives, for coordination and administration; established communication processes and resources.

Governments need to effectively partner with communities, regional organizations and academic institutions. They need: to move from funding deliverables to supporting capacity development, to better manage files horizontally and to better manage complex accountability structures. Government representatives need to have mandates and reporting structures that are flexible enough to work with communities and regions in non-traditional ways. They need to move from *"under the radar"* to *"in the radar,"* allowing flexibility, creativity and innovation in program and accountability structures to fit with and adjust to community interests, which require permission to be creative to accomplish agreed-upon goals.

Academic institutions need to effectively partner with communities, regional organizations and governments. They need to find new and creative ways to engage the human and capital resources of universities and colleges to be more engaged in community development processes. They also need to enable communities to view academic institutions as resources for their efforts; to view communities as something more than research laboratories; and to better understand and value community service by refining understanding of how community service is defined when individuals are "judged" for advancement purposes. For more information go to: http://www.brandonu.ca/rdi



Planning for Rural Infrastructure

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Most rural communities' infrastructures are not sufficient for current needs. These needs are placing a strain on rural communities by limiting growth and threatening community viability. Many rural communities are relying upon infrastructure constructed during the 1930s by New Deal programs like the Works Progress Administration. This 1930's infrastructure has far exceeded its intended design life. Moreover, utility rates are often too low in rural communities and equipment replacement funds are typically either nonexistent or under-funded, and administrative capacity is often insufficient.

The West Central Initiative's Infrastructure Study identified over $800 million of 20-year water, sanitary sewer and storm sewer infrastructure needs. In MN communities, $500 million of these needs were identified as requiring immediate attention. When these figures are extrapolated, it is estimated that, statewide, there is a $6.9 billion immediate need. Rural communities can afford part of this need, approximately $5.4 billion, while state and federal subsidies can cover approximately $30 million annually. This leaves a $1.5 billion funding gap.

There are several challenges facing rural communities with regard to infrastructure. The Median Household Income (MHI) is typically lower than in urban areas; infrastructure cost as a percentage of MHI is usually higher; maintenance and replacement programs are often not ahead of system decay; residents are more sensitive to tax-rate increases, and elected officials' approach to tax increases is often governed by the "coffee shop" factor. That is, one day, taxes are raised, the next day, those tax increases are major "discussions" at the local coffee shop.

There are several solutions: Rural communities must find adequate funding to meet immediate needs, train local officials, develop alternative infrastructure strategies, educate residents regarding infrastructure needs, and consider alternative permitting methods to account for environmental benefit versus cost. They need assistance with such infrastructure planning.

Green Community Technologies (GCT) should also be incorporated into the new infrastructure of rural areas. GCT interferes as little as possible with natural water processes, adds as few chemicals as possible to water, and uses conservation to minimize the volume of water used.

Questions And Answers

A delegate said that one of the problems in ND is that most of the local tax resources are derived from property taxes. Property values do not reflect an adequate income to pay for these improvements, and solutions are not popular with legislators or city councils. A panelist responded that there is a political return on what may initially be considered unpopular investments, but it could be several years away.

A delegate asked the panel to discuss levels of investment by government regarding a 20-year investment for water and sewer infrastructure. The panelists replied that 70-90% should be borne by state and federal subsidies, while, currently, only 20-30% comes from those sources. And, within 10 years, the average utility rate will increase, putting communities at a competitive disadvantage regarding attracting new people.

A delegate added that regionalization and availability of water is a pressing matter. Vibrant businesses are water-intensive. One of the solutions for the water problem is a heavily

federally funded regional water supply. The delegate said that there have been water-intensive industries, such as ethanol, flourishing in areas of the world that do not naturally have enough water to sustain them. A creative solution is needed because local communities often cannot support these industries.

Areas of Agreement on Community Development

The delegates agreed that the question "How small is too small?" must be asked about rural communities. They agreed that they and communities need to ask whether a community is too small to be viable and to engage in discussions about the value of saving rural communities. The delegates agreed that private-public partnerships and foundation assistance are important in building the capacity of communities and other groups.

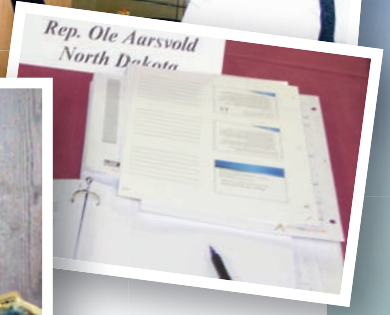
The delegates discussed immigration, noting that an immigration mechanism like MB's would help in documenting previously undocumented workers. They also noted the need for education criteria. The delegates agreed that immigration can help solve some of the demographic crises enumerated in the earlier presentations, and they noted a Canadian study suggesting that immigrants typically do better in rural areas.

The delegates also agreed to work to get citizens to think differently about existing boundaries and to "think regional" and that cross-border cooperation, perhaps in a research corridor, is warranted. They also agreed that cross-border assistance in organizing capital (through public and private sources, including Angel funding) is vital to encouraging entrepreneurship. The delegates agreed to consider tax policies like incentives and lower taxes on business to spur economic development.

They agreed that we all need to encourage the return of young people who have left our region. They agreed that First Nation/ American Indian students should be better educated as a whole and that a comprehensive strategy for education and job training should be implemented for them and others. Finally, they agreed about the necessity of investing in infrastructure needs as they relate to economic development.

Tuesday Lunch

Following the morning's presentations, ND Senator Tom Fischer explained the significance of the gifts each delegate and presenter had received—the pottery and other products are all "Pride of Dakota," made in ND. He also paid tribute to ND Representative Ole Aarsvold, who has been on the Steering Committee of the Legislators Forum since its inception in 2001 and is not running for the legislature this year. Tom noted that, just as he has been invaluable as a member of the Legislators Forum and Steering Committee, Ole has been equally invaluable as a legislator. Tom said that everyone in the ND legislature likes, respects and knows that he/she can trust Ole's word on any matter. He will be sorely missed on the Steering Committee and in the legislature.



Karen Ehrens then commented on the "healthy lunch" the delegates had just eaten. She remarked that it is essential that all of our citizens, when they eat, do so in a conscious way, considering what it is they are eating, what they are preparing for their children and how this will impact their health. Without healthy choices available—and unless we make those healthy choices—obesity and other issues will continue to impact our lives in detrimental ways. She noted that the upcoming panel, following the lunch, would focus on other lifestyle choices that can make a difference in everyone's health and have a major impact on the economies and quality of life of our region—we need a healthy workforce and healthy people to do the work that needs to be done and to attract others to our region.

Manitoba Healthy Living

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While there has been a great deal of investment in health care, there has not been enough investment in prevention of chronic diseases. Focusing on prevention will reduce future costs for the health care system. There are seven areas of focus regarding healthy living: healthy eating, healthy activity promotion, mental wellness, chronic disease prevention, tobacco reduction, injury prevention and safety, and healthy sexuality. 31% of MB children are overweight or obese. This figure is higher than the national average of 29%. Over 40% of children from "food insecure households" are overweight or obese, and 28% of Manitobans aged 18 and older are obese. Perhaps some of these figures can be lowered by mandatory student involvement in school-based physical activity.

The Chronic Disease Prevention Initiative (CDPI) is a five-year, community-led initiative to support local planning and actions that create healthy settings and promote healthy living. It supports the prevention of chronic disease by focusing on preventable risk factors like smoking, unhealthy eating, and physical activity. The Public Health Agency of Canada is providing $3 million in funding over 5 years to the CDPI. MB Health and Healthy Living are providing another $3 million over five years. Through CDPI, regional health authorities provide direction, support, oversight, and accountability, while communities and volunteers work with Aboriginal groups and regional health authorities to identify community chronic disease risk profiles and action plans.

Goals of the CDPI are: to provide a community-led, evidence-informed approach to the prevention of chronic diseases (in particular, cardiovascular disease, cancer, diabetes, lung and renal disease), to improve the health of Manitobans, to add value to existing provincial and federal on-reserve initiatives by integrating them with CDPI, and to implement a sustainable chronic disease prevention initiative that draws upon strong partnerships. The implementation of the CDPI includes the development of new structures and processes that assist partners to collaborate, communicate, and coordinate activities. 57 communities are participating in all regional health authorities, including 21 First Nations Communities. CDPI serves approximately 330,000 Manitobans.

There have been several successes with regard to this initiative. 57 communities now have prevention plans, which link risk reduction and healthy living activities to leverage funding and engage citizens and organizations. High-risk populations are working in partnerships with key stakeholders on community-determined priority issues. Much has been learned from this initiative: communities welcome opportunities to work

together to build and strengthen healthy living activities, and communities need enough capacity in order to build additional capacity for chronic disease prevention.

Shape Up: Family Style

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South Dakota's grant from USDA seeks to meet the needs of families for nutrition education and physical activity programming in two counties, Corson and Brookings. Needs Assessment Indicators include: national and state trends of the growing problem of childhood obesity, early onset of diabetes, and the long term impact on general health, including heart disease, and access for families on limited incomes to opportunities for physical activity and wholesome food supply.

The four goals of this program are to:

- Increase the participation of children in regular physical activity throughout their lifetimes,
- Provide nutrition education to parents and their children with the goal of decreasing childhood obesity,
- Offer opportunities for children and their families to participate in regular physical activity together, and
- Involve adolescent volunteers as an integral part of a healthy community through Youth Action Teams.

To achieve these goals, they are attempting to:

- Increase the amount of physical activity for children and parents. Elements of the program include: knowledge of the recommended amount of physical activity, perceptions of need and desire for sports and physical activities, knowledge of behaviors that promote physical fitness, current physical activities of the participants, and perceived barriers to participation in physical activities.

- Decrease childhood diabetes through nutrition education for children and adults. Elements of the program include: knowledge of healthier foods, including snacks, understanding the USDA Food Pyramid, understanding and using nutrition food facts labels, improve individual and family behavior regarding nutritional consumption, and perception of serving size.

Program components include family physical activity sessions twice a month during the school year, at least three nutrition seminars each year for the whole family, including hands-on food preparation for and with the children, adolescent volunteers in both communities who assist with Family Fun Sessions and nutrition seminars, with a culminating activity appropriate to the community. In Corson County, it has been a powwow. In Brookings, there have been family activities in the park and a barbeque, a monthly newsletter, and a website.

There are several after-school programs: Two 4-H after-school clubs meet monthly in Brookings County, Great Afterschool Place (GAP) and Basic After School Education (BASE). Components of the after school programs include: a 4-H Pledge, 10-15 minutes of physical activity, hands-on nutrition lessons and a culminating event involving parents. Through these efforts, they have learned that children demonstrated increased knowledge in healthy nutritional choices related to fruits and vegetables, the importance of variety in one's diet, and the influence of media messages. Children also reported an increase in their physical activity, trying new foods, drinking more water or milk and a decrease in the amount of soda consumed.

Moreover, participants are more knowledgeable of behaviors that promote fitness, experiencing fewer barriers to physical activity participation, exercising together as a family regularly, reading nutrition fact labels, and eating meals together on a regular basis. Youth have demonstrated the ability to select healthy food choices, including snacks and to assist with meal preparation or selection at home.

Healthy Kids, Healthy Weight: Healthy North Dakota

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Healthy North Dakota (HND) is a statewide initiative focusing on improving the health of every North Dakotan. HND works through an established network supporting North Dakotans in their efforts to make healthy choices—in schools, workplaces, senior centers, homes and anywhere people live, learn, work and play. The vision of HND is: "Healthy People, Healthy Communities." Its mission is "to inspire and support North Dakotans to improve physical, mental and emotional health for all by building innovative statewide partnerships." Those involved with HND believe that focusing on prevention and wellness will result in a healthier population, lower health-care costs and improved quality of life for all North Dakotans.

Historically, health advocates have been organized by various categories including diseases such as cancer and diabetes; risk factors, such as tobacco use and physical activity; channels, such as schools and worksites, and special populations, such as the uninsured and American Indians. HND is working to bring stakeholders together under one framework to help health prevention advocates work together whenever possible. Coordinating their efforts is more efficient and results in greater impact than working in silos.

The voluntary, self-funded collaborative "Statewide Vision and Strategy for Improving the Health of North Dakotans" (SVS), was convened by HND in the summer of 2006. SVS includes a broad range of private and public organizations including Blue Cross/Blue Shield of North Dakota, the ND Chamber of Commerce, and the ND Healthcare, Medical and Long Term Care Associations.

The SVS vision is "North Dakotans will be the Healthiest Americans." One of the first goals of SVS is to "reduce the number of overweight kids in ND by increasing the physical activity level and improving the nutrition status of

kids ages 8-16 years." SVS is funding a pilot project, *Healthy Kids, Healthy Weight,* to help meet that goal. This is needed because the percentage of overweight children and teens has more than doubled in the past 30 years, and maintaining a healthy weight of children during the growth spurt which occurs between the ages of 10-16 years can help children "grow out" of excess body mass.

Healthy Kids, Healthy Weight targets multiple influences on kids' behavior through parents/family and community programs. Public health entities will gather and provide a list of community-specific healthy eating and physical activity resources for families and medical providers. Pediatricians and other medical providers will refer families to the community resources in addition to providing coaching and encouragement for parents. Parents will be encouraged to provide a healthy environment for their children with ideas for better nutrition and being active together at home, and will be provided with ideas for activities and healthy eating in the community resource "toolkit."

Questions and Answers

A delegate asked if the panelists were aware of any data that would correlate physical activity with scholastic performance. A panelist responded that a study from CA indicated children who engaged in physical activity performed better in school than those who did not, and the same was true for adults.

A delegate noted that, in MN, students must complete mandatory physical education. The delegate asked if ND had similar rules. The panel responded that students in ND are required to complete mandatory physical education as a result of recent legislation. It was also noted that a recent bill introduced in MB's provincial legislature has mandated Physical Education and Health Education (PE/HE) Curriculum from Kindergarten through Grade 12.

A delegate took issue with the fact that some programs mentioned had been operating for 17 years, yet the problem of obesity has only gotten worse. The panel responded that the programs are voluntary and have had limited funding. Most spending on health comes from the federal government, very little is from the state. Essentially, the state only contributes the bare minimum to community coalitions. Furthermore, in 2008, for the first time, obesity rates in children have leveled. A panelist noted that well-funded, anti-drunk driving and anti-smoking programs have been successful. The same could apply to anti-obesity programs.

A delegate asked if there is a correlation between increased use of technology and weight gain. The panel responded that there is a strong correlation between them, and there is additional correlation between obesity and television sets in children's bedrooms and that parents should limit the television viewing of children.

A delegate noted that part of the obesity problem can be blamed on the fact that few people are aware of how to plan and prepare healthy meals. Another delegate described gardening projects that have been instituted in some communities, particularly with elderly people. The knowledge gained by adults about making healthy choices can be transferred to younger people.

A delegate asked if the panel was aware of communities that have made organized efforts to encourage children to walk more often. The panel responded that there are programs that encourage children to walk to school by notifying parents and children of safe routes to and from school—routes that have adequate sidewalks. Also, "walking school buses" have formed in ad hoc fashions.

Areas of Agreement on Healthy Living

The delegates agreed to encourage review of how communities are designed in order to enhance walking and exercise. This includes an examination of availability of green spaces. It also relates to energy use, because using fewer vehicles saves resources. The delegates agreed to remember that children should be allowed to play without being hampered by regimented schedules. Play also helps build social skills. Hand-in-hand with this is the need for safe neighborhoods in which these children can play.

The delegates agreed it is essential to invest in wellness and prevention not only for their own sake but also because they are investments in a healthy workforce. They agreed that mandatory physical and sexual education should be considered. The delegates agreed to continue to push for reimbursement of professionals working in preventive care. They agreed it is necessary to educate citizens about life-long healthy living, about including families, and that the education should begin early. The delegates agreed to consider policies that impact marketing, affordability, and availability of healthy living choices. Finally,

the delegates agreed to encourage family/ parenting healthy living meal provisions.

Red River Basin Mapping Initiative

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The International Water Institute (IWI) was formed in 2000. Its mission is "To provide a forum for research, public education, training, and information dissemination relating to flood damage reduction and natural resource protection and enhancement." The current flood maps upon which insurance rates are based are outdated and inaccurate. The Red River Basin Mapping Initiative (RRBMI) set out to create new maps for the US portion of the Red River Basin, given that MB had already re-mapped the Canadian portion of the basin following the 1997 flood. The need for mapping was documented by an international joint commission, the International Flood Mitigation Initiative (IFMI), and other organizations.

The rationale for the IWI to collect this information is based upon an established need. Existing elevation data are not adequate for flood plain mapping. The existing US Geologic Survey (USGS) elevation model was analyzed for quality assurance purposes. Existing elevation data have errors as large as 28 feet. There was also a local desire for a high-accuracy, seamless watershed/ basin elevation dataset. Other large-scale information collections had been completed or were underway in MB, NC, IA, WA, and MN, so it is not "reinventing" anything.

The Light Detecting and Ranging (LIDAR) process was described in detail. Benefits of LIDAR include: agriculture/precision farming, water resource management/decision-making, flood-plain delineation, utilities management, 3-D modeling, civil works planning and development, conflict resolution, resource monitoring and assessment, and problem identification, among many others.

Lessons learned include: the high level of organizational effort and commitment required and the need for an effective coordinating body to undertake large multijurisdictional projects of this kind. Even with demonstrable and overwhelming local and legislative support for this project, there are differing priorities of federal and, especially, state agencies. The varying levels of local capacity and understanding were also a challenge. More information can be found at http://www.internationalwaterinstitute.org.

Questions and Answers

A delegate asked if a high level of accuracy could be ensured throughout the mapping process. Chuck replied that extreme accuracy could be ensured.

Another delegate asked if the mapping can provide water levels in order to make accurate projections as to rainfalls. Fritz responded affirmatively, through the use of National Weather Service maps.

A delegate asked about the total government funding for the project. Chuck responded that the federal government is paying $5 million, and nonfederal governments from several jurisdictions are paying $2.5 million.

A delegate asked if the data from the mapping will be available to anyone. Chuck responded that the data will be available free to all. A delegate suggested that they might want to charge something for such information in order to help sustain and enhance the project.

2 Nation Tours

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2 Nation Tours is the result of a memorandum of understanding developed 7 years ago to encourage cooperation on tourism in the four jurisdictions. It cooperatively promotes tourism to increase regional awareness and increased efficiency by sharing cost. The brand name "2 Nation Tours" encompasses the attractions, culture and scenic beauty of two countries.

"Lure pieces" are mailed to lists of prospective customers. A website is also operable. The familiarization tours (FAM) have been a success. The American Bus Association (ABA) reported that one motor coach with 55 passengers spending one night at a destination generates as much as $12,000 for the local economy—meals, lodging, and other spending. Tour operators, bank travel, motor coach companies, and affinity groups are invited to attend the FAMs. Additionally, 2 Nation Tours works with industry partners to keep costs down.

The Bi-National Tourism Alliance awarded 2 Nation Tours an Honorary Star Award, honorary, because there was no prior category for such collaboration. It is creating a new category of awards due to 2 Nation Tours' work. Future reports from 2 Nation Tours may include cross-border identification issues and declining trends relative to the US market in Canada due to such issues. The staff is reviewing 2 Nation Tours' database to collect current touring information and to determine any trends. The 2 Nation Tours website (www.2nationtours.com) will be updated with new itineraries, photos, event listings, and links to companies offering 2 Nation Tours.

Questions and Answers

A delegate asked if SD Tourism would get an update if two or three buses toured the state and if it would have information regarding monetary gain from 2 Nations. The panel replied that the attraction itself would have to provide that information. The database will be investigated, and staff will begin to call travelers and ask them about their trips. This is the hardest sector to measure in the tourism industry. Also, there are many middlemen in the process that separate 2 Nation Tours from the travelers themselves.

The delegates, as always, were extremely impressed by the progress that has been made since 2 Nation Tours became a Legislators Forum sponsored project in 2001 and commended the respective jurisdictional tourism agencies for their collaboration over the years.

Wednesday, June 18

Western Hemisphere Travel Initiative (WHTI): Where Are We Now?

Marianne H. Rude-rudecamp@verizon.net

Marianne reviewed WHTI developments since the 2007 Legislators' Forum, as follows:

The Notice of Proposed Rulemaking (NPRM) for land and sea modes of entry under the WHTI was published. Submissions for public comments on the NPRM were due August 27, 2007, and the Legislators Forum submitted an official comment.

The final rule for the land and sea portion of the WHTI was published March 27, 2008, and formally recognized Enhanced Driver Licenses (EDLs) as acceptable passport alternatives. In January of 2008, WA and BC began issuing EDLs for their jurisdictions. As of now, the BC project is still in its pilot stage with just over 700 EDLs issued. The WA program has been fully accepted by the Department of Homeland Security (DHS) and has been much more successful than anticipated (more than 30,000 EDLs have been issued/applied for).

In May of 2008, acceptance of NY's EDL was published in the Federal Register. A number of other Canadian provinces and US states are moving forward with EDL programs or exploring EDL options for their jurisdictions.

Separate from WHTI and EDLs, the Real ID initiative in the US has been postponed.

The omnibus appropriations bill, signed into law in December 2007, delayed implementation of WHTI at land and sea (water) ports of entry (POEs) to June 2009. As such, the Final Rule, published in the Federal Register in March 2008, designates the following as WHTI-compliant documents: Passport, PASS card, EDL and ID card (EIC EDL), NEXUS or FAST (Free and Secure Trade) card. A formal exemption for minors (age 15 and younger) was announced as well as an exemption for school or cultural groups of those between the ages of 15 and 18. It is still unclear how long-standing programs for border lake boaters will be handled under WHTI.

The US State Department is preparing for an influx of applications for passports in anticipation of land and sea implementation. Following last year's huge backlog and temporary reprieve for air travel requirements, the US Department of State has announced massive expansion of passport acceptance and issuing locations. Already, as of April 1, 2008, it had received 23% more applications than at the same period in the previous year. As of June 1, 2008, 300,000 applications have been received for US passport cards, and 36 million passport applications are expected in 2010 alone.

Canadian passport possession rates as of May of 2008 are 43%, and US rates are a much lower 28%, but it is not clear what the percentage is in border states (likely smaller). A new "mega processing" center opened in Tucson, AZ in May 2008. New passport agencies are also opening in Detroit, Dallas and Minneapolis in preparation to meet increased demand. Since April of 2005, 2,300 passport *acceptance* offices have been added—301 of them within 25 miles of the northern border.

In preparation for handling new WHTI-compliant documents, such as NEXUS cards, FAST cards and EDLs, the DHS has announced that 95% of all border crossings will be enabled with radio frequency identification (RFID) readers. This means RFID will be installed in 39 of the busiest Canada-US crossings. Pembina, ND and International Falls, MN will be two of these 39 crossings. Construction at Pembina will begin in October of 2008 and be operational by April of 2009. DHS has been touting the idea of Pembina as a showcase for the "advantages of RFID."

The trusted traveler program, known as NEXUS, has also seen considerable expansion and promotion since 2007. As of June 2008, 462,000 NEXUS and FAST cards are in circulation (including both Canadians and Americans since this is a joint program). This is a significant increase from the 110,000 enrollees in the summer of 2005.

As a result of the tremendous uptake for EDLs in WA, officials there have not had to use their promotion budget (all allocated spots filled immediately). NY has just announced it will begin issuing EDLs in the fall, and VT is expected to follow suit shortly thereafter. MI and AZ recently passed legislation supporting moving forward with an EDL program. TX, CA, OH, IL and PA are also expected to move forward. In ND, Governor Hoeven has expressed a general interest in pursing an

EDL. MN introduced legislation to begin to look at the possibility of an EDL, but that bill died at the end of the session.

Canada's federal government has responded to DHS' endorsement of EDL programs by allocating $6 million to support provincial and territorial EDL efforts. In March of 2008, a Memorandum of Understanding (MOU) was signed between Canadian Border Service Agency (CBSA) and DHS for "use, disclosure, and storage of Canadian EDL information." The 3 main components include: accessibility of information only at border crossings and use only for border crossing purposes, and clear parameters were placed on the use of data. BC's pilot program is well underway. MB's enabling legislation passed in June of 2008, the MB business plan has been approved by DHS, and EID cards will become available in the fall of 2008, with EDLs following in fall 2009. ON and QC are expected to announce their EDL programs in the fall of 2008 or early 2009.

In response to privacy concerns about the RFID technology and new data-sharing programs used for EDLs, Marianne emphasized that all of the programs are completely voluntary. RFID is the same technology that has been used for the NEXUS program since it began, and there have been no reported breaches. For all of these programs, cards are issued in a protective (attenuation) sleeve designed to prevent unlawful skimming of the data. However, no personal information is contained on the RFID chip. The chip only contains a unique number, which points to a securely held database where the data on the cardholder is stored and can only be accessed by border personnel.

Marianne touched briefly on the other, separate drivers license program in the US, REAL ID, which some people confuse with

WHTI. She said that both WHTI and REAL ID were responses to the security concerns that resulted from the September 11 attacks. REAL ID was enacted May 11, 2005 and imposes security, authentication and issuance procedures for drivers licenses in order to be used for "official purposes" (boarding federal aircraft and entering federal buildings and nuclear power plants). Due to widespread state outcry over the costs and logistical difficulties of implementing REAL ID, all 50 states were recently granted extensions to the original May 11, 2008 compliance deadline.

The REAL ID Act will not become an issue at federal facilities and airports until December 31, 2009. In the meantime, 17 states have passed resolutions expressing their opposition to REAL ID. Some of these, however, have proceeded with EDL programs because they recognize that WHTI is about facilitating border crossing for their citizens through a voluntary program whereas REAL ID is a federal requirement that would be imposed on states.

Questions and Answers

A delegate asked how the EDL information would be transmitted through the DHS. Marianne responded that the process would be similar to the information on passports. The database associated with EDL would be shared with border officials when a traveler crosses the border.

Another delegate asked if the REAL ID data sharing and EDL were similar.

Marianne said that there is a significant difference in need and access. With EDL, there is no need for interstate access to the information. With REAL ID, there is a need for such access to verify "one person, one license."

A delegate noted no concerns with EDL if it will help move people across the border more efficiently but expressed concerns regarding privacy. The delegate questioned the security of the databases in which this information would be stored and wondered if this technology is likely to become mandatory. Marianne responded that it was important to recognize the difference between mandatory REAL ID requirements and the voluntary EDL program. EDL is much less intrusive than REAL ID. An example given was that WA opposed the REAL ID measure, while being the first jurisdiction to use EDL.

A delegate asked about ND Governor Hoeven's stance on the issue. Marianne said that Governor Hoeven wishes to work with MB to develop a pilot program for EDLs.

Areas of Agreement on WHTI

Delegates reiterated the view expressed at last year's annual meeting that the US-Canadian border is unique and, as such, requires unique and mutual solutions. They also agreed that the first concern is to facilitate border crossing and trade while maintaining security. WHTI must be used as a way to make that happen.

Delegates repeated their belief that federal proposals such as the WHTI and REAL ID are driven by fear and not necessarily based on a risk-management approach. They continue to be concerned that implementation of the WHTI at the land and water ports of entry now slated for June of 2009—will have a negative effect on the daily commercial and social exchanges that have become a way of life for those Americans and Canadians who live in close proximity to the border, particularly in our region. The delegates expressed interest in the EDL program, now operational in WA and BC, and soon beginning in NY. Delegates would like their own jurisdictions to begin exploring the possibility of an EDL by reviewing the WA and NY programs. Delegates also expressed support for the planned expansion of the NEXUS program and new enrollment centers, both permanent and mobile, slated to be operational later this year according to the Departments of State and Homeland Security.

Delegates expressed their ongoing concern about REAL ID because the federal government is imposing a program on states without sufficient funding to implement it. They are also concerned that a nationally connected database will not have the requisite security to protect against identity theft. They plan to seek further information from the federal government as to how such a database will be created and what safeguards will be in place.

Consuls' Remarks

On Tuesday evening, delegates and other participants had the pleasure of attending a reception and dinner at the new Bank of North Dakota (BND) building. The host for the evening was BND Senior VP Banking Services Dale Eberle, who welcomed all and provided a brief background on the history of BND and some of the features of the new building. Following that welcome, the participants heard from the Canadian and US Consuls stationed in Minneapolis and Winnipeg respectively.

Remarks by Robert Pengelly, Consul-
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Consulate General of Canada, Minneapolis

Mr. Pengelly discussed the current relationship between Canada and the US. He stated that the trade relationship revolves around more than $1.2 billion (USD) each day in cross-border commerce. Canada is the US' number-one export market by far. Every day, 300,000 people cross the border due to the parity of the countries' currencies. Mr. Pengelly stated that the WHTI is an important point of cooperation between the US and Canada. He said that Canada agrees with the security objective underlying the use of secure documents to validate a person's nationality and identity. But if it is not implemented properly, it can act as a major disincentive for Canadians to travel to the US, and vice-versa.

Pengelly noted that the Consulate General has consistently raised WHTI in meetings with local and regional stakeholders for over two years, and activities such as border tours for legislators continue. On WHTI, Canada is pleased with the US' decision to allow flexibility in document requirements for children and for recognizing, in principle, alternative compliant travel documents, including states' EDLs and RFID-equipped Canadian First Nation Status cards and Native American tribal cards. Canada positively regards the decision to delay the WHTI land and sea implementation. Canada has taken steps to ensure capacity to issue sufficient

numbers of passports to meet a surge in demand as a result of the new requirements.

Canada hosted a meeting of regional emergency management directors from the two federal governments, as well as from border states and provinces. The meeting gave attendees the opportunity to network and share information. The attendees pledged to reestablish the Prairie Region Emergency Management Advisory Committee.

Mr. Pengelly said that Canada's oil reserves are a secure, dependable, and long-term supply of oil for the North American market. Canada's exports to the US totaled more than $55 billion in 2007, with about 2.4 million barrels of oil each day. About half of Canada's crude oil exports to the US are derived from oil sands. With announced investments, oil sands production is projected to grow from 1.4 million barrels per day to 3 million barrels per day by 2015. Most of this oil is intended for the US market. Additionally, proposals for projects to develop oil sands deposits are only granted once environmental issues are considered.

The Government of Canada has set mandatory greenhouse gas emissions reduction targets for all major industry, including oil sands. The combined initiatives will reduce Canada's greenhouse gas emissions by 20% by 2020 and 70% by 2050, compared to 2006 emissions levels. The Legislators Forum discussion about energy is an excellent example of good work and discussion on the issue.

Canada is working with several partners, including economic development agencies in Winnipeg and Grand Forks and the US Consulate in Winnipeg, to organize a regional economic summit in October of this year in Grand Forks. The summit will focus on regional business and industry linkages between MB and ND as well as cooperation in the area of university-based research at UND and the University of Manitoba. Canada and all of the Consulate General staff are committed to enhancing the great Canada-US partnership.

Remarks by Mary Speer, Consul and Principal Officer-SpeerMF@state.gov
US Consulate, Winnipeg

Serving in Canada is like serving in no other country in the world. The sheer number of daily cross-border interactions is mind-boggling. Given this volume of activity, it is—as we tend to say in diplomacy—*unprecedented* that Canadian and US officials spend most of our time on only about five or six issues where we believe we might be useful to enhance the bilateral relationship. We understand each other very well, indeed.

Built on the strength of this relationship, a full spectrum of cross-border initiatives takes place in this region. Among them are:

- The Winnipeg Airports Authority together with the Asper School of Business and the Manitoba Business Council are hosting a daylong program to encourage new ways of developing Winnipeg as a regional transportation hub.
- The Premier of MB is encouraging Provincial efforts on behalf of an inland port.
- NASCO is working to develop trade along highways and rail lines from Churchill, MB through states without international borders such as SD on through TX and into Mexico.
- Destination Winnipeg and the University of North Dakota are planning an economic summit on the development of life sciences research and manufacturing.
- The University of Manitoba, the Government of Canada, and North Dakota State University are sharing information on their programs in rural leadership and development.
- The Consulate General of Canada in Minneapolis is furthering collaboration among regional States and Provinces on emergency preparedness.
- The Winnipeg Foundation, with the facilitation of the Consensus Council, organized a Leaders' Forum to discuss the health of Lake Winnipeg.
- The Red River Basin Commission is continuing its programs of integrated water projects.

There seems to be an energy at work these days to make sure that this area of North America becomes one of several important regional actors in the world. There is a recognition that what this region *has*, the world will always *need*. As these activities indicate, many people are working to capitalize and build on regional strengths. The question for me is the extent to which we are starting to see decisions made without reference to other initiatives working in overlapping areas of responsibility.

How can our efforts be made to work together for the good of the region? In what ways can we build a transnational civic consciousness through small projects and large designs? Can we have people expert in one field participate in conversations with people working on regional development in others?

This Legislators' Forum is an important component—and perhaps a leading force—in the integration of efforts to ensure that regional actors are communicating with one another across particular areas of interest or concern. The US Ambassador to Canada often points out that people ought to think more about what they are achieving together rather than focusing on the particular problems of the border. I see that happening here and look for more in the future.

Conclusion

As the meeting neared its end, Minister Rosann Wowchuk thanked the ND co-hosts and delegates for their wonderful hospitality and invited delegates to participate in next year's meeting in MB, at a location to be announced. She also asked for a sense of the delegates as to whether the June meeting dates were preferable to prior May dates, and delegates agreed that the June dates were better.

The meeting concluded with a press conference involving a Steering Committee delegate from each jurisdiction. Media questions were heavily oriented toward the WHTI.