

IMPORTANT INFORMATION ABOUT ZONE SCHEDULES

This zone schedule is being made available pursuant to 15 CFR 400.44(e), which states: “The Board shall make copies of zone schedules available on its Web site.”

Availability of this zone schedule on the FTZ Board’s website does not imply that the FTZ Board has approved any rate/charge, policy or other content of this zone schedule. In particular, while the FTZ Board staff intends to conduct spot checks over time, zone schedules are not reviewed for compliance with the public utility requirement (19 U.S.C. 81n, 15 CFR 400.42) prior to making the zone schedules available via the Board’s website.

Pursuant to 15 CFR 400.44(b)(4), a grantee may not assess any specific rate or charge for which the amount – or formula for calculating the amount – does not appear in the zone schedule that the grantee has submitted to the FTZ Board.

Complaints about a grantee’s compliance with statutory and regulatory requirements related to public utility and uniform treatment – including rate or charge amounts/formulas, a grantee assessing a rate or charge amount/formula that does not appear in its zone schedule, and a grantee not affording uniform treatment under like conditions – may be presented to the FTZ Board under 15 CFR 400.45 (which also allows for complaints to be made on a confidential basis, if necessary).

Questions or concerns may be addressed to the FTZ Board staff at (202) 482-2862 or ftz@trade.gov.

Capital Region Airport Authority

Grantee

Zone Schedule

Rules, Rates, Regulations, and Charges Applying at:

Foreign Trade Zone No. 275



Operating under authority granted by the
Foreign-Trade Zones Board, Washington D.C.

November 2009

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ZONE SCHEDULE REVISIONS TABLE

Changes and additions to this Zone Schedule will be made by reprinting the page upon which the change or addition is made, and such page will be designated as a revised page and will carry a "Revision" number in the lower left hand corner of the page. Upon receipt of a revised or new page, place a check opposite the "Revision" number (shown below) corresponding to the number shown in the lower left hand corner of the new or revised page. If "Revision" numbers are properly checked on receipt of new or revised pages, they will appear checked off in consecutive order with no omissions. If the check marks indicate that a "Revision" has not been received, a request should be made at once for a copy of the missing page. Amendments to the Zone Schedule must be submitted to the Executive Secretary of the Foreign Trade Zones Board and the Detroit Customs and Border Protection Port Director before or at the time of implementation. [15 C.F.R. §400.42(b)(4)].

Revision Number	Page No.	Date Implemented	Date Issued
	Complete Text	November 3, 2009	November 3, 2009

This Zone Schedule and all revisions thereto, are part of, and an amendment to the Authority's Airport Rules & Regulations and Minimum Standards documents. This Zone Schedule specifically addresses activities and operations within FTZ No. 275, whereas the Authority's controlling documents serve as the ultimate guidelines for all airport operations as a whole. Wherein contradictions exist between the Zone Schedule and the controlling documents, the Rules & Regulations and Minimum Standards will have authority.

SECTION 1

ADMINISTRATIVE ORGANIZATION

GRANTEE CONTACT AND OFFICE

FTZ Administrator
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Capital Region Airport Authority
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FTZ Property Tenants ***Location***

Subzone's ***Subzone #***

SECTION 2

DEFINITIONS OF TERMS

ACT - The Foreign-Trade Zones Act of June 19, 1984 (48 Stat. 998—1003; 19 U.S.C. 81a-81u), as amended by Public law 566, 81st Congress, approved June 17, 1950. [15 C.F.R. §400.2(a)].

ACTIVATION - means approval by the Grantee and Customs and Border Protection Port Director for commencing Zone operations for the admission and control of merchandise in Zone status.

ADMIT – To bring merchandise into a Zone under Zone status. Goods brought into the Customs territory of the U.S. are entered.

ADMISSION – Physical arrival of goods into the Foreign-Trade Zone with the approval of the Zone Operator and customs. The word “admission” is to be used instead of “entry” of goods into a zone to avoid confusion with Customs entry processes under Parts 141-144 of the Customs Regulations.

ADMISSION SUSPENSE ACCOUNT – Merchandise received without complete Customs and Border Protection (CBP) documentation or which is unacceptable to the inventory control and recordkeeping system will be recorded in a suspense account or record until documentation is complete or the system is capable of accepting the information. [19 C.F.R. § 146.22(c)]. See Definition of Terms, Temporary Deposit.

ALTERATION – A change in the boundaries of a Foreign-Trade Zones Board approved and designated Zone or Subzone; designation of a separate Site of an already-Activated Zone or Subzone with the same Zone Operator at the same port; or the relocation within a Foreign-Trade Zones Board approved and designated area of an already-Activated Site with the same Zone Operator. Notification must be sent to the Foreign-Trade Zones Board. The Operator must make a written application to the local Port Director of Customs and Border Protection for approval of an alteration of an Activated area as it must be reviewed by CBP via its security survey to ensure the security suitability and fitness of the area for receipt of merchandise in zone status.

ANTIDUMPING/COUNTERVAILING DUTY – FTZ Board Regulations require that any merchandise admitted to a Zone that is subject to an AD/CVD Order must be placed in privileged foreign (PF) status. [15 C.F.R. §400.33(b)(2)].

APPLICANT OF RECORD – The person, firm or corporation in whose name the application to admit merchandise into the Zone (CF2 14) is made, recognized by CBP as having the legal right to make the application. Evidence of this right of the applicant is the same as would be required to establish the right to apply for release of the merchandise from CBP with the right to make entry. [19 C.F.R. § 146.3 2(b)(2)].

BOARD – means the Foreign-Trade Zones Board created by the Act to carry out the provisions thereof. The Foreign-Trade Zones Board shall consist of the Secretary of the Department of Commerce, who shall be the chairman, and the Secretary of the Treasury. [15 C.F.R. §400.2(b)].

BULK – In trade terms, means a product, or a mass (of a product) which is not packaged, bundled, bottled, or otherwise packed, so that it is designated as bulk or bulk merchandise.

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CONDITIONALLY ADMISSIBLE MERCHANDISE – Merchandise which may be admitted to the Zone or be imported into the U.S. under certain conditions. Merchandise subject to antidumping and countervailing duty, subject to Foreign-Trade Zones Board Grant Restrictions, subject to permits or licenses, transferred from a bonded warehouse, or which may be reconditioned to bring it into compliance with the laws administered by various Federal agencies are examples of conditionally admissible merchandise.

CONTAINER – A container is a shipping device – a non-self propelled, rigid, non-disposable, returnable, cargo-carrying device with or without wheels, enclosed or otherwise and includes any container, trailer, chassis platform, specially constructed skid, pallets, mount, or combination thereof, and which is designed to be transported integrally as one unit directly and mechanically between vessels and piers so as to eliminate intermediate rehandling and/or storage of cargo.

CUSTOMS FORM 214 - Application for Foreign-Trade Zone Admission and/or Status Designation.

CUSTOMS FORM 214A – Application for Foreign-Trade Zone Admission and/or Status Designation. This form is the pink or salmon colored Bureau of Census statistical copy for reporting purposes. Approval may be requested by the Zone Operator to submit statistical information directly to Census via the internet based Automated Foreign-Trade Zone Reporting Program (AFTZRP). If this is not utilized, the CF2 14A is required to be submitted to CBP.

CUSTOMS FORM 216 - Application for Foreign-Trade Zone Activity Permit. Required for any activity which in any way alters merchandise in a zone, including but not limited to manipulation, manufacture, destruction or exhibition.

CUSTOMS TERRITORY - The territory of the United States in which the general tariff law of the United States applies but which is not included in any foreign-trade zone. Customs Territory consists of the several states, the District of Columbia, and Puerto Rico.

DEACTIVATION – means voluntary termination of the Activation of an entire Zone or Subzone by the Grantee, Zone Operator, or Zone User. Discontinuance of the Activated status of only a part of a Zone site is an Alteration.

DIRECT DELIVERY – Procedure for delivery of merchandise to a Zone without prior application and approval; intended for low-risk, repetitive shipments of which ordering and timing are under the control of the Operator.

DOMESTIC EXPORT:

Domestic merchandise exported from the United States, and particularly such merchandise exported through a Foreign-Trade Zone. It includes merchandise of every description, (except articles specifically and absolutely prohibited by statute), which has been:

1. grown, produced or manufactured in the United States and not exported therefrom, or
2. previously imported into Customs territory and properly released from Customs custody.

For the purposes of marking and labeling, it includes:

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1. the product of manipulation or manufacture in the Zone in which only domestic merchandise is used,
2. the product of manipulation or manufacture in the Zone in which there is a mixture of foreign and domestic merchandise which results in a change in form or nature of the commodities, and in which the domestic merchandise consists of a component part or parts or a substantial portion of the finished product, and
3. foreign merchandise which, by manipulation or manufacture in the Zone, has been changed in form and nature or enhanced in value that the product is deemed to be one of domestic manufacture.

DOMESTIC MERCHANDISE - Merchandise of every description (except articles specifically and absolutely prohibited by statute) which has been (1) grown, produced, or manufactured in the United States and on which all internal taxes have been paid or (2) previously imported into Customs territory and properly released from Customs custody on which duty and tax has been paid or which was previously entered free of duty and tax. See Status of Merchandise herein.

DRAWBACK – Import duties or taxes refunded by the U.S. Government, in whole or in part, when imported goods are re-exported or used in the manufacture of goods which are exported.

ENTRY – Payment of import duty and taxes and notification to Customs and Border Protection of the arrival of imported goods into the Customs territory of the U.S. Merchandise withdrawn from a Zone for consumption in the U.S. is entered when it is removed from the Zone. Goods brought into a Zone are admitted.

FOREIGN FIRST (FOFI) – An accounting inventory method based on the assumption that foreign status merchandise is disposed of first. Permission to use “Foreign First” must be obtained from Customs and Border Protection and is granted on a case-by-case basis.

FOREIGN MERCHANDISE - Imported merchandise of every description (except articles specifically and absolutely prohibited by statute) which has not been properly released from Customs custody into Customs territory. See Status of Merchandise herein.

FOREIGN TRADE ZONE - is an isolated, enclosed and policed area, operated as a public utility, in or adjacent to a port of entry, furnished with facilities for lading, unloading, handling, storing, manipulating, manufacturing, and exhibiting goods, and for reshipping them by land, water or air. Any foreign and domestic merchandise, except such as is prohibited by law or such as the Board may order to be excluded as detrimental to the public interest, health, or safety, may be brought into a Zone without being subject to the Customs laws of the United States governing the entry of goods or the payment of duty thereon; and such merchandise permitted in a Zone may be stored, exhibited, manufactured, mixed or manipulated in any manner, except as provided in the Act and other applicable laws or regulations. The merchandise may be exported, destroyed, or sent into Customs territory from the Zone, in the original package or otherwise. It is subject to Customs duties if transferred into Customs territory, but not if reshipped to foreign countries;

Foreign and domestic merchandise of every description except such as is prohibited by law, may, without being subject to the Customs laws of the United States, except as otherwise provided in the Act, be brought into a Zone and may be stored, exhibited, broken up, replaced, assembled, distributed, sorted, graded, cleaned, mixed with foreign or domestic merchandise,

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or otherwise manipulated, or be manufactured except as otherwise provided in this Act, and be exported, destroyed, or sent into Customs territory of the United States therefrom, in the original package or otherwise. Foreign merchandise which is transferred (shipped) from a Zone into Customs territory of the United States is subject to the laws and regulations of the United States affecting imported merchandise;

If merchandise has been manipulated or manufactured in a Zone, duties and taxes shall be payable on the quantity of such foreign merchandise used in the manipulation or manufacture of the entered article. Foreign merchandise shall be dutiable and taxable in its condition and quantity and at its weight at the time of entry. Where two or more products result from the manipulation or manufacture of merchandise in a Zone, the duties and taxes shall be distributed to the several products in accordance with their relative value at the time of separation with due allowance for waste;

Subject to the regulations respecting identity and safeguarding of the revenue, as the Secretary of the Treasury may deem necessary, articles, the growth, product, or manufacture of the United States, on which all internal revenue taxes have been paid, or which have been admitted free of duty and tax, may be taken into a Zone from the Customs territory of the United States, and whether or not they have been combined with or made part, while in such zone, of other articles, may be brought back thereto free of quotas, duty, or tax;

Articles which have been admitted into a Zone from Customs territory for the sole purpose of exportation, destruction (except destruction of distilled spirits, wines and fermented malt liquors), or storage shall be considered to be exported for the purpose of:

- a. the draw-back, warehousing and bonding, or any other provision of the Tariff Act of 1930, as amended, and the regulations thereunder; and
- b. the statutes and bonds exacted for the payment of draw-back, refund or exemption from liability for internal revenue taxes and for the purposes of the internal revenue laws generally, and the regulations thereunder.

Such transfer may also be considered an exportation for the purposes of other Federal laws insofar as Federal agencies charged with the enforcement of those laws deem it advisable. Such articles may not be returned to Customs territory for domestic consumption except where the Foreign-Trade Zones Board deems such return to be in the public interest.

Articles produced or manufactured in a Zone and exported therefrom shall on subsequent importation into the Customs territory of the United States be subject to the import laws applicable to like articles manufactured in a foreign country with the use of domestic merchandise. If the identity of the domestic merchandise has been maintained, then the domestic merchandise may, on such importation, be entered as American Goods Returned.

FUNGIBLE MERCHANDISE – Merchandise which for commercial purposes is identical and interchangeable in all situations.

FOREIGN TRADE ZONES BOARD (BOARD, FTZ BOARD, ETC.) – An entity within the Department of Commerce established to carry out the provisions of the Foreign-Trade Zones Act.

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GENERAL PURPOSE ZONE (GPZ) – A Zone established for multiple activities by multiple users. Storage, distribution, testing, repackaging and repair are some of the possible activities permitted in a GPZ. Processing or manufacturing in a GPZ requires the permission of the FTZ Board.

GRANTEE – The Grantee of Foreign-Trade Zone No. 275 is the Capital Region Airport Authority, an organization to which the privilege of establishing, operating, and maintaining a Foreign-Trade Zone has been granted by the Foreign-Trade Zones Board.

GRANT OF AUTHORITY – “Grant of Authority” is a document issued by the Foreign-Trade Zones Board, which authorizes the Grantee to establish, operate and maintain a Zone Project or Subzone.

HARMONIZED TARIFF SCHEDULE OF THE U.S. (HTSUS) NUMBER – The ten digit number used to identify all imported and exported merchandise. The complete text is available from the U.S. International Trade Commission.

GRANTEE – Capital Region Airport Authority to which the privileges of establishing, operating and maintaining Foreign Trade Zone No. 275 have been granted.

IN-TRANSIT MERCHANDISE - The term “in-transit merchandise” includes all foreign merchandise transported into and out of the United States, whether in and out of the same port or across the country to another port, with or without transshipment, warehousing, breaking bulk, or change in mode of transportation, which originated in one foreign country and is destined at the same time of the original shipment to another foreign country, under a through bill of lading or other documentation for a completed journey. The term is particularly applied to foreign merchandise shipped in-transit through a foreign-trade zone.

INVENTORY RECORDS –

- 1. Zone Lot Number (ZLN)** – A number assigned to the unit or units of goods (Zone Lot) for which a separate record and account is to be kept by the Zone Operator or Zone User. Merchandise must be physically segregated and marked by lot at all times. [19 C.F.R. 146.37(a)(1) and (d)].
- 2. Unique Identifier Number (UIN)** – Number, letters, or combination of both (alphanumeric) that identify merchandise admitted to a Zone. It is fungible material typically identified by a part number, model number, style number, SKU, etc. Identifying number may be used for control and accounting of the merchandise. FIFO (First In, First Out) and FOFI (Foreign First) inventory relief methods have by authorized by CBP. FIFO system is usually utilized for UIN activity. [19 C.F.R. 146.37(a)(2) and (d)].

The Zone Operator may authorize a Zone User to maintain its own individual inventory control and recordkeeping systems and procedures manual; however the Zone Operator will remain responsible to CBP and liable under its bond for supervision, defects in, or failures of the systems unless the Zone User posts its own FTZ Operators Bond and becomes a Zone Operator.

LEASE - The document of agreement entered into between the Operator and User/Client for assignment of space within Foreign-Trade Zone No. 275.

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MANIPULATION - Means breaking up, repacking, assembling, distributing, sorting, grading, cleaning, mixing with foreign or domestic merchandise, or other processing which does not constitute a manufacture.

MANUFACTURING – Activity involving the substantial transformation of a foreign article resulting in a new and different article having a different name, character, use and HTS classification. Authority for such activity in a Zone must first be obtained from the Foreign-Trade Zones Board. Activity is authorized by CBP on a CF216.

MERCHANDISE – Includes goods, wares and chattels of every description except prohibited merchandise. Building materials and supplies for use in operation of a Zone may not be considered “merchandise”.

NORTH AMERICAN FREE TRADE AGREEMENT (NAFTA) DUTY DEFERRAL PROGRAM – This program is currently in effect for trade between the U.S., Canada, and Mexico. All foreign sourced, non-NAFTA qualified merchandise used in manufacturing in a Foreign-Trade Zone, whether or not the finished product is NAFTA qualified, is subject to a special NAFTA Customs entry with an “08” type entry code for exports from the FTZ to Canada or Mexico.

OPERATING AGREEMENT – The agreement between the Zone Operator and the Grantee, or the Zone Operator and Zone User describing rights, responsibilities, liabilities and financial considerations.

OPERATOR – A Zone or subzone Operator is that party which accepts Customs liability for Zone or subzone operations through a bond filed with the U.S. Customs Service. Multiple Operators, including subzone Operators, may be designated by the Grantee to operate foreign – trade zone sites located within FTZ 275 pursuant to a written Operator’s Agreement with the Capital Region Airport Authority.

PORT DIRECTOR, CUSTOMS AND BORDER PROTECTION – The Port Director of the Bureau of Customs and Border Protection (Customs) located in Lansing, MI, or his/her representative.

PROCESSING – Any Zone activity involving a change in condition of merchandise, other than manufacturing, which results in a change in the HTSUS classification of an article or in its eligibility for entry for consumption.

PROHIBITED MERCHANDISE - Merchandise, the importation of which, is prohibited by law on grounds of public policy or morals, or any merchandise which is excluded from a zone by order of the Board. Books urging treason or insurrection against the United States, obscene pictures, and lottery tickets are examples of prohibited merchandise.

QUOTA – Means a set limit of a given item that may be imported during a set period of time. Tariff rate quota limits the quantity that may be imported at a lower rate; imports above the quota threshold are subject to a higher rate of duty.

QUANTITY - Means the numerical count of units composing a shipment of commodity.

RE-EXPORTS OR RESHIPMENTS - Merchandise from one foreign country initially destined to the United States which, after being unladen, stored and/or manipulated or manufactured in this country, is transported under a new bill of lading or other new documentation to another foreign

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country. The term is particularly applied to re-exports or reshipments through a foreign trade zone. Generally, it includes all merchandise of foreign origin which has not been so manipulated or manufactured as to be deemed a product of the United States and which has not been released from Customs custody into Customs territory.

REGULATIONS – All operations within the Foreign-Trade Zone are subject to the Foreign-Trade Zone Board Regulations, 15 C.F.R. Part 400; and Customs and Border Protection Regulations, 19 C.F.R. Part 146. Imports and exports may also be governed by the Regulations and guidelines of other Federal Agencies.

RESTRICTED MERCHANDISE / OPERATIONS – Merchandise which may not be authorized for delivery from Customs custody without a special permit, or a waiver thereof, by an agency of the U.S. Government. The Foreign-Trade Zones Board and CBP have restricted certain operations involving the following products: alcohol/gasohol, apparel/textiles, auto parts, chain saws, golf carts, milk, sugar, oil refining, orange juice, printers ink, television tubes, and steel. Contact the Grantee for a current list of Foreign-Trade Zones Board Grant restrictions. [15C.F.R. §400.31(a)].

STATUS OF MERCHANDISE:

- 1. DOMESTIC MERCHANDISE (DOM)**– Merchandise produced in the U.S., not exported therefrom, and on which all internal revenue taxes, if applicable, have been paid; and imported merchandise properly released from CBP custody on which all applicable duties and taxed have been paid. [19 C.F.R. §146.43].
- 2. NONPRIVILEGED FOREIGN MERCHANDISE (NPF)** – Foreign merchandise or non-tax paid domestic merchandise upon which the duty and applicable taxes will be determined at the time the merchandise exits the zone for consumption in the Customs territory of the U.S. (19 C.F.R. § 146.42).
- 3. PRIVILEGED FOREIGN MERCHANDISE (PF)** – Foreign merchandise or non-tax paid domestic merchandise upon which the duty and applicable taxes have been determined at the time this status is approved (usually upon admittance to the FTZ). The duty rate and taxes of the merchandise are not subject to future fluctuation. If merchandise is subject to antidumping/countervailing duties, and placed in PF status, the merchandise will be entered with CBP under the HTSUS rate of duty in effect at the time of admission to the Zone; however, the estimated ADD/CVD rates are those in effect at the time of withdrawal from the Zone. Once established, PF status can not be changed. If merchandise has already been admitted to a Zone with NPF status, PF status may be obtained via filing of a CF2 14 with associated documentation. Application for this status must be submitted to CBP prior to manipulation or manufacture in the Zone. (19 C.F.R. §146.41).
- 4. ZONE RESTRICTED MERCHANDISE (ZR)** - Foreign or domestic merchandise taken into a zone for the sole purpose of exportation, destruction (except destruction of distilled spirits, wines and fermented malt liquors), or storage prior to exportation or destruction. Zone restricted status may be requested at the time of admittance to a zone or at any time thereafter, but may not be abandoned once granted. Zone restricted merchandise may only be returned to Customs territory for domestic consumption where the Board determines the return to be in the public interest. No manufacturing or processing may occur with merchandise that is in ZR status. Drawback may be filed immediately upon merchandise admission. (19 C.F.R. § 146.44).

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SEQUENTIAL NUMBER – The control number or the Zone admission number applied to block #6 of the CF2 14. The number structure is set by the Zone Operator.

STORAGE – The keeping of merchandise in or upon the premises within the Foreign-Trade Zone. Covered storage means keeping within a covered and enclosed structure affording weather protection. The term “storage”, without any other designation implies “covered storage”.

SUBZONE - The term “Subzone” means a special purpose zone established as part of a zone project for a limited purpose that cannot be accommodated within the existing General Purpose Zone.

TEMPORARY DEPOSIT – Merchandise admitted to a Foreign-Trade Zone under 19 C.F.R. § 146.35 when information or documentation is incomplete in order to complete the CF2 14. Merchandise temporarily deposited under the provisions of this section has no Zone Status and is considered to be in the Customs Territory. It must be segregated from all other Zone merchandise, be held under bond by the Operator, and be manipulated only to the extent necessary to obtain sufficient information about the merchandise to file the appropriate admission or entry documentation. Documentation and time period restraints under this provision may be avoided by utilizing the Admission Suspense Account procedures in 19 C.F.R. § 146.22(c).

TRANSSHIPMENT MERCHANDISE - Foreign merchandise which enters and leaves the United States through the same port, being transferred from one vessel to another directly, or by way of a foreign-trade zone or Customs bonded warehouse. The term is particularly-applied to such merchandise transferred through a foreign-trade zone.

UNIT OF QUANTITY - Means the customary grouping of a commodity as a unit to indicate the medium or method of measure.

UNITED STATES - The several States, the District of Columbia, and Puerto Rico. The term “United States” includes all territories and possessions of the United States, except the Virgin Islands, American Samoa, Wake Island, Midway Islands, Kingman Reef, and the Island of Guam.

USER – A person, partnership, or corporation using a Zone or subzone under the terms of an agreement with the Grantee (Capital Region Airport Authority). An individual, company or corporation utilizing the services and facilities of the Zone, The user usually deals directly with the operator of the Zone. For the purposes of this Schedule, the term Zone Operator (Operator) shall apply to both General-Purpose Zones and Subzones.

WAREHOUSE - A covered and enclosed structure, affording weather protection, used primarily for short-or long-term storage of merchandise, and often containing business offices. In a Foreign-Trade Zone it also is used for manipulation, manufacture, and exhibition of merchandise.

WEIGHT - Means the gross weight of the merchandise including container, except as noted to the contrary.

ZONE – The term “Zone” means a Foreign-Trade Zone (FTZ) and or FTZ No. 275.

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ZONE ADMISSION NUMBER – The control number or sequential number on the CF214 in block #6. The numbering scheme is set by the Zone Operator.

ZONE LOT – A collection of merchandise maintained under an inventory control method based on specific identification of merchandise admitted into a Zone by lot.

ZONE PROJECT – All of the General Purpose Zones and Subzone sites under a single Grantee.

ZONE SITE – means the physical location of a Zone or Subzone.

ZONE YEAR – Each Zone Operator may choose its own Zone Year. September 30 is the year end for the annual Foreign-Trade Zones Board Report

SECTION 3

GRANTEE POLICY

POLICY STATEMENT

The Foreign Trade Zone (FTZ) program was established in the 1930's to encourage job creation through the expansion of international trade. Companies participating in the FTZ program enjoy significant federal benefits, including elimination of duty on exports, deferral of duty on foreign origin merchandise, inverted tariff, and various operational efficiencies pertaining to the movement of imported merchandise.

The FTZ program is an important tool in Capital Region Airport Authority's economic development efforts and the policy of the Capital Region Airport Authority is to promote the use of FTZ No. 275 for business attraction, business retention, job creation, and regional investment creation.

The Capital Region Airport Authority is responsible for filing all Applications to the Department of Commerce, Foreign-Trade Zones Board; selection of Zone sites; selection of General Purpose Zone Operators; and to ensure that FTZ No. 275 meets the public interest as a public utility per 19 U.S.C. §81(n). The Capital Region Airport Authority is the sole liaison for FTZ No. 275 communications to the FTZ Board and to Customs and Border Protection regarding Zone expansion applications, boundary modifications, scope requests, restrictions and manufacturing/processing requests.

The Capital Region Airport Authority is responsible for filing of all Annual Reports and Zone Schedules with the Foreign-Trade Zones Board and Customs and Border Protection.

The Capital Region Airport Authority is responsible for issuance of any permits approved by the FTZ Board for Zone Users who request authorization for retail sales or other commercial activity involving domestic, duty-paid and duty-free merchandise within an Activated Zone Project.

The Capital Region Airport Authority is responsible for actively marketing the benefits and operational efficiencies afforded to merchandise held in FTZ status to all new businesses which approach the mid – Michigan area and all current businesses within the region that may derive a benefit through use of the Zone program.

The Capital Region Airport Authority will maintain maps and drawings of the current boundaries of FTZ No. 275 showing approved sites and portions Activated with Customs and Border Protection. These maps and drawings are available for public inspection at the Capital Region Airport Authority office.

The Capital Region Airport Authority must concur on all Activation requests with Customs and Border Protection, prior to Activation.

The Capital Region Airport Authority reserves the right to swap any property that is not granted FTZ status with like property that is granted FTZ Status if it meets the economic development goals of the Capital Region Airport Authority.

The Capital Region Airport Authority reserves the right to perform Customs reviews of Zone activity to ensure Zone Users and Zone Operators maintain compliance with applicable Customs and Commerce laws and regulations. Zone Users/Operators will be provided 30 days advance notice of such an audit.

SECTION 3

GRANTEE POLICY

The Capital Region Airport Authority reserves the right to withdraw FTZ status from any site within FTZ No. 275 that is not activated with Customs and Border Protection within three (3) years of initial FTZ designation.

Zone Operator(s) and Subzone Users are required to update the Capital Region Airport Authority with any changes to their Zone project, scope of manufacturing authority, Building expansions/additions, sourcing changes, management or personnel changes, ownership changes, etc. that affects their Zone or Activated status.

The Capital Region Airport Authority is not obligated to, and does not intend to, monitor the day-to-day activity of the Foreign-Trade Zone. The Capital Region Airport Authority shall have no knowledge, actual or constructive, of the quantity, character, status designation, identification, or time of admission, transfer, or release of goods into or from the Foreign-Trade Zone.

The Grantee shall interpret and determine the applicability of any rates, rules, regulations or services provided for in this schedule. However, any matter involving interpretation or action by Customs or another agency of the U.S. Government will be determined by the Port Director of Customs or his duly appointed representative.

SECTION 4

DESCRIPTION OF FOREIGN TRADE ZONE NO. 275

Pursuant to a Grant issued by the Foreign-Trade Zones Board, United States Department of Commerce, Washington, D.C. as Board Order No. 1633, on August 12, 2009 to the Capital Region Airport Authority, under provisions of the Foreign-Trade Zones Act (19 U.S .C. 81 a-8 1u), Foreign-Trade Zone No. 275 has issued the following publication on rules, regulations, rates and charges.

Foreign-Trade Zone No. 275 is the property of the Capital Region Airport Authority and is operated by the Capital Region Airport Authority as a public utility under Foreign-Trade Zones Board Regulations.

The Capital Region Airport Authority General-Purpose Foreign Trade Zone (GPZ) consists of one site. The GPZ encompasses 846 acres contiguous to the Capital Region International Airport. There are no subzones associated with FTZ No. 275. The Zone has adequate services for electric, gas, water, waste disposal and communications.

Copies of this Zone Schedule are on file with the Foreign-Trade Zones Board, Washington, D.C. and the Customs and Border Protection Port Director in Lansing, MI, and are available at the general office of Foreign-Trade Zone No. 275 upon request for a fee of \$5.00 per copy.

More detailed guidance on Customs and Border Protection issues may be found in the Customs and Border Protection FTZ Manual. A copy is maintained for review by the Grantee.

SECTION 5

APPLICATION OF RULES, RATES AND REGULATIONS

5.01 APPLICATION AND INTERPRETATION OF FOREIGN-TRADE ZONE NO. 275 ZONE SCHEDULE:

The rules, rates and regulations of this Zone Schedule shall apply at Foreign-Trade Zone No. 275, its Subzones and annexes unless otherwise provided for. The Grantee shall be the sole judge to interpret and determine the applicability of any of the rates, regulations or services provided for in this Zone Schedule. However, any matter involving interpretation or action by Customs and Border Protection or other agency of the U.S. Government will be determined by the Port Director of Customs and Border Protection, with the concurrence of the Foreign-Trade Zones Board. Where applicable, the Foreign-Trade Zones Board and Customs and Border Protection regulations shall prevail should any conflict arise with this Schedule.

5.02 REGULATIONS – FOREIGN-TRADE ZONES BOARD:

Foreign-Trade Zone No. 275 is regulated by the Foreign-Trade Zones Board, Washington D.C., special regulations as defined in the U.S. Code of Federal Regulations, Title 15, Chapter IV, Part 400- Regulations of the Foreign-Trade Zones Board. Copies of these regulations are attached as Appendix C.

5.03 REGULATIONS – CUSTOMS AND BORDER PROTECTION:

Foreign Trade Zone No. 275 is subject to special Customs and Border Protection regulations as defined in U.S. Code of Federal Regulations, Title 19, Chapter I, Part 146-Foreign Trade Zones. Copies of these regulations are attached as Appendix D

5.04 PUBLIC UTILITY STATUS:

Pursuant to Foreign-Trade Zones Board Regulation, the Zone is operated as a public utility. All rates and charges for all services or privileges within the Zone shall be fair and reasonable, and the Grantee and Zone Operator(s) shall afford to all who may apply for the use of the Zone and its facilities and appurtenances uniform treatment under like conditions, subject to such treaties or commercial conventions as are now in force or may hereafter be made from time to time by the United States with foreign governments. [15 C.F.R. §400.2(g)]. The General-Purpose Zone Project contains buildings available for sale or lease, and open land suitable for construction, to ensure that the reasonable Zone needs of the business community are being met. The buildings are equipped to provide storage, manipulation, manufacturing and office space for individual companies to act as their own Operator within their own facility. Additionally, there are buildings available, or land available for construction, that would accommodate a third party provider public warehouse building or buildings, making Zone services available to those companies who did not wish to lease or purchase their own building, or physically handle their own merchandise while within the Foreign-Trade Zone site. In this manner, the Grantee provides the community the opportunity for a wide range of firms to be accommodated under public utility principles.

SECTION 6

GENERAL RULES AND REGULATIONS

6.01 REGULATIONS – ZONE:

The following rules governing procedure within Foreign-Trade Zone No. 275 are issued in conformity with and supplementary to the Foreign-Trade Zones Board and Customs and Border Protection regulations and such U.S. laws and regulations relating to the Port of Entry as are applicable to Foreign-Trade Zone Operations.

Even though Zones are outside the Customs Territory, most Federal laws apply in Zones. The extent to which they apply or do not apply depends on their precise wording, their relationship to the Foreign-Trade Zones Act, and the interpretation thereof by the particular Federal Agency affected. State and local laws apply in Zones except to the extent they are preempted or modified by Federal Laws.

6.02 REGULATIONS – GENERAL:

All persons and merchandise of every description entering or leaving Foreign-Trade Zone No. 275 for any purpose whatsoever shall be bound by the lawful regulations of the Foreign-Trade Zones Board and by the Board Order issued thereunder, and the laws of Customs and Border Protection and actions of the Port Director of Customs.

6.03 AGREEMENTS:

All General Purpose Zone Operators and Subzone Operators must enter into an Operating Agreement with the Capital Region Airport Authority. All property owners must enter into a Property Owner Agreement with the Capital Region Airport Authority.

All Foreign-Trade Zone Users utilizing the services of a General Purpose Zone Operator must enter into an Operating Agreement. If there is a conflict between the Operating Agreement and this Schedule, the Agreement will prevail. Copies of the Operating and Property Owner Agreements are available from the Capital Region Airport Authority.

6.04 CHARGES:

- A. Government Agencies:** Charges made by government agencies are not included in this Zone Schedule and should be arranged by the Zone User or his agent with the appropriate government agency.
- B. Special Zone Staff Services:** Zone Operator(s) maintain an assigned staff of employees to assist in the normal operation of the Zone during normal business hours as set forth in Appendix B of this Zone Schedule.

Zone staff services requested during National Holidays, Saturdays, Sundays, during non-normal business hours, or at the specific request to the Zone Operator(s) will be charged such services to the Zone User.

- C. How Enforced:** For the purpose of enforcing the payment of charges named in this Schedule on merchandise within the Zone facilities, the Zone Operator and/or Grantee may take possession of such merchandise, and remove and store same at the charge, risk, and expense of the owner of consignee thereof and/or may sell the goods by public auction, and/or pursue other remedies as provided by law.
- D. When Payable:** Zone Charges are due and payable as they accrue.

SECTION 6

GENERAL RULES AND REGULATIONS

6.05 COMMUNICATION, AUDITS, INSPECTIONS AND REQUESTS FOR INFORMATION:

Zone Operator(s) and Zone User's shall inform Grantee of any written or oral communication with the Bureau of Customs and Border Protection, and any other Federal Agency that involves the merchandise held in the Zone with respect to Zone activity. All written submissions to the Foreign-Trade Zones Board or Department of Commerce with respect to Foreign-Trade Zone activity must be made by the Grantee only. The Zone Operator(s)/Users shall promptly notify Grantee of any oral or written request for information, inspection, spot check, or audit of any kind from the Bureau of Customs and Border Protection, Foreign-Trade Zones Board, or other reports requested by any other governmental agency and of any audit or investigation commenced by any government agency which directly concerns Zone operations, and shall accompany such notification with copies of all letters, requests, reports and investigative documentation to Grantee.

6.06 CONFIDENTIAL RELATIONSHIP:

Foreign-Trade Zone documentation contains confidential business information that may not be copied or disclosed without the express written permission of the particular party in interest. Zone Operator(s) will take great precaution to avoid the divulging of confidential information regarding merchandise and services thereon performed in the Zone. Any Zone employee violating this confidential relationship will be subject to immediate discharge. All information shall be kept confidential except that which is required to be made public by the Foreign-Trade Zones Board or Customs and Border Protection (CBP). The Zone Operator is specifically required by 19 C.F.R. 146.4(d)(3) to maintain confidentiality of all transaction records. These documents may contain trade secrets and commercial and financial information relating to the confidential business of private parties. The Trade Secrets Act (18 U.S.C. 1905) provides penalties for disclosure of such information.

6.07 CUSTOMS BOND:

Zone Operator(s) and Subzone Operators must maintain a CF301 Customs Bond as a guarantee for the payment of all duties and taxes and also for the payment of any penalties and/or liquidated damages that may occur. The Grantee may, if deemed appropriate, require a General Purpose Zone User to also obtain an individual Customs Bond. Bond amounts are set by the CBP Port Director, based on the annual estimated duty liability of merchandise held in the Zone. Minimum Bond amount is \$50,000 USD.

6.08 FOREIGN TRADE ZONE USAGE:

Property Owners and Zone Operators agree to place the following language in all lease agreements involving property within one of the Foreign-Trade Zone designated sites:

The Premises are within Foreign-Trade Zone No. 275. If a purchaser, lessee, or tenant desires to utilize the Foreign-Trade Zone, it must enter into an appropriate Agreement with the Foreign-Trade Zone Grantee and/or Zone Operator as appropriate.

SECTION 6

GENERAL RULES AND REGULATIONS

6.09 HOLIDAYS:

Those legal holidays during which the Zone is closed for regular business:

- New Years Day 1st day of January
 - Martin Luther King Jr. Day 3rd Monday in January
 - Washington's Birthday 3rd Monday in February
(Presidents Day)
 - Memorial Day Last Monday in May
 - Independence Day 4th of July
 - Labor Day 1st Monday in September
 - Columbus Day 2nd Monday in October
 - Veteran's Day 11th of November
 - Thanksgiving Day 4th Thursday in November
 - Friday after Thanksgiving 4th Friday in November
 - Half Day Christmas Eve 24th of December
 - Christmas Day 25th of December
-
- Federal Holidays observed by Customs and Border Protection.

Note: These proposed days are subject to change.

6.10 INDEMNIFICATION:

Each User and independent Operator shall indemnify and hold harmless the Grantee from and against any and all loss, costs (including attorney's fees), damages, expense and liability, (including statutory liability and liability under Workman's Compensation Laws), in connection with claims for damages as a result of injury or death of any person or persons or property damages to any property sustained by Operator or User and/or all other persons which arise from or in any manner grow out of any act or neglect on or about the Zone by the Operator or User, the Operator's or User's partners, agents, employees, customers, invitees, contractor or subcontractors. Additionally, the Operator or User shall be responsible for and pay any fines, (including Customs fines, penalties and liquidated damages), penalties, claims, legal fees, suits, or other costs, arising out of any action or omission, accident or any other occurrence at its Zone site and shall hold harmless the Grantee from any and all liabilities and costs arising out of any fines, (including Customs fines, penalties, and liquidated damages,) penalties, claims, legal fees, suits or other costs arising out of any action or omission, accident or any other occurrence at the Operator or User's Zone site.

6.11 LIABILITY INSURANCE:

All persons or firms leasing Capital Region Airport Authority property or conducting business operations on Capital Region Airport Authority property, in accordance with a Lease or an Operator Agreement with the Capital Region Airport Authority, shall carry and keep in force the following insurance:

1. Property insurance to insure the lessee's property against loss or damage by fire or theft.
2. Workman's Compensation Insurance, as required by law.
3. Liability insurance in the amount of not less than one million (\$1,000,000.00) dollars, that will insure the Grantee as well as the lessee against any claims, demands or causes of

SECTION 6

GENERAL RULES AND REGULATIONS

action that may arise out of its acts in regards to the use of Capital Region Airport Authority property. Lessee shall provide that such liability insurance shall name the Grantee as an additional insured and such insurance shall be primary and noncontributing. Additionally, the insurance shall be endorsed to provide a waiver of subrogation in favor of the Grantee. This additional insured requirement is an additional and separate contractual obligation from any indemnity provisions.

Insurance is to be carried by one or more insurance companies authorized to transact business in Michigan. Lessee shall provide insurance certificates reflecting the above coverage prior to occupying Capital Region Airport Authority property. All insurance policies shall be endorsed to provide that thirty (30) days prior written notice shall be given the Grantee in the event of cancellation or material change in policies.

6.12 RELEASE OF GRANTEE FROM LIABILITY:

In consideration of permission granted independent Operators and Users to enter the Zone and participate in its activities, an independent Operator or User, for itself, its heirs, legal representatives, agents, partners, employees, customers, invitees and assignees, releases premises and discharges the Grantee and its Directors, officers, servants, agents and employees of and from all damage, claim, demand, action and cause of action of any sort of loss, damage or destruction to buildings or contents, or to property or merchandise of any kind located or stored in the Zone by the independent Operator or User or by any other person with the consent or knowledge of the independent Operator or User and without regard to whether such loss or damage be the result of negligence or misconduct of any person in the employ of the Grantee.

6.13 INSPECTION:

The Grantee may inspect the Zone Sites at any and all reasonable times to ascertain whether or not the covenants or conditions related to its proper use are being maintained.

6.14 INSURANCE:

All Zone Operators/Users shall secure and maintain throughout the term of their Zone tenancy insurance with requirements and limits as required by the Grantee. Zone Operators/Users must furnish certificates of insurance evidencing the required coverage within ten (10) business days prior to the Activation of Foreign-Trade Zone operations. Appropriate insurance shall include statutory workmen's compensation, vehicle liability, and general liability.

Zone tenancy may be terminated if at any time a Zone Operator/User fails to maintain the required insurance for any period of time or fails to comply with any of the insurance requirements. Insurance is carried by the Property Owner and Zone Operator on their own property only and does not include insurance on the contents stored therein. Zone User is obligated to put nothing within the Zone which will cause the cancellation or forfeiture of the insurance or affect the premium rate thereof on the building or buildings of which the leased premises forms a part. Insurance on commodities or other property stored on the leased premises must be carried by and at the expense of Lessee or owner of the commodities or other properties. Merchandise stored, manipulated, or transferred within the Zone is not insured by the Grantee, Zone Operator, or the Property Owner and the Zone Schedule rates do not include insurance on merchandise.

6.15 PUBLIC INTEREST, HEALTH AND SAFETY:

No operation or process of treatment will be permitted in the Zone that, in the judgment of the

SECTION 6

GENERAL RULES AND REGULATIONS

Foreign-Trade Zones Board, Grantee or Zone Operator, is detrimental to the public interest, health and/or safety. Zone management reserves the right to refuse merchandise which would, in the opinion of the Zone management, pose unusual or unacceptable problems or hazards to the Zone. See also Restricted Merchandise/Operations in Section I. [15 C.F.R. §400.31(a)].

6.16 MAINTENANCE:

Property Owners or lessees of a Zone Site shall, jointly and severally, have the duty and responsibility, at their sole cost and expense, to keep and maintain, or require any tenant of a Zone Site to keep and maintain such buildings and property within the Zone Site, together with all improvements thereon, in a well-maintained, safe, clean, and attractive condition at all times. Such maintenance shall include, but it is not limited to the following:

- a. Prompt removal of all litter, trash, refuse, and other waste;
- b. Mowing of grass areas no less often than when such grass reaches a height of five inches;
- c. Pruning of trees and shrubbery and periodic removal of weeds from landscaped areas;
- d. Maintain exterior lighting, signs, service areas, loading areas, and other outside facilities in a good and clean condition and in working order;
- e. Maintain parking areas, private drives, and other concrete or asphalt areas in a reasonably good condition and in repair, including without limitation striping of parking areas, sealing of all asphalt surfaces, repair of any damaged concrete or asphalt, and overall resurfacing when necessary;
- f. Maintain all exterior surfaces of any buildings and structures in good condition and repair, including without limitation painting of all exterior painted surfaces at least every five (5) years;
- g. Replacement of all dead or damaged landscape material.

A property owner, Zone Operator, or lessee's failure to perform, or cause any other tenant of a Zone Site to perform its maintenance responsibilities as provided in this section may be deemed a material breach of the Zone Schedule and upon such material breach, the Grantee may take such actions as it deems necessary and appropriate to encourage the Zone Site to observe the maintenance standards.

6.17 MERCHANDISE ARRIVING AFTER HOURS:

Merchandise arriving after regular business hours may, by advance arrangements with the Zone Operator, be placed in a designated location and received subject to additional charges.

6.18 SECURITY PROCEDURES:

Admittance of Persons: Persons desiring admittance to an Activated Zone shall make application to a representative of the Operator. A visitor's log will be maintained by the Zone Operator and will exhibit the date, name, firm, person to be visited, and time in/time out for each visitor permitted to enter the Activated Zone. The pass issued must be worn or shown upon request. Upon leaving the Zone, any temporary pass must be surrendered, and any permanent pass must be shown to the representative of the Operator. All persons having business in the Activated Zone site will enter and leave at the prescribed entrance. Anyone entering or leaving an Activated Zone may be subject to physical examination as Customs and Border Protection deems necessary, or at the request of the Zone Operator.

Background Investigation: Concurrent with an Activation Request to Customs, prospective Zone Operators must complete a background check of the qualifications, character and

SECTION 6

GENERAL RULES AND REGULATIONS

experience of key employees and principal officers who will maintain control of Zone records. A list of each individual, including full names, addresses, social security numbers, dates and places of birth, and drivers' license numbers must be submitted to Customs and Border Protection. This investigation may take a considerable amount of time, so Operators are encouraged to submit the list of key employees and principal officers as soon as possible with the Activation Request.

SECTION 7

SPECIAL RULES PERTAINING TO MERCHANDISE

PHYSICAL FACILITIES: All merchandise stored in the Zone will be stored in a safe and sanitary manner. Aisles will be established in storage areas and may be changed from time-to-time. All entrances shall be left unblocked. Trash and waste shall be promptly removed from the Zone. All local, state, and federal health laws shall be observed to ensure protection of public safety.

7.01 ABANDONMENT, ARREARAGE, OR INSOLVENCY:

If merchandise has been abandoned in the Zone, or the person in whose account the merchandise is held in the Zone apparently has absconded, is insolvent, or is in serious arrears in payments owed to the Operator, the Operator may take legal action to dispose of the merchandise. If the Operator is authorized to sell the merchandise in public auction to recover a debt, the buyer will have title in the goods to dispose of them at his or her option. If the merchandise is to be entered for consumption, the owner or purchaser will be liable for any duty and taxes due.

7.02 BUREAU OF CENSUS REPORTING:

Certain statistical information is required to be provided to the Bureau of the Census (Census) on all FTZ admission receipts. If submitted to Customs in hard copy, the CF2 14A must be salmon or pink in color and be identified as "Statistical Copy". [19 C.F.R. § 146.32(a)]. Customs and Border Protection (CBP) is responsible for transmitting the CF2 14A's to Census. Pursuant to an agreement with Census, this data may also be submitted electronically to Census, on a monthly basis, via a web based portal. The electronic reports must be received by Census no later than the tenth calendar day following the month covered by the report. Technical specifications are available from Census at <http://www.census.gov/foreign-trade/aftzrp/index.html>

7.03 CUSTOMS BOND:

A Customs Form (CF) 301 Bond, with Activity Code #4, is utilized for the Foreign-Trade Zone Operators Bond. Provisions are found in 19 C.F.R. §113.73.

7.04 CUSTOMS INSPECTION OF MERCHANDISE WHILE IN ZONE: The Zone Operator/User, or his agent, shall be immediately accessible at all times to make the merchandise available for inspection by Customs and Border Protection and shall have the sole responsibility of opening crates and packages, handling the merchandise and securing the crates and packages following the inspection. In the event the Zone Operator/User or his agent is not immediately available for the inspections, then Zone personnel shall be authorized to open such packages for the CBP and shall not be liable for any loss or damage for any reason whatsoever to the goods. The cost of any inspections and resultant need for repackaging or recouping shall be borne by the Zone User.

7.05 CUSTOMS PERMIT: Merchandise will not be delivered to or through Customs territory unless the delivery order is accompanied by a CF3461/7501 (Entry for consumption) or a CF75 12 (Entry of Transportation or transportation and exportation).

7.06 HANDLING OF MERCHANDISE:

The Zone Operator/User is responsible for the receipt and verification of all merchandise admitted to the Zone and for handling of all merchandise which has activity performed upon the merchandise utilizing the appropriate Customs Forms. Zone Operator/User will perform these functions according to all Customs Regulations that apply to the activity being performed. Zone Operator/User will not permit removal of any merchandise located within the Zone without prior approval from CBP under applicable laws, rules, and regulations of Customs and Border Protection.

SECTION 7

SPECIAL RULES PERTAINING TO MERCHANDISE

7.07 HAZARDOUS MATERIALS, DANGEROUS GOODS, OR OBJECTIONABLE COMMODITIES:

The Zone is not required to accept for storage any commodity that will affect the rate of insurance on other merchandise in storage. Products will not be stored except in locations or areas that are not restricted in the acceptance of any commodity for storage under the insurance rate established on contents stored therein. The Grantee reserves the right to prohibit storage, processing, or manufacturing of certain merchandise in the Zone.

7.08 INDEMNIFICATION:

Zone Operator/User will protect, indemnify and hold harmless the Capital Region Airport Authority (Grantee) and its respective Boards, officers, and employees from and against any and all actions, suits, proceedings, claims, demands (including attorneys' fees and costs), whether insured or not, arising out of or incident to Zone Operator/Users obligations and operations hereunder. Grantee may require a bond at any time Grantee deems it necessary to adequately protect the parties indemnified hereby.

7.09 INDEMNITY BOND:

Zone Users shall be required, upon notice by the Zone Operator, to post an indemnity bond executed by a U.S. surety in a form that is acceptable to the Zone Operator, or other security, payable to the Zone Operator as a guarantee of payment of Customs duty, taxes, fees, or other obligations of or to the Zone Operator to protect past, present, or future obligations or liabilities of the Zone Operator.

7.10 IMPROPER PACKING:

Merchandise not suitably packed for ordinary handling may, at the discretion of the Zone Operator, be refused, or repacked at the expense of the FTZ User or their agent.

7.11 LIABILITY:

The responsibility of the Grantee and the Zone Operator, in the absence of written policies, is the reasonable care and diligence required by law.

Perishable goods, or goods which are susceptible to damage through temperature changes or other causes incident to general storage, are accepted in general storage only at owner's risk for such damages as might result from general storage conditions.

7.12 NON-LIABILITY:

The Grantee and Zone Operator are not liable and cannot assume any responsibility for any loss or damage to freight, cargo or merchandise or other property upon leased premises, or for any loss or damage arising from acts of commission or omission of co-tenants, or of the occupants, or users of adjacent or contiguous compartments or of other portions in or about the Zone, not for the breakdown of power service to cranes, not for loss or damage occasioned by plumbing, electric wires, automatic fire apparatus, not for any loss or damage from any cause whatsoever.

7.13 LIMIT OF LIABILITY:

The Grantee will not be responsible for loss or damage caused by fire, heat, dampness, leakage, the elements, evaporation, natural shrinkage, wastage or decay; animals, rats, mice or other rodents; moths, weevils or other insects, collapse of buildings or structures, breakdown of plant equipment or machinery, Act of God, the Public Enemy, the inherent nature of the merchandise itself; nor will it be answerable for any loss, damage, or delay arising from the

SECTION 7

SPECIAL RULES PERTAINING TO MERCHANDISE

insufficient notification, or from war, insurrection, shortage of labor, combinations, riots or strikes of any persons in its employ or in the service of others or from any consequences arising therefrom.

In performing the service of receiving merchandise, the Zone Operator will accept no responsibility for concealed damage nor for the condition of contents of packages, cases or other containers, whether or not Bills of Lading issued so state.

As a condition precedent to recovery, claims for loss or damage must be made in writing within thirty days after the merchandise is delivered from the Zone, or, in the case of failure to make delivery, then within thirty days after delivery of the last package of the lot in Zone Operator's apparent possession.

7.14 MARKING:

All merchandise handled in the Zone, before entry into the Customs territory, must be marked with the Country of Origin or be eligible for a marking exception per the Customs Regulations. A CF216 must be filed and approved by CBP prior to any repacking and/or re-labeling within the Zone.

7.15 MERCHANDISE PROCESSING FEE (MPF):

This CBP fee is paid by the activated zone user. The current MPF is .21% ad valorem on formally entered imported merchandise (generally entries valued over \$2,000). MPF is not applicable to NAFTA qualifying merchandise. Merchandise that is exported, scrapped, etc. from the Zone is not subject to the MPF. The fee has a minimum of \$25 and a maximum of \$485 per entry.

7.16 MINIMUM ACCEPTANCE CHARGES:

Zone Operator reserves the right to refuse acceptance of any merchandise, the value of which may be determined to be less than the probable Zone charges; or at its discretion it may require the prepayment of all such charges on this class of merchandise.

7.17 PERMISSION TO MANIPULATE, MANUFACTURE, EXHIBIT, REPACK OR DESTROY:

The Zone Operator must present a CF2 16 to CBP before merchandise may be manipulated, repacked, manufactured, exhibited, or destroyed within the Zone. Upon approval by CBP, the contemplated activity will then be permitted. A blanket authorization of up to one year may be requested for certain activities.

7.18 RECORD DEFICIENCIES:

In the event any audit, inspection, or examination by CBP, the FTZ Board, Grantee, or Zone Operator discloses that books, records or operational procedures of Zone Operator/User are not in conformance with the requirements of Federal, State and/or local law and the Operators Agreement, CBP, the FTZ Board, Grantee, or Zone Operator may order the immediate correction of the documents or procedures. If it is anticipated that such correction will take in excess of five (5) working days, a plan of performance will be initiated by the responsible party(s) for the correction of such discrepancy which shall be approved, if necessary, by the FTZ Board, and/or CBP, and shall proceed with all due diligence to correct the deficiency as described in the approved plan.

SECTION 7

SPECIAL RULES PERTAINING TO MERCHANDISE

7.19 RECORD RETENTION:

All financial and accounting records of Zone Operator/User regarding Zone operations shall be retained for five (5) years after the act or occurrence recorded or after the merchandise covered by such records has been forwarded from the Zone, whichever is longer, and all such records shall be available for inspection and audit by any appropriate government agency and by Grantee during normal business hours.

7.20 REPORTS TO GOVERNMENT AGENCIES:

The Zone Operator is required to submit periodic reports to the Grantee and CBP, or may be required to perform other acts as the Operator of the Zone in compliance with governmental regulations. Zone Users are required to cooperate with the Zone Operator and Grantee in the creation and maintenance of procedures, systems, regulations, or processes, and provide information and statistics which the Zone Operator or Grantee considers necessary to ensure compliance with governmental requirements. An Annual Report must be filed with the FTZ Board as of January 30 of each year by the Grantee. Each Zone Operator, Subzone Operator and Zone user must cooperate in providing the necessary data [15 C.F.R. §400.46(d)]. An Annual Reconciliation and Annual Internal Review is required of each Foreign-Trade Zone or Subzone Operator. [19 C.F.R. § 146.25, 146.28]. A notification letter must be sent to the CBP Port Director within 90 days of the end of the Zone year that the Annual Internal Review is available for inspection.

7.21 RIGHT OF ENTRY:

Representatives of the Grantee, Zone Operator, Zone User, The FTZ Board, CBP, and other authorized U.S. Government officers shall have the right of access to enter the Zone for the authorized and lawful purpose of examining same, conferring with Zone Operator/User, its agents, invitees, and employees on such premises, inspecting and checking operations, supplies, equipment and merchandise, and determining whether the business is being conducted in accordance with the procedures established for the operation and management of the Zone.

7.22 TEMPORARY REMOVAL:

Merchandise held in the Zone may be temporarily removed from the Zone for the limited purposes of repair, restoration, or any incidental operation which would not constitute a "manufacture or production" under Drawback law, 19 U.S.C. 1313, and then returned to the zone. Application on a CF2 16 must be presented to CBP for approval. Reference Customs Headquarters Ruling 214189 (8/31/82), Ruling 218458 (1/27/86), Customs Directive 3260-20 (8/4/86) and the CBP FTZ Manual for additional information on this provision.

7.23 TRUCKING AND LIGHTERAGE:

Transfer of foreign merchandise from the first port of arrival through Customs territory to the Zone and from the Zone to the port of Export must be initiated via Customs bonded trucks, rail cars, airplanes, lighters, or other carriers and subject to CBP Regulations. Alternate movement or transfer of merchandise under the Foreign-Trade Zone Operators bond, in lieu of bonded carriers, may be available with prior CBP approval.

SECTION 8

OPERATION OF ZONE

8.01 OPERATION, FORMS AND PROCEDURES – GENERAL:

The merchandise and operations permitted in a Zone, the disposition of merchandise in a Zone, the Zone status of the merchandise and special provisions applicable to each status, the subsequent export/importation of merchandise removed from a Zone, and other operations in a Zone authorized by the Act, are hereinafter in this Section generally described. The Customs Forms required for such activities are available upon request from the Grantee or Zone Operator.

8.02 ACTIVATION:

Pursuant to regulations of Customs and Border Protection (CBP), all or any portion of the Zone approved by the Foreign-Trade Zones Board may be approved by the Grantee and the CBP Port Director for Foreign-Trade Zone operations and for the admission, handling, and shipment for import or export of merchandise in Zone status. All procedures of CBP shall be followed per 19 C.F.R. § 146.6. Prior to Activation, a FTZ Procedures Manual must be developed for each General Purpose Foreign Trade Zone site or Subzone and submitted to the Grantee and Customs and Border Protection Port Director. Any amendments or revisions in procedures must be updated in the manual and the revised manual must be provided to CBP and the Grantee within thirty (30) days of the effect of the change.

8.03 APPLICATION AND PERMIT FOR ADMISSION OF MERCHANDISE:

Merchandise may only be admitted to a Zone upon application on a Customs Form 214 by the applicant having right to make entry and the issuance of a permit from the district director. Exceptions to this requirement are for merchandise temporarily deposited in a Zone or transiting a Zone. Domestic status merchandise, including packing and repair material may be admitted to a Zone without application or permit except: (1) when it is mixed or combined with merchandise in another Zone status, or (2) upon order of the Commissioner of Customs.

8.04 BOUNDARY MODIFICATION:

The Grantee may submit to the Foreign-Trade Zones Board an Application to modify the boundary of an existing Zone Site or Subzone site. This process entail's the exchange, not an increase, of like acreage/square footage. The procedure is administrative at the Foreign-Trade Zones Board and does not require a Federal Register notice. [15 C.F.R. §400.26(c)]. No fee is due the Foreign-Trade Zones Board.

8.05 CONSTRUCTION OF BUILDINGS WITHIN ZONE:

The Grantee may, with the approval of the Foreign-Trade Zones Board, permit other persons, firms, corporations or associations to erect such building and other structures within the Zone as will meet their particular requirements. All construction activities will be in accordance with the Grantee's Global Logistics Centre Design Guidelines and the terms of the Authority's Lease & Operating Agreement. A request for permission to erect a building within an Activated Foreign-Trade Zone Site must contain at a minimum a description of the building, blueprints, security arrangements, and a discussion of its intended use. The Foreign-Trade Zones Board must be notified of all such construction in a General Purpose Foreign-Trade Zone that was not approved in the initial Application. Notification will commence with the Annual Report to the FTZ Board. In a Foreign-Trade Subzone, all such construction not approved in the original Application must be approved by an Application to the Foreign-Trade Zones Board in advance of any Zone activity. All security related construction should be in accordance with CBP requirements and the building Activated with CBP prior to use.

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8.06 DEACTIVATION:

A Zone Operator may file a request with the CBP Port Director to deactivate all or a portion of an existing Activated Zone or Subzone and shall cease to admit merchandise into the Zone Site in Zone status. Final action and disposition of the merchandise must be made with the concurrence of the Customs Port Director.

8.07 DISPOSITION OF MERCHANDISE IN A ZONE:

In general, merchandise lawfully brought into a zone may, in accordance with these and other regulations made under the provision of the Act, be exported, destroyed, or sent into Customs territory of the United States, in the original package or otherwise. Foreign merchandise, and domestic merchandise whose identity has been lost, if so sent from a Zone into Customs territory of the United States will be treated as foreign merchandise. Any domestic merchandise will be considered to have lost its identity if the District Director determines that it cannot be identified positively by a Customs officer as domestic merchandise on the basis of an examination of the articles or consideration of any proof that may be submitted by a party-in-interest.

8.08 EMPLOYEES AND PERSONS ENTERING AND LEAVING ZONE:

Employees and other persons entering or leaving the Zone shall pass through the designated entrances to the Zone. Employees and other persons shall be subject to such examination upon entering and leaving a Zone as the Port Director may deem necessary for the protection of the revenue.

8.09 ALL PERSONS ENTERING ZONE BOUND BY REGULATIONS:

All persons entering the zone for any reason whatsoever shall be bound by the regulations promulgated by the Board, Customs and by the Operator of the Zone.

8.10 EXCLUSION FROM ZONE OF GOODS OR PROCESS OF TREATMENT/GRANT RESTRICTIONS:

When it shall be reported to the Foreign Trade Zones Board that any goods or process of treatment is detrimental to the public interest, health, or safety, the Foreign Trade Zones Board shall cause such investigation to be made as it may deem necessary. No operation or process of treatment will be permitted in the Zone that in the judgment of the Foreign Trade Zones Board or the Zone Operator is detrimental to the public interest, health, or safety. [15 C.F.R. §400.31]. Grant Restrictions are issued by the Foreign Trade Zones Board by means of a Board Order governing certain activity. Grant Restrictions place a condition upon a Grant or other approval by the Foreign Trade Zones Board which may limit the Zone status allowed, the kind of operation or the merchandise in a Zone, the entry of merchandise into the commerce, the life of the Grant, or the amount of acreage allowed to be activated. See also the definition of Restricted Merchandise.

8.11 GRANT SALE/CONVEYANCE, TRANSFER, ASSIGNMENT, ETC.:

The Foreign Trade Zone Grant of Authority may not be sold, conveyed, transferred, set over, or assigned [FTZ Act, Section 17; 19 U.S.C. §81q]. [15 C.F.R. §400.28(a)(8)]. Application may be made to the Foreign Trade Zones Board to reissue a Grant under certain conditions.

8.12 HOURS OF BUSINESS AND SERVICE:

Hours of business and service, for Customs purposes, shall be the same as those prescribed in Customs regulations. Regular or normal business hours shall be between the hours of 8:00 a.m.

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and 4:30 p.m., Monday through Friday.

The Zone may be opened at other times, on an irregular or regular basis, upon application and with approval of the Operator and Customs Officials.

8.13 IDENTIFICATION OF EMPLOYEES WITHIN ZONE:

Every employee within an Activated Zone shall be required while within the Zone to carry identification cards or wear appropriate identification badges to be provided by the Operator of the Zone.

8.14 IDENTIFICATION OF VISITORS AND NON-EMPLOYEE PERSONNEL WITHIN THE ZONE:

All persons having business within the Zone, but not possessing appropriate Zone-issued badges, passes or other approval to enter the Zone shall apply for the appropriate approval and entry identification at the Zone Operator office.

8.15 INDEPENDENT CONTRACTOR STATUS:

Grantee, Zone Operator, and Zone User are not and shall not be considered as joint venturers, partners, or agents of each other and neither shall have the power to bind or obligate the other except as set forth in any written agreements. Grantee, Zone Operator, and Zone User agree to not represent to anyone that they are agents of one another or have any authority to act on behalf of one another except as set forth in any written agreements.

8.16 LAPSE/SUNSET PROVISION:

The Grant of Authority for every General Purpose Foreign Trade Zone or Subzone may lapse if it is not Activated and in operation with five (5) years of the initial Foreign Trade Zones Board Order. Contact the Grantee for a complete explanation [15 C.F.R. §400.28(a)(5)].

8.17 MANIPULATION, MANUFACTURE, EXHIBITION, DESTRUCTION OF MERCHANDISE:

In general, merchandise lawfully brought into a zone may, in accordance with these and other regulations made under the provisions of the Act, be stored, sold, exhibited, broken up, repacked, assembled, distributed, sorted, graded, cleaned, mixed with foreign and domestic merchandise, or otherwise manipulated, or be manufactured, or destroyed except as otherwise provided by the Act.

- a. Permission for any manipulation, manufacture, exhibition or destruction in a zone shall be obtained from the Director of Customs. Destruction of merchandise may be permitted outside a zone, in whole or in part and under such conditions necessary to protect the revenues, if proper destruction cannot be accomplished within the zone.
- b. The District Director shall approve the application unless (1) the proposed operation would be in violation of law or regulation (2) the place designated for the operation is not suitable for the preservation of identity or status of the merchandise, or safeguarding the revenues; (3) the District Director is not satisfied that the destruction will be effective; or (4) the Executive Secretary of the Board has not granted approval of a new manufacturing operation.
- c. Manufacturing is defined by the Foreign Trade Zones Board as any change in HTS classification. All manufacturing operations must be approved by the Foreign Trade Zones Board. Any new manufacturing operation beyond the scope approved in the Grant of Authority must be authorized by the Foreign Trade Zones Board. See 15

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- C.F.R. §400.28(a)(2). The Foreign Trade Zones Board must be notified if sourcing changes occur with an approved manufacturing activity involving new foreign materials subject to quotas or inverted duty benefits. [15 C.F.R. §400.28(a)(3).
- d. If an approved application is subsequently rescinded by the District Director for any reason, the applicant or grantee may appeal the adverse ruling and request a hearing pursuant to Section 146.82 (b)(2).
 - e. The District Director may approve a blanket application for a period of up to one year for a continuous or repetitive operation.

8.18 MERCHANDISE PERMITTED IN A ZONE:

Foreign and domestic merchandise of every description, except as is specifically prohibited by law, may, without being subject to the Customs laws of the United States, except as otherwise provided in the Act and the regulations made thereunder, be brought into a zone.

- a. Merchandise which is specifically and absolutely prohibited by law shall not be admitted into a zone. Any merchandise so prohibited by law which is found within a zone shall be disposed of in the manner provided for in laws and regulations applicable to such merchandise. A distinction is made between (1) merchandise which is literature, obscene articles, of lottery matter, and (2) merchandise which is subject to conditional prohibition only, for example, articles which are subject to permits or licenses for the protection of economic or national security or which may be reconditioned to bring them into compliance with the laws administered by various Federal agencies. Director of Customs are required to exclude the first class of articles and may not permit them to be transferred to a zone if they are aware of their prohibited status, except that the Director may permit the temporary deposit of any such merchandise in a zone pending final determination of its status. The transfer of articles of the second class to a zone is subject to any requirements of the Federal agency concerned.

There is no prohibition against placing over-quota merchandise in a Zone pending its right to transfer to Customs territory pursuant to the applicable quota provisions.

- b. The application for the admission of merchandise, into a Zone shall be approved or disapproved by the Director as the representative of the Board, where the merchandise is not excluded by any other Federal agency having jurisdiction over the merchandise.

8.19 RETAIL TRADE WITHIN ZONE:

No retail trade; sales or offers to sell goods or services to individuals for personal use, shall be conducted within a zone except under permits issued by the Grantee and approved by the Foreign-Trade Zones Board. Such permittees shall sell no goods except such domestic or duty paid or duty-free goods as are brought into the Zone from Customs territory. Permits which are sent to the Board for approval shall be accompanied by a sworn statement, as specified in 15 C.F.R. §400.45. No goods shall be offered for sale or sold in a zone which is not of the same kind and quality permitted to be offered for sale or sold in the political jurisdiction in which a zone is located. If the permittee violates any provisions of the regulations in this Section, his permit shall be revoked by the Grantee, who shall immediately report such action to the Board. The District Director may assess a fine of up to \$1,000 for each violation.

8.20 RESIDENCE WITHIN ZONE:

No person shall be allowed to reside within a zone except Federal, State or municipal officers or agents whose resident presence is deemed necessary by the Board.

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8.21 SCOPE OF AUTHORITY:

Foreign Trade Zone No. 275 is authorized by Foreign Trade Zone Board Order No. 124 to undertake the activities set out therein. All production and manufacturing activity that results in a change in the imported material's Harmonized Tariff Schedule of the United States (HTSUS) classification must be authorized by the Foreign Trade Zones Board. Any change in imported materials and finished products for such activity must also be authorized to only undertake those activities approved by the Foreign Trade Zones Board. Zone Operator/User shall promptly notify the Grantee of any activity requiring Foreign Trade Zones Board notice and authorization.

8.22 SPONSOR OF NEW ZONE OR SUBZONE:

The Grantee may in its sole discretion decide to sponsor a new Zone Site or Subzone project and forward an Application to the Foreign Trade Zones Board. In order to make its determination, the interested party (Applicant) must submit, in letter form to the Grantee, sufficient information in summary form as required in an Application to the Foreign Trade Zones Board. [15 C.F.R. §400.24, 400.25]. Should the Grantee choose to sponsor the proposed new Zone Project, the Applicant is responsible for any/all professional fees to prepare the Application.

8.23 STATUS OF MERCHANDISE IN A ZONE:

For the purposes of the Act and the regulations of this Section all merchandise within a Zone, except merchandise in transit through a Zone as provided in the CBP Regulations, and except merchandise temporarily transferred to a Zone for manipulation under CBP supervision pursuant to Section 562, Tariff Act of 1930, as amended, shall be given a zone status on a CF214 document. Any changes to the Zone status must be made on a CF214 and approved by CBP.

8.24 SUBSEQUENT IMPORTATION OF ZONE MERCHANDISE:

Articles produced or manufactured in a zone and exported therefrom shall, on subsequent importation into the Customs territory of the United States, be subject to the import laws applicable to like articles manufactured in a foreign country, except that articles produced or manufactured in a zone exclusively with the use of domestic merchandise, the identity of which has been maintained in accordance with the Second Proviso of Section 3 of the Act, as amended, may on such importation, be entered as American goods returned. [19 C.F.R. § 146.67(e)].

8.25 TERMINATION-ACCRUED, OBLIGATIONS/SURVIVAL:

All Zone Operator/Users will specifically acknowledge and agree that, upon termination or expiration of tenancy in the Foreign-Trade Zone for any reason whatsoever, Zone Operator/User shall not be released or relieved from fulfilling any and all of its obligations or duties which arose or accrued during the term of its zone usage, and Zone Operator/Users will specifically represent and warrant to Grantee that upon termination or expiration of its Zone usage for any reason whatsoever, Zone Operator/User shall completely perform and fulfill any and all of its obligations or duties which arose or accrued during the term of its Zone use including the immediate preparation and filing of all necessary reports with the Grantee and CBP. Specifically, the Zone Operator/User's indemnity obligations, bond obligations, and record retention obligations shall survive the termination or expiration of any Agreement and/or Zone activity for any such reason. Grantee may require the tender of all such records for safekeeping.

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8.26 TERMINATION – BANKRUPTCY:

The Foreign-Trade Zone activity or any rights hereunder shall not be subject to involuntary assignment, transfer or sale or to assignment, transfer or sale by operation of law in any manner whatsoever, and any such attempted involuntary assignment, transfer or sale shall be void and of no effect. Without limiting the generality of the foregoing, Zone Operator/User agrees that in the event of any proceedings under the Bankruptcy Act or any amendment thereto be commenced by or against Zone Operator/User, and, if against Zone Operator/User, said proceedings, shall not be dismissed before either an adjudication in bankruptcy or the confirmation of a composition, arrangement or plan of reorganization, or in the event Zone Operator/User be adjudged insolvent or make an assignment for the benefit of its creditors, or if a writ of attachment or execution be levied against any real or personal property owned or leased by Zone Operator/User within the Zone and be not released or satisfied within 15 days thereafter, or if a receiver be appointed in any proceedings or action which Zone Operator/user is a party with authority to take possession or control of the business conducted thereon by Zone Operator/User and such receiver be not discharged within a period of 15 days after appointment, any such event or any involuntary assignment shall constitute a termination by the Grantee of the use of the Zone without notice or any other action and also shall terminate all rights hereunder.

8.27 TERMINATION-CONVICTION/ABANDONMENT:

Foreign-Trade Zone usage may be terminated if Zone Operator/User shall be convicted under any law of a felony as defined by such law; if the Foreign-Trade Zones Board or Customs and Border Protection should suspend or terminate Zone Operator/User or the Activated status of the Zone; or if the Zone Operator/User shall voluntarily abandon, desert, or vacate the premises or discontinue its operations. Zone Operator/User shall immediately provide all records and reports for Grantee, the Foreign-Trade Zones Board, and Customs and Border Protection.

8.28 USE OF ZONE BY CARRIERS:

The docking facilities and loading or unloading areas of a Zone are intended primarily for the use of vehicles, for unloading merchandise into the Zone or lading merchandise from the Zone, and their use for other purposes may be terminated by the Secretary of the Treasury if found to endanger the revenue or by the Foreign Trade Zones Board or Grantee if found to interfere with the primary uses of the zone.

8.29 USE OF ZONE OPERATORS:

The Grantee requires that a Zone Operator Agreement be executed between and among the Operator and the Grantee prior to any person or firm conducting Zone business in Foreign-Trade Zone No. 275 or any of its subzones. Businesses wishing to activate in the Zone may (1) use an existing Operator that has been approved by the Capital Region Airport Authority and US Customs, or (2) may enter into an Operator Agreement with the Port Authority allowing them, with US Customs approval, to become their own operator. The Port Authority encourages businesses to investigate both options and choose that option which best suits the needs of their business.

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The following fees may be due and payable to the Grantee, and may change from time to time upon approval by the Capital Region Airport Authority Board of Directors:

General Purpose Zone Fees:

Application Fees

New Site / Activation	\$3,000
Expansion of Zone	\$3,000
Boundary Modification	\$3,000
Manufacturing Authority	\$3,000

Annual Fees

	<u>Active Site</u>	<u>Non-Active Site</u>
Up to 10 Acres	\$2,500	\$5,000
Add'l Acres (per acre)	\$300	\$400

Subzone Fees:

Application Fees

New Site / Activation	\$5,000
Expansion of Zone	\$3,000
Boundary Modification	\$3,000
Manufacturing Authority	\$3,000

Annual Fees

	<u>Active Site</u>	<u>Non-Active Site</u>
Mfg. Operations	\$5,000	\$2,500
Distribution Ops.	\$4,000	\$2,500

Operator Annual Fees:

GPZ User / Operator	n/a
CRAA as Operator	n/a
Subzone User / Operator	n/a
GPZ Warehouse Operator	\$2,500
Third Party Operator	\$5,000

Note: Grantee Fees do not cover the actual preparation of the various applications. Users/Operators are responsible for all fees that are payable directly to the FTZ Board and any consultants used for completing the appropriate applications. Additional FTZ Board, Customs & Border Protection, and User fees to Operators may apply.

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Summary Descriptions:

Application Fee – covers Grantee expenses for obtaining the necessary approvals/resolutions for the submission of the Application to the FTZ Board and any support required in the Application process.

Activation Fee – covers Grantee expenses for preparation and processing of the Operating Agreement, providing the Grantee Concurrence Letter to Customs, and any necessary Grantee support required in the Customs Activation Process.

Annual Fee – covers Grantee expenses associated with oversight of the Zone Project, maintenance of common areas and utilities within the zone, marketing, promoting the Project, and submission of the Annual Report to the FTZ Board.

Operator Fee – covers Grantee expenses for monitoring of Operator activity and Project oversight.

Detail Descriptions & Rates:

Application Fee: An application fee will be assessed to an Applicant (Property Owner, Operator, Subzone User) when the Grantee must request approval from the Foreign-Trade Zones Board for (a) expansion to include new Zone space or a new Zone Site, (b) boundary modification to accommodate expanded operations, (c) for manufacturing authority of scope requests, and (d) for Subzone designation.

The fee covers Grantee expenses for obtaining the necessary approvals/resolutions of the Applications, submission to the Foreign-Trade Zones Board, and support services required in the approval process. The fee does not include actual preparation of Applications or requests or fees assessed by the Foreign-Trade Zones Board. The fee is based on the following schedule:

Expansion Application	\$3,000	Boundary Modification	\$3,000
Manufacturing Request	\$3,000	Subzone Application	\$5,000

All fees are payable in advance of application requests, with the exception of a Subzone application, which requires \$2,500 to be paid in advance and \$2,500 payable upon FTZ Board approval.

Application Preparation Fee: The Applicant firm will be responsible for any/all fees necessary for the Grantee to prepare any Application(s) for submission to the FTZ Board including professional fees of any consultants deemed necessary by the Grantee to assist with the preparation of the Application(s).

Activation Fee: An activation fee will be charged to a User when seeking to Activate any Zone Site (including Subzones). The fee covers Grantee expenses for the preparation and processing of the Operator Agreement, providing the Grantee concurrence letter to Customs and Border Protection, and review of Activation and operations procedures. The fee does not include preparation of actual Activation request, Procedures Manual, or other documents required by Customs regulations. This fee shall be waived for Applicants who have also paid the Application Fee, and activate the property immediately upon approval as a Zone site by the FTZ Board.

The Activation fee is \$2,500, payable in advance of requesting Activation from Customs.

Annual GPZ Fee: For purposes of the General Purpose Zone Annual Fee, property with FTZ

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designation shall be categorized as an activated FTZ Site or a non-activated FTZ Site. The activated FTZ Site category shall apply to any property that is being used, in whole or in part, by a business that has, through Customs and Border Protection, Activated a portion of the property and thereafter continuously and actively uses the activated area to engage in foreign commerce. The Non-Activated FTZ Site fee shall apply to any property located within the boundaries of FTZ No. 275 that has not Activated the site with Customs and Border Protection.

There shall be an annual fee applied to all property designated with Foreign-Trade Zone status within Foreign-Trade Zone No. 275, except for those properties that are specifically exempted herein. The annual fee covers the administration of the Zone Project by the Grantee, preparation of the annual report to the Foreign-Trade Zones Board, marketing and promotion of the Zone Project, resolutions, coordination with Customs and Border Protection and economic development agencies, and support services for the Grantee staff.

The party leasing the land or FTZ User, shall be responsible for payment of the annual fee. The party leasing the land or facility with GPZ designation is responsible for the annual fee for activated and non-activated GPZ or FTSZ Sites. Combination or multiuse facilities or sites, such as warehouse or manufacturing facilities containing offices in a multiuse facility, shall be subject to the Annual User Fee for the entire site. Property sites, on which more than one building is located, shall be charged a single user fee. A property site shall be defined as that area covered by the deed for the property. A property that becomes eligible for the Activated Zone User Fee during the calendar year shall have its fee for the year recalculated on a prorated basis and shall be given a credit against the fee due for the following calendar year.

The Annual User Fee shall be based upon the parcel size of the leased property as outlined below.

Parcel Size	Activated Zone Users	Non-Activated Users
Up to 10 acres:	\$2,500	\$5,000
Over 10 acres: (Per Acre)	\$300	\$400

Aeronautical Use Exception:

The Annual GPZ User Fee shall not be applicable to developed airside / aeronautical use land at Capital Region International Airport provided that all the following requirements are met:

1. The land and/or building is leased from CRAA; and
2. The land and buildings are used for aeronautical use or aeronautical support activity, including office, education, medical, restaurant, or hotel facilities.
3. No portion of the building thereon is an activated foreign-trade zone site.

A Capital Region International Airport airside property that is an activated FTZ site shall pay the applicable GPZ Annual User Fee.

Aeronautical use or aeronautical support activities are defined as airline operations, ground handling, airplane fueling, aircraft maintenance and repair, avionics installation and repair, aircraft or aircraft components manufacturing, aircraft storage, terminal services, aircraft and

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aircraft parts sales, and those companies who directly, or through an agent, charter all or a portion of an aircraft that enplanes and/or deplanes cargo at Capital Region International Airport. To qualify for this aeronautical use or aeronautical support exemption, substantial use must be made of airport facilities on a regular, recurring basis. The aeronautical use or aeronautical support activity exemption shall terminate and the GPZ Annual User Fee shall be payable when CRAA determines that substantial aeronautical use of airport facilities on a regular, recurring basis no longer exists. In the case of multi-tenant buildings, all tenants must qualify for the aeronautical use or aeronautical support activity exemption or the GPZ Annual User Fee shall be applicable.

In all areas of the GPZ, the Annual User Fee shall not be applicable to developed sites that are used exclusively for office, education, daycare, medical, restaurant, or hotel facilities. Combination or multiuse facilities or sites, such as warehouse or manufacturing facilities containing offices or a daycare in a multiuse facility, shall be subject to the Annual User Fee for the entire site.

Annual Subzone (or other zone site not located within the GPZ) Fee: shall be due and payable within thirty days of the date the Subzone is approved by the FTZB, and shall be payable on the anniversary date of the Subzone's approval thereafter.

If a Subzone is approved by the FTZB, but due to changes in the User's business and/or the US trade agreements and tariff schedules it is no longer economically feasible for the User to activate, and yet the User wants to continue its Subzone status, the fee while the User remains in this escrow status will be \$5,000 annually. If conditions change yet again and the User decides it is once again economically feasible to activate, upon submission of the application for activation to Customs, User shall pay to the CRAA the entire annual fee that would have been due for the prior 12 month period plus the fee for the current annual period under the normal Subzone annual fee schedule set forth above. A credit will be given for any escrow fees already paid for either annual period. While in escrow status, User must agree that they will not attempt to secure any Subzone benefits, including inventory tax abatement.

Subzone Annual Fee	Activated Subzone User	Non-Activated Subzone User
Manufacturing Operations	\$5,000.00	\$2,500
Distribution Operations	\$4,000.00	\$2,500

Operator Fee:

There shall be an annual Operator's Fee which shall apply to individuals or companies authorized to act as an FTZ Operator within FTZ No. 275. The Operator shall pay the Grantee an Annual Operator's Fee in accordance with the following schedule:

User Operator - No Annual Fee

A company that (1) owns or leases a building or a portion thereof that is located within the GPZ and for whose property an Annual User Fee has been assessed and paid, and (2) serves as an FTZ Operator for its own business pursuant to an Operator Agreement with CRAA and Customs approval.

Warehouse Operator - \$2,000 Annual Fee

A company that (1) owns or leases a building or a portion thereof that is located within the GPZ

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and for whose property an Annual User Fee has been assessed and paid, (2) provides warehouse space to unrelated companies, and (3) conducts FTZ operations for those companies within that space pursuant to an Operator Agreement with CRAA and Customs approval.

Third Party Operator - \$5,000 Annual Fee

A company that (1) does not own or lease a building or a portion thereof that is located within the GPZ, but (2) pursuant to an Operator Agreement with CRAA and Customs approval, provides FTZ operator services to unrelated companies conducting FTZ activities in the GPZ in the User's space or in the warehouse space of a third party.

CRAA Operator - No Annual Fee

The Grantee may serve as an Operator on behalf of unrelated companies.

Subzone Operator - No Annual Fee

A company that has been granted FTZ Subzone designation for its facility and serves as the Operator for the Subzone.

The Operator's Fee shall become effective and payable on the date the Operator's Agreement is executed with the CRAA. If the agreement is executed after the first of the year, the payment for that year shall be prorated based upon the number of months and days remaining in the year. Payments for subsequent years shall be due, in full, on January 31.

Payee:

All payments shall be made to "Capital Region Airport Authority". For Activated Sites, the annual fee shall be due and payable within thirty days of the date of Activation by Customs and Border Protection, and shall be payable on January 1 of subsequent years thereafter.

Late Fee: \$100 per day. All Operators are required to submit sufficient data to the Grantee in order for the Grantee to timely file the required Annual Report with the FTZ Board. Operator data is required to cover the period October 1 thru September 30 of each year. In the event that such required data for the Grantee is not received by November 30th of each year, there shall be a \$100 per day late fee until the necessary documentation has been received by the Grantee. This late fee is apart from and in addition to the obligation to reimburse the Grantee for any fine imposed upon Grantee for a late or incomplete Annual Report caused by the Operator.

Note:

In the event Grantee's staff time or out-of-pocket costs exceed what is normal and customary to process similar requests, the Grantee reserves the right to charge the applicant, upon reasonable notice, an additional amount in addition to the applicable fees identified in this Schedule in consideration of such excess administrative or out-of-pocket costs.

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Foreign Trade Zone Board Fees:

Zone Applications submitted to the Foreign-Trade Zones Board must be accompanied with a check in the following amount [15 C.F.R. §400.29]:

- | | |
|---|---------|
| 1. Additional General Purpose Zones [15 C.F.R. §400.24] | \$3,200 |
| 2. Special Purpose Subzones [15 C.F.R. §400.25] | |
| a. Non-Manufacturing/processing or less than three | \$4,000 |
| b. Manufacturing/processing three or more products | \$6,500 |
| 3. Expansions [15 C.F.R. §400.26(b)] | \$1,600 |

Foreign Trade Zones Board fees are payable by the Applicant of the appropriate site as described in 1, 2, and 3 above. The Grantee is not liable for Foreign-Trade Zones Board fees. Note that no fees are payable to the Foreign-Trade Zones Board for Boundary Modifications.

These fees are provided for informational purposes only, and are subject to change by the FTZB without notice. Any fees imposed by the Board in the future, for authorization relating to a particular property or User, such as for a minor boundary modification or manufacturing authorization, will be payable by the User or property tenant.

APPENDIX B

OPERATOR RATES AND CHARGES

To be completed upon assignment of Zone Operator