

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.



Greater Yuma

ECONOMIC DEVELOPMENT CORP

FOREIGN TRADE ZONE #219

TARIFF NO. 2

**RATES, CHARGES, RULES AND
REGULATIONS**

Operating Under the Grant of Authority of the
United States of America to
Greater Yuma Economic Development Corporation

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LIST OF CORRECTIONS/AMENDMENTS

Corrections and amendments to this Tariff will be made by reprinting the page upon which the correction or amendment is made. Each will be designated with an asterisk enclosed in parentheses.

Upon receipt of a revised page, record the page number below. Corrections/changes are issued in numerical order with each revised page. If properly recorded they will appear in consecutive order with no omissions. If correction number has not been received, a request should be made for a copy of the missing page.

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Note: Additional sections will be added by each Operator per zone site. It is understood that there may be multiple zone Operators.

ABBREVIATIONS AND SYMBOLS

¢	.....	Cents (U.S.)
\$	.....	Dollars (U.S.)
%	.....	Percent
Art.	.....	Article
B.M.	.....	Board Measure
Bl.	.....	Barrel
Bdle.	.....	Bundle
C/L	.....	Carload
Cl.	.....	Coil
C.O.D.	.....	Cash on Delivery
Crt.	.....	Crate
s.	.....	Case
Ctn.	.....	Carton
Cu.Ft.	.....	Cubic Feet or Cubit Foot
Cwt.	.....	100 Pounds
Doz.	.....	Dozen
Ea.	.....	Each
E.g.	.....	For Example
Etc.	.....	Et Cetera
F.F.	.....	Folded Flat
Gal.	.....	Gallon
H.T.S.	.....	Harmonized Tariff Schedule
Incl.	.....	Inclusive
K.D.	.....	Knocked Down
Lbs.	.....	Pounds
L.C.L.	.....	Less-than-Carload
L.T.L.	.....	Less-than-Truckload
No.	.....	Number
N.O.S.	.....	Not Otherwise Specified
N.S.P.F.	.....	Not Specifically Provided For
Par.	.....	Paragraph
Pc.	.....	Piece
Pkg.	.....	Package
Qt.	.....	Quart
Sec.	.....	Section
Sq.Ft.	.....	Square Feet or Square Foot
SU.	.....	Set Up
T/L	.....	Truckload
U.S.	.....	United States
Yd.	.....	Yard

DEFINITION OF TERMS

Act – The Foreign Trade Zones Act of June 18, 1934 (48. Stat. 998-1003; 19 U.S.C. Bla-Blu), as amended by Public Law 566, 81st Congress, approved June 17, 1950.

Secretary – The term “Secretary” means the Secretary of Commerce

Board – The Foreign Trade Zone Board created by the Act to carry out the provisions thereof. The Board shall consist of the Secretary of Commerce, who shall be the Chairman and exclusive officer and the Secretary of the Treasury.

Zone – The term “Zone” means a “Foreign Trade Zone” and/or Foreign Trade Zone #219.

Port Director of Customs – The Port Director of U.S. Customs, San Luis, Arizona – Department of Homeland Security, U.S. Customs and Border Protection (CBP).

Grantee – Greater Yuma Economic Development Corporation, to which the privileges of establishing and maintaining Foreign Trade Zone #219 have been granted.

YCAA – Yuma County Airport Authority, Inc.

Zone Operator – Operator of each zone site.

Operator Agreement – Contract executed between all Operators and Grantee.

Administrator – Grantee or party contracted by Grantee.

User/Client – An individual, company or corporation, utilizing the services and/or facilities of Foreign Trade Zone #219.

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.

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 of America, except the U.S. Virgin Islands, Kingmanreef, and the Island of Guam.

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 U.S. Customs territory.

Domestic Merchandise – Merchandise of every description (except articles specifically prohibited by statute) which had/has been; (1) grown, produced, or manufactured in the United States and not exported there from, or (2) previously imported into U.S. Customs territory and properly released from Customs custody.

Privileged Foreign Merchandise – Foreign merchandise for which an application (Customs Form 214) has been made, and which has been taken under supervision by the Port Director of U.S. Customs for the purpose of maintaining its identity.

Zone Restricted Merchandise – Foreign or domestic merchandise taken into the Zone, under the rules and regulations of the controlling Federal agency, for the sole purpose of exportations or destruction (Except destruction of distilled spirits, wines, and fermented malt liquors), or storage pending exportation or destruction.

Non-Privileged Foreign Merchandise – Foreign merchandise properly in the zone which does not have the status of privileged foreign merchandise or zone restricted merchandise, waste recovered from any manipulation or manufacture of privileged foreign merchandise or domestic merchandise taken into a zone whose identity has been lost.

Imports – Foreign merchandise of every description (except articles specifically and absolutely prohibited by statute) entered into U.S. Customs territory to become a part of the domestic supply for the purposes of domestic commerce or consumption, and particularly that which is entered into U.S. Customs territory through the zone and foreign merchandise which, under the laws and regulations of various other Federal agencies having jurisdiction within the zone, is said to be “imported” into foreign trade zones, Customs bonded warehouses, or Customs custody. The latter merchandise, in relation to operations of the zones, is considered to be foreign merchandise until its entry into the commerce of the United States.

Zone Lot – The unit or units of goods for which a separate record and account is to be kept per admission by the zone operator.

Control Number – The number used on all zone entry and exit forms to identify all merchandise and commodities. The Control Number shall, in all cases, be the same as the Harmonized Tariff Schedule of the United States.

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

Unit or Quantity – Means the customary grouping of a commodity as to indicate the medium or method of measure.

Quantity – Means the numerical quantitative count of the units composing a shipment of merchandise.

Manipulation – Means breaking up, repackaging, assembling, distributing, sorting, grading, cleaning, mixing with foreign or domestic merchandise, or other activities which do not constitute processing or manufacturing.

Lease – The document of agreement entered into between the Operator and User/Client for assignment of space within the Foreign Trade Zone #219.

Person of Record – The person, firm or corporation, whose name is on the application to admit merchandise into the zone, 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 Customs custody at the end of its transit through U.S. Customs territory, and usually consists of an original bill of lading in the name of the applicant, and original bill of lading endorsed to him, or a carriers certificate.

Activation – Approval by the Grantee and Port Director for Foreign Trade Zone operations and for the admission and handling of merchandise into zone status.

Admission – Physical arrival of goods in the Foreign Trade Zone with the approval of the Zone Grantee and U.S. Customs.

Foreign Trade Zone Forms

U.S. Customs Form 214 and 214A – Application and permit to admit merchandise into the foreign trade zone, permit to transfer merchandise through Customs territory to Zone, and Customs receipt of merchandise admitted at Zone.

Customs Form 216 and 216A – Application and permit for the manipulation, manufacture, exhibition, or destruction of foreign trade zone merchandise and Custom's Officer's return.

Holidays – Those legal holidays during which the Grantee office is closed for regular business. These holidays are:

New Year's Day	1 st of January
Martin Luther King Jr. Day	3 rd Monday of January
President's Day	3 rd Monday of February
Memorial Day	Last Monday in May
Independence Day	4 th of July
Labor Day	1 st Monday of September
Columbus Day	2 nd Monday of October
Veteran's Day	11 th of November
Thanksgiving Day	4 th Thursday in November
Christmas Day	25 th of December

Any other day proclaimed by the President of the United States and/or Governor of the State of Arizona to be a legal holiday.

Holidays falling on a Saturday shall be observed on Friday.
Holidays falling on a Sunday shall be observed on Monday.
Holidays are subject to change.

DEFINITION OF PRIVILEGES OF FOREIGN TRADE ZONES

Under Section 400, Paragraph 101, regulations governing the establishment, operation, maintenance and administration of Foreign Trade Zones in the United States, the term “Zone” means a “Foreign Trade Zone”. It is an isolated, enclosed and policed area, operated as a public utility in or adjacent to a port of entry, furnished with facilities for loading, unloading, storing, manipulating, manufacturing, and exhibiting goods, and for reshipment of goods by land, water, and 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 any other applicable laws or regulations. The merchandise may be exported, destroyed, or sent into Customs territory from the zone, in the original packaging or otherwise. It is subject to Customs duties if sent into Customs territory, but not if reshipped to foreign points.

Section 3 of the Act, Public Law 397, 73rd Congress, as approved June 18, 1934, as amended by Public Law 566, 81st Congress, as approved June 17, 1950, authorizes the following privileges:

“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 this Act, be brought into a zone and may be stored, sold, exhibited, broken up, repackaged, assembled, distributed, sorted, cleaned, graded, mixed with foreign or domestic merchandise, or otherwise manipulated, or to be processed or manufactured except as otherwise provided in this Act, and may be exported, destroyed, or sent into Customs territory of the United States there from, in the original package or otherwise but when foreign merchandise is sent from a zone into Customs territory of the United States it shall be subject to the laws and regulations of the United States affecting imported merchandise;”

“Provided, that whenever the privilege shall be requested and there has been no manipulation or manufacture effecting a change in tariff classification, the collector of Customs shall take under supervision any lot or part of lot of duties liquidated thereon. Merchandise so taken under supervision may be stored, manipulated or manufactured under the supervision and regulations prescribed by the Secretary of the Treasury, and whether mixed or manufactured with domestic merchandise, may not under regulations prescribed by the Secretary of the Treasury, be exported or destroyed, or may be sent into Customs territory upon the payment of such liquidated duties and determined taxes thereon. If merchandise so taken under supervision has been manipulated or manufactured, such duties and taxes shall be payable on the quantity of such foreign merchandise used in manipulation or manufacture of the entered article. Allowance shall be made for recoverable and irrecoverable waste; and if recoverable waste is sent into Customs territory, it shall be dutiable and taxable in its condition and quantity and at its

weight at time of entry. Where two or more products result from manipulation or manufacture of merchandise in a zone the liquidated duties and determined taxes shall be distributed to several products in accordance with their relative value at the time of separation with due allowance for waste as provided for above.”

“Provided further, that if in the opinion of the Secretary of the Treasury their identity has been lost, such articles not entitled to free entry by reason of noncompliance with the requirements made hereunder by the Secretary of the Treasury shall be treated when they reenter Customs territory of the United States as foreign merchandise under the provisions of the tariff and the Internal Revenue laws in force at that time.”

“Provided further, that under the rules and regulations of the controlling Federal agencies, articles which have been taken into a zone from Customs territory for the sole purpose of exportation, destruction (except destruction of distilled spirits, wines, and fermented malt liquors), storage shall be considered to be exported for the purpose of:

a.) the draw back, warehousing, and bonding, or any other provisions of the Tariff Act of 1930, as amended, and the regulations thereunder, and

b.) the statutes and bonds enacted for the payment of drawback, 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 in which event the article shall be subject to the provisions of Paragraph 1615(f) of the Tariff Act of 1930, as amended.”

“Provided further, that no operation involving any foreign or domestic merchandise brought into the zone which operation would be subject to any provisions of Section 1807, Chapters 15, 17, 21, 23, 24, 25, 26, or Chapter 32 of the Internal Revenue Code if performed in Customs territory, or involving the manufacture of any article provided for in Paragraph 36j7 or Paragraph 368 of the Tariff Act of 1930, shall be permitted in a zone except those operations (other than the rectification of distilled spirits and wines, manufactured or production of alcoholic products unfit for beverage purposes) which were permissible under this Act prior to July 1, 1949.”

“Provided further, that articles produced or manufactured in a zone and exported therefrom shall be subsequent importation into Customs territory of the United States and be subject to the import laws applicable to like articles manufactured in a foreign country, except those 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 provision of this section, may on such importation, be entered as American goods returned.”

APPLICATION OF TARIFF

Description of Foreign Trade Zone #219 – The strict boundaries of Foreign Trade Zone #219 encompass the incorporated areas of Yuma County under the Alternate Site Frame Work (ASF) designation. Companies can activate their site within this boundary as long it complies with permissible zoning standards and allowable usages by incorporated municipalities.

Zone to be publicly regulated – All rates and charges for all services or privileges within the zone shall be fair and reasonable, and the Grantee and Operator 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 the Foreign Governments, (15 CFR, Chapter IV, Part 400, Section 1003a).

Application of Foreign Trade Zone #219 Tariff – The rules, regulations and rates of this tariff shall apply at Foreign Trade Zone #219, its subzones and annexes unless otherwise provided for.

General Regulations – Foreign Trade Zone #219 is regulated by the Foreign Trade Zones Board, Department of Commerce, Washington, D.C., under the U.S. Code of Federal Regulations, Title 15, Part 400. Copies of these regulations are maintained at the Foreign Trade Zone #219 Director's office for reference.

United States Customs Regulations – Foreign Trade Zone #219 is subject to special Customs regulations as defined in the U.S. Code of Federal Regulations, Title 19, Part 140. Copies of these regulations are maintained at the Foreign Trade Zone #219 Director's office for reference.

Application and Interpretation of Tariff – *The Grantee shall be the sole judge to interpret and determine the applicability of any of the rates, charges, rules and regulations or services provided for in this Tariff.*

SECTION I – OPERATION OF ZONE

Operations, Forms and Procedure, General – The merchandise and operations permitted in a Zone, the disposition of merchandise in the 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 are authorized by the Act, are hereinafter generally described.

Merchandise Permitted in a Zone – Foreign and domestic merchandise of every description, such as is specifically prohibited by law, may without being subject to the Customs laws of the United States, except as otherwise provided for in the Act and the regulations made thereunder, be brought into the 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 a manner provided for in laws and regulations applicable to such merchandise. A distinction is made between merchandise which is specifically and absolutely prohibited by law on the grounds of policy and morals, such as immoral or subversive literature, obscene articles, or lottery matter, and merchandise which is subject to conditional prohibition only, for example, articles which are subject to permits and/or licenses for the protection of economic or national security or which may be reconditioned to bring them into compliance with laws administered by various Federal agencies. Port Directors of Customs are required to exclude the first class of articles and may not permit them to be transferred into a Zone if they are aware of their prohibitive status, except the Port Director may permit the temporary deposit of any such merchandise in the Zone pending final determination of its status. The transfer of articles of 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 applicant for the admission of merchandise into a Zone shall be approved or disapproved by the Port Director as the representative of the Board, where the merchandise is excluded by any other Federal agency having jurisdiction over the merchandise.

Merchandise Prohibited by the Board (Gold) – All gold, except fabricated, is prohibited by special order of the Foreign Trade Zone Board.

Manipulation Manufacture, and Exhibition of Merchandise – In general, merchandise lawfully brought into a Zone, in accordance with these and other regulations made under the provisions of the Act may be stored, sold, exhibited, broken up, repackaged, assembled, mixed with foreign and domestic merchandise, or otherwise provided by the Act.

a) Permission for any manipulation or exhibition in a Zone shall be obtained from the Port Director of Customs, as the representatives of the Board, subject to such application and procedure prescribed by the Secretary of the Treasury for the protection on the revenue.

b) In the event of the denial of any application by the Port Director of Customs for any reason, the applicant, or the Operator of the Zone, in conjunction with the Grantee or by the Grantee, may appeal the adverse ruling of the Board. If any revenue protection considerations are involved in such an application, the Board shall be guided by the determination of the Secretary of the Treasury with respect to them.

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.

Status of Merchandise in a Zone – For the purpose of the Act and regulations of this Section, all merchandise within a Zone except merchandise in transit through a Zone as provided in Sections 146.14 and 146.13 of Customs regulations, and except merchandise temporarily transferred to a Zone for manipulation as provided in paragraph (b) of this section, shall be given Zone Status as follows:

- 1) privileged foreign merchandise,
- 2) non-privileged foreign merchandise,
- 3) zone-restricted merchandise,
- 4) domestic merchandise,

In accordance with Sub-part C of Customs regulations.

b) Imported merchandise which has entered and which has remained in continuous Customs custody may be temporarily transferred to a Zone for manipulation under Customs supervision pursuant to Section 562, Tariff Act 1930, as amended, and for return to Customs territory. Any such merchandise shall not be considered within the purview of the Foreign-trade Zone Act, but shall be treated in all respects while remaining in Customs territory. Therefore, no Zone form or procedure shall be considered applicable but the merchandise shall remain subject in the Zone to such requirements as are necessary for the enforcement of Section 563 and other pertinent Customs laws.

Subsequent Importation of zone Merchandise – Articles produced processed or manufactured in a Zone and exported therefrom, shall on subsequent importation into Customs territory of the United States, be subject to the import laws applicable to like articles manufactured in a foreign country, except articles produced processed or manufactured in a Zone exclusively with 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.

Exclusion From Zone of Goods or Process of treatment – When it shall be reported to the Board that any goods or process of treatment is detrimental to the public interest, health or safety, the Board shall cause such investigation to be made as it may deem necessary. The Board may order the exclusion from the Zone of any goods or process of treatment that in its judgment is detrimental to the public interest, health or safety.

Retail Trade Within a Zone – no retail trade shall be conducted within a Zone except under permits issued by the Grantee and approved by the Board. Such permittees shall sell no goods except 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 sworn statement subscribed to by the applicant before a duly authorized officer to administer oaths setting forth in detail the nature of the retail trade to be conducted, and containing an agreement that such applicant will sell no goods except the kinds specifically authorized by the Act, which are brought into the Zone from Customs territory. No goods shall be offered for sale or sold in the Zone which are not of the same kind and quality permitted to be offered for sale or sold in the political jurisdiction in which the Zone is located. If permittee violates any provision of the regulations in Section I, the agreement shall be revoked by the Grantee, who shall immediately report such action to the Board.

Charges by Other Government Agencies – Charges made by government agencies that are not included in this Tariff should be arranged for and paid by the User/Client that requires and uses such services.

Payment of Zone Personnel – Overtime or shift work requested by an Operator resulting in overtime services of Zone Grantee or Administrator (excluding normal security personnel) shall be billed to the Operator for reimbursement of costs.

Grantee (regular hours M-F 8:00AM – 5:00PM)

Overtime	\$35.00 per hour
Off-Service Hours	\$65.00 per hour

Administrator

Hours of Business and Service – The Grantee's and Administrator's hours of business and service, for Customs purposes, shall be the same as those prescribed in Customs regulations.

The Grantee and Administrator shall be available for business activities on a 24-hour basis. Regular or normal business hours shall be between the hours of 8:00AM and 5:00PM, Monday through Friday. Hours requested by the Operator/User outside of these regular hours shall be subject to additional fees.

The Zone may be operated at other times, on an irregular basis, upon application and approval of the Grantee, Administrator and Customs officials.

Customs Service will not normally be available during the period of 12:00 noon to 1:00 PM.

SECTION II – GENERAL RULES AND REGULATIONS

General Regulations – All persons and merchandise of every description entering or leaving the zone for any purpose whatsoever shall be bonded by the lawful regulations of the Foreign Trade Zones Board and by the regulations issued thereunder.

Government Agencies – All lawful regulations regarding government agencies in or about ports of entry must be complied with insofar as they are not in conflict with Public Law 397 of the 73rd Congress and the regulations issued thereunder.

Compensation Insurance – Every person employed by contractors or Customs in the zone shall be properly covered by Workmen's Compensation Insurance. Proof of this shall be furnished before any work may be started or release of liability must be given to the zone with Grantee's approval.

Public Interest, Health and Safety – No operation or process of treatment will be permitted in the zone that, in the judgment of the Grantee, is detrimental to the public interest, health and safety.

Confidential Relationship – The Grantee and Administrator will take precaution to avoid the divulging of confidential information regarding the merchandise and services performed in the zone.

Employees and Persons Entering and Leaving the Zone – Employees and other persons entering or leaving the zone site shall only use the designated entrance(s). Anyone entering or leaving the zone site may be subject to physical examination as the Port Director of U.S. Customs deems necessary, or at the request of the Grantee. Anyone entering the zone for whatever reason shall adhere to the Foreign Trade Zone Board regulations, Customs regulations, and the rules and regulations issued by the Grantee, Administrator or Operator of the zone.

When Charges are payable – Zone charges are due and payable as they are specified:

Application Fee – On or prior to the date application is received for submittal to FTZ Board.

Activation/Deactivation Fee – On or prior to the date of Activation /Deactivation.

All other charges – Billed on a standard thirty (30) day invoice.

Merchandise Held for Charges – The Grantee, Administrator and Operator reserve the right to withhold permission to withdraw merchandise from the zone for users with unpaid charges.

Insurance – Insurance must be carried by the Operator on its own property only, and does not include insurance on the contents stored therein. Lessee 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(s) of which leased premises forms a part. Insurance on commodities or other property stored on the leased premises, if desired, must be carried by at the expense of Lessee/Users or owner of the commodities or other properties. Merchandise stored, manipulated or transferred within the zone is not insured by the Grantee or Administrator and the Zone Tariff rates do not include insurance on merchandise.

Limit of Liability – Neither the Grantee, Administrator or Operator will be responsible for loss or damage caused by fire, explosion, heat, dampness, leakage, the elements, evaporation, natural shrinkage, waste, decay, animals, rats, mice or other rodents, moths, weevil or other insects, leakage or discharge from fire protection systems, collapse of building structures, breakdown of plant machinery or equipment, Acts 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 insufficient notifications, nor from war, insurrection, shortage of labor, combinations, riots or strikes of any persons in its employee or in the service of others or from any consequences arising therefrom.

All liability for duties, taxes or penalties due any agency of the United States Government and arising from the unitization of zone premises shall be borne by the zone user, including any duty, taxes or penalties on merchandise which is pilfered, lost, damaged or otherwise not accounted for to the satisfaction of the U.S. Customs Service, for which the zone user/client may be liable.

Operator/User Agreement – The Operator/User Agreement shall be negotiated and/or signed not more than ninety (90) days after initial payment was received from Operator/User to Grantee for application submittal of designation in Foreign Trade Zone #219.

SECTION III – SPECIAL RULES PERTAINING TO MERCHANDISE

Permission to Manipulate, Manufacture and Process – Before merchandise may be manipulated within the zone, application on Customs Form 216 must be presented to Operator for concurrence. The Operator will then forward the application to the Port Director of U.S. Customs. On approval by the Port Director, the contemplated manipulation will then be permitted.

Customs Bond – The Operator/User must maintain, for Customs purposes, a Customs Bond (301) as a guarantee for payment from the zone of all duties and taxes on such merchandise as may be removed from the zone without a proper Customs permit or otherwise missing from the zone. The amount of Bond is set by the U.S. Customs Port Director.

Customs Inspection of Merchandise While In the Zone – The Operator, Consignee or Zone User/Client, or their agent, shall at times be immediately available to make the merchandise subject to inspection required by the U.S. Customs Service and shall have the sole responsibility of opening crates and packages, handling the merchandise and securing the crates and packages following the inspection.

Grantees Access to Zone Sites and Facilities – The Grantee shall have the right of entry and access to zone merchandise for all zone facilities and sites.

SECTION IV – GRANTEE FEES

Deactivation Fee:

All Sites20% of Annual Fee

Annual Administration Fee:

0 – 9,999 sq.ft.\$ 7,500
10,000 – 29,999 sq.ft.\$10,000
30,000 – 49,999 sq. ft.\$15,000
50,000+ sq. ft.\$20,000

Grantee reserves the right to charge a fee for activated space at additional site(s) operated by one operator, firm or business for compensation of workload increase.

- *Interest will be charged at a rate of 18% annually or 1.5% per month on all amounts not paid within thirty (30) days of Payment Due Date.*
- *All operators, users, clients, firms, and businesses will conform to Arizona Law regarding tax on activated space within FTZ sites.*

Application Administration Fee**\$ 1,000**



Greater Yuma
ECONOMIC DEVELOPMENT CORP

**Foreign Trade Zone #219
Subzone Operator/User Agreement**

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**FOREIGN TRADE ZONE #219
SUBZONE OPERATOR/USER AGREEMENT**

THIS OPERATOR/USER AGREEMENT (The “Agreement”) is made and entered into this _____ day of _____, 2013 by and between the **Greater Yuma Economic Development Corporation**. (The “Grantee”), whose principal address is at 899 E. Plaza Circle, Suite 2, Yuma, Arizona 85365, and **Insert Company**, (the “Operator, User”), whose principal address is at .

WITNESSETH

WHEREAS, the Foreign Trade Zones Act of June 18, 1934, as amended, authorized and empowered the Foreign Trade Zones Board to grant to public and private corporations the privilege of establishing, operating, and maintaining foreign trade zones in or adjacent to ports of entry under the jurisdiction of the United States of America; and

WHEREAS, the Grantee, as authorized by the Yuma County Board of Supervisor, to apply for and to accept a grant from the Foreign Trade Zones Board to establish, operate and maintain a foreign trade zone and Subzones with the State of Arizona; and

WHEREAS, the Operator/User, upon the terms and conditions herein set forth, wishes to conduct a foreign trade zone Subzone business at the site depicted on Exhibit A, which may be amended in accordance with paragraph 16.8, hereinafter called the “Subzone Facility”.

NOW, THEREFORE, the parties hereto, in consideration of the mutual agreements herein contained and promises herein expresses, and for other good and valuable consideration acknowledged by each of them to be satisfactory and adequate, do hereby agree as follows:

**ARTICLE I
DEFINITION OF TERMS**

The following words shall have the following meanings when used in this Agreement:

- 1.1 “The Act” shall mean the Foreign Trade Zones Act of June 18, 1934 (48 stat. 998-1003; 19 USC 81a-81u), as amended.
- 1.2 “The Board” shall mean the Foreign Trade Zones Board which was established by the Act.
- 1.3 “The Regulations” shall mean collectively the regulations currently published in the Code of Federal Regulations at Title 15, Part 400, and Title 19, Part 146, as such regulations may amended in the future.
- 1.4 “CBP” shall mean the United States Customs and Border Protection
- 1.5 “The Operating Procedures” shall mean such operating procedures as may be required by the operator and/or the CBP.
- 1.6 “Subzone” shall refer to the area operated by *Insert Company*, pursuant to the terms and conditions established in this Agreement.

**ARTICLE II
AUTHORITY GRANTED/ACCEPTED**

- 2.1 Authority Granted: Subject to the approval of the Board, Grantee grants Operator the authority to utilize the Subzone subject to the terms, conditions, agreements and restrictions set forth herein, for the term hereof and for any extensions thereto. All operations therein shall be in conformity with the authority granted by the Board and Grantee, as provided for by law and pertinent regulations, including but not limited to, those requirements outlined in FTZ #219 Tariff #2 (copy of which is attached hereto), and any amendments thereto.
- 2.2 Authority Accepted: Operator/User assumes full responsibility for the operation and management of the zone and agrees to operate and manage the zone in accordance with the terms and conditions of this Agreement during the term hereof, including any extensions thereof. All operations therein shall be in conformity with the authority granted by the Board to the Grantee, and any manufacturing operations or operations that result in a substantial transformation of the product and a change in the imported materials classification under the Harmonized Tariff Schedule of the United States must be authorized by the Board. Operator shall promptly notify Grantee of any such activity requiring Board notice and authorization.

**ARTICLE III
TERM OF AGREEMENT**

3.1 Effective Date of Contract: This Agreement shall become binding between the parties upon execution, however, the effective date of the contract shall begin upon the issuance of the grant of authority from the Board to establish a Subzone.

**ARTICLE IV
TERM AND RENEWAL**

4.1 Unless terminated as herein provided, this Agreement shall remain in effect for a term of five (5) years commencing on the date of execution and may thereafter be extended for two (2) successive five (5) year terms, upon mutual agreement of the parties as to the terms and conditions to be effective during each of the five (5) year periods.

**ARTICLE V
DEFAULT AND TERMINATION OF AGREEMENT**

5.1 TERMINATION BY GRANTEE: If Operator/User shall default in the performance of any of its obligations or breach any terms or provisions herein, and such default shall not be remedied to the satisfaction of Grantee, within thirty (30) days after notice of such default, then Grantee may thereupon terminate this Agreement, by giving the Operator not less than thirty (30) days advanced written notice of the termination date.

This Agreement or any rights hereunder shall not be subject to involuntary assignment, transfer or sale to assignment, transfer or sale by operation of law in any manner whatsoever, not to be unreasonably withheld, and any such attempted involuntary assignment, transfer or sale shall be void of no effect.

Without limiting the generality of the foregoing, Operator/User agrees that in the event any proceedings under the "Bankruptcy Act" or any amendment thereto to be commenced by or against the Operator, and, if against the Operator/User said proceedings shall not be dismissed before either an adjudication in bankruptcy or the conformation of a composition, arrangement or plan of reorganization, or in the event Operator/User be adjudged insolvent or make 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 Operator/User within the zone site and not be released, stayed, bonded or satisfied within fifteen (15) days thereafter, or if a receiver be appointed in any proceedings or action to which Operator/User is party with the authority to take possession or control of the business conducted thereon by Operator/User and such receive not be discharged within a period of fifteen (15) days after his appointment, any such event shall constitute a termination of this Agreement and any and all persons claiming under Operator/User, in and to this Agreement. Where the conditions herein are involuntary, a grace period of ninety (90) days is hereby assigned to Operator/User.

This Agreement may be terminated if Operator/User shall be convicted under any law for a felony as defined by such law; if the Board or CBP should suspend or terminate Operator's/User's authority to engage in the activities contemplated herein or the activated status of the zone; or if Operator/User shall voluntarily abandon, desert, or vacate the premises or

discontinue its operations. In any such event, Operator/User shall immediately provide all records and reports for Grantee, the Board, and CBP as set forth in Article 5.3, 5.4 contained herein.

5.2 WITHDRAWAL OF GRANT: If the grant of authority for FTZ # 219 shall be revoked or cancelled and as a result thereof Grantee permanently is without authority to maintain FTZ # 219, this Agreement shall terminate and Operator/User shall have no claim against Grantee by reason of such revocation or cancellation, and Operator/User shall have no further interest in the subject matter of this Agreement. Should Grantee be prevented from continuing the maintenance of FTZ # 219 by statute, legal regulation or order of any court, Grantee may terminate this Agreement by written notice to Operator/User. Operator/User shall have standing to institute appropriate legal or administrative proceedings to contest the validity or applicability of said statute, legal regulation, or court order, or to file an appeal from said court order, and should said legal or administrative proceedings or appeal result in a decision by a court or administrative body of competent jurisdiction that Grantee is not prevented from continuing the operation of FTZ # 219 by virtue of said statute, legal regulation, or court order, then this Agreement shall be reinstated in full force and effect and Grantee and Operator/User shall be restored to their former positions hereunder as if said termination had never taken place.

5.3 TERMINATION NOT TO RELEASE OR RELIEVE OPERATOR OF ACCRUED OBLIGATIONS; SURVIVAL: Operator/User specifically acknowledges and agrees that, notwithstanding anything to the contrary contained herein, upon termination or expiration of this Agreement for any reason whatsoever, 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 this Agreement, and Operator/User specifically represents and warrants to Grantee that upon termination or expiration of this Agreement for any reason whatsoever, Operator/User shall completely perform and fulfill any and all of its obligations under this Agreement including the immediate preparation and filing of all necessary reports with the Board and CBP. Specifically, the Operator/User agrees, represent and warrant that its indemnity obligations, bond obligations, and record retention obligations shall survive termination or expiration of this Agreement for any such reason. Upon termination or cessation of operation at Operator's/User's site(s), the Operator/User hereby acknowledges and agrees to maintain the record retention and reporting requirements of all Federal agencies involved with FTZ operational oversight, and furthermore, the Operator/User agrees to maintain all other such records as are required by law.

5.4 DEACTIVATION OF ZONE SITE: Upon the termination of this Agreement for any cause, the Operator/User shall immediately make written application to the CBP for deactivation of the Subzone, make payment to the Grantee for said deactivation as outlined in Tariff No. 2, and shall cease to admit merchandise into the Subzone in zone status as of the date of notice of termination of the terms of the Agreement or any extension thereof. Operator/User shall make arrangements at no expense to the Grantee to transfer in bond all remaining foreign non-duty paid merchandise in zone status to another CBP bonded facility, make CBP entry and pay all duties and taxes owed, or export the merchandise.

5.5 ACTIVATION, DEACTIVATION AND REACTIVATION: In the event the Operator/User chooses not to activate the Subzone within ninety (90) days after Operator's receipt of notification of approval for the Subzone, Operator/User will still be obligated to begin making payments to Grantee based upon minimum activation of 0 – 9,999 sq. ft. as outlined in Tariff No. 2, as if the Subzone had been activated on the 91st day after the Operator's/User's receipt of notification of approval for the Subzone. In the event the Operator/User fails to activate

the Subzone within three (3) years after the Operator's/User's receipt of notification of approval for the Subzone, then this Agreement will automatically cancel and Operator/User will provide any additional paperwork necessary for termination of the designation status of the Subzone. In the event the Operator/User chooses to deactivate the Subzone, this Agreement shall remain in effect, but no further annual fee shall be due the Grantee from the Operator/User during the period the Subzone is not activated. In the event the Operator/User chooses to deactivate the Subzone, Operator/User shall provide sixty (60) days prior written notice to Grantee.

Operator/User agrees to make application to CBP for deactivation of the zone site and shall, at the Operator's/User's expense, make arrangements to transfer in bond all remaining foreign non-duty paid merchandise in zone status to another CBP bonded facility, make USCS entry, and pay all duties and taxes owed on export merchandise. For purposes of this Agreement, deactivation on the effective date so fixed by the CBP Port Office. If within a ninety (90) day period Operator/User chooses to reactivate the Subzone and resume payment of applicable fees, including pro rated share of the annual fee for the remaining portion of the year, Operator/User shall furnish the Grantee with a copy of any deactivation and reactivation letters to be provided to the CBP Port Office and obtain required letter of concurrence from the Grantee. If the Operator/User fails to reactivate for any reason within the ninety (90) day period, this Agreement will automatically cancel and Operator/User will provide additional paperwork necessary for termination of the designated status of the Subzone.

ARTICLE VI STANDARDS OF OPERATION

6.1 **COMMUNICATION:** All written submissions with respect to Operator/User activity submitted by Grantee or Operator/User to the Board or CBP, shall also be concurrently copied to each party, except all application requests and boundary modification requests shall be made by the Grantee on behalf of the Operator/User.

6.2 **RIGHT OF ENTRY:** Grantee representatives, CBP, the Board, and any other authorized Government Officers, shall have the right to enter the Subzone facility at any time during normal business hours for the authorized and lawful purpose of examining the premises, inspecting and checking operations, supplies, equipment and merchandise, and determining whether the business is being conducted in accordance with the required Subzone procedures and the Agreement. All such entries shall be in accordance with Operator's/User's established security procedures.

6.3 **PERFORMANCE:** Operator/User agrees to promptly undertake its best effort to initiate Subzone operations by purchasing needed bond coverage, miscellaneous insurance coverage's, security breach corrections, and any forms mentioned herein, needed by CBP and Grantee for Subzone activation. The Grantee agrees to provide active support for Operator's/User's efforts in establishing activation of Subzone by helping the Operator/User with any clarity needed in bond coverage's as set forth by CBP, insurance coverage amounts, security needs of facilities as set forth by CBP. Operator/User will provide a copy of the Procedure's Manual to Grantee for reference by Grantee.

6.4 **FURTHER INSTRUMENTS AND ACTIONS:** Each party shall deliver such further instruments and take such further action as may be reasonably requested by the other in order to carry out the provisions and purposes of this Agreement. Without limiting Grantee's rights as provided herein, the parties significantly recognize that the Grantee is not obligated to, and does not intend to monitor the day-to-day activity of the Subzone and the appearance of its name on documentation shall not be construed as a representation that the Grantee has any knowledge,

actual or constructive of the quantity, character, status, designation, identification, time of admission, transfer or release of goods into or from the Subzone and that any information contained in documentation is the presentation solely of the Operator/User, and not the Grantee.

ARTICLE VII RESPONSIBILITIES OF OPERATOR

The Operator/User will be responsible for handling its Subzone operations at the Subzone facility. The Operator/User has the right to engage the services of an administrator to perform its Subzone operations subject to the approval of the Grantee. If the Operator/User engages the services of a administrator, the Operator/User agrees to remain primarily liable for the performance of all obligations herein. The Operator/User shall incorporate the terms and conditions of this Agreement into any agreement between Subzone Operator/User and the subcontractor. These operations include, but are not limited to the following:

- 7.1 Establish and implement Operating Procedures to be followed at the Subzone Facility in the form of a Procedures Manual which will satisfy regulatory requirements of the CBP and will meet or exceed standards of other similarly situated operator/users, and supply the Grantee with said Procedures Manual.
- 7.2 Enter into an agreement, where necessary, with the United States Census Bureau regarding the furnishing of statistical information.
- 7.3 Keep track of all merchandise admitted into and delivered from the Subzone Facility and entered for consumption from the Subzone Facility.
- 7.4 Provide the Grantee with the information necessary for the Grantee to file their annual report with the board 60 days after the close of the zone year.
- 7.5 Provide any and all documentation required by the CBP and the Board, to be prepared by a Foreign Trade Zone Operator/User.
- 7.6 Ensure the proper Customs Form 301 Foreign Trade Zone Operator's/User's bond is maintained and kept current with CBP covering the activities at the Subzone Facility.
- 7.7 Provide the physical security required by the CBP and Grantee, as provided for by law and pertinent regulations of CBP, in order to ensure the safekeeping of the merchandise at the Subzone Facility.
- 7.8 Establish electronic interface with the CBP through its automated commercial system, when the specifications and requirements of that interface have been developed and implemented by CBP.
- 7.9 Pay any activation and annual fees charged by The Grantee for operating the Subzone facility

The Operator/User acknowledges that it has read, understands and reviewed the Act, Regulations, CBP Directives and all applicable laws and regulations. The Operator/User separately and independently covenants with the Grantee that it or its administrator shall at all times conform to the requirements of the Act, Regulations, CBP Directives and all applicable laws and regulations.

ARTICLE VIII RESPONSIBILITIES OF GRANTEE

8.1 Grantee is responsible for furnishing the Annual Report to the Board from the information given to it by Operator/User pursuant to section 7.4 of this Agreement. Operator/User shall be responsible for preparing a narrative for their sole operation as required for the Annual Report to the Board.

8.2 All applications and requests filed with the Board regarding the Subzone Facility will be prepared by the Grantee.

8.3 The Grantee will provide its concurrence for any activation, alteration or deactivation request filed by Operator/User with the CBP.

8.4 Grantee shall submit requests prepared by the Operator/User to CBP as to whether an activity constitutes retail trade.

ARTICLE IX RECORDKEEPING, INSPECTION AND AUDIT

9.1 **CONFIDENTIALITY:** All financial and operational information concerning Subzone operations shall be kept confidential by the Grantee except that which is required to be made public by the Board or USCS. Grantee agrees that, to the extent legally permissible, it will not deliberately convey or disclose information provided by the Operator/User to Grantee to any person, governmental agency, company, corporation or other party unless prior approval in writing is obtained from Operator/User.

9.2 **ANNUAL REPORTS:** Operator/User agrees to submit to Grantee, no later than November 15th of each year, annual reports for the fiscal year ending September 30, containing statistical information and a narrative report as required by the Board and the CBP. All such statements shall be signed by designated Operator/User officials, certifying the accuracy of the report.

9.3 **AUDITS, INSPECTION AND REQUESTS FOR INFORMATION:** Operator/User shall promptly notify the Grantee of any inspection, spot check, or audit of any kind from CBP, the Board or any other governmental agency which directly concerns Subzone operations, and shall accompany such notification with copies of all letters, requests, and investigate documentation to Grantee.

9.4 **RECORD RETENTION:** Operator/User agrees to maintain all financial and accounting records concerning Subzone operations for a period of five (5) years after the fact, or after the merchandise covered by such records has been forwarded from the Subzone, whichever is longer. All such records shall be available for inspection and audit by the CBP, or the Board during normal business hours.

9.5 **CORRECTION:** In the event that any audit, inspection, or examination by Grantee, CBP, or the Board discloses that books, records or operational procedures by the Operator/User are not in conformance with the requirements of this Agreement, Grantee may order the immediate correction of the documents or procedures. If such correction is anticipated to take in excess of five (5) working days, Operator/User shall submit a plan of performance to Grantee for the correction, and shall proceed with all due diligence to correct deficiencies.

ARTICLE X INDEPENDENT CONTRACTOR STATUS

10.1 Grantee and Operator/User are not and shall not be considered as joint ventures, partners, or agents of each other, and neither shall have the power to obligate the other except as specifically set forth in this Agreement. Grantee and Operator/User agree not to represent to anyone that they are agents of one another or have any authority to act on behalf of one another.

ARTICLE XI ADMINISTRATION EXPENSES

11.1 **ADMINISTRATIVE CHARGES:** Operator/User agrees to pay, or cause to be paid, all costs, expenses, and taxes (if any) of the Subzone operation, including but not limited to, construction or installation of improvements, security, maintenance, inventory control systems and personnel, and as otherwise provided herein.

11.2 **ANNUAL FEE:** Operator/User agrees to pay Grantee the annual administration fee as set forth in Tariff No. 2, Section IV, attached hereto as Exhibit B (and any amendments thereafter). The administration fee shall be a single payment, payable promptly within thirty (30) days of the activation date and annually thereafter on each anniversary of the activation date during the term hereto and any extension thereof. Nothing herein shall be construed to indicate that the said charges may not be adjusted from time to time by the Grantee, in its sole and absolute discretion in accordance with the Code of Federal Regulations, Part 400, Section 400.42.

11.3 **CUSTOMS BOND EXPENSE:** The Operator/User shall pay the full cost of any CBP bond required by the CBP, including Customs Form 301, Foreign Trade Zone Operator's/User's Bond for Operation of the Subzone Facility.

11.4 Grantee shall not be obligated to reimburse the Operator/User for any expenses incurred by the Operator/User in connection with its operations at the Subzone Facility, including without limitation, expenses covering or relating to any of the following: assignment to the Subzone Facility of CBP employees; the obtaining of such surety bond as any be required of Operator/User by the CBP; keeping of books, records and accounts in the manner required by the Regulations; any costs incurred by Operator/User pursuant to the Regulations and any other

expenses involving in any way the administration or operation of the Subzone Facility or Operator/User's compliance with the terms of this Agreement. All such expenses shall be the sole responsibility of Operator/User.

11.5 Without limiting the generality of any other provision in this Agreement, Operator/User shall reimburse Grantee for any fine ultimately imposed on Grantee by CBP as the result of any act or omission of Operator/User or any of its subcontractors under this Agreement. In the event any such fine is imposed or if Grantee is informed that any such fine is contemplated, Grantee shall promptly notify Operator/User in writing and shall provide Operator/User the opportunity to defend against such fine.

ARTICLE XII ADVERTISING

12.1 The Grantee agrees not to use the name of the Subzone Operator/User in any publicity, advertising or information which is disseminated to the general public unless such use is required by law or Subzone Operator's/User's Public Affairs representative grants prior approval. However, Subzone Operator/User hereby grants approval to Grantee to use Subzone Operator's/User's name in relation to Grantee sponsoring Subzone Operator/User for Subzone status and, after activation, make reference to the Subzone as being part of FTZ #219.

12.2 Grantee reserves the right to solicit press releases and respond to press inquiries concerning the zone site.

12.3 Operator/User shall have the right to advertise the FTZ designation of the Subzone Facility so as to solicit contracts for work to be done on the site, but shall not respond to press inquiries without prior written consent of Grantee.

ARTICLE XIII INSURANCE AND INDEMNIFICATION

13.1 **REQUIRED INSURANCE:** Operator/User shall secure and maintain throughout the term of this Agreement insurance with limits as required in this Article. Operator/User may not commence zone activity under this Agreement until all insurance required under this section has been obtained and approved by Grantee. Operator/User must furnish to Grantee certificates of insurance evidencing the required coverage ten (10) business days prior to commencement of operations by Operator/User, and ten (10) days prior to the expiration of any coverages required herein. Those certificates must name as additionally insured the **Greater Yuma Economic Development Corporation**, its elected officers, agents, and employees, and must specify or be endorsed to provide that thirty (30) days prior written notice shall be given of any pending charge in the limits of liability or any cancellation, expiration or modification of the policy. Such prior written to the Grantee shall be registered or certified mail. Those certificates must provide that the insurance afforded to the additional insured will be primary insurance to the full liability limits of the policy, and that if additional insured have other insurance against loss covered by the policy, that other insurance will be excess insurance only. Further, the certificates shall include an obligation of the insurer to defend Grantee in any action covered by said insurance. Operator/user will promptly pay all such insurance premiums as when they become due.

- A. **Statutory Worker's Compensation/Employer's Liability Insurance:** Unless specifically exempt therefrom, Operator/User must obtain and maintain worker's

compensation and employer's liability insurance as required by the laws of the State of Arizona. Operator/User shall require the carriers of this coverage to waive all rights of subrogation against the Greater Yuma Economic Development Corporation.

B. **Comprehensive General Liability Insurance:** Operator/User shall obtain general liability insurance on a per occurrence basis with a combined single limit of two (2) million dollars (\$2,000,000.00). Additional insured endorsements are required for general liability coverage policies with respect to liabilities arising out of the performance of services. Additional insured shall be listed as the Greater Yuma Economic Development, its elected officials, officers, agents and employees.

C. **Other requirements and Acceptable Proof of Insurance:**

1. All insurance coverage must be maintained throughout the term of this Agreement.
2. Insurance companies must have an A.M. Best Rating of B+VIII or better.
3. Policy deductible must be stated for each coverage, and must be acceptable to the Grantee.
4. Agents must confirm that the policy endorsements have been ordered from the respective insurance companies. Upon issuance, policy endorsements and corresponding Certificates of Insurance listing all insurers and coverage's must be submitted to the Grantee in binders.

13.2 FAILURE TO PROVIDE INSURANCE: Notwithstanding any other provision of this Agreement, Grantee may immediately terminate this Agreement if, at any time, Operator/User fails to maintain the required insurance for any period of time or fails to comply with any of the insurance requirements listed above.

13.3 OPERATOR/USER INDEMNIFICATION: Operator/user shall protect, indemnify, and hold harmless Grantee, its directors, officers, employees and agents from all claims and demands of third person, arising out of but not limited to any and all loss due to damage and liability, including attorneys fee and costs, whether insured or not, arising out of or incident to Operator's/User's Subzone operations hereunder. Grantee agrees to provide Operator/User with prompt notice in writing of any state of facts or situation arising out of Operators/User's Subzone operations that may give rise to claim by Grantee for indemnification. Operator/User shall have the right to direct and control the defense and settlement of such claim and be responsible for legal fees and other costs incurred in such defense and settlement. Grantee may require a bond in favor of Grantee at any time Grantee deems it necessary to adequately protect its indemnification herein. Such indemnification specifically includes any and all fines or penalties imposed on Grantee resulting from the operations of the Subzone.

**ARTICLE XIV
NOTICES**

14.1 NOTICES TO GRANTEE: All notices sent to Grantee shall be sent by registered or certified mail, return receipt requested, addressed to:

The Greater Yuma Economic Development Corporation
899 E. Plaza Circle, Suite 2
Yuma, Arizona 85365

14.2 NOTICES TO OPERATOR/USER: All notices to Operator/User shall be sent by registered or certified mail, return receipt requested, addressed to:

Insert Company

Notices shall be deemed effective upon the date of delivery as evidenced by the postal return.

**ARTICLE XV
FOREIGN TRADE ZONE PRIVILEGES**

15.1 Grantee makes no representations or warranties as to the particular privileges and benefits which may accrue to Operator/User from the FTZ site operations as those privileges and benefits may vary as a result of changes in federal law, determination of the Boards and U.S. Customs, and operational decisions of the Operator/User. Grantee shall in no way be liable for any costs or losses sustained by Operator/User as a result of its use of the Subzone.

**ARTICLE XVI
MISCELLANEOUS PROVISIONS**

16.1 CONSTRUCTION: This Agreement shall be governed by and construed in accordance with the Foreign Trade Zones Act, regulations adopted by the Board and CBP thereunder and amendments thereto, and applicable laws of the State of Arizona, and the rules and regulations of the Grantee.

16.2 COUNTERPARTS: This Agreement may be executed in any number of counterparts, each which when so executed and delivered shall be deemed an original, but such counterparts together shall constitute but one and the same Agreement.

16.3 FURTHER INSTRUMENTS AND ACTIONS: Each party shall deliver such further instruments and take such further action as may be reasonably requested by the other in order to carry out the provisions and purposes of this Agreement.

16.4 HEADINGS: Headings and captions in this Agreement are solely for the convenience of reference and shall not effect its interpretation.

16.5 INTEGRATION: This instrument contains the entire Agreement of the parties, as to foreign trade zone operations and no representations, inducements, promises, or agreements, oral or otherwise, not embodied, attached or referenced herein shall be of any force or effect. The terms of this Agreement take precedence over any contrary provisions contained in Tariff No. 2.

16.6 SEVERABILITY: If any provisions of this Agreement are declared void or defective, that declaration will not affect the validity of any other provision of this Agreement.

16.7 WAIVER: No failure of either party hereto to exercise any right or power given it hereunder, or to insist upon strict compliance by the other party of any obligation hereunder, and no custom or practice at variance with the terms hereto, shall constitute a subsequent waiver of the party's right to demand exact compliance with the terms hereof.

16.8 AMENDMENT: This Agreement can not be changed orally, but only by an agreement in writing executed by all parties hereto.

16.9 EXHIBITS AND SCHEDULES: All exhibits and schedules shall be deemed a part of this Agreement. Any exhibit or schedule may be capable of being adjusted without the necessity of formal amendment of the Agreement. Upon adjustment of any exhibit or schedule, a revised exhibit or schedule should be prepared and executed by the parties hereto.

16.10 REPRESENTATION AND AMBIGUITY: The parties agree that each of the parties has been represented by or has had the opportunity to be represented by legal counsel of their own choice. The Agreement has been negotiated between the parties and if there is any ambiguity, no presumption construing the Agreement for, or against party shall be imposed, regardless of which party is deemed to have drafted this Agreement.

16.11 RELIANCE: Operator/User acknowledges that the Grantee is relying on the representations of the Operator/User, including but not limited to, the representations made in the Operator's/User's Subzone application, a copy of which is attached hereto, and incorporated herein by this reference.

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be executed by their duly authorized officers as of this _____ day of _____, 20____.

ATTEST: **Greater Yuma Economic Development Corporation**
Zone Grantee

By:

Titles:

ATTEST:

Company

By:

Titles:
