

**Rates, Rules & Regulations
Governing
Foreign Trade Zone No. 136**

ZONE SCHEDULE

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Revision History

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2016.09.14	001	Submitted to 9/28/16 Board of Commissioners for approval.	Overall format and design change. Title changed to Zone Schedule. Verified active FTZ Operators.	Langley, C.

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1 INTRODUCTION

This Zone Schedule (“Schedule”) has been adopted by the Canaveral Port Authority (“CPA”), a body politic and corporate and existing under Chapter 2014-241, Laws of Florida, as amended, acting in its capacity as the Grantee of Foreign Trade Zone No. 136 and shall govern all operations taking place within Foreign Trade Zone No. 136.

2 ZONE SCHEDULE

2.1. Schedule Content

This Zone Schedule has been promulgated and adopted by the Grantee and contains the rules and regulations governing the use of Foreign Trade Zone No. 136 by Operators, Subzone Operators, Users and all other persons and entities. The Schedule also includes the Rates and Charges applicable to use of the Zone. This Schedule is intended to conform with and supplement the Foreign Trade Zones Act (“Act”) and the rules and regulations of the Foreign-Trade Zones Board (“FTZB”) and United States Customs and Border Protection (“USCBP”). The effective date of this Schedule is set forth on the cover page.

2.2. Amendment and Interpretation

Subject only to the requirements of the Act and the FTZ regulations, this Schedule may be modified, amended or replaced by the CPA at any time, if the CPA determines it to be necessary or appropriate to do so. CPA shall, in its sole discretion, interpret the provisions of this Schedule and determine the applicability of any of its provisions. The CPA shall also have complete authority governing the imposition of Rates and Charges provided for herein.

3 DEFINITIONS

The words listed below have the following meanings when used in this Schedule:

3.1 **“Act”** means the Foreign Trade Zones Act of June 18, 1934 (19 USC §81a – 81u), as amended.

3.2 **“Activated Area”** means a Zone Site or Subzone or any portion thereof that has been Activated pursuant to the Act.

3.3 **“Activated”** or **“Activation”** means the filing of an application with USCBP by the FTZ Operator, with Grantee's concurrence, results in the utilization of an FTZ eligible site as an FTZ.

3.4 **“Alternative Site Framework” (ASF)** means an optional approach to designation and management of zone sites allowing greater flexibility and responsiveness to serve single-Operator/User locations.

3.5 **“CBPF”** means a USCBP Form as used in the Regulations, which will typically be paired with a specific number used by USCBP to identify and stipulate the use of such form.

3.6 **“Domestic Merchandise”** means merchandise which has been (i) produced in the United States and not exported therefrom, or (ii) previously imported into USCBP territory and properly released from USCBP custody.

3.7 **“Foreign-Trade Zones Board” (FTZB)** means the U.S. Foreign-Trade Zones Board of the U.S. Department of Commerce, as established by the Act. The FTZB is authorized, subject to the

conditions and restrictions of the Act and of the rules and regulations made thereunder, to grant to appropriate applicants the privilege of establishing, operating, and maintaining foreign trade zones.

3.8 **“FTZ”** means Foreign-Trade Zone as defined by the Act.

3.9 **“FTZ Eligibility”** means the issuance of a grant by the FTZB resulting in a designated area obtaining FTZ eligibility.

3.10 **“FTZ Operator”** means a corporation, partnership, or person that operates a zone or subzone under the terms of an Operating Agreement with the Grantee.

3.11 **“FTZ Regulations”** means Title 15, Code of Federal Regulations (CFR), Part 400, as amended, which governs the grant of authority, the establishment and maintenance of FTZ's by Grantees.

3.12 **“Grantee”** means a corporation to which the privilege of establishing, operating, and maintaining a foreign trade zone has been granted. The Grantee of FTZ No. 136 is the CPA. As used in this definition, “Corporation” means a public corporation or a private corporation as defined in the Act.

3.13 **“Magnet Site”** means a site intended to serve or attract multiple operators or users under the ASF.

3.14 **“Non-Privileged Foreign Status Merchandise”** means imported merchandise that has not cleared USCBP and for which the User does not wish said merchandise to retain its identity, from a USCBP classification standpoint, so that if altered, it will become classifiable in its condition when it enters the customs territory of the United States. All foreign merchandise in a zone which does not have status as privileged foreign or zone restricted is considered to be in non-privileged status.

3.15 **“Operating Agreement”** means a written agreement between the Grantee and any Operator utilizing the Zone that establishes the rules, procedures and requirements for the Operator's use of the Zone.

3.16 **“Port Director”** means the USCBP Port Director with responsibility for overseeing the Activation and operations of the customs port of entry and the Zone.

3.17 **“Privileged Foreign Status Merchandise”** means imported merchandise that has not cleared customs and for which the User wishes said merchandise to retain its identity, from a USCBP classification standpoint, regardless of its condition when it ultimately enters the customs territory of the United States. The privileged status must be affirmatively requested by User.

3.18 **“Service Area”** means the jurisdiction(s) within which a Grantee proposes to be able to designate sites via minor boundary modifications under the ASF.

3.19 **“Subzone”** means a site (or group of sites) established for a specific use.

3.20 **“Usage Driven Site”** means a site tied to a single Operator or User under the ASF.

3.21 **“USCBP”** means the United States Customs and Border Protection Service.

3.22 **“USCBP Regulations”** means 19 CFR 146 that governs the activities of Operators within the Zone; the admission, manipulation, manufacture or exhibition of merchandise within the Zone; the exportation of merchandise from the Zone; the transfer of merchandise from one zone to another; and the transfer of merchandise from the Zone into Customs Territory.

3.23 **“User(s)”** means a person or firm using a zone or subzone for storage, handling, or processing of merchandise.

3.24 **“Zone”** means the aggregate of all Zone Sites within FTZ No. 136.

3.25 **“Zone Restricted Merchandise”** means merchandise taken into the Zone for the sole purpose of exportation, destruction or storage and which cannot re-enter the U.S. Customs territory unless FTZB determines the return would be in the public interest. Zone-restricted status must be affirmatively requested by user.

3.26 **“Zone Site”** means each separate area comprising FTZ No. 136 and its subzones.

3.27 **“Zone Schedule”** means this document which constitutes the FTZ No. 136 Zone Schedule as required by 15 CFR 400.44.

4 AUTHORITY

4.1 Grantee Authority

Foreign Trade Zone No. 136 was established by FTZB Order No. 349 issued on March 16, 1987 with the CPA functioning as the Grantee. General Purpose FTZ No. 136 was expanded once through FTZB Order No. 507 issued on January 29, 1991. There have been three Administrative Actions that have altered the boundaries of the General Purpose Zone Project – Administrative Actions A-31-91, A(27f)-26-92 and A(27f)-13-97. In addition, FTZ No. 136 was reorganized under the Alternative Site Framework by FTZB Order No. 1837 dated June 18, 2012. The Service Area for FTZ No. 136 is all of Brevard County and a description of the Sites is included below.

4.2 U.S. Customs and Border Protection Authority

The rules, regulations and rates provided in this Zone Schedule do not supersede USCBP Rules and Regulations. Any new measures, rulings or determinations made by USCBP will apply.

4.3 Statutory and Regulatory Authority

- Foreign Trade Zones Act [19 USC 81(a) – 81(u)]
- Regulations of the Foreign-Trade Zones Board [15 CFR Part 400]
- U.S. Customs and Border Protection Regulations [19 CFR Part 146]
- Florida Statutes [Chapter 288, s.288.35 through s.288.38]

5 OPERATIONS WITHIN THE ZONE

All persons doing business within FTZ No. 136 and all operations moving merchandise into or out of FTZ No. 136 must strictly conform to the Act, FTZ Regulations, USCBP Regulations, this Zone Schedule and all other applicable federal, state and local laws, rules, and regulations. The Zone Schedule has been adopted by the CPA, acting in its capacity as Grantee, and has been revised pursuant to FTZ Regulations [15 CFR 400.44]. This regulation directs that the Grantee shall submit to the Executive Secretary of the FTZB a zone schedule which sets forth (1) internal rules/regulations and policies for the zone and (2) a statement of the rates and charges (fees) applicable to zone users.

6 AUTHORITY GRANTED / ACCEPTED

6.1 Authority Granted

The Grantee grants the FTZ Operator the authority to utilize the Zone Site as a FTZ subject to the terms and conditions set forth in the Operating Agreement executed between the Grantee and the FTZ Operator.

6.2 Authority Accepted

The FTZ Operator assumes responsibility for the operation and management of the Zone Site in accordance with the terms and conditions of the Operating Agreement during the term set forth in the Operating Agreement and any extensions thereof.

7 LIABILITY

7.1 Grantee Liability

A Grantee is the entity to which the privilege of establishing, operating and maintaining a FTZ has been granted. The grant shall not be sold, conveyed, transferred, set over or assigned. [19 USC 81q] USCBP holds the FTZ Operator and its surety responsible for compliance with the USCBP Regulations through the conditions of the FTZ Operator Bond. [19 CFR 113.73] A grant of authority, per se, shall not be construed to make the Grantee liable for violations by zone participants. [15 CFR 400.46(a)] A Grantee could create liability for itself that otherwise would not exist if the Grantee undertakes detailed operational oversight of or direction to zone participants. Examples of detailed operational oversight or direction include review of an operator's inventory-control or record-keeping systems, specifying requirements for such a system to be used by an operator, and review of USCBP documentation related to an operator's zone receipts and shipments. [15 CFR 400.46(b)]

7.2 FTZ Operator Liability

An FTZ Operator agrees to terms and conditions set forth within the Operator's Operating Agreement that covers the development and operational management of FTZ activities at their designated Zone Site(s). Operations will be consistent and in accordance with standards of operation required by USCBP and the FTZB, including those related to occupancy and use.

8 SITES COMPRISING FTZ NO. 136

8.1 Magnet Sites

- SITE 1:** Canaveral Port Authority Complex at Port Canaveral (884 acres).
- SITE 2:** Titusville-Cocoa Space Center Executive Airport Industrial Park in Titusville (1,372 acres).
- SITE 3:** Melbourne Regional Airport Industrial Park in Melbourne (1,820 acres).
- SITE 4:** Tate Industrial Park in Cocoa (24 acres).
- SITE 6:** Ellis Road Technology Center (24 acres).

8.2 Usage Driven Sites

SITE 5: Telecommunications Support Services in Melbourne (5 acres). – DEACTIVATED SUNSET/LAPSED June 30, 2015.

8.3 Subzones

SUBZONE 136A: Flite Technology, Inc. (FTI) located in Cocoa, Florida. Subzone approved by FTZB Order No. 528 dated July 19, 1991 – GRANT TERMINATED.

SUBZONE 136B: American Digital Switching, Inc. located in Melbourne, Florida. Subzone approved by FTZB Order No. 583 dated June 29, 1992 – GRANT LAPSED

SUBZONE 136C: Harris Corporation-Electronic Systems Sectors facilities located at four sites in Brevard County, Florida. Subzone approved by FTZB Order No. 1007 dated November 16, 1998 – IN DEACTIVATED STATUS

8.4 List of Operators

OPERATOR	SITE LOCATION	STATUS
American Cruise-Aid Logistics, Inc. 405 Atlantis Road, Suite 101 Cape Canaveral, FL 32920	Magnet Site No. 1	Activated November 7, 2007
Seaport Canaveral Corp. 555 Hwy. 401 Cape Canaveral, FL 32920-4438	Magnet Site No. 1	Activated May 4, 2010

*The above sites are approved by FTZB standards, however, for Grantee rate schedule purposes, Activated means engaged in business with international cargo.

9 RATES AND FEES

Property Owners and FTZ Operators shall pay the CPA for services rendered at the rate published in the following charts. Fees are based upon staff time and services involved and exclude additional out-of-pocket expenses including FTZB application fees, legal expenses, and engineering and/or surveying services.

Magnet Site / Usage Driven Site Foreign-Trade Zone	
Sponsorship of Submissions to FTZB1:	
Expansion/Reorganization Application of Existing Magnet Site	\$7,500
Establishment of a new Magnet Site	\$15,000
Minor Boundary Modification Request Seeking Usage Driven Site Designation	\$5,000 (per site)
Request for Production Notification/Authority	\$2,500
Sponsorship of Requests to USCBP:	
Activation Request	\$1,500 (per site)
Alteration Request	\$750 (per site)
Deactivation Request	\$500 (per site)

Annual Fees:	
Annual Fee to Entity functioning as FTZ Operator for Multiple Users at an Activated Single Site (billed annually in January)	\$2,500 (per site)
Annual Fee to Entity functioning as its own FTZ Operator at an Activated Site (billed annually in January)	\$5,000 (per site)
Annual Fee to Entity functioning as FTZ Operator for Multiple Users at a non-Activated Single Site (billed annually in January)	\$1,250 (per site)
Annual Fee to Entity functioning as its own FTZ Operator at a non-activated activated Site (billed annually in January) ²	\$2,500 (per site)

Footnotes:

1. Additional fees charged by the FTZB are the responsibility of the Applicant.
2. Property owners with land in designated FTZ areas prior to January 1, 2009 are exempt from this fee.

Subzones	
Sponsorship of Submissions to FTZB¹:	
Subzone Establishment	\$5,000 (per site)
Subzone Expansion of Area	\$2,500 (per site)
Subzone Request for Production Notification/Authority	\$2,500
Sponsorship of Requests to USCBP:	
Activation Request	\$1,500 (per site)
Alteration Request	\$750 (per site)
Deactivation Request	\$500 (per site)
Annual Fees:	
Annual Fee for Activated Subzone (billed annually in January)	\$5,000 (per site)
Annual Fee for Non-Activated Subzone (billed annually in January)	\$2,500 (per site)

Footnotes:

1. Additional fees charged by the FTZB are the responsibility of the Applicant.

Other Fees and Charges	
Special Grantee Assistance ¹	\$100 per hour

Footnotes:

1. Property owners with land in designated FTZ areas prior to January 1, 2009 are exempt from this fee.

9.1 Late Fee Assessment

All invoices unpaid on the 30th calendar day following the day on which the invoice was issued or the debt was due are delinquent. Delinquent accounts shall incur (as liquidated damages) a late charge of one and one-half percent (1-½%) for each month, eighteen percent (18%) per year, simple interest, on any portion of said bill which remains delinquent.

9.2 Non-Payment of Fees

The CPA reserves the right to terminate any Operating Agreement or Property Owner Agreement or otherwise deny any Operator or Property Owner the use of FTZ No. 136 as a result of the failure of Operator or Property Owner to pay fees due Grantee.

9.3 FTZ Operator Fees

Each FTZ Operator that has a clause in its FTZ Operating Agreement to provide FTZ services to the public at large shall publish its own schedule of FTZ related services offered with rates and fees to be charged

to Users. This Zone Schedule must be made available at the FTZ Operator's Zone Site and at the office of the Grantee.

10 INTERNAL RULES

The following rules governing procedures within FTZ No. 136 are issued in conformity with and supplementary to the Act and Regulations and such of the United States Statutes and Regulations relating to the Port of Entry that are applicable to FTZ Operations.

The Internal Rules section of this Zone Schedule is divided as follows: General Operations; Improvements; Record Keeping; Advertising; Administrative Expense; Indemnification; and Insurance.

Each FTZ Operator at FTZ No. 136 (whether Multiple User, Single User, Usage Driven or Subzone) will have an Operating Agreement in place before Activation. Each Operating Agreement shall be renewable annually in January. The following Internal Rules section of this Zone Schedule supplements but does not supersede the terms and requirements of the Operating Agreement.

10.1 General Operations

10.1.1. Qualifications

Persons and business entities may qualify as an Operator of FTZ No. 136 provided that they are located within Grantee's Service Area, have satisfied all requirements imposed by USCBP, executed the necessary Operating Agreement with the Grantee, filed a Schedule of Rates and Fees with the Grantee (this is needed if the Operator has a clause in its FTZ Operating Agreement to provide FTZ services to the public at large), and met all additional laws and regulations imposed by agencies having jurisdiction over their activities.

10.1.2. FTZ Operations Manual

The FTZ Operator shall establish standards of operation and management and will document them in a FTZ Operations Manual. The manual will conform to requirements of the FTZB and USCBP and will apply to the admittance of all persons, firms and corporations to such premises.

10.1.3. Right of Entry

Representatives of the Grantee, FTZB, USCBP and other authorized U.S. Government Officers, shall have the right to enter the Zone Site at any time for the authorized and lawful purpose of examining the Zone Site, conferring with the FTZ Operator, its agents, invitees and employees on the premises, inspecting and checking operations, supplies, equipment and merchandise, and determining whether the business is being conducted in accordance with the procedures established in the Operations Manual, the Operating Agreement and pursuant to USCBP and FTZ Regulations. All such entries shall be in accordance with the established security procedures and with reasonable advance notice to the FTZ Operator.

10.1.4. Performance

The FTZ Operator agrees to promptly undertake its best efforts to initiate FTZ operations. The Grantee agrees to provide necessary support for the FTZ Operator's efforts.

10.1.5. Expansion

The FTZ Operator will respond, in a timely manner, to future growth in market demand for leased space and facilities within the Zone Site including requesting expansion of facilities as deemed necessary and economically practicable by the FTZ Operator in consultation with Grantee.

10.1.6. Application to FTZB

The Grantee shall have the sole ability to file applications with the FTZB requesting modifications to Grants of Authority. Requests to modify Grant may include expansions, boundary modifications, Subzone applications and/or changes in scope of authority.

10.1.7. Prohibited Use

FTZ No. 136 shall not be used to circumvent trade laws and directives of the United States nor shall it be used for any activities that do not comply with other laws and regulations.

No retail trade shall be conducted within any Activated Areas except as approved by the FTZB and USCBP with concurrence from the Grantee.

No persons shall reside within any Activated Areas of FTZ No. 136.

10.2 Improvements

10.2.1. Immediate Improvements

The FTZ Operator agrees to construct the improvements and facilities at the Zone Site required by the FTZB and to conform with USCBP security requirements for Activation of the Zone Site. The FTZ Operator further agrees to commence business as soon as practicable following the completion of such improvements.

10.2.2. Improvements Generally

The FTZ Operator agrees not to construct any additional Zone Site facility or make any substantial alterations to the improvements referred to above in Immediate Improvements, unless plans and specifications are first concurred with by the Grantee, FTZB, and USCBP as required by law.

10.2.3. Repairs and Maintenance

The FTZ Operator will repair and maintain the premises in a clean and orderly condition consistent with the nature of the operations at the Zone Site.

10.3 Recordkeeping

The Grantee is responsible for preparing and filing with the FTZB an Annual Report summarizing all Zone activity from January 1 through December 31 of each year. The report shall be filed by March 31 of each year pursuant to current requirements of the FTZB. In order for the Grantee to meet its responsibility in this regard, each Operator shall electronically submit its data to the Grantee through the Online FTZ Information System (OFIS) that has been created by the FTZB. Failure of an Operator to timely submit such data may result in penalties assessed by both the Grantee and the FTZB. The FTZ Operator shall be responsible for preparing a narrative and supplying photographs, as required, for the Annual Report to the FTZB. All financial and operations information concerning zone operations shall be kept confidential except that which is required to be made public by the FTZB. Any and all FTZ operations manuals, computer programs, computer reports and system designs developed by the FTZ Operator shall be kept confidential and will not be disclosed to any other entity, except for such information as shall be determined to be public information under federal, state or local laws.

All financial and accounting records concerning Zone Site 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.

Details of business operations of individual firms operating and using the Zone Site shall be kept confidential except for such information as shall be determined to be public information under federal, state or local laws.

10.4 Advertising

The FTZ Operator may advertise that its operations are within a Foreign Trade Zone. However, no designs, advertising signs or forms of publicity referring to the zone shall be used unless approved in writing by the Grantee as meeting standards which include wording, forms, color, number, location and size. The Grantee may advertise that the FTZ Operator operations are within a Foreign Trade Zone. However, the Grantee agrees to consult with the FTZ Operator to assure the accuracy of published data concerning the Zone Site. If the Grantee or FTZ Operator fail to approve or disapprove, in writing, any advertising materials within fourteen (14) days after submission, such materials shall be deemed approved.

10.5 Administrative Expenses

10.5.1. Administrative Fees

The FTZ Operator agrees to pay or cause to be paid all costs, expenses and taxes (if any) incurred by the Zone Site operation including, but not limited to, construction, installation, improvements, security, maintenance, personnel and as otherwise provided herein. The FTZ Operator also agrees to pay the Grantee an annual fee. This fee shall be examined each January as to changes required by either party.

10.5.2. U.S. Customs & Border Protection Administration Expenses

The FTZ Operator shall pay or cause to be paid the full cost of all USCBP administrative fees attributable to the Zone Site operation via direct billing.

10.5.3. U.S. Customs & Border Protection Bond Expense

The FTZ Operator shall pay the full cost of any USCBP Bond required by USCBP for operation of the Zone Site and will file directly with the Port Director.

10.6 Indemnification

The FTZ Operator agrees to protect, indemnify and hold harmless the Grantee, its elected officials, employees and agents from and against any and all loss, damage and liability including attorney fees and costs, whether insured or not, arising out of or incident to the operations of the FTZ Operator at the Zone Site. This includes, but is not limited to, FTZ Operator liabilities under the FTZ Operator's Bond, including liquidated damages, as well as all other penalties and/or fines for violations of USCBP Regulations governing FTZ activities.

10.7 Insurance

The FTZ Operator is required to have an insurance policy for the benefit of the Grantee and show the Grantee as an additional insured covering public liability for the Zone Site for bodily injury and property damage liability. The FTZ Operator needs to furnish the Grantee certificates of any such insurance.

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