

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.

TITLE PAGE

**LAWRENCE COUNTY PORT AUTHORITY
ZONE SCHEDULE**

POLICY, RULES, REGULATIONS AND RATES

APPLICABLE AT

FOREIGN TRADE ZONE 270
SOUTH POINT, OHIO

OPERATING UNDER GRANTED AUTHORITY
OF THE UNITED STATES FOREIGN TRADE ZONES BOARD

TO THE

LAWRENCE COUNTY PORT AUTHORITY
216 COLLINS AVENUE
SOUTH POINT, OHIO 45680

AUTHORIZED: May 26, 2006

OPERATOR(S):

Darapheth Viviane Vallance, Associate Executive Director-
Lawrence Economic Development Corporation (LEDC)
Jeremy Lee Clay, Director of the Point Industrial Park

PREPARER(S):

Arthur Howard Winer and Associates, Inc.
Arthur Howard Winer, President
Darapheth Viviane Vallance,
Associate Executive Director, (LEDC)

ADMINISTRATION PAGE

LAWRENCE COUNTY PORT AUTHORITY
(Grantee)

MEMBERS:

Bill Dingus, Executive Director/Secretary
Keith Molihan, Chairman
Dan Jeffries, Vice-Chairman
Ralph Kline, Treasurer
Carl Darling, Member
Rob Slagel, Member
Tom McKnight, Member

GENERAL OFFICE:

216 Collins Avenue
South Point, Ohio 45680

Telephone: 1-740-377-4550
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WEB: www.lawrencecountyohio.org
www.thepointindustrialpark.org

Email:

Viviane@ledcorp.org
jeremy@ledcorp.org

FOREIGN TRADE ZONE ADMINISTRATION

Darapheth Viviane Vallance,
Associate Executive Director, LEDC

Jeremy Lee Clay,
Director of The Point Industrial Park

Location:
216 Collins Avenue
South Point, Ohio 45680

Mailing Address:
216 Collins Avenue
South Point, Ohio 45680

FOREIGN-TRADE ZONE NO. 270
ZONE SCHEDULE

TABLE OF CONTENTS

Title Page	1
Administration Page	2
Table of Contents	3
Authority	4
Grantee Authority	5
U.S. Customs & Border Protection Authority	6
Statutory and Regulatory Authority	6
Authority/Granted Accepted	7
Authority Granted	7
Authority Accepted	7
Resolution of Authorization	8
Operator Agreement	9
Definitions	10-11
Liability	12
Grantee Liability	12
FTZ Operator Liability	12
Site Descriptions	13
Site Designations	14
List of Operators	14
Site Maps	15-19
Legal Description	20-22
Rates and Fees	23
Rate Schedule	23
Late Fee Assessment	24
Non-Payment of Fees	25
FTZ Operator Fees	25
Internal Rules - Operating Manual	26
General Operations	27
Improvements	28
Record keeping	29
Inventory Control Systems Procedures	30-31
Advertising	32
Administrative Expenses	32
Indemnification	32
Insurance	32

FOREIGN-TRADE ZONE NO. 270
ZONE SCHEDULE

AUTHORITY

Grantee Authority:

The Lawrence County Foreign-Trade Zone, (FTZ No. 270) was established by Board Order issued on May 26, 2006 with the Lawrence County Port Authority functioning as the Grantee. General Purpose FTZ No. 270 has not been expanded as yet. There have been no Administrative Actions that have altered the boundaries of the General Purpose Zone Project. The boundaries of the Zone Project and a description of the Sites are included below.

All persons doing business within FTZ No. 270 and all operations moving merchandise into or out of FTZ No. 270 must strictly conform to the Foreign-Trade Zones Act (FTZA), Foreign-Trade Zones Board (FTZB) Regulations, U.S. Customs and Border Protection (CBP) Regulations, this Zone Schedule and all other applicable federal, state and local laws, rules, and regulations.

The following Zone Schedule has been adopted by the Lawrence County Port Authority, acting in its capacity as of Grantee, and has been revised pursuant to FTZB Regulations (15 CFR 400.42). This Regulation directs that the Grantee shall submit to the Executive Secretary of the FTZB and the Port Director of CBP a Zone Schedule which sets forth (1) Internal Rules and Regulations of the zone and (2) A statement of the rates and charges (fees) applicable to zone users.

This Zone Schedule may be modified, amended or replaced by the Lawrence County Port Authority at any time if it is determined to be necessary or appropriate to do so. The Lawrence County Port Authority shall, in its sole discretion, interpret the provisions of this Schedule and determine the applicability of any of its provisions.

FOREIGN-TRADE ZONE NO. 270
ZONE SCHEDULE

FOREIGN-TRADE ZONES BOARD
WASHINGTON, DC

GRANT OF AUTHORITY

ESTABLISHMENT OF A FOREIGN-TRADE ZONE
LAWRENCE COUNTY, OHIO

WHEREAS, the Foreign-Trade Zones Act provides for "... the establishment . . . of foreign-trade zones in ports of entry of the United States, to expedite and encourage foreign commerce, and for other purposes," and authorizes the Foreign-Trade Zones Board to grant to qualified corporations the privilege of establishing foreign-trade zones in or adjacent to U.S. Customs ports of entry;

WHEREAS, the Lawrence County Port Authority (the Grantee), an Ohio public corporation, has made application to the Board (FTZ Docket 52-2005, filed 10/20/05), requesting the establishment of a foreign-trade zone at a site in Lawrence County, Ohio, adjacent to the Charleston Customs port of entry;

WHEREAS, notice inviting public comment has been given in the Federal Register (70 FR 61786, 10/26/05); and,

WHEREAS, the Board adopts the findings and recommendations of the examiner's report, and finds that the requirements of the FTZ Act and the Board's regulations are satisfied, and that approval of the application is in the public interest;

NOW, THEREFORE, the Board hereby grants to the Grantee the privilege of establishing a foreign-trade zone, designated on the records of the Board as Foreign-Trade Zone No. 270, at the site described in the application, and subject to the Act and the Board's regulations, including Section 400.28.

Signed at Washington, DC, this 26th day of May 2006.



ATTEST:

Dennis Puccinelli
Dennis Puccinelli
Executive Secretary

FOREIGN-TRADE ZONES BOARD

[Signature]
Secretary of Commerce
Chairman and Executive Officer

FOREIGN-TRADE ZONE NO. 270
ZONE SCHEDULE

AUTHORITY

U.S. Customs & Border Protection Authority:

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

Statutory and Regulatory Authority:

Foreign-Trade Zone Act – 19 USC 81

Foreign-Trade Zones Board Regulations – 15 CFR 400

Customs & Border Protection Regulations – 19 CFR 146

FOREIGN-TRADE ZONE NO. 270
ZONE SCHEDULE

AUTHORITY GRANTED/ACCEPTED

Authority Granted:

The Grantee (Lawrence County Port Authority or LCPA) grants the FTZ Operator (Lawrence Economic Development Corporation or LEDC) the authority to utilize the Zone Site as a FTZ subject to the terms and conditions set forth within the Operating Agreement executed between the Grantee and the FTZ Operator.

Authority Accepted:

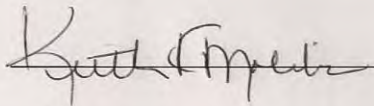
The FTZ Operator assumes responsibility for the operation and management of the Zone Site in accordance with the terms and conditions of the Operating Agreement during the term set within the Agreement and any extensions thereof.

FOREIGN-TRADE ZONE NO. 270
ZONE SCHEDULE

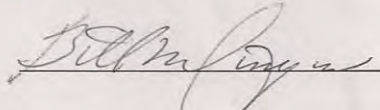
**Lawrence County Port Authority
Resolution and Agreement Authorizing
The Lawrence Economic Development Corporation
To Become the Operator of the Foreign Trade Zone #270
within The Point Industrial Park**

- Whereas;** the Lawrence County Port Authority has been designated as the Grantee by the Customs and Border Patrol Services as it pertains to the Foreign Trade Zone within the 504 acres of The Point Industrial Park.
- Whereas;** the Lawrence County Port Authority, at its April 16, 2009 Board meeting unanimously agreed to engage the services of the Lawrence Economic Development Corporation to become the Operator of the Foreign Trade Zone.
- Whereas;** the Lawrence Economic Development Corporation shall be responsible to Activate the Foreign Trade Zone and to comply with all pertinent regulations as required under the Code of Federal Regulations , Title 19, Part 146.

Now, Therefore Be It Resolved; this 16th day of April, 2009, that by the majority vote of the Board of the Lawrence County Port Authority, to enter into an Operating Agreement with the Lawrence Economic Development Corporation. Said Agreement to be for a term of five years (5) with five automatic renewals for an additional twenty five years in five year increments.



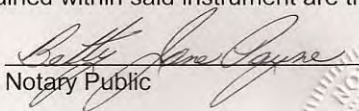
Chairman



Executive Director

STATE OF Ohio
COUNTY OF Lawrence SS:

On this 16 day of April, 2009 before me, a Notary Public in and for said State, personally appeared Keith Hollibaugh, Bill W. Dini, in their capacity as Lawrence County Port Authority, to me known to be the persons described and who executed the within instrument and who acknowledged that they executed the same for purposes therein contained as their own free acts and deeds and who swore before me that the statements contained within said instrument are true.



Notary Public

My commission expires: 3/9/2011



FOREIGN-TRADE ZONE NO. 270
ZONE SCHEDULE

DEFINITIONS

1. Foreign-Trade Zones Board (FTZB) -- Comprised of the Secretary of Commerce and the Secretary of Treasury. These officials or their designee are empowered to issue to appropriate applicants the grant of authority to establish, maintain and operate a Foreign Trade Zone project 19 U.S.C. 81a(b); 15 C.F.R. 400.2(b).
2. Foreign-Trade Zones Board staff -- Officials in the Department of Commerce, International Trade Administration responsible for overseeing the administration of Foreign Trade Zones. The Executive Secretary heads up this office 15 C.F.R. 400.2(f).
3. Port Director of Customs and Border Protection (CBP) -- Customs official with responsibility for overseeing the activation and operations of zone projects within his customs port of entry.
4. Grantee -- Corporation to which the privilege of establishing, operating, and maintaining a foreign-trade zone has been granted." 19 U.S.C. 81a(h). The Grantee of FTZ No. 270 is the Lawrence County Port Authority.
5. FTZ Operator -- Corporation, partnership, or person that operates a zone or subzone under the terms of an Agreement with the Grantee. 15 C.F.R. 400.2(s).
6. User -- A person or firm using a zone or subzone for storage, handling, or processing of merchandise. 15 C.F.R. 400.2(v).
7. FTZ Eligibility -- Issuance of a grant by the FTZB results in designated area obtaining FTZ eligibility.
8. Zone Site -- Each separate area comprising FTZ No. 270 and its subzones.
9. Activation -- Filing of an application with CBP by the FTZ Operator, with Grantee's concurrence, results in the actual utilization of an FTZ eligible site as an FTZ.
10. Subzone -- A special purpose zone established as an adjunct to a zone project for a limited purpose.
11. Domestic Status Merchandise -- Merchandise produced in the United States or imported merchandise for which customs duties have already been paid.

*FOREIGN-TRADE ZONE NO. 270
ZONE SCHEDULE*

DEFINITIONS (cont.)

12. Privileged Foreign Status Merchandise -- Imported merchandise that has not cleared Customs and for which the User wishes said merchandise to retain its identity, from a customs classification standpoint, regardless of its condition when it ultimately enters the customs territory of the United States.

13. Non-Privileged Foreign Status Merchandise -- Imported merchandise that has not cleared Customs and for which the User does not wish said merchandise to retain its identity, from a customs classification standpoint, so that if altered, it will become classifiable in its condition when it enters the customs territory of the United States.

14. Zone Restricted Merchandise -- Merchandise which can not re-enter the U.S. customs territory.

15. CPB Form 214 -- Document prepared by the User, signed by the FTZ Operator and approved by CBP, which authorizes the admission of merchandise into a FTZ and designates the status of the merchandise.

16. CBP Form 216 -- Document prepared by the FTZ Operator and approved by CBP, which authorizes the User to engage in certain activities within the FTZ such as manipulation, repair, destruction and manufacture.

17. CBP Form 3461 -- Document prepared by the User, which must be approved by CBP and furnished to the FTZ Operator prior to the physical removal of any merchandise from the FTZ into the customs territory of the United States.

18. CBP Form 7512 -- Document prepared by the User, which must be approved by CBP and furnished to the FTZ Operator prior to the physical removal of any merchandise from the FTZ for exportation of merchandise from the United States.

19. Zone Schedule -- This document constitutes the FTZ No. 270 Zone Schedule as required by 15 C.F.R. 400.42. This document may also be referred to as the FTZ No. 270 Tariff.

FOREIGN-TRADE ZONE NO. 270
ZONE SCHEDULE

LIABILITY

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). CBP holds the FTZ Operator and its surety responsible for compliance with the Customs Statutes and Regulations through the conditions of the FTZ Operator Bond. (19 CFR 113.73). However, the execution of the bond by the FTZ Operator does not lessen the liability of the Grantee to comply with the FTZA and the implementing regulations (19 CFR 146.6(e)). The Grantee is not automatically absolved of all liability when delegating its authority to operate and maintain a zone to another person and the Grantee does not operate the zone itself. (Comments and Responses to TD 86-16 (51 FR 5048) and HQ Ruling 218985 dated August 15, 1986).

FTZ Operator Liability:

An FTZ Operator agrees to terms and conditions set forth within the Operator's 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 CBP and the FTZB, including those related to occupancy and use.

FOREIGN-TRADE ZONE NO. 270
ZONE SCHEDULE

SITE DESCRIPTIONS

Site Designations:

List of General Purpose FTZ Sites:

Site 1: 1.038 acres of FTZ eligibility within the 504 acre industrial park (The Point Industrial Park) within the FTZ#270 designated site in South Point, Ohio.

Site 2: N/A

Site 3: N/A

Site 4: N/A

List of Subzones:

There are no subzones at this time.

Subzone 270A: N/A

Subzone 270B: N/A

Subzone 270C: N/A

Subzone 270D: N/A

See maps on following pages for locations of Site.

FOREIGN-TRADE ZONE NO. 270
ZONE SCHEDULE

SITE DESCRIPTIONS

List of Operators:
OPERATOR

There are no operators currently on site.

**SITE LOCATION
STATUS**

General Purpose
Site No. 1

In the Process of being Activated See Maps and Description Below

Future Expansions

Subzone 270A

General Purpose
Site No.
Not Activated

Subzone 270B

General Purpose
Site No.
Not Activated

Subzone 270C

General Purpose
Site No.
Not Activated

Subzone 270D

General Purpose
Site No.
Not Activated

FOREIGN-TRADE ZONE NO. 270
ZONE SCHEDULE

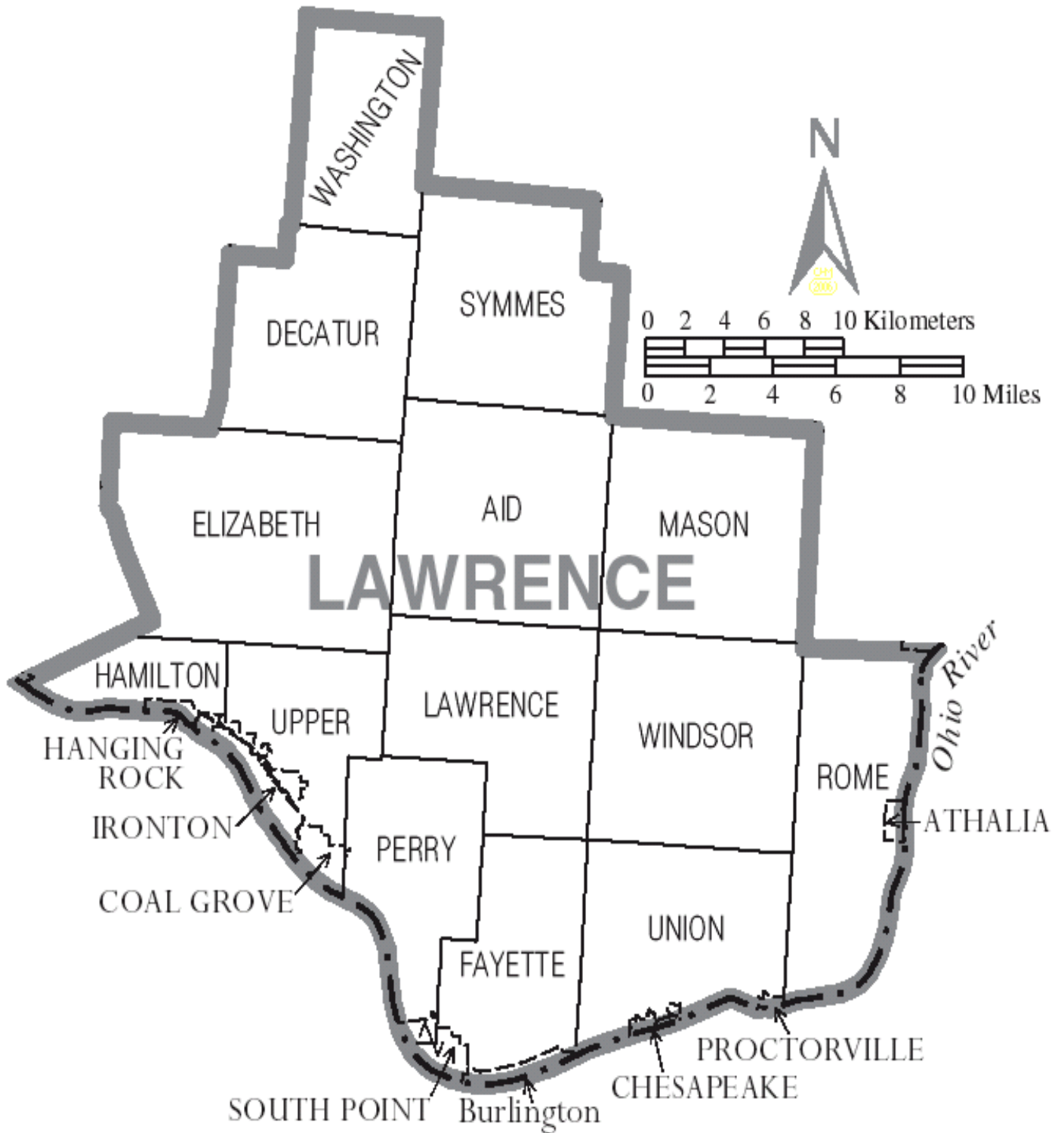
SITE DESCRIPTIONS

SITE DESCRIPTIONS

Site Maps:
State of Ohio Map:



FOREIGN-TRADE ZONE NO. 270
ZONE SCHEDULE

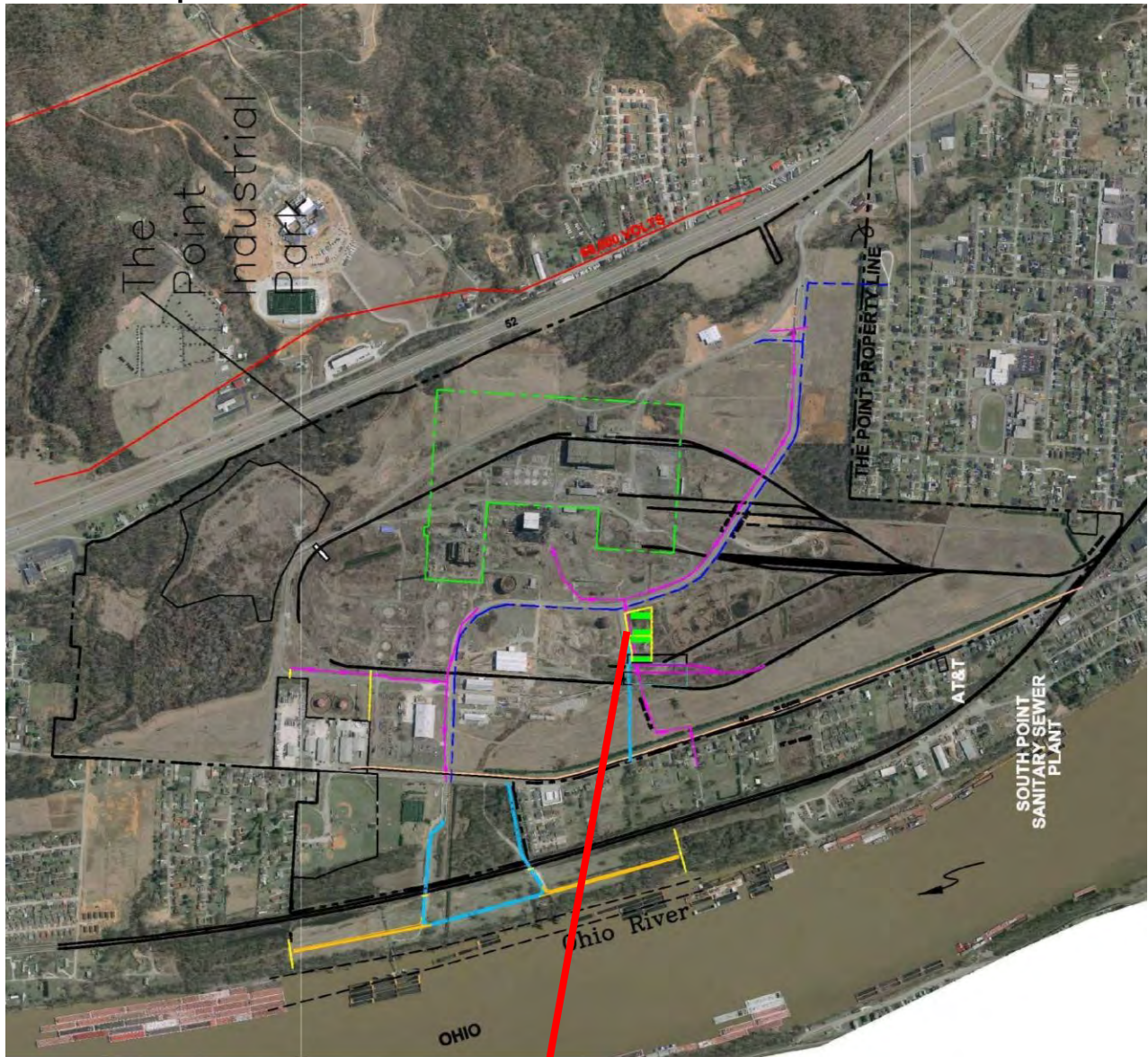


FOREIGN-TRADE ZONE NO. 270
ZONE SCHEDULE



FOREIGN-TRADE ZONE NO. 270
ZONE SCHEDULE

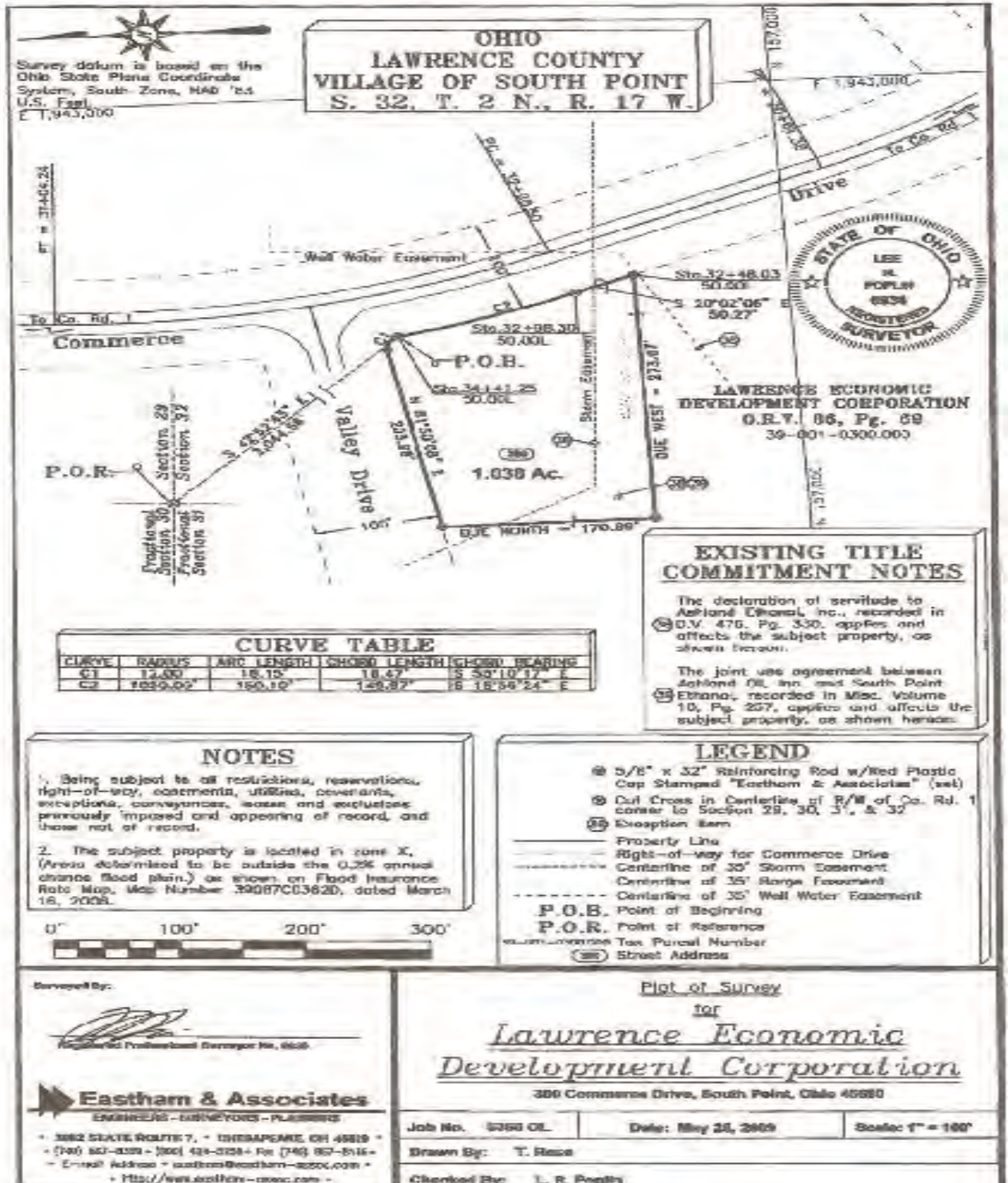
The Point Map Aerial



***FTZ Storage Site**

FOREIGN-TRADE ZONE NO. 270
 ZONE SCHEDULE

Legal Description of the Site:



FOREIGN-TRADE ZONE NO. 270
ZONE SCHEDULE

Legal Description of the Site:



**DESCRIPTION
for
300 Commerce Drive**

A certain tract of land situate in the State of Ohio, Lawrence County, in the Village of South Point, formerly Perry Township, and being a part of Section 32, Township 2 North, Range 17 West, and being more particularly bounded and described as follows:

Beginning for reference at a cut cross in the centerline of the right-of-way of County Road No. 1, the said cut cross marks the corner common to Sections 29, 30, 31 and 32, Township 2 North, Range 17 West, and also marks the point of beginning of Tract No. 1, of the lands now owned by The Lawrence Economic Development Corporation, (O.R.V. 86, Pg. 69); thence, leaving the said section corner, and the centerline of the right-of-way of the said County Road No. 1, and severing the lands of the said Corporation, South $42^{\circ} 52' 43''$ East 2,044.56 feet to a $5/8" \times 32"$ reinforcing rod with a red plastic cap stamped "Eastham & Associates" (set) on the south right-of-way line of Valley Drive, and being located 50.00 feet left of and radial to centerline Station 34+41.25 of Commerce Drive; thence, leaving the south right-of-way line of the said Valley Drive, and severing the lands of the said Corporation, with the west right-of-way line of the said Commerce Drive, as follows, with a curve to the left, having a radius of 1,050.00 feet, and an arc length of 150.10 feet, the long chord of which bears:

South $15^{\circ} 56' 24''$ East 149.97 feet to a $5/8" \times 32"$ reinforcing rod with a red plastic cap stamped "Eastham & Associates" (set) 50.00 feet left of and at right angle to centerline PC Station 32+98.30; thence,

South $20^{\circ} 02' 06''$ East 50.27 feet to a $5/8" \times 32"$ reinforcing rod with a red plastic cap stamped "Eastham & Associates" (set) 50.00 feet left of and at right angle to centerline Station 32+48.03; thence, leaving the west right-of-way line of the said Commerce Drive, and continuing to sever the lands of the said Corporation, as follows:

Due West 273.67 feet to a $5/8" \times 32"$ reinforcing rod with a red plastic cap stamped "Eastham & Associates" (set); thence,

Due North 170.69 feet to a $5/8" \times 32"$ reinforcing rod with a red plastic cap stamped "Eastham & Associates" (set) on the south right-of-way line of the said Valley Drive; thence, with the south right-of-way line of the said Valley Drive, continuing to sever the lands of the said Corporation, as follows:

North $81^{\circ} 30' 08''$ East 203.98 feet to a $5/8" \times 32"$ reinforcing rod with a red plastic cap stamped "Eastham & Associates" (set); thence, with a curve to the right, having a radius of 12.00 feet, and an arc length of 18.15 feet, the long chord of which bears:

South $55^{\circ} 10' 17''$ East 16.47 feet to the TRUE PLACE OF BEGINNING, containing 1.038 acres, more or less, as surveyed under the supervision of Lee R. Poplin, Ohio Registered Professional Surveyor No. 6936, on May 28, 2009, and being known as 300 Commerce Drive, as shown on the attached plat and made a part of this description. The above description is based on the Ohio State Plane Coordinate System, South Zone, NAD '83, U.S. feet.

E-mail ♦ eastham@eastham-assoc.com

Home Page ♦ <http://www.eastham-assoc.com>

3992 STATE ROUTE 7, CHESAPEAKE, OHIO 45619 ♦ (740) 867-8369 ♦ (800) 454-5258 ♦ FAX (740) 867-8146

*FOREIGN-TRADE ZONE NO. 270
ZONE SCHEDULE*

Page 2.

The above described tract is a part of the same land as that described as Tract No. 1, in a special warranty deed from Ashland Inc., a Kentucky corporation, to The Lawrence Economic Development Corporation, an Ohio non-profit corporation, dated December 15, 2000, and recorded in Official Record Volume 86, Page 69, in the Office of the Recorder of Lawrence County, Ohio.

And being a part of the Auditor's Tax Parcel No. 39-001-0300.000, formerly 15-145-1500.000.

FOREIGN-TRADE ZONE NO. 270
ZONE SCHEDULE

RATES AND FEES

Rate Schedule:

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

**General Purpose Foreign-Trade Zone
Sponsorship of Submissions to FTZB (Fee to FTZB to be paid by Applicant –
Property Owner or FTZ Operator):**

Expansion/Reorganization Application	
	\$7,500
Minor Boundary Modification Request (Permanent)	
	\$2,500
Minor Boundary Modification Request (Temporary)	
	\$1,250
Change in Scope of Authority	
	\$1,500
Request for Manufacturing Authority	
	\$3,000

Sponsorship of Requests to CBP:

Activation Request	
	\$1,500
Alteration Request	
	\$750
Deactivation Request	
	\$500

Annual Fees:

Annual Fees to Multiple User General Purpose FTZ Operators (billed annually in January)	
	\$2,500
Annual Fees to Single User General Purpose FTZ Operators (billed annually in January)	
	\$5,000
Annual Fee to Property Owner with No Activated Area *	
	\$2,500
Annual Fee to Property Owner with Activated Area	
	0

FOREIGN-TRADE ZONE NO. 270
ZONE SCHEDULE

RATES AND FEES

Subzones

Sponsorship of Submissions to FTZB (Fee to FTZB to be paid by Subzone Applicant):

Subzone Establishment	\$7,500
Subzone Expansion of Area	\$2,500
Change in Scope of Authority	\$2,500

Sponsorship of Requests to CBP:

Activation Request	\$1,500
Alteration Request	\$750
Deactivation Request	\$500

Annual Fees:

Annual Fee for Activated Subzone (billed annually in January)	\$5,000
Annual Fee for Non-Activated Subzone (billed annually in January)	\$3,000

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

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 (1-1/2%) for each month, eighteen percent (18%) per year, simple interest, on any portion of said bill which remains delinquent.

RATES AND FEES

RATES AND FEES

Non-Payment of Fees:

The Lawrence County Port Authority reserves the right to terminate any Operator Agreement or Property Owner Agreement or otherwise deny any Operator or Property Owner the use of FTZ No. 270 as a result of the failure of the Operator or Property Owner to pay fees due Grantee.

FTZ Operator Fees:

Each FTZ Operator shall publish its own schedule of services offered with rates and fees to be charged to Users. This schedule must be made available at the FTZ Operator's Zone Site and at the office of the Grantee. Any FTZ Operator that does not file a rate schedule with the Grantee is restricted to handling only its own merchandise.

FOREIGN-TRADE ZONE NO. 270
ZONE SCHEDULE

INTERNAL RULES- OPERATING MANUAL*

The following rules governing procedures within FTZ No. 270 are issued in conformity with and supplementary to the FTZ Statute 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 are divided as follows:

General Operations

Improvements

Record Keeping

Inventory Control System-Procedures

Advertising

Administrative Expense

Indemnification

Insurance

Each FTZ Operator at FTZ No. 270 (whether General Purpose or Subzone) will have an Operating Agreement (Agreement) in place before activation. Each Operating Agreement shall be renewable annually in January. The following internal rules section of this Zone Schedule supplements and does not supersede the terms and requirements of the Operating Agreement.

FOREIGN-TRADE ZONE NO. 270
ZONE SCHEDULE

INTERNAL RULES (cont.)

General Operations:

Qualifications:

Persons and business entities may qualify as an FTZ Operator of FTZ No. 270 provided that they have satisfied all requirements imposed by CBP, executed the necessary Operating Agreement with the Grantee, filed a Schedule of Rates and Charges with the Grantee, and met all additional laws and regulations imposed by agencies having jurisdiction over their activities.

FTZ Operations Manual/FTZ Rates and Charges Schedule:

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 CBP and will apply to the admittance of all persons, firms and corporations to such premises. The FTZ Operator will also prepare, in written form, a FTZ Rates and Charges Schedule that will state charges for Zone Site operations and shall afford to all entities desiring to use the Zone Site, uniform treatment under like circumstances. The Rates and Charges Schedule shall be forwarded to the Grantee for formal submission to the FTZB.

Right of Entry:

Representatives of the Grantee, FTZB, CBP 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 CBP and FTZB regulations. All such entries shall be in accordance with the established security procedures and with reasonable advance notice to the FTZ Operator.

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.

FOREIGN-TRADE ZONE NO. 270
ZONE SCHEDULE

INTERNAL RULES (cont.)

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.

Application to FTZB:

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

Prohibited Use:

FTZ No. 270 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 CBP with concurrence from the Grantee.

No persons shall reside within any activated areas of FTZ No.270.

Improvements:

Immediate Improvements:

The FTZ Operator agrees to construct the improvements and facilities at the Zone Site required by the FTZB and to conform with CBP physical 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.

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 CBP as required by law.

FOREIGN-TRADE ZONE NO. 270
ZONE SCHEDULE

INTERNAL RULES (cont.)

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.

Recordkeeping:

The FTZ Operator agrees to submit to the Grantee at the end of each fiscal year and annually on their activation anniversary, reports containing data required by the FTZB and CBP. The appropriate FTZ Operator officials, certifying the accuracy of the reports shall sign all such statements. The FTZ Operator shall be responsible for preparing a narrative and supplying photographs, as required, for the Annual Report to the Board. 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.

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.

Inventory Control System Procedures*:

A preliminary inventory control system will be utilized until Zone activity increases in which a more detailed software systems will be implemented.

The preliminary system will require the operator (Lawrence Economic Development Corporation) to manually input the information stated in the listing below into an Excel spreadsheet per user. Activity will be monitored both by a real-time card reader system to each gated card reader security storage area designated a FTZ storage site and by real-time digital video surveillance. All necessary forms will be handled and signed off by the operator when needed.

As activity increases within the Zone, a more sophisticated system will be implemented as to insure all activity is still monitored in a timely manner.

Both systems will be Customs compliant and be utilized to monitor and report the following as needed and required by Foreign Trade Zones CFR 146.21 Subpart B :

- Unique Identification Number (sku or part number)
- Description
- Annual Balance Information by Status (Foreign, Domestic, Total)
- Foreign Trade Zone Status
- Customs Form 214 Number
- Internal Tracking Number
- Date Admitted
- Country of Origin
- Unit Value
- Harbor Maintenance Indicator
- Vessel Name
- Export Date
- Export Port
- Bill of Lading
- Import Date
- Unlading Port
- Customs Form 7512 Document Number
- Customs Form 7512 Date
- Customs Form 7512 Port
- Purchase Order Data
- Weight
- Customs Transaction Number and Date
- Entry Reference Number
- Entry Release Date

In addition, when Foreign-Trade Zone merchandise is removed from the Zone, the system will be able to relate the merchandise removed back to the Customs form 214 on which it was admitted to the zone. The following information will be included in the system:

- Specific Customs Form 214 the merchandise was admitted on
- Overall Value

FOREIGN-TRADE ZONE NO. 270
ZONE SCHEDULE

- Value of the foreign content in the merchandise
- Country of Origin of the foreign status parts/material in the merchandise
- Zone status of all parts/material in the merchandise
- Duty Rate of every part/material in the merchandise
- Harmonized Number of every part/material incorporated in the merchandise

In addition, there are two reports that will be produced annually: the Annual Reconciliation for U.S. Customs and the Annual Report to the Foreign-Trade Zones Board.

The Annual Reconciliation for U.S. Customs will contain the following information:

- A description of the merchandise for each part number
- Quantity on hand at the beginning of the year
- Quantity on hand at the end of the year
- Cumulative receipts and transfers by part number
- Quantity on hand at the end of the year
- Negative and positive adjustments during the year

The Annual Report for the Foreign-Trade Zones Board will contain the following:

- The value of merchandise forwarded into the U.S. market
- The value of merchandise forwarded to foreign countries
- The value of merchandise forwarded to other Foreign-Trade Zones
- The five main foreign status items received at the zone, classified by value

**Each new client will be required to have its own inventory control system, which must be compliance with CBP Regulations.*

** This Operating Manual may be updated at the discretion of the Port Operator in compliance to CBP rules and regulations.*

INTERNAL RULES (cont.)

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.

Administrative Expenses:

Administrative Charges:

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.

U.S. Customs & Border Protection Administration Expenses:

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

U.S. Customs & Border Protection Bond Expense:

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

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 Customs laws or regulations governing FTZ activities.

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.