

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.

**MCALLEN FOREIGN-TRADE ZONE, INC.
MCALLEN, TEXAS**

Zone Policy, Rules & Regulations, Rates & Charges

Applying at

FOREIGN-TRADE ZONE NO. 12
McAllen, Texas`
(Grantee & Operator)

Operating under granted authority of the
United States Foreign-Trade Zones Board
to the McAllen Foreign-Trade Zone, Inc.

ZONE SCHEDULE NO. 6

(Replaces Tariff No. 5)

Revised April 12, 2021

Issued in compliance with instructions of the Foreign-Trade Zones Board

General Offices
McAllen Foreign-Trade Zone, Inc.
6401 S. 33rd
McAllen, Texas 78503

PREAMBLE

Foreign-Trade zone No. 12, located at 6401 S. 33rd, McAllen, Texas is a Texas Corporation.

All rates and charges for all services or privileges within the Zone shall be fair and reasonable, and the grantee shall afford to all who may apply for the use of the zone and its facilities and appurtenances uniform treatment under like condition, subject to such treaties or commercial conventions as are now in force or may hereafter be made from time to time by the United States with foreign governments.

Copies of the Zone Schedule are on file with the Foreign-Trade Zones Board, Washington, D.C., and are available at the office of Foreign Trade Zone No. 12 upon request.

AVAILABILITY OF INFORMATION: The "Laws, Regulations and Other Information Relating to Foreign-Trade Zones in the United States" are contained in booklet form published by the U.S. Government Printing office and may be obtained from the superintendent of Documents, U.S. Government Printing office, Washington, D.C.

McAllen Foreign-Trade Zone also publishes various documents about the McAllen Foreign-Trade Zone specifically, and Foreign-Trade Zones in general.

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MASTER LIST OF ZONE SCHEDULE CHANGES

Revisions will be reflected at the top of the page adjacent to page number. The following is a list of pages in this Zone Schedule and are identified as original or revisions.

<u>Page</u>	<u>Version</u>	<u>Date</u>
1	Revised	03/26/2019
2	Original	01/1/2014
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25	Original	01/1/2014
26	Original	01/1/2014
27	Original	01/1/2014
28	Original	01/1/2014
29	Original	01/1/2014
30	Revised	2/25/2015
31	Original	01/1/2014
32	Original	01/1/2014
33	Revised	08/28/2019
34	Revised	04/12/2021
35	Revised	08/01/2018
36	Revised	03/26/2019

ABBREVIATIONS

\$	Dollars (U.S.)
%	Percent
B/L	Bill of Lading
CBP	Customs and Border Protection
CF	CBP Form
CFR	Code of Federal Regulations
CR	CBP Regulations
Dom.	Domestic
Ea.	Each
E.G.	For Example
Etc.	Et Cetera
FTZ	Foreign-Trade Zone
FTZB	Foreign-Trade Zones Board
H.T.S.U.S.A.	Harmonized Tariff Schedules Of the U. S. Annotated
Lot	Lot
No.	Number
N.P.F.	Non-Privileged Foreign
P.F.	Privileged Foreign
Pkg.	Package
Sec.	Section
Sq. Ft.	Square Foot
U.S.	United States
USCBP	United States Customs and Border Protection
Yd.	Yard
Z.R.	Zone Restricted

DEFINITIONS

ACT

The Foreign-Trade Zones Act of 1934, as amended.

ACTIVATION

Approval by the Grantee and the Port Director for operations and for the admission and handling of Merchandise in Zone status.

ADMISSION

Physical arrival of goods in the Zone with the approval of the Grantee and the CBP Service. The word “admission” is to be used instead of “entry” of goods into a Zone to avoid confusion with CBP Service entry processes under parts 141-144 of the CBP Service regulations (19 CFR parts 141-144).

ADMIT

To bring Merchandise into a Zone with Zone Status

AUDIT-INSPECTION INVENTORY CONTROL SYSTEM

The procedures used to maintain the records necessary for inventory control of merchandise that is under the supervision and control of the CBP Service.

BOARD

The Foreign-Trade Zones Board established by the Act, which consists of the Secretary of the Department of Commerce, the Secretary of the Treasury or their designated alternates.

BULK

The term used in describing fungibles, which can be poured, scoped or shoveled which generally cannot be counted or identified piece by piece.

CBP SERVICE

The United States CBP Service of the Department of Homeland Security.

CBP TERRITORY

The territory of the United States in which the general tariff laws of the United States apply.

DOMESTIC EXPORTS

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

1.) grown, produced or manufactured in the United States and not exported therefrom, or

DEFINITIONS (continued)

2.) previously imported into CBP territory and properly released from CBP Service custody.

For the purposes of marking and labeling, it includes:

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

DOMESTIC MERCHANDISE

Merchandise which has been:

- 1.) produced in the United States and not exported therefrom, or
- 2.) previously imported into CBP territory and properly released from CBP Service custody.

EXAMINER

The person designated by the Executive Secretary to conduct a review and prepare a report with recommendations for the Board with respect to the initiation of proceedings based on an application filed under the regulations of the Board.

EXECUTIVE SECRETARY

The Executive Secretary of the Board.

FOREIGN MERCHANDISE

Imported merchandise, which has not been properly released from CBP Service custody into CBP territory.

FOREIGN-TRADE ZONE

A restricted access site, in or adjacent to a CBP Service port of entry, or operated pursuant to public utility principles under the sponsorship of a corporation (as defined in the Act) granted authority by the Board and under supervision of the CBP Service.

GRANT OF AUTHORITY

A document issued by the Board which authorizes a Grantee to establish, operate, and maintain a zone project or a subzone, subject to limitations and conditions specified in applicable Board regulations and CBP Service regulations. The authority to establish a zone includes the authority to operate and the responsibility to maintain it.

GRANTEE

The corporate recipient of a grant of authority for a zone project.

IMPORTS

Foreign merchandise of every description, (except articles specifically and absolutely prohibited by statute), entered into CBP territory to become a part of the domestic supply for the purpose of domestic commerce or consumption, and particularly that which is entered into CBP 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, CBP Service bonded warehouse or CBP

DEFINITIONS (continued)

Service custody. The latter merchandise, in relation to operation of the Zone, is considered to be foreign merchandise until its entry into the commerce of the United States.

IN-TRANSIT MERCHANDISE

The term “in-transit merchandise” includes all foreign merchandise transported into and out of the United States, whether in or out of the same port or across the country to another port, with or without transshipment, warehousing, breaking bulk or change in the mode of transportation, which originated in one foreign country and is destined at the same time of the original shipment to another foreign country. Its distinctive feature is that it is being transported from one foreign country through the United States to another foreign country, under a through bill of lading or other documentation or a completed journey. The term is particularly applied to foreign merchandise shipped in-transit through a Foreign-Trade Zone.

LEASE

The document of agreement entered into between the Grantee and User for assignment of space within the Zone.

LOT

The unit or units of goods for which a separate record and account is to be kept by the Zone Operator.

LOT NUMBER

The number assigned to a Zone lot by CBP Service.

GRANTEE

The duties of Foreign-Trade Zone Grantee are performed by a staff member of the McAllen Foreign Trade Zone Inc, designated by the Grantee.

MANIPULATION

The breaking up, repackaging, assembling, distributing, sorting or grading, cleaning, mixing with foreign or domestic merchandise, or other processing which does not constitute manufacture.

MANUFACTURING

Activity involving the substantial transformation of a foreign article resulting in a new and different article having a different name, character, and use.

MEASUREMENT TON

Ton based on a measurement of 40 cubic feet.

MERCHANDISE

Goods, wares, and chattels of every description, except prohibited merchandise. However, building materials, production equipment, and supplies for use in operation of a Zone are not merchandise.

NON-PRIVILEGED FOREIGN MERCHANDISE

- 1.) Foreign merchandise properly in the Zone which does not have status of:
 - a.) privileged-foreign merchandise or
 - b.) zone-restricted merchandise;
- 2.) Waste recovered from any manipulation or manufacture of privileged foreign merchandise in a Zone; or
- 3.) Domestic merchandise in a Zone, which by reason of noncompliance with CBP Service regulations has lost its identity as domestic merchandise and is, treated as foreign merchandise. Any domestic merchandise

DEFINITIONS (continued)

will be considered to have lost its identity if the Port Director determines that it cannot be identified positively by a CBP Service officer as domestic merchandise on the basis of an examination of the articles or consideration of any proof that may be submitted promptly by a party-in interest.

OPEN YARD STORAGE

The keeping of merchandise in open space within the fenced-in area of the where merchandise not requiring weather protection may be stored.

OPERATOR

A corporation, partnership, or person that operates a zone or subzone under the terms of an agreement with the Grantee or an intermediary entity, with the concurrence of the Port Director.

PERSON OF RECORD

The person, firm or corporation in whose name the application to admit merchandise into the Zone (CF 214) is made, recognized by the Zone Grantee as having the legal right to make the application. Evidence of this right of the applicant is the same as would be required to establish the right to apply for release of the merchandise from

CBP custody at the end of its transit through CBP territory, and usually consists of an original bill of lading in the name of the applicant, an original bill of lading endorsed to him or a carrier's certificate.

PORT DIRECTOR

Normally the director of the CBP Service for the CBP Service jurisdictional area in which the zone is located. The Port Director is in charge of the zone as the representative of the Board.

PORT OF ENTRY

A port of entry in the United States, as defined by part 101 of the regulations of the CBP Service (19 CFR part 101), or a User fee airport authorized under 19 U. S. C. 58b and listed in part 122 of the regulations of the CBP Service (19 CFR part 122)

PRIVATE CORPORATION

Any corporation, other than a public corporation, which is organized for establishing a zone project and which is chartered for this purpose under a law of the state in which the zone is located.

PRIVILEGED FOREIGN MERCHANDISE

Foreign merchandise which has not been manipulated or manufactured so as to effect a change in tariff classification will be given status as privileged foreign merchandise on proper application to the Port Director.

PROCESSING

When referring to zone activity, any activity involving a change in condition of merchandise, other than manufacturing, which results in a change in the CBP Service classification of an article or in its eligibility for entry for consumption.

PROHIBITED MERCHANDISE

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

DEFINITIONS (continued)

PUBLIC CORPORATION

A state, a political subdivision (including a municipality) or public agency thereof, or a corporate municipal instrumentality of one or more states.

RE-EXPORTS OR RESHIPMENTS

Merchandise from one foreign country initially destined to the United States which, after being unladen, stored, and /or manipulated or manufactured in this country, is transited under a new bill of lading or other new documentation to another foreign country. The term is particularly applied to re-exports or re-shipments through a Foreign-Trade Zone.

It includes privileged, non-privileged or zone restricted foreign merchandise which:

- 1.) is in the same condition as when transported into the United States, or
- 2.) has been manipulated without any change in its form or nature, or
- 3.) has been manipulated or processed in such a manner as to change its form, whether or not mixed with domestic merchandise, provided the domestic merchandise is not a component part or substantial ingredient thereof.

Generally, it includes all merchandise of foreign origin, which has not been so manipulated or manufactured as to be deemed a product of the United States, and which has not been released from CBP territory.

SECRETARY

The Secretary of Commerce.

STATE

Any state of the United States, the District of Columbia, and Puerto Rico.

STORAGE

The keeping of merchandise in or upon the premises within the Foreign-Trade Zone. Covered storage means keeping within a covered and enclosed structure affording weather protection. The term "storage," with or without designation, ordinarily implies covered storage.

SUBZONE

A special-purpose zone established as an adjunct to a zone project for a limited purpose that cannot be accommodated within an existing Zone.

TENANT

A person or firm utilizing Zone facilities pursuant to a lease agreement with the Grantee.

TON

Weight ton of 2,000 pounds, unless otherwise indicated.

TRANSFER

To take merchandise with Zone Status from a Zone for consumption, transportation, exportation, warehousing, cartage or lighterage, vessel supplies and equipment, admission to another Zone, and like purposes.

TRANSSHIPMENT MERCHANDISE

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

DEFINITIONS (Continued)

UNIT OF QUANTITY

The customary groupings of a commodity as a unit to indicate the medium or method of measure.

UNITED STATES

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

USER

A party using a Zone under agreement with the Grantee or Operator for storage, handling, or processing of merchandise.

WAREHOUSE

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

WEIGHT

The gross weight of the merchandise including container, except as noted to the contrary.

ZONE

A foreign-trade zone established under the provisions of the Act and Board regulations, including without limitation Foreign Trade Zone No. 12. The term also includes subzones, unless the context indicates otherwise.

**DESCRIPTION OF FOREIGN-TRADE ZONE NO. 12
MCALLEN, TEXAS**

Pursuant to a grant issued by the Foreign-Trade Zones Board, Washington, D.C., on October 26, 1970, to the McAllen Foreign-Trade Zone under provisions of Public Law No. 397, 73rd Congress, approved June 18, 1934, Foreign-Trade Zone No. 12, issues the following publication on rules, regulations and tariff rates and charges.

In 2017 the McAllen Foreign-Trade Zone No. 12 applied and was approved to reorganize under the Alternative Site Framework allowing the FTZ to expand its service area and sponsor sites anywhere within the County of Hidalgo. Active sites currently consist of an 80-acre industrial park, including a number of industrial sites for construction or open storage, and office, display, warehouses, manufacturing subzones and processing facilities. It also includes an 8.5 acre parcel at the Air Cargo Facility within the McAllen International Airport.

Ingress and egress for Foreign-Trade Zone No. 12 is by way of the main gate located in the northeast section of the Zone on FM-1016, and truck gate located at the southwest section of the Zone on Ware Rd.

The Zone has one mile of rail line within the zone area serviced by Rio Valley Switching Railroad.

Throughout the Zone all streets are paved to all areas.

DEFINITION AND PRIVILEGES OF A FOREIGN TRADE ZONE

DEFINITION OF FOREIGN-TRADE ZONE

Under Board 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 lading, unloading, handling, storing, manipulating, manufacturing, and exhibiting goods, and for reshipping them by land, water, or air. Any foreign and domestic merchandise, except such as is prohibited by law or such as the Board may order to be excluded a detrimental to the public interest, health, or safety, may be brought into a zone without being subject to the CBP laws of the United States governing the entry of goods or the payment of duty thereon: and such merchandise permitted in a zone may be stored, exhibited, manufactured, mixed or manipulated in any manner, except as provided in the Act and other applicable laws or regulations. The merchandise may be exported, destroyed, or sent into CBP duties if sent into CBP territory, and but not if reshipped to foreign points.

PRIVILEGES OF FOREIGN TRADE ZONES

The Act, as amended, states in part as follows:

“Foreign and domestic merchandise of every description except such as prohibited by law, may without being subject to the CBP laws of the United States, except as otherwise provided in this chapter, be brought into a zone and may be stored, sold, exhibited, broken up, repacked, assembled, distributed sorted, graded, mixed with foreign or domestic merchandise, or otherwise manipulated, or be manufactured except as otherwise provide in this chapter, and be exported, destroyed, or sent into CBP territory of the United States, therefrom, in the original package or otherwise; but when foreign merchandise is so sent from a zone into CBP 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 appropriate CBP officer shall take under supervision any lot or port of a lot of foreign merchandise in a zone, cause it to be appraised and taxes determined and 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 or not, may, under regulations prescribed by the Secretary of the Treasury, be exported or destroyed or may be sent into CBP

PRIVILEGES OF FOREIGN TRADE ZONES (continued)

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 the manipulation or manufacture of the entered articles. Allowance shall be made for recoverable and irrecoverable waste; and if recoverable waste is sent into CBP territory, it shall be dutiable and taxable in its condition and quantity and at its weight at the time of entry. Where two or more products result from the manipulation or manufacture of merchandise in a zone, the liquidated duties and determined taxes shall be distributed to the several products in accordance to their relative value at the time of separation with due allowance for waste as provided for above:

Provided further, That subject to such regulations respecting identity and the safeguarding of the revenue as the Secretary of the Treasury may deem necessary, articles, the growth, product or manufacture of the United States on which all internal- revenue taxes have been paid, if subject thereto, and articles previously imported on which duty and /or tax has been paid, or which have been admitted free of duty and tax, may be taken into a zone from the CBP territory of the United States, placed under the supervision of the appropriate CBP officer, and whether or not they have been combined with or made part while in such zone, of other articles may be brought back thereto free of quotas, duty or tax:

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 non-compliance with the requirements made hereunder by the Secretary of the Treasury shall be treated, when they reenter CBP territory of the United States, as foreign merchandise under the provisions of the tariff and 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 CBP territory for the sole purpose of exportation, destruction, (except destruction of distilled spirits, wines and fermented malt liquors), or storage shall be considered to be exported for the purpose of:

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

PRIVILEGES OF FOREIGN-TRADE ZONES (continued)

Such a 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 deems it advisable. Such articles may not be returned to CBP territory for domestic consumption except where the Foreign-Trade Zones Board deem such return to be in the public interest, in which event the articles shall be subject to the provisions of paragraph 1615 (f) of section 1201 of this title:

Provided further, That no operation involving any foreign or domestic merchandise brought into a zone which operation would be subject to any provision or provisions of section 1807, chapter 15, chapter 16, chapter 17, chapter 21, chapter 23, chapter 24, chapter 25, chapter 26, or chapter 32 of the Internal Revenue Code if performed in CBP territory or involving the manufacture of any article provided for in paragraphs 367 or 368 of section 1001 of this title, shall be permitted in a zone except those operations, (other than rectification of distilled spirits and wines, or the manufacture or production of alcoholic products unfit for beverage uses), which were permissible under this chapter prior to July 1, 1949:

Provided further, That articles produced or manufactured in a zone and exported therefrom shall on subsequent importation into the CBP territory of the United States be subject to the import laws applicable to like articles produced or manufactured in a foreign country, except that articles produced or manufactured in a zone exclusively with the use of domestic merchandise, the identity of which has been maintained in accordance with the second proviso of this section may, on such importation, be entered as American goods returned:

ZONE POLICY

ZONE OPERATION AS A PUBLIC UTILITY

All rates and charges for all services and 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. Subzone fees shall be related to actual services rendered or out of pocket expenses.

SCHEDULE AUTHORITY

This Schedule is published pursuant to law. The Grantee directs all persons to the provisions of Order No. 84 of the Board, dated October 26, 1970, designating the Grant of Authority to the Foreign Trade Zone No. 12. The Zone policy, rules, regulations, rates and charges of this schedule shall apply at Foreign Trade Zone No. 12 and its subzones unless otherwise indicated.

INTERPRETATION OF SCHEDULE

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

USE OF ZONE FACILITIES

Zone facilities will be used for the sole purpose of receipt, storage, handling, exhibition, manipulation, manufacturing and related processing and shipment of foreign merchandise and domestic merchandise as considered necessary to the conduct of a User's normal business in conjunction with the foreign merchandise. Users shall not use or permit the Zone to be used for any other purpose without the prior written consent of the Grantee. Users shall not do or permit anything to be done on or about the Zone which will in any way obstruct or interfere with the rights of other Users or occupants of the Zone or injure or annoy them. The availability of all services and facilities is subject to the physical limitations of the Zone, and facilities are available on a first come, first serve basis.

FOREIGN TRADE ZONE BOARD REGULATIONS

The Zone is governed by, among other things, the regulations of the Board. Copies of these regulations are maintained in the Zone's office for reference.

ZONE POLICY (Continued)

U.S. CBP REGULATIONS

The Zone is subject to special regulations of the CBP Service, 19 CFR part 146, and the “U. S. CBP Service Foreign-Trade Zones Operations Manual.” Copies of these publications are maintained at the Zone's office for reference.

INSPECTION OF ZONE AREA

The Grantee may inspect any leased or assigned area at any and all reasonable times to ascertain whether or not the conditions related to its proper use are being observed.

TAX POLICY

The Foreign-Trade Zone (FTZ or Zone) Activation allows for inventory within an approved and activated FTZ to be exempt from ad-valorem taxes, if the inventory is imported or domestic and held for export.

The Grantee will not issue a letter of support for an FTZ Application (Subzone or new Site) until the Operator has provided a letter of support and/or non-objection letter from all impacted taxing entities.

- All applicants for Sites/Subzones, or new/expanded operations within the Zone service area must first obtain a letter from the taxing entities impacted by the proposed Zone.

The Grantee must act in the public interest and is not willing to support a Zone Site or Subzone that will result in any loss of existing tax revenue, without the express written concurrence from the affected tax entity.

OPERATION IN ZONES

OPERATIONS IN ZONES, FORMS AND PROCEDURES - The merchandise and operation permitted in a zone, the disposition of merchandise in a zone, the zone status of the merchandise and special provisions applicable to each status, the subsequent importation of merchandise exported from a zone, and other operations in a zone authorized by the Act, are herein-after in this Section generally described. The zone forms required are available upon request from the zone operator.

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

(a) Merchandise which is specifically and absolutely prohibited by law shall not be admitted into a zone. Any merchandise so prohibited by law, which is found within a zone, shall be disposed of in the manner provided for in the laws and regulations applicable to such merchandise. A distinction is made between (1) merchandise which is specifically and absolutely prohibited by law on the grounds of policy or morals, such as immoral or subversive literature, obscene articles, or lottery matter, and (2) merchandise which is subject to permits or licenses for the protection of economic or national security or which may be reconditioned to bring them into compliance with the laws administered by various federal agencies. Directors of Customs are required to exclude the first class of articles and may not permit them to be transferred to a zone if they are aware of their prohibited status, except that the director may permit the temporary deposit of any such merchandise in the zone pending final determination of its status. The transfer of articles of the second class to a zone is subject to any requirements of the federal agency concerned. There is no prohibition against placing over-quota merchandise in a zone pending its right to transfer to Customs territory pursuant to the applicable quota provisions.

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

DISPOSITION OF MERCHANDISE IN A ZONE -In general, merchandise lawfully brought into a zone may, in accordance with these and other regulations made under the provisions of the Act be exported, destroyed, or sent into customs territory of the United States there from, in the original package or otherwise; but when foreign merchandise, and domestic merchandise whose identity has been lost, is so 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.

OPERATION IN ZONES (Continued)

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

- (a) Permission for any manipulation, manufacture, or exhibition in a zone shall be obtained from the Director, as the representative of the Board, subject to such application and procedure prescribed by the Secretary of the Treasury for the protection of the revenue.
- (b) In the event of the denial of any application by the Director for any reason, the applicant, the grantee, or the operator of the Zone may appeal the adverse ruling to the Board. If any revenue-protection considerations are involved in such an application, the board shall be guided by the determinations of the Secretary of the Treasury with respect to them.

STATUS OF MERCHANDISE IN A ZONE.--(a) For the purposes of the Act and the regulations of this Section, all merchandise within a zone, except merchandise in transit through a zone as provided in paragraph (b) of this Section, shall be given a zone status as --

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

in accordance with Sections 146.4, 146.42, 146.43, 146.44 of Customs regulations.

- (b) Imported merchandise which has been 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 of 1930, as amended, and for return to Customs territory. Any such merchandise shall not be considered within the purview of the Foreign-Trade Zones Act, but shall be treated in all respects as though 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 562 and other pertinent Customs laws.

USE OF ZONE BY CARRIERS.-- The docking facilities, and loading or unloading stations of a zone are intended primarily for the use of vehicles, and trucks unloading merchandise into the zone or lading merchandise from the zone, and their use for other purposes may be terminated by the Grantee.

OPERATION IN ZONES (Continued)

SUBSEQUENT IMPORTATION OF ZONE MERCHANDISE - Articles produced or manufactured in a zone and exported there from shall, on subsequent importation into the Customs territory of the United States, be subject to the import laws applicable to like articles manufactured in a foreign country, except that articles produced or manufactured in a zone exclusively with the use of domestic merchandise, the identity of which has been maintained in accordance with the Second Proviso of Section 3 of the Act, as amended, may, on such importation, be entered as American goods returned.

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 ZONE - No retail trade shall be conducted within a zone except under permits issued by the grantee and approved by the Board. Such permittee shall sell no goods except such domestic or duty-free goods as are brought into the zone from customs territory. Permits which are sent to the Board for approval shall be accompanied by a sworn statement, 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 of 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 a 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 the permittee violates any provision of the regulations in this section, his permit shall be revoked by the grantee, who shall immediately report such action to the Board.

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.

EMPLOYEES AND PERSONS ENTERING AND LEAVING ZONE - Employees and other persons entering or leaving a zone shall pass through the designated entrances and exits in the enclosure surrounding the zone. Employees and other persons shall be subject to such examination upon entering and leaving a zone as the Grantee, Operator or CBP officer may deem necessary for the protection of the revenue.

OPERATION IN ZONES (Continued)

ALL PERSONS ENTERING ZONE BOUND BY REGULATIONS- All persons entering a zone for any reason whatsoever shall be bound by the regulations promulgated by the Board and by the operator of the zone.

IDENTIFICATION OF EMPLOYEES WITHIN ZONE - All persons on duty within, and in connection with the operation of a zone, with the exception of federal employees and uniformed employees of the zone shall be required while within the zone to carry identification cards or wear appropriate identification badges to be provided by the operator of the zone.

HOURS OF BUSINESS AND SERVICE- Hours of business and service, for Customs purposes, shall be the same as those prescribed in rules and regulations for Trade Zone No. 12.

ERECTION OF BUILDINGS WITHIN ZONE BY PERSONS OTHER THAN GRANTEE- The grantee may, with the approval of the Board, and under reasonable and uniform regulations for like conditions and circumstances to be prescribed by it, permit other persons, firms, corporations, or associations to erect such buildings and other structures within the zone as will meet their particular requirements: provided, (a) That such permission shall not constitute a vested right as against the United States, nor interfere with the regulation of the grantee or the permittee by the United States, nor interfere with or complicate the revocation of the grant by the United States;

(b) that in the event of the United States or the grantee desiring to acquire the property of the permittee, no good will shall be considered as accruing from the privilege granted to the zone; and (c) that such permits shall not be granted on terms that conflict with the public use of the zone as set forth in the Act. And provided further, that accepted sanitary practices be followed in the construction, equipment, and operation of such buildings and other structures.

RULES AND REGULATIONS

ZONE REGULATIONS- The following rules governing procedure within Foreign-Trade Zone No. 12 are issued in conformity with and supplementary to the Foreign-Trade Zones Board's regulations and such of the United States laws and regulations relating to the Port of Entry as are applicable to Foreign-Trade Zone operations.

GENERAL REGULATIONS- All persons and merchandise of every description entering or leaving Zone No. 12 for any purpose whatsoever shall be bound by the lawful regulations of the Foreign-Trade Zones Board and by the Zone regulations issued thereunder.

GOVERNMENT AGENCIES- All lawful regulations regarding government agencies in or about ports of entry must be complied with.

BUSINESS HOURS- The Zone is available to users twenty-four hours a day, every day in the week. Business to be transacted with the Zone Management authorities or the customs service is confined to the hours of 8:00 A.M. to 5:00 P.M., Monday through Friday, with the exceptions of Federal and State holidays as set forth in this tariff. Any deviation from the above hours will be subject to overtime charges.

HOLIDAYS: Legal holidays at Zone are as follows:

New Years Day	Thanksgiving Day
Good Friday	Day after Thanksgiving
Memorial Day	Christmas Eve
Independence Day	Christmas Day
Labor Day	

RUBBISH DISPOSAL- Tenant will not pick up, incinerate, or otherwise dispose of rubbish or waste products resulting from occupant's operations except as approved by Customs. This information as to procedure will be furnished to tenants by Zone Management.

PUBLIC INTEREST, HEALTH, AND SAFETY- No operation, or process, or treatment will be permitted in the zone that, in the judgment of the Grantee, creates a nuisance or is detrimental to the public interest, health, welfare and safety.

CLEANLINESS- The area assigned to a Applicant, Lessee or other user of zone property shall be kept clean at all times and failure of Applicant, Lessee or to her user to maintain a state of cleanliness in assigned area shall be cause for Zone Management, on twenty-four hours' notice, to clean area at Applicant's, Lessee's or other User's own cost, risk and expense.

RULES AND REGULATIONS (Continued)

INSPECITON- Zone Management may inspect the assigned area at any and all reasonable times to ascertain whether or not the covenants or conditions related to its proper use are being observed.

PAYMENT IN ADVANCE- All charges on a month-to-month basis or for other periods of time agreed upon or provided for in this schedule shall be payable in advance on the first day of the charge period. The acceleration of the payment in advance is for the convenience of the payee, it being well understood that any and all subsequent changes, revisions, amendments and/or supplements in the rate upon which charges are based shall automatically apply to the agreement, preferential assignment, lease or tariff item coverage, regardless of said charges having been paid in advance.

APPLICATIONS FOR ZONE ACCOMMODATIONS- Application on appropriate form should be filed with the Grantee prior to the arrival of the merchandise.

PERMISSION TO MANIPULATE- Before merchandise may be manipulated within the Zone, application on Customs Form 216, properly endorsed by the applicant, must be presented to the Operator, who in turn may issue permit to the applicant for the manipulation.

TENDER FOR ACCEPTANCE- All merchandise tendered for acceptance into the Zone shall be delivered at designated points properly marked and packed and accompanied or preceded by the necessary documents for preserving the identity of such merchandise.

WAREHOUSE RECEIPTS-The Operator is prepared to furnish negotiable and non-negotiable warehouse receipts on merchandise stored under his supervision and control.

CLEARING MERCHANDISE AND TRAFFIC- All goods, vehicles, and persons entering or leaving the Zone shall obtain clearance through the Zone office.

LOCATION OF MERCHANDISE- Foreign and domestic merchandise will be placed in the areas provided therefore after its identity has been established. Privileged and /or restricted merchandise shall be placed in segregated areas as required by Customs permit.

CUSTOMS PERMIT-Merchandise will not be delivered to or through Customs territory unless delivery order is accompanied by Customs permit.

RULES AND REGULATIONS (Continued)

MARKING AND LABELING- All merchandise handled in the Zone, before entry into Customs territory, must be truly marked in accordance with Customs regulations, and no merchandise will be permitted to leave the Zone for any purpose that carries any false or misleading label or mark. When repacked or labeled in the Zone, the goods should when possible, be marked to indicate that fact.

IMPROPER PACKING-Merchandise not suitable packed for ordinary handling, may in the discretion of the Operator, be rejected or repacked at the expense of the shipper, consignee, or their agent

HAZARDOUS MERCHANDISE- Explosives, inflammable, and other hazardous merchandise will not be permitted in the Zone unless complying with all Federal, State, municipal and zone Management regulations.

CONFIDENTIAL RELATIONSHIP BETWEEN ZONE AND CUSTOMERS-The Operator will take precaution to avoid the divulging of confidential information regarding merchandise and services thereon performed in the zone. Any Zone employee violating this confidential relationship will be suitably disciplined or discharged.

BUILDINGS- (Locations) All buildings will be set back 7 ½ feet from the edge of the lot or lots on each side. Set-back from front of lots will be 25 feet from curb lines, including all easements. Multiple lot leases will be considered as a unit and set-backs so located.

SIGNS- Signs may be attached or painted on buildings as desired by tenants after approval by Zone Management.

COMPENSATION INSURANCE- Every person employed by contractors or customers 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 a release of liability must be given to the Zone.

CHARGES BY GOVERNMENT AGENCIES- Charges made by government agencies other than the Foreign-Trade Zone operators are not included in Zone schedules and should be arranged by the owner or his agent with the government bureau concerned.

MERCHANDISE ARRIVING AFTER HOURS- Merchandise arriving after regular business hours may, by special arrangements with the Zone Operator, be placed in a designated location and received subject to special charges.

RULES AND REGULATIONS (Continued)

TRUCK LIABILITY INSURANCE- All foreign trucks traveling Texas highways to McAllen Foreign-Trade Zone must obtain Texas State Liability Insurance as provided by law.

PERSONS ENTERING AND LEAVING THE ZONE-Employees and other person entering and leaving the Zone shall pass through the designated entrances to the Zone. Employees and other persons shall be subject to such examination upon entering and leaving the Zone as the Operator may deem necessary for the protection of the revenue and security of the Zone.

VEHICLE CONTROL-All vehicles entering or leaving the Zone shall pass through their designated entrances of the Zone. The vehicles and driver, and all contents of the vehicle, shall be subject to such examination when entering, leaving or while within the Zone as the Grantee may deem necessary for the protection of the revenue and security of the Zone.

OVERNIGHT PARKING-No vehicles other than those used by Zone or Custom Service personnel will be allowed to park overnight within the Zone. Trucks transporting merchandise to or from the Zone may park overnight in the area under the management and control of the McAllen Foreign Trade Zone subject to prior approval by the Operator and at no risk or liability to the McAllen Foreign Trade Zone.

TRASH COLLECTION-Zone occupants are responsible for the removal of trash from the Zone sites. Trash not removed and/or dumpsters not emptied in a timely manner, in order to maintain Zone cleanliness, will be removed and/or emptied by order of the Operator and billed to the Zone occupant.

REGULATIONS APPLICABLE TO SUBZONES- “Subzones” are special-purpose ancillary Zone sites authorized by the Board through Grantees of Zones for operation by individual firms that cannot be accommodated within an existing Zone when it can be demonstrated that the activity, usually manufacturing, will result in significant public benefits. They are considered noncontiguous extensions of Zones for single Users, usually at their own facilities, and in this sense, are private rather than public Zone facilities. Separate Zone sites within an industrial or commercial complex subject to common management and covenants may be considered contiguous and thus a part of the Zone, rather than as subzones.

In reviewing proposals for subzones, the Board and the Grantee will, in addition to the economic factors for public Zones consider: if the proposed operation can be accommodated in the public Zone serving the area; whether efforts have been made to accommodate the operation; and where convincing evidence has been presented as to

RULES AND REGULATIONS (Continued)

the resulting significant public benefit including export development and displacement or substitution or imports usually measured in terms of new or sustained employment.

The Operator and all persons and entities doing business within a subzone established by a Grantee must comply with the provisions of the Act; with the rules, regulations and procedures of the Board; with such laws and regulations of the United States, the Operator's occupants, their employees and invitees, and Users of subzones; and with such of the provisions of this Schedule and subsequent issues and modifications thereof as may be applicable to the operations conducted in the subzone.

All persons and entities who request the Grantee to apply for authority to establish a subzone must first enter into an agreement with the Grantee governing the proposed subzone operations. This agreement will contain provisions including, but not limited to, those relating costs incident to public hearings and legal proceedings; charges for providing required CBP Services; Start-up, Activation and User Fees; and charges for Grantee's special services not provided in this Schedule. Applicants for the establishment of a subzone will bear application costs and charges relating to preparing and filing of any application by Grantee whether or not the application is favorably acted upon by the Board.

INSURANCE REQUIREMENTS-All persons or entities using Zone property or conducting business operations on Zone property, in accordance with a User agreement with the Grantee, shall carry and keep in force the following insurance:

PROPERTY INSURANCE- The User must insure all buildings, other improvements and personal property located used by the User and located or being constructed in the Zone against loss or damage by fire, windstorm, flood, earthquake and all other risks with "all risks" endorsement or its equivalent. The insurance must be paid for by User and must be in amounts not less than the full actual replacement value of all buildings, other improvements, and personal property occupied or used by the User and located or being constructed in the Zone, and must have a replacement cost endorsement or similar provision. The actual replacement value must be confirmed from time to time by the insurer, at Grantee's request. Such policy must name Grantee (and any successor or assign designated by Grantee) as a loss payee, as its respective interests may appear.

RESPONSIBILITY FOR DUTY AND TAXES-Users of the Zone are responsible and liable for payment of any duties, taxes, fines, penalties, or liquidated damages due any agency of the federal, state or local government arising from use of the Zone, including liabilities on merchandise which is not accounted for to the satisfaction of the CBP Service. In the event the Grantee or Operator is required to pay any duty or tax to the CBP Service under conditions of the CBP Service bond

RULES AND REGULATIONS (Continued)

maintained by Grantee or Operator, the person responsible for payment of the duty or tax will immediately reimburse the Grantee or Operator for such payments. Such person shall be liable to the Grantee or Operator for all costs, expenses and attorney fees which may be incurred or sustained by the Grantee or Operator by reason of collection of such duty or taxes. Any sums due to the Grantee or Operator under the provisions of this paragraph shall constitute a lien against the interest of the User in the Zone and all its properties situated in the Zone to the same extent and the same condition as delinquent rent would constitute a lien on such premises and property.

INDEMNITY- Lessee herein agrees to protect, indemnify and keep and save forever harmless Zone Management from any and all loss, cost, claims, charges, expenses, penalties and damages imposed for the violation of any law of the United States, or of the State of Texas, or of the ordinances of the City of McAllen, or of Zone Management, of occasioned by any act or omission of Lessee or of those holding or occupying under or employed by Lessee, or of any other person or persons, and not occasioned by any act, omission or negligence of Zone Management or its agents; and Lessee shall protect, indemnify and keep and save forever harmless Zone Management from any and all loss, cost, claims, charges, expenses, penalties and damages, arising out of any accident or other occurrence causing injury to any persons (fatal or otherwise) or damages to property directly or indirectly due to the use or occupancy of said premises or of the improvements, facilities or equipment placed on the assigned area by any person or persons holding or occupying under Lessee, or to any act of omission or commission of Lessee or of such other person or persons, or due to any failure on Lessee's part in any respect to comply with the requirements and provisions hereof, and not due to the negligence of Zone Management or its agents.

Lessee, from the time of its occupancy, shall assume sole responsibility for the condition of these premises, and Zone Management shall not be liable for injury or damage, whether to person or property, caused by any vice or defect therein either to Lessee or to anyone in or on the premises by license of Lessee.

The Zone will not be responsible for any loss or damage caused by fire, frost, heat, dampness, leakage, the elements, evaporation, natural shrinkage, wastage or decay; animals, rats, mice or other rodents; moths, weevils or other insects; leakage or discharge from fire protection systems, collapse of buildings or structures, breakdown of plant or machinery or equipment; nor will it be answerable for any loss, damage, or delay arising from insufficient notification, or from ware, insurrection, shortage of labor, combinations, riots or strikes of any persons in its employ or in the services of others or from any consequences arising therefrom.

In performing the services of checking, the Zone will accept no responsibility for concealed damage nor for the condition of contents of packages, cases, or other containers, whether or not receipts issued so state.

RULES AND REGULATIONS (Continued)

The Zone will not be responsible for loss or damage occasioned by any misunderstanding of orders or instructions received or taken by telephone.

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

The Zone is prepared to furnish negotiable and non-negotiable warehouse receipts on merchandise stored under Zone supervision and control.

Persons desiring admittance to the Zone shall make application to the Zone office.

For the purpose of enforcing the payment of charges named in this schedule on merchandise handled over, stored, or manipulated on the Zone facilities, the Zone may take possession of such merchandise, and may remove and store same at the charge, risk, and expense of the owner or consignee thereof and/or may sell the goods by public auction, and/or pursue such other remedies as may be provided by law.

The Zone reserves the right to withhold delivery of merchandise on which charges are unpaid.

Zone charges are due and payable as they accrue. The Zone may, at its discretion, require the payment of charges accrued against the merchandise to be paid before delivery of such cargo from the Zone. The McAllen Foreign-Trade Zone, may extend credit subject to such rules, regulations, and requirements as may be specified at the time application for credit is made. The arrangement to extend credit may be revoked or cancelled by the McAllen Foreign-Trade Zone, at any time.

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

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

RATES AND CHARGES

CBP FEES

The User shall reimburse the Grantee for any CBP Service fees connected with its conducting business within the Zone. Such CBP Service fees may include activation and deactivation fees, alteration fees, transaction fees and annual fees. Whenever the Grantee pays fees to the CBP Service, which concern the entire general purpose Zone or the entire Zone project, reimbursement by Users to the Grantee will be done by appointment.

RESPONSIBILITY FOR DUTY AND TAXES

Users of the Zone are responsible and liable for payment of any duties, taxes, fines, penalties, or liquidated damages due any agency of the federal, state or local government arising from use of the Zone, including liabilities on merchandise which is not accounted for to the satisfaction of the CBP Service. In the event the Grantee or Operator is required to pay any duty or tax to the CBP Service under conditions of the CBP Service bond maintained by Grantee or Operator, the person responsible for payment of the duty or tax will immediately reimburse the Grantee or Operator for such payments. Such person shall be liable to the Grantee or Operator for all costs, expenses and attorney fees which may be incurred or sustained by the Grantee or Operator by reason of collection of such duty or taxes. Any sums due to the Grantee or Operator under the provisions of this paragraph shall constitute a lien against the interest of the User in the Zone and all its properties situated in the Zone to the same extent and the same condition as delinquent rent would constitute a lien on such premises and property.

WHEN CHARGES ARE PAYABLE: Zone charges are due and payable as they accrue.

CHARGES, HOW ENFORCED: For the purpose of enforcing the payment of charges named in this schedule on merchandise handled over, stored, or manipulated on the Zone facilities, the Zone may take possession of such merchandise, and may remove and store same at the charge, risk, and expense of the owner or consignee thereof and /or may sell the goods by public auction, and/or pursue such other remedies as may be provided by law.

CBP BOND FEE

The Operator provides a Foreign-Trade Zones Operator's Bond to the CBP Service which is applicable to all merchandise in the Zone that is under CBP Service supervision. The amount of the bond required for a specific facility is established by the CBP Service and the appropriate cost of the bond will be the responsibility of the User.

ACTIVATION FEE

An activation fee will be charged the User when seeking to activate a Zone Site. The fee will cover Grantee's expenses for the preparation and processing of the operator

RATES AND CHARGES (Continued)

agreement, providing the Grantee concurrence letter to the CBP Service, and review of activation and operations procedures. The fee does not include preparation of actual activation request, procedures manual, or other documents, which may be required by CBP Service regulations. Please refer to Exhibit A Schedule of Fees and Charges.

APPLICATION FEE

An application fee will be charged to the User when the Grantee must return to the Board for approval of (a) expansion to include new Zone space or a new Zone Site, (b) boundary modifications to accommodate expanded operations, (c) for manufacturing authority or scope requests and (d) for Subzone designation. The fee will cover Grantee's expenses for obtaining the necessary approvals/resolutions of the application, submission to the Board, and support services required in the approval process. The fee does not include actual preparation of the application or requests.

All fees are payable in advance of application request, with the exception of the Subzone application, which requires one half of the fee to be paid in advance and the other half upon Board approval. Please refer to Exhibit "A" Schedule of Fees and Charges.

ANNUAL FEE

The annual fee will cover the administration of the Zone by the Grantee, preparation of the annual report to the Board, and support services from the Grantee staff. Upon activation a User shall be charged an annual fee.

The annual fee is payable on the date of CBP Service activation and annually for each subsequent year the facility remains activated.

FOREIGN-TRADE ZONES BOARD FEES

Any fee or charges imposed by the Board shall be payable by the User of the affected Zone Site, or as apportioned by the Grantee among the Zone Sites. Under no circumstances will the Grantee be liable or responsible for any Board fees or charges.

OTHER GOVERNMENT AGENCY FEES

Charges for services of other government agencies should be arranged for and paid by the User who requires and uses such services. Under no circumstances will the Grantee be liable or responsible for any other government agency fees or charges.

FINES, PENALTIES, AND LIQUIDATED DAMAGES

CBP Service fines, penalties, or liquidated damage claims affecting Zone merchandise or Zone activities will be paid by the User of the affected Zone Site. The same is true of any other fines, penalties, or liquidated damage claims by other government agencies

RATES AND CHARGES (Continued)

concerning operation at the Zone Site. Under no circumstances will the Grantee be liable or responsible for any fines, penalties, forfeiture or liquidated damage claims.

Further, the Grantee may issue a written Notice of Violation to the User for violation or failure to correct any violations of the Act, Board regulations, CBP Service regulations, the Schedule or the requirements of the Zone Site operations and procedures. A written response will be required within seven (7) business days. Grantee will review the written response for mitigating circumstances and within fifteen (15) business days thereafter issue a final decision. Failure of the User to reply to the Notice of Violation shall cause the Notice of Violation to be in effect without further review. At that time further steps may be taken in the way of additional charges paid to the Grantee.

ENFORCEMENT OF CHARGES

For the purpose of enforcing the payment of charges provided for in this Schedule, the Grantee may take possession of the merchandise, and may remove and store same at the charge, risk and expense of the owner or consignee thereof and may sell the goods by public auction, and may avail itself of such other remedies as may be provided by law.

**MCALLEN FOREIGN TRADE ZONE No. 12
GRANTEE FEE SCHEDULE**

**(These rates apply to Non-Grantee Owned Buildings)
Effective February 1, 2014**

APPLICATION /FILING FEES (One-Time Fee)

Subzone/Usage Driven Site (per Operator)	\$15,000.00
Boundary Modification	\$10,000.00
Change in Scope of Authority	\$ 2,500.00
Activation Fee	\$ 1,000.00

ANNUAL OPERATOR FEE

Operator Fee per Site	\$20,000.00
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Annual Fee allows Users to operate in activated space within the McAllen Foreign Trade Zone approved boundaries inside original Site #1, Expansion 2, Expansion 3, Expansion 4 and within the boundaries of Hidalgo County.

The Annual Fees are payable at the anniversary date of the Grantee/Operator Agreement.

A McAllen Foreign Trade Zone Operator Agreement must be executed, and a Customs Operator Bond on a CF 301 will have to be maintained in an amount agreed upon by the McAllen Foreign Trade Zone.

MCALLEN FOREIGN TRADE ZONE No. 12 GRANTEE/OPERATOR FEE SCHEDULE

Effective April 12, 2021

Material Handling Rates

Pallets @ \$3.00 In and \$3.00 Out

Cartons @ \$0.40 In and \$0.40 Out

Crates @ \$0.10 per cubic foot not to exceed 7 feet in height or length.

Labor Rates (inventory, labeling, sorting, receiving, data entry etc.) \$ 22.00/Hr. (Min. \$11.00)

Cross Docking

Forklift Only \$ 22.00/Hr.

Forklift and Operator \$ 37.00/Hr. (1hr. Min.)

Labor Rates (inventory, labeling, sorting etc.) \$ 22.00/Hr.

Overtime

(Hrs. of Operation 8:00 a.m. - 5:00 p.m.)

Weekdays \$ 33.00/Hr.

Weekends \$ 33.00/Hr. (3hr Min.)

Holidays \$ 50.00/Hr. (3hr Min.)

Forklift and Operator \$ 55.00/Hr. (3hr. Min.)

Forklift and Operator (Holidays) \$ 85.00/Hr. (3hr. Min.)

Document Preparation

Preparation of Custom Form 214 for in-bond material receipts \$ 30.00

Preparation of Custom Form 214 for domestic material receipts \$ 5.00

Preparation of Custom Form 7512 for outbound shipments (I.T. Bonds Only) \$ 30.00

Preparation of Custom Form 7512 for outbound shipments (Export Bonds) \$ 65.00

Special Bridge Runs to U.S. Customs \$ 50.00

Preparation of Custom Form 216 for material manipulation \$ 5.00

Tally In / Tally Out Form (per shipment) \$ 3.00

McAllen Foreign Trade Zone #12 Expanded Service Area

