

## **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](mailto:ftz@trade.gov).



**FOREIGN-TRADE ZONE NO. 181**  
Operating under Authority of the U.S. Foreign-Trade Zones Board

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**SCHEDULE OF  
RULES, REGULATIONS, RATES  
AND CHARGES OF FOREIGN-TRADE ZONE NO. 181**

**Effective June 25, 2000  
with Amendments Adopted  
through and including January 1, 2009**

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**NORTHEAST OHIO TRADE & ECONOMIC CONSORTIUM**  
Grantee of Foreign-Trade Zone No. 181

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# NORTHEAST OHIO TRADE & ECONOMIC CONSORTIUM

## SCHEDULE OF RULES, REGULATIONS, RATES AND CHARGES OF FOREIGN-TRADE ZONE (FTZ) NO. 181

### INTRODUCTION

This Schedule of Rules, Regulations, Rates and Charges (the Schedule) has been adopted under the authority of the U.S. Foreign-Trade Zones Board (the Board) by the Northeast Ohio Joint Office of Economic Development (the JOED), as Grantee, through its administrative agent, the Northeast Ohio Economic & Trade Consortium (NEOTEC), of Foreign Trade-Zone Grant of Authority No. 181 (the Grant). The Board was created pursuant to, and the Grant was issued under, the Foreign-Trade Zones Act of 1934, as amended, and the rules and regulations promulgated thereunder (collectively the FTZ Act). This Schedule may be modified or amended or it may be repealed and a new Schedule may be adopted by NEOTEC from time to time, in NEOTEC's sole discretion, subject to the requirements of the FTZ Act.

### ADMINISTRATION DIRECTORY

|                      |   |
|----------------------|---|
| <u>Grantee</u>       | Northeast Ohio Joint Office of Economic Development (JOED)  |
| <u>Administrator</u> | Northeast Ohio Economic & Trade Consortium (NEOTEC)   |
| <u>Zone Office</u>   | Kent State University Administrative Services Building<br>Kent, Ohio 44242<br>Ron DeBarr<br>330.672.4080  |
| <u>Operator(s)</u>   | General-Purpose Zone Sites: please see Appendix A<br><br>Subzone(s): please see Appendix B  |
| <u>Customs</u>       | Lisa K. Santana Fox<br>Assistant Area Port Director Trade<br>U.S. Bureau of Customs & Border Protection<br>6747 Engle Road<br>Middleburg Heights, OH 44310<br>440.891.3800<br>Port Code: 4101 |

### SITE DESCRIPTIONS

Please see Appendix C.

## DEFINITION OF FOREIGN-TRADE ZONE TERMS

The following defined terms are used throughout this Zone Schedule.

Activated Area: an area within the Zone that has been activated pursuant to the FTZ Act.

Activated User: a User located and/or doing business within an Activated Area.

Administrator or Administrative Agent: NEOTEC on behalf of Grantee, JOED.

Board: U.S. Foreign-Trade Zones Board of the United States Department of Commerce.

Customs: U. S. Bureau of Customs & Border Protection of the Department of Homeland Security.

Developer/Owner: means the owner and/or developer of an area within the Zone.

Developer/Owner License Agreement: a Developer/Owner License Agreement entered into between NEOTEC and a Developer/Owner governing the Zone area described therein.

Domestic Merchandise: Merchandise which has been (i) produced in the United States and not exported there from, or (ii) previously imported into the Customs Territory of the United States and properly released from Customs' custody. Foreign Merchandise on which all necessary duties and taxes, as applicable, have been paid, and upon which no drawback has been claimed, is considered Domestic Merchandise when admitted to a foreign-trade zone.

Foreign Merchandise: imported Merchandise which has not been released from Customs' custody in the Customs Territory of the United States, including imported Merchandise upon which duties and taxes, as applicable, have not been collected.

FTZ: the Foreign-Trade Zone program contemplated by the FTZ Act.

FTZ Act: the Foreign-Trade Zones Act of 1934, as amended, and the rules and regulations of the Board promulgated thereunder.

General Purpose Zone: the general purpose zone established for multiple activities by multiple users under the FTZ Act pursuant to the Grant and all extensions, expansions and boundary modifications thereto.

Grant: grant of authority of the Board to the Akron-Canton Regional Airport Authority for Foreign-Trade Zone No. 181 which was reissued to the JOED on March 13, 1998 by Order 965 of the Board as grantee replacing the Akron-Canton Regional Airport Authority.

Grantee: JOED, as grantee of the Grant, which is administered by NEOTEC, as administrative agent of the JOED.

JOED: Northeast Ohio Joint Office of Economic Development, a joint officer of economic development established by the Ohio counties of Columbiana, Mahoning, Portage, Stark, Summit and Trumbull, which now include Ashtabula, Medina, Richland and Wayne Counties.

Merchandise: merchandise, including goods, wares and Chattles of every description, except prohibited articles.

NEOTEC: Northeast Ohio Trade and Economic Consortium, an Ohio nonprofit corporation, as agent for the Northeast Ohio Joint Office of Economic Development, the Grantee.

Operator or Zone Operator: an Operator/User, a Warehouse Operator or a Subzone Operator.

Operator Agreement: an Operator/User Agreement, a Warehouse Operator Agreement or a Subzone Operator Agreement.

Operator/User: Operator and User under an Operator/User Agreement.

Operator/User Agreement: Zone Operator/User Agreement (Activated Area) entered into between NEOTEC and an Operator/User for the Activated Area described therein.

Owner: owner of the Merchandise that is being admitted to, stored in, transferred from or otherwise availing of the benefits of the Zone.

Person: a firm, association, corporation, limited liability company, partnership, joint venture, trust, public or governmental body or other legal entity or natural person.

Procedures Manual: procedures manual adopted by an Operator pursuant to its Operator Agreement.

Rates and Charges: the Fee Schedule attached to this Schedule establishing the rates and charges for Zone No. 181, as from time to time amended by NEOTEC.

Schedule or Zone Schedule: this Schedule of Rules, Regulations, Rates and Charges for Foreign-Trade Zone No. 181, including all Attachments hereto, adopted by the Grantee and as from time to time modified or amended or repealed and replaced, which has been submitted to the Board and to Customs.

State: State of Ohio.

Subzone: a special-purpose single-user ancillary zone site to Zone No. 181 authorized by the Board under the FTZ Act upon application of the Grantee for operations by individual Persons that cannot be accommodated within the existing area of the General Purpose Zone.

Subzone Operator: Operator of a Subzone under a Subzone Operator Agreement, which Subzone Operator may, but does not need to be, the Subzone User.

Subzone Operator Agreement: Subzone Operator Agreement (Activated Area) entered into between NEOTEC and a Subzone Operator for the Subzone described therein.

User or Zone User: Person located and/or doing business within the Zone, whether or not within an Activated Area.

User Agreement: Zone User License Agreement (Non-Activated Area) entered into between NEOTEC and a User for non-Activated area within the Zone.

Waiver Affidavit: a Waiver Affidavit signed by a User or a Developer/Owner requesting exemption from the Fee Schedule, thereby giving up any right or privilege of FTZ designation on the property of which can be eliminated by the Grantee at any time, without notice..

Warehouse Operator: Operator of a public warehouse under a Warehouse Operator Agreement.

Warehouse Operator Agreement: Zone Warehouse Operator Agreement (Activated Area) entered into between NEOTEC and a Warehouse Operator for the Activated Areas described therein.

Warehouse User: user of an Activated Area located in a public warehouse operated by a Warehouse Operator.

Zone or Zone No. 181: General Purpose Zone and all Subzones existing pursuant to the Grant for Foreign-Trade Zone No. 181.

Zone Site Administrator: a port authority or other organization designated from time to time by the NEOTEC member as its representative for any purpose relating to the Zone.

Zone Site Administrator Agreement: Zone Administrator Agreement entered into between NEOTEC and a Zone Site Administrator.

Zone Status: legal status of Merchandise in the Zone. The four categories of Zone Status are:

*Privileged Foreign Status:* Foreign Merchandise or non-tax-paid Domestic Merchandise upon which the duty and applicable taxes have been determined at the time the status is approved using CF 214. The determined duty rate and taxes are not subject to future fluctuation. Once established, Privileged Foreign Status cannot be changed. If Merchandise has already been admitted into the Zone as Non-Privileged Foreign Status, Privileged Foreign Status may be obtained by filing CF 214, CF7502 and related documents. Application for Privileged Foreign Status must be filed prior to manipulation or manufacture.

*Non-Privileged Foreign Status:* Foreign Merchandise or non-tax-paid Domestic Merchandise upon which the duty and applicable taxes will be determined at the time the Merchandise enters the Customs territory of the United States from the Zone for consumption.



Domestic Status: Merchandise which includes (i) U. S. products on which all internal revenue taxes have been paid ; (ii) imported Merchandise on which all duty and/or taxes have been paid; and (iii) imported Merchandise which is free of duty and tax.

Zone Restricted Status: Merchandise entered into the Zone for the purpose of exportation or destruction (other than alcoholic spirits or beverages). Merchandise with Zone Restricted Status may not be returned to the Customs territory of the United States for domestic consumption except as approved by the Board.

## **I. PRINCIPLE GOVERNING REGULATIONS, MANUALS AND AGREEMENTS**

### **1.1 BOARD ACT AND REGULATIONS**

Zone No. 181 is governed by the Board under the FTZ Act (19 United States Code 81a-81u, as amended) and regulated by the Board Regulations (U.S. Code of Federal Regulations, Title 15, Part 400, as amended). Copies of the FTZ Act and the Board's regulations are maintained at the Zone offices for reference. Copies of the Board regulations shall be maintained, referred to and complied with by all Zone Operators and Users.

### **1.2 U.S. CUSTOMS REGULATIONS AND GUIDANCE**

Zone No. 181 is subject to the regulations of the U.S. Customs and Border Protection (Customs) under U.S. Code of Federal Regulations, Title 19, Part 146. A copy of the regulations is maintained at the Zone offices for reference. Copies of these regulations shall be maintained, referred to and complied with by all Zone Operators and Users.

U.S. Customs and Border Protection publishes a Foreign-Trade Zones Manual to assist Operators in conforming with Customs Regulations. A copy of this publication is maintained at the Zone offices for reference. All Operators are required to maintain a current copy of the Customs Foreign-Trade Zones Manual in addition to the Customs regulations governing FTZs.

### **1.3 GOVERNMENT AGENCIES**

Activated Users shall comply with all lawful regulations of government agencies in or about ports of entry insofar as they are not in conflict with Public Law 397 of the 73rd Congress and the regulations issued thereunder. All corporations, partnerships, and persons operating within activated zone areas are responsible to obtain, maintain, and keep current any and all licenses, permits, certificates or other authorizations required by any federal, state or local governmental authority that are or may be necessary in conducting business in or from Zone No. 181.

## **1.4 ZONE SCHEDULE**

This Schedule has been prepared and adopted by the Grantee and contains the internal rules and regulations of Zone No. 181, governing the use of the Zone by Operators, Activated Users, other Users, Developers, Owners and other Persons. The Schedule includes the Rates and Charges for the Zone. NEOTEC may from time to time amend or modify this Schedule and the Rate and Charges. NEOTEC shall, in its discretion, interpret and determine the applicability of any provision of this Schedule and the imposition of the Rates and Charges provided for herein. However, any matter involving interpretation or action by Customs or another agency of the federal government will be determined by the Port Director of Customs or his duly appointed representative. A copy of this schedule is available at the Zone offices for reference.

## **1.5 PROCEDURES MANUALS**

Each Operator shall draft and maintain a Procedures Manual in accordance with the Customs regulations as a condition of activation. A copy of the current manual used by each Operator shall be submitted and retained by the Administrator. The manual shall describe the inventory control and recordkeeping system(s) that will be used in the zone.

## **1.6 OPERATOR AGREEMENT**

Each Operator will enter into one of the following agreements with NEOTEC governing its ownership and/or use of an Activated Area within the Zone:

1. Operator/User Agreement
2. Warehouse Operator Agreement
3. Subzone Operator Agreement

## **1.7 DEVELOPER/OWNER AGREEMENT**

Each Developer/Owner will enter into an Developer/Owner Agreement governing its ownership and/or development of areas with the Zone.

## **1.8 USER AGREEMENT**

Each User of non-Activated areas within the Zone will enter into a User Agreement with NEOTEC, unless such User is an Operator/User or a Subzone Operator and has entered into an Operator/User Agreement or a Subzone Operator Agreement.

## **1.8 ADMINISTRATOR AGREEMENT**

Each Zone Site Administrator will enter into a Zone Site Administrator Agreement with NEOTEC.

## **II. GENERAL RULES, REGULATIONS & POLICIES OF ZONE NO. 181**

### **2.1 AVAILABILITY OF ZONE**

All rates and charges for all services and privileges within the FTZ shall be fair and reasonable, and the Grantee, Administrator and Operator(s) shall afford to all who may apply for the use of the Zone and its facilities uniform treatment under like conditions, subject to such treaties or commercial conventions as are now in force or may hereafter be made from time to time by the United States with foreign governments. Users are subject to specific rules, rates, and charges of Operator(s).

All Zone services and facilities shall be administered fairly and reasonably. In addition, the availability of all said services and facilities is subject to the physical limitations of Foreign-Trade Zone No. 181, with said services and facilities available on a “first-come, first-served” basis.

### **2.2 PROPRIETARY INFORMATION**

Proprietary information contained on Customs reports or in the inventory control and recordkeeping systems of Operators will not be disclosed to unauthorized persons. The Customs regulations provide for liquidated damages for unauthorized disclosure of proprietary information.

### **2.3 INDEMNITY BOND**

Activated Users may be required upon notice by NEOTEC to post an indemnity bond as a guarantee of payment of Customs duty or taxes or other obligations of or to NEOTEC. NEOTEC or a Zone Site Administrator also may require the Operator or any Activated User to procure and maintain a so-called “back-to-back bond” to provide to NEOTEC and/or the Zone Site Administrator indemnity bond coverage.

### **2.4 LIABILITY OF GRANTEE/ADMINISTRATOR**

The Grantee and the Administrator will not be held liable and cannot assume any responsibility for any loss or damage to freight, cargo or merchandise, or other property within the FTZ, or for any loss or damage arising from acts of commission or omission of Operators.

Insurance is carried by NEOTEC and its Operators for their own property only. Merchandise stored, manipulated or transferred within Zone No. 181 is not insured by NEOTEC or its Operators. The Rates and Charges imposed under this Schedule do not include insurance on Merchandise or other property.

## **2.5 USE OF ZONE FACILITIES**

All Activated Areas will be used for the purpose of receipt, storage, handling, exhibition, manipulation, manufacturing and related processing and shipment of Foreign Merchandise and Domestic Merchandise considered necessary to the conduct of the normal business of an Activated User. Activated Users shall not use or permit to be used Zone No. 181 for any other purpose without the prior written consent of NEOTEC. Users shall not do or permit to be done anything on or about Zone No. 181 that will in any way injure, obstruct or interfere with the rights of other Users or occupants of Zone No. 181.

## **2.6 INSPECTION OF ZONE AREA**

NEOTEC shall have the right to approve any sale of or lease for space within Activated Areas and to inspect any Activated Area at any and all reasonable times to ascertain whether or not the conditions related to the proper use of such Activated Areas are being observed.

## **2.7 SECURITY AND SAFETY REQUIREMENTS IN ZONE**

In order to be approved for initial activation by Customs, all zone sites must meet certain security and safety requirements. All zone sites are subject to security inspections by Customs and/or the Grantee/Administrator. Procedures manuals shall include current information on the method of physical security and cargo security at the zone site(s). Each zone site will be considered separately to determine what Customs may require to protect the revenue of the United States, based on specific conditions of each zone site (i.e., description and value of merchandise, activities, overall risk assessment, etc.).

After a zone site has been activated, all security measures required to achieve the initial activation must be maintained at all times. Spot checks may be conducted by Customs and the Grantee/Administrator and liquidated damages or notices may be assessed if these requirements are found to be insufficiently met in any way.

Persons entering and leaving Activated Areas shall pass through the designated entrances to Activated Areas. Employees and other persons shall be subject to such examination upon entering and leaving Activated Areas as NEOTEC or its Operator may deem necessary for the protection of the revenue and security of Zone No. 181.

All vehicles entering or leaving Activated Areas shall pass through their designated entrances of such Activated Areas. The vehicle, the driver and all contents of the vehicle shall be subject to such examination when entering, leaving or while within Activated Areas as NEOTEC or its Operators or Subzone Operators may deem necessary for the protection of the revenue and security of Activated Areas.

No Merchandise, operation or process or treatment will be permitted in Zone No. 181 that is detrimental to the public interest, health and safety.

## **2.8 MERCHANDISE PERMITTED IN A ZONE**

Foreign Merchandise and Domestic Merchandise of every description may be brought into Zone No. 181 without being subject to Customs laws, except as otherwise provided in the FTZ Act. Merchandise which is specifically prohibited by law shall not be admitted into the Zone. Any merchandise so prohibited by law which is found within a Zone shall be disposed of in the manner provided for in laws and regulations applicable to such merchandise.

## **2.9 ACTIVITIES PERMITTED IN ZONE**

In general, Merchandise lawfully brought into Activated Areas in accordance with this Schedule and the FTZ Act may be stored, sold, exhibited, broken up, repacked, assembled, distributed, sorted, graded, cleaned, mixed with Foreign Merchandise and Domestic Merchandise or otherwise manipulated or be manufactured or processed, except as otherwise provided by the FTZ Act.

## **2.10 MANIPULATION OF MERCHANDISE**

Before foreign merchandise may be manipulated within the Zone, the Operator will make application on CF 216 to Customs for approval. On approval, the contemplated manipulation may occur. A yearly, blanket CF 216 may be allowed by Customs.

## **2.11 MANUFACTURING IN THE ZONE**

Manufacturing in the Zone will have been approved in writing by the Board prior to the commencement of any manufacturing activity. A CF 216 will also be required to be filed with Customs, after FTZ Board approval and prior to the manufacturing. A yearly, blanket CF 216 may be allowed by Customs.

## **2.12 STORAGE OF MERCHANDISE**

Merchandise may be stored for an unlimited period of time in the Zone. Merchandise controlled under a Zone lot system must be physically segregated and marked by lot and lot number. Merchandise controlled under a UIN system does not need to be segregated or marked.

## **2.13 QUOTA CONTROLLED MERCHANDISE**

Foreign merchandise subject to U.S. Government import quota controls may be placed in the Zone pending approval for transfer to Customs territory, or may be re-exported to a foreign destination.

## **2.14 EXHIBITION OF MERCHANDISE**

Any merchandise admitted to the Zone may be exhibited. The Operator must obtain permission from Customs to exhibit merchandise by obtaining approval on a CF 216.

## **2.15 RETAIL TRADE WITHIN A ZONE**

No retail trade shall be conducted within Activated Areas except under permits issued by NEOTEC and approved by the Board. Only domestic, duty-paid and duty-free goods may be sold in such cases. Permits which are sent to the Board for approval will 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 applicants will sell no goods except of the kinds specifically authorized by the Act, which are brought into the Zone from Customs territory. No goods will be offered for sale or sold in a Zone which are not of the same kinds 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 provisions of the regulations, his permit will be revoked by the Grantee, who will immediately report such action to the Board.

## **2.16 CHANGE IN ZONE STATUS**

The Zone status of merchandise may be changed in the Zone. Merchandise in Nonprivileged Foreign (NPF) status may be changed to Privileged Foreign (PF) status if done prior to manipulation or manufacture effecting a change in tariff classification of the merchandise. PF status may not be changed to NPF status. Merchandise in PF or NPF status may be changed to Zone Restricted (ZR) status. The Operator will submit a CF 214 to Customs for approval of a Zone status change.

## **2.17 DESTRUCTION OF MERCHANDISE**

Whenever Zone status merchandise is discovered damaged or merchandise is considered waste or scrap, it will be physically segregated, marked and otherwise secured to preserve its identity. Such merchandise may be held for return to the vendor, for destruction, or for Customs entry. All merchandise destroyed will be recorded in the Operator's inventory control and recordkeeping systems.

## **2.18 TEMPORARY REMOVAL FROM ZONE**

Merchandise may be removed temporarily from the Zone for repair, restoration, or incidental operations upon application by the Operator to Customs and written approval from Customs.

## **2.19 RESIDENCE WITHIN A ZONE**

No person shall be allowed to reside within Activated Areas except federal, state or municipal officers or agents whose resident presence is deemed necessary by the Board or Customs.

## **2.20 HOURS OF BUSINESS AND SERVICE**

The Zone Administrator will be available for business activities during regular business hours. Regular business hours shall be between the hours of 9:00 a.m. and 5:00 p.m., Monday through Friday, except on holidays. The term “holiday”, for the Grantee and Administrator, includes all federal holidays:

|                            |                                  |
|----------------------------|----------------------------------|
| New Year’s Day             | Labor Day                        |
| Martin Luther King Jr. Day | Columbus Day                     |
| President’s Day            | Veterans’ Day                    |
| Memorial Day               | Thanksgiving (Thursday – Friday) |
| Independence Day           | Christmas Day                    |

Also, every day proclaimed by the President of the U.S. or the Governor of the State of Ohio to be a legal holiday.

Hours of business and service for Customs purposes shall be the same as those prescribed in Customs regulations.

## **2.21 RESPONSIBILITY FOR DUTIES AND TAXES**

The Foreign-Trade Zone Board does not own or operate FTZs. Rather, it provides grants to applicants to establish, operate, and maintain Zones. NEOTEC as Administrator shall execute an Operator Agreement with one or more Persons for the operational management of Activated Areas within the Zone. Operators and/or Users are responsible and liable for payment of any and all charges, fees, duties or penalties 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 Customs.

# **III. NEOTEC FTZ OPERATIONS POLICY**

## **3.1 GENERAL POLICY**

NEOTEC reserves the right to approve, disapprove, restrict, defer or withhold action or approval on any activity that does not meet the intent of this Schedule and the FTZ Act. NEOTEC intends to operate its FTZ program as a public utility. It will consider the impacts of the FTZ projects and inform all public bodies that may be affected by its action. NEOTEC reserves the right to make periodic reviews of the facilities and records of its Operators and their facilities.

All signage, marketing materials, and other documents utilized by Operators or Users, or promoting the use of Zone No. 181 must obtain the prior written approval by NEOTEC.

### **3.2 MANUFACTURING/PROCESSING PERMITS**

Any activity involving foreign merchandise which causes the merchandise to undergo a substantial transformation or changes the Customs tariff classification while in the Zone must be approved in advance by the Board before the activity may commence. The company must request that an application, completed by the company, be filed by NEOTEC to the Board for approval of the contemplated operation.

### **3.3 GENERAL-PURPOSE ZONE POLICY**

Each Activated User will enter into a Operator/User Agreement for its Activated Area. If the Activated User will not be the Operator for its Activated Site, the Activated User's designated Operator will enter into a Operator/User Agreement. NEOTEC reserves the right to approve in advance an Operator designated by an Activated User.

A manufacturing operation shall not be permitted within an Activated Area without the prior approval of the Board.

A Person seeking to enter into an Operator Agreement with NEOTEC must be able to demonstrate proficiency in the areas of warehousing, inventory control, provision of FTZ related services and to meet criteria of financial stability and integrity necessary to secure a U.S. Customs Bond and satisfy security requirements.

Nothing in this Schedule shall preclude NEOTEC from acting as the Operator of one or more Activated Areas.

Each Operator, Developer/Owner and User of non-Activated area within the Zone will be charged the annual fees set forth in the Schedule of Rates and Charges.

NEOTEC will periodically meet with and review each Operator's FTZ activity to insure that such Operator is able to adequately serve its Activated Users. The Operator will agree to pay all fees and expenses and to provide all information required by NEOTEC.

### **3.4 SUBZONE POLICY**

Subzones will be considered by NEOTEC for operations by Persons that cannot be accommodated within the existing General Purpose Zone when it can be demonstrated that the activity (usually manufacturing) will result in significant public benefits.

An applicant or its agent seeking consideration by NEOTEC for a Subzone operation must provide information in a reasonable form satisfactory to NEOTEC that will allow NEOTEC to make a decision whether to sponsor the proposed Subzone project. Any information designated as confidential by the applicant will be so maintained by NEOTEC to the extent permitted by law.



Upon approval by NEOTEC to sponsor a Subzone, the applicant shall prepare and submit to NEOTEC for review and approval a complete application for Subzone grant that meets the requirements of this Schedule, the FTZ Act and any other applicable federal, state and local law for filing with the Board.

As part of the review of the applicant's Subzone application and before or after filing with the Board, NEOTEC may require additional information or submissions in writing and subject the applicant to audit to verify the positions or statements made in the application in order to determine compliance by the applicant with this Schedule.

NEOTEC reserves the right to refuse to sponsor or file any application with the Board. By submitting a request for a Subzone grant to NEOTEC, the applicant acknowledges and agrees that NEOTEC's determination of whether to sponsor or file an application with the Board shall be final and binding.

If an applicant desires to have a Subzone located within NEOTEC's jurisdiction and if NEOTEC has no site available in the General Purpose Zone or if such an available area is not suited for the proposed operations, NEOTEC will assist the applicant in arranging for the acquisition of a suitable and available site.

Each Subzone User will enter into a Subzone Operators Agreement for the proposed Subzone. If the Subzone User will not be the Subzone Operator, the Subzone User's designated Subzone Operator will enter into a Subzone Operator Agreement. NEOTEC reserves the right to approve in advance a Subzone Operator designated by an Subzone User.

Applicants for the establishment of a Subzone will bear all application costs and expenses relating to the preparation and filing of a Subzone application by NEOTEC whether or not the application is favorably acted upon by the Board. Each applicant for Subzone status will pay to NEOTEC the fees set forth in the Schedule of Rates and Charges applicable to that application and Activation. Such applicant shall pay or reimburse NEOTEC for all costs incurred by NEOTEC in processing and/or reviewing the Subzone application.

Each Subzone Operator will enter into a Subzone Operator Agreement with NEOTEC. All Subzone Operators must be able to meet the operations requirements of NEOTEC, the Board and Customs. A Subzone Operator shall pay to NEOTEC such annual fees as shall be set forth from time to time in the Schedule of Rates and Charges.

### **3.5 RECORD RETENTION**

Operators are required to retain records for five (5) years after merchandise is removed from the Zone. Records must be readily available for Customs review at the Zone site(s). Records must be made available to the Grantee and Administrator upon request.

### **3.6 CUSTOMS INSPECTION OF MERCHANDISE**

Operators will make merchandise subject to Customs inspection immediately available to Customs at the Zone site(s) or a location designated by Customs, and will have the sole responsibility of opening crates and packages, handling the merchandise, and securing the crates and packages following the inspection.

### **3.7 FTZ OPERATOR'S BOND**

Operators must maintain, for Customs purposes, an FTZ Operator's Bond in the amount required by Customs. This Bond is to assure compliance with Customs regulations. The bond is submitted on Customs & Border Protection Form (CBPF) 301. The bond provisions are set forth at 19 CFR 113.73, Customs Regulations. A failure to comply with the regulations may be deemed a "default" by Customs and result in the assessment of liquidated damages under the bond. The FTZ Operator's Bond is a separate bond type from an Importer's Bond.

### **3.8 INVENTORY CONTROL AND RECORDKEEPING SYSTEMS**

Inventory control and recordkeeping systems used by Operators within the Zone to track zone merchandise must meet the requirements of the U.S. Customs Regulations. Under the Customs regulations, each Operator maintains the inventory records. U.S. Customs is relieved of the duty of actually keeping the records, but maintains assurance of the systems' accuracy by selective examinations of merchandise and spot checks and audits of Zone facilities. Each system must be capable of producing the following required results:

- Accounting for all merchandise, including domestic status merchandise, temporarily deposited, admitted, granted a zone status and/or status change, stored, exhibited, manipulated, manufactured, destroyed, transferred, and/or removed from a zone
- Producing accurate and timely reports and documents
- Identifying shortages and overages of merchandise in a zone in sufficient detail to determine the quantity, description, tariff classification, zone status, and value of the missing or excess merchandise
- Providing all the information necessary to make entry for merchandise being transferred to the Customs territory
- Providing an audit trail to Customs forms from admission through manipulation, manufacture, destruction or transfer of merchandise from a zone either by zone lot or Customs authorized inventory method

### **3.9 INVENTORY PROCEDURES**

Operators are responsible for establishing and maintaining Inventory Control Systems acceptable to U.S. Customs for all merchandise in their care, custody, and control.

### 3.10 ACTIVATION

NEOTEC will authorize and assist in all or some portion of the Zone becoming Activated Areas based on the following criteria as outlined in 19 CFR 146.6 and the Customs Foreign-Trade Zones Manual:

- 1) Written application to the Port Director of U.S. Customs & Border Protection
- 2) Procedures Manual establishing how the Zone Site will be operated, in conformance with Customs Regulations
- 4) Background information on company and key personnel responsible for zone management as required by U.S. Customs.
- 5) If activity involves processing/manufacturing, a description of the proposed activity and a copy of the Board approval
- 6) Appropriate form of Operator and User Agreements, duly executed, between all parties, covering the Zone site(s) for which activation is sought
- 7) Set up of a security inspection of the Zone site(s) by U.S. Customs with notice and invitation to participate given to Grantee
- 8) Written letter of commitment to arrange an electronic interface with Customs
- 9) Posting of FTZ Operator's Bond in amount specified by U.S. Customs
- 10) Blueprint of area to be activated
- 11) FTZ Signage



#### WARNING

THIS IS A U.S. FOREIGN TRADE ZONE. WHOEVER MALICIOUSLY ENTERS WITH INTENT TO REMOVE THEREFROM ANY MERCHANDISE, OR UNLAWFULLY REMOVES MERCHANDISE FROM THE BUREAU OF CUSTOMS & BORDER PROTECTION CUSTODY OR CONTROL SHALL BE GUILTY OF A FEDERAL CRIME AND FINED UP TO \$250,000, IMPRISONED NOT MORE THAN 10 YEARS, OR BOTH. (18 U.S.C. 549, 3571, 659).

NEOTEC will approve activation requests by resolution and provide the requisite activation concurrence to the applicant.

### **3.11 DEACTIVATION**

An Operator may deactivate all or a portion of a Zone Site by notifying and obtaining the approval of the Grantee pursuant to the terms of the Operator Agreement between the Operator and the Grantee.

### **3.12 ALTERATION**

An Operator may increase or decrease the amount of activated space within an authorized Zone site or Subzone by notifying and obtaining approval of the Grantee and Customs. See Schedule of Rates and Charges.

### **3.13 THEFT OF MERCHANDISE**

Theft or suspected theft of any merchandise will be reported in writing to the District Director of Customs upon discovery. Every effort will be made by Operators to determine the facts and assist Customs and other federal or local agencies in any investigation and prosecution for theft.

### **3.14 OVERAGES & SHORTAGES OF ZONE MERCHANDISE**

Operators will record all inventory overages and shortages of merchandise and report same as follows:

Overages – Excess foreign status merchandise, not properly admitted to the Zone, will be admitted to the Zone on a CF 214 or Customs entry will be made. The CF 214 or Customs entry will be filed with Customs along with a written report to Customs within five (5) days after identification of the overage.

Shortages – Shortages of one percent (1%) or more of the quantity of foreign status merchandise in a Zone lot or UIN, if the missing merchandise would be subject to duties and taxes of \$100 or more upon entry to the Customs territory will be reported in writing to Customs upon identification of the shortages.

### **3.15 PHYSICAL INVENTORY**

Operators will conduct an annual physical inventory of all merchandise in the Zone (unless cycle counts are taken as part of an ongoing inventory control program). Customs and the Administrator will be given at least ten (10) days notice prior to the date(s) when the annual physical inventory will be performed so that Customs and/or Administrator may participate if deemed necessary.

### **3.16 ANNUAL RECONCILIATION REPORT**

Within ninety (90) days of the end of the Zone Operator(s) year, the Operator will prepare an annual reconciliation. An extension of the 90-day period may be requested from the Grantee and Customs for reasonable cause. The annual reconciliation will contain the following:

1. Description of merchandise for each Zone Lot Number or UIN
2. Zone Status
3. Quantity on hand at the beginning of the year
4. Cumulative Receipts (admissions) by unit
5. Cumulative transfers by unit
6. Quantity on hand at the end of the year
7. Cumulative positive and negative adjustments by unit to inventory with explanation

A copy of the annual reconciliation will be provided to the Grantee, but a copy need not be furnished to Customs unless requested. However, the Operator will submit to Customs and the Grantee and Zone Site Administrator within ten (10) working days after completion of the annual reconciliation, a letter declaring that the annual reconciliation has been prepared, is available for Customs review, and is accurate.

The letter will also contain any required reporting of shortages and overages of merchandise, verification that an annual internal review of the inventory and recordkeeping systems has been performed, the name and street address of the Operator where the required records are available for Customs review.

### **3.17 ANNUAL INTERNAL SYSTEMS REVIEW**

Operators will also perform an annual internal review of the inventory control and record keeping systems under its supervision and will report to the Grantee, the Zone Site Administrator and the Port Director of Customs any deficiency discovered and corrective action taken to ensure that the systems meet the requirement of the Customs Regulations.

### **3.18 FOREIGN-TRADE ZONES BOARD ANNUAL REPORT**

The Grantee is responsible for preparing and filing with the Board an annual report summarizing all Zone activity from January 1 through December 31 of each year. The report will be filed by the Grantee by January 31 of the following year pursuant to current requirements of the Board, which can be found at [www.ia.ita.doc.gov/ftzpage/annual-report.html](http://www.ia.ita.doc.gov/ftzpage/annual-report.html).

In order for the Grantee to meet its responsibility in this regard, each Operator will complete a report, so that sufficient data is available to the Grantee to complete the Foreign-Trade Zone Board Annual Report. The Operator will complete the report based on the Board requirements and guidelines, and submit it to the Grantee by **March 1st** of each year.

**Foreign-Trade Zone 181**  
**SCHEDULE OF RATES AND CHARGES**  
(Effective January 1, 2009)

**I. Activated-User/Operator- General Purpose Zone**

\* Fee based on cost \$.10 per square ft. of activated space per year with a minimum payment of \$2,000 per year and maximum of \$20,000 per year

**II. Non-Activated Company – company owning and/or occupying property**

\*Option 1. Flat fee of \$1500 per year

Option 2. Waiver of fees (relinquishes any future rights to FTZ status – Grantee can remove designation at any time)

Note: company can choose option 1 or 2

**III. Property Owner/Developer**

\*Option 1. Flat fee of \$1500 per year for occupied or non occupied land or facility

Option 2. Waiver of fees (relinquishes any future rights to FTZ status – Grantee can remove designation at any time)

Exemption: [Ownership by Public entities.](#)

**IV. Public Warehouse Operator**

\*Option 1. Activated:                   \$2500 per year  
                  Non-Activated:           \$1500 per year

Option 2. Waiver of fees (relinquishes any future rights to FTZ status – Grantee can remove designation at any time)

**Note:** Public Warehouse Operator can choose option 1 or 2

**V. General Purpose Zone Operator**

\*Option 1. \$2500 per year

**VI. SubZone Operator/User**

\*Fee based on cost \$.10 per square ft. of activated space per year with a minimum payment of \$2,000 per year and maximum of \$20,000 per year

**Foreign-Trade Zone 181**  
**SCHEDULE OF RATES AND CHARGES**  
(Effective January 1, 2009)

**New Site Designation/Change Order Fees**

1. New GP Zone parcel in all NEOTEC Member Counties  
Application fee for new Zone parcel designation - \$10,000
2. All new GP and SP Zone parcels for Non-NEOTEC Member Counties  
Application fee for new Zone parcel designation and first year/partial year Annual Fee for new Zone parcel - \$30,000 and thereafter an Annual Fee of \$30,000.
3. Changes to Pending Applications  
Request for change to pending Application for new Zone parcel designation - \$2,000

**Existing Zone Area Boundary Modification/Change Order Fees**

1. Application fee for existing Zone parcel boundary modification - \$5,000
2. Request for change to pending Application for existing Zone parcel boundary modification fee - \$2000.

**NOTE:** The fees listed above for new site and boundary modifications are one-time NEOTEC administrative fees. An additional one-time fee to process an application and monitor the application through approval will be quoted based on the scope of the project.

**Fee for Consent to Transfer Ownership of Zone Property/Change of Control or Ownership of Company**

1. Transfer of Zone Area  
Request for consent to sell and/or transfer ownership interest in Zone area - \$500
2. Change of Control  
Request for consent to a change of control of ownership in Zone area - \$500

## **APPENDIX A – GENERAL-PURPOSE SITES**



## **APPENDIX B - SUBZONES**

## **APPENDIX C – SITE DESCRIPTIONS**