

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.

CAPITAL REGION AIRPORT COMMISSION

**AT RICHMOND INTERNATIONAL AIRPORT
1 RICHARD E. BYRD TERMINAL DRIVE
RICHMOND, VIRGINIA 23250-2400
TEL: (804)226-3000**

CHARGES, RATES, RULES AND REGULATIONS

APPLICABLE AT

FOREIGN-TRADE ZONE No. 207

**OPERATING UNDER GRANT OF AUTHORITY
OF THE UNITED STATES FOREIGN-TRADE ZONES BOARD**

TO THE

CAPITAL REGION AIRPORT COMMISSION

ISSUED FEBRUARY 15, 2015

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I. POLICIES, RULES AND REGULATIONS

A. General Matters

1. Applicable Laws, Regulations, Rules and Policies

The Zone is established under a Grant of Authority to, and shall be operated by or under contractual supervision of the Grantee, the Commission. All activities within the Zone, all persons doing business with the Zone, and all merchandise entering or leaving the Zone, must strictly conform to all laws, rules and regulations contained in federal statutes and regulations, including but not limited to those of the Board and Customs, as well as all other applicable federal, state, local and Commission rules and regulations, and the compilations of Rules and Regulations listed below.

Foreign-Trade Zone No. 207 is regulated by the Foreign-Trade Zones Board, Washington, D.C., under U.S. Code of Federal Regulations, Title 15, Chapter IV, Part 400. FTZ tenants shall be knowledgeable about the regulations and abide by the provisions therein as a condition of participation in the Foreign-Trade Zones program at Zone No. 207.

The authority and jurisdiction of the Board is derived from the Foreign-Trade Zones Act as amended and codified at Chapter 1A, Title 19, United States Code (19 USC 81a - 81u). FTZ tenants shall be knowledgeable about the Act and abide by the provisions therein as a condition of participation in the Foreign-Trade Zones program at Zone No. 207.

Foreign-Trade Zone No. 207 is subject to special United States Customs & Border Protection Regulations as defined in U.S. Code of Federal Regulations, Title 19, Customs Duties, Chapter 1, U.S. Customs & Border Protection, Part 146 Foreign-Trade Zones. FTZ tenants shall be knowledgeable about the regulations and abide by the provisions therein as a condition of participation in the Foreign-Trade Zones program at Zone No. 207.

2. Principles of Zone Operation

The Zone will be operated in the public interest, ensuring that reasonable zone needs of the Central and Southern Virginia business community are served. 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 from time to time by the United States with foreign governments. (19 USC § 81n).

3. Zone Schedule

This Zone Schedule, prepared by the Grantee, contains internal rules and regulations of the Zone which govern the use of the Zone by Operators, Users and all other persons, together with a statement of the rates and charges applicable to Users. This Zone Schedule is issued in compliance with Foreign-Trade Zones Board guidelines and is intended to conform with and supplement the regulations of the Board and Customs. It will be available for public inspection at the Zone offices as well as the FTZ Board web site, maintained by the FTZ Board Executive Secretary and staff.

The Zone Administrator of FTZ #207 shall be the sole judge to interpret and determine the applicability of any of the rates, rules, regulations, or services provided in this Zone Schedule. However, any matter involving interpretation or action by U.S. Customs & Border Protection or other agency of the U.S. Government will be determined by the Port Director of Customs or his/her duly appointed representative.

The Zone Administrator has the right to quote special rates.

One (1) copy of this Zone Schedule will be provided to each user. Updates will be provided as revisions occur. The Grantee's Operating Agreement and this Zone Schedule represent the agreement between the Grantee, Operator, and/or User.

Acceptance of this Zone Schedule, with the following use of the zone, constitutes agreement to the terms and conditions as set forth in this Zone Schedule.

4. Manual of Operating Procedures

A Manual of Operating Procedures will be prepared and maintained by every Operator, describing the inventory control and recordkeeping system that will be in use in that portion of the Zone operated by that Operator, which shall be sufficient to satisfy the requirements of this Zone Schedule and 19 CFR 146 Subpart B. The system will account for all merchandise, identify shortages and overages of merchandise, provide accurate and timely reports and documents, provide all the information necessary to make entry for merchandise, and provide an audit trail to Customs forms from admissions to transfer out

of the Zone. An Operator, with the Grantee's prior written approval, may authorize Users to maintain individual inventory and recordkeeping systems and manuals of operating procedures, so long as the Operator assures that they are in full compliance with all applicable laws and regulations. Operators, Users and all other persons using the Zone must also comply with the Procedures Manual applicable to that part of the Zone they are using. The Procedures Manual may be amended from time to time by the Operator. A copy of the most current version of the Procedures Manual in effect must be provided by the Operator to Customs for review, and made available to Customs upon request.

5. Rules and Regulations of Richmond International Airport

Unless specifically contradicted by federal statute or regulation, all activities in a Zone located within the Richmond International Airport Complex and all persons on the Zone property must also comply with the Rules and Regulations of the Richmond International Airport, which are prepared and maintained by the Commission. A copy is available from the Commission.

6. Liability of Users, Lessees and Contractors

All persons other than the Commission, including but not limited to the Zone tenants, lessees, sublessees, Users, Operators and contractors having substantially exclusive control of portions of the Zone property shall be liable to and shall indemnify the Commission for payment of any fines or penalties levied against the Commission for alleged violations of any applicable law arising out of any such person's activities within such areas or for that person's failure to provide security for such areas or to assure compliance with applicable laws by others.

7. Liability for Duties, Taxes, Charges and Penalties

All liability for duties, taxes, charges or penalties or any other amounts due to any agency of the United States government or any state or local government and arising from the use of the Zone premises shall be borne by the User. This includes, but is not limited to, any duties, taxes, charges, fines, assessments, liquidated damages, penalties or other amounts due relating to merchandise which is pilfered, lost, damaged, or otherwise not accounted for to the satisfaction of Customs or federal taxing authorities, for which the User may be liable.

8. Responsibility of the Commission

Except as the same may be caused by the Commission's own negligence, the Commission shall not be responsible for any loss, injury, or damage to person or property. The Commission specifically disclaims any responsibility for any such loss, injury or damage to person or property occurring by reason of events beyond its control, including wind, flood, earthquake, or other acts of God, theft or vandalism or acts caused by the Commission acting in its governmental capacity.

9. Submittal of Required Information

Information deemed by the Grantee or Operator to be necessary for the proper management of the Zone that is requested of Users, including tenants, lessees and sublessees, Operators, contractors and subcontractors, shall be submitted as requested.

10. Recordkeeping and Reporting Responsibilities

All records pertaining to zone merchandise shall be maintained for five years after the merchandise is removed from the Zone. In the case of merchandise which has been transferred from a Zone to Customs Territory or is otherwise not exempt from the Customs laws, records pertaining to importation which are required or made shall be kept for five years after the date of entry of the merchandise. The Operator may authorize a User to maintain an individual inventory control and recordkeeping system. However, the Operator remains liable for compliance to Customs under its bond, for supervision, defects in, or failures of a system.

B. General Operating Procedures

1. Operations, Forms and Procedures

The admission of merchandise to the Zone, the merchandise and operations permitted in

the Zone, the disposition of merchandise and special provisions applicable to each status, the subsequent exportation or importation of merchandise removed from the Zone, and other operations within the Zone are summarily described below. Generally, the rules below apply to activated portions of the Zone, not those portions of the authorized Zone which are not activated. However, all activities and procedures in any portion of the Zone shall comply with applicable statutes and regulations of the Board and Customs as if they were fully set forth herein. Customs Forms are available from Customs and may be made available by the Operator. Any other forms required for such activities shall be made available upon request from the Operator.

2. Customs Brokerage Services

The Commission does not in any way, including in its capacity as Grantee or Operator, offer Customs Brokerage services. These services are available from Licensed Customs Brokers in or near the Zone and in the surrounding community. Zone personnel will assist potential users in obtaining a list of licensed Customs Brokers whose services are available locally. Other Operators may, if qualified, offer Customs Brokerage Services.

3. Merchandise Permitted in the Zone

Foreign and domestic merchandise of every description, except such as is specifically 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 that 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 laws and regulations applicable to such merchandise. A distinction is made between:

(1) Merchandise that is specifically and absolutely prohibited by law on the grounds of policy and morals, such as immoral or subversive literature, obscene articles, or lottery matter, and

(2) Merchandise that is subject to conditional prohibition only, for protection of economic or national security or which may be reconditioned to bring them into compliance with the laws administered by various Federal agencies.

The Port Director of Customs is required to exclude the first class of articles and may not permit them to be transferred to a zone if he is aware of the prohibited status, except that the Port Director may permit the temporary deposit of any such merchandise in the zone pending final determination of its status.

The transfer of articles of 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 the 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 Port Director of Customs as the representative of the Board, where the merchandise is not excluded by any other Federal agency having jurisdiction over the merchandise.

Grantee and Operator reserve the right to refuse merchandise which would, in the opinion of the Zone management, pose unusual or unacceptable problems or hazards to normal warehouse operations.

4. Entry and Exit of Merchandise

Before merchandise may be admitted to or transferred from the Zone the appropriate Customs Application must be completed by the User or its agent, approved by the Operator, and authorized by Customs. The application shall be complete, describe the merchandise fully and be accompanied by all required documentation.

5. Disposition of Merchandise in the Zone

In general, merchandise lawfully brought into the 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 therefrom, in the original package or otherwise; but when foreign merchandise, and domestic merchandise whose identity has been lost, is sent from a Zone into Customs territory of the United States, it shall be subject to the laws and regulations of the United States affecting imported merchandise.

6. Manipulation, Manufacture, Exhibition of Merchandise

In general, merchandise lawfully brought into the 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.

Before merchandise may be manipulated, manufactured, processed, exhibited, destroyed or temporarily removed from the Zone, an application on CBP Form 216 must be presented by the Operator to Customs for approval. Similar changes in processing activity which involve foreign articles subject to quantitative import controls (quotas) or which result in articles subject to a lower (actual or effective) duty must be submitted in advance for approval by the Operator, Customs and any such government agencies in accordance with applicable laws and regulations.

(a) Application - Prior to any action, the Operator shall file with the Port Director an application (or blanket application) on CBPF 216 for permission to manipulate, manufacture, destroy or exhibit merchandise in a zone (19 CFR 146.52(a), 146.9). The description of the intended manipulation or manufacture should be detailed enough to enable the Port Director to determine whether a permit should be given. The Port Director may return the application to the Applicant for a more precise description, if needed to administer any law, regulation, or policy for which CBP is responsible.

(b) Decision on Application - A Port Director will approve the application unless

(1) the proposed operation would be in violation of law or regulation,

(2) the place designated for its performance is not suitable for preventing loss of identity or status of the merchandise, or

(3) the Board has not granted approval of a new manufacturing operation.

The Port Director may disapprove any application, or may deny a blanket application and require instead an individual application (19 CFR 146.52(b)(1), (2)) .

(c) Revocation of Approval- A Port Director may revoke approval of any application for cause as defined in approval criteria at 19 CFR 146.52 (b), or may require the Operator to file an individual application in lieu of an existing blanket

application. In such a case, the Applicant may appeal the adverse ruling pursuant to the hearing provisions of 19 CFR 146.82(b) (2). The revocation shall remain in effect pending the decision on the appeal (19 CFR 146.52(c)).

7. Status of Merchandise In the Zone

(a) For the purpose of the Act and the regulations of this Section, all merchandise within a zone, except merchandise in transit through a zone as provided in Sections 146.34 of Customs Regulations, and except merchandise temporarily transferred to a zone for manipulation as provided in paragraph (b) of this Section, shall be given a Zone Status in accordance with Subpart D of Customs Regulations as:

- (1) PF - Privileged Foreign Merchandise
- (2) NPF - Non Privileged Foreign Merchandise
- (3) D - Domestic Merchandise
- (4) ZR - Zone Restricted Merchandise

(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 the 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 the 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.

8. Transportation

Transfer of foreign merchandise between Customs territory and the Zone or through Customs territory must be made by Customs bonded carriers or others in accordance with Customs regulations as interpreted by the Port Director. Likewise, transfers of non-privileged foreign merchandise to or through the Customs territory must be made by Customs bonded trucks or other carriers and subject to Customs regulations and any other applicable Federal or State Agency Regulations. The Operator of a Foreign-Trade Zone may transport merchandise from within the District to their respective facilities under the Foreign-Trade Zone Operators Bond.

9. Use of the Zone by Carriers

The docking facilities and loading or unloading stations of the Zone are intended primarily for the use of vehicles, for unloading merchandise into the Zone or loading merchandise from the Zone, and their use for other purposes may be terminated if found to endanger the Revenue of the United States or to interfere with the primary uses of the Zone.

10. Subsequent Importation of Zone Merchandise

Merchandise produced or manufactured in a Zone and exported therefrom 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.

11. 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.

12. Retail Trade Within the Zone

No retail trade shall be conducted within the Zone except under permits issued by the Grantee and approved by the Board. Such permittees shall sell no merchandise except such domestic or duty-paid or duty-free merchandise 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 merchandise 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 provisions of the regulations in this section, his permit shall be revoked by the Grantee, who shall immediately report such action to the Board.

The Executive Secretary of the Foreign-Trade Zones Board shall determine whether an activity is retail trade, subject to review by the Board when the zone grantee requests such a review with a good cause. Determinations on whether an activity constitutes retail trade shall be based on precedent established through prior rulings by CBP, as appropriate. Such prior rulings shall remain effective unless a determination is issued to modify their effect (after a notice and comment process, as appropriate). Determinations made by the Executive Secretary pursuant to this section shall be made available to the public via the Board's website.

13. Residence Within the Zone

No person shall be allowed to reside within the Zone except Federal, State or Municipal officers or agents whose resident presence is deemed necessary by the Board.

14. Holidays

The following are the legal holidays during which the Zone is closed for regular business:

- New Year's Day The 1st Day of January
- Martin Luther King's Birthday..... The 3rd Monday of January
- President's Day The 3rd Monday of February
- Memorial Day..... The Last Monday of May
- Independence Day The 4th Day of July
- Labor Day The 1st Monday of September
- Columbus Day The 2nd Monday of October
- Thanksgiving Day The 4th Thursday of November
- + Christmas Eve..... The 24th Day of December
- Christmas Day The 25th Day of December

+ Observed by FTZ #207 personnel only – not a U.S. CBP holiday

15. Hours of Business and Service

Hours of business and service, for Customs purposes, shall be the same as those prescribed in Customs Regulations. The zone shall be available for business activities on a 24 hour basis. Regular or normal business hours shall be all work performed between the hours of **8:30 a.m. and 5:00 p.m., Monday through Friday, except on holidays.** Extended or restricted hours may be established by Operator with prior notification of users and approval of Port Director and Grantee. Hours during which Customs shall conduct examination for the entry and exit of merchandise to and from the Zone shall be as determined by the Operator and the Port Director after evaluation.

16. Merchandise Arriving After Hours

Merchandise arriving after regular business hours at a general-purpose zone site offering public warehouse services may, by special arrangement with the Operator, be placed in a designated location and received subject to special charges.

17. Confidentiality of Information

The Grantee and Operator and their employees, agents and contractors, will take reasonable precaution to avoid the divulging of confidential information regarding merchandise and services performed in the Zone. In the event of violation of this provision, the Grantee or Operator or both shall take such disciplinary and security measures as warranted by the circumstances. Any zone employee violating this confidential relationship will be suitably disciplined or discharged.

18. Admittance of Persons

Persons desiring admittance to the Zone shall make application to the Operator, and may be admitted to the Zone only upon issuance of a pass by the Operator of that portion of the zone to which they wish to gain admittance. The pass issued must be worn and shown upon request of the Operator, Grantee or Customs. Upon leaving the Zone, any temporary pass must be surrendered, and any permanent pass must be displayed. All persons having business in the zone will enter and leave at the prescribed entrance.

19. Employees and Persons Entering and Leaving the Zone

The Operator shall have in place a system to identify and control employees and other persons entering and leaving the Zone. Employees and all other persons entering or leaving the Zone shall pass through the designated entrance 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 Port Director may deem necessary for the protection of the revenue. Every employee within the Zone shall be required, while within the Zone, to wear appropriate identification badges to be provided by the Operator. Employers shall provide lists and have employees obtain a permanent badge from the Operator. All persons having business within the Zone, but not possessing appropriate Zone-issued badges, passes or other approval to enter the Zone shall apply for appropriate approval and entry identification at the office of the Operator. All persons entering the zone for any reason whatsoever shall be bound by the regulations promulgated by the Board, Customs, and by the Operator of the zone.

20. Security

The Zone shall be maintained secure in accordance with applicable regulations, sufficient to guarantee the security of Zone merchandise and records. The guidelines set forth in the booklet "Standards for Cargo Security," prepared by the U.S. Customs, will be followed insofar as applicable. A copy of the publication will be available at the Operator's office.

21. Tender for Acceptance

All merchandise for Zone acceptance 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.

22. Clearing Merchandise and Traffic

Merchandise, land and air carriers and other occupants of the zone, both incoming and outgoing, must obtain clearance through the Zone Operator.

23. Bonds

Each Operator must maintain, for Customs purposes, a Customs Bond as a guarantee for the payment of all duties and taxes on such merchandise as may be removed from the zone with or without a proper Customs permit or otherwise missing from the zone. In instances where it can be shown that a User or other person, including a contractor or subcontractor, has caused Customs to assess the Operator's Bond, Operator shall reserve the right of full recourse against such User or other person for the recovery of duties, taxes and other amounts paid by the Bond.

24. Limit of Liability

The Grantee and/or the Operator, where the Commission is the Operator, will not be liable and cannot assume any responsibility for any loss or damage to freight, cargo or merchandise or other property within the zone, or for any loss or damage arising from acts of commission or omission of co-tenants, or of the occupants, or users of adjacent or contiguous compartments or of other portions in or about the zone, nor for the breakdown of cranes or power service, nor for loss or damage occasioned by plumbing, electric wires, automatic fire apparatus, nor for any loss or damage from any cause whatsoever.

Tenants, through their use of the zone, agree that Grantee and/or the Operator, where the Commission is the Operator, shall neither be responsible nor liable for any claims for damages or injury (including death) caused by or arising from:

1. Acts of negligence of co-tenants upon or within the Zone
2. The occupants or users of adjacent or contiguous premises
3. The breakdown of cranes or power service
4. Plumbing, electrical wires, automatic fire or sprinkler apparatus or any facilities upon or about the zone or other premises of the Grantee and/or Operator
5. Water being upon or coming through the roof, skylights or trap doors
6. Accidents on tracks, roadways or elsewhere upon or within Grantee's and/or Operator's property

The Grantee and/or the Operator, where the Commission is the Operator, will not be responsible for any loss or damage caused by fire, 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; or by floats,

logs or piling required in breasting vessels away from wharf; nor will it be answerable for any loss, damage, or delay arising from the insufficient notification, or from war, 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 service 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.

The Grantee and/or the Operator, where the Commission is the Operator, will not be responsible for any loss or damage arising from or occasioned by any misunderstanding of orders or instructions received or taken by telephone from the zone user to the Grantee and/or the Operator, where the Commission is the Operator.

The Grantee and/or the Operator, where the Commission is the Operator, will not be liable to respond in damages or make indemnity or compensation of any character from any source other than the income and revenues arising from the operation of the property by FTZ #207 by reasons of, or due to, or caused by the operation of FTZ #207. The members of FTZ #207, either singularly or collectively, shall not be personally liable to anyone by reason of, or due to, or caused by the management of the FTZ #207.

As a condition precedent to recover, claims for loss or damage must be made in writing within thirty (30) days after the merchandise is delivered from the zone, or, in the case of failure to make delivery, then within thirty (30) days after delivery of the last package of the lot in Grantee's apparent possession.

25. Hazardous Commodities

The Zone will not be required to accept for storage any hazardous commodity or other commodity that will affect the availability or premium rate of insurance on other merchandise in storage, or on the building or buildings in which it is stored, or otherwise endanger normal warehouse operations or merchandise already in the Zone. All commodities moving in or out of the zone must comply with applicable local, state, and federal laws.

Where reference is made hereto, by any rate item, the product will not be stored except in locations or areas that are not restricted in the acceptance of any commodity for storage under the issuance of rate established on contents stored therein.

26. Insurance

Insurance is carried by Grantee on its property only and does not include insurance on the contents owned by others stored therein. Lessees, Operator and Users are not allowed to place materials within the Zone which will cause the cancellation or forfeiture of the insurance or affect the premium rate thereof on the building or buildings of which the leased premises form a part. Insurance on commodities or other property stored on the leased premises must be carried by and at the expense of lessee, User, or Owner of the commodities or other property. Merchandise sorted, manipulated, or transferred within the Zone is not insured by the Grantee and the Zone tariff rates do not include insurance on merchandise, unless otherwise specifically stated in writing.

27. Bodily Injury and Property Damage Insurance

All persons or firms conducting business operations on Zone property in accordance with a permit granted by the Operator shall be required to carry minimum bodily injury liability and property damage insurance in the following amounts, or as may be subsequently determined by Grantee: \$1,000,000 for bodily injury, personal injury or death of or to one or more persons in any one occurrence; \$500,000 for damage to property per occurrence, including water damage and sprinkler leakage. Such insurance must name the Operator and Grantee as additional insureds at no expense to the Operator or Grantee, and a certificate of such insurance must be provided to the Operator and Grantee.

28. 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 upon request.

29. Marking

All merchandise handled in the Zone, before entry to Customs territory, must be duly marked in accordance with Customs regulations as to the country of origin, and in accordance with all other government regulations. No merchandise may leave the Zone for any purpose if it carries any false or misleading label or mark. When repacked or labeled in the Zone, the merchandise should be marked, when possible, to indicate the fact. Accurate and complete marking is the obligation of the Owner or User or importer of

record.

30. Customs Inspection of Merchandise While in the Zone

The consignee, User or his agent, shall at all times be immediately available to make the merchandise subject to inspection required by U.S. Customs & Border Protection, and shall have the sole responsibility of opening crates and packages, handling the merchandise and securing the crates and packages following the inspection. In the event that the consignee, User or his agent is not immediately available for the inspections, then Zone personnel shall be authorized to open such packages for Customs and shall not be liable for any loss or damage for any reason whatsoever to the goods.

31. Special Services Provided by Customs or Operator

Users of Zone facilities requiring special or additional services not being regularly furnished to all Users of the Zone may request same in writing to the Operator, who, shall clear the furnishing of such services with Grantee and Customs and consider cost thereof for account of User. If service is established, it will be made available under similar circumstances to all Users on the same basis. Any arrangements for special services by Customs are between Customs and the User and/or Operator.

32. Subzone, Zone Expansion and Boundary Modification Applications

Companies or other entities interested in becoming or locating in subzones, ASF usage-driven, ASF subzones, expansion sites or extensions by boundary modification of the Zone shall notify the Grantee of their interest by letter, accompanied by such documents as the Grantee may require and any non-refundable application fee set forth in this Zone Schedule.

33. Development Within the Zone

Grantee may make available certain properties within the Zone for private commercial development for Zone uses. All such development must adhere to and be consistent with the Commission's Master Plan and all other applicable rules and regulations. The terms of the agreements may vary considerably, and are subject to case by case negotiation.

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.

- (a) Provided 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) Provided 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;
- (c) Provided 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 or other structures; and
- (d) Prior to commencing any significant new construction, alteration, additions or modifications to present facilities in the zone, which may impact areas activated by CBP, the overall zone security or the granted scope of authority, Operator shall notify the Grantee; FTZ Board approval may be required before commencing such construction activities in the zone.

34. Agreements for the Use of Zone Facilities

Property owned by the Grantee may be leased to Operators or Users. All agreements for the use of space and facilities must be in writing, and must be approved in advance in writing by the Grantee. All Operators must have a written Operating Agreement with the Grantee.

35. Additional Operators

Companies or other entities interested in becoming Operators within the Zone shall notify the Grantee of their interest by letter, accompanied by such documents as the Grantee may require and any non-refundable application fee set forth in this Zone Schedule.

36. Office Space

Office space can be provided to Users by lease. Rates and charges will be negotiated on a case by case basis, factoring in location, improvements in the space and other factors.

37. Requests to Expand or Use Zone Facilities

The Grantee shall evaluate requests and applications set forth in Sections 32 through 36 above fully and fairly, treating like cases in a like manner. The Grantee shall evaluate such applications and requests on the basis of impact on regional economic development, actual demonstrated and potential need, uniqueness and duplicativeness of services or facilities, the convenience of commerce, and other factors deemed relevant to the purposes of the Zone program and Grant of Authority to the Zone. The Grantee shall also consider the qualifications, experience, performance, resources, plans and commitment of the company or other entity making the application or request and the individuals involved. The Grantee may condition any use or activity it permits on the applicant maintaining a sufficient level of effort to develop and sustain actual use of the FTZ program benefits.

38. Parking

Parking areas are available for Users and visitors to the Zone, where the Commission is the Operator. Specific space may be assigned to regular employees of Users upon application to the Operator. No passenger vehicles other than those used by FTZ No. 207 or U.S. Customs & Border Protection personnel will be allowed to park overnight within the zone boundaries without prior approval of the Operator or his representative. Passenger vehicles for employees of zone tenants will be allowed to park in designated parking areas only during the scheduled work hours. Truckers who do not complete unloading or loading of merchandise in the zone at the close of business hours and indicate a desire to complete unloading or loading the following day may upon the discretion and approval of the Administrator or Operator, park containers or trailers in the zone overnight. Such parking shall be in a safe location in the zone as determined by the Zone Administrator or Operator. The Grantee assumes no liability for loss of damage to equipment or contents during such parking periods.

II. TARIFF: RATES AND CHARGES FOR USERS

A. General Provisions

Grantee or Operator may enter into written agreements with Users for the use of Zone facilities and services, according to the following terms and conditions and such additional ones as may be set forth in the Appendix of this Zone Schedule. Operators other than the Commission may, subject to review by the Grantee, establish different or additional terms and conditions, which shall be set forth in a separate Appendix of this Zone Schedule.

1. Nature of Zone Charges

Users will be charged for space or storage, operations and administrative services rendered. The rates and charges are established in reference to the actual direct and indirect expenses of maintaining and operating the Zone, and any other expenses or loss of revenue incurred by the Commission as a direct result of the use of the Zone by the Users. All charges will be reasonable and fair in light of these factors, and all Users and potential Users will receive uniform treatment under like circumstances.

The Zone Schedule sets forth alternative methods of computing space or storage charges. The Operator reserves the right to determine in consultation with the User which is the most appropriate method under the given circumstances. Zone charges may be negotiated to meet the special needs and conditions of a User. These charges are subject to change on thirty (30) days' notice. Additional service can be negotiated based on published hourly rates. Quantity discounts can be negotiated.

2. Special and Additional Expenses to be Paid by User

The expenses of special alterations to a facility made at the request of a User as well as additional expenses required to secure an area to Customs' requirements for specific use by that User shall be paid by the User. The expenses of services provided by Zone contractors on behalf of or for the benefit of a User shall be borne by the User.

3. Charges by Government Agencies

Charges, if any, made by government agencies or any entity other than the Operator or

Grantee are not included in the Zone Schedule and should be arranged by the User or his agent with the government bureau or entity concerned.

4. Payment of Customs Officers and Employees

Any cost of maintaining Customs & Border Protection in a zone shall be paid directly by the applicable Operator of such zone.

In a zone, at a port where customary working hours are other than those herein mentioned, the Port Director of U.S. Customs & Border Protection is authorized to regulate the hours of Customs' officers and employees assigned to the zone so as to agree with prevailing working hours in said port. However, nothing herein shall be construed in any manner to affect or alter the length of a working day for Customs officers or employees.

Any work requested by the zone tenant resulting in additional Customs costs, shall be billed by the Operator to the requesting tenant, unless paid for directly by the User.

5. Payment of Customs Penalties or Process

U.S. Customs & Border Protection penalties resulting from inventory discrepancies, operational infractions, or other occurrence for which tenant is responsible will be paid by the tenant.

6. Charges for Services Outside Normal Business Hours

The Operator maintains regularly assigned staff, employees and contractors to assist in the normal operation of the Zone during regular business hours set forth in this Zone Schedule. Operator services rendered during national holidays, Saturdays and Sundays, or during overtime hours at the specific request of the User of the Zone facilities for such purpose, will be charged to User of such services at the applicable rates set forth in this Zone Schedule.

7. Trash Collection

Manipulators of merchandise within the zone shall not be allowed to accumulate trash or garbage. The Operator will provide trash removal services for a fee which may be billed to

User. Removal of items that will not fit in the dumpsters may be arranged through the Operator and billed at cost plus 10%. For security reasons, no other agency will be allowed in the Zone to perform this service.

8. When Charges Are Payable

On all Zone leases, the first and last month's rent and security deposit shall be due in advance. All other Zone charges are due and payable as they accrue, unless otherwise agreed to in writing between the Operator and User.

9. Merchandise Held for Charges

The Operator and Grantee reserve the right to withhold permission to withdraw merchandise from the Zone for Users with unpaid charges for Zone use.

10. Enforcement of Charges

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

11. Service Charges

A service charge of one and one-half percent (1½%) per month will be charged on all accounts receivable after ten (10) days. No proration will be made. An additional one and one-half percent (1½%) per month will be charged every month thereafter.

An additional service fee of \$25 per check will be charged for a check returned due to "insufficient funds" in an account, or returned for other reasons.

12. Penalty Storage Charges

When merchandise is placed by a User or other person in the Zone or an area under

control of the Grantee or Operator contrary to rules, regulations or administrative instructions of the Grantee or Operator, or when without the express authorization of the Grantee or Operator merchandise is placed outside of the Zone area leased by a User, a penalty charge may be made against such User or other person. This charge will be based on a daily charge of \$1 per cubic foot or 50 pounds measure whichever is greater. Penalty storage charges will be payable when they accrue and the Grantee and Operator reserves the right to seize the merchandise which remains in illegal storage beyond a period of five (5) consecutive days.

13. Abandonment, Bankruptcy and Absconding

If merchandise is abandoned, in writing, by its Owner to the Operator, the Operator has the right to authorize the exportation, destruction or sale of the merchandise. The Operator may dispose of the merchandise in its own name on the proper form in accordance with applicable laws and regulations. If the merchandise is to be entered for consumption the Owner or purchaser will be held liable for any duties, taxes and deficiencies due. Auction sales will be conducted by the Operator, or representative thereof, and not by Customs or a Customs contractor.

If merchandise has not been abandoned in writing to the Operator, but the Owner or the person in whose account the merchandise is held in the Zone apparently has absconded, is insolvent, or is in serious arrears in payment owed to the Operator, the Operator may not dispose of the merchandise without first obtaining legal authority.

If the Owner or person in whose account the merchandise is held in the Zone declares bankruptcy, the merchandise will be disposed of according to the applicable bankruptcy laws.

14. Objections to Zone Schedule Fees

Under applicable regulations, Users showing good cause may object to fees set out in this Zone Schedule by complaint in writing to the Board.

15. Summary of Operating Fees & Charges

Fees and charges due to the Grantee or Operators are payable under the terms and conditions set forth in this Zone Schedule and Appendices. Appendix B sets forth fees and

charges of the Grantee. Appendix C sets forth fees and charges for services offered by the Capital Region Airport Commission as Operator. Additional appendices shall be used to show the fees and charges for other Operators, if any. Charges, rates and fees may be modified from time to time by Grantee or by Operators, with the prior approval of Grantee, and such changes will be reflected in the appropriate Zone Schedule Appendix.

These charges and fees may be summarized for convenience by the Grantee or Operator in a Summary of Operating Fees and Charges. In the event of a disparity between the Summary and this Zone Schedule or any Appendix hereto, the Zone Schedule and relevant Appendix shall be controlling.

B. Leases

The Grantee may lease, or the Operator may lease or sublease, facilities in the Zone to Users only by written agreement subject to the prior written approval of the Grantee, and in conformity with this Zone Schedule, the Rules and Regulations of the Richmond International Airport, any applicable lease provisions, and all other applicable laws and regulations. Lease rates may vary with the facility involved, the amount of space leased, the effect of the lease on other uses of the building or area, improvements made on behalf of the User, the duration of the lease, the nature and value of the merchandise, the nature of the operation, inflation and other factors. Specific lease rates for each activated Zone site are set forth in the Appendices of this Zone Schedule. Lease forms containing the terms and conditions of leasing warehouse space are available upon request to the Grantee. An applicant for a lease must show credit arrangements that are satisfactory to the Grantee.

C. General Warehouse Space

Users may obtain space in a Zone general warehouse facility for a shorter term or smaller volume than provided by leases, or on a transaction basis, for a storage charge rather than a lease on a space available basis. The facility may be operated by the Commission or by a third party Operator. Storage of any merchandise must be approved by the Operator and Grantee. The specific fees and charges for such storage at each activated Zone site shall be set forth in an Appendix of this Zone Schedule for that site.

D. Operations Fee

An Operator providing Operations services in the Zone may charge for such services on a cost

plus or hourly rate basis, and shall assess such charges as set forth in an Appendix of this Zone Schedule. The Operator may agree in advance in writing with the User on a global fee charge for specified tasks in lieu of such rates. Operations services may include, but are not limited to, handling in and out, packaging, pick and pack, assembly, address marking, clerical labor, warehouse labor, forklift and driver, supervisory labor, monthly book inventory clerical, annual physical inventory and periodic physical inventory upon request. The services offered at any activated area of the Zone are in the sole discretion of the Operator of that area.

E. Administrative Fees

The Operator providing Administrative services in the Zone shall charge for such services on a cost plus or hourly rate basis as set forth in an Appendix of this Zone Schedule. The Operator may agree in advance in writing with the User on a global charge for specified tasks in lieu of such rates. Administrative services include, but are not limited to, Customs transactions document processing, computer services, maintaining inventory control and records, performing audit or compliance reviews, annual reconciliation and annual reports.

F. Subzones, Zone Expansions and Zone Boundary Modifications and Operator Fees

Applicants for a special purpose subzone, zone expansion or boundary modification must pay a non-refundable application fee to the Grantee and submit a letter of application to the Grantee. This fee is intended to compensate the Grantee for its expenses in evaluating feasibility and appropriateness of the proposed use, in reviewing the letter of application and determining whether to make application to the Board on behalf of the Applicant, and in assisting with the prosecution of the application. The fee shall be set forth in Appendix B of this Zone Schedule. In addition, applicant shall reimburse the Grantee for telephone, fax, courier, photocopying, mileage, and other out of pocket disbursements actually made as a direct result and on behalf of the application.

The Subzone or boundary modification application fee does not include preparation of the application itself. The fees do not include preparing for, or evaluating preparations for, the activation of the authorized area. The Grantee shall offer applicants lists of qualified consultants to assist with preparing the application and activation. The Grantee may itself offer such assistance for a fee, and if so, it shall set forth applicable descriptions, terms and charges in Appendix B of this Zone Schedule. In no case shall an applicant be obligated to use the Grantee, or a specific consultant, to prepare an application or to prepare for activation.

All Operators of zone sites will be charged an operating fee by the Grantee to compensate the Grantee for the administrative and operational responsibilities for the zone site or subzone under applicable law and regulations. Fees may vary for subzones, and for sites in the general purpose zone. Fees for subzones may vary because of the number of subzone sites operated by the User, the use of the site, the size of the activated space, the actual oversight burden born by the Grantee and other factors. These fees shall be set forth in Appendix B of this Zone Schedule.

G. Development Within the Zone

The charges, fees and other financial arrangements between Grantee, Operator and developers of facilities within the Zone will be established by negotiation, depending on use, market, prospects for business success, and the other such factors.

III. APPENDIX

A. Definitions

B. Grantee Fee Schedule

C. Operator Fee Schedule - Capital Region Airport Commission

Appendix A

DEFINITIONS

Act - The Foreign-Trade Zones Act of June 18, 1934 (48 Stat. 998 1003; 19 USC. 81a 81u), as amended by Public Law 566, 81st Congress, approved June 17, 1950 and all lawful amendments.

Activation – Approval by the grantee and the U.S. Customs and Border Protection Port Director permitting operations to begin which allow the admission and handling of merchandise in zone status.

Administrator – See Zone Administrator.

Admission To Zone - The physical arrival of goods into a zone in a specified zone status with the appropriate approvals of the zone grantee and the U.S. Customs and Border Protection. The term “admission” is used instead of “entry” to avoid confusion with Customs entry processes under Parts 141-144 of the Customs Regulations.

Alternative Site Framework (ASF) - The “framework” to manage FTZ sites that gives much greater flexibility to use simple minor boundary modifications (instead of more complicated and time-consuming procedures) to bring FTZ designation to locations where a company is ready to pursue using FTZ procedures. Capital Region Airport Commission maintains and operates FTZ No. 207 under the Alternative Site Framework.

Annual Report – The Board shall submit an annual report to Congress. Grantee shall submit a complete and accurate annual report to the Board within 90 days after the end of the reporting period. Each zone operator of an activated site or subzone shall post to OFIS a complete and accurate annual report within 60 days of the close of the calendar year. Each non-activated site or subzone partner shall submit a complete and accurate annual report, which is due in the form of a status letter to the Grantee Administrator by February 15 each year covering activity for the previous calendar year. Zone Operators failing to submit timely reports may incur a fine of \$1,000 per day.

Board - The Foreign-Trade Zones Board (FTZB) was created by the Act to carry out provisions thereof. The Board consists of the Secretary of Commerce, who is the chairman and executive officer, and the Secretary of the Treasury, or their designated alternates. The Foreign-Trade Zones Board Staff is responsible for administering the FTZ program on behalf of the FTZB. The Executive Secretary of the FTZB Staff represents the Board in administrative, regulatory, operational, and public affairs matters. The Executive Secretary serves as the director of the staff which is situated in the U.S. Department of Commerce within the Import Administration.

Bulk - The term used in describing fungibles, which can be poured, scooped or shoveled and

which generally cannot be counted or identified piece by piece.

Commission - The Capital Region Airport Commission, a political subdivision of the Commonwealth of Virginia.

Customs (CBP) - U.S. Customs and Border Protection.

CBP Form 214 - Application and permit to admit merchandise into a Foreign-Trade Zone, permit to transfer merchandise through the Customs territory to Zone and Customs officer's return thereon, and Customs report of merchandise received at Zone.

CBP Form 216 - Application and permit for the manipulation, manufacture, exhibition or destruction of merchandise within a Foreign-Trade Zone and Customs officer's return.

Customs Territory - The territory of the U.S. in which the general tariff laws of the U.S. apply. "Customs territory of the United States" includes only the States, the District of Columbia, and Puerto Rico.

Domestic Status Merchandise (D) - Merchandise that has been (i) grown, produced or manufactured in the U.S. and not exported therefrom, (ii) previously entered into the commerce of the United States as duty and tax free, or (iii) previously imported into Customs territory and properly released from Customs custody. No application or permit is required for the manipulation, manufacture, exhibition, destruction, or transfer to Customs territory of domestic status merchandise (including packing and repair materials) except when it is mixed or combined with merchandise in another zone status or upon order of the Commissioner of Customs. All domestic status merchandise in a zone must be accounted for under the procedures of 19 CFR Part 146 Subpart B.

Exhibition - Upon application pursuant to section 19 CFR 146.52 and approval by the port director of Customs, the showing of merchandise in the zone is permitted. This application and approval may be submitted and obtained on a case-by-case basis or under blanket approval.

Foreign Status Merchandise - Imported merchandise, which has not been released from Customs custody into the Customs territory of the United States. This means imported merchandise upon which duty and taxes, if applicable, have not been collected.

Foreign-Trade Zone Forms - Forms used in the transaction of foreign-trade zone business are designated by the U.S. Customs & Border Protection. As such, these forms may be completed by the zone tenant (person of record), its duly assigned customs broker, or the zone operator.

General-Purpose Zone – A multi-use zone designed for use by multiple tenants engaged in multiple activities that may include storage, distribution, testing, repackaging and repair.

Manufacturing may take place in a general-purpose zone with prior permission by the Foreign-Trade Zones Board.

Grantee - A Grantee is a public or private corporation to which the privilege of establishing, operating, or maintaining a foreign-trade zone has been given. The privileges of establishing, operating, and maintaining Foreign-Trade Zone #207 have been granted to the Capital Region Airport Commission.

Imports - Foreign merchandise of every description (except articles specifically and absolutely prohibited by statute) entered into the Customs territory to become a part of the domestic supply for the purpose of domestic commerce or consumption, and particularly that which is entered into the Customs territory through the zone. A distinction is made between such imports into the commerce of the United States and foreign merchandise which, under the laws and regulations of various other Federal agencies having jurisdiction within the zones, is said to be "imported" into foreign-trade zones, Customs bonded warehouses, or Customs custody. This latter merchandise, in relation to operations of the zones, is considered to be foreign merchandise until its entry into the Commerce of the United States.

In Transit Merchandise - The term "in transit merchandise" includes all foreign merchandise transported into and out of the United States, whether in and out of the same port or across the country to another port, with or without transshipment, warehousing, breaking bulk, or change in mode of transportation, which originated in one foreign country and is destined at the 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 for a completed journey. The term is particularly applied to foreign merchandise shipped in transit through a foreign-trade zone.

Inventory Control System - A system of inventory control, manual or automated, based on records maintained by a zone operator or tenant rather than by the U.S. Customs & Border Protection. An operator shall maintain the inventory control and recordkeeping system of the zone in accordance with the provisions of 19 CFR Part 146. An operator shall maintain either manual or automated inventory control and recordkeeping systems or a combination of manual and automated systems.

Lease - The document of agreement entered into between the landlord and tenant for assignment of space within Foreign-Trade Zone No. 207.

Magnet Site – Type of ASF site intended to attract multiple potential FTZ operators/users. Magnet sites are subject to a default sunset period of 5 years, where designation self-removes if there is no zone activity at the site before the sunset date.

Manipulation - As defined in Section 562 of the Tariff Act, processing wherein merchandise is packed, unpacked, repacked, cleaned, sorted, graded or otherwise changed in condition. The precise distinction between manipulation and manufacturing is subject to interpretation and enjoys a long history of case law.

Manufacturing – See Production.

Measurement Ton - Ton based on a measurement of 40 cubic feet.

Merchandise - Merchandise includes goods, wares and chattels of every description, except prohibited articles.

Metric Ton - 1,000 kilograms or approximately 2204.62 avoirdupois pounds.

Non Privileged Foreign Status Merchandise (NPF) – Foreign merchandise subject to tariff classification according to its character, condition and quantity as constructively transferred to Customs territory at the time the entry or entry summary is filed with U.S. Customs & Border Protection. In other words, a status of merchandise for tariff purposes that provides for classification and appraisal in accordance with the condition of merchandise when constructively transferred to the Customs territory of the United States. In a zone, NPF merchandise may be changed to Privileged Foreign (PF) before any processing has occurred, at the option of the zone user and with approval by Customs. Waste recovered from any manipulation or manufacture of PF or NPF merchandise in a zone has NPF status. NPF status is usually selected when the duty rate of the finished product is lower than the duty rate of the imported foreign components in a manufacturing environment. Domestic merchandise in a zone which by reason of noncompliance with the Customs Regulations has lost its identity as domestic status merchandise will be treated as non-privileged foreign merchandise.

Operators that perform production activity commonly apply NPF status to foreign sourced inputs in order to apply the duty rate associated with finished product and take advantage of inverted tariff benefits.

OFIS – The Online FTZ Information System. This is the FTZ Board’s online system that will provide information on each zone in one location and also allow for the online submission of annual reports. Grantees submit the annual reports via the OFIS.

Open or Yard Storage - The keeping of merchandise not requiring weather protection on open space within the fenced area of the Foreign-Trade Zone.

Operating Agreement – An agreement executed between the Grantee and an operator of either a subzone or a general-purpose zone site. Prior to activation of the site, the operating agreement will be executed. The operating agreement spells out the timeline for payment of annual fees and submission of report via OFIS for activated operators. Activation cannot occur

without an executed agreement.

Operator - See Zone Operator.

Owner - The owner of the merchandise which is being admitted to, stored in, transferred from or otherwise availing itself of the benefits of the Zone.

Person Of Record - The person, firm or corporation in whose name the Application to Admit Merchandise into the zone (CBPF 214) is made, recognized by the Zone Grantee, Zone Operator and the U.S. Customs & Border Protection as having legal right to make the application. Evidence of this right of the applicant is the same as would be required to establish the right to apply for release of the merchandise from Customs custody at the end of its transit through the Customs territory. Such evidence 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, or a copy of Power of Attorney when parties other than the owner are conducting business, such as a customs broker, company or corporate official, etc.

Port Director - The Port Director of U.S. Customs and Border Protection or another Customs official authorized to act in his place.

Privileged Foreign Merchandise (PF) - Foreign Merchandise subject to tariff classification according to its character, condition and quantity at the rate of duty and tax in force on the date of filing the CBPF 214. In other words, a status that, upon proper application and approval anytime preceding manufacture or manipulation within a zone, is granted to an imported input, allowing the zone user the privilege of treating the input, for tariff purposes, as remaining in its original condition at the time of admission to the zone. Once established, Privileged Foreign Status cannot be changed except in the case of recoverable waste (see 19 CFR § 146.42). If merchandise has already been admitted into the zone in Non-Privileged Foreign Status, Privileged Foreign Status may be obtained by filing a CBPF 214. Application for this status, however, must be filed prior to manipulation or manufacture.

Admitted merchandise subject to AD/CVD (antidumping or countervailing duties) must be placed in PF status. Merchandise in PF status or composed in part of PF status may not be entered for warehousing from a zone and cannot be placed on a TIB upon removal from the zone. Classification of merchandise subject to a tariff-rate import quota will be made only at the higher non-quota duty rate in effect on the date PF status was granted. Mandatory PF status may be imposed by the FTZ Board as a form to grant restriction to prevent the inverted tariff benefit.

Procedures Manual - The most current edition of the Manual of Operating Procedures for the Capital Region Airport Commission (which operates the Richmond International Airport) Foreign-Trade Zone #207; or, for any activated zone site operated by another party, the most current edition of the Manual of Operating Procedures prepared by the operator for that site.

Processing – See Production.

Production – Activity involving the substantial transformation of a foreign article resulting in a new and different article having a different name, character, and use, or activity involving a change in the condition of the article which results in a change in the customs classification of the article or in its eligibility for entry for consumption.

Production as defined by the Foreign-Trade Zones Board, combines manufacturing and processing activity. The Foreign-Trade Zones Board requires that specific prior authorization be obtained for production activity in the activated zone.

- Manufacturing means activity involving the substantial transformation of a foreign article resulting in a new and different article having a different name, character, and use. U.S. Customs & Border Protection determines what constitutes manufacturing on a case-by-case basis, distinguishing it from other operations such as manipulation, processing, production, and blending.
- Processing means any activity involving a change in condition of merchandise, other than manufacturing, which results in a change in the Customs classification of an article or in its eligibility for entry for consumption.

Quantity - The numerical count of the units composing a shipment of a commodity except bulk commodities which must be measured by weight, size or gallonage.

Resident Representative - The role of the Port Director of Customs as the on-site representative of the Foreign-Trade Zones Board in its dealings with any foreign-trade zone within the Port Director's scope of jurisdiction.

Secretary - The term "Secretary" refers to the Secretary of Commerce.

Service Area – The geographic area (such as specific counties) where an FTZ organized under the Alternative Site Framework is able to propose future FTZ general-purpose, usage-driven or ASF subzone sites. Sites located outside the service area may be served as subzones. The approved ASF service area for FTZ # 207 consists of Amelia, Appomattox, Brunswick, Buckingham, Caroline, Charles City, Charlotte, Chesterfield, Cumberland, Dinwiddie, Essex, Greensville, Goochland, Hanover, Henrico, King and Queen, King George, King William, Lancaster, Lunenburg, Mecklenburg, Middlesex, New Kent, Northumberland, Nottoway, Powhatan, Prince Edward, Prince George, Richmond and Westmoreland Counties and the Cities of Colonial Heights, Emporia, Hopewell, Petersburg and Richmond, Virginia.

Storage - Keeping of merchandise in or upon the premises within the foreign-trade zone. Covered storage is within a covered and enclosed structure affording weather protection. The term “storage”, without other designation, ordinarily implies covered storage.

Subzone - A special-purpose zone established as part of a zone project for a limited purpose that cannot be accommodated within an existing zone. The term "zone" also applies to a Subzone, unless specified otherwise.

Sunset Limits – FTZ designation self-removes if there is no FTZ activity at the site before the sunset date. For Magnet sites and subzones, the default sunset period is 5 years. Usage-Driven sites have a 3-year sunset period. FTZ activity at a site during the sunset period resets the sunset date for an additional 5 years (Magnet) or additional 3 years (Usage-Driven).

Tenant - An individual, company or corporation utilizing the services and facilities of Foreign-Trade Zone No. 207.

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

Unique Identifier Number (UIN) - The numbers, letters, or combination of numbers and letters that identify merchandise admitted to a zone with zone status.

Unit of Quantity - The customary groupings of a commodity as a unit to indicate the medium or method of measure. The unit of quantity in zone records will be consistent with those annotated in the Harmonized Tariff Schedule of the United States.

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, Johnston Island, and the island of Guam.

Usage-Driven Site – A site designated within an ASF service area to meet a specific operator/user’s present need for FTZ designation (rather than to attract potential future operators/users). A Usage-Driven site is tied to the specific operator/user for which it was

designated and could not be used by any other entity. However, a site vacated by one operator/user could easily be designated as a Usage-Driven site for another operator/user through an additional simple minor boundary modification (MBM) action. Usage-driven sites are subject to a default sunset period of 3 years, where designation self-removes if there is no zone activity at the site before the sunset date.

User - A party using a zone under agreement with the Zone Grantee or Administrator. The Zone User is the party that receives the benefits associated with zone activity. A Zone User can also be the Zone Operator.

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 also may be used for manipulation, manufacture, and exhibition of merchandise.

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

Zone -The term "Zone" refers to a foreign-trade zone and/or Foreign-Trade Zone No. 207.

Zone Administrator - The FTZ Administrator of FTZ No. 207 is the Capital Region Airport Commission.

Zone Control Number or Admission Number – A unique and sequential number assigned for numbering shipments admitted to a zone under Section 146.32(a) of the Customs Regulations; a sequentially numbered system for each CBPF 214, which serves as the unique identifier for each admission of merchandise at the FTZ.

Zone Fees - Zone fees are charged to help offset the Grantee's costs to administer the zone project, facilitate compliance with FTZ requirements, provide marketing and educational seminars, etc. Zone fees apply to all sites and subzones, activated or not, unless terminated, expired, suspended or lapsed. Fees include one-time fees for application and activation services, modifications, and production authority. Annual fees apply to activated and non-activated sites and subzones.

Zone Lot – A collection of merchandise maintained under an inventory control method based on specific identification of merchandise admitted to the Zone by lot.

Zone Operator – An Operator is a corporation, partnership, or person that operates a zone under the terms of an agreement with the grantee. With permission from the Capital Region Airport Commission and the U.S. Customs & Border Protection, companies may act as their own Operator of their own facilities within FTZ No. 207.

Zone Project – the Zone plan, including all of the Zone and Subzone sites that the Board authorizes a single Grantee to establish.

Zone Restricted Merchandise (ZR) - Merchandise taken into a zone for the sole purpose of exportation, destruction (except destruction of distilled spirits, wines, and fermented malt liquors), or storage may be given zone-restricted status on proper application. ZR status can be requested at any time that the merchandise is located in the zone but cannot be abandoned once granted. Merchandise in zone-restricted status may not be removed to Customs territory for domestic consumption except where the FTZ Board determines the return to be in the public interest.

Merchandise may be considered exported, for Customs or other purposes (i.e., for drawback purposes or to close out a TIB), upon its admission to a zone in zone-restricted status. No-tax paid alcoholic beverages and tobacco products can be admitted to a zone only in ZR status. Merchandise entered into a bonded warehouse for storage and transferred to a zone (other than temporarily for manipulation and returned to Customs territory as provided for in § 146.33) will have ZR status when admitted into the zone. Merchandise that has been placed in a bonded warehouse for a purpose other than entry for warehouse (such as general order or under seizure) may be admitted to a zone in any eligible status.

Zone Schedule - The most current version of this document prepared by the Grantee and submitted to the Board and Customs, setting forth the internal rules and regulations of the Zone, and the applicable fee schedules within the Zone, including all Attachments and Appendices.

Zone Site – The physical location of a zone or Subzone.

Zone Status - The legal status of merchandise, which has been admitted to a foreign-trade zone, thereby becoming subject to the provisions of the FTZ Act. Four types of zone status are established under the FTZ Act, which determines how the merchandise will be handled in the zone and treated upon its transfer to the Customs territory. (Privileged Foreign, Non-Privileged Foreign, Domestic and Zone Restricted Status Merchandise.)

Zone Year - The Zone Year for FTZ Board Annual Report purposes is January 1 through December 31.

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GRANTEE FEE SCHEDULE

The following fees are payable to the Grantee, and are in addition to the fees established and collected by the Foreign-Trade Zone Board for the matters listed.

I. TRADITIONAL SUBZONES OUTSIDE OF THE ASF SERVICE AREA

A. Application Review Fee

A non-refundable fee of \$2,500 must be submitted with the letter of application to the Grantee requesting subzone status for the purpose of covering the Grantee's efforts in evaluating the subzone application, determining whether to make application to the Board on behalf of the applicant, counseling applicant with respect to preparing the application, and conducting the public hearing, if any.

B. Preparation of Subzone Application

Subzone applicant is responsible for preparation of a Subzone Application in accordance with federal rules and regulations. Upon request of applicant, Commission will provide a list of third party consultants and experts who hold themselves out to the public as competent to prepare such applications. Whether applicant engages a consultant, and if so, which one, is entirely at the discretion of the applicant. In the event the applicant requests the Grantee to prepare the actual Application for subzone status, the applicant shall submit to the Commission an additional fee as may be agreed in advance by the applicant and Commission in consideration of the complexity of the Application and time involved in its preparation. In this event, the fee to prepare the Application shall be payable one-half upon beginning preparation, and one-half upon completion of the preparation of the Application.

C. Activation

All subzones which are authorized by the FTZ Board are responsible for the preparation and submission of an application for activation to Customs. Prior to submission to Customs, authorized subzones shall submit the application to the Grantee for review and letter of endorsement, together with a non-refundable Activation Fee of \$1,500.

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GRANTEE FEE SCHEDULE

II. EXPANSIONS AND BOUNDARY MODIFICATIONS

A. Application Fee

Any person requesting a boundary modification or zone expansion shall submit a non-refundable fee (to cover Grantee's efforts in evaluating and prosecuting the application) and a sponsorship request letter to the Grantee regarding a zone expansion or boundary modification. In addition, applicant shall reimburse the Grantee for telephone, fax, courier, photocopying, mileage, and other out of pocket disbursements actually made as a direct result and on behalf of the application.

- For applications submitted under minor boundary modification procedures (to include ASF subzones), the fee shall be \$1,000.
- For other boundary modifications and for zone expansions the fee shall be \$2,000, and applicant is responsible for preparing the application in accordance with federal rules and regulations.

B. Activation

All Operators of sites in the Zone are responsible for the preparation and submission of an application for activation to Customs. Prior to submission to Customs, operators shall submit the application to the Grantee for review, together with a non-refundable Activation Fee of \$1,500.

III. OPERATORS OF ASF MAGNET SITES

A. Application Fee

Any individual or company which would like to be an Operator within an ASF magnet site in the Zone must submit a sponsorship request letter to do so to the Grantee, containing a full

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GRANTEE FEE SCHEDULE

explanation of its plans and qualifications, together with a Grantee Sponsorship Fee in the amount of \$1,000.

B. Activation

All Operators within ASF magnet sites in the Zone are responsible for the preparation and submission of an application for activation to Customs. Prior to submission to Customs, operators shall submit the application to the Grantee for review, together with a non-refundable Activation Fee of \$1,500.

Table 1

Summary Table of Fees associated with FTZ Operations

	Traditional Subzone	Usage-Driven Sites and ASF Subzones (MBM)	Operators within ASF Magnet Sites	Major Boundary Mod/Expansion	Production Authority
Grantee Sponsorship / Application processing fee (One time)	\$2,500	\$1,000	\$1,000	\$2,000	\$2,500
Activation (One time)	\$1,500	\$1,500	\$1,500	N/A	N/A
Fees to US FTZ Board (One time)	\$4,000 or \$6,500 (over 3 manuf. products)	N/A	N/A	\$1,600 (if applicable)	N/A

IV Operating Fees

Grantee may assess an Operator Fee to any individual or entity authorized to act as an Operator in the zone, which shall be agreed to in advance in writing by the Operator and Grantee. The Operating Fee shall be charged for every month or portion of a month in which the zone is activated, and is payable within ten days of the end of the month. The amount of the Fee shall be calculated as follows:

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GRANTEE FEE SCHEDULE

For zones not involved in FTZ production activity: One Thousand Dollars (\$1,000) per month for the initial facility being used by Zone Site Operator to provide foreign-trade zone services under grant of authority from the Commission; plus an additional Five Hundred Dollars (\$500) per month for each separate and additional facility being used by Zone Site Operator to provide foreign-trade zone services under grant of authority from the Commission.

For zones which are involved in FTZ production activity: One Thousand Five Hundred Dollars (\$1,500) per month for the initial facility being used by Zone Site Operator to provide foreign-trade zone services under grant of authority from the Commission; plus an additional Five Hundred Dollars (\$500) per month for each separate and additional facility being used by Zone Site Operator to provide foreign-trade zone services under grant of authority from the Commission.

In the event the Zone Site is leased from the Commission, the Operating Fee shall be reduced by fifty percent (50%) of the amount which otherwise would be payable to the Commission. In the event some, but not all, of the facilities operated and managed by Zone Site Operator are leased from the Commission, the reduction in the Fee shall apply to amounts due to such leased facilities only.

For any period in which the zone is authorized but not activated or is deactivated, the Operating Fee shall be ten percent (10%) of the amount otherwise due.

Table 2

Summary of Monthly Operating Fees

	Distribution (or Processing of Bulk Materials)	Production Activity
Activated	\$1,000	\$1,500
Non-activated	\$100	\$150

Additional \$500 per month for each separate and additional facility being used by Zone Site Operator

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GRANTEE FEE SCHEDULE

V Application Fee to U.S. Foreign–Trade Zones Board

The applicable application fees payable to the U.S. Foreign Trade Zone Board are set forth in 15 CFR §400.29. The fee is payable to the U.S. Department of Commerce ITA.

Appendix C

OPERATOR FEE SCHEDULE: CAPITAL REGION AIRPORT COMMISSION

Reserved for future use to define zone fees charged by Capital Region Airport Commission as a Zone Operator.