

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.

CITY OF PALMDALE
Grantee of Foreign-Trade Zone No. 191

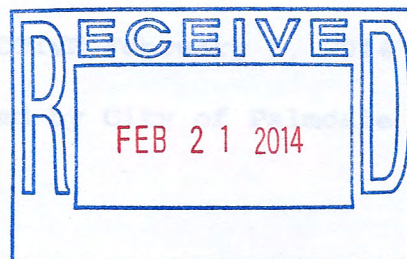
ZONE SCHEDULE NO. 5

RATES, CHARGES, RULES AND REGULATIONS

Applying at

FOREIGN-TRADE ZONE NO. 191
Sites 1-12
Palmdale, California

Operating under granted authority of the
United States Foreign-Trade Zones Board
to City of Palmdale
Grantee of Foreign-Trade Zone No. 191



FOREIGN-TRADE ZONE NO. 191
Sites 1-12
ZONE SCHEDULE NO. 5
CITY OF PALMDALE

Located at: Palmdale, California

General Offices

Grantee:
City of Palmdale

38300 North Sierra Highway
Palmdale, California 93550

Telephone:
Kari Blackburn

Foreign-Trade Zone Manager
(616)267-5125

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Foreign-Trade Zone No. 191, located to the East of State Highway 14 and within one mile of the Palmdale Regional Airport, approximately 60 miles northeast of downtown Los Angeles is a multi industrial/business park foreign-trade zone.

All rates and charges for all services or privileges within the zone shall be fair and reasonable, and any 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.

Copies of this Zone Schedule are on file with the Foreign-Trade Zones Board, Washington, D.C., the U.S. Customs Service Los Angeles District, and the City of Palmdale offices. Copies are available at the office of the City of Palmdale Economic Development upon request at a price of \$10.00 per copy.

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ZONE SCHEDULE CORRECTIONS LIST

0.0 Changes in and additions to this Zone Schedule will be made by reprinting the page upon which the change or addition is made, and such page will be designated as a revised page and will carry a "Correction" number in the lower left hand corner. Upon the receipt of a revised or new page, place a check opposite the "Correction" number (shown below) corresponding to the number shown in the lower left hand corner of the new or revised page. If "Correction" numbers are properly checked on receipt of new or revised pages, they will appear checked off in consecutive order with no omissions. If the check marks indicate that a "Correction" has not been received, a request should be made at once for a copy of the missing page. Amendments to the schedule shall be prepared and submitted to the Executive Secretary of the Foreign-Trade Zones Board and the District Director of Customs in the manner described in Section 400.42(b)(1) through (b)(3) Foreign-Trade Zones Board Regulations.

<u>CORRECTION NUMBER</u>	<u>PAGE NO.</u>	<u>DATE ISSUED</u>	<u>DATE IMPLEMENTED</u>
Zone Schedule No. 2		November, 1997	November, 1997
Zone Schedule No. 3		March 21, 2001	March 21, 2001
Zone Schedule No. 4		March 26, 2003	March 26, 2003
Zone Schedule No. 5	All	February 5, 2014	February 5, 2014

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**DESCRIPTION OF FOREIGN-TRADE ZONE NO. 191, SITES 1-12
PALMDALE, CALIFORNIA**

1.0 Pursuant to a grant issued by the Foreign-Trade Zones Board, Washington D.C., as Board Order No. 628 on January 15, 1993, to the City of Palmdale, under provisions of the Foreign-Trade Zones Act (19 U.S.C. 81a-81u), Foreign-Trade Zone No. 191, Sites 1-12 has issued the following Zone Schedule on rules, regulations, rates and charges.

Foreign-Trade Zone No. 191 is composed of twelve industrial/business park sites totaling 1,448 acres all of which are located in the service area of Foreign-Trade Zone No. 191.

Site 1 North is composed of 237 acres within a 450-acre site located at the Lockheed Martin Corporation Project.

Site 1 South is composed of 400 acres within a 684-acre site at the Lockheed Martin Corporation Project.

Site 1 East is composed of 163 acres located at Air Force Plant 42, within the Palmdale Regional Airport.

Site 2 is composed of 88 acres located at the Antelope Valley Business Park.

Site 3 is composed of 30 acres located at the Freeway Business Center.

Site 4 is composed of 70 acres located at the Antelope Valley Auto Center.

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Site 5 is composed of 120 acres located at the Fairway Business Park.

Site 6 is composed of 140 acres located at the Sierra Gateway Center.

Site 7 is composed of 15 acres located at the Pacific Business Park.

Site 8 is composed of 20 acres located at the Winnell Industrial Park.

Site 9 is composed of 32 acres located at the Park One Industrial Park.

Site 10 is composed of 40 acres located at the California City Airport Industrial Park, California City.

Site 11 is composed of 91 acres located at Mojave Airport, Mojave.

Site 12 is composed of 2 acres located at AMS Fulfillment Center, 29010 Commerce Center Drive, Valencia.

The zone has adequate electric power, water and communication systems.

The zone is equipped to handle general storage, manufacturing, manipulation, and exhibition.

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METHOD OF OPERATION

- 1.1 The City of Palmdale permits companies locating within Foreign-Trade Zone No. 191 to act as the Operator of their own facility upon proper application and approval from the U.S. Customs Service. Multiple operators are permitted pursuant to approval by the Grantee.

ADMINISTRATION OF ZONE PROJECT

- 1.2 The City of Palmdale's role as Grantee shall be limited to its general oversight responsibility to ensure that the reasonable needs of the business community are served by Foreign-Trade Zone No. 191. Operation of the zone sites shall be delegated to the Operator(s) who will assume responsibility for compliance with all the regulations of the U.S. Customs Service, the Foreign-Trade Zones Board and the other relevant government agencies.

GRANTEE, OPERATOR(S) AND USER RESPONSIBILITIES

- 1.3 The Foreign-Trade Zones Board does not own or operate any zones. Rather, it provides grants to applicants to establish, operate and maintain zones. The City of Palmdale as grantee, shall execute a contract with another party or parties, for the operational management of the zone sites. The Grantee may designate a primary zone operator to provide operational management services for all zone sites. From time to time, the Grantee may likewise, designate additional zone operators for larger foreign trade zone projects, depending on, but not limited to, experience in trade zone operations, the need to act as an operator and other factors as determined by the Grantee.

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Pursuant to Section 17 of the Foreign-Trade Zone Act and Section 400.28(a)(8), Foreign-Trade Zones Board Regulations, no sale of land or buildings shall be considered a sale of the grant. The value of land and buildings shall not include foreign-trade zone status.

The City of Palmdale retains the right to remove the foreign-trade zone status from any current or future property within the zone if no zone activity has occurred within five years of approval of that zone site.

DEFINITIONS OF FOREIGN-TRADE ZONE

2.0 Under the Foreign-Trade Zones Board regulation § 400.2(q), "Zone" means a foreign-trade zone established under the provisions of the Foreign-Trade Zones Act of 1934, as amended (19 U.S.C. 81a-81u) (15 C.F.R. part 400). Where used in the Foreign-Trade Zones Board regulations, the term also includes subzones unless the context indicates otherwise.

To the extent "activated" under Customs procedures in 19 C.F.R. part 146, and only for the purposes specified in the Act (19 U.S.C. 81c), zones are treated for purposes of the tariff laws and Customs entry procedures as being outside the Customs territory of the United States. Under zone procedures, foreign and domestic merchandise may be admitted into zones for operations such as storage, exhibition, assembly, manufacture and processing, without being subject to formal Customs entry procedures and payment of duties, unless and until the foreign merchandise enters Customs territory for domestic consumption. At that time, the importer ordinarily has a choice of paying duties

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either at the rate applicable to the foreign material in its condition as admitted into a zone, or if used in manufacturing or processing, to the emerging product. Quota restrictions do not normally apply to foreign goods in zones. The Board can deny or limit the use of zone procedures in specific cases on public interest grounds. Merchandise moved into zones for export (zone-restricted status) may be considered exported for purposes such as federal excise tax rebates and Customs drawback. Foreign merchandise (tangible personal property) admitted to a zone and domestic merchandise held in a zone for exportation are exempt for certain state and local ad valorem taxes (19 U.S.C. 81o(e)). Articles admitted into zones for purposes not specified in the Act shall be subject to the tariff laws and regular entry procedures, including the payment of applicable duties, taxes, and fees. (15 C.F.R. § 400.1(c)).

Section 3 of the FTZ Act, (19 U.S.C. 81c), authorizes the following privileges:

(a) "Foreign and domestic merchandise of every description, except such as is prohibited by law, may, without being subject to the customs laws of the United States, except as otherwise provided in this Act, be brought into a zone and may be stored, sold, exhibited, broken up, repacked, assembled, distributed, sorted, graded, cleaned, mixed with foreign or domestic merchandise, or otherwise manipulated, or be manufactured except as otherwise provided in this Act, and be exported, destroyed, or sent into customs territory of the United States therefrom, in the original package or otherwise; but when foreign merchandise is so sent from a zone into customs territory of the United States it shall be subject to the laws and regulations of the United States affecting imported merchandise:

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"Provided, That whenever the privilege shall be requested and there has been no manipulation or manufacture effecting a change in tariff classification, the appropriate customs officer shall take under supervision any lot or part of a lot of foreign merchandise in a zone, cause it to be appraised and certain taxes determined and duties liquidated thereon. Merchandise so taken under supervision may be stored, manipulated, or manufactured under the supervision and regulations prescribed by the Secretary of the Treasury, and whether mixed or manufactured with domestic merchandise or not may, under regulations prescribed by the Secretary of the Treasury, be exported or destroyed, or may be sent into customs territory upon the payment of such liquidated duties and determined taxes thereon. If merchandise so taken under supervision has been manipulated or manufactured, such duties and taxes shall be payable on the quantity of such foreign merchandise used in the manipulation or manufacture of the entered article. Allowance shall be made for recoverable and irrecoverable waste; and if recoverable waste is sent into Customs territory, it shall be dutiable and taxable in its condition and quantity and at its weight at the time of entry. Where two or more products result from the manipulation or manufacture of merchandise in a zone the liquidated duties and determined taxes shall be distributed to the several products in accordance with their relative value at the time of separation with due allowance for waste as provided for above:

"Provided further, that subject to such regulations respecting identity and the safeguarding of the revenue as the Secretary of

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

"Provided further, That if in the opinion of the Secretary of the Treasury their identity has been lost, such articles not entitled to free entry by reason of noncompliance with the requirements made hereunder by the Secretary of the Treasury shall be treated when they reenter Customs territory of the United States as foreign merchandise under the provision of the tariff and internal-revenue laws in force at that time:

"Provided further, That under the rules and regulations of the controlling Federal agencies, articles which have been taken into a zone from Customs territory for the sole purpose of exportation, destruction (except destruction of distilled spirits, wines, and fermented malt liquors), or storage shall be considered to be exported for the purpose of--

"(1) the drawback, warehousing, and bonding, or any other provisions of the Tariff Act of 1930, as amended, and the regulations thereunder; and

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"(2) the statutes and bonds exacted for the payment of drawback, refund, or exemption from liability for internal-revenue taxes and for the purposes of the internal-revenue laws generally and the regulations thereunder.

"Such a transfer may also be considered exportation for the purposes of other Federal laws insofar as Federal agencies charged with the enforcement of those laws deem it advisable. Such articles may not be returned to Customs territory for domestic consumption except where the Foreign-Trade Zones Board deems such return to be in the public interest, in which event the articles shall be subject to the provisions of paragraph 1615(f) of the Tariff Act of 1930, as amended:

"Provided further, That no operation involving any foreign or domestic merchandise brought into a zone which operation would be subject to any provision or provisions of section 1807, chapter 15, chapter 16, chapter 17, chapter 21, chapter 23, chapter 24, chapter 25, chapter 26, or chapter 32 of the Internal Revenue Code if performed in Customs territory, or involving the manufacture of any article provided for in paragraph 367 or paragraph 368 of the Tariff Act of 1930, shall be permitted in a zone except those operations (other than rectification of distilled spirits and wines, or the manufacture or production of alcoholic products unfit for beverage purposes) which were permissible under this Act prior to July 1, 1949:

"Provided further, That articles 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

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manufactured in a foreign country, except that articles produced or manufactured in a zone exclusively with the use of domestic merchandise, the identity of which has been maintained in accordance with the second proviso of this section, may, on such importation, be entered as American goods returned."

"Provided, further, That no merchandise that consists of goods subject to NAFTA drawback, as defined in section 203(a) of the North American Free Trade Agreement Implementation Act, that is manufactured or otherwise changed in condition shall be exported to a NAFTA country, as defined in section 2(4) of that Act, without an assessment of a duty on the merchandise in its condition and quantity, and at its weight, at the time of its exportation (or if the privilege in the first proviso to this subsection was requested, an assessment of a duty on the merchandise in its condition and quantity, and at its weight, at the time of its admission into the zone) and the payment of the assessed duty before the 61st day after the date of exportation of the article, except that upon the presentation, before such 61st day, of satisfactory evidence of the amount of any customs duties paid or owed to the NAFTA country on the article, the customs duty may be waived or reduced (subject to section 508(b)(2)(B) of the Tariff Act of 1930) in an amount that does not exceed the lesser of (1) the total amount of customs duties paid or owed on the merchandise on importation into the United States, or (2) the total amount of customs duties paid on the article to the NAFTA country."

"Provided, further, That, if Canada ceases to be a NAFTA country and the suspension of the

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operation of the United States-Canada Free-Trade Agreement thereafter terminates,¹ with the exception of drawback eligible goods under section 204(a) of the United States-Canada Free-Trade Agreement Implementation Act of 1988, no article manufactured or otherwise changed in condition (except a change by cleaning, testing or repacking) shall be exported to Canada during the period such agreement is in operation, without the payment of a duty that shall be payable on the article in its condition and quantity, and at its weight, at the time of its exportation to Canada unless the privilege in the first proviso to this subsection was requested."

(b) The exemption from the customs laws of the United States provided under subsection (a) of this section shall not be available on or before December 31, 1992, to bicycle component parts unless such parts are reexported from the United States, whether in the original package, as components of a completely assembled bicycle, or otherwise.

(c) (1) Notwithstanding the provisions of the fifth proviso of subsection (a) of this section, any article (within the meaning of section 5002(a)(14) of Title 26 may be manufactured or produced from denatured distilled spirits, which have been withdrawn free of tax from a distilled spirits plant (within the meaning of section 5002(a)(1) of Title 26, and articles thereof, in a zone. (2) Notwithstanding the provisions of the

¹ Note: Pursuant to Section 213(c) of the NAFTA Implementation Act this provision does not become effective until January 1, 1996 for shipments to Canada and January 1, 2001 for shipments to Mexico.

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fifth proviso of subsection (a), distilled spirits which have been removed from a distilled spirits plant (as defined in section 5002(a)(1) of the Internal Revenue Code of 1986) upon payment or determination of tax may be used in the manufacture or production of medicines, medicinal preparation, food products, flavors, or flavoring extracts, which are unfit for beverage purposes, in a zone. Such products will be eligible for drawback under the internal revenue laws under the same conditions applicable to similar manufacturing or production operations occurring in customs territory.

(d) In regard to the calculation of relative values in the operations of petroleum refineries in a foreign-trade zone, the time of separation is defined as the entire manufacturing period. The price of products required for computing relative values shall be the average per unit value of each product for the manufacturing period. Definition and attribution of products to feedstocks for petroleum manufacturing may be either in accordance with Industry Standards of Potential Production on a Practical Operating Basis as verified and adopted by the Secretary of the Treasury (known as producibility) or such other inventory control method as approved by the Secretary of the Treasury that protects the revenue.

More detailed operations issues are governed by the U.S. Customs Service Regulations, 19 C.F.R. Part 146, T.D. 86-16.

DEFINITIONS

3.0 **ACT.**--The Foreign-Trade Zones Act of June 18, 1934 (48 Stat. 998 - 1003; 19 U.S.C. 81a-81u), as amended. (15 C.F.R. § 400.2(a)).

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

BOARD.--The Board means the Foreign-Trade Zones Board created by the Act to carry out the provisions thereof. The Board shall consist of the Secretary of the Department of Commerce, who shall be the chairman and executive officer, the Secretary of the Treasury, and the Secretary of the Army. (15 C.F.R. § 400.2(b)).

BULK.--In trade, a product, or a mass (of a product), which is not packaged, bundled, bottled, or otherwise packed, so that it is designated as bulk or bulk merchandise.

CONTAINER.--A container is a shipping device--a non-self propelled, rigid, non-disposable, returnable, cargo-carrying device with or without wheels, enclosed or otherwise and includes any container, trailer, chassis, platform, specially constructed skid, pallets, mount, or combination thereof, and which is designed to be transported integrally as one unit directly and mechanically between vessels and piers so as to eliminate intermediate rehandling and/or storage of cargo.

CUBIC METER.--One stere or approximately 35.315 cubic feet.

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CUSTOMS FORM 214.--Application and permit to admit merchandise into a Foreign-Trade Zone and/or designation of zone status.

CUSTOMS FORM 216.--Application and permit for the manipulation, manufacture, exhibition, or destruction of merchandise within, or temporary removal from a Foreign-Trade Zone.

CUSTOMS TERRITORY.--The territory of the United States in which the general tariff law of the United States applies but which is not included in any Foreign-Trade Zone.

REGULATIONS.--[All operations within the foreign-trade zone are subject to the referenced regulations.] Foreign-Trade Zones Board Regulations, 15 C.F.R. Part 400; U.S. Customs Service Regulations, 19 C.F.R. Part 146.

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

STATUS OF MERCHANDISE

DOMESTIC MERCHANDISE.--

- (1) The growth, product, or manufacture of the U.S. on which all internal-revenue taxes, if applicable have been paid;
- (2) Previously imported and on which duty and tax has been paid; or
- (3) Previously entered free of duty and tax.

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No application or permit is required for the admission of domestic status merchandise, including domestic packing and repair material, to a zone, except upon order of the Commissioner of Customs. 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: (1) When it is mixed or combined with merchandise in another zone status, or (2) upon order of the Commissioner of Customs. When the Commissioner orders a permit to be required for domestic status merchandise, he may also order the procedures, forms, and terms under which the permit will be received and processed.

Return of merchandise to Customs territory. Upon compliance with the provisions of the U.S. Customs Service Regulations, any domestic status merchandise may subsequently be returned to Customs territory free of quotas, duty, or tax.

ZONE-RESTRICTED MERCHANDISE. -- Merchandise taken into a zone for the sole purpose of exportation, destruction (except destruction of distilled spirits, wines, and fermented malt liquors), or storage will be given zone restricted status on proper application. That status may be requested at any time the merchandise is located in a 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 Board determines the return to be in the public interest.

Application for zone-restricted status will be made on Customs Form 214.

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If the applicant desires a zone-restricted status in order that the merchandise may be considered exported for the purpose of any Customs law, all pertinent Customs requirements relating to an actual exportation shall be complied with as though the admission of the merchandise into zone constituted a lading on an exporting carrier at a port of final exit from the U.S. Any declaration or form required for actual exportation will be modified to show the merchandise has been deposited in a zone in lieu of actual exportation, and a copy of the approved Customs Form 214 may be accepted in lieu of any proof of shipment required in cases of actual exportation.

If the merchandise is to be considered exported for the purpose of any Federal law other than the Customs laws the district director shall be satisfied that all pertinent laws, regulations, and rules administered by the Federal agency concerned have been complied with before the Customs Form 214 is approved.

Merchandise entered for warehousing and transferred to a zone, other than temporarily for manipulation and return to Customs territory as provided for in 146.33, will have the status of zone-restricted merchandise when admitted into the zone. The application on Customs Form 214 will state that zone-restricted status is desired for the merchandise.

NONPRIVILEGED FOREIGN MERCHANDISE.--All of the following will have the status of nonprivileged foreign-merchandise:

- (1) Foreign merchandise. Foreign merchandise properly in a zone which does not have the status of privileged

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- foreign merchandise or of zone-restricted merchandise.
- (2) Waste. Waste recovered from any manipulation or manufacture of privileged foreign merchandise in a zone; and
- (3) Certain domestic merchandise. Domestic merchandise in a zone, which by reason of noncompliance with the regulations in this part has lost its identity as domestic merchandise, will be treated as foreign merchandise. Any domestic merchandise will be considered to have lost its identity if the district director determines that it cannot be identified positively by a Customs officer as domestic merchandise on the basis of an examination of the articles or consideration of any proof that may be submitted promptly by a party-in-interest.

PRIVILEGED FOREIGN MERCHANDISE.-- Foreign merchandise which has not been manipulated or manufactured so as to effect a change in tariff classification will be given status as privileged foreign merchandise on proper application to the district director.

Each application for this status will be made on Customs Form 214 at the time of filing the application for admission of the merchandise into a zone or at any time thereafter before the merchandise has been manipulated or manufactured in the zone in a manner which has effected a change in tariff classification.

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Each applicant for this status shall submit to the district director, with the application, an invoice notated as provided for in 141.90 of the Customs Regulations.

Upon receipt of the application and accompanying invoice, the District Director may examine the merchandise to determine whether to approve the application. The merchandise will be subject to classification and valuation as provided in 146.65 of the Customs Regulations.

A status as privileged foreign merchandise cannot be abandoned and remains applicable to the merchandise even if changed in form by manipulation or manufacture, except in the case of recoverable waste (see 145.42(b) of the Customs Regulations), as long as the merchandise remains within the purview of the Act. However, privileged foreign merchandise may be exported or withdrawn for supplies, equipment, or repair material of vessels or aircraft without the payment of taxes and duties, in accordance with 146.67 and 146.69 of the Customs Regulations.

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

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applied to foreign merchandise shipped in transit through a Foreign-Trade Zone.

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

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

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

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

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INVENTORY RECORDS:

- A. **Lot.**-- The unit or units of goods for which a separate record and account is to be kept by the zone Operator or zone user.

- B. **Unique Identifier Number (UIN).**--Number, letters, or combination of both

DEFINITIONS

(alphanumeric), or a description unique to a fungible article or product after identification has been lost with the shipment of goods as admitted to a foreign-trade zone. This number may be used for control and accounting of the goods.

FUNGIBLE MERCHANDISE.--Merchandise which for commercial purposes is identical and interchangeable in all situations.

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 is used for manipulation, manufacture, and exhibition of merchandise.

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

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OPEN or YARD STORAGE.-- The keeping of merchandise on open space within the fenced-in area of the Foreign-Trade Zone where merchandise not requiring weather protection may be stored.

UNIT OF QUANTITY.-- Means the customary grouping of a commodity as a unit to indicate the medium or method of measure.

QUANTITY.-- Means the numerical count of the units composing a shipment of commodity.

TON.-- Means weight ton 2000 pounds, unless otherwise indicated; measurement ton 40 cubic feet; ship's measurement ton 100 cubic feet, used in determining the gross and net register tonnage of a vessel.

METRIC TON.--1,000 kilograms or approximately 2204.62 avoirdupois pounds.

WEIGHT.-- Means the gross weight of the merchandise including all containers, except as noted to the contrary.

MANIPULATION.-- Means breaking up, repacking, assembling, distributing, sorting, grading, cleaning, mixing with foreign or domestic merchandise, or other processing which does not constitute a manufacture.

DISTRICT DIRECTOR OF CUSTOMS.-- The District Director of the U.S. Customs Service, Los Angeles, California.

GRANTEE.-- City of Palmdale to which the privilege of establishing, operating and maintaining Foreign-Trade Zone No. 191 has been granted.

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ZONE OPERATOR.-- Grantee may designate a primary zone operator for Foreign-Trade Zone No. 191. Subject to approval by the Grantee, large companies locating within the zone, that demonstrate sufficient foreign trade zone experience and a need to operate as their own foreign trade zone operator, may, at Grantees' option and subject to certain terms and conditions of the Grantee, act as their own foreign trade zone operator.

HOLIDAYS.--Legal State and Federal holidays, when the zone is closed for regular business, are listed below and may include other days when designated:

New Year's Day	January 1
Martin Luther King's Birthday	January 15
President's Day	3rd Mon. in February
Memorial Day	Last Mon. in May
Independence Day	July 4
Labor Day	1st Mon. in Sept.
Columbus Day	2nd Mon. in October
Veteran's Day	November 11
Thanksgiving Day	4th Thurs. in Nov.
Christmas Day	December 25

Note: Holidays falling on Saturdays will be observed the preceding day; holidays falling on Sundays, the following day.

Note: Holidays may differ at each individual site activated within Foreign-Trade Zone No. 191. In such case, an Addendum listing applicable holidays shall be provided by each Zone Site Operator.

EXPLANATION OF ABBREVIATIONS AND SYMBOLS

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4.0	+	New item or clarification
	*	Change
	%	Percent
	Art.	Article
	Bbl.	Barrel
	C.O.D.	Cash on Delivery
	Crt.	.....	Crate
	Cs.	.....	Case
	Ctn.	.....	Carton
	Cu. Ft.	.....	Cubic feet or cubic foot
	Cwt.	.....	100 pounds
	E.g.	.....	For example
	Etc.	.....	Et cetera
	F.F.	.....	Folded Flat
	Incl.	.....	Inclusive
	K.D.	.....	Knocked down
	Lbs.	.....	Pounds
	No.	.....	Number
	N.O.S.	.....	Not Otherwise Specified
	Par.	.....	Paragraph
	Sec.	.....	Section
	Sq. Ft.	.....	Square feet or square foot
	SU.	.....	Set up
	Cu. M.	.....	Cubic meter
	CF.	.....	Customs Form
	Kg.	.....	Kilograms
	Pkg.	.....	Package

APPLICATION OF RATES, RULES AND REGULATIONS

5.0 **ZONE TO BE OPERATED AS A PUBLIC UTILITY.--**
All rates and charges for all services or privileges within the zone shall be fair and reasonable, and the Grantee and Operator(s) shall afford to all who may apply for the use of the zone and its facilities and appurtenances uniform

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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, (15 C.F.R. § 400.2(g)).

APPLICATION OF FOREIGN-TRADE ZONE NO. 191, Sites 1-12 ZONE SCHEDULE.-- The rules, regulations and rates of this Zone Schedule shall apply at Foreign-Trade Zone No. 191, Sites 1-12, its subzones and annexes unless otherwise provided for.

APPLICATION OF RATES, RULES AND REGULATIONS

GENERAL REGULATIONS.-- Foreign-Trade Zone No. 191, Sites 1-12, is regulated by the Foreign-Trade Zones Board, Washington, D.C., special regulations as defined in the U.S. Code of Federal Regulations, Chapter 15, Part 400. Copies of these regulations are maintained at the office of Foreign-Trade Zone No. 191, Sites 1-12 for reference.

UNITED STATES CUSTOMS SERVICE REGULATIONS.-- Foreign-Trade Zone No. 191, Sites 1-12 is subject to special Customs regulations as defined in U.S. Code of Federal Regulations, Chapter 19, Part 146 Foreign-Trade Zones. Copies of these regulations are maintained at the office of Foreign-Trade Zone No. 191, Sites 1-12 for reference.

APPLICATION AND INTERPRETATION OF ZONE SCHEDULE.-- Zone Grantee shall be the sole judge to interpret and determine the applicability of any of the rates, regulations or services provided for in this Zone Schedule. However, any matter involving interpretation or action by the U.S. Customs Service or other agency of the U.S. Government will be determined by the District Director of Customs.

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SECTION I.--OPERATION OF ZONE

6.0 **OPERATIONS IN ZONE, AND FORMS AND PROCEDURES.--** The merchandise and operations permitted in a zone, the disposition of merchandise in a zone, the zone status of the merchandise and special provisions applicable to each status, the subsequent importation of merchandise, the exportation of merchandise from a zone, and other operations in a zone authorized by the Act, are hereinafter in this Section generally described.

[The Customs forms required are available upon request from the Zone Operator(s).]

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

(a) Merchandise which is specifically and absolutely prohibited by law shall not be admitted into a zone. Any merchandise so prohibited by law which is found within a zone shall be disposed of in the manner provided for in the laws and regulations applicable to such merchandise. A distinction is made between (1) merchandise which is specifically and absolutely prohibited by law on the grounds of policy or morals, such as immoral or subversive literature, obscene articles, or lottery matter, and (2) merchandise which is subject to conditional prohibition only, for example, articles

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which are subject to permits or licenses for the protection of economic or national security or which may be reconditioned to bring them into compliance with the laws administered by various Federal agencies. Directors of Customs are required to exclude the first class of articles and may not permit them to be admitted to a zone if they are aware of their prohibited status, except that the Director may permit the temporary deposit of any such merchandise in the zone pending final determination of its status. The transfer of articles of the second class to a zone is subject to any requirements of the Federal agency concerned.

There is no prohibition against placing over-quota merchandise in a zone pending its right to transfer to Customs territory pursuant to the applicable quota provisions.

(b) The application for the admission of merchandise into a zone shall be approved or disapproved by the District Director of Customs as the representative of the Board.

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

6.3 **MANIPULATION, MANUFACTURE AND EXHIBITION OF MERCHANDISE.**-- In general, merchandise lawfully

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brought into a zone may, in accordance with these and other regulations made under the provisions of the Act, be stored, sold, exhibited, broken up, repacked, assembled, distributed, sorted, graded, cleaned, mixed with foreign and domestic merchandise, or otherwise manipulated, or be manufactured.

(a) Permission for any manipulation, manufacture, destruction, or exhibition in a zone shall be obtained from the District Director of Customs, as the representative of the Board, subject to such application and procedure prescribed by the Secretary of the Treasury for the protection of the revenue.

(b) In the event of the denial of any application by the Director for any reason, the applicant, the Grantee, or the Operator(s) of the zone may appeal the adverse ruling.

(c) Section 400.28, Foreign-Trade Zones Board Regulations requires that the Board or the Commerce Department's Assistant Secretary for Import Administration approve any processing or manufacturing activity involving foreign articles subject to a lower (actual or effective) duty rate (inverted tariff) than any of their foreign components. Any such review shall be undertaken pursuant to Section 400.32, Foreign-Trade Zones Board Regulations.

6.4 **STATUS OF MERCHANDISE IN A ZONE.**--(a) For the purposes of the Act and the regulations relating to this Section, all merchandise within a zone, except merchandise in transit through a zone as provided in the Customs regulations, and except merchandise

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temporarily transferred to a zone for manipulation as provided in paragraph (b) of this Section, shall be given a zone status as--

- (1) domestic merchandise,
- (2) privileged foreign merchandise,
- (3) nonprivileged foreign merchandise,
- (4) 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 Customs territory. Any such merchandise shall not be considered within the purview of the Foreign-Trade Zones Act, but shall be treated in all respects as though remaining in Customs territory. Therefore no zone form or procedure shall be considered applicable, but the merchandise shall remain subject in the zone to such requirements as are necessary for the enforcement of section 562 and other pertinent Customs laws.

6.5 **USE OF ZONE BY CARRIERS.** --The loading or unloading areas of a zone are intended primarily for the use of vehicles unloading merchandise into the zone or loading merchandise from the zone, and their use for other purposes may be terminated by the Secretary of the Treasury if found to endanger the revenue, or by the Board or zone Grantee if found to interfere with the primary uses of the zone.

6.6 **SUBSEQUENT IMPORTATION OF ZONE MERCHANDISE.--** Articles produced or manufactured in a zone and exported therefrom shall, on subsequent importation into the Customs territory of the United States, be

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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.

6.7 **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.

6.8 **RETAIL TRADE WITHIN ZONE.**-- No retail trade shall be conducted within a zone except under permits issued by the Grantee and approved by the Board, with the further exception that no permits shall be necessary for sales involving domestic, duty-paid or duty-free food and non-alcoholic beverage products sold within the zone or subzone for consumption on the premises by persons working therein. Such permittees shall sell no goods except such domestic or duty-paid or duty free goods as are brought into the zone from Customs territory. Permits which are sent to the Board for approval shall be accompanied by a sworn statement, subscribed to by the applicant before a duly authorized officer to administer oaths, setting forth in detail the nature of the retail trade to be conducted, and containing an agreement that such applicant will sell no goods, except of the kinds specifically authorized by the Act, which are

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brought into the zone from Customs territory. No goods shall be offered for sale or sold in a zone which are not of the same kind and quality permitted to be offered for sale or sold in the political jurisdiction in which the zone is located. If the permittee violates any provision of the regulations in this Section, his permit shall be revoked by the Grantee, who shall immediately report such action to the Board.

6.9 **RESIDENCE WITHIN A ZONE.**-- No person shall be allowed to reside within a zone except Federal, State, or local officers or agents whose resident presence is deemed necessary by the Board.

6.10 **EMPLOYEES AND PERSONS ENTERING AND LEAVING ZONE.**-- Employees and other persons entering or leaving the zone shall pass through the designated entrances and exits. Employees and other persons shall be subject to such examination upon entering and leaving the zone as the District Director of Customs, Grantee or Operator may deem necessary for the protection of the revenue.

6.11 **ALL PERSONS ENTERING ZONE BOUND BY REGULATIONS.**-- All persons entering the zone for any reason whatsoever shall be bound by the regulations promulgated by the Board, the USCS, the Grantee and Operator of the zone.

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

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- 6.13 **HOURS OF BUSINESS AND SERVICE.**-- Hours of business and service, for Customs purposes, shall be as prescribed by the zone Operator(s).
- 6.14 **PAYMENT OF CUSTOMS OFFICERS AND EMPLOYEES.**--
- (a) Customs officers and employees performing services in a zone at night, or on Sundays and holidays, shall receive extra compensation, to be computed as and under the conditions prescribed by Customs regulations.
- (b) The cost of any overtime services provided by the Customs service in the zone shall be paid by the Grantee or Operator of the zone to the Director of Customs, or pursuant to specific arrangements made with a zone user.
- 6.15 **CONSTRUCTION OF BUILDINGS AND FACILITIES WITHIN A ZONE.**-- The Grantee may, with the approval of the Board, if necessary, and under reasonable and uniform regulations for like conditions and circumstances to be prescribed by it, permit other persons, firms, corporations, or associations to erect such buildings and other structures within the zone as will meet their particular requirements; provided, (a) that such permission shall not constitute a vested right as against the United States, nor interfere with the regulation of the Grantee or the Operator nor interfere with or complicate the grant by the Board to the Grantee, (b) 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, (c) that accepted sanitary practices be followed in the construction, equipment, and operation of such buildings and other structures.

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6.16 **ACTIVATION.**-- Pursuant to regulations of the U.S. Customs Service, all or any portion of the zone approved by the Foreign-Trade Zones Board may be approved by the Grantee and the District Director of Customs for foreign-trade zone operations and for the admission and handling of merchandise in zone status. All procedures for the U.S. Customs Service shall be followed and appropriate fees tendered.

SECTION II.- GENERAL RULES AND REGULATIONS

7.0 **ZONE REGULATIONS.**-- The following rules governing procedure within Foreign-Trade Zone No. 191, Sites 1-12 are issued in conformity with and supplementary to the Foreign-Trade Zones Board and U.S. Customs Service regulations and such of the United States laws and regulations relating to the Port of Entry as are applicable to Foreign-Trade Zone Operations.

7.1 **GENERAL REGULATIONS.**--All persons and merchandise of every description entering or leaving Zone No. 191, Sites 1-12 for any purpose whatsoever shall be bound by the lawful regulations of the Foreign-Trade Zones Board and by the Board orders issued thereunder.

 Although zones are outside the Customs territory, most Federal laws apply in zones. The extent to which they apply or do not apply depends on their precise wording, their relationship to the Foreign-Trade Zones Act, and the interpretation thereof by competent authorities. State and local laws apply in zone except to the extent they are preempted or modified by Federal laws. The Foreign-Trade Zones Board and the District Director

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are directed to cooperate with Federal, State, and local government authorities in the administration of their laws, regulations, and ordinances. The Grantee, Operator, and users shall allow such authorities access to the zone to carry out their duties. They are, however, subject to admission and departure requirements as noted herein.

- 7.2 **BUSINESS HOURS.**--The zone is available to users twenty-four hours a day every day in the week. Normal business hours may vary at each individual site activated within Foreign-Trade Zone No. 191. In such case, the applicable information shall be provided on an Addendum submitted by the Zone Site Operator(s).
- 7.3 **COMPENSATION INSURANCE.**--Every person employed by contractors or customers in the zone shall be properly covered by Worker Compensation Insurance. Proof of this shall be furnished before any work may be started or a release of liability must be given to the zone.
- 7.4 **PUBLIC INTEREST, HEALTH AND SAFETY.**--No operation or process of treatment will be permitted in the zone that, in the judgment of the Grantee, is detrimental to the public interest, health and/or safety. Zone management reserves the right to refuse merchandise which would, in the opinion of the zone management, pose unusual or unacceptable problems or hazards to the zone.
- 7.5 **ADMITTANCE OF PERSONS.**--All persons having business in the zone will enter and leave at the prescribed entrances and shall be subject to security procedures.
- 7.6 **CHARGES BY GOVERNMENT AGENCIES.**--Charges made by government agencies are not included in zone

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schedules and should be arranged by the operator/user or his agent with the government agency concerned.

7.7 **WHEN CHARGES ARE PAYABLE.**--Zone charges are due and payable as stipulated in the individual Operations Agreements between the Grantee and Operator(s)/Users.

7.8 **CHARGES FOR SPECIAL CUSTOMS OFFICER'S SERVICES.**--Any Customs officer services at the specific request of the operator/user of zone facilities, will be charged to operator/user of such services at the cost billed to Grantee or Operator by the U.S. Customs Service.

SECTION III.--SPECIAL RULES PERTAINING TO MERCHANDISE

8.0 **ZONE ACCOMMODATIONS.**--Before merchandise may be admitted into the Zone, application on a CF 214 signed by the zone Operator(s) or its designee must be filed with the authorized Customs personnel. Application should describe the merchandise fully, as required by CF 214.

8.1 **PERMISSION TO MANIPULATE, MANUFACTURE, EXHIBIT AND DESTROY.**--Before merchandise may be manipulated, manufactured, exhibited or destroyed within the zone, application on CF 216 must be signed by the Operator(s) for concurrence by the zone. The Operator(s) will then forward the application to Customs. On approval by Customs the contemplated activity will then be permitted.

8.2 **TENDER FOR ACCEPTANCE.**--All merchandise for zone acceptance shall be delivered at designated

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points properly marked, and packed and accompanied or preceded by the necessary documents for preserving the identity of such merchandise.

- 8.3 **CLEARING MERCHANDISE AND TRAFFIC.--**
Merchandise, land carriers and other users of the zone, both incoming and outgoing will obtain clearance through the zone office, only as appropriate.
- 8.4 **LIABILITY.--**The responsibility of the zone, in the absence of written provisions, is the reasonable care and diligence required by law.
- 8.5 **LIMITATION OF LIABILITY FOR LOSS OR DAMAGE.--**
-The zone 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, weevil or other insects; leakage or discharge from fire protection systems, collapse of buildings or structures, breakdown of plant or machinery or equipment; nor will it be answerable for any loss, damage, or delay arising from 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.
- 8.6 **CUSTOMS PERMIT.--**Merchandise will not be delivered to or through Customs territory unless delivery order is accompanied by Customs permit.
- 8.7 **HAZARDOUS COMMODITIES.--**The zone will not be required to accept for storage any commodity that is considered by the Grantee or Operator(s) as hazardous and may affect the rate of insurance.

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Products will not be stored except in locations or areas that are not restricted in the acceptance of any commodity for storage under the insurance rate established on contents stored therein.

8.8 **MARKING.**--All merchandise handled in the zone, before entry to Customs territory, must be marked in accordance with Customs regulations as to the country-of-origin and in accordance with all other government regulations. No merchandise will be permitted by Customs to be transferred from the zone for any purpose that is not properly labeled or carries any false or misleading label or mark. A CF 216 must be filed and approved by the U.S. Customs Service prior to any repacking and labeling which may occur in the zone.

8.9 **TRUCKING AND LIGHTERAGE.**--Transfer of foreign merchandise between Customs territory and the zone must be made by Customs bonded trucks, lighters or other carriers and subject to Customs regulations. T.D. 94-81 also allows zone operators to undertake such activity under their Foreign-Trade Zone Operators Bond.

8.10 **CUSTOMS INSPECTION OF MERCHANDISE WHILE IN ZONE.**--The Operator(s) shall at all times be immediately available to make the merchandise subject to inspection required by the United States Customs Service and shall have the sole responsibility of opening crates and packages, handling the merchandise and securing the crates and packages following the inspection.

8.11 **OPERATOR/USER AGREEMENT.**--An agreement executed between the Zone Grantee and the zone

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operator(s)/user. Prior to any zone activity, the operator/user agreement will be executed and will outline all special arrangements between the parties.

8.12 **U.S. CUSTOMS SERVICE NOTIFICATION.**--Copies of all notifications to the zone operator(s)/user or its Customhouse broker concerning foreign-trade zone merchandise shall be provided immediately to the Zone Grantee.

8.13 **INDEMNIFICATION.**--Each zone operator/user shall indemnify and save harmless the foreign-trade Zone Grantee from and against any and all loss, cost (including attorney's fees), damages, expenses and liability (including statutory liability and liability under Workmen's Compensation Laws) in connection with claims for damages as a result of injury or death of any person or persons, or property damages during the property sustained by zone operator/user and/or all other persons which arise from or in any manner grow out of any act or neglect on or about the zone by zone operator/user, zone operator/user partners, agents, employees, customers, invitees, contractors, and subcontractors.

8.14 **HARBOR MAINTENANCE FEE.**--The Water Resources Act of 1986 provides for a Harbor Maintenance Fee to be imposed for commercial use of Ports in the United States. All merchandise arriving at deepwater ports is subject to a fee of .125%. The payment of the fee and the filing of the Customs Form 349 quarterly is the responsibility of the zone user or its Customhouse broker.

SECTION IV.— FTZ 191 ZONE GRANTEE FEE SCHEDULE

9.0 **GENERAL PURPOSE ZONE**

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[This section includes fees that may be charged by the Grantee or Operator, depending on the management structure of the zone project. The data is included herein for reference purposes only.]

9.1 **FTZ EXPANSIONS AND BOUNDARY MODIFICATIONS**

(The following fees do not include actual preparation of the applications. Assistance in preparation of the application will be provided by the City of Palmdale on an hourly rate basis per Schedule A of this document.)

A. FTZ Expansions

1. Expansion Application to Foreign-Trade Zones Board to expand the designated zone area or the scope of operations in a Subzone. Payable upon filing of application with Grantee. \$ 2,500.00
2. Expansion of Activated Areas to U. S. Customs Service to expand the activated area of a particular Subzone or general purpose user area. \$ 1,000.00
3. Annual FTZ Expansion Fees
 - i. *General Purpose Zone - \$2,500.00*

B. FTZ Boundary Modifications

Boundary Modification Application to the Foreign-Trade Zones Board for modification of the existing foreign-trade zone boundaries to include certain minor relocations which do not require a Board order.
\$ 1,000.00

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9.2 **FIRMS APPROVED TO SERVE AS ZONE OPERATOR**

A. General Purpose FTZ Activation Fee Paid by Zone Operator to Zone Grantee

The Activation fee will cover the Grantee's expenses for preparation and processing of the Operations Agreement and providing the Grantee Concurrence Letter to the U.S. Customs Service. The City of Palmdale, upon request, will provide a basic, generic Operations Manual to be fully developed by the Zone Operator for their particular operations. This fee does not include actual preparation of the Activation Application to U.S. Customs.

The City of Palmdale will provide assistance on request, in preparation of the Activation Application to the U.S. Customs Service. This assistance will be provided on an hourly rate basis *per Schedule A of this document*.

The General Purpose Activation fee is \$2,500, payable in advance of requesting activation from U.S. Customs.

B. Annual Zone Operator Fee Paid to Zone Grantee

For companies that are allowed to serve as a foreign trade zone operator the Annual Fee shall be payable to the City of Palmdale on the date of Customs Activation of the general purpose zone site and each anniversary date thereof for each subsequent year the facility remains activated.

General Purpose Zone Annual Fee - \$5,000.00

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9.3 **SUBZONE APPLICATION FEE, SUBZONE ACTIVATION FEE, SUBZONE ANNUAL FEE**

A. Subzone Application Processing Fee Paid to Zone Grantee

The Application Processing Fee will cover the Grantee's expenses for obtaining the necessary approvals/resolutions for the Subzone, submission of the Application to the Foreign-Trade Zones Board, any necessary support required in the Subzone Application process, and preparation and processing of the Operations Agreement.

The City of Palmdale will provide assistance in preparation of the Subzone Application, if requested by applicant. The Grantee's assistance will be provided on an hourly rate basis per Schedule A of this document. The Application Processing Fee shall be payable at the time of Grantee filing of the Subzone Application to the Foreign-Trade Zones Board. (This fee does not include actual preparation of the Subzone Application)

Subzone Application Processing Fee -\$5000.00 (Paid in advance)

B. Subzone Activation Fee Paid to Grantee

The Subzone activation fee will cover the Grantee's general expenses for obtaining activation of the Subzone. Should the applicant require assistance from the City of Palmdale in preparation of the Activation Application to the U.S. Customs Service, the City of Palmdale will provide assistance on an hourly rate basis per Schedule A of this document.

Subzone Activation Fee - \$2,500.00

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C. Subzone Annual Fee Paid to Grantee

The Annual Fee shall be payable on the date of Customs Activation of the Subzone and each anniversary date thereof for each subsequent year the facility remains activated. The Annual Fee will cover the Grantee's expenses for oversight of the Subzone project and submission of the Annual Report to the Foreign-Trade Zones Board.

Subzone Annual Fee - \$10,000

9.4 MANUFACTURING AUTHORIZATION REQUEST

The fee will cover the Grantee's expenses for obtaining and processing the necessary approvals/resolutions for the Manufacturing Approval Request, submission of the Request to the Foreign-Trade Zones Board, and base support services required in the approval process. (This fee does not include actual preparation of the Manufacturing Approval Request to the Foreign-Trade Zones Board.)

Manufacturing Authorization Request Paid to Grantee - \$2,500.00

The City of Palmdale will provide assistance on request, in preparation of the Manufacturing Approval Request to the Foreign-Trade Zone Board. This assistance will be provided on an hourly rate per Schedule A of this document.

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9.5 FTZ USER APPLICATION, ACTIVATION, ANNUAL AND PROCESSING FEES

Zone User fees and charges shall be those set forth in the Zone Site Operator's Foreign Trade Zone Fee Schedule as approved by Zone Grantee

Note Regarding Fees Under Section 9.0 - The above fees generally include the following; general assistance and review of submitted documents by City Economic Development Staff and Administration, preparation of staff report, resolutions and presentations to City Council, and subsequent document handling by City Clerk. The fees do not include extraordinary assistance by the Economic Development Staff (e.g. substantially incomplete applications or supporting documentation, repeated redrafts of applications and the like), Engineering Map preparation, City Attorney or Customs Counsel review, charges of Grantee's Foreign Trade Zone Consultant or Operator fees. Please see Schedule A for a partial listing of costs for such services. All Schedule A fees are subject to change without notice.

Legal Expenses

Applicant agrees to pay, or cause to be paid, all legal expenses and costs which the City of Palmdale incurs in conjunction with, or arising out of, any of the services provided in this fee schedule.

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Miscellaneous Expenses

SCHEDULE A

Special City of Palmdale Assistance-- Any additional assistance or interface required with the Foreign-Trade Zones Board, U.S. Customs, or any other governmental agency on procedures or operations within the foreign-trade zone will be provided by the City of Palmdale on an hourly rate basis.

\$ 85.00 - \$100.00/Hr.	Management Personnel
\$ 35.00 - \$ 85.00/Hr.	Non-Management Personnel
\$150.00 - \$250.00/Hr.	City Attorney
\$100.00 - \$350.00/Hr.	Customs Counsel
\$ 50.00 - \$200.00/Hr.	Foreign Trade Zone Consultant
\$150.00/Hr.	City Engineer/Assistant City Engineer

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WAREHOUSE SPACE.--Operator may lease space for storage of general commodities, and for handling processing, manipulation and manufacture of goods on a month-to-month basis, or for extended periods, which may be negotiated subject to the rules and regulations published in this tariff.

MINIMUM BILLING CHARGE.--No single invoice shall be issued by the Operator for any service, or combination of services, as provided by this tariff, for less than as noted below:

Minimum Storage Charge Per Account Per Month	\$ _____
Minimum Storage Per Lot or Stock Keeping Unit	\$ _____
Minimum Handling Charge Per Transaction	\$ _____

STORAGE CHARGES.--All charges are on a month-to month basis unless otherwise specified. A full month's storage charge shall be assessed on all cargo received during the first fifteen (15) days of a month. One half month's storage charge shall be assessed on all cargo received on or after the sixteenth. Cargo received on the last two days of the month shall not be assessed a storage charge. Thereafter, all cargo remaining in storage on the first day of each succeeding month shall be assessed the applicable monthly storage charge.

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All storage charges become applicable when the cargo is received in the Zone. There is no free time allowance once cargo has entered the Zone. All storage charges are due and payable on the first day of storage for the initial month and thereafter, on the first day of the calendar month.

TEMPORARY SPACE ASSIGNMENTS.--Assignment of temporary space within Foreign-Trade Zone No. 191, for manipulation of cargo shall be made as follows:

(1) Temporary manipulation areas will be granted on application to the Operator of Foreign-Trade Zone No. 191.

(2) Space as needed will be provided in a suitable area properly demarcated to denote its extent.

(3) Merchandise occupying space in temporary manipulation areas, shall in addition to all other charges, continue to accrue storage charges as elsewhere provided for in this tariff.

(4) If the Operator is required to move merchandise into or from storage areas to or from temporary manipulation areas, charges for such service shall be on the basis of cost plus as elsewhere provided for in this tariff.

(5) Temporary manipulation space assignments shall be in effect commencing with the time granted by the Operator of Foreign-Trade No. 191.

(6) Temporary exhibition space assignments may be granted on application to the Operator of Foreign-Trade Zone No. 191.

(7) Proper removal of residue materials from the temporary manipulation space will be the responsibility of the user. In the event the Operator performs all or a portion of this function, of returning subject space to its original condition, charges will be assessed as provided elsewhere in this tariff

(8) Rates for rental of temporary manipulation space in Foreign-Trade Zone 191 will be as follows:

\$ _____ per Day for _____ x _____ Area

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CONTAINER DROP CHARGES.--The following charges will be assessed for every twenty-four (24) hour period, or fraction thereof, that containers/trailers are left in the Zone.

20' Container/Trailer	\$ _____
40' Container/Trailer	\$ _____

HANDLING.--

(A) Handling charges cover the ordinary labor incidental to receiving goods at warehouse door, stowing and delivery to warehouse door but do not include unloading or loading of cars, vehicles or vessels, unless so specified. Handling charges will be billed with the storage for the first month.

(B) Goods, at the request of storer, received or delivered during other than normal business hours, will be subject to an additional charge.

(C) Handling charges do not cover labor, duties, incidentals or any cost directly or indirectly associated with the exhibition, destruction, repacking, assembly, distribution, sorting, grading, cleaning, manipulation, manufacture or any activity that requires Customs Form 216 for action, or in any other way, causes a change in Zone inventory or status.

SEA CONTAINER UNLOADING AND LOADING.--

(A) Charges for unloading or loading of sea containers include, to or from warehouse door,

(B) Dunnage and fastenings supplied by the warehouse and used in loading outbound sea containers are chargeable to the storer.

(C) Any additional costs incurred by the warehouseman in unloading sea containers containing damaged cargoes are chargeable to storer.

(D) The warehouseman, unless he has failed to exercise due care and diligence shall not be responsible for sea container demurrage and/or detention charges, nor for delays in unloading inbound sea containers nor for delays in obtaining

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sea containers for outbound shipments. The term "sea-container demurrage and/or detention charges" as used herein, include but are not limited to, the transporting vehicle chassis and or/trailer upon which the container moves.

RAILCAR UNLOADING AND LOADING.-

(A) Charges for unloading or loading of cars include use of switch track and labor required to or from warehouse door.

(B) Dunnage and fastenings supplied by the warehouseman and used in loading out cars are chargeable to the storer.

(C) Any additional costs incurred by the warehouseman in unloading cars containing damaged goods are chargeable to the storer.

(D) The warehouseman, unless he has failed to use due care and diligence, shall not be responsible for demurrage, nor delays in unloading inbound cars, nor for delays in obtaining cars for outbound shipments.

UNLOADING/LOADING CHARGES.--The following are rates for the labor to unloading/loading of railcars, trucks, sea containers, vehicles, and airline special transport equipment as pertain to other items in this tariff.

Merchandise, NOS, other than Palletized \$_____ per ton
or Unitized of 2000 pounds
or 40 cubic fee, whichever
produces the greater charge.

Merchandise, NOS, Palletized or Unitized \$_____ per ton
of 2000 pounds or 40 cubic
feet, whichever produces the
greater charge.

NOTE: Palletized and/or unitized rates apply in connection with shipments consisting exclusively of palletized cargo; i.e.: weighing not less than 1000 pounds nor more than 4000 pounds per unit or pallet. The cargo should be such so as to permit complete loading or unloading by forklift or mechanized "power" equipment.

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MINIMUMS PER UNIT TRUCKLOAD

Palletized	\$ _____
Other Than Palletized	\$ _____

MINIMUMS PER UNIT LESS THAN TRUCKLOAD

Palletized & Other Than Palletized	\$ _____
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CLERICAL CHARGES

Processing Fee CF 214	\$ _____ per zone lot/ UIN set up
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Customs Transaction Fee Inbound (CF 214)	\$ _____ per Inbound UIN
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Correction CF 214	\$ _____ each
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Processing CF 216	\$ _____ each
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Customs Transaction Fee Outbound	\$ _____ per Outbound Order
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Warehouse Withdrawal Fee	\$ _____ per Shipment up to 5 line items
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Line Item Fee	\$ _____ per line item for each Line item on warehouse withdrawal over 5 lines
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Container Load Manifest	\$_____per container
Recording serial numbers, lot numbers, or marks, etc.	\$_____per recording in addition to warehouse withdrawal fee
UPS Service	\$_____per order plus UPS cost
FAX copies	\$_____ per page plus phone costs
Paperwork Preparation Fee for any item not Defined	\$_____
Hazardous Material Documentation	\$_____
Late Payment Fee	\$_____
Service Charge for Returned Checks	\$_____

ACCESSORIAL LABOR CHARGES

Freight Handler	\$_____per hour/Reg. \$_____per hour/O.T. \$_____per hour/Hol. Minimum 1 hour
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Forklift and Operator	\$ _____ per hour/Reg. \$ _____ per hour/O.T. \$ _____ per hour/Hol. Minimum 1 hour
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Clerical Worker	\$ _____ per hour/Reg. \$ _____ per hour/O.T. \$ _____ per hour/Hol. Minimum 1 hour
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Hourly labor charges will apply to all customer requested activities such as physical inventories, destructions, pick and pack operations, order changes, etc.

SPECIAL EQUIPMENT

Quoted on individual case

CHARGES FOR SPECIAL CUSTOMS SERVICE

Customs officers services rendered during legal holiday, Saturdays and Sundays or during overtime hours at the specific request of the user of zone facilities for such purpose, will be charged to user of such services at the cost billed to Operator by the United States Customs plus a 15% management fee.

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Users of zone facilities requiring special or additional services not being regularly furnished to all users of zone shall request same in writing to zone Manager, who shall clear the possibility of furnishing such service with United States 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.

CONTRACTUAL PRICING

Any customer having significant volume or level of activity may request a quotation of contractual pricing for a specific time frame (normally no less than 1 year).

All customers having similar volume and circumstances will be afforded to the same contractual terms.

APPLICATION OF TARIFF

SPECIFIC COMMODITY RATES PREVAIL.--Rates provided for specific commodities will prevail over NOS rates or any general commodity rate. When no specific or NOS rates are set forth in this tariff, such charges shall be based on labor, equipment and materials cost.

NOTE TO PUBLIC.--This tariff is notice to the public that the rates, charges, rules and regulations apply to all users without specific notice or quotation.

USE OF FACILITIES DEEMED ACCEPTANCE OF TARIFF.--Use of Foreign-Trade Zone No. 191 facilities shall be deemed an acceptance of this tariff and the terms and conditions named herein.

TERMS OF PAYMENT.--Terms are cash. All charges and advances are due and payable as accrued. In case of delay or failure to meet invoices as due, the Operator reserves the right to demand payment of charges in advance before further

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services will be performed or before delivery of cargo upon which charges have accrued. Any pending or alleged claims

against the Operator will not be allowed as an offset against outstanding invoices or accrued charges.

The right is reserved by the Operator to demand prepayment of all charges on perishable cargo or cargo of doubtful value and household goods.

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