

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 PALM SPRINGS

TARIFF NO. 1

RATES, CHARGES, RULES AND REGULATIONS

FOREIGN - TRADE ZONE # 236

Operating under the Grant of Authority of the
Government of the United States of America
to City of Palm Springs
California

TARIFF NO. 1

**CITY OF PALM SPRINGS
FOREIGN-TRADE ZONE # 236**

**GRANTEE OFFICE
City of Palm Springs
Department of Economic Development
3200 E. Tahquitz Canyon Way
P.O. Box 2743
Palm Springs, CA 92263-2743
(760) 323-8259**

CORRECTION NUMBER CHECK SHEET

Changes and additions to this Tariff will be made by reprinting the page upon which the change or addition is made. Each will be designated with an asterisk enclosed in parentheses.

Upon receipt of a revised page, record the page number below. Corrections are issued in numerical order with each revised page. If properly recorded they will appear in consecutive order with no omissions. If a correction number has not been received, a request should be made for a copy of the missing page.

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Correction #

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ABBREVIATIONS AND SYMBOLS

| | |
|----------|----------------------------|
| ¢ | Cents (U.S.) |
| \$ | Dollars (U.S.) |
| % | Percent |
| Art. | Article |
| B.M. | Board Measure |
| Bbl. | Barrel |
| Bdle. | Bundle |
| C/L | Carload |
| Cl. | Coil |
| C.O.D. | Cash on Deliver |
| Crt. | Crate |
| s. | Case |
| Ctn. | Carton |
| Cu.Ft. | Cubic Feet or Cubic Foot |
| Cwt. | 100 Pounds |
| Doz. | Dozen |
| Ea. | Each |
| E.g. | For Example |
| Etc. | Et Cetera |
| F.F. | Folded Flat |
| Ga./ | Gallon |
| H.T.S. | Harmonized Tariff Schedule |
| Incl. | Inclusive |
| K.D. | Knocked Down |
| Lbs. | Pounds |
| L.C.L. | Less-than-Carload |
| L.T.L. | Less-than-Truckload |
| No. | Number |
| N.O.S. | Not Otherwise Specified |
| N.S.P.F. | Not Specially Provided For |
| Par. | Paragraph |
| Pc. | Piece |
| Pkg. | Package |
| Qt. | Quart |
| Sec. | Section |
| Sq.Ft. | Square Feet or Square Foot |

| | |
|------|---------------|
| SU. | Set Up |
| TIB | Temp 1 Band |
| T/L | Truckload |
| U.S. | United States |
| Yd. | Yard |

DEFINITION OF TERMS

ACT - The Foreign-Trade Zones Act of 1934 as amended, (19 U.S.C., 81a et. seq.).

ACTIVATION - Approval by the Grantee and Port Director for Foreign-Trade Zone operations and for the admission and handling of merchandise in accordance with the Act.

ADMINISTRATOR - Grantee or party contracted by Grantee.

ADMISSION - Physical arrival of goods in the Foreign-Trade Zone with the approval of the Zone Grantee, Operator and Customs.

BOARD - The Foreign-Trade Zones Board created by the Act to carry out the provisions thereof. The Board shall consist of the Secretary of Commerce, who shall be the Chairman and exclusive officer, and the Secretary of the Treasury.

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.

CONTROL NUMBER - The number used on all Zone entry and exit forms to identify all merchandise and commodities.

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.

DOMESTIC MERCHANDISE - Merchandise of every description (except articles specifically and absolutely prohibited by statute) which had/has been (1) grown, produced, or manufactured in the United States and not exported therefrom, or (2) previously imported into Customs territory and properly released from Customs custody.

FOREIGN MERCHANDISE - Imported merchandise of every description (except articles specifically and absolutely prohibited by statute) which has not been properly released from Customs custody into Customs territory.

GENERAL PURPOSE ZONE (GPZ) - Consists of all designated areas approved by the Board under Board Order #1013.

GRANTEE - City of Palm Springs, to which the privileges of establishing, operating and maintaining Foreign-Trade Zone #236 have been granted by Board, under Board

Order #1013.

IMPORTS - Foreign merchandise of every description (except articles specifically and absolutely prohibited by statute) entered into 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 Customs territory through the Zone and foreign merchandise which, under the laws and regulations of various other Federal agencies having jurisdiction within the Zone, is said to be “imported” into foreign-trade zones, Customs bonded warehouses or Customs custody. The 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.

LEASE - The document of agreement entered into between the Grantee, Operator and/or User/Client for assignment of space within the Foreign-Trade Zone #236.

MANIPULATION - Means breaking up, repackaging, assembling, distributing, sorting, grading, cleaning, mixing with foreign or domestic merchandise, or other activities which do not constitute processing or manufacturing.

NON-PRIVILEGED FOREIGN MERCHANDISE - (1) Foreign merchandise properly in the Zone which does not have the status of (1) privileged foreign merchandise or (b) zone restricted merchandise, (2) waste recovered from any manipulation or manufacture or privileged foreign merchandise; or (3) domestic merchandise taken into a Zone whose identity has been lost.

OPERATOR AGREEMENT - Contract executed between all Operators and Grantee.

PERSON OF RECORD - The person, firm or corporation, in whose name is on the application to admit merchandise into Zone, 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 custody at the end of its transit through Customs territory, and usually consists of an original bill of lading in the name of the applicant, and original bill of lading endorsed to him, or a carrier’s certificate.

PORT DIRECTOR - The Port Director of Customs, U.S. Customs Service, 3400 E. Tahquitz Canyon Way, Suite 23, Palm Springs, CA 92262.

PRIVILEGED FOREIGN MERCHANDISE - Foreign merchandise for which an application (Customs Form 214) has been made, and which has been taken under supervision by the Port Director of Customs for the purpose of maintaining its’ identity.

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

SECRETARY - the term “Secretary” means the Secretary of Commerce.

SUBZONE - A special-purpose zone established as part of a zone project for a limited purpose that cannot be accommodated within an existing general-purpose zone. Subzones must be sponsored by the grantee of a general-purpose zone.

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

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, Kingmanreef, and the Island of Guam.

USER/CLIENT - An individual, company or corporation, utilizing the services and/or facilities of Foreign-Trade Zone #236.

ZONE RESTRICTED MERCHANDISE - Foreign or domestic merchandise taken into the Zone, under the rules and regulations of the controlling Federal agency, for the sole purpose of exportations or destruction (except destruction of distilled spirits, wines, and fermented malt liquors), or storage pending exportation or destruction.

ZONE - The term "Zone" means a Foreign-Trade Zone and/or Foreign-Trade Zone #236.

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

ZONE OPERATOR - Operator of each zone site.

DEFINITION OF TERMS FOREIGN-TRADE ZONE FORMS

CUSTOMS FORM 214 AND 214A - Application and permit to admit merchandise into the Foreign-Trade Zone, permit to transfer merchandise through Customs territory to Zone, and Customs receipt of merchandise admitted at Zone

CUSTOMS FORM 216 - Application and permit for the manipulation, manufacture, exhibition, or destruction of Foreign-Trade Zone merchandise return.

HOLIDAYS

Those legal holidays during which the Grantee is closed for regular business:

| | |
|-----------------------------|------------------------|
| New Year's Day | 1st of January |
| Martin Luther King, Jr. Day | 15th of January |
| Lincoln's Birthday | 12th of February |
| Washington's Birthday | 3rd Monday of February |
| Memorial Day | Last Monday in May |

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ISSUED:
EFFECTIVE:
ISSUED BY:

| | |
|----------------------------|--------------------------|
| Independence Day | 4th of July |
| Labor Day | 1st Monday of September |
| Columbus Day | 2nd Monday in October |
| Veteran's Day | 11th of November |
| Thanksgiving Day | 4th Thursday in November |
| Day after Thanksgiving Day | 4th Friday in November |
| Christmas Eve | 24th of December |
| Christmas Day | 25th of December |

Everyday proclaimed by the President of the United States and/or the Governor of the State of California to be a legal holiday.

Holidays falling on Saturday shall be observed on Friday.

Holidays falling on Sunday shall be observed on Monday.

Holidays are subject to change.

DEFINITION PRIVILEGES OF FOREIGN-TRADE ZONES

Under Part 400, Sec.400.2, Regulations governing the establishment, operation, maintenance and administration of Foreign-Trade Zones in the United States, the term Zone: means a "Foreign-Trade Zone". It is an isolated, enclosed and policed area, operated as a public utility in or adjacent to a port of entry, furnished with facilities for lading, unloading, handling, storing, manipulating, manufacturing and exhibiting goods, and for reshipping them by land, water or air. Any foreign and domestic merchandise, except such as is prohibited by law or such as the Board may order to be excluded as detrimental to the public interest, health or safety, may be brought into a Zone without being subject to the Customs laws of the United States governing the entry of goods or the payment of duty thereon; and such merchandise permitted in a Zone may be stored, exhibited, manufactured, mixed or manipulated in any manner, except as provided in the Act and other applicable laws or regulations. The merchandise may be exported, destroyed or sent into Customs territory from the Zone, in the original package or otherwise. It is subject to Customs duties if sent into Customs territory, but not if reshipped to foreign points.

Section 3 of the Act, Public Law 397, 73rd Congress, approved June 18, 1934, as amended by Public Law 566, 81st Congress, approved June 17, 1950, authorizes the following privileges:

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, repackaged, assembled, distributed, sorted, graded, cleaned, mixed with foreign or domestic merchandise, or otherwise manipulated, or be processed or 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;

Provided, that whenever the privilege shall be requested and there has been no manipulation or manufacture effecting a change in tariff classification, the collector of Customs shall take under supervision any lot or part of a lot of 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 the Treasury may deem necessary, articles, the growth, products or manufacture of the United States, on which all Internal Revenue taxes have 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 collector, and whether or not they have been combined with or made part, while in such a 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 re-enter Customs territory of the United States as foreign merchandise under the provisions of the Tariff and Internal Revenue laws in force at that time;

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

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

(b) The statues 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 an 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 deem such return to be in the public interest in which event the article 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 the Zone which operation would be subject to any provision or provisions of Section 1807, Chapter 15, 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 manufacture of 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 shall be 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 provision of this section, may on such importation, be entered as American goods returned.

APPLICATION OF TARIFF

DESCRIPTION OF FOREIGN-TRADE ZONE #236 - The site to be developed and utilized as the General Purpose Foreign-Trade Zone consists of 931 acres. The noncontiguous sites consist of 14 acres at the Palm Springs Rail Station and 917 acres at the Palm Springs International Airport.

ZONE TO BE PUBLICLY REGULATED - All rates and charges for all services or 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 Chapter 1A Section 81n).

APPLICATION OF FOREIGN-TRADE ZONE NO. 236 TARIFF - **The rules, regulations and rates of this tariff shall apply at Foreign-Trade Zone #236, it's Subzones and annexes unless otherwise provided for.**

GENERAL REGULATIONS - Foreign-Trade Zone #236 is regulated by the Foreign-Trade Zones Board, Washington, DC, under U.S. Code of Federal Regulations, Title 15, Part 400, as amended. Copies of these regulations are maintained at the City of Palm Springs - Department of Economic Development, 3200 E. Tahquitz Canyon Way, Palm Springs, CA 92262.

UNITED STATES CUSTOMS REGULATIONS - Foreign-Trade Zone #236 is subject to special Customs regulations as defined in U.S. Code of Federal Regulations, Title 19, Part 146.

APPLICATION AND INTERPRETATION OF TARIFF - The Grantee shall (be the sole judge to) interpret and determine the applicability of any of the rates, rules and regulations or services provided for in this Tariff. To the extent any rate, rule or regulation in this Tariff directly and entirely conflicts with the Act or lawful regulations thereunder, the latter provisions shall control, and the invalidity or unenforceability of any provision hereunder shall not affect the remainder of the rates, rules or regulations hereunder.

SECTION 1 - OPERATION OF ZONE

OPERATIONS, FORMS AND PROCEDURES - GENERAL - 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 export-importation of merchandise removed from a Zone, and other operations in a Zone authorized by the Act, are herein-after in this Section generally described.

MERCHANDISE PERMITTED IN A 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 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 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 and 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 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. Port Directors of Customs are required to exclude the first class of articles and may not permit them to be transferred to a Zone if they are aware of their prohibited status, except that the 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 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 as the representative of the Board, where the merchandise is not excluded by any other Federal agency having jurisdiction over the merchandise.

MERCHANDISE PROHIBITED BY BOARD - GOLD - All gold, except fabricated, is prohibited by special order of the Foreign-Trade Zones Board.

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

(a) Permission for any manipulation, or exhibition in a Zone shall be obtained from the Port 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 Port Director of Customs for any reason, the applicant, the Grantee, or the Operator of the Zone may appeal the adverse ruling of the Board. If any revenue protection considerations are involved in such an application, the Board shall be guided by the determinations of the Secretary of the treasury with respect to them.

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

STATUS OF MERCHANDISE IN A 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 146.41 through 146.44 of Customs regulations (19 Code of Federal Regulations Part 146), and except merchandise temporarily transferred to a Zone for manipulation as provided in paragraph (b) of this Section, shall be given a Zone Status as:

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

In accordance with Subpart C of Customs regulations

(b) Imported merchandise which has been entered and which has remained in continuous Customs custody may be temporarily transferred to a Zone for manipulation under Customs supervision pursuant to Section 562, Tariff Act of 1930, as amended, and for return to Customs territory. Any such merchandise shall not be considered within the purview of the Foreign-Trade Zones Act, but shall be treated in all respects all through 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.

SUBSEQUENT IMPORTATION OF ZONE MERCHANDISE - Articles produced, processed 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, processed or manufactured in a Zone exclusively with the use of domestic merchandise, the identity of which has been maintained in accordance with the Second Proviso of Section 3 of the Act, as amended may, on such importation, be entered as American goods returned.

EXCLUSION FROM ZONE OF GOODS OR PROCESS OF TREATMENT - When it shall be reported to the Board that any goods or process of treatment is detrimental to the public interest, health or safety, the Board shall cause such investigation to be made as it may deem necessary. The Board may order the exclusion

from the Zone of any goods or process of treatment that in its' judgment is detrimental to the public interest, health, or safety.

RETAIL TRADE WITHIN ZONE - No retail trade shall be conducted within a Zone except under permits issued by the Grantee and approved by the Board. Such 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 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 the kinds specifically authorized by the Act, which are brought into the Zone from Customs territory. No goods shall be offered for sale or sold in a Zone which are not of the same kind and quality permitted to be offered for sale or sold in the political jurisdiction in which the Zone is located. If the permittee violates any provision of the regulations of this Section, his permit shall be revoked by the Grantee, who shall immediately report such action to the Board.

CHARGES BY OTHER GOVERNMENT AGENCIES - Charges made by government agencies that are not included in this Tariff should be arranged for and paid by the user/client that requires and uses such services.

PAYMENT OF ZONE PERSONNEL - Overtime or shift work requested by an Operator, resulting in overtime services of Zone Grantee or Administrator (excluding normal security personnel) shall be billed to the Operator for reimbursement of cost.

HOURS OF BUSINESS AND SERVICE - The Grantee's and Administrator's hours of business and service, for Customs purposes, shall be regular or normal business hours between 8:30 a.m. to 4:30 p.m., Monday through Friday, except for holidays identified on Page 11. Hours requested by operator/user outside of the regular hours shall be subject to additional fees.

SECTION 2 - GENERAL RULES AND REGULATIONS

GENERAL REGULATIONS - All persons and merchandise of every description entering or leaving the Zone for any purpose whatsoever shall be bound by the lawful regulations of the Foreign-Trade Zones Board and U.S. Customs Services.

COMPENSATION INSURANCE - Every person employed by contractors or Customs in the Zone shall be properly covered by Workmen's Compensation Insurance. Proof of this shall be furnished before any work may be started or release of liability must be given to the Zone.

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

EMPLOYEES AND PERSONS ENTERING AND LEAVING ZONE - Employees and other persons entering or leaving the Zone site shall only use the designated entrance(s). Anyone entering or leaving the Zone may be subject to physical examination as the Port Director of U.S. Customs deems necessary. Anyone entering the Zone for whatever reason shall adhere to the Foreign-Trade Zones Board regulations, Customs regulations and the rules and regulations issued by the Grantee, Administrator or Operator of the Zone.

MERCHANDISE HELD FOR CHARGES - The Administrator and Operator reserve the right to withhold permission to withdraw merchandise from the Zone for Users with unpaid charges for Zone use.

INSURANCE - Insurance must be carried by Operator on its' own property only and does not include insurance on the contents stored therein. Lessee is obligated to put nothing 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 forms a part. Insurance on commodities or other property stored on the leased premises, if desired, must be carried by and at the expense of Lessee/Users or Owner of the commodities or other properties. Merchandise stored, manipulated or transferred within the Zone is not insured by the Grantee or Administrator and the Zone Tariff rates do not include insurance on merchandise.

LIMIT OF LIABILITY - Neither the Grantee, Administrator or Operator will be responsible for loss or damage caused by fire, explosion, 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 building structures, breakdown of plant machinery or equipment, Acts of God, the Public Enemy, the inherent nature of the merchandise itself nor will it be answerable for any loss, damage, or delay arising from the insufficient notifications, nor from war, insurrection, shortage of labor, combinations, riots or strikes of any persons in its employ or in the service of others or from any consequences arising therefrom.

All liability for duties, taxes or penalties due any agency of the United States Government and arising from the utilization of Zone premises shall be borne by the Zone User, including any duty, taxes or penalties on merchandise which is pilfered, lost, damaged or otherwise not accounted for to the satisfaction of the Customs service, for which the Zone User may be liable.

SECTION 3 - SPECIAL RULES PERTAINING TO MERCHANDISE

PERMISSION TO MANIPULATE, MANUFACTURE AND PROCESS - Before merchandise may be manipulated within the Zone, application on Customs Form 216 must be presented to the Port Director of Customs. On approval by the Port Director, the contemplated manipulation will then be permitted.

CUSTOMS BOND - The Operator/User must maintain, for Customs purposes, a Customs Bond (301) as a guarantee for the payment from the Zone of all duties and taxes on such merchandise as may be removed from the Zone without a proper Customs permit or otherwise missing from the Zone. The amount of bond is set by Customs Port Director.

CUSTOMS INSPECTION OF MERCHANDISE WHILE IN ZONE - The Operator, consignee or Zone User/Client, or his agent, 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.

GRANTEES ACCESS TO ZONE SITES AND FACILITIES - The Grantee shall have the right of entry and access to Zone merchandise for all Zone facilities and sites.

SECTION 4 - GRANTEE FEES

For General Purpose Zone and/or Subzone

| | | |
|-------------------------|-------------------------------|-----------------|
| APPLICATION FEE: | Boundary Modification - minor | \$2,500 |
| | Boundary Modification - major | \$5,000 - 7,500 |
| | Manufacturing / Processing | \$5,000 |
| | Subzones | \$7,500 |
| ACTIVATION FEE: | All Sites | \$2,500 |

DEACTIVATION FEE: All Sites \$1,000

ANNUAL ADMINISTRATION FEE*:

ACTIVATED SPACE ANNUAL FEE

| | <u>General Propose Zone</u> | <u>Subzone</u> |
|-------------------------|-----------------------------|--------------------|
| 0-9,999 sq. ft. | \$500 | \$5,000 - flat fee |
| 10,000 - 49,000 sq. ft. | \$1,000 | |
| 50,000 - 99,000 sq. ft. | \$2,500 | |
| 100,000 sq. ft. | \$5,000 | |

*The first year annual fee will be prorated to coincide with the City of Palm Springs fiscal year (July 1 to June 30). Full annual payment is due on the next anniversary date.

SECTION 1 - SERVICE AND RENTAL RATES (SITE SPECIFIC)

(Intentionally left blank)

OC #11790 v1

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ISSUED:
EFFECTIVE:
ISSUED BY: