

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.

FOREIGN-TRADE ZONE #277

ZONE SCHEDULE

CHARGES, RATES, RULES, AND REGULATIONS

APPLICABLE AT

FOREIGN-TRADE ZONE #277

Revision 3 – January 1, 2021

Operating Under Grant of Authority

from the

United States Foreign-Trade Zones Board

to

Greater Maricopa Foreign Trade Zone, Inc.

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Appendix A: Procedures for Sponsorship of Applications to the Foreign-Trade Zones Board

Appendix B: Procedures for Activation of Zone Sites

APPLICATION OF RATES, RULES, AND REGULATIONS

The rates, rules, and regulations published in this Schedule will apply to all Operators of Zone Sites or Subzones under the jurisdiction of Foreign-Trade Zone #277; except as otherwise provided in this Schedule, all general rates, rules, and regulations will apply as published.

I. Foreign-Trade Zone #277 Administration Directory

GRANTEE: Greater Maricopa FTZ, Inc.

ADMINISTRATOR: Arthur B. Othon, Chairman of WESTMARC

Operator, Site 1: *Not Yet Activated at this time.*

Operator, Site 2: *Not Yet Activated at this time.*

Operator, Site 3: *Dick's Sporting Goods. Activated*

Operator, Site 4: *Not Yet Activated at this time.*

Operator, Site 5: *Not Yet Activated at this time.*

Operator, Site 6: *Not Yet Activated at this time.*

Operator, Site 7: *Not Yet Activated at this time.*

Operator, Site 8: *Not Yet Activated at this time.*

Operator, Site 9: *Sub-Zero, Inc. Activated*

Operator, Site 10: *Maxwell Technologies, Inc. Activated*

Operator, Site 11: *Not Yet Activated at this time.*

U.S. CUSTOMS AND BORDER PROTECTION: Port Director of CBP
Luz Galarza
3002 E. Old Tower Road, Suite 400
Phoenix, AZ 85034

Assistant Port Director
Michael Dean

II. Overview of Foreign-Trade Zone #277 and Zone Schedule

Purpose of Foreign-Trade Zone #277 and Zone Schedule

The Foreign-Trade Zones Board granted Foreign-Trade Zone #277 to Greater Maricopa FTZ, Inc. (Grantee), on December 22, 2010.

This Zone Schedule is issued by Greater Maricopa FTZ, Inc. in compliance with the U.S. Foreign-Trade Zones Board regulations. This Zone Schedule sets forth the operational structure of Foreign-Trade Zone #277 and the regulations and charges associated with active Zone operations.

The Grantee's goal is to promote economic development throughout the Northern and Western Maricopa County Area (the Zone Service Area). The FTZ has been developed to affect the following objectives:

1. Diversify the economy of the Northern and Western Maricopa County Areas.
2. Provide enhanced job opportunities for the citizens of the Northern and Western Maricopa County Areas.
3. Provide a relocation incentive for companies involved in international trade which, if successful, would bring investment, jobs, and commerce to the Northern and Western Maricopa County Areas.

Taking Advantage of the Benefits of Foreign-Trade Zone #277

Currently approved Zone Sites are listed in Section IV of this Zone Schedule. The Zone can be expanded or modified to accommodate interested Zone Site Operators and/or importers and exporters located throughout the region, as explained in Section VIII. The actual procedure involved in expanding or modifying the Zone is included as an appendix to this Zone Schedule.

There are two ways to take advantage of Foreign-Trade Zone #277. A company can have its products handled by a Zone Operator, who can store and manipulate the products duty-free in the Zone, or a company can itself become a Zone Operator at one of the existing Zone Sites or another Site if none of the existing Zone Sites are suitable.

The Grantee charges Zone Operators for the privilege of operating a Zone Site. Uniform charges are set forth in Section XI. Other charges and costs associated with the operation of a Zone Site are also the responsibility of the Zone Operator for that Zone Site.

Additional Information Concerning Foreign-Trade Zone #277

Additional general information concerning the operation of Zone Sites and general recordkeeping requirements is contained in the other sections of this Zone Schedule. Obligations and responsibilities of Zone Operators are also specifically outlined in the Operator Agreement which must be executed by every Zone Operator prior to activating a Zone Site with CBP.

III. Principal Benefits Provided by Foreign-Trade Zone #277

Re-exports: Merchandise which is imported into the U.S. for admission into Foreign-Trade Zone #277 and later re-exported from the Zone is never assessed any CBP duties.

Reject, Scrap, and “Consumed” Merchandise: Imported merchandise which is admitted into a Zone and then rejected, scrapped, or consumed in the Zone is not assessed any CBP duties. Duties are reduced significantly for all merchandise which is scrapped through a manufacturing operation in a Foreign-Trade Zone and then sold from the Zone as commercial scrap material.

Zone-to-Zone Transfers: Imported merchandise which is admitted into the Zone and then shipped to another U.S. Foreign-Trade Zone can be shipped duty-free to the receiving Zone with the receiving Zone’s concurrence. As duty-free transfers, Zone-to-Zone shipments allow both the shipping Zone and the receiving Zone to reduce their duty exposure. Duties are eliminated completely on imported components which are transshipped through several Zones and eventually re-exported.

Duty Deferral: While duties are eventually assessed on imported merchandise shipped to U.S. locations from the Zone, these duties are deferred while the merchandise remains in the Zone. The time that duty is paid is moved from the date of importation to the date of shipment from the Zone. The cost-of-money savings on duty deferral can be significant for large-volume distributors or operations with long inventory turnover periods.

Inverted Tariffs: When components are imported and admitted into a Foreign-Trade Zone they can be manufactured into a new product for re-export or sale in the U.S. In these cases, the importer may elect to apply the finished product duty rate or the component duty rate, whichever is lower. When the finished product rate is lower than the imported component rate, the importer can save the difference between the two rates.

These are just the principal benefits of U.S. Foreign-Trade Zones. There are many other additional benefits provided by Foreign-Trade Zone #277, which are usually evaluated on a case-by-case basis. To discuss how your operation could benefit from Foreign-Trade Zone use, contact Michelle Rider, President, WESTMARC, (623) 435-0431 ext. 204.

IV. Site Descriptions for Foreign-Trade Zone #277

The following are the descriptions of the Public, Magnet Sites within Foreign-Trade Zone #277 pursuant to a grant issued by the U.S. Foreign-Trade Zones Board on December 22, 2010. The Zone is comprised of eleven (11) Sites designated in the records of the Foreign-Trade Zones Board:

Site 1 Airport Gateway at Goodyear (Goodyear South)
Van Buren Street and Bullard Avenue
Goodyear, Arizona
Total acreage: 230.25 acres
Type of Site: Magnet
Sunset Date: 12/31/2016

Site 2 Surprise Pointe Business Park
Waddell Road and Litchfield Avenue
Surprise, Arizona
Total acreage: 133.01 acres
Type of Site: Magnet
Sunset Date: 12/31/2016

Site 3 Palm Valley 303 Industrial Park
Cotton Lane and Camelback Road
Goodyear, Arizona
Total acreage: 196.78 acres
Type of Site: Magnet
Sunset Date: 12/31/2016
Operator: Dick's Sporting Goods

Site 4 10 West Logistics Center
339th Avenue and I-10
Buckeye, Arizona
Total acreage: 319.84 acres
Type of Site: Magnet
Sunset Date: 12/31/2016

Site 5 Goodyear Crossing Industrial Park
16885 West Commerce Drive
Goodyear, Arizona
Total acreage: 198 acres
Type of Site: Magnet
Sunset Date: 12/31/2018

- Site 6 Schoeller Arca Systems, Inc.
4320 S. Cotton Lane
Goodyear, Arizona
Total acreage: 3.53 acres
Type of Site: Usage-Driven
Sunset Date: 12/31/2016
- Site 7 Buckeye Industrial Park
Southeast corner of Turner Road and
Baseline Road
Buckeye, Arizona
Total acreage: 185 acres
Type of Site: Magnet
Sunset Date: 12/31/2018
- Site 8 Conn's Inc.
1100 North 127th Avenue
Avondale, Arizona
Total acreage: 6 acres
Type of Site: Usage-Driven
Sunset Date: 9/30/2016
- Site 9 Sub-Zero, Inc.
4295 N. Cotton Lane
Goodyear, Arizona
Total acreage: 37.74 acres
Type of Site: Usage-Driven
Sunset Date: 2/28/2017
- Site 10 Maxwell Technologies, Inc.
8644 West Ludlow Avenue
Peoria, Arizona
Total acreage: 2.82 acres
Type of Site: Usage-Driven
Sunset Date: 7/31/2017
- Site11 The Cookson Company
1901 South Litchfield Road
Goodyear, Arizona
Total Acreage: 14.5 acres
Type of Site: Usage-Driven
Sunset Date: 5/31/2018

More information is available about these sites at www.gmftz.org.

V. Definition of Foreign-Trade Zone Terms and U.S. CBP Forms

Activation: Approval by the Grantee and U.S. CBP for operations and the admission and handling of merchandise in Zone status.

Admission: Physical arrival of goods into the Foreign-Trade Zone with the approval of the Zone Grantee and U.S. CBP. The word “admission” is to be used instead of “entry” of goods in a Zone to avoid confusion with CBP entry processes under Parts 141 through 144 of the CBP Regulations.

Admit: To bring merchandise into a Zone with Zone status.

Alteration: A change in the boundaries of an activated Zone or Subzone, Activation of a separate site of an already-activated Zone or Subzone with the same Operator at the same Port, or the relocation of an already-activated Site with the same Operator.

Audit-Inspection Procedures: These procedures provide the framework for CBP to reduce on-site supervision of Zones and for Zone Operators to increase Zone operating flexibility through the audit-inspection method of supervising Zones. These procedures require use of the Zone Lot Number system or a Unique Identifier Number system. The systems may be manual, computerized, or a combination of both.

Applicant: A corporation, partnership, or person applying for the right to operate a Foreign-Trade Zone Site or Subzone under the jurisdiction of Foreign-Trade Zone #277.

Bulk: A product or mass (of a product) which is not packaged, bundled, bottled, or otherwise packed, so that it is designated as bulk or bulk merchandise.

CPB: U.S. Customs and Border Protection.

Constructive Transfer: A legal fiction which permits acceptance of a CBP entry for merchandise in a Zone before its physical transfer to the CBP territory. Constructive transfer is deemed to have occurred when CBP receives an entry in proper form. If the entry is not accepted, the merchandise will be deemed constructively transferred back to the Zone in its previous Zone status.

Control Number: The number used on all Zone entry and exit forms to identify all merchandise and commodities. The control number will, in all cases, be the same as the tariff number for that same merchandise described in the Harmonized Tariff Schedules of the United States Annotated.

Customs Territory: The territory of the U.S. in which the general tariff laws of the U.S. apply. “Customs territory of the United States” includes only the 50 States, the District of Columbia, and Puerto Rico, minus any areas within the boundaries of Foreign-Trade Zones.

Deactivation: Voluntary discontinuation of the Activation of an entire Zone or Subzone by the Grantee or Operator. Discontinuance of the activated status of only a part of a Zone Site is an alteration.

Default: An act or omission that will result in a claim for duties, taxes, charges, or liquidated damages under the FTZ Operator's Bond.

Domestic Status: Domestic status is for (a) the growth, product, or manufacture of the United States on which all internal revenue taxes, if applicable, have been paid and (b) previously imported merchandise on which all applicable duties and internal revenue taxes have been paid. Domestic merchandise may be returned to the CBP territory free of duty and taxes.

E-verify: To conform with Arizona Law.

President: Handles all Grantee functions related to maintenance and development of the Zone including but not limited to enforcement, daily management, and report receipt, review, and submission, along with all other Operator interface. The President of the Grantee is Arthur B. Othon.

Exhibition: The showing of merchandise within a Zone, usually to prospective buyers. This may require CBP supervision whenever it involves packing, unpacking, repacking, assembly, or reconditioning of the goods for showing.

First In-First Out (FIFO): Under the FIFO method, any fungible merchandise withdrawn from stock is assumed, in accordance with good business practice, to be withdrawn from the oldest stock first. In applying FIFO procedures, it is important to note that each Zone admission is considered a layer, and the Zone Operator is responsible for identifying the appropriate sequence of transfers from the Zone to assure the proper layer was used and transferred from the Zone. Fungible merchandise is, by definition, commercially interchangeable merchandise. Identification shall be maintained in the inventory control system records, generally by description and part or stock number.

Foreign-Trade Zone (FTZ): A restricted-access site in or adjacent to a CBP Port of Entry operated pursuant to public utility principles under the sponsorship of a corporation granted authority by the Foreign-Trade Zones Board (the Board) and under supervision of the CBP. 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 CBP laws of the United States governing the entry of goods or the payment of duty thereon; and such merchandise permitted in a Zone may be stored, exhibited, manufactured, mixed, or manipulated in any manner, except as provided in the Foreign-Trade Zones Act of 1934, as amended, and other applicable laws or regulations. The merchandise may be exported, destroyed, or sent into CBP territory from the Zone, in the original package or otherwise. It is subject to CBP duties if sent to CBP territory but not if reshipped to foreign points.

Foreign-Trade Zones Act: The Foreign-Trade Zones Act of June 18, 1934 (48 Stat. 998-1003; 19 USC 81a-81u), as amended (the Act).

Foreign-Trade Zones Board: The Board which is established to carry out the provisions of the Foreign-Trade Zones Act. The Board consists of the Secretary of Commerce (Chairman), the Secretary of the Treasury, and the Secretary of the Army or their designated alternates.

Grantee: A corporation which has the privilege of establishing, operating, and maintaining a Foreign-Trade Zone by grant of authority from the Foreign-Trade Zone Board. The Grantee for Foreign-Trade Zone #277 is Greater Maricopa FTZ, Inc.; Arthur B. Othon is the Grantee's President.

Imports: Foreign merchandise of every description (except articles specifically and absolutely prohibited by statute) entered into CBP territory to become a part of the domestic supply for the purpose of domestic commerce or consumption, and particularly that which is entered into CBP territory through the Zone and foreign merchandise which, under the laws and regulations of various other Federal agencies having jurisdiction within the Zone, is said to be “imported” into Foreign-Trade Zones, CBP bonded warehouses, or CBP custody. This latter merchandise, in relation to operations in the Zone, is considered to be foreign merchandise until its entry into the commerce of the United States.

Manipulation: Processing wherein merchandise is packed, unpacked, repacked, cleaned, sorted, graded, or otherwise changed in condition, but not manufactured. The definition is taken from Section 562 of the Tariff Act. The precise distinction between manipulation and manufacture is subject to interpretation and enjoys a long history of case law.

Manufacture: Generally, the production of articles for use from raw or prepared materials by substantially transforming such materials into new forms, or with new qualities, properties, or combinations, whether by hand, labor, or machine. The CBP determines what constitutes manufacture on a case-by-case basis and distinguishes the manufacture from other operations such as manipulation, processing, production, and blending. The Foreign-Trade Zones Board has defined manufacture as any process which results in a change in CBP classification of the merchandise and, therefore, requires prior clearance from the Board before the manufacturing can occur within the Zone.

Merchandise: Merchandise includes goods, wares, and chattels of every description, except prohibited merchandise, building materials, production equipment, and supplies for use in operation of a Zone.

Merchandise, Conditionally Admissible: Merchandise which may be imported into the U.S. under certain conditions; merchandise which is subject to permits or licenses or which must be reconditioned to bring it into compliance with the laws administered by various Federal agencies.

Merchandise, Domestic: Merchandise which has been produced in the United States and not exported therefrom or previously imported into the CBP territory of the United States and properly released from CBP custody with payment of all applicable duties and taxes.

Merchandise, Foreign: Imported merchandise which has not been properly released from CBP custody into the CBP territory of the United States.

Merchandise, Fungible: Merchandise which, for commercial purposes, is identical and interchangeable in all situations. Originally applied to liquids or free-flowing substances which arrived in bulk, unpacked condition, the concept is now applied in Zones, for inventory control purposes, to shipments of goods which arrive packed but are unpacked and placed together in storage or manufacturing locations so that identification with the shipment as admitted to the Zone is lost. The concept is subject to wide use in manufacturing environments where it is infeasible to store goods in their original lots awaiting manufacture.

Merchandise, Mixed Status: Foreign merchandise which has been combined with domestic merchandise in the Zone is sometimes referred to as mixed status merchandise.

Merchandise/Operations, Prohibited: Merchandise, the importation of which is prohibited by law on grounds of public policy or morals, or any merchandise which is excluded from a Zone by order of the Foreign-Trade Zones Board. Books urging treason or insurrection against the U.S., obscene pictures, and lottery tickets are examples of prohibited merchandise. Also, certain operations involving the following merchandise are prohibited: tobacco, distilled spirits, alcohol, wine and beer (26 USC 5001-5008, 5010); sugar (26 USC 4501-4503); watch movements (19 USC 1367-1368); and bicycle parts (19 USC 81c). Additionally, retail sales are prohibited in a Zone (19 USC 81o & 19 CFR, Part 146.14).

Merchandise/Operations, Restricted: Merchandise which may not be authorized for delivery from CBP custody without a special permit, or a waiver thereof, by an agency of the U.S. Government. Also, the Foreign-Trade Zones Board and CBP have restricted certain operations involving the following products: steel, textiles, television tubes, and sugar. Operations involving orange juice may be restricted. The restrictions vary on a case-by-case basis.

Non Privileged Foreign Status (NPF): Non Privileged foreign status is a category for merchandise which does not have privileged or Zone-restricted status. Articles composed of non privileged foreign merchandise are classified and appraised in their condition at the time of transfer to the CBP territory for consumption.

Open or Yard Storage: The keeping of merchandise in open space within the fenced-in area of the Zone where merchandise not requiring weather protection may be stored.

Operator: A corporation, partnership, or person that operates a Zone or Subzone under the terms of an agreement with the Grantee. A Grantee may act as its own Operator.

Operator Agreement: Prior to Activation of the Site, an agreement between the Operator of the Zone Site and the Grantee will be executed. Activation cannot occur without an executed Operator Agreement.

Operator's Bond: All Zone Operators must submit to CBP a bond to assure compliance with CBP regulations. The bond is submitted on CBP Form (CF) 301. The bond provisions are set forth at 19 CFR 113.73, CBP Regulations. A failure to comply with the regulations may be deemed a "default" by CBP and result in the assessment of liquidated damages under the bond.

Port Director: The CBP Port Director in Phoenix AZ, is the local representative of the FTZ Board as identified in the FTZ Board regulations and is the authority on all operational and activity-related issues at the Zone.

Port of Entry: A place designated by the U.S. Government at which a CBP officer is assigned with authority to accept entries of merchandise, collect duties, and enforce the various provisions of the CBP laws.

Privileged Foreign Status (PF): In normal operations or prior to any manipulation or manufacture which would change its tariff classification, an importer may apply to the District Director to have imported merchandise in the Zone given privileged foreign status. The merchandise is classified and appraised, and duties and taxes are determined on the date the Application is filed. Taxes and duties are payable, however, only when such merchandise or articles are transferred to the CBP territory. The determined duty rate and taxes are not subject to future fluctuation. Once established, privileged foreign status cannot be changed.

Reactivation: A resumption of the activated status of an entire area that was previously deactivated without any change in the Operator or the area boundaries. If the boundaries are different, the action is an alteration. If the Operator is different it is an Activation.

Retail Sale: The sale of goods to ultimate consumers, usually in small quantities.

Subzone: Single site Subzones located within the Service Area are treated by the Grantee and the FTZ Board in terms of fees and conditions the same as a Usage-Driven Site. The fees and the application format are the same. However, Subzones of multiple sites located within the Service Area, or those Subzone requests located outside of the Service Area, but still approvable by CBP, are considered different in terms of fees (see Fee Schedule on Page 22-24 of this document) and the required approval process by the FTZ Board (for those outside the Service Area). Applicants should be very clear as to which type of Subzone applicant (if they choose that type of application) they are, and provide the justification evidence to the Grantee prior to the Application being filed.

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

Unique Identifier Number (UIN): CBP identifies and defines a UIN as any unique set of alpha-numeric characters which is assigned to a category of merchandise, i.e., by unique numbers and/or letters that identify merchandise admitted to a Zone (SKU, part number, bar code, etc.). Inventory levels are adjusted on a First-In-First-Out (FIFO) or Foreign First (FOFI) basis pursuant to generally accepted accounting principles.

Vessel/Aircraft Supply: The supply of goods or equipment free of duties and taxes under Section 309 of the Tariff Act to eligible vessels or aircraft for use while actually engaged in foreign trade or in transit to Alaska, Hawaii, Puerto Rico, or any U.S. possession. Sometimes confused with exportation, which involves removal from the geographic territory of the United States and entry into a foreign country.

Zone Lot Number (ZLN): A collection of merchandise maintained under an inventory control method based on specific identification of merchandise admitted to a Zone by lot and lot number.

Zone-Restricted Status: Articles in Zone-restricted status have been brought to the Zone from CBP territory for the purpose of exportation, destruction, or storage, and are considered exported.

CBP Forms

- 214 Application for FTZ Admission and/or Status Designation: Application and permit to approve status and admit merchandise into the Foreign-Trade Zone and report of merchandise received at Zone Site.
- 214A The CF 214A Statistical Copy: The CF 214A must be printed on salmon or pink colored stock and identified as “Statistical Copy.” It shall include the data required in items 1, 2, 3, 4, 5, 7, 8, 14, 15, 16, 17, 18, 19, 20, 21, and 23 of the form. The responsibility for obtaining and providing the information rests with the Operator for admissions to the Zone. CBP is responsible for making sure the information is provided, then transmitting to Census, unless direct transmit to U.S. Census has been authorized.
- 216 Application for FTZ Activity Permit: Application and permit for the manipulation, manufacture, exhibition, or destruction of Foreign-Trade Zone merchandise.
- 301 CBP Bond: All CBP bonds utilize this form. The Foreign-Trade Zone Operator’s bond provisions are set forth at 19 CFR 113.73.
- 3461 Entry/Immediate Delivery Application: Used for entry of foreign or mixed status merchandise into CBP territory. Duties and taxes are payable on filing of the CF 7501 within ten working days of release of merchandise. An estimated CF 3461 may be used if the Operator operates under Estimated Production Procedures for Consumption (19 CFR, Part 146.63c).
- 5119-A Informal Entry: Entry for goods valued under \$1,250. Informal entry does not require a bond. Informal entry is generally not permitted for textiles and textile products (CBP Directive 3500-07).
- 7501 Consumption Entry: Entry for foreign or mixed status merchandise into the CBP territory of the United States. Duties and taxes must be paid at the time of filing this form. Consumption entries must be supported by an entry bond.
- 7512 Transportation Entry and Manifest of Goods Subject to CBP Inspection and Permit: This form is used to establish the responsibility of bond for the transfer of foreign or mixed status merchandise from the port of unloading to the Zone (unless the Zone is located in the port of unloading which requires the use of a CF 214, CF 3171, or CF 6043); from the Zone to the Port of exportation; from one Zone to another Zone; from a Zone to a bonded warehouse; and for other transfer purposes.
- 349/350 Harbor Maintenance Fee Quarterly Summary Report and Amended Quarterly Summary Report:
The Harbor Maintenance Fee is remitted quarterly for merchandise admitted to Foreign-Trade Zones and Subzones. CF 349 is used to report and remit the quarterly fees. CF 350 is used to amend prior reports, to request refunds, or to make supplemental payments.

VI. Principal Governing Regulations and Agreements

Foreign-Trade Zones Act: Foreign-Trade Zone No. 277 is governed by the Foreign-Trade Zones Act, 19 United States Code 81a-81u as amended. Copies of the Act are maintained at the office of Foreign-Trade Zone #277.

Foreign-Trade Zones Board Regulations: Foreign-Trade Zone #277 is regulated by the Foreign-Trade Zones Board, Washington, D.C., under U.S. Code of Federal Regulations, Title 15, Part 400, as amended. Copies of these regulations are maintained at the office of Foreign-Trade Zone No. 277 for reference.

CBP Service Regulations: Foreign-Trade Zone #277 is subject to the regulations of the CBP under U.S. Code of Federal Regulations, Title 19, part 146, as amended. Copies of these regulations are maintained at the office of Foreign-Trade Zone #277 for reference.

Foreign-Trade Zone #277 Schedule: All corporations, partnerships, and persons operating within activated Zone space are subject to this Schedule. The Foreign-Trade Zone Grantee will be the sole judge to interpret and determine the applicability of any of the rates, rules, regulations, or services provided for in this Schedule. However, any matter involving interpretation of action by CBP or other agency of the U.S. Government will be determined by the Port Director of CBP as the resident representative of the Foreign-Trade Zones Board. One copy of this Schedule will be provided to each Operator. Updates will be provided as revisions occur. Additional copies of this Schedule are maintained at the office of Foreign-Trade Zone #277 for reference.

Foreign-Trade Zone Operator Agreement: Every corporation, partnership, and person seeking to operate a Zone Site (including a Subzone) within Foreign-Trade Zone #277, must enter into an Operator Agreement with The Greater Maricopa FTZ, Inc. as Grantee. Copies of the Standard Operator Agreement are maintained at the office of Foreign-Trade Zone #277 for reference. If any conflict with this Schedule and any Operator Agreement occur, the Operator Agreement will prevail.

Foreign-Trade Zone Developer Agreement: Every corporation, partnership, and person seeking to develop a Zone Site within Foreign-Trade Zone #277, must enter into a Developer Agreement with The Greater Maricopa FTZ, Inc. as Grantee. Copies of the Standard Developer Agreement are maintained at the office of Foreign-Trade Zone #277 for reference. If any conflict with this Schedule and any Developer Agreement occur, the Developer Agreement will prevail.

VII. General Rules and Regulations

Availability of Zone: All rates and charges for services and privileges within the Zone shall be fair and reasonable, and the Grantee shall afford to all who may apply for the use of the Zone and its facilities 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.

All Zone services and facilities shall be administered fairly and reasonable. In addition, the availability of all said services and facilities is subject to the physical limitations of Foreign-Trade Zone #277, with said services and facilities available on a “first-come, first-served” basis.

Merchandise Permitted in Zone: Foreign and domestic merchandise of every description, except such as is specifically prohibited by law, may, without being subject to the CBP laws of the United States except as otherwise provided in the Act and the regulations made there under, be brought into a Zone.

Merchandise which is specifically 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.

Activities Permitted in Zone: Merchandise lawfully brought into a Zone may, in accordance with these and other regulations made under the provisions of the Act, be stored, sold, exhibited, broken up, repacked, assembled, distributed, sorted, graded, cleaned, mixed with foreign and domestic merchandise, or otherwise manipulated or be manufactured into new articles of commerce. **Only manufacturing and/or processing activity approved by the FTZ Board may be performed in the Zone or Subzone(s). See Section X “Activities permitted in a Zone.”**

Security and Safety Requirements in the Zone: All Foreign-Trade Zone Sites, in order to be approved for their initial Activation by CBP, must meet certain security and safety requirements. These requirements may include, but are not limited to: locking warehouse doors, adequate fencing (if necessary), personnel screening, proper lighting in warehouses, absence of debris or other safety hazards, etc. Each Zone Site will be considered separately to determine what CBP may require to protect the revenue of the United States, based on the specific conditions of each Zone Site, e.g., value of goods, size, chances of theft occurring, etc.

After a Zone Site has been activated, all security and safety measures required to achieve the initial Activation must be maintained at all times. Spot checks may be conducted by CBP and the Grantee and liquidated damages or notices may be assessed if these requirements are found to be insufficiently met in any way.

No operation or process of treatment will be permitted in the Zone that, in the judgment of the Foreign-Trade Zones Board, CBP, or the Grantee, is detrimental to the public interest, health and safety.

Cost of special security devices and other requirements will be the responsibility of Operator.

Inventory Control and Recordkeeping Systems: All inventory control and record keeping systems employed by Operators within the Zone must meet the requirements of the CBP Regulations. Under the Regulations, each Operator maintains the inventory records. The CBP is relieved of the duty of actually keeping the records, but maintains assurance of the systems' accuracy by selective examinations of merchandise, and spot checks and audits of Zone facilities. Each system must be capable of producing the following required results:

- Produce accurate and timely reports and documents as required by the CBP Regulations.
- Account for all merchandise in their care, custody, and control.
- Identify shortages and overages of merchandise in the Zone in sufficient detail to determine the quantity, description, tariff classification, Zone status, and value of the missing or excess merchandise.
- Provide an audit trail to CBP forms, from admission through manipulation, manufacture, destruction, or transfer of merchandise from the Zone by a CBP authorized inventory method.
- Provide all information necessary to make entry for merchandise being transferred to the CBP territory.

Hours of Business and Services: The Zone will be available for business activities on a 24-hour basis. Regular business hours will be between the hours of 8:00 a.m. and 5:00 p.m., Monday through Friday, except on holidays.

Holidays: The term "holiday" includes the following named days and every day proclaimed by the President of the U.S. or the Governor of the State of Arizona to be a legal holiday:

New Year's Day	Labor Day
Martin Luther King's Birthday	Veteran's Day
President's Day	Thanksgiving Day
Memorial Day	Day after Thanksgiving
Independence Day	Christmas Day

Use of Zone Facilities: Zone facilities will be used for the purposes of receipt, storage, handling, exhibition, manipulation, manufacturing, and related processing and shipment of foreign and domestic merchandise as considered necessary to the conduct of Operator's normal business. Operators will not use or permit the Zone to be used for any other purpose without the prior written consent of the Zone Grantee. Operators will not do or permit anything to be done in or about the Zone which will in any way obstruct or interfere with the rights of other Operators of the Zone.

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

Residence within Zone: No person will be allowed to reside within a Zone except federal, state, or municipal officers or agents whose resident presence is deemed necessary by the Foreign-Trade Zones Board.

Insurance: Insurance is carried by the Zone Operator on its own property and merchandise at the expense of the Operator. Merchandise stored, manipulated, or transferred within the Zone is not insured by the Grantee, and the Zone tariff rates do not include insurance on merchandise.

Liability of Grantee: The Greater Maricopa FTZ, Inc. (Grantee) will not be liable and cannot assume any responsibility for any loss or damage to freight, cargo, or merchandise or other property within the Zone or for any loss or damage arising from acts of commission or omission of Operators.

Record Retention: The Operator is required to retain records for five years after merchandise is removed from the Zone. Records must be readily available for CBP review at the Zone Site(s).

CBP Inspection of Zone Merchandise: The Operator will make merchandise subject to CBP inspection immediately available to CBP at the Zone Site or a location designated by CBP and will have the sole responsibility of opening crates and packages, handling the merchandise, and securing the crates and packages following the inspection.

VIII. Applications to the Foreign-Trade Zones Board

New Zone Sites

If a company is interested in taking advantage of the benefits of Foreign-Trade Zone #277 at a location other than the currently approved Sites as listed in Section IV, the company may request that an Application be filed by Greater Maricopa Foreign-Trade Zone, Inc. (GMFTZ) or Grantee for another location. The process for applying for sponsorship by the Grantee of FTZ #277 is included as Appendix A.

Manufacturing Permits (Production Authority)

Any activity involving foreign merchandise which causes the merchandise to undergo a substantial transformation which leads to a change in CBP tariff classification while in the Zone must be approved in advance by the Foreign-Trade Zones Board. If a company is interested in conducting manufacturing, processing, or assembly operations in the Zone, the company may request that an Application be filed by Greater Maricopa FTZ, Inc. to the Foreign-Trade Zones Board for approval of the contemplated operation.

The Grantee will work with the company interested in conducting the activity to determine if the activity is consistent with the criteria established by the Board for approval.

Types of Applications to the Foreign-Trade Zones Board

There are several types of Applications for new Zone Sites:

- Magnet Site
- Subzone
- Minor Boundary Modification (Usage-Driven Site)
- Production Authority (Manufacturing)

Requests to the Board for manufacturing authority (Production Authority) can generally be made as part of an Application for a new Zone Site, or they can be filed separately with the Board for a manufacturing permit at an existing Zone Site. Manufacturing requests to the Board are available for fast-track consideration.

Procedures for Filing Applications to the Foreign-Trade Zones Board

The Grantee will determine which type (or types) of Application(s) is appropriate to accommodate an interested Zone User.

The specific procedures and estimated time frames for requesting the sponsorship of Greater Maricopa FTZ, Inc. for an Application to the Board and the filing, processing, and approval of the various types of Applications to the Board are provided in Appendix A of this Zone Schedule.

IX. Activation, Deactivation, and Alteration of Zone Sites with CBP

Activation

The Grantee will provide a checklist of items necessary to assist the Operator toward Activation of the Zone Site with CBP for commencement of Zone operation. The Grantee/Administrator recommends that an Operator retain a qualified consultant to assist in the management of the Activation process or bring such expertise in-house to properly plan for and implement the Activation and operation of the FTZ Site or Subzone. When an Operator desires to activate Zone space, the Operator will complete the following as part of the full Activation procedures outlined in Appendix B:

- 1) Procedures Manual establishing how the Zone Site will be operated, in conformance with the Federal Regulations found at 19 CFR Part 146.
- 2) Statement of personal history in order to permit CBP to perform a background check. This form must be completed on principal officers and key employees who will be involved in the operation.
- 3) Request and obtain a letter of concurrence from the Zone Grantee.
- 4) If activity is for manufacturing, a description of the proposed manufacturing activity and a copy of the Foreign-Trade Zones Board approval of this activity.
- 5) Operator Agreement, duly executed, between the Operator and the Grantee, covering the Zone Site for which Activation is sought.
- 6) A security inspection of the Zone Site to ensure security systems are in place as listed in the Procedures Manual will be conducted by CBP.
- 7) FTZ Operator's Bond to CBP as specified by CBP prior to Activation.

Deactivation

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

Alteration

An Operator may increase or decrease the amount of activated space within an authorized Zone Site or Subzone by giving five working days advance written notice to the Grantee and to CBP and by applying for Alteration which includes a new layout diagram and a letter request for Alteration.

Procedures

Specific procedures and estimated time frames for the Activation of a Zone Site or Sites by a Zone Operator are contained in Appendix B to this Zone Schedule.

X. Activity Permitted in Zone

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

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

Manipulation of Merchandise: Before foreign merchandise may be manipulated within the Zone, the Operator will make Application on CBPF216 to CBP for approval. On approval, the contemplated manipulation may occur. A yearly, blanket CBPF216 may be allowed by CBP.

Manufacturing in the Zone: Manufacturing in the Zone (now called Production) will have been approved in writing by the FTZ Board prior to the commencement of any manufacturing activity. A CBPF216 will also be required to be filed with CBP, after FTZ Board approval and prior to the manufacturing. A yearly, blanket CBPF216 may be allowed by CBP.

Exhibition of Merchandise: Any merchandise admitted to the Zone may be exhibited. The Operator must obtain permission from CBP to exhibit merchandise through submission of CBPF216.

Retail Trade within Zone: No retail trade will be conducted within a Zone except under permits issued by the Grantee and approved by the Board. Such permittee will sell no goods except such domestic or duty-paid or duty-free goods as are brought into the Zone from CBP territory. Permits which are sent to the Board for approval will be accompanied by a sworn statement, subscribed to by the applicant before a duly authorized officer to administer oaths setting forth in detail the nature of the retail trade to be conducted, and containing an agreement that such applicants will sell no goods except the kinds specifically authorized by the Act which are brought into the Zone from CBP territory.

No goods will be offered for sale or sold in a Zone which are not of the same kind and quality permitted to be offered for sale or sold in the political jurisdiction in which the Zone is located. If the permittee violates any provisions of the regulations in this section, their permit will be revoked by the Grantee who will immediately report such action to the FTZ Board.

Change in Zone Status: The Zone status of merchandise may be changed in the Zone. Merchandise in NPF status may be changed to PF status if done prior to manipulation or manufacture effecting a change in tariff classification of the merchandise. PF status may not be changed to NPF status. Merchandise in PF or NPF status may be changed to Zone-restricted status. The Operator will submit a CBPF214 to CBP for approval of a Zone status change.

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

Temporary Removal from Zone: Merchandise may be removed temporarily from the Zone for repair, restoration, or incidental operations on Application by the Operator to CBP.

XI. Fee Schedule

FTZ fees are authorized under the regulations at 400.42(b)(ii). The structure of Foreign-Trade Zone #277 fees meets all regulatory requirements, including those pertaining to the operation of Zones as public utilities. As a public utility, the Grantee is entitled to charge fees to Operators and Users in order to recoup the direct and indirect costs of operations and amortized costs of Zone start-up expenses including a minimal surplus, if possible. The Grantee structured these fees to achieve this recoupment within five years, instead of immediately, in an effort to minimize the financial burden on initial Zone Operators. By design, the fees charged by the Grantee are expected to stabilize over a 10-year period and, as in the case of other large Zone projects, to actually reduce if the Zone has grown to a point where reducing the fees will still cover costs.

As an extension of GMFTZ, the FTZ has been developed to affect the following objectives:

1. Diversify the economy of the surrounding area.
2. Provide enhanced job opportunities for the citizens of the surrounding area.
3. Provide a relocation incentive for companies involved in international trade which, if successful, would bring investment, jobs, and commerce to the surrounding area.

In order to accomplish these goals, the Grantee established the following fee structure. The fee structure is intended to encourage FTZ use. **A lack of use or a delay in the utilization of each Site is viewed as detrimental to the overall Zone project and is discouraged.** Zone Activation is the outward evidence of Zone use. The fees are not based on benefits, number of entries, etc. as in the case of some FTZ projects; they are instead based on the actual costs associated with marketing, administration, and other services provided by the Grantee, which meets the letter and intent of the FTZ Board regulations.

The fees are divided into two elements: onetime fees and recurring fees. Onetime fees are charged usually only once during the life of a Foreign-Trade Zone Site, and recurring fees are those charged either each year or every time a Site or Operator makes significant changes in its operations or size.

Application Fee

An Application fee will be charged to any new Site owner, Subzone applicant, or Minor Boundary Modification Site owner when an Application to the FTZ Board is being requested (one time). The fee will cover Grantee expenses for obtaining the necessary approvals and resolutions, letters, and support services. This fee does not cover any costs to prepare the Application, which must be borne by the applicant. The fee for each Site owner is based on the following schedule:

The Application fees are payable in advance of the Application request.

The Operator will also be responsible for paying any Application or filing fees required by the Foreign-Trade Zones Board for such an Application.

**Greater Maricopa FTZ, Inc.
Grantee Foreign-Trade Zone No. 277 Fee
Schedule
January 1, 2021**

<u>Fee Classification</u>	<u>Amount</u>
<u>Annual Fee</u> (Annual Fee is payable upon date of Activation and annually thereafter.)	
Site Owner Fee - Magnet Sites (Private)	\$15,000
Site Owner Fee - Magnet Sites (Public ¹)	\$7,500
Annual Fee applies to Magnet Sites whether or not any users have been activated. Fee is payable upon Site approval by FTZ Board and annually thereafter.	
Activated Magnet Site Operator, Usage-Driven Site Operator or Subzone Operator	\$8,000
Annual Fee is payable upon date of Activation and annually thereafter.	
Activated Subzone Operator of more than 1 site	\$12,000
Annual Fee for more than one site by single Operator.	
Non-Activated Magnet Site Operator, Usage-Driven Site Operator or Subzone Operator	\$0
<u>Application Fee (initial application or modification/expansion)</u>	
Subzone Application (Multi-site or outside of the Service Area)	\$10,000
Magnet Site Application (Private)	\$8,000
Magnet Site Application (Public ¹)	\$4,000
Usage-Driven/Subzone Site (single site in Service Area)	\$4,000
Production (Manufacturing) Request, including Scope Review/Modification	\$2,000
Application Fee is payable with letter to Grantee requesting sponsorship of Application	
<u>Activation Fee</u>	
Magnet Site Operator, Usage-Driven Site Operator or Subzone Operator	\$3,000
Activation Fee is payable upon date of request for activation.	
<u>Deactivation Fee</u>	
Zone Site deactivation	\$3,000
Deactivation Fee is payable upon date of request for deactivation.	

Footnotes

¹ Public sites are sites that are owned by the municipality or by municipality's economic development entity

Adopted by the GMFTZ Board, October 29th, 2020

Charges for Special Zone Staff Services

The Grantee maintains at the Zone a staff of employees to assist in the normal operation of the Zone during regular business hours as set forth in the Schedule. Zone staff services rendered at other hours or during holidays (overtime rates) at the specific request of an Operator will be at the following rates, with a four-hour minimum:

Supervisory Personnel:	\$250.00 per hour or portion thereof.
Non-Supervisory Personnel:	\$100.00 per hour or portion thereof.

If the Operator requests on-site assistance in performing reconciliations, Annual Reports, etc., the Grantee will charge \$250/hour.

All Grantee fees, as described herein, are payable to GMFTZ, Inc.

CBP Fees

At the time of issue of this Schedule, no fees are charged by CBP for Zone services. Should any fees or charges be imposed in the future, all such fees and charges shall be payable by the Operator of the affected Zone Site. However, CBP does charge for overtime and other special services provided at the request of an Operator. Such fees and charges shall be payable by the Operator of the affected Zone Site to CBP. Under no circumstances will the Grantee be liable or responsible for any such CBP fees or charges.

FTZ Board Fees

Any fees or charges imposed by the Foreign-Trade Zones Board shall be payable by the Applicant/Operator of the affected Zone Site or as apportioned by the Grantee among the Zone Sites. Under no circumstances will the Grantee be liable or responsible for any FTZ Board fees or charges.

Other Government Agency Fees

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

Enforcement of Charges

Zone fees and charges are due and payable when invoiced. All fees and charges are non-refundable. Failure to pay fees and charges in a timely fashion may also result in cancellation of the Operator Agreement, deactivation of the Zone Site, de-zoning of the site or other remedies deemed appropriate by the Grantee. A late fee of \$100 per day shall be assessed for any payments not made within 30 days of invoice date to Zone Operator or Site Owners. A late fee of \$100 per day shall be assessed for any operators not submitting their annual reports to the FTZ Board, if file later than February 15th of the next calendar year.

XII. Public Utility Principles

The Grantee will provide any stakeholder within the Foreign-Trade Zone program (User/Operator or Site owner) or an entity potentially wanting to participate in the Program, access to the Zone under public utility principles, and local tax policies in place per taxing jurisdiction. All who may apply for the use of the Zone must first secure letters of concurrence/no objection from each taxing entity affected by said Application before submitting said request to the Grantee.

The Foreign-Trade Zone Act of 1934 requires that Zone Grantees administer the Zones as a public utility, with fair and equitable rates and charges. As such, the Grantee will operate the Zone under the public utility guidelines provided in 19 U.S.C 81n in the Foreign-Trade Zones Act as listed below:

§ 81n. Operation of Zone as Public Utility

Each Zone shall be operated as a public utility, and all rates and charges for all services or privileges within the Zone shall be fair and reasonable, and the Grantee shall afford to all who may apply for the use of the Zone and its facilities and appurtenances uniform treatment under like 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 and the cost of maintaining the additional CBP service required under this chapter shall be paid by the Operator of the Zone.

For each type of entity that seeks Zone services; be it Zone Users, Operators, or new Sites, the Grantee has a public review process and will allow said applicant the freedom to choose consultants, service providers, and/or software providers. No restrictions apply, except that no new Sites/Subzones may be created within the city limits of Phoenix or Mesa. The GMFTZ, Inc. Advisory Board will also hear any complaints or appeals for service issues against the Grantee. The Grantee hereby commits to abide by any resolutions from the Advisory Board covering local tax policies, and to carry out those resolutions in establishing and administering the Zone project.

Appendix A: Procedures for Sponsorship of Applications to the Foreign-Trade Zones Board Through FTZ # 277

Submitting an Application to the Foreign-Trade Zones (FTZ or Zone) Board involves a Four-Step process.

- First, all of the letters from the taxing entities required to “sign-off” on the Zone request must be received by the applicant and submitted to the Grantee.
- Second, a Sponsorship Request Letter request must be submitted to the Grantee.
- Third, the request must be reviewed for Grantee sponsorship to make sure that the applicant’s Site and operations meets the Federal and Grantee policy requirements.
- Fourth, the Application must be prepared submitted, and preparations for Activation must begin.

Step 1: The Sponsorship Request Letter

Requests to submit any kind of Application to the FTZ Board, including requests for Subzone Sponsorship, Production Authority/Notification (Manufacturing or Activity Permit) Magnet Site and Usage-Driven Site (Minor Boundary Modification or MBM), must be made to the Grantee in a simple, letter format, including the following information:

1. Name of applicant, address, phone number, facsimile number, and name and title of person responsible and authorized for the Application preparation.
2. Type of designation sought, i.e., Subzone, Usage-Driven Site, Magnet Site, Production Notification for manufacturing, expansion of any of the above types, or scope request from the FTZ Board.
3. Letters to and from city staff where you intend this Site to be located demonstrating their understanding of your project.
4. Brief description of proposed Site (acreage, square footage, number of buildings). Include an electronic and hard copy layout/diagram of Site.
5. For any Site request including Production Notification (for a Manufacturing Permit), whether connected with or separate from a Site approval request; provide a short description of the company including:
 - A. product lines that are being applied for,
 - B. the types of imported items to be used,
 - C. prior experience with FTZ by staff, if any.
6. For Magnet Site requests, please include the following specific information:
 - A. A description of the initial activity at or planned for the Site,
 - B. A building Site plan, showing current and/or future buildings planned for the park.
 - C. A description of what makes this Site unique, including international transportation, users, use-types, location, etc.
7. Completed Cost-Benefits Analysis or an explanation of definitive benefits the company

or Site will yield by receiving Zone status. (Not necessary for Magnet Sites)

8. The letter should include a statement by the applicant that all fees for Application shall be paid promptly, and that the applicant fully intends on activating and/or executing a Grantee/Operator or Developer Agreement, whichever is applicable.

Step 2: The Review

All requests to submit Applications will go through a review and approval process which uses the following criteria:

1. Operation “qualifies” to become a Zone Site or Subzone under federally-established criteria. Operation has also met the “tax entity information” criteria as established by each of the included cities within the Service Area of FTZ #277.
2. Applicant demonstrates ability and commitment to comply with applicable regulations and activate and operate a Zone Site/Subzone.
3. Operation demonstrates a clear Foreign-Trade Zone need; and for Production Notification/Manufacturing Permits, the activity meets the minimum public interest criteria, such as sufficient investment, jobs, import substitutions, exports, etc.
4. Operations involving trade-sensitive merchandise must show how FTZ benefits outweigh other trade considerations on a national and local scale. Any operations with trade sensitive merchandise or a negative comment (as ascertained by the FTZ Board after the first 40 days of the comment period) will be required to submit an additional list of questions answered for a Full Review by the FTZ Board. Some operations may not be viable (due to Commerce Department Policy) and may not qualify for sponsorship.
5. Other criteria as may be set by the Grantee.

The review process will take approximately 30 days and the Sponsorship Request will be approved by the President (for minor changes) or the full Board (for major additions/modifications) of GMFTZ, the Grantee of FTZ # 277 or a letter will be sent explaining otherwise. The review process shall be conducted as follows:

1. Applicant submits letter request (Step 1 above) for sponsorship to FTZ Grantee’s President.
2. President reviews and informs the Board of his recommendation within 30 days. Applicant is contacted with results, and if positive, the Grantee will issue an appropriate Letter and an invoice for the Application fee will be sent to the applicants. Applicant must pay the fee prior to the Grantee reviewing the Application (Step 3 below).

Step 3: Application Submission

Submission of an Application to the FTZ Board and Activation preparation is a complex process and close attention must be paid to the relevant regulations.

1. The Application must be prepared consistent with FTZ Board regulations, which have recently changed and are effective May 1, 2012. This Grantee strongly suggests that all Applications should be professionally prepared according to the guidelines established by the FTZ Board. The Grantee recommends that applicants have experienced staff to complete the Application or seek professional expertise in preparation. This will save time and expense. The Grantee can provide a list of qualified firms to any applicant upon request.
2. Grantee will assist in obtaining government support at federal, state, and local levels.
3. Grantee shall review the Application and, if complete, submits Application to Foreign-Trade Zones Board in Washington, D.C. on behalf of the applicant. If an additional technical and/or legal review is required, the Grantee will inform the applicant of said cost. If Application is not complete, Grantee will return the Application to the applicant for revision to meet FTZ Board guidelines or strengthen justification arguments.
4. Grantee provides resolution and Application Letter in support of Application.
5. FTZ Board will review the Application for 30 days and issue a request for additional information that will be the responsibility of the applicant to provide the Grantee for review, and then revising the Application to meet the FTZ Board's request for additional information.
6. Approval and designation by FTZ Board.
7. Company prepares for Activation. (See procedures for Activation of Zone Sites)

Appendix B: Procedures for Activation of Zone Sites – FTZ # 277

In the interest of making Activation as easy as possible for all involved parties, the Grantee established the following procedures for Activation of a Zone Site or Subzone Site. The procedures involve three steps; Request to the Grantee, Approval by the Grantee and Approval by Customs and Border Protection (CBP).

I. Request Letter to the Grantee for Activation

Before an Activation request can be made to CBP, the Operator must have the Grantee's concurrence for Activation. The process is for the Applicant to submit a letter to the Grantee, which describes the following:

1. Information about the Applicant and the Zone processes to take place:
 - (a) Facility size and address.
 - (b) Description of the area to be activated.
 - (c) Activities to be conducted, specifying what products and/or manufacturing HTS numbers are being used/approved by the FTZ Board (if applicable).
 - (d) Statement that Operator has or will have a system in place to manage the Zone inventory according to CBP regulations.
 - (e) The letter should include a statement that all fees for Activation shall be paid promptly, and that a Grantee/Operator Agreement will be executed prior to Activation.
2. The Grantee reviews the request and if the Operator has provided all of the information required above, the Grantee will issue an Operator's Agreement to the applicant, along with an initial invoice for the Grantee's Activation Fee. Once both are returned to the Grantee, the Grantee will allow an Operator desiring to activate to receive the Grantee concurrence letter to the Operator, so that the Operator can begin the Activation process of submitting the background investigation forms to CBP. If the request is rejected for cause, Grantee will advise of the reason(s).
3. Letter to the Grantee should be copied to the City/Town economic development director in the community that the activation will take place, so that the taxing entities can be notified of the Activation request.

II. Approval by Grantee for Activation

The process for executing the Grantee/Operator Agreement takes approximately 30 days. The process for having a Grantee/Operator Agreement executed and approved by the Grantee, which results in a Final Grantee concurrence letter as well as the signed Operator Agreement is as follows:

1. Applicant submits Request Letter (Step 1 above),

2. Applicant executes the Grantee/Operator Agreement and sends it back to the Grantee, along with the fee for Activation.
3. President completes his review within 30 days once satisfied that the Agreement is properly executed and the fee(s) have been paid, the Grantee will then issue the Grantee concurrence letter to the Operator.

III. Application to Customs for Activation

1. The applicant must submit an Application to the Port Director for Activation, which, according to 19CFR Part 146.6, should include:
 - (a) A description of all Sites included to be activated.
 - (b) A description of any operation to be conducted therein.
 - (c) A statement of the general character of the merchandise to be admitted.
 - (d) Completed CBPF5106
 - (e) Customs bond form CBPF301.
 - (f) Physical and procedural security survey.
 - (g) A detailed blueprint of the FTZ Site with the area to be activated outlined in red.
 - (h) A procedures manual detailing the inventory control and recordkeeping system that will be used in the Zone, including a description of any special procedures.
 - (i) Grantee concurrence letter.
 - (j) Special Request Letter, for any approvable procedures sought.
 - (k) Background check forms on all officers and managing officials. (these forms may be completed and submitted in advance of the Activation Request)
2. The complete Application requesting Activation of a Site in Foreign-Trade Zone No. 277 should be forwarded to the Port Director of CBP. A copy of the Activation Request letter only (and the site outlined in red showing activation area requested) should be emailed to the Grantee upon submission to CBP.

IV. Activation Approval

1. Notification, in writing, from CBP with approval/denial of request will be sent directly to the Operator. At this time, CBP will specify the amount of Operator Bond. Annual fee to the Grantee is due when the CBP letter is received by the Operator.
2. Operator will then obtain the Operator Bond and file with CBP. Grantee Annual Fee is due and payable upon filing of the Grantee Bond.
3. Operator shall email a copy of the Activation approval letter to the Grantee, and to the City/Town economic development director that has been involved with the applicant from the beginning.

The Grantee will provide support for the applicant in obtaining all approvals necessary to commence Zone operations, which could include interfacing with the CBP and other agencies, as requested by the Applicant.