

## **IMPORTANT INFORMATION ABOUT ZONE SCHEDULES**

This zone schedule is being made available pursuant to 15 CFR 400.44(e), which states: “The Board shall make copies of zone schedules available on its Web site.”

Availability of this zone schedule on the FTZ Board’s website does not imply that the FTZ Board has approved any rate/charge, policy or other content of this zone schedule. In particular, while the FTZ Board staff intends to conduct spot checks over time, zone schedules are not reviewed for compliance with the public utility requirement (19 U.S.C. 81n, 15 CFR 400.42) prior to making the zone schedules available via the Board’s website.

Pursuant to 15 CFR 400.44(b)(4), a grantee may not assess any specific rate or charge for which the amount – or formula for calculating the amount – does not appear in the zone schedule that the grantee has submitted to the FTZ Board.

Complaints about a grantee’s compliance with statutory and regulatory requirements related to public utility and uniform treatment – including rate or charge amounts/formulas, a grantee assessing a rate or charge amount/formula that does not appear in its zone schedule, and a grantee not affording uniform treatment under like conditions – may be presented to the FTZ Board under 15 CFR 400.45 (which also allows for complaints to be made on a confidential basis, if necessary).

Questions or concerns may be addressed to the FTZ Board staff at (202) 482-2862 or [ftz@trade.gov](mailto:ftz@trade.gov).

Zone Schedule  
Foreign-Trade Zone 1  
New York, New York

Grantee: City of New York  
Managed by: New York City Economic  
Development Corporation

Effective: February 2018

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## **I. FOREIGN TRADE ZONE NO. 1 BACKGROUND**

The Foreign-Trade Zones Act of June 18, 1934, as amended, authorized and empowered the Foreign-Trade Zones Board to grant certain corporations the privilege of establishing, operating and maintaining foreign-trade zones in or adjacent to ports of entry under the jurisdiction of the United States of America.

In 1936, the City of New York (the “City”) received a grant from the Foreign-Trade Zone Board to establish, operate and maintain Foreign-Trade Zone No. 1 (*See* Board Order No. 2, January 30, 1936).

New York City Economic Development Corporation (“NYCEDC”), a not-for-profit corporation formed pursuant the New York State Not-for-Profit Corporation Law, pursuant to the Amended and Restated Maritime Contract dated as of June 30, 2013, as amended from time to time, between NYCEDC and the City, as amended from time to time, is responsible for promoting, managing and administering the development of foreign-trade zones within the City, and NYCEDC administers all agreements for operations within Foreign-Trade Zone No. 1 and act for and on behalf of the City in matters related to Foreign-Trade Zone No. 1.

## **II. DEFINITIONS**

“Act” means the Foreign-Trade Zones Act of June 18, 1934 (48 Stat. § 998-1003; 19 U.S.C. § 81a-81u), as amended from time to time.

“Annual Fee” means service charge paid by the Operator to the City which shall cover the administrative costs and expenses incurred by the City and NYCEDC in connection with the maintenance of FTZ No. 1, including the costs incurred in the establishment of the Zone Site, as set forth in the FTZ No. 1 Zone Schedule.

“Annual Report” means such report made by the City or EDC to the FTZ Board containing such information as the FTZ Board may require pursuant to 19 U.S.C. §81p(b) and 15 CFR 400.46(d).

“Area Port Director” mean the Area Port Director of the Customs Service in charge of the Customs Port of Entry in which the Zone Site is located.

“CBP” means the United States Customs and Border Protection Service of the Department of the Treasury.

“CBP Correspondence” means any correspondence between the CBP and the Operator related specifically to Zone Site activation, modification to Zone Site or Zone Site activities and Zone Site deactivation.

“City” means the City of New York

“Customs Requirements” means any and all requirements imposed now or in the future by the CBP for the operation of the Zone Site as part of Zone No. 1.

“FTZ Board” means the Foreign-Trade Zones Board as referred to in 49 U.S.C. § 81a (a) or the successor of such FTZ Board in functions and duties.

“FTZ No. 1” means Foreign-Trade Zone No. 1, as authorized by grant from the FTZ Board, as such may be modified from time to time

“FTZ No. 1 Zone Schedule” means the schedule as required by 15 C.F.R. 40.

“Federal Government” means the Government of the United States of America.

“Governmental Authorities” means the Federal Government, the State of New York, the City and any agency, department, legislative body, commission, board, bureau, instrumentality or political subdivision of any of the foregoing, now existing or hereafter created.

“Governmental Requirements” shall mean any and all laws, rules, regulations, orders, ordinances, statutes, codes, directives, resolutions, and requirements of all Governmental Authorities, whether currently in force or hereafter adopted, applicable to the Zone Site, Zone No. 1, or Operator, including, without limitation, the Act, the Regulations, Customs Requirements, and FTZ No. 1 Zone Schedule.

“Magnet Site” shall mean a Zone Site intended to serve or attract multiple operators or users.

“Merchandise” shall mean goods, wares and chattels of every description, except prohibited articles.

“NYCEDC” shall mean the New York City Economic Development Corporation

“Operator” shall mean a corporation, partnership, or person that operates a zone site, whether a Usage-Driven Site or a Magnet Site of Zone No. 1 under the terms of an Operator Agreement with the City.

“Operator Agreement” shall mean agreement between the City and Operator which sets forth the terms for conducting operations in Zone No. 1.

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

“Regulations” means collectively the FTZ Board and CBP regulations currently published in the Code of Federal Regulations at Title 15, Part 400, and Title 19, Part 146, respectively, which are hereby incorporated by reference, and any additional regulations which now or in the future may be promulgated by the Federal Government which concern, relate or apply to the Zone Site, Zone No. 1 or to Foreign-Trade Zones in general. Said additional regulations shall also be deemed to be incorporated herein and, as appropriate, will supersede the cited regulations,

“Usage-Driven Site” shall mean a Zone Site tied to a single operator or user.

“Zone Site” shall mean each separate area comprising Zone No. 1.

### **III. RULES AND REGULATIONS**

#### **A. ZONE OPERATION**

1. Operator shall operate and maintain the Zone Site in accordance with the terms of the Operator Agreement, all Regulations and other applicable Governmental Requirements for operation of the Zone Site, including without limitation, the FTZ No. 1 Zone Schedule.
2. Operator may conduct in the Zone Site all activities necessary to operate the Zone Site as permitted by the Act, and only activities for the purposes specified in the FTZ Board order authorizing Operator's Zone Site.
3. If Operator desires to modify the scope of approved activity production activity under zone procedures at the Zone Site, Operator will be responsible for a separate application for the production activity to and approval from the FTZ Board, and the application for such production activity must include formal concurrence (i.e., application letter) from the City, and for obtaining the necessary authorization from the FTZ Board and CBP, and approvals required under other applicable Governmental Requirements for such production activity or for said modification of the scope of approved authority including concurrence from the City.
4. The City, or its designated representative, upon twenty-four (24) hours' notice to Operator shall have the right from time to time, to enter the Zone Site during normal business hours. Operator shall allow representatives of the FTZ Board, the CBP and other authorized U.S. Government officers unrestricted access to and throughout the Zone Site during normal business hours or as provided by for by applicable Governmental Requirements for the performance of their official duties.
5. Without limiting the generality of its other obligations, Operator shall:
  - a. take all necessary precautions to ensure that all Merchandise in, and activities occurring within, the Zone Site are in compliance with the Regulations and all other applicable Governmental Requirements; and
  - b. promptly notify the City if the CBP shall initiate proceedings against Operator based on alleged violation of applicable Governmental Requirements.
6. Operator shall at all times maintain the premises, structures and other facilities within the Zone Site in good condition so as not to endanger any persons who may be required to enter the Zone Site.

7. Operator shall promptly, but in no event more than fourteen (14) business days following Operator's receipt thereof if not sent by or on behalf of Operator, provide copies to the City of (i) all CBP Correspondence, and (ii) all correspondence between Operator and the FTZ Board related to the Zone Site, except that correspondence between the Operator and FTZ Board made pursuant Section 400.45 of the Regulations shall not be subject to disclosure.

## **B. ZONE ACTIVATION AND DEACTIVATION**

1. Operator shall conform to the CBP request for activation of the foreign-trade zone at the Zone Site. Operator shall not construct any additional Zone Site facility or alter the premises comprising the Zone Site without prior approval of the CBP and prior concurrence by the City in each case.
2. If Operator elects not to activate the Zone Site, this Agreement shall remain in effect, and except for the initial payment due upon execution of the Operator Agreement, no Annual Fee shall be due to the City from Operator hereunder during the period the Zone Site is not activated.
3. If Operator deactivates the Zone Site, Operator shall provide not less than ninety (90) days prior notice of its election to deactivate the Zone Site. Said notice period shall not commence until (a) Operator has provided written notice of deactivation to the City and (b) a planning meeting occurs with CBP on the deactivation. In no event shall the City be required to refund any portion of the Annual Fee for any period in which the Zone Site is deactivated.

## **C. COSTS AND EXPENSES**

1. Operator shall pay or cause to be paid, all costs and expenses of the Zone Site operation, including but not limited to, construction, installation, improvements, security, maintenance and personnel expenses, and to pay to the City the following activation fee plus annual fees throughout the term of this Agreement consistent with the Fee Schedule then in effect as published in the FTZ No. 1 Zone Schedule:
  - a. Activation Fee. Upon submission of an activation request to CBP, including a letter of concurrence from the City, Operator shall pay to the City an activation fee of Five Hundred (\$500) Dollars.
  - b. Annual Fee. In consideration of the grant of this agreement to operate and maintain the Zone Site, Operator shall pay to the City an Annual Fee, which shall cover the



administrative costs and expenses incurred by the City and EDC in connection with the maintenance of Zone No. 1, including the costs incurred in the establishment of the Zone Site, as set forth in the Fee Schedule for the FTZ No. 1 Zone Schedule. The Annual Fee is subject to review every year of this Agreement and may be modified upon thirty (30) days' notice from the City to Operator. The Annual Fee is due and payable upon execution of this Agreement and on the anniversary date of each year during the term of this Agreement.

2. **CBP Administrative Expense.** Operator shall pay or cause to be paid the full costs of all administrative fees imposed by CBP attributable to the Zone Site.
3. **CBP Bond Expense.** Operator shall pay the full cost of any Foreign Trade Zone Operator's bond ("Customs Bond") required by the CBP for operation of the Zone Site, and maintain and keep such Customs Bond as required by the CBP throughout the term of this Agreement. Operator shall, upon request, provide the City with a copy of the Customs Bond and any successor or renewal Customs Bond.
4. **Fines.** Operator shall be responsible for all fines incurred by the City under any applicable Governmental Requirements, as a result of any act or omission of the Operator.

#### **D. ASSIGNMENT**

1. The Operator shall not transfer or assign any interest in or rights granted pursuant to an Operator Agreement or delegate any responsibility which it has undertaken pursuant to an Operator Agreement except to any affiliate, subsidiary or the parent of Operator. In any event, notice of the closing of a sale, sublease or other change in interest in said business or operations conducted at the Zone Site must be given in writing by Operator at least sixty (60) days prior to such closing and shall contain the names and addresses of every person and entity acquiring any interest in said business or operations.

#### **E. REPORTING AND RECORD KEEPING**

1. Operator shall submit to the City in a final form by February 1 of each year, all information as may be necessary to enable the City to file its Annual Report with the FTZ Board, as well as any other reports which may be mandated by any Governmental Authority. Operator's failure to submit such information shall result in a late fee, as set forth in the FTZ No. 1 Zone Schedule.

2. Operator shall provide to the FTZ Board, the CBP and the City, as required by the FTZ Board or the Customs Requirements, all reports and forms on the operation of the Zone Site in such form and containing such information as either of them may require.
3. Operator shall maintain its accounts with respect to the operation of the Zone Site in accordance with generally accepted accounting principles and in compliance with the Regulations.
4. Operator shall retain all financial and accounting records pertaining to the operation of the Zone Site for five (5) years after the act or occurrence recorded or after the Merchandise covered by such records has been forwarded from the Zone Site, whichever is longer.

#### **F. INSURANCE**

1. Operator is required to obtain and keep in effect during the term its Zone Site operations, insurance of the types and in the amounts described below:
  - a. Commercial General Liability insurance in the amount of at least One Million Dollars (\$1,000,000) per occurrence. In the event such insurance contains an aggregate limit, the aggregate shall apply on a per-location basis applicable to each facility of the Zone Site and such per-location aggregate shall be at least Two Million Dollars (\$2,000,000). This insurance shall protect the insureds from claims for property damage and/or bodily injury, including death, arising out of or in connection with Operator's acts, activity or operations at or in connection with the Zone Site. Coverage shall be at least as broad as that provided by the most recently issued Insurance Services Office ("ISO") Form CG 0001, shall contain no exclusions other than as required by law or as approved by NYCEDC, and shall be "occurrence" based rather than "claims-made." Such Commercial General Liability insurance shall name the City and NYCEDC, and their respective officials, officers, directors, employees and agents, as an Additional Insured with coverage at least as broad as the most recent edition of ISO Form CG 2026.
  - b. Workers' Compensation insurance, Employers Liability insurance, and Disability Benefits insurance on behalf of, or with regard to, all employees involved in the Operator's operations at the Zone Site, and such insurance shall comply with the laws of the State of New York.

- c. With regard to all Zone Site operations, the Operator shall maintain or cause to be maintained Business Automobile Liability insurance in the amount of at least One Million Dollars (\$1,000,000) each accident combined single limit for liability arising out of ownership, maintenance or use of any owned, non-owned or hired vehicles. Coverage shall be at least as broad as the latest edition of ISO Form CA0001.
2. All required policies shall be issued by companies authorized to do business in the State of New York and shall be subject to approval by NYCEDC as to form and sufficiency of coverage, and shall be filed at the offices of EDC with proof of payment of premiums for all new and renewal policies. All required policies, except Workers' Compensation, Employers Liability and Disability Benefits, shall include a waiver of the right of subrogation with respect to all insureds named therein. All required policies shall also be endorsed to provide the City with thirty (30) days written notice for cancellation and/or restriction. Certificates of insurance or certified copies of policies for all insurance required in this Section 10 must be submitted to and accepted by EDC prior to or upon execution of this Agreement, and the same evidencing the renewal of all required policies, at least thirty (30) days prior to the expiration of the then current policy.
3. Operator's failure to secure and maintain insurance as required by the City shall constitute a material breach of the Operator Agreement, and such breach shall not be deemed by the parties hereto as waived or otherwise excused by any action or inaction by the City at any time. The coverage required pursuant to the Operator Agreement shall not relieve Operator of any insurance coverage required by Operator under the lease for its premises at the Zone Site or as is customary for similar businesses conducting operations in the vicinity of the Zone Site.

#### **G. DEFAULT AND TERMINATION**

1. Default. The occurrence of any one or more of the following events shall be a default of the Operator Agreement by Operator and shall be cause for termination:
  - a. Operator fails to pay any installment of any Foreign Trade Zone-related fee or other amounts required to be paid, reimbursed, or expended by it under this Agreement, when the same shall become due for payment, and such failure remains uncured for ten (10) working days after notice thereof by the City, provided that written notice of the failure need be given only once during any twelve (12) month period;
  - b. Operator shall fail to perform or comply with (i) any non-monetary obligation of Operator under the Operator Agreement or any other document executed or

delivered in connection with the Operator Agreement or (ii) any other term or provision of the Operator Agreement or any other document executed or delivered in connection with the Operator Agreement, and does not commence and complete the correction of such failure within thirty (30) days after its receipt of notice of such failure from the City or, if by its nature the failure cannot be corrected within thirty (30) days, Operator fails to commence such correction within such 30 days or, having commenced such correction, does not complete same within such additional reasonable time (not to exceed an additional sixty (60) days) required by the circumstances;

- c. the CBP shall suspend Operator's operations for a period in excess of ten (10) days;
- d. Operator or its permitted successors or assigns shall cease to lease or own the Zone Site premises; or
- e. Operator becomes in default under any mortgage, deed, trust or lease covering the premises within the Zone Site, or to the extent permitted by law, is adjudicated as bankrupt, or makes a general assignment for the benefit of creditors, or if a receiver is appointed to take charge of Operator's affairs, and such default is not remedied within 45 after notice of such default, then the City may thereupon terminate the Operator Agreement and all rights thereunder of Operator.

## 2. Termination.

- a. The Operator Agreement shall automatically and immediately terminate by reason thereof if (i) the FTZ Board shall revoke or cancel its grant of authority to the City to establish, operate and maintain Zone No. 1, or (ii) Zone No. 1 shall become deactivated, and Operator shall have no claim against the City or NYCEDC by reason of any such revocation, cancellation or deactivation and Operator shall have no further interest in the subject matter of the Operator Agreement. If the FTZ Board suspends or revokes the privilege of maintaining the Zone Site, or the Zone Site is not activated within three years of the date of the Operator Agreement (unless Operator had commenced all actions within its control to activate the Zone Site and has been diligently and continuously pursuing activation), the Operator Agreement shall automatically and immediately terminate by reason thereof and Operator shall have no further interest in the subject matter of the Operator Agreement. The City shall promptly notify Operator of any action or pending action by the FTZ Board to revoke the privilege of maintaining the Zone Site.

- b. In addition to the City's termination rights, the City shall have the right to terminate the Operator Agreement immediately for cause due to cancellation of the Customs Bond or the cancellation of the required insurance coverage.
    - c. Operator shall have the right, at any time, to terminate the Operator Agreement upon 90 days prior written notice to the City.
  3. Obligations Upon Termination. Upon the Termination Date, whether effected by the natural expiration of the term or as otherwise provided for in the Operator Agreement, Operator shall remain responsible for fulfilling all its existing obligations under the Operator Agreement which shall have accrued prior to the termination date, including without limitation, providing the City with data for the Annual Report, and satisfying all accrued but unpaid expenses or fees, all duties, taxes, charges, fees, penalties, fines, assessments and liquidated damages payable by Operator under the Operator Agreement, and all obligations, and all terms of the Operator Agreement which are expressly stated to survive.
  4. Upon the Termination Date, Operator's right to operate the Zone Site under foreign-trade zone procedures shall terminate, the premises identified in the Operator Agreement shall cease to be a Zone Site, and Operator shall not maintain or operate said premises as a Zone Site.

## **H. NON-DISCRIMINATION**

Operator shall comply with all laws, ordinances and regulation relating to civil rights. Operator shall not refuse to hire or employ, nor bar or discharge from employment, nor discriminate against any persons in compensation or in terms, conditions or privileges of employment because of age, gender, race, color, national origin, ancestry, religion, creed, sexual orientation, marital status or handicap.

## IV. FTZ NO. 1 ZONE SCHEDULE

Fee Type	Description	Amount
<b>A.) Application Fees</b>		
1.) Designation of FTZ		
a.) Designation of Usage-Drive Site	One-Time Non-Refundable	\$1,000
b.) Designation of Magnet Site	One-Time Non-Refundable	\$5,000
c.) Designation of Subzone Site	One-Time Non-Refundable	\$1,000
2.) Activation of FTZ		
a.) Activation within Usage-Drive Site	One-Time Non-Refundable	\$500
b.) Activation within Magnet Site	One-Time Non-Refundable	\$500
c.) Activation of Subzone Site	One-Time Non-Refundable	\$500
<b>B.) Operator Agreement Fees*</b>		
1.) Usage-Driven Site		
a.) Warehousing Authority	Annual	\$1,000/year
b.) Production Authority	Annual	\$5,000/year
2.) Magnet Site		
a.) Warehousing Authority	Annual	\$1,000/year
b.) Production Authority	Annual	\$5,000/year
2.) Subzone Site		
a.) Warehousing Authority	Annual	\$1,000/year
b.) Production Authority	Annual	\$5,000/year
Annual Report Late Fee		\$250/day

\*Based on activities outlined in Operator Agreement, Operator will pay corresponding fee. If both Warehousing and Production Authority are allowable at a Zone Site, the Operator will pay Production Authority fee.