

**DOCUMENT ROUTING FORM**

③ ✓ 4/30/14 ⊕

NAME OF DOCUMENT: **FOREIGN TRADE ZONE GENERAL PURPOSE OPERATOR AGREEMENT WITH SPVEF-SKID, LLC d/b/a MARINA MILE YACHTING CENTER AT MARINA BAY**

Approved Comm. Mtg. on **APRIL 15, 2014** CAM# **14-0443** ITEM: **CM-12**

Routing Origin:  CAO Also attached:  copy of CAR  copy of document

On 4/16/14, Linda B. forwarded to: **DENISE DIPALO, TRANSPORTATION & MOBILITY**

1.) Approved as to Content: DWA  
Department Director 4-16-14

Capital Improvements defined as having a life of at least 10 years and a cost of at least \$50,000 and shall mean improvements to real property (land, buildings, fixtures) that add value and/or extend useful life, inc. major repairs such as roof replacement, etc. Term "Real Property" include: land, real estate, realty, real.

Please Check the proper box: CIP FUNDED  YES  NO  
Capital Improvement Projects

2.) Approved as to Funds Available: by [Signature] Date: 4/17/14  
Finance Director

Amount Required by Contract/Agreement \$ 15,500.00 Funding Source: 468-TAM070101-N900

Dept./Div.: TAM/07 Executive Airport Index/Sub-object: Misc Income Project #

3.) City Attorney's Office: Approved as to Form: 3 Originals to City Mgr. By: DJ WILLIAMS-PERSAD  
DJ Williams-Persad [Signature]

4.) Approved as to content: Assistant City Manager:

By: Stanley Hawthorne, Assistant City Manager By: Susanne Torriente, Assistant City Manager

5.) City Manager: Please sign as indicated and forward 3 originals to Mayor.

6.) Mayor: Please sign as indicated and forward 3 originals to Clerk.

7.) To City Clerk for attestation and City seal.

2014 APR 17 PM 3:35  
CITY ATTORNEY'S OFFICE  
FITZGERALD  
E

**INSTRUCTIONS TO CLERK'S OFFICE**

8.) City Clerk: retains one original document and forwards 4 original documents to:

ANGELIA BASTO, FXE

Original Route form to Linda Blanco, CAO

2014 APR 17 PM 4:52

CITY MANAGER

4/28

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**FOREIGN-TRADE ZONE GENERAL PURPOSE OPERATING  
AGREEMENT**

**BETWEEN**

**CITY OF FORT LAUDERDALE  
FORT LAUDERDALE EXECUTIVE AIRPORT  
FORT LAUDERDALE, FLORIDA**

**GRANTEE OF FTZ NO. 241**

**AND**

**GENERAL PURPOSE OPERATOR**

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## GENERAL PURPOSE OPERATOR AGREEMENT

This Foreign-Trade Zone General Purpose Operating Agreement ("Agreement") made and entered into by and between the CITY OF FORT LAUDERDALE, a municipal corporation of the State of Florida, located at Foreign-Trade Zone No. 241, (hereinafter "Grantee" or "City"), and SPVEF-SKID, LLC d/b/a Marina Mile Yachting Center at Marina Bay, a Florida corporation authorized to do business in the state of Florida having its principal address at 2200 Marina Bay Drive East, Fort Lauderdale, FL 33312 (hereinafter "General Purpose Operator" or "Operator"), Dated this 15<sup>th</sup> day of April, 2014.

### WITNESSETH:

WHEREAS, the Foreign-Trade Zones Act of 1934, as amended, 19 U.S.C. §81, et seq. (hereinafter "the Act"), authorized the Foreign-trade Zones Board (hereinafter "FTZB") to grant to 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; and

WHEREAS, Grantee applied for a grant to establish, operate, and maintain a Foreign-Trade Zone, and FTZB approved the grant of said application on the 6<sup>th</sup> day of April, 2000, and established Foreign-Trade Zone No. 241 at the Fort Lauderdale Executive Airport and six (6) other qualified sites within Broward County, Florida (hereinafter "Zone No. 241" or "Zone"); and

WHEREAS, Grantee applied for a modification in the number and size of many of the Zone Sites and reorganization of the grant of authority under the Alternative Site Framework and was approved on April 30, 2013.

WHEREAS, Operator presently desires to activate a certain parcel also known as "General Purpose ("GP") Site #\_\_ (hereinafter "GP Site" or "Site"), and more particularly described in Exhibit "A" attached hereto and incorporated herein, said Site to be used for Foreign-Trade Zone marine operations; and

WHEREAS, Grantee submitted an application to the Foreign-Trade Zones Board for a Minor Boundary Modification, and to add Operator's Site as a GP Usage Driven Site of FTZ No. 241, which application was approved by the FTZB on \_\_\_\_\_; and

WHEREAS, approval of the application forms the basis for this agreement that intends to govern the relationship between Grantee and Operator for operation of the GP Site; and

WHEREAS, Grantee deems it practicable to limit its participation in the everyday operations of the GP Site and to place the operation of GP Site #\_\_ under the

supervision of Operator, in accordance with the terms and conditions of this Agreement; and

WHEREAS, the Zone Schedule for this GP Site is set forth in Grantee's Memorandum No. 14-053 dated March 28, 2014; and

NOW THEREFORE, IN CONSIDERATION of the payments, mutual covenants, and agreements contained herein, the parties hereto covenant and agree to the following terms and conditions as follows:

**Section 1. Authority Granted / Accepted**

1.1 Authority Granted. Operator represents and warrants that it is a corporation in good standing and authorized to conduct business in the State of Florida; that it is a financially sound corporation having the ability to meet all of the financial obligations required of a Foreign-Trade Zone GP Operator; that it is not in arrears in the payment of federal or state taxes; and that it has no outstanding judgments or claims that would interfere with its ability to conduct business in the Zone. In reliance on these representations and warranties, Grantee grants Operator the authority to use the GP Site located in Broward County, Florida, and more fully described in Exhibit "A", as a Foreign-Trade Zone subject to the terms, conditions, obligations, agreements, and restrictions and for the term hereof and for all extensions thereto.

1.2 Authority Accepted. Operator assumes all responsibility for the operation and management of the GP Site and agrees to operate and manage the GP Site in accordance with the U.S. Customs and Border Patrol (hereinafter "U.S. Customs") and FTZB Regulations, the approvals in the Grant of Permit specific to Operator's site(s), all other applicable federal, state and local laws, rules and regulations, and in accordance with the terms and conditions of this Agreement.

1.3 Non exclusive Agreement. The authority granted herein is not exclusive, and shall not be construed as any limitation upon the right of the Grantee, through its proper officers, and in accordance with applicable law, to grant to other persons or entities the rights, privileges or authority similar to or different from the rights, privileges and authority herein set forth, in the same or other parts of Foreign-Trade Zone No. 241.

1.4 The appearance of Grantee's name on any forms or documents mentioned in or required by this Agreement shall not be construed or interpreted as a representation that Grantee has any knowledge, actual or constructive, of the quantity, character, status designation, identification, or time of admission, transfer or release of goods or merchandise into or from the GP Site. All information contained on any forms or documents are the representations of Operator only, and not of Grantee.

1.5 Incorporation By Reference. There is hereby incorporated by reference into this Agreement the regulations issued by the CBP, the FTZB and the Department of Commerce relating to the Foreign-Trade Zones Program and all applicable regulations

referenced therein (hereinafter collectively referred to as the "Regulations"). Any subsequent amendment to the foregoing regulations and provisions or further regulations and provisions promulgated by the CBP or the Department of Commerce, which are applicable to either party or to the Zone shall also be deemed to be incorporated herein and, as appropriate, will supersede the cited regulations and provisions. Such Regulations shall govern the manner in which Operator maintains and operates the Zone. Any changes to the Regulations which impact the provisions of this Agreement will take precedence over provisions of this Agreement. The provisions herein pertain to the rights and obligations between Operator and Grantee and are supplementary to the Regulations. Unless specifically stated otherwise, in applying the regulations to this Agreement, Operator shall be substituted for Grantee, it being the understanding of the parties that Operator assumes all obligations of the Grantee with respect to the operational aspects of the Zone site(s).

## **Section 2. Term and Renewal**

2.1 Unless otherwise terminated as herein provided, this Agreement shall remain in effect for five (5) years commencing on the date on which all of the following have occurred:

- (a) approval of the GP Zone Site by the FTZB;
- (b) approval of this Agreement by the City Commission of Grantee; and
- (c) activation of the GP Zone by U.S. Customs (the "Effective Date").

This Agreement may automatically renew for subsequent five (5) year terms ("Renewal Terms") upon the mutual consent of the parties, and upon the same terms and conditions hereof as may be adjusted by the then current Zone Schedule (Tariff). To the extent not addressed herein, upon any extension or renewal of this Agreement, Operator agrees to comply with all standards, regulations, rules, laws, codes, whether, federal, state and local, and any fees in effect at the time of extension or renewal. Upon the expiration of the term of this Agreement, if no new agreement or extension of agreement is entered into, Operator is obligated to deactivate the GP Site as of the date of the expiration of the term of the Agreement.

## **Section 3. Standards of Operation**

3.1 Foreign-Trade Zone Schedule. Grantee has established standards of operation and management as set forth in the "FTZ No. 241 Zone Schedule," with which Operator agrees to fully comply with, as such document may be amended from time to time, a copy of which is attached hereto and made a part of this Agreement as Exhibit "B" (hereinafter "Zone Schedule"). Operator shall require strict adherence to the Zone Schedule and this Agreement by all persons, firms, and corporations admitted by Operator to the GP Site.

3.2 Right of Entry. Representatives of the FTZB, U.S. Customs Service (hereinafter "Customs"), and other authorized U.S. Government officers shall have the right to enter the GP Site or any portion thereof during normal business hours or as provided for by laws or regulations for the authorized and lawful purpose of examining the same; conferring with Operator, its agents, invitees, and employees on such

premises; inspecting and reviewing operations, equipment, facilities, supplies, records and merchandise; and determining whether the business is being conducted in accordance with the procedures established in accordance with this Agreement, the Zone Schedule, and Procedures Manual.

3.3 Grantee's Right to Entry. Representatives of the Grantee, Zone Administrator shall have right to enter the GP Site or any portion thereof during normal business hours or as provided for by laws or regulations for the lawful purpose of conducting Grantee business in the Zone site. ~~Notwithstanding, the parties specifically acknowledge that Grantee is not obligated to nor does it intend to monitor the day-to-day activities of the GP Site or the Operator. Notwithstanding, the parties specifically acknowledge that Grantee is not obligated to nor does it intend to monitor the day-to-day activities of the GP Site or the Operator.~~

3.4 Activities on GP Site. Operator shall be responsible for all activity occurring within the GP Site. Any use of the GP Site other than as approved by the FTZB is expressly prohibited and constitutes a material breach of this Agreement.

3.5 Security. Operator shall take and maintain adequate security measures for merchandise located at the GP Site in accordance with Customs' rules and regulations, and Grantee shall have no responsibility therefore.

3.6 Electronic Systems. Operator commits itself to the establishment of an electronic interface as required by U.S. Customs. When the specifications and requirements for said interface have been developed and implemented by U.S. Customs, GP Operator agrees that it will adapt and utilize all such inventory controls and interface. Operator agrees that it will pay all costs and expenses associated with the development, implementation, operation and maintenance of electronic systems required hereunder.

3.7 U.S. Customs Actions. Operator shall inform Grantee, by telephone or facsimile, and in writing within twenty-four (24) hours of any notices of audits, spot checks, or spot audits, and within five (5) business days of any liquidated damages, penalties or investigations by U.S. Customs regarding any merchandise or activity at the GP Site.

3.8 Repair and Maintenance of Facilities. Operator, at its own expense, shall at all times repair and maintain the structures and other facilities that Operator leases or owns within the GP Site, in a condition satisfactory to the Grantee and consistent with the nature of the operations in the Foreign-Trade Zone. Operator shall make such repairs or alterations as may be ordered by the FTZB or Grantee within a reasonable time after being so ordered. Operator agrees to keep the GP Site free from trash and debris, and agrees to maintain the GP Site in a safe, clean and sanitary condition.

#### **Section 4. Administrative Fees and U.S. Customs Expenses**

4.1 Administrative and Grantee Fees. In consideration of the granting of this authorization to operate the GP Site, Operator agrees to pay or cause to be paid any

and all costs, expenses, penalties and taxes (if any) arising out of or in any way connected with the GP Site operation, including, but not limited to, costs and expenses for any fees that must be paid to the FTZB or U.S. Customs for the GP Site, construction, installation, improvements, security, maintenance, advertising and personnel expense, and to pay to Grantee, the following, non-refundable fees:

- (a) Activation Fee. Upon execution of this Agreement, but prior to the Activation Request being submitted to U.S. Customs, Operator shall pay to Grantee a non-refundable activation fee of Five Thousand (\$5,000.00) Dollars. In addition, Operator shall also pay Grantee an application fee of Five Thousand (\$5,000.00) Dollars, whenever Grantee must return to the FTZB for approval to modify (add to or subtract from) the approved FTZ space, including but not limited to, adding space or area, deleting space or area, or reconfiguring space or area.
- (b) Deactivation Fee. When Operator deactivates its Site (other than temporary deactivations of less than one year), Operator is responsible for the payment to the Grantee of a Deactivation Fee of Three Thousand (\$3,000.00) Dollars, prior to requesting U.S. Customs to deactivate the GP Site. As used herein, "deactivation" shall not include "temporary deactivation" or alteration of a GP Site.
- (c) Annual Fee. In consideration of the grant of this Agreement to operate and maintain the GP Site, Operator shall pay Grantee a non-refundable service charge ("Annual Fee"), which shall cover reasonable costs and expenses incurred by Grantee in connection with the maintenance of Foreign-Trade Zone No. 241, including the costs incurred in the establishment of said Zone. The Annual Fee is established in the Foreign-Trade Zone No. 241 Schedule as required by 15 CFR Part 400 and is adjusted periodically. The Annual Fee shall be equal to Eight Thousand (\$8,000.00) Dollars for each year of the initial term of this Agreement and may be adjusted thereafter as provided for herein. The Annual Fee is to be paid within five (5) working days of receipt of the U.S. Customs letter of Activation, and on the anniversary date of each year thereafter.

4.2 U.S. Customs Service Administration Expense. Operator shall pay, or cause to be paid, the full cost of all U.S. Customs Service administrative fees attributed to the GP Site, if any are or should in the future be required by law, regulation, or ruling. It shall be the responsibility of Operator to determine whether such fees must be paid.

4.3 U.S. Customs Service Bond Expense. Operator shall pay the full cost of and maintain for at least ninety (90) days after the expiration of the term or termination of this Agreement, a U.S. Customs Service Bond required by the U.S. Customs Service for operation of the GP Site, which shall be adjusted from time to time as changes to this requirement are made by U.S. Customs.

4.4 GP Site Operator Bond on Behalf of the Grantee. Operator shall pay the full cost of and maintain for at least ninety (90) days after the expiration of the term or termination of this Agreement a Surety Bond in the name of Grantee as an obligee



under the bond in an amount equal to the amount of the Customs Bond, as may be changed by U.S. Customs from time to time, but in no circumstances shall the Operator Bond on behalf of the Grantee be reduced.

4.5 Bond Form. The form of the bonds required in Section 4.3 and 4.4 shall be approved by Grantee. All bonds shall specifically name the City of Fort Lauderdale as an Obligee under the bond. Bonds shall contain the following endorsement: "It is hereby understood and agreed that this bond may not be modified, canceled, terminated, or denied renewal by the surety unless and until Obligee has been provided with written notice at least forty-five (45) days before any such modification, cancellation, termination, or failure to renew becomes effective. The bond shall further specifically reference an agent of surety within the state authorized to accept all claims on the bond, including service of process necessary as a result of any litigation."

4.6 Breach. Failure to comply with Sections 4.3 through 4.5 of this Agreement constitutes a material breach of the same.

4.7 Fee Escalations. Zone and Subzone sites shall be subject to the "then-current tariff fees" of Foreign-Trade Zone No. 241 upon the date of the initial term and each renewal date of this Agreement.

4.8 Assessments and Taxes. Operator shall be responsible for all assessments, taxes, and fees lawfully imposed on the GP Site.

## **Section 5. Recordkeeping Requirements**

5.1 General Requirements. Operator shall maintain its accounts and inventory records for all merchandise and activity in the GP Site in accordance with generally accepted accounting principles and in compliance with all requirements of federal, state, or local government agencies having jurisdiction over the Operator.

5.2 Reports. Operator agrees to submit to Grantee, during the term herein or any extension thereto, reports containing data required by the Grantee, the FTZB, and U.S. Customs. All such reports and statements shall be signed by authorized officials of Operator, certifying to the accuracy of the reports. Current reports and due dates for reporting are:

(a) Foreign-Trade Zones Board Annual Report: The FTZ Board annual report shall be prepared on a calendar basis (January 1-December 31<sup>st</sup> of each year), and shall be input by the Operator with a copy sent by the Operator to the Grantee to be received by Grantee no later than February 1st of the following year.

(b) Annual Certification Letter: This letter will signify that the Operator has prepared, on an annual basis, an annual reconciliation as prescribed by federal and U.S. Customs regulations, and such reconciliation shall also include:

- (1) Operator shall undertake at least an annual physical inventory of all merchandise in the GP Site (unless continuous cycle counts are conducted) with prior notice of the date(s) given to Grantee and to U.S. Customs for any supervision of the inventory deemed necessary by either of them.
- (2) As part of the annual reconciliation, Operator shall specifically and conspicuously reference the discrepancies, as required by U.S. Customs and federal regulations, Operator shall notify the U.S. Customs Port Director and Grantee of any discrepancies, when required by the U.S. Customs regulations.
- (3) An annual reconciliation shall be prepared by Operator and provided to U.S. Customs, as prescribed in the applicable federal regulations.
- (4) Operator shall submit to U.S. Customs, within ten (10) working days after completion, the above mentioned certification letter declaring that the report has been completed, is accurate, and is available for review by U.S. Customs.
- (5) A systems review shall be included indicating any material deficiencies, conversions, or modifications to the system tracking the inventory in the Zone.

(c) Operator shall provide Grantee with copies of all correspondence from U.S. Customs to Operator and all correspondence from Operator to U.S. Customs concerning Foreign-Trade Zone operations, liabilities, and issues. All correspondences to and from the FTZB shall be made through the Grantee, and any direct correspondence shall be provided to the Grantee. All copies of Operator, U.S. Customs or FTZB correspondence, in whatever form (written or electronic), shall be sent to Grantee in a timely fashion, but not more than five (5) business days from receipt or date sent, unless otherwise provided in this Agreement.

5.3 Confidentiality. All financial operations information concerning Zone operations shall be kept confidential, except for that information or documentation which is required to be made public by the FTZB, the Florida Public Records Act, federal or other applicable laws, or regulations.

5.4 Additional Reports. In the event that any audit, inspection, or examination by the U.S. Customs, the FTZB, or Grantee discloses that books, records, or operational procedures of Operator are not in conformance with the requirements of this Agreement or applicable laws or regulations, Grantee may order the immediate correction of the documents, procedures or deficiencies. In the event that it is anticipated that such correction will take in excess of five (5) working days, Operator shall submit a plan (report) to the Grantee for the correction of such discrepancy.

Grantee shall respond to the proposed plan within five (5) working days by either accepting it or designating a reasonable time within which Operator must complete corrections.

5.5 Record Retention. All financial and accounting records concerning operations shall be retained for a period of five (5) years after the act or occurrence recorded or after the merchandise covered by such records has been forwarded from the Zone, whichever is longer, and all such records shall be available at the GP Site for inspection and audit by Grantee or its designee, or any appropriate government agency during normal business hours upon twenty-four (24) hours prior written notice to Operator.

## **Section 6. Operation of Zone**

6.1 Operator shall operate and maintain the GP Site in accordance with the terms of this Agreement, all provisions of the U.S. Foreign-Trade Zones Act and regulations issued thereunder, and all requirements of the FTZB and U.S. Customs Service.

6.2 Operator may conduct in the GP Site all activities necessary to operate the Site as permitted by the Act and only those activities approved in the FTZB Order authorizing Zone Operator's zone Site.

6.3 Grantee hereby grants to Operator the right to undertake the following approved activities: Foreign Trade Zone marine operations.

6.4 Operator shall ensure that all merchandise and activities occurring within the GP Site are in compliance with all federal laws, rules, and regulations and in compliance with all rules and regulations established by Grantee for operations of the Zone, including Zone Schedules/Tariffs. Upon becoming aware of any violation of the laws, rules, and regulations referred to herein, Operator shall immediately notify Grantee of such violation.

6.5 Operator shall provide a published fee schedule for its operation inside the GP Site. Operator hereby agrees to comply with the Public Utility principal stated in 15 CFR Part 400 as applicable. All rates and charges are to be uniform, fair and suitable. Operator agrees to post its fee schedule within the activated area of its Zone Operations in an appropriate and conspicuous location.

6.6 Operations Manual. Operator shall establish standards of operation and management of the GP Site, which comply with the requirements of the FTZB and U.S. Customs, and any applicable laws, rules, regulations, standards and codes. Operator shall ensure compliance with such standards by its employees, agents and representatives, and all persons, firms, corporations and other entities admitted by Operator to the Site. Operator, at its sole cost and expense, shall be responsible for preparing in written form and filing with U.S. Customs a Foreign-Trade Zone Site Operations/Procedures Manual. Operator shall immediately provide a copy of such manual to Grantee at the same time such manual is forwarded to U.S. Customs, and

immediately after each and every amendment to the manual is forward to U.S. Customs.

6.7 Alteration of Activated Area. Operator shall not make any applications to U.S. Customs to alter the activated area of the GP Site without the prior written consent of Grantee. Alteration does not require a fee to the Grantee, only notification for approval prior to submission to U.S. Customs.

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## **Section 7. Indemnification and Insurance**

7.1 Indemnification. Operator shall and will at all times forever hereafter fully and completely indemnify, defend, and hold harmless Grantee, its elected officials, employees, and agents from and against any and all detriment, damages, losses, claims, demands, suits, costs, expenses (including without limitation costs of suits and attorneys' and experts' fees through any appeals), fines, penalties, liquidated damages, duties, interest, cost of investigation, damages for personal injury or death, damage to property or the environment, defective condition or charges which Grantee, its elected officials, employees, or agents may directly or indirectly suffer, sustain, or be subjected to for or by reason of, or which in any way arise out of or are attributable to, this Agreement or the GP Site, or the execution and delivery hereof by Grantee, its elected officials, employees, and agents, or the use, operation, or maintenance of the GP Site by Operator, or the acts, omissions or negligence of Operator, its officers, employees, agents or subcontractors, or the failure by Operator, its officers, employees, agents, or subcontractors to comply with any term or condition of this Agreement or any applicable federal, state or local law, rule or regulation, whether the same be suffered or sustained by Grantee, its elected officials, employees, or agents or by any other person who shall send Operator written notice of any claim asserted against Grantee in connection with this Agreement, or the use, operation, or maintenance of the GP Site, within seven (7) business days of its receipt of a written claim; and shall provide Operator with a reasonable opportunity to defend against such claim in accordance with the terms hereof. Operator shall retain the right to select counsel, subject to Grantee's approval through its City Attorney, which approval shall not be unreasonably withheld, conditioned or delayed. This indemnity obligation shall survive the expiration or earlier termination of this Agreement. To the extent considered necessary by the Grantee and the City Attorney, any sums due Operator under this Agreement may be retained by Grantee until all of Grantee's claims for indemnification pursuant to this Agreement have been settled or otherwise disposed of, and any amount withheld shall not be subject to payment of interest by Grantee.

7.2 Environmental Obligations. Operator acknowledges and agrees that it shall be responsible for ensuring that all environmental permits and authorizations of the GP Site are and remain in compliance throughout the term of this Agreement with applicable environmental laws, rules, regulations and ordinances. Without any expense or cost to Operator and for as long as Operator leases or owns the GP Site, Operator shall remove and remediate or shall cause to have removed and remediated any non-permitted release or discharge or Pollutants, as hereinafter defined discharged or

released at, on, over, or under the GP Site during the term of this Agreement. The term "Pollutants" means all derivatives or by-products of any one or more of the following terms, as defined by applicable local, state, or federal laws or regulations: hazardous substances, hazardous materials, hazardous waste, toxic substances, toxic pollutants, or such other pollutants, contaminants, substances, materials, and wastes as are or which become regulated under applicable local, state or federal laws or regulations. The provisions of this section shall survive the expiration or termination of this Agreement to the extent a breach of the environmental regulations hereunder occurred during the term of this Agreement. The indemnification obligation of Operator, as set forth in Section 7.1, includes, without limitation, costs incurred in connection with any investigation of site conditions or any clean-up, remedial, removal, or restoration work required by any federal, state or local governmental agency because of hazardous material present in the soil or groundwater or under the GP Site.

7.3 Insurance. Operator agrees to keep in effect during the term of this Agreement general liability insurance, naming the Grantee and its directors and officers as additional insured, (including an obligation of the insurer to defend Grantee in any action covered by the insurance), covering public liability arising out of or in connection with Operator's acts, activity or operations at and in connection with the Zone in an amount not less than \$1,000,000 combined single limit liability for bodily injury and property damage. Operator will furnish Grantee, upon request, certificates of such insurance issued by the insurer. The insurance required hereby may be provided by a policy or policies arranged specifically to cover the obligations assumed hereby or by blanket insurance which covers these obligations and other obligations and liabilities of Operator.

## **Section 8. Recognition of Successor**

8.1 It is the intent of the parties hereto that the GP Site shall be operated as a Usage Driven General Purpose Foreign-Trade Zone Site for a period concurrent with the term of this Agreement and any approved extension thereof, but nothing herein contained shall obligate Grantee to recognize any successor to Operator, whether by sale, lease, transfer, or assignment, or operation of law, other than a subsidiary of Operator, or the parent or a subsidiary of the parent of Operator unless such prospective successor is acceptable in every respect to and at the discretion and upon the determination and approval of Grantee in writing. Notice of the closing of a sale, sublease, assignment or other change of ownership interest in said business to be conducted herein shall be given in writing by Operator at least forty-five (45) days prior to such closing and said notice shall contain the names and addresses of every person and entity acquiring any interest in said business or operations. Failure to provide notification to Grantee will be considered a material breach of this Agreement. If the successor in interest is other than one unconditionally accepted above, Grantee shall have the option and right to cancel this Agreement within (30) days after receipt of the notice from Operator.

## **Section 9. Default and Termination**

9.1 Defaults by Operator. The occurrence of any one or more of the following events shall constitute a default of this Agreement by Operator:

(a) Operator fails to pay any installment of any FTZ-related fee or other amounts required to be paid, reimbursed, or expended by it under the provisions of this Agreement or the Zone Schedule, when the same shall become due for payment, and such failure remains uncured for ten (10) consecutive days after written notice of such failure has been given to Operator by Grantee, provided that written notice of the failure need be given only once during any twelve-month period after which notice is not required; or

(b) Operator defaults under any mortgage, deed, trust, or lease with respect to the GP Site; or

(c) Operator fails to perform or comply with (i) any non-monetary obligation, term, covenant, condition or provision of Operator under this Agreement or any other document executed or delivered in connection herewith or (ii) any other term, covenant, condition or provision of this Agreement or any other document executed or delivered in connection herewith, and does not commence and complete the correction of such failure within thirty (30) days after written notice of such failure from Grantee or, if by its nature the failure cannot be corrected within such thirty (30) days, Operator fails to commence such correction within such thirty (30) days or, having so commenced such correction, does not complete same within such additional reasonable time, as determined by Grantee (not to exceed an additional sixty (60) days), as required under the circumstances); or

(d) Operator files bankruptcy or reorganization proceedings or becomes insolvent, or is declared or adjudicated as or commits an act of insolvency or bankruptcy, or any court takes jurisdiction of Operator's assets or property pursuant to any proceeding brought under the provisions of any bankruptcy or insolvency act, or makes an assignment for the benefit of creditors, or if a receiver or trustee is appointed to take charge of Operator's affairs, or any execution or sequestration or attachment shall be issued against Operator's property, or any part thereof shall be taken or occupied or attempted to be taken or occupied or in danger of being taken or occupied as a result of any action or proceeding of a party other than Operator, or Operator allows any final judgment against it unsatisfied, unstayed, or unbonded, or if Operator defaults in the performance of any covenant or agreement made hereunder; and such default is not remedied within thirty (30) days after notice of such default, then Grantee may thereupon terminate this Agreement and all rights hereunder of Operator; or

(e) The occurrence of FTZB or U.S. Customs action removing Operator's authority or ability to operate in Zone No. 241, which occurrence shall entitle Grantee to immediately terminate this Agreement; or

(f) The lack of Foreign-Trade Zone activity (filing 214's) on the GP Site for any three (3) year period which shall entitle Grantee to terminate this Agreement upon ten (10) days written notice to Operator; or

(g) Operator fails to comply with any provisions of the U.S. Foreign-Trade Zones Act and regulations issued thereunder, any requirements or regulations of the FTZB and U.S. Customs, any other applicable federal, state and local laws, rules, regulations, codes, and requirements, whether or not such legislation or rules are enforced by U.S. Customs or the FTZB.

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9.2 ~~In the event Operator fails to fulfill its obligations as otherwise set forth herein, Grantee may notify Operator that it is in default under this Agreement. Operator shall be given thirty (30) days after notice of said default to cure said default, unless otherwise specifically provided herein. If said default is not cured within said thirty (30) day period, Grantee may terminate this Agreement, unless otherwise provided herein.~~

9.3 Termination or Deactivation by Operator.

(a) Operator shall have the right, at any time, to terminate this Agreement and all rights and obligations hereunder upon thirty (30) days prior written notice to Grantee, provided that a written plan for deactivation is supplied to Grantee, all required fees have been paid, and a planning meeting is held with U.S. Customs on the deactivation prior to the thirty (30) days commencing.

(b) In the event this Agreement is terminated, Operator shall, at its sole cost and expense, take all actions necessary with respect to merchandise and goods on the GP Site, including the removal of all bonded merchandise and goods on the GP Site necessary to deactivate the Site, including the removal of all bonded merchandise and goods therefrom or making of a U.S. Customs entry. Operator shall be prepared to complete deactivation of the Site within ten (10) days of termination. In the event Operator fails to comply with the foregoing time limitation, Operator shall pay Grantee, as liquidated damages, an amount equal to one (1%) percent of the value of the bonded merchandise and goods on the Site for each calendar day after the ten-day period has expired.

(c) Operator acknowledges and agrees that despite anything to the contrary contained herein, upon termination or expiration of this Agreement for any reason, Operator shall not be released or relieved from fulfilling any of its obligations or duties that arose or accrued during the term of this Agreement. Operator specifically represents and warrants to the Grantee that upon termination or expiration of this Agreement for any reason, Operator shall completely fulfill and perform all of its obligations or duties that arose or accrued during the term of this Agreement.

(d) In the event of termination, no refunds of any fees paid to Grantee in accordance with Section 4 of this Agreement will be processed or provided to Operator, except that where termination is the result of FTZB action Operator will receive a prorated portion of the Annual Fee paid in accordance with Section 4.1

(e) minus the Deactivation Fee set forth in Section 4.1 (b), unless said Deactivation Fee is otherwise paid to Grantee.

(f) Upon termination of this Agreement for any cause, Operator shall immediately discontinue all use of trade names, trademarks, signs and forms of advertising and any other indicia of operation within the Foreign-Trade Zone at the GP Site, specifically referring to Foreign Trade Zone No. 241, Fort Lauderdale Executive Airport, or the City of Fort Lauderdale. Should Operator fail to make or cause to be made, such changes, within ten (10) days after written notice, then Grantee shall have the right to enter upon the GP Site without being deemed guilty of trespass or other tort, and to make or cause to be made such changes at the expense of Operator, which expense Operator agrees to pay on demand.

9.4 Withdrawal of Grant. If the grant of a Foreign-Trade Zone to Grantee shall be revoked or canceled this Agreement shall terminate and Operator shall have no claim against Grantee by reason of such revocation or cancellation.

### **Section 10. Independent Contractor Status**

10.1 Operator is an independent contractor in the performance of all activities and functions pursuant to this Agreement. Grantee and Operator are not and shall not be considered as joint venturers, partners, or agents of each other and neither shall have the power to bind or obligate the other except as set forth in this Agreement. Operator's officers, employees, agents and subcontractors shall not be considered officers, employees or agents of Grantee. Grantee and Operator further agree not to represent to anyone that they are agents of one another or have the authority to act on behalf of one another.

### **Section 11. Notices**

11.1 Any notice given under the provisions of this Agreement shall be in writing and shall be sent by certified or registered mail by depositing the same in the U.S. Mail, postage prepaid, or by hand delivery or overnight courier. Any such notice mailed as provided hereunder shall be deemed effective and served as of the date of mailing. Any notice given by hand-delivery or overnight courier shall be deemed to have been given on the date of receipt. Notices shall be addressed to:

Grantee: Fort Lauderdale Executive Airport  
6000 NW 21<sup>st</sup> Avenue  
Fort Lauderdale, Florida 33309  
Attn: Ms. Karen Reese  
Zone Administrator

Operator: SPVEF-SKID, LLC  
d/b/a Marina Mile Yachting Center at Marina Bay  
2200 Marina Bay Drive East  
Fort Lauderdale, FL 33312

Attn: David Hole



or to such other respective addresses as the parties may designate to each other in writing from time to time in accordance with this Section.

## **Section 12. Miscellaneous**

**12.1 Construction.** This Agreement shall be governed by and construed in accordance with the Foreign-Trade Zones Act, regulations adopted by the FTZB thereunder, all amendments thereto, and the applicable laws of the State of Florida.

**12.2 Counterparts.** This Agreement may be executed in any number of counterparts, each of which when so executed and delivered shall be deemed an original, but such counterparts together shall constitute but one and the same Agreement.

**12.3 Advertising.** Operator may advertise that its operations are within a foreign trade zone; however, no designs, advertising, signs or forms of publicity referring to the GP Site shall be used unless the same has first been approved in writing by Grantee as meeting its standards (including wording, color, form, number, location and size). Grantee or its agent may advertise that the Operator's operations are within FTZ No.241; however, the Grantee agrees to consult with Operator to assure the accuracy of published data concerning the GP Site. Should the Grantee or Operator fail to approve or disapprove in writing any advertising materials within ten (10) days after submission, such materials shall be deemed approved. Operator agrees that all signage to be located on the GP Site shall comply with the Sign Regulations promulgated by the applicable local jurisdiction.

**12.4 Cooperation.** Operator agrees to cooperate with Grantee in connection with Grantee's reasonable efforts to comply with all laws, ordinances, regulations, rulings, opinions and directives, of governmental entities having jurisdiction over the GP Site and activities thereon, including but not limited to the FTZB and U.S. Customs, to the extent applicable to Operator or the GP Site, and Operator agrees to execute any amendments to this Agreement reasonably requested by Grantee to assist in such compliance. To the extent Grantee is required to incur additional costs associated with the GP Site due to no fault of its own, Operator agrees that the economic terms contained herein may be renegotiated from time to time, provided that any increase in fees or costs to Operator are directly related to maintaining the GP Site.

**12.5 Incorporation.** The truth and accuracy of each "Whereas" clause set forth above is acknowledged by the parties, and incorporated herein as if fully set forth.

**12.6 Further Instruments and Action.** Each party shall deliver such further instruments and take such further action as may be reasonably requested by the other in order to carry out the provisions and purposes of this Agreement.

**12.7 Headings.** Headings and captions in this Agreement are solely for the convenience of reference and shall not affect its interpretation.

12.8 Venue; Waiver of Jury Trial. For the purposes of arbitration or litigation concerning or arising out of this Agreement between the parties, proceedings shall be in Broward County, Florida, or if in federal court, the U.S. District Court for the Southern District of Florida. To encourage prompt and equitable resolution of any litigation that may arise under this Agreement, each party waives any rights it may have to a trial by jury of any such litigation.

~~12.9 Integration. This instrument contains the entire agreement of the parties, and no representations, inducements, promises, or agreements, oral or otherwise, not embodied herein shall be of any force or effect.~~

12.10 Severability. In the event any provision or portion of this Agreement is declared void or defective by a court of competent jurisdiction, the remaining provisions shall continue to be effective.

12.11 Waiver. No failure of either party hereto to exercise any right or power given it hereunder, or to insist upon strict compliance by the other party of any obligation hereunder, and no custom or practice at variance with the terms hereof, shall constitute a waiver of the party's right to demand exact compliance with the terms hereof.

12.12 Amendment. This Agreement cannot be changed orally, but only by an agreement in writing executed by the parties hereto, with the same formality and of equal dignity herewith.

12.13 Assignment and Delegation. This Agreement shall be assignable by Grantee, and all benefits hereunder shall run to Grantee and its successors. This Agreement cannot be assigned or the duties hereunder delegated by Operator without the express prior written permission of Grantee. Should Grantee provide such permission, this Agreement shall bind such successors or assigns of Grantee.

12.14 Joint Preparation. The parties acknowledge that they have sought and received whatever competent advice and counsel as was necessary for them to form a full and complete understanding of all rights and obligations herein and that the preparation of this Agreement has been a joint effort. The language agreed to expresses the mutual intent of the parties and the resulting document shall not, solely as a matter of judicial construction, be construed more severely against one of the parties.

12.15 Nondiscrimination. Operator shall not discriminate against any worker, employee, or applicant, or any member of the public, because of race, creed, color, religion, sex or national origin, or otherwise commit an unfair employment practice. Operator will take affirmative action to insure that applicants are employed and that employees are dealt with during employment without regard to their race, creed, color, religion, sex, or national origin. Such action shall include but not be limited to the following: employment, upgrading, demotion, or transfer; recruitment advertising; layoff or termination; rates or pay or other forms of compensation; and selection for training, including apprenticeship. Operator further agrees that this clause will be incorporated in all leases and contracts entered into with sublessees and contractors of materials or

services and all labor organizations furnishing skilled, unskilled, and union labor, or who may perform any such labor or services in connection with this Agreement.

[Remainder of Page Intentionally Left Blank]  
[Signature Pages Follow]

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IN WITNESS OF THE FOREGOING, the parties have set their hands and seals the day and year first written above.

**GRANTEE**

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CITY OF FORT LAUDERDALE

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By   
John R. "Jack" Seiler, Mayor

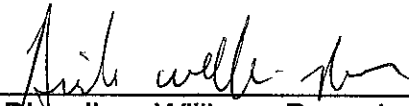
By   
Lee R. Feldman, City Manager

(CORPORATE SEAL)

ATTEST:

  
Jonda K. Joseph, City Clerk

Approved as to form:

  
Diansjhan Williams-Persad  
Assistant City Attorney

**OPERATOR**

SPVEF-SKID, LLC d/b/a Marina Mile Yachting Center at Marina Bay a corporation authorized to do business in the State of Florida.

WITNESSES:

Susan Butler  
susan BUTLER  
Witness Print Name

Fulbert Grooving  
Fulbert Grooving  
Witness Print Name

(CORPORATE SEAL)

By [Signature]

SKID LLC, Managing Member, Steven M. Israel  
Print Name and Title

ATTEST:  
  
\_\_\_\_\_  
Print Name and Title

STATE OF NEW JERSEY:  
COUNTY OF Hudson :

The forgoing instrument was acknowledged before me this 3<sup>rd</sup> day of April, 2014 by Steven Israel and \_\_\_\_\_ as Managing Member and \_\_\_\_\_ respectively of SPVEF-SKID, LLC d/b/a Marina Mile Yachting Center at Marina Bay, corporation authorized to do business in Florida, on behalf of the corporation. They are  personally known to me or  have produced \_\_\_\_\_ as identification.

(SEAL)

[Signature]  
Notary Public, State of New Jersey  
(Signature of Notary taking Acknowledgment)

Janer Vazquez  
Name of Notary Typed  
Printed or Stamped

My Commission Expires:  
JANER VAZQUEZ  
Commission Number of NEW JERSEY  
My Commission Expires Feb. 14, 2015

**EXHIBIT A**

**Site Description**

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**SPVEF-SKID, LLC d/b/a Marina Mile Yachting Center at Mariana Bay  
2200 Marina Bay Drive East  
Fort Lauderdale, FL 33312**

**FEIN: 16-8014828747-3  
Folio #: 504217010660  
Lot Size: 6 Acres**

**FOREIGN-TRADE ZONE NO. 241**

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**~~ZONE SCHEDULE~~**

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**CHARGES, RATES, RULES, AND REGULATIONS**

**APPLICABLE AT**

**FOREIGN-TRADE ZONE NO. 241**

**Operating Under Grant of Authority  
from the  
United States Foreign-Trade Zones Board  
to the  
City of Fort Lauderdale, Florida**

## 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 No. 241. Except as otherwise provided in this schedule, all general rates, rules, and regulations will apply as published.

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### ~~I. Foreign-Trade Zone No. 241 Administration Directory~~

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GRANTEE: City of Fort Lauderdale, Florida

ADMINISTRATOR: Ms. Karen Reese

Site 1: Fort Lauderdale Executive Airport Complex  
West Commercial Boulevard and NW 21st Avenue  
Fort Lauderdale, FL 33311

Site 2: CenterPort Industrial Park  
NW 8th Avenue  
Fort Lauderdale, FL 33311

Site 4: Meridian Business Park  
3355 Enterprise Avenue  
Weston, FL 33331

Site 5: Wartsila North America, Inc.  
2900 S.W. 42nd St.  
Fort Lauderdale, FL 33311

Site 6: Corropack Containers Corporation "Pending Activation"  
500 Shotgun Road  
Sunrise, FL 33326

U.S. CUSTOMS AND BORDER PROTECTION:

Jorge Roig  
Port Director  
1800 Eller Drive, Suite 104  
Fort Lauderdale, FL 33316  
(954) 761-2000



### III. Principal Benefits Provided by Foreign-Trade Zone No. 241

**Re-exports:** Merchandise which is imported into the U.S. for admission into Foreign-Trade Zone No. 241 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.

**Weekly Entry:** This benefit was added to the Foreign-Trade Zone benefits stream in the year 2000 by the Trade and Development Act. This benefit allows the importer to file a consolidated entry to CBP instead of the regular "entry per Bill of Lading" that normally occurs in shipping. Huge economies of scale result can be obtained through weekly entry, by reducing the number of CBP entries, reducing the importer's internal paperwork processing costs and reducing the total amount of fees paid to CBP for each entry. This fee reduction can result in \$200,000, \$300,000 and up to \$1 Million of savings annually for a large box, Distribution Center (DC) operator. The cost savings are so significant that the Foreign-Trade Zone program is now being used by 45 of the top 100 importers in the U.S.

**Direct Delivery:** This is a CBP procedure, only allowed in a Foreign-Trade Zone. This benefit gives the users/tenant the ability to "Sign for" CBP upon receipt of goods that normally have to go to another location for signature, before the goods can be delivered to the DC. With Direct Delivery, importers can eliminate 1-2 days of inbound time on their receipt of goods. This is being proved out every day by Huffy Bikes, Black and Decker, Skechers, and others importers who have announced publicly that they are receiving improved supply chain velocity within their Foreign-Trade Zone facility.

These are just the principal benefits of U.S. Foreign-Trade Zones. There are many other additional benefits provided by Foreign-Trade Zone No. 241, which are usually evaluated on a case-by-case basis. To discuss how your operation could benefit from Foreign-Trade Zone No. 241, call Ms. Karen Reese at the Fort Lauderdale Executive Airport at (954) 828-4970.

## V. Principal Governing Regulations and Agreements

Foreign-Trade Zones Act: Foreign-Trade Zone No. 241 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 No. 241.

Foreign-Trade Zones Board Regulations: Foreign-Trade Zone No. 241 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. 241 for reference.

CBP Service Regulations: Foreign-Trade Zone No. 241 is subject to the regulations of the CBP Service 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 No. 241 for reference.

FTZ No. 241 Zone 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 No. 241 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 No. 241, must enter into an Operator Agreement with The City of Fort Lauderdale as Grantee. Copies of the Standard Operating Agreement are maintained at the office of Foreign-Trade Zone No. 241 for reference. If any conflict with this Schedule and any Operating Agreement occurs, the Operating Agreement will prevail.

Foreign-Trade Zone Developer Agreement: Every corporation, partnership, and person seeking to develop a General Purpose Magnet Site within Foreign-Trade Zone No. 241, must enter into a Developer Agreement with The City of Fort Lauderdale as Grantee. Copies of the Standard Developer Agreement are maintained at the office of Foreign-Trade Zone No. 241 for reference. If any conflict with this Schedule and any Developer Agreement occur, the Developer Agreement will prevail.

Zone facilities. Each system must be capable of producing the following required results:

- Producing accurate and timely reports and documents as required by the CBP Regulations.
- Accounting for all merchandise in their care, custody and control.
- Identifying 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.
- Providing 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.
- Providing 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 Florida to be a legal holiday:

New Year's Day	Labor Day
Martin Luther King's Birthday	Columbus Day
President's Day	Veteran's Day
Memorial Day	Thanksgiving Day
Independence Day	Day After Thanksgiving
	Christmas Day & Day Before or After

Use of Zone Facilities: Zone facilities will be used for the purposes of receipt, storage, handling, exhibition, manipulation, approved production/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.

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.

## **VII. 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 No. 241 at a location other than the currently approved Sites as listed in Section IV, the company may request that an Application be filed by the City of Fort Lauderdale as Grantee for another location.

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### **Manufacturing Permits (Production Authority)**

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Any activity involving foreign merchandise which causes the merchandise to undergo a substantial transformation or a change in tariff rates or other activity which the FTZ Board considers "production" 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 City of Fort Lauderdale 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 under the ASF Format:**

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.

## IX. 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 CF 216 to CBP for approval. On approval, the contemplated manipulation may occur. A yearly, blanket CF 216 may be allowed by CBP.

Manufacturing in the Zone: Manufacturing in the Zone will have been approved in writing by the FTZ Board prior to the commencement of any manufacturing activity. A CF 216 will also be required to be filed with CBP, after FTZ Board approval and prior to the manufacturing. A yearly, blanket CF 216 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 CF 216.

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 D or NPF status may be changed to Zone-restricted status. The Operator will submit a CF 214 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, 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, so long as no material value is added and no change in Tariff class has occurred.

Activation Fee

An activation fee will be charged to an Operator when seeking to activate a Zone site. The fee will cover Grantee expenses for the preparation and processing of the Operator Agreement, the Grantee concurrence letter to the CBP Service and review of the activation request and related documents. This fee does not cover any costs to prepare the activation application, which must be borne by the applicant.

The activation fee is \$5,000, payable in advance to the Grantee at the time of requesting a Grantee/Operator Agreement. The Operator will also be responsible for paying any activation fees required by CBP for such a request. (not in force at this time)

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Deactivation Fee

A deactivation fee of \$3,000 will be charged to an Operator when seeking to deactivate a Zone site but will not include temporary deactivation or alteration of a Zone site or Subzone.

**Ongoing, Annual Fees within FTZ No. 241**

Annual Fee

The annual fee will cover the administration of the Zone by the Grantee, preparation of the Annual Report to the Foreign-Trade Zones Board and support services from the Grantee staff. Upon activation, an Operator shall be charged an annual fee. Standard annual fees are:

All manufacturing Operators approved for a Production Notification:	\$10,000/yr.
General-Purpose or Subzone Operators (price per each Operator):	
Operator located in FXE airport, FTZ Hub Site	\$4,000/yr.
Operator located in an Enterprise Zone or CRA industrial park	\$2,000/yr.
Operator located in a Private Magnet or Usage-Driven site	\$8,000/yr.

Any Operator with two or more sites pays the appropriate highest fee applicable, plus one-half of each additional site's applicable fees.

**All Grantee fees, as described herein, are payable to The City of Fort Lauderdale and are due upon receipt. Failure to pay timely can and will result in additional fees.**

## **XI. 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, according to their ability to qualify under 19 CFR Part 400.

~~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.

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.

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 Service. 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 Zones Board. The Grantee for Foreign-Trade Zone No. 241 is The City of Fort Lauderdale, Florida.

Imports: Foreign merchandise of every description (except articles specifically and absolutely prohibited by statute) entered into Custom 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



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 Service 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.

Nonprivileged Foreign Status (NPF): Nonprivileged foreign status is a category for merchandise which does not have privileged or Zone-restricted status. Articles composed of nonprivileged 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.

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: CBP, Ft. Lauderdale, Florida. Port Director 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 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 activation.

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

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

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.

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.

**FOREIGN-TRADE ZONE NO. 241**

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**ZONE SCHEDULE**

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**CHARGES, RATES, RULES, AND REGULATIONS**

**APPLICABLE AT**

**FOREIGN-TRADE ZONE NO. 241**

**Operating Under Grant of Authority  
from the  
United States Foreign-Trade Zones Board  
to the  
City of Fort Lauderdale, Florida**

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## 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 No. 241. Except as otherwise provided in this schedule, all general rates, rules, and regulations will apply as published.

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### ~~I. Foreign-Trade Zone No. 241 Administration Directory~~

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GRANTEE: City of Fort Lauderdale, Florida

ADMINISTRATOR: Ms. Karen Reese

Site 1: Fort Lauderdale Executive Airport Complex  
West Commercial Boulevard and NW 21st Avenue  
Fort Lauderdale, FL 33311

Site 2: CenterPort Industrial Park  
NW 8th Avenue  
Fort Lauderdale, FL 33311

Site 4: Meridian Business Park  
3355 Enterprise Avenue  
Weston, FL 33331

Site 5: Wartsila North America, Inc.  
2900 S.W. 42nd St.  
Fort Lauderdale, FL 33311

Site 6: Corropack Containers Corporation "Pending Activation"  
500 Shotgun Road  
Sunrise, FL 33326

#### U.S. CUSTOMS AND BORDER PROTECTION:

Jorge Roig  
Port Director  
1800 Eller Drive, Suite 104  
Fort Lauderdale, FL 33316  
(954) 761-2000

## **II. Overview of Foreign-Trade Zone No. 241 and this Zone Schedule**

### **Purpose of Foreign-Trade Zone No. 241 and this Zone Schedule**

The Foreign-Trade Zones Board granted Foreign-Trade Zone No. 241 to the City of Fort Lauderdale, Florida (the City), on April 6, 2000, Board Order No. 1081. Foreign-Trade Zone No. 241 reorganized under the Alternative Site Framework on April 30, 2013.

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This Zone Schedule is issued by The City of Fort Lauderdale (Grantee) in compliance with the U.S. Foreign-Trade Zones Board regulations. This Zone Schedule sets forth the operational structure of Foreign-Trade Zone No. 241 and the regulations and charges associated with active Zone operations. The Grantee's goal is to promote economic development throughout the greater Fort Lauderdale area. The City's area represents the Foreign-Trade Zone's service area. As an extension of the City, the FTZ has been developed to affect the following objectives:

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

### **Taking Advantage of the Benefits of Foreign-Trade Zone No. 241**

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 VII. 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 No. 241. 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 X. 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 No. 241**

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 Operations 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 No. 241

**Re-exports:** Merchandise which is imported into the U.S. for admission into Foreign-Trade Zone No. 241 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.

**Weekly Entry:** This benefit was added to the Foreign-Trade Zone benefits stream in the year 2000 by the Trade and Development Act. This benefit allows the importer to file a consolidated entry to CBP instead of the regular "entry per Bill of Lading" that normally occurs in shipping. Huge economies of scale result can be obtained through weekly entry, by reducing the number of CBP entries, reducing the importer's internal paperwork processing costs and reducing the total amount of fees paid to CBP for each entry. This fee reduction can result in \$200,000, \$300,000 and up to \$1 Million of savings annually for a large box, Distribution Center (DC) operator. The cost savings are so significant that the Foreign-Trade Zone program is now being used by 45 of the top 100 importers in the U.S.

**Direct Delivery:** This is a CBP procedure, only allowed in a Foreign-Trade Zone. This benefit gives the users/tenant the ability to "Sign for" CBP upon receipt of goods that normally have to go to another location for signature, before the goods can be delivered to the DC. With Direct Delivery, importers can eliminate 1-2 days of inbound time on their receipt of goods. This is being proved out every day by Huffy Bikes, Black and Decker, Skechers, and others importers who have announced publicly that they are receiving improved supply chain velocity within their Foreign-Trade Zone facility.

These are just the principal benefits of U.S. Foreign-Trade Zones. There are many other additional benefits provided by Foreign-Trade Zone No. 241, which are usually evaluated on a case-by-case basis. To discuss how your operation could benefit from Foreign-Trade Zone No. 241, call Ms. Karen Reese at the Fort Lauderdale Executive Airport at (954) 828-4970.

#### IV. Site Descriptions for Foreign-Trade Zone No. 241

Foreign-Trade Zone No. 241 is sponsored by The City of Fort Lauderdale pursuant to a grant issued by the U.S. Foreign-Trade Zones Board on April 6, 2000, Board Order No. 1081. The Zone is comprised of five (5) sites designated in the records of the Foreign-Trade Zones Board:

Site 1: Fort Lauderdale Executive Airport Complex

~~West Commercial Boulevard and NW 21st Avenue~~

Fort Lauderdale, FL 33311

Total acreage: 847 acres

Type of Site: Magnet

Sunset Date: N/A

Site 2: CenterPort Industrial park

NW 8th Avenue

Fort Lauderdale, FL 33311

Total acreage: 11 acres

Type of Site: Magnet

Sunset Date: 04/30/2018

Operator: Fairn & Swanson

Site 4: Meridian Business Park

3355 Enterprise Avenue

Weston, FL 33331

Total acreage: 8 acres

Type of Site: Magnet

Sunset Date: 04/30/2018

Site 5: Wartsila North America, Inc.

2900 S.W. 42nd St.

Fort Lauderdale, FL 33311

Total acreage: 7 acres

Type of Site: Usage-Driven

Sunset Date: 04/30/2016

Site 6: Corropack Containers Corporation

500 Shotgun Road

Sunrise, FL 33326

Total acreage: 4.2 acres

Type of Site: Usage-Driven

Sunset Date: 11/30/2016



## V. Principal Governing Regulations and Agreements

Foreign-Trade Zones Act: Foreign-Trade Zone No. 241 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 No. 241.

Foreign-Trade Zones Board Regulations: Foreign-Trade Zone No. 241 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. 241 for reference.

CBP Service Regulations: Foreign-Trade Zone No. 241 is subject to the regulations of the CBP Service 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 No. 241 for reference.

FTZ No. 241 Zone 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 No. 241 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 No. 241, must enter into an Operator Agreement with The City of Fort Lauderdale as Grantee. Copies of the Standard Operating Agreement are maintained at the office of Foreign-Trade Zone No. 241 for reference. If any conflict with this Schedule and any Operating Agreement occurs, the Operating Agreement will prevail.

Foreign-Trade Zone Developer Agreement: Every corporation, partnership, and person seeking to develop a General Purpose Magnet Site within Foreign-Trade Zone No. 241, must enter into a Developer Agreement with The City of Fort Lauderdale as Grantee. Copies of the Standard Developer Agreement are maintained at the office of Foreign-Trade Zone No. 241 for reference. If any conflict with this Schedule and any Developer Agreement occur, the Developer Agreement will prevail.

## VI. General Rules and Regulations

Availability of Zone: All rates and charges for all 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.

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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 No. 241, with said services and facilities available on a "first-come, first-served" basis. No Zone participant is required to use any specific consultant, software system or other service provider in FTZ No. 241.

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 thereunder, 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 production (manufacturing and/or processing) activity approved by the FTZ Board may be performed in the Zone or Subzone(s).** See Section IX "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 recordkeeping systems employed by Operators within the Zone must meet the requirements of the CBP Service Regulations. Under the Regulations, each Operator maintains the inventory records. The CBP Service 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:

- Producing accurate and timely reports and documents as required by the CBP Regulations.
- Accounting for all merchandise in their care, custody and control.
- Identifying 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.
- Providing 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.~~
- Providing 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 Florida to be a legal holiday:

- |                               |                                     |
|-------------------------------|-------------------------------------|
| New Year's Day                | Labor Day                           |
| Martin Luther King's Birthday | Columbus Day                        |
| President's Day               | Veteran's Day                       |
| Memorial Day                  | Thanksgiving Day                    |
| Independence Day              | Day After Thanksgiving              |
|                               | Christmas Day & Day Before or After |

Use of Zone Facilities: Zone facilities will be used for the purposes of receipt, storage, handling, exhibition, manipulation, approved production/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.

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 City of Fort Lauderdale (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 (5) 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.

## **VII. 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 No. 241 at a location other than the currently approved Sites as listed in Section IV, the company may request that an Application be filed by the City of Fort Lauderdale as Grantee for another location.

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### **Manufacturing Permits (Production Authority)**

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Any activity involving foreign merchandise which causes the merchandise to undergo a substantial transformation or a change in tariff rates or other activity which the FTZ Board considers "production" 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 City of Fort Lauderdale 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 under the ASF Format:**

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.

## VIII. 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. Here are the elements of the Activation request to CBP.

- 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.

## IX. 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 CF 216 to CBP for approval. On approval, the contemplated manipulation may occur. A yearly, blanket CF 216 may be allowed by CBP.

Manufacturing in the Zone: Manufacturing in the Zone will have been approved in writing by the FTZ Board prior to the commencement of any manufacturing activity. A CF 216 will also be required to be filed with CBP, after FTZ Board approval and prior to the manufacturing. A yearly, blanket CF 216 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 CF 216.

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 D or NPF status may be changed to Zone-restricted status. The Operator will submit a CF 214 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, 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, so long as no material value is added and no change in Tariff class has occurred.

## X. Fee Schedule

FTZ Grantee fees are authorized under the regulations at 400.42(b)(ii). The structure of FTZ No. 241 fees meet 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 temporary 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 The City of Fort Lauderdale, the FTZ has been developed to affect the following objectives:

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

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 divided into two elements: one-time fees and recurring, annual fees. One-time fees are charged usually only once during the life of an FTZ 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. The fees are not based on benefits, number of entries, etc.; they are instead based on the start-up costs and ongoing marketing, administration and other services provided by the Grantee in Zone Administration, which meets the letter and intent of the FTZ Board regulations.

### One Time FTZ No.241 Fees

#### Application Fee

An application fee will be charged to any new site owner for a: Magnet Site, Subzone Site, Minor Boundary Modification Usage-Driven site or Production Notification when an application to the FTZ Board is being requested.

The fee will cover Grantee expenses for obtaining the necessary approvals, 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 is based on the following schedule:

\$5,000 for each Subzone, Production Notification (manufacturing) and/or Magnet Site application.

\$2,500 for each Usage-Driven, Minor Boundary Modification.

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.



Activation Fee

An activation fee will be charged to an Operator when seeking to activate a Zone site. The fee will cover Grantee expenses for the preparation and processing of the Operator Agreement, the Grantee concurrence letter to the CBP Service and review of the activation request and related documents. This fee does not cover any costs to prepare the activation application, which must be borne by the applicant.

The activation fee is \$5,000, payable in advance to the Grantee at the time of requesting a Grantee/Operator Agreement. ~~The Operator will also be responsible for paying any activation fees required by CBP for such a request. (not in force at this time)~~

Deactivation Fee

A deactivation fee of \$3,000 will be charged to an Operator when seeking to deactivate a Zone site but will not include temporary deactivation or alteration of a Zone site or Subzone.

**Ongoing, Annual Fees within FTZ No. 241**

Annual Fee

The annual fee will cover the administration of the Zone by the Grantee, preparation of the Annual Report to the Foreign-Trade Zones Board and support services from the Grantee staff. Upon activation, an Operator shall be charged an annual fee. Standard annual fees are:

All manufacturing Operators approved for a Production Notification:	\$10,000/yr.
General-Purpose or Subzone Operators (price per each Operator):	
Operator located in FXE airport, FTZ Hub Site	\$4,000/yr.
Operator located in an Enterprise Zone or CRA industrial park	\$2,000/yr.
Operator located in a Private Magnet or Usage-Driven site	\$8,000/yr.

Any Operator with two or more sites pays the appropriate highest fee applicable, plus one-half of each additional site's applicable fees.

**All Grantee fees, as described herein, are payable to The City of Fort Lauderdale and are due upon receipt. Failure to pay timely can and will result in additional fees.**

### 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.

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### 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. Any and all amounts required to be paid by Operator to Grantee or which are to be paid "with interest" or which Grantee advances on behalf of Operator, which are not paid when due shall bear interest at the following rate: the legal rate provided by law for judgment in Florida plus three percent (3%). The interest rate shall be per annum from the due date until paid, unless otherwise specifically provided. The rate shall be modified from time to time as the legal rate or prime rate changes. Failure to pay fees and charges in a timely fashion may also result in cancellation of the Operator Agreement, deactivation of the Zone site, eviction or other remedies deemed appropriate by the Grantee.

## XI. 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, according to their ability to qualify under 19 CFR Part 400.

~~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.

## XII. Appendix A

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

Administrator: An employee of the Grantee, who is charged with managing the functions related to maintenance and development of the Zone including but not limited to marketing, administration of Zone access (application/activation) and report receipt, review, and submission, along with all other City and market interface. The Administrator of FTZ No. 241 is Ms. Karen Reese.

Admission: Physical arrival of goods into the Foreign-Trade Zone with the approval of the Zone Grantee and 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 No. 241.

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.

CBP: 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 and approves 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 admission 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.

CBP Territory: The territory of the U.S. in which the general tariff laws of the U.S. apply. "CBP territory of the United States" includes only the fifty 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.

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 Service. 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 Zones Board. The Grantee for Foreign-Trade Zone No. 241 is The City of Fort Lauderdale, Florida.

Imports: Foreign merchandise of every description (except articles specifically and absolutely prohibited by statute) entered into Custom 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: (Sometimes called Production Notification within FTZ Board regulations) 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 Service 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 and any such process requires a Production Notification application submitted, prior to any activity deemed "manufacturing or production" may occur within an activated FTZ site/subzone.

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, 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 Service 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.

Nonprivileged Foreign Status (NPF): Nonprivileged foreign status is a category for merchandise which does not have privileged or Zone-restricted status. Articles composed of nonprivileged 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.

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: CBP, Ft. Lauderdale, Florida. Port Director 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 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 activation.

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

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

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. ~~This term is 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 (10) 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.