

## **IMPORTANT INFORMATION ABOUT ZONE SCHEDULES**

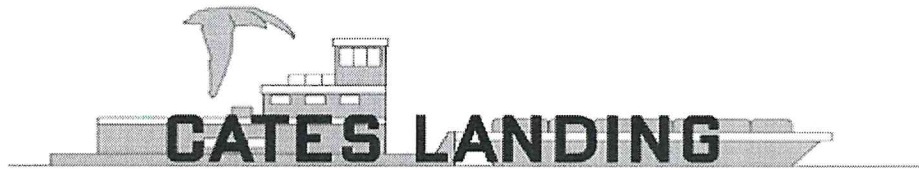
This zone schedule is being made available pursuant to 15 CFR 400.44(e), which states: “The Board shall make copies of zone schedules available on its Web site.”

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

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

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

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



*Northwest Tennessee Regional Port Authority*

June 13, 2022

Mr. Andrew McGilvray  
Executive Secretary  
Foreign Trade Zones Board  
U.S. Department of Commerce  
1401 Constitution Ave., NW  
Room 2111  
Washington, D.C. 20230

RE: Revision No. 1 to Foreign Trade Zone 283 Schedule

Mr. McGilvray,

Northwest Tennessee Regional Port Authority, Foreign Trade Zone 283, respectfully requests permission to make the following revision to its Schedule.

On page 26, the heading, General Purpose Zone Application and Activation, is changed to read: Usage Driven Site Application and Activation; this revision is to be effective June 13, 2022.

An electronic copy of the revised Schedule is attached for your convenience. Upon receipt of acceptance from the Foreign Trade Zone Board, the revised schedule will be emailed to each of our four sites.

Should you have any questions regarding this letter, please feel free to contact me or my staff at (731) 589-2380.

Sincerely,

Sylvia Mathis Palmer  
Co-Administrator  
Northwest Tennessee Regional Port Authority  
Foreign Trade Zone

cc: Chris Kemp, FTZ Tennessee Representative  
Jimmy Williamson, Chairman  
John Lannom, Chief Counsel

Foreign Trade Zone 283

Schedule Revision History Table

Page/Row No.	Document or Version No.	Revision Date	Revision Description	Tracking Notes
26	FTZ Schedule dated 8/13/2014	6/08/22	<p>Changed page heading from "General Purpose Zone Application and Activation to read</p> <p>"Usage Driven Site Application and Activation"</p>	<p>Board approved 6/08/22.</p> <p>Emailed to FTZB for approval on 6/13/22.</p> <p>Received FTZB approval on <u>06/13/2022</u> .</p>

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



*Northwest Tennessee Regional Port Authority*

September 26, 2014



Mr. Andrew McGilvray  
Executive Secretary/Staff Director  
United States Department of Commerce  
The Foreign Trade Zones Board  
1401 Constitution Ave., NW, Room 21013  
Washington, DC 20230

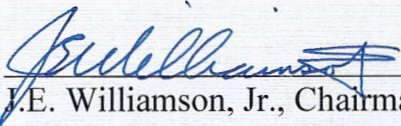
[FTZ@trade.gov](mailto:FTZ@trade.gov)  
and Federal Express

Dear Mr. McGilvray:

In accordance with your letter dated September 5, 2014, I enclose the Zone Schedule for Foreign Trade Zone 283.

If you should have questions or concerns regarding our Zone Schedule, please contact me. Thank you for your assistance.

Sincerely,

  
J.E. Williamson, Jr., Chairman

JEW/pm  
Enclosure

cc: Kathleen Boyce ([Kathleen.Boyce@trade.gov](mailto:Kathleen.Boyce@trade.gov))  
John M. Lannom ([jlannom@lannomcoronado.com](mailto:jlannom@lannomcoronado.com))  
Riley Higby ([Riley.Higby@informaecon.com](mailto:Riley.Higby@informaecon.com))

# **FOREIGN-TRADE ZONE NO. 283 ZONE SCHEDULE**

Effective: August 13, 2014

**Northwest Tennessee Regional Port Authority**

**Grantee**

Lake County, Tennessee

Prepared for: Northwest Tennessee Regional Port Authority

By: Informa Economics, Inc.  
775 Ridge Lake Blvd.  
Suite 400  
Memphis, TN 38120  
(901) 766-4463

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Approved as of August 13, 2014

Foreign-Trade Zone No. 283

**SECTION I – ADMINISTRATION DIRECTORY**

**Grantee:** Northwest Tennessee Regional Port Authority  
 4480 Cates Landing Road  
 Tiptonville, TN 38079  
 Chairman of Port Authority  
 Tel: 731-253-3338

**Operator(s):**

General Purpose Zone Site(s): 283		
Operator No.	Site No.	Company
None currently	None currently	None currently

**Site(s):**

01	Cates Landing One Cates Landing, State Highway 22 & Donaldson Road Tiptonville, TN 38053 Magnet - This site is activated
02	Dyersburg Industrial Park Intersection of Interstate I55 & U.S. Highway 412 Dyersburg, TN 38024 Magnet - This site not activated
03	Gibson County Industrial Park 2725 N. Central Avenue Humboldt, TN Magnet - This site not activated
04	Brownsville South Industrial Park Intersection of Highway 70/79 and Windrow Road Brownsville, TN Magnet - This site not activated
05	Memphis Mega Site Located along Interstate 40 near Highways 70 and 79 Stanton, TN Magnet - This site not activated
06	Walker East Industrial Park 374 Highway Street Ripley, TN 38063 Magnet – This site not activated

- 07 American Drive Business Center  
96 American Drive  
Jackson, TN  
Magnet – This site not activated
- 08 Obion County Industrial Park  
Located North of US Highway 51  
Between the CN Railroad and State  
Route 21  
Union City, TN  
Magnet – This site not activated
- 09 Rialto Industrial Park  
Highway 51 North  
Covington, TN  
Magnet – This site not activated
- 10 Midwest-CBK, Inc.  
Located south of US Highway 51 at  
State Route 21  
Union City, TN  
Usage-Driven  
This site not activated

**U.S. Customs**

Port No. 2006

Service Port – Memphis  
3150 Tchulahoma Road, Suite 1  
Memphis, TN 38118  
General Phone: (901) 544-0291  
General Fax: (901) 544-0294

## Northwest Tennessee Regional Port Authority Board of Directors

CHAIR	Jimmy D. Williamson, Jr. 4480 Cates Landing Road Tiptonville, TN 38079 (731) 253-3338
BOARD SECRETARY COMMISSIONER	Marcia Mills 427 Wynn St. Tiptonville, TN 38079 (731) 253-7653 (731) 442-9273
AUDITOR	Joe M Enoch & Associates, PLLC 110 West Court PO Box 547 Dyersburg, TN 38025-0547 Main Number (731) 286-6080 Fax (731) 285-8975
LEGAL COUNSEL	John M. Lannom Lannom Coronado PLLC 422 McGaughey Street PO Box 1729 Dyersburg, TN 38025-1729 (731) 285-0374
CHIEF ENGINEER	Randall Rhodes Forcum Lannom Contractors LLC 350 Highway 51 ByPass South Dyersburg, TN 38024 (731) 287-4700
COMMISSIONER	Richard Arnold 1421 Forest Drive Union City, TN 38261 (731) 885-1044
COMMISSIONER	Mack Forrester 630 Headden Drive Ridgley, TN 38080 (731) 253-7367
COMMISSIONER	Diana Frankum P.O. Box 1016 Union City, TN 38281-1016 (731) 885-4840

COMMISSIONER

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COMMISSIONER

James Tolar  
444 North College Street  
Ridgley, TN 38080  
(731) 264-5281

COMMISSIONER

Tony White  
3535 St. Route 21E  
Tiptonville, TN 38079  
(731) 253-6654  
(731) 442-9232

## SECTION II – OVERVIEW

### **Purpose of Foreign-Trade Zone No. 283 and this Zone Schedule**

Foreign-Trade Zone No. 283 was granted by the Foreign-Trade Zones Board to the Northwest Tennessee Regional Port Authority on October 19, 2012. This Zone Schedule is issued by the Foreign Trade Zone of Northwest Tennessee Regional Port Authority in compliance with the U.S. Foreign-Trade Zones Board regulations. This Zone Schedule sets forth the operational structure of Foreign-Trade Zone No. 283 and the regulations and charges associated with active Zone operations. A copy of the Zones Schedule is available for public inspection at the offices of the Grantee and Operator(s).

The Northwest Tennessee Regional Port Authority is located on the Mississippi River, Cates Landing, Lake County, Tennessee. It is comprised of fifty (50) acres at Cates Landing, eight (8) acres at Jolly Landing, 86 acres Disposal Land, 192 acres Land-side Disposal Land, 23 acres Purchased Lay-Down, and 310 acres Mitigation Land.

The goal of the Foreign Trade Zone of Northwest Tennessee Regional Port Authority is to promote economic development throughout the nine (9) county area through promotion and utilization of Foreign-Trade Zone No. 283 by assisting businesses to be more competitive in the global market, and by providing a Customs management tool to importers and exporters. The principal benefits the Zone provides to businesses are listed in Section III of this Zone Schedule.

### **Taking advantage of the Benefits of Foreign-Trade Zone No. 283**

Currently approved Zone and/or Sub-zone Sites are listed in Section IV of this Zone Schedule. The Zone can be expanded or modified to other locations to accommodate interested Zone Operators, Users, importers and exporters located throughout the community, as explained in Section VIII.

There are three (3) ways to utilize Foreign-Trade Zone No. 283. A company can have its products handled by a Zone Operator, become a separate Zone User under an Operator, or a company can itself become a Zone Operator at one of the existing Zone Sites. If none of the existing Zone Sites is suitable, the Grantee can apply to the FTZ Board for a modification, expansion or Subzone.

Foreign Trade Zone No. 283 charges Zone Operators for the privilege of operating in the Zone. Uniform charges are set forth in Section XIII and Section XIV. Other charges and costs associated with the operation of the Zone area are the responsibility of the Zone Operator.

### **Additional Information Concerning Foreign-Trade Zone No. 283**

Additional general information concerning the operation of Zone Sites and general record-keeping requirements is contained in other sections of this Zone Schedule. Obligations and responsibilities of Zone Operators are also specifically outline in the Grantee/Operator Agreement, which must be executed by every Zone Operator prior to activation with Customs. Foreign Trade Zone No. 283 offices are available for further information concerning Foreign-Trade Zone No. 283. Key persons related to Foreign-Trade Zone No. 283 are identified with their corresponding addresses and phone numbers in Section I.

### SECTION III – PRINCIPAL BENEFITS TO BUSINESSES

**Re-exports:** Merchandise imported into the U.S. for admission into Foreign-Trade Zone No. 283 and later re-exported from the Zone is never assessed any Customs duties.

**Reject, Scrap and “Consumed” Merchandise:** Imported merchandise admitted into a Zone and then rejected, scrapped, or consumed in the Zone, is not assessed any Customs duties whatsoever. Duties are reduced significantly for all merchandise that 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 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 Foreign-Trade Zone No. 283, they can be manufactured into a new product for re-export for 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.

**Elimination of Duties:** No Customs duties are paid on merchandise exported from an FTZ. Therefore, duty is eliminated on foreign merchandise admitted to the zone but eventually exported from the FTZ. Generally, Customs duties are also eliminated for merchandise that is scrapped, wasted, destroyed or consumed in a zone.

**Elimination of Drawback:** In some instances, Customs duties previously paid on exported merchandise may be refunded through a process called drawback. The drawback law is increasingly complex and expensive to administer. Through the use of an FTZ, the need for drawback may be eliminated allowing these funds to remain in the operating capital of the company.

**Labor, Overhead and Profit:** In calculating the dutiable value on foreign merchandise removed from a zone, zone users are authorized to exclude zone costs of processing or fabrication, general expenses and profit. Therefore, Customs duties are not owed on labor, overhead and profit attributed to production in a FTZ.

**Taxes:** Since goods in a zone are considered to be in international commerce, tangible personal property imported for outside the U.S. and held in a zone, as well as that

produced in the U.S. and held in a zone for exportation, are not subject to state and local ad valorem taxes.

**Other:** Many companies in FTZs find that their inventory control systems run more efficiently, increasing their competitiveness. FTZ users also find that, due to meeting their FTZ reporting responsibilities to the U.S. government, they are eligible to take advantage of special Customs procedures such as direct delivery and weekly entries, which facilitate the timely movement of cargo in and out of the country and improve competitiveness.

In addition to these principle benefits of U.S. Foreign-Trade Zones, there are several other benefits provided by Foreign-Trade Zone No. 283, which are usually evaluated on a case-by-case basis. To discuss how your operation could benefit from Foreign-Trade Zone No. 283, call Jimmy Williamson, Chairman of the Northwest Tennessee Regional Port Authority at 731-253-3338.

## SECTION IV – SITE DESCRIPTIONS

Foreign-Trade Zone No. 283 is sponsored by the Northwest Tennessee Regional Port Authority, as Grantee, pursuant to a grant issued by the U.S. Foreign-Trade Zones Board on October 19, 2012. The Zone is located on Sites designated in the records of the Foreign-Trade Zones Board:

Grant of Authority; Establishment of a FTZ under the Alternative Site Framework; West Tennessee Area, October 19, 2012.

- 1) Cates Landing, owned by Lake County, TN adjacent to the Northwest Tennessee Regional Port Authority area. Three hundred fifty (350) acres Located at One Cates Landing, State Highway 22 & Donaldson Road, Tiptonville, TN, approximately 1.0 mile from the Reelfoot Lake Airport and one mile from the Northwest Tennessee Regional Port Authority facilities.
- 2) Dyersburg Industrial Park, owned by the City of Dyersburg. Two hundred seventy-nine (279) acres located at the Intersection of Interstate I55 & U.S. Highway 412, Dyersburg, TN, approximately 5 miles from the Dyersburg Regional Airport and approximately 38miles from the Northwest Tennessee Regional Port Authority facilities.
- 3) Gibson County Industrial Park, owned by Gibson County, TN. One hundred ninety-seven (197) located at 2725 N. Central Avenue, Humboldt, TN, approximately 13 miles from the Gibson County Municipal Airport and approximately 56 miles from the Northwest Tennessee Regional Port Authority facilities.
- 4) Brownsville South Industrial Park, owned jointly by City of Brownsville and Haywood County. Four hundred seventy-four (474) acres located at Intersection of Highway 70/79 and Windrow Road, Brownsville, TN, approximately 5 miles from the Brownsville South Airport and Approximately 85 miles from the Northwest Tennessee Regional Port Authority.
- 5) Memphis Regional Mega Site, owned by the State of Tennessee. One Thousand Seven hundred twenty (1,720) core acres located along Interstate 40 near Highways 70 and 79, Stanton, TN, approximately 22 miles from the Brownsville South Airport and approximately 85 miles from the Northwest Tennessee Regional Port Authority.
- 6) Walker (East) Industrial Park, owned by the City of Ripley, TN. One hundred Sixty-seven (167) acres located off Highway 19 East at 374 Highland, Ripley, TN, approximately 25 miles from the Dyersburg Airport, and approximately 63 miles from the Northwest Tennessee Regional Port Authority.
- 7) American Drive Business Center, owned by Meridan Development, New York, NY. Fifty-five (55) acres located at 96 American Drive, Jackson, TN,

Approximately 11 miles from the McKellar-Sipes Regional Airport, and  
Approximately 86 miles from the Northwest Tennessee Regional Port  
Authority.

- 8) Obion County Industrial Park, owned by Union City, TN. 548 Acres located North of US Highway 51 between the CN Railroad and State Route 21, Union City, TN, approximately 8 miles for the Everett-Stewart Regional Airport and approximately 36 miles from the Northwest Tennessee Regional Port Authority.
- 9) Rialto Industrial Park, owned by the Industrial Board of Covington, TN. Approximately two hundred (200) acres located on Highway 51 North, Covington, TN, approximately 4 miles from the Covington Municipal Airport, and approximately 74 miles from the Northwest Tennessee Regional Port Authority.
- 10) Midwest-CBK, Inc., owned by MVP Brands, Charleston, SC. 20 acres located south of US Highway 51 at State Route 21, specifically 600 Sherwood Drive, Union City, TN and approximately 8 miles from the Everett-Stewart Regional Airport and 36 miles from the Northwest Tennessee Regional Port Authority.

#### **Application of Rates, Rules and Regulations**

The rates, rules and regulations published in this schedule will apply to all Operators of General Purpose Sites and Subzone Sites under the jurisdiction of Foreign-Trade Zone No. 283, except as otherwise provided in this schedule, all general rates, rules and regulations will apply as published.

## SECTION V – SUNSET PERIODS

Any company within a magnet site should be aware that the magnet site will sunset if no portion of that site has been activated within five years.

Usage-driven sites will sunset if there is no actual zone admission and activity within three years of approval.

## SECTION VI – PRINCIPAL GOVERNING REGULATIONS, AGREEMENTS AND MANUALS

**Foreign-Trade Zones Act:** Foreign-Trade Zone No. 283 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. 283.

**Foreign-Trade Zones Board Regulations:** Foreign-Trade Zone NO. 283 is regulated by the Foreign-Trade Zones Board, Washington, DC, under U.S. Code of Federal Regulations, Title 15, Part 400.13 (a)(4). Copies of these regulations are maintained at the office of Foreign-Trade Zone No. 2873 for reference and will be made a part of each Operator(s) and/or User(s) Procedure Manual.

**U.S. Customs Service Regulations:** Foreign-Trade Zone No. 283 is subject to the regulation of the U.S. Customs 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. 283 for reference and will be made a part of each Operator(s) and/or User(s) Procedure Manual.

**Governmental Agencies:** All corporations, partnerships and persons operating within activated Zone space are responsible to obtain, maintain and keep current any and all licenses, permits, certificates or other authorizations required by a Federal, State, or Local government that are or may be necessary for conducting business in or from the Zone.

**Foreign-Trade Zone No. 283 Schedule:** All corporations, partnerships and persons operating in activated Zone space are subject to this Schedule. The Foreign-Trade Zone Grantee will judge, 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 the action by U.S. Customs or other agency of the U.S. Government will be determined by the Port Director of Customs as the resident representative of the Foreign-Trade Zones Board. The Zone schedule shall comply with §400.44 Zone schedule. A 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. 283 for reference.

**Foreign-Trade Zone No. 283 Grantee/Operator Agreement:** Every corporation, partnership and person seeking to operate in the Zone Site (including a Subzone) within Foreign-Trade Zone No. 283, must enter into a Grantee/Operator Agreement with Foreign-Trade Zone No. 283, as Grantee. A copy of the standard Grantee/Operator Agreement is available, upon request, from the Foreign Trade Zone. If any conflict with this Schedule and any Grantee/Operator Agreement occurs, the Grantee/Operator Agreement will prevail.

**Foreign-Trade Zone Operator/User Agreement:** If a Zone User, other than the Operator, is delegated any of the Operator's authority and/or responsibilities, the Zone Operator shall ensure that a written Operator/User Agreement is executed by and between the Zone Operator and Zone User and the User is issued a Procedure Manual,

prior to the commencement of any activities at the Zone site. Said written Operator/User Agreement shall specify the term, the User's authority and responsibilities, charges and other matters as defined by the Operator.

**Foreign-Trade Zone No. 283 Procedure Manual:** A standard Procedure Manual, which is necessary as part of the application to the U.S. Customs for activation, will be utilized by Foreign-Trade Zone No. 283 Operator(s) and certain User(s). A copy of the standard Procedure Manual is available, upon request, from the Foreign-Trade Zone of Northwest Tennessee Regional Port Authority. The Foreign-Trade Zone Board and U.S. Customs Service Regulations will be made a part of each Operator(s) and/or User(s) Procedure Manual.

## SECTION VII – GENERAL RULES AND REGULATION

### **Roles of Grantee, Operator, and User:**

**Grantee:** A grantee is a public or private corporation to which the privilege of establishing, operating, or maintaining a Foreign-Trade Zone has been given. The Foreign-Trade Zone No. 283, on behalf of the Northwest Tennessee Regional Port Authority, as grantee, shall be limited to its general oversight responsibility to ensure that the reasonable needs of the business community are served by Foreign-Trade Zone No. 283.

**Operator:** An Operator is a corporation, partnership, or person that operates a Zone or Subzone under the terms of a Grantee/Operator Agreement with the Zone Grantee. The Foreign-Trade Zone of Northwest Tennessee Regional Port Authority as Grantee, delegates the responsibility for operation of Zone Sites to the Operator(s) who will assume responsibility for compliance with all regulations of the U.S. Customs Service, the Foreign-Trade Zones Board and other relevant government agencies.

**User:** A Zone User is a corporation, partnership, or person that uses a Zone or Subzone for storage, handling, processing, or manufacturing merchandise in Zone status. In Subzones and general purpose Sites, the Operator and User can be the same party. If a Zone User is not the Operator and is delegated any of the Operator's responsibilities as contained in the Zone Schedule and Grantee/Operator Agreement a written Operator/User Agreement and Procedure Manual are required.

**Availability of Zone:** All rates and charges for all services and privileges within the Zone shall be fair and reasonable, and the Grantee and Operator(s) shall afford to all who may apply for the use of the Zone and its facilities 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. Users are subject to specific rules, rates, and charges of Zone Site Operator(s).

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. 283, with said services and facilities available on a "first-come, first-served" basis.

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

Merchandise, which is specifically prohibited by law, shall not be admitted into a Zone. Any merchandise so prohibited by law which is found within a Zone shall be disposed of in the manner provided for in laws and regulations applicable to such merchandise.

**Activities Permitted in Zone:** Merchandise lawfully brought into a Zone may, in accordance with these and other regulations made under the provisions of the Act, be stored, sold, exhibited, broken up, repacked, assembled, distributed, sorted, graded,

cleaned, mixed with foreign and domestic merchandise, or otherwise manipulated, or be manufactured into new articles of commerce. Only manufacturing activity approved by the FTZ Board may be performed in the Zone or Subzone(s). See Section X "Activities permitted in a Zone."

**Responsibility for Duty and Taxes:** The Foreign-Trade Zone Board does not own or operate any Zones. Rather, it provides grants to applicants to establish, operate, and maintain Zones. The Foreign-Trade Zone of Northwest Tennessee Regional Port Authority, as Grantee, shall execute a Grantee/Operator Agreement with another party or parties for the operational management of Zone Sites. Various tenants may lease space and construct buildings in the Zone and physically run their operations in the buildings, while others may pay a Zone Operator a fee for handling their merchandise and performing related services.

Operator(s) of the Zone are responsible and liable for payment of any and all duties or penalties due any agency of the Federal, State, or Local government arising from use of the Zone, including liabilities on merchandise which is not accounted for to the satisfaction of the U.S. Customs Service.

**Security and Safety Requirements in the Zone:** All Foreign-Trade Zone Sites, in order to be approved for their initial activation by customs, 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 Customs 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 check may be conducted by Customs 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 or treatment will be permitted in the Zone that, in the judgment of the Foreign-Trade Zones Board, Customs, 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 the Operator.

**Inventory Control and Recordkeeping Systems:** All inventory control and recordkeeping systems employed by Operators within the Zone must meet the requirements of the U.S. Customs Service Regulations. Under the Regulations, each Operator maintains the inventory records. The U.S. Customs 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 Customs 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 Customs forms, from admission through manipulation, manufacture, destruction or transfer of merchandise from the Zone by a Customs authorized inventory method; and
- Providing all information necessary to make entry for merchandise being transferred to the Customs territory.

**Inventory Procedure:** Zone Operator(s) are responsible for establishing and maintaining Inventory Control Systems acceptable to the U.S. Customs Service and the Zone Grantee for all merchandise in their care, custody, and control.

**Hours of Business and Services:** The Zone Grantee will be available for the business activities during regular business hours will be between the hours of 8:00 a.m. and 4:00 p.m., Monday through Friday, except on holidays. For individual Operator(s) see Section XIV.

**Holidays:** The term “holiday”, for the Grantee, includes the following named days:

- New Year’s Day
- Martin Luther King’s Birthday
- President’s Day
- Good Friday
- Memorial Day
- Independence Day
- Labor Day
- Veteran’s Day
- Thanksgiving and Friday following Thanksgiving
- Christmas

Also, every day proclaimed by the President of the U.S. or the Governor of the State of Tennessee to be a legal holiday. For individual Operator(s) see Section XIV.

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

**Proprietary Information:** Proprietary information contained on Customs forms or in the inventory control and recordkeeping systems of Operators will not be disclosed to unauthorized persons. The Customs 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.

**Liability of Grantee:** Foreign-Trade Zone No. 283, on behalf of the Northwest Tennessee Regional Port Authority (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 Customs review at the Zone Site(s).

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

**Operator Bond:** The Operator must maintain, for Customs purposes, an Operator Bond required by Customs. This Bond is to assure compliance with Customs regulations. The bond is submitted on Customs Form (CF) 301. The bond provisions are set forth at 19 C.F.R. 113.73, Customs Regulations. A failure to comply with the regulations may be deemed a "default" by Customs and result in the assessment of liquidated damages under the bond.

## SECTION VIII – APPLICATIONS TO THE FOREIGN-TRADE ZONES BOARD

The Grantee shall have the primary responsibility for filing applications with the Board requesting modifications to the Grant. Requests for modification to the Grant may include, but are not limited to, expansion of the Zone, Zone boundary modifications, Subzone applications and/or changes in the scope of authority. However, a potential Operator or User may file an application directly with the Board subject to the approval of the Grantee and the Port Director evidenced by a letter of concurrence from each when required.

**New Zone Sites:** If a company wants to utilize the benefits of Foreign-Trade Zone No. 283 at a location other than the currently approved Sites as listed in Section IV, the company may request an application, for modification, expansion or Subzone, be filed by Foreign Trade Zone No. 283.

**Manufacturing Permits:** Any activity involving foreign merchandise which causes the merchandise to undergo a substantial transformation or change Customs tariff classification while in the Zone must be approved in advance by the Foreign-Trade Zones Board before the activity may commence. The company must request that an application, completed by the company, be filed by the Foreign-Trade Zone of Northwest Tennessee Regional Port Authority to the Foreign-Trade Zones Board for approval of the contemplated operation.

Separate manufacturing requests to the Board consist of: Fast-Track Manufacturing Request for Existing FTZs.

Section 400.32(b)(1) of the FTZ Board regulations (15 CFR Part 400) provides for the submission and processing of certain applications for non-controversial manufacturing authority within existing zones or Subzones using a reduced process with no application fee. The application can be in letter form from the grantee or operator (requests from operators should contain a statement as to that status). The request should contain a statement that it is being submitted under Section 400.32(b)(1) of the FTZ regulations, with evidence that the request qualifies for submission under this section.

**Procedure for Filing Applications to the Foreign-Trade Zones Board:** The Foreign Trade Zone of Northwest Tennessee Regional Port Authority will determine which type (or types) of application(s) is appropriate to accommodate an interested Zone Operator and/or User.

## SECTION IX – ACTIVATION, DEACTIVATION AND ALTERATION OF ZONE SITES

### Activation

Foreign Trade Zone No. 283 will assist the Operator toward activation of the Zone Site with Customs for Commencement of Zone operation. When an Operator desires to activate Zone space, the Operator will, with the assistance of Foreign Trade Zone No. 283, complete the following:

- 1) Procedures Manual establishing how the Zone Site will be operated, in conformance with the Procedures Manual standard maintained by the Foreign Trade Zone No. 283.
- 2) Statement of personal history in order to permit the Customs Service to perform a background check. This form must be completed on principal officers and key employees who will be involved in the operation.
- 3) 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) Grantee/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 Customs.
- 7) FTZ Operator's Bond to U.S. Customs as specified by Customs prior to activation.
- 8) A Zone Operator may be required to provide an additional bond in the name of the Grantee against any loss, or other Customs obligations or costs, attributable to operations in the Zone.

### Deactivation

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

## SECTION X – ACTIVITY PERMITTED IN ZONE 283

**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 Customs 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 Customs for approval. On approval, the contemplated manipulation may occur. A yearly, blanket CF 216 may be allowed by Customs.

**Manufacturing in the Zone:** Manufacturing in the Zone must have prior approval in writing by the FTZ Board before commencing any manufacturing activity. A CF 216 will also be required to be filed with U.S. Customs, after FTZ Board approval and prior to the manufacturing. A yearly, blanket CF 216 may be allowed by Customs.

**Exhibition of Merchandise:** Any merchandise admitted to the Zone may be exhibited. The Operator must obtain permission from Customs to exhibit merchandise by obtaining approval on a CF 216.

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

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

**Change in Zone Status:** The Zone status of merchandise may be changed in the Zone. Merchandise in NPF status may be changed to PF status if done prior to manipulation or manufacture effecting a change in tariff classification of the merchandise. PF status may not be changed to NPF status. Merchandise in PF or NPF status may be changed to

Zone Restricted status. The Operator will submit a CF 214 to Customs for approval of a Zone status change.

**Destruction of Merchandise:** Whenever Zone status merchandise is discovered damaged or merchandise is considered waste or scrap, it will be physically segregated, marked and otherwise secured to preserve its identity. Such merchandise may be held for return to the vendor, or for destruction, or Customs 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 Customs.

## **SECTION XI – REPORTING THEFT, OVERAGES AND SHORTAGES OF MERCHANDISE**

### **Theft of Merchandise**

Theft or suspected theft of any merchandise will be reported in writing to the District Director of Customs upon discovery. Every effort will be made by the Operator(s) to determine the facts and assist Customs and other federal or local agencies in any investigation and prosecution for theft.

### **Overages and Shortages of Zone Merchandise**

The Operator will record all inventory overages and shortages of merchandise and report same as follows:

- Overages – Excess foreign status merchandise, not properly admitted to the Zone, will be admitted to the Zone on a CF 214 or Customs entry will be made. The CF 214 or Customs entry will be filed with Customs along with a written report to Customs within five (5) days after identification of the overage.
- Shortages – Shortages of one percent (1%) or more of the quantity of foreign status merchandise in a Zone lot or UIN, if the missing merchandise would be subject to duties and taxes of \$100 or more upon entry to the Customs territory will be reported in writing to Customs upon identification of the shortages.

## SECTION XII – ANNUAL AUDIT AND REPORTING REQUIREMENTS

**Physical Inventory:** The Operator will conduct an annual physical inventory of all merchandise in the Zone (unless cycle counts are taken as part of an ongoing inventory control program). Customs and Grantee will be given at least ten (10) days' notice prior to the date(s) when the annual physical inventory will be performed so Customs and/or Grantee may participate if necessary.

**Annual Reconciliation Report:** Within ninety (90) days of the end of the Zone Operator(s) year, the Operator will prepare an annual reconciliation. An extension of the 90-day period may be requested from the Grantee and Customs for reasonable cause. The annual reconciliation will contain the following:

- 1) Description of merchandise for each ZLN or UIN;
- 2) Zone Status;
- 3) Quantity on hand at the beginning of the year;
- 4) Cumulative Receipts (admissions) by unit;
- 5) Cumulative transfers by unit;
- 6) Quantity on hand at the end of the year;
- 7) Cumulative positive and negative adjustments by unit to inventory with explanation.

A copy of the annual reconciliation will be provided to the Grantee and to Customs upon request. The Operator will submit to Customs and the Grantee within ten (10) working days after completion of the annual reconciliation, a letter declaring the annual reconciliation is prepared, is available for Customs review, and is accurate.

The letter will also contain required reporting of shortages and coverages of merchandise, verification of an annual internal review of the inventory and record-keeping systems having been performed, the name and street address of the Operator the required records are available for Customs review.

**Annual Internal Systems Review:** The Operator will also perform an annual internal review of inventory control and record keeping systems under its supervision and report to the Grantee and the District Director of Customs any deficiency discovered and corrective action(s) taken to ensure the systems meet Customs Regulations.

**Foreign-Trade Zones Board Annual Report:** The Grantee will prepare and file with the Foreign-Trade Zones Board an annual report summarizing all Zone activity each year.

For the Grantee to meet its responsibility in a timely manner, each Operator will complete submit its annual zone activity to the Grantee no later than February 15 of each year of the previous year's activities.

## SECTION XIII – FEE SCHEDULE

### Grantee fees:

All Grantee fees, as described herein, are payable to the Foreign Trade Zone No. 283. Annually, no later than April of each year, the Foreign Trade Zone No. 283 shall review the fee schedule and shall take a vote to confirm the fees that shall be applied for the upcoming fiscal year. Absent a vote, the most current fees shall remain in effect.

### SUBZONE APPLICATION AND ACTIVATION

#### **1. Application Processing Fee** **\$7,000**

(This fee does not include actual preparation of the Subzone Application)

The Application Processing Fee covers Grantee expenses for obtaining necessary local approvals for the Subzone, review of the application and submission to the Foreign-Trade Zones Board, and any necessary support required in the Subzone Application process.

The Application Processing Fee is invoiced in the form of two payments. \$3,000 is due upon draft application submission from Operator to Grantee and \$4,000 due once Operator application submitted to Foreign Trade Zone Board.

#### **2. Activation Processing Fee** **\$2,000**

(This fee does not include actual preparation of the Activation Application to U.S. Customs)

The Activation Fee covers Grantee expenses for preparation and processing of the Operations Agreement, providing the Grantee concurrence letter to the U.S. Customs Service, preparation and/or assistance in preparing the Procedures Manual, and any necessary Grantee support required in the Customs activation process.

#### **3. Annual Fee** **\$10,000**

An annual fee will be charged to Operator or the Owner, if serving as its own Operator. The fee will cover Grantee expenses for administration, which include support, assistance, and technical services with the standard Grantee/Operator Agreement. The fee also covers overhead, marketing, education, legal expenses, etc. The Annual Fee will cover Grantee expenses for oversight of the Subzone project and submission of the Annual Report to the Foreign Trade Zones Board.

The Grantee will invoice the Operator the annual fee 30 days prior to the annual anniversary date, with payment due 30 days upon receipt of invoice by the Operator. Upon sixty (60) days written notice from Grantee to Operator, the annual service charge may be modified.

## USAGE DRIVEN SITE APPLICATION AND ACTIVATION

**1. Application Processing Fee - New Usage Drive Site or Expansion** **\$7,000**  
(This fee does not include actual preparation of the Usage Drive Site Zone Application)

The Application Processing Fee covers Grantee expenses for obtaining the necessary approvals for the Usage Driven Site, submission of the Application to the Foreign Trade Zones Board, and any necessary support required in the Usage Driven Site Application process.

The Application Processing Fee is invoiced in the form of two payments: \$3,000 is due upon draft application submission from Operator to Grantee and \$4,000 due once Operator application submitted to Foreign Trade Zone Board.

**2. Activation Processing Fee** **\$2,000**  
(This fee does not include actual preparation of the Activation Application to U.S. Customs)

The Activation Fee covers Grantee expenses for preparation and processing of the Operations Agreement, providing the Grantee concurrence letter to the U.S. Customs Service, preparation and/or assistance in preparing the Procedures Manual, and any necessary Grantee support required in the Customs activation process.

**3. Manufacturing Authorization Request** **\$5,000**  
(This fee does not include actual preparation of the Manufacturing Approval Request to the Foreign Trade Zones Board)

The fee will cover the Grantee expenses for processing the Manufacturing Approval Request, submission of the Request to the Foreign Trade Zones Board, and base support services required in the approval process.

**4. Annual Fee** **\$10,000**

An annual fee will be charged to the Operator or to the Owner, if serving as its own Operator. The fee will cover Grantee expenses for administration, which includes support, assistance, and technical services with the standard grantee/Operator Agreement. The fee also covers overhead, marketing, education, legal expenses, etc.

The Grantee will invoice the Operator the annual fee 30 days prior to the annual anniversary date, with payment due 30 days upon receipt of invoice by the Operator. Upon sixty (60) days written notice from Grantee to Operator, the annual service charge may be modified.

### **Additional Fees**

(The following fees do not include actual preparation of the application)

1. Processing of application to expand (reorganize) the number of General Purpose Zone sites or expand or substantially alter the scope of operations \$3,000
2. Amendments to any expansion application, following initial submittal \$2,000
3. Processing application for temporary manufacturing/operator processing authority \$3,000
4. Processing a very minor boundary modification at a specific site/parcel or within a single county \$1,000

### **Late Payment Charge**

If any payment due is not received by the Grantee within fifteen (15) calendar days after its due date, the Operator shall pay a late payment charge, for each occurrence, equal to five percent (5%) of the amount then due. The existence of the right by the Grantee to receive a late payment charge shall not constitute a grace period or provide any right for the Operator to make a payment other than on its due date.

### **Operator(s) Fee**

Each individual Operator has set its own fees that are listed under Section XIV.

### **U.S. Customs Fees**

At the time of issue of this Schedule, no fees are charged by Customs for normal 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, Customs 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. Under no circumstances will the Grantee be liable or responsible for any such Customs fees or charges.

### **FTZ Board (Washington, D.C.) Fees**

Any fees or charges imposed by the Foreign-Trade Zones Board shall be payable by the Operator of the affected Zone Site, or as apportioned by the Grantee among the Zone Sites when appropriate. 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.

**Fines, Penalties and Liquidated Damages**

U.S. Customs Service fines, penalties, or liquidated damage claims affecting Zone merchandise or Zone activities will be paid by the Operator of the affected Zone Site. The same is true of any other fines, penalties, or liquidated damage claims by other government agencies concerning operations at the Zone Site. Under no circumstances will the Grantee be liable or responsible for any fines, penalties, forfeiture or liquidated damage claims.

## SECTION XIV – OPERATOR(S) SCHEDULE

There are currently no General Purpose Operators

## SECTION XV – FURTHER INSTRUMENTS AND ACTIONS

The Port and Foreign Trade Zone No. 283 shall deliver such further instruments and take such further action as may be reasonable requested to carry out the provisions and purposes of Operations within the Zone. Without limiting the Port's rights as provided herein, the Port is not obligated to, and does not intend to, monitor the day-to-day activity of the Zone Site. The appearance of the Port's name on any forms associated with Zone Site operations are not intended to represent that the Port has any knowledge, actual or constructive, of the quantity, character, status designation, identification, or time of admission, transfer or release of goods into or from the Zone Site.

## SECTION XVI – GLOSSARY

<i>Term</i>	<i>Definition</i>
Activation	Filing of an application with U.S. Customs by the Operator, with the Grantee's concurrence, results in the actual utilization of an FTZ eligible site as an FTZ.
Activation Limit	The cap on the amount of space that can be in CBP "activated" status simultaneously. The Board's practice has long involved a 2,000 acre activation limit for any Grantee. The ASF also applies activation limits on a site-specific basis (for example, a 500-acre industrial park site could have a 200-acre activation limit so that no more than 200 acres of the site could be in activated status simultaneously). ACE and the Board's web site will track all sites and activation limits.
Domestic Status Merchandise	Merchandise produced in the United States or imported merchandise for which customs duties have already been paid.
Foreign-Trade Zones Board	Comprised of the Secretary of Commerce and the Secretary of Treasury. These officials or their designee are empowered to issue to appropriate applicants the grant of authority to establish, maintain and operate a Foreign Trade Zone project 19 U.S.C. 81a(b); 15 C.F.R. 400.2(b)
Foreign-Trade Zones Board Staff	Officials in the Department of Commerce, International Trade Administration responsible for overseeing the administration of Foreign Trade Zones. The Executive Secretary heads up this office 15 C.F.R. 400.2(f)

FTZ Eligibility	Insurance of a grant by the FTZ Board results in the designated area obtaining FTZ eligibility. Corporation to which the privilege of establishing, operating, and maintaining a foreign-trade zone has been granted. 19 U.S.C. 81a(h); 15 C.F.R. 400.2(r).
Magnet Site	Sites intended to attract multiple potential Operators/Users.
Non-Privileged Foreign Status Merchandise	Imported merchandise which has not cleared Customs and for which the User does not wish said merchandise to retain its identity, form a customs classification standpoint. Therefore, if said merchandise is altered from a customs classification standpoint, it will become classifiable in its condition when it ultimately enters the customs territory of the United States.
Operator	Corporation, partnership, or person that operates a zone or Subzone under the terms of an Agreement with the zone grantee. Where used in the is part, the term “operator” also applies to a “grantee” that operates its own zone. 19 C.F.R. 146.1(15); 15 C.F.R. 400.2(s).
Port Director of Customs	Customs official with responsibility for overseeing the activation and operations of zone projects within his customs district.
Privileged Foreign Status Merchandise	Imported merchandise which has not cleared Customs and for which the User wishes said merchandise to retain its identity, form a customs classification standpoint. Regardless of its condition when it ultimately enters the customs territory of the United States.

Service Area	The geographic area (such as specific counties) where a Grantee intends to be able to propose future zone sites. If approved under the ASF, the zone could serve sites throughout the service area based on companies' needs for zone designation.
Subzone	A special purpose zone established as an adjunct to a zone project for a limited purpose.
Sunset Limit	Sunset Limit for a site means zone designation self-removes if there is no zone activity at the site before the sunset date. For Magnet sites, the default sunset period is 5 years (with variation possible based on circumstances, including possible permanent designation for one Magnet site). Usage-Driven sites have a three-year sunset period. FTZ activity at a site during sunset period simply resets the sunset date for an additional 5 years (Magnet) or additional 3 years (Usage-Driven).
User	A person or firm using a zone or Subzone for storage, handling, or processing of merchandise. 19 C.F.R. 146.1(20); 15 C.F.R. 400.2(v).
Usage-Driven Site	Sites designated to meet a specific Operator/User's present need for zone designation (rather than being designated speculatively to try to attract future Operators/Users). A Usage-Driven site is tied to the specific Operator/User for which it was designated and could not be used by any other entity. A separate minor boundary modification action would be required to re-designate a Usage-

	Driven site for another Operator/User.
Zone Restricted Merchandise	Merchandise, which cannot re-enter the U.S. Customs territory.
C.F. 214	Document prepared by the User, signed by the Operator and approved by U.S. Customs, which authorizes the admission of merchandise into a FTZ and designates the status of the merchandise.
C.F. 216	Document prepared by the Operator and approved by U.S. Customs, which authorizes the User to engage in certain activities within the FTZ such as manipulation, repair, destruction and manufacture.
C.F. 3461	Document prepared by the User, which must be approved by U.S. Customs and furnished to the Operator prior to the physical removal of any merchandise from the FTZ into the customs territory of the United States.
C.F. 7512	Document prepared by the User, which must be approved by U.S. Customs and furnished to the Operator prior to the physical removal of any merchandise from the FTZ for exportation of merchandise from the United States.

## Appendices and Supplementary Information

### Annual Report

FTZ Board reports to Congress as required in FTZ Act and Regulations. Congress uses the annual report to oversee the FTZ program. If grantee fails to submit an annual report, fines are possible fines and/or grant revocation. No applications/requests will be processed for a zone that has failed to submit its report.

Item No.	Task	Completion Date
1.	Annual report is based on the calendar year.	
2.	Grantees and Operators will be provided accounts	
3.	Grantee will send out a reminder on by December 1 to respective FTZ zone and Subzone operators to submit their annual report information by no later than February 15 to allow the grantee time to prepare the annual report.	
4.	Grantee should follow the guidelines and format from the FTZ Board website in preparing the annual report. The accuracy of the "math" (i.e. beginning balance is the same as the ending balance for the previous year, all "numbers" add up, etc.) should be verified. All general-purpose zone operator data must be combined into one aggregate report. Subzone information can be attached unaltered to the report. However, the Subzone reports should be reviewed to confirm it accuracy with the FTZ Board Orders that approved the Subzone.	
5.	Grantees should secure internal management approvals before submitting the report to the FTZ Board.	
6.	If any operator of the grantee cannot provide the completed annual report information in the specified timeframe the grantee should meet with the operator to discuss its inability to provide its timely annual report. The inability to provide the timely report should raise concerns whether the operator is managing its zone project appropriately. If the grantee is unable to complete the report, the grantee must seek an extension from the FTZ Board. Every effort should be made to secure the remaining information from the FTZ operator as soon as possible.	
7.	An original and one copy of the annual report with the transmittal letter signed by an authorized official of the grantee corporation must be addressed and submitted to the FTZ Board Executive Secretary of the FTZ Board.	
8.	Subsequent to filing the annual report with the FTZ Board, the grantee should provide a copy of the annual report without any separate Subzone reports (these are confidential and cannot be released by the grantee), to their CBP Port Director, FTZ operators, and any internal distribution list in the grantee	

	corporation.	
9.	Any changes and/or corrections made to the annual report after submission should be updated and forwarded to your distribution list.	
10.	Log in on the Log-in page on the FTZ Board website.	
11.	Operators can input data and submit their report to the grantee.	
12.	Verify the numbers. Does merchandise forwarded/received balance with beginning and ending inventory? Is beginning inventory the same as last year's ending?	
13.	If an error is found, it can either be corrected or an explanation for the discrepancy can be entered.	
14.	All warehouse/distribution activity (GPZ operators AND Subzone Operators) to be summed and included in the grantee's overall zone report.	
15.	A separate attachment will be included in the grantee's report for each manufacturing activity (GPZ operators AND Subzone operators)	
16.	Grantee submits report to the FTZ Board	

The goal is a reduction of follow-ups to correct reports and expedite FTZ Board Report to Congress sooner.

**OFIS will also include the following zone and site information:**

By zone: General zone info, grantee contact info, list of approved sites, FR notices and summaries of administrative actions.

Grantee can update contact information and the activation status of sites year round.

Zone information and site list with activation status to be available on the public portion of FTZB website.

This information should ease tracking of sites and ensure that site identities and numbers are known and understood by FTZB, Grantee and CBP.

Web site: [www.trade.gov/ftz](http://www.trade.gov/ftz)

Main Telephone: (202) 482-2862

General e-mail address: [ftz@trade.gov](mailto:ftz@trade.gov)

Regional Representative: Mr. Andrew McGilvray

## Grantee Responsibilities

Item No.	Task Description	Completion Date
1.	Maintain a file of zone documents: <ul style="list-style-type: none"> <li>• FTZ Board applications (all).</li> <li>• Application-related correspondence to/from the FTZ Board.</li> <li>• Approval/denial letter(s) for all applications.</li> <li>• Lapse provision documents for the zone and all Subzones;</li> <li>• Foreign-Trade Zones (FTZ) Board Orders and Notices of applications (See FTZ Applications and Orders, 1980-1997 and/or 1998-Present)</li> <li>• All correspondence from the FTZ Board</li> <li>• List of approved zone sites and maps of all zone sites with zone boundaries</li> <li>• Agreements between grantee and zone/Subzone operators and private landowners. (See special requirements for supervising private property 15 CFR Sec. 400.28(a)(8)).</li> <li>• Annual Report to Congress</li> <li>• Zone Schedule</li> </ul>	
2.	Ensure that each Subzone also maintains the above listed documents pertaining to the Subzone.	
3.	Inform the FTZ staff of changes in grantee's address, phone number and contact person	
4.	Maintain a system of communication with zone parties: operators, Subzones, property owners, etc.	
5.	Have a basic understanding of the reporting requirements and methodologies for the annual report to the FTZ Board.	
6.	Operate the zone as a "public utility" with "fair and reasonable" fees and provide "uniform treatment under like conditions" to all parties that seek to use the zone, as required by the FTZ Act.	
7.	Establish and update a Zone Schedule with fees and policies consistent with the public utility and uniform treatment requirements. (See Zone Schedule guidelines and 15 CFR Sec. 400.42). The zone schedule must be available for public inspection at the offices of the grantee and operator.	
8.	Prepare and submit annual report. Maintain a copy of the latest FTZ annual report format and have an understanding of FTZ Board reporting requirements and the methodologies involved in calculating the merchandise figures. A copy of the annual report format may be downloaded from the FTZ web site. Annual report guidelines are also available on the web site. Prior to submitting annual reports to the FTZ Board, please discuss with zone/Subzone operators the basis for the numbers. If assistance in the annual report is required, call the FTZ staff (202-482-2862).	
9.	Provide operators/Subzones with latest FTZ annual report format.	

	A copy of the annual report format may be downloaded from the FTZ web site. Annual report guidelines are also available on the web site.	
10.	Conduct thorough oversight of any party to which you may have contracted/outsourced any FTZ-related functions. (Can relate to uniform treatment concerns.)	

## Grantee Best Practices

Item No.	Task	Completion Date
1.	Maintain a system of communication with zone parties: operators, Subzones, property owners.	
2.	Perform quarterly record reviews of Subzones to verify compliance. Periodically review with the Subzone operator the activity of the Subzone to assess whether the Subzone plan, objective and economic effects are being achieved and whether this is being reported to the FTZ Board in the Subzone's annual report. Other topics that should be reviewed include whether the Subzone is operating within its scope (products, sourcing, levels, exports) as indicated in its application and order. If the zone or any Subzone is subject to special restrictions, develop a system or checklist to ensure compliance.	
3.	Discuss the zone project periodically with local CBP.	
4.	Track which space within your zone is activated and be aware of the general types of activity being conducted.	
5.	Have a system to track time limits (activity-based "sunset" limits or absolute time limits) that may apply to any zone or Subzone sites.	
6.	Utilize Upcoming Online FTZ Information System (OFIS) on FTZ Board website, which will make tracking sites and time limits much easier.	
7.	If any zone or Subzone operation is subject to special restrictions, check to ensure that the operator is aware of the restrictions.	
8.	Know your operator contacts. When they change, reach out to new contacts.	
9.	Make sure operators understand the need for advance approval from FTZ Board for: <ul style="list-style-type: none"> <li>• Any manufacturing activity</li> <li>• Processing activity (such as "kitting") involving inverted tariffs. (Sec.400.28 of the FTZ Board's current regulations.)</li> </ul>	
10.	Manufacturing/processing operators should have copies of their application histories/scope, but provide it if needed.	
11.	Discuss authorized scope of manufacturing/processing activity-products, components and capacity originally presented in application to FTZ Board.	
12.	Petroleum refining has specific scope aspects (e.g., approved BPD capacity + 10% variance).	
13.	Discuss with your operators the annual report process.	
14.	Be aware there is a special annual report format for petroleum.	
15.	Be available for operators' questions, and call us with questions at any time.	
16.	Coordinate with your U.S. Commercial Service (CS) district office to understand the various tools available to assist U.S. exporters.	

	CS office can also be good source of potential FTZ leads.	
17.	Inform the FTZ staff of changes in grantee's address, phone number and contact person. This information appears on the FTZ staff's list of zones that is published on the web and in the annual report. Also, keep the FTZ staff informed of any significant changes in the zone project.	
18.	Review periodically zone facilities and activity.	
19.	Note that all zones and FTZ Board Orders are subject to the special conditions and restrictions of Section 400.28 of the FTZ Board regulations. (Grantees generally should review the FTZ Board regulations.)	
20.	Maintain a copy of the latest FTZ annual report format and have an understanding of FTZ Board reporting requirements and the methodologies involved in calculating the merchandise figures. Provide operators/Subzones with latest FTZ annual report format. A copy of the annual report format may be downloaded from the FTZ web site. Annual report guidelines are also available on the web site. Prior to submitting annual reports to the FTZ Board, please discuss with zone/Subzone operators the basis for the numbers. If you need assistance in the annual report, please call the FTZ staff (202-482-2862.)	
21.	Grantee should send out a reminder on October 1 to respective FTZ zone and Subzone operators to submit their annual report information by no later than December 31 to allow the grantee time to prepare the annual report.	
22.	Grantee should follow the guidelines and format from the FTZ Board website in preparing the annual report. The accuracy of the "math" (i.e. beginning balance is the same as the ending balance for the previous year, all "numbers" should add up, etc.) should be verified. All general-purpose zone operator data must be combined into one aggregate report. Subzone information can be attached unaltered to the report. However, the Subzone reports should be reviewed to confirm its accuracy with the FTZ Board Orders that approved the Subzone.	
23.	Grantees should secure internal management approvals before submitting the report to the FTZ Board.	
24.	Assess the level of training completed by the grantee and/or zone operators. Discuss the types and content of FTZ-specific training sessions attended and dates, and review the need for further training.	

## Grantee Liabilities

Item No.	Task	Completion Date
1.	Grantee potentially liable for fines or revocation of grant for violations of FTZ Act or Regulations.	
2.	Key areas to be aware of: <ul style="list-style-type: none"> <li>• Timely and complete submission of annual report</li> <li>• Conduct of unauthorized manufacturing/processing with grantee knowledge or collusion.</li> </ul>	
3.	Generally, little potential for grantee liability stemming from CBP laws/regulations.	
4.	Grantee's agreement with each operator should transfer liability to the operator.	
5.	Operator (not grantee) will have contractual relationship with CBP.	
6.	This assumes that the grantee is not participating or conspiring in violations of CBP laws/regulations.	
7.	Proposed FTZ Board regulations further clarify the (generally) limited nature of grantee liabilities under FTZ Act or regulations.	

### Grantee Liability

Grantee Liability – A Grantee is a corporation to which the privilege of establishing, operating, and maintaining a zone has been granted (19 CFR 146.1(a); 15 CFR 400.2(p)). The grant shall not be sold, conveyed, transferred, set over, or assigned (15 CFR 400.28(a)(8)). CBP holds the Operator and surety responsibility for compliance in the conditions of the Operator's bond (19 CFR 113.73). However, the execution of the bond by the Operator does not lessen the liability of the Grantee to comply with the FTZ Act and the Implementing regulations, in 15 CFR and 19 CFR 146.6(e). The Grantee is not automatically liable for violations by Operators, Users, or other parties when it delegates its authority to operate and maintain a zone to another person and does not itself operate the zone (15 CFR 400.28(a)(9); 19 U.S.C. 81g).

### 15 CFR §400.46 Grantee Liability.

a) Exemption from liability. A grant of authority, per se, shall not be construed to make the zone grantee liable for violations by zone participants. The role of the zone grantee under the FTZ Act and the Board's regulations is to provide general management of the zone to ensure that the reasonable needs of the business community are served. It would not be in the public interest to discourage public entities from zone sponsorship because of concern about liability without fault.

b) Exception to exemption from liability. A grantee could create liability for itself that otherwise would not exist if the grantee undertakes detailed operational oversight of or direction to zone participants. Examples of detailed operational oversight or direction include review of an operator's inventory-control or record-keeping systems, specifying requirements for such a system to be used by an operator, and review of CBP documentation related to an operator's zone receipts and shipments.

## Operator Application Process

Applications may be found on the Import Administration website, <http://ia.ita.doc.gov/ftzpage/index.html> under the link "How To Apply." The correct application form to use is "ASF Minor Boundary Modifications (Usage-Driven Sites)"

The application process with the fees (approved as of August 13, 2014) are as follows:

Item No.	Task	Complete
1.	Potential site operator submits application, "ASF Minor Boundary Modifications (Usage-Driven Sites)," and required fee to the Northwest Tennessee Regional Port Authority (Grantee). \$3,000 of the \$7,000 application fee is due at this time.	
2.	Grantee reviews application, attaches concurrence letter, and forwards application to CBP and the FTZ Board for further review.	
3.	CBP inspects site and issues concurrence letter to Grantee and FTZ Board.	
4.	FTZ Board reviews/approves application. \$4,000 of the \$7,000 application fee is due.	
5.	Operating Agreement is executed between Grantee and Site Operator.	
6.	Operator asks for formal activation from CBP. Once the site is activated, the \$2,000 activation fee is due.	
7.	Authorized Signage must be posted according to CBP rules and regulations.	
8.	Every year thereafter the annual fee is due of \$10,000	

### Activation Process

Source: [www.cdrpc.org/Workshop](http://www.cdrpc.org/Workshop)

Activation is the approval of the Port Director and the Grantee to being zone operations. It also includes resumption of operations of a previously deactivated zone under a new operator.

1. Written application is prepared.
  - a) It may be for all or any portion of an approved zone.
    - i. A description of all zone sites covered under the application for activation.
    - ii. Any operation to be conducted therein
    - iii. A statement of the general character of the merchandise to be admitted.
2. Activation Letter sent to CBP includes:

- a) Blueprint of the approved areas showing the area to be activated including all buildings, openings, inlets, outlets, pipelines to tanks, or storage of liquid products
  - b) Gauge tables showing the liquid capacity in the appropriate unit of any tank, as applicable
  - c) A procedures manual in English
  - d) Written concurrence from the Grantee
  - e) FTZ Operators Bond
3. CBP will not activate a zone until all the prior requirements have been met and
- a) The background investigations are complete
  - b) The zone security has been approved
  - c) The FTZ Operators Bond is in place
4. Purposes of the Initial Meeting
- a) Gain an understanding of the zone project
  - b) Meet the people involved with the zone
  - c) Explain the CBP role, policies, and procedures
  - d) Conduct a preliminary security check
  - e) Begin background checks
  - f) Begin the procedures for establishing the Operator's Bond amount
5. Background Investigation
- a) Port Director will have a background investigation of the operator, key management, and employees who have access to or could change the ICRS
  - b) Background investigations should be started during the application process due to the length of time required
  - c) Any information disclosed in this inquiry is confidential and will not be disclosed
  - d) An employer may wish to obtain a Privacy Act Waiver, which would allow disclosure of information from CBP
  - e) If background investigation reveals any derogatory information concerning the operator or employees who have access to or could change the inventory and/or record keeping system the Executive Secretary will be advised to the extent permitted under the Freedom of Information and Privacy Acts.
  - f) Derogatory information includes
    - i. Fraud or misstatement of material fact in the application
    - ii. Failure to furnish upon request a complete and accurate list of person(s) as specified in 19 C.F.R.146.7(g)
    - iii. Managers who have been convicted of a felony or misdemeanor involving theft, smuggling, fraud, or similar property crime
    - iv. Employment of people convicted of crimes that would jeopardize the security of the merchandise
    - v. The application will not be provisionally approved pending the completion of the background investigation.
6. Procedures Manual

- a) A copy of zone procedures manual, to facilitate Compliance Reviews and audits, must be included with activation request
  - i. It must describe methodology of all zone transactions
    - 1. An Operator's or User's inventory tracking system (ITS) must account for:
      - a. All merchandise in the Zone
      - b. All merchandise removed from the Zone
      - c. Location of merchandise
      - d. Zone status
      - e. Beginning balance, receipts, removals and current balance
      - f. Destruction, scrap, waste, by-products
      - g. Cost or value, unless, Operator financial records are available for Customs review
    - 2. Customs accepts any inventory tracking system that "protects the Revenue of the U.S."
      - a. First-In-First-Out
      - b. Foreign-In-First-Out
      - c. Lot specific
      - d. Part number
      - e. Bill of materials
      - f. Liquid bulk FIFO
      - g. Serial number specific
      - h. Others
  - ii. It must provide sufficient detail of Zone operations for CBP understanding
- b) It must identify the location of and activities conducted in the zone.
- c) It includes transportation and admission to the zone, activity in the zone, and transfer of merchandise from the zone.
- d) It describes the process for preparing the required periodic reports.
- e) Receipt of the manual by CBP does not constitute approval or certification of the procedures manual.
- f) Approval of the manual is NOT allowed
- g) The Port Director may advise the Operator of any apparent failure(s) in the system.
- h) Neither the Port Director's reading, courtesy advice, or approval of the application for activation constitutes any representation by CBP that the system does or does not meet the criteria of 19 C.F.R. Part 146 Subpart B
- i) CBP will take at face value the record-keeping system presented in the procedures manual meets the requirements of Subpart B.
- j) The operator must update the CBP copy of the procedures manual.
- k) CBP officers will maintain the procedures manual confidentiality.

## 7. Security

- a) The Port Director will conduct a security check
- b) Guidelines for security are found in
  - i. FTZ Manual, Chapters 4 and 8
  - ii. Treasury Decision 72/56/"Standards for Cargo Security" booklet

1. Apply standards in a broad context taking into consideration modern technology is more effective for the protection of records and merchandise.

8. Activation

- a) The Port Director will notify the applicant in writing of the decision to approve or deny the application to activate the zone.
- b) If denied, the grounds for denial will be stated in the letter.

9. Bond

- a) The bond will be submitted on CBPF 301 by the operator.
- b) Port Director will request a bond amount sufficient to cover the type of merchandise admitted and the risk incurred by CBP in the processes authorized by FTZ Board.
- c) The minimum bond amount is \$50,000.

10. New Bond

- a) The Port Director may require, with 30 days' notice, a new operator's bond if
  - i. The activated zone is substantially altered.
  - ii. The merchandise admitted or the operations performed have substantially changed.
  - iii. The existing bond lacks sufficient coverage.
  - iv. There are other reasons substantially affecting liability of the operator.

11. Grantee/Operator Agreement

- a) Terms and conditions for operating the zone.
- b) Between grantee, operator, and/or user
- c) Does not involve CBP

12. Additional Activation Elements

- a) Requests for activation often contain requests for procedures such as:
  - i. Direct delivery of in-bond merchandise
  - ii. Break and affix CBP seals
  - iii. Time extensions
- b) CBPF 216 for manufacturing or manipulation operations must be approved prior to commencement of such activities.

13. Alteration

- a) A change in the boundaries of an activated zone or Subzone.
  - i. Operator must make written application
  - ii. Port Director must complete another security check.

14. Bonded Warehouse within an FTZ

- a) Any portion of an approved General Purpose zone or Subzone that is not activated may be utilized as a CBP bonded warehouse, container freight station, or examination station upon approval of the application and appropriate bond.

- b) The Port Director shall designate the means for effective separation of the bonded warehouse from the rest of the facility.

15. Deactivation

- a) The voluntary discontinuation of the activation of an entire zone of Subzone by the operator or grantee.
  - i. Make the application in writing
  - ii. The Port Director will not approve unless all merchandise has been removed at the risk of expense of the operator or a consumption entry has been filed for the merchandise.

16. Reactivation

- a) The resumption of the activated status or of an entire area that was previously deactivated without any change in the operator or the area boundaries.

## Alternative Site Framework

### REQUEST FOR MINOR BOUNDARY MODIFICATION

**NOTE:** This format is only for a Minor Boundary Modification (MBM) to propose a “Usage-Driven” site under the FTZ Board’s optional Alternative Site Framework (ASF). There is a separate format for MBMs under the traditional site framework.

#### INSTRUCTIONS

**General:** This format consists of a small number of questions to answer and, for ease of use, is provided as a MS Word document. The actual submitted request may take the form of a letter from the grantee requesting approval and answering the questions below. Alternatively, the request may include a separate document answering the questions below as long as it includes a cover letter from the grantee identifying the specific MBM for which it is requesting approval. Leave each question in place (including its number) and provide your response directly below each question.

**Submitted Request Must Be Complete:** Submitted MBM requests must be complete – with the sole allowable exception of the concurrence letter from the CBP Port Director, if necessary. Incomplete submitted requests or documents submitted separately will be returned to the sender. The FTZ Staff cannot assemble complete requests from individual elements submitted separately.

**Sites versus Parcels:** A “site” is comprised of one or more parcels of land that share an identity (for example, parcels within a single industrial park or port/airport complex). If parcels do not share an identity, then they should be treated as separate sites.

**Zoning:** Sites with inappropriate zoning – such as agricultural, retail, or residential – are not eligible for FTZ status and should not be proposed in any MBM request.

**Number of Copies:** Please submit one original and one electronic copy of the complete request (Adobe PDF format preferred). If you cannot submit a PDF-format copy, you may submit a MS Word-format copy. The electronic copy must have all pages in black and white (including scans of the signed versions of all letters) except for maps, which must be in color. If you have any questions, please contact Elizabeth Whiteman at Elizabeth.Whiteman@trade.gov or (202) 482-0473.

#### QUESTIONS

1. List the site’s address, including the jurisdiction in which the site falls (town, city, county), and explain how the site is within the grantee’s Service Area.
2. State the site’s proposed acreage \_\_\_\_\_ (which will also be the site’s activation limit).

3. Indicate the company for which the site will be designated and the company's planned activities.
4. Indicate the type of site (for example, warehouse building within an industrial district), the site's current zoning, and existing and planned buildings (including their construction status, as applicable).
5. Who owns the site? (If site is not owned by the grantee or the company planning to use the site – as named in response to Question 3 above – then provide a "Site Ownership" attachment with documentation demonstrating the right to use the site. Such evidence could be a signed letter from the proposed operator on its letterhead attesting to its right to use the property or a letter of concurrence from the owner of the new site.)
6. Confirm that FTZ designation or the use of FTZ procedures is not a requirement or a precondition for future activity or construction at the site.

## ATTACHEMENTS

Attach the documents listed below (items 7 through 9, plus 10 if applicable) directly behind the text of your request.

7. A clear copy of the appropriate legal description for the proposed site's land. Also, state if the legal description covers a larger area than the proposed site.
8. A clear and detailed site plan (survey/schematic) showing existing and planned structures. The site boundaries must be outlined clearly in red. Note that if streets or similar landmarks are not legible on the site plan, you will also need to provide a detailed street map with the proposed site's boundaries in red. Any map should be no larger than letter-sized (8 ½" x 11") and clearly labeled, with legends provided for any markings.
9. A concurrence letter from the Port Director of Customs and Border Protection (CBP). Grantees should directly request concurrence from CBP under this administrative procedure so that the CBP letter can be attached to the request.
10. If your state (such as TX, KY, AZ) has one or more taxes for which collections will be affected by the proposed FTZ designation of the new site:

- Attach an explanation of the specific local taxes that will be affected

AND

- Attach correspondence from the affected parties (such as a local school board) indicating their concurrence (or non-objection) regarding the proposed FTZ designation.

Signage

TARIFF ADMINISTRATION  
WARNING

YOU ARE ENTERING A U.S. FOREIGN TRADE ZONE. ALL PERSONS AND PACKAGES ENTERING OR LEAVING THE ZONE ARE SUBJECT TO INSPECTION. WHOEVER MALICIOUSLY ENTERS WITH INTENT TO REMOVE THEREFROM ANY MERCHANDISE, OR UNLAWFULLY REMOVES MERCHANDISE FROM U.S. CUSTOMS SERVICE CUSTODY OR CONTROL SHALL BE GUILTY OF A FEDERAL CRIME AND FINE NOT MORE THAN \$5000.00 OR IMPRISONED NOT MORE THAN 2 YEARS, OR BOTH (18 USC 549)

## Subzone Applications

[http://www.foreign-trade-zone.com/ps\\_appprocess.htm](http://www.foreign-trade-zone.com/ps_appprocess.htm)

A Subzone is a single firm site designated for a special purpose, typically manufacturing, under Zone procedures. A Zone Grantee may apply for Subzone status on behalf of a firm when the operations of the firm cannot be accommodated within the existing General Purpose Zone. The application must demonstrate that a significant public benefit will result from the use of Zone procedures by the firm on whose behalf the proposed Subzone is established.

The Foreign-Trade Zones Board evaluates the Subzone application based on the net economic benefit to the U.S. economy. Approval of Subzone status has little to do with real estate. Subzone status and the specific benefits granted are dependent upon the specific operations to be conducted under Zone status. The applicant must demonstrate that the proposed use of Zone procedures is in the public interest; that is, that Subzone status for the firm will result in a significant economic benefit for the U.S. economy. "ABC Company will save money," does not meet the test.

In determining the appropriate Grantee for a firm wishing designation as a Subzone, preference is given to the Grantee of the nearest Zone project within the state.

The application itself consists of a letter of transmittal, an executive summary, and five exhibits. These elements are outlined below with some parenthetical tips or commentary where pertinent.

Item No.	Task	Complete
1.	<b>Letter of Transmittal</b> Must be currently dated and signed by officer of Grantee organization	
2.	<b>Executive Summary</b> <b>Briefly describes:</b> <ul style="list-style-type: none"> <li>• Type of Zone authority requested; e.g. Subzone status for the purpose of manufacturing widgets.</li> <li>• Proposed Subzone site and facilities</li> <li>• Project background</li> <li>• Additional pertinent information</li> </ul>	
3.	<b>Exhibit 1 – Legal Authority to Apply</b> <ul style="list-style-type: none"> <li>• Certified copy of state enabling legislation (check to make sure it is current)</li> <li>• Copy of pertinent sections of Grantee's charter or organization papers</li> <li>• Certified copy of Grantee resolution authorizing execution of the Letter of Transmittal and submission of the application.</li> </ul>	
4.	<b>Exhibit 2 – Site Description</b>	

	<ul style="list-style-type: none"> <li>• Address of proposed site or sites</li> <li>• Description of proposed site or sites with appropriate legal descriptions; legal jurisdiction of site or sites (if multiple sites, label each, i.e. "Site 1," "Site 2," etc.)</li> <li>• Geographical relationship to the nearest Customs port of entry</li> <li>• Description of facilities, including current or proposed buildings, production units and/or storage facilities</li> <li>• Description of existing or proposed activities site qualifications (zoning, etc.)</li> <li>• Description of current or proposed activities</li> <li>• Description of transportation facilities or access</li> </ul>	
5.	<p><b>Exhibit 3 – Operation and financing</b></p> <ul style="list-style-type: none"> <li>• Site ownership or right of use by the Subzone user</li> <li>• Operational plan</li> <li>• Security</li> <li>• Customs automation (A specific statement that the user will utilize Customs automated procedures for FTZ's when such procedures are developed must be included.)</li> <li>• Estimated operating costs (FTZ administrative costs)</li> <li>• Estimated time schedule for construction and/or activation</li> </ul>	
6.	<p><b>Exhibit 4 – Economic Justification</b></p> <ul style="list-style-type: none"> <li>• Company background</li> <li>• Product description (HTS #'s of inputs and finished products, production volume)</li> <li>• Industry background</li> <li>• Zone benefits to company</li> <li>• Public benefits (Will FTZ procedures positively affect U.S. economy? Will FTZ procedures help the company displace offshore economic activity?)</li> <li>• Impact on Domestic Industry (Whose loss will be the Subzone user's gain?)</li> <li>• Use of the Public Zone (Why cannot the operation be accommodated within the General Purpose Zone?)</li> <li>• Environmental Impact (Indicate local zoning and the status of any applications for construction approvals; discuss any land-use uses: discuss whether the FTZ operation changes any physical aspects of the plant site or its operations; discuss whether Subzone status is a precondition for the proposed activity or construction at the plant.)</li> </ul>	
7.	<p><b>Exhibit 5 – Maps</b></p> <ul style="list-style-type: none"> <li>• Local and state maps indicating Subzone site or sites</li> <li>• Detailed street map</li> <li>• Detailed drawing of Subzone site or sites with boundaries in red (Include dimensions and metes and bounds if not included in Exhibit 2.)</li> </ul>	

- |  |  |  |
|--|--|--|
|  | <ul style="list-style-type: none"><li>• Geodetic (or equivalent) map of each proposed site</li></ul> |  |
|--|--|--|

### **Review and Processing by the Foreign-Trade Zones Board**

In order to be approved by the Foreign-Trade Zones Board, a Subzone application goes through the following review and process:

#### **Submission and Pre-Filing Review**

Upon receipt of the application the Foreign-Trade Zones Board staff reviews it for sufficiency. If the application is deficient, it will be returned to the applicant within 20 days. If the application is found to be sufficient, then the Board formally files the application, assigns it a docket number, and notifies the applicant. This normally occurs within 45 days of submission.

#### **Formal Filing**

The Foreign-Trade Zones Board publishes public notice of the application in the Federal Register and assigns an examiner (an internal staff member) to the case.

#### **Public Comment**

Filing in the Federal Register triggers the public comment period. During the public comment period (normally 60 to 90 days) interested parties may submit comments to the Board in support of, or in opposition to, the application.

#### **Rebuttal**

If negative comments are received, then the applicant has up to 15 days after the close of the public comment period during which it may submit rebuttal comments to the Board. (Sometimes public comment periods may be extended or re-opened in order to allow the various parties to reach a common understanding regarding the issues surrounding the application.)

#### **Public Hearing**

The Board may arrange for a public hearing if it deems one necessary; however, for Subzone applications public comment and rebuttal is usually conducted by written correspondence.

The application is reviewed by the Foreign-Trade Zones Board examiner within the Department of Commerce, and by a representative of the Treasury Department, usually the office of the U.S. Customs Service having jurisdiction over the area served by the Grantee of the proposed Subzone.

#### **Examiner's Report and Recommendation**

The examiner's report (comments of the Department of Commerce staff and local office of U.S. Customs) is prepared and submitted to the Executive Secretary of the Foreign-Trade Zones Board. This normally occurs within 120 days of the close of the public comment period.

If the report is unfavorable, then the applicant (Grantee) will be notified (within 5 days of the report's submission) and the applicant will be given 30 days in which to respond with addition evidence to justify the applicant's approval.

If the report is favorable, then the application is sent to the Treasury Department and to the office of the Assistant Secretary of Commerce for Import Administration for final review.

### **Final Action**

Upon review and approval within the Departments of Commerce and Treasury, the Foreign-Trade Zones Board issues a Board Order and publishes the decision in the Federal Register and notifies the applicant (Grantee) of the application's approval.

Typically, Subzone applications take about 12 months for processing and review. Applications that are opposed may take longer. In certain instances, Subzone applications may be reviewed and processed on an expedited basis.

## FOREIGN TRADE USAGE-DRIVEN SITE OPERATING AGREEMENT (Example)

### FOREIGN TRADE USAGE-DRIVEN SITE OPERATING AGREEMENT

This Agreement made this \_\_\_\_ day of \_\_\_\_\_, 20\_\_ by and between the Northwest Tennessee Regional Port Authority, a municipal corporation organized and existing under the laws of the State of Tennessee (“Authority”), with its office and principal place of business at Northwest Tennessee Regional Port Authority in the county of Lake and the state of Tennessee, whose address is 4480 Cates Landing Road, Tiptonville, TN 38079, hereinafter called Foreign Trade Zone (“FTZ”) Grantee; and \_\_\_\_\_, with offices at \_\_\_\_\_ hereinafter referred to as Operator. Operator must notify Grantee of any change in address to allow Grantee to attach change to this Agreement.

#### Witnesseth:

WHEREAS, Grantee applied for and received a grant for Foreign-Trade Zone 283 (the “Grant”) from the Foreign-Trade Zones Board (“FTZB”) and Operator has the authority to maintain Foreign-Trade Zone No. 283, Site No. \_\_, Usage-Driven Site at \_\_\_\_\_, the site described in Exhibit 1 to this Agreement (the “Zone”);

WHEREAS, the purpose of this agreement is to grant Operator the right to operate, and to obligate Operator to maintain, the Zone in accordance with standards of operations required by the Grantee, the U.S. Customs and Border Protection (“CBP”), the FTZB, and any other governmental agency having jurisdiction. It is the understanding of the Grantee and Operator that the responsibility for the operations of the Zone will be under the supervision and management of Operator.

NOW, THEREFORE, in consideration of the mutual covenants and agreements set forth below the parties agree to this operating agreement:

#### ARTICLE I

##### Grant of Right to Operate

1.1 Grantee hereby grants to Operator an exclusive right to operate the Zone as a Usage-Driven Site for a term of five (5) years from the date of this Agreement. This Agreement shall automatically renew for additional five (5) year periods unless either party notifies the other within six (6) months prior to the expiration of the applicable five (5) year term that such party does not desire to renew this Agreement.

- 1.2 Operator may conduct, in the Zone, all activities necessary to conduct the operations described in the operator's application, which are permitted by the Foreign Trade Zone Act in general, subject to required approvals by government agencies having jurisdiction. Operations will be conducted in compliance with FTZB, CBP, and other governmental agency rules and regulations as required, as well as the Grantee's rules as set forth in the terms of this Agreement and the FTZ #283 Zone Schedule.

## ARTICLE II

### Costs and Fees

- 2.1 Operator agrees to pay, or cause to be paid, all costs and expenses of the construction, maintenance, and operation of the Zone.
- 2.2 Service Charge. Operator agrees to pay FTZ Grantee an annual service charge as defined in this Agreement and set forth in the Rates and Charges Table as published in the FTZ #283 Zone Schedule. The site application processing fee for Zone designation is \$7,000 (\$3,000 due upon draft application submission from Operator to Grantee and \$4,000 due once Operator application submitted to FTZB). An activation fee of \$2,000 will be due once FTZB approves site designation. Each year thereafter an annual fee of \$10,000 will be levied whereby the Grantee will invoice Operator 30 days prior to activation of anniversary date, with payment due 30-days upon receipt of invoice by Operator. Upon sixty (60) days written notice from Grantee to Operator, the annual service charge may be modified.

## ARTICLE III

### Incorporation by Reference

- 3.1 There are 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.

- 3.2 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 below pertain to the rights and obligations between Operator and Grantee and are supplementary to the Regulations.
- 3.3 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).

#### ARTICLE IV

##### Improvements and Change in Operations

- 4.1 Prior to commencing any assembly or manufacturing operations in the Zone, other than those stated in the operator's application approved by FTZB, whether or not such activities will require a physical modification to the Zone, Operator may be required by the FTZB and/or CBP to obtain its approval before such manufacturing or assembly is commenced.
- 4.2 Prior to expanding any manufacturing activity or capacity, Operator will notify the Grantee for concurrence. Operator will provide information including but not limited to the description of expanded activity or capacity and estimated volume of increase, as well as any intended change to the configuration of the facilities. Operator is responsible for obtaining the necessary authorization from the FTZB and CBP to expand manufacturing activity or capacity. If there is a change in scope of authority Operator will notify Grantee.

#### ARTICLE V

##### Operation of Zone

- 5.1 Operator shall operate and maintain the Zone in accordance with the terms of this Agreement, all provisions of relevant statutes and regulations and all requirements of the Grantee as set forth in the FTZ #283 Zone Schedule, the FTZB and the CBP for operations of the Zone.
- 5.2 Operator shall facilitate operations in compliance with CBP and Foreign-Trade Zone rules and regulations and ensure at all times that manufacturing activity is within the limits of the Operator's FTZ scope of authority. If Operator desires production activity under zone procedures at the Zone, Operator will be responsible for a separate application for the production activity to and approval from the FTZB; the application for production activity must include formal concurrence (i.e., application letter) from Grantee.

## Foreign Trade Zone 283 – Zone Schedule

- 5.3 In the event that Grantee requires access to the Zone or the production of specified records of the Operator for the purpose of fulfilling the Grantee's obligations and protecting the Grant, permission for entry by the authorized employees and representatives of Grantee and production of such records shall not be unreasonably withheld by Operator. Grantee will provide reasonable notice of any visit or request. Grantee agrees to keep all information and observations confidential, disclosing only such information as may be required by law to the FTZB or the CBP.
- 5.4 Operator shall, at all times, maintain the premises, structures and other facilities within the Zone in good condition so as not to endanger the life and health of the employees of the United States, Operator, suppliers, and others who may be required to enter the Zone.
- 5.5 Operator shall take all precautions to insure that all merchandise and activities occurring within the Zone are in compliance with all Federal laws, rules, and regulations and in compliance with any rules and regulations established by Grantee for operation of the Zone.

### ARTICLE VI

#### Record Keeping and Reporting

- 6.1 Operator shall maintain its accounts with respect to the operation of the Zone in accordance with generally accepted principles of accounting, and in compliance with 19 C.F.R. Part 146.
- 6.2 Operator shall provide to the FTZB and the CBP all reports and documentation on the operation of the Zone in such form and containing such information as they may require.
- 6.3 Operator shall provide by February 15 of each year such information to Grantee or its representative as may be necessary to enable Grantee to file its annual report, such information to be specified in a questionnaire prepared by the FTZB and any other reports which may be required by FTZB.
- 6.4 Operator will provide Grantee, upon request, a copy of its financial statements prepared under generally accepted accounting principles together with a copy of its Annual Report to Stockholders or Report on Form 10K within ninety (90) days after the end of the Operator's fiscal year.

ARTICLE VII

Insurance

- 7.1 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 insureds, (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.

ARTICLE VIII

Indemnification and Bond

- 8.1 Operator shall indemnify and hold harmless Grantee against and from any and all liabilities, obligations, damages, fines, penalties, claims, costs, charges, fees and expenses, whether insured or not, which may be imposed upon, incurred by or asserted against Grantee, its directors and officers, including reasonable attorney's fees, arising out of any violations by Operator of statutes or the regulations, or by reason of any willful or negligent acts of Operator or of its personnel or employees.
- 8.2 FTZ Board OnLine FTZ Information System (OFIS) – As required by the FTZB, Grantee will provide access and codes to the OFIS website. The FTZB requires grantees and operators to use the OFIS site to transmit required data (i.e., annual report data). Grantee does not warrant security of the FTZB's website and is not responsible or liable for the site's maintenance or security.
- 8.3 Operator shall pay the full cost of, and maintain during the life of this Agreement, any bond required by the CBP for operation of the Zone (the "Customs Bond"). Operator shall be named as principal on the Customs Bond. Operator will furnish Grantee, upon request, a valid copy of such Customs Bond, as approved by the CBP, evidencing the existence and amount.

ARTICLE IX

Termination

- 9.1 Withdrawal of Zone Grant – If the FTZ #283 grant shall be revoked or cancelled and as a result thereof Grantee permanently is without authority to operate and/or maintain the Zone Site, this Agreement shall terminate and Operator shall have no claim against Grantee by reason of such revocation or cancellation, and Operator shall have no further interest in the subject matter of this Agreement except to receive such additional compensation as may be or become due to it pursuant to the Agreement, by virtue of services rendered or facilities furnished before the date of such revocation or cancellation. In the event the FTZB suspends or revokes the privilege of maintaining the Zone, this Agreement shall automatically and immediately terminate at the expiration of one hundred twenty (120) days from the date of the FTZB's written order, unless an appeal has been taken therefrom. Grantee shall promptly notify Operator of any action or pending action by the FTZB to suspend or revoke the privilege of maintaining the Zone. Grantee shall cooperate with Operator in transferring the Zone to another Grantee as may be approved by the FTZB.
- 9.2 Termination by Grantee – Grantee shall have the right, if Operator is in breach of its obligations under this Agreement, to terminate this Agreement and all rights and obligations hereunder, provided that Grantee has given written notice to Operator regarding the breach of this Agreement and Operator fails to pay any sums due within forty-five (45) days of receipt of such notice or where correction of such deficiency requires a longer period and Operator has failed to commence to correct such deficiency within forty-five (45) days of receipt of such notice and to correct such deficiency within a reasonable period thereafter. Additionally, Grantee shall have the right to terminate this Agreement immediately for cause limited to cancellation of Operator's bond or the expiration of its liability insurance policy or the suspension of the grant by the Board.
- 9.3 Temporary Suspension by Operator – This Agreement is not suspended during any periods in which Operator may temporarily suspend zone operations. Operator will provide advance written 30-day notification to the Grantee of any intent to temporarily suspend zone operations. Operator shall give Grantee at least thirty (30) days written notice of the date zone operations shall be reactivated.
- 9.4 Operator Intent to Deactivate or Terminate Designation – Operator will provide advance written 30-day notification to the Grantee of any intent to deactivate the zone site or terminate its designation.

## Foreign Trade Zone 283 – Zone Schedule

- 9.5 In the case of temporary suspension, deactivation, or termination, Operator shall confirm that all obligations to CBP on any foreign status merchandise have been satisfied, (i.e., forwarded, entered or re-exported).
- 9.6 Obligations upon Termination, Deactivation, or Temporary Suspension – Termination, deactivation, or temporary suspension of this Agreement shall not relieve Operator from fulfilling any of its existing obligations under this Agreement at the time of the termination, deactivation, or temporary suspension, including but not limited to, the provisions for the data and narrative for the Annual Report. Furthermore, in the event of termination, the provisions which require payment of funds to Grantee or CBP will survive this Agreement until any balance due from Operator has been paid.

### ARTICLE X

#### Assignment

- 10.1 Operator shall not assign or encumber directly or indirectly any interest whatsoever in this Agreement or assign or transfer in any manner its interest in the right to operate without the prior written approval of Grantee, which approval shall not be unreasonably withheld but may be subject to reasonable conditions or requirements. An assignment or transfer to a wholly owned subsidiary of Operator shall not require prior written approval of Grantee.
- 10.2 In any event, notice of any assignment or transfer of interest must be given, in writing, by Operator at least sixty (60) days prior to such change, and shall contain the addresses of the persons acquiring any interest herein.
- 10.3 Any successor in interest of Operator shall be subject to and bound by the terms of this Agreement.

### ARTICLE XI

#### Default

- 11.1 A default shall mean any breach by Operator or Grantee of any of the terms, conditions or provisions of this Agreement or any violations by Operator or Grantee of the statutes or regulations governing the Zone which breach has not been cured within thirty (30) days after a notice of such breach has been given to the breaching party by the other party. The non-breaching party may terminate this Agreement thirty (30) days after such default; provided, however, that notice is given thirty (30) days prior to the effective date of termination.

ARTICLE XII

Advertising

- 12.1 No designs, advertising, signs or forms of publicity shall be used upon or with respect to the zone site without written consent of Operator. Information regarding the zone site (e.g., site maps, etc.) will be provided as required by the FTZB; some information may be posted on the web sites of either the FTZB or the Grantee.

ARTICLE XIII

Amendment

- 13.1 The Parties may, from time-to-time consider it in their best interest to change, modify or extend a term, condition or covenant of this Agreement. Any such change, addition, deletion, extension or modification shall be incorporated in written amendments to this Agreement. Such amendments shall not invalidate this Agreement, unless expressly stated.
- 13.2 No amendment to this Agreement shall be effective and binding upon the Parties, unless it expressly makes reference to this Agreement, is in writing, and is signed and acknowledged by duly authorized representatives of both Parties.

ARTICLE XIV

Waiver

- 14.1 Grantee reserves and shall have the exclusive right to waive, at its sole discretion, and to the extent permitted by law, any requirement or provision under this Agreement. No act or omission by or on behalf of Grantee shall be, or be deemed or construed to be, a waiver of any such requirement or provision unless the waiver is in writing, signed by the authorized representative of Grantee and it is expressly stated to constitute such waiver.
- 14.2 No waiver at any time of any provision or condition of this Agreement shall be construed as waiver of any of the other provisions or conditions nor shall any waiver of any provision or condition be construed as a right to subsequent waiver of the same provision or condition.

ARTICLE XV

Miscellaneous

- 15.1 This Agreement contains the entire agreement between the Parties and all prior negotiations and agreements are merged into it. Neither Operator, Grantee, nor their agents have made any representations except those expressly set forth here, and no rights or remedies are or shall be acquired by either party by implication or otherwise, unless expressly set forth in this Agreement.
- 15.2 This Agreement, as it may affect the rights, remedies, duties and obligations of the Parties, shall be governed by and construed in accordance with Tennessee law without reference to its conflicts of law rules.
- 15.3 Nothing contained in this Agreement shall be deemed or construed by the Parties or by third persons to create any relationship of third party beneficiary, principal and agency, limited or general partnership, or joint venture.
- 15.4 If any provision of this Agreement or its application to any person or circumstance shall, to any extent be invalid or unenforceable, the remainder of this Agreement, or the application of such provision to persons or circumstance other than those as to which it is invalid or unenforceable, shall not be affected, and all such remaining provisions of this Agreement shall be valid and enforceable to the fullest extent permitted by law.
- 15.5 This Agreement shall bind and shall insure to the benefit of the Parties, their successors and assigns.

ARTICLE XVI

Notices

16.1 All notices, consents, approvals, waivers and other communications required or permitted under this Agreement shall be given in writing, signed by an authorized representative of Grantee or Operator, and mailed and addressed as follows:

If to Grantee: Northwest Tennessee Regional Port Authority  
Attn: Chairman of Port Authority Board  
4480 Cates Landing Road  
Tiptonville, TN 38079

If to Operator:

Attn:

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

16.2 Any notice shall be considered to have been given at the time of mailing if by certified mail; otherwise, notice shall be considered to have been given when received. Operator must notify Grantee in writing of any change in address within ten (10) days of such change.

Foreign Trade Zone 283 – Zone Schedule

IN WITNESS WHERE OF, NORTHWEST TENNESSEE REGIONAL PORT AUTHORITY  
and \_\_\_\_\_, acting through their duly authorized representatives have executed  
this Agreement.

Northwest Tennessee Regional Port Authority

By: \_\_\_\_\_

Its: \_\_\_\_\_

Date: \_\_\_\_\_

\_\_\_\_\_

By: \_\_\_\_\_

Its: \_\_\_\_\_

Date: \_\_\_\_\_