CITY OF EL PASO, TEXAS
AGENDA ITEM
DEPARTMENT HEAD'S SUMMARY FORM

DEPARTMENT: **Aviation**

AGENDA DATE: **August 13, 2013 – Introduction; August 20, 2013 – Public Hearing**

CONTACT PERSON NAME AND PHONE NUMBER: **Monica Lombrana, A.A.E., 780-4724**

DISTRICT(S) AFFECTED: **All**

SUBJECT:
Authorize revisions to "Zone Schedule No. 1- Rates, Rules Charges and Regulations" which designates fees, rules and regulations in the operation of Foreign-Trade Zone No. 68.

BACKGROUND / DISCUSSION:

The City of El Paso, through its Department of Aviation, operates Foreign-Trade Zone (FTZ) No. 68. The City of El Paso, also known as the Grantee and General-Purpose (GP) Zone Operator of FTZ No. 68, is responsible for publishing a schedule of rates, charges, rules and regulations as provided for under 15 CFR Part 400 – FTZ Regulations, which is applicable to Users and Operators of the zone.

Zone Schedule No. 1 has been maintained by FTZ No. 68 since commencement of its operations in 1982 and contains all pertinent information regarding its operations, such as user fees, hours of operation, address, phone numbers, etc.

The Department of Aviation is recommending the following changes to Zone Schedule No. 1 to stay in compliance with regulatory updates:

I. That the following revisions be made to Zone Schedule No. 1, Rates, Rules, Charges and Regulations Applying at Foreign-Trade Zone No. 68, El Paso, Texas (the Tariff):

A. To amend Article I in its entirety with the following:
B. ARTICLE I - SCOPE OF FOREIGN-TRADE ZONES
C. To remove ARTICLE II – FOREIGN TRADE ZONE FORMS in its entirety, and to reserve that article.
D. To amend ARTICLE III (OPERATIONS IN A ZONE)
E. To amend ARTICLE IV (GENERAL RULES AND REGULATIONS)
F.To revise and/or add certain fees in ARTICLE V (FEES AND PAYMENT BOND)
G. Definitions
H. To add Appendix D.
I. To add Appendix E.

II. To make other changes to be consistent when referring to defined terms throughout the Tariff Schedule.

III. To update the names of required federal form.

The proposed revisions were recommended by IMS Worldwide, consultants retained by the City of El Paso to ensure regulatory compliance with the last FTZ Board regulations update, and to ensure that the FTZ No. 68 is able to stay competitive on a regional and national level. These revisions will have a positive impact on existing Users and Operators of the zone. In accordance with federal regulations, revisions to the Zone Schedule must first be approved by the Grantee and then submitted to the U.S. Foreign-Trade Zones Board in Washington D.C. Upon approval, copies will be distributed to existing zone customers.

PRIOR COUNCIL ACTION: The last revision to the zone schedule was approved on August 28, 2012.

AMOUNT AND SOURCE OF FUNDING: Not Applicable

BOARD / COMMISSION ACTION: Not Applicable

**********REQUIRED AUTHORIZATION**********

DEPARTMENT HEAD: Maura Sambrano

(If Department Head Summary Form is initiated by Purchasing, client department should sign also)

ORDINANCE NO. _____

AN ORDINANCE AMENDING ORDINANCE NUMBER 017862 WHICH ESTABLISHED OPERATING PROCEDURES AND SET FEES FOR FOREIGN-TRADE ZONE NO. 68 AND TO ALLOW THE REVISIONS TO ZONE SCHEDULE NO. 1, RATES, RULES, CHARGES AND REGULATIONS APPLYING AT FOREIGN TRADE ZONE NO. 68, EL PASO, TEXAS, TO REPLACE IN ITS ENTIRETY ARTICLE ONE, FORMERLY KNOWN AS "PRIVILEGES OF FOREIGN TRADE ZONES" WITH A NEW SECTION CALLED "SCOPE OF FOREIGN TRADE ZONES"; TO MAKE OTHER CHANGES TO BE CONSISTENT WHEN REFERRING TO DEFINED TERMS THROUGHOUT THE TARIFF SCHEDULE; TO REMOVE ARTICLE II FOR REDUNDANCY; TO UPDATE SECTION 3.01 REGARDING MERCHANDISE PERMITTED IN A ZONE; TO UPDATE SECTION 3.07 REGARDING EXCLUSION FROM ZONE OF GOODS OR PROCESS OF TREATMENT; TO UPDATE THE NAMES OF REQUIRED FEDERAL FORMS; TO UPDATE THE ADMISSION LANGUAGE IN SECTION 4.17 TO ALLOW FOR BLANKET ADMISSIONS; TO AMEND SECTION 4.27 TO REQUIRE COMPLIANCE WITH SPECIAL ORDERS OF THE FOREIGN-TRADE ZONES BOARD; TO ADD SECTION 4.37 REGARDING GRANTEE LIABILITY; TO ADD A FEE FOR ALTERATIONS TO A ZONE SITE AND TO CHANGE CERTAIN FEES IN ARTICLE V; TO ADD LANGUAGE TO AMEND CERTAIN DEFINITIONS AND TO ADD OTHER DEFINITIONS; AND TO ADD APPENDICES D AND E.

WHEREAS, the City of El Paso, as recipient of a grant of authority from the U.S. Foreign-Trade Zones Board, is authorized to establish, operate, and maintain Foreign-Trade Zone No. 68;

WHEREAS, the City of El Paso, by and through its Department of Aviation, owns, operates, and maintains Foreign-Trade Zone No. 68 in order to expedite and encourage foreign commerce in the El Paso region;

WHEREAS, certain updates to the federal regulations governing Foreign-Trade Zones require certain sections of the rates, rules, charges and regulations in the tariff schedule in place at the Foreign-Trade Zone No. 68 to be revised in accordance with those federal updates; and

WHEREAS, the City Council for the City of El Paso finds it in the best interest of the El Paso International Airport, the Foreign-Trade Zone No. 68, and Users of Foreign-Trade Zone No. 68, to revise certain fees.

BE IT ORDAINED BY THE CITY COUNCIL OF THE CITY OF EL PASO:

I. That the following revisions be made to Zone Schedule No. 1, Rates, Rules, Charges and Regulations Applying at Foreign-Trade Zone No. 68, El Paso, Texas (the Tariff):

A. To amend Article I in its entirety with the following:

ARTICLE I
SCOPE OF FOREIGN-TRADE ZONES

Sec. 400.1 Scope.

The scope of Foreign Trade Zones is set forth in 15 C.F.R. 400.1, stating as follows:

"(a) This part sets forth the regulations, including the rules of practice and procedure, of the Foreign-Trade Zones Board with regard to foreign-trade zones in the United States pursuant to the Foreign-Trade Zones Act of 1934, as amended (19 U.S.C. 81a-81u). It includes the substantive and procedural rules for the authorization of zones and the regulation of zone activity. The purpose of zones as stated in the Act is to ``expedite and encourage foreign commerce, and other purposes." The regulations provide the legal framework for accomplishing this purpose in the context of evolving U.S. economic and trade policy, and economic factors relating to international competition.

(b) Part 146 of the regulations of the United States Customs Service (19 C.F.R. part 146) governs zone operations, including the admission of merchandise into zones, zone activity involving such merchandise, and the transfer of merchandise from zones.

(c) To the extent ``activated" under Customs procedures in 19 C.F.R. part 146, and only for the purposes specified in the Act (19 U.S.C. 81c), zones are treated for purposes of the tariff laws and Customs entry procedures as being outside the Customs territory of the United States. Under zone procedures, foreign and domestic merchandise may be admitted into zones for operations such as storage, exhibition, assembly, manufacture and processing, without being subject to formal Customs entry procedures and payment of duties, unless and until the foreign merchandise enters Customs territory for domestic consumption.

At that time, the importer ordinarily has a choice of paying duties either at the rate applicable to the foreign material in its condition as admitted into a zone, or if used in manufacturing or processing, to the emerging product. Quota restrictions do not normally apply to foreign goods in zones. The Board can deny or limit the use of zone procedures in specific cases on public interest grounds. Merchandise moved into zones for export (zone-restricted status) may be considered exported for purposes such as federal excise tax rebates and Customs drawback. Foreign merchandise (tangible personal property) admitted to a zone and domestic merchandise held in a zone for exportation are exempt from certain state and local ad valorem taxes (19 U.S.C. 81o(e)). Articles admitted into zones for purposes not

specified in the Act shall be subject to the tariff laws and regular entry procedures, including the payment of applicable duties, taxes, and fees."

B. To remove ARTICLE II – FOREIGN TRADE ZONE FORMS in its entirety, and to reserve that article.

C. To amend ARTICLE III (OPERATIONS IN A ZONE) as follows:

3.01 MERCHANDISE PERMITTED IN A ZONE

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

(a) Merchandise of every description may be admitted into a zone unless prohibited by law. A distinction is made between prohibited and conditionally admissible merchandise.
(b) Prohibited merchandise. Port directors shall not admit prohibited merchandise. If there is a question as to whether the merchandise may be prohibited, port directors may permit the temporary deposit of the merchandise in a zone pending a final determination of its status. Any prohibited merchandise which is found within a zone will be disposed of in the manner provided for in the laws and regulations applicable to that merchandise.
(c) Conditionally admissible merchandise. The admission of this merchandise into a zone is subject to the regulations of the federal agency concerned.

3.07 EXCLUSION FROM ZONE OF GOODS OR PROCESS OF TREATMENT

15 C.F.R. § 400.5 is entitled: "Authority to restrict or prohibit certain zone operations." It states as follows:
"The Board may conduct a proceeding, or the Executive Secretary a review, to consider a restriction or prohibition on zone activity. Such proceeding or review may be either self-initiated or in response to a complaint made to the Board by a person directly affected by the activity in question and showing good cause. After a proceeding or review, the Board may restrict or prohibit any admission of merchandise or process of treatment in an activated FTZ site when it determines that such activity is detrimental to the public interest, health or safety."

D. To amend ARTICLE IV (GENERAL RULES AND REGULATIONS) as follows:

4.12 ENFORCEMENT OF CHARGES

For the purpose of enforcing the payment of charges named in this schedule on merchandise admitted, stored, or manipulated on the Zone facilities, the Zone

Grantee may take possession of such merchandise, and may remove and store same at the charge, risk, and expense of the owner or consignee thereof and/or sell the goods by public auction, and/or such other remedies as may be provided by law.

4.17 ADMISSION

Before merchandise may be admitted into the Zone, applications on Customs Border Protection ("CBP") Form 214 ("CBP Form 214") must be completed by Zone User or his agent, filed and approved by the Zone Operator or its designee and with the authorized Customs personnel. The application shall describe the merchandise fully, in terms of the Harmonized Tariff Schedule of the United States and be accompanied by all supporting document as required by CBP Form 214. Blanket admissions may be allowed as provided under 19 C.F.R. 146.32(d)(1) by the Zone Operator.

The preceding sub-paragraph shall not apply to those Manufacturing Operators or Distribution Site Operators operating in accordance with the regulations required for Direct Delivery procedures, including but not limited to 19 C.F.R. 146.39, as amended. Upon prior approval of the Port Director of Customs, said Manufacturing Operators shall comply with all requirements applicable to the use of the Direct Delivery procedures.

4.27 COMPLIANCE WITH SPECIAL ORDER

All Zone Users are responsible for complying with Special Orders of the Foreign-Trade Zones Board.

4.37 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.

E. To revise and/or add certain fees in ARTICLE V (FEES AND PAYMENT BOND) as follows:

5.01 USER FEES

High Volume Admissions: A tier rate structure is available for high volume monthly admissions (CBP Form 214) as follows:

No. of Admissions Per Month	Rate
0 – 150	$15
151 – 300	$12
301 up	$10

Admission under Direct Delivery for Distribution: A distribution site operator will be charged $75.00 for the first daily admission on a CBP Form 214 or E214, for which approval from Customs and the Grantee to utilize Direct Delivery procedures has been obtained and issued pursuant to 19 C.F.R. §146.40; subsequent daily CBP Form 214s shall be charged $15.

Alteration: A charge of $100 will be made for a letter requesting an alteration to a Zone site.

5.02 APPLICATION FEES

New Sites General Purpose	$3,000
New Subzones	$10,000
New Magnet Expansion Site	$5,000

5.03 SUBZONE FEES

A. Annual Fee:
$12,000.00 per year per site within the General Purpose Zone
$15,000.00 per year per site outside the General Purpose Zone

B. Training Fee: Same as noted above for User Fees in Section 5.01.

5.04 ACTIVATION FEE
The charge for activation of any general-purpose zone project will be $2,000.00. Subzone Activation Fee is $5,000.00/Operator.

F. Definitions

1. To revise the Appendix A (Definitions) as follows:

SUBZONE - A site (or group of sites) established for a limited purpose directly involved in manufacturing activity as defined in the Customs regulations.

SUBZONE OPERATOR - An individual, company or corporation engaged in manufacturing and managing the operation of the Subzone through its Foreign-Trade Zone Subzone Operator Agreement with the City of El Paso.

2. To include the following Definitions:

ZONE OFFICE - The FTZ No. 68 administrative office for the City of El Paso's Grantee/General-Purpose Zone Operator.

ZONE STATUS - The status of merchandise admitted to a Zone, i.e., nonprivileged foreign, privileged foreign, zone restricted, or domestic.

G. To add Appendix D.

H. To add Appendix E.

I. To make other changes to be consistent when referring to defined terms throughout the Tariff Schedule.

II. To update the names of required federal forms.

III. That all other remaining rates, rules, charges, and regulations within the Tariff shall remain unchanged and in full force and effect.

IV. That the City Council hereby authorizes the Director of Aviation, or designee, to submit a revised tariff, as attached hereto and incorporated herein as Exhibit "A" effective September 1, 2013, to the U.S. Foreign-Trade Zones Board to reflect the changes described above.

V. That the City Council hereby authorizes the Director of Aviation, or designee, to send notice to the Users of Foreign-Trade Zone No. 68 of the changes described above.

ORDINANCE NO. _____

PASSED AND APPROVED THIS _____ DAY OF _____ 2013.

(Signatures appear on the following page)

THE CITY OF EL PASO

_____
Oscar Leeser
Mayor

ATTEST:

_____
Richarda Duffy Momsen
City Clerk

APPROVED AS TO FORM:

_____
Josette Flores
Assistant City Attorney

APPROVED AS TO CONTENT:

_____
Monica Lombraña, A. A. E.
Director of Aviation

APPROVED AS TO CONTENT:

_____
Jose Quiñonez, Jr., A.Z.S.
Foreign Trade Zone Manager

ORDINANCE NO. _____

EXHIBIT "A"

CITY OF EL PASO
EL PASO, TEXAS

ZONE SCHEDULE NO. 1
RATES, RULES, CHARGES AND REGULATIONS

APPLYING AT

FOREIGN-TRADE ZONE NO. 68
EL PASO, TEXAS

OPERATING UNDER GRANT OF AUTHORITY OF
THE UNITED STATES FOREIGN-TRADE ZONES BOARD
TO THE CITY OF EL PASO

ZONE SCHEDULE NO. 1

CITY OF EL PASO
(GRANTEE/OPERATOR)

Monica Lombraña, A.A.E. . . . . Director of Aviation

GRANTEE/FOREIGN-TRADE ZONE OPERATOR ADMINISTRATION

Jose Quiñonez, Jr., Foreign-Trade Zone Manager

LOCATED AT:
BUTTERFIELD TRAIL INDUSTRIAL PARK
AMERICAS INDUSTRIAL PARK
BW BUSINESS PARK
COPPERFIELD INDUSTRIAL PARK
EAST 10 INDUSTRIAL PARK
FIVE STAR INTERNATIONAL BUSINESS PARQUE
PREMIER 5 INDUSTRIAL PARK
PUBLIC SERVICE BOARD DEVELOPMENT
PANAMERICAN INDUSTRIAL PARK
SAAB DEVELOPMENT
IVEY DEVELOPMENT
10/375 INDUSTRIAL PARK
VISTA DEL SOL
WFF INDUSTRIAL
YSLETA INDUSTRIAL

(WITH ADDITIONAL SITES AUTHORIZED WITHIN THE FOLLOWING:
MILES SUBDIVISION
BLOCK 79, TOWNSHIP 2, T&PRR SURVEYS
BLOCK 41, YSLETA GRANT)

GENERAL OFFICES

INTERNATIONAL TRADE PROCESSING CENTER
501 GEORGE PERRY, SUITE I
EL PASO, TEXAS 79906
TELEPHONE: (915) 771-6016
FAX: (915) 772-2491
www.elpasotexas.gov/ftz

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ARTICLE I
SCOPE OF FOREIGN-TRADE ZONES

Sec. 400.1 Scope.

The scope of Foreign Trade Zones is set forth in 15 C.F.R. 400.1, stating as follows:

"(a) This part sets forth the regulations, including the rules of practice and procedure, of the Foreign-Trade Zones Board with regard to foreign-trade zones in the United States pursuant to the Foreign-Trade Zones Act of 1934, as amended (19 U.S.C. 81a-81u). It includes the substantive and procedural rules for the authorization of zones and the regulation of zone activity. The purpose of zones as stated in the Act is to ``expedite and encourage foreign commerce, and other purposes." The regulations provide the legal framework for accomplishing this purpose in the context of evolving U.S. economic and trade policy, and economic factors relating to international competition.

(b) Part 146 of the regulations of the United States Customs Service (19 C.F.R. part 146) governs zone operations, including the admission of merchandise into zones, zone activity involving such merchandise, and the transfer of merchandise from zones.

(c) To the extent ``activated" under Customs procedures in 19 C.F.R. part 146, and only for the purposes specified in the Act (19 U.S.C. 81c), zones are treated for purposes of the tariff laws and Customs entry procedures as being outside the Customs territory of the United States. Under zone procedures, foreign and domestic merchandise may be admitted into zones for operations such as storage, exhibition, assembly, manufacture and processing, without being subject to formal Customs entry procedures and payment of duties, unless and until the foreign merchandise enters Customs territory for domestic consumption.

At that time, the importer ordinarily has a choice of paying duties either at the rate applicable to the foreign material in its condition as admitted into a zone, or if used in manufacturing or processing, to the emerging product. Quota restrictions do not normally apply to foreign goods in zones. The Board can deny or limit the use of zone procedures in specific cases on public interest grounds. Merchandise moved into zones for export (zone-restricted status) may be considered exported for purposes such as federal excise tax rebates and Customs drawback. Foreign merchandise (tangible personal property) admitted to a zone and domestic merchandise held in a zone for exportation are exempt from certain state and local ad valorem taxes (19 U.S.C. 81o(e)). Articles admitted into zones for purposes not specified in the Act shall be subject to the tariff laws and regular entry procedures, including the payment of applicable duties, taxes, and fees. [56 FR 50798, Oct. 8, 1991; 56 FR 56544, Nov. 5, 1991]"

ARTICLE II

(RESERVED)

ARTICLE III
OPERATIONS IN ZONE

The merchandise and operations permitted in a Zone, the disposition of merchandise in a Zone, the Zone status of the merchandise and special provisions applicable to each status, the subsequent importation of merchandise exported from a Zone, and other operations in a Zone authorized by the Act, are hereinafter in this Section generally described. Sample Zone forms required are available upon request from the Zone Operator.

3.01 MERCHANDISE PERMITTED IN A ZONE

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

(a) Merchandise of every description may be admitted into a zone unless prohibited by law. A distinction is made between prohibited and conditionally admissible merchandise.

(b) Prohibited merchandise. Port directors shall not admit prohibited merchandise. If there is a question as to whether the merchandise may be prohibited, port directors may permit the temporary deposit of the merchandise in a zone pending a final determination of its status. Any prohibited merchandise which is found within a zone will be disposed of in the manner provided for in the laws and regulations applicable to that merchandise.

(c) Conditionally admissible merchandise. The admission of this merchandise into a zone is subject to the regulations of the federal agency concerned.

3.02 DISPOSITION OF MERCHANDISE IN A ZONE

In general, merchandise lawfully brought into a Zone may, in accordance with these and other regulations made under the provisions of the Act be exported, destroyed, or sent into Customs territory of the United States therefrom, in the original package or otherwise; but when foreign merchandise, and domestic merchandise whose identity has been lost, is so sent from a Zone into Customs territory of the United States it shall be subject to the laws and regulations of the United States affecting imported merchandise.

3.03 MANIPULATION, MANUFACTURE, AND EXHIBITION OF MERCHANDISE

In general, merchandise lawfully brought into a Zone may, in accordance with these and other regulations made under the provisions of the Act, be stored, sold, exhibited, broken up, repacked, assembled, distributed, sorted, graded, cleaned, mixed with foreign and domestic merchandise or otherwise manipulated, or be manufactured, except as otherwise provided by the Act.

(a) Permission for any manipulation, manufacture, or exhibition in a Zone shall be obtained from the Director, as the representative of the Board, subject to such application and procedure prescribed by the Secretary of the Treasury for the protection of the revenue.

(b) In the event of the denial of any application by the Director for any reason, the applicant, the Grantee, or the Zone Operator may appeal the adverse ruling to the Board. If any revenue protection considerations are involved in such an application, the Board shall be guided by the determinations of the Secretary of the Treasury with respect to them.

3.04 STATUS OF MERCHANDISE IN A ZONE

(a) For the purpose of the Act and the regulations of this Section, all merchandise within a Zone, except merchandise in transit through a Zone as provided in the Customs regulations, and except merchandise temporarily transferred to a Zone for manipulation as provided in paragraph (b) of this Section, shall be given a Zone status as--

(1) privileged foreign merchandise

(2) domestic merchandise

(3) nonprivileged foreign merchandise, or

(4) Zone-restricted merchandise,

in accordance with the Customs regulations.

(b) Imported merchandise which has been entered and which has remained in continuous Customs custody may be temporarily transferred to a Zone for manipulation under Customs supervision pursuant to Section 562, Schedule Act of 1930, as amended, and for return to Customs territory. Any such merchandise shall not be considered within the purview of the Foreign-Trade Zones Act, but shall be treated in all respects as though remaining in Customs territory. Therefore no zone form or procedure shall be considered applicable, but the merchandise shall remain subject

in the zone to such requirements as are necessary for the enforcement of Section 562 and other pertinent Customs laws.

3.05 USE OF ZONE BY CARRIERS

The water area, docking facilities, and loading or unloading stations of a Zone are intended primarily for the use of vessels, vehicles, or aircraft unloading merchandise into the Zone or lading merchandise from the Zone, and their use for other purposes may be terminated by the Secretary of the Treasury if found to endanger the revenue, or by the Board if found to interfere with the primary uses of the Zone.

3.06 SUBSEQUENT IMPORTATION OF ZONE MERCHANDISE

Articles produced or manufactured in a Zone and exported therefrom shall, on subsequent importation into the Customs territory of the United States, be subject to the import laws applicable to like articles manufactured in a foreign country, except that articles produced or manufactured in a Zone exclusively with the use of domestic merchandise, the identity of which has been maintained in accordance with the Second Proviso of Section 3 of the Act, as amended, may, on such importation, be entered as American goods returned.

3.07 EXCLUSION FROM ZONE OF GOODS OR PROCESS OF TREATMENT

15 C.F.R. § 400.5 is entitled: "Authority to restrict or prohibit certain zone operations." It states as follows:

"The Board may conduct a proceeding, or the Executive Secretary a review, to consider a restriction or prohibition on zone activity. Such proceeding or review may be either self-initiated or in response to a complaint made to the Board by a person directly affected by the activity in question and showing good cause. After a proceeding or review, the Board may restrict or prohibit any admission of merchandise or process of treatment in an activated FTZ site when it determines that such activity is detrimental to the public interest, health or safety."

3.08 RETAIL TRADE WITHIN ZONE

No retail trade shall be conducted within a Zone except under permits issued by the Grantee and approved by the Board. Such permittees shall sell no goods except such domestic or duty-paid or duty-free goods as are brought into the Zone from Customs territory. Permits which are sent to the Board for approval shall be accompanied by 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 applicant will sell no goods, except of the kinds specifically authorized by the Act, which are brought into the Zone from Customs territory. No goods shall be

offered for sale or sold in a Zone which are not of the same kind and quality permitted to be offered for sale or sold in the political jurisdiction in which the zone is located. If the permittee violates any provision of the regulations in this Section, his permit shall be revoked by the Grantee, who shall immediately report such action to the Board.

3.09 RESIDENCE WITHIN ZONE

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

3.10 EMPLOYEES AND PERSONS ENTERING AND LEAVING ZONE

Employees and other persons entering or leaving a Zone shall pass through the designated entrances and exits in the enclosure surrounding the Zone. Employees and other persons shall be subject to such examination upon entering and leaving a Zone as the Zone Operator or its Designee may deem necessary for the protection of the revenue. In general, in addition to specific Foreign-Trade Zones Board and U.S. Customs Regulations, the recommendations contained in the Booklet "Standards for Cargo Security," prepared by the U. S. Customs and Border Protection, will be followed where practical. A copy of the publication is available at the Zone office.

3.11 ALL PERSONS ENTERING ZONE BOUND BY REGULATIONS

All persons entering a Zone for any reason whatsoever shall be bound by the regulations promulgated by the Board, Customs and by the Grantee, or its designee of the Zone.

3.12 IDENTIFICATION OF EMPLOYEES WITH ZONE

All persons on duty within, and in connection with the operation of, a Zone, with the exception of Federal employees and uniformed employees of the Zone, shall be required while within the Zone to carry identification cards or wear appropriate identification badges to be provided by the operator or user of the Zone. Persons desiring admittance to the Zone shall make application to the Zone Operator or its Designee. The pass issued must be worn and shown upon request. Upon leaving the Zone, any temporary pass must be surrendered, and any permanent pass must be shown to the gatekeeper.

ARTICLE IV
GENERAL RULES AND REGULATIONS

4.01 HOURS OF BUSINESS AND SERVICE

Hours of business and service, for Customs purposes, shall be the same as those prescribed in Customs regulations.

The Zone shall be available for business activities on a 24-hour basis. Regular or normal business hours shall be between the hours of 8:00-12:00 A.M. and 1:00-5:00 P.M., Monday through Friday. After regular business hours or on holidays, authorized City of El Paso employees will conduct business on the City's behalf.

The Zone may be opened at other times, on an irregular basis upon application and with approval of the Zone Operator or its designee and Customs officials.

4.02 PAYMENT OF CHARGES MADE BY OTHER GOVERNMENT AGENCIES

Charges made by other Government agencies that are not included in this Schedule should be arranged for and paid by the Zone User or Manufacturing Operator that requires and uses such services.

4.03 PAYMENT OF CUSTOMS OFFICERS AND EMPLOYEES

(a) The cost of maintaining the Customs service in a Zone, if any, shall be paid in the manner prescribed by U.S. Customs, by the Grantee of such Zone, to the Director of Customs. Reimbursement to Grantee from individual users and Manufacturing Operators for the Customs services rendered each, is due Grantee within ten days of billing.

(b) Customs officers and employees performing services in a Zone at night, or on Sundays and holidays, shall receive extra compensation, to be computed as and under the conditions prescribed by Customs regulations.

(c) In a Zone at a port where customary working hours are other than those herein mentioned, the Director of Customs is authorized to regulate the hours of Customs officers and employees assigned to the Zone so as to agree with prevailing working hours in said port, but nothing herein shall be construed in any manner to affect or alter the length of a working day for Customs officers or employees, or the overtime pay.

4.04 ERECTION OF BUILDINGS WITHIN ZONE BY PERSONS OTHER THAN GRANTEE

The Grantee may, with the approval of the Board, and under reasonable and uniform regulations for like conditions and circumstances to be prescribed by it, permit other persons, firms, corporations, or associations to erect such buildings and other structures within the Zone as will meet their particular requirements: Provided, (a) that such permission shall not constitute a vested right as against the United States, nor interfere with the regulation of the Grantee or the permittee by the United States, nor interfere with or complicate the revocation of the grant by the United States; (b) that in the event of the United States or the Grantee desiring to acquire the property of the permittee, no good will shall be considered as accruing from the privilege granted to the Zone; and (c) that such permits shall not be granted on terms that conflict with the public use of the Zone as set forth in the Act. And provided further, that accepted sanitary practices be followed in the construction, equipment, and operation of such buildings and other structures.

4.05 ZONE REGULATIONS

The following rules governing procedures within Foreign-Trade Zone No. 68 are issued in conformity with and supplementary to the Foreign-Trade Zones Board's regulations and such of the United States laws and regulations relating to the Port of Entry as are applicable to Foreign-Trade Zone operations.

4.06 GENERAL REGULATIONS

All persons and merchandise of every description entering or leaving Zone No. 68 for any purpose whatsoever shall be bound by the lawful regulations of the Foreign-Trade Zones Board and by the Zone regulations issued thereunder.

4.07 GOVERNMENT AGENCIES

All lawful regulations regarding government agencies in or about ports of entry must be complied with insofar as they are not in conflict with Public Law 397 of the 73rd Congress and the regulations issued thereunder.

4.08 COMPENSATION INSURANCE

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

4.09 PUBLIC INTEREST HEALTH AND SAFETY

No operation or process of treatment will be permitted in the Zone that, in the judgment of the Zone Grantee or its designee, is detrimental to the public interest, health and safety.

4.10 CONFIDENTIAL RELATIONSHIP BETWEEN ZONE AND TENANTS

The Zone Grantee or its Designee will take precaution to avoid the divulging of confidential information regarding merchandise and services thereon performed in the Zone. Any Zone employee violating this confidential relationship will be suitably disciplined or discharged.

4.11 MERCHANDISE HELD FOR CHARGES

Zone charges are due and payable as they accrue and upon presentation to the Zone User, Subzone Operator, or Manufacturing Operator. The Grantee, or its Designee, reserves the right to withhold permission to withdraw merchandise from the Zone for those Users and Subzone or Manufacturing Operators with unpaid charges for Zone use.

4.12 ENFORCEMENT OF CHARGES

For the purpose of enforcing the payment of charges named in this schedule on merchandise admitted, stored, or manipulated on the Zone facilities, the Zone Grantee may take possession of such merchandise, and may remove and store same at the charge, risk, and expense of the owner or consignee thereof and/or sell the goods by public auction, and/or such other remedies as may be provided by law.

4.13 CUSTOMS BOND

(a) The Zone Grantee maintains for Customs purposes a Customs 301 Bond as a guarantee for the payment by the Zone Operator of all duties and taxes on such merchandise as may be removed from the Zone without proper Customs permits or otherwise missing from the Zone.

(b) A Subzone Operator shall purchase and deliver to the US Customs and Border Protection a Customs 301 Bond in an amount set by US Customs. This bond shall be effective beginning on the effective date of the Subzone Operator Agreement, and shall be a "Continuous Bond".

(c) A Manufacturing Operator shall purchase and deliver to the U.S. Customs and Border Protection a Customs 301 Bond in an amount set by U.S. Customs. This bond shall be effective beginning on the effective date of

the Manufacturing Operator Agreement, and shall be a "Continuous Bond".

(d) A Distribution Site Operator shall purchase and deliver to the U.S. Customs and Border Protection a Customs 301 Bond as a guarantee for the payment by the Zone Operator of all duties and taxes on such merchandise as may be removed or otherwise missing from its specific site in the Zone without proper Customs permits. This bond shall be effective beginning on the date of the Port Director's approval of the Distribution Site Operator's application for direct delivery and shall be a "Continuous Bond".

4.14 CUSTOMS PERMIT

Merchandise will not be delivered to or through Customs territory unless permitted by U. S. Customs.

4.15 CUSTOMS INSPECTION OF MERCHANDISE WHILE IN ZONE

The applicable consignee, Zone User, Subzone or Manufacturing Operator, or their agents, shall at all times be immediately available to make the merchandise subject to inspection required by the United States Customs and Border Protection and shall have the sole responsibility of opening crates and packages, handling the merchandise and securing the crates and packages following the inspection. In the event that the required entity or agent is not immediately available for the inspections, then Zone personnel shall be authorized to open such packages for the Customs Service and shall not be liable for any loss or damage for any reason whatsoever to the goods.

4.16 NON-LIABILITY

(a) The Grantee, its agents, employees, representatives and/or those acting within the authority delegated by 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 the acts or omission of co-tenants, or of the occupants, or users of adjacent or contiguous compartments or of other portions in or about the Zone, nor for the breakdown of power service, nor for loss or damage occasioned by plumbing, electric wires, automatic fire apparatus, nor for any loss or damage from any cause whatsoever.

(b) Zone Users, Subzone Operators, Manufacturing Operators, and Distribution Site Operators through their use of the Zone agree that Grantee and/or Zone Operator, their agents, employees, or

representatives, shall not be responsible nor liable for any claims for damages or injury (including death) caused by or arising from:

(1) Acts or negligence of co-tenants upon or within the Zone.
(2) The occupants or users of adjacent or contiguous premises.
(3) The breakdown of power service.
(4) Plumbing, electrical wires, automatic fire or sprinkler apparatus or any facilities upon or about the Zone Operator or other premises of the Grantee and/or Zone Operator.
(5) Water being upon or coming through the roof, skylights or trapdoors.
(6) Accidents on tracks, roadways or elsewhere upon or within Grantee's and/or Zone Operator's property.

4.17 ADMISSION

Before merchandise may be admitted into the Zone, applications on Customs Border Protection ("CBP") Form 214 ("CBP Form 214") must be completed by Zone User or his agent, filed and approved by the Zone Operator or its designee and with the authorized Customs personnel. The application shall describe the merchandise fully, in terms of the Harmonized Tariff Schedule of the United States and be accompanied by all supporting document as required by CBP Form 214. Blanket admissions may be allowed as provided under 19 C.F.R. 146.32(d)(1) by the Zone Operator.

The preceding sub-paragraph shall not apply to those Manufacturing Operators or Distribution Site Operators operating in accordance with the regulations required for Direct Delivery procedures, including but not limited to 19 C.F.R. 146.39, as amended. Upon prior approval of the Port Director of Customs, said Manufacturing Operators shall comply with all requirements applicable to the use of the Direct Delivery procedures.

4.18 PERMISSION TO MANIPULATE, MANUFACTURE OR PROCESS

Foreign-Trade Zones Board approval of any manufacture process is required prior to such activity. Before merchandise may be manufactured or manipulated within the Zone, application on CBP Form 216 must be presented to the Zone Grantee or its designee for concurrence by the Zone Grantee. The Zone Grantee or its designee will then forward the application to the Port Director of Customs. On approval by the Port Director, the contemplated manipulation will then be permitted.

4.19 TENDER FOR ACCEPTANCE

All merchandise for Zone acceptance shall be delivered at designated points properly marked and packed and accompanied or preceded by the necessary documents for preserving the identity of such merchandise.

4.20 CLEARING MERCHANDISE AND TRAFFIC

All merchandise having Zone Status both incoming and outgoing, must obtain clearance through the Zone Office.

4.21 CHARGES FOR SPECIAL ZONE STAFF SERVICES

The Zone Grantee or its designee maintains in the Zone a legally assigned staff of employees to assist in the normal operation of the Zone during regular business hours set forth in this Schedule.

Zone staff services rendered during National Holidays, Saturdays and Sundays, or during overtime hours at the request of the users of such service shall be at rates agreed to between said Zone Users, Subzone Operators, Manufacturing Operators and the Zone Grantee or its designee.

4.22 INSURANCE

Insurance is carried by the Zone Grantee or its designee on its own property only and does not include insurance on the contents stored therein. Zone Users and Subzone and Manufacturing Operators are prohibited from putting anything within the Zone which will cause the cancellation or forfeiture of the insurance or affect the premium rate thereof on the building or buildings of which the leased premises forms a part. Insurance on commodities or other property stored on the leased premises, if desired, must be carried by and at the expense of Zone Users and Subzone and Manufacturing Operators or owner of the commodities or other properties. Merchandise stored, manipulated or transferred within the Zone is not insured by the Grantee and the Zone Schedule rates do not include insurance on merchandise.

4.23 BUSINESS INSURANCE

All persons or firms conducting business on or in connection with the facilities of Foreign-Trade Zone No. 68 will be required to provide the Zone Grantee or its designee with proof of existing in force business insurance in such amounts and type as may be required by the Grantee, City of El Paso, International Trade Processing Center, 501 George Perry, Suite I, El Paso, Texas 79906.

4.24 INSPECTION

Grantee may inspect the assigned area at any and all reasonable times to ascertain whether or not the covenants or conditions related to its proper use are being observed.

4.25 MARKING AND LABELING

All merchandise handled in the Zone before entry into Customs territory must be truly marked in accordance with Customs regulations as to the country of origin and in accordance with all other government regulations, and no merchandise will be permitted to leave the Zone for any purpose that carries any false or misleading label or mark. When repacked or labeled in the Zone, the goods should, when possible, be marked to indicate that fact.

4.26 MERCHANDISE WHICH IS PROHIBITED BY LAW

Merchandise which is prohibited by law shall not be admitted into a Zone. The admission into a Zone of merchandise, the importation of which into the United States is restricted, but not absolutely prohibited, such as certain classes of merchandise as set forth in Chapter X Customs Regulations of 1937, shall be under such provisions as may be prescribed by the Department of Agriculture or other Government Agency having jurisdiction in the particular case. No narcotic drug as defined in the Act of May 26, 1922, known as the "Narcotic Drug Import and Export Act", as amended, shall be permitted to be introduced into a Zone, except that such quantities of narcotic drugs as are required for direct emergency medical needs within a zone may be admitted into said Zone from customs territory of the United States subject to the requirements of the Act of December 17, 1914, known as the "Harrison Narcotic Law", as amended, and regulations thereunder. Any prohibited merchandise, including narcotic drugs not admissible into a Zone as herein provided, found within a Zone shall be seized and disposed of according to law. Merchandise in a Zone may be examined by appropriate officers at any time to enforce the provisions of this paragraph.

4.27 COMPLIANCE WITH SPECIAL ORDER

All Zone Users are responsible for complying with Special Orders of the Foreign-Trade Zones Board.

4.28 IMPROPER PACKING

Merchandise not suitably packed for ordinary handling, may, in the discretion of the Foreign-Trade Zone Manager, be rejected or repacked at the expense of the shipper, consignee, or their agent.

4.29 HAZARDOUS MERCHANDISE

Explosives, inflammable, and other hazardous merchandise will not be permitted in the Zone unless complying with all federal, state, municipal and Grantee regulations.

4.30 CONTINGENCIES NOT COVERED BY RULES

Contingencies not covered by these rules will be subject to arrangements or agreements approved by Grantee.

4.31 INVENTORY CONTROL SYSTEM

As an alternate to the Grantee/Operator performing inventory control functions, Zone Users, Subzone and Manufacturing Operators shall keep track of their own inventories for U. S. Customs requirements as described in their FTZ Procedures Manual on file with the Port Director of Customs & Border Protection. Maintenance of a satisfactory inventory control system will be monitored by the Grantee/Operator and U. S. Customs. The Grantee/Operator will also monitor these systems and will require periodic accountability.

4.32 GRANTEE'S RESTRICTIONS AND PROHIBITIONS

The Grantee reserves the right to restrict or prohibit the entry or handling of any commodity in the Zone due to its hazardous, obnoxious, or unsanitary conditions or nature.

4.33 ZONE TO BE OPERATED AS A PUBLIC UTILITY

All rates and charges for all services or privileges within the Zone shall be fair and reasonable, and the Grantee and Operators shall afford to all who may apply for the use of the Zone and its facilities and appurtenances uniform treatment under like conditions, subject to such treaties or commercial conventions as are now in force or may hereafter be made from time to time by the United States with foreign governments, (15 C.F.R., Part 400, Subpart E, Sections 400.42 - 400.45).

4.34 APPLICATION AND INTERPRETATION OF SCHEDULE

Foreign-Trade Zone No. 68 Schedule No. 1, its rules and regulations and charges, shall apply to Foreign-Trade Zone No. 68, its Subzones and Annexes unless otherwise provided for. The Foreign-Trade Zone Manager shall be the sole judge to interpret and determine the applicability of any of the rates, regulations or services provided for in this Schedule. However, any matter involving interpretation or action by U. S. Customs or other agency of the U. S. Government will be determined by the Port Director of Customs or his duly appointed representative.

4.35 REMOVING FTZ DESIGNATION

The City of El Paso reserves the right to remove the FTZ designation from approved designated sites under the following conditions:

(a) No part of the property has been activated within five (5) years of receiving FTZ Board approval and/or U.S. Customs & Border Protection approval.

(b) There is a default in the agreement between the FTZ Grantee/Operator and Property Owner(s) or between the FTZ Grantee/Operator, Property Owner and FTZ User.

(c) Property is used for residential purposes, commercial or retail usage or any other use or development that is inappropriate for FTZ designation or banned by federal law.

(d) Failure to pay charges or fees associated with a FTZ designation.

4.36 PARTICIPATING GOVERNMENT AGENCIES (PGA)

Foreign-Trade Zone No. 68 schedule is subject to all other government agency regulations affecting importing or exporting from the Zone. The FTZ Manager shall coordinate with PGA any Zone User request for assistance or procedures applicable to merchandise in the Zone.

4.37 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 a Zone Operator's inventory-control or record-keeping systems, specifying requirements for such a system to be used by a Zone Operator, and review of CBP documentation related to a Zone Operator's Zone receipts and shipments.

ARTICLE V
FEES AND PAYMENT BOND

5.01 USER FEES

(a) Transaction Fees: The charge for each FTZ transaction will be $15.00. An FTZ transaction will be defined as any of the following:

1. An Application for Foreign-Trade Zone Admission and/or Status Designation (CF214).
2. An Application for Foreign-Trade Zone Activity Permit (Customs Border Protection Form 216 ("CF216")).
3. Any Transfer of Foreign-Trade Zone Merchandise (i.e., CBP Form 7501, CBP Form 3461, CBP Form 368, CBP Form 7523, Release Under Sec. 321, CBP Form 7512, CBP Form 6043, etc.)
4. Any Amendment of any of the above transactions.

(b) Training Fee: A charge of $50.00 will be made for each individual who attends an FTZ Operations Training Seminar.

(c) Weekly Transportation and Exportation ("T&E") and Weekly Entry Fee: A charge of $30.00 will be made for each Weekly T&E Permit and Weekly Entry Permit issued pursuant to 19 C.F.R. §§ 146.63 and 146.68 of the Customs Regulations.

(d) High Volume Admissions: A tier rate structure is available for high volume monthly admissions (CBP Form 214) as follows:

No. of Admissions Per Month	**Rate**
0 – 150	$15
151 – 300	$12
301 up	$10

(e) Admission under Direct Delivery for Distribution: A distribution site operator will be charged $75.00 for the first daily admission on a CBP Form 214 or E214, for which approval from Customs and the Grantee to utilize Direct Delivery procedures has been obtained and issued pursuant to 19 C.F.R. §146.40; subsequent daily CBP Form 214s shall be charged $15.

(f) Cartage Fee: A charge of $15.00 will be made for each cartage document (i.e. CBP Form 214, CBP Form 6043) requested using the FTZ Operator's Bond that allows the transfer of an inbound shipment into the Zone within the Customs Port of El Paso, and upon authorization of the Foreign-Trade Zone Manager and established guidelines by the Operator. However, permission for cartage purposes will be for only inbound shipments going to a FTZ No. 68 site.

(g) Alteration: A charge of $100.00 will be made for a letter requesting an alteration to a Zone site.

5.02 APPLICATION FEES

New Sites General Purpose	$3,000.00
New Subzones	$10,000.00
New Magnet Expansion Site	$5,000.00

5.03 SUBZONE FEES

(a) Annual Fee:

$12,000.00 per year per site within the General Purpose Zone

$15,000.00 per year per site outside the General Purpose Zone

(b) Training Fee: Same as noted above for User Fees in Section 5.01.

5.04 ACTIVATION FEE

The charge for activation of any general-purpose zone project will be $2,000.00. Subzone Activation Fee is $5,000.00/Operator.

5.05 PAYMENT BONDS

The City will require each Zone User, Subzone Operator, and Manufacturing Operator to keep in force at all times a payment bond. The amount of said bond will be set at a minimum of $125,000.00 but shall be enumerated in the agreement with the Grantee. However, minimum payment bond requirements for Manufacturing Operators shall be enumerated in their agreement with the Grantee and is not subject to the preceding sentence. Every year the Director of Aviation, based on the recommendation of the Foreign-Trade Zone Manager, will re-evaluate performance and re-determine bond levels.

5.06 Grantee reserves the right to deny Zone User's request (or potential Zone User request) to convert a GP Site to Subzone Status.

ARTICLE VI
INCENTIVE PROGRAMS

6.01. SMALL MANUFACTURING BUSINESS ACCELERATOR (SMBA) PROJECT

The SMBA is a project that helps small manufacturing companies expand their markets or compete on a global basis through the use of El Paso's Foreign-Trade Zone. The objective of this project is to act as a catalyst for development of business by reducing the start up cost and accelerating the approval process for a small manufacturing business to set up in FTZ No. 68.

(a) Start-up Incentives:

- A business selected for this project would be permitted to activate an FTZ facility for a period of one year without any Grantee/Operator transaction fees being charged to the business,
- Receive start up support from FTZ No. 68 Grantee/Operator, and
- FTZ operations training fees waived for up to four (4) key employees during initial year.

(b) Selection criteria:

- An application must be submitted to the City's FTZ Manager for review and approval. If the business is selected for the SMBA, it will sign an agreement with the City Manager or its designated representative.
- The business must have less than 500 employees and be legally established in the US.
- The business must conduct manufacturing as defined under US Customs regulations.
- The business must go through a manufacturing approval process through the US Foreign-Trade Zones Board, and will be responsible for paying any consultant and FTZ Board fees necessary to obtain manufacturing approval in a Foreign-Trade Zone.

6.02 EL PASO INTERNATIONAL AIRPORT (EPIA) AIR CARGO PERISHABLE GOODS PROJECT

The EPIA Air Cargo Perishable Goods Project helps companies expand their markets or compete on a global basis through the use of El Paso's Foreign-Trade Zone for importing / exporting perishable goods at EPIA. The objective of this project is to act as a catalyst for development of a business by reducing the start up cost for a business dealing with perishable goods in FTZ No. 68.

(a) Start-up incentives:

- A business selected for this project would be permitted to activate an FTZ facility for a period of one year without any Grantee/Zone Operator transaction fees being charged to the business.
- Receive start up support from FTZ No. 68 Grantee/Zone Operator, and
- FTZ operations training fees waived for four (4) key employees during the initial twelve (12) months.

(b) Selection criteria:

- An application must be submitted to the City's FTZ Manager for review and approval. If the business is approved for the Perishable Goods Project, it will sign an agreement with the City Manager or its designated representative.
- The business must be legally established in the US.
- The business must comply with US Customs regulations.
- The business must be directly involved in the logistics of importing or exporting perishable goods through a new air cargo route at EPIA.

Waiver of the following fees will apply to companies directly involved in the logistics of a new dedicated international route for cargo perishables business at EPIA:

(a) FTZ activation fee is waived.

(b) Transaction Fees

1) New service that provides less than five (5) flights per week, transaction fees will be waived for six (6) months of the new service.
2) New service that provides five (5) or more flights per week, transaction fees will be waived for the first year of the new service.
3) FTZ training fees waived for four (4) key employees during the first twelve (12) months.

ARTICLE VII
U.S. CUSTOMS FORMS

The following U. S. Customs Forms are used in Foreign-Trade Zone No. 68. They are to be reproduced by the user, with appropriate information added as follows:

FORM	DATE
CBP Form 214	(11/09)
CBP Form 214A	(11/09)
CBP Form 214B	(11/09)
CBP Form 214C	(11/09)
CBP Form 216	(01/01)
CBP Form 6043	(08/11)
CBP Form 7512	(02/12)
CBP Form 3461	(10/09)
CBP Form 7501	(06/09)

APPENDIX A
DEFINITION OF TERMS

1. ACT
The Foreign-Trade Zones Act of June 18, 1934 (48 Stat. 998-1003; 19 U.S.C. 81a-81u), as amended by Public Law 566, 81st Congress, approved June 17, 1950, and as it may subsequently be amended.

2. BOARD
The Foreign-Trade Zones Board created by the ACT to carry out provisions thereof. The Board shall consist of the Secretary of Commerce, who shall be the chairman and executive officer and the Secretary of the Treasury.

3. BULK
The term used in describing fungibles, which can be poured, scooped, or shoveled, and which generally cannot be counted or identified piece by piece.

4. CONTROL NUMBER
The number used on all Zone entry and exit forms to identify all merchandise and commodities. The Control Number shall in all cases, be the same as the Schedule number for that same merchandise described in the Harmonized Schedule Schedules of the United States.

5. CUSTOMS TERRITORY
The territory of the United States in which the general Schedule law of the United States applies but which is not included in any foreign-trade zone.

6. DISTRIBUTION SITE OPERATOR
An individual, company or corporation managing the operation of a specific site within the Zone through its Foreign-Trade Zone User Agreement with the City of El Paso, designated by the Zone Operator, as a Distribution Site Operator with the same privileges and responsibilities as an FTZ Operator, for the purpose of utilizing direct delivery pursuant to 19 C.F.R. 146, as may be amended.

7. DOMESTIC ORIGIN/DUTY PAID
Merchandise that is mainly of domestic origin but also includes foreign-origin merchandise on which customs entry and duty payments have been made prior to admission to the zone site.

8. DOMESTIC STATUS
Used synonymously with Domestic Origin/Duty Paid (see above). Domestic status is the customs status (19 C.F.R. 146.43) for domestic origin and duty paid foreign origin zone merchandise.

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

10. FOREIGN-TRADE ZONE FORMS
Forms used in the transaction of Foreign-Trade Zone business are designated by the U. S. Customs Service. As such, these forms shall be completed by either the Zone User (person of record) or his duly assigned Customhouse Broker. (See Attachment)

11. GRANTEE
City of El Paso to which the privileges of establishing, operating and maintaining Foreign-Trade Zone No. 68 have been granted.

12. HOLIDAYS
Those legal holidays during which the Zone is closed for regular business shall be the "City observed holiday" as defined in Title 1 (General Provisions), Section 1.04.030 (Definitions and Rules of Construction) of the El Paso City Code.

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

14. IN-TRANSIT MERCHANDISE
The term "in-transit merchandise" includes all foreign merchandise transported into and out of the United States, whether in and out of the same port or across the country to another port, with or without transshipment, warehousing, breaking bulk, or change in mode of transportation, which originated in one foreign country and is destined at the time of the original shipment to another foreign country. Its distinctive feature is that it is being transported, from one foreign country through the United States to another foreign country, under a through bill of lading or other documentation for a completed journey. The term is particularly applied to foreign merchandise shipped in-transit through a foreign-trade zone.

15. MANIPULATION
Means breaking up, repacking, assembling, distributing, sorting, grading, cleaning, mixing with foreign or domestic merchandise, or other processing which does not constitute a manufacture.

16. MANUFACTURING OPERATOR
An individual, company or corporation managing the operation of a specific manufacturing site within the Zone through its Foreign-Trade Zone Manufacturing Operator Agreement with the City of El Paso, and having the same privileges and responsibilities of an FTZ Operator under 19 C.F.R. 146, as may be amended, for such specific manufacturing site.

17. METRIC TON
Weight ton of 1,000 kilograms, unless otherwise indicated.

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

19. OPEN OR YARD STORAGE
The keeping of merchandise on open space within the fenced-in area of the Foreign-Trade Zone where merchandise not requiring weather protection may be stored.

20. PERSON OF RECORD
The person, firm, or corporation in whose name the application to admit merchandise into the Zone (CF 214) is made, recognized by the Zone Grantee as having the legal right to make the application. Evidence of this right of the applicant is the same as would be required to establish the right to apply for release of the merchandise from Customs custody at the end of its transit through Customs territory, and usually consists of an original bill of lading in the name of the applicant, an original bill of lading endorsed to him or a carrier's certificate.

21. PORT DIRECTOR OF CUSTOMS
The Port Director of Customs, El Paso, Texas, U. S. Customs and Border Protection.

22. PRIVILEGED FOREIGN MERCHANDISE
Foreign merchandise for which an application (CF 214) has been made for determination of taxes and liquidation of duties, and which has been taken under supervision by the Port Director of Customs.

23. QUANTITY
The numerical count of the units composing a shipment of a commodity except bulk commodities which must be measured by weight, size, or volume.

24. RE-EXPORTS OR RESHIPMENTS
Merchandise from one foreign country initially destined to the United States which, after being unladed, stored, and/or manipulated or manufactured in this country, is transported under a new bill of lading or other new documentation to another foreign country. The term is particularly applied to re-exports or reshipments through a foreign-trade zone.

It includes privileged, non-privileged, or zone-restricted foreign merchandise which (1) is in the same condition as when transported into the United States, or (2) has been manipulated without any change in its form or nature, or (3) has been manipulated or processed in such manner as to change its form, whether or not mixed with domestic merchandise, provided the domestic merchandise is not a component part or substantial ingredient thereof.

Generally, it includes all merchandise of foreign origin which has been so manipulated or manufactured as to be deemed a product of the United States, and which has not been released from Customs custody into Customs territory.

25. SECRETARY
The term "Secretary" means the Secretary of Commerce.

26. STORAGE
The keeping of merchandise in or upon the premises within the Foreign-Trade Zone. Covered storage means keeping within a covered and enclosed structure affording weather protection. The term "storage", without other designation, ordinarily implies covered storage.

27. SUBZONE
A site (or group of sites) established for a limited purpose directly involved in manufacturing activity as defined in the Customs regulations.

28. SUBZONE OPERATOR
An individual, company or corporation engaged in manufacturing and managing the operation of the Subzone through its Foreign-Trade Zone Subzone Operator Agreement with the City of El Paso.

29. TRANSSHIPMENT MERCHANDISE
Foreign merchandise which enters and leaves the United States through the same port, being transferred from one vessel to another directly or by way of a foreign-trade zone or Customs bonded warehouse. The term is particularly applied to such merchandise transferred through a foreign-trade zone.

30. UNIQUE IDENTIFIER NUMBER
The numbers, letters, or combination of numbers and letters that identify merchandise admitted to a Zone with zone status.

31. UNIT OF QUANTITY
The customary groupings of a commodity as a unit to indicate the medium or method of measure.

32. UNITED STATES
The several States, District of Columbia and Puerto Rico. The term "United States" includes all Territories and possessions of the United States, except the Virgin Islands, American Samoa, Wake Island, Midway Islands, Kingman Reef, and the Island of Guam.

33. WAREHOUSE
A covered and enclosed structure, affording weather protection, used primarily for short or long term storage of merchandise, and often containing business offices. In a foreign-trade zone it also is used for manipulation, manufacture, and exhibition of merchandise.

34. WEIGHT
The gross weight of the merchandise including container, except as noted to the contrary.

35. ZONE
The term "Zone" means a "foreign-trade zone" and/or Foreign-Trade Zone No. 68.

36. ZONE ADMISSION NUMBER
The number assigned to each zone admission document/transaction by Customs.

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

38. ZONE OFFICE
The FTZ No. 68 administrative office for the City of El Paso's Grantee/General-Purpose Zone Operator.

39. ZONE OPERATOR
City of El Paso, Department of Aviation, representing the City of El Paso, which manages the operation of the Zone through its Foreign-Trade Zone Manager.

40. ZONE STATUS
The status of merchandise admitted to a Zone, i.e., nonprivileged foreign, privileged foreign, zone restricted, or domestic.

41. ZONE USER
An individual, company or corporation utilizing the services and facilities of Foreign-Trade Zone No. 68 through its non-assignable Foreign-Trade Zone User Agreement with the City of El Paso.

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

APPENDIX B
REFERENCE MARKS, AND ABBREVIATIONS USED IN THIS SCHEDULE.

¢	cent (U.S.)
$	dollar (U.S.)
%	percent
ART.	article
BBL.	barrel
B/L	bill of lading
B.M.	board measure
BDLE.	bundle
BX.	box
C.F.R.	Code of Federal Regulations
C/L	carload
CC	cubic centimeters
C.O.D.	cash on delivery
cm	centimeters
CRT.	crate
CTN.	carton
CS.	case
cu.	cubic
cwt.	one hundred weight
doz.	dozen
ea.	each
e.g.	for example
etc.	et cetera
f.f.	folded flat
FTZ	Foreign-Trade Zone
FTZB	Foreign-Trade Zones Board
FTZM	Foreign-Trade Zone Manual
g	gram
G.V.W.	gross vehicle weight
H.T.S.	Harmonized Schedule of the United States
incl.	inclusive
k.d.	knocked down
kg.	kilogram
l.c.l.	less-than-carload
lin.	linear
l.t.l.	less-than-truckload
m.	meter
mg.	milligram
ml.	milliliter
mm.	millimeter
No.	number
N.O.S.	not otherwise specified
pkg.	package
par.	paragraph
PC	piece
sec.	section
sq.	square
s.u.	set up
t.	metric ton
T/L	truck load
U.S.	United States of America
CBP	Customs & Border Protection
wt.	weight
#	text added to Schedule
*	text deleted from Schedule

APPENDIX C

FTZ No. 68 MAP

APPENDIX D

Grantee Fee Schedule
FOREIGN-TRADE ZONE NO. 68
TARIFF NO.1
Issued by the City of El Paso, El Paso International Airport, Foreign-Trade Zone Division

FOREIGN-TRADE ZONE NO 68
El Paso International Airport

ONE-TIME ZONE FEES

Application Fees	
Subzone(per Operator)	$10,000.00
New General Purpose Site	
(MBM or other Single Independent Operator)	$ 3,000.00
Expansion Site	$ 5,000.00
Production Notification (Manufacturing) User	$ 0
General Purpose User/DSO	$ 0
Activation Fees	
General Purpose Operator/DSO	$ 1,000.00
Subzone(per Operator)	$ 3,000.00

ANNUAL FEES

Subzone Operator	
Annual Subzone Fee per Site in GP Zone	$12,000.00
Annual Subzone Fee per Site outside GP Zone	$15,000.00

(Due upon Activation approval and on the anniversary date thereafter)

The fees above are payable at the anniversary date of the Grantee/Operator Agreement or Grantee/Landowner Agreement as appropriate.

NOTE: Distribution Site Operators (DSO) and Manufacturing Operators (MO), please see the fees under the GP Zone Operator Fee Schedule that apply to your type of operation.

APPENDIX E

Operator Fee Schedule
FOREIGN-TRADE ZONE NO. 68
TARIFF NO.1
Issued by the City of El Paso, El Paso International Airport, Foreign-Trade Zone Division

FOREIGN-TRADE ZONE NO. 68
El Paso International Airport

GENERAL-PURPOSE ZONE RATES

Activation Fee: A one-time charge of $1,000 for activation of an FTZ Operator or a Production (Manufacturing) Operator in a GP zone.

These fees are billed monthly.		
User Transaction Fees:	Per document	Annual
1. Application for FTZ Admission (CBP214)	$15	N/A
2. FTZ Activity Permit (CBP216)	$15	
3. Any Transfer of FTZ Merchandise (i.e., CBP7501, CBP3461, CBP7512, CBP7523, CBP6043, etc.)	$15	
4. Amendment of any transaction noted above	$15	
5. Cartage for FTZ bound shipments	$15	
Weekly Export Fee: Weekly consolidated export transaction	$30	N/A
Weekly Entry Fee: Weekly consolidated consumption entry	$30	
Direct Delivery Admission for DC Site Operator: Daily cumulative admission document; Daily 214 limit 1; Subsequent at $15 each daily 214	$75	N/A
Blanket Admission	$100.00	N/A
High Volume Admissions:	Monthly Tier Rate	N/A
OLD / **NEW**	**NEW**	
0 – 500 / 0 - 150	$15	
501 - 1,000 / 151-300	$12	
>1,001 / >301	$10	
Alteration Request	$100.00	N/A
Training Fee: Any FTZ operations training seminar	Per Individual $50	Annual N/A

Note: Tariff rates subject to change.

Effective: September 1, 2013