

SOUTH PUGET SOUND FOREIGN TRADE ZONE SCHEDULE NO. 2

(Cancels and replaces Foreign-Trade Zone Tariff No.1)

RATES, CHARGES, RULES AND REGULATIONS APPLYING AT SOUTH PUGET SOUND FOREIGN TRADE ZONE NO. 216

**Operating under the grant of authority issued by the Foreign-Trade Zones Board
to the Port of Olympia (Grantee)**

ISSUED BY:

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SECTION ONE – GENERAL INFORMATION AND SITES

History of Foreign-Trade Zone No. 216:

The Grant of Authority establishing the South Puget Sound Foreign-Trade Zone, (FTZ No. 216) was issued by the Foreign-Trade Zones Board to the Port of Olympia on August 16, 1996 (Board Order No. 836). An application to expand FTZ No. 216 was approved on May 8, 2000 (Board Order 1092). The Port of Olympia was approved to reorganize FTZ No. 216 under the Alternative Zone Framework on August 3, 2011 (Board Order 1777 with the Service Area for FTZ No. 216 encompassing all of Thurston County and portions of Kitsap, Lewis and Mason Counties,

List of FTZ No. 216 Sites:

The following list describes the sites and their respective designations. There are no subzones of FTZ No. 216.

Site Number and Type	Site Name and Address	Acres
1 Magnet	Port of Olympia Port Terminal facility on the Budd Bay Inlet of Puget Sound adjacent to Interstate Highway 5, Thurston, County -- 915 Washington Street NE Olympia WA	138 acres
2 Magnet	Port of Olympia Airport/Industrial Campus properties, Thurston, County -- 7702 Terminal Street Tumwater, WA.	800 acres
3 Magnet	Marvin Road Industrial Area adjacent to Interstate 5 and Washington State Highway 510, Lacey, WA	494 acres
4 Magnet	Yelm Industrial Area adjacent to Washington State Highway 507 and 510, 801 N.P. Road SE, Yelm,	90 acres
5 Magnet	Port of Centralia Industrial Park within the Port of Centralia, Lewis County, WA.	165 acres
6 Magnet	Chehalis Industrial Area adjacent to Interstate 5 in Chehalis, WA	87 acres
7 Magnet	Port of Chehalis Industrial Park within the Port of Chehalis adjacent to Interstate 5, Lewis County 321 Maurin Road, Chehalis WA	269 acres

9 Magnet	Sanderson Field within the Port of Shelton, adjacent to Highway 101 in Mason County — 21 W Sanderson Way, Shelton WA	420 acres
10 Magnet	John's Prairie Industrial Park within the Port of Shelton, adjacent to Highway 101 in Mason County — 1970 E Johns Prairie Rd — 2994 E Johns Prairie Rd Shelton, WA	130 acres
11 Magnet	Bremerton Airport South within the Port of Bremerton complex on Highway 3, Kitsap County — 8850 SW SR3 Bremerton, WA	217 acres
12 Magnet	Olympia View Industrial within the Port of Bremerton complex on Highway 3, Kitsap County. 8850 SW SR3, Bremerton WA	312 acres
13 Magnet	Darigold Inc, 67 SW Chehalis Avenue, Chehalis WA	8.56 acres
14 Usage Driven	Bordeaux Wine Locators, Inc., 2950 32nd Avenue SW, Tumwater WA	1.54 acres
15 Usage Driven	Callisons, Inc., 799 North National Avenue, Chehalis, WA	2.2 acres

Statutory and Regulatory Authority:

Foreign-Trade Zone Act – 19 U.S.C. 81

Foreign-Trade Zones Board Regulations – 15 C.F.R. 400

Customs & Border Protection Regulations – 19 C.F.R. 146

HOURS OF BUSINESS AND SERVICE - The Grantee's hours of business and service, for Customs purposes, shall be the same as those prescribed in Customs regulations.

The Grantee shall be available for business activities on a 24-hour basis. Regular or normal business hours shall be between the hours of 8:00am and 5:00pm, Monday through Friday. Hours requested by Operator / User outside of these regular hours shall be subject to additional fees.

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

Customs service will not normally be available during the period of 12:00 noon to 1:00pm.

HOLIDAYS

Those legal holidays during which the Grantee is closed for regular business:

New Year's Day	1st of January
Martin Luther King, Jr. Day	15th of January
President's Day	3rd Monday of February
Memorial Day	Last Monday in May
Independence Day	4th of July
Labor Day	1st Monday of September
Veteran's Day	2nd Monday in November
Thanksgiving Day	4th Thursday in November
Day Following Thanksgiving	4th Friday in November
Christmas Day	25th of December

Holidays falling on Saturday shall be observed on Friday.

Holidays falling on Sunday shall be observed on Monday.

Holidays subject to change.

SECTION TWO – POLICIES AT FTZ NO. 216

1. This Zone Schedule is published in accordance with 15 C.F.R. 400.44. The Zone policy, rules, regulations, rates and charges of this schedule shall apply at Foreign-Trade Zone No. 216, unless otherwise provided for.
2. Pursuant to 15 C.F.R. 400.42 and 400.43, the rates and charges for services within the Zone shall be fair and reasonable, and the Grantee shall afford uniform treatment under like conditions to all users. The FTZB shall determine whether the rates and charges are fair and reasonable.
3. All requests and applications to the FTZB by Operators and Users of FTZ No. 216 shall either be submitted by the Grantee or shall include a letter of transmittal or concurrence from the Grantee. Such requests include, but are not limited to, applications for production authority, subzone applications, minor boundary modifications, determinations of or expansions of previously approved scope of authority for Zone procedures. All requests to CBP by Operators of FTZ No. 216 shall include a letter of transmittal or concurrence from the Grantee. Such requests include, but are not limited to, activation, deactivation, or alteration of zone areas.
3. Pursuant to 19 U.S.C 810(c), no merchandise, operation or process of treatment will be permitted in the Zone that is detrimental to the public interest, health and safety
4. All persons conducting business within FTZ No. 216 and all operations moving merchandise into or out of FTZ No. 216 must strictly conform to the Foreign-Trade Zones Act, FTZB Regulations, CBP Regulations, this Zone Schedule and all other applicable federal, state and local laws, rules, and regulations. This Zone Schedule may be modified, amended or replaced by the Port of Olympia at any time if it is determined to be necessary or appropriate to do so. The Port of Olympia shall, in its sole discretion, interpret the provisions of this Schedule and determine the applicability of any of its provisions.
5. The use of FTZ No. 216 shall be deemed complete acceptance of this Zone Schedule and the terms and conditions named herein.

SECTION THREE - GENERAL RULES AND REGULATIONS

COMPLIANCE WITH LAWS – User shall comply with all applicable federal, state and local laws and regulations.

ZONE REGULATIONS - The following rules governing procedures within the Foreign Trade Zone No. 216 are issued in conformity with and supplementary to the Foreign Trade Zone Board's regulations and such of the United States laws and regulations relating to the ports of entry as are applicable to Foreign Trade Zone operations.

GENERAL REGULATIONS - All persons and merchandise of every description entering or leaving the Zone for any purpose whatsoever shall be bound by the lawful regulations of the Foreign Trade Zones Board and by the regulations issued thereunder.

INSURANCE – Merchandise stored, manipulated or transferred within the Zone is not insured by the Grantee or Administrator and the Zone Schedule rates do not include insurance on merchandise.

LIABILITY OF OTHERS – If and when other companies are permitted to perform services at the Zone, they shall be held responsible for loss, damage, or theft by themselves or persons in their employ and liable for the injury of persons in their employ.

PUBLIC INTEREST, HEALTH AND SAFETY - No operation or process of treatment will be permitted in the Zone that, in the judgment of the Grantee, is detrimental to the public interest, health and safety.

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

OPERATIONAL MANAGEMENT PROCEDURES/FOREIGN-TRADE ZONE SITE OPERATIONS MANUAL – User shall establish and agrees to comply with standards of operation and management which conform to the requirements of the Board and Customs, and all applicable laws of the State of Washington and local jurisdictions. ZSO shall require all persons, firms, and corporations admitted by it to the Zone Site to conform to such standards. ZSO shall prepare and file with Customs a Foreign-Trade Zone Operations Manual.

SCOPE OF AUTHORITY – Foreign Trade Zone No. 216 is authorized by Foreign-Trade Zone Board Order Nos. 836, 1092 and 1777 to undertake warehousing and distribution activities only. All production and manufacturing (including kitting) activity that results in

a substantial transformation of the product and a change in the imported material's classification under the Harmonized Zone Schedule of the United States must be authorized by the Board. ZSO shall promptly notify the Grantee of any activity requiring Board notice and authorization.

SUNSET PERIODS – Any company within a magnet site should be aware that the magnet site will sunset if no portion of this site has been activated within five years from the date the site received FTZ designation. A usage-driven site will sunset if there is no actual zone admission and activity within three years of approval.

HANDLING MERCHANDISE - ZSO will be responsible for the receipt and verification of all merchandise admitted to the Zone Site on the proper forms prescribed by Customs and for handling of all merchandise within the Zone Site. ZSO will perform all these functions according to all Customs Regulations. ZSO further agrees not to allow removal of any merchandise located within the Zone Site without prior approval from Customs under the applicable laws, rules and regulations of Customs.

RIGHT OF ENTRY - Representatives of the Grantee, the Board, Customs and other authorized U.S. Government officers, shall have the right to enter the Zone Site during normal business hours for the authorized and lawful purpose of examining the Zone Site; conferring with ZSO, its agents, invitees, and employees; inspecting and checking operations, supplies, equipment and merchandise; and deterring whether the business is being conducted in accordance with the procedures established for the operation and management of the Zone Site and as required by this Agreement and Customs Regulations.

FURTHER INSTRUMENTS AND ACTIONS – The Grantee and ZSO shall deliver such further instruments and take such further action as may be reasonably requested by the other in order to carry out the provisions and purposes of ZSO's operations within the Zone. Without limiting the Grantee's rights as provided herein, the Grantee is not obligated to, and does not intend to, monitor the day-to-day activity of the Zone Site. The appearance of the Grantee's name on any forms associated with Zone Site operations are not intended to represent that the Grantee 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, and that any information contained on any forms associated with Zone Site operations are the representations solely of ZSO and not of the Grantee.

ANNUAL REPORTS – The Grantee is responsible for preparing and filing with the Board an annual report summarizing all Zone activity from January 1 through December 31 of each year. The report shall be filed by March 31 of each year pursuant to current requirements of the Board. By February 28 of each year, all Operators shall submit to the Grantee, through the Online FTZ Information System (OFIS) account established for each Operator by the Grantee, the data and information required to complete the Annual Report for the Board.

AUDITS, INSPECTIONS AND REQUESTS MADE FOR INFORMATION – ZSO shall promptly notify the Grantee of any oral or written request for information, inspection, spot check, or audit of any kind from Customs or the Board or other reports requested by any government agency and of any audit or investigation commenced by any government agency which directly concerns zone operations, and shall accompany such notification with copies of all letters, requests, reports and investigative documentation to the Grantee.

RECORD DEFICIENCIES – In the event that any audit, inspection, or examination by Customs, the Board or the Grantee discloses that books, records or operational procedures of ZSO are not in conformance with the requirements of Customs Regulations or other federal, state or local laws or regulations, ZSO will undertake immediate correction of the documents or procedures once it becomes aware of the deficiency. In the event that ZSO anticipates that such correction will take more than five (5) working days, ZSO shall submit a plan of performance to the Grantee for the correction of such deficiency which shall be approved by the Grantee and, if necessary, by the Board and Customs, and shall proceed with all due diligence to correct the deficiency as described in the approved plan.

RECORD RETENTION – All financial accounting records of ZSO concerning zone operations shall be retained for five (5) years after the merchandise covered by such records is removed from the Zone Site, and all such records shall be available for inspection and audit by any appropriate government agency and by the Grantee during normal business hours.

ADVERTISING – The Grantee may advertise that ZSO's operations are within Foreign-Trade Zone No. 216. Such advertising shall always seek to preserve a favorable image.

CUSTOMS BOND EXPENSE – ZSO shall secure in its name and pay the full cost of any bond required by Customs for operation of the Zone Site. A copy of the Foreign-Trade Zone Operator's bond shall be provided to the Grantee for its records.

DEFAULT AND TERMINATION – ZSO expressly agrees to abide by all the rules, regulations, charges and rates set forth in this foreign-trade zone schedule, and that any violation of the foreign-trade zone schedule shall be deemed a default under ZSO's agreement with the Grantee. If ZSO defaults in the performance of any of its obligations or breach any terms of its agreement with the Grantee or the terms of this schedule, and such default is not remedied to the sole satisfaction of the Grantee within thirty (30) days after notice of such default, then the Grantee may terminate this Agreement upon written notice to ZSO.

APPLICABLE LAW/VENUE - Any agreement between ZSO and the Grantee

shall be governed by and construed in accordance with the Foreign-Trade Zones Act, regulations adopted by the Board and Customs and all amendments thereto, and the applicable laws of the State of Washington, without regard to principles of conflicts of laws. Any legal action or proceeding brought or instituted with respect to any dispute or disagreement arising hereunder or with respect to any breach of the terms and provisions hereof shall be finally settled in the courts of the State of Washington with venue in Thurston County Superior Court.

SECTION FOUR - RATE/CHARGES ASSESSED FOR FTZ NO. 216

APPLICATION FEES:

Boundary Modification - minor	\$ 5,000.00
Boundary Modification - major	\$15,000.00
Manufacturing / Processing permit	\$ 2,500.00
Sub-Zones	\$ 5,000.00

NOTE: Fees due at time of submission to FTZ Board.

ACTIVATION FEE:

Magnet/Usage Driven/Subzone	\$ 1,500.00
Alteration	\$ 1,500.00

NOTE: Fees due upon submission of application to US Customs.

DEACTIVATION FEE: All Sites \$ 3,000.00

NOTE: Fees due at time of request of deactivation.

ANNUAL ADMINISTRATION FEE:

General-Purpose Site/Magnet Sites	\$ 3,000.00
Usage Driven Site	\$ 5,000.00
Sub-Zone	\$ 5,000.00

NOTE: Fees invoiced to activated sites at the first of each calendar year.

The Grantee, in its sole discretion, may amend these fees in the future.

SECTION FIVE - DEFINITION OF TERMS

BOARD - The Foreign-Trade Zones Board created by the Foreign-Trade Zones Act of 1934 as amended to carry out the provisions thereof. The Board shall consist of the Secretary of Commerce, who shall be the chairman and, the Secretary of the Treasury.

CUSTOMS – United States Customs and Border Protection.

GRANTEE - The Port of Olympia, to which the privilege of establishing, operating and maintaining Foreign-Trade Zone No. 216 has been granted.

MAGNET SITE – An FTZ site intended to attract multiple potential foreign-trade zone users.

USAGE-DRIVEN SITE – A site designated to meet a specific user’s present need for foreign-trade zone designation.

USER – Any person, partnership, corporation or other entity storing, manipulating, manufacturing, destroying or exhibiting goods or otherwise engaging in foreign-trade zone activity..

ZONE - The term “Zone” means a “Foreign Trade Zone” and/or Foreign Trade Zone No. 216, and all sites where foreign-trade zone activity is occurring under an agreement with the Grantee.

ZSO – Zone Site Operator.

ZONE SITE – Location within Foreign-Trade Zone No. 216 approved by the Board for foreign-trade zone activity.

ZONE SITE OPERATOR – An organization, corporation, partnership, or person that operates under the terms of an FTZ Operator’s agreement with the Port to conduct foreign-trade zone activity.