



Zone Schedule for the Tacoma Foreign Trade Zone

FTZ No. 86



ZONE SCHEDULE
FOR THE
TACOMA FOREIGN-TRADE ZONE, FTZ No. 86

This Zone Schedule has been prepared by the Port of Tacoma, in its capacity as the Grantee for FTZ No. 86. Any questions concerning the contents of this Zone Schedule should be addressed to:

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This Zone Schedule has been prepared in accordance with 15 C.F.R. 400.44 and is on file with the Foreign-Trade Zones Board and the United States Customs Service in Tacoma.

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I. Foreign-Trade Zones in General:

Foreign-trade zones (FTZs) were created by the Foreign-Trade Zones Act of 1934 ("the FTZ Act") for the purpose of expediting and encouraging foreign commerce. Changes to the FTZ Act in 1950 that permitted manufacturing and exhibiting in FTZs have broadened the objectives of the program. FTZs are secured areas under U.S. Customs supervision that are considered outside the customs territory of the United States. Merchandise may be moved into an FTZ for storage, exhibition, manufacture, or other operations not otherwise prohibited by law. Customs duties on foreign merchandise are not collected until the merchandise is entered into the U.S. Customs territory.

II. The Tacoma Foreign-Trade Zone. FTZ No. 86:

The Tacoma Foreign-Trade Zone, FTZ No. 86, was initially established by Board Order 216 (July 20, 1983) and was expanded three times -- once by Board Order 292 (April 3, 1985); the second time by Board Order 446 (November 3, 1989) and the third time by Board Order 1131 (November 21, 2000). It was reorganized under the Alternative Site Framework (ASF) by Board Order No. 1765 on May 20, 2011. The Port of Tacoma is the Grantee of FTZ No. 86 and the Service Area encompasses all of Pierce County. FTZ No. 86 presently consists of three (3) Magnet Sites, twelve (12) Usage Driven Sites and three (3) Subzones – see Exhibit A. As new Usage Driven Sites, subzones and Magnet Sites are added, Exhibit A will be updated.

The Tacoma Foreign-Trade Zone is open for business during normal business hours. Those legal holidays* during which the Zone is closed for regular business are as follows:

New Year's Day	1st day of January
Martin Luther King Day	3rd Monday of January
President's Day	3rd Monday of February
Memorial Day	Last Monday in May
Independence Day	4th day of July
Labor Day	1st Monday in September
Veteran's Day	11th day of November
Thanksgiving Holidays	4th Thursday and Friday in November
Christmas Holidays	24th and 25th day of December

*If a holiday falls on Saturday, the day immediately preceding such Saturday will be observed; and if a holiday falls on Sunday, the following day will be observed. The Zone office will close at 4 P.M. on election days.

III. Glossary of Terms:

1. **Foreign-Trade Zones Board (FTZB)** -- 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(d).
2. **Foreign-Trade Zones Board (FTZB) 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(g).
3. **Port Director of Customs and Border Protection (CBP)** -- CBP official with responsibility for overseeing the activation and operations of zone projects within his customs port of entry.
4. **Grantee** -- 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(v). The Port of Tacoma is the Grantee of FTZ No. 86.
5. **Operator** -- Corporation, partnership, or person that operates a zone or subzone under the terms of an Agreement with the Grantee. 15 C.F.R. 400.2(w).
6. **User** -- A person or firm using a zone or subzone for storage, handling, or processing of merchandise. 15 C.F.R. 400.2(aa).
7. **FTZ Eligibility** -- A site becomes eligible to be used as an FTZ upon receipt of designation from the FTZB in response to a request from the Grantee.
8. **Activation** -- Filing of an application with CBP by the Operator, with Grantee's concurrence, results in the actual utilization of an FTZ eligible site as an FTZ. 19 C.F.R. 146.1.
9. **Subzone** -- A site (or group of sites) established for a specific use. 15 C.F.R. 400.2(s).
10. **Alternative Site Framework (ASF)** -- An optional approach to FTZ designation and management that provides Grantees with greater flexibility and responsiveness in serving FTZ Users. 15 C.F.R. 400.2(c). FTZ No. 86 was reorganized under ASF through Board Order No. 1765 on May 20, 2011.
11. **Service Area** -- Jurisdiction within which a Grantee proposes to be able to designate sites via minor boundary modifications under the ASF. 15 C.F.R. 400.2(q). The Service Area for FTZ No. 86 encompasses all of Pierce County
12. **Magnet Site** -- A site intended to serve or attract multiple operators or users under the ASF. 15 C.F.R. 400.2(j).
13. **Usage Driven Site** -- A site tied to a single Operator or User under the ASF. 15 C.F.R. 400.2(t).

14. **Zone Project** -- All of the Zone sites (General Purpose, Magnet, Usage Driven and subzone) established by the Board under a single Grantee.
15. **Production** -- Activity involving the substantial transformation of a foreign article resulting in a new and different article having a different name, character, and use or activity involving a change in the condition of the customs classification of the article or its eligibility for entry for consumption. 15 C.F.R. 400.2(o)
16. **Domestic Status Merchandise** -- Merchandise produced in the United States or imported merchandise for which customs duties have already been paid. 19 C.F.R. 146.43.
17. **Privileged Foreign Status Merchandise** -- Imported merchandise that has not cleared Customs and for which the User wishes said merchandise to retain its identity, from a customs classification standpoint, regardless of its condition when it ultimately enters the customs territory of the United States. 19 C.F.R. 146.41.
18. **Non-Privileged Foreign Status Merchandise** -- Imported merchandise that has not cleared Customs and for which the User does not wish said merchandise to retain its identity, from a customs classification standpoint, so that if altered, it will become classifiable in its condition when it enters the customs territory of the United States. 19 C.F.R. 146.42.
19. **Zone Restricted Merchandise** -- Merchandise which cannot re-enter the U.S. customs territory. 19 C.F.R. 146.44
20. **CBPF 214** -- Document prepared on behalf of the User, signed by the Operator and approved by CBP, which authorizes the admission of merchandise into a FTZ and designates the status of the merchandise.
21. **CBPF 216** -- Document prepared by the Operator and approved by CBP, which authorizes the User to engage in certain activities within the FTZ such as manipulation, repair, destruction and manufacture.
22. **CBPF 3461** -- Document prepared on behalf of the User, which must be approved by CBP and furnished to the Operator prior to the physical removal of any merchandise from the FTZ into the customs territory of the United States.
23. **CBPF 7512** -- Document prepared on behalf of the User, which must be approved by CBP and furnished to the Operator prior to the physical removal of any merchandise from the FTZ for exportation of merchandise from the United States.

IV. Role of FTZB:

1. Prescribe rules and regulations concerning foreign-trade zones and issue Board Orders (Grants of Authority). 15 C.F.R. 400.3.
2. FTZ applications, expansion applications, subzone applications, production requests and boundary modification requests are reviewed by FTZB staff. 15 C.F.R. 400.4.
3. All ongoing activities are subject to review 15 C.F.R.400.49.
4. The FTZB may revoke a grant in whole or in part for repeated and willful violations of the FTZ Act. 15 C.F.R.400.61.
5. The Executive Secretary and/or the FTZB may entertain complaints filed by zone participants regarding conditions or treatment that are alleged to be inconsistent with the public utility and uniform treatment requirements of the FTZ Act and Regulations. 15 C.F.R. 400.45.
6. A request for production authorization in a designated zone or subzone must be approved by the FTZB prior to initiation of the production operation under FTZ procedures. 15 C.F.R. 400.14 and 400.23.
7. Zone Schedules are subject to review by the Executive Secretary 15 C.F.R. 400.44.
8. Zone-restricted merchandise may be permitted to be returned into the customs territory by request to the FTZB 15 C.F.R. 400.48.
9. Retail trade requests may be processed by the Executive Secretary 15 C.F.R. 400.47.
10. The FTZB shall submit an Annual Report to Congress 15 C.F.R. 400.51(c)(2).

V. Role of CBP:

1. Port Director is local Representative of the FTZB 19 C.F.R. 146.2.
2. Port Director approves activation and alteration requests 19 C.F.R. 146.6 and 146.7.
3. CBP will conduct spot checks and audits.
4. CBP provide recommendation to the FTZB with regard to requests to return zone-restricted merchandise into the customs territory 15 C.F.R. 400.48(b)(4).

VI. Role of Zone Grantee:

1. File all applications with the FTZB.
2. Assist in marketing of zone project.

3. Select Operators and enter into agreements with entities authorizing said entities to function as an Operator.
4. Insure maintenance of facilities. 19 U.S.C. 81l.
5. Insure zone is run as public utility. 19 U.S.C. 81n; 15 C.F.R. 400.42.
6. Insure all parties that apply to make use of or participate in the zone are provided uniform treatment under like conditions. 15 C.F.R. 400.43
7. Concur in all activation requests filed with Customs 19 C.F.R. 146.6.
8. Insure that the Annual Report is timely filed with the FTZ Board. 19 U.S.C. 81p(b); 15 C.F.R. 400.51(c).
9. Submit the Zone Schedule to the Executive Secretary. 15 C.F.R. 400.44.
10. Submit requests to the Executive Secretary of the FTZB with regard to whether an activity constitutes retail trade and can be conducted within the zone 15 C.F.R. 400.47.

VII. Role of Zone Operator:

1. Supervise all admissions, transfers, removals, recordkeeping, manipulations, manufacturing, destruction, exhibition, physical and procedural security and conditions of storage in zone as required by law and regulations. 19 C.F.R. 146.4.
2. Payment of any applicable activation fee and annual fee. 19 C.F.R. 146.5.
3. Prepare written application to the Port Director for activation of zone. 19 C.F.R. 146.6.
4. Make written application to the Port Director for approval of an alteration of an activated area. 19 C.F.R. 146.7.
5. File the requisite CBPF 301 Foreign Trade Zone Operator's Bond with CBP. 19 C.F.R. 146.7.
6. Sign all CBPF 214s permitting merchandise to be admitted into the zone. 19 C.F.R. 146.9.
7. Prepare a Procedures Manual outlining the inventory control system and recordkeeping system to be followed at the zone. 19 C.F.R. 146.21.
8. Responsible for preparing a reconciliation report within 90 days after the end of the zone/subzone year. 19 C.F.R. 146.25.
9. Perform an annual internal review of the inventory control and recordkeeping system and report discrepancies to the Port Director. 19 C.F.R. 146.26.

10. Maintenance of admission documentation. 19 C.F.R. 146.37.
11. Collect all in-bond documentation. 19 C.F.R. 146.40.
12. Filing of a CBPF 216 for permission to manipulate, manufacture, exhibit or destroy merchandise in a zone. 19 C.F.R. 146.52.
13. Report shortages and overages to CBP. 19 C.F.R. 146.53.

VIII. Role of Zone User:

1. Payment of customs duties for merchandise entering customs territory.
2. In many instances, the User is responsible for maintenance of inventory control records, particularly where the User has physical possession of zone merchandise. 19 C.F.R. 146.4.
3. In many instances the User is the Operator.

IX. FTZ No. 86 Zone Policy

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. 86, 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. Pursuant to 15 C.F.R. 400.38, Usage Driven Sites can be established within 30 days of the filing of a minor boundary modification request by the Grantee. Pursuant to 15 C.F.R. 400.25, subzones can generally be established, if there is no objection encountered, within 5 months of the filing of the subzone request by the Grantee. All persons and entities who request the Grantee to apply for authority to establish a Usage Driven or subzone site must first enter into an agreement with the Grantee governing the proposed operations at the site. All requests for usage driven and/or subzone designation will be reviewed by the Grantee and all entities will be afforded uniform treatment with respect to the handling of the request by the Grantee. Should the Grantee determine to sponsor the Usage Driven or subzone site application, it will be the obligation of the applicant for the new site to prepare the application and bear all costs associated with the preparation and filing of the application, including any filing fees assessed by the FTZB.

Pursuant to 15 C.F.R, 400.24(b) Magnet Sites can be established provided that certain criteria are satisfied. All requests for the establishment of a new Magnet Site will be

reviewed by the Grantee and all entities will be afforded uniform treatment with respect to the handling of the request by the Grantee. Should the Grantee determine to sponsor the expansion application, it will be the obligation of the applicant for the new Magnet Site to prepare the expansion application and bear all costs associated with the preparation and filing of the application, including any filing fees assessed by the FTZB.

Since the focus of the ASF is the expeditious and cost effective establishment of Usage Driven Sites for individual entities, any entity that seeks Magnet Site designation must demonstrate a compelling need for said designation and shall provide letters of commitment to activate parcels within the requested Magnet Site from multiple Operators.

4. All requests and applications to the FTZB by Operators and Users of FTZ No. 86 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. 86 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.
5. 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.

X. Inventory Control and Recordkeeping System:

1. The Operator will maintain either a **manual or automated inventory control and recordkeeping system** or combination manual and automated system capable of:
 - (A) accounting for all merchandise, including domestic status merchandise, temporarily deposited, admitted, granted a zone status or status change, stored, exhibited, manipulated, manufactured, destroyed, transferred, and/or removed from the FTZ;
 - (B) producing accurate and timely reports and documents as required by regulations;
 - (C) identifying shortages and overages of merchandise in the FTZ in sufficient detail to determine the quantity, description, tariff classification, zone status, and value of the missing or excess merchandise;
 - (D) providing all the information necessary to make entry for merchandise being transferred to the Customs territory;
 - (E) providing an audit trail to Customs forms from admission through manipulation, manufacture, destruction or transfer of merchandise from the FTZ either by zone lot or Customs authorized inventory method.

2. **Procedures Manual** -- the Operator will provide the CBP Port Director with an English language copy of its written inventory control and recordkeeping systems procedures manual and all subsequent changes thereto. The Operator may authorize a User to maintain its individual inventory control and recordkeeping system and procedures manual, however, the Operator remains responsible to CBP and liable under its bond for supervision, defects in, or failures of such a system.
3. **Admission of Merchandise** -- all merchandise will be recorded in a receiving report or document using a zone lot number or unique identifier. All merchandise, except domestic status merchandise for which no permit for admission is required must be traceable to a CBPF 214 and accompanying documentation. Quantities received will be reconciled to a receiving report or document such as an invoice with any discrepancy reported to the Port Director. The receiving report or document is required to provide sufficient information to identify the merchandise and distinguish it from other merchandise. Merchandise received will be accurately recorded in the inventory system records from the receiving report or document using the zone lot number or unique identifier for traceability.
4. **Accountability for Merchandise** -- a zone lot number or unique identifier will be used to identify and trace merchandise. Fungible merchandise may be identified by an inventory method authorized by CBP, which must be consistently applied, such as First-In-First-Out (FIFO) and using a unique identifier. The inventory records will specify by zone lot number, or unique identifier (a) the location of merchandise; (b) zone status; (c) cost or value, except where the operator's or user's financial records maintain cost or value and the records are made available for Customs review; (d) beginning balance, cumulative receipts and removals, adjustments, and current balance by date and quantity; (e) destruction of merchandise; and (f) scrap, waste, and by-products.
5. **Physical Inventories** -- the Operator is required to take at least an annual physical inventory of all merchandise in the FTZ (unless continuous cycle counts are taken as part of an ongoing inventory control program) with prior notification of the date(s) given to CBP for any supervision of the inventory deemed necessary. The Operator will notify the Port Director of any discrepancies.
6. **Annual Reconciliation** -- the Operator will prepare a reconciliation report within 90 days after the end of the zone/subzone year unless the Port Director authorizes an extension for reasonable cause. The Operator will retain the annual reconciliation report for a spot check or audit by CBP. The report will contain a description of merchandise for each zone lot or unique identifier, zone status, quantity on hand at the beginning of the year, cumulative receipts and transfer (by unit), quantity on hand at the end of the year, and cumulative positive and negative adjustments (by unit) made during the year. The Operator will submit to the Port Director within 10 working days after the preparation of the annual reconciliation report, a letter signed by the Operator certifying that the annual reconciliation has been prepared, is available for CBP review, and is accurate. The certification letter is required to contain the name and street address of the Operator, where the required records are available for CBP review; and the name, title, and telephone number of the person having custody of the records.

7. **Annual System Review** -- the Operator will perform an annual internal review of the inventory control and recordkeeping system and report to the Port Director any deficiency discovered and corrective action taken.
8. **Shortages and Overages** -- the Operator will report, in writing, to the Port Director upon identification, as such, of any (a) theft or suspected theft of merchandise; (b) merchandise not properly admitted to the zone; or (c) shortage of one percent or more of the quantity of merchandise in a lot or covered by a unique identifier, if the missing merchandise would have been subject to duties and taxes of \$100 or more upon entry into the customs territory. The Operator will record upon identification all shortages and overages, whether or not they are required to be reported to the Port Director at that time, in its inventory control and recordkeeping system. The Operator will record all shortages and overages as required in the annual reconciliation report. The person with the right to make entry is required to file, within 5 days after identification of an overage, an application for admission of the merchandise to the zone on CBPF 214 or file a Customs entry for the merchandise. If a CBPF214 or a Customs entry is not timely filed, and the Port Director has not granted an extension of the time provided, the merchandise will be sent to general order.

XI. Handling and Movement of Merchandise:

1. **Receipt of merchandise** -- merchandise will be admitted into the zone only upon application on a uniquely and sequentially numbered CBPF 214 ("Application for Foreign Trade Zone Admission and/or Status Designation") and the issuance of a permit by the Port Director. Exceptions to the CBPF 214 requirement are for merchandise temporarily deposited, transmitting merchandise, or domestic merchandise admitted without permit. The Operator is required to maintain a lot file containing a copy of the CBPF 214, the examination invoices, and all other documentation necessary to account for the merchandise covered by each CBPF 214. The lot file will be maintained in sequential order by using the unique number assigned to each CBPF 214 as the file reference number. Where a Customs-authorized inventory method other than a lot system is in use, such as FIFO, a lot file may not be used, yet the Operator will maintain a file of all CBPF 214's in sequential order.
2. **Direct delivery procedures** -- an Operator may qualify for direct delivery if its operations are predictable and stable over a long term and are relatively fixed in variety; merchandise is not restricted or of a type requiring CBP examination before or on its arrival, and CBP has no reason to believe the merchandise will be inaccurately described in admission documents; and when the Operator is the owner or purchaser of the merchandise.
3. **Manipulation of merchandise** -- prior to any action the Operator is required to file with the Port Director an application (or blanket application) on CBPF 216 for permission to manipulate, manufacture, exhibit, or destroy merchandise in the zone. After CBP approves the application (or blanket application), the Operator will retain in his recordkeeping system the approved application. The Port Director is authorized to approve a blanket application for period of up to one year for a continuous or repetitive

operation. The Port Director may disapprove or revoke approval of any application, or may require the operator to file an individual application.

4. **Transfer of merchandise** -- (a) to another FTZ with a different operator at the same port must be by a licensed cartman under an entry for immediate transportation on CBPF 7512 or other appropriate form with a CBPF 214 filed at the destination zone and (b) to another FTZ at another port must be by bonded carrier under an entry for immediate transportation on CBPF 7512.

When merchandise is transferred from one FTZ to another, the operator of the transferring zone must provide the operator of the destination zone with the documented history of the merchandise being transferred. Upon arrival of the merchandise at the destination FTZ, it is admitted under the normal zone admission procedure except that no invoice or CBP examination is required. When the historical documentation is received, the operator of the destination FTZ must associate it with the CBPF 214 for admission of the merchandise and incorporate that information into the zone inventory control and recordkeeping system.

5. **Removal of merchandise from FTZ** -- except domestic status merchandise, no merchandise may be removed from the FTZ without a Customs permit on the appropriate entry form or other document as required by pertinent regulations. The Port Director may authorize transfer from the zone without physical supervision or examination by a CBP officer. Upon issuance of a permit, the Port Director will authorize delivery of the merchandise only to the Operator, who then may release the merchandise to the importer or carrier.

(A) **Transfer to customs territory for consumption** -- a CBPF 3461 permit must be filed with and approved by CBP prior to the removal of any foreign status merchandise from the FTZ for entry into the customs territory for consumption.

(B) **Weekly estimated entries for consumption** -- an Operator or User may, if it meets certain criteria, remove merchandise from the Zone based upon weekly estimated entries. The weekly estimated entry covers any 7 consecutive day period and shall be treated as a single entry for MPF purposes.

(C) **Transfer to customs territory for exportation** -- a CBPF 7512 permit must be filed with and approved by CBP prior to the removal of any foreign status merchandise from the FTZ for entry into the customs territory for exportation. The bonded carrier will assume liability for the transportation and exportation of the merchandise.

(D) **Weekly Estimated Exports** -- CBP may approve removal for exportation of merchandise from the Zone based on weekly estimates.

XII. Miscellaneous:

1. **Grantee Fee Schedule** -- There is a Grantee FTZ Establishment Fee Schedule for FTZ No. 86 (Exhibit B). There is also a Grantee FTZ Fee Schedule for Approved FTZ Sites (Exhibit C).

2. **Operator Fee Schedule** -- Each operator will be responsible for preparation of its own Fee Schedule listing its charges. All rates and charges for all FTZ services within FTZ No. 86 shall be fair and reasonable and the operators shall afford to all who may apply for the use of the FTZ and its facilities uniform treatment under like conditions.

EXHIBIT A

For a list of the present Magnet Sites, Usage Driven Sites and Subzone of FTZ No. 86, please check the FTZ Board website at ita-web.ita.doc.gov/FTZ/OFISLogin.nsf and click on Zone & Site Information and open FTZ 086.

EXHIBIT B

GRANTEE'S FOREIGN-TRADE ZONE FEE SCHEDULE FOR FTZ ESTABLISHMENT

**Tacoma Foreign-Trade Zone
Foreign Trade Zone No. 86
Effective February 1, 2015**

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|----|--|--------------------|
| 1. | Minor Boundary Modification Sponsorship Fee to Designate a new Usage Driven Site | \$5,000.00 |
| | <i>This non-refundable Sponsorship Fee is payable to Grantee by Company seeking the Usage Driven Site designation prior to filing of Minor Boundary Modification Request. The Company is responsible for the cost of preparing said request as well as any filing fees assessed by the FTZB with regard to the processing of said request.</i> | |
| 2. | Subzone Application Sponsorship Fee | \$5,000.00 |
| | <i>This non-refundable Sponsorship Fee is payable to Grantee by Subzone Operator prior to filing of Subzone Application. The Subzone Operator is responsible for the cost of preparing said request as well as any filing fees assessed by the FTZB with regard to the processing of said request.</i> | |
| 3. | Sponsorship Fee for Transfer of Ownership of FTZ Eligible Property within Magnet Site | \$2,500.00 |
| | <i>This non-refundable Sponsorship Fee is payable to Grantee by new Owner of Property within a Magnet Site within 45 days of closing of sale or transfer of FTZ eligible property.</i> | |
| 4. | Expansion Application Minimum Sponsorship Fee to Designate a New Magnet Site | \$15,000.00 |
| | <i>This non-refundable Sponsorship Fee is payable to Grantee by Owner of Magnet Site prior to filing of Expansion Application. The Property Owner is responsible for the cost of preparing said application as well as any filing fees assessed by the FTZB with regard to the processing of said application.</i> | |

EXHIBIT C

GRANTEE'S FOREIGN-TRADE ZONE FEE SCHEDULE FOR APPROVED FTZ SITES

**Tacoma Foreign-Trade Zone
Foreign Trade Zone No. 86
Effective February 1, 2015**

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|-----------|---|-------------------|
| 1. | Fee for Activation of Zone Site (whether a Magnet, Usage Driven or Subzone Site) | \$1,500.00 |
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This non-refundable fee is payable to Grantee by Operator prior to submission of activation application to United States Customs and Border Protection. Failure by Operator to pay such fee to Grantee will result in Grantee withholding its concurrence to activation.

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| 2. | Fee for Alteration of Zone Site (whether a Magnet, Usage Driven or Subzone Site) for the Purpose of adding a New Site at which Operator is authorized to Provide FTZ Services | \$1,500.00 |
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This non-refundable fee is payable to Grantee by Operator prior to submission of alteration request to United States Customs and Border Protection. Failure by Operator to pay such fee to Grantee will result in Grantee withholding its concurrence to alteration. It is to be noted that an alteration request solely to expand or decrease the activated portion of an existing Site is not subject to this Fee.

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| 3. | Annual Fee for Non-Activated Zone Site (whether a Magnet, Usage Driven or Subzone Site) | \$1,000.00 |
|-----------|--|-------------------|

This non-refundable Annual Fee is payable to Grantee by Property Owner of Magnet Site or Company operating Usage Driven or Subzone Site upon the site's receipt of FTZ designation. If FTZ designation is issued on a date other than January 1, this Annual Fee will be prorated for the remainder of that calendar year. This Annual Fee is to be paid on January 1 of each year thereafter that the Zone Site is non-activated. In the case of a Magnet Site this Annual Fee is suspended should a portion of the Magnet Site be activated and remains suspended until the entire Magnet Site is deactivated, at which time Property Owner will commence payment of this Annual Fee on a yearly basis as described above.

4. Annual Fee for Activated Subzone, Usage Driven Zone Site or Single User within Magnet Site \$5,000.00

This non-refundable Annual Fee is payable to Grantee by Subzone Operator, Usage Driven Site Operator or Single User Operator within Magnet Site upon activation of the Zone Site. This Annual Fee applies separately to each site activated by Operator. If activation occurs on a date other than January 1, this Annual Fee will be prorated for the remainder of that calendar year and Operator will receive a prorated credit for the Annual Fee it paid for that calendar year pursuant to 3 above. This Annual Fee is to be paid on January 1 of each year thereafter that the Zone Site remains activated.

5. Minimum Annual Fee for Operator at Activated Magnet Site \$1,200.00

This non-refundable minimum Annual Fee is payable to Grantee upon activation of any Site within a Magnet Site by Zone Site Operator. If activation occurs on a date other than January 1, this minimum Annual Fee will be prorated for the remainder of that calendar year. This minimum Annual Fee is to be paid on January 1 of each year thereafter that each Site within the Magnet Zone Site remains activated. In addition to this minimum Annual Fee, the General Purpose Operator of any Site within a Magnet Site will be subject to a transactional fee of \$100 for each CBP Form 214 admission filed in excess of 12, with a maximum Annual Fee of \$5,000.

6. Fee for Activated Zone Site Used Exclusively for Storage and/or Accessorizing of Foreign Status Vehicles \$0.10 per FS Vehicle

This fee is subject to the \$1,200 minimum Annual Fee set forth in paragraph 5.

7. Fee for Sponsorship of Production Notification/Production Authorization Request \$2,500.00

This non-refundable fee is payable by Operator to Grantee prior to submission of a production notification/production authorization request to the FTZB. The Operator is responsible for the cost of preparing said request(s) as well as any filing fees assessed by the FTZB with regard to the processing of said request(s).