

# ***Limon Foreign Trade Zone Guidebook***

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## **Section 1: BACKGROUND**

### **Key Aspects of a Foreign Trade Zone (FTZ)**

FTZs are within the geographic limits of the U.S., but outside Customs and Border Protection (CBP) territory

FTZs allow users to *defer*, *reduce*, or *eliminate* CBP duties:

- **Defer:** Import a product to the site; Hold it for a designated amount of time; transport within the U.S.; and pay duty only when the good exits the FTZ Site into the U.S. Market
- **Reduce:** Import different products to the site; combining these products with others, including U.S. products; transport in the U.S.; and then pay lower duties on the final product rather than the sum of the individual duties.
- **Eliminate:** Import a product; and then export the product or the product combined with others; and pay no duty.



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## **Section 2: ALTERNATIVE SITE FRAMEWORK**

Alternative Site Framework (ASF) is designed to serve zone projects that want the flexibility to both attract users/operators to certain fixed sites and to serve companies at other locations where the demand for FTZ services is expected to arise in the future. The ASF:

- Improves the Grantee's ability to bring competitive benefits of their FTZ to a broad range of companies
- Front-loads 90% of the leg work for designation of a site, reducing paperwork when a site needs to be designated as an FTZ and shortening the boundary modification process to roughly 30 days
- Allows the zone/site to become flexible for operation and administration



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## **Section 3: FOREIGN TRADE ZONES VS. BONDED WAREHOUSE**

### **I. Bonded Warehouse**

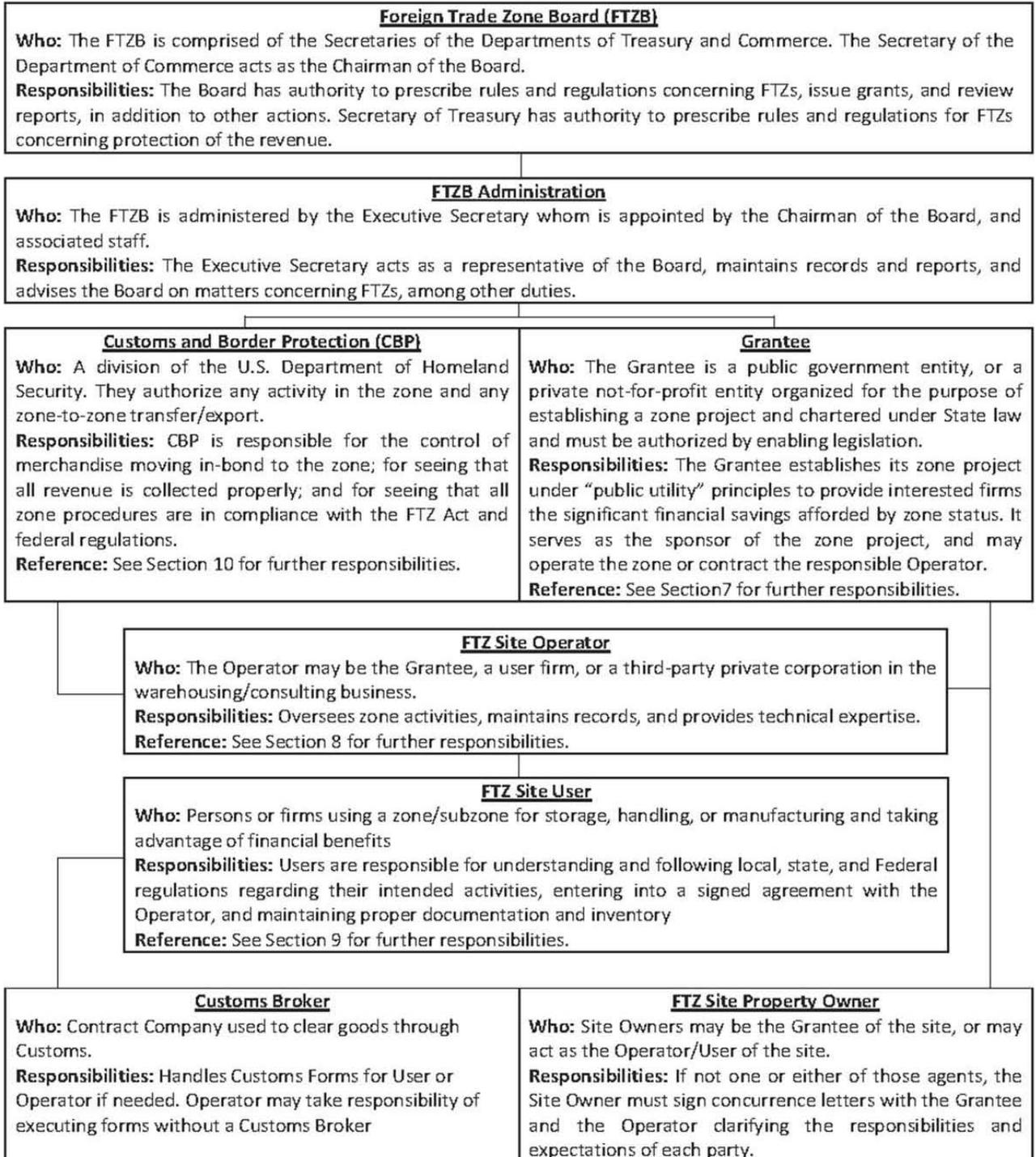
- A Bonded Warehouse is a site in which foreign goods may be stored and manipulated without paying duties until those goods are released from storage. Bonded Warehouses may be managed by the state or by a private organization (which is required to post a customs bond with the government).

### **II. Differences between FTZs and Bonded Warehouses**

- Only foreign merchandise is permitted in a Bonded Warehouse, while FTZs allow both foreign and domestic merchandise
- Customs entry must be filed to enter goods into a Bonded Warehouse, while customs entry is only required at the removal of merchandise from an FTZ
- Duties must be paid before release of merchandise from a Bonded Warehouse, but are only due from an FTZ upon entry into US territory
- FTZs have unlimited storage duration, while Bonded Warehouses offer a maximum of 5 years
- Manufacturing is never allowed in Bonded Warehouses
  - Manufacturing and kitting are allowed in FTZs. Approval by the FTZB is needed for any activity that changes the 6-digit HTSUS classification
  - Kitting (examples - imported glassware and a bottle of liquor placed in a box and entered as a gift set or an imported battery combined with a cell phone into a retail package)
- Merchandise of any description (except those outlined in Operator Responsibilities) may be stored or processed in an FTZ without being subject to CBP laws

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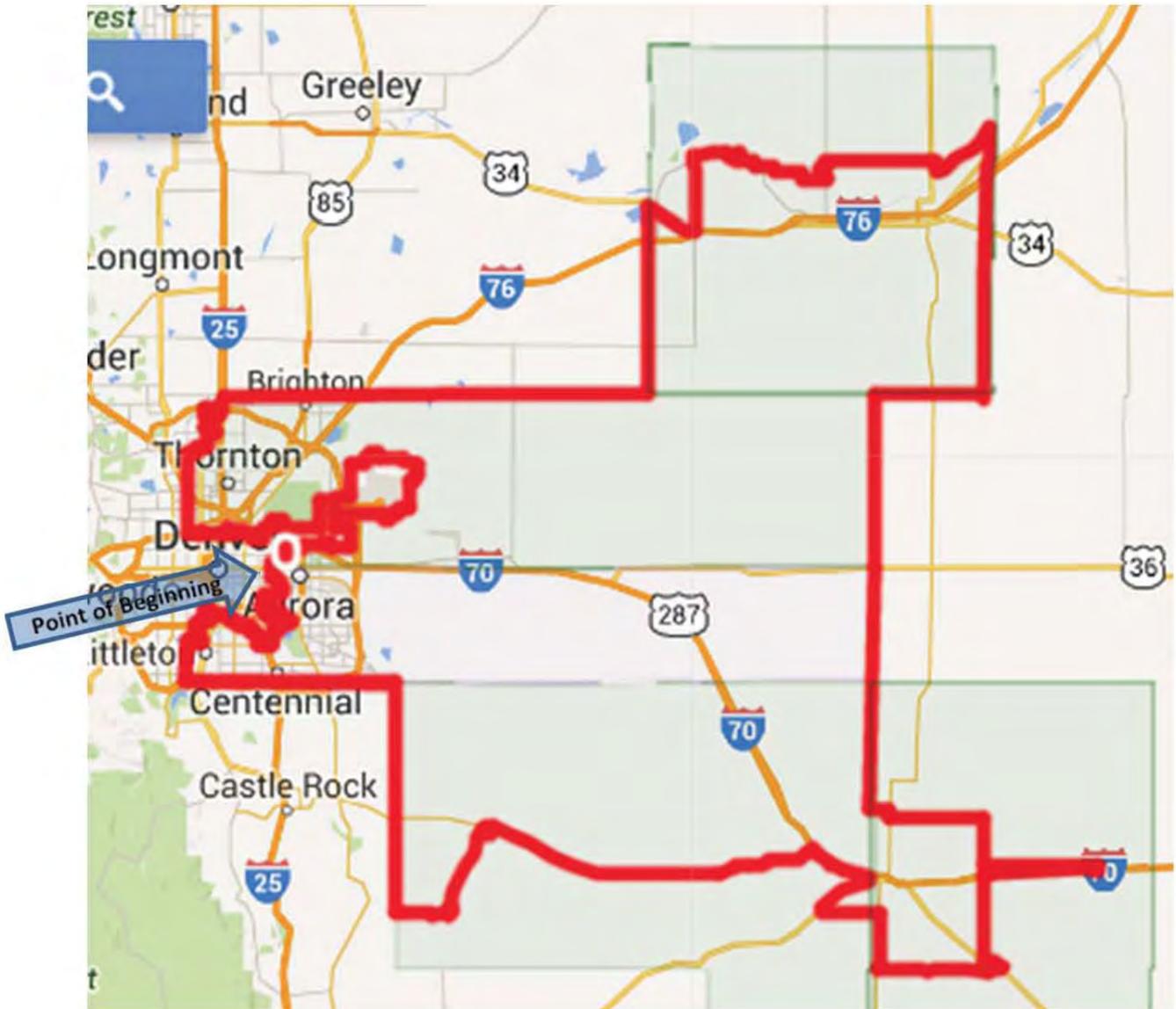
## Section 4: ORGANIZATION STRUCTURE



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## **Section 5: TYPES OF SITES**

Limon FTZ is a General Purpose Zone operating under the Alternative Site Framework with a defined Service Area.



*The above Diagram depicts the Limon FTZ No. 293 Service Area*

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The service area boundaries are the following boundary:

Starting at the southwest corner of Adams County proceeding north along the entire western border of Adams County, then proceeding east along northern border of Adams County to its intersection with Morgan County border; and

then proceeding north along the western border of Morgan County to its intersection with U.S. Highway 34; then proceeding east on Highway 34 to its intersection with Colorado Highway 39; then north on Colorado Highway 39 to its intersection with Colorado Highway 144; then proceeding east on Colorado Highway 144 to its intersection with Morgan County Road 8 where Colorado Highway 144 then proceeds south and easterly to its intersection with Morgan County Road 9; then proceeding north on Morgan County Road 9 to its terminus at Canal Road; then proceeding southeasterly on Canal Road to its intersection with Morgan County Road 905; then proceeding south on Morgan County Road 905 to its intersection with Morgan County Road Y; then proceeding east on Morgan County Road Y to its intersection with Morgan County Road 11; then proceeding south on Morgan County Road 11 to its intersection with Colorado Highway 144; then proceeding east on Colorado Highway 144 to its intersection with Morgan County Road X 5/10; then continuing east on Morgan County Road X 5/10 to its terminus at Morgan County Road 13; then proceeding south on Morgan County Road 13 to its intersection with Morgan County Road X; then proceeding east on Morgan County X to its terminus at Morgan County Road 16; then proceeding south on Morgan County Road 16 to its terminus at Morgan County Road W; then proceeding east on Morgan County Road W to its terminus at Colorado Highway 52; then proceeding north on Colorado Highway 52 to the southeast corner of the Fort Morgan Municipal Airport; then proceeding along the border of the Fort Morgan Municipal Airport, including the entire Fort Morgan Municipal Airport, returning to Colorado Highway 52; then proceeding north on Colorado Highway 52 to its intersection with Morgan County Road Y; then proceeding east on Morgan County Road Y to its terminus at Morgan County Road 30; then proceeding south on Morgan County Road 30 to its terminus with Morgan County Road X; then proceeding east on Morgan County Road X to its terminus on Morgan County Road W7; then proceeding northeasterly on Morgan County Road W7 to the western boundary of Morgan County; then proceeding south along the east border of Morgan County to its southeast corner; and

then proceeding west along the southern border of Morgan County to its intersection of Morgan county and northeast corner of Adams County; and

then proceeding south along the east border of Adams County; and continuing along the east border of Arapahoe County and continuing along the west border of Lincoln County until its intersection with Lincoln County Road 13P; then proceeding east on Lincoln County Road 3P to its intersection with Colorado Highway 71; then proceeding south on Colorado Highway 71 to its intersection with County Road 3N; then proceeding east on County Road 3N to its intersection with Lincoln County 109; then proceeding south on

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Lincoln County Road 109 to its intersection with Lincoln County Road 3H; then proceeding east on County Road 3H to limits of the Town of Arriba; then including the entire border of the Town of Arriba; then proceeding west on I-70 Frontage Road to its intersection with Lincoln County Road 3G; then proceeding south then west on Lincoln County Road 3G to its intersection with Lincoln County Road 109; then proceeding south on Lincoln County Road 109 to its intersection with U.S. Highway 40/287; the proceeding east on U.S. Highway 40/287 to the limits of the Town of Hugo, and north along the entire Town of Hugo to Lincoln County Highway 109 at the southern boundary of the Town of Hugo; then proceeding south on Lincoln County 109 to its intersection with County Road 2W; then proceeding west on Lincoln County Road 2W to its intersection with Colorado Highway 71; the proceeding north on Colorado Highway 71 to it intersection with Lincoln County Road 8C; then proceeding east on Lincoln County 3C to the Elbert County line; and

Then continuing south on Elbert County Road 98 to its terminus with Elbert County Road 185; then proceeding north on Elbert County Road 185 to its terminus at U.S. Highway 24; then proceeding northeasterly along U.S. Highway 24 to the Elbert County line; then proceeding north along the Elbert County line to the I70 Frontage Road; then proceeding west on the I70 Frontage Road to it terminus with Elbert County Road 118; the north on Elbert County Road 118 to its terminus with Interstate 70; then proceeding west along Interstate 70 to its intersection with Colorado Highway 86; then proceeding west on Colorado Highway 86 to its intersection with the limits of the Town of Kiowa; then proceeding along the limits of the Town of Kiowa south on Colorado Highway 86 to the intersection of the limits of the Town of Kiowa and North Elbert Road including all of the Town of Kiowa; then proceeding south on North Elbert Road to its terminus at St. Claire Ave.; then east on St. Clair Avenue to its intersection with Cooper Avenue; then south and then west on Cooper Avenue to its intersection with Elbert Street; then proceeding south on Elbert Street to its terminus at North Elbert Road; then continuing south on North Elbert Road to its intersection with Broadway Street; then proceeding north on Broadway Street to its terminus at Cooper Avenue; then proceeding east on Cooper Avenue to its intersection with Main Street; then proceeding north on Main Street to its intersection with Elbert County Road 98; then proceeding westwerly on Elbert County Road 98 to its terminus at Elbert County Road 21; then proceeding north on Elbert County Road 21 to its intersection with Elbert County Road 98; then proceeding west on Elbert County Road 98

to the western boundary of Elbert County; then proceeding north along the western border of Elbert County to its intersection with the border of Arapahoe County; and

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then proceeding west along the southern border of Arapahoe County to its southwest corner, then proceeding along the western border of Arapahoe County to the point of beginning.



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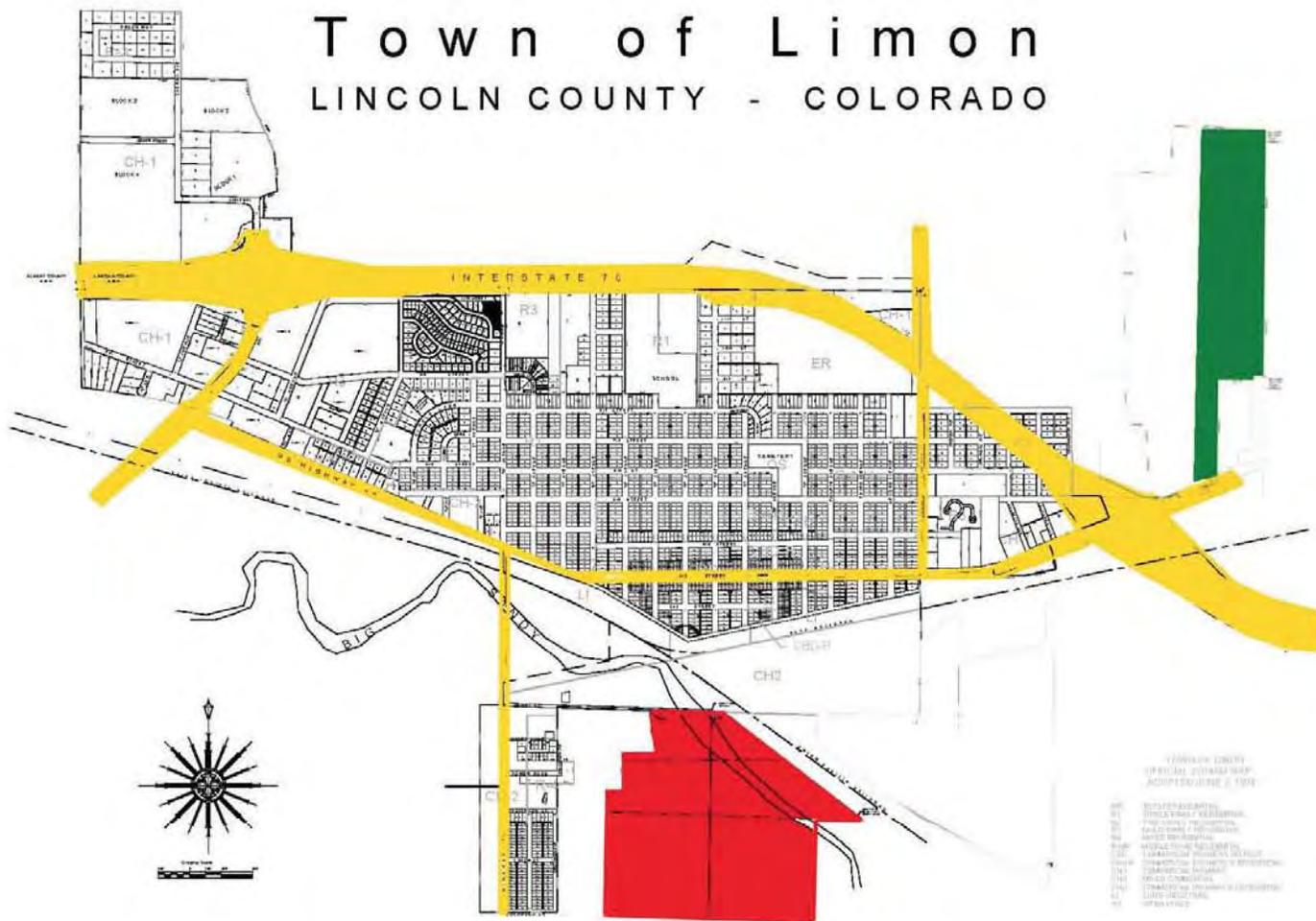
## **Types of Sites under Limon FTZ No. 293**

- **Service Area** An area authorized by the FTZB and designated through the ASF process to expedite the activation of Zone Sites with a simplified Minor Boundary Modification form
- A single warehouse, industrial park, or an air or port complex whose facilities are available for use by the general public
- Must be available to more than one company
- Generally used for warehousing, but manufacturing authority may be obtained by a single company via a separate application to the FTZ Board
- Must be located within 60 statute miles or 90 minutes driving from the outer limits of the nearest Port of Entry boundary
- **Usage-Driven Site**
  - A property consisting of a warehouse, a portion of a warehouse or multiple closely located warehouses run by ONE Operator for the specific purpose of creating immediate usable space for ONE or MULTIPLE pre-determined users.
- **Subzone**
  - Subzone (Special Purpose) is a single-purpose sites for one company when the operations cannot feasibly be moved to, or accommodated in, a General-Purpose Zones, with no strict limits on location (though it should be within a reasonable distance of FTZ)
- **Magnet Site**
  - A larger property, often consisting of multiple warehouses (i.e. industrial park), used on an as-needed basis where users act as renters and do not need to apply for zone status. A Magnet Site can have ONE or MULTIPLE Operators with each catering to ONE or MULTIPLE Users.



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## **Limon FTZ No. 293 Magnet Sites**



Magnet Site No. 1 – Big Sandy

Magnet Site No. 2 – East Airport

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## **Magnet Site No. 1 – Big Sandy Information**

- 1055 Immel St., Limon, Lincoln County, CO 80828
- 141.16 +/- acres
- The site is currently zoned as a Commercial (C-1) Zone District by the Town of Limon.
- The Commercial Zone District (C-1) was developed and approved by the Board of Trustees of the Town of Limon specifically to meet the needs of a potential FTZ.

### **Allowed Uses-By-Right:**

- Places for the conduct of mixed commercial and industrial uses, including, but not limited to, the following:
- assembling and light manufacturing plants
- electronic, electrical, communication equipment manufacturing/assembly
- warehouse and distribution facilities
- manufacturing, assembly, and distribution of secondary and basic goods
- truck terminals and loading areas
- oil and gas drilling service operation and storage areas
- commercial storage areas and warehouses used to store or distribute goods and commodities
- commercial storage (indoor)
- processing plants
- emergency response facilities
- public safety facilities
- utility service facility
- utility generation facilities greater than or equal to 50 megawatts of power

### **Allowed Conditional Uses:**

- manufacturing (food)
- manufacturing (machinery)
- manufacturing (metal)
- manufacturing (non-metallic mineral)
- manufacturing (textile)
- manufacturing (wood product)

- carpentry and woodworking shops
- food and beverage processing plants
- food lockers
- recreational vehicle storage lots
- crop dusting and associated chemical storage and airstrips
- aircraft related recreational activities
- water tanks, water and sewer treatment facilities, utility substations, and regulator station
- communication facilities exceeding the height limit

### **Allowed Special Review Uses:**

- manufacturing (oil and gas)
- outdoor commercial storage areas
- commercial and general aviation airports and heliports
- concrete, asphalt and mortar batching plants
- temporary batch plants
- warehouse (flammable materials)
- aircraft related commercial facilities
- major facility of a public utility

### **Allowed Accessory Uses:**

- airplane hangars

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The Commercial Zone District designation, because of its allowed uses being compatible with the goals of recruiting new business development in manufacturing and distribution, will make the property marketing simpler and make the land development process more streamlined.

- This site connects to Colorado Highway 71 within 1000 feet of the property and is only 0.4 mile to the intersection of Highway 71 and U.S. 24/40/287 and only 1.6 miles to Interstate 70 going west and 1.9 miles east. Interstate 70 connects to west to Denver and east to Kansas City. U.S. Highway 24 connects to Colorado Springs. Colorado Highway 71 north is part of the Ports-to-Plains Corridor, identified as a High Priority Corridor on the National Highway System called Heartland Expressway. U.S. 40/287 connects south into Texas markets. The entire Ports-to-Plains Corridor connects internationally to Mexico and Canada.
- The site is owned by the Town of Limon.



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## **Magnet Site No. 2 – East Airport Information**

- 21650 State Highway 40/287, Limon, Lincoln County, CO 80828
- 280.3 +/- acres
- The site is currently zoned as a Commercial (C-1) Zone District by the Town of Limon.  
The Commercial Zone District (C-1) was developed and approved by the Board of Trustees of the Town of Limon specifically to meet the needs of a potential FTZ.

### **Allowed Uses-By-Right:**

- Places for the conduct of mixed commercial and industrial uses, including, but not limited to, the following:
- assembling and light manufacturing plants
- electronic, electrical, communication equipment manufacturing/assembly
- warehouse and distribution facilities
- manufacturing, assembly, and distribution of secondary and basic goods
- truck terminals and loading areas
- oil and gas drilling service operation and storage areas
- commercial storage areas and warehouses used to store or distribute goods and commodities
- commercial storage (indoor)
- processing plants
- emergency response facilities
- public safety facilities
- utility service facility
- utility generation facilities greater than or equal to 50 megawatts of power

### **Allowed Conditional Uses:**

- manufacturing (food)
- manufacturing (machinery)
- manufacturing (metal)
- manufacturing (non-metallic mineral)
- manufacturing (textile)
- manufacturing (wood product)

- carpentry and woodworking shops
- food and beverage processing plants
- food lockers
- recreational vehicle storage lots
- crop dusting and associated chemical storage and airstrips
- aircraft related recreational activities
- water tanks, water and sewer treatment facilities, utility substations, and regulator station
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### **Allowed Special Review Uses:**

- manufacturing (oil and gas)
- outdoor commercial storage areas
- commercial and general aviation airports and heliports
- concrete, asphalt and mortar batching plants
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- warehouse (flammable materials)
- aircraft related commercial facilities
- major facility of a public utility

### **Allowed Accessory Uses:**

- airplane hangars



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## **Section: 6: HOW TO APPLY**

There are three to four phases to the application process for becoming an FTZ Operator:

- Phase 1: Application with Limon FTZ
- Phase 2: Approval from the FTZ Board
- Phase 3: FTZ Site Operator Agreement
- Phase 4: Activation from CBP and Grantee Approval

The FTZB must authorize Usage-Driven Sites, Subzones, and new Magnet Sites. An Operator at an existing Magnet Site does not need approval from the FTZB, but must still apply with the Limon FTZ and activate with CBP and the Grantee.

To apply to be an Operator at an existing Magnet Site, complete Phases I, III, and IV.

To apply for a Usage-Driven Site, complete Phases I, III, and IV

To apply for a Subzone, complete Phases I, II, III and IV.

For complete details regarding each step of the Application Process, see Appendix A.

- **Phase 1: Application with Limon**
  1. Review and understand all aspects of pertinent documents
  2. Download and complete the Minor Boundary Modification application
  3. Submit application and application fee
  4. Background check by Limon FTZ
  5. Site visit by Limon FTZ
  6. CBP concurrence letter
  7. Submission of application to FTZB by Limon FTZ
- **Phase 2: Approval from the FTZB**
  1. Application review by FTZB
- **Phase 3: FTZ Site Operator Agreement**
  1. Signing of Operator Agreement
- **Phase 3: Activation from CBP and Grantee Approval**
  1. Grantee provides copy of the FTZB approval
  2. CBP begins activation process
  3. ICE background check
  4. An Activity Code for Bond
  5. Provide Security Standards

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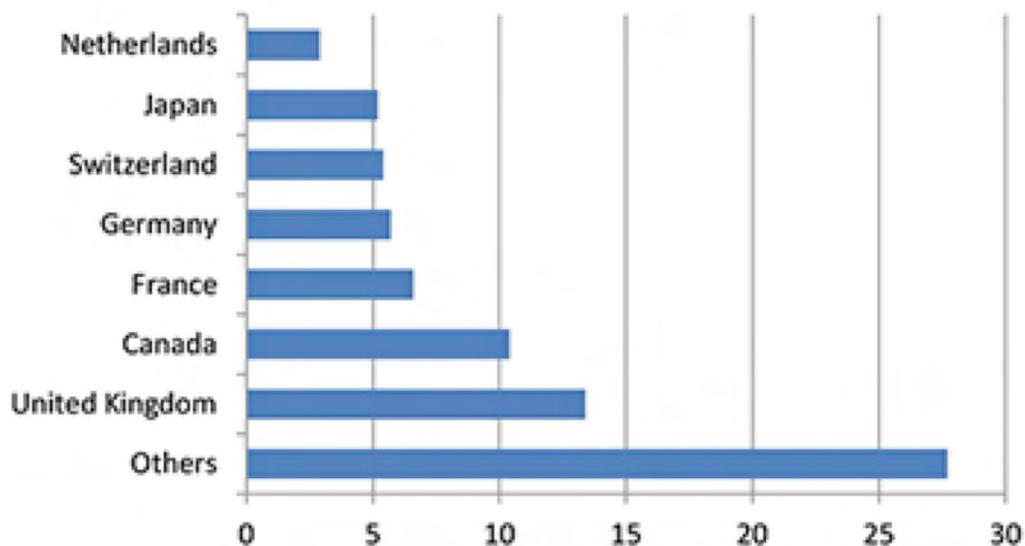
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6. CBP site visit
7. CBP issues firm code
8. CBP will contact Grantee
9. The Limon FTZ contacts the Operator
10. Payment of annual fee
11. Operator agreement becomes binding

Types of application requests relevant to FTZ 293 for which Operators can apply:

- Usage-Driven and Subzone Sites
  - Minor Boundary Modification (for Usage-Driven and Subzones)
- Magnet Site
  - Reorganizations of FTZs under the Alternative Site Framework (ASF) (Part 2)
- Manufacturing
  - Production Notifications and Applications (Part A and C)

Major Sources of Direct Foreign Investment in Colorado (No. of Employees)



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## **Section 7: GRANTEE RESPONSIBILITIES**

### **I Administrative Duties**

- Prior to activation of any new site, the Grantee will meet with the Operator and with CBP to discuss rules and regulations, responsibilities, agreements, and prospective operations
- The Grantee will visit the proposed site and complete a background check before approving the Operator's application and signing the agreement
- Annual site visits, and any additional visits when necessary, to inspect facilities and operations
- Submission of the Operator's application to CBP
- Marketing of the zone
- Maintaining agreements, applications, records, and other vital documents for at least five years
- For further details regarding the Grantee's Responsibilities, see Appendix B

### **II. Zone/Fee Schedule**

- It is the responsibility of the Grantee to establish before activation a standard set of fees and an accompanying schedule, which will remain consistent for all Operators (see Attachment A).
- The chart below outlines Limon's Fee Schedule.



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## **FOREIGN TRADE ZONE FEE SCHEDULE**

Foreign Trade Zone Site Operators shall pay all applicable fees as outlined in the Grantee Fee Schedule. Fees are subject to change without notice. The below fees do not include any additional fees charged by the Foreign Trade Zone Board or Customs.

**Application Fee for Usage Driven / Subzone** \$2,500  
**Application Fee for New Magnet Site** \$10,000  
**Application Fee for New Manufacturing** \$2,500

### **Based on Square Feet of Zone Site**

	<b>Less than 100,000 s.f.</b>	<b>100,000 - 200,000 s.f.</b>	<b>200,000 - 400,000 s.f.</b>	<b>400,000 - 750,000 s.f.</b>	<b>Over 750,000 s.f.</b>
<b>Annual Operating Fee</b>					\$20,000 plus \$0.025 per additional s.f.
<b>Active Site</b>	5000	10,000	15000	20000	
<b>Non-Active Site</b>	\$2,500				
<b>Additional Fees</b>					
<b>Alteration</b>	\$2,500				
<b>Penalty Fee for Late Annual Reporting</b>	\$1,000 per month until in compliance				
<b>Other Fees and Charges<sup>1</sup></b>	\$65.00 per hour or part thereof				

<sup>1</sup> Other fees and charges include any other fees, charges, or expenses incurred by Grantee for the purpose of obtaining Foreign Trade Zone Board approval and/or U.S. Customs & Border Protection approval on behalf of client, and not specifically listed herein, at the discretion of the Grantee, will be assessed to client at cost.

### **III. Operating Agreements (Attachment B)**

Necessary to ensure the goals of the Grantee, the property owner or operator, and the community will be met.

Types of Agreements:

1. Operator Agreement: agreement between Grantee and Operator that defines responsibilities of each, and includes:
  - Operator authority to activate



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- Requirements of operator (recordkeeping responsibilities, compliance, insurance, indemnification, etc.)
  - Fee Schedule
  - Term of agreement
  - Site plan of zone operation/Legal description of zone property
  - Termination provisions
2. Property Owner Letter of Understanding: included in the Operator Agreement, the Property Owner attests to their responsibility, and includes:
- Grantee agreement to include property in FTZ
  - Responsibilities
  - Terms of lease/termination with Operator
  - Provision on sale of property
- Grantees must enter into an agreement with the Operator to carry out the goals of the zone program, identify roles and responsibilities, and provide indemnification to the grantee
  - All Operators/Property Owners must sign a Property Owner Letter of Understanding that properly subscribes liability to each party
  - Each Operator should have a clear understanding of U.S. Trade Policies, CBP Procedures, reporting and data collection, production, distribution, and transportation methods
  - Operator is the party responsible under the CBP FTZ operators bond
  - Grantee will conduct pre-application meetings/conferences with owner, consultants, and/or developers regarding Zone sites; and companies and/or consultants regarding Subzone sites
- IV. Annual Report / Maintain Zone Document Files**
- The annual report is a compilation of data, collected by each Grantee, required by the FTZ Board from each of the country's general-purpose FTZs covering the government fiscal year (October 1 – September 30)



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- Used to monitor the effectiveness of the FTZ program in terms of economic growth and development in the US economy (all individual reports are consolidated into one master report for review by US Congress)
- Annual reports will be submitted by Grantees by the last business day in January, and failure to do so may result in the revocation of a zone grant
- Grantees that have no activity in their zones will file a letter explaining this and their future plans in place of an annual report
- Zones not yet activated but approved prior to October 1 will submit a project status report
- Suggested steps to prepare, submit, and distribute an annual report:
  - Operators should submit their annual report information by December 31
  - All general-purpose zone Operator data will be combined into an aggregate report, while subzone information should be attached unaltered to the report
  - Grantees should secure internal management approvals before submission
  - If any Operator fails to provide their annual report information, the Grantee should set a meeting to discuss this inability. The Grantee will request an extension from the FTZ Board and secure the remaining information as soon as possible
  - An original and one copy with a transmittal letter signed by an authorized official of the Grantee will be submitted to the FTZ Board Executive Secretary
  - The Grantee should then provide copies of the annual report (without separate subzone reports) to their CBP Port Director, FTZ Operators, and internal members of the Grantee
- Additional document files to be maintained:
  - Accounts and Records: Grantee will maintain in accordance with generally accepted principles of accounting, and in compliance with any federal, state, or local government requirements
  - Operator Responsibilities to Grantee: Operator will maintain records and file reports to the extent provided for in the Operating Agreement



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## **Section 8: OPERATOR RESPONSIBILITIES**

### **I. Responsibilities of Operator According to FTZ Regulations**

- Supervision of all admissions, transfers, removals, recordkeeping, manipulations, manufacturing, destruction, exhibition, security, and conditions of storage in the zone as required by law and regulations. This supervision will meet the expectations of a prudent manager of a storage, manipulation or manufacturing facility.
- CBP and Grantee access to the zone will be permitted by operators.
- Safekeeping and security of merchandise and records is ultimately the responsibility of the Operator, though they may, at their own liability, delegate these responsibilities to a user. Records maintenance is comprised of four key responsibilities:
  - Maintain inventory control and recordkeeping system
  - Retain all merchandise records for five (5) years after the merchandise is removed from the zone
  - Protect proprietary information from unauthorized disclosure
  - Make all records readily available for review by CBP officials
- Storage and handling within the zone will be done in a safe and sanitary manner to minimize damage to merchandise, avoid hazard to persons, and meet local, state and Federal requirements. All trash and waste will be removed from the zone. No physical impediments will disrupt access to CBP officials.
- Guard service is authorized to be contracted by the operator to safeguard the merchandise and workers. The CBP Port Director maintains authority to assign CBP guards to protect the revenue.
- Miscellaneous responsibilities:
  - Complying with requirements for admission, manipulation, manufacture, exhibition, or destruction, shortage, or overage.
  - Transfer to Customs territory.
  - Transfer of merchandise from within district boundaries to the zone, and receipt for merchandise.
- FTZ activity is limited to those regulations established by CBP. Various merchandise and activities are prohibited or restricted and are subject to change by Federal and FTZB regulations. Operators/Users should review and understand these regulations.



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## **Section 9: USER RESPONSIBILITIES**

### **I. Responsibilities of User According to FTZ Regulations**

- A User may function as a zone Operator, or may be an outside firm utilizing zone facilities. Upon entering into an agreement with the Operator, the User and Operator will need to reach a clear agreement on the following areas:
  - Duration of zone/facility occupation
  - Fees and fee schedule
  - Expected operations within the zone
  - All rules and regulations of the FTZ Board and CBP
  - Any additional restrictions of the Operator or Grantee
  - User and Operator liability
- The Operator may authorize a zone user to maintain its individual inventory control and recordkeeping system and procedures manual. The Operator shall furnish a copy of the zone user's procedures manual, including any subsequent changes, to the FTZ Director. However, the Operator will remain responsible to CBP and liable under its bond for supervision, defects in, or failures of a system.



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## **Section 10: CUSTOMS AND BORDER PROTECTION RESPONSIBILITIES**

### **I. Responsibilities of CBP According to FTZ Regulations**

- A site granted zone status may not be used for zone activity until the site, or a section of it, has been separately approved for FTZ activation by local CBP officials
  - Zone activity remains under supervision of CBP, US Department of Homeland Security
  - FTZ sites/facilities remain within jurisdiction of local, state, and federal agencies
- Customs officers will be assigned to a zone as necessary to maintain appropriate supervision of merchandise and records pertaining to the zone, and to protect the revenue
  - CBP officials will be permitted by the Operator to any area within the zone
  - CBP officials will be allowed to retain merchandise for examination as designated by the port director.
  - At the request of the FTZ Director, or at their own discretion, CBP officials will supervise any activity or transaction within the zone. This may include a quantity count of goods in a zone, spot check of specific procedures, and inspection of storage facilities.
  - The FTZ Director will be able to request CBP inquiries into the qualifications, character, and experience of an operator, as well as the security and suitability of their facilities to receive merchandise.
  - All records will be available for CBP review, and CBP officials will periodically review records and recordkeeping procedures.



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## **Section 11: RESOURCES AND CONTACT INFORMATION**

### **I. Legal Authority and Requirements**

- FTZ Act of 1934 (19 U.S.C. 81a-81u) est. FTZ Board (Commerce, Treasury) to license and regulate FTZ's.
- FTZ Board Regulations (15 CFR Part 400). CBP Regulations (19 CFR Part 146). NAFTA Duty Deferral (19 CFR Part 181, Subpart E). FTZB Grant of Authority for FTZ 281 (Board Order No. 1977)

### **II. Resources**

- To research if an FTZ is right for your company, we suggest you read the following material before contacting us:
  - FTZ 281 Guidebook with Grantee Zone Schedule
  - CBP Standards for Cargo Security and Foreign-Trade Zones Manual
  - Operator Agreement
  - Minor Boundary Modification Application Form

### **III. Contacts**

- Contact Limon to discuss if an FTZ is right for you and to apply:
  - Contact Person: Joe Kiely, Assistant Town Manager
  - Telephone: 719-775-2346
  - Email: [jjely@townoflimon.com](mailto:jjely@townoflimon.com)
  - Address: 100 Civic Center Drive, PO Box 9, Limon, CO 80828

### **IV. Links**

- You may also learn more about the Foreign Trade Zone program and related economic development programs by visiting the following websites:
  - Limon FTZ: <http://www.townoflimon.com/index.php/economic-development/foreign-trade-zone>
  - Foreign Trade Zones Board: <http://ia.ita.doc.gov/ftzpage/>
  - CBP: [http://www.cbp.gov/xp/cgov/trade/cargo\\_security/cargo\\_control/ftz/about\\_ftz.xml](http://www.cbp.gov/xp/cgov/trade/cargo_security/cargo_control/ftz/about_ftz.xml)
  - National Association of Foreign Trade Zones (NAFTZ): <http://www.naftz.org/>

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## **Section 12: APPENDICES**

- A. DETAILED APPLICATION PROCESS
- B. COMPLETE GRANTEE RESPONSIBILITIES
- C. ZONE SCHEDULE
- D. FOREIGN TRADE ZONE SITE OPERATOR AGREEMENT
- E. APPLICATION FORMS
  - 1. Minor Boundary Modification
  - 2. Application for Subzone Designation
  - 3. Production Notifications And Applications (Part A And C)
- F. GRANT OF AUTHORITY
- G. ORDER NO. 1977



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## **APPENDIX A: DETAILED APPLICATION PROCESS**

- **Phase 1: Application with Limon FTZ**

1. Review and understand all aspects of the following documents (available on FTZ website):
  - a. This Limon FTZ Guidebook
  - b. CBP Warehouse Standards
  - c. The Foreign-Trade Zone Manual published by CBP
  - d. Limon FTZ No. 293 Grantee Zone Fee Schedule
  - e. Foreign Trade Zone Site Operator Agreement
    - i. After reading the above documents companies should be able to decide if they want to be a User or an Operator. Companies who believe they would like to be a User should contact the Limon FTZ for a list of current Operator's that can provide them with FTZ services. If a Company would like to be an Operator, but does not meet the requirements outlined in these documents (i.e. experience), the company can contract nationally available consulting services.

If a company is capable of meeting all of the standards of a site Operator continue with the Phase I application process:

2. Download and complete the appropriate application form found on the FTZB website (i.e. Minor Boundary Modification)
3. Submit the application along with the non-refundable application fee. Checks should be made out to "Town of Limon". Include with the application a signed a sealed site plan of the area requesting FTZ status, the square footage will be used to calculate the annual fee. The original application should be mailed to: Town of Limon, Attn. FTZ Director, 100 Civic Center Drive, P.O. Box 9, Limon, CO 80828. An electronic copy should also be sent to: [jkiely@townoflimon.com](mailto:jkiely@townoflimon.com)
4. Allow one week for Limon to complete a brief and basic background check.
5. Limon will contact you to arrange a site visit to inspect and approve the facilities in accordance with the CBP warehouse standards. The Grantee will discuss the intended Operator's ability to provide the following, among other requirements:
  - a. Knowledge in administering an FTZ and available staff to operate FTZ (be it full-time employees or consultant)
  - b. Site and facility meet CBP warehouse standards



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c. Accessibility to FTZ Operating Software (i.e. Warehouse Management System)

d. Availability of Standard Operating Procedures (SOP)

6. Limon will request a concurrence letter from CBP

7. Upon receipt of CBP's Concurrence Letter, the Limon FTZ will submit your application to the FTZB

- **Phase 2: Approval from the FTZB**

1. The FTZB will review the application and within 30 days shall issue a grant if approved

- **Phase 3: FTZ Site Operator Agreement**

1. Upon the Grantee's receipt of approval, the intended Operator must sign a conditional Foreign Trade Zone Site Operator Agreement with the Limon FTZ. The agreement will become binding following activation by CBP and payment of the Annual Fee

- **Phase 4: Activation from CBP and Grantee Approval**

1. Grantee will provide intended Operator with a copy of the approved application and authority from FTZB so Operator may apply for activation with CBP

2. Contact CBP to begin their activation process

3. Complete CBP's paperwork which they will forward to Immigrations and Customs Enforcement (ICE). ICE will conduct a complete and thorough background check of the company and employees

4. Provide a Activity Code for Bond

5. Provide Security Standards (same as document ii. In step 1, Phase 1).

6. CBP will complete a site visit to inspect the facilities

7. If ICE approves, the site visit passes inspection and bond is issued, then CBP will issue a firm code

8. CBP will advise the Grantee of the approved activation

9. The Limon FTZ will contact the Operator to advise of CBP activation

10. Operator must pay the Annual fee outlined in the Grantee's Fee Schedule

11. Upon payment, the Operator agreement becomes binding



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## **APPENDIX B: COMPLETE GRANTEE RESPONSIBILITIES**

### **I. Administrative Duties**

- Actions that encourage the activation of a Grantee's General Purpose Zone site:
  - Grantee will understand activation requirements of CBP and the Grantee's role in the activation process
  - Grantee will discuss the company's interest in activating with CBP, and CBP will not initiate activation process until the Grantee provides a letter of concurrence
  - Grantee will be familiar with the type of operation the company is involved in and the needs of the prospective Operator, and be willing to provide resources to the company that will help it determine feasibility
  
- Responsibilities of the Grantee prior to activation:
  - After submitting written concurrence, Grantees will visit/tour proposed Operator's facilities to understand business operations and why the company has decided to activate
  - Receive assurance from the company that they will have someone properly trained in the day-to-day administration/operations of the zone
  - Will enter into a contractual agreement with the company that clarifies applicable activation/annual fees
  
- Responsibilities of the Grantee after activation:
  - Will receive activation approval letter from CBP
  - May request a copy of the annual reconciliation certification letter to CBP, which is a reconciliation report of inventory filed by the Operator
  - Periodically review zone facilities and activities (the Grantee is ultimately responsible for maintenance of zone facilities)
  - Documentation of any activation, deactivation, or alteration of any site
  - Issuance of permits authorizing retail sales or commercial activity within the zone
  - Grantee considered ultimately liable by CBP for any outstanding Customs fines, penalties, or liquidated damages of Operators and Users
  - Marketing of the zone
  - Encourage participation in applicable and periodic FTZ roundtable meetings
  - Require timely submission of annual report data so they can prepare/submit their annual report to the FTZ board by the end of January each year



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## **APPENDIX C – ZONE SCHEDULE**

### **Grantee**

Town of Limon

### **Schedule Identification**

Limon Foreign Trade Zone No. 293 Grantee Zone Schedule

### **Effective Date**

August 13, 2015

#### **I. FOREIGN TRADE ZONE NO. 1 BACKGROUND**

The Foreign-Trade Zones Act of June 18, 1934, as amended, authorized and empowered the Foreign-Trade Zones Board to grant certain corporations the privilege of establishing, operating and maintaining foreign-trade zones in or adjacent to ports of entry under the jurisdiction of the United States of America.

In 2015, the Town of Limon (the “Grantee”) received a grant from the Foreign-Trade Zones Board to establish, operate and maintain Foreign-Trade Zone No. 293 (See Board Order No. 1977, June 11, 2015).

The Grantee, by Ordinance No. 583 on July 2, 2015 created the Limon Foreign Trade Zone Board (the “Limon FTZ Board”) and delegated certain responsibilities to the Limon FTZ Board.

#### **II. DEFINITIONS**

“**Act**” means the Foreign-Trade Zones Act of June 18, 1934 (48 Stat. § 998-1003; 19 U.S.C. § 81a-81u), as amended from time to time.

“**Alteration**” is a change in the boundaries of an activated zone or subzone, activation of a separate site of an already activated zone or subzone with the same operator, or the relocation of an already activated site with the same Operator, the discontinuance of active status of part of a zone site and the resumption of activated status of a previously deactivated area, but with different boundaries.

“**Annual Fee**” means service charge paid by the Operator to the Grantee which shall cover the administrative costs and expenses incurred by the Grantee in connection with the maintenance of FTZ No. 293, including the costs incurred in the establishment of the Zone Site, as set forth in the FTZ No. 293 Zone Schedule.

“**Annual Report**” means such report made by the Grantee to the FTZ Board containing such information as the FTZ Board may require pursuant to 19 U.S.C. §81p(b) and 15 CFR 400.46(d).

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“**Area Port Director**” means the Area Port Director of U.S. Customs and Border Protection in charge of the Customs Port of Entry in which the Zone Site is located.

“**CBP**” means the United States Customs and Border Protection of the Department of the Homeland Security.

“**CBP Correspondence**” means any correspondence between CBP and the Operator related specifically to Zone Site activation, modification to Zone Site or Zone Site activities and Zone Site deactivation.

“**Customs Requirements**” means any and all requirements imposed now or in the future by CBP for the operation of the Zone Site as part of Zone No. 293.

“**Deactivation**” is the voluntary discontinuation of the activation of an entire zone or subzone site by the Grantee or Operator.

“**FTZ Board**” means the Foreign-Trade Zones Board as referred to in 49 U.S.C. § 81a (a) or the successor of such FTZ Board in functions and duties.

“**FTZ No. 293**” means Foreign-Trade Zone No. 293, as authorized by grant from the FTZ Board, as such may be modified from time to time.

“**FTZ No. 293 Zone Schedule**” means the schedule as required by 15 C.F.R. § 400.44.

“**Federal Government**” means the Government of the United States of America.

“**Grantee**” means the Town of Limon, Colorado.

“**Governmental Authorities**” means the Federal Government, the State of Colorado, the Grantee and any agency, department, legislative body, commission, board, bureau, instrumentality or political subdivision of any of the foregoing, now existing or hereafter created.

“**Governmental Requirements**” shall mean any and all laws, rules, regulations, orders, ordinances, statutes, codes, directives, resolutions, and requirements of all Governmental Authorities, whether currently in force or hereafter adopted, applicable to the Zone Site, Zone No. 293, or Operator, including, without limitation, the Act, the Regulations, Customs Requirements, and FTZ No. 293 Zone Schedule.

“**Magnet Site**” shall mean a Zone Site intended to serve or attract multiple operators or users.

“**Merchandise**” shall mean goods, wares and chattels of every description, except prohibited articles.

“**Operator**” shall mean a corporation, partnership, or person that operates a zone site, whether a Usage-Driven Site, a Magnet Site or a Subzone of Zone No. 293 under the terms of an Operator Agreement with the Grantee.

“**Operator Agreement**” shall mean agreement between the Grantee and Operator which sets forth the terms for conducting operations in Zone No. 293.

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“**Production**” shall mean activity involving the substantial transformation of a foreign article resulting in a new and different name, character, and use, or activity involving a change in condition of the article which results in a change in the customs classification of the article or in its eligibility for entry for consumption.

“**Reactivation**” is the resumption of the activated status of an entire area that was previously deactivated without any changes in the Operator or the area boundaries. If the boundaries are different or the operator is different, the action is an alteration, not a reactivation.

“**Regulations**” means collectively the FTZ Board and CBP regulations currently published in the Code of Federal Regulations at Title 15, Part 400, and Title 19, Part 146, respectively, which are hereby incorporated by reference, and any additional regulations which now or in the future may be promulgated by the Federal Government which concern, relate or apply to the Zone Site, Zone No. 293 or to Foreign-Trade Zones in general. Said additional regulations shall also be deemed to be incorporated herein and, as appropriate, will supersede the cited regulations.

“**Subzone**” shall mean a site (or group of sites) established for a specific use.

“**Usage-Driven Site**” shall mean a Zone Site tied to a single operator or user.

“**Zone Site**” shall mean each separate area comprising Zone No. 293.

## **III. RULES AND REGULATIONS**

### **A. ZONE OPERATION**

1. Operator shall operate and maintain the Zone Site in accordance with the terms of the Operator Agreement, all Regulations and other applicable Governmental Requirements for operation of the Zone Site, including without limitation, the FTZ No. 293 Zone Schedule.

2. Operator may conduct in the Zone Site all activities necessary to operate the Zone Site as permitted by the Act, and only activities for the purposes specified in the FTZ Board order authorizing Operator’s Zone Site.

3. If Operator desires to modify the scope of approved activity production activity under zone procedures at the Zone Site, Operator will be responsible for a separate application for the production activity to and approval from the FTZ Board, and the application for such production activity must include formal concurrence (i.e., application letter) from the Grantee, and for obtaining the necessary authorization from the FTZ Board and CBP, and approvals required under other applicable Governmental Requirements for such production activity or for said modification of the scope of approved authority including concurrence from the Grantee.

4. The Grantee, or its designated representative, upon twenty-four (24) hours’ notice to Operator shall have the right from time to time, to enter the Zone Site during normal business hours. Operator shall allow representatives of the FTZ Board, CBP and other authorized U.S. Government officers unrestricted access to and throughout the Zone Site during normal business hours or as provided by for by applicable Governmental Requirements for the performance of their official duties.



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5. Without limiting the generality of its other obligations, Operator shall:

a. take all necessary precautions to ensure that all Merchandise in, and activities occurring within, the Zone Site are in compliance with the Regulations and all other applicable Governmental Requirements; and

b. promptly notify the Grantee if CBP shall initiate proceedings against Operator based on alleged violation of applicable Governmental Requirements.

6. Operator shall at all times maintain the premises, structures and other facilities within the Zone Site in good condition so as not to endanger any persons who may be required to enter the Zone Site.

7. Operator shall promptly, but in no event more than fourteen (14) business days following Operator's receipt thereof, provide copies to the Grantee of (i) all CBP Correspondence, and (ii) all correspondence between Operator and the FTZ Board related to the Zone Site, except that correspondence between the Operator and FTZ Board made pursuant Section 400.45 of the Regulations shall not be subject to disclosure.

8. The Grantee shall not be liable for any claim, damage, injury or other loss occurring at or within the Zone Site.

9. If the Operator and any other entities are permitted to perform services at the Zone Site, the Operator and those entities shall be solely responsible for all loss, damage, or theft by themselves or persons and solely liable for any injury or death of persons on the site.

10. The Operator is not an agent, employee or representative of the Grantee.

11. No operation, process, treatment or other activity will be permitted at the Zone Site that, in the sole judgment of the Grantee is detrimental to the public interest, health, or safety.

12. General rules and regulations in this section governing procedure within Foreign Trade Zone No. 293 are issued in conformity with, and supplemental to, the FTZ Board's regulations and all applicable federal and State laws and regulations relating to ports of entry and Foreign Trade Zone operations.

13. Operator shall establish and agrees to comply with standards of operation and management which conform to the requirements of the FTZ Board and CBP, and all applicable laws, ordinances and regulations of the State of Colorado and Grantee. Operator shall require all persons, firms, and corporations admitted by it to the Zone Site to conform to such standards. Operator shall prepare and file with CBP in accordance to the "Foreign Trade Zones Manual".

14. Should title to land or facilities be transferred after a grant of authority is issued, the zone Grantee must retain, by agreement with the new owner, a level of control which allows the Grantee to carry out its responsibilities as Grantee.

15. Foreign Trade Zone Site designation is not tied to the property and the sale or transfer of land or facilities will result in the deactivation of active status and the termination of this agreement. The new owner must execute a new Foreign Trade Zone Operator Agreement.



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a. Operator will be responsible for the receipt and verification of all merchandise admitted to the Zone Site on the proper forms prescribed by CBP and for handling of all merchandise within the Zone Site.

b. Operator will perform all these functions according to all CBP Regulations.

c. Operator further agrees not to allow removal of any merchandise located within the Zone Site without prior approval from CBP under the applicable customs laws, rules and regulations of the United States.

16. Subject to any necessary approval of the Grantee an Operator 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 Operator's operations within the Zone.

17. 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.

18. 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 Operator and not of the Grantee.

## **B. ZONE ACTIVATION**

1. Operator shall conform to any CBP requirements for activation of the Foreign Trade Zone at the Zone Site. Operator shall not construct any additional Zone Site facility or alter the premises comprising the Zone Site without prior approval of CBP and prior concurrence by the Grantee in each case.

2. If Operator elects not to activate the Zone Site, this Agreement shall remain in effect, and except for the initial payment due upon execution of the Operator Agreement, no Annual Fee shall be due to the Grantee from Operator hereunder during the period the Zone Site is not activated.

## **C. ZONE DEACTIVATION**

1. If Operator deactivates the Zone Site, Operator shall provide not less than sixty (60) days' prior notice of its election to deactivate the Zone Site. Said period shall not commence until (a) Operator has provided written notice of deactivation to the Grantee and (b) a planning meeting occurs with CBP on the deactivation. In no event shall the Grantee be required to refund any portion of the Annual Fee for any period in which the Zone Site is deactivated.

2. A Zone Site that has been deactivated shall pay the "Non-Active Site" annual fee as defined in the Fee Schedule for the FTZ No. 293 Zone Schedule with the calendar year commencing on the date the deactivation is granted.

## **D. ZONE REACTIVATION**

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1. A written application to reactivate must be made to CBP and shall include a concurrence letter from the Grantee along with CBP required documentation.

2. A Zone Site that has been reactivated shall pay the “Active Site” annual fee as defined in the Fee Schedule for the FTZ No. 293 Zone Schedule with the calendar year commencing on the date the reactivation is granted.

## **E. ZONE ALTERATION**

1. A written application to alter a Zone Site must be made to CBP and shall include all CBP required documentation.

2. A Zone Site applying for alteration shall pay the “Alteration” fee, outlined in the Grantee’s fee schedule. The Alteration fee, as defined in the Fee Schedule for the FTZ No. 293 Zone Schedule, includes changes to the manufacturing approval and/or status for a Zone Site.

## **F. COSTS AND EXPENSES**

1. Operator shall pay or cause to be paid, all costs and expenses of the Zone Site operation, including but not limited to, construction, installation, improvements, security, maintenance and personnel expenses, and to pay to the Grantee the following activation fee plus annual fees throughout the term of this Agreement consistent with the Fee Schedule then in effect as published in the FTZ No. 293 Zone Schedule:

**a. Application Fee.** Upon submission of an Application, including a letter of concurrence from the Grantee, Operator shall pay to the Grantee the appropriate Application Fee as defined in the Fee Schedule for the FTZ No. 293 Zone Schedule.

**b. Annual Operating Fee.** In consideration of the grant of this agreement to operate and maintain the Zone Site, Operator shall pay to the Grantee an Annual Fee, which shall cover the administrative costs and expenses incurred by the Grantee in connection with the maintenance of Zone No. 293, including the costs incurred in the establishment of the Zone Site, as set forth in the Fee Schedule for the FTZ No. 293 Zone Schedule. The Annual Fee is subject to review every year of this Agreement and may be modified upon thirty (30) days’ notice from the Grantee to Operator. The Annual Fee is due and payable upon execution of this Agreement and on the anniversary date of each year during the term of this Agreement.

**2. Non-Active Site Fee.** Should the site be deactivated pursuant to subsection C.2 the Operator shall pay to the Grantee an annual Non-Active Site Fee as defined in the Fee Schedule for the FTZ No. 293 Zone Schedule.

**3. CBP Administrative Expense.** Operator shall pay or cause to be paid the full costs of all administrative fees imposed by CBP attributable to the Zone Site.

**4. CBP Bond Expense.** Operator shall pay the full cost of any Foreign Trade Zone Operator’s bond (“Customs Bond”) required by the CBP for operation of the Zone Site, and maintain and keep such Customs Bond as required by the CBP throughout the term of this Agreement. Operator shall, upon request, provide the Grantee with a copy of the Customs Bond and any successor or renewal Customs Bond.



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**5. Fines.** Operator shall be responsible for all fines incurred by the Grantee under any applicable Governmental Requirements, as a result of any act or omission of the Operator.

**6. Other Fees.** Other fees and charges include any other fees, charges, or expenses incurred by Grantee for the purpose of obtaining FTZ Board approval and/or U.S. Customs and Border Protection approval on behalf of client, and not specifically listed herein, at the discretion of the Grantee, will be assessed to client at cost as defined in the Fee Schedule for the FTZ No. 293 Zone Schedule.

## **G. ASSIGNMENT**

1. The Operator shall not transfer or assign any interest in or rights granted pursuant to an Operator Agreement or delegate any responsibility which it has undertaken pursuant to an Operator Agreement except to any affiliate, subsidiary or the parent of Operator. In any event, notice of the closing of a sale, sublease or other change in interest in said business or operations conducted at the Zone Site must be given in writing by Operator at least sixty (60) days prior to such closing and shall contain the names and addresses of every person and entity acquiring any interest in said business or operations.

## **H. REPORTING AND RECORD KEEPING**

1. Operator shall submit to the Grantee in a final form by January 31 of each year, all information as may be necessary to enable the Grantee to file its Annual Report with the FTZ Board, as well as any other reports which may be mandated by any Governmental Authority. Operator's failure to submit such information shall result in a late fee, as set forth in the Fee Schedule for the FTZ No. 293 Zone Schedule.

2. Operator shall provide to the FTZ Board, CBP and the Grantee, as required by the FTZ Board or the Customs Regulations, all reports and forms on the operation of the Zone Site in such form and containing such information as either of them may require.

3. Operator shall promptly notify the Grantee of any oral or written request for information, inspection, spot check, or audit of any kind from CBP or the FTZ 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 related letters, requests, reports and investigative documentation.

4. Operator shall maintain its accounts with respect to the operation of the Zone Site in accordance with generally accepted accounting principles and in compliance with the Regulations.

5. Operator shall retain all financial and accounting records pertaining to the operation of the Zone Site for five (5) years after the act or occurrence recorded or after the Merchandise covered by such records has been forwarded from the Zone Site, whichever is longer.

## **I. INSURANCE**

1. Operator is required to obtain and keep in effect during the term its Zone Site operations, insurance of the types and in the amounts described below:



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a. Commercial General Liability insurance in the amount of at least One Million Dollars (\$1,000,000) per occurrence. In the event such insurance contains an aggregate limit, the aggregate shall apply on a per-location basis applicable to each facility of the Zone Site and such per-location aggregate shall be at least Two Million Dollars (\$2,000,000). This insurance shall protect the insureds from claims for property damage and/or bodily injury, including death, arising out of or in connection with Operator's acts, activity or operations at or in connection with the Zone Site. Coverage shall be at least as broad as that provided by the most recently issued Insurance Services Office ("ISO") Form CG 0001, shall contain no exclusions other than as required by law or as approved by the Grantee, and shall be "occurrence" based rather than "claims-made." Such Commercial General Liability insurance shall name the Grantee, and their respective officials, officers, directors, employees and agents, as an Additional Insured with coverage at least as broad as the most recent edition of ISO Form CG 2026.

b. Workers' Compensation Insurance on behalf of, or with regard to, all employees involved in the Operator's operations at the Zone Site, and such insurance shall comply with the laws of the State of Colorado.

c. With regard to all Zone Site operations, the Operator shall maintain or cause to be maintained Business Automobile Liability insurance in the amount of at least One Million Dollars (\$1,000,000) each accident combined single limit for liability arising out of ownership, maintenance or use of any owned, non-owned or hired vehicles. Coverage shall be at least as broad as the latest edition of ISO Form CA0001.

2. All required policies shall be issued by companies authorized to do business in the State of Colorado and shall be subject to approval by Grantee as to form and sufficiency of coverage, and shall be filed at the offices of Grantee with proof of payment of premiums for all new and renewal policies. All required policies, except Workers' Compensation shall include a waiver of the right of subrogation with respect to all insureds named therein. All required policies shall also be endorsed to provide the Grantee with thirty (30) days written notice for cancellation and/or restriction. Certificates of insurance or certified copies of policies for all insurance required in this Section I.1 must be submitted to and accepted by Grantee prior to or upon execution of this Agreement, and the same evidencing the renewal of all required policies, at least thirty (30) days prior to the expiration of the then current policy.

3. Operator's failure to secure and maintain insurance as required by the Grantee shall constitute a material breach of the Operator Agreement, and such breach shall not be deemed by the parties hereto as waived or otherwise excused by any action or inaction by the Grantee at any time. The coverage required pursuant to the Operator Agreement shall not relieve Operator of any insurance coverage required by Operator under the lease for its premises at the Zone Site or as is customary for similar businesses conducting operations in the vicinity of the Zone Site.

## **J. DEFAULT AND TERMINATION**

1. **Default.** The occurrence of any one or more of the following events shall be a default of the Operator Agreement by Operator and shall be cause for termination:

a. Operator fails to pay any installment of any Foreign Trade Zone-related fee or other amounts required to be paid, reimbursed, or expended by it under this Agreement, when the same shall become due



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for payment, and such failure remains uncured for ten (10) working days after notice thereof by the Grantee, provided that written notice of the failure need be given only once during any twelve (12) month period;

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

c. The CBP shall suspend Operator's operations for a period in excess of ten (10) days;

d. Operator or its permitted successors or assigns shall cease to lease or own the Zone Site premises; or

e. Operator becomes in default under any mortgage, deed, trust or lease covering the premises within the Zone Site, or to the extent permitted by law, is adjudicated as bankrupt, or makes a general assignment for the benefit of creditors, or if a receiver is appointed to take charge of Operator's affairs, and such default is not remedied within 45 after notice of such default, then the Grantee may thereupon terminate the Operator Agreement and all rights thereunder of Operator.

## **2. Termination.**

a. The Operator Agreement shall automatically and immediately terminate by reason thereof if (i) the FTZ Board shall revoke or cancel its grant of authority to the Grantee to establish, operate and maintain Zone No. 293 or (ii) Zone No. 293 shall become deactivated, and Operator shall have no claim against the Grantee by reason of any such revocation, cancellation or deactivation and Operator shall have no further interest in the subject matter of the Operator Agreement. If the FTZ Board suspends or revokes the privilege of maintaining the Zone Site, or the Zone Site is not activated within three years of the date of the Operator Agreement (unless Operator had commenced all actions within its control to activate the Zone Site and has been diligently and continuously pursuing activation), the Operator Agreement shall automatically and immediately terminate by reason thereof and Operator shall have no further interest in the subject matter of the Operator Agreement. The Grantee shall promptly notify Operator of any action or pending action by the FTZ Board to revoke the privilege of maintaining the Zone Site.

b. In addition to the Grantee's termination rights, the Grantee shall have the right to terminate the Operator Agreement immediately for cause due to cancellation of the Customs Bond or the cancellation of the required insurance coverage.

c. Operator shall have the right, at any time, to terminate the Operator Agreement upon 90 days prior written notice to the Grantee.

d. **Sunset Period.** If, at any time after three (3) years for Usage-Driven sites and eight (8) years for Magnet site, from the effective date of this Agreement the zone site has not been activated and no plan to



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commence such activity is submitted to the Grantee within thirty (30) days after receipt of written notice from the Grantee of the its intent to terminate this Agreement, this agreement may be terminated by either party giving written notice of such termination to the other party.

3. **Obligations Upon Termination.** Upon the Termination Date, whether effected by the natural expiration of the term or as otherwise provided for in the Operator Agreement, Operator shall remain responsible for fulfilling all its existing obligations under the Operator Agreement which shall have accrued prior to the termination date, including without limitation, providing the Grantee with data for the Annual Report, and satisfying all accrued but unpaid expenses or fees, all duties, taxes, charges, fees, penalties, fines, assessments and liquidated damages payable by Operator under the Operator Agreement, and all obligations, and all terms of the Operator Agreement which are expressly stated to survive.

4. Upon the Termination Date, Operator's right to operate the Zone Site under Foreign Trade Zone procedures shall terminate, the premises identified in the Operator Agreement shall cease to be a Zone Site, and Operator shall not maintain or operate said premises as a Zone Site.

## **K. NON-DISCRIMINATION**

Operator shall comply with all laws, ordinances and regulation relating to civil rights. Operator shall not refuse to hire or employ, nor bar or discharge from employment, nor discriminate against any persons in compensation or in terms, conditions or privileges of employment because of age, gender, race, color, national origin, ancestry, religion, creed, sexual orientation, marital status or handicap.

## **IV. FTZ NO. 293 ZONE FEE SCHEDULE**

Foreign Trade Zone Site Operators shall pay all applicable fees as outlined in the Grantee Fee Schedule. Fees are subject to change without notice. The below fees do not include any additional fees charged by the Foreign-Trade Zones Board or Customs.



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<b>Application Fee for Usage Driven / Subzone</b>	\$2,500
<b>Application Fee for New Magnet Site</b>	\$10,000
<b>Application Fee for New Production</b>	\$2,500

## **Based on Square Feet of Zone Site**

	<b>Less than 100,000 s.f.</b>	<b>100,000 - 200,000 s.f.</b>	<b>200,000 - 400,000 s.f.</b>	<b>400,000 - 750,000 s.f.</b>	<b>Over 750,000 s.f.</b>
<b>Annual Operating Fee</b>					\$20,000 plus \$0.025 per additional s.f.
<b>Active Site</b>	5000	10,000	15000	20000	
<b>Non-Active Site</b>	\$2,500				
<b>Additional Fees</b>					
<b>Alteration</b>	\$2,500				
<b>Penalty Fee for Late Annual Reporting</b>	\$1,000 per month until in compliance				
<b>Other Fees and Charges<sup>1</sup></b>	\$65.00 per hour or part thereof				

<sup>1</sup> Other fees and charges include any other fees, charges, or expenses incurred by Grantee for the purpose of obtaining Foreign Trade Zone Board approval and/or U.S. Customs & Border Protection approval on behalf of client, and not specifically listed herein, at the discretion of the Grantee, will be assessed to client at cost.



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## **Administrative Information**

### **GRANT OF AUTHORITY**

On June 11, 2015 the Town of Limon was granted the authority to establish Foreign Trade Zone No. 293 (FTZ293) establishment of a foreign-trade zone under the ASF with a service area of Adams and Arapahoe Counties, Colorado and portions of Elbert, Lincoln and Morgan Counties, Colorado, as described in the amended application, within and adjacent to the Denver, Colorado U.S. Customs and Border Protection Port of Entry, and proposed Sites 1 and 2 would be categorized as magnet sites, by the Foreign Trade Zones Board of the U.S. Department of Commerce through Board order No. 1844 under the Alternative Site Framework.

### **ADMINISTRATION**

The Town of Limon Board of Trustees approved through Resolution No 15-07-22 the administration of Town of Limon's Foreign Trade Zone No. 293 by the Board of Trustees has appointed the Limon FTZ Board and granted certain responsibilities for the administration of FTZ No. 239.

Town of Limon has created several documents to help all Foreign Trade Zone stakeholders understand the operations and use of the FTZ 293. This information can be found on the Town of Limon's website: <http://www.townoflimon.com/index.php/economic-development/foreign-trade-zone>

### **CONTACT INFORMATION**

Joe Kiely, Limon FTZ Director  
Address: 100 Civic Center Drive, Limon, CO 80828  
Telephone: 719-775-2346  
Email: [jkiely@townoflimon.com](mailto:jkiely@townoflimon.com)

Website: <http://www.townoflimon.com/index.php/economic-development/foreign-trade-zone>

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## **APPENDIX D: FOREIGN TRADE ZONE OPERATOR AGREEMENT {DRAFT}**

**THIS AGREEMENT** (hereinafter the "Agreement"), is hereby made and entered into this \_\_\_\_ day of \_\_\_\_\_ 20\_\_\_\_, by and between the **Town of Limon**, (hereinafter "Grantee") and \_\_\_\_\_ a \_\_\_\_\_ (hereinafter "Operator").

**WHEREAS**, the Grantee, through its Board of Trustees, has created the Limon Foreign Trade Zone Board (hereinafter "Limon FTZ Board") by Ordinance No. 583 on July 2, 2015 and both Parties recognize that the Board of Trustees of the Town of Limon retains authority to delete or amend the authority delegated to the Limon FTZ Board; and

**WHEREAS**, the Grant of Authority to operate Limon Foreign Trade Zone No. 293 is given by the Foreign Trade Zone Board in the United States Department of Commerce (hereinafter "FTZ Board").

**NOW, THEREFORE**, for and in consideration of the covenants and obligations contained herein, the sufficiency of which are hereby acknowledged, the parties hereto hereby agree as follows:

### **1. THE PARTIES**

Grantee: Town of Limon, Lincoln County, State of Colorado

Operator: \_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

### **2. SITE OF OPERATIONS**

2.1. *[Description of Site Considered by this Agreement]*

### **3. DEFINITIONS**

3.1 "Act" means the Foreign-Trade Zones Act of June 18, 1934 (48 Stat. § 998-1003; 19 U.S.C. § 81a-81u), as amended from time to time.

3.2 "Alteration" is a change in the boundaries of an activated zone or subzone, activation of a separate site of an already activated zone or subzone with the same operator, or the relocation of an already activated site with the same Operator, the discontinuance of active status of part of a zone site and the resumption of activated status of a previously deactivated area, but with different boundaries.

3.3 "Annual Fee" means service charge paid by the Operator to the Grantee which shall cover the administrative costs and expenses incurred by the Grantee in connection with the maintenance of FTZ No. 293, including the costs incurred in the establishment of the Zone Site, as set forth in the FTZ No. 293 Zone Schedule.

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3.4 “Annual Report” means such report made by the Grantee to the FTZ Board containing such information as the FTZ Board may require pursuant to 19 U.S.C. §81p(b) and 15 CFR 400.46(d).

3.5 “Area Port Director” means the Area Port Director of U.S. Customs and Border Protection in charge of the Customs Port of Entry in which the Zone Site is located.

3.6 “CBP” means the United States Customs and Border Protection of the Department of Homeland Security.

3.7 “CBP Correspondence” means any correspondence between CBP and the Operator related specifically to Zone Site activation, modification to Zone Site or Zone Site activities and Zone Site deactivation.

3.8 “Customs Requirements” means any and all requirements imposed now or in the future by CBP for the operation of the Zone Site as part of Zone No. 293.

3.9 “Deactivation” is the voluntary discontinuation of the activation of an entire zone or subzone site by the Grantee or Operator.

3.10 “FTZ Board” means the Foreign-Trade Zones Board as referred to in 49 U.S.C. § 81a (a) or the successor of such FTZ Board in functions and duties.

3.11 “FTZ No. 293” means Foreign-Trade Zone No. 293, as authorized by grant from the FTZ Board, as such may be modified from time to time.

3.12 “FTZ No. 293 Zone Schedule” means the schedule as required by 15 C.F.R. § 400.44.

3.13 “Federal Government” means the Government of the United States of America.

3.14 “Grantee” means the Town of Limon, Colorado.

3.15 “Governmental Authorities” means the Federal Government, the State of Colorado, the Grantee and any agency, department, legislative body, commission, board, bureau, instrumentality or political subdivision of any of the foregoing, now existing or hereafter created.

3.16 “Governmental Requirements” shall mean any and all laws, rules, regulations, orders, ordinances, statutes, codes, directives, resolutions, and requirements of all Governmental Authorities, whether currently in force or hereafter adopted, applicable to the Zone Site, Zone No. 293, or Operator, including, without limitation, the Act, the Regulations, Customs Requirements, and FTZ No. 293 Zone Schedule.

3.17 “Magnet Site” shall mean a Zone Site intended to serve or attract multiple operators or users.

3.18 “Merchandise” shall mean goods, wares and chattels of every description, except prohibited articles.



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3.19 “Operator” shall mean a corporation, partnership, or person that operates a zone site, whether a Usage-Driven Site, a Magnet Site or a Subzone of Zone No. 293 under the terms of an Operator Agreement with the Grantee.

3.20 “Operator Agreement” shall mean agreement between the Grantee and Operator which sets forth the terms for conducting operations in Zone No. 293.

3.21 “Production” shall mean activity involving the substantial transformation of a foreign article resulting in a new and different name, character, and use, or activity involving a change in condition of the article which results in a change in the customs classification of the article or in its eligibility for entry for consumption.

3.22 “Reactivation” is the resumption of the activated status of an entire area that was previously deactivated without any changes in the Operator or the area boundaries. If the boundaries are different or the operator is different, the action is an alteration, not a reactivation.

3.23 “Regulations” means collectively the FTZ Board and CBP regulations currently published in the Code of Federal Regulations at Title 15, Part 400, and Title 19, Part 146, respectively, which are hereby incorporated by reference, and any additional regulations which now or in the future may be promulgated by the Federal Government which concern, relate or apply to the Zone Site, Zone No. 293 or to Foreign-Trade Zones in general. Said additional regulations shall also be deemed to be incorporated herein and, as appropriate, will supersede the cited regulations.

3.24 “Subzone” shall mean a site (or group of sites) established for a specific use.

3.25 “Usage-Driven Site” shall mean a Zone Site tied to a single operator or user.

3.26 “Zone Site” shall mean each separate area comprising Zone No. 293.

## **4. COMPLIANCE WITH LAWS**

4.1 Operator and all users shall comply with all Governmental Requirements, including without limitation all applicable federal, state and local laws and regulations including all Rules and Policies contained in the Zone Schedule for FTZ No. 293.

## **5. ZONE SITE DAMAGE AND LOSS**

5.1 The Grantee shall not be liable for any claim, damage, injury or other loss occurring at or within the Zone Site.

## **5. LIABILITY OF OTHERS**

5.1 The Grantee shall not be liable for any claim, damage, injury or other loss occurring at or within the Zone Site.



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5.2 If the Operator and any other entities are permitted to perform services at the Zone Site, the Operator and those entities shall be solely responsible for all loss, damage, or theft by themselves or persons and solely liable for any injury or death of persons on the site.

5.3 The Operator is not an agent, employee or representative of the Grantee.

## **6. PUBLIC INTEREST, HEALTH, OR SAFETY**

6.1 No operation, process, treatment or other activity will be permitted at the Zone Site that, in the sole judgment of the Grantee, is detrimental to the public interest, health, or safety.

## **7. ZONE REGULATIONS**

7.1 General rules and regulations in this Agreement governing procedure within Foreign Trade Zone No. 293 are issued in conformity with, and supplemental to, the FTZ Board's regulations and all applicable federal and State laws and regulations relating to ports of entry and Foreign Trade Zone operations.

7.2 Zone Schedule for Foreign Trade Zone No. 293 is included under this agreement and is included as Attachment A.

## **8. OPERATIONAL MANAGEMENT PROCEDURES - "FOREIGN TRADE ZONES MANUAL"**

8.1 Operator shall establish and agrees to comply with standards of operation and management which conform to the requirements of the FTZ Board and CBP, and all applicable laws, ordinances and regulations of the State of Colorado and Grantee. Operator shall require all persons, firms, and corporations admitted by it to the Zone Site to conform to such standards. Operator shall prepare and file with CBP a "Foreign-Trade Zones Manual" in accordance with applicable requirements.

## **9. SCOPE OF AUTHORITY**

9.1 Foreign Trade Zone No. 293 is authorized by Foreign Trade Zone Board Order No. 1977 the privilege of establishing a foreign-trade zone, designated on the records of the Board as Foreign-Trade Zone No. 293, as described in the amended application, and subject to the FTZ Act and the FTZ Board's regulations, including Section 400.13, to the FTZ Board's standard 2,000-acre activation limit.

## **10. SUNSET PERIODS**

10.1 Any entity operating within a Magnet Site should be aware of the Alternative Site Framework sunset provision for magnet sites that would terminate authority for Site 2 if not activated within eight years from the date of approval. A Usage-Driven site authorization will expire if there is no actual zone admission and activity within three years of approval or within the Alternative Site Framework sunset provision for magnet sites.

## **11. ZONE DEACTIVATION**

11.1 If Operator deactivates the Zone Site, Operator shall provide not less than sixty (60) days' prior notice of its election to deactivate the Zone Site. Said period shall not commence until (a) Operator has



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provided written notice of deactivation to the Grantee and (b) a planning meeting occurs with CBP on the deactivation. In no event shall the Grantee be required to refund any portion of the Annual Fee for any period in which the Zone Site is deactivated.

11.2 A Zone Site that has been deactivated shall pay the “Non-Active Site” annual fee as defined in the Fee Schedule for the FTZ No. 293 Zone Schedule with the calendar year commencing on the date the deactivation is granted.

## **12. ZONE REACTIVATION**

12.1 If the boundaries are changed or there is a different Operator, the action is an alteration, not a reactivation.

12.2 A written application to reactivate must be made to CBP and shall include a concurrence letter from the Grantee along with CBP required documentation.

12.3 A Zone Site that has been reactivated shall pay the “Active Site” annual fee as defined in the Fee Schedule for the FTZ No. 293 Zone Schedule with the calendar year commencing on the date the reactivation is granted.

## **13. ZONE ALTERATION**

13.1 A written application to alter a Zone Site must be made to CBP and shall include all CBP-required documentation.

13.2 A Zone Site applying for alteration shall pay the “Alteration” fee, outlined in the Grantee’s fee schedule. The Alteration fee, as defined in the Fee Schedule for the FTZ No. 293 Zone Schedule, includes changes to the manufacturing approval and/or status for a Zone Site.

## **14. SALE OR TRANSFER OF PROPERTY OWNERSHIP FOR USAGE-DRIVEN SITES**

14.1 Should title to land or facilities be transferred after a grant of authority is issued, the Grantee must retain, by agreement with the new owner, a level of control which allows the Grantee to carry out its responsibilities as grantee.

14.2 Foreign Trade Zone Site designation is not tied to the property and the sale or transfer of land or facilities will result in the deactivation of active status and the termination of this agreement. The new owner must execute a new and separate Foreign Trade Zone Operator Agreement.

## **15. HANDLING MERCHANDISE**

15.1 Operator will be responsible for the receipt and verification of all merchandise admitted to the Zone Site on the proper forms prescribed by CBP and for handling of all merchandise within the Zone Site.

15.2 Operator will perform all these functions according to all CBP Regulations.



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15.3 Operator further agrees not to allow removal of any merchandise located within the Zone Site without prior approval from CBP under the applicable laws, rules and regulations of CBP and the United States.

## **16. RIGHT OF ENTRY**

16.1 The Grantee, or its designated representative, upon twenty-four (24) hours' notice to Operator shall have the right from time to time, to enter the Zone Site during normal business hours. Operator shall allow representatives of the FTZ Board, CBP and other authorized U.S. Government officers unrestricted access to and throughout the Zone Site during normal business hours or as provided by for by applicable Governmental Requirements for the performance of their official duties.

## **17.1 FURTHER INSTRUMENTS AND ACTIONS**

17.1 Subject to any necessary approval of the Grantee, Operator shall deliver such further instruments and take such further action as may be reasonably requested by the Grantee in order to carry out the provisions and purposes of Operator's operations within the Zone.

17.2 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.

17.3 The appearance of the Grantee and/or the Limon Foreign Trade Zone (Limon FTZ) 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 Operator and not of the Grantee.

## **18. COMMUNICATION**

18.1 In order to maintain knowledge of operations, Operator shall first inform the Grantee of any substantive written or oral communication with CBP or the FTZ Board with respect to Zone Site activity. All written submissions to the FTZ Board with respect to Operator's activity must be presented to the FTZ Board by the Grantee.

## **19. ANNUAL REPORTS**

19.1 Operator shall submit to the Grantee in a final form by January 31 of each year, all information as may be necessary to enable the Grantee to file its Annual Report for the immediately preceding calendar year with the FTZ Board, as well as any other reports which may be mandated by any Governmental Authority. Operator's failure to submit such information shall result in a late fee, as set forth in the Fee Schedule for the FTZ No. 293 Zone Schedule.

19.2 Operator shall provide to the FTZ Board, CBP and the Grantee, as required by the FTZ Board or the CBP Regulations, all reports and forms on the operation of the Zone Site in such form and containing such information as either of them may require.

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19.3 Operator shall maintain its accounts with respect to the operation of the Zone Site in accordance with generally accepted accounting principles and in compliance with the Regulations.

## **20. AUDITS, INSPECTIONS AND REQUESTS FOR INFORMATION**

20.1 Operator shall promptly notify the Grantee of any oral or written request for information, inspection, spot check, or audit of any kind from CBP or the FTZ 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 related letters, requests, reports and investigative documentation.

## **21. RECORD DEFICIENCIES**

21.1 In the event that any audit, inspection, or examination by CBP, the FTZ Board, or the Grantee discloses that books, records or operational procedures of Operator are not in conformance with the requirements of CBP Regulations or other federal, state or local laws or regulations, Operator will undertake immediate corrective actions once it becomes aware of the non-conformity.

21.2 In the event that Operator anticipates that such correction will take more than five (5) working days, Operator 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 FTZ Board and CBP, and shall proceed with all due diligence to correct the deficiency as described in the approved plan.

## **22. RECORD RETENTION**

22.1 All financial and accounting records of Operator concerning Zone Site 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 the FTZ Board, CBP, the Grantee or any other appropriate government agency during normal business hours.

## **23. ADVERTISING**

23.1 The Grantee may advertise that Operator's operations are within Foreign Trade Zone No. 293. Such advertising shall always seek to preserve a favorable image of Operator.

## **24. FEES FOR OPERATORS, USAGE DRIVEN SITES, SUB-ZONES AND MAGNET SITES**

24.1 Operator will reimburse the Grantee for the value of actual services rendered by the Grantee. In addition Operator shall pay the fees outlined in the attached "Foreign Trade Zone Grantee's Fee Schedule" to the Grantee; until Operator notifies the Limon Foreign Trade Zone No. 293 it has ceased Foreign Trade Zone activity at the Site. The Grantee, in its sole discretion, may amend these fees in the future by Resolution.

## **25. CUSTOMS BOND EXPENSE**

25.1 Operator shall secure in its name and pay the full cost of any bond required by CBP for operation of the Zone Site. A copy of the Foreign Trade Zone Operator's bond shall be provided to the Grantee.



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## **26. DEFAULT AND TERMINATION**

26.1 Default. The occurrence of any one or more of the following events shall be a default of the Operator Agreement by Operator and shall be cause for termination:

26.1.1 Operator fails to pay any installment of any Foreign Trade Zone-related fee or other amounts required to be paid, reimbursed, or expended by it under this Agreement, when the same shall become due for payment, and such failure remains uncured for ten (10) working days after notice thereof by the Grantee, provided that written notice of the failure need be given only once during any twelve (12) month period;

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

26.1.3 The CBP shall suspend Operator's operations for a period in excess of ten (10) days;

26.1.4 Operator or its permitted successors or assigns shall cease to lease or own the Zone Site premises; or

26.1.5 Operator becomes in default under any mortgage, deed, trust or lease covering the premises within the Zone Site or, to the extent permitted by law, is adjudicated as bankrupt or makes a general assignment for the benefit of creditors, or if a receiver is appointed to take charge of Operator's affairs, and such default is not remedied within 45 days after notice of such default, then the Grantee may thereupon terminate the Operator Agreement and all rights thereunder of Operator.

### 26.2 Termination.

26.2.1 The Operator Agreement shall automatically and immediately terminate by reason thereof if (i) the FTZ Board shall revoke or cancel its grant of authority to the Grantee to establish, operate and maintain Zone No. 293 or (ii) Zone No. 293 shall become deactivated, and Operator shall have no claim against the Grantee by reason of any such revocation, cancellation or deactivation and Operator shall have no further interest in the subject matter of the Operator Agreement. If the FTZ Board suspends or revokes the privilege of maintaining the Zone Site, or the Zone Site is not activated within three years of the date of the Operator Agreement (unless Operator had commenced all actions within its control to activate the Zone Site and has been diligently and continuously pursuing activation), this Operator Agreement shall automatically and immediately terminate by reason thereof and Operator shall have no further interest in the subject matter of the Operator Agreement. The Grantee shall promptly notify Operator of any action or pending action by the FTZ Board to revoke the privilege of maintaining the Zone Site.



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26.2.2 In addition to the Grantee's termination rights, the Grantee shall have the right to terminate the Operator Agreement immediately for cause due to cancellation of the Customs Bond or the cancellation of the required insurance coverage.

26.2.3 Operator shall have the right, at any time, to terminate the Operator Agreement upon 90 days prior written notice to the Grantee.

26.2.4 Sunset Period. If, at any time after three (3) years for Usage-Driven sites and eight (8) years for Magnet site, from the effective date of this Agreement the zone site has not been activated and no plan to commence such activity is submitted to the Grantee within thirty (30) days after receipt of written notice from the Grantee of the its intent to terminate this Agreement, this agreement may be terminated by either party giving written notice of such termination to the other party.

26.3 Obligations Upon Termination. Upon the Termination Date, whether effected by the natural expiration of the term or as otherwise provided for in the Operator Agreement, Operator shall remain responsible for fulfilling all its existing obligations under the Operator Agreement which shall have accrued prior to the termination date, including without limitation, providing the Grantee with data for the Annual Report, and satisfying all accrued but unpaid expenses or fees, all duties, taxes, charges, fees, penalties, fines, assessments and liquidated damages payable by Operator under the Operator Agreement, as well as all obligations arising under the Operator Agreement which are expressly stated to survive.

26.4 Upon Termination, Operator's right to operate the Zone Site under Foreign Trade Zone procedures shall terminate, the premises identified in the Operator Agreement shall cease to be a Zone Site, and Operator shall not maintain or operate said premises as a Zone Site.

## **27. INDEMNIFICATION**

27.1 Operator shall hold harmless, indemnify and defend the Grantee, its respective officers, agents and employees (the "Indemnified Parties") from any and all losses, damages, costs, expenses, liabilities, obligations, fines, penalties, actions, judgments, suits, and causes of action, claims, demands and proceedings of any kind or description ("Claims") and all costs and expenses of any kind or nature, including, without limitation, all reasonable attorneys' fees, disbursements, court costs and any other costs of litigation related thereto arising out of, resulting from or directly or indirectly connected to Operator's operation of the Zone Site or the performance by Operator of this Agreement, including, but not limited to Claims arising out of, resulting from or directly or indirectly connected to negligence, intentional misconduct, breach of contract, violation of CBP Regulations or other applicable federal, state, or local laws or regulations or other violation of or by Operator, its employees or its agents.

27.2 The Grantee will provide Operator with notice in writing of any facts or situations arising out of Zone Site use that give rise to a claim by the Grantee for indemnification.

27.3 In case any action shall be brought against the Indemnified Parties, or any of them, arising out of Zone Site usage, the Indemnified Party or Parties shall promptly notify Operator in writing, and Operator shall assume the defense, including the employment of counsel, the payment of all expenses and the right to negotiate and consent to settlement with the consent of the Indemnified Party or Parties, which consent shall not be unreasonably withheld or delayed.



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27.4 An Indemnified Party shall have the right to employ separate counsel in any such action and to participate in the defense thereof, but the fees and expenses of such counsel shall be at the expense of the Indemnified Party unless the employment of such counsel has been specifically authorized by Operator, or unless the representation of both Operator and the Indemnified Party would represent a conflict of interest.

27.5 Operator shall not be liable for any settlement effectuated without its consent, but if any such action is settled with the consent of Operator, or if there be a final judgment for the plaintiff in any such action, Operator agrees to indemnify and does hereby hold harmless the Indemnified Parties from and against any and all loss or liability by reason of such settlement or judgment. The provisions of this section shall survive the termination or cancellation of the Operator's agreement with the Grantee.

## **28. INSURANCE**

28.1 Operator is required to obtain and keep in effect during the term of its Zone Site operations, insurance of the types and in the amounts described below:

28.1.1 Commercial General Liability insurance in the amount of at least One Million Dollars (\$1,000,000) per occurrence. In the event such insurance contains an aggregate limit, the aggregate shall apply on a per-location basis applicable to each facility of the Zone Site and such per-location aggregate shall be at least Two Million Dollars (\$2,000,000). This insurance shall protect the insureds from claims for property damage and/or bodily injury, including death, arising out of or in connection with Operator's acts, activity or operations at or in connection with the Zone Site. Coverage shall be at least as broad as that provided by the most recently issued Insurance Services Office ("ISO") Form CG 0001, shall contain no exclusions other than as required by law or as approved by the Grantee, and shall be "occurrence" based rather than "claims-made." Such Commercial General Liability insurance shall name the Grantee, and their respective officials, officers, directors, employees and agents, as an Additional Insured with coverage at least as broad as the most recent edition of ISO Form CG 2026.

28.1.2 Workers' Compensation Insurance on behalf of, or with regard to, all employees involved in the Operator's operations at the Zone Site, and such insurance shall comply with the laws of the State of Colorado.

28.1.3 With regard to all Zone Site operations, the Operator shall maintain or cause to be maintained Business Automobile Liability insurance in the amount of at least One Million Dollars (\$1,000,000) each accident combined single limit for liability arising out of ownership, maintenance or use of any owned, non-owned or hired vehicles. Coverage shall be at least as broad as the latest edition of ISO Form CA0001.

28.1.4 All required policies shall be issued by companies authorized to do business in the State of Colorado and shall be subject to approval by Grantee as to form and sufficiency of coverage, and shall be filed at the offices of Grantee with proof of payment of premiums for all new and renewal policies. All required policies, except Workers' Compensation shall include a waiver of the right of subrogation with respect to all insureds named therein. All required policies shall also be endorsed to provide the Grantee with thirty (30) days written notice for cancellation and/or restriction. Certificates of insurance or certified copies of policies for all insurance required in this Section 28.1 must be submitted to and accepted by Grantee prior to or upon



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execution of this Agreement, and the same evidencing the renewal of all required policies, at least thirty (30) days prior to the expiration of the then current policy.

28.1.5 Operator's failure to secure and maintain insurance as required by the Grantee shall constitute a material breach of the Operator Agreement, and such breach shall not be deemed by the parties hereto as waived or otherwise excused by any action or inaction by the Grantee at any time. The coverage required pursuant to the Operator Agreement shall not relieve Operator of any insurance coverage required by Operator under the lease for its premises at the Zone Site or as is customary for similar businesses conducting operations in the vicinity of the Zone Site.

## **29. NO ASSIGNMENT**

29.1 The Operator shall not transfer or assign any interest in or rights granted pursuant to an Operator Agreement or delegate any responsibility which it has undertaken pursuant to an Operator Agreement except to any affiliate, subsidiary or the parent of Operator. In any event, notice of the closing of a sale, sublease or other change in interest in said business or operations conducted at the Zone Site must be given in writing by Operator at least sixty (60) days prior to such closing and shall contain the names and addresses of every person and entity acquiring any interest in said business or operations.

29.2 Operator's indemnity obligations, bond obligations, and record and record retention obligations shall survive termination or expiration of this Agreement.

## **30. APPLICABLE LAW/VENUE**

30.1 Any agreement between Operator and Grantee shall be governed by and construed in accordance with the Foreign Trade Zones Act, regulations adopted by the FTZ Board and CBP and all amendments thereto, and the applicable laws of the State of Colorado, without regard to principles of conflicts of laws.

30.2 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 of this Agreement shall be brought in a Court of competent jurisdiction in Lincoln County, Colorado unless federal law requires that the dispute be determined by another Court or body.

## **31. CONFIDENTIALITY**

31.1 Grantee hereby acknowledges and agrees that they and their respective Trustees, officers, agents, representatives, and employees are subject to the Trade Secret Act as it relates to confidentiality of information concerning Property Owner and Operator's operations at the site.

## **32. INDEPENDENT ENTITY STATUS**

32.1 Grantee and Operator are independent entities and nothing in this Agreement shall be construed as giving rise to the parties being characterized as partners or as joint venturers or either party being considered as employer/employee or principal/agent in relation to the other.



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## **33. NOTICES**

32.1 Any notice given under the auspices of this Agreement shall be in writing and shall be delivered by hand or sent by certified or registered US mail, postage prepaid:

If to Grantee: Town of Limon  
Attn: FTZ Director  
P.O. Box 9  
Limon, CO 80828

If to Operator: \_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

**IN WITNESS WHEREOF**, the parties hereby sign this Foreign Trade Zone Site Operator Agreement the day and year first above written.

GRANTEE:

OPERATOR:

TOWN OF LIMON

\_\_\_\_\_

Title: Mayor

Title:

Title: Town Clerk

Title:

**Limon FTZ**



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## **APPENDIX E: APPLICATION FORMS**

### **I. Minor Boundary Modification**

<http://enforcement.trade.gov/ftzpage/formats/Application%20for%20ASF%20MBM.doc>

#### **Application for Usage-Driven Designation (“Minor Boundary Modification”) Under the Alternative Site Framework (ASF)**

##### **Instruction Sheet**

This collection of information contains Paperwork Reduction Act (PRA) requirements approved by the Office of Management and Budget (OMB). Notwithstanding any other provision of law, no person is required to, nor shall any person be subject to a penalty for failure to comply with, a collection of information subject to the requirements of the PRA unless that collection of information displays a currently valid OMB control number. Public reporting burden for this collection of information is estimated to average 3.5 hours, including time for reviewing instructions, searching existing data sources, gathering and maintaining the data needed, and completing and reviewing the collection of information. Persons wishing to comment on the burden estimate or any aspect of this collection of information, or offer suggestions for reducing this burden, should send their comments to the ITA Reports Clearance Officer, International Trade Administration, U.S. Department of Commerce, 14<sup>th</sup> and Constitution Avenue, NW, Washington, DC 20230.

No zone, subzone, zone expansion/reorganization/modification, or production authority may be approved unless a completed application/notification/request has been received (19 U.S.C. 81a-81u; 15 CFR Part 400). The Foreign-Trade Zones Board has no authority to finance zone projects. Its approval is in the form of a grant of authority (license) for operating a facility under foreign-trade zone procedures. The basic requirements for foreign-trade zone applications are found in the regulations of the Foreign-Trade Zones Board (15 CFR Part 400), including Sections 400.21 through 400.25. Application formats are available on the FTZ Board web site: <http://www.trade.gov/ftz>.

Corporations submitting applications must be qualified to apply under the laws of the state in which the zone is to be located. Applicants may submit drafts of their applications to the FTZ Staff, which can provide comments and technical assistance in interpreting the Board's regulations.

Applicants should note that conduct of their proposed activity under FTZ procedures would result in an additional, ongoing information-collection burden associated with the Annual Report from Foreign-Trade Zones (OMB Control No. 0625-0109).

FTZ Staff  
March 2013  
Foreign-Trade Zones Board  
U.S. Department of Commerce  
1401 Constitution Avenue, N.W., Room 21013  
Washington, D.C. 20230  
(202) 482-2862

***Limon FTZ***



# ***Limon Foreign Trade Zone Guidebook***

## **Alternative Site Framework**

### **APPLICATION FOR USAGE-DRIVEN DESIGNATION (“MINOR BOUNDARY MODIFICATION”)**

**NOTE:** This format is only for a Minor Boundary Modification (MBM) to propose a “Usage-Driven” site(s) under the Alternative Site Framework (ASF).

#### **INSTRUCTIONS**

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

**Subzone versus Usage-Driven Designation:** Under the FTZ Board’s regulations (§400.24(c)), a grantee can request designation of a site(s) as a subzone that qualifies for usage-driven status, where warranted by the circumstances and so long as the subzone activity remains subject to the activation limit for the zone in question. As with usage-driven sites, subzone sites designated under this process will be subject to the standard three-year sunset provision.

**Sites versus Parcels:** A "site" is comprised of one or more generally contiguous parcels of land organized and functioning as an integrated unit, such as all or part of an industrial park or airport facility. If parcels do not meet that definition, they must be treated as separate sites.

**Submitted Request Must Be Complete:** Submitted MBM requests must be complete – with the sole allowable exception of any comments from U.S. Customs and Border Protection (CBP), if necessary. Incomplete submitted requests or documents submitted separately will be returned to the sender. The FTZ Staff cannot assemble complete requests from individual elements submitted separately.

**Number of Copies:** Please submit the original and one electronic copy of the complete request (Adobe PDF format preferred; you may use MS Word format if you are unable to submit PDF). The electronic copy must include a color map(s) and scans of all signed letters.

**Timing:** Under the FTZ Board’s regulations, the ordinary timeframe to process MBM requests is within 30 days of the FTZ Staff having received a complete request. Timing will depend on receipt of CBP’s comments on the request.



# ***Limon Foreign Trade Zone Guidebook***

## **Alternative Site Framework**

### **APPLICATION FOR USAGE-DRIVEN DESIGNATION (“MINOR BOUNDARY MODIFICATION”)**

#### **QUESTIONS**

1. Please mark the appropriate space below to indicate whether you are requesting “Subzone” or “Usage-Driven” designation for the proposed site(s):

\_\_\_\_\_ Subzone                      \_\_\_\_\_ Usage-Driven

2. List the address of the site(s), including the jurisdiction in which the site(s) falls (town, city, county).
3. Explain how the proposed site(s) is within the grantee’s approved ASF service area.
4. State the proposed acreage of the site(s).
5. Indicate the company for which the site(s) will be designated.
6. Provide a summary of the company’s planned activities.
7. Indicate the current zoning and the existing and planned buildings (including square footage) for the site(s). (Note: Sites (or areas within a site) with inappropriate zoning – such as agricultural, retail, or residential – are not eligible for FTZ status and should not be proposed in any MBM request.)
8. Confirm that FTZ designation or the use of FTZ procedures is not a requirement or a precondition for future activity or construction at the site(s).
9. List the owner(s). (If a site(s) is not owned by the grantee or the company planning to use the site(s) – as named in response to Question 5 above – then provide a "Right to Use" attachment with documentation demonstrating the right to use the site(s). Such evidence could be a signed letter from the proposed operator on its letterhead attesting to its right to use the property or a letter of concurrence from the owner of the proposed site(s).)



# ***Limon Foreign Trade Zone Guidebook***

## **ATTACHMENTS**

Attach the documents listed below (Items 10 and 11, plus Item 12 if applicable) directly behind the text of your request.

10. A clear and detailed site map showing existing and planned structures. The site boundaries must be outlined clearly **in red**. Note that if streets or similar landmarks are not legible on the site map, you will also need to provide a detailed street map with the proposed site's boundaries **in red**. Any map should be no larger than letter-sized (8 1/2" x 11") and clearly labeled, with legends provided for any markings.
  
11. Comments from U.S. Customs and Border Protection (CBP): The grantee generally should provide comments from CBP with the submitted request. Alternatively, the grantee may provide a copy of the request to CBP at the time the request is submitted to the FTZ Board, in which case the grantee should also communicate with CBP regarding the 20-day timeframe in the FTZ Board's regulations for CBP to provide comments to the FTZ Board.
  
12. If your state (such as TX, KY, AZ) has one or more taxes for which collections will be affected by the proposed FTZ designation of the new site(s), please attach all of the following:
  - A. An explanation of the specific local taxes that will be affected;
  - B. A stand-alone letter that:
    - Lists all of the affected parties;
    - Includes a statement below the list certifying that this is a complete list of all parties that would be affected by this particular request; and,
    - Is signed by an official of the grantee organization.
  - C. Correspondence from all of the affected parties (such as a local school board) indicating their concurrence (or non-objection) regarding the proposed FTZ designation.



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## **II. Application for Subzone Designation**

<http://enforcement.trade.gov/ftzpage/formats/Application%20for%20Subzone.doc>

### **Application for Subzone Designation**

(Traditional Site Framework or Outside Alternative Site Framework Service Areas)

#### **Instruction Sheet**

This collection of information contains Paperwork Reduction Act (PRA) requirements approved by the Office of Management and Budget (OMB). Notwithstanding any other provision of law, no person is required to, nor shall any person be subject to a penalty for failure to comply with, a collection of information subject to the requirements of the PRA unless that collection of information displays a currently valid OMB control number. Public reporting burden for this collection of information is estimated to average 3.5 hours, including time for reviewing instructions, searching existing data sources, gathering and maintaining the data needed, and completing and reviewing the collection of information. Persons wishing to comment on the burden estimate or any aspect of this collection of information, or offer suggestions for reducing this burden, should send their comments to the ITA Reports Clearance Officer, International Trade Administration, U.S. Department of Commerce, 14<sup>th</sup> and Constitution Avenue, NW, Washington, DC 20230.

No zone, subzone, zone expansion/reorganization/modification, or production authority may be approved unless a completed application has been received (19 U.S.C. 81a-81u; 15 CFR Part 400). The Foreign-Trade Zones Board has no authority to finance zone projects. Its approval is in the form of a grant of authority (license) for operating a facility under foreign-trade zone procedures. The basic requirements for foreign-trade zone applications are found in the regulations of the Foreign-Trade Zones Board (15 CFR Part 400), including Sections 400.21 through 400.25. Application formats are available on the FTZ Board web site: <http://www.trade.gov/ftz>.

Corporations submitting applications must be qualified to apply under the laws of the state in which the zone is to be located. Applicants may submit drafts of their applications to the FTZ Staff, which can provide comments and technical assistance in interpreting the Board's regulations.

Applicants should note that conduct of their proposed activity under FTZ procedures would result in an additional, ongoing information-collection burden associated with the Annual Report from Foreign-Trade Zones (OMB Control No. 0625-0109).

FTZ Staff  
March 2013  
Foreign-Trade Zones Board  
U.S. Department of Commerce  
1401 Constitution Avenue, N.W., Room 21013  
Washington, D.C. 20230  
(202) 482-2862

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## **APPLICATION FOR SUBZONE DESIGNATION** (Outside Alternative Site Framework Service Areas)

**NOTE: This format is only for requesting a “Subzone” or for a location outside a “Service Area” under the Alternative Site Framework (ASF). For Subzone designation within a Service Area, there is a separate, simpler format (ASF Minor Boundary Modification).**

### **INSTRUCTIONS**

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

**Do You Propose that the Subzone Be Subject to the Zone’s Activation Limit?** Under the FTZ Board’s regulations, a proposed subzone that will be subject to a zone’s activation limit (as defined in §400.2(b)) can be processed within a 3-month timeframe (rather than 5 months if it will not be subject to the zone’s activation limit). Therefore, the application must indicate whether the subzone is proposed to be subject to the zone’s activation limit. Contact the FTZ Board’s staff with any questions on this point at (202) 482-2862 or [ftz@trade.gov](mailto:ftz@trade.gov).

**Sites versus Parcels:** A "site" is comprised of one or more generally contiguous parcels of land organized and functioning as an integrated unit, such as all or part of an industrial park or airport facility. If parcels do not meet that definition, they must be treated as separate sites.

**Submitted Request Must Be Complete:** The FTZ Staff cannot process submitted subzone applications that do not meet each of the small number of requirements delineated in the FTZ Board’s regulations. Incomplete submitted requests or documents submitted separately will be returned to the sender. The FTZ Staff also cannot assemble complete applications from individual elements submitted separately.

**Number of Copies:** Please submit the original, one paper copy and one electronic copy of the complete request (Adobe PDF format preferred; you may use MS Word format if you are unable to submit PDF). The electronic copy must include color maps and scans of all signed letters.

**Filing fees:** The FTZ Regulations require a filing fee of \$ 4,000 or \$ 6,500 for a subzone application (see 15 CFR 400.29(b)(2) for details). The currently dated check should be made payable to "U.S. Department of Commerce ITA." The Federal Tax ID number is 91-2014781.

**Timing:** Submitted subzone applications will ordinarily be processed in the 3-month or 5-month timeframes described in the FTZ Board’s regulations. The 3-month timeframe is for subzones that will be subject to the sponsoring zone’s activation limit (see further explanation above).

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## **APPLICATION FOR SUBZONE DESIGNATION** (Outside Alternative Site Framework Service Areas)

### **QUESTIONS**

1. Please mark the appropriate space below to indicate whether you are requesting that the proposed subzone be subject to your zone's activation limit. (See instructions above for further explanation.)  
  
\_\_\_\_\_ Subject to zone's activation limit (3-month process)  
  
\_\_\_\_\_ Not subject to zone's activation limit (5-month process)
2. List the address of the site(s), including the jurisdiction in which the site falls (town, city, county).
3. State the proposed acreage of the site(s).
4. Indicate the company for which the site(s) will be designated.
5. Provide a summary of the company's planned activities.
6. Indicate the current zoning and the existing and planned buildings (including square footage) for the site(s). (Note: Sites (or areas within a site) with inappropriate zoning – such as agricultural, retail, or residential – are not eligible for FTZ status and should not be proposed in any subzone application.)
7. Confirm that FTZ designation or the use of FTZ procedures is not a requirement or a precondition for future activity or construction at the site(s).
8. List the owner(s) of the site(s). (If a site(s) is not owned by the grantee or the company planning to use the site(s) – as named in response to Question 4 above – then provide a "Right to Use" attachment with documentation demonstrating the right to use the site. Such evidence could be a signed letter from the proposed operator on its letterhead attesting to its right to use the property or a letter of concurrence from the owner of the new site.)
9. Do you commit to work with U.S. Customs & Border Protection (CBP), as appropriate, to meet current and future CBP requirements for its automated systems (such as ACE) and to meet any CBP security requirements related to activation?

### **ATTACHMENTS**

Attach the documents listed below (items 10 and 11, plus 12 if applicable) directly behind the text of your request.

10. In an attachment called "Legal Authority for Application," include a copy of: 1) the state's current enabling legislation regarding FTZs and 2) the section(s) of the zone grantee's charter or organization papers pertinent to FTZ sponsorship. (For grantees that are non-public, also provide evidence of the

***Limon FTZ***



# ***Limon Foreign Trade Zone Guidebook***

organization's current legal standing with the state. This can include a letter or documentation from an appropriate state official or from the state's official website.)

11. Attach a clear and detailed site map showing existing and planned structures. The site boundaries must be outlined clearly **in red**. Note that if streets or similar landmarks are not legible on the site map, you will also need to provide a detailed street map with the proposed site's boundaries **in red**. Any map should be no larger than letter-sized (8 1/2" x 11") and clearly labeled, with legends provided for any markings.
12. If your state (such as TX, KY, AZ) has one or more taxes for which collections will be affected by the proposed FTZ designation of the new site(s), please attach all of the following:
  - A. An explanation of the specific local taxes that will be affected;
  - B. A stand-alone letter that:
    - Lists all of the affected parties;
    - Includes a statement below the list certifying that this is a complete list of all parties that would be affected by this particular request; and,
    - Is signed by an official of the grantee organization.
  - C. Correspondence from all of the affected parties (such as a local school board) indicating their concurrence (or non-objection) regarding the proposed FTZ designation.



# ***Limon Foreign Trade Zone Guidebook***

## **III. Application for Production Authority**

<http://enforcement.trade.gov/ftzpage/formats/Application%20for%20Production.doc>

### **Application for Production Authority**

#### **Instruction Sheet**

This collection of information contains Paperwork Reduction Act (PRA) requirements approved by the Office of Management and Budget (OMB). Notwithstanding any other provision of law, no person is required to, nor shall any person be subject to a penalty for failure to comply with, a collection of information subject to the requirements of the PRA unless that collection of information displays a currently valid OMB control number. Public reporting burden for this collection of information is estimated to average 34 hours, including time for reviewing instructions, searching existing data sources, gathering and maintaining the data needed, and completing and reviewing the collection of information. Persons wishing to comment on the burden estimate or any aspect of this collection of information, or offer suggestions for reducing this burden, should send their comments to the ITA Reports Clearance Officer, International Trade Administration, U.S. Department of Commerce, 14<sup>th</sup> and Constitution Avenue, NW, Washington, DC 20230.

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Corporations submitting applications must be qualified to apply under the laws of the state in which the zone is to be located. Applicants may submit drafts of their applications to the FTZ Staff, which can provide comments and technical assistance in interpreting the Board's regulations.

Applicants should note that conduct of their proposed activity under FTZ procedures would result in an additional, ongoing information-collection burden associated with the Annual Report from Foreign-Trade Zones (OMB Control No. 0625-0109).

FTZ Staff  
March 2013

Foreign-Trade Zones Board  
U.S. Department of Commerce  
1401 Constitution Avenue, N.W., Room 21013  
Washington, D.C. 20230  
(202) 482-2862

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# ***Limon Foreign Trade Zone Guidebook***

## **Application for FTZ Production Authority**

Your application for FTZ production authority only needs to include any products and/or foreign-status components **not** previously authorized by the FTZ Board for your production operation. Production applications are submitted to the Board's Executive Secretary, and may only be submitted by the grantee of the sponsoring zone.

Responses to Questions. Please include the question number and the text of the question prior to your response to each question. The FTZ Regulations place the burden of proof on the applicant, so please respond to each item completely based on the information available to you. Note that for industry/market information, you may rely on your expert knowledge of the industry in addition to traditional, published resources. If you have questions, contact the FTZ Board staff at (202) 482-2862.

Pre-Docketing Submission. Applicants shall submit a single complete copy of an application for pre-docketing review. The complete copy must include all required answers and documents, including the application letter. The application can be submitted via e-mail ([ftz@trade.gov](mailto:ftz@trade.gov)). The FTZ Board's staff will review the pre-docketing submission within 30 days and will notify the applicant either to submit the final application or to correct deficiencies.

Format of Final Version of Application. Hard copies of the final version of your application can be stapled or - if the application is too thick to be stapled - submitted in a three-ring binder (not spiral-bound). Use of a three-ring binder greatly facilitates replacement of pages, when necessary.

Final Submission. Please submit the original and one paper copy of the application plus an electronic copy (Adobe PDF format preferred; you may use MS Word format if you are unable to submit PDF). The electronic copy must include scans of all signed letters.

### **Application Letter**

1. The application letter is a cover letter from the grantee that should summarize the application and transmit the application to the FTZ Board. The letter should include the zone site(s) to be used, proposed FTZ production activity, and why approval of that activity would be beneficial for the United States overall. The letter should be dated within 6 months prior to the submission of the application and signed by an employee or official of the grantee.

### **Company and FTZ Site(s)**

2. State:

- a) the FTZ user (company for whose benefit the activity would be conducted); and,
- b) the zone/subzone locations (including site numbers) at which the activity would be conducted.

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# ***Limon Foreign Trade Zone Guidebook***

## **Company, Sourcing, Market, and Industry Information**

3. Describe the specific production activity which you are seeking to conduct under FTZ procedures.
4. Briefly describe your company's background and current situation (including annual sales value or other indicator(s) of company's size and scope of operations).
5. Explain in detail why approval of your proposed FTZ production authority would be beneficial overall to the United States.
6. Describe problems, challenges or strengths facing your company and the U.S. industry. (For example, have production, employment, and operating profits been falling or rising? Have there been changes in the cost of raw materials? Also address any other relevant factors.)
7. List total employment company-wide.
8. List total employment at your proposed FTZ production plant.
9. How has your company's and plant's employment changed in the last 5 years?
10. Will FTZ-related savings likely lead to increased, stable, or decreased employment at your plant? Explain.
11. Does your company have other plants (in the U.S. or overseas) that conduct the same activity or similar activity? If yes to either, please list the other plants' locations and explain.
12. For the products you want to produce under FTZ procedures, list the percentages (or percent ranges) by value of:  
  
U.S. materials = \_\_\_\_\_%;  
foreign materials = \_\_\_\_\_%; and  
value added at your facility (labor, profit, overhead, etc.) = \_\_\_\_\_%.  
  
(U.S. materials + foreign materials + value added = 100%)
13. Are the components that you purchase from abroad also available from U.S. suppliers (if yes, why are you unable to obtain those components domestically)? Explain.
14. Will FTZ-related savings affect your company's purchasing patterns? Explain.
15. What is the current annual production capacity at your plant? Are there any planned capacity changes? (Indicate the units of measure used.)



## ***Limon Foreign Trade Zone Guidebook***

16. What is your company's current share of the U.S. market for the type of products you want to make under FTZ procedures?
17. List your major competitors in the U.S. market and their approximate U.S. market shares.
18. Are your competitors producing in the U.S. or abroad? Explain and give specific examples.
19. Does your plant compete with the foreign plants of company affiliates? Explain.
20. What is imports' share of the U.S. market for the type of products you want to make under FTZ procedures?
21. Has imports' share of the U.S. market changed in the past 5-10 years? How? Why?
22. How would approval of your proposed FTZ production affect your domestic competitors?
23. Are the purchasing patterns of competing domestic producers similar to your company's?
24. If you are granted authority to conduct production under FTZ procedures, would the other U.S. producers be likely to seek access to FTZ procedures? Explain.
25. What are the competitive factors in your industry? Rank them in order from the most to the least influential. Explain. Any other factors unique to your industry?
26. Do you know your approximate share of the world-wide market for the products you want to make under FTZ procedures? If yes, list it.
27. List your major competitors in the world market and their approximate world market shares.
28. What percent of your production of the products you want to make under FTZ procedures is sold to export markets?
29. Have your company's exports been increasing or decreasing? To which markets? Does your company have plans to enter any new export markets? If so, which?
30. Estimate overall U.S. exports as a percentage of domestic production.
31. Are U.S.-made products able to compete successfully with foreign-made products in export markets? What are the primary competitive factors?
32. Has worldwide demand for your products been increasing or decreasing? Explain.
33. Please estimate U.S. producers' share of the worldwide market for your product(s). Is this share increasing or decreasing?



# ***Limon Foreign Trade Zone Guidebook***

34. In recent years where has investment in the industry taken place (U.S. versus offshore)? Provide examples.
35. Please list the main internet address(es) for information about your company and product(s).
36. Are you aware of any studies or reports that have been done recently regarding your industry or industry sector? If yes, please list the titles and authors/publishers below – you do not need to submit the studies/reports with the application. Note: The FTZ Staff may later ask for your assistance in obtaining a copy of these publications as part of the Staff's case-related research.
37. Provide information as to whether alternative procedures have been considered as a means of obtaining the benefits sought.

## **FTZ-Related Savings**

38. What are the total estimated annual FTZ-related savings associated with the proposed activity you are describing in this application? As a percent of finished product value?
39. Provide the percentage breakdown for your total estimated FTZ savings into the following categories: Logistical/Paperwork; Inverted Tariff; Exports; Duty Deferral; and Scrap/Waste.

## **Products and Components**

40. Are any of the listed foreign-status component/inputs subject to a trade-related measure or proceeding (such as an AD/CVD order or proceeding, suspension of liquidation under AD/CVD procedures, or Section 201/204/337/421 investigations)? If yes, explain.
41. Using the tables that follow (inserting additional rows, as needed), list the finished products and foreign-status components/inputs that you propose for production under FTZ procedures. Your list of finished products and foreign-status components/inputs should encompass both actual/planned activity and potential activity for which you request authority. Any approval of your application by the FTZ Board would only extend to the specific finished products and foreign-status components/inputs listed in your application (that is, your "scope of authority"). For each finished product and foreign-status component/input, provide a physical description (not the description from the HTSUS), 6-digit HTSUS number, and current U.S. duty rate.



# ***Limon Foreign Trade Zone Guidebook***

## **Finished Products:**

<b>Physical Description (not HTSUS description)</b>	<b>HTSUS No.</b>	<b>Duty Rate</b>
---	------------------	------------------

## **Foreign-Status Components:**

<b>Physical Description (not HTSUS description)</b>	<b>HTSUS No.</b>	<b>Duty Rate</b>
---	------------------	------------------



APPENDIX F: GRANT OF AUTHORITY

FOREIGN-TRADE ZONES BOARD  
WASHINGTON, D.C.

**GRANT OF AUTHORITY**

**ESTABLISHMENT OF A FOREIGN-TRADE ZONE  
UNDER THE ALTERNATIVE SITE FRAMEWORK  
TOWN OF LIMON, COLORADO**

WHEREAS, the Foreign-Trade Zones Act provides for “. . . the establishment . . . of foreign-trade zones in ports of entry of the United States, to expedite and encourage foreign commerce, and for other purposes,” and authorizes the Foreign-Trade Zones Board to grant to qualified corporations the privilege of establishing foreign-trade zones in or adjacent to U.S. Customs and Border Protection ports of entry;

WHEREAS, the Board adopted the alternative site framework (ASF) (15 CFR Sec. 400.2(c)) as an option for the establishment or reorganization of zones;

WHEREAS, the Town of Limon, Colorado (the Grantee), a public organization, has made application to the Board (B-54-2014, docketed 08/07/2014; amended 03/11/2015), requesting the establishment of a foreign-trade zone under the ASF with a service area of Adams and Arapahoe Counties, Colorado and portions of Elbert, Lincoln and Morgan Counties, Colorado, as described in the amended application, within and adjacent to the Denver, Colorado U.S. Customs and Border Protection port of entry, and proposed Sites 1 and 2 would be categorized as magnet sites;

WHEREAS, notice inviting public comment has been given in the *Federal Register* (79 FR 47088, 08/12/2014); and,

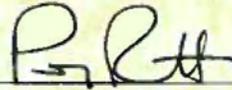
WHEREAS, the Board adopts the findings and recommendations of the examiner’s report, and finds that the requirements of the FTZ Act and the Board’s regulations are satisfied;

NOW, THEREFORE, the Board hereby grants to the Grantee the privilege of establishing a foreign-trade zone, designated on the records of the Board as Foreign-Trade Zone No. 293, as described in the amended application, and subject to the FTZ Act and the Board’s regulations, including Section 400.13, to the Board’s standard 2,000-acre activation limit, and to an ASF sunset provision for magnet sites that would terminate authority for Site 2 if not activated within eight years from the date of approval.

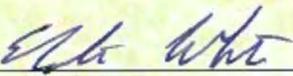
APPENDIX F: GRANT OF AUTHORITY

Signed at Washington, DC, this 11<sup>th</sup> day of June 2015.

FOREIGN-TRADE ZONES BOARD



\_\_\_\_\_  
Secretary of Commerce  
Chairman and Executive Officer

ATTEST:   
Elizabeth Whiteman  
Acting Executive Secretary

U.S. DEPARTMENT OF COMMERCE  
Foreign-Trade Zones Board  
Order No. 1977

Grant of Authority

Establishment of a Foreign-Trade Zone  
under the Alternative Site Framework  
Limon, Colorado

Pursuant to its authority under the Foreign-Trade Zones Act of June 18, 1934, as amended (19 U.S.C. 81a-81u), the Foreign-Trade Zones Board (the Board) adopts the following Order:

WHEREAS, the Foreign-Trade Zones Act provides for "...the establishment... of foreign-trade zones in ports of entry of the United States, to expedite and encourage foreign commerce, and for other purposes," and authorizes the Foreign-Trade Zones Board to grant to qualified corporations the privilege of establishing foreign-trade zones in or adjacent to U.S. Customs and Border Protection ports of entry;

WHEREAS, the Board adopted the alternative site framework (ASF) (15 CFR Sec. 400.2(c)) as an option for the establishment or reorganization of zones;

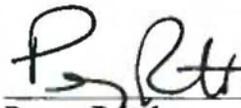
WHEREAS, the Town of Limon, Colorado (the Grantee), a public organization, has made application to the Board (B-54-2014, docketed 08/07/2014; amended 03/11/2015), requesting the establishment of a foreign-trade zone under the ASF with a service area of Adams and Arapahoe Counties, Colorado and portions of Elbert, Lincoln and Morgan Counties, Colorado, as described in the amended application, within and adjacent to the Denver, Colorado U.S. Customs and Border Protection port of entry, and proposed Sites 1 and 2 would be categorized as magnet sites;

WHEREAS, notice inviting public comment has been given in the *Federal Register* (79 FR 47088, 08/12/2014) and the application has been processed pursuant to the FTZ Act and the Board's regulations; and,

WHEREAS, the Board adopts the findings and recommendations of the examiner's report, and finds that the requirements of the FTZ Act and the Board's regulations are satisfied;

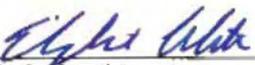
NOW, THEREFORE, the Board hereby grants to the Grantee the privilege of establishing a foreign-trade zone, designated on the records of the Board as Foreign-Trade Zone No. 293, as described in the amended application, and subject to the FTZ Act and the Board's regulations, including Section 400.13, to the Board's standard 2,000-acre activation limit, and to an ASF sunset provision for magnet sites that would terminate authority for Site 2 if not activated within eight years from the month of approval.

Signed at Washington, DC, this 11<sup>th</sup> day of June 2015.



\_\_\_\_\_  
Penny Pritzker  
Secretary of Commerce  
Chairman and Executive Officer  
Foreign-Trade Zones Board

ATTEST:

  
\_\_\_\_\_  
Elizabeth Whiteman  
Acting Executive Secretary