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POLICIES AND PROCEDURES

BACKGROUND

The legal authority for Foreign Trade Zone 183 is provided by The Foreign Trade Zone Act of 1934 (19 U.S.C. 81a-u) and its implementing Foreign Trade Zone Regulations (15 CFR Part 400). U.S. Customs and Border Protection (“CBP”) Regulations (19 CFR Part 146) govern operational activities occurring within Foreign Trade Zone 183. The Texas state enabling legislation permitting foreign trade zones in Austin is provided in Texas Business and Commerce Code, Ch. 681.152.

CBP Austin Port of Entry has oversight responsibilities for Foreign Trade Zone 183. The Foreign Trade Zone of Central Texas, Inc. (FTZCTI) has responsibility for the day-to-day management of Foreign Trade Zone 183 and the sponsorship of all applications that are submitted to the Foreign Trade Zones Board.

FTZCTI is organized under the Foreign Trade Zones Board’s Alternative Site Framework (“ASF”) program, which allows a grantee to designate a Service Area (for example a Service Area could encompass several counties), which allows for expedited approval of Foreign Trade Zone designation anywhere in the Service Area. FTZCTI submitted an ASF application to the Foreign Trade Zones Board in February 2012 and was approved in July 2012. The service area for FTZ 183 covers the Austin-Round Rock metropolitan area and includes five counties: Bastrop, Caldwell, Hays, Travis and Williamson.

FTZ 183’s OBJECTIVE

The goal of the FTZ 183 is to promote international business in the five-county region. The goal is consistent with the cities and counties in the Austin-Round Rock area’s goal of economic development in terms of job retention, job creation and increased capital investment in the community. FTZCTI will operate Foreign Trade Zone Number 183 under public utility principles. FTZCTI shall ensure that the reasonable zone needs of the business community are served by its zone project.
KEY FTZ STEPS FOR ZONE APPLICATIONS

REQUESTING SPONSORSHIP FROM FTZCTI

To obtain geographical designation within FTZ 183, an applicant can apply to FTZCTI to sponsor a usage driven/subzone application under the ASF procedures. This type of application takes 30 days for approval by the FTZ Board once a formal and complete application is submitted to the FTZ Board. Alternatively, FTZCTI may determine that a traditional subzone application is required if the amount of acreage being requested for FTZ designation is over (100 acres) or if the site/s is outside of the Service area. A traditional subzone application will generally take between 3 - 5 months to be approved.

Any business which wishes to have an application filed to designate its property as a zone site must provide FTZCTI with the following:

- A written request to FTZCTI for the designation, including • The full name of the company • A short description of the business to be conducted at the site • Address of the site/s • Map showing site/s boundaries (preferably a survey)

- Execution of an FTZ Operator Usage-Driven/Subzone under ASF Site Agreement or a Subzone Agreement

- Payment of a non-refundable fee of $6,000.

- Support letters from all the applicable taxing jurisdiction (e.g. City, County and School District) within which the site is located. It is the sole responsibility of the business to obtain these letters. Many companies find it beneficial for FTZCTI to be involved in providing information to the impacted taxing authorities. Contact FTZCTI Staff if you would like to discuss options for assistance.

Upon receipt of the materials referenced above, FTZCTI staff will review them for sufficiency. Provided the materials are sufficient, FTZCTI will request the concurrence of the US Bureau of Customs and Border Protection Port Director for the Port of Austin. Note that this is concurrence for the designation, not for activation of the site. Activation must be separately requested by the business only after the Foreign Trade Zones Board approves designation of the site. FTZCTI will submit an
application to the Foreign Trade Zones Board requesting the Usage-Driven/Subzone Foreign Trade Zone Site designation.

GEOGRAPHICAL DESIGNATION – TYPES OF APPLICATIONS

ASF Usage-Driven/Subzone Site

- Designations are tied to a specific use of the property.

- Once approved, there is no limitation on the duration of the foreign trade zone designation. If the site is not active for a three-year period, however, the designation will terminate.

- Designated sites are immediately available for distribution activities. Manufacturing or processing activities may require additional approval from the Foreign Trade Zones Board. FTZCTI staff can help you determine the specific approvals necessary.

- In order to use an approved foreign trade zone site and access Foreign Trade Zone benefits, the business is required to activate the site with the US Bureau of Customs and Border Protection. Each business is responsible for its own activation.

Traditional Subzone site

- If the total acreage being requested is more than (100) acres or if the site/s is outside of the service area, a traditional subzone application will typically be required. The Grantee reserves the right to use a usage driven/subzone ASF application where the acreage is more than (100) acres.

- A traditional subzone application will require the use of a specific application and the payment of a fee to the Foreign Trade Zones Board.

- Once activated, the subzone authority under a TSF will not terminate.

- If the proposed acreage is not subject to FTZ 183’s activation limit, the application will have a 5-month approval timeframe versus 3 months if the acreage is subject to FTZ 183’s activation limit. When the application is formally submitted to the FTZ Board and deemed complete by the FTZ Board, the FTZ staff will “docket” the request with a Federal Register notice to be published with a public comment period. The applicant will have the responsibility to post notice of the application in a local newspaper. The Grantee will not incur the cost of the local publication.
ACTIVATION PROCEDURES

Before any operation in FTZ Number 183 may begin, the zone site must be activated. Activation takes place under the supervision of the Austin, Texas, Port Director for U.S. Customs. Activation procedures include a review of the operator, zone procedures, inventory control & recordkeeping systems, and security. Once the zone site is activated, users may begin admitting merchandise under zone status. The area to be activated may include all or any portion of the zone approved by the Foreign Trade Zones Board.

Foreign Trade Zone No. 183 is operated under the general management of the Grantee, Foreign Trade Zone of Central Texas, Inc. (FTZCTI) (15 CFR §400.41). FTZCTI does not serve as operator of individual zone sites. Each user may elect to either operate its own zone site directly or to engage the services of a third-party operator approved by FTZCTI. As part of the management of FTZ 183, FTZCTI requires each operator to execute an Operating Agreement with FTZCTI. If a company hires a third party to act as the foreign trade zone operator of the site, then the company and the third-party company must execute a Third-Party Operator Addendum document with FTZCTI.

Activation Steps
The operator/user directly requests activation from U.S. Customs. A potential operator/user must also submit a request for FTZCTI concurrence with activation of its zone site. U.S. Customs will not approve an activation request from an operator/user without written consent of FTZCTI.

A written activation request to FTZCTI must be detailed and be accompanied by the following information:

- Company information, including:
  - Company contact name, address, and telephone number;
  - Size of company and number of employees at FTZ site;
- Category of products to be admitted within the FTZ;
- A detailed outline of the operations that will take place in the FTZ;
- Information regarding any processing or manufacturing that may occur within the FTZ and
- A map of the area to be activated.

Production authority is outside the scope of FTZ Number 183. Any request for production authority must be submitted by a separate application to the Foreign Trade Zones Board.

Denials
FTZCTI will provide reasonable notice of a denial to any operator/user that seeks activation within FTZ Number 183.
ANNUAL REPORT GUIDELINES

As Grantee of FTZ Number 183, the Foreign Trade Zone of Central Texas, Inc., (“FTZCTI”) is required to submit an annual report on general purpose zone and subzone activity to the Foreign Trade Zones Board, pursuant to the Foreign-Trade Zones Act (19 U.S.C. 81a-u) and the FTZ Board’s Regulations (15 CFR Part 400). Failure to submit a report can be considered a violation of the Act, resulting in the revocation of a zone grant.

The following should be noted with respect to the Annual Report:

• The reporting period for the annual report is based on the calendar year (January 1 through December 31).
• Each FTZ operator must submit its report to FTZCTI through the Online FTZ Information System (OFIS). Reports are due by February 28. See http://ita-web.ita.doc.gov/FTZ/OFISLogin.nsf.
• FTZCTI in turn will use OFIS to submit its zone’s report to the FTZ Board.
• FTZCTI will coordinate with operators and the Foreign Trades Zones Board to have operator accounts set up for each operator.
• FTZCTI will review and, if needed, edit operator submissions prior to submitting the full zone’s report to the FTZ Board. FTZCTI may request clarification or additional information based on information provided by an operator.
• An operator can indicate that submitted data is “business proprietary.”

RECORDKEEPING REQUIREMENTS

Since its restructuring, the Foreign Trade Zone of Central Texas, Inc. has implemented a recordkeeping policy wherein it maintains the following records indefinitely, unless a destruction decision is made specifically for the record in question.

• Grant of Authority for Foreign Trade Zone Number 183
• All FTZ applications filed with the Foreign Trade Zones Board
• Legal descriptions and maps of zone boundaries
• Grantee/Operator Agreements for all operators/users

The Foreign Trade Zone of Central Texas, Inc. shall also keep copies of the following records:

• Current FTZ Schedule
• Current FTZ Annual Reports
• Contact information for all operators/users
DEFINITIONS


"Activate" or "Activation" means the process of obtaining Customs approval to use foreign trade zone procedures at a particular location as detailed in 19 C.F.R. § 146.6. "Activated" refers to space in the Site so approved.

"Customs" means United States Customs and Border Protection.

"Foreign Trade Zones Board" means the board established by the Act to carry out the provisions of the Act, presently consisting of the Secretary of Commerce and the Secretary of the Treasury.

"Site" means the premises which is designated by the Foreign Trade Zones Board as a Usage-Driven Site of the Zone.

"Zone" means Foreign Trade Zone No. 183
ZONE SCHEDULE

Grantee One Time Fee Payment

Application Fee (per site) $6,000
- Application for Usage Driven/Subzone, traditional Subzone, and the creation of a magnet site
- The fee covers the Grantee’s submission of an ASF usage driven/subzone or traditional subzone application.

Modification of an existing site $3,500

Grantee Annual User Fees*

Traditional Subzone sites $25,000
All other sites $15,000
- Includes Usage Driven/subzone ASF sites and Magnet sites

* A company with multiple sites will only be charged one annual fee

The usage driven, or magnet site zone annual fee is due as stated in the executed Grantee /Operating Agreement with FTZCTI. Unless otherwise stated in the agreement, the annual fee for each fiscal year is due on January 15th of that fiscal year or within 40 days of activation (the annual fee shall be prorated according to the number of months in that calendar year during which the agreement is in effect). FTZCTI will forward the User an invoice one month before the annual fee is due. The application fee is due before FTZCTI will provide its written concurrence for the submission of the Application to the Foreign Trade Zones Board. FTZCTI will forward an invoice to the user for payment of the application fee. In addition to these fees, all application costs will accrue to the party requesting FTZ designation.

FTZCTI charges no operational fee to users. If a zone user elects to utilize the services of a third-party operating company, the operator rates and charges should be independently negotiated between the user and third-party operating company.

FEDERAL CHARGES (FOREIGN TRADE ZONES BOARD)
The Foreign Trade Zones Board charges a fee for certain applications.

1. Traditional Subzones:
   a. Non-manufacturing/processing or less than 3 products: $4,000
   b. Manufacturing/processing 3 or more products: $6,500
2. Expansions: $1,600

CBP currently does not charge any fees to obtain FTZ designation.