

RESOLUTION NO. RS2018-1290 (VERCHER) – This resolution would approve an agreement between the Metropolitan Government and CEVA Freight LLC (CEVA) for the operation of a foreign-trade zone site and for approval of amendments to the agreement by resolution.

In 1981, the U.S. Foreign-Trade Zones Board authorized the establishment of a Foreign Trade Zone in Nashville through the now-defunct Metropolitan Port Authority (MPA). Afterward, foreign trade zone no. 78 was established in 1983. The MPA was subsequently dissolved in 1999, whereupon the power to establish and operate foreign trade zones passed to the Metropolitan Government. Currently, the Mayor's Office of Economic and Community Development (ECD) manages Foreign Trade Zone (FTZ) No. 78.

Foreign trade zones are established under federal law for the purpose of stimulating and expediting international commerce and exempting goods from the payment of U.S. Customs tariffs while they are in the zone. (19 U.S.C. 81a-81u). Such zones are designated by the U.S. Department of Commerce and must be within 60 miles or 90 minutes driving time from a U.S. Customs and Border Protection Port of Entry. (The Port of Entry in Nashville is located within the Customs Office at the Metropolitan Airport.)

CEVA wishes to operate within FTZ No. 78 from its premises in Mt. Juliet, Tennessee and has requested Metro's assistance in establishing a general purpose subzone. CEVA has prepared and submitted an application to the Foreign Trade Zones Board of the U.S. Department of Commerce and wishes to enter into a Foreign-Trade Zone Operations Agreement with Metro to operate a general purpose subzone. Metro Code of Laws Sec. 6.14.020 authorizes agreements for the operation and maintenance of foreign-trade zones and subzones to be approved by the Council by a resolution receiving at least twenty-one (21) affirmative votes.

The resolution under consideration would approve this agreement. The agreement sets forth the responsibilities for operation of the FTZ site on this property. The company would agree to maintain \$5 million in commercial liability insurance naming Metro as an additional insured and would agree to indemnify Metro from any claims associated with CEVA's operation of the FTZ site. The agreement would remain in effect for a term of five (5) years and could be renewed from year to year for successive one (1) year terms upon written notice from CEVA no less than sixty (60) days prior to the term's expiration. This agreement could be terminated by CEVA without cause upon sixty (60) days prior written notice. Metro could terminate the agreement upon one hundred eighty (180) days written notice to CEVA.

Fiscal Note: CEVA would bear all costs associated with performing its rights and responsibilities as the FTZ operator and would pay the Office of Economic and Community Development (ECD) \$22,000 per year as a Zone Administration Fee.