

FOREIGN-TRADE ZONE OPERATIONS AGREEMENT

This Agreement is made by and entered into, as of this **30th day of August, 2018**, by and between the Metropolitan Government of Nashville and Davidson County whose principal address for purposes of this Agreement is c/o Mayor's Office of Economic and Community Development, One Public Square, Suite G70, Nashville, TN 37201 (hereinafter referred to as "GRANTEE"), and **Calsonic Kansei North America, Inc.** whose principal address for purposes of this Agreement is **One Calsonic Way, Shelbyville, TN, 37160, Bedford County** (hereinafter referred to as "SUBZONE OPERATOR").

WITNESSETH

WHEREAS, the Metropolitan Government of Nashville and Davidson County "GRANTEE" is the Grantee of Foreign-Trade Zone No. 78 ("FTZ 78"), pursuant to Order No. 190 of the United States Foreign-Trade Zones Board (the "Board") and the under the authority of Tennessee Code Annotated § 7-85-101, et seq. and Metropolitan Code of Laws Chapter 6.14; and,

WHEREAS, GRANTEE deems it practicable to limit its participation in the everyday operations of subzones of FTZ 78 and to place the operations of SUBZONE OPERATOR'S premises described in Exhibit A attached hereto (the "Premises") under the supervision of SUBZONE OPERATOR; and,

WHEREAS, SUBZONE OPERATOR desires to be its own authorized Foreign-Trade Zone Operator of its subzone and to undertake the development and exclusive operational management of foreign-trade zone activities at the Premises in accordance with the standards of operations required by the U.S. Customs & Border Protection ("CBP") and the Board; and,

NOW, THEREFORE, in consideration of the mutual covenants and undertakings hereunder and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereby agree as follows:

1. **AUTHORITY**- GRANTEE provides SUBZONE OPERATOR the authority to activate FTZ 78 at the Premises for the sole purpose of conducting those subzone activities described in Exhibit A, attached hereto (the "Permitted FTZ Activities"), in full compliance with applicable law and in accordance with the terms of this Agreement. SUBZONE OPERATOR shall have full responsibility for the operation, management and conduct of Permitted FTZ Activities at the Premises. SUBZONE OPERATOR shall comply fully with all applicable laws and regulations of the Board, CBP and other governmental entities and agencies relating to activities within its subzone at the Premises and the Zone Schedule (as defined below).
2. **ANNUAL REPORT/RECORDS** – SUBZONE OPERATOR shall submit to GRANTEE no later than December 31st of each year, an annual report, in form and

substance required by GRANTEE, for the fiscal year ending on the preceding December 31, containing all data, narrative descriptions and photographs required by the Board relating to the operation of its subzone at the Premises, so that GRANTEE may timely complete and submit to the Board the annual report for FTZ 78 as required by law. SUBZONE OPERATOR shall keep all financial and accounting records concerning operations at the Premises for a period of five (5) years following the date the merchandise reflected in such records is shipped from the Premises, or longer if required by the record or CBP. GRANTEE may conduct at the Zone Property or another location of its choice an audit of the books and records related to subzone activity upon reasonable notice to SUBZONE OPERATOR. In the event the audit reveals a material default by SUBZONE OPERATOR of any terms and conditions of this Agreement, the reasonable cost of the audit shall be borne by SUBZONE OPERATOR.

3. **RECORD DEFICIENCIES** - In the event that any audit, inspection, or examination by CBP or the Board discloses that books, records, or operational procedures of SUBZONE OPERATOR are not in conformance with the requirements of Federal, State, and/or local law and this Agreement, GRANTEE may order the timely correction of the documents or procedures as a condition of future subzone sponsorship.

4. **ACTIVATION/ FOREIGN-TRADE ZONE OPERATIONS MANUAL** - Prior to the commencement of operations within FTZ 78, SUBZONE OPERATOR shall establish standards of operation and management, prepare and file with CBP a Foreign-Trade Zone Operations Manual in compliance with the requirements of the Board and CBP; and require conformance thereto of all persons, firms and corporations admitted by it to the Premises. SUBZONE OPERATOR shall secure activation of FTZ 78 at the Premises from CBP pursuant to Title 19 Section 146.6 of the CBP Regulations (19 C.F.R. § 146.6).

5. **SUBZONE OPERATOR ACTIVITY** - SUBZONE OPERATOR shall be responsible for the timely filing of all CBP documents, scheduling on-site inspections by CBP personnel as appropriate, and preparing and retaining such zone management records supporting all transactions as deemed necessary and appropriate. GRANTEE has prepared a zone schedule (the "Zone Schedule") that sets forth rates, charges, rules and regulations for FTZ 78 operations. As appropriate, information concerning SUBZONE OPERATOR's foreign-trade zone operations shall be included in the Zone Schedule. SUBZONE OPERATOR will be responsible for the receipt, verification, and physical count of all merchandise admitted to the Premises on the proper CBP Forms, the appropriate handling of all merchandise, and the preparation and shipment of all merchandise, and physical count of all merchandise for, import, export, zone to zone transfer, or destruction with prior authorization of CBP and such other U.S. government agencies as may be appropriate.

6. **ACCESS/NOTICE** - SUBZONE OPERATOR shall permit representatives of GRANTEE, and the Board and CBP to enter and inspect the Premises, merchandise, and relevant records at reasonable times upon reasonable notice (except in the case of emergency) or as otherwise required by law. SUBZONE OPERATOR shall, if requested by

GRANTEE, provide GRANTEE copies of all correspondence, notices, reports and other written communications received by SUBZONE OPERATOR from the Board or given by SUBZONE OPERATOR to the Board.

7. **SUBZONE OPERATOR COSTS** - SUBZONE OPERATOR shall pay all costs of activation of FTZ 78 at the Premises, all fees charged by CBP or the Board attributable to operations at the Premises and the cost of bonds required by CBP for SUBZONE OPERATOR's activities at the Premises.

8. **ZONE ADMINISTRATION FEE** - SUBZONE OPERATOR shall pay to GRANTEE an annual Foreign-Trade Zone Administration Fee, for the privilege of operating under zone procedures and as reimbursement for the services provided by GRANTEE to maintain the zone project. The annual fee is \$22,000. The annual fee for each calendar year is payable on November 30 of the prior calendar year. The initial payment for a SUBZONE OPERATOR shall be due on the first day of the month after the subzone is approved by the Board as published in the Federal Register and shall be equal to \$22,000 divided by the number of months remaining in the calendar year.

9. **FOREIGN-TRADE ZONE OPERATORS BOND** - SUBZONE OPERATOR shall secure and keep in full force and effect a Foreign-Trade Zone Operators Bond in a sufficient amount as required by CBP. Prior to activation SUBZONE OPERATOR shall provide a copy of the bond to GRANTEE.

10. **INDEMNIFICATION** - SUBZONE OPERATOR agrees to protect, indemnify and hold harmless GRANTEE and its directors, officers, employees, servants, agents, and affiliates, and expenses (including attorney fees), from and against any and all loss, damages, fines, suits, claims, demands, and liability, whether insured or not, arising out of or incident to SUBZONE OPERATOR's obligations and operations under this agreement. SUBZONE OPERATOR agrees to provide GRANTEE with prompt notice in writing of any notice of claim SUBZONE OPERATOR receives arising out of or incident to SUBZONE OPERATOR's zone operations that may give rise to a claim by GRANTEE for indemnification.

11. **TERM** - This Agreement shall commence on the date hereof and remain in effect for a term of five (5) years and shall be renewed from year to year for successive one (1) year terms, upon the same terms and conditions hereof, by SUBZONE OPERATOR giving written notice to GRANTEE not less than sixty (60) days prior to the expiration of the initial term or any successive term unless terminated as hereinafter provided. All obligations of SUBZONE OPERATOR under this Agreement attributable to time periods or events occurring prior to the date of such termination or expiration shall survive such termination or expiration.

12. **TERMINATION/SURVIVAL OF OBLIGATIONS** - SUBZONE OPERATOR shall have the right, at any time, upon sixty (60) days prior written notice, to terminate without cause this Agreement and all rights and obligations hereunder.

GRANTEE shall have the right to terminate this Agreement and all rights and obligations thereunder for cause, including but not limited to, upon the occurrence of any of the following: (i) the default by SUBZONE OPERATOR of any provisions of the Declaration beyond all applicable notice and grace periods, (ii) the entry by a court of (A) a decree or order for relief in respect of SUBZONE OPERATOR in an involuntary case or proceeding under any applicable federal or state bankruptcy, insolvency, reorganization or other similar law; or (B) a decree or order adjudging SUBZONE OPERATOR a bankrupt or insolvent, or approving as properly filed a petition seeking reorganization, arrangement, adjustment or composition of or in respect of SUBZONE OPERATOR, under any applicable federal or state bankruptcy, insolvency, reorganization or other similar law, or appointing a custodian, receiver, liquidator, assignee, trustee, sequestrator or other similar official of SUBZONE OPERATOR or of any substantial part of the property of SUBZONE OPERATOR, or ordering the winding up or liquidation of the affairs of SUBZONE OPERATOR, and the continuance of any such decree or order for relief or any such other decree or order unstayed and in effect for a period of sixty (60) days, or (iii) the breach by SUBZONE OPERATOR of any provision of this Agreement which breach is not cured within thirty (30) days after GRANTEE gives SUBZONE OPERATOR written notice thereof.

Notwithstanding the foregoing, if, during the thirty (30) day period specified in clause (iii) above, SUBZONE OPERATOR shall present to GRANTEE, a written plan to cure such breach, the time to cure such breach may, subject to GRANTEE's reasonable approval, be extended provided SUBZONE OPERATOR commences promptly and proceeds diligently to cure such breach. Additionally, in the event GRANTEE wishes to terminate its participation in FTZ-78 for any reason, GRANTEE shall have the right to terminate this Agreement and all rights and obligations hereunder upon one hundred eighty (180) days prior written notice to SUBZONE OPERATOR.

 In the event that GRANTEE terminates its participation in FTZ 78, and SUBZONE OPERATOR notifies GRANTEE in writing that SUBZONE OPERATOR intends to obtain a new grantee sponsor, GRANTEE agrees not to unreasonably withhold its consent and to reasonably cooperate with a transfer of the subzone grant of authority to another zone designated by SUBZONE OPERATOR. SUBZONE OPERATOR represents and warrants that upon termination, deactivation, or expiration of this Agreement for any reason whatsoever, SUBZONE OPERATOR shall completely perform and fulfill any and all of its obligations and duties which arose or accrued during the term of this Agreement. SUBZONE OPERATOR's indemnity obligations, bond obligations, and record and record retention obligations shall survive termination or expiration of this Agreement.

Should GRANTEE default, GRANTEE shall have 30 days to cure after delivery of notice.

Notwithstanding anything in this agreement to the contrary, if GRANTEE determines to terminate its sponsorship of FTZ 78, it may terminate this agreement without liability upon one hundred eight (180) days written notice to OPERATOR.

The statements above do not represent exclusive remedy to GRANTEE for breach, and GRANTEE may exercise any other remedy it has at law or equity.

13. **ADVERTISING** - GRANTEE and SUBZONE OPERATOR may advertise that SUBZONE OPERATOR's operations are within FTZ 78.

14. **INSURANCE** - SUBZONE OPERATOR agrees to carry with an insurance company or companies who do business in the State of Tennessee, commercial general liability insurance and umbrella insurance for the benefit of GRANTEE and with GRANTEE as an additional insured, covering liability for FTZ 78 in an amount not less than five million dollars (\$5,000,000.00) per occurrence. Such insurance policy shall contain a provision that for all claims covered under such policy it provides primary coverage without contribution from any other insurance carried by or for the benefit of GRANTEE and a provision that no act or omission of SUBZONE OPERATOR shall affect or limit the obligation of the insurer to pay the amount of any loss. SUBZONE OPERATOR shall deliver certificate of insurance to GRANTEE prior to activation.

15. **REVOCAION OF GRANT** - If the grant for FTZ 78 shall be revoked or canceled without fault of GRANTEE, this Agreement shall terminate, and SUBZONE OPERATOR shall have no claim against GRANTEE by reason of such revocation or cancellation however GRANTEE shall cooperate in the assignment of the subzone grant to another appropriate zone.

16. **INDEPENDENT CONTRACTOR** - SUBZONE OPERATOR and GRANTEE are not and shall not be considered, and agree not to represent to any person that they are, joint venturers, partners, or agents of each other, and neither shall have any authority to act on behalf of the other or the power to bind or obligate the other except as set forth in this Agreement.

17. **PRIVILEGES** - GRANTEE makes no representations or warranties as to the particular privileges and benefits which may accrue to SUBZONE OPERATOR from foreign-trade zone site operations as those privileges and benefits may vary as a result of changes in federal law, determinations of the Board and CBP and operational decisions of SUBZONE OPERATOR. GRANTEE shall in no way be liable for any costs or losses sustained by SUBZONE OPERATOR as a result of its use of the zone.

18. **NOTICES** - Notices under this Agreement shall be in writing and deemed given and received upon delivery to the recipient or upon mailing of same by U.S. Mail, certified mail, return receipt requested, at the applicable address set forth on the attached Exhibit "A" (or at such other address as either party designates in written notice to the other party).

19. **FURTHER INSTRUMENTS AND ACTIONS** - Each party 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 the Agreement. The parties specifically recognize that GRANTEE is not obligated to, and does not intend to, monitor the day-to-

day activity of the Premises, and the appearance of GRANTEE's name on the forms aforementioned shall not be construed as a representation that GRANTEE has any knowledge of the quantity, character, status designation, identification, or time of admission, transfer or release of goods into or from the Premises, and that any information contained on the aforementioned forms are the representations solely of SUBZONE OPERATOR, and not of GRANTEE.

20. **MISCELLANEOUS**

20.1 **Construction** -- This Agreement shall be governed by and interpreted in accordance with the Foreign-Trade Zones Act, Regulations adopted by the Board thereunder, and all amendments thereto, and the applicable laws of the State of Tennessee, and The Metropolitan Government of Nashville and Davidson County.

20.2 **Venue** -- Any action between the parties arising out of this agreement shall be maintained in the courts of Davidson County, Tennessee.

20.3 **Counterparts** -- This Agreement may be executed in any number of counterparts, each of which when so executed and delivered shall be deemed an original, but such counterparts together shall constitute but one and the same Agreement.

20.4 **Headings** -- Headings and captions in this Agreement are solely for the convenience of reference and shall not affect its interpretation.

20.5 **Integration** -- This Agreement contains the entire agreement between the parties regarding foreign-trade zone operations by SUBZONE OPERATOR at the Premises and no representations, inducements, promises, or agreements, oral or otherwise, not embodied herein shall be of any force or effect.

20.6 **Severability** -- The invalidity, illegality or unenforceability of any provision hereof shall not affect the validity, legality or enforceability of any other provision hereof.

20.7 **Waiver** -- No failure of either party hereto to exercise any right or remedy hereunder shall constitute a release of any obligation or a waiver of any right or remedy unless such release or waiver is set forth in writing signed by such party.

20.8 **Gender** -- All terms and words used in this Agreement, regardless of the number and gender in which they are used, shall be deemed and construed to include any other number, singular or plural, any other gender, masculine,

feminine or neuter, as the context or sense of this Agreement or any paragraph or clause herein may require.

20.9 Amendment -- This Agreement may be amended only by written document executed by both parties.

20.10 Exhibits -- The pertinent information and definitions set forth in Exhibit "A" attached hereto are hereby made a part of this Agreement.

20.11 Assignment -- Operator shall not assign or transfer its interest in or responsibility under this Agreement without prior written consent of GRANTEE.

20.12 Governing Law -- This Agreement shall be construed under and in accordance with the laws of Tennessee.

20.13 Entire Agreement -- This Agreement supersedes any prior understanding or oral agreement between parties with respect to the subject matter hereof and constitutes the entire understanding and agreement between the parties with respect to the subject matter hereof, and there are no agreements, understandings, restrictions, representations, or warranties among the parties other than those set forth herein or provided for herein.

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**THE METROPOLITAN GOVERNMENT
OF NASHVILLE AND DAVIDSON
COUNTY:**

David Briley, Mayor

**APPROVED AS TO AVAILABILITY OF
FUNDS:**

Talia Lomax-O'dneal
Talia Lomax-O'dneal, Director of Finance

APPROVED AS TO INSURANCE:

Balogun Cobb
Balogun Cobb, Director of Insurance

**APPROVED AS TO FORM AND
LEGALITY:**

Susan B. Jones
Susan Jones, Metropolitan Attorney

**FILED IN THE OFFICE OF THE
METROPOLITAN CLERK:**

Date: _____

SUBZONE OPERATOR:

Calsonic Kansei North America, Inc.

BY: Ramon E. Gonzalez Bayardo

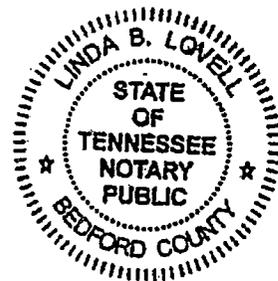
Title: Director of Finance

Ramon

Sworn to and subscribed to before me, a
Notary Public, this 30th day of August
2018, by Ramon E. Gonzalez Bayardo,
the Director of Finance of Calsonic
Kansei North America, Inc. and duly
authorized to execute this instrument on
its behalf.

Linda B. Lovell
Notary Public

My Commission Expires 1-15-2020



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OF NASHVILLE AND DAVIDSON
COUNTY:**

David Briley, Mayor

**APPROVED AS TO AVAILABILITY OF
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**Talia Lomax-O'dneal, Director of
Finance**

APPROVED AS TO INSURANCE:

Balogun Cobb, Director of Insurance

**APPROVED AS TO FORM AND
LEGALITY:**

Susan Jones, Metropolitan Attorney

**FILED IN THE OFFICE OF THE
METROPOLITAN CLERK:**

Date: _____

SUBZONE OPERATOR

Calsonic Kansei North America, Inc.

BY: Ramon E. Gonzalez Bayardo

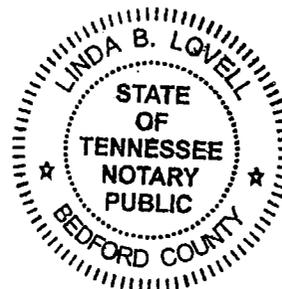
Title: Director of Finance

Ramon

**Sworn to and subscribed to before me, a
Notary Public, this 30th day of August
2018, by Ramon E. Gonzalez Bayardo,
the Director of Finance of Calsonic
Kansei North America, Inc. and duly
authorized to execute this instrument on
its behalf.**

Linda B. Lovell
Notary Public

My Commission Expires 1-15-2020



FOREIGN-TRADE ZONE OPERATIONS AGREEMENT

EXHIBIT "A"

Pertinent Information and Definitions

GRANTEE: Metropolitan Government of Nashville & Davidson County
Contact: Matt Wiltshire, (615) 862-6341

ADDRESS: c/o Mayor's Office of Economic and Community Development
One Public Square, Suite G70
Nashville, Tennessee 37201

SUBZONE OPERATOR: Calsonic Kansei North America, Inc. (CKNA)
A Tennessee Corporation
Contact: Ramon E. Gonzalez Bayardo at 1-931-580-9211

ADDRESS: One Calsonic Way, Shelbyville TN, 37160 Bedford County

PREMISES: Proposed Subzone within FTZ 78, consisting of 5 sites:
Site 1 - One Calsonic Way, Shelbyville, TN, 37160, Bedford County
Site 2 - Stanley Blvd, Shelbyville, TN, 37160, Bedford County
Site 3 - 201 Garrett Pkwy, Lewisburg, TN, 37091, Marshall County
Site 4 - 1701 Childress Road, Lewisburg, TN, 37091, Marshall County
Site 5 - 633 Garrett Pkwy, Lewisburg, TN, 37091, Marshall County

PERMITTED FTZ ACTIVITIES Calsonic Kansei North America, Inc. (CKNA) will conduct the following operations: CKNA will be importing for distribution various automotive parts, components and subassemblies for production/manufacturing into a variety of automotive further-manufactured parts, subassemblies and other articles for use in the automotive industry. The primary types of production/manufacturing activity operations include plastic injection molding and machining of metals for automotive parts and subassemblies. Processes and technology integrating

development include wrapping, plastic processing, resin molding, assembly, welding & machine molding to produce/manufacture products such as cockpit modules, electronic gauges, exhaust systems, climate control systems, heat exchangers & compressors.