

## FOREIGN TRADE ZONES

### WHAT IS A FOREIGN TRADE ZONE (FTZ)?

An FTZ is an area that, for United States Customs and Border Protection (U.S. Customs) purposes, is considered to be in international commerce. Any foreign or domestic material can be moved into an FTZ without being subject to U.S. Customs duties. A Zone is operated as a public venture sponsored by a municipality or other authority.

### WHY DO COMMUNITIES SPONSOR/DEVELOP FOREIGN TRADE ZONES?

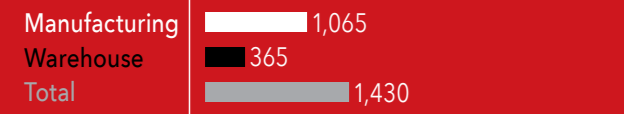
Local communities benefit from the increased economic development and business development/retention that result from Zone projects. FTZs provide an attractive business climate and encourage foreign and domestic companies to expand and retain operations in the U.S. that may otherwise be relocated overseas. The result is more jobs in the region.

### FOREIGN TRADE ZONE NO. 277

On December 22, 2010 the Foreign Trade Zones Board issued a Grant of Authority under Board Order No. 1733 to establish Foreign Trade Zone (FTZ or Zone) No. 277 to serve Western Maricopa County and designated GMFTZ, Inc. as the Grantee of the Zone. Since that time, the Zone has spurred investment in infrastructure, speculative industrial buildings and attracted more than 1,400 new jobs and \$448 million in capital investment.

### JOBS

#### CURRENT JOBS



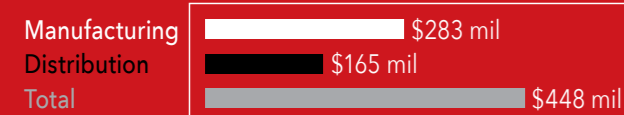
Includes recent company announcements/updates not included in study

#### PROJECTED JOBS (2021)



Source: GMFTZ Economic & Fiscal Impact Study by Elliot D. Pollack & Company, March 2016

### CURRENT CAPITAL INVESTMENT



Includes recent company announcements/updates not included in study

## WHY DO COMPANIES USE FTZs?

Companies utilize FTZs in order to reduce operating costs associated with a U.S. location that can be avoided when operating from a foreign site. In Arizona, real and personal property taxes may also be reduced by 72%. These benefits allow firms to be cost competitive at their U.S. based operations.

## 5 REASONS COMPANIES USE FTZs

### 1 IMPROVE CASH FLOW

- Import duties are deferred until goods leave Zone.
- Re-exported goods which never enter U.S. Commerce are not subject to duties.
- No duty is paid on scrap, waste, or damaged goods.
- Company can use the duty dollars during the time the goods are in the FTZ.
- The final duty rate paid is that of the component, part or the finished article, whichever is lowest.
- Products transferred from Zone to Zone are duty free.
- Weekly entry process reduces merchandise processing fees.

### 2 REDUCE PAPERWORK AND EXPENSES

- For distribution and manufacturing, companies may consolidate multiple customs entries into one per week.
- This process reduces customs brokerage costs and merchandise processing fees (mpf).

### 3 REDUCES ARIZONA REAL AND PERSONAL PROPERTY TAXES BY 72%

- Activated companies meeting federal and local eligibility requirements can benefit from a 5% assessment ratio (reduced from 18%) on new investment in personal and real property.

### 4 SECURITY

- The top priority of U.S. Customs is security. As an Activated FTZ, operators enjoy the highest level of security as an importer.
- Discounted cargo insurance rates (up to 40% less) have been negotiated.

### 5 REDUCE SUPPLY CHAIN TIME

- FTZs can eliminate delays related to U.S. Customs clearances. Special direct delivery procedures can be requested to expedite the receipt of merchandise in company facilities, reducing the inventory cycle time.

*"As the first site activated in Zone No. 277 in 2011, Sub-Zero experienced significant savings from the Real and Personal Property Tax reductions. Our facility has grown consistently in the past five years and reached capacity which has led to a facility expansion scheduled for completion in October 2016."*

*Ron Jones, Plant Manager Sub-Zero, Inc.*

## FOREIGN TRADE ZONE NO. 277

Elliott D. Pollack and Company was retained by GMFTZ, Inc. to perform an economic and fiscal impact analysis of the ongoing operations of new businesses locating in FTZ No. 277. The analysis considered the impact of these companies over a 10-year time-frame starting in 2012 through 2021. The goal of GMFTZ No. 277 is to enhance economic development in the West Valley. The Zone sites are located in various cities throughout the West Valley with the potential for additional sites in the future. To date, over \$448 million of capital investment has been made by eight companies creating more than 1,400 West Valley jobs. An additional 1,500 jobs are projected over the next six years. These figures are exclusive of the jobs that are created as a result of new construction as well as the jobs that are created from the additional ripple effects throughout the economy. The tables below are inclusive of these additional economic impacts.

### ECONOMIC IMPACT

#### Construction - Total Over 10 Years

	Employed	Wages	Economic Output
Direct	1,936	\$130,618,000	\$288,615,972
Indirect	412	24,814,000	71,411,000
Induced	1,057	47,776,000	143,954,000
<b>Total</b>	<b>3,404</b>	<b>\$203,208,000</b>	<b>\$503,980,972</b>

#### Operations - Annual at Buildout

	Jobs	Wages	Economic Output
Direct	2,478	\$106,952,970	\$528,096,898
Indirect	1,191	63,147,000	195,896,000
Induced	1,157	52,293,000	157,567,000
<b>Total</b>	<b>4,825</b>	<b>\$222,392,970</b>	<b>\$881,559,898</b>

Sources: Elliott D. Pollack & Co.

### PUBLIC FISCAL IMPACT

#### GMFTZ Fiscal Impact - Total Over 10 Years

	Construction/FF&E	Operations	Total
State	\$18,987,100	\$62,891,900	\$81,879,000
County	2,197,700	8,329,600	10,527,300
City	4,452,700	6,719,200	11,171,900
School	N/A	4,798,000	4,798,000
<b>Total</b>	<b>\$25,637,500</b>	<b>\$82,738,700</b>	<b>\$108,376,200</b>

Figures at stabilized operating levels. Source: Elliott D. Pollack & Co.

*"The Greater Maricopa Foreign Trade Zone made the local and federal approval process simple for our new headquarters in the West Valley."*  
*Chet Keizer, President IRIS USA, Inc.*

## 2017 BOARD OF DIRECTORS

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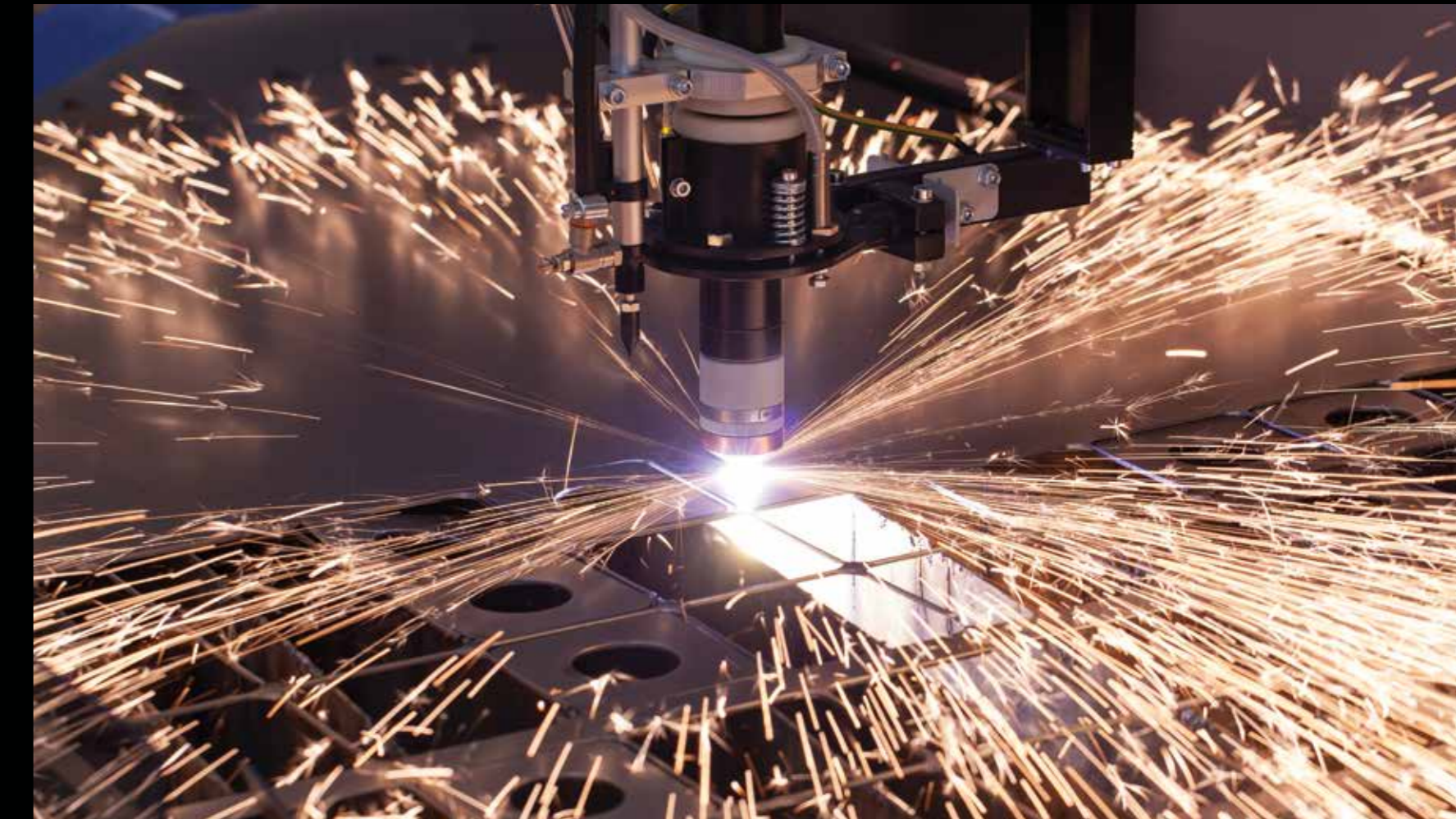
623-435-0431, Ext. 204



GMFTZ, Inc. established December, 2010  
6th Year Annual Report, March 2017



GREATER MARICOPA FOREIGN TRADE ZONE, INC.

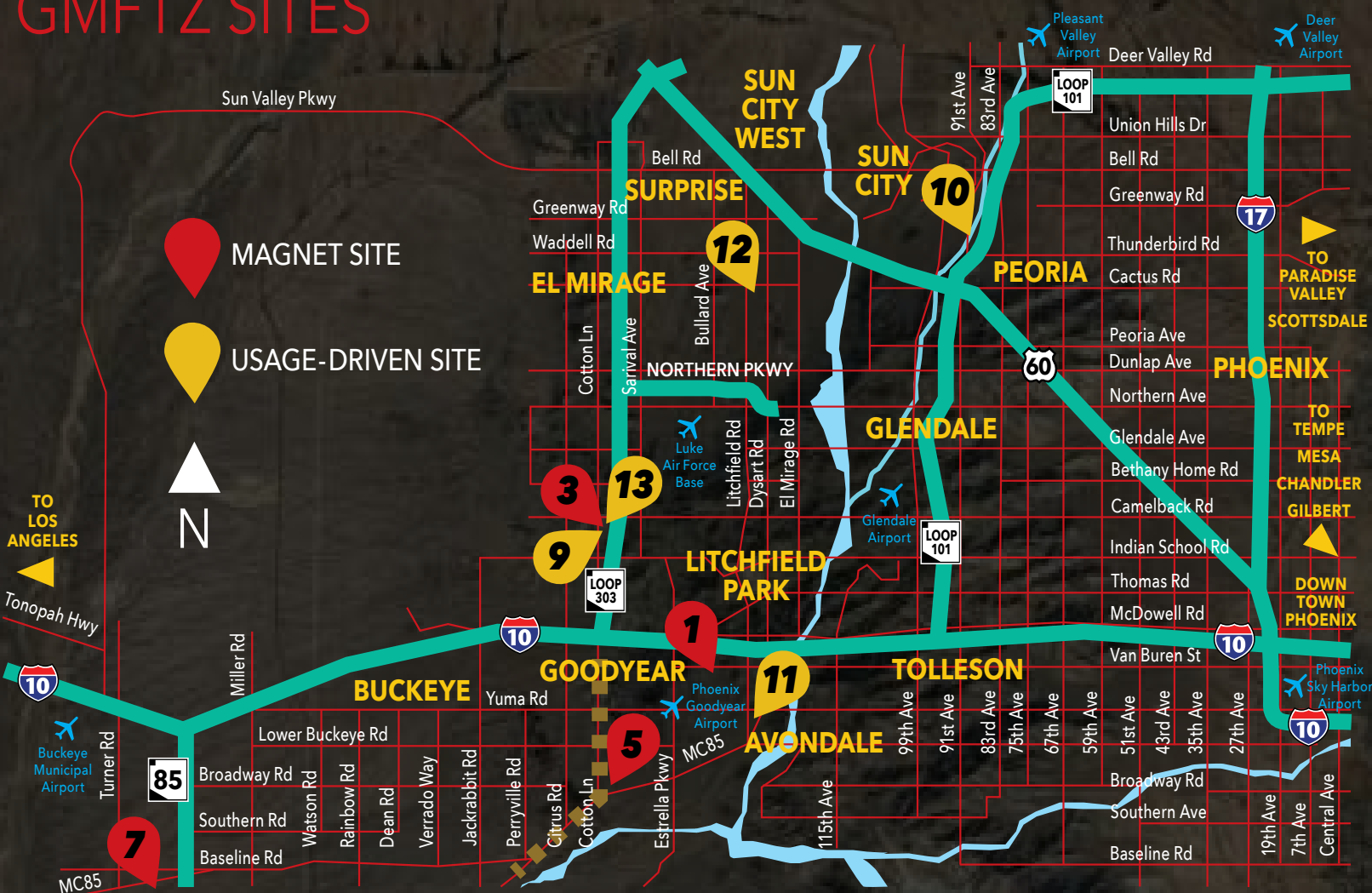


*"GMFTZ is one of the fastest growing FTZs in the western USA. With its organization as a regional Zone including 13 cities, it is a model of what an FTZ should be."*

*Arthur B. Othon, President, GMFTZ*

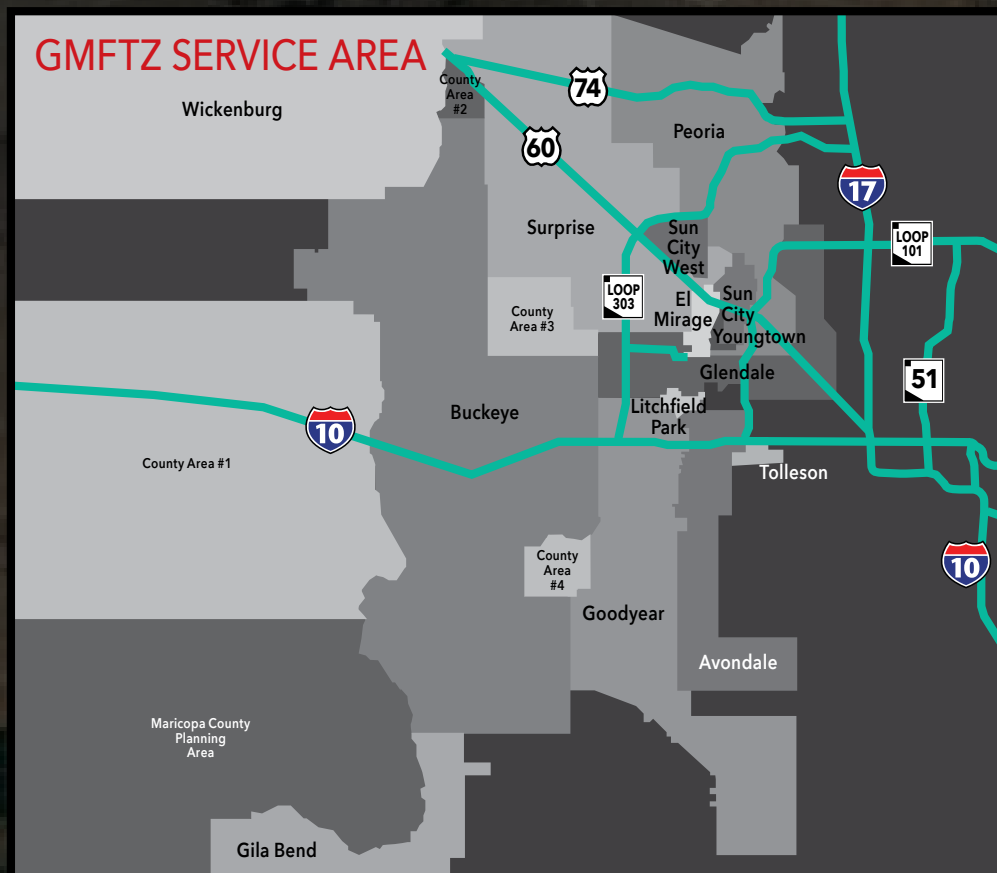
**GMFTZ.ORG**  
**FTZ NO. 277**

# GMFTZ SITES



# GMFTZ SITES

FTZ No. 277 is organized under the Alternative Site Framework (ASF). Under this framework, there are two types of sites: Magnet Sites and Usage-Driven Sites. Magnet Sites are sites that are pre-approved for future Zone users. Future Magnet Sites may be added inside the FTZ No. 277 service area if approved by the U.S. Foreign Trade Zones Board. Usage-Driven Sites are facilities that can be designated at any location within the western part of Maricopa County by a qualified company using the fast-track process that takes 30 days for federal approval.



**GMFTZ**  
GREATER MARICOPA FOREIGN TRADE ZONE, INC.  
**GMFTZ.ORG**

## 1 AIRPORT GATEWAY AT GOODYEAR

VAN BUREN ST/BULLARD AVE GOODYEAR

230.25 ACRE MAGNET SITE

## 5 GOODYEAR CROSSING INDUSTRIAL PARK

16885 W COMMERCE DRIVE GOODYEAR

198 ACRE MAGNET SITE

## 9 SUB-ZERO INC

4295 S COTTON LANE GOODYEAR

37.74 ACRE USAGE-DRIVEN SITE

## 10 MAXWELL TECHNOLOGIES INC

8644 W LUDLOW DRIVE PEORIA

2.62 ACRE USAGE-DRIVEN SITE

## 11 THE CORNELLCOOKSON COMPANY

1901 S LITCHFIELD RD GOODYEAR

14.5 ACRE USAGE-DRIVEN SITE

## 12 IRIS USA INC

13423 W CACTUS RD SURPRISE

30.1 ACRE USAGE-DRIVEN SITE

## 13 REI RECREATIONAL EQUIPMENT INC

LOOP 303/CAMELBACK RD GOODYEAR

34 ACRE USAGE-DRIVEN SITE

## 3 PV303 INDUSTRIAL PARK

INDIAN SCHOOL RD/LOOP 303 GOODYEAR

196.78 ACRE MAGNET SITE

## 7 BUCKEYE INDUSTRIAL PARK

TURNER RD/BASELINE RD BUCKEYE

185 ACRE MAGNET SITE