



MINUTES KOM-FTZ Board Meeting - October 23, 2014
Grand Valley State University
L. William Seidman Center - Room 3001
Grand Rapids, MI 49504

MEMBERS PRESENT: Ken Rizzio, Chairman; Al Vanderberg; Ed Garner Vice Chairman; Ben Cross; Sonja Johnson, Ronald Modreski; Arn Boezaart; Paul Howland, Secretary/Treasurer; Daryl Delabbio; Therese Thill.

MEMBERS ABSENT: Philip Kuyers

GUESTS: Alicia Cortez, Wolverine Worldwide; Jim Ward, Supply Chain Solutions; Joel H. Burgess, Properties Administrator, Kent County Department of Aeronautics.

- Chairman Rizzio called the Kent Ottawa Muskegon Foreign Trade Zone Authority meeting to order at 12:20 P.M. and introduced the three guests.
- The minutes of the June 25, 2014 KOM FTZ meeting were approved. (Moved by Modreski. Seconded by Thill.)
- Treasurer/Secretary Howland gave the financial report. The ledger balance of the 5/3 Bank Certificate of Deposit is \$19,754.12. The ending balance in the KOM FTZ checkbook is \$10,153.69.
- Joel H. Burgess, Properties Administrator for the Gerald R. Ford International Airport, then initiated a stimulating discussion of the airport as a potential foreign trade zone. The airport has 79 acre parcel which is designated as a foreign trade zone. New leadership at the airport wants to do something with this opportunity before the foreign trade zone sunsets in August 31, 2017.
- Discussion ranged from ways airports are looking for new sources of revenue since federal money is drying up; to the fact that MRO (Maintenance-Repair-Overhaul) facilities are being abandoned by airlines; to a discussion of the Aerotropolis concept which is being discussed in Southeast Michigan; to making sure that Paul Kreps of the Michigan Economic Development Corporation (MEDC) is contacted and informed of the Board's desire in this area.
- The complete copy of Mr. Burgess' presentation was given to Sonja Johnson, Director – Van Andel Global Trade Center.
- Discussion turned to the annual user fees listed in the zone fee schedule and the fact that Columbian Logistical Network has refused to pay its fee for 2014.





The Board discussed the letter, dated September 12, 2014, written by Mr. Scott S. Taylor, attorney for Columbian Distribution Systems (CLN,) located at 2900 Dixie Street, SW in Grand Rapids, MI 49418. The letter was sent to Mr. Kenneth J. Rizzio, Chairman of the Kent-Ottawa-Muskegon Foreign Trade Zone (KOM) as well as the Executive Committee's response to Mr. Taylor's letter in the form of the KOM FTZ's attorney, Michael T. Cone's, response.

The Executive Committee, supported by the KOM FTZ Board came to the following conclusions:

- The Executive Committee met on 9/25/14 and agreed that KOM should not respond in writing to the September letter received from CLN's attorney and should consult with KOM's legal counsel for a formal written response. There are no legal issues with the zone tariff rate or the way KOM had to revise the 2012 CLN operator agreement. On 10/14/14 KOM's legal counsel sent written response to CLN's lawyer.
- KOM would discuss with the area multipliers (Chambers of Commerce, Economic Development agencies (city/community partners) to show KOM has options in place to continue to service the business needs of the public through other sites around the three counties.
- KOM Executive Committee believes the rates in the tariff schedule are fair and follow the *uniform treatment* policy as mandated by the Federal Foreign Trade Zone Board in Washington, D.C.

The KOM FTZ Board again reiterated the following three points which had been relayed to Columbian in earlier communications. Also, the Board reminded Columbian the 180 day notice period was rapidly approaching its conclusion and a decision to continue as an agent of the KOM FTZ was squarely on Columbian's shoulders.

- Ken Rizzio to talk with CLN and let them know that KOM FTZ is committed to working with them on putting a new operator agreement in place by the time the current one expires (December 23rd)
- Encourage CLN to contact the National FTZ board to have an audit done for the 2014 KOM tariff schedule as there is nothing to hide and stand behind the rates.
- KOM FTZ has been open and transparent in communicating with CLN of the 2012 operator agreement did not meet the updated Federal FTZ regulations and had to be adjusted. In addition, KOM Chairman Rizzio and Director Johnson met several times with CLN asking for input on the rate changes expected to the 2014 fee schedule.
- The ending date of the operator agreement was December 23, 2014.



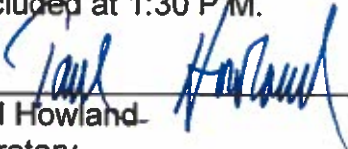


The Board continued the general discussion on this subject for a bit longer offering the possibility that if Columbian's financial situation was so grim that, perhaps, a local unit(s) of government could pay the company's membership fee. Attempts by

Columbian to avoid its responsibility were countered by the KOM FTZ's clear presentation of its decision making process and how that process had involved Columbian.

- Alicia Cortez, Wolverine Worldwide, gave a brief presentation of the company's successful use of its three foreign trade zones which are located in Louisville, KY, Brookville, OH and Grand Rapids/Rockford, MI. The company's successful and professional experience with the KOM Foreign Trade Zone has led to the creation of the two new Wolverine trade zones. She also commented that KOMFTZ's were in line with what they were seeing at their other two zones in two different states.
- Sonja Johnson gave a quick overview of her activities since the June 25, 2014 Board meeting. Highlights included the development of a mobile web app as well as an upcoming foreign trade zone meeting in Lansing, MI on November 6, 2014 with the other active grantees in Michigan.
- The Board also noted that this meeting was going to Arn Bozaart's final meeting as a Grand Valley State University (GVSU) representative. The Board wished him well and thanked him for his service.
- The Board then voted on paying the 2014 administrative fees due to GVSU/Van Andel Global Trade Center. These fees amounted to \$16,447.50. Al Vanderberg so moved. Daryl Delabbio seconded. The motion passed unanimously.
- 2015's meeting dates were chosen: **March 12 in Ottawa County & September 10 in Muskegon County.**
- Ed Garner moved to adjourn. His motion was seconded by Al Vanderberg.

The meeting concluded at 1:30 P.M.



Paul Howland
Secretary
February 11, 2015

