



Metropolitan Nashville and Davidson County, TN

Legislation Text

File #: RS2026-1769, **Version:** 1

A resolution approving an agreement between The Metropolitan Government of Nashville and Davidson County and Sumiden Wire Products Corporation for the operation of a foreign-trade subzone site.

WHEREAS, The Metropolitan Government of Nashville and Davidson County is authorized to establish, operate, and maintain foreign-trade zones and subzones pursuant to Tenn. Code Ann. § 7-85-101, *et seq.*, and Chapter 6.14 of the Metropolitan Code of Laws; and,

WHEREAS, pursuant to an order of the United States Government's Foreign-Trade Zones Board (the "Board"), the Metropolitan Government is the grantee of Foreign-Trade Zone No. 78 (the "Zone") as the successor to the Metropolitan Nashville Port Authority; and,

WHEREAS, Sumiden Wire Products Corporation ("Sumiden") has submitted a request to the Board for approval to operate a general-purpose subzone within the Zone; and,

WHEREAS, upon approval by the Board of the subzone request, the Metropolitan Government and Sumiden will enter into a Foreign-Trade Zone Operating Agreement (the "Agreement"), attached as Exhibit A, for the operation of a general-purpose subzone; and,

WHEREAS, Metropolitan Code of Law Section 6.14.020 provides that the Metropolitan Council may approve the Agreement by a resolution receiving at least twenty-one votes.

NOW, THEREFORE, BE IT RESOLVED BY THE COUNCIL OF THE METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY:

Section 1. That the Foreign-Trade Zone Operating Agreement between the Metropolitan Government and Sumiden Wire Products Corporation, in substantially the form of the draft attached hereto as Exhibit A, is hereby approved, and that upon approval of the subzone request by the Foreign-Trade Zone Board, the Metropolitan Mayor is authorized to execute the same with such reasonable changes, insertions, deletions, amendments, and supplements to complete the Agreement as the Metropolitan Mayor shall approve.

Section 2. That the Metropolitan Mayor, or his designee, is authorized and directed on behalf of the Metropolitan Government to do and perform all acts and things and execute and deliver all instruments and documents necessary or convenient on behalf of the Metropolitan Government and take such further action as deemed appropriate to effectuate the purposes and carry out the obligations of the Metropolitan Government under the Agreement.

Section 3. That this Resolution shall take effect from and after its adoption, the welfare of The Metropolitan Government of Nashville and Davidson County requiring it.

Analysis

This resolution approves an agreement between the Metropolitan Government ("Metro") and Sumiden Wire Products Corporation ("Sumiden") for the operation of a foreign-trade zone site. In 1981, the U.S. Foreign-

Trade Zones Board authorized the establishment of a Foreign Trade Zone (“FTZ”) in Nashville through the now-defunct Metropolitan Port Authority (“MPA”). In 1983, FTZ No. 78 was established. The MPA was subsequently dissolved in 1999, whereupon the power to establish and operate FTZs passed to Metro.

Since 2000, the Mayor’s Office of Economic and Community Development has managed FTZ No. 78 pursuant to Metropolitan Code of Laws section 6.14.010. FTZs 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. 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 Nashville International Airport.

Sumiden, located in Dickson, wishes to operate within FTZ No. 78 and has requested Metro’s assistance in establishing a subzone. Sumiden 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 subzone. Metropolitan Code of Laws section 6.14.020 authorizes agreements for the operation and maintenance of FTZs and subzones to be approved by the Council by a resolution receiving at least 21 affirmative votes.

The agreement sets forth the responsibilities for operation of the FTZ subzone. Sumiden will pay Metro \$20,000 annually in zone administration fees to operate in the FTZ. The company agrees to maintain \$1,000,000 in general liability insurance and agrees to indemnify Metro from any claims associated with its operation of the FTZ site. The agreement would remain in effect for a term of five years and may be renewed for one year to provide time to renew the agreement for a new term. This agreement may be terminated by Sumiden upon 120 days’ written notice. Metro could terminate the agreement upon 180 days’ written notice to Sumiden.

Fiscal Note: Sumiden Wire Products Corporation would bear all costs associated with performing its rights and responsibilities as the Foreign-Trade Zone operator and would pay Metro \$20,000 per year as a Zone Administration Fee.