

IMPORTANT INFORMATION ABOUT ZONE SCHEDULES

This zone schedule is being made available pursuant to 15 CFR 400.44(e), which states: “The Board shall make copies of zone schedules available on its Web site.”

Availability of this zone schedule on the FTZ Board’s website does not imply that the FTZ Board has approved any rate/charge, policy or other content of this zone schedule. In particular, while the FTZ Board staff intends to conduct spot checks over time, zone schedules are not reviewed for compliance with the public utility requirement (19 U.S.C. 81n, 15 CFR 400.42) prior to making the zone schedules available via the Board’s website.

Pursuant to 15 CFR 400.44(b)(4), a grantee may not assess any specific rate or charge for which the amount – or formula for calculating the amount – does not appear in the zone schedule that the grantee has submitted to the FTZ Board.

Complaints about a grantee’s compliance with statutory and regulatory requirements related to public utility and uniform treatment – including rate or charge amounts/formulas, a grantee assessing a rate or charge amount/formula that does not appear in its zone schedule, and a grantee not affording uniform treatment under like conditions – may be presented to the FTZ Board under 15 CFR 400.45 (which also allows for complaints to be made on a confidential basis, if necessary).

Questions or concerns may be addressed to the FTZ Board staff at (202) 482-2862 or ftz@trade.gov.

TITLE PAGE

Zone Grantee: Koochiching Economic Development Authority (KEDA)

Zone Schedule for Foreign Trade Zone #259 – Koochiching County Minnesota

Zone No. 259 Sites Description:

Three General-Purpose sites in International Falls area:

Site 1: 1 acre of land located near the International Falls Airport, with a 9,000 square foot building located at the southwest corner of U.S. Highway 53 and Van Lynn Road.

Site 2: 707 acres south of the City of Ranier and the intersection of the D.W.&P. rail line and Minnesota Highway 11.

Site 3: 10 acres of the International Falls Business Park located at the Southwest corner of U.S. Highway 53 and 22nd Street.

The sites all comply with U.S. Customs port of entry adjacency requirements of the FTZ Act. They are all within 60 statute miles of the outer limits of the International Falls customs port of entry. The longest distance between sites is one mile.

Date of Original Schedule: January 15,2010

Name of Preparer: Paul Nevanen, KEDA Director

ZONE POLICY - TABLE OF CONTENTS

<i>Schedule Authority</i>	<i>Page 1</i>
<i>Zone Operated as a Public Utility</i>	<i>Page 1</i>
<i>Board Regulations</i>	<i>Page 1</i>
<i>U.S. Customs Regulations</i>	<i>Page 1</i>
<i>Interpretation of Schedule</i>	<i>Page 1</i>
<i>Privileges of Foreign-Trade Zones</i>	<i>Pages 1-3</i>
<i>Use of Zone Facilities</i>	<i>Page 3</i>
<i>Inspection of Zone Area</i>	<i>Page 4</i>
<i>Grantee Rates and Charges</i>	<i>Page 4</i>
<i>Operator Rates and Charges</i>	<i>Page 4</i>

ZONE POLICY

SCHEDULE AUTHORITY

This schedule is published pursuant to a Grant issued by the Foreign-Trade Zones Board, U.S. Department of Commerce, Washington, D.C. on November 28, 2003 to the Koochiching County Economic Development Authority under provisions of Public Law No. 397, 73rd Congress, approved June 18, 1934, as amended. The Zone policy, rules, regulations, rates and charges of this schedule shall apply at Foreign-Trade Zone No. 259 and its subzones unless otherwise provided for.

ZONE OPERATED AS A PUBLIC UTILITY

The rates and charges for space, facilities and services within a Zone shall be fair and reasonable, and the Grantee shall afford uniform treatment under like conditions to all users. The Board shall determine whether the rates and charges are fair and reasonable.

BOARD REGULATIONS

Foreign-Trade Zone No. 259 is regulated by the Foreign-Trade Zones Board, Washington, D.C. under U.S. Code of Federal Regulations; Title 15, Chapter IV, Part 400. Copies of these regulations are maintained at the Foreign-Trade Zone No. 259 office for reference.

U.S. CUSTOMS REGULATIONS

Foreign-Trade Zone No. 259 is subject to special Customs Regulations as defined in U.S. Code of Federal Regulations, Title 19, Chapter I, U.S. Customs, Part 146 – Foreign-Trade Zones; and the “U.S. Customs Service Foreign-Trade Zones Operations Manual”. Copies of these publications are maintained at the Foreign-Trade Zone No. 259 office for reference.

INTERPRETATION OF SCHEDULE

The Grantee Administrator shall interpret and determine the applicability of any rates, rules, regulations or services provided for in this schedule. However, any matter involving interpretation or action by U.S. Customs or another agency of the U.S. Government will be determined by the Port Director of Customs or his duly appointed representative.

PRIVILEGES OF FOREIGN-TRADE ZONES

Section 3 of the Act, as amended, authorized the following privileges:

Foreign and domestic merchandise of every description except such as prohibited by law, may, without being subject to Customs laws of the United States, except as otherwise provided in this Act, be brought into a Zone and may be stored, sold, exhibited, broken-up, repacked, assembled, distributed, sorted, graded, mixed with foreign and domestic merchandise or otherwise manipulated or be manufactured, except as otherwise provided in the Act, and be exported, destroyed, or sent into Customs territory of the United States, there from, in the original package or otherwise; but when foreign merchandise is so sent from a Zone into Customs territory of the United States it shall be subject to the laws and regulations of the United States affecting imported merchandise:

Provided that whenever the privilege shall be requested there has been no manipulation or manufacture affecting a change in tariff classification, the collector of Customs shall take under supervision and regulations prescribed by the Secretary of the Treasury, and whether mixed or manufactured with domestic merchandise or not, may, under regulations prescribed by the Secretary of the Treasury, be exported or destroyed or may be sent into Customs territory upon the payment of such liquid duties and determined taxes thereon. If merchandise so taken under supervision has been manipulated or manufactured, such duties and taxes shall be payable on the quantity of such foreign merchandise used in the manipulation or manufacture of the entered articles. Allowance shall be made for recoverable and irrecoverable waste; and if recoverable waste is sent into Customs territory, it shall be dutiable and taxable in its condition and quantity and at its weight at the time of entry. When two or more products results from a manipulation or manufacture of merchandise in a Zone, the liquidated duties and determined taxes shall be distributed to the several products in accordance to their relative value at the time of separation with due allowance for waste as provided for above:

Provided futher that subject to such regulations respecting identity and the safeguarding of the revenue as the Secretary of the Treasury may deem necessary, articles, the growth, product or manufacture of the United States on which all internal revenue taxes have been paid or which have been admitted free of duty and tax, may be taken into a Zone from the Customs territory of the United States, placed under the supervision of the collector and whether or not they have been combined with or made part while in such Zone, or other articles may be brought back thereto free of quotas, duty or tax::

Provided further that if in the opinion of the Secretary of the Treasury their indentity has been lost, such articles not entitled to free entry by reason of non-compliance with the requirements made hereunder by the Secretary of the Treasury shall be treated, when they re-enter Customs territory of the United States, as foreign merchandise under the provisions of the tariff and internal revenue laws in force at that time:

Provided further that under the rules and regulations of the controlling Federal agencies, article which have been taken into a Zone from customs territory for the sole purpose of exportation, destruction, (except destruction of distilled spirits, wines and fermented malt liquors), or storage shall be considered to be exported for the purpose of:

- (1) The drawback, warehousing and bonding, or any other provisions of the Tariff Act of 1930, as amended, and the regulations there under; and
- (2) The statutes and bonds exacted for the payment of drawback, refund or exemption from liability of internal revenue taxes and for the purposes of the internal revenue laws generally and the regulations there under.

Such a transfer may also be considered exportation for the purposes of the Federal laws insofar as Federal agencies charged with the enforcement of these laws deem it advisable. Such articles may not be returned to Customs territory for domestic consumption except where the Foreign-Trade Zones Board deem such return to be in the public interest, in which event, the article shall be subject to the provisions of the Paragraph 1615(F) of the Tariff Act of 1930, as amended:

Provided further that no operation involving any foreign or domestic merchandise brought into a Zone which operation would be subject to any provision or provisions of Section 1807, Chapter 15, Chapter 16, Chapter 17, Chapter 21, Chapter 23, Chapter 24, Chapter 25, Chapter 26 or Chapter 32 of the Internal Revenue Code if performed in customs territory or involving the manufacture of any article provided for in Paragraph 367 or Paragraph 368 of the Tariff Act of 1930, shall be permitted in a Zone except those operations, (other than rectification of distilled spirits and wines, or the manufacture of production of alcoholic products unfit for beverage uses), which were permissible under this Act prior to July 1, 1949.

Provided further that articles produced or manufactured in a Zone and exported there from shall on subsequent importation in the Customs territory of the United States be subject to the import laws applicable to like articles produced or manufactured in a Zone exclusively with the use of domestic merchandise, the identity of which has been maintained in accordance with the second provision of this section may, on such importation, be entered as American goods returned."

USE OF ZONE FACILITIES

Zone facilities will be used for the sole purpose of receipt, storage, handling, exhibition, manipulation, manufacturing and related processing and shipment of foreign merchandise and domestic merchandise as considered necessary to the conduct of a User's normal business in conjunction with foreign merchandise. Users shall not use or permit the Zone to be used for any other purpose without

the proper written consent of the Grantee Administrator. Users shall not do or permit anything to be done on or about the Zone which will in any way obstruct or interfere with the rights of other Users or occupants of the Zone or injure or annoy them.

INSPECTION OF ZONE AREA

The Grantee may inspect any leased or assigned area at any and all reasonable times to ascertain whether or not the conditions related to its proper use are being observed.

GRANTEE RATES AND CHARGES

Operators within the general-purpose Zone sites of Foreign-Trade Zone No. 259 shall pay to the Grantee (Koochiching Economic Development Authority), on a monthly or annual basis at the option of the Operator, an amount equal to \$250.00 per month. Special-purpose Subzone Operators shall pay the Authority, on a monthly or annual basis at the option of the Operator, an amount equal to \$500.00 per month.

OPERATOR RATES AND CHARGES

No current operators.