

Marsha Foust

From: Penny Whiteheart <pwhiteheart@ptpnc.com>
Sent: Friday, March 06, 2015 2:33 PM
To: Kathleen Boyce; FTZ
Cc: Ahanchian, Amie J
Subject: MBM for Deere Hitachi in FTZ #230
Attachments: DeereHMBM2015draft.pdf

Hi, Kathy and FTZ Staff,

Attached for your review is a draft of a Minor Boundary Modification for Deere Hitachi Construction Machinery. We are briefing CBP Port Director Steve Bowie and will ask him to provide his comments directly to you.

I expect to share a draft production notification with you next week – meanwhile, we would appreciate your feedback on this – is it complete and sufficient?

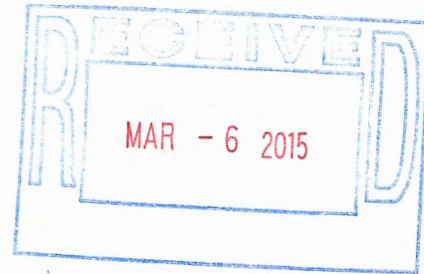
Thanks very much and I hope the Cherry Blossoms do not freeze!

Penny

Penny Whiteheart
Piedmont Triad Partnership
FTZ #230

March 6, 2015

Andrew McGilvray
Executive Secretary
Foreign-Trade Zones Board
U.S. Department of Commerce
1401 Constitution Ave. NW
Room 2111
Washington, DC 20230



Dear Mr. McGilvray:

On behalf of the Piedmont Triad Partnership, Grantee of U.S. Foreign-Trade Zone No. 230, I am writing to request a Minor Boundary Modification to our zone. I propose to add 145 acres, referenced in red on Exhibit A, known as 1000 Deere-Hitachi Road, Kernersville, NC 27284 in Forsyth County.

Deere-Hitachi Construction Machinery Corporation ("DHCMC") intends to operate a warehouse facility on this site and they intend to seek activation of the facility there with Customs and Border Protection. They expect to pursue production authority for this site in the future. I have requested a letter of concurrence from the local Port Director. This will be Site # 30 in FTZ #230.

Please see below for our complete minor boundary modification application.

Thanks in advance for your favorable consideration of this request. Please do not hesitate to contact me if I can answer any questions or provide additional information. Amie Ahanchian of KPMG is providing assistance and advice to DHCMC.

Sincerely,



Penny Whiteheart
Administrator, FTZ #230
Piedmont Triad Partnership

cc: Amie Ahanchian, KPMG

APPLICATION FOR SUBZONE OR USAGE-DRIVEN DESIGNATION (“MINOR BOUNDARY MODIFICATION”)

QUESTIONS

- 1. Please mark the appropriate space below to indicate whether you are requesting “Subzone” or “Usage-Driven” designation for the proposed site(s):

Subzone Usage-Driven

- 2. List the address of the site(s), including the jurisdiction in which the site(s) falls (town, city, county).

**Located in Forsyth County, the proposed FTZ’s address is:
1000 Deere-Hitachi Road
Kernersville, NC 27284**

This address refers to the entirety of the 145 acres, even though there are individual buildings within the site.

- 3. Explain how the proposed site(s) is within the grantee’s approved ASF service area.

Located within Forsyth County, the site falls within the ASF service area of FTZ No. 230, the Piedmont Triad Area. The Grantee is the Piedmont Triad Partnership.

- 4. State the proposed acreage of the site(s).

145 Acres

- 5. Indicate the company for which the site(s) will be designated.

Deere-Hitachi Construction Machinery Corporation (“DHCMC”) is the applicant and the zone operator.

- 6. Provide a summary of the company’s planned activities.

DHCMC is a midsize excavator manufacturing facility. As a joint venture company formed in 1988 between John Deere and Hitachi, DHCMC manufactures two different brands of excavators - John Deere and Hitachi.

Located in Kernersville, NC, DHCMC’s state-of-the-art facility prides itself on the use of technological innovation and the proven talents of our skilled local workforce. The production process begins with the highest-quality materials, and employs advanced welding robotics, CNC machining centers, plasma plate-cutting machines and cranes capable of transporting as much as 25 tons.

DHCMC utilizes lean manufacturing practices, including simple, effective kanban replenishment notification systems to guide material through the factory and accurately track inventory levels. This "pull" manufacturing system, coupled with our quality assurance inspection process, ensures a smooth, reliable product assembly - and enables us to produce made-to-order machines with a quick time to market through the factory and accurately track inventory levels.

7. Indicate the current zoning and the existing and planned buildings (including square footage) for the site(s). (Note: Sites (or areas within a site) with inappropriate zoning – such as agricultural, retail, or residential – are not eligible for FTZ status and should not be proposed in any MBM request.)

The majority of the site is zoned as “General Industrial”, but the assembly operation itself is located in an area zoned as “Light Industrial”.

8. Confirm that FTZ designation or the use of FTZ procedures is not a requirement or a precondition for future activity or construction at the site(s).

FTZ designation is not a requirement for activity at the site. DHCMC already manufactures excavators on the premises.

9. List the owner(s). (If a site(s) is not owned by the grantee or the company planning to use the site(s) – as named in response to Question 5 above – then provide a "Right to Use" attachment with documentation demonstrating the right to use the site(s). Such evidence could be a signed letter from the proposed operator on its letterhead attesting to its right to use the property or a letter of concurrence from the owner of the proposed site(s).)

DHCMC is the owner of all 145 acres of the site. Within the campus, there are buildings that consist of approximately 1,338,168 sq. ft of roofed space.

ATTACHMENTS

Attach the documents listed below (Items 10 and 11, plus Item 12 if applicable) directly behind the text of your request.

10. A clear and detailed site map showing existing and planned structures. The site boundaries must be outlined clearly **in red**. Note that if streets or similar landmarks are not legible on the site map, you will also need to provide a detailed street map with the proposed site's boundaries **in red**. Any map should be no larger than letter-sized (8 1/2” x 11”) and clearly labeled, with legends provided for any markings.

Please see attached site map.

11. Comments from U.S. Customs and Border Protection (CBP): The grantee generally should provide comments from CBP with the submitted request. Alternatively, the grantee may

provide a copy of the request to CBP at the time the request is submitted to the FTZ Board, in which case the grantee should also communicate with CBP regarding the 20-day timeframe in the FTZ Board's regulations for CBP to provide comments to the FTZ Board.

CBP in the Port of Winston-Salem will provide comments separately directly to the FTZ Board.

12. If your state (such as TX, KY, AZ) has one or more taxes for which collections will be affected by the proposed FTZ designation of the new site(s), please attach all of the following:

- A. An explanation of the specific local taxes that will be affected;
- B. A stand-alone letter that:
 - Lists all of the affected parties;
 - Includes a statement below the list certifying that this is a complete list of all parties that would be affected by this particular request; and,
 - Is signed by an official of the grantee organization.
- C. Correspondence from all of the affected parties (such as a local school board) indicating their concurrence (or non-objection) regarding the proposed FTZ designation.

N/A, as North Carolina does not collect taxes on inventory.

