

MINUTES

REGULAR MEETING

BOARD OF DIRECTORS

NORTH CAROLINA GLOBAL TRANSPARK AUTHORITY

A regular meeting of the Board of Directors (the "Board") of the North Carolina Global TransPark Authority (the "Authority") was held at 12 noon Tuesday, November 17, 2015, at the NCDOT Offices, Raleigh, North Carolina, upon notice duly given.

Secretary Nicholas J. Tennyson presided and called the meeting to order. He asked The Honorable Valerie Zachary from the Court of Appeals to administer the oath to new members and those who had been re-appointed. New appointees included himself and Mr. George Andrew, and re-appointments included Messrs. Clontz, Lennon and Koletar. Secretary Tennyson was also appointed Chairman of the Board by the Governor.

Following the swearing in, Chairman Tennyson said participating members constituted a quorum and declared the meeting officially open for business. Those members taking part included:

Secretary Tennyson	Mr. John Lennon
Mr. Tom Adams	Mr. Mark Lesnau
Mr. George Andrew	Mr. Steve Mayo
Mr. Scott Clontz	Mr. John McNairy
Ms. Susan Fleetwood (for Sec. Skvarla)	Mr. Danny Smith
Mr. Jerry Kanter	Mr. Rob Hosford (via conf. call for Comm. Troxler)
Mr. Joe Koletar	Ms. Cheryl McQueary (via conference call)
Ms. Fran Lawrence (for Treas. Cowell)	Dr. Courtney Thornton (via conference call)

Other attendees and participants included:

Mr. Rick Barkes, GTP Interim Executive Director
Ms. Lori Fuller, GTP Legal Counsel/NCDOT Deputy General Counsel for Logistics
Ms. Mary Jane Westphal, GTP Controller
Ms. Ann Dishong, Director, NCDOT Office of Governance
Mr. David Tyeryar, NCDOT CFO
Mr. Steve Keen, Director of the Governor's Eastern Office
Mr. Bill Bryan, GTP Foundation President
Mr. Charles Creech, President, North State Aviation
Ms. Beth Wood, State Auditor
Mr. Ted Price, State Auditor's Office
Mr. Zach Rogers, State Auditor's Office
Mr. Corby Johnson, State Auditor's Office

There were no contractual matters to come before the Board, but in keeping with the requirements of the state ethics policies the Chairman read the following statement:

“In accordance with the State Ethics Act, N.C.G.S. §138A-1, et seq, as applicable, and N.C.G.S. §63A-21, it is the duty of every Board member to avoid both conflicts of interest and appearances of conflict.”

“Does any Board member have any known conflict of interest or appearance of conflict with respect to any matters coming before the Board today?”

“If so, please identify the conflict or appearance of conflict and refrain from any undue participation in the particular matter involved.”

No conflicts were identified.

Chairman Tennyson said that the June 16, 2015, open and closed session minutes had been distributed to the Board prior to the meeting. A correction to the open session minutes was identified after which the Chairman asked for a motion to approve the amended minutes. A motion to accept the open session minutes as corrected was made by Mr. Smith, seconded by Mr. Adams, and unanimously approved.

There being no corrections to the closed session minutes, a motion to approve the stated minutes as presented was made by Mr. Adams, seconded by Mr. Koletar, and unanimously approved. Both Chairman Tennyson and Mr. Andrew abstained from voting on both motions since they were not members of the Board at the time of the June 16 meeting.

It was announced that the next meeting of the Board would be held at the Global TransPark in Kinston Thursday, January 21, 2016 at 10 a.m.

In his introductory remarks, the Chairman recognized new Board member, George Andrew, who gave a brief synopsis of his background, after which Chairman Tennyson briefed the Board about his own background, his time with NCDOT, and his thoughts about the GTP's Executive Director position. He said the GTP received two 2015 “best of” rankings in economic development from *Southern Business and Development* magazine; one as the best small market aerospace location and one of the best small town industrial sites in North Carolina. Recently completed projects at the GTP included the widening, resurfacing and strengthening of Rouse Road, repair on the shoulder of the connector taxiway, advertisement and selection by the Rail Division for a short haul operator for the rail spur line, and completion by the Division of Aviation of rubber removal on the runway and marking the airfield.

Chairman Tennyson said the new State Transportation Improvement Plan (STIP) is data driven and more effective at allocating funding in a more transparent method. STIP contains not only highway projects but all modes of transportation and over the next ten years includes 1100 projects across the state. Additional funds have been allocated by the General Assembly for both maintenance and the construction program, with the construction program receiving about \$1.6 billion over the next ten years. The final projects are being chosen and programmed and will be reviewed in December and voted on in January by the NCDOT Board.

The General Assembly stabilized DOT revenue sources by changing the gas tax calculation method and by no longer transferring funds from the highway fund to pay for other programs. There are also some increased fees from DMV that will increase available revenue. Approximately \$35 million per year was appropriated for the State Ports, and while at the executive level the GTP and the Ports are not as tied together as previously, the Chairman believes the future of the GTP and Ports will be closely related.

At present the Metropolitan and Rural Planning Organizations (MPO/RPO) along with DOT Divisions are tasked with submitting projects for scoring, and the fourth stage of the scoring process will be getting underway soon. At the state wide level 40% of the construction budget is allocated for statewide projects, including interstate highways and commercial airports, and are rank ordered by score. At the regional level 70% comes from data and 30% from rankings by the MPOs, RPOs and Division Engineers. Division level scoring is 50% data and 50% local scoring. The local scoring is based on a methodology that is required to be publicly available and defensible. Basically each division will get about a 10% boost in what is available to them as a result of the new money just mentioned, or about \$37 million more at the division level for construction projects over the next ten years.

The federal Transportation Funding Bill includes a slight increase in the total amount of money available; the state receives about \$1 billion from this source. About 95 cents on the dollar of the federal gas tax collected in NC is returned to the state. The Chairman also explained that there have been customer service improvements at DMV, and a short video was shown that described those changes.

Chairman Tennyson recognized representatives of the State Auditor's Office for a report on the GTP audit. State Auditor Beth Wood said an unqualified, or clean, opinion on the GTP financial statements and notes was being issued, and within the financial statement report there is a management discussion and analysis. Ms. Wood pointed out highlights of the financials including the reduction in GTP's major liabilities. Operationally there was about a 5.8% reduction to net position, meaning total revenues were less than expenditures by about \$5.8 million, and the vast majority of that was \$6.2 million in depreciation. Ms. Wood pointed out that depreciation is just not on paper. Depreciation is a representation of the use and aging of assets, so maintenance and replacement have to be considered.

Ms. Wood said there were some adjustments to the financial statements, but nothing of significance and reported that the staff was very cooperative and did a good job of providing the information needed to audit. In response to a question about depreciating assets, Ms. Wood responded that the depreciation schedule is set up when the asset is purchased. Based on industry standards and in looking at the GTP assets and years of use assigned to them, she said the schedule appears to be reasonable and sees no reason why the assets shouldn't last for the time predicted.

The Chairman announced the following committee appointments: Scott Clontz will serve on the Marketing Committee, Mark Lesnau on Land Use Planning, and George Andrew on Aviation. The makeup of GTP Committees is as follows:

Executive Committee

Secretary Tennyson, Chairman

John Lennon

Rob Hosford

Aviation Committee

John Lennon, Chairman

George Andrew

Jerry Kanter

Billy Lamm

Land Use Planning Committee

Rob Hosford, Chairman

Tom Adams

Mark Lesnau

Danny Smith

Marketing Committee

Steve Mayo, Chairman

Scott Clontz

Cheryl Mc Queary

Courtney Thornton

The **Finance Committee** remains unchanged and includes the following:

John McNairy, Chairman

Joe Koletar

Fran Lawrence

Steve Mayo

Chairman Tennyson called on Committee chairs for reports.

Aviation Committee Chairman John Lennon reported that this group met today and received current updates on airport activity, primarily the progress of the North State Aviation project and Mr. Kanter's progress regarding air service in Eastern North Carolina. No action was taken.

The Land Use Planning Committee last met March 31 when George York was chair and before he rotated off the Board. Ms. Fuller reported that at that time the Committee received a presentation from then Executive Director Rudy Lupton concerning potential solar projects at the GTP. The Committee did not take any action.

In reporting for the Finance Committee, Chairman John McNairy said this committee met on November 12 but lacked a quorum. He said the first quarter looked good and had a positive cash flow. Though the budget is still in the negative there was good news that the GTP should soon reach a breakeven point.

The Marketing Committee met prior to the Board meeting and Chairman Steve Mayo said Ms. Westphal reported on her recent presentation in Charleston, South Carolina to the Council of Development Finance (CDFA). A marketing strategy was proposed by Mr. Smith and consideration will be given to it, but no action was taken.

Following committee reports, Mr. Barks updated the Board on GTP operations. He reviewed FY 2015 revenues and expenses and said the net loss resulted from paying off five loans. Two remaining loans have been refinanced, resulting in not only lowering the interest rates, but reducing the loan terms and saving over \$4.5 million in debt servicing. The 2016 budget projects a net loss of \$172,000 but with the signing of the North State Aviation lease that net loss will now be almost zero and bring the GTP close to being in a positive cash flow situation.

Mr. Barks pointed out that tenants Spirit, North State and Mountain Air Cargo are aerospace related and line up with future expansion in that industry. He said Lenoir Community College (LCC) is one of the GTP's biggest assets on the airport and has worked with Spirit to help meet its industrial recruitment training needs. LCC is now talking with North State about doing specialized training for its labor force. North State is an MRO company based in Winston-Salem that has projected 109 new jobs at its Kinston location by December 2017. To help North State with equipment costs and to up fit the hangar they will occupy, GTP secured a grant with Golden Leaf and has also worked with the GTP Foundation for additional renovation funding.

Mr. Barks reported on recent upgrades and activity at the airport and also on the status of lease renegotiations with some of the GTP tenants. He said the NC Division of Emergency Management operates at the GTP and is considering leasing more space; and, in addition FEMA is looking for a regional facility for not only Eastern NC but the Eastern US. In a recent meeting, they seemed impressed with the possibility of the GTP's rail, runway and highway system helping them with post disaster recovery and storage. In addition, Crate Tech, a Spirit supplier, is considering doubling the size of its operation. Mr. Barks also commented that he and Ms. Westphal have been doing a good deal of community outreach.

Chairman Tennyson introduced Mr. Bryan, President of the Global TransPark Foundation, who spoke about the role of the Foundation. Mr. Bryan said the Foundation's mission is to assist the Authority with development of the Global TransPark. The Foundation was established in 1992 as a 501(c)3 entity that ultimately raised \$18 million from the private sector. The late Mr. Felix Harvey, along with other businessmen, was one of the incorporators of the Foundation and led the fundraising initiative. The Authority and Foundation were started during former Governor Jim Martin's administration and the Foundation Board continues to be led by him, as he has a strong interest in the GTP and remains active in discussions regarding GTP activities. The Board represents leadership from throughout North Carolina and underscores the fact that the GTP is important to the whole state. The Foundation currently has about \$9 million in assets, with approximately \$4.5 million of that in liquid investments that are available to assist with initiatives of the Authority. The other \$4.5 million is the Foundation's primary asset, the Mountain Air Cargo (MAC) facility and the GTP's first tenant. The MAC hangar was built by the Foundation in the 1990's with a construction cost of \$8.5 million on GTP land under lease to the Foundation. Recently the Foundation has assisted with some of the initiatives of the Authority, including the North State Aviation project. Mr. Bryan said the Foundation Board remains ready to assist the Authority with projects that will bring economic activity from targeted industries to the GTP to create good paying skilled jobs at that facility.

The Chairman asked Mr. Creech to share information about the GTP's newest tenant, North State Aviation, with the Board. North State is an MRO company with full HMV and major alteration and repair certification. Mr. Creech said his company is based in Winston-Salem, was started in 2010 with eight people and today employs 420 people. Twenty of those were recently

hired from Kinston and surrounding counties to work at the GTP location. Over 130 employees are veterans. In Winston-Salem, the company occupies the former headquarters office and hangar facility of Piedmont Airlines and is situated on 28 acres with over 300,000 square feet under roof, including 6 maintenance bays. Originally through an agreement with the OneNC Fund it committed to hire 308 people in five years but had 330 on staff within 3 ½ years. A 7-year loan from the Forsyth County Airport Commission was repaid in 3 ½ years and the company is debt free.

In 2012 the company signed a five-year agreement with United Airlines and today its annual payroll exceeds \$18 million. North State's contractor labor payroll is \$6.9 million yearly and has a direct bearing on hotel room rentals and area restaurants. The company has an economic impact of \$37 million and is ranked as one of the top 45 employers in Forsyth County.

Chairman Tennyson thanked Mr. Creech for his remarks and with no other business to come before the Board accepted a motion to adjourn from Mr. McNairy that was seconded by Mr. Clontz. The motion was unanimously approved and the meeting was adjourned.

Respectfully submitted this 21st day of January, 2016.

Anne C. Staglyford
Secretary/Assistant Secretary