

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 1 p.m. Tuesday, March 17, 2015, at the NCDOT Offices, Raleigh, North Carolina, upon notice duly given.

Chairman Tony Tata presided. He stated that participating members constituted a quorum and declared the meeting officially open for business. Members taking part included:

| | |
|--|---|
| Secretary Tony Tata | Mr. John Lennon (via conference call) |
| Mr. Tom Adams | Mr. Mark Lesnau |
| Mr. Scott Clontz | Mr. Steve Mayo |
| Mr. Rob Hosford (for Commissioner Troxler) | Ms. Cheryl McQueary (via conference call) |
| Mr. Jerry Kanter (via conference call) | Mr. Danny Smith |
| Mr. Joe Koletar | Dr. Courtney Thornton |
| Mr. Billy Lamm | Mr. George York |
| Ms. Fran Lawrence (for Treasurer Cowell) | |

Other participants included:

Mr. Rudy Lupton, GTP Executive Director/NCDOT Director of Logistics
Ms. Lori Fuller, GTP Legal Counsel/NCDOT Deputy General Counsel for Logistics
Mr. Rick Barkes, GTP Airport Director
Ms. Mary Jane Westphal, GTP Controller
Mr. Shelley Blake, NCDOT General Counsel
Ms. Ann Dishong, Director, NCDOT Office of Governance

Although there were no contractual matters to come before the Board, in keeping with the requirements of 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 at the time.

Chairman Tata said open session minutes of the November 17, 2014 meeting had been distributed to the Board prior to the meeting. There being no corrections, a motion to approve the stated minutes was made by Mr. Hosford, seconded by Mr. Smith and unanimously approved.

In his opening remarks, Chairman Tata said at the time of the November meeting the Governor's 25-year vision for transportation had just been identified and the draft statewide TIP was being readied for release for public comment around the state. The final version is expected to be approved by the NCDOT Board in June with execution in July. This would be the first TIP completed using the strategic mobility formula since moving away from the equity formula. Under the new formula there are about 1100 projects being done in every county of the state, 478 of which are highway projects. This is a 200 percent increase in highway projects alone and will result in the creation of a substantial number of jobs.

The Chairman recently attended a meeting of the Highway 70 Commission and the Highway 17 Association. Both highways are vital and central to Eastern North Carolina travel and commerce. Every project that was submitted for Hwy. 70, except the Kinston bypass, was approved under the new formula and two-thirds of those submitted for Highway 17 were approved. Two bills will soon be submitted to Congress asking that Highway 70 be made a future interstate and that the intersection of Highways 17 and 64 at Williamston become a future interstate up into Hampton Roads. Senator Tillis and Congressman Butterfield are going to submit the two bills in their respective chambers.

In addition to the 70 and 17 corridors, the Harvey Parkway extension has been fully funded through the new Strategic mobility formula and that four mile project will be extended to NC 11 to create an important connector for GTP access. In addition, travel in the Greenville area will be enhanced by a 12-mile SW freeway that will be let in April.

Chairman Tata stated there has been a lot of discussion about the Morehead City Port and the pursuit of the Governor's proposed \$1.2 billion bond. Bond money would be spent within transportation and the strategic mobility formula would be applied with the stipulation that environmental documents be completed. There are projects that have been on hold for quite some time and this would speed up construction.

In concluding his remarks, Chairman Tata said on May 31 the federal MAP 21 funding ends. There is debate about whether long range plans will be designed to fund the states or whether states will keep the federal gas tax instead of sending it to Washington. The funding is crucial for North Carolina since it is one of the fastest growing states in the country and needs to provide connectivity for its citizens and to stay on pace for commerce.

The Chairman announced that John Lennon had been formally appointed as Chairman of the Aviation Committee to replace Cecil Boyd who has resigned from the Board. It was noted that Mr. Lennon also serves on the Governor's Aviation Task Force. There was no report from this committee.

Land Use and Planning Committee Chairman George York reported that the group met on January 12 at which time it was briefed on proposed solar projects at the GTP. Lease negotiations are underway for a rooftop installation of solar panels on the North Cargo Building; and, in addition, a draft lease has been provided to the Committee for solar ground installations on GTP parcels 6 and 7. The rooftop opportunity is a good use of flat space and if this is a successful partnership may lead to future opportunities. The two parcels are in areas where there is no near term development in the foreseeable future.

There were no reports from the Executive, Finance, Aviation and Marketing Committees.

Mr. Lupton provided an update on second quarter financials. He reported that there was a negative cash flow at the end of the second quarter due to a clearing and grubbing project at the airport on which payments began coming due prior to completion. The project was required to address safety issues associated with undergrowth around the runway. Reimbursement will be received at 90% of the cost as the project qualifies for an FAA aviation grant.

Mr. Lupton said June 30, 2015 revenues are projected to be 101% of the annual budget with expenditures at 99% and a positive cash flow at fiscal year-end. The GTP began implementing expense reductions in 2013 but now anticipates a leveling out. Sixty-two percent of the debt was paid off at the beginning of the fiscal year with \$6.5 million remaining, and work continues to significantly reduce the interest rate on the remaining two commercial loans. The debt reduction has allowed GTP to have a balanced budget.

Mr. Lupton reported that terms of the inducement agreement with Spirit set minimum annual employment and aggregate capital improvement targets and require they be reported annually. The capital improvement targets have been met every year and Spirit continues to invest in its infrastructure to meet production goals. For the first time since reporting began Spirit's employment target was not met in 2014. The clawback provision in the agreement has been invoked and Spirit has been notified that the calculated clawback value of \$352,000 must be paid back monthly to Golden Leaf over the next year. It appears the decrease in the job target is due to work Spirit has done internally to insure they are operating efficiently and profitably in a competitive environment. Spirit is looking at other projects that could make a difference in employment targets. The number of employees as of December 31 is reported to the GTP by March 1 and the clawback is recalculated for the previous year.

The Chairman said the Board would enter into Closed Session to discuss personnel matters or business involving the location or expansion of other business at the Global TransPark as permitted under N.C.G.S. Sec 143-318.11(a)(4). Upon a motion by Mr. Hosford that was seconded by Mr. Clontz, the Board unanimously agreed to adjourn the open portion of the meeting and reconvene in Closed Session to consider such matters.

(Closed Session Minutes Recorded Separately)

At the conclusion of the business of the Closed Session, the Board reconvened in Open Session.

Upon reconvening in Open Session, Chairman Tata said the Board did not take any action in Closed Session but that a question regarding the future vision of the GTP and what is being done to make it a reality was deferred to Open Session.

The Chairman stated that the GTP is viewed as a logistics hub with an airfield, a rail spur, connectivity to Highway 70, and a pivot point between the Morehead City Port and 95/I-40. He said there is ongoing activity and the long term vision includes completing the Harvey Parkway in the next ten years and working with the NC Railroad to do project specific things to clean up the route between GTP and Morehead City. There is a draft vision for connecting the Morehead Port and Beaufort on the 101 northern bypass into Havelock that would provide connectivity via Highway 70 to the GTP. Also, though there is not a lot of space at Radio Island it has the potential to be an intermodal facility; and pushing direct rail from it to Kinston would allow GTP to function as an inland port with a container yard which in turn would keep trucks from having to go to Morehead. Completion of the Goldsboro bypass would then provide a direct route from Kinston to I-95.

Chairman Tata said conversations with the Governor about bonds and future infrastructure projects include a transportation infrastructure type bond, and the ports factor heavily in the money to be used to enhance commerce, agriculture and other aspects of the economy throughout North Carolina. It is believed connectivity with the Morehead Port and Kinston is the boost the GTP needs. Mr. Lupton in the meantime is working with aviation companies to locate at the GTP

With no other business to come before the Board, the Chairman accepted a motion from York to adjourn the meeting. It was seconded by Mr. Smith and carried unanimously.

Respectfully submitted this _____ day of _____, 2015.

Secretary/Assistant Secretary