NORTH CAROLINA GLOBAL TRANSPARK

2017 Annual Report

NORTH CAROLINA GLOBAL TRANSPARK

Citizens of North Carolina,

The North Carolina Global NC GTP (NC GTP) continually focused on a number of areas that offer opportunities for the NC GTP to grow and become more beneficial to the citizens of North Carolina in the 2017 fiscal year. These efforts included a continuation of the work begun in the 2016 fiscal year which concentrated on:

- Increasing revenue
- Creating jobs & promoting economic development
- Reducing debt
- Reducing operating expenses
- Planning for the future

The largest employer at the NC GTP, Spirit AeroSystems, a component manufacturer for the Airbus 350 aircraft, saw a significant increase in employment. The on-demand charter aircraft company, Exclusive Jets LLC, saw a marked increase in aircraft and employment in fiscal year 2017. With both employment increase, the NC GTP resulted in a 70% increase in total private sector employment and a 76% increase in total payroll at the NC GTP since fiscal year 2015.

The NC GTP also played a large role in the Hurricane Matthew emergency management efforts (search, rescue and recovery) by serving as the State's eastern command center and the FEMA field office. The NC GTP was utilized as a base camp for over 1,000 workers and first responders throughout the various disaster rescue missions and recovery initiatives.

The NC GTP continues to implement measures to improve efficiency, provide improved customer service and leverage existing infrastructure that will contribute to job creation and the economic growth of the NC GTP, region and across state of North Carolina.

Richard W. Barkes
Interim Executive Director

OUR TENANTS

Henley Aviation

DB SCHENKER

CRATE TECH INC.

MAC
MOUNTAIN AIR CARGO, INC.

SPIRIT AEROSYSTEMS

Lenoir Community College

MJE Telestructure

Kinston Jet Center, LLC
Shell Aviation

exclusive jets LLC

STATE OF NORTH CAROLINA DEPARTMENT OF TRANSPORTATION

CRIME CONTROL & PUBLIC SAFETY NORTH CAROLINA

NORTH CAROLINA FOREST SERVICE NC

EXECUTIVE SUMMARY

The North Carolina Global TransPark (NC GTP) provides a lot of positive growth and community outreach for the eastern part of North Carolina. The NC GTP hosted a regional Manufacturing Day that involved over 600 children from five counties, over 10 manufacturing facilities opened their doors for student tours, and over 60 manufacturing and industrial partners participated to promote career awareness and their viability in eastern NC. The NC GTP has also worked with the United States Military branches by hosting training exercises for the Marine Corp, Navy, Air Force and Army. These scheduled exercises provided revenue for the NC GTP, publicized the NC GTP and supported our Armed Forces. In addition to the improved private sector activity at the NC GTP, the North Carolina Department of Public Safety, Emergency Management section, has expanded their footprint by leasing the Administration Building of the Spirit Composite Center of Excellence Complex in its entirety. This is a direct result of the role the NC GTP played in the Hurricane Matthew efforts by serving as the eastern command center for the rescue and recovery efforts for the state east of Interstate 95. The North Carolina Department of Transportation is locating the Highways Division 2 office at the NC GTP. The Lenoir County Sheriff Department is an occupant at the NC GTP. The Lidl grocery store chain established a presence in eastern North Carolina and conducted all staff development training at the NC GTP, this encompassed over 500 employees for 6 locations from Morehead City to Rocky Mount.

In FY 2017, the NC GTP had another positive year in job growth rate for private sector employment above what was reached in FY 2016. This resulted in a 15% increase in employment and a 35% increase in total payroll. Overall, there has been a 70% increase in jobs and a 76% increase in payroll since 2015.

The NC GTP concentrated on establishing and developing partnerships with state and local economic development groups. This resulted in various outreach meetings to combine marketing efforts with the surrounding counties economic development and manufacturers organizations. In addition, there were coordination efforts with the Gateway Partnership, NC East Alliance, NC Southeast and the North Carolina Economic Development Partnership.

The NC GTP continues to refine and develop a diverse tenant base that is capable of growing its business, creating jobs and contributing to the State and global economy.

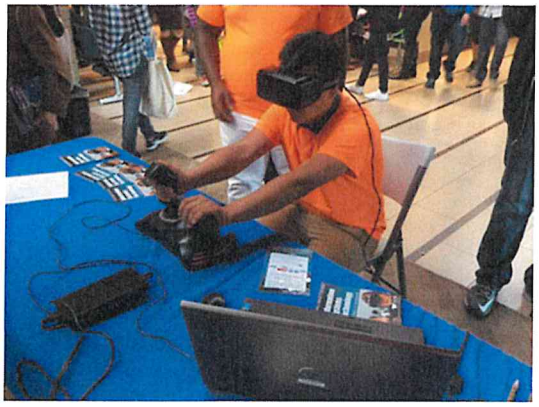
HIGHLIGHTS

The North Carolina Global TransPark served as the primary location for the eastern North Carolina Hurricane Matthew rescue and recovery efforts.

During Hurricane Matthew NC GTP housed approximately 1,000 rescue workers during the entire disaster relief operations in various locations around the airport. The NC GTP also acted as the logistical hub for first responders in eastern NC. The terminal building and surrounding area was turned into a little city, that housed the first responders, specifically boat and air crews. Additionally, NC GTP functioned as the Eastern Lenoir County Division of Highways staging area with equipment and men on a 24/7 basis for response out of the NC GTP Aircraft Rescue and Fire Fighting facility. First responders were from all over the Unites States and North Carolina. They consisted of members from the Coast Guard, National Guard, local water rescue units out of Charlotte, multiple other NC communities, and a boat and water rescue group from the state of Missouri. Members also include the State Emergency Management assets hailing from the Highway Patrol (Ground and Air), FEMA and all branches of the military. The Administrative Building as part of the Spirit AeroSystems Center of Excellence Complex served as the command center. The air operations during the disaster relief efforts were based at the NC GTP since the 11,500-foot runway is capable of handling any type of aircraft. FEMA set up its operation at the airport and housed a longer-term recovery office at the NC GTP.

Spirit AeroSystems is continuing to utilize an Antonov-124 aircraft to accommodate the demand for transporting the Airbus 350 center fuselage section being constructed at the NC GTP. For fiscal year 2017, Spirit utilized the Antonov-124 seventy-three times and generated over $132,000 in revenue for the NC GTP.

The NC GTP is partnering to host an annual Manufacturing Day featuring the NC TransPark with Lenoir County Manufacturers Association and surrounding Economic Developers. The NC GTP hosted its first Manufacturing day encompassing the reach of over 650 children from five counties (Craven, Greene, Lenoir, Jones, and Wayne) and over 60 manufacturing and industry partners to promote career awareness and their viability in eastern North Carolina.



The State Division of Aviation issued an Airfield Lighting Rehab and Improvement and Electrical Vault Relocation grant. As a result, the NC GTP awarded a contract in November to Cedar Peaks Enterprise, Inc. to complete the rehabilitation and upgrades to the airfield lighting system for relocating and updating the electrical vault. Some of the sections of the airfield lighting system date back to the original airfield construction in World War II. The FAA completed the replacement of the approach lighting system. The approach lighting system is a safety feature necessary for guiding aircraft during poor weather and low visibility. In addition to the electrical project, the Division of Aviation awarded an $8 million pavement rehabilitation grant that will concentrate on the runway and critical apron areas.

The NC GTP hosted multiple Military training exercises, the largest of those being conducted by the United States Marine Corp for several different occasions.

The NC GTP was provided with revenue and publicized support of our Armed Forces. This effort has gained a lot of interest for the NC GTP from multiple military units outside the state and gives the military a benefit of real world locations for their training. The NC GTP is slated to host a 2-week training exercise in FY 2018 for approximately 1,000 Marines. In addition to the ground training exercises, the NC GTP continues to support the military aviation training missions and has assisted in facilitating over 10,000 documented operations annually. This consists of all branches of the military and almost every type of aircraft in the military fleet.

The NC GTP successfully completed its annual Federal Aviation Administration Part 139 inspection of the airfield. Additionally, the NC GTP is working with federal and state officials to continue raising support and awareness for the Air Traffic Control Tower program. This program is vital to Kinston Regional Jetport's operations and industry recruitment for the NC GTP.

The NC GTP recently named Mr. Allen Thomas as the Executive Director. He is a native of eastern North Carolina, possesses extensive experience in business development, and is the former mayor of the City of Greenville. The NC GTP is excited about this new leadership and his vision for the future growth of the Park.

FINANCE AND ADMINISTRATION

The North Carolina Global TransPark continues to make more efficient uses of its financial and administrative practices. The NC GTP's unrestricted net position (funds that can be used for future needs) increased 12% as a result of an overall reduction in expenses. Revenues have increased by comparison to this time last year. This is a direct result of an increase in investment earnings as a result of increased savings and improved investments. Utility costs continue to be reduced; they are down 25% from the prior year.

The NC GTP will continue to work diligently towards reducing debt and operating expenses while increasing revenues by creating jobs, promoting economic development, and serving as an asset for Lenoir County, eastern North Carolina and the state of North Carolina.

Annual Audit Report

The annual audit was completed in December 2017 and the final Audit Letter was received on January 30, 2018. The results of the audit disclosed no deficiencies in internal control over financial reporting and did not reveal any instances of non-compliance or other matters that are required to be reported under *Government Auditing Standards*.

A copy of the audit is attached to this report.

BUSINESS DEVELOPMENT

Marketing

The NC GTP as part of its overall marketing effort established new partnerships and continued to foster existing relationships with Lenoir, Wayne, Craven, Greene, and Jones Counties economic development and manufacturers' organizations. These marketing efforts were extended to the regional NC East Alliance, NC Southeast and the North Carolina Economic Development

Partnership. The NC GTP will rely on these partners to help expand the sales capacity and reach a wider audience for economic development within the targeted industry clusters. The NC GTP submitted request for information proposals for establishing relationships with 17 new potential industries and future expansions.

Foreign Trade Zone

The NC GTP is a Magnet Site in Foreign Trade Zone (FTZ) #214. FTZ #214 continues to be an economic driver for the state economy within the 2016 calendar year, with $250 million-$500 million in goods shipped into the Zone. The zone also had between $176 million to $355 million in total shipments during the same time frame.

Foreign Trade Zone #214 is located at the NC GTP and offers individuals and businesses within 22-counties the opportunity to import foreign goods into a duty-free zone. The N.C. Department of Transportation (NCDOT) oversees FTZ #214. The FTZ program allows U.S.-based companies to defer, reduce, or even eliminate customs duties on products admitted to the zone, providing important benefits to businesses and industries. Some of the benefits include:

- **Customs duties and federal excise tax deferred on imports;**
- **Foreign goods and domestic goods held for export are exempt from local inventory taxes;**
- **Streamlined customs procedures ("weekly entry" or "direct delivery") that lower total entry fees;**
- **Duty/tax deferral, reduction or elimination;**
- **Transfers between zones with no duties;**
- **Reduced paperwork; and**
- **Destruction of damaged or substandard goods without paying duties on finished, manufactured product containing those components.**

Foreign Trade Zone Utilization

FTZ	Location	# of Users	Merchandise Received (in millions)	Total Shipments (in millions)	Employees
57	Mecklenburg County	1	$100-250 mil	$100-250 mil	501-750
93	Raleigh-Durham	5	$250-500 mil	$181-365 mil	2,501-3,000
214	SE North Carolina(NCGTP)	3	$250-500 mil	$176-355 mil	2,001-2,500
230	Piedmont Triad	9	$1,000-5,000 mil	$1,031-5,075 mil	2,501-3,000

Source: 2016 Annual Report of the Foreign Trade Zone Board, Appendix D

Table 1 contains FTZ utilization data from the four active North Carolina FTZ's.

PRIVATE SECTOR EMPLOYMENT

The private sector employment reported in Table 2 (below) reflects an overall increase of 110 jobs from the FY 2016 report. This is an overall increase of 349 direct jobs in the last 2 fiscal years. This number does not reflect contract employees at the park. The majority of these jobs are a result of the Spirit AeroSystems expansion. This indicates a 15% increase of jobs over the 2016 numbers and 35% increase in total payroll. The comparison in Table 6 is based on the statistics provided by the NC Department of Commerce and our tenant survey shown in Table 2. The average salary for the State is $52,513; $34,970 for eastern NC; $37,648 for Lenoir County and $48,623 for the NC GTP. Table 6 shows that the average salary at the NC GTP is approximately 7.4% lower than the State average, 34% above Eastern NC average and 29% above the Lenoir County average.

PRIVATE SECTOR EMPLOYMENT AT GLOBAL TRANSPARK, 6/30/17*

JOB CLASSIFICATIONS Provide general occupation/job classifications for permanent full-time jobs	NUMBER OF FULL TIME JOBS Number of permanent full-time jobs in each classification as of 6/30/2017	AVERAGE SALARY Average salary of permanent full-time employees in each job classification	MEDIAN SALARY Median salary of permanent full-time employees in each job classification	TOTAL PAYROLL Total payroll for all employees in each classification
A & P Mechanic	18	$86,973	$37,856	$758,622
Avionics Technician	2	$41,288	$41,288	$82,576
Cass Auditor	0	$0	$0	$0
Chief Inspector	0	$0	$0	$0
Ground Maintenance	4	$54,781	$30,514	$103,314
Inspector	6	$45,915	$44,291	$275,490
Maintenance Manager	1	$60,200	$0	$60,200
Lead A & P Mechanic	10	$101,171	$44,138	$468,939
Maintenance Training	1	$42,078	$42,078	$42,078
Parts Clerk	4	$76,378	$34,320	$145,934
Parts Manager	1	$71,698	$71,698	$71,698
Purchasing Agent	3	$114,242	$44,242	$184,242
Records Planner	4	$102,881	$52,881	$202,881
Training Manager	1	$60,715	$60,715	$60,715
Warehouse Manager	6	$99,210	$180,349	$400,439
Production Worker	483	$30,317	$60,320	$18,089,060
Technician	0	$0	$0	$0
Engineer	0	$0	$0	$0
Salaried	122	$59,071	$66,600	$8,307,176
Executive	4	$195,500	$215,000	$789,000
Warehouse Assistant Manager	2	$52,500	$105,000	$105,000
Office Manager	2	$67,500	$70,000	$135,000
President / CEO	1	$100,000	$100,000	$100,000
Sales VP	1	$100,000	$100,000	$100,000
Warehouse Workers	23	$26,686	$27,040	$613,778
Administrative Workers	2	$67,468	$67,468	$67,468
Management	45	$111,971	$228,050	$3,985,657
Pilot	86	$63,624	$0	$5,471,650
Sales/Dispatch	15	$37,520	$0	$562,800
TOTAL	847	$ 1,869,685.84	$ 1,723,848.00	$ 41,183,717.00

Table 2 – Source – NC GTP Annual Tenant Survey

PRIVATE SECTOR CHARTS AND DATA

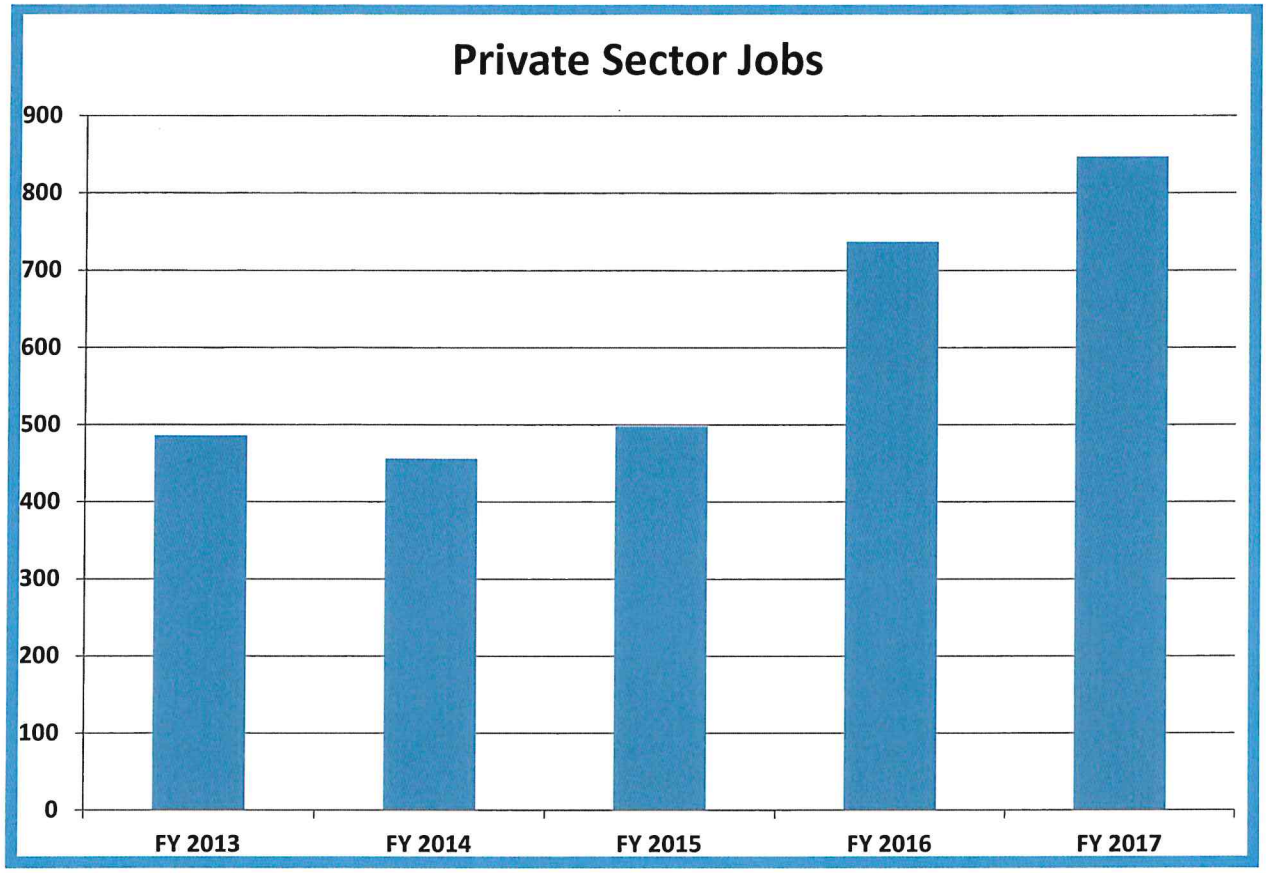


Table 3 – Source – NC GTP Annual Tenant Survey

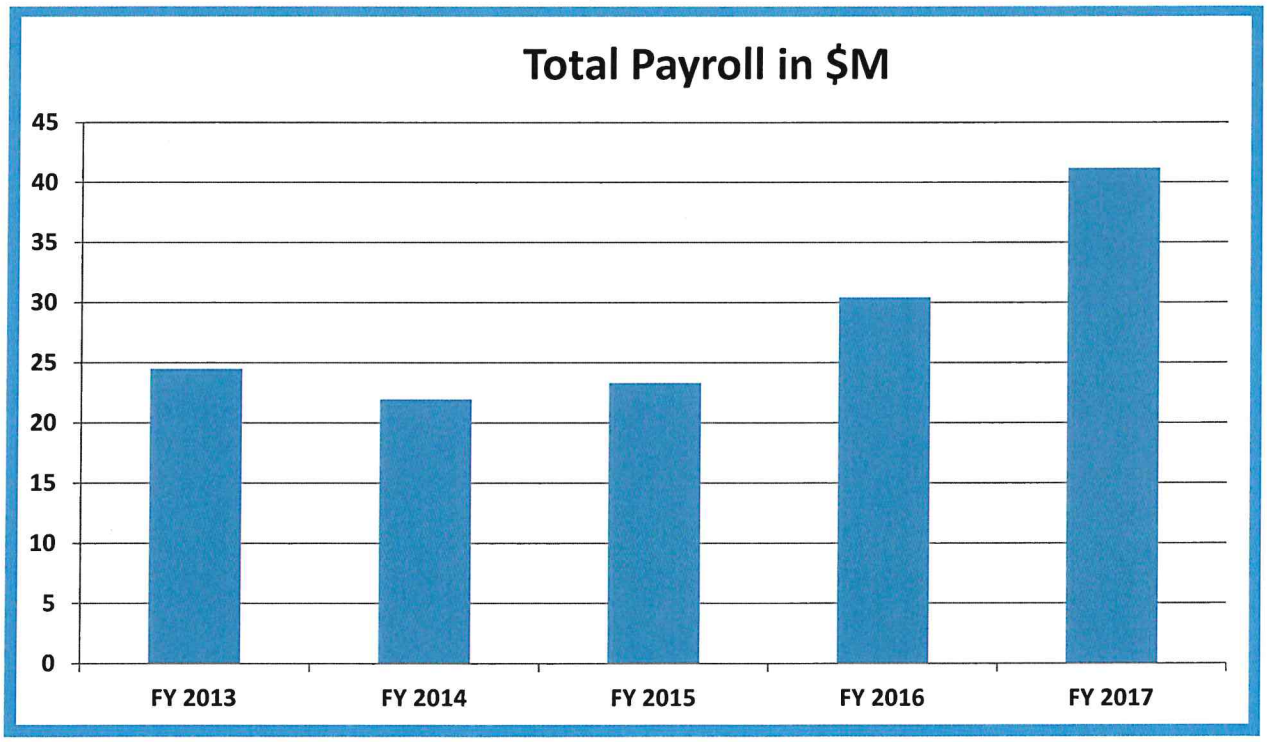


Table 4 – Source – NC GTP Annual Tenant Survey

PRIVATE SECTOR CHARTS AND DATA (CONT)

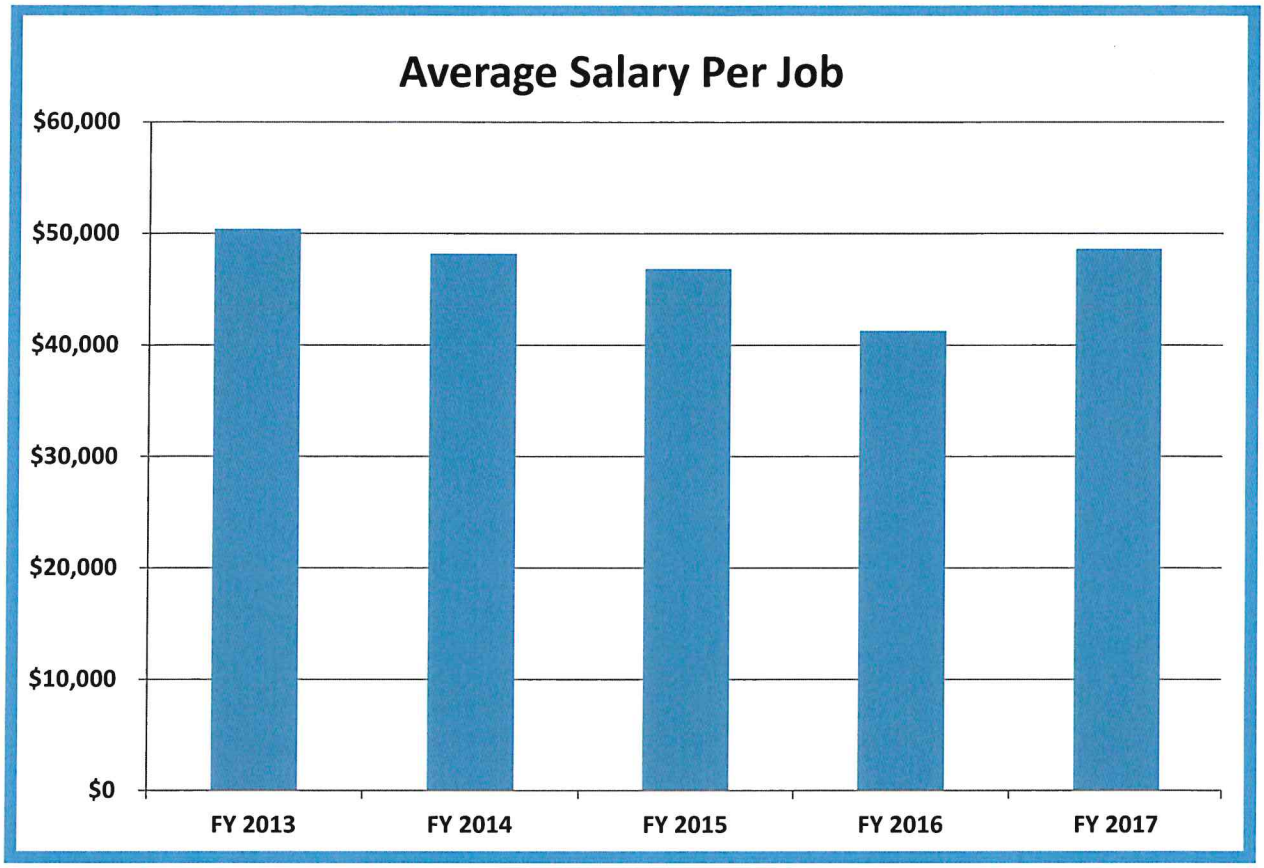


Table 5 – Source – NC GTP Annual Tenant Survey

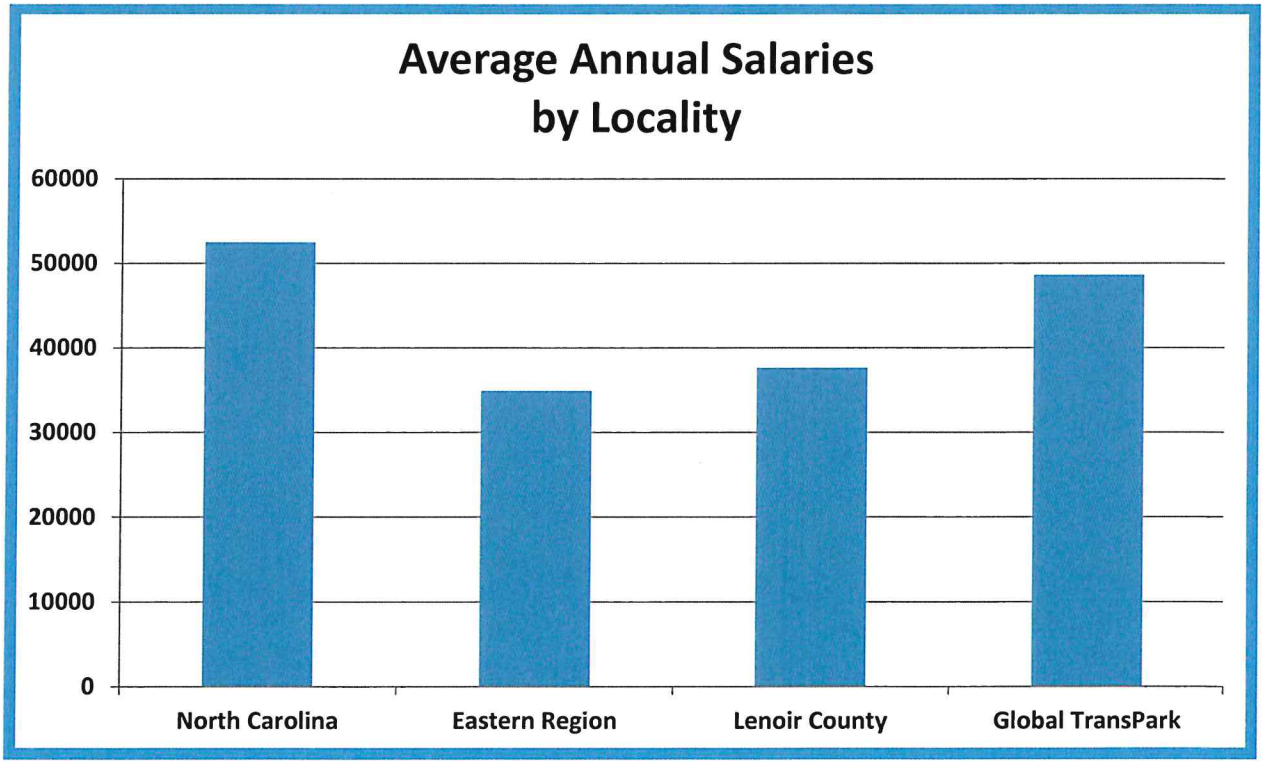


Table 6 – Source – Dept. Commerce/NC GTP Tenant Survey

NORTH CAROLINA GLOBAL TRANSPARK

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