

# NORTH CAROLINA GLOBAL TRANSPARK



## 2016 Annual Report

**Citizens of North Carolina,**

**In fiscal Year 2016 The North Carolina Global TransPark continued to focus on a number of areas that offered opportunities for the TransPark to grow and become more beneficial to the citizens of North Carolina. These efforts included a continuation of the work we began in 2014 which concentrated on:**

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

**The largest employer at the TransPark, Spirit AeroSystems a component manufacturer for the Airbus 350 aircraft saw a significant increase in employment and the FY 2015 on demand charter aircraft company – Exclusive Jets LLC saw a marked increase in aircraft and employment in FY 2016. This resulted in a 62% increase in total employment and a 41% increase in total payroll at the TransPark since FY 2014. The TransPark continued its debt reduction and restructuring, along with a variety of cost reduction measures has improved the TransPark's overall financial position.**

**The TransPark continues to implement measures to improve efficiency, provide improved customer service, and leverage existing infrastructure to contribute to job creation and economic growth at the TransPark and across the state.**



**Richard W. Barkes**  
**Interim Executive Director**



## OUR TENANTS



Henley Aviation



MJE Telestructure



exclusive jets llc



## **EXECUTIVE SUMMARY**

The TransPark continued the program it began in FY 2014 to align itself with the Governor's goal in using the three "E's" Economy, Education, and Efficiency. The TransPark undertook a number of steps in those areas to improve the TransPark's bottom line, to reduce its debt, and plan for the future with the ultimate goal of contributing to economic growth and job creation.

In FY 2016, TransPark staff negotiated a lease with a new Maintenance Repair and Overhaul (MRO) company – North State Aviation. The TransPark saw significant growth in the FY 2015 tenant Exclusive Jets, who as an on demand charter service increased their fleet of corporate jets to 20 aircraft. The TransPark has continued to support tenant growth by assisting Spirit AeroSystems as it ramped up its production for the Airbus A350, especially in product delivery by facilitating various meetings with rail operators, the Morehead City Port, and the North Carolina Department of Transportation - Division of Highways to more efficiently, and cost effectively, deliver the components to Airbus.

In FY 2016, the TransPark had another positive year in job growth rate in private sector employment over FY 2015. This resulted in a 48% increase in employment and a total of 737 employees at the TransPark. In addition to the increase in employment the TransPark saw a 32% increase in total payroll.

The TransPark concentrated on establishing and developing partnerships with state and local economic development groups. This resulted in various outreach meetings to combine marketing efforts with Lenoir, Wayne, Craven, Greene, and Jones Counties economic development and manufacturers organizations. In addition, there were coordination efforts with the regional NC East Alliance and NC Southeast and the North Carolina Economic Development Partnership.

The North Carolina Global TransPark continues to welcome frequent visits regarding Maintenance, Repair and Overhaul (MRO) operations within the aerospace industry. This global industry is expected to grow and have \$90 billion per annum impact continuing through 2025.

Finally, the TransPark has further refined and developed the efforts to build a diverse tenant base that is capable of growing its business, creating jobs and contributing to the State and global economy.

## **HIGHLIGHTS**

**The TransPark signed a lease with North State Aviation an aircraft Maintenance Repair and Overhaul (MRO) company.**



**North State Aviation is the latest tenant at the TransPark and is projected to employee 109 people by December 2017. The MRO industry is a rapidly growing industry that has been projected by Aviation Industry sources to grow by \$10 billion in the next year and over \$98 billion by 2025. This industry utilizes a skilled work force that provides salaries ranging \$40 to \$70 thousand dollars annually. The MRO industry is attracted to, and able to capitalize on, more than 15,000 exiting service members entering the regional workforce annually.**

**The TransPark is partnering with Lenoir County Manufacturers Association and surrounding Economic Developers to host a Manufacturing Day featuring the NC Global TransPark Authority.**

**Spirit AeroSystems is utilizing an Antonov 124 aircraft in an effort to ramp up supply to accommodate the demand for the Airbus 350 center fuselage section being constructed at the TransPark. Spirit began this effort in April of 2016. The Antonov used the TransPark 18 times in FY 2016 and the TransPark has collected approximately \$1,600 dollars per usage which includes airport fees and fuel sales revenue. The South Cargo apron was specifically designed for this type of activity and the TransPark's airport is only one of a few in the state that can regularly and safely accommodate this size aircraft. A secondary benefit resulting from the airport use by the Antonov is the positive economic impact of dozens of flight crew members that utilize food, shopping, motels, etc.**

**The TransPark completed the design for comprehensive airfield electrical lighting system rehabilitation and vault relocation. This project will be constructed in the next fiscal year along with an FAA replacement of the approach lighting system. The approach lighting system is a safety feature necessary for guiding aircraft during poor weather and low visibility.**

**The TransPark has made a concentrated effort to work with local middle and high schools, to promote STEM education and particularly aerospace and manufacturing career development. This effort consists of conducting and coordinating tours of the TransPark and select tenants such as:**

- **Forestry Service Flight Department - Aviation and management careers**
- **Lenoir Community College - Pilot (flight training) and airport management careers.**
- **Robinson Aviation (RVA) - Air traffic control careers**
- **North State & Spirit - Aircraft maintenance and manufacturing careers**

**Participation has reached as far as Warrenton County public schools. The TransPark has worked with NC State University, East Carolina University, and other secondary educational institutes to focus on specific tours promoting engineering, manufacturing, and management of aviation and aerospace industries.**

**The TransPark was involved in a study conducted by FEMA to determine its suitability and potential future usage as a National Disaster Center to stage resources for the east coast.**

**The TransPark successfully completed its annual Federal Aviation Administration Part 139 inspection of the airfield. Additionally, the TransPark is working with federal and state officials to establish continued support for an Air Traffic Control Tower program that is vital to Kinston Regional Jetport's operations and industry recruitment for the TransPark.**

**The TransPark hosted the Secretary of the North Carolina Department of Transportation, Secretary of the North Carolina Department of Commerce, The North Carolina Economic Development Partnership and other local, city, and county government leaders to discuss economic growth, infrastructure needs, and challenges at the Transpark.**

**The TransPark works with all branches of the military to ensure their awareness of TransPark's capability to support operations beyond aviation activities. This resulted in contracts for Army training exercise at the airport concentrating on military readiness for aviation events worldwide such as aircraft hijackings and airfield security. The USMC and Navy's special operations force began planning for several exercises to take place in FY 2017. The TransPark continues to support the military aviation training mission and had over 10,000 documented operations annually, consisting of all branches of the military and almost every type of aircraft in the military fleet.**

## **FINANCE AND ADMINISTRATION**

The TransPark continues to make more efficient uses of its financial and administrative practices. The TransPark's unrestricted net position (funds that can be used for future needs) increased 17% as a result of an overall reduction in expenses. The current assets increased 19% due to the overall reduction in expenditures and the total liabilities decreased by 3% mainly due to principal payments on outstanding debt. The TransPark also realized a 28% reduction in interest and fees on debt which was due to an aggressive payoff plan and the refinancing of notes payable.

The TransPark will continue to work diligently towards becoming self-sufficient by continuing to reduce debt and operating expenses while increasing revenue by creating jobs and promoting economic development for North Carolina.

### **Annual Audit Report**

The annual audit was completed in December 2016 and the final Audit Letter was received on February 24, 2017. 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 TransPark as part of its overall marketing effort established new partnerships and fostering 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, NC Southeast and the North Carolina Economic Development Partnership. The TransPark will rely on these partners to help expand the sales capacity and reach a wider audience for economic development. The TransPark submitted proposals for establishing relationships with 11 new potential industries for future expansion.

TransPark participated in NC State University College of Design study. The purpose of the study was to increase economic development opportunities through adaptive reuse of the initial visions, assets from local and surrounding communities that may enhance the TransPark's current features and in turn make the TransPark more attractive to new industries. The TransPark

presented an intermodal project for the West Pharmaceutical site to the Counsel of Development Finance Agencies (CFDA) Brownfields Technical Assistance Program. The TransPark is working with East Carolina University to develop information suggested by the CDFA.

## **Foreign Trade Zone**

The TransPark is a Magnet site in Foreign Trade Zone (FTZ) #214. FTZ #214 continues to be an economic driver for the state economy with \$250 million-\$500 million dollars in goods shipped into the Zone during the 2015 calendar year.

Foreign Trade Zone #214 is located at the TransPark 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 | 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          | \$115-185 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      | \$1,035-5,080 mil             | 2,501-3,000 |

*Source: 2015 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 239 jobs from the FY 2015 report. This is the direct result of Spirit AeroSystems hiring additional production personnel and the addition of North State Aviation and the Exclusive Jets expansion. This indicates a 48% increase of jobs over the 2015 numbers and 32% increase in payroll. Overall, the park has seen a 61% increase in jobs since FY 2014 and a 40% increase in payroll. The comparison in Table 6 is based on the statistics provided by the NC Department of Commerce and out tenant survey shown in Table 2. The average salary for the State is \$56,610; \$44,780 for eastern NC; \$41,915 for Lenoir County and \$59,859 for the TransPark. Table 6 shows that the average salary at the TransPark is approximately 6% higher than the State average, 34% above Eastern NC average and 43% above the Lenoir County average.

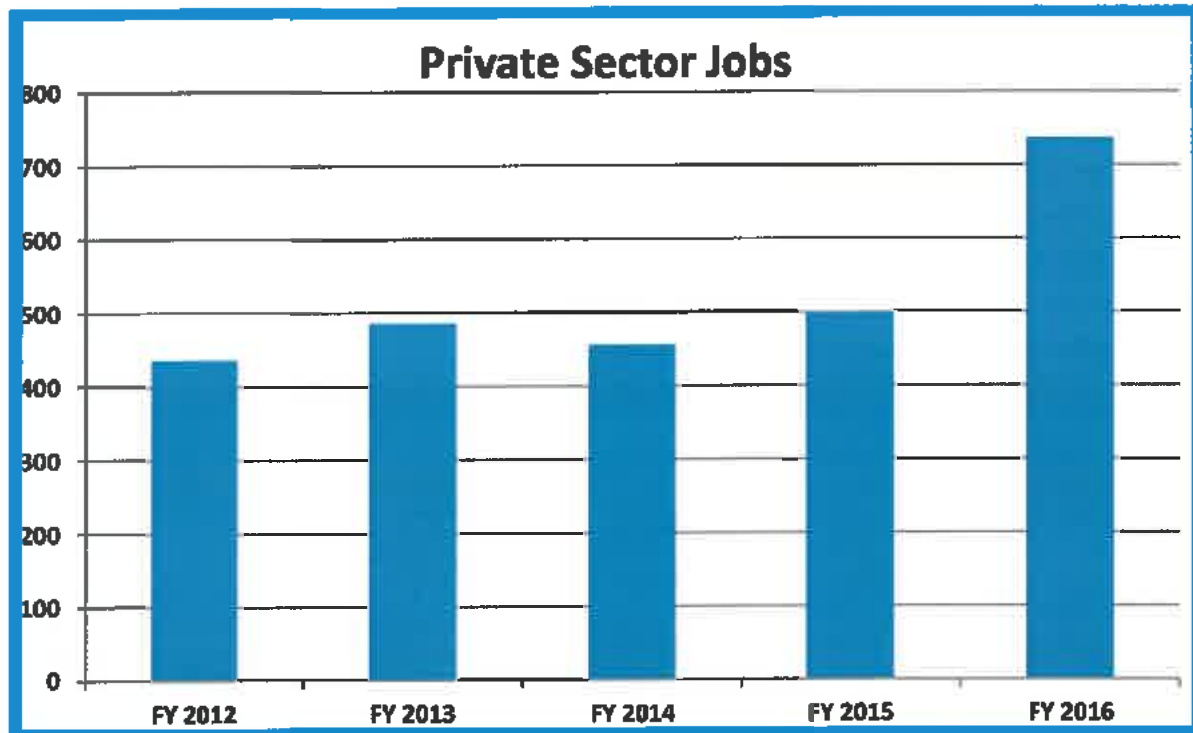
| PRIVATE SECTOR EMPLOYMENT AT GLOBAL TRANSPARK, 6/30/16*                                            |                                                                                                       |                                                                                              |                                                                                            |                                                                         |
|----------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------|-------------------------------------------------------------------------|
| JOB CLASSIFICATIONS<br>Provide general occupation/job classifications for permanent full-time jobs | NUMBER OF FULL TIME JOBS<br>Number of permanent full-time jobs in each classification as of 6/30/2015 | AVERAGE SALARY<br>Average salary of permanent full-time employees in each job classification | MEDIAN SALARY<br>Median salary of permanent full-time employees in each job classification | TOTAL PAYROLL<br>Total payroll for all employees in each classification |
| A & P Mechanic                                                                                     | 24                                                                                                    | \$ 37,100.00                                                                                 | \$ 37,100.00                                                                               | \$ 890,400.00                                                           |
| Avionics Technician                                                                                | 1                                                                                                     | \$ 42,000.00                                                                                 | \$ 42,000.00                                                                               | \$ 42,000.00                                                            |
| Cass Auditor                                                                                       | 0                                                                                                     | \$ -                                                                                         | \$ -                                                                                       | \$ -                                                                    |
| Chief Inspector                                                                                    | 0                                                                                                     | \$ -                                                                                         | \$ -                                                                                       | \$ -                                                                    |
| Ground Maintenance                                                                                 | 2                                                                                                     | \$ 27,000.00                                                                                 | \$ 27,000.00                                                                               | \$ 54,000.00                                                            |
| Inspector                                                                                          | 6                                                                                                     | \$ 44,000.00                                                                                 | \$ 44,000.00                                                                               | \$ 264,000.00                                                           |
| Maintenance Manager                                                                                | 2                                                                                                     | \$ 78,000.00                                                                                 | \$ 78,000.00                                                                               | \$ 156,000.00                                                           |
| Lead A & P Mechanic                                                                                | 0                                                                                                     | \$ -                                                                                         | \$ -                                                                                       | \$ -                                                                    |
| Maintenance Training                                                                               | 1                                                                                                     | \$ 40,000.00                                                                                 | \$ 40,000.00                                                                               | \$ 40,000.00                                                            |
| Parts Clerk                                                                                        | 3                                                                                                     | \$ 33,000.00                                                                                 | \$ 33,000.00                                                                               | \$ 99,000.00                                                            |
| Parts Manager                                                                                      | 1                                                                                                     | \$ 68,000.00                                                                                 | \$ 68,000.00                                                                               | \$ 68,000.00                                                            |
| Purchasing Agent                                                                                   | 1                                                                                                     | \$ 42,000.00                                                                                 | \$ 42,000.00                                                                               | \$ 42,000.00                                                            |
| Records Planner                                                                                    | 1                                                                                                     | \$ 52,000.00                                                                                 | \$ 52,000.00                                                                               | \$ 52,000.00                                                            |
| Training Manager                                                                                   | 1                                                                                                     | \$ 60,000.00                                                                                 | \$ 60,000.00                                                                               | \$ 60,000.00                                                            |
| Warehouse Manager                                                                                  | 3                                                                                                     | \$ 75,500.00                                                                                 | \$ 75,500.00                                                                               | \$ 226,500.00                                                           |
| Production Worker                                                                                  | 459                                                                                                   | \$ 32,803.33                                                                                 | \$ 32,184.00                                                                               | \$ 15,056,730.00                                                        |
| Technician                                                                                         | 0                                                                                                     | \$ -                                                                                         | \$ -                                                                                       | \$ -                                                                    |
| Engineer                                                                                           | 0                                                                                                     | \$ -                                                                                         | \$ -                                                                                       | \$ -                                                                    |
| Salaried                                                                                           | 92                                                                                                    | \$ 68,891.85                                                                                 | \$ 66,925.00                                                                               | \$ 6,338,050.20                                                         |
| Executive                                                                                          | 5                                                                                                     | \$ 187,250.00                                                                                | \$ -                                                                                       | \$ 936,250.00                                                           |
| Warehouse Assistant Manager                                                                        | 1                                                                                                     | \$ 50,000.00                                                                                 | \$ 50,000.00                                                                               | \$ 50,000.00                                                            |
| Office Manager                                                                                     | 1                                                                                                     | \$ 70,000.00                                                                                 | \$ 70,000.00                                                                               | \$ 70,000.00                                                            |
| President / CEO                                                                                    | 2                                                                                                     | \$ 95,000.00                                                                                 | \$ 90,000.00                                                                               | \$ 190,000.00                                                           |
| Sales VP                                                                                           | 1                                                                                                     | \$ 100,000.00                                                                                | \$ 100,000.00                                                                              | \$ 100,000.00                                                           |
| Warehouse Workers                                                                                  | 20                                                                                                    | \$ 24,000.00                                                                                 | \$ 21,000.00                                                                               | \$ 480,000.00                                                           |
| Administrative Workers                                                                             | 44                                                                                                    | \$ 41,002.00                                                                                 | \$ 56,732.00                                                                               | \$ 1,804,088.00                                                         |
| Management                                                                                         | 6                                                                                                     | \$ 84,093.25                                                                                 | \$ 76,662.50                                                                               | \$ 504,559.50                                                           |
| Pilot                                                                                              | 52                                                                                                    | \$ 50,342.00                                                                                 | \$ 51,840.00                                                                               | \$ 2,617,784.00                                                         |
| Sales/Dispatch                                                                                     | 8                                                                                                     | \$ 34,625.00                                                                                 | \$ 31,500.00                                                                               | \$ 277,000.00                                                           |
| <b>TOTAL</b>                                                                                       | <b>737</b>                                                                                            | <b>\$ 59,858.64</b>                                                                          |                                                                                            | <b>\$ 30,418,361.70</b>                                                 |

\*NOTES:

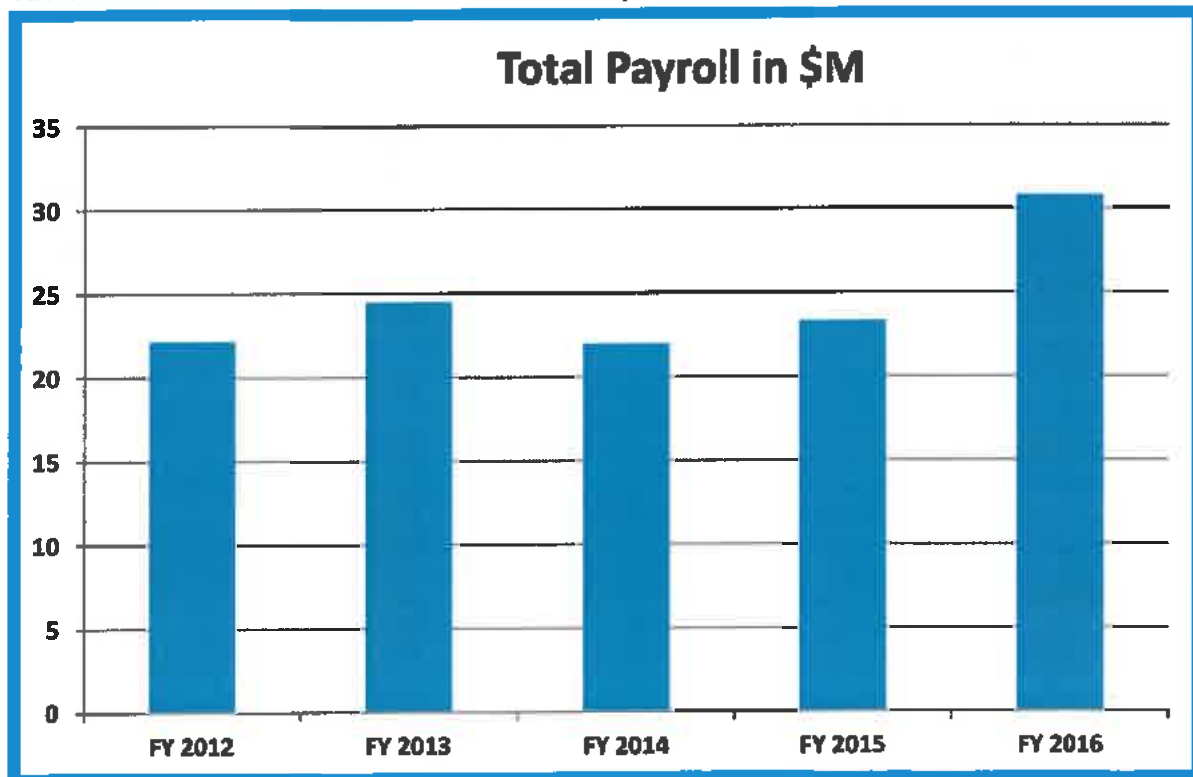
1) Data collected from annual survey of GTP private sector employers.

Table 2 – Source – TransPark Annual Tenant Survey

## **PRIVATE SECTOR CHARTS AND DATA**



**Table 3 – Source – TransPark Annual Tenant Survey**



**Table 4 – Source – TransPark Annual Tenant Survey**

## **PRIVATE SECTOR CHARTS AND DATA (CONT)**



Table 5 – Source – TransPark Annual Tenant Survey

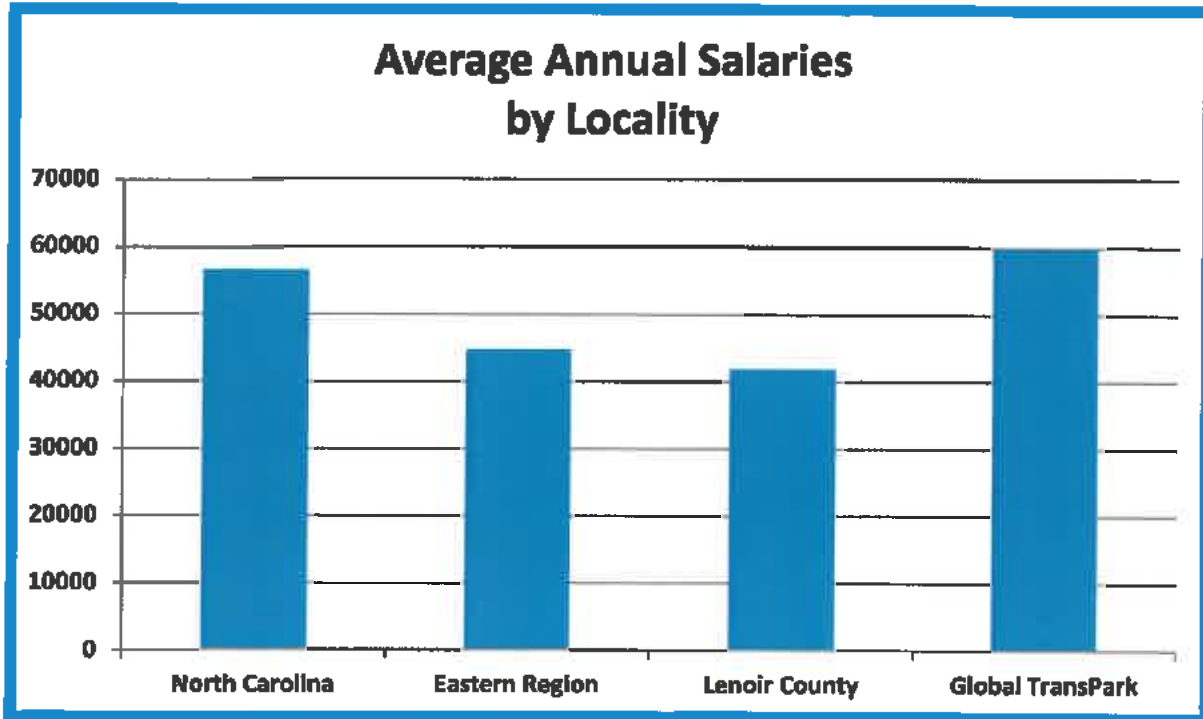


Table 6 – Source – Dept. Commerce/TransPark Tenant Survey



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