

# **NORTH CAROLINA GLOBAL TRANSPARK AUTHORITY STRATEGIC PLAN**

## **VISION STATEMENT**

**THE NORTH CAROLINA GLOBAL TRANSPARK WILL BE A STRATEGIC LOCATION FOR GLOBAL BUSINESSES ENGAGED IN AEROSPACE, ADVANCED MANUFACTURING, LOGISTICS AND RELATED SECTORS**

## **INTRODUCTION**

North Carolina Global TransPark (“GTP”), the 2,500 acre aerospace, logistics and industrial complex owned by the State of North Carolina and overseen by the North Carolina Global TransPark Authority, meets essential 21<sup>st</sup> century business needs of manufacturers and logistics service providers in today’s global economy by providing shovel-ready sites and pre-zoned land with all infrastructure and multi-modal transportation resources in place for companies that rely on coordinated logistics of air, marine, rail and ground transportation.

For nine of the past ten years, North Carolina has ranked number one as the state with the Best Business Climate, according to *Site Selection* magazine (November, 2010 issue). Also in the November issue, the annual survey of corporate real estate executives reveals the top ten factors, ranked by importance, that they consider when making site location decisions for relocating or expanding businesses. The GTP, as a state-owned business park with shovel-ready sites and centrally located on the East Coast of the United States, provides business support which matches well with the top ten factors that businesses are seeking. Since its inception, the GTP has worked tirelessly to implement these and many other attributes to attract business and industry to North Carolina.

<b>2010 Top Ten Factors - <i>Site Selection</i> survey</b>	<b>GTP Site Features</b>
<b>1. Work force skills</b>	<ul style="list-style-type: none"><li>• Skilled workforce</li><li>• Onsite education and training facility for workforce development</li><li>• Lenoir Community College on-site composites training program in place</li><li>• Close proximity to seven military bases which are growing in size and producing new skilled workforce members as military personnel retire</li></ul>
<b>2. State and local tax scheme</b>	<ul style="list-style-type: none"><li>• Property tax exemption on facilities owned by the GTP</li><li>• State tax incentives for businesses meeting statutory requirements</li><li>• Local tax incentives may be negotiated by</li></ul>

	companies
<b>3. Transportation infrastructure</b>	<ul style="list-style-type: none"> <li>• Airport with 11,500 foot runway, an ongoing upgrade to Category III Instrument Landing System (ILS), and FAA-operated control tower</li> <li>• Access to multilane highway and access to multiple interstate highways</li> <li>• Proximity to two North Carolina seaports.</li> <li>• Direct rail and highway access to NC Port. (Rail connection scheduled completion in November, 2011)</li> </ul>
<b>4. Flexibility of incentive programs</b>	<ul style="list-style-type: none"> <li>• Incentives are available from multiple sources such as state and local government, non-profits, the GTP and its Foundation</li> </ul>
<b>(Tie)5. Availability of incentives</b>	<ul style="list-style-type: none"> <li>• Incentives for new jobs and capital investments</li> </ul>
<b>(Tie)5. Utility infrastructure</b>	<ul style="list-style-type: none"> <li>• Industrial sites that are shovel ready with electric, natural gas, water and sewer utilities</li> <li>• Solar energy provider under contract</li> <li>• High-speed, redundant fiber optic backbone/secure data transmission</li> </ul>
<b>7. Land/building costs and supply</b>	<ul style="list-style-type: none"> <li>• 2,500- acre park</li> <li>• Build-to-suit facilities for tenants from 20,000 square feet up to 600,000 square feet, or more.</li> <li>• Reasonable building costs and lease rates</li> </ul>
<b>8. State economic development strategy</b>	<ul style="list-style-type: none"> <li>• Governor's Office committed to recruitment and growth of business and industry.</li> <li>• NC Department of Commerce Certified Site status (pending)</li> </ul>
<b>9. Permitting and regulatory structure</b>	<ul style="list-style-type: none"> <li>• Master Plan and protective zoning in place that is managed by the GTP</li> <li>• Environmentally permitted land available for development</li> <li>• GTP is grantee of Foreign Trade Zone # 214</li> </ul>
<b>10. Higher education resources.</b>	<ul style="list-style-type: none"> <li>• Presidents of the State's university system and the State's community college system are members of the GTP Authority, the oversight board.</li> <li>• GTP has an active Academic Committee which partners with universities and community colleges, both private and public.</li> <li>• Several universities and community colleges in the State with advanced manufacturing, aviation/aerospace, logistics, and research programs are partners with the GTP.</li> </ul>

The GTP was planned as a manufacturing and logistics hub to invigorate the economy of Eastern North Carolina, unlocking the resources and potential of the region through access to global markets, much as the railroad did almost a century earlier by providing improved access to the Northeast. Like the Research Triangle Park before it, the GTP was designed by the State to attract businesses to North Carolina by creating a planned business park. Located between the established Raleigh-Durham growth epicenter and the emerging coastal region, the GTP is developing an industrial cluster by leveraging the regional labor force and concentrating firms at a centralized location.

The GTP has taken a significant step toward those goals with the July 1, 2010 opening of Spirit AeroSystems' ("Spirit") 600,000 square foot leading-edge composites manufacturing facility on a 304-acre site.<sup>1</sup> Based on its current order portfolio, by 2014, Spirit, the largest tier one airframe supplier for Airbus and Boeing,<sup>2</sup> will create more than 1,000 jobs which pay well above the regional average. The GTP efforts will concentrate on further strengthening specialized training programs, planning research and testing facilities for future tenants and, most immediately, laying the groundwork for recruiting additional industrial tenants that can benefit from existing and planned resources once business investment resumes after the ongoing economic crisis.

The GTP represents an investment of seed capital from state, federal, local and private sources, which has been supported by the last four governors.<sup>3</sup> The TransPark was originally envisioned as a "big push" infrastructure-led regional development effort focused on logistics. The actual investments from federal, state, local and private sources have been more modest and more gradual, however, than the \$400 million investment first envisioned for the project in 1990. Since the State established the GTP in 1991, approximately \$61 million for infrastructure and operations has been directly appropriated to the agency, an average appropriation of approximately \$3 million annually. To implement the decade-plus Transportation Improvement Program plan (TIP), an additional \$32.4 million was allocated for the roads and rail spur to the GTP. As a result, the GTP growth has been more incremental.

Incremental progress is a proven technique in North Carolina. The Research Triangle Foundation describes the decades required for the success of its Research Triangle Park (RTP):

A final, and less quantifiable, factor contributing to the Park's success has been the long-term commitment of leadership at all levels. When the Park's founders established the Park, they recognized that the benefits of their investment could take decades to come to fruition. They also recognized that many of the investments they made would spur secondary and tertiary effects that would also

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<sup>1</sup> GTP at a Glance and Development Highlights are found in Appendix A and B.

<sup>2</sup> A report by N.C. State University's Brown, Narron & Watts, "Ready to Soar: Aviation & Aerospace in North Carolina" (2007), p. 15, describes the benefits of the GTP for aviation and aerospace companies: "*Of special note are the Piedmont Triad Airport in Greensboro and the **Global TransPark in Kinston**. These are attractive locations with long runways, limited congestion, room for expansion, and education resources to help transition displaced workers through targeted training. What they offer prospective aviation and aerospace tenant companies are turnkey industrial sites with exemplary support and training services. What these locations offer the state is an opportunity to link these regions' economic futures to a growing, technology-based global sector that can catapult the regions beyond their traditional industrial past.*"

<sup>3</sup> For a more detailed history of the GTP, please refer to Development Highlights at Appendix B.

strengthen the State and region. Throughout its existence, the Park's leadership, local elected leadership, and populace as a whole, have understood that the vision of the Park's success was a long-term one.<sup>4</sup>

This strategy of long-term commitment is also recognized as the basis for success in those states with top business climates. In the November, 2010 *Site Selection* magazine article, "One Piece at a Time," Mark Arend states, "Patience and perseverance mark the business-climate strategies of this year's top ranked states. Every project matters, and every policy that encourages capital investment also matters, as governors in the southern U. S. can attest."

Much as a mall developer provides significant discounts to a small number of select anchor tenants, the State in its development of the GTP recognizes the continuing need for incentives which will diminish as the GTP tenant base increases. A recent example is the State's use of GTP's assets as incentives which formed the impetus for the decision by Spirit to locate at the GTP. The GTP assets as incentives included a 304-acre site leased for \$100 annually for up to 100 years, as well as priority use of the training center until June 30, 2020, at no cost. As further discussed, the State will reap millions of dollars directly in the form of an increased tax base, which would not have occurred without Spirit having located in North Carolina.

The State portion of the investment is already being repaid with increased prosperity for the region and State, resulting in a larger tax base.<sup>5</sup> According to a recent Economic Impact Analysis<sup>6</sup> prepared by the North Carolina Department of Commerce, current tenant operations at the GTP contribute \$27.5 million *annually* to the gross domestic product of the 13-county GTP Region, including \$16.3 million in additional tax revenues from construction, tenant and local/state operations which would not otherwise be generated for state and local government. Statewide, the current total economic impact from GTP tenant operations is an estimated \$52.9 million *annually*. Beginning in 2014, the statewide economic impact from existing tenants at the GTP will increase to an estimated \$583.9 million *annually*. The future tax revenues from existing GTP tenant operations and expected future Spirit operations will increase to an estimated \$26.2 million. Ongoing industrial recruitment will increase both employment and total net revenue.

By providing facilities, infrastructure and an overall friendly business climate, the GTP will continue to attract industries with high paying jobs to North Carolina.<sup>7</sup> The State's infrastructure investment at the GTP is reaping the desired benefit for North Carolina's economy.

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<sup>4</sup> "Research Triangle Park: Evolution and Renaissance," by Rick L. Weddle, et al., Research Triangle Foundation of North Carolina, June 2006 Presentation to the IASP World Conference.

<sup>5</sup> The GTP funding summary which includes information about investments from federal, state and local government, and private entities is found in Appendix C.

<sup>6</sup> The statewide economic impact estimate includes the amount of production, compensation and profit of the GTP and its tenants, as well as the direct and indirect economic impacts. The complete Economic Impact Analysis is attached as Appendix D.

<sup>7</sup> Area Development Online's 24<sup>th</sup> Annual Corporate Survey, available at [www.areadevelopment.com](http://www.areadevelopment.com), ranks a number of factors important to site selectors that the GTP features including labor costs and laws, tax issues, expedited permitting and the availability of land and buildings.

# **NORTH CAROLINA GLOBAL TRANSPARK AUTHORITY**

## **STRATEGIES**

### **SHORT-TERM**

**(Years 1 - 5)**

## **FINANCIAL**

The expectation of a cash return on investment for the GTP, a state agency, is an anomaly since most state agencies are not expected to generate cash returns. State investments in the GTP via appropriations, as summarized at Appendix C, or the Escheat Fund investment have already realized a return through job creation and capital investments. The GTP will continue to adhere to financial strategies that feature effectiveness, efficiency, and accountability.

### **Escheat Fund Investment**

As a start-up state agency, the GTP needed seed money to not only start required environmental work once the site was chosen, but also to begin acquiring land and facilities that were needed to create the air cargo complex. Dr. Kasarda's concept paper's 1990 cost estimate<sup>8</sup> of up to \$400 million for building the basic complex exclusive of private investment necessitated direct state appropriations, or other financing arrangements, for capital and development expenses. To address some of the financing requirements for the basic public infrastructure, the GTP entered into an agreement in August 1993 with State Treasurer Harlan Boyles through which the Treasurer invested \$25 million from the Escheat Fund by acquiring secured notes from the GTP. According to statutory requirements initially passed in 1994, the GTP was to repay the Escheat Fund within five (5) years (by September 1, 1999), and the General Assembly was to remit any portion remaining unpaid in 1999 by appropriating that amount to the Escheat Fund. (N.C.G. S. §147-69.2(b) (11)(1994)). The original deadline has been extended by the General Assembly, and the legislative branch has made it clear that the GTP must have a practical plan for repayment of the debt.

The loan from Treasurer Boyles was an actual financial investment of \$22.5 million in this state project; the investment was used, as follows<sup>9</sup>:

- Acquired 4,457 acres of land; 3,517 acres are non-revenue producing environmental conservation land, a requirement from the US Army Corps of Engineers in exchange for the 404 environmental permit.
- Built three (3) facilities totaling 191,112 square feet at the GTP; these facilities are 100% leased and generate annual gross revenues of approximately \$600,000. These revenues are used to supplement the GTP's operations.

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<sup>8</sup> History and Background of the GTP and a copy of Dr. Kasarda's concept paper is attached as Appendix B.

<sup>9</sup> See Appendix F- Escheat Fund Data

- Infrastructure or “soft costs” required of any developer of this type project (e.g., wetlands mitigation, surveys, title work, etc.). Also called “developer’s equity,” these funds were necessary to launch this project and carry out the objectives of the state legislature in creating this state agency.

Because of the Escheat Fund balance, the GTP faces several challenges that raise investor concerns and limit its ability to focus on its mission.

### **Escheat Fund – GTP Board Members Discussion with Treasurer**

The GTP’s leadership and advisors will consult with the State Treasurer as soon as practicable to discuss a proposed schedule to restructure the GTP debt associated with the Escheat Fund investment. The interest rate over the life of the loan has ranged from a low of 3.7% to a high of 13%, with an average of approximately 7.6% (See Appendix F – Escheat Fund Data).

In order for the GTP to meet its obligation, there needs to be a long-term arrangement regarding repayment of this debt by the GTP, the General Assembly, or some other arrangement be made. Listed below are options to consider:

**Option 1.** Through its mission to create jobs and capital investments made at the TransPark (directly and indirectly), the GTP has returned the Escheat Fund investment to the State many times over. The assets acquired with funds from the Escheat Fund have value. Recognition should be given for the various assets acquired. Given the documented positive economic impact that past investment has generated for the State as a whole – especially the economically challenged Eastern Region – strong consideration should be given to the fact the debt repayment has already been satisfied.

The following chart shows the \$21.7 million capital investment has materialized to an investment of the GTP today to be more than \$300 million.<sup>10</sup> The Spirit site alone is a State asset that has a value of more than \$200 million at June 30, 2010. The real value of \$300 million today, less \$44 million of obligations, generates annual tax revenues of \$16.3 million with a statewide economic impact of \$52.9 million; in 2014 the annual tax revenues will increase to \$26.2 million with a statewide economic impact of \$583.9 million from existing tenants.

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<sup>10</sup> Although state-owned assets are non-taxable, the GTP has requested Lenoir County prepare a property tax assessment of the TransPark to determine a property tax value that can be used as another method of valuation.

GTP Assets		Escheat Fund Investment	GTP- Other1	GTP- Other2	GTP- Other3	Total
Buildings-	N. Cargo, T-Hangars, GTP-1	\$ 7,552,272		\$ 446,174	\$ 536,332	\$ 8,534,778
Land -	Conservation	3,663,316	1,772,519	1,756,864		7,192,699
Land -	Airport, Industrial Land	3,057,584	4,597,119	17,116,801	44,445,874	69,217,378
Land -	Industrial Park Land (Spirit)	4,520,345	324,253	162,836,827	33,025,819	200,707,244
Land -	Training Center Land	212,008	54,297	7,422,540	1,069,546	8,758,391
Land -	Other Industrial Land Sites	219,561	1,383,209	1,873,678		3,476,448
Land/Other-	Airport Runway Protection Zone, wetlands mitigation, surveys, titles, etc., on land not acquired	2,516,866	7,088			2,523,954
		<u>\$ 21,741,952</u>	<u>\$ 8,138,485</u>	<u>\$ 191,452,884</u>	<u>\$ 79,077,571</u>	<u>\$ 300,410,892</u>
<b>Legend</b>						
GTP-Other1	Land and Intangible Assets					
GTP-Other2	Buildings, Construction in Process, and Equipment					
GTP-Other3	Landing Field & Grounds, Roads, Rail, Water & Sewer, Gas Line					

Should Option 1 not be considered a viable option, the following options are offered for consideration:

**Option 2.** Set the interest rate to 0% and forgive the accrued interest. The Treasurer has authority to set the interest rate. Having a 0% rate would enable the GTP to offer the following based on the principal amount in lieu of the amount owed as of October 31, 2010, a total of \$39,101,512; the principal amount of the loan is \$21,741,952 and accrued interest is \$17,359,560.

**Option 2A.** The investment in performing environmental work has resulted in the GTP receiving a 404 environmental permit from the United States Army Corps of Engineers that encompasses 5,775 acres. With this permit, the GTP is allowed to impact 871 acres of wetlands for development, since so many more acres of wetlands and natural areas have been preserved. Having this environmental permit enables the agency to set up a mitigation banking instrument (MBI) to sell credits to entities, such as the NC Department of Transportation. Once the MBI is established, any mitigation credits sold could be used to offset the loan balance to the Escheat Fund.

**Option 2B.** The industrial site where Spirit is located was used as an incentive for job creation by the State to attract the anchor tenant. The GTP receives \$100 annually for the 304-acre site. Fair market value would dictate land lease revenues of approximately \$1.3 million annually. It is recommended that consideration should be given to credit the Escheat Fund for the present value of the 100-year lease term, valued at approximately \$27.6 million, as shown in the chart below, using a 5% interest rate:



<b>Potential Revenue from 304 Acres Leased to Spirit AeroSystems</b>	
Land in Square Feet	13,242,240
Market Land Lease Rate (per square foot)	\$0.10
<b>Potential Annual Revenue</b>	<b>\$1,324,224</b>
<b>Present Value of Revenue over 100-year Lease Term</b>	<b>\$27,597,233</b>

**Option 2C.** Reduce the debt by transferring equity to the Treasurer as an offset against the loan balance. By utilizing this method, the GTP would be satisfying its debt with these infrastructure-investment assets by transferring these improved assets from the GTP to the Treasurer. Assets transferred would include \$7.5 million of the Escheat Fund which was invested in income-producing properties (buildings) that are generating revenues; \$8.4 million investment in conservation land, industrial park land incentivized to Spirit AeroSystems (subject to existing contracts), and training center land. The total amount transferred to the Treasurer would be \$15.9 million. Although the GTP would no longer own these assets and obligations, the agency would continue its mission and operate independently.

Costs incurred in the amount of \$.7 million used for the public infrastructure investment on assets not acquired (including wetlands mitigation and developer's soft costs, such as surveys, titles, etc.) would remain with the GTP. Additionally, the airport land, including the runway protection zone, and the GTP -1 industrial site (acquired at a principal loan amount of \$5.1 million) would remain on the GTP's balance sheet to be used as income-producing property.

The GTP could then make payments on the remaining \$5.8 million debt from the net cash flow from the income-producing properties (buildings), which are being used to supplement GTP operations. The net cash flow is the remainder of the income after operating costs has been paid. This method of repayment could be made over time directly to the Escheat Fund.

It should be noted that the financial plan does not take this option into consideration; using the net cash flow to repay the debt would have a negative impact on GTP operations.



The chart below summarizes the scenarios described in Option 2C, showing the GTP's principal obligation to the Treasurer being reduced to \$5.8 million.

	GTP	Treasurer	Total
Escheat Principal Balance	\$21,741,952	\$0	\$21,741,952
Buildings- N. Cargo, T-Hangars, GTP-1		\$7,552,272	
Land - Airport, Industrial Land, RPZ	\$5,137,646		
Land - Conservation*, Spirit Ind'l		\$8,395,669	
Land, Training Center			
Land/Other- Wetlands mitigation, surveys, titles, etc., on land not acquired	\$656,365		
	\$5,794,011	\$15,947,941	\$21,741,952
*Subject to Army Corps of Engineers/Treasurer approval			

There are a number of ongoing operations in the state budget for programs with a legislatively authorized public purpose, but is not cash flow self-sufficient, instead providing a public benefit in return for the investment. The public benefits of this state-run program, such as job creation/lower unemployment, increased standard of living, lower cost to the State for social services, lower unemployment benefits costs, higher consumer spending, etc., are of much higher value than the initial cost of the public investment.

### **Other Investments**

Additionally, the GTP has entered cost-sharing partnerships and joint ventures with federal agencies, local governments, and private partners to finance other infrastructure needs of the project. In some cases, these arrangements created obligations for the GTP in return for the co-investments. As an example, the grants received from the Federal Aviation Administration (FAA) for airport improvements and the U. S. Economic Development Administration (EDA) for the training facility each carry a 20-year obligation, for the airport and training facility to retain their current public use during the period of obligation.

### **Definition of Self-Sufficiency**

In addition to the Governor's charge to the Board, the NC General Assembly, via Session Law 2010-31, Section 28.3(a) states, "The Board of Directors of the Global TransPark Authority shall report on or before December 31, 2010, to the House Appropriations Subcommittee on Transportation and the Senate Committee on Appropriations on Department of Transportation on the Authority's strategic, business, and financial plans. The report shall include the Authority's proposed schedule to achieve financial self-sufficiency and proposed schedule to repay to the Escheat Fund the investment authorized under N.C.G.S. 147-69.2(b)(11) and any accumulated

interest, both of which totaled thirty-seven million seven hundred ninety-eight thousand eight hundred ninety-eight dollars and fifty cents (\$37,798,898.50) as of March 31, 2010.”

The GTP is identified as a state agency in N.C.G.S.63A. As such a standard operational model would be for the agency to have a recurring operating budget. Using this model, the GTP could operate with recurring appropriations and be considered self sufficient, exclusive of capital needs. Below is a summarization of GTP funding received since the 2001-2002 fiscal year with the number of full time equivalent (FTE) personnel. It should be noted that despite the reduction in funding during the last decade, the GTP has made continual progress in its economic development mission. Since 2001-2002, the GTP’s state operating appropriations have been reduced by approximately 48%, causing an approximate 46% reduction in FTE personnel, as well as a reduction in operating costs.

<b>Fiscal Year</b>	<b>Operations</b>	<b>Capital*</b>	<b>Full-Time** Personnel</b>	<b>Part-Time** Personnel</b>
2001-2002	\$2,469,036	\$450,080	28	4
2002-2003	\$1,600,000		22	4
2003-2004	\$1,600,000		17	4
2004-2005	\$1,600,000		16	4
2005-2006	\$1,600,000		18	3
2006-2007	\$1,600,000		18	4
2008-2009	\$1,600,000		18	4
2009-2010	\$1,280,000		15	3
2010-2011	\$1,280,000		15	3
*Excludes funding received from NC Division of Aviation				
**Average number of personnel				

Dr. Kasarda’s concept paper and N.C.G.S.63A did not propose the state agency become self-sufficient. Given that the purpose is to serve the public and provide services and create jobs in an economically distressed region of the State, the GTP is determined to discharge its responsibilities and objectives as efficiently as possible, minimizing operating requirements for state support over time. Further, given the expectations of the agency, in return for significant investments by other entities<sup>11</sup>, the GTP is obligated to maintain services which may require ongoing state incentives in return for the major investments made in the project by outside entities.

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<sup>11</sup> See Appendix C – GTP Funding Summary

The GTP has updated its financial plan with a 20-year projection.<sup>12</sup> Since the 2002-2003 fiscal year, the GTP has used state appropriations and generated revenues for both operations and capital uses. The financial plan is shown on a cash-flow basis for operations, capital and in total. Escheat Fund payments are not considered in the projections. Projected operating cash flows are positive with the existing staff level and current recurring state appropriations of \$1.28 million, which is less than 8% of current tax revenues of \$16.3 million generated by the GTP and its current tenants. Projected capital cash flows, as well as total cash flows are negative. The GTP will strive to improve its financial position by increasing operating revenues, decreasing costs when possible, and developing additional GTP-owned sites for future tenants.

### **Implementation of Self-Sufficiency**

Offering the use of revenue-generating assets as incentives has been critical to the success of this economic development project. At the same time it hampers the GTP from generating revenues, requiring an annual operating investment by the State.

To create a detailed self-sufficiency plan, the following must be achieved:

- Resolve the terms and conditions of the Escheat Fund
- Recognize that GTP assets are used as incentives
- Agree on the definition of self-sufficiency as it relates to the GTP

Once there is resolution of the above, implementation and adherence of the GTP's self-sufficiency plan could occur. Since the GTP is a state agency, generated tax revenues do not come directly to the agency. Therefore, the definition of self-sufficiency as it relates to the GTP is very important.

Revenue Generating Opportunities - Although the GTP's divisions generate revenues from tenants, support fees, fuel flowage fees, landing fees, ground handling fees, concessions, chartered flights, room and equipment rentals, and grants, the agency should not only focus on ways to increase those revenues, but also on new revenue-generating opportunities. This will be addressed in the various sections of the Strategic Plan, including the Marketing and Economic Development section.

#### **Action Item:**

The space available for lease in the airport terminal will be targeted to entities that benefit air passengers, such as car rental companies, taxi service, gift shops, eateries, and concessionaires. The training center will offer extended hours, including weekends, to paying customers. See the Marketing and Economic Development section.

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<sup>12</sup> See Financial Plan at Appendix E.

## INFRASTRUCTURE

Having the necessary infrastructure in place is a critical component of the success of the GTP. While much of the infrastructure identified in the original Master Plan has been put in place, the GTP must continue enhancing its infrastructure to meet the needs of current and potential tenants.

### **Global TransPark Master Plan**

- Update the Master Plan Land Use Map

#### Action Item:

The GTP Executive Committee approved the Land Use Map with modification on August 6, 2010.

- Master Properties Map – Create a map of available parcels, as well as the individual maps that show the location of utilities, transportation access including airport, rail, and roads suitable for tractor trailers. These maps are displayed on the GTP website as part of its continuing marketing efforts.<sup>13</sup>

#### Action Item:

This project was completed on July 16, 2010.

- Certified Site Designation – The GTP has applied to the N. C. Department of Commerce (DOC) for certified site designation on available parcels, as shown at Appendix G. The DOC's Certified Sites Program showcases premium business locations throughout the State that have undergone a rigorous pre-qualification process to ensure they are "shovel- ready" for immediate development. North Carolina's certified sites are equipped with all the information companies and site selectors need to develop detailed timelines for development, construction and completion, budgeting, cost control, risk mitigation and planning. Qualifying for and participating in this program are important to the GTP's ongoing marketing effort.

#### Action Item:

The GTP submitted preliminary information to DOC on August 16, 2010, and additional information on October 22, 2010. The GTP staff met with the Certified Site Steering Committee on December 9, 2010, to respond to inquiries. Certified site designation is expected in February 2011.

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<sup>13</sup> See Appendix G - Master Properties Map.

- Land Options – The GTP will pursue acquiring land options, realizing there are limited resources.
- Spine Road – Planning and Design. Planning and designing of Spine Road will occur in the short-term. The Spine Road project is critical to addressing the surface transportation needs of GTP tenants as the parcels on the north side of the existing runway are fully developed.
- Conceptual Plans and Development Costs – An analysis to estimate the cost of development of certain parcels without a tenant will be conducted. Current land use, presence of wetlands and unique characteristics of the individual properties will be considered.<sup>14</sup>

Action Item:

The GTP has completed an initial analysis of Parcels 8, 13, and 14 on the Master Properties Map (See Appendix H). Updates of these or other parcels will be made as conditions warrant.

As provided in N.C.G.S. §63A-18, the GTP is exercising the independent zoning authority in the cargo airport complex site and within six miles of its boundaries. Implementation and enforcement of effective land use planning ordinances are vital functions in managing growth in and near the Global TransPark in a manner that best advances the development mission of the GTP and sustains the surrounding community.

- Exclusive Development Ordinance (EDO) - Adopted in 2007, this GTP ordinance covers the property that the agency owns.

Action Item:

The EDO was updated and approved by the GTP Executive Committee on August 6, 2010.

- GTP Development Ordinance - Drafted in 2007, this ordinance covers property that the GTP controls, but does not own.

Action Item:

Revisions to the draft Development Ordinance were approved by GTP Executive Committee on August 6, 2010. The GTP met with city and county staff on October 7, 2010, to discuss the public process. Implementation is expected the first quarter of 2011.

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<sup>14</sup> See Appendix H - Conceptual Plans and Development Costs

## **Environmental and Permitting**

The Global TransPark (GTP) was issued a Section 404 Permit by the U.S. Army Corps of Engineers and 401 Water Quality Certification from the NC Division of Water Quality in 1998. The 404 Permit authorizes the impact of 871 acres of wetlands for the development of GTP infrastructure and industrial sites within the 5,775-acre permitted area. As a condition of this permit, and in keeping with the GTP commitment to environmental protection, a comprehensive environmental mitigation strategy has been implemented. This strategy includes the preservation, enhancement and restoration of approximately 4,600 acres of wetlands that provide environmental benefits within the GTP development zone. The GTP has implemented a comprehensive monitoring effort to ensure the successful restoration of wetland function and values at these sites. Development of all properties within the GTP complies with the storm water, nutrient offset, and buffer protection requirements of the Neuse River Basin Nutrient Sensitive Waters Management Strategy.

A comprehensive National Pollutant Discharge Elimination System Municipal Separate Storm Sewer Systems (NPDES MS4) Storm Water Permit, issued by the NC Division of Water Quality, will enable the GTP to regulate and manage storm water runoff and further the ability to ensure compliance with the Neuse River Basin Nutrient Sensitive Waters Management Strategy. Because of these actions, incoming tenants will not be required to acquire individual environmental permits, thereby allowing construction activities to proceed quickly with internal review by GTP staff.

The swift development of the 5.7 mile rail spur to the GTP is an example of how prior permitting can significantly expedite a construction project. The NC Department of Transportation (DOT) Rail Division estimates that the 18-month project would have taken at least an additional two years if a Section 404 Permit had not already been in place. While the impact of existing permits will have on the construction of new buildings cannot be precisely assessed, it is reasonable to surmise that significant time savings will result.

### **Action Item:**

The GTP, its consultant, and DOT are working together to allow implementation by first quarter 2011.

## **Completion of Infrastructure**

- **Fiber Loop** – Installing the fiber optic cable on the north side of the GTP will complete the fiber loop. Completion of the loop will provide redundancy to the GTP and its tenants.

### **Action Item:**

This work was completed in October, 2010.

- Arrange Sewer Service – In order to efficiently provide sewer service to the northeast and southeast areas of the GTP, Greene County and the City of Kinston have engaged in discussions considering an agreement that would enable utilization of Greene County sewer lines.

Action Item:

The GTP plans to have further discussions with officials regarding this proposal and other options. The GTP received a letter from the Kinston City Manager dated October 19, 2010 stating the best option is for Greene County to provide sewer service to the GTP sites with a combined daily flow not to exceed 25,000 gallons per day along NC 58 North.

Complete Transverse Taxiway on SW End of Runway – The completion of this taxiway will make an approximate 20-acre site more attractive to an aeronautical tenant.

Action Item:

This project was completed on August 23, 2010.

- Complete Apron/Transverse Taxiways on SE End of Runway – Completion of this project will provide needed runway access for future expansion and will be another milestone for the DOT meeting its commitment to the GTP's anchor tenant.

Action Item:

This project is underway and will be completed by January 31, 2011.

- Rail Spur – A rail spur to the GTP has been in the DOT's Transportation Improvement Program (TIP) for more than a decade. Construction of the 5.7-mile rail spur will connect the GTP to the Port of Morehead City with the North Carolina Railroad main line. With rail access to the ports and other destinations, this important development gives the GTP true multi-modal transportation capability.

Action Item:

This project will be completed by November 30, 2011.

- Harvey Parkway – Realizing that good surface connectivity to the intrastate highway is very important to business expansion, the plan to extend C. F. Harvey Parkway from US 258 to US 70 will be completed in Quarter 4, 2014. This will represent a major improvement in highway access to and from the GTP.



Action Item:

NC DOT will complete this project by December 31, 2014.

**Additional Investment in Leasable Buildings**

The GTP has 918,696 square feet currently leased - 97% of its leasable space. The only space the agency currently has available for lease is a 19,600 square foot hangar, GTP-4, which is for aviation tenants. While some large scale tenants/employers are interested in open, cleared parcels that are “site ready” for design build, NC Department of Commerce economic developers have stated approximately 80% of potential tenants are looking for existing space where they can start up operations on a quick “turn-key” basis.

The GTP is currently in need of a building for prospective tenants. It is the GTP’s development policy to have at least one Class A building of 100,000 square feet or more available for such tenants. Anytime there are no vacant spaces available meeting those standards, as is the case currently, it is important that the investment be made to construct a speculative building for tenants with such a need. Prospective tenants that are in need of that option are forced to locate elsewhere. As such, being 97% leased puts the GTP at a competitive disadvantage compared to developers who have readily available commercial space. Whenever feasible, the GTP should avoid being in the position of not having any leasable space either immediately available or under construction. As with existing occupied buildings, speculative buildings can be expanded or adapted to suit tenants.

The GTP’s Finance Committee has worked with the Global TransPark Foundation (Foundation) on securing a bank loan for a speculative building. A 90% USDA guarantee enabled a bank loan for construction and completion of the facility.

The recent economic environment has made securing a loan more difficult than in the past without an identifiable tenant and revenue stream. Another factor that has hampered our efforts is the Escheat Fund issue.

Action Item:

The GTP has secured a bank loan for this purpose and has begun the public process for a design-build contractor. The GTP will continue to seek similar opportunities for further development.

**Develop the GTP as an Inland Port**

In the Global TransPark’s Master Plan, it was envisioned that an important function of the GTP would be to serve as a multimodal/transmodal facility. Upon completion of the rail spur to the Port of Morehead City, the GTP will have available the four modes of transportation, to include access to a sea port. Future rail connectivity to the Port of Wilmington would allow the GTP to assist in the efficient and cost-effective export of goods from or through North Carolina to the world. An inland port at the GTP would similarly assist in the importing of goods through

the North Carolina ports, and it would enhance North Carolina's existing ports' marketability as point of entry for freight movement. Highway access, connection to seaports by rail, and its 11,500 foot runway allow the GTP to provide all four modes of freight transportation.

Additionally, the GTP has the available workforce needed to operate an inland port and the private businesses it would generate. The workforce in the Eastern Region exceeds 480,000 and includes an abundant supply of skilled workers, industrial labor, entry level and clerical workers.<sup>15</sup> A wide variety of available job skills is fueled by a diverse manufacturing base, and augmented by an estimated 21,000 annual military discharges from bases within the Region. Educational institutions, including a major state university, three four-year colleges and 11 community colleges, provide an excellent pool of full and part-time workers.

With available land for development and its existing status as a foreign trade zone (FTZ #214), the GTP is equipped to provide both the tax advantages and freight handling functions such as consolidation/deconsolidation that are crucial functions of an inland port beyond the mere transfer of freight from one transportation mode to another.

As the Panama Canal expansion occurs in 2014, new potential also exists for deepwater ports on the eastern U. S. seaboard. If North Carolina either re-configures one of its existing facilities as a deepwater port or develops one in a new location, an inland port at the GTP will be an important feature in maximizing North Carolina's efforts to best enhance and utilize the supply chain as goods move into, out of, and through the State. Rail access to North Carolina port facilities will be important to maximizing the GTP's role as an inland port. There would be enhanced connectivity with the GTP and existing North Carolina inland ports, as well as other multi-modal freight facilities that develop in the State.

Examples of existing successful inland port operations include the International Intermodal Center in Huntsville, Alabama, and the Virginia Inland Port in Front Royal, Virginia. The Huntsville inland port facility developed as an active Norfolk Southern rail yard and is heavily utilized with as many as 48,000 rail lifts annually. The International Intermodal Center, along with the Huntsville International Airport and the Jetplex Industrial Park, make up the Port of Huntsville's Global Logistics Park.<sup>16</sup> Those components all operate separately and users don't necessarily utilize more than one of the facilities on a regular basis. Still, the three facilities together provide customers with multiple options, and they have collectively grown in a complementary manner.

The Virginia Inland Port is operated by the Virginia Port Authority, and it also developed through rail connectivity to marine terminals. The facility serves as an important transload operation for truck/train freight traffic moving to and from Midwestern states, as well as the East Coast. Established in 1989, the Virginia Inland Port has generated 7,000 jobs and helped attract 24 warehousing and distribution centers to its region.<sup>17</sup>

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<sup>15</sup> North Carolina's Eastern Region, [www.nceast.org](http://www.nceast.org)

<sup>16</sup> Port of Huntsville, [www.hsvairport.org](http://www.hsvairport.org)

<sup>17</sup> Atlanta Business Chronicle – *Inland Port Would Cut Atlanta Truck Traffic* – June 10, 2010

A high level of multi-modal connectivity, its central location on the east coast, its existing foreign trade zone status, and available land with environmental permitting in place make the GTP an ideal site for an inland port.

## **OPERATIONS**

The effective and efficient execution of operating functions is crucial to the success of this state owned and operated economic development project. The GTP will continually examine and modify its operational functions, including staffing, in order to maintain efficient, cost-effective, and results-oriented operations.

### **Sustainable Staffing**

To continue and expand the Global TransPark's mission of job creation, an appropriately staffed team is necessary. Due to budget cuts beginning in fiscal year 2002-2003, the GTP has downsized from as many as 28 to currently 15 full-time employees, three part-time employees (including an intern), to adjust for these changed economic conditions in a cost effective manner.

The state agency has four main divisions: Administration, Airport, Marketing, and the training center, newly named Spirit AeroSystems Composite Center of Excellence (Center). Listed below is the current composition of employees for each division.

<b>Division</b>	<b>Personnel* (FTE)</b>	<b>Part-Time* Personnel (FTE)</b>
Administration	2	2
Airport	9	
Marketing	1	1
Center of Excellence	3	
	<u>15</u>	<u>3</u>
*FTE = Full Time Equivalent		

As economic conditions improve, major new infrastructure features become available, and impressive new tenants establish roots at the GTP, it is imperative that we have adequate professionals with the right skill sets on staff if the Global TransPark is to reach its full potential.

The “product” is impressive, the market is developing, and the mission remains crucial. Now is the time to ensure that the GTP has sufficient staff in order to compete effectively as businesses decide where they want to locate.

At a minimum, the Global TransPark needs to add a chief operating officer/chief financial officer (COO/CFO), an accounting assistant, a marketing assistant, an economic developer, and part-time Information Technology (IT) Technician. Consideration should also be given for a Government Relations Coordinator position. Creating and filling these positions would enable the Executive Director to focus on leadership responsibilities, including

development of the TransPark and interfacing with the General Assembly. As the GTP progresses, there may be a need to increase marketing and economic development personnel. This will include a research analyst and economic developers experienced in targeted industries.<sup>18</sup> With qualified professionals filling those duties and existing staff members focused on their respective roles, the GTP would be in a position to both maximize its growth and operate in a way that supports the decisions that businesses have made and will be making to invest their futures here.

The GTP will fund potential new positions with appropriations received and revenue generated.

### **Utilize Governmental Grant and Loan Programs**

The GTP will continue to seek grants and low interest loans to obtain funds for building construction, infrastructure, and airport upgrades and maintenance. Potential sources include the US Economic Development Administration (EDA), the US Department of Agriculture (USDA), the Federal Aviation Administration (FAA), the NC Department of Commerce (DOC) programs, and the NC Rural Economic Development Center.

### **Implement Environmental Fee for Tenants**

The GTP has made significant investment in environmental permitting. Because of these actions, incoming tenants will not be required to acquire individual environmental permits, allowing construction activities to proceed quickly with internal review by GTP staff.

Action Item: The GTP will devise a fee schedule by June 30, 2011.

## **MARKETING AND ECONOMIC DEVELOPMENT**

Marketing and economic development are the backbone of this project. The GTP will continue to utilize new and cost-effective means of reaching potential tenants to expand the number of businesses operating at the TransPark and, therefore, expand the economy of North Carolina.

### **Marketing Plan**

The marketing program is engaged in a number of objectives designed to promote the TransPark, enhance its development, and foster the agency's mission. The Marketing Committee, composed of board members and key staff, works to:

- Generate inquiries about business location and expansion
- Raise awareness of the GTP nationally and internationally

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<sup>18</sup> See Appendix I for current and proposed organization charts, as well as current and proposed personnel responsibilities.

- Maximize marketing resources by engaging partners as appropriate
- Develop and nurture relationships with partners, stakeholders, and audiences
- Collaborate with the academic community to identify and capitalize on new opportunities

In order to serve as a catalyst for economic opportunity and position the Global TransPark as a preferred business location within its primary targeted industry sectors, the GTP must generate leads that will result in additional jobs and investment. To that end, the GTP will continue to focus its marketing efforts towards corporate site selectors, site location consultants, and company executives within its identified targeted industries.

The following industries are targeted based on the GTP Master Plan and corroborating research<sup>19, 20</sup>:

- Aerospace & Aviation

The GTP will continue to recruit businesses to locate in North Carolina. One sector of focus is the aerospace industry, in large part because it provides jobs with excellent wages and benefits. Additionally, the aerospace manufacturing sector requires a stable, long-term manufacturing presence due to the large capital investment and the 10- to 20-year planning and production cycles for aeronautics, making it a relatively stable employer. One state to benefit from the presence of the aerospace sector is Kansas. Kansas has been described as a “national and world center of aerospace manufacturing activity.” Over the next 10 years, the aviation manufacturing sector is forecast to account for 10.2 percent of jobs and 16.1 percent of payroll in the State of Kansas.<sup>21</sup> Each aerospace job generates approximately 3.9 total jobs throughout the state based on both the firm’s and the employee’s spending.

This large, relatively stable sector has contributed to low unemployment in Kansas during the current recession, with Kansas having one of the lowest unemployment rates in the country.<sup>22</sup>

Outlook for commercial aviation manufacturing is strong. Both Boeing and Airbus have large order backlogs. As of September 2010, Airbus reported 3,436 unfilled

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<sup>19</sup> Poole, K., M. White, P. Salem, E. Feser, J. Allardyce 2006. A Vision Plan for North Carolina’s Eastern Region, p. 17. [http://www.nceast.org/download\\_file?id=8](http://www.nceast.org/download_file?id=8)

<sup>20</sup> North Carolina Department of Commerce – 2010 Strategic Marketing Plan: <http://partners.thrivenc.com/recruitment-and-development-marketing-plan/target-audience-industry-sectors-2/>

<sup>21</sup> *Research Report: Kansas Aerospace Industry Forecast*, by the Center for Economic Development and Business Research at the W. Frank Barton School of Business, Wichita State University (May, 2006) p. 17-18.

<sup>22</sup> As of August, 2010, the unemployment rate in Kansas was 6.6%, compared with 9.5%, the latest national average. *Labor Report*, Kansas Dept. of Labor, Sept. 17, 2010.

orders<sup>23</sup>, while Boeing listed 3,401 orders to be filled<sup>24</sup>. Also in September, Boeing released its crew assessment forecast, predicting an industry need for more than one million pilots and maintenance personnel over the next 20 years<sup>25</sup>. This prediction is based on Boeing's Current Market Outlook, widely regarded as the most comprehensive and respected analysis of the commercial aviation market. In Q3 2010, Boeing's Commercial Airplanes division saw revenues increase 11% over the same period in 2009<sup>26</sup>.

In addition to current GTP businesses operating in that sector, potential future tenants include those engaged in: aircraft manufacturing and components, air cargo operations, public and private aircraft charters, aircraft maintenance, repair and overhaul (MRO), aircraft finishing, pilot training and flight simulation, aerospace research and development.

- Advanced Manufacturing

Existing and potential tenants include those who manufacture innovative and technically-complex products, or those who use new processes to increase efficiency and productivity of manufacturing operations. Examples include manufacturing operations which utilize aerospace materials, nanomaterials, medical materials, electronic materials and superconducting materials.

- Logistics & Supply Chain Management

Existing and potential tenants include those engaged in warehousing and distribution, air cargo operations, rail container transport, inventory control, materials handling, cargo security, packaging and kitting.

- Emergency Response & Disaster Relief

Existing and potential tenants include those engaged in disaster preparedness and response training, mobilization of emergency services and personnel, warehousing and distribution of supplies and equipment, sustainable manufacturing of emergency supplies and equipment. A Memorandum of Understanding (MOU) currently exists with a not-for-profit organization to conceptually develop an Applied Humanitarian Park at the GTP to enable the effective and efficient delivery of humanitarian aid worldwide.

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<sup>23</sup> - <http://www.airbus.com/en/corporate/orders-and-deliveries/>

<sup>20</sup> <http://active.boeing.com/commercial/orders/index.cfm?content=displaystandardreport.cfm&pageid=m25066&RequestTimeout=20000>

<sup>25</sup> - <http://boeing.mediaroom.com/index.php?s=43&item=1424>

<sup>26</sup> - <http://boeing.mediaroom.com/index.php?s=43&item=1474>

- Defense & Security

Existing and potential tenants include those engaged in research, development and manufacturing of military and law enforcement goods and supplies; maintenance, repair and parts replacement for aircraft, ground vehicles, and communications equipment; development and manufacture of unmanned systems; and training activities.

The GTP will continue to evaluate and adjust its targeted industries list, with the assistance and guidance of its newly formed Committee for Academic Support (see Communication and Coordination Section).

In addition to the advantages of the GTP's infrastructure, these identified targeted industries can benefit from the GTP's location proximate to military bases and access to a skilled and motivated workforce with many exiting service members. Each year more than 21,000 service members leave military service in Eastern North Carolina with skills that can transfer easily into the industries the GTP has identified as targets. Service members often exit military services with advanced training in logistics, supply chain management, materials handling, communications, aircraft maintenance, avionics, flight operations, ground services, air traffic control, electronics repair, engineering, law enforcement, emergency response, and fire fighting. Having these skill sets make them excellent candidates for re-employment in the civilian sector.

Other industries may complement these primary industries and should be considered potential tenants of the GTP. Examples include transporters of agricultural products, textiles and apparel, pharmaceuticals, building supplies, and manufacturers of emerging materials such as composites.

- Marketing Outreach for Spirit AeroSystems Composite Center of Excellence

The 33,000 square foot Spirit AeroSystems Composite Center of Excellence (Center) is an important GTP asset. This education and training facility is an independent profit center due to its ability to provide state-of-the-art equipment and customized services to industries, including workforce development training through the NC Community College System. The Center is available to both GTP tenants, local companies, and other governmental agencies in the region. As a state-sponsored facility, identified partners include the NC Global TransPark Authority, the U.S. Attorney's Office, Governor's Crime Commission, East Carolina University, NC State University, the NC Community College System, Lenoir Community College, the UNC Kenan Institute for Logistics and Digital Strategy, and the NC Ports Authority.

The Center remains widely used for workforce training in Eastern NC. Since the State's incentive package for the GTP's anchor tenant includes having priority use of the Center at no cost for its workforce training, revenues from year to year fluctuate. There has been a sharp decline in revenues since 2008. The GTP staff is implementing a proactive marketing campaign to promote extended hours of



operation for the Center which may attract additional users. Methods of outreach will include direct mail and email blasts to previous and potential users, paid advertising where appropriate and cost-effective, development of promotional marketing collateral, updating the Center's web site, and creating a social media presence.

The GTP is also exploring alternative methods of revenue generation with the Center, including a facility naming opportunity campaign. This program is envisioned as being similar to naming opportunity programs at colleges and universities with large financial contributions being recognized with signage outside a specific facility identifying the donor, as well as recognition of the naming opportunity in all GTP printed publications and online.

Action Item: The GTP is consulting with various higher education institutions to learn more about existing naming opportunity programs. Next steps will include developing a list of potential naming opportunities and amounts, and developing a list of potential donors to solicit for contributions.

- Marketing Outreach for Kinston Regional Jetport

The GTP will continue to explore expanding flight services from the Kinston Regional Jetport. Possible methods for promoting use of the airport to airlines and air cargo carriers may include: updates to the JetKinston.com web site, updates on infrastructure upgrades to the airport in email blasts, development of marketing collateral, memberships in professional associations, participation in appropriate trade shows, advertising with industry media outlets, direct mail to freight forwarders and air cargo carriers.

To help brand the airport as a hub for international trade, the GTP will consider re-naming the airport with a name that identifies it as a global logistics hub, rather than a regional general aviation airport.

Action Item:

The GTP has reviewed FAA procedures for renaming of airports and will begin to consider alternative airport names.

Action Item:

In October 2010, the Kinston Regional Jetport (ISO) was awarded a \$350,000 Small Community Air Service Grant from the U.S. Department of Transportation to assist in restoring commercial air passenger service to the airport. ISO was one of only 19 airports nationwide to receive funding through the Small Community Air Service Development Program. Airport management will work with local community leaders to gain support for air passenger service, and to meet with potential interested airlines in 2011.

- Promotion and Utilization of Foreign Trade Zones (FTZ)

The GTP is the Grantee of FTZ #214, one of six Foreign Trade Zones in North Carolina. The GTP has three (3) general-purpose sites and two (2) sub zones.<sup>27</sup> A general-purpose site is mainly for warehousing and distribution for public use, and a sub zone is for a particular industry (usually off site), such as manufacturing. Sub zone #214A Rocky Mount Engine Plant saved approximately \$2 million in 2009 by having foreign trade zone designation.

With the NC Ports' FTZs #66 and #67, one half of the FTZs are clustered in Eastern North Carolina. In the short-term, the GTP plans to:

- Continue the education and promotion of the FTZs in the Region.
- Promote synergy and connectivity of the FTZs across the State.
- Work towards activation of general purpose Site 1 with FTZ operator Longistics and general purpose Site 3 with FTZ operator Crown LSP.

Action Item:

The GTP hosted FTZ seminars on October 19-21, 2010, at the TransPark and Edgecombe Community College. FTZ #214 operators had an opportunity to participate in the seminars, as well as the other NC foreign trade zones, including NC Ports' FTZ #66 and #67. Companies had the opportunity to meet individually with the guest speaker to learn more about how being in a FTZ could be beneficial.

The GTP will continue to work with U.S. Customs and the General Purpose Sites 1 and 3 FTZ operators to activate the Foreign Trade Zone by June 30, 2015.

- Partner With Sister/Business Parks

The GTP will continue to meet with Research Triangle Park (RTP) leaders to explore ways that the two entities can work together towards coordinated and complementary industry advancement. Also, there is significant opportunity to partner with the Aerotropolis in the Triad, the freight efforts of Charlotte-Douglas Airport, the Western Region of NC, etc.

Action Item:

The GTP met with the executive director of the RTP on July 21, 2010, to discuss the GTP's Development Ordinance, the GTP's current situation with the State/Escheat Fund, and possible partnering opportunities.

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<sup>27</sup> See Appendix J – FTZ Brochure.

## **COMMUNICATION AND COORDINATION**

Communication with governmental entities, private industry and other strategic partners is another critical component to the success of the Global TransPark.<sup>28</sup>

### **Augment Legislative Communications**

Members of the General Assembly need to know the GTP story, both its history and future plans. In order for the legislature to make informed decisions regarding the GTP, it is imperative that they be exposed to accurate and timely information as the GTP mission advances and new opportunities to attract jobs to Eastern North Carolina develop. The GTP Authority and Foundation Board members will be proactive in maintaining regular contact with key legislators, particularly those in leadership positions and those representing the Eastern Region.

### **Coordination of the Ports Authority, NCRR and the GTP**

We propose an enhanced working alliance among the NC Global TransPark, the North Carolina Railroad, and the NC State Ports that optimizes the performance of each organization separately and collectively. The alliance would feature cooperative business practices and the synchronization of infrastructure projects.

Additionally, we propose a structural reorganization of these state-owned transportation entities. Each of these transportation organizations has its own board of directors. An option to consider as board appointment terms expire is the eventual consolidation of these respective boards of directors into one governing entity. This would align with the Governor's mission to streamline state government boards, commissions, and authorities.

Management functions including planning, development, and day-to-day operations would continue to be the responsibility of each entity, respectively. Collectively they would be subject to the oversight and guidance of a mutual governing parent organization that operates with a primary focus on promoting commerce via the best utilization of North Carolina's unique transportation assets. Within this framework, these three state resources could best fulfill their mission of creating jobs and providing transportation access for customers to include highways, rail, air and utilization of the ports.

### **Establish a Committee and Plan for Academic Support**

The GTP Authority has established a Committee for Academic Support (Committee) to ensure systematic contact with educational programs and personnel at North Carolina's higher education institutions. The Committee will create a plan for long-term academic support by these entities to the GTP in three main areas: workforce development, K-12 education and preparation, and research and innovation.

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<sup>28</sup> See Strategic Partner Chart in Appendix K.

The Committee met December 2, 2010 at the NC State Centennial Campus to review their charge. Committee members include GTP staff and GTP board members from the University of North Carolina (UNC) system, NC Community College System (NCCCS), and Mount Olive College. The Committee also includes representatives from NC Department of Commerce, NC Eastern Region, NC A&T State University (NC A&T), NC State University (NCSU), East Carolina University, and UNC Chapel Hill. The Committee is actively seeking input of GTP tenants as they work to develop their plan.

Relevant to the Committee are academic programs such as the aerospace programs at NCSU and NC A&T, the aviation program at Elizabeth City State University (ECSU), and various engineering technology and manufacturing programs through the NCCCS. Also relevant are distance learning opportunities and degree granting programs, such as those through the NC Center for Global Logistics.<sup>29</sup>

Action Item:

The Committee is working to develop and deliver to the GTP Authority a plan for long-term academic support no later than July 1, 2011.

**Continue to Increase Federal and Military Awareness of the GTP and Its Capabilities**

The Federal government is a vital partner with the GTP in this economic development project. To date, our partner has granted \$31.9 million to the GTP. (See the Funding Summary at Appendix C.)

- Update the NC Military Foundation about developments and opportunities at the GTP.

Action Item:

The GTP met with the recently appointed executive director of the NC Military Foundation on July 29, 2010, and will maintain a working relationship.

- The GTP has a 25-year agreement for the military to utilize its runway for training. This agreement expires in 2020.
- The US Marine Corps has utilized the TransPark intermittently as a point of embarkation. The Commanding General, Marine Corps Installations East, headquartered at Marine Corps Base, Camp Lejeune, is pursuing the US Marine Corps to formally designate the GTP as an aerial point of embarkation/debarkation

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<sup>29</sup> <http://www.piedmonttriadnc.com>

and/or alternate site to MCAS, Cherry Point. There are ongoing discussions with the II Marine Expeditionary Force to initiate a feasibility support study.

- The GTP has met multiple times with the Protective Security Advisor for North Carolina, who represents the US Department of Homeland Security's (DHS) Office of Infrastructure Protection. They identify critical infrastructure and key resources, and work with those identified assets to assess security programs. As a result of those meetings the PSA has committed to perform a thorough facility survey and security assessment at the GTP. This activity will yield important benefits for the GTP.
  - The GTP will be added to the Department of Homeland Security's Critical Infrastructure database.
  - The GTP will benefit from the knowledge gained from the security assessment, as the audit will either certify the GTP's strong preparedness standing or provide the information needed to achieve that standing.
  - While others are involved in the effort to persuade DHS to locate its Eastern US Federal Emergency Management Agency (FEMA) operations at the GTP, being included in DHS's Critical Infrastructure data base as an identified asset enhances that potential.
  - The completed assessment will also provide operational "peace of mind" for existing tenants; it will be an important feature that the GTP can use in the recruitment of new tenants; and any emergency management concerns that the audit might discover could potentially generate grant funding from DHS to address those needs.
  - Continue furthering relationship with the DHS as a potential East Coast site for FEMA.

#### Action Item

This project is scheduled to be completed by December 31, 2011.

### **Establish NC Global TransPark Tenants Association**

Creation of this organization will enable streamlined and effective communication between the GTP tenants and with the GTP. It will also enable these tenants to collectively assist the GTP in communications and marketing in support of the TransPark.

#### Action Item:

The GTP will draft and adopt Tenants Association Rules and Regulations by December 31, 2011.

### **Optimize GTP Foundation Activity**

The GTP Foundation (Foundation) is a 501(c)(3) tax exempt organization specifically chartered to support the business development efforts of the Global TransPark through private funding. The efforts of the GTP Foundation and the resulting millions of dollars raised have enabled the financing of numerous development projects crucial to the GTP's mission. The GTP will continue to work closely with the Foundation. As success breeds success, the GTP will persist in its efforts to attract new tenants and create jobs with the continued and expanding work of the Foundation.

## **NORTH CAROLINA GLOBAL TRANSPARK AUTHORITY**

### **STRATEGIES**

#### **MID-TERM** **(Years 5 – 10)**

**All facets of the GTP Strategic Plan will be reviewed and updated annually.**

### **FINANCIAL**

The GTP will continue to adhere to financial strategies that feature effectiveness, efficiency, and accountability.

#### **Escheat Fund**

The GTP will continue with the directives and plans resulting from collaboration with the State Treasurer as addressed in the GTP Short-Term Strategic Plan.

#### **Self-Sufficiency**

The GTP will continue with any directives or plans resulting from the “Defining Self-Sufficiency” process in the GTP Short Term Plan providing for the sustained operation of the GTP for the benefit of North Carolina.

### **INFRASTRUCTURE**

Having the necessary infrastructure in place is a critical component of the success of the GTP. While much of the infrastructure identified in the original Master Plan has been put in place, the GTP must continue enhancing its infrastructure to meet the needs of current and potential tenants.

#### **Global TransPark Master Plan**

- **Land Options** - The GTP will position itself for the growth and development necessary for the TransPark to reach its full potential as an economic engine. To continue the TransPark’s expansion, the GTP will pursue acquiring land options, realizing there still may be limited resources.
- **Land Acquisition** - While meeting the GTP’s financial commitments and to the extent funds are available, the GTP will exercise land options to purchase property needed to serve future tenants. This investment will be necessary to attract tenants to the GTP as it expands. Preferably, land acquisition in future years will be streamlined and made cost-effective through the use of “option-to-purchase” contracts in earlier years.



- Spine Road – Construction of Spine Road is in the GTP’s Master Plan. The purpose of this road is to fully develop the north side of the TransPark and to provide traffic access to Felix Harvey Parkway and Highway 58 on the west and east side of the TransPark, respectively. It will also be required to access the planned second parallel runway.

Action Item:

Phase I construction of Spine Road will occur in the mid-term.

- Inland Port Infrastructure - The GTP’s Master Plan includes a designated site for a transload facility.

Action Item: The plan and design of the inland port infrastructure for a transload facility will occur in the mid-term.

### **Additional Investment in Leasable Buildings**

As noted in the GTP Short-Term Section of the Strategic Plan, approximately 80% of potential tenants are looking for existing space where they can start up operations on a quick “turn-key” basis.

It is the GTP’s development policy to have at least one Class A building of 100,000 square feet or more available. Subject to funding, the GTP will continue this strategy of having quality space available to meet the needs of prospective tenants.

### **Additional Investment in the Kinston Regional Jetport (KRJ)**

The KRJ is the heart of this economic development project. The runway was extended to 11,500 feet to accommodate air cargo. Soon our anchor tenant Spirit AeroSystems will be using the runway for its operations with large air cargo aircraft such as the Antonov or Beluga. In order for the GTP to attract “scheduled” air cargo service and increase its revenue stream, more infrastructure is needed in addition to the long runway. As an example, a new fuel farm would need to be constructed in order to be able to fuel these large aircraft timely. Also, the airport would need equipment that they do not currently have to handle these large aircraft. At this point, the GTP should consider being its own FBO since there are no exclusive FBO rights at the KRJ.

Action Item: The GTP will determine the estimated costs and partner with its Foundation to fund these infrastructure needs.

## **Plan, Design, and Construct Expansion of the Training Center**

The Center is flexible and adaptable to the needs of a wide variety of businesses and industries. The high bay areas for customized training, as well as general-use classrooms and meeting rooms are used for everything from technical training courses to management education programs.

As the GTP grows, the training and meeting facility needs of the GTP and the region will grow, as well. In order to accommodate those needs, expansion of the Center or additional buildings of a similar nature will be needed.

## **OPERATIONS**

The effective and efficient execution of operating functions is crucial to the success of this state owned and operated economic development project. The GTP will continually examine and modify its operational functions, including staffing, in order to maintain efficient, cost-effective, and results-oriented operations.

## **MARKETING AND ECONOMIC DEVELOPMENT**

Marketing and economic development are the backbone of this project. The GTP will continue to utilize new and cost-effective means of reaching potential tenants to expand the number of businesses operating at the TransPark and, therefore, expand the economy of North Carolina.

### **Marketing Plan**

The GTP will continue to evaluate and adjust its marketing plan in future years in order to best position itself for success as conditions change and new opportunities develop.

### **Promotion and Utilization of Foreign Trade Zones (FTZ)**

As the Grantee of FTZ #214, the GTP will continue to educate businesses on the benefits of utilizing FTZs.

### **Economic Development**

Economic Development strategies will be flexible and proactive in order to implement the findings of the GTP's ongoing analysis of evolving target industry sectors.

## **COMMUNICATION AND COORDINATION**

Sharing information and collaborating with governmental entities, private industry and other strategic partners is another critical component to the success of the GTP. Those activities will continue and develop on an ongoing basis.

## **NORTH CAROLINA GLOBAL TRANSPARK AUTHORITY**

### **STRATEGIES**

#### **LONG-TERM** **(Years 10-20)**

**All facets of the GTP Strategic Plan will be reviewed and updated annually.**

### **FINANCIAL**

The GTP will continue to adhere to financial strategies that feature effectiveness, efficiency, and accountability.

#### **Self-Sufficiency**

The GTP will continue with any directives or plans resulting from the “Defining Self-Sufficiency” process in the GTP Short-Term Plan, providing for the sustained operation of the GTP for the benefit of North Carolina.

#### **Escheat Fund**

The GTP will continue with the directives and plans resulting from collaboration with the State Treasurer as addressed in the GTP Short-Term Strategic Plan.

### **INFRASTRUCTURE**

Having the necessary infrastructure in place is a critical component of the success of the GTP. While much of the infrastructure identified in the original Master Plan has been put in place, the GTP must continue enhancing its infrastructure to meet the needs of current and potential tenants.

#### **Global TransPark Master Plan**

- Land Options - The GTP will continue to position itself for the growth and development necessary for the TransPark to reach its full potential as an economic engine. To continue the TransPark’s expansion, the GTP will pursue acquiring land options, subject to the availability of resources.
- Land Acquisition - While meeting the GTP’s financial commitments and to the extent funds are available, the GTP will exercise land options to purchase property needed to serve future tenants. This investment will be necessary to attract tenants to the GTP

as it expands. Preferably, land acquisition in future years will be streamlined and made cost-effective through the use of “option-to-purchase” contracts in earlier years.

- Spine Road - The completion of Spine Road to four lanes in the long term is essential to the growth of the GTP and, in particular, to develop the north side. Spine Road will provide traffic access to Felix Harvey Parkway and Highway 58 on the west and east sides of the TransPark, respectively.
- Rail Expansion - In order to best provide rail service to GTP tenants, rail service will need to be extended to the north side of the GTP. Preliminary concepts have been completed.
- Multiple Rail Providers East of I-95 - Available service by more than one Class One railroad would increase surface transportation options for GTP tenants and others throughout Eastern North Carolina. If not accomplished in the Mid-Term, the GTP will continue to encourage efforts for expanded service and work with NCDOT to acquire more than one Class One railroad.
- Plan, Design, and Construct Parallel Runway - The parallel runway fulfills a provision of the original GTP Master Plan, and provides infrastructure necessary to meet future air transportation needs of GTP tenants. As the GTP progresses with air transportation and it becomes apparent the parallel runway is needed, the process will begin for completing this aspect of the Master Plan.
- Inland Port Infrastructure

Action Item: Acquisition of land and construction of the inland port transload facility will be completed during the Long-Term timeframe.

- Interstate Highway Designation – Site selection specialists have listed interstate highway access as a key consideration for many businesses seeking advantageous locations to establish operations.<sup>30</sup> If full interstate status for a highway closer to the GTP is not feasible, possibly an interstate spur such as I-795 that connects US 264 to US 70 in Goldsboro should be pursued.

Action Item:

The GTP and NC DOT will work with the Federal Highway Administration in pursuit of interstate or interstate spur designation for a highway connecting to the GTP.

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<sup>30</sup> Area Development Online’s 24<sup>th</sup> Annual Corporate Survey, [www.areadevelopment.com](http://www.areadevelopment.com).

### **Additional Investment in Leasable Buildings**

As noted in the GTP Short-Term Section of the Strategic Plan, approximately 80% of potential tenants are looking for existing space where they can start up operations on a quick “turn-key” basis. It is the GTP’s development policy to have at least one Class A building of 100,000 square feet or more available. Subject to funding, the GTP will continue this strategy of having quality space available to meet the needs of prospective tenants.

### **Connect Port of Wilmington Rail Line to GTP**

For the State to maximize the potential of the GTP and the Ports, rail connection to the GTP from the Port of Wilmington is necessary. This service would provide surface and marine transportation options for GTP tenants and enhance access to the GTP for Port users.

## **OPERATIONS**

The effective and efficient execution of operating functions is crucial to the success of this state owned and operated economic development project. The GTP will continually examine and modify its operational functions, including staffing, in order to maintain efficient, cost-effective, and results-oriented operations.

### **Passenger Air Service**

The GTP will recruit carriers and continue to expand passenger air travel offerings for the Region.

### **Air Cargo Service**

The GTP will recruit carriers and continue to expand air cargo service into and out of North Carolina via the GTP.

## **MARKETING AND ECONOMIC DEVELOPMENT**

Marketing and economic development are the backbone of this project. The GTP will continue to utilize new and cost-effective means of reaching potential tenants to expand the number of businesses operating at TransPark and, therefore, expand the economy of North Carolina.

### **Marketing Plan**

The GTP will continue to evaluate and adjust its marketing plan in future years in order to best position itself for success as conditions change and new opportunities develop.

## **Economic Development**

Economic Development strategies will be flexible and proactive in order to implement the findings of the GTP's ongoing analysis of evolving target industry sectors.

## **COMMUNICATION AND COORDINATION**

Sharing information and collaborating with governmental entities, private industry and other strategic partners is another critical component to the success of the Global TransPark. Those activities will continue and develop on an ongoing basis.