



AGENDA

Greater Asheville Regional Airport Authority Special Meeting
Friday, July 22, 2016, 8:30 a.m.
Conference Room at Administrative Offices

NOTICE TO THE PUBLIC: The Airport Authority welcomes comments from the public on any agenda item. Comments are received prior to the Board's discussion of the agenda item. Comments are limited to five minutes. If you wish to comment on an agenda item, please deliver a request card (available in the meeting room) to the Clerk to the Board prior to the agenda item being called by the Chair.

- I. CALL TO ORDER
- II. CONSENT ITEMS:
 - A. Approval of the Greater Asheville Regional Airport Authority June 17, 2016 Regular Meeting Minutes ([document](#))
 - B. Approval of the Greater Asheville Regional Airport Authority June 17, 2016 Closed Session Minutes Part A and Part B
- III. NEW BUSINESS:
 - A. Award Contract for Construction of Parking Garage ([document](#))
 - B. Approval of Resolution Adopting a Bond Order Authorizing the Issuance Under the Provisions of the State and Local Government Revenue Bond Act, as Amended, of Airport System Revenue Bonds of the Greater Asheville Regional Airport Authority ([document](#))
- IV. DIRECTOR'S REPORT:
 - A. Review Public Parking Options during Parking Garage Construction
 - B. FAA Reauthorization



V. PUBLIC AND TENANTS' COMMENTS

VI. CLOSED SESSION:

Pursuant to Subsections 143-318.11 (a) (3) and (4) of the General Statutes of North Carolina to Consult with Legal Counsel in Order to Preserve the Attorney-Client Privilege and to Discuss Matters Relating to the Location and/or Expansion of Industries or Other Businesses in the Area Served by the Authority, Including Agreement on a Tentative List of Economic Development Incentives that may be Offered by the Authority in Negotiations.

VII. ADJOURNMENT

**REGULAR MEETING
GREATER ASHEVILLE REGIONAL AIRPORT AUTHORITY
June 17, 2016**

The Greater Asheville Regional Airport Authority ("Authority") met on Friday, June 17, 2016 at 8:30 a.m. in the Conference Room at the Authority's Administrative Offices, Asheville Regional Airport ("Airport"), 61 Terminal Drive, Suite 1, Asheville, NC 28732.

MEMBERS PRESENT: Robert C. Roberts, Chair; K. Ray Bailey, Vice-Chair; Jeffrey A. Piccirillo; William L. Moyer; Matthew C. Burril; and Stephanie Pace Brown

MEMBERS ABSENT: Andrew T. Tate

STAFF AND LEGAL COUNSEL PRESENT: Cindy Rice, Authority Legal Counsel; Lew Bleiweis, Executive Director; Michael Reisman, Deputy Executive Director of Development and Operations; Kevan Smith, Chief of Public Safety; Suzie Baker, Director of Administration; Tina Kinsey, Director of Marketing and Public Relations; Janet Burnette, Director of Finance and Accounting; Shane Stockman, IT Director; John Coon, Director of Operations; and Ellen Heywood, Clerk to the Board

ALSO PRESENT: Richard Marvin, PFM; Eric Rysdon, RS&H; Kerry Friedman, Patla, Straus, Robinson & Moore; Bill Case, PFM via telephone

CALL TO ORDER: The Chair welcomed everyone in attendance and called the meeting to order at 8:30 a.m.

The Chair advised the Board that Andrew Tate has been reappointed to the Board by Henderson County and that the City of Asheville has reappointed Stephanie Brown to the Board. The Director advised the Board that Buncombe County will be taking action in August for their seat that will be available.

The Director requested a moment to recognize Tina Kinsey with a plaque and shirt from the American Association of Airport Executives for her recently earned AAE accreditation. The Board congratulated Mrs. Kinsey of this significant achievement.

PRESENTATIONS: None

FINANCIAL REPORT: The Director reported on the airport activity for April which included enplanements, aircraft operations, and general aviation activity. Mrs. Burnette reported on the financial activity for the month of April.

CONSENT ITEMS: The Chair remarked that Consent Item B, Approval of the Greater Asheville Regional Airport Authority May 13, 2016 Closed Session would be reviewed in closed session.

A. Approval of the Greater Asheville Regional Airport Authority May 13, 2016 Regular Meeting Minutes:

C. Authorize Donation of Surplus Property:

D. Approve Write-off of Uncollectible Account:

Mr. Bailey moved to approve Consent Items A, C, and D. Mr. Piccirillo seconded the motion and it carried unanimously.

OLD BUSINESS:

A. Adoption of Ordinance Policy: The Director remarked that this item would be discussed in Closed Session and then brought back to Open Session for action.

B. Approval of Public Officials Insurance Policy: The Director stated that there was a discussion at the previous Board meeting regarding liability limits for public officials' coverage. The current \$2 million coverage has been quoted for renewal with a premium of \$17,219. Staff has received quotes of \$18,334 for \$3 million coverage and \$19,011 for \$5 million coverage. The Director reviewed the details of the insurance coverage and provided examples of types of violations that would be covered by the insurance.

Mr. Bailey moved to increase the Public Officials Insurance Policy to \$5 million coverage and to authorize the Executive Director to sign the necessary documents. Mr. Moyer seconded the motion and it carried unanimously.

C. Bond Issuance: The Director informed the Board that Bill Case with PFM Group would join the meeting via conference call. Staff has been working with PFM Group over the past several months to develop a strategy for obtaining financing for the construction of the parking garage. Mr. Case reviewed a presentation that highlighted the structure of the financing as well as information on both tax exempt and taxable series bond financing. Mr. Case advised the Board that staff conducted a solicitation for fixed rate direct placement with a bank for 15 or 20-year commitments. Four proposals were received. Two of the four proposals did not meet the minimum needs for the project.

The remaining proposals only offered a 15-year repayment option. It was determined that Raymond James provided the best proposal with a locked-in rate, provided the ten-year treasury does not go above 2%. Mr. Case stated that PFM's recommendation was to proceed with a direct placement bond with Raymond James. Mr. Case presented a comparison of the proposal received by Raymond James versus estimated public offering of bonds as well as the benefits of the direct placement option. An outline of the estimated timeline for execution of the bond was also reviewed.

Mr. Moyer asked if the rate was locked in for any period of time or if the over 2% of the ten-year treasury kicks in even if it's 30 days from the present time. Mr. Case responded that the actual rate would be identified 10 days prior to the closing.

Mr. Moyer also inquired if there were any other financial or operational covenants that Raymond James would require. Mr. Case responded that Raymond James is looking for a rate covenant which means the Authority would agree to fixed rate charges or the airport to generate enough revenues to cover the debt service on a 1.25 times basis. Mr. Case stated that this is pretty standard and the indenture that PFM is drafting already has that rate in place in there so Raymond James was comfortable with that. The Director stated that Trillion Aviation, the Authority's financial consultant for the bond, has done a rate analysis and shows rate coverage of 1.63% beginning in 2017 all the way up to 1.7% in 2021, so the Authority more than covers the 1.25% debt service coverage that Raymond James is requesting.

Mr. Burrill asked if there were any call provisions. Mr. Case responded that there was a call provision where it will be callable at par after 10 years. This has been discussed with Raymond James and they will allow a make-whole call provision before 10 years which allows the Authority to pay off the debt early.

Mr. Moyer moved to proceed with a direct placement bond purchase with Raymond James and to authorize the Executive Director to finalize the negotiations and sign the necessary documents. Mr. Burrill second the motion and it carried unanimously.

NEW BUSINESS:

A. Award Contract for Building Demolition and Site Restoration: Mike Reisman informed the Board that the site of the former Public Safety building has been identified for future use in the Master Plan for expansion of the terminal apron or terminal building as needed. Currently that property is needed to help accommodate aircraft parking and ground support equipment. Mr. Reisman further advised the Board that the abandoned Skyland Fire Rescue training facility located on the northeast corner of the property has been identified in the Master Plan as future expansion of the fuel farm

facility. Staff publicly bid demolition and the lowest bid of \$60,000.00 was submitted by DH Griffin Wrecking Company, Inc. The FY2016/2017 capital budget includes \$125,000.00 for this project. Mr. Reisman advised the Board that although the bid amount was substantially lower than the budgeted amount, staff feels confident the amount proposed by DH Griffin is a good bid. DH Griffin Wrecking Company previously helped staff establish the budget for the demolition, but the funds were not available at that time to move forward with the project. DH Griffin has also done work for the airport in past years and is a well-known company with a national reputation. Mr. Reisman further advised the Board that before a permit could be obtained for the demolition of the former Public Safety building, it was necessary to perform an asbestos analysis. Some minor amounts of asbestos were found, so staff is obtaining quotes to remove the asbestos prior to the demolition taking place. DH Griffin is providing a quote for removal of the asbestos, and if the quote is within the dollar amount staff expects it to be, this will be paid for separate from the demolition contract, but included within the overall budget for the project.

Mr. Bailey moved to award contract to DH Griffin Wrecking Company, Inc. for a not to exceed cost of \$66,000.00 (\$60,000 plus 10% allowance of \$6,000.00) for building demolition and site restoration and authorize the Executive Director to sign the necessary documents. Ms. Brown seconded the motion and it carried unanimously.

B. Approval of FAA Lease: The Director reported that this item would be pulled from the agenda since the final lease has not yet been received from the FAA.

C. Approve Grant of Easement to BellSouth Telecommunications, LLC d/b/a AT&T North Carolina for Airport Main Entrance: The Director advised the Board that the utility poles blocking the airport's sign at the main entrance are a result of the interchange project. The NCDOT is working with Duke Energy to relocate the utility poles to the east side of Airport Road and has agreed to absorb the cost of this relocation. AT&T is also located on the Duke owned utility poles and needs an easement from the Authority to proceed with the relocation of the poles.

Mr. Burril moved to approve the grant of an easement to AT&T so Duke may proceed with the relocation of utility poles to the east side of Airport Road and authorize the Executive Director to sign the necessary documents. Mr. Bailey seconded the motion and it carried unanimously.

DIRECTOR'S REPORT: The Director advised the Board that he had a few additional items to include that were not on the agenda.

A. Allegiant Inaugurals: The Director reported that the inaugural flight to Baltimore was held on May 19th and was a great way to show the community the ease of getting to Washington, DC from AVL. The flight to BWI had a 90% or 92% load factor and the flight coming back to AVL was almost full. The inaugural flight to Jacksonville, FL was held on May 27th and although the load factor was a little lighter than staff would have liked, the incoming flight was almost sold out. The numbers have been improving and staff hopes it will continue.

B. Changes with American: American Airlines decided to change their summer schedule with the first flight out of AVL in the morning at 9:10 a.m. instead of approximately 7:00 a.m. and their last arrival to 8:40 p.m. instead of 11:30 p.m. This does not work well for the business community. American is blaming it on a crew shortage, however, the Director has done some research with other airports with similar enplanement numbers and does not believe this is the case. Mrs. Kinsey spoke with American at a conference earlier in the week and was told that American was not aware of the fact that these changes affected business travelers. Staff is hopeful that American will adjust their schedule in the fall.

C. Blood Drive: In conjunction with The Blood Connection, the airport will host a blood drive for employees and tenants on June 30th.

D. TSA Checkpoint: The Director reported that Congress and TSA have worked to alleviate some of the long lines at security checkpoints and have approved reprogramming of \$28 million in June to help fund agency handling. In May Congress approved a \$34 million program to hire staff, move part-time workers to full-time status, and authorize overtime for checkpoint employees. Behavior Detection Officers have also been deployed to perform ID checks and airlines have hired additional staff to help process people at the ticket counters more efficiently. The Federal Security Directors can use overtime to make sure the screening checkpoints are fully staffed and TSA has set up a command center that is watching airports and will direct staff to different airports to work as they see fit. So work is being done to help alleviate the problems at airports.

E. Gravel Parking Lot with Western North Carolina Agricultural Center: The Director stated that at a previous Board meeting, the Board approved \$90,000 for gravel to be used to construct a parking lot at the WNC Ag Center. The Ag Center had expected the National Guard to grade and prepare the area, however, the National Guard has been deployed so the plans for that gravel parking lot have been cancelled. The Ag Center has agreed to let the airport use some of their parking area while construction of the parking garage is taking place, with the exception of state fair time and the Christmas season. Staff will work with the Ag Center on the logistics and will keep the Board apprised.

F. Contingency Transfer: The Director reported that four transfers totaling \$71,468 had been transferred from contingency to the operating budget for the following purposes:

- \$4,020 to Guest Services Department for the new display racks.
- \$4,448 to Information Technology to finalize additional upgrades in the Board Room.
- \$25,000 to the Executive budget for professional services to cover the cost of the consultant for the independent authority.
- \$38,000 to the Development budget - \$33,000 for preliminary work on the parking lot in preparation for the parking garage and \$5,000 for additional travel for Mike Reisman.

G. Findings Resolution: This item will be addressed at the Special Meeting in July.

H. Bond Pay-off: Payment in the amount of \$1,088,681.18 was made on May 20, 2016 to pay off the bond for the rental car facility.

I. Uber Agreement: An agreement is in place with Uber that will allow Uber drivers to operate on the airport effective June 22nd.

J. ACI Annual Conference: The Director reminded the Board that the ACI Annual Conference is in Montreal in late September and to let staff know if interested in attending.

K. Parking Garage: The Director reported that he and Mr. Reisman traveled to Miami to view a parking garage with a perforated metal design. The Director was pleased with what they saw and feels confident that the perforated metal design on the parking garage in Asheville will easily be viewed from the terminal building. The Director further stated that staff met with representatives from the arts community and while pleased with the design planned, they were able to offer some suggestions that will be incorporated into the final design.

L. Phase II of Airfield Re-development Project: The Director was pleased to report that this phase of the project came in under budget by \$700,000 due to the diligence of Mike Reisman and his staff.

Mr. Moyer inquired if there had been any discussion with Duke Energy regarding the coal ash. The Director responded that there had not been any discussion and that Duke Energy was transporting their coal ash to South Carolina. The grading work that is visible from I26 is Charah cleaning up the area so that the Authority can accept the property to maintain.

INFORMATION SECTION: No comments

AUTHORITY MEMBER REPORTS:

A. Formation of a Nominating Committee: The Chair requested that Messrs. Moyer and Burril serve with him on a Nominating Committee for the election of officers. The committee will wait to act until Buncombe County makes their appointment to the Authority Board.

B. Key Strategic Elements: The Chair commented that the Key Strategic Elements were the Board's guiding principles and were a reminder to govern and to allow staff to manage.

PUBLIC AND TENANTS COMMENTS: None

CALL FOR NEXT MEETING: It was determined that the regular meeting of the Board on July 8, 2016 would not be necessary so the meeting was cancelled. A special meeting of the Board will be held on July 22, 2016.

The August 12, 2016 meeting of the Board was also cancelled and a special meeting will be held on August 5, 2016.

CLOSED SESSION: At 10:00 a.m. Mr. Piccirillo moved to go into Closed Session pursuant to Subsections 143-318.11(a)(3), (4), and (6) of the General Statutes of North Carolina to Consult with Legal Counsel Regarding, Among Other Things, That Lawsuit Entitled Tricor Construction, Inc. vs. RS&H Architects-Engineers-Planners, Inc., Greater Asheville Regional Airport Authority, Thalle Construction Co., Inc. and Liberty Mutual Insurance Company; and in Order to Preserve the Attorney-Client Privilege; to Discuss Matters Relating to the Location and/or Expansion of Industries or Other Businesses in the Area Served by the Greater Asheville Regional Airport Authority, Including Agreement on a Tentative List of Economic Development Incentives that may be Offered by the Greater Asheville Regional Airport Authority in Negotiations, and to Consider Personnel Matters. Mr. Moyer seconded the motion and it carried unanimously.

The Chair indicated they would break until 10:05 a.m., at which time the Board would resume in closed session.

Open Session resumed at 11:46 a.m.

GREATER ASHEVILLE REGIONAL AIRPORT AUTHORITY JUNE 17, 2016

CLOSED SESSION MINUTES: Mr. Piccirillo moved to seal the minutes for the Closed Session just completed and to withhold such Closed Session minutes from public inspection so long as public inspection would frustrate the purpose or purposes thereof. Mr. Moyer seconded the motion and it carried unanimously.

**APPROVAL OF THE GREATER ASHEVILLE REGIONAL AIRPORT AUTHORITY
MAY 13, 2016 CLOSED SESSION MINUTES PARTS A AND B:**

Mr. Piccirillo moved to approve the minutes for the May 13, 2016 Closed Session, Parts A and B, and to seal and withhold the minutes for the May 13, 2016 Closed Session, Parts A and B, from public inspection so long as public inspection would frustrate the purpose or purposes thereof. Mr. Bailey seconded the motion and it carried unanimously.

OLD BUSINESS:

A. Adoption of Ordinance Policy: Ms. Brown moved to approve the Resolution regarding the policy and procedure for the adoption of ordinances by the Greater Asheville Regional Airport Authority. Mr. Moyer seconded the motion and it carried unanimously subject to the removal of the language in Section 1.1.3. regarding approval of all members required for adoption of an ordinance.:

**GREATER ASHEVILLE REGIONAL AIRPORT AUTHORITY
RESOLUTION**

*A RESOLUTION REGARDING THE POLICY AND PROCEDURE FOR THE ADOPTION OF
ORDINANCES BY THE GREATER ASHEVILLE REGIONAL AIRPORT AUTHORITY.*

WHEREAS, the Greater Asheville Regional Airport Authority (the "GARAA" or the "Authority") was created by Session Law 2012-121, which was ratified by the General Assembly of North Carolina on June 28, 2012 (the "Session Law");

WHEREAS, Section 1.6(a)(7) of the Session Law gives the GARAA the ability to, among other things: *"[m]ake all reasonable rules, regulations, and policies as it may from time to time deem to be necessary, beneficial or helpful for the proper maintenance, use, occupancy, operation, and/or control of any airport or airport facility owned, leased, subleased, or controlled by the Authority; provide and enforce civil and criminal penalties for the violation of such rules, regulations and policies; provided that such rules, regulations, policies and penalties are not in conflict with any applicable law, rule or regulation of the State of North Carolina, the United States, or any agency, department, or subdivision of either of them, including the rules and regulations of the Federal Aviation Administration."*

WHEREAS, Section 1.6(a)(21) of the Session Law gives the GARAA the ability to: *"[e]xercise all powers conferred by Chapter 63 of the General Statutes [of the State of North Carolina] or any successor Chapter or law."*

WHEREAS, the powers conferred in North Carolina General Statute Section 63-53(2) specifically include the powers to: adopt and amend all needful rules, regulations and ordinances for the management, government and use of any properties under its control and to fix by ordinance, penalties for the violation of said ordinances and enforce said penalties;

WHEREAS, North Carolina General Statute Section 63-53(2) also specifically requires that such ordinances be published as provided by general law or the charter of the municipality for the publication of similar ordinances, and that such ordinances conform to and be consistent with the laws of the State of North Carolina, and the then current federal legislation governing aeronautics and the regulations promulgated thereunder;

WHEREAS, the GARAA now finds that it is necessary, beneficial, helpful and/or needful to the Authority, if the GARAA can, from time to time, enact certain ordinances regarding the maintenance, use, occupancy, operation, government, and/or control of the Asheville Regional Airport and any facility owned, leased, subleased, or controlled by the Authority, and to provide for and enforce the civil and criminal penalties for violations of such ordinances; and

WHEREAS, prior to the adoption of any ordinances by the GARAA, the Authority first desires to adopt a formal policy and procedure for the consideration and adoption of ordinances and ordinance amendments by the Authority.

NOW, THEREFORE, BE IT RESOLVED, and Adopted by the Authority that, effective immediately, the following shall constitute the Greater Asheville Regional Airport Authority's Policy and Procedure for the Adoption of Ordinances:

Greater Asheville Regional Airport Authority
Policy and Procedure for the Adoption of Ordinances

1.1.1. Ordinance-Making Power. The GARAA may adopt, amend, and repeal any reasonable ordinance it may deem to be necessary, beneficial or helpful: for the proper maintenance, use occupancy, operation, and/or control of any airport or airport owned facility owned, leased, subleased, or controlled by the GARAA, in accordance with Session Law 2012-121; and in exercising all rights, powers and authority given to the counties and/or municipalities by the statutes of North Carolina, which may now be in effect, or which may be enacted in the future relating to the development, operation, maintenance, regulation and/or control of municipal or other governmental airports and the regulations of aircraft, including,

but not limited to, the exercise of all powers conferred by Chapter 63 of the General Statutes of North Carolina or any successor Chapter of law. All ordinances shall be consistent with the Constitution and laws of North Carolina and of the United States, and all agencies, departments and subdivisions of either of them, including the rules and regulations of the Federal Aviation Administration, or the then current federal legislation governing aeronautics and the regulations duly promulgated thereunder and issued from time to time pursuant thereto, and shall not: infringe upon a liberty guaranteed to the people by the State or federal constitution; make unlawful an act, omission or condition which is expressly made lawful by State or federal law; make lawful an act, omission or condition which is expressly made unlawful by State or federal law; purport to regulate a subject that local governments are expressly forbidden to regulate by State or federal law; purport to regulate a field for which a State or federal statute clearly shows a legislative intent to provide a complete and integrated regulatory scheme to the exclusion of local regulation; or define an offense containing identical elements to the elements of the offense defined by State or federal law. However, the fact that a State or federal law, standing alone, makes a given act, omission, or condition unlawful shall not preclude the GARAA ordinance requiring a higher standard of conduct or condition. Enumeration of specific powers herein does not regulate, prohibit or abate other acts, omissions or conditions, and is not exclusive, nor is it a limit on the authority of the GARAA to adopt ordinances pursuant to the powers conferred upon the GARAA in Session Law 2012-121 and Chapter 63 of the North Carolina General Statutes.

1.1.2. Introduction of Ordinances. A proposed ordinance or ordinance amendment may be introduced at any regular, special or emergency meeting of the GARAA. A proposed ordinance or ordinance amendment shall be deemed to be introduced at the first meeting at which it is actually considered by the GARAA. The initial introduction of a proposed ordinance or proposed ordinance amendment may only be made in written form. A copy of a proposed ordinance or ordinance amendment shall be attached to the agenda of the meeting at which it is to be introduced. At the same time, the proposed ordinance or ordinance amendment shall be filed with the Clerk to the GARAA, where it shall remain for public inspection until the governing board considers the ordinance for adoption. The Clerk to the GARAA shall publish a statement that the proposed ordinance or ordinance amendment has been submitted to the GARAA for consideration and is available for public inspection, and the Clerk must make a copy of the proposed ordinance or ordinance amendment available to all news media in the county. Once an ordinance or ordinance amendment has been introduced, and prior to approval,

modifications or changes to the proposed language may be orally made and considered by the GARAA.

1.1.3. Adoption of Ordinances. The GARAA must wait a minimum of ten days after a proposed ordinance or ordinance amendment is initially introduced before adopting the ordinance or ordinance amendment. Following the waiting period, the GARAA must also hold at least one public hearing on the proposed ordinance or ordinance amendment before adopting the proposed ordinance or ordinance amendment. The Clerk of the GARAA shall at, or prior to, the time the proposed ordinance or ordinance amendment is introduced, set the time and place for the public hearing, and notice of the public hearing shall be published by the Clerk. During the public hearing any person who wishes to be heard on the proposed ordinance or ordinance amendment must be allowed time to speak. Following the public hearing, the proposed ordinance may be approved by the Board, at any time thereafter, within 100 days of its introduction, and upon receiving a majority of the votes cast, a quorum being present, the ordinance is adopted.

1.1.4. Ordinance Book. The Clerk shall maintain an ordinance book, separate from the minute book of the GARAA. The ordinance book shall be indexed and shall be available for public inspection in the office of the Clerk. Each ordinance adopted by the GARAA shall be indexed in the ordinance book. Each ordinance (and amendment) included in the ordinance book shall reflect the ordinance as adopted by the GARAA, including any oral modifications or changes approved by the GARAA. The budget ordinance and any amendments thereto, any bond orders, and any other ordinance of limited interest or transitory nature may be omitted from the ordinance book. However, the ordinance book shall contain a section showing the caption of each omitted ordinance and the location in the minute book where the ordinance may be found.

1.1.5. Enforcement of Ordinances. The GARAA may provide for fines and penalties for violation of ordinances and may secure injunctions and abatement orders to further insure compliance with its ordinances. Unless provided otherwise, violation of an ordinance of the GARAA is a misdemeanor or infraction as provided by N.C.G.S. 14-4. The GARAA may provide by express statement that the maximum fine, term of imprisonment, or infraction penalty to be imposed for violation of the ordinance is some amount of money or number of days less than the maximum imposed by N.C.G.S. 14-4. An ordinance may provide that violation subjects the offender to a civil penalty to be recovered by the GARAA in a civil action in the nature of debt if the offender does not pay the penalty within a prescribed period of time after he has been cited for violation of the ordinance. An ordinance may

provide that it may be enforced by an appropriate equitable remedy issuing from a court of competent jurisdiction. An ordinance may be enforced by one or more remedies, and an ordinance may provide, when appropriate, that each day's continuing violation is a separate and distinct offense.

Adopted this 17th day of June, 2016.

**THE GREATER ASHEVILLE REGIONAL
AIRPORT AUTHORITY**

By: _____
Robert C. Roberts, Chair

ATTEST:

Ellen M. Heywood, Clerk to the Board

EXECUTIVE DIRECTOR PERFORMANCE EVALUATION:

Mr. Bailey moved to increase the Executive Director's salary by 4% and 2% paid on a bi-weekly basis to a 457 deferred compensation plan effective July 1, 2016. Mr. Burril seconded the motion and it carried unanimously.

ADJOURNMENT: Mr. Bailey moved to adjourn the meeting at 11:49 a.m. Mr. Piccirillo seconded the motion and it carried unanimously.

Respectfully submitted,

Ellen Heywood
Clerk to the Board

Approved:

Robert C. Roberts
Chair



MEMORANDUM

TO: Members of the Airport Authority

FROM: Michael A. Reisman, A.A.E.
Deputy Executive Director, Development and Operations

DATE: July 22, 2016

ITEM DESCRIPTION – New Business Item A

Award Contract for Construction of Parking Garage

BACKGROUND

As previously reported to the Board, increased passenger activity at the airport has resulted in the need to provide additional permanent parking facilities to meet demands that are forecast to exceed capacity in the near future. The Board has already approved expenditures related to parking facilities to provide temporary relief on parking constraints, as well as expenditures associated with the design of a permanent parking garage structure. Design of the parking structure was subsequently completed and publicly advertised for bids on May 23, 2016. A pre-bid conference was held for interested potential bidders on June 7, 2016. Sealed bids were received and opened by the Authority on July 14th, with a total of 6 bids being received. A copy of the Bid Tabulation is attached with this Board Memo.

The responsive low bid was received by American South General Contractors, Inc. in the amount of \$20,158,000.00, plus \$650,000 for Add Alternate 1 (Temporary Customer Transportation), \$73,000.00 for Add Alternate 2 (Thermoplastic Pavement Markings), \$13,000.00 for Add Alternate 3 (Thermoplastic Marking Symbols), and \$239,000.00 for Add Alternate 4 (paint underside of each level). Add Alternate 1 may be carried out in an alternate manner after staff has further analyzed the cost efficiency of the price submitted. Add Alternate 4 is not recommended for inclusion. The total amount submitted including the bid alternates is \$20,894,000.00 (excluding Add Alternate 4). The engineers estimate for this work, (not including Add Alternate 1) was \$19,141,038.00.

New Business – Item A



An additional 5 percent allowance for miscellaneous costs and potential overages during construction is recommended for this project, bringing the total estimated cost of construction to \$21,938,700.00.

ISSUES

Approval by the North Carolina Local Government Commission is required to complete the preferred bond funding for this project and is pending the Commission's action on July 27, 2016.

ALTERNATIVES

Alternatives previously considered are limited to the construction of additional remote surface parking which would require on-going shuttle bus service, the cost of which in the long term exceeds that of a garage structure.

FISCAL IMPACT

Total estimated expenses of \$21,938,700.00 will be funded mostly with bonds and Authority cash. A portion of the bond funded amount will be re-paid utilizing Customer Facility Charges from rental car revenues.

The total amount is \$3,766,275.00 over the amount included in the FY2016/2017 budget, therefore a budget amendment is necessary to cover the cost of the contract award.

RECOMMENDED ACTION

It is respectfully requested that the Greater Asheville Regional Airport Authority Board resolve to (1) approve the award of the parking garage construction project with American South General Contractors, Inc. in the amount not to exceed of \$21,938,700.00 (\$20,894,000 including Add Alternates 1, 2 and 3, plus 5 percent allowance of \$1,044,700.00), contingent upon LGC approval; and, (2) authorize the Executive Director to execute the necessary documents; and (3) amend the FY2016/2017 budget by adopting the following budget ordinance amendment:

Greater Asheville Regional Airport Authority - Bid Tabulation

Project Name: **PARKING GARAGE**

Date/Time: **July 14, 2016 2:00PM**

	Company Name & Address	Acknowledgement of Addendum(s)	Bid Bond	Total Lump Sum	Add Alt 1	Add Alt 2	Add Alt 3	Add Alt 4
1	H & M Constructors - A Division of MB Haynes Corporation 187 Dearview Road Asheville, NC 28806	Yes	Yes	\$24,300,000	\$925,000	\$13,000	\$3,000	\$510,000
2	The Harper Corporation General Contractors 35 West Court St., Ste 400 Greenville, SC 29601	Yes	Yes	\$21,819,167	\$2,500,000	\$6,500	\$3,000	\$220,000
3	American South General Contractors, Incorporated 60 North Merrimon Ave, Unit 101 Asheville, NC 28804	Yes	Yes	\$20,158,000	\$650,000	\$73,000	\$13,000	\$239,000
4	China Construction America of South Carolina, Incorporated 700 Saturn Parkway Columbia, SC 29212	Yes	Yes	\$23,100,000	\$1,073,100	\$26,000	\$6,000	\$511,319
5	Rentenbach Constructors Incorporated PO Box 11087 Knoxville, TN 37939	Yes	Yes	\$20,570,000	\$405,000	\$3,640	\$0	\$299,000
6	Vannoy Construction 230 Hilliard Ave., Ste 1 Asheville, NC 28801	Yes	Yes	\$25,567,257	\$1,143,822	\$5,562	\$1,604	\$523,382

The bid summary is certified to be true and correct to the best of my knowledge.

Michael A. Reisman, Deputy Airport Director, Development & Operations
Greater Asheville Regional Airport Authority

Date: _____



BE IT ORDAINED by the Greater Asheville Regional Airport Authority that the following amendment be made to the annual budget ordinance for the fiscal year ending June 30, 2017:

Section 1. To amend the appropriations as follows:

EXPENDITURES:

	<u>Decrease</u>	<u>Increase</u>
Capital Improvements		\$3,766,275.00
Totals	<u>\$0</u>	<u>\$3,766,275.00</u>

This will result in a net increase of \$3,766,275.00 in the appropriations. Revenues will be revised as follows:

REVENUES:

	<u>Decrease</u>	<u>Increase</u>
Transfer from GARAA Cash/Investments		\$3,766,275.00
Totals	<u></u>	<u>\$3,766,275.00</u>

Section 2. Copies of this budget amendment shall be furnished to the Clerk to the Greater Asheville Regional Airport Authority, and to the Budget Officer and to the Finance Officer for their direction.

Adopted this 22nd day of July, 2016.

 Robert C. Roberts, Chair

Attested by:

 Ellen Heywood, Clerk to the Board

Greater Asheville Regional Airport Authority - Bid Tabulation

Project Name: **PARKING GARAGE**

Date/Time: **July 14, 2016 2:00PM**

	Company Name & Address	Acknowledgement of Addendum(s)	Bid Bond	Total Lump Sum	Add Alt 1	Add Alt 2	Add Alt 3	Add Alt 4
1	H & M Constructors - A Division of MB Haynes Corporation 187 Dearview Road Asheville, NC 28806	Yes	Yes	\$24,300,000	\$925,000	\$13,000	\$3,000	\$510,000
2	The Harper Corporation General Contractors 35 West Court St., Ste 400 Greenville, SC 29601	Yes	Yes	\$21,819,167	\$2,500,000	\$6,500	\$3,000	\$220,000
3	American South General Contractors, Incorporated 60 North Merrimon Ave, Unit 101 Asheville, NC 28804	Yes	Yes	\$20,158,000	\$650,000	\$73,000	\$13,000	\$239,000
4	China Construction America of South Carolina, Incorporated 700 Saturn Parkway Columbia, SC 29212	Yes	Yes	\$23,100,000	\$1,073,100	\$26,000	\$6,000	\$511,319
5	Rentenbach Constructors Incorporated PO Box 11087 Knoxville, TN 37939	Yes	Yes	\$20,570,000	\$405,000	\$3,640	\$0	\$299,000
6	Vannoy Construction 230 Hilliard Ave., Ste 1 Asheville, NC 28801	Yes	Yes	\$25,567,257	\$1,143,822	\$5,562	\$1,604	\$523,382

The bid summary is certified to be true and correct to the best of my knowledge.

Michael A. Reisman, Deputy Airport Director, Development & Operations
Greater Asheville Regional Airport Authority

Date: _____



MEMORANDUM

TO: Members of the Airport Authority

FROM: Janet Burnette, Director of Finance and Accounting

DATE: July 22, 2016

ITEM DESCRIPTION – New Business Item B

Approval of Resolution Adopting a Bond Order Authorizing the Issuance Under the Provisions of the State and Local Government Revenue Bond Act, as Amended, of Airport System Revenue Bonds of the Greater Asheville Regional Airport Authority

BACKGROUND

On June 17, 2016, the Authority Board approved the private placement bond issuance with Raymond James Capital Funding, Inc. for the purpose of constructing a parking garage facility. Bond counsel has prepared the attached Board Resolution with accompanying General Trust Indenture, Series Indenture Number 1 and Credit Agreement.

ISSUES

None

ALTERNATIVES

None

FISCAL IMPACT

New debt will be issued to the Authority in the amount of \$21,000,000 payable over fifteen years.

New Business – Item B



GREATER ASHEVILLE REGIONAL AIRPORT AUTHORITY
New Business Item B
Approval of Resolution Adopting a Bond Order Authorizing the Issuance Under the
Provisions of the State and Local Government Revenue Bond Act, as Amended, of Airport
System Revenue Bonds of the Greater Asheville Regional Airport Authority
Page 2

RECOMMENDED ACTION

It is respectfully requested that the Greater Asheville Regional Airport Authority Board resolve to approve the Resolution adopting a bond order authorizing the issuance of Airport System Revenue Bonds and all attached documentation related to same.

Attachments

**EXTRACTS FROM MINUTES OF
GREATER ASHEVILLE REGIONAL AIRPORT AUTHORITY**

A Special Meeting of the Board of Directors for the Greater Asheville Regional Airport Authority was duly held in the Conference Room at the Authority’s Administrative Offices in Asheville, North Carolina, the regular place of meeting, at 8:30 a.m. on July 22, 2016.

Members Present:

Members Absent:

Also Present:

* * * * *

Board Member _____ introduced the following resolution, a summary of which had been provided to each Board Member, which was read by title:

**A RESOLUTION ADOPTING A BOND ORDER AUTHORIZING THE
ISSUANCE UNDER THE PROVISIONS OF THE STATE AND LOCAL
GOVERNMENT REVENUE BOND ACT, AS AMENDED, OF AIRPORT SYSTEM
REVENUE BONDS OF THE GREATER ASHEVILLE REGIONAL AIRPORT
AUTHORITY**

BOND ORDER

WHEREAS, the Greater Asheville Regional Airport Authority (the “*Authority*”), a political subdivision of the State of North Carolina, owns and operates a public airport known as the Asheville Regional Airport (together with such additions thereto as may be made from time to time, the “*Airport*”);

WHEREAS, the Authority is empowered, under the Constitution and laws of the State of North Carolina, particularly The State and Local Government Revenue Bond Act (Sections 159-80 to 159-97, inclusive, as amended, of the General Statutes of North Carolina), as the same may be amended from time to time (the “*Act*”), to issue its revenue bonds for the purpose of financing airport facilities;

WHEREAS, the Board of Directors of the Authority hereby determines that it is desirable to issue two series of airport revenue bonds to be known as “*Greater Asheville Regional Airport Authority Airport System Revenue Bond, Series 2016A*” and “*Greater Asheville Regional Airport Authority Taxable Airport System Revenue Bond, Series 2016B*” (collectively, the “*2016 Bonds*”) in order to (1) finance all or a portion of the cost of the acquisition and construction of a parking facility at the Airport (the “*2016 Project*”) and (2) pay the costs of issuance of the 2016 Bonds;

WHEREAS, the Board of Directors wants to (1) retain Parker Poe Adams & Bernstein LLP, as bond counsel; (2) request the approval of the Local Government Commission of North Carolina (the “*Commission*”) of Raymond James Capital Funding, Inc. as the initial purchaser of the 2016 Bonds (the “*Lender*”); (3) approve the selection by the Lender of Womble Carlyle Sandridge & Rice, LLP, as Lender’s counsel; and (4) retain Public Financial Management, Inc., as financial advisor (collectively, the “*Financing Team*”);

WHEREAS, the Authority will issue the 2016 Bonds under a General Trust Indenture dated as of September 1, 2016 (the “*General Indenture*”) between the Authority and the bond trustee named therein (the “*Trustee*”), and Series Indenture, Number 1 dated as of September 1, 2016 (the “*Series Indenture*” and together with the General Indenture, the “*Indenture*”) between the Authority and the Trustee;

WHEREAS, the Authority and the Commission have arranged for the sale of the 2016 Bonds to the Lender under the terms of a Covenant Agreement to be dated as of September 1, 2016 (the “*Covenant Agreement*”); and

WHEREAS, copies of the forms of the following documents relating to the transactions described above have been filed with the Authority:

1. the General Indenture
2. the Series Indenture; and
3. the Covenant Agreement.

NOW, THEREFORE, BE IT RESOLVED by the Board of Directors of the Greater Asheville Regional Airport Authority as follows:

Section 1. The 2016 Bonds are hereby authorized and will be issued by the Authority pursuant to the Act for the purpose of providing funds, together with other available funds of the Authority, (1) to finance all or a portion of the costs of the 2016 Project and (2) to pay the costs of issuing the 2016 Bonds.

Section 2. The aggregate principal amount of the 2016 Bonds authorized by this order will not exceed \$21,000,000. The 2016 Bonds hereby authorized will be special obligations of the Authority, secured by and paid solely from the proceeds thereof or from Net Revenues (as defined in the General Indenture).

Section 3. The filing of an application with the Local Government Commission of North Carolina (the “*Commission*”) for its approval of the issuance of the 2016 Bonds is hereby ratified and approved. The Director of Finance and Accounting of the Authority, or her designee, with advice from the Executive Director, the counsel to the Authority and bond counsel, is hereby authorized, directed and designated to provide such information to the Commission as may be required for the Commission’s approval of such application.

Section 4. The Financing Team is hereby approved in connection with the issuance by the Authority of the 2016 Bonds. The Director of Finance and Accounting is hereby authorized to retain the services of such other professionals, including a bond trustee, as she may determine necessary to carry out the transactions contemplated by this Resolution. The trustee selected is hereby appointed as Registrar and Paying Agent under the Indenture.

Section 5. The Board of Directors finds and determines, and asks the Commission to find and determine from the Authority’s application and supporting documentation, as follows:

- (a) the issuance of the 2016 Bonds is necessary or expedient;

- (b) the not to exceed stated principal amount of the 2016 Bonds will be sufficient but is not excessive, when added to other money available to the Airport, to finance the 2016 Project;
- (c) the Airport, as now constituted and after completion of the 2016 Project, is feasible;
- (d) the Authority's debt management procedure and policies are excellent; and
- (e) the 2016 Bonds can be marketed at a reasonable interest cost to the Authority.

Section 6. The Authority's issuance of the 2016 Bonds, in substantially the form to be set forth in the Series Indenture, is hereby in all respects approved and confirmed, and the provisions of the General Indenture and the Series Indenture with respect to the 2016 Bonds (including without limitation the maturity dates and rates of interest) are hereby approved and confirmed and are incorporated herein by reference. The proceeds from the sale of the 2016 Bonds will be deposited in accordance with the Series Indenture.

The principal of, premium, if any, and interest on the 2016 Bonds will not constitute a legal or equitable pledge, charge, lien or encumbrance on any of the Authority's property or on any of its income, receipts or revenues except the funds which are pledged under the Indenture. Neither the credit nor the taxing power of the State of North Carolina or the Authority is pledged for the payment of the principal of, premium, if any, or interest on the 2016 Bonds, and no holder of the 2016 Bonds has the right to compel the exercise of the taxing power by the State of North Carolina or the forfeiture of any of its or the Authority's property in connection with any default thereon. The Authority has no taxing power.

Section 7. The Chair of the Board of Directors, the Vice Chair of the Board of Directors and the Executive Director are hereby authorized, empowered and directed, individually and collectively, to execute and deliver the General Indenture and Series Indenture for and on behalf of the Authority, including necessary counterparts, in substantially the form and content presented to the Authority, but with such changes, modifications, additions or deletions therein as they may deem necessary, desirable or appropriate, their execution thereof to constitute conclusive evidence of their approval of any and all such changes, modifications, additions or deletions therein. From and after the execution and delivery of the General Indenture and the Series Indenture, the Chair of the Board of Directors, the Vice Chair of the Board of Directors, the Executive Director, the Director of Finance and Accounting and Clerk to the Board of Directors of the Authority, or their respective designees, are hereby authorized, empowered and directed, individually and collectively, to do all such acts and things and to execute all such documents as may be necessary to carry out and comply with the provisions of the General Indenture and Series Indenture as executed.

Section 8. The Board of Directors requests that the Commission sell the 2016 Bonds through negotiation to the Lender pursuant to the terms of the Covenant Agreement but at a true interest cost not exceeding 5.0% for the 2016A Bond and 6.0% for the 2016B Bond. The form and content of the Covenant Agreement are in all respects approved and confirmed, and the Chair of the Board of Directors, the Vice Chair of the Board of Directors and the Executive Director, individually and collectively, are hereby authorized, empowered and directed to execute and deliver the Covenant Agreement for and on behalf of the Authority, including necessary counterparts, in substantially the form and content presented to the Authority, but with such changes, modifications, additions or deletions therein as he may deem necessary, desirable or appropriate, his execution thereof to constitute conclusive evidence of his approval

of any and all such changes, modifications, additions or deletions therein. From and after the execution and delivery of the Covenant Agreement, the Chair of the Board of Directors, the Vice Chair of the Board of Directors, the Executive Director, the Director of Finance and Accounting and Clerk to the Board of Directors of the Authority, or their respective designees, are hereby authorized, empowered and directed, individually and collectively, to do all such acts and things and to execute all such documents as may be necessary to carry out and comply with the provisions of the Covenant Agreement as executed.

Section 9. The Executive Director or Director of Finance and Accounting is hereby authorized to execute a no-arbitrage certificate to comply with Section 148 of the Internal Revenue Code of 1986, as amended, and the applicable regulations promulgated thereunder.

Section 10. If any one or more of the covenants, agreements or provisions contained in this Bond Order is held contrary to any express provision of law or contrary to the policy of express law, though not expressly prohibited, or against public policy, or is for any reason whatsoever held invalid, then such covenants, agreements or provisions will be null and void and will be deemed separable from the remaining agreements and provisions and will in no way affect the validity of any of the other agreements and provisions of this Bond Order or of the 2016 Bonds authorized hereunder.

Section 11. No stipulation, obligation or agreement contained in this Bond Order or contained in the 2016 Bonds, the General Indenture, the Series Indenture, the Covenant Agreement or any other instrument related to the issuance of the 2016 Bonds is a stipulation, obligation or agreement of any officer, agent or employee of the Authority in his or her individual capacity, and no such officer, agent or employee is personally liable on the 2016 Bonds or subject to personal liability or accountability by reason of the issuance thereof.

Section 12. The Chair of the Board of Directors, the Vice Chair of the Board of Directors, the Executive Director, the Director of Finance and Accounting and Clerk to the Board of Directors of the Authority, or their respective designees, are hereby authorized, empowered and directed, individually and collectively, to prepare and furnish, when the 2016 Bonds are issued, certified copies of all the proceedings and records of the Board of Directors relating to the 2016 Bonds, and such other affidavits, certificates and documents as may be required to show the facts relating to the legality and marketability of the 2016 Bonds as such facts appear on the books and records in such party's custody and control or as otherwise known to them; and all such certified copies, certificates, affidavits and documents, including any heretofore furnished, constitute representations of the Authority as to the truth of all statements contained therein.

The Chair of the Board of Directors, the Vice Chair of the Board of Directors and the Executive Director, or their respective designees, are hereby authorized, empowered and directed, individually and collectively, to execute any and all other documents which they, in their discretion, deem necessary and appropriate to consummate the transactions contemplated by this Bond Order, the General Indenture, the Series Indenture or the Covenant Agreement.

The Chair of the Board of Directors, the Vice Chair of the Board of Directors, the Executive Director, the Director of Finance and Accounting and Clerk to the Board of Directors of the Authority, or their respective designees, are hereby authorized, empowered and directed, individually and collectively, to do and all other acts to carry out the on-going administration of such transactions and the 2016 Bonds; except that none of the above is hereby authorized or empowered to do anything or execute any document which is in contravention, in any way, of (a) the specific provisions of this Bond Order, (b) the specific provisions of the General Indenture or the Series Indenture, (c) any agreement to which the Authority is bound, (d) any rule or regulation of the Authority or (e) any applicable law, statute, ordinance, rule or regulation of the United States of America or the State of North Carolina.

Section 13. All acts and doings of the officials of the Authority that are in conformity with the purposes and intents of this Bond Order and in the furtherance of the issuance of the 2016 Bonds and the execution, delivery and performance of the Indenture and the Covenant Agreement are hereby in all respects approved and confirmed.

Section 14. All resolutions or parts thereof of the Board of Directors in conflict with the provisions herein contained are, to the extent of such conflict, hereby superseded and repealed.

Section 15. This Bond Order will take effect immediately on its adoption and, pursuant to Section 159-88 of the General Statutes of North Carolina, as amended, need not be published or subjected to any procedural requirements governing the adoption of ordinances or resolutions by the Board of Directors other than the procedures set out in the Act.

STATE OF NORTH CAROLINA)
)
COUNTY OF BUNCOMBE) ss:

I, ELLEN HEYWOOD, the CLERK TO THE BOARD OF DIRECTORS OF THE GREATER ASHEVILLE REGIONAL AIRPORT AUTHORITY, ***DO HEREBY CERTIFY*** that the foregoing is a true and exact copy of a resolution entitled “**A RESOLUTION ADOPTING A BOND ORDER AUTHORIZING THE ISSUANCE UNDER THE PROVISIONS OF THE STATE AND LOCAL GOVERNMENT REVENUE BOND ACT, AS AMENDED, OF AIRPORT SYSTEM REVENUE BONDS OF THE GREATER ASHEVILLE REGIONAL AIRPORT AUTHORITY; AND AUTHORIZING THE APPLICATION TO THE LOCAL GOVERNMENT COMMISSION FOR APPROVAL OF THE ISSUANCE OF SUCH BONDS AND THE PRIVATE SALE OF SUCH BONDS**” adopted by the Board of Directors of the Greater Asheville Regional Airport Authority, at a meeting held on the 22nd day of July, 2016.

WITNESS my hand and the corporate seal of the Greater Asheville Regional Airport Authority, this the ____ day of July, 2016.

Ellen Heywood
Clerk to the Board of Directors
Greater Asheville Regional Airport Authority

GREATER ASHEVILLE REGIONAL AIRPORT AUTHORITY

and

[NAME OF TRUSTEE],

as Trustee

SERIES INDENTURE, NUMBER 1

Dated as of
September 1, 2016

*Greater Asheville Regional Airport Authority
Airport System Revenue Bond, Series 2016A
Taxable Airport System Revenue Bond, Series 2016B*

**SERIES INDENTURE, NUMBER 1
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SERIES INDENTURE, NUMBER 1

THIS SERIES INDENTURE, NUMBER 1 dated as of September 1, 2016 (the “*Series Indenture*,” and together with the General Indenture and any supplements and amendments thereto and hereto made in accordance therewith and herewith, this “*Indenture*”), is by and between the **GREATER ASHEVILLE REGIONAL AIRPORT AUTHORITY** (the “*Authority*”), a body corporate and politic of the State of North Carolina and [Name of Trustee], as trustee (the “*Trustee*”), having an office and place of business in _____, duly organized and existing under the laws of the _____, being authorized to accept and execute trusts of the character herein set out.

WITNESSETH:

WHEREAS, the Authority proposes to issue two series of bonds hereunder and under that certain General Trust Indenture dated as of September 1, 2016 (the “*General Indenture*”) between the Authority and the Trustee, and to apply the proceeds of the bonds to (1) pay the Costs of Construction of the Projects (as defined herein) and (2) pay the costs of issuing the 2016 Bonds (as defined herein);

NOW THEREFORE, in consideration of the mutual covenants and agreements contained herein it is agreed as follows:

ARTICLE I

DEFINITIONS

Except as provided herein, all defined terms contained in Section 1.01 of the General Indenture will have the same meanings in this Indenture. In addition, the following words and terms, unless the context otherwise requires, have the following meanings:

“*Arbitrage and Tax Regulatory Certificate*” means the Arbitrage and Tax Regulatory Certificate dated as of [Closing Date], 2016 by the Authority related to the 2016A Bond.

“*Authorized Denomination*” means \$100,000 and any integral multiple of \$5,000 in excess thereof.

“*Determination of Taxability*” means, with respect to the 2016A Bond, a determination that all or a portion of the interest on such 2016A Bond is included in gross income of the Owner thereof for federal income tax purposes, as a result of an action, or failure to act, by the Authority, which determination shall be deemed to have been made upon the occurrence of the first to occur of the following: (1) the date on which such Owner is advised in writing by the Commissioner or any District Director of the Internal Revenue Service that, as a result of an action, or failure to act, by the Authority, all or a portion of the interest on the 2016A Bond is included in the gross income of the Owner for federal income tax purposes; (2) the date on which the Authority receives notice from such Owner that the Owner has been advised in writing that the Internal Revenue Service has issued a statutory notice of deficiency or similar notice to the Owner which asserts, in effect, that all or a portion of the interest with respect to such 2016A Bond received by the Owner is included in the gross income of the Owner for federal income tax purposes, as a result of an action, or failure to act, by the Authority; (3) the date on which the Authority is advised in writing by the Commissioner or any District Director of the Internal Revenue Service that there has been issued a public or private ruling of the Internal Revenue Service that all or a portion of the interest on such 2016A Bond is included in the gross income of the Owner thereof for federal income tax purposes as a result of an action, or failure to act, by the Authority; or (4) the date on which the Authority is advised in writing by counsel to the Owner of such 2016A Bond that a final determination, from which no further

right of appeal exists, has been made by a court of competent jurisdiction in the United States of America in a proceeding with respect to which the Authority has been given written notice and an opportunity, at the expense of the Authority, to participate and defend that interest on such 2016A Bond is included in the gross income of such Owner for federal income tax purposes, as a result of an action, or failure to act, by the Authority.

“*Electronic Means*” means the following communications methods: e-mail, facsimile transmission, secure electronic transmission containing applicable authorization codes, passwords and/or authentication keys, or another method or system specified by the Trustee as available for use in connection with its services hereunder.

“*General Indenture*” means the General Trust Indenture dated as of September 1, 2016 between the Authority and the Trustee, and any amendments and supplements thereto.

“*Indenture*” means this Series Indenture, Number 1, together with the General Indenture and any supplements and amendments hereto made in accordance herewith.

“*Interest Payment Date*” means each January 1 and July 1, beginning January 1, 2017.

“*Lender*” means Raymond James Capital Funding, Inc., as purchaser of the 2016 Bonds.

“*Mail*” means first-class United States mail, postage prepaid.

“*Paying Agent*” means [Name of Trustee], and any successor paying agent or agents appointed in accordance with the General Indenture. If two or more paying agents have been appointed and are acting in such capacity, each will be considered to be a co-paying agent.

“*Record Date*” means the 15th day of the month next preceding the Interest Payment Date.

“*Redemption Date*” means the date on which a 2016 Bond has been called for redemption or is to be redeemed pursuant to this Series Indenture.

“*Redemption Price*” means, with respect to any 2016 Bond, the principal amount thereof plus accrued interest to the Redemption Date.

“*Registrar*” means [Name of Trustee] and any successor registrar appointed in accordance with the General Indenture.

“*Reinvestment Loss*” means the present value of the difference between (1) the amount that would have been realized by the Owner on the redeemed amount for the remaining term of the 2016 Bond at the Federal Reserve H.15 Statistical Release rate for fixed-rate payers in interest rate swaps for a term corresponding to the maturity of the 2016 Bond, interpolated to the nearest month, if necessary, that was in effect on September __, 2016 and (2) the amount that would be realized by the Owner by reinvesting such redeemed funds for the remaining term of the 2016 Bond at the Federal Reserve H.15 Statistical Release rate for fixed-rate payers in interest rate swaps, interpolated to the nearest month, that was in effect on the date fixed for redemption; both discounted at the same interest rate utilized in determining the applicable amount for clause (2). On receipt of notice to the Owner of the Authority’s intent to redeem all or a portion of the 2016 Bond, the Owner shall provide the Authority with a written statement explaining the calculation of the premium due, which statement shall, in absence of manifest error, be conclusive and binding on the Authority.

“*Trustee*” means [Name of Trustee], and any successor trustee appointed in accordance with the General Indenture.

“*2016 Bonds*” means, collectively, the 2016A Bond and the 2016B Bond.

“*2016A Bond*” means the Greater Asheville Regional Airport Authority Airport System Revenue Bond, Series 2016A to be issued under the Indenture.

“*2016A Construction Account*” means the account by that name in the Construction Fund created under Section 5.2.

“*2016A Project*” means the construction and equipping of the top four floors of a parking deck for the Airport System.

“*2016B Bond*” means the Greater Asheville Regional Airport Authority Taxable Airport System Revenue Bond, Series 2016B to be issued under the Indenture.

“*2016B Construction Account*” means the account by that name in the Construction Fund created under Section 5.2.

“*2016B Project*” means the construction and equipping of the first floor of a parking deck for the Airport System.

[End of Article I]

ARTICLE II

THE 2016 BONDS

Section 2.1 Authorized Amount of Bonds. No 2016 Bond may be issued under the provisions of the Indenture except in accordance with this Article. The total principal amount of the 2016A Bond that may be issued is hereby expressly limited to \$[A Amount], except as provided in Sections 3.4 and 3.5 of the General Indenture. The total principal amount of the 2016B Bond that may be issued is hereby expressly limited to \$[B Amount], except as provided in Sections 3.4 and 3.5 of the General Indenture.

Section 2.2 Issuance of Bonds. The 2016A Bond will be designated “Greater Asheville Regional Airport Authority Airport System Revenue Bond, Series 2016A.” The 2016B Bond will be designated “Greater Asheville Regional Airport Authority Taxable Airport System Revenue Bond, Series 2016B.” The 2016 Bonds will be issuable as fully registered bonds in any Authorized Denomination. The 2016A Bond will be numbered RA-1 and the 2016B Bond will be numbered RB-1. The 2016A Bond will be substantially in the form set forth in Exhibit A, and the 2016B Bond will be substantially in the form set forth in Exhibit B, each with such appropriate variations, omissions and insertions as are permitted or required by the Indenture.

Section 2.3 Delivery of 2016 Bonds. Before the delivery by the Trustee of any of the 2016 Bonds, the items required under Section 2.4 of the General Indenture must be filed with the Trustee.

Section 2.4 Details of 2016 Bonds; Payment.

(a) The 2016A Bond will be issued in the principal amount of \$_____, will mature on July 1, 2031 and will bear interest (computed on the basis of a 360-day year of twelve 30-day months) at a rate of [2.39]% per annum.

(b) The 2016B Bond will be issued in the principal amount of \$_____, will mature on July 1, 2021 and will bear interest (computed on the basis of a 360-day year of twelve 30-day months) at a rate of [2.59]% per annum.

(c) If a Determination of Taxability occurs with respect to the 2016A Bond, to the extent the interest borne by such 2016A Bond becomes subject to inclusion in gross income, then the principal amount outstanding of such 2016A Bond will bear interest at a rate of 3.85% per annum as of the date of taxability and the 2016A Bond will be redeemable on 30 days written notice to the Owner at par plus accrued interest, penalties and the costs of the Owner associated with the redemption, including as described in Section 3(a)(2).

(d) (1) Notwithstanding the foregoing provisions of this section, on the occurrence and continuation of an Event of Default under the Indenture or the Covenant Agreement, with respect to the 2016A Bond, from and after the effective date of such Event of Default, the interest rate on the 2016A Bond will be the greater of (A) the published Federal Reserve Bank’s Prime Rate + 3%; (B) the Federal Funds Rate + 5%, or (C) 7% per annum.

(2) Notwithstanding the foregoing provisions of this section, on the occurrence and continuation of an Event of Default under the Indenture or the Covenant Agreement, with respect to the 2016B Bond, from and after the effective date of such Event of Default, the interest rate on the 2016B Bond will be the greater of (A) the published

Federal Reserve Bank's Prime Rate + 5%; (B) the Federal Funds Rate + 7%, or (C) 9% per annum.

(e) Both the principal of and the interest on the 2016 Bonds are payable in any lawful coin or currency of the United States of America which on the respective dates of payment thereof is legal tender for the payment of public and private debts. Each 2016 Bond shall bear interest until its principal sum has been paid, but if such 2016 Bond has matured or has been called for redemption and the Redemption Date has occurred and funds are available for the payment thereof in full in accordance with the terms of the Indenture, such 2016 Bond shall then cease to bear interest as of the maturity date or Redemption Date. The 2016 Bonds will each be dated as of the date of their initial delivery, except that 2016 Bonds issued in exchange for or on the registration of transfer of 2016 Bonds will be dated as of the Interest Payment Date preceding the day of authentication thereof, unless (1) the date of such authentication precedes December 15, 2016, in which case they will be dated as of the date of their initial delivery, (2) the date of such authentication is between the Record Date and an Interest Payment Date, in which case they will be dated as of such following Interest Payment Date or (3) the date of such authentication is an Interest Payment Date to which interest on the 2016 Bonds has been paid in full or duly provided for in accordance with the terms of the Indenture, in which case they will be dated as of such Interest Payment Date; except that if, as shown by the records of the Paying Agent, interest on the 2016 Bonds is in default, the 2016 Bonds executed and delivered in exchange for or on registration of transfer of the 2016 Bonds will be dated as of the date to which interest on the 2016 Bonds has been paid in full. If no interest has been paid on the 2016 Bonds, the 2016 Bonds executed and delivered in exchange for or on the registration of transfer of the 2016 Bonds will be dated the date of initial authentication and delivery thereof.

(f) One definitive Bond for each Series is to be delivered to the Lender.

(g) The 2016 Bonds and any premiums on the redemption thereof prior to maturity are payable in any lawful coin or currency of the United States of America, at the designated corporate trust office of the Trustee on presentation and surrender. Interest on the 2016 Bonds will be paid by the Trustee by check or draft mailed on the Interest Payment Date to each Owner as its name and address appear on the register kept by the Trustee at the close on the fifteenth day next preceding an Interest Payment Date. At the written request of any Owner of at least \$1,000,000 in aggregate principal amount of the 2016 Bonds and while a book-entry system is in place with respect to the 2016 Bonds, principal and interest may be payable by wire transfer at the address specified in writing by the Owner by the Record Date.

(h) The Trustee is appointed as the Paying Agent and Registrar for the 2016 Bonds.

Section 2.5 Arbitrage and Tax Covenants. The Authority covenants that it will not take or permit, or omit to take or cause to be taken, any action that would adversely affect the exclusion from gross income of the recipient thereof for federal income tax purposes of the interest on the 2016A Bond, and, if it should take or permit, or omit to take or cause to be taken, any such action, the Authority will take or cause to be taken all lawful actions within its power necessary to rescind or correct such actions or omissions promptly upon having knowledge thereof. The Authority acknowledges that the continued exclusion of interest on the 2016A Bond from the Owner's gross income for federal income tax purposes depends, in part, on compliance with the arbitrage limitations imposed by Section 168 of the Code. The Authority covenants that it will comply with all the requirements of Section 168 of the Code, including the rebate requirements, and that it will not permit at any time any of the proceeds of the 2016A Bond or other funds under their control be used, directly or indirectly, to acquire any asset or obligation, the acquisition of which would cause the 2016A Bond to be an "arbitrage bond" for purposes of Section 168

of the Code. The Authority covenants that it will comply and will direct the Trustee to comply with the investment instructions in the Arbitrage and Tax Regulatory Certificate.

Section 2.6 Notification of LGC. The Trustee hereby agrees to promptly notify the North Carolina Local Government Commission (the “LGC”), (1) any provision for payment of the 2016 Bonds in accordance with Article X of the General Indenture and (2) the giving of notice of the call for redemption of any 2016 Bonds under Section 3.1 or Section 3.3.

Section 2.7 Restrictions on Transfer. The 2016 Bonds will be non-transferable, except to a bank, insurance company or similar financial institution or any other entity approved by the LGC. The Paying Agent will have no obligation to pay any amounts due on the 2016 Bonds to anyone other than the respective Owner as shown on the registration books kept by the Registrar.

[End of Article II]

ARTICLE III

REDEMPTION OF 2016 BONDS

Section 3.1 Optional Redemption of the 2016 Bonds.

(a) (1) The 2016A Bond may be redeemed before its stated maturity, at the option of the Authority, from any funds that may be available for such purpose, either in whole or in part on any date on or after July 1, 2026 at the Redemption Price of 100% of the principal amount of the 2016A Bond to be redeemed plus accrued interest thereon to the Redemption Date.

(2) The 2016A Bond may be redeemed before its stated maturity, at the option of the Authority, from any funds that may be available for such purpose, either in whole or in part on any date prior to July 1, 2026 at the Redemption Price of [the principal amount of the 2016A Bond to be redeemed, interest accrued to the redemption date and a redemption premium equal to the Reinvestment Loss.]

(b) (1) The 2016B Bond may be redeemed prior to its stated maturity, at the option of the Authority, from any funds that may be available for such purpose, either in whole or in part on any date on or after July 1, 2020 at the Redemption Price of 100% of the principal amount of the 2016B Bond to be redeemed plus accrued interest thereon to the Redemption Date.

(2) The 2016B Bond may be redeemed prior to its stated maturity, at the option of the Authority, from any funds that may be available for such purpose, either in whole or in part on any date prior to July 1, 2020 at a Redemption Price of [the principal amount of the 2016B Bond to be redeemed, interest accrued to the redemption date and a redemption premium equal to the Reinvestment Loss.]

Section 3.2. Mandatory Redemption of 2016 Bonds.

(a) The 2016A Bond is subject to mandatory sinking fund redemption from moneys deposited to the credit of the Debt Service Fund on July 1, 20__ and each July 1 thereafter as follows:

<u>YEAR</u>	<u>AMOUNT</u>
-------------	---------------

*Maturity

(b) The 2016B Bond is subject to mandatory sinking fund redemption from moneys deposited to the credit of the Debt Service Fund on July 1, 20__ and each July 1 thereafter as follows:

<u>YEAR</u>	<u>AMOUNT</u>
-------------	---------------

*Maturity

Section 3.2 Notice of Redemption. Notice of redemption will be given by the Trustee not less than 30 days before the Redemption Date (1) to the LGC by Mail or facsimile transmission and (2) by Mail to the then-registered Owners of 2016 Bonds to be redeemed at the last address shown on the registration books kept by the Registrar.

Neither the failure to mail the notice nor any defect in any notice mailed shall affect the sufficiency of the proceeding for the redemption of any 2016 Bonds as to which no such defect or failure occurred. Such notice must (1) specify the 2016 Bonds to be redeemed, the Redemption Date, the Redemption Price and the place or places where amounts due on such redemption must be payable (which must be the principal office of the Paying Agent) and if less than all of the 2016 Bonds of a series are to be redeemed, the numbers of such 2016 Bonds and the portions of such 2016 Bonds to be redeemed, (2) if sufficient money is not then on deposit in the Debt Service Fund to pay the full Redemption Price of the 2016 Bonds, state that the proposed optional redemption is conditioned on there being sufficient money on deposit in the Debt Service Fund to pay the Redemption Price of the 2016 Bonds called for redemption, and (3) state that on the Redemption Date, the 2016 Bonds to be redeemed will cease to bear interest. The Authority may revoke any optional redemption for which notice has been given on written instruction to the Trustee delivered in sufficient time for the Trustee to give notice thereof at least five days before the Redemption Date to the persons to whom and in the manner in which the notice of redemption was given.

The actual receipt by any Owner of a 2016 Bond of notice of redemption is not a condition precedent to redemption, and failure to receive notice shall not affect the validity of the proceedings for the redemption of the 2016 Bonds or the cessation of interest on the Redemption Date. Notice of redemption of the 2016 Bonds shall be given by the Trustee at the expense of the Authority.

If money is on deposit in the Debt Service Fund to pay the Redemption Price of the 2016 Bonds called for redemption and premium, if any, thereon on a Redemption Date, 2016 Bonds or portions thereof thus called and provided for as hereinabove specified will not bear interest after such Redemption Date and will not be considered to be Outstanding or to have any other rights under the General Indenture other than the right to receive payment. No payment of principal will be made by the Paying Agent on any 2016 Bonds or portions thereof called for redemption until such 2016 Bonds or portions thereof have been delivered for payment or cancellation or the Paying Agent has received the items required by Section 3.5 of the General Indenture with respect to any mutilated, lost, stolen or destroyed 2016 Bonds.

Section 3.3 Selection of 2016 Bonds To Be Redeemed. If less than all of a series of the 2016 Bonds is called for redemption, the Trustee shall select the 2016 Bonds to be redeemed by lot in such manner at the Trustee in its discretion may deem proper, but, in any event, the portion of any 2016 Bond to be redeemed must be in an Authorized Denomination.

If a 2016 Bond subject to redemption is in a denomination larger than the minimum Authorized Denomination, a portion of such 2016 Bond may be redeemed, but only in a principal amount such that the unredeemed portion of such 2016 Bond is equal to an Authorized Denomination. For any 2016 Bond in a denomination of more than the minimum Authorized Denomination, the Trustee shall treat each such 2016 Bond as representing a single 2016 Bond in the minimum Authorized Denomination plus that number of 2016 Bonds that is obtained by dividing the remaining principal amount of such 2016 Bond by the minimum Authorized Denomination.

If it is determined that one or more, but not all, of the Authorized Denominations of principal amount represented by any 2016 Bond is to be called for redemption, then, on notice of intention to redeem such Authorized Denominations of principal amount of such 2016 Bond, the Owner of such 2016

Bond, on surrender of such 2016 Bond to the Paying Agent for payment of the principal amount of such 2016 Bond, will be entitled to receive a new 2016 Bond in the aggregate principal amount of the unredeemed balance of the principal amount of such 2016 Bond. A new 2016 Bond representing the unredeemed balance of the principal amount of such 2016 Bond will be issued to the Owner thereof without charge therefor.

If the Owner of any 2016 Bond of a denomination greater than the amount being redeemed fails to present such 2016 Bond to the Paying Agent for payment and exchange as aforesaid, such 2016 Bond will, nevertheless, become due and payable on the date fixed for redemption to the extent of the denomination being redeemed and to that extent only.

Section 3.4 No Partial Redemption After Default. Anything in the Indenture to the contrary notwithstanding, if an Event of Default occurs and is continuing hereunder there will be no redemption of less than all of the 2016 Bonds Outstanding.

Section 3.5 Payment of Redemption Price. Subject to the Authority's option to revoke a redemption as set forth in Section 3.3, the Authority will cause to be deposited in the Debt Service Fund, solely out of the Trust Estate, an amount sufficient to pay the Redemption Price of 2016 Bonds to be redeemed on the Redemption Date, and such 2016 Bonds will be deemed to be paid within the meaning of Article X of the General Indenture.

[End of Article III]

ARTICLE IV

AMENDMENTS

This Series Indenture and the rights and obligations of the Authority and the Owners may be modified or amended at the same times, in the same manner and for the same purposes as the General Indenture, but if the modification or amendment affects only the 2016 Bonds, the percentage to be applied under Section 7.3 of the General Indenture will be applied only to the Outstanding 2016 Bonds.

Before the Authority and the Trustee enter into any supplemental indenture pursuant to this Section, there must have been delivered to the Trustee and the Authority an opinion of Bond Counsel stating that such supplemental indenture is authorized or permitted by the Indenture, complies with the terms hereof, will, upon the execution and delivery thereof, be valid and binding upon the Authority in accordance with its terms and will not adversely affect the federal income tax status of the 2016 Bonds.

The Authority adds all revenues received from Customer Facility Charges to the definition of “*Revenues*” in the General Indenture until the 2016 Bonds are paid or provision for the payment has been made under Article X of the General Indenture.

Notwithstanding anything in the General Indenture or this Series Indenture to the contrary, (1) any initial purchaser, underwriter or remarketing agent holding any 2016 Bonds or another Series of the Bonds issued after the issuance of the 2016 Bonds may, regardless of its intent to sell or distribute such Bonds in the future, consent as the Owner of such Bonds to any amendment or supplemental indenture as required or permitted by this Article, including any amendment or supplemental indenture that adversely affects the interests of other Owners, and (2) any such holder providing its consent under this Section is not entitled to receive, nor is the Authority required to provide, any prior notice or other documentation regarding such amendment or supplemental indenture.

[End of Article IV]

ARTICLE V

APPLICATION OF BOND PROCEEDS; FUNDS AND ACCOUNTS; INVESTMENTS

Section 5.1 Application of Bond Proceeds and Other Funds.

(a) On delivery of the 2016A Bond to the Lender, the Lender will transfer \$. , which is equal to \$[A Amount], the par amount of the 2016A Bond, less an upfront commitment fee of \$_____, to the Trustee on behalf of the Authority. On receipt of the aggregate amount of \$, , . from the Lender, the Trustee will deposit the proceeds of the 2016A Bond in the 2016A Construction Account of the Construction Fund created under Section 5.2 below, to pay the Costs of Construction of the 2016A Project.

(b) On delivery of the 2016B Bond to the Lender, the Lender will transfer \$, , , which is equal to \$[B Amount].00, the par amount of the 2016B Bond, less an upfront commitment fee of \$_____ , to the Trustee on behalf of the Authority. On receipt of the aggregate amount of \$, , . from the Lender, the Trustee will deposit the proceeds of the 2016 Bonds in the 2016B Construction Account of the Construction Fund created under Section 5.2 below, to pay the Costs of Construction of the 2016B Project.

Section 5.2 Funds and Accounts. The Authority hereby establishes and creates a 2016A Construction Account and a 2016B Construction Account within the Construction Fund to keep the proceeds of the 2016 Bonds so deposited separate from the proceeds of any other series of Bonds issued under the General Indenture.

The Trustee shall disburse money in the account in the Construction Fund in the manner set forth in the General Indenture for disbursements from the Construction Fund.

[End of Article V]

ARTICLE VI

MISCELLANEOUS

Section 6.1 Parties Interested Herein. Nothing in this Series Indenture expressed or implied is intended or will be construed to confer on, or to give to any person other than the Authority, the Trustee, the Paying Agent and the Owners, any right, remedy or claim under or by reason of this Series Indenture or any covenant, condition or stipulation hereof; and all the covenants, stipulations, promises and agreements in this Series Indenture contained by and on behalf of the Authority or the Trustee will be for the sole and exclusive benefit of the Authority, the Trustee, the Paying Agent and the Owners.

Section 6.2 Titles, Headings, Captions, Etc. The titles, captions and headings of the articles, sections and subdivisions of this Series Indenture have been inserted for convenience of reference only and will in no way modify or restrict any of the terms or provisions hereof.

Section 6.3 Severability. If any provision of this Series Indenture is held invalid or unenforceable by any court of competent jurisdiction, such holding will not invalidate or render unenforceable any other provision hereof.

Section 6.4 Governing Law. This Series Indenture is governed by and to be construed in accordance with the laws of the State. To the extent permitted by applicable law, jurisdiction for the resolution of any conflict arising from this Series Indenture shall lie exclusively with the General Court of Justice of the State of North Carolina, Buncombe County, or the U.S. District Court for the Western District of North Carolina. Any attempt to contravene this Section is an express violation of this Series Indenture.

Section 6.5 Waiver of Jury Trial. To the extent permitted by law, the Authority and the Lender shall waive any right to have a jury participate in resolving any dispute in any way related to the transactions contemplated by this Series Indenture or any documents related thereto.

Section 6.6 Execution in Counterparts. This Series Indenture may be executed in several counterparts, each of which is an original and all of which constitute but one and the same instrument.

Section 6.7 Notices. All notices, certificates or other communications will be sufficiently given and will be deemed given when delivered or mailed by certified or registered mail, postage prepaid, as follows: if to the Authority, to the Greater Asheville Regional Airport Authority, 61 Terminal Drive, Suite 1, Fletcher, North Carolina 28732, Attention: Director of Finance; if to the LGC, to the North Carolina Local Government Commission, 3200 Atlantic Avenue, Longleaf Building, Raleigh, North Carolina 27604, Attention: Secretary; if to the Trustee, to [Name of Trustee], _____, Attention: Corporate Trust Department. Notices may also be given by Electronic Means to be immediately followed by written notice as set forth above. The Authority and the Trustee, may, by written notice, designate any further or different addresses to which subsequent notices, certificates or other communications will be sent.

Section 6.8 Payments Due on Holidays. If the date for making any payment or the last day for performance of any act or the exercising of any right, as provided in this Series Indenture, is not a Business Day, such payment may be made or act performed or right exercised on the next day that is a Business Day with the same force and effect as if done on the nominal date provided in this Series Indenture.

Section 6.9 No Broker Confirmations. The Authority agrees that broker confirmations of investments are not required to be issued by the Trustee for each month in which a monthly statement is rendered by the Trustee.

Section 6.10 E-Verify. The Trustee understands that “E-Verify” is a federal program operated by the United States Department of Homeland Security and other federal agencies, or any successor or equivalent program used to verify the work authorization of newly hired employees pursuant to federal law in accordance with Section 64-25(5) of the General Statutes of North Carolina, as amended. The Trustee uses E-Verify to verify the work authorization of its employees in accordance with Section 64-26(a) of the General Statutes of North Carolina, as amended. The Trustee will not use any subcontractors in connection with this Series Indenture.

Section 6.11 Iran Divestment Certification. As of the date hereof, the Trustee is not listed on any list created or maintained by the North Carolina Department of State Treasurer pursuant to the Iran Divestment Act of 2015, Chapter 143C-6A-1 et seq. of the General Statutes of North Carolina.

IN WITNESS WHEREOF, the Authority and the Trustee have caused this Series Indenture to be executed in their respective names and their seal, if any, to be hereto affixed and, where needed, attested by their duly authorized officials or officers, all as of the date first above written.

GREATER ASHEVILLE REGIONAL AIRPORT AUTHORITY

[SEAL]

Attest:

By:

[Bob] Roberts
Chair

Ellen Heywood
Clerk to the Board

[SIGNATURES CONTINUED ON THE FOLLOWING PAGE]

[COUNTERPART SIGNATURE PAGE TO THE SERIES INDENTURE, NUMBER 1]

[NAME OF TRUSTEE], as Trustee

By: _____

EXHIBIT A

FORM OF 2016A BOND

THIS BOND, EXCEPT FOR PERMITTED TRANSFERS, IS NON-TRANSFERRABLE

**GREATER ASHEVILLE REGIONAL AIRPORT AUTHORITY
AIRPORT SYSTEM REVENUE BOND
SERIES 2016A**

No. RA-1

\$ _____

<u>INTEREST RATE</u>	<u>DATED DATE</u>	<u>MATURITY DATE</u>
%	[Closing Date], 2016	July 1, 20__

REGISTERED OWNER: RAYMOND JAMES CAPITAL FUNDING, INC.

PRINCIPAL AMOUNT: DOLLARS

THE GREATER ASHEVILLE REGIONAL AIRPORT AUTHORITY (the “Authority”), a body corporate and politic of the State of North Carolina (the “State”), for value received, promises to pay, but solely from the sources and in the manner hereinafter provided, to the Owner named above the Principal Amount stated above on the Maturity Date set forth above (or earlier as hereinafter described), and to pay such Owner at the address as it appears on the registration books kept by [Name of Trustee], the Registrar for the 2016A Bond, at the close of business on the 15th day of the month preceding each hereinafter-described Interest Payment Date (each, a “Record Date”), interest on such Principal Amount at the Interest Rate set forth above from the Interest Payment Date next preceding the date of authentication (unless (1) the date of authentication precedes December 15, 2016 in which case this 2016A Bond will bear interest from [Closing Date], 2016, or (2) the date of authentication is an Interest Payment Date, in which case this 2016A Bond will bear interest from such date) until the principal hereof shall have been paid or provided for in accordance with the Indenture hereinafter referred to, payable January 1, 2017 and thereafter semiannually on January 1 and July 1 in each year (each an “Interest Payment Date”). Both principal and interest and any premium on the redemption before the maturity of all or part hereof are payable in lawful coin or currency of the United States of America and (except for interest which is payable by check or draft as stated above) are payable at the corporate trust office of [Name of Trustee], as Trustee, in _____.

THE 2016A BOND IS A SPECIAL OBLIGATION OF THE AUTHORITY. THE PRINCIPAL OF, PREMIUM, IF ANY, AND INTEREST ON THE 2016A BOND DO NOT CONSTITUTE A LEGAL OR EQUITABLE PLEDGE, CHARGE, LIEN, OR ENCUMBRANCE ON ANY OF ITS PROPERTY OR ON ANY OF ITS INCOME, RECEIPTS, OR REVENUES EXCEPT THE FUNDS WHICH ARE PLEDGED UNDER THE INDENTURE (HEREINAFTER DEFINED). NEITHER THE CREDIT NOR THE TAXING POWER OF THE STATE OR THE AUTHORITY ARE PLEDGED FOR THE PAYMENT OF THE PRINCIPAL OF, PREMIUM, IF ANY, OR INTEREST ON THE 2016A BOND, AND NO OWNER OF THIS 2016A BOND HAS THE RIGHT TO COMPEL THE EXERCISE OF THE TAXING POWER BY THE STATE OR THE AUTHORITY OR THE FORFEITURE OF ANY OF ITS PROPERTY IN CONNECTION WITH ANY DEFAULT.

This Bond is one of an issue of Bonds designated “Greater Asheville Regional Airport Authority Airport System Revenue Bond, Series 2016A” (the “2016A Bond”) issued under a General Trust Indenture dated as of September 1, 2016 between the Authority and the Trustee (the “General Indenture”), and

Series Indenture, Number 1 dated as of September 1, 2016 (the “*Series Indenture*” and, together with the General Indenture, the “*Indenture*”) between the Authority and the Trustee. Unless the context indicates otherwise, all capitalized, undefined terms used herein have the meanings ascribed to them in the Indenture. Simultaneously with the issuance of the 2016A Bond, the Authority is issuing a series of Airport System revenue bonds, designated “*Greater Asheville Regional Airport Authority Taxable Airport System Revenue Bond, Series 2016B*” (the “*2016B Bond*” and collectively with the 2016A Bond, the “*2016 Bonds*”).

The 2016 Bonds are being issued (a) to pay the Costs of Construction of a parking deck for the Airport System and (b) to pay the costs of issuing the 2016 Bonds.

The Bonds, together with interest thereon, are special obligations of the Authority payable solely from Revenues (except to the extent paid out of moneys attributable to Bond proceeds or the income from the temporary investment thereof and, under certain circumstances, proceeds from insurance and condemnation awards) after payment of the Current Expenses of the Airport System and constitute a valid claim of the respective Owners thereof only against the funds and other moneys held by the Trustee for the benefit of the Owners of the Bonds, which amounts are pledged and assigned pursuant to the Indenture for the equal and ratable payment of the Bonds and will be used for no other purpose than to pay the principal of, premium, if any, and interest on the Bonds, except as may be otherwise expressly authorized in the Indenture.

As used herein, “*Revenues*” means all rates, tolls, fees (including any tap, monitoring or connection fees), rentals, or other charges or other money received by the Authority in connection with the ownership, management and operation of the Airport System, and all parts thereof, including Customer Facility Charges and amounts received from the investment of money in any Fund or Account (but not including amounts received from interest or other investment income earned in the Construction Fund and, during the construction period, the Reserve Fund), all as calculated in accordance with generally accepted accounting principles, but shall not include (1) net proceeds of insurance or condemnation awards or other extraordinary items, (2) any amounts collected by the Authority representing sales or use taxes which may be required by law or agreement to be paid to the State or a governmental unit thereof, (3) refundable deposits made by customers of the Airport System, (4) any interest rate subsidy received by the Authority from the United States Treasury pursuant to any section of the Code, (5) any proceeds or any gain or loss from extinguishment of debt or the sale, exchange or other disposition of capital assets, or (6) any amounts otherwise included under this definition as Revenues but not permitted by law to be pledged hereunder. In addition, the following, including any investment earnings thereon, are specifically excluded from “*Revenues*,” unless designated as “*Revenues*” under the terms of a Series Indenture: (a) Passenger Facility Charges, (b) Federal Direct Payments, (c) grants and other charges authorized on or after the date of this Indenture by federal and/or State laws or regulations to be assessed to fund specific programs at the Airport System, (d) investment income derived from (1) any money or securities which may be placed in escrow or trust to defease Bonds or (2) an account in the Construction Fund established by a Series Indenture unless otherwise specified in that Series Indenture, (e) any arbitrage earnings which are required to be paid to the U.S. Government pursuant to Section 148 of the Code and amounts held in a Rebate Fund and (f) Capitalized Interest. “*Current Expenses*” means the current expenses of operation, maintenance and current repair of the Airport System, as calculated in accordance with generally accepted accounting principles except as otherwise provided herein, and includes, without limiting the generality of the foregoing: insurance premiums; any rebate required to be paid to the United States Government; fees and expenses of the Trustee and any Paying Agent; fees and expenses of any entity providing credit support or liquidity for any Series of the Bonds; administrative and engineering expenses of the Authority relating solely to the Airport System; labor; executive compensation; the cost of materials and supplies used for current operations; and charges for the accumulation of appropriate reserves for current expenses not annually recurrent, but which are such as may reasonably be expected to be incurred as determined by the Authority in accordance with generally

accepted accounting principles except as otherwise provided herein. “*Current Expenses*” will not include (1) any allowance for depreciation or replacements of capital assets of the Airport System, (2) money payable as Interest and as interest on Subordinate Indebtedness or Other Indebtedness, (3) money deposited or transferred to the Reserve Fund pursuant to the applicable Series Indenture, (4) any loss from extinguishment of debt or the sale, exchange or other disposition of capital assets and (5) any accrued expenses for other post-retirement benefits not resulting in (i) payments of such benefits to current or future retired employees or (ii) deposits of funds into an irrevocable trust for the purpose of making future payments of such benefits to current or future retired employees.

Pursuant to the Indenture the Authority has, for the benefit of the Owners of the Bonds, assigned the Authority’s rights to all Revenues and to any and all money and securities in all of the funds and accounts held by the Trustee established under the Indenture to the Trustee in trust.

Reference is made to the Indenture for a more complete statement of the provisions thereof and of the rights of the Authority, the Trustee and the Owners of the Bonds. Copies of the Indenture are on file and may be inspected at the corporate trust office of the Trustee in _____, _____. By the purchase and acceptance of this Bond, the Owner hereof signifies assent to all of the provisions of the aforementioned documents.

This Bond is issued and the Indenture were made and entered into under and pursuant to the Constitution and laws of the State, and particularly in conformity with the provisions, restrictions and limitations of General Statutes of North Carolina Section 159-80 *et seq.*, as amended.

This Bond is exchangeable on the presentation and surrender hereof at the corporate trust office of the Registrar for a 2016A Bond of other Authorized Denominations. On surrender for registration of transfer, duly endorsed for transfer or accompanied by an assignment duly executed by the Owner hereof or his or her attorney duly authorized in writing, the Registrar will authenticate and deliver in the name of the transferee or transferees a new fully registered 2016A Bond. The Registrar may require the payment by any Owner requesting registration of transfer or exchange of 2016A Bond of any tax, fee or other governmental charge required to be paid with respect to such registration of transfer or exchange. The Registrar is not required to register the transfer of or exchange any 2016A Bond selected, called or being called for redemption in whole or in part. The person in whose name this 2016A Bond is registered will be deemed and regarded as the absolute owner hereof for all purposes, and payment of this 2016A Bond will be made only to or on the written order of the Owner hereof to his or her legal representative. All such payments will be valid and effectual to satisfy and discharge this 2016A Bond to the extent of the sum or sums paid.

This 2016A Bond may be redeemed before its stated maturity, at the option of the Authority, from any funds that may be available for such purpose, either in whole or in part on any date on or after July 1, 2026 at the Redemption Price of 100% of the principal amount of the 2016A Bond to be redeemed plus accrued interest thereon to the Redemption Date.

This 2016A Bond may be redeemed before its stated maturity, at the option of the Authority, from any funds that may be available for such purpose, either in whole or in part on any date before July 1, 2026 at the Redemption Price of [the principal amount of the 2016A Bond to be redeemed, interest accrued to the Redemption Date and a redemption premium equal to the Reinvestment Loss.

Notice of redemption will be given by the Trustee not less than 30 days before the Redemption Date (1) to the North Carolina Local Government Commission by Mail or facsimile transmission and (2) by Mail to the then-registered Owners of the 2016A Bond to be redeemed at the last address shown on the registration books kept by the Registrar.

Such notice must specify (1) the Redemption Date, the Redemption Price and the place or places where amounts due on such redemption must be payable (which must be the principal office of the Paying Agent) and if less than all of the 2016A Bond is to be redeemed, the portion of the 2016A Bond to be redeemed, (2) state that on the Redemption Date, the 2016A Bond to be redeemed will cease to bear interest and (3) if the redemption is conditional on the occurrence of one or more events, what the conditions for redemption are and the manner in which Owners will be notified if the conditions precedent to a redemption do not occur. Neither the failure to mail the notice nor any defect in any notice mailed shall affect the sufficiency of the proceeding for the redemption of any 2016A Bond as to which no such defect or failure occurred.

If less than all of the 2016A Bond is called for optional redemption described above, the Authority shall determine the amount thereof to be redeemed. The Trustee shall select the 2016A Bond to be redeemed by lot in such manner at the Trustee in its discretion may deem proper, but, in any event, the portion of any 2016A Bond to be redeemed must be in an Authorized Denomination.

If a 2016A Bond subject to redemption is in a denomination larger than the minimum Authorized Denomination, a portion of such 2016A Bond may be redeemed, but only in a principal amount such that the deemed portion of such 2016A Bond is equal to an Authorized Denomination.

If it is determined that not all of the 2016A Bond is to be called for redemption, then, on notice of intention to redeem such 2016A Bond, the Owner of such 2016A Bond, on surrender of such 2016A Bond to the Paying Agent for payment of the principal amount of the 2016A Bond, will be entitled to receive new a 2016A Bond in the aggregate principal amount of the unredeemed balance of the principal amount of such 2016A Bond. A new 2016A Bond representing the unredeemed balance of the principal amount of such 2016A Bond will be issued to the Owner thereof without charge therefor.

If the Owner of any 2016A Bond of a denomination greater than the amount being redeemed fails to present such 2016A Bond to the Paying Agent for payment and exchange as aforesaid, such 2016A Bond will, nevertheless, become due and payable on the date fixed for redemption to the extent of the denomination being redeemed and to that extent only.

The Indenture permits amendment thereto on the agreement of the Authority and the Trustee and with the approval of the registered Owners of not less than a majority in aggregate principal amount of the Bonds at the time Outstanding. The Indenture also contains provisions permitting the Authority and the Trustee to enter into amendments to the Indenture without the consent of the Owners of the Bonds for certain purposes.

Any consent or request by the Owner of this Bond is conclusive and binding on such Owner and on all future Owners of this Bond and of any Bond issued on the transfer of this Bond whether or not notation of such consent or request is made on this Bond.

This Bond is issued with the intent that the laws of the State of North Carolina govern its legality, validity, enforceability and construction.

All acts, conditions and things required to happen, exist and be performed precedent to and in the issuance of this Bond and the execution of the Indenture have happened, existed and have been performed as so required.

This 2016A Bond is not valid or obligatory for any purpose or be entitled to any benefit or security under the Indenture until it has been authenticated by the execution by the Authenticating Agent (as defined in the Indenture) of the certificate of authentication endorsed hereon.

IN WITNESS WHEREOF, the Greater Asheville Regional Airport Authority has caused this 2016A Bond to be executed with the manual or facsimile signatures of the Chair of the Board of Directors of the Authority and the Clerk to the Board of Directors of the Authority, and has caused the Authority's official seal or a facsimile thereof to be impressed or imprinted hereon.

**GREATER ASHEVILLE REGIONAL AIRPORT
AUTHORITY**

By: _____
[Bob] Roberts
Chair

[SEAL]

By: _____
Ellen Heywood
Clerk to the Board

The issue hereof has been approved under the provisions of The State and Local Government Revenue Bond Act.

GREG C. GASKINS
Secretary of the Local Government Commission

CERTIFICATE OF AUTHENTICATION

Date of Authentication:

[closing date], 2016

This Bond is the Airport System Revenue Bond, Series 2016A designated herein issued under the provisions of the within-mentioned Indenture.

[NAME OF TRUSTEE], as Registrar

By: _____
Vice President

ASSIGNMENT

FOR VALUE RECEIVED the undersigned hereby sells, assigns and transfers unto:

(Please print or typewrite Name, Address,
including Zip Code, and Federal Taxpayer Identification or
Social Security Number of Assignee)

the within Bond and all rights thereunder, and hereby irrevocably constitutes and appoints

Attorney to register the transfer of the within Bond on the books kept for registration thereof,
with full power of substitution in the premises.

Dated: _____

Signature guaranteed by:

NOTICE: Signature must be guaranteed by a participant of the Securities Transfer Agent Medallion Program (“*STAMP*”) or similar program.

NOTICE: The signature to this assignment must correspond with the name as it appears on the face of the within Bond in every particular, without alteration, enlargement or any change whatever.

TRANSFER FEE MAY BE REQUIRED

EXHIBIT B

FORM OF 2016B BOND

THIS BOND, EXCEPT FOR PERMITTED TRANSFERS, IS NON-TRANSFERRABLE

**GREATER ASHEVILLE REGIONAL AIRPORT AUTHORITY
TAXABLE AIRPORT SYSTEM REVENUE BOND
SERIES 2016B**

No. RB-1

\$ _____

<u>INTEREST RATE</u>	<u>DATED DATE</u>	<u>MATURITY DATE</u>
%	[closing date], 2016	July 1, 20__

REGISTERED OWNER: RAYMOND JAMES CAPITAL FUNDING, INC.

PRINCIPAL AMOUNT: DOLLARS

THE GREATER ASHEVILLE REGIONAL AIRPORT AUTHORITY (the “*Authority*”), a body corporate and politic of the State of North Carolina (the “*State*”), for value received, promises to pay, but solely from the sources and in the manner hereinafter provided, to the Owner named above the Principal Amount stated above on the Maturity Date set forth above (or earlier as hereinafter described), and to pay such Owner at the address as it appears on the registration books kept by [Name of Trustee], the Registrar for the 2016B Bond, at the close of business on the 15th day of the month preceding each hereinafter-described Interest Payment Date (each, a “*Record Date*”), interest on such Principal Amount at the Interest Rate set forth above from the Interest Payment Date next preceding the date of authentication (unless (1) the date of authentication precedes November 15, 2016 in which case this 2016B Bond will bear interest from [Closing Date], 2016, or (2) the date of authentication is an Interest Payment Date, in which case this 2016B Bond will bear interest from such date) until the principal hereof shall have been paid or provided for in accordance with the Indenture hereinafter referred to, payable January 1, 2017 and thereafter semiannually on July 1 and January 1 in each year (each an “*Interest Payment Date*”). Both principal and interest and any premium on the redemption before the maturity of all or part hereof are payable in lawful coin or currency of the United States of America and (except for interest which is payable by check or draft as stated above) are payable at the corporate trust office of [Name of Trustee], as Trustee, in _____, _____.

THE 2016B BOND IS A SPECIAL OBLIGATION OF THE AUTHORITY. THE PRINCIPAL OF, PREMIUM, IF ANY, AND INTEREST ON THE 2016B BOND DO NOT CONSTITUTE A LEGAL OR EQUITABLE PLEDGE, CHARGE, LIEN, OR ENCUMBRANCE ON ANY OF ITS PROPERTY OR ON ANY OF ITS INCOME, RECEIPTS, OR REVENUES EXCEPT THE FUNDS WHICH ARE PLEDGED UNDER THE INDENTURE (HEREINAFTER DEFINED). NEITHER THE CREDIT NOR THE TAXING POWER OF THE STATE OR THE AUTHORITY ARE PLEDGED FOR THE PAYMENT OF THE PRINCIPAL OF, PREMIUM, IF ANY, OR INTEREST ON THE 2016B BOND, AND NO OWNER OF THIS 2016B BOND HAS THE RIGHT TO COMPEL THE EXERCISE OF THE TAXING POWER BY THE STATE OR THE AUTHORITY OR THE FORFEITURE OF ANY OF ITS PROPERTY IN CONNECTION WITH ANY DEFAULT.

This Bond is one of an issue of Bonds designated “*Greater Asheville Regional Airport Authority Taxable Airport System Revenue Bond, Series 2016B*” (the “*2016B Bond*”) issued under a General Trust Indenture dated as of September 1, 2016 between the Authority and the Trustee (the “*General*

Indenture”), and Series Indenture, Number 1 dated as of September 1, 2016 (the “*Series Indenture*” and, together with the General Indenture, the “*Indenture*”) between the Authority and the Trustee. Unless the context indicates otherwise, all capitalized, undefined terms used herein have the meanings ascribed to them in the Indenture. Simultaneously with the issuance of the 2016B Bond, the Authority is issuing a series of Airport System revenue bonds, designated “*Greater Asheville Regional Airport Authority Airport System Revenue Bond, Series 2016A*” (the “*2016A Bond*” and collectively with the 2016B Bond, the “*2016 Bonds*”).

The 2016 Bonds are being issued (a) to pay the Costs of Construction of a parking deck for the Airport System and (b) to pay the costs of issuing the 2016 Bonds.

The Bonds, together with interest thereon, are special obligations of the Authority payable solely from Revenues (except to the extent paid out of moneys attributable to Bond proceeds or the income from the temporary investment thereof and, under certain circumstances, proceeds from insurance and condemnation awards) after payment of the Current Expenses of the Airport System and constitute a valid claim of the respective Owners thereof only against the funds and other money held by the Trustee for the benefit of the Owners of the Bonds, which amounts are pledged and assigned pursuant to the Indenture for the equal and ratable payment of the Bonds and will be used for no other purpose than to pay the principal of, premium, if any, and interest on the Bonds, except as may be otherwise expressly authorized in the Indenture.

As used herein, “*Revenues*” means all rates, tolls, fees (including any tap, monitoring or connection fees), rentals, or other charges or other money received by the Authority in connection with the ownership, management and operation of the Airport System, and all parts thereof, including Customer Facility Charges and amounts received from the investment of money in any Fund or Account (but not including amounts received from interest or other investment income earned in the Construction Fund and, during the construction period, the Reserve Fund), all as calculated in accordance with generally accepted accounting principles, but shall not include (1) net proceeds of insurance or condemnation awards or other extraordinary items, (2) any amounts collected by the Authority representing sales or use taxes which may be required by law or agreement to be paid to the State or a governmental unit thereof, (3) refundable deposits made by customers of the Airport System, (4) any interest rate subsidy received by the Authority from the United States Treasury pursuant to any section of the Code, (5) any proceeds or any gain or loss from extinguishment of debt or the sale, exchange or other disposition of capital assets, or (6) any amounts otherwise included under this definition as Revenues but not permitted by law to be pledged hereunder. In addition, the following, including any investment earnings thereon, are specifically excluded from “*Revenues*,” unless designated as “*Revenues*” under the terms of a Series Indenture: (a) Passenger Facility Charges, (b) Federal Direct Payments, (c) grants and other charges authorized on or after the date of this Indenture by federal and/or State laws or regulations to be assessed to fund specific programs at the Airport System, (d) investment income derived from (1) any money or securities which may be placed in escrow or trust to defease Bonds or (2) an account in the Construction Fund established by a Series Indenture unless otherwise specified in that Series Indenture, (e) any arbitrage earnings which are required to be paid to the U.S. Government pursuant to Section 148 of the Code and amounts held in a Rebate Fund and (f) Capitalized Interest. “*Current Expenses*” means the current expenses of operation, maintenance and current repair of the Airport System, as calculated in accordance with generally accepted accounting principles except as otherwise provided herein, and includes, without limiting the generality of the foregoing: insurance premiums; any rebate required to be paid to the United States Government; fees and expenses of the Trustee and any Paying Agent; fees and expenses of any entity providing credit support or liquidity for any Series of the Bonds; administrative and engineering expenses of the Authority relating solely to the Airport System; labor; executive compensation; the cost of materials and supplies used for current operations; and charges for the accumulation of appropriate reserves for current expenses not annually recurrent, but which are such as may reasonably be expected to be incurred as determined by the Authority in accordance with generally

accepted accounting principles except as otherwise provided herein. “*Current Expenses*” will not include (1) any allowance for depreciation or replacements of capital assets of the Airport System, (2) money payable as Interest and as interest on Subordinate Indebtedness or Other Indebtedness, (3) money deposited or transferred to the Reserve Fund pursuant to the applicable Series Indenture, (4) any loss from extinguishment of debt or the sale, exchange or other disposition of capital assets and (5) any accrued expenses for other post-retirement benefits not resulting in (i) payments of such benefits to current or future retired employees or (ii) deposits of funds into an irrevocable trust for the purpose of making future payments of such benefits to current or future retired employees.

Pursuant to the Indenture the Authority has, for the benefit of the Owners of the Bonds, assigned the Authority’s rights to all Revenues and to any and all moneys and securities in all of the funds and accounts established and held by the Trustee under the Indenture to the Trustee in trust.

Reference is made to the Indenture for a more complete statement of the provisions thereof and of the rights of the Authority, the Trustee and the Owners of the Bonds. Copies of the Indenture are on file and may be inspected at the corporate trust office of the Trustee in _____, _____. By the purchase and acceptance of this Bond, the Owner hereof signifies assent to all of the provisions of the aforementioned documents.

This Bond is issued and the Indenture was made and entered into under and pursuant to the Constitution and laws of the State, and particularly in conformity with the provisions, restrictions and limitations of General Statutes of North Carolina Section 159-80 *et seq.*, as amended.

This Bond is exchangeable on the presentation and surrender hereof at the corporate trust office of the Registrar for a 2016B Bond of other Authorized Denominations. On surrender for registration of transfer, duly endorsed for transfer or accompanied by an assignment duly executed by the Owner hereof or his or her attorney duly authorized in writing, the Registrar will authenticate and deliver in the name of the transferee or transferees a new fully registered 2016B Bond. The Registrar may require the payment by any Owner requesting registration of transfer or exchange of the 2016B Bond of any tax, fee or other governmental charge required to be paid with respect to such registration of transfer or exchange. The Registrar is not required to register the transfer of or exchange any 2016B Bond selected, called or being called for redemption in whole or in part. The person in whose name this 2016B Bond is registered will be deemed and regarded as the absolute owner hereof for all purposes, and payment of this 2016B Bond will be made only to or on the written order of the Owner hereof to his or her legal representative. All such payments will be valid and effectual to satisfy and discharge this 2016B Bond to the extent of the sum or sums paid.

This 2016B Bond may be redeemed before its stated maturity, at the option of the Authority, from any funds that may be available for such purpose, either in whole or in part on any date on or after July 1, 2020 at the Redemption Price of 100% of the principal amount of the 2016B Bond to be redeemed plus accrued interest thereon to the Redemption Date.

This 2016B Bond may be redeemed before its stated maturity, at the option of the Authority, from any funds that may be available for such purpose, either in whole or in part on any date prior to July 1, 2020 at a Redemption Price of the principal amount of the 2016B Bond to be redeemed, interest accrued to the Redemption Date and a redemption premium equal to the Reinvestment Loss.

Notice of redemption will be given by the Trustee not less than 30 days before the Redemption Date (1) to the North Carolina Local Government Commission by Mail or facsimile transmission and (2) by Mail to the then-registered Owners of the 2016B Bond to be redeemed at the last address shown on the registration books kept by the Registrar.

Such notice must specify (1) the Redemption Date, the Redemption Price and the place or places where amounts due on such redemption must be payable (which must be the principal office of the Paying Agent) and if less than all of the 2016B Bond is to be redeemed, the portion of the 2016B Bond to be redeemed, (2) state that on the Redemption Date, the 2016B Bond to be redeemed will cease to bear interest and (3) if the redemption is conditional on the occurrence of one or more events, what the conditions for redemption are and the manner in which Owners will be notified if the conditions precedent to a redemption do not occur. Neither the failure to mail the notice nor any defect in any notice mailed shall affect the sufficiency of the proceeding for the redemption of any 2016B Bond as to which no such defect or failure occurred.

If less than all of the 2016B Bond is called for optional redemption described above, the Authority shall determine the amount thereof to be redeemed. The Trustee shall select the 2016B Bond to be redeemed by lot in such manner at the Trustee in its discretion may deem proper, but, in any event, the portion of any 2016B Bond to be redeemed must be in an Authorized Denomination.

If a 2016B Bond subject to redemption is in a denomination larger than the minimum Authorized Denomination, a portion of such 2016B Bond may be redeemed, but only in a principal amount such that the deemed portion of such 2016B Bond is equal to an Authorized Denomination.

If it is determined that not all of the 2016B Bond is to be called for redemption, then, on notice of intention to redeem such 2016B Bond, the Owner of such 2016B Bond, on surrender of such 2016B Bond to the Paying Agent for payment of the principal amount of the 2016B Bond, will be entitled to receive new a 2016B Bond in the aggregate principal amount of the unredeemed balance of the principal amount of such 2016B Bond. A new 2016B Bond representing the unredeemed balance of the principal amount of such 2016B Bond will be issued to the Owner thereof without charge therefor.

If the Owner of any 2016B Bond of a denomination greater than the amount being redeemed fails to present such 2016B Bond to the Paying Agent for payment and exchange as aforesaid, such 2016B Bond will, nevertheless, become due and payable on the date fixed for redemption to the extent of the denomination being redeemed and to that extent only.

The Indenture permits amendment thereto on the agreement of the Authority and the Trustee and with the approval of the registered Owners of not less than a majority in aggregate principal amount of the Bonds at the time Outstanding. The Indenture also contains provisions permitting the Authority and the Trustee to enter into amendments to the Indenture without the consent of the Owners of the Bonds for certain purposes.

Any consent or request by the Owner of this Bond is conclusive and binding on such Owner and on all future Owners of this Bond and of any Bond issued on the transfer of this Bond whether or not notation of such consent or request is made on this Bond.

This Bond is issued with the intent that the laws of the State of North Carolina govern its legality, validity, enforceability and construction.

All acts, conditions and things required to happen, exist and be performed precedent to and in the issuance of this Bond and the execution of the Indenture have happened, existed and have been performed as so required.

This Bond is not valid or obligatory for any purpose or entitled to any benefit or security under the Indenture until it has been authenticated by the execution by the Authenticating Agent (as defined in the Indenture) of the certificate of authentication endorsed hereon.

IN WITNESS WHEREOF, the Greater Asheville Regional Airport Authority has caused this 2016B Bond to be executed with the manual or facsimile signatures of the Chair of the Board of Directors of the Authority and the Clerk to the Board of Directors of the Authority, and has caused the Authority's official seal or a facsimile thereof to be impressed or imprinted hereon.

**GREATER ASHEVILLE REGIONAL AIRPORT
AUTHORITY**

By: _____
[Bob] Roberts
Chair

[SEAL]

By: _____
Ellen Heywood
Clerk to the Board

The issue hereof has been approved under the provisions of The State and Local Government Revenue Bond Act.

GREG C. GASKINS
Secretary of the Local Government Commission

CERTIFICATE OF AUTHENTICATION

Date of Authentication:

[Closing Date], 2016

This Bond is the Taxable Airport System Revenue Bond, Series 2016B designated herein issued under the provisions of the within-mentioned Indenture.

[NAME OF TRUSTEE], as Registrar

By: _____
Vice President

ASSIGNMENT

FOR VALUE RECEIVED the undersigned hereby sells, assigns and transfers unto:

(Please print or typewrite Name, Address,
including Zip Code, and Federal Taxpayer Identification or
Social Security Number of Assignee)

the within Bond and all rights thereunder, and hereby irrevocably constitutes and appoints

Attorney to register the transfer of the within Bond on the books kept for registration thereof,
with full power of substitution in the premises.

Dated: _____

Signature guaranteed by:

NOTICE: Signature must be guaranteed by a participant of the Securities Transfer Agent Medallion Program (“*STAMP*”) or similar program.

NOTICE: The signature to this assignment must correspond with the name as it appears on the face of the within Bond in every particular, without alteration, enlargement or any change whatever.

TRANSFER FEE MAY BE REQUIRED

GREATER ASHEVILLE REGIONAL AIRPORT AUTHORITY

and

[NAME OF TRUSTEE],
as Trustee

GENERAL TRUST INDENTURE

Dated as of
September 1, 2016

Greater Asheville Regional Airport Authority
Airport System Revenue Bonds

GENERAL TRUST INDENTURE

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GENERAL TRUST INDENTURE

THIS GENERAL TRUST INDENTURE dated as of September 1, 2016 (together with any Supplemental Indentures, this “*Indenture*”), by and between the **GREATER ASHEVILLE REGIONAL AIRPORT AUTHORITY** (the “*Authority*”), a body corporate and politic of the State of North Carolina and [NAME OF TRUSTEE], as trustee (the “*Trustee*”), having an office and place of business in _____, duly organized and existing under the laws of the _____, being authorized to accept and execute trusts of the character herein set out;

WITNESSETH:

WHEREAS, the existing Airport System (as hereinafter defined) currently provides air transportation and related services to the residents, businesses and other users located within Buncombe County and its surrounding areas;

WHEREAS, the Authority proposes to issue bonds (the “*Bonds*”) under this Indenture and pursuant to the Act (hereinafter defined) and to apply the proceeds of the Bonds to finance or refinance the costs of extensions, additions and capital improvements to, or the acquisition, renewal or replacement of capital assets of, or purchasing and installing new equipment for the Airport System (as hereinafter defined); and

WHEREAS, the Bonds issued under this Indenture will be secured by a pledge of the Net Revenues (hereinafter defined) of the Airport System.

GRANTING CLAUSES

In order to secure the payment of the Principal of and Interest and premium, if any, on the Bonds to be issued under this Indenture according to their tenor, purport and effect, and in order to secure the performance and observance of all the covenants and conditions contained herein and in the Bonds and in order to declare the terms and conditions on which the Bonds are issued, authenticated, delivered, secured and accepted by all persons who from time to time be or become Owners thereof, and for and in consideration of the mutual covenants herein contained, of the acceptance by the Trustee of the trust hereby created, and the purchase and acceptance of the Bonds by the Owners or obligees thereof, the Authority has executed and delivered this Indenture, and by these presents does hereby assign and pledge to the Trustee, its successors in trust and its assigns forever, to the extent provided in this Indenture:

I.

All Net Revenues of the Airport System.

II.

All money and securities held by the Trustee, the Authority or any other depositaries in any and all of the funds and accounts established under this Indenture, except the Airport System Operating Fund, the Capital Project Fund and the Surplus Fund.

III.

Any additional property that may, from time to time hereafter, by delivery or by writing of any kind, be subjected to the lien hereof, by the Authority or by anyone on its behalf, and the Trustee is

hereby authorized to receive the same at any time as additional security hereunder. This Indenture does not convey, mortgage, pledge or create any lien on any real estate or tangible personal property owned by the Authority or on any revenues of the Authority other than the Net Revenues.

TO HAVE AND TO HOLD, all and singular, the Trust Estate, including all additional property which by the terms hereof has or may become subject to the encumbrance of this Indenture, unto the Trustee and its successors and assigns forever.

BUT IN TRUST NEVERTHELESS, on the terms and trusts herein set forth, for the equal and proportionate benefit and security of the Bonds issued and to be issued hereunder and secured by this Indenture, without preference, priority or distinction as to participation in the lien, benefit and protection hereof of any one Bond over any other for any reason whatsoever (except as expressly provided in this Indenture), so that each and all such Bonds has the same right, lien and privilege under this Indenture and is equally secured hereby, with the same effect as if the same had all been made, issued and negotiated simultaneously with the delivery hereof.

PROVIDED, HOWEVER, and these presents are on the condition that, if the Authority pays, causes to be paid or provides for the payment to the Owners of the Bonds, the Principal, Interest and premium (if any) to become due in respect thereof at the times and in the manner stipulated therein, herein and in a Series Indenture relating thereto and keeps, performs and observes all and singular the covenants and agreements in such Bonds and in this Indenture expressed to be kept, performed and observed by or on the part of the Authority, then this Indenture and the rights hereby granted will cease, determine and be void and of no further force and effect, but will otherwise be and remain in full force and effect, and on the trust and subject to the covenants and conditions hereinafter set forth.

It is hereby mutually covenanted and agreed that the terms and conditions on which the Bonds are to be issued, authenticated, delivered, secured and accepted by all persons who from time to time be or become the Owners thereof are as follows:

ARTICLE I DEFINITIONS OF TERMS, CONSTRUCTION AND CERTAIN GENERAL PROVISIONS

Section 1.1 Definitions. In this Indenture, the following words and terms will, unless the context otherwise requires, have the following meanings:

“*Account*” or “*Fund*” means one of the special funds or accounts created and established pursuant to Section 5.2.

“*Accountant*” means an individual or firm of independent certified public accountants as may be selected by the Authority and not unacceptable to the Trustee.

“*Accreted Value*” means (1) on a Compounding Date with respect to any Capital Appreciation Bond, an amount equal to the principal amount of such Capital Appreciation Bond at the date of delivery to the original purchasers thereof plus the interest accrued on such Capital Appreciation Bond from such date to that Compounding Date as shown in the Series Indenture under which it is issued, or (2) as of any date of computation with respect to any Capital Appreciation Bond, an amount equal to the principal amount of such Capital Appreciation Bond at the date of delivery to the original purchasers thereof plus the interest accrued on such Capital Appreciation Bond from such date to the date of computation, calculated based on the assumption that Accreted Value as shown in the Series Indenture under which it is issued accrues during any period in equal daily amounts on the basis of a year of 360 days consisting of twelve months of thirty days each.

“Act” means, collectively, (1) Chapter 121 of the 2012 North Carolina Session Laws, as amended by Chapter 52 of the 2014 North Carolina Session Laws, and (2) The State and Local Government Revenue Bond Act, General Statutes of North Carolina Section 159-80 *et seq.*, and as either may hereafter be amended.

“Aggregate Annual Debt Service” mean for any Fiscal Year, the aggregate amount of Annual Debt Service on all Outstanding Bonds and, if applicable, Bonds proposed to be issued.

“Aggregate Annual Debt Service for Other Indebtedness” means, with respect to any particular Fiscal Year, an amount equal to the sum of all payment obligations with respect to Other Indebtedness during such Fiscal Year. excluding any capitalized interest payable from the proceeds of Other Indebtedness. If the payment obligation under any Other Indebtedness is stated in terms of principal and interest, such principal and interest will be computed for purposes of this definition in the manner in which the Principal Installments and Interest on the Bonds is calculated under the definition of “Aggregate Annual Debt Service.”

“Aggregate Annual Debt Service for Subordinate Indebtedness” means, with respect to any particular Fiscal Year, an amount equal to the sum of (1) all interest payable on Subordinate Indebtedness during such Fiscal Year excluding any capitalized interest payable from the proceeds of Subordinate Indebtedness, plus (2) any principal of Subordinate Indebtedness payable during such Fiscal Year. Principal and interest for purposes of this definition will be computed in the manner in which the Principal Installments and Interest on the Bonds is calculated under the definition of “Aggregate Annual Debt Service.”

“Airport System” means the Asheville Regional Airport, located in Buncombe County, North Carolina, including all related and ancillary facilities whether or not directly related to the air transportation of people and goods, and any other airport hereafter owned and operated by the Authority and designated as part of the Airport System in a Supplemental Indenture.

“Airport System Operating Fund” means the Fund so designated and established pursuant to Section 5.2.

“Annual Budget” means the annual budget approved by the Authority concerning the operation of the Airport System for each Fiscal Year.

“Annual Debt Service” means, with respect to any Bond, the aggregate amount of Principal, Interest and such other amounts becoming due and payable during a Fiscal Year. [For the purpose of this definition, the Principal and interest payable on July 1 is to be deemed to be payable in the Fiscal Year ending on the immediately preceding June 30]. For each Series of Outstanding Bonds, and, if applicable, any Series of Bonds proposed to be issued, Annual Debt Service is to be computed using the principles and assumptions set forth below:

- (a) In determining the amount of Principal due in each Fiscal Year, except to the extent that another subparagraph of this definition applies, payment will be assumed to be made on Outstanding Bonds or on Bonds proposed to be issued in accordance with any principal maturity or amortization schedule established by the related Series Indenture, setting forth the terms of such Bonds, including, as a principal payment, the Accreted Value of any Capital Appreciation Bonds or Original Issue Discount Bonds maturing or scheduled for redemption in such Fiscal Year. In determining the amount of Interest due in each Fiscal Year, except to the extent subparagraphs (b), (c) or (d) of this definition apply, (1) Interest payable at a fixed rate will be assumed to be made at such fixed rate and on the required payment dates and (2) the interest rate to be used for Variable Rate Indebtedness that has been Outstanding for at least 12 months

will be the average rate over the 12 months immediately preceding the date of calculation, or for Variable Rate Indebtedness that has been Outstanding fewer than 12 months, the interest rate to be used will be the actual rate on the date of calculation, or, for Variable Rate Indebtedness proposed to be issued, the interest rate to be used for such computation will be determined by a Consultant to be a reasonable market rate for fixed-rate Bonds of a corresponding term issued under this Indenture on the date of such calculation, with no credit enhancement and taking into consideration whether such Bonds bear interest that is or is not excluded from gross income for federal income tax purposes and that is or is not subject to any alternative minimum tax.

For the purpose of verifying compliance with the rate covenant contained in Section 6.6 hereof, Variable Rate Indebtedness will be deemed to bear interest at the actual rate or rates borne during any applicable Fiscal Year.

The amount of Capitalized Interest on deposit in any account of the Debt Service Fund will be subtracted from the amount of interest due for any related Fiscal Year, but only to the extent that such Capitalized Interest is dedicated to a particular interest payment coming due during such Fiscal Year.

(b) Each maturity of a Series of Bonds that constitutes Balloon Indebtedness will be treated as if it were to be amortized over a term of not more than 30 years and with substantially level annual debt service payments commencing not later than the year following the year in which such Balloon Indebtedness was issued, and extending not later than 30 years from the date such Balloon Indebtedness was originally issued. For fixed rate obligations, the interest rate used for such computation will be the applicable fixed rates. For Balloon Indebtedness that also constitutes Variable Rate Indebtedness, the interest rate used for such computation will be determined by a Consultant to be a reasonable market rate for fixed-rate Bonds of a corresponding term issued under this Indenture on the date of such calculation, with no credit enhancement and taking into consideration whether such Bonds bear interest that is or is not excluded from gross income for federal income tax purposes and that is or is not subject to any alternative minimum tax.

(c) Notwithstanding subparagraph (b) above, if any stated maturity date of Bonds that constitute Balloon Indebtedness occurs within 12 months from the date of the calculation of Annual Debt Service, the principal amount maturing will be assumed to become due and payable on the stated maturity date unless there is delivered a certificate of an Authorized Authority Representative stating that (1) the Authority intends to refinance such maturity and (2) the probable terms of such refinancing. On delivery of such certificate, such Balloon Indebtedness will be assumed to be refinanced, and Annual Debt Service will be calculated, in accordance with the probable terms set out in such certificate, except that such assumption will not result in an interest rate lower than that which would be assumed under subparagraph (b) above and such Balloon Indebtedness will be amortized over a term of not more than 3 years from the date of refinancing.

(d) If any Outstanding Bonds or any Bonds that are then proposed to be issued constitute Tender Indebtedness, then Tender Indebtedness will be treated as if the principal amount of such Bonds were to be amortized over a term of not more than 30 years from the date such Tender Indebtedness was originally issued, except that if any principal maturity or amortization schedule is set forth in a Series Indenture, such schedule will be used to determine the principal maturity or amortization of such Bonds. The interest rate used for such computation will be determined by a Consultant to be a reasonable market rate for fixed-rate Bonds of a corresponding term issued under this Indenture on the date of such calculation, with no credit enhancement and taking into consideration whether such Bonds bear interest that is or is not

excluded from gross income for federal income tax purposes and that is or is not subject to any alternative minimum tax. For all principal and interest payments becoming due before the year in which such Tender Indebtedness is first subject to tender, such payments will be treated as described in the other applicable subparagraphs of this definition.

(e) With respect to any Interim Indebtedness, it will be assumed that the principal amount of the Interim Indebtedness will be continuously refinanced and will remain Outstanding until the first Fiscal Year for which interest on the Interim Indebtedness has not been capitalized or otherwise funded or provided for. For such first Fiscal Year, it will be assumed that (1) the Outstanding principal amount of the Interim Indebtedness will be refinanced with a series of additional Bonds that will be amortized over a period not to exceed 30 years in such manner as will cause the maximum annual debt service payments applicable to such Series in any 12-month period not to exceed 110% of the minimum annual debt service payments applicable to such Series for any other 12-month period, and (2) the Series of additional Bonds will bear interest at a fixed interest rate estimated by a Consultant to be the interest rate such Series of additional Bonds would bear if issued on such terms on the date of such estimate.

(f) If money that is not included in the definition of “*Revenues*” has been used to pay or has been irrevocably deposited with and is held by the Authority to pay Principal or Interest on Bonds, then the Principal or Interest paid from such money will be excluded from the computation of Annual Debt Service for the purpose of calculating Aggregate Annual Debt Service for the proposed issuance of any Series of Bonds under Section 6.8 and for the purpose of verifying compliance with the Rate Covenant in Section 6.6.

“*Approved PFC Projects*” means any additions, betterments, extensions, other improvements of or related to the Airport or other costs incurred for any purpose at or related to the Airport from time to time (whether or not located at the Airport), including, without limitation, the acquisition of land, all of which have been authorized by the FAA in a Record of Decision or Final Agency Decision (or comparable decision named in accordance with then-current FAA terminology), and will constitute an “*Approved Project*,” as such term is defined in the PFC Regulations.

“*Authority*” means the Greater Asheville Regional Airport Authority as the governing body for the Airport, or any successor thereto or any assignee thereof under Section 6.17.

“*Authenticating Agent*” means an entity appointed in a Series Indenture to act as a Paying Agent for a Series of Bonds.

“*Authorized Authority Representative*” means the Executive Director, the Finance Director, or such other officer or employee of the Authority or other person which other officer, employee or person has been designated by the Executive Director as an Authorized Authority Representative in a certificate filed with the Trustee with specimen signatures.

“*Average Aggregate Annual Debt Service*” means the Aggregate Annual Debt Service of any Outstanding Bonds, proposed Series of Bonds, or other obligations, as applicable, to become due from the date of computation to the date of maturity of the last of such Outstanding Bonds, proposed Series of Bonds, or other obligations, divided by the number of years from the date of computation to the date of maturity of the last of such Outstanding Bonds, proposed Series of Bonds, or other obligations.

“*Balloon Indebtedness*” means all or any portion of a Series of Bonds, 25% or more of the initial principal amount of which matures on the same date or within such Fiscal Year. For purposes of this definition, the principal amount maturing on any date is to be reduced by the amount of such Bonds scheduled to be amortized by prepayment or redemption before their stated maturity date.

“*Bond*” means one of the obligations delivered pursuant to this Indenture, including, but not limited to, bonds, notes, bond anticipation notes, and other instruments creating an indebtedness of the Authority issued under a Series Indenture.

“*Bond Counsel*” means an attorney or firm of attorneys of nationally recognized standing in the field of law relating to municipal, state and public agency financing, selected by the Authority and not unacceptable to the Trustee.

“*Business Day*” means any day other than (a) a day on which banking institutions in New York, New York, or in the State or in the cities in which the Trustee or the Paying Agent have their respective principal offices are authorized to close or (b) a day on which the New York Stock Exchange is closed.

“*Capital Appreciation Bonds*” means any Bonds, however denominated in the related Series Indenture, as to which interest is compounded periodically on each Compounding Date and which are payable in an amount equal to the then-current Accreted Value only at maturity, earlier redemption or other payment date therefor.

“*Capital Project Fund*” means the Fund so designated and established by Section 5.2.

“*Capitalized Interest*” means the amount of interest on Bonds, if any, funded from the proceeds of the Bonds or other money that is deposited with the Trustee in a Debt Service Account as described in a Series Indenture on issuance of Bonds, to be used to pay interest on the corresponding Series of the Bonds.

“*Certificate*” means (1) a signed document either attesting to or acknowledging the circumstances, representations or other matters therein stated or set forth or setting forth matters to be determined pursuant to this Indenture or (2) the report of an Accountant as to audit or other procedures called for by this Indenture.

“*CFC Resolution*” means the resolution adopted [date], as the same may be amended, which authorized the collection of a Customer Facility Charge from customers of automobile rental companies as provided therein.

“*CFC*” or “*Customer Facility Charges*” means all amounts received by the Authority from the payment of the Customer Facility Charge established by the CFC Resolution.

“*Code*” means the Internal Revenue Code of 1986, as amended. Each reference to a section of the Code herein will be deemed to include the United States Treasury Regulations in effect with respect thereto.

“*Compounding Date*” means, with respect to any Capital Appreciation Bond, the dates set forth in the Series Indenture under which it is issued.

“*Construction Fund*” means the Fund so designated and established under Section 5.2.

“*Consultant*” means any Independent consultant, consulting firm, engineer, architect, engineering firm, architectural firm, Accountant or accounting firm, financial advisory or investment banking firm, or other expert qualified for work of the character required, as determined by an Authorized Authority Representative, and retained by the Authority to perform acts and carry out the duties provided for such consultant in this Indenture or in a Series Indenture.

“*Costs of Construction*” means the costs reasonably incurred in connection with the Airport System, including but not limited to the costs of (1) acquisition of all property, real or personal, tangible or intangible, and all interests in connection therewith including all rights-of-way and easements therefor, (2) physical construction, installation and testing, including the costs of labor, services, materials, supplies and utility services used in connection therewith, (3) architectural, engineering, legal, financial advisory and other professional services, (4) premiums for insurance policies taken out and maintained during construction, to the extent not paid for by a contractor for construction and installation, (5) any taxes, assessments or other charges which become due during construction, (6) expenses incurred by the Authority or on its behalf with its approval in seeking to enforce any remedy against any contractor or sub-contractor in respect of any default under a contract relating to construction, (7) Costs of Issuance, (8) Interest on the Bonds during the construction of any portion of the Airport System, (9) miscellaneous expenses incidental thereto and (10) reimbursements of such Costs of Construction properly incurred before the issuance of the Bonds.

“*Costs of Issuance*” means all items of expense, directly or indirectly payable by or reimbursable to the Authority, related to the authorization, sale and issuance of Bonds.

“*Credit Facility*” means a line of credit, letter of credit, standby bond purchase agreement or similar liquidity or credit facility (but excluding a financial guaranty insurance policy) issued by an entity other than the Authority and established or obtained for a Series of the Bonds.

“*Current Expenses*” means the current expenses of operation, maintenance and current repair of the Airport System, as calculated in accordance with generally accepted accounting principles except as otherwise provided herein, and includes, without limiting the generality of the foregoing: insurance premiums; any rebate required to be paid to the United States Government; fees and expenses of the Trustee and any Paying Agent; fees and expenses of any entity providing credit support or liquidity for any Series of the Bonds; administrative and engineering expenses of the Authority relating solely to the Airport System; labor; executive compensation; the cost of materials and supplies used for current operations; and charges for the accumulation of appropriate reserves for current expenses not annually recurrent, but which are such as may reasonably be expected to be incurred as determined by the Authority in accordance with generally accepted accounting principles except as otherwise provided herein. “*Current Expenses*” will not include (1) any allowance for depreciation or replacements of capital assets of the Airport System, (2) money payable as Interest and as interest on Subordinate Indebtedness or Other Indebtedness, (3) money deposited or transferred to the Reserve Fund pursuant to the applicable Series Indenture, (4) any loss from extinguishment of debt or the sale, exchange or other disposition of capital assets and (5) any accrued expenses for other post-retirement benefits not resulting in (i) payments of such benefits to current or future retired employees or (ii) deposits of funds into an irrevocable trust for the purpose of making future payments of such benefits to current or future retired employees.

“*Debt Service Fund*” means the Fund so designated and established by Section 5.2.

“*Derivative Agreement*” means an interest rate swap, cap, collar, floor, forward, option, put, call or other similar agreement however denominated, relating to the Bonds.

“*Event of Default*” means any of the events specified in Section 9.1 together with any other events specified as such in a Series Indenture.

“*FAA*” mean the Federal Aviation Administration, or the successor to its powers and authority.

“*Federal Direct Payments*” mean amounts payable by the federal government to the Authority, under the Code, as may be amended from time to time, in connection with the Authority’s issuance of Bonds with respect to the Airport, in lieu of any credit otherwise available to the Owners of Bonds. The

phrase “*Federal Direct Payments*” also includes a federal program that provides a refundable credit payment to the Authority in connection with the issuance of a Series of Bonds, similar to the refundable credit payment payable to issuers of Bonds under Section 54AA of the Code, which is enacted subsequent to the adoption of this Indenture.

“*Federal Securities*” means (a) direct obligations of the United States of America for the payment of which the full faith and credit of the United States of America is pledged; (b) obligations issued by any agency controlled or supervised by and acting as an instrumentality of the United States of America, the payment of the principal of and interest on which is fully guaranteed as full faith and credit obligations of the United States of America (including any securities described in (a) or (b) issued or held in the name of the Trustee in book-entry form on the books of the Department of Treasury of the United States of America), which obligations, in either case, are held in the name of the Trustee and are not subject to redemption or purchase before maturity at the option of anyone other than the Owner; (c) any bonds or other obligations of the State or of any agency, instrumentality or local governmental unit of the State (i) which are not callable before maturity or (ii) as to which irrevocable instructions have been given to the trustee or escrow agent of such bonds or other obligations by the obligor to give due notice of redemption and to call such bonds for redemption on the date or dates specified, and which are rated by Moody’s, if the Bonds are rated by Moody’s, and S&P, if the Bonds are rated by S&P within the highest rating category and which are secured as to principal, redemption premium, if any, and interest by a fund consisting only of cash or bonds or other obligations of the character described in clause (a) or (b) hereof which fund may be applied only to the payment of such principal of and interest and redemption premium, if any, on such bonds or other obligations on the maturity date or dates thereof or the specified redemption date or dates pursuant to such irrevocable instructions, as appropriate; or (d) direct evidences of ownership of proportionate interests in future interest and principal payments on specified obligations described in (a) held by a bank or trust company as custodian, under which the owner of the investment is the real party in interest and has the right to proceed directly and individually against the obligor on the underlying obligations described in (a), and which underlying obligations are not available to satisfy any claim of the custodian or any person claiming through the custodian or to whom the custodian may be obligated.

“*Final Agency Decision*” means a Final Agency Decision of the FAA relating to the Authority’s Approved PFC Projects as may be issued, modified or amended from time to time.

“*Finance Director*” means the Director of Finance of the Authority or any successor to his or her functions.

“*Fiscal Year*” means a 12-month period commencing on the first day of July of any year, or such other 12-month period adopted as the Fiscal Year of the Authority.

“*Fitch Ratings*” means Fitch, Inc., its successors and assigns, and, if such entity for any reason no longer performs the function of a securities rating agency, “*Fitch Ratings*” will refer to any other nationally recognized securities rating agency designated by the Finance Director of the Authority by notice to the Trustee, and acceptable to the LGC.

“*Independent*” means when used with respect to any specified firm or individual, such a firm or individual who (a) does not have any direct financial interest or any material indirect financial interest in the operations of the Authority, other than the payment to be received under a contract for services to be performed, and (b) is not connected with the Authority as an official, officer or employee.

“*Interest*” means (1) the amount designated as interest on any Bonds and (2) payments due from the Authority under a Derivative Agreement other than for the termination thereof.

“*Interest Payment Date*” means any date on which Interest is due and payable in accordance with the terms set forth with respect to each Series of Bond in the related Series Indenture or any other document executed and delivered by the Authority in accordance with this Indenture.

“*Interim Indebtedness*” means any Bond or Bonds (1) for or with respect to which no principal payments are required to be made other than on the maturity date thereof, which date may be no later than five years from the date of their delivery to their initial purchasers, and (2) which are authorized by a Series Indenture that declares the Authority’s intent, at the time of issuance, to refund or refinance all or a part of the same before or on such maturity date, including commercial paper, notes, and similar obligations.

“*Investment Securities*” means (1) Federal Securities or (2) any other investments (a) which at the time of investment are authorized investments under the investment policy of the Authority and (b) which are legal investments under Section 159-30 of the North Carolina General Statutes, as amended from time to time, or any successor statute.

“*Irrevocable Commitment*” means an unalterable agreement to assume a financial obligation. This phrase may include terms and other conditions that the Authority may describe by a Supplemental Indenture or other official action of the Authority, such as, but in no way limited to, a financial obligation of the Authority that may last for a specific period of time.

“*LGC*” means the North Carolina Local Government Commission or any successor to its functions under the laws of the State or its designated representative.

“*Moody’s*” means Moody’s Investors Service, a corporation organized and existing under the laws of the State of Delaware, its successors and their assigns, and, if such corporation for any reason no longer performs the functions of a securities rating agency, “*Moody’s*” will be deemed to refer to any other nationally recognized rating agency designated by the Finance Director of the Authority by notice to the Trustee, and acceptable to the LGC.

“*Net Revenues*” means the excess of Revenues over Current Expenses.

“*Original Issue Discount Bonds*” means Bonds which are sold at an initial public offering price of less than face value and which are specifically designated as Original Issue Discount Bonds in the Series Indenture under which such Bonds are issued.

“*Other Indebtedness*” means capital leases, installment financing agreements or other contracts used to provide capital improvements to the Airport System.

“*Outstanding*” means all Bonds which have been authenticated and delivered by the Trustee under this Indenture, except:

- (a) Bonds canceled after purchase in the open market or because of payment (it being understood that a payment to an Owner of the purchase price of a Bond, as prescribed in the related Series Indenture, is not payment of a Bond) at or redemption before maturity or on acceleration;
- (b) Bonds deemed paid under Article X;
- (c) Bonds for the payment of the Principal of, redemption premium, if any, and interest on which Federal Securities have been irrevocably set aside; and

(d) Bonds in lieu of which other Bonds have been authenticated under Article III.

“*Owner*” means any person in whose name any Outstanding Bond is registered on the books of the Trustee.

“*Parity Reserve Account*” means the account in the Reserve Fund so designated and established pursuant to Section 5.2.

“*Parity Reserve Requirement*” means an amount, calculated as of the date of issuance of a Series of Bonds secured by the Parity Reserve Account, equal to the lesser of (1) maximum Principal and Interest Requirements on the Bonds as to all Series of the Bonds secured by the Parity Reserve Account of the Reserve Fund, (2) 125% of the average annual Principal and Interest Requirements on the Bonds, calculated solely as to all Series of the Bonds secured by the Parity Reserve Account of the Reserve Fund, or (3) 10% of the then-Outstanding stated principal amount of all Series of the Bonds secured by the Parity Reserve Account of the Reserve Fund, provided, however, that if any Series of the Bonds secured by the Parity Reserve Account of the Reserve Fund has original issue discount or premium that exceeds 2% of the stated redemption price at maturity plus any original issue premium attributable exclusively to underwriter’s compensation, the initial offering prices to the public must be used in lieu of the stated principal amount for purposes of the 10% limitation (but in no event shall the amount of proceeds of a Series of Bonds used to fund a deposit to the Parity Reserve Account exceed 10% of the stated principal amount of such Series of Bonds).

“*Paying Agent*” means an entity appointed in a Series Indenture to act as a paying agent for a Series of Bonds.

“*Person*” means any individual, corporation, limited liability company, partnership, joint venture, association, joint-stock company, trust, unincorporated organization, or government or any agency or political subdivision thereof.

“*PFCs*” or “*Passenger Facility Charges*” means charges collected by the Authority under the authority granted by the Aviation Safety and Capacity Expansion Act of 1990 Pub. L. 101-508, Title IX, Subtitle B, Sections 9110 and 9111, the Wendel H. Ford Aviation Investment and Reform Act for the 21st Century, Pub. L. 106-181 and 14 CFR Part 158, all as amended from time to time, or any other applicable federal law, and by the Records of Decision or Final Agency Decisions (or comparable decision named in accordance with then-current FAA terminology), and interest earnings thereon net of amounts that collecting air carriers are entitled to retain for collecting, handling and remitting such passenger facility charge revenues.

“*PFC Act*” means the Aviation Safety and Capacity Expansion Act of 1990, Pub. L. 101-508, Title IX, Subtitle B, 9110 and 9111, recodified as 49 U.S. 40117, as modified by the Wendel H. Ford Aviation Investment and Reform Act for the 21st Century, Pub. L. 106-181 (“*AIR-21*”), as amended or replaced from time to time.

“*PFC Regulations*” means Part 158 of the Federal Aviation Regulations (14 CFR Part 158), as amended from time to time, and any other regulation issued with respect to the PFC Act.

“*Principal*” means the principal amount of an Outstanding Bond (including as to Capital Appreciation Bonds, the Accreted Value thereof except with respect to the order of priority of payment of Bonds after an event of default under Section 9.1, in which case, “*Principal*” means the principal amount of such Capital Appreciation Bonds on their date of delivery and the balance of the Accreted Value will be “*Interest*”) payable as a Sinking Fund Payment or at maturity.

“*Principal Installment*” means, as of any date of calculation, (1) the aggregate Principal amount of Outstanding Bonds (including as to Capital Appreciation Bonds, the Accreted Value thereof) due on a certain future date, reduced by the aggregate Principal amount of such Bonds which would be retired by reason of the payment when due and application in accordance with this Indenture of Sinking Fund Payments payable before such future date, plus (2) any Sinking Fund Payments due on such certain future date, together with the aggregate amount of the premiums, if any, applicable on such Sinking Fund Payments.

“*Principal Payment Date*” means any date on which Principal is due and payable.

“*Qualified Reserve Fund Substitute*” means a reserve fund insurance policy, surety bond, letter of credit or similar instrument issued by either a bond insurer or other entity that regularly issues such instruments, in either case having a long-term rating in one of the three highest rating categories (without regard to gradation within category) by Moody’s or S&P as of the date of issuance of such reserve fund insurance policy, surety bond, letter of credit or similar instrument, as so designated in a Series Indenture with respect to each Series of Bonds.

“*Rate Covenant*” means the Authority’s covenant under Section 6.6 to establish rates and charges for each Fiscal Year for the provision of services of the Airport System and to revise or cause to be revised the same, as necessary, as will produce (a) Revenues, which together with a transfer made from the Surplus Fund to the Airport System Operating Fund on the first Business Day of the Fiscal Year, that are at least equal in such Fiscal Year to the total of (1) the Current Expenses budgeted for such Fiscal Year, as may be amended from time to time, plus (2) 100% of the Aggregate Annual Debt Service on the Bonds to become due during that Fiscal Year plus (3) 100% of the remaining deposits required by Section 5.3 and (b) Net Revenues, which together with a transfer made from the Surplus Fund to the Airport System Operating Fund on the first Business Day of the Fiscal Year, that are at least equal in such Fiscal Year to 125% of the Aggregate Annual Debt Service on the Bonds to become due during that Fiscal Year.

“*Record of Decision*” means a Record of Decision or Records of Decision of the FAA relating to the Authority’s Approved PFC Projects as may be issued, modified or amended from time to time.

“*Redemption Price*” means, with respect to any Bond, the Principal amount thereof plus the applicable premium, if any, and accrued interest payable on the redemption thereof.

“*Reserve Fund*” means the Fund so designated and established pursuant to Section 5.2.

“*Reserve Requirement*” means, as of any date of calculation, the Parity Reserve Requirement or the Series Reserve Requirement, as applicable.

“*Revenues*” means all rates, tolls, fees (including any tap, monitoring or connection fees), rentals, or other charges or other money received by the Authority in connection with the ownership, management and operation of the Airport System, and all parts thereof, including Customer Facility Charges and amounts received from the investment of money in any Fund or Account (but not including amounts received from interest or other investment income earned in the Construction Fund and, during the construction period, the Reserve Fund), all as calculated in accordance with generally accepted accounting principles, but shall not include (1) net proceeds of insurance or condemnation awards or other extraordinary items, (2) any amounts collected by the Authority representing sales or use taxes which may be required by law or agreement to be paid to the State or a governmental unit thereof, (3) refundable deposits made by customers of the Airport System, (4) any interest rate subsidy received by the Authority from the United States Treasury pursuant to any section of the Code, (5) any proceeds or any gain or loss from extinguishment of debt or the sale, exchange or other disposition of capital assets, or (6) any amounts otherwise included under this definition as Revenues but not permitted by law to be pledged

hereunder. In addition, the following, including any investment earnings thereon, are specifically excluded from “*Revenues*,” unless designated as “*Revenues*” under the terms of a Series Indenture: (a) Passenger Facility Charges, (b) Federal Direct Payments, (c) grants and other charges authorized on or after the date of this Indenture by federal and/or State laws or regulations to be assessed to fund specific programs at the Airport System, (d) investment income derived from (1) any money or securities which may be placed in escrow or trust to defease Bonds or (2) an account in the Construction Fund established by a Series Indenture unless otherwise specified in that Series Indenture, (e) any arbitrage earnings which are required to be paid to the U.S. Government pursuant to Section 148 of the Code and amounts held in a Rebate Fund and (f) Capitalized Interest.

“*S&P*” means Standard & Poor’s Ratings Services, a Standard & Poor’s Financial Services LLC business, its successors and their assigns, and, if such entity for any reason no longer performs the functions of a securities rating agency, “*S&P*” will be deemed to refer to any other nationally recognized securities rating agency designated by the Finance Director of the Authority by notice to the Trustee, and acceptable to the LGC.

“*Series of Bonds*” or “*Series*” means any series of Bonds issued hereunder pursuant to a Series Indenture.

“*Series Indenture*” means any indenture or other document supplementing this Indenture, executed by the Authority and effective in accordance with Article VII, providing for the issuance of a Series of Bonds.

“*Series Reserve Account*” means the account in the Reserve Fund so designated and established in Section 5.2 and any Series Indenture.

“*Series Reserve Requirement*” means, as of any date of calculation, the amount required to be on deposit in a Series Reserve Account as determined in the Series Indenture under which the Series of Bonds secured by that account in the Reserve Fund is issued.

“*Sinking Fund Payment*” means, as of any particular date of calculation, the amount required to be paid by the Authority on a certain future date for the retirement of Outstanding Bonds which mature after said future date, but does not include any amount payable by the Authority by reason of the maturity of a Bond or by call for redemption at the election of the Authority.

“*Special Facilities*” or “*Special Facility*” means a facility or group of facilities or improvements or category of facilities or improvements which are designated as a Special Facility under Section 6.11.

“*Special Facilities Revenue*” means the contractual payments and all other revenues (other than ground rentals relating to such Special Facility) derived by or available to the Authority from a Special Facility which are pledged to secure Special Facility Obligations.

“*Special Facility Obligations*” means bonds or other debt instruments issued pursuant to a resolution other than this Indenture to finance Special Facilities and which, except as otherwise provided in Section 6.11, are not secured by nor payable from a lien on and pledge of the Net Revenues but which are secured by revenues derived from Special Facilities.

“*State*” means the State of North Carolina.

“*Subordinate Indebtedness*” means debt, the payment of the principal and interest on which is secured by a lien on Net Revenues that is subordinate to the lien on Net Revenues securing the payment of the Principal of and Interest on the Bonds.

“*Supplemental Indenture*” means any indenture supplemental to this Indenture delivered pursuant to Article VII hereof amending or supplementing this Indenture.

“*Surplus Fund*” means the fund so designated and established by Section 5.2.

“*Trustee*” means the Trustee with respect to the Bonds and any other person at any time substituted in its place as provided in Article VIII.

“*Trust Estate*” means all property and rights conveyed by the Authority under the Granting Clauses of this Indenture.

“*Variable Rate Indebtedness*” means any Bond or Bonds, the interest rate on which is not fixed to maturity at the time of calculation, or other relevant time.

Section 1.2 Interpretation. In this Indenture, unless the context otherwise requires:

(a) the terms “hereby,” “hereof,” “hereto,” “herein,” “hereunder,” and any similar terms used in this Indenture refer to this Indenture, and the term “heretofore” means before, and the term “hereafter” means after the date of adoption of this Indenture;

(b) the words of the masculine gender mean and include correlative words of the feminine and neuter genders and words importing the singular number mean and include the plural number and vice versa.

(c) any references to Section and Article numbers refer to the Section and Article numbers contained herein unless the context clearly indicates otherwise.

[END OF ARTICLE I]

ARTICLE II TERMS OF BONDS

Section 2.1 Indenture to Constitute Contract; Parity Bonds. In consideration of the purchase and acceptance of the Bonds by those who hold the same from time to time, the provisions of this Indenture will be a part of the contract of the Authority with the Owners of Bonds and is deemed to be and constitutes a contract among the Authority, the Trustee and the Owners from time to time of the Bonds. The pledges and assignments made hereby and the provisions, covenants and agreements herein set forth to be performed by or on behalf of the Authority are for the equal benefit, protection and security of the Owners of any and all the Bonds, each of which, regardless of the time or times of its issue or maturity, will be of equal rank without preference, priority or distinction over any other thereof except as expressly provided in this Indenture.

Section 2.2 Special Obligations. The Bonds are special obligations of the Authority. The Principal of, premium, if any, and Interest on the Bonds are not payable from the general funds of the Authority, nor do they constitute a legal or equitable pledge, charge, lien or encumbrance on any of its property or on any of its income, receipts or revenues, except the Trust Estate pledged hereunder. Neither the credit nor the taxing power of the Authority are pledged for the payment of the Principal of the Bonds or Interest, and no Owner has the right to compel the exercise of the taxing power by the Authority or the forfeiture of any of its property in connection with any default on the Bonds.

Section 2.3 Authorization of Bonds. In order to provide sufficient funds to construct any expansion or improvement of the Airport System, to acquire property in connection therewith or to refund all or any principal amount of obligations issued therefor, Bonds of the Authority are hereby authorized to be issued hereunder, in one or more Series, pursuant to a Series Indenture, in accordance with the laws of the State.

Section 2.4 Conditions Precedent to Delivery of Bonds. The Bonds of each Series will be delivered on the receipt by the Trustee of:

- (a) certified copies of the bond order and the resolution adopted by the Authority and approving this Indenture, the related Series Indenture and the transactions related to the Series of Bonds being issued;
- (b) certified copies of this Indenture and the Series Indenture authorizing the Series of Bonds being issued;
- (c) a Bond Counsel's opinion to the effect that (1) such Series Indenture has been duly and lawfully authorized, executed and delivered and is in full force and effect; (2) this Indenture has been duly and lawfully authorized, executed and delivered by the Authority and is valid and binding on, and enforceable against, the Authority (except to the extent that the enforceability thereof may be limited by the operation of bankruptcy, insolvency and similar laws affecting rights and remedies of creditors); (3) this Indenture creates the valid pledge which it purports to create of the Trust Estate for the purposes and on the conditions permitted by this Indenture; and (4) on the execution and delivery thereof, such Series of Bonds has been duly and validly authorized and issued in accordance with this Indenture;
- (d) a request and authorization to the Trustee on behalf of the Authority to authenticate and deliver the Series of Bonds to the purchasers therein identified on

payment to the Trustee or otherwise as directed by the Trustee, for the account of the Authority, of a sum specified in such request and authorization;

(e) a written certificate from the Authority as to the amount of proceeds of the Series of Bonds being issued to be deposited into the various Funds specified in, and pursuant to, the related Series Indenture;

(f) evidence reasonably satisfactory to the Trustee that the Reserve Fund is equal to the Reserve Requirement, if any, after issuance of such Series of Bonds;

(g) a certificate stating that there has been no material adverse change in the general affairs, financial position, results of operations or condition, financial or otherwise, of the Authority and the Authority has not incurred liabilities that would materially affect the ability of the Authority to discharge its obligations under this Indenture or the applicable Series Indenture; and

(h) such additional documents and certificates as Bond Counsel or the Trustee may reasonably require.

[END OF ARTICLE II]

ARTICLE III
GENERAL TERMS AND PROVISIONS OF BONDS

Section 3.1 Provisions of a Series of Bonds. Each Series Indenture will include provisions concerning the medium and times of payment, denominations, forms, dates, redemption, purchase, registration, exchange, transfer, replacement, cancellation and execution of such Bonds.

Section 3.2 Legends. The Bonds of each Series may contain or have endorsed thereon such provisions, specifications and descriptive words not inconsistent with the provisions of this Indenture as may be necessary or desirable to comply with custom, or otherwise.

Section 3.3 Books for Registration. Unless otherwise provided in a Series Indenture with respect to the related Series of the Bonds, so long as any Bonds are Outstanding, the Authority will cause to be maintained and kept, at a corporate trust office of the Trustee, books for the registration of Bonds. On presentation thereof for such purpose at said office by the Owner thereof or his duly authorized attorney, the Trustee will register, or cause to be registered in such books, any Bonds entitled to registration, under such reasonable regulations as the Trustee may prescribe.

Section 3.4 Transfer and Exchange of Bonds. Ownership of Bonds will be transferable only on the books of the Trustee, on surrender of the Bonds to be transferred with a written instrument of transfer satisfactory to the Trustee, duly executed by the Owner thereof or his duly authorized attorney. Bonds may be exchanged for Bonds of the same Series and maturity in other authorized denominations, on surrender of the Bonds to be exchanged to the Trustee with a written instrument requesting such exchange, duly executed by the Owner thereof or his duly authorized attorney.

When the privilege of transferring or exchanging Bonds is exercised, the Authority will execute or cause to be executed and the Trustee will authenticate and deliver Bonds in exchange for Bonds being transferred or exchanged. For every such transfer or exchange of Bonds, whether temporary or definitive, the Authority or the Trustee may charge an amount sufficient to reimburse it for any tax, fee or other governmental charge required to be paid with respect to such exchange or transfer.

Section 3.5 Replacement of Mutilated, Destroyed, Stolen or Lost Bonds. If a Bond is mutilated, destroyed, stolen or lost, the Authority will execute or cause to be executed and the Trustee will authenticate and deliver replacement Bonds of the same Series and maturity. For any mutilated Bonds, such new Bonds will be delivered only on surrender and cancellation of the mutilated Bonds. For destroyed, stolen or lost Bonds, such new Bonds will be delivered only on the filing with the Trustee of evidence satisfactory to establish to the Authority and the Trustee that such Bonds have been destroyed, stolen or lost and to prove the ownership thereof and on furnishing the Authority and the Trustee with indemnity satisfactory to them. The person requesting the delivery of new Bonds pursuant to this Section must comply with such other reasonable regulations as the Authority and the Trustee prescribe and pay such expenses as the Authority and the Trustee incur in connection therewith.

Section 3.6 Cancellation and Destruction of Bonds. All Bonds paid or redeemed, either at or before maturity and all Bonds delivered for transfer or exchange as provided in Section 3.4 must be delivered to the Trustee when such payment or redemption is made. The Trustee will promptly cancel such Bonds, together with all Bonds surrendered for replacement pursuant to Section 3.5 and any other Bonds delivered to the Trustee with instructions to cancel the same. Bonds so canceled may at any time be cremated or otherwise destroyed by the Trustee. On the cremation or destruction of canceled Bonds, the Trustee will provide to the Authority a written certification thereof.

Section 3.7 Execution and Authentication. The Bonds will be executed on behalf of the Authority with the manual or facsimile signature of its Chair or Executive Director and will have impressed or imprinted thereon, by facsimile or otherwise, the official seal of the Authority and will be attested with the manual or facsimile signature of the Clerk to the Board. If any officer of the Authority whose signature or whose facsimile signature appears on the Bonds ceases to be such officer before the delivery of such Bonds, such signature or facsimile signature will nevertheless be valid and sufficient for all purposes, as if he had remained in office until delivery. In addition, each Bond will be authenticated by the manual or facsimile signature of an authorized officer of the Trustee. If any official of the Trustee whose signature appears on the Bonds ceases to be such official before delivery of the Bonds, such signature is nevertheless valid and sufficient for all purposes, as if he had remained in office until delivery. No Bond is valid or obligatory for any purpose or entitled to any security or benefit hereunder unless and until executed and authenticated in the manner prescribed by this Section, and such execution and authentication of any Bond is conclusive evidence that such Bond has been properly executed and delivered hereunder.

Section 3.8 Ownership of Bonds. The Authority and the Trustee may deem and treat the Owner of any Bond as the absolute owner of such Bond, whether such Bond is overdue or not, for the purpose of receiving payment of, or on account of, the Principal of and interest on such Bond and for all other purposes, and all such payments so made to any such Owner will be valid and effectual to satisfy and discharge the liability on such Bond to the extent of the sum or sums so paid, and neither the Authority nor the Trustee will be affected by any notice to the contrary.

Section 3.9 Temporary Bonds. Pending the preparation of definitive Bonds of any Series, the Authority may execute and the Trustee will authenticate and deliver temporary Bonds of such Series. Temporary Bonds will be issuable as fully registered Bonds, of any denomination permitted by the related Series Indenture, and substantially in the form of the definitive Bonds of such Series but with such omissions, insertions and variations as may be appropriate for temporary Bonds, all as may be determined by the Authority. Every temporary Bond will be executed by the Authority and authenticated by the Trustee on the same conditions and in substantially the same manner, and with like effect, as the definitive Bonds. As promptly as practicable, the Authority will execute and will furnish definitive Bonds and then temporary Bonds may be surrendered in exchange therefor without charge at the principal corporate trust office of the Trustee, and the Trustee will authenticate and deliver in exchange for such temporary Bonds a like aggregate Principal amount of definitive Bonds. Until so exchanged, the temporary Bonds will be entitled to the same benefits under this Indenture as definitive Bonds.

[END OF ARTICLE III]

ARTICLE IV
APPLICATION OF BOND PROCEEDS

Section 4.1 **Application of Bond Proceeds.** The proceeds of sale of any Series of Bonds will, as soon as practicable on the delivery of the Series of Bonds by the Trustee pursuant to Section 2.4, be applied as set forth in the applicable Series Indenture.

Section 4.2 **Bonds Not Delivered for Payment.** If any Bond is not presented for payment when the Principal thereof becomes due, either at maturity, or at the date fixed for redemption thereof, or otherwise, or if any interest check is not cashed, if funds sufficient to pay such Bond have been made available by the Authority to the Trustee or any Paying Agent for the benefit of the Owner thereof, all liability of the Authority to the Owner thereof for the payment of such Bond will forthwith cease, terminate and be completely discharged, and it will then be the duty of the Trustee and any Paying Agent to hold such funds in trust, uninvested and without liability for interest thereon, for the benefit of the Owner of such Bond who will thereafter be restricted exclusively to such funds for any claim of whatever nature on his part under this Indenture or on, or with respect to, said Bond. Any money that is so set aside or transferred and that remains unclaimed by the Owners for a period of five years after such payment has become due and payable will be treated as abandoned property under Chapter 116B of the N.C.G.S., and the Trustee or Paying Agent will report and remit this property to the Escheat Fund according to the requirements of Chapter 116B of the N.C.G.S.. Thereafter, the Owners may look only to the Escheat Fund for payment and then only to the extent of the amounts so received without any interest thereon, and the Authority, the Trustee and the Paying Agent will have no responsibility with respect to such money.

[END OF ARTICLE IV]

ARTICLE V
PLEDGE OF INDENTURE; FUNDS
AND ACCOUNTS; INVESTMENTS

Section 5.1 Pledge Effected by Indenture. The Trust Estate is hereby pledged, and the Authority hereby grants a security interest therein, to the Trustee for the benefit of Owners, to secure the payment of Bonds in accordance with their terms and the provisions of this Indenture. The Trust Estate will immediately be subject to the lien of such pledge without any physical delivery thereof or further act and such lien will be valid and binding against all parties having claims of any kind in tort, contract or otherwise, irrespective of whether such parties have notice hereof.

Section 5.2 Funds and Accounts.

(a) The Authority hereby establishes and creates the following special Funds which for administrative convenience may be subdivided by the Authority Representative or the Trustee into Accounts with appropriate identification:

- (1) Airport System Operating Fund;
- (2) Debt Service Fund;
- (3) **[To be discussed]** Capital Project Fund;
- (4) Construction Fund;
- (5) Reserve Fund;
- (6) Operating and Maintenance Reserve Fund; and
- (7) Surplus Fund.

The Trustee or the Authority may also create such other Funds or Accounts as it deems necessary or desirable in the administration of this Indenture.

(b) The Debt Service Fund, the Construction Fund and the Reserve Fund will be held by the Trustee. If the Reserve Fund is used for a Series of the Bonds, the related Series Indenture must establish the provisions for the use of it. The Authority will not file a Qualified Reserve Fund Substitute with the Trustee, without the approval of the LGC or a person designated by the LGC to approve a Qualified Reserve Fund Substitute. The Airport System Operating Fund, the Operating and Maintenance Reserve Fund, the Capital Project Fund and the Surplus Fund will be held by one or more financial institutions from time to time determined by the Authority.

Section 5.3 Airport System Operating Fund.

(a) The Authority will promptly cause all Revenues to be deposited in the Airport System Operating Fund as received. There will also be deposited in the Airport System Operating Fund any other amounts required to be deposited therein pursuant to this Indenture or any Supplemental Indenture and any other amounts available therefor and determined by the Authority to be deposited therein. All amounts collected by the Authority as (1) sales and use taxes and (2) refundable deposits made by customers of the Airport System, which have been deposited in the Airport System Operating Fund, may

be paid out of the Airport System Operating Fund in the amounts and at the times determined by the Authority Representative.

(b) Except as provided in subsection (a) of this Section, the Authority will cause disbursements to be made from the Airport System Operating Fund as follows:

FIRST: Directly to the Persons entitled thereto at any time as may be required, the amount required to pay the Current Expenses as shown in the Annual Budget for the current Fiscal Year;

SECOND: To the Debt Service Fund, (1) for a Series of the Bonds on which Interest is paid semiannually, on the first day of each month (commencing on the date set in the Series Indenture for each Series of Bonds), to the Trustee for deposit in the Debt Service Fund, an amount such that (after taking into consideration amounts then on deposit in the Debt Service Fund allocated to pay Interest), if the same amount is transferred thereto on the first day of each succeeding month, there will be in the Debt Service Fund an amount equal to the Interest due on the next Interest Payment Date; and (2) for a Series of the Bonds on which Interest is paid more often than semiannually, on or before an Interest Payment Date (commencing on the date set in the Series Indenture for each Series of Bonds), to the Trustee for deposit in the Debt Service Fund, an amount such that (after taking into consideration amounts then on deposit in the Debt Service Fund allocated to pay Interest), there will be in the Debt Service Fund an amount equal to the Interest due on that Interest Payment Date;

THIRD: To the Debt Service Fund, (1) for a Series of the Bonds on which Principal is paid annually, on the first day of each month (commencing on the date set in the Series Indenture for each Series of Bonds), to the Trustee for deposit in the Debt Service Fund, an amount such that (after taking into consideration amounts then on deposit in the Debt Service Fund allocated to pay Principal due with respect to the Bonds), if the same amount is transferred thereto on the first day of each succeeding month, there will be in the Debt Service Fund an amount equal to the Principal Installment due on the next Principal Payment Date; and (2) for a Series of the Bonds on which Principal is paid more often than annually, on or before a Principal Payment Date (commencing on the date set in the Series Indenture for each Series of Bonds), to the Trustee for deposit in the Debt Service Fund, an amount such that (after taking into consideration amounts then on deposit in the Debt Service Fund allocated to pay Principal due with respect to the Bonds), there will be in the Debt Service Fund an amount equal to the Principal Installment due on that Principal Payment Date;

FOURTH: At any time as may be required, to the provider of any Qualified Reserve Fund Substitute in satisfaction of the then current obligations of the Authority incurred in connection therewith;

FIFTH: At any time as may be required, to the Trustee for deposit in the Reserve Fund (1) the amount necessary for the balance therein to equal the Reserve Requirement, but if the Revenues are insufficient therefor, to each Account of the Reserve Fund *pro rata* on the basis of the Reserve Requirement for each Series of Bonds secured by an Account of the Reserve Fund or (2) if the Reserve Fund is less than 90% of the Reserve Requirement as a result of a valuation of investments therein, the amount necessary for the balance therein to equal the Reserve Requirement; but the Authority is not required to transfer in any month more than an amount such that if the same amount were deposited in equal monthly installments over the subsequent 11 months, the Reserve Fund would equal the Reserve Requirement;

SIXTH: At any time as may be required, to the Debt Service Fund, the amount necessary to make up any deficiency therein in accordance with the priorities established in Section 5.4;

SEVENTH: To the Operating and Maintenance Reserve Fund, an amount sufficient to equal two months of Current Expenses as shown in the Annual Budget;

EIGHTH: At any time as may be required, to the Persons entitled to payment of any principal, premium, if any, or interest on any Subordinate Indebtedness, an amount equal to the principal, premium or interest then due and owing;

NINTH: At any time as may be required, to the Persons entitled to payment with respect to any Other Indebtedness, an amount equal to the payment then due and owing;

TENTH: On the last day of each month, to the Capital Project Fund, the amount necessary for the following month, if any, as shown in the Annual Budget or otherwise;

ELEVENTH: On the first day of each Fiscal Year, to the Surplus Fund, the balance remaining in the Airport System Operating Fund as of the last day of the preceding Fiscal Year after reserving therein an amount sufficient to pay the Current Expenses for the first two months of that Fiscal Year as shown in the Annual Budget.

Section 5.4 Debt Service Fund.

(a) There will be deposited in the Debt Service Fund any amounts required to be deposited therein pursuant to this Indenture and any other amount available therefor and determined by the Authority to be deposited therein.

(b) The Trustee will disburse amounts deposited in the Debt Service Fund as follows:

(1) On each Interest Payment Date, to the Persons entitled thereto, Interest due on such date.

(2) Subject to the provisions hereof requiring the application thereof to the payment or redemption of any particular Bond, on each Principal Payment Date, to the Owners, the amounts required for the payment of the Principal due on such date.

(3) On each Redemption Date, to the Owners, the amount required for redemption of Bonds called for redemption.

(4) If on an Interest Payment Date or a Principal Payment Date, the amounts in the Debt Service Fund are insufficient to pay in full the Interest or Principal, the amounts in the Debt Service Fund will be applied pro rata first to the Persons entitled to Interest and then to the Persons entitled to Principal. Except as otherwise specifically provided herein or in any Series Indenture, the Trustee has no obligation to purchase or attempt to purchase Bonds at a price below the Redemption Price, the Principal amount or at any other price, and any arms' length purchase by the Trustee will conclusively be deemed fair and reasonable.

(c) If on any Interest Payment Date or Principal Payment Date, there is a deficiency in the Debt Service Fund, the amount of such deficiency will be made up from the following Funds and in the order or priority set forth below:

- (1) Airport System Operating Fund;
- (2) Surplus Fund;
- (3) Capital Project Fund;
- (4) the Account of the Reserve Fund securing a Series of Bonds to pay the Principal of and interest on such Series of the Bonds, to the extent such deficiency is attributable to the Series of the Bonds secured by that Account of the Reserve Fund; and
- (5) Construction Fund.

(d) To the extent money is required to be transferred from any Fund held by the Authority to make up a deficiency in the Debt Service Fund as required by subparagraph (c), the Trustee shall notify the Authority by telephone promptly confirmed in writing on the Business Day preceding the date on which money is required to be transferred by it pursuant to this subparagraph and thereafter the Authority shall cause the required transfer to be made on the date set therefor.

Section 5.5 Capital Project Fund.

(a) There will be deposited in the Capital Project Fund any amount required to be deposited therein pursuant to this Indenture and any other amounts available therefor and determined by the Authority to be deposited therein.

(b) The Capital Project Fund may be applied for the following purposes:

(1) paying the cost of extensions, additions and capital improvements to, or the renewal and replacement of capital assets of, or purchasing and installing new equipment for, the Airport System, or paying any extraordinary maintenance and repair or any expenses which are not Current Expenses;

(2) transfer to the Debt Service Fund to make up any deficiency therein in accordance with the order of priorities established in Section 5.4(c); and

(3) repayment of Subordinate Indebtedness or Other Indebtedness.

(c) The Finance Director will authorize disbursements to be made from the Capital Project Fund for the purposes set forth in paragraphs (1) and (3) of subsection (b) of this Section.

Section 5.6 Surplus Fund.

(a) There will be deposited from time to time in the Surplus Fund all amounts required to be deposited therein pursuant to this Indenture or any Series Indenture and any other amounts available therefor and determined by the Authority to be deposited therein.

(b) Money held in the Surplus Fund is to be applied in the following order of priority: (1) first, to the Airport System Operating Fund to make up any deficiency therein to meet the obligations therefor; (2) second, to the Debt Service Fund to make up any deficiency therein in accordance with the order of priorities established in Section 5.4(c); (3) third, to pay the Person entitled thereto a termination payment under a Derivative Agreement; (4) fourth, to the Persons entitled to payment of any principal, premium, if any, or interest on any Subordinate Indebtedness, an amount equal to the principal, premium or interest then due and owing; (5) fifth, to the Persons entitled to payment with respect to any Other

Indebtedness, an amount equal to the payment then due and owing; and (6) sixth, for any lawful purpose from time to time authorized by the Authority.

Section 5.7 Construction Fund. There will be deposited from time to time in the Construction Fund all amounts required to be deposited therein pursuant to, and expended in accordance with, any Series Indenture and any other amounts available therefor and determined by the Authority to be deposited therein.

Section 5.8 Reserve Fund. There will be deposited in the Reserve Fund, subject to the right of the Authority to supply the Trustee with a Qualified Reserve Fund Substitute after written notice thereof is provided to Moody's if the Bonds are rated by Moody's and S&P if the Bonds are rated by S&P, all amounts (if any) required to be deposited therein pursuant to this Indenture or any Series Indenture and any other amount available therefor and determined by the Authority to be deposited therein.

The Trustee will transfer amounts held in the appropriate account in the Reserve Fund to the Debt Service Fund to make up any deficiency therein with respect to any Series of Bonds secured by that account in the Reserve Fund, in accordance with the order of priorities set forth in Section 5.5; but if a Qualified Reserve Fund Substitute is in place, the Trustee will first use money on hand in the appropriate account in the Reserve Fund and then use money made available by the provider of the Qualified Reserve Fund Substitute. If more than one Qualified Reserve Fund Substitute is in place with respect to an account in the Reserve Fund, the Trustee shall draw on those Qualified Reserve Fund Substitutes pro rata. Not less than 10 days before the need therefor or such longer period of time as may be required pursuant to the Qualified Reserve Fund Substitute, the Trustee will cause appropriate notice to be given to the provider of such Qualified Reserve Fund Substitute of the need for funds to make up any deficiency in the Reserve Fund.

The Trustee will, on or before [May 25 and November 25] of each year, value each account in the Reserve Fund in accordance with Section 5.13 and provide written notice to the Authority of any money which will be on hand in each account in the Reserve Fund in excess of the applicable Reserve Requirement (taking into account any Qualified Reserve Fund Substitute that may be held by the Trustee in any such account) and on the next succeeding December 1 or June 1, as the case may be, and on such December 1 or June 1, the Trustee shall transfer such excess money to the Construction Fund during the construction period associated with any additions, extensions or improvement of the Airport System financed with the proceeds of Bonds and otherwise to the Airport System Operating Fund to be applied in accordance with Section 5.3.

Section 5.9 Operating and Maintenance Reserve Fund. There will be deposited in the Operating and Maintenance Reserve Fund, all amounts required to be deposited therein pursuant to this Indenture or any Series Indenture and any other amount available therefor and determined by the Authority to be deposited therein. Money held in the Operating and Maintenance Reserve Fund is to be applied solely to pay Current Expenses to the extent funds available in the Airport System Operating Fund are insufficient therefor.

Section 5.10 Investments. The Trustee will invest money held in the Debt Service Fund, the Construction Fund and the Reserve Fund, at the written direction of the Authority, in Investment Securities. The Authority will invest all Funds and Accounts held by it pursuant hereto in such Investment Securities as it determines in its sole discretion. The proceeds of any remarketing of a Series of the Bonds will be held uninvested or will be invested in Federal Securities maturing not later than the earlier of 30 days or the date needed for payment. The Authority will invest, and as to the Debt Service Fund, the Reserve Fund and the Construction Fund, will direct the Trustee (in writing or orally with

subsequent confirmation in writing) to invest all money held hereunder pursuant to the investment instructions as provided in connection with a Series of Bonds.

Whenever the Trustee has not received written direction from the Authority and money in a Fund or Account created under this Indenture or a Series Indenture are therefore uninvested, the Trustee is hereby directed to invest the money in Federal Securities maturing the earlier of (1) the date such money is needed to meet an obligation under this Indenture or a Series Indenture or (2) 30 days after such investment.

Unless otherwise provided in a Series Indenture, the Trustee will deposit earnings from investment of money (1) in the Construction Fund, immediately on receipt thereof into the Construction Fund, (2) in the Debt Service Fund, immediately on receipt thereof into the Debt Service Fund, and (3) in the Reserve Fund, as set forth in each Series Indenture. All other earnings from the investment of money held in any other Fund or Account hereunder will be credited to the Airport System Operating Fund.

The Trustee is not responsible for any loss on the investment of money invested in accordance with this Indenture.

Section 5.11 Valuation and Sale of Investments.

(a) In computing the amount in any Fund or Account, obligations purchased as an investment of money therein will be valued at the market value on the last day of each Fiscal Year unless an earlier date is required in this Indenture or in a Series Indenture. The Trustee shall value each Account of the Reserve Fund separately for purposes of determining if the Account is in the amount required by the Series Indenture under which it was created.

(b) Except as otherwise provided herein, the Trustee shall sell, or present for redemption, any Investment Security whenever it shall be required in writing by a Authority Representative to do so, on which written instruction the Trustee may rely, or whenever it is necessary in order to provide money to meet any payment or transfer from any Fund or Account held by it, and the Authority Representative shall sell, or present for redemption, any Investment Security whenever it shall be necessary in order to provide money to meet any payment or transfer from any Fund or Account held by the Authority. An Investment Security may be credited on a pro rata basis to more than one Fund or Account and need not be sold in order to provide for the transfer of amounts from one Fund or Account to another.

[END OF ARTICLE V]

ARTICLE VI PARTICULAR COVENANTS

Section 6.1 Payment of Bonds. The Authority will duly and punctually pay or cause to be paid, as herein provided, the Principal of and the Interest on every Bond or the Redemption Price thereof, at the dates and places and in the manner stated in the Bonds, according to the true intent and meaning thereof and will duly and punctually pay or cause to be paid all Sinking Fund Payments, if any, becoming payable with respect to any of the Bonds and all other payments of Interest required under this Indenture.

Section 6.2 Power To Issue Bonds and Pledge. The Authority is duly authorized under the Act to authorize and issue the Bonds and to enter into, execute and deliver this Indenture and to pledge the Trust Estate, including the Net Revenues, purported to be pledged hereby in the manner and to the extent herein provided. The Bonds and the provisions of this Indenture are and will be the valid and legally enforceable obligations of the Authority in accordance with the terms of the Bonds and of this Indenture. The Authority will at all times, to the extent permitted by law, defend, preserve and protect the pledge of the Trust Estate and all the rights of the Owners under this Indenture against all claims and demands of all persons whomsoever.

Section 6.3 Further Assurance. At any and all times the Authority will, so far as it may be authorized by law, pass, make, execute, acknowledge and deliver all and every such further resolutions, acts, deeds, conveyances, assignments, transfers and assurances as may be necessary or desirable for the better assuring, conveying, granting, pledging, assigning and confirming all and singular the Trust Estate.

Section 6.4 Accounts and Reports.

(a) The Authority will keep, or cause to be kept, proper books of record and account in which complete and accurate entries will be made relating to the Airport System, which will at all reasonable times be subject to the inspection of the Trustee and the Owners or their representatives duly authorized in writing.

(b) The Authority will file with the Trustee and the LGC, within 180 days after the close of each Fiscal Year, a copy of an audited annual financial report as to the obligations and activities of the Airport System during such Fiscal Year. The financial statements for each Fiscal Year, shall set forth in reasonable detail:

- (1) a balance sheet for the Airport System at the end of such Fiscal Year;
- (2) a statement of the Airport System revenues and expenses in accordance with the categories or classifications established by the Authority for its operating and program purposes and showing the Revenues and Current Expenses during such Fiscal Year; and
- (3) a statement of cash flows of the Airport System as of the end of such Fiscal Year.

In addition, the Authority will file with the Trustee and the LGC an audited calculation demonstrating its compliance with the Rate Covenant which may be contained (1) in the audited annual financial report or (2) in a separate document that has been certified by the Accountant which prepares such calculation. The contents of the financial statements may vary from that set forth in clauses (1) through (3) if the Accountant certifies that they conform to then existing generally accepted accounting principles. The financial statements must be accompanied by an Accountant's Certificate stating (1) whether the financial statements examined fairly present the financial position of the Authority, including the Airport System, at the end of the Fiscal Year, (2) whether the results of its operations and the changes in financial position

for the period examined are in conformity with generally accepted accounting principles and (3) whether, to its knowledge, an event of default has occurred under this Indenture. The Trustee will make a copy of the financial statements available to any Owner of a Bond on written request therefor and at the expense of such Owner.

(c) The Authority may employ Consultants to inspect the operation and maintenance of the Airport System or to review the performance by the Authority of the duties relating thereto provided for in this Indenture. The Authority will file any report of the Consultants regarding their inspection or review with the Trustee and the LGC.

(d) Within 90 days after the close of each Fiscal Year, the Authority will file or cause to be filed with the Trustee and the LGC (1) a certificate that no event of default under Section 9.1 has occurred or (2) if an event of default has occurred, a special report setting forth in reasonable detail the individual balances and receipts and disbursements for each Fund hereunder.

(e) Any financial statements required hereunder may be presented on a consolidated or combined basis with other reports of the Authority, so long as the information relating to the Airport System is separately identified and only to the extent that such basis of reporting will be consistent with that required under subsection (b) of this Section.

Section 6.5 Annual Budgets.

(a) The Authority will approve by July 1 of each year an Annual Budget covering the fiscal operations of the Airport System for the Fiscal Year and will file the same with the Trustee. Such budget need not necessarily be the budget prepared by the Authority for budgeting purposes. The Annual Budget will set forth for such Fiscal Year the estimated Revenues; the Principal and Interest Requirements on the Bonds, the Principal and Interest Requirements on Subordinate Indebtedness and the Principal and Interest Requirements on Other Indebtedness, due and payable or estimated to become due and payable during such Fiscal Year; estimated Current Expenses; and, unless capital expenditures for the Airport System are included in the Authority's capital investment plan or similar document, the estimated amounts, if any, to be expended for extension, improvement, enlargement, renewal or replacement of the Airport System, whether begun, continued or to be completed during such Fiscal Year. The Authority may at any time adopt and file with the Trustee an amended Annual Budget in the manner provided in this Indenture for the adoption of the Annual Budget. Copies of the Annual Budget as then amended and in effect will be made available by the Trustee during normal business hours in the Trustee's principal corporate trust office for inspection by any Owner. If the Authority does not approve or adopt an Annual Budget for a Fiscal Year on or before the first day of such Fiscal Year, the Annual Budget for the preceding Fiscal Year will be deemed to have been adopted and be in effect for such Fiscal Year until the Annual Budget for such Fiscal Year has been adopted as above provided.

(b) The Authority will not expend for Current Expenses in any Fiscal Year sums in excess of the reasonable or necessary amount thereof.

Section 6.6 Rate Covenant. Before the commencement of each Fiscal Year, the Authority will fix, establish or maintain or cause to be fixed, established and maintained such rates and charges for the provision of services of the Airport System and revise or cause to be revised the same, as necessary, as will produce Revenues at least equal to the Rate Covenant. The Authority may not render free services; all users, including political subdivisions and public bodies (State or federal) who receive services from the Airport System will pay therefor at the established rates, fees and charges. The rates, fees and charges need not be uniform.

If the Authority fails to satisfy the Rate Covenant set forth above for any Fiscal Year as of the last day of such Fiscal Year (on the basis of actual revenues and expenditures as calculated in the previous paragraph), the Authority will, as promptly as possible, take all action necessary to increase Revenues and decrease Current Expenses as necessary to satisfy such Rate Covenant in the following Fiscal Year as set forth in this Section 6.6, including promptly retaining a Consultant to make recommendations as to a revision of rates, fees and charges and possible reductions in expenses which will result in satisfying the Rate Covenant in the following Fiscal Year. The Authority will give written notification to the Trustee and the LGC on retaining a Consultant to make such recommendations.

If the Authority fails to satisfy the Rate Covenant set forth in this Section 6.6 and the Revenues continue to be insufficient to meet the Rate Covenant by the following Fiscal Year beginning on the July 1 twelve months after the beginning of the Fiscal Year during which the Authority failed to meet such Rate Covenant, the Trustee may, in its sole discretion and without an Event of Default having occurred and if in the second such year Net Revenues is less than 110% Aggregate Annual Debt Service on the Bonds, take possession of the Airport System Operating Fund and administer the application thereof. If the Trustee does so, it may disburse money in the Airport System Operating Fund in such manner as it may determine, notwithstanding the provisions of Sections 5.3 and 5.4. If the Authority fails to satisfy the Rate Covenant set forth in this Section 6.6 and the Revenues continue to be insufficient to meet the Rate Covenant by the second Fiscal Year beginning on the July 1 twenty-four months after the beginning of the Fiscal Year during which the Authority failed to satisfy such Rate Covenant, an Event of Default will be deemed to have occurred and the Trustee may in its sole discretion take possession of the Airport System Operating Fund and administer the application thereof or a majority of the registered Owners of the Bonds may require the Trustee to take possession of the Airport System Operating Fund pursuant to Section 9.2(a). If the Trustee does so, it may disburse money in the Airport System Operating Fund in such manner as it may determine, notwithstanding the provisions of Sections 5.3 and 5.4. The Trustee shall relinquish possession of the Airport System Operating Fund only on the delivery of a written Certificate of the Financial Consultant, retained by the Authority pursuant to this Section 6.6, or an Accountant certifying the Authority's compliance with the Rate Covenant.

The Authority may have a contract with a user of the Airport System with respect to water or sewer use that requires the Authority to account separately for the revenues from such contract and for expenses related thereto. At any time such a contract is in force, the Authority will comply with its covenants hereunder, including the Rate Covenant, in a manner consistent with the requirements of such contract and consistent with the terms of this Indenture.

Section 6.7 Derivative Agreements. The Authority will not enter into a Derivative Agreement without the approval of the LGC or a person designated by the LGC to approve a contract such as a Derivative Agreement. The Authority may not terminate a Derivative Agreement without the approval of the LGC or a person designated by the LGC to approve a termination of a Derivative Agreement.

Section 6.8 Issuance of Additional Bonds.

(a) The Authority will not issue any other obligations, except on the conditions and in the manner provided in this Indenture, payable from the Revenues, having priority to or being on a parity with the lien of the Bonds issued pursuant to this Indenture, nor voluntarily create or cause to be or suffer to be created any debt, lien, pledge, assignment, encumbrance or any other charge having priority to or being on a parity with the lien of the Bonds issued pursuant to this Indenture.

(b) The Authority may issue Bonds to refund all or any Principal amount of the Bonds; if, however, the Aggregate Annual Debt Service in any Fiscal Year on the Outstanding Bonds remaining Outstanding after the issuance of the refunding Bonds will increase as a result of such refunding and if the

maximum Annual Debt Service on the Bonds after the issuance of the refunding Bonds exceeds the maximum Annual Debt Service on the Bonds before the issuance of the refunding Bonds, then the Authority must satisfy the requirements in paragraph (e) below.

(c) If the Authority has issued Bonds, the proceeds of which were used to acquire or construct any portion of the Airport System and such proceeds are insufficient to pay the Costs of Construction, the Authority may issue a Series of Bonds in an amount equal to (1) the insufficiency, (2) any required deposit to the Reserve Fund with respect to such Series and (3) the Costs of Issuance related thereto. Before the issuance of any Series of Bonds under this paragraph, the Authority shall deliver to the Trustee a Certificate of a Consultant stating that the proceeds from the Series of Bonds together with other available funds will be sufficient to pay the Costs of Construction of the portion of the Airport System for which such Series of Bonds are being issued.

(d) The Authority may issue Bonds for all other lawful purposes, including, without limitation, to provide for Costs of Construction, any required deposit to the Reserve Fund and Costs of Issuance with respect to such Series of Bonds.

(e) No Series of Bonds, other than the initial Series of Bonds and the Bonds described in paragraph (b) and (c) above, will be issued hereunder unless either:

(1) a certificate, dated as of a date between the date of pricing of the Bonds being issued and the date of delivery of such Bonds (both dates inclusive), prepared by an Authorized Authority Representative showing that the Net Revenues for the last Fiscal Year for which audited financial statements are available, or, based on the Authority's unaudited, internally prepared, financial statements for any 12 consecutive months out of the most recent 18 consecutive months immediately preceding the date of issuance of the proposed Series of Bonds were at least equal to (A) 125% of maximum Aggregate Annual Debt Service with respect to all Outstanding Bonds and the proposed Series of Bonds, for such Fiscal Year or other applicable periods calculated as if the proposed Series of Bonds was then Outstanding, (B) 100% of the Aggregate Annual Debt Service for Subordinate Indebtedness in that Fiscal Year, and (C) 100% of the Aggregate Annual Debt Service for Other Indebtedness in that Fiscal Year; or

(2) (A) a certificate, dated as of a date between the date of pricing of the Bonds being issued and the date of delivery of such Bonds (both dates inclusive), prepared by an Authorized Authority Representative, showing that the Net Revenues for the last Fiscal Year for which audited financial statements are available, or, based on the Authority's unaudited, internally prepared, financial statements for any 12 consecutive months out of the most recent 18 consecutive months immediately preceding the date of issuance of the proposed Series of Bonds, were at least equal to (i) 125% of the Aggregate Annual Debt Service due and payable with respect to all Outstanding Bonds (not including the proposed Series of Bonds) for such Fiscal Year or other applicable period, (ii) 100% of the Aggregate Annual Debt Service for Subordinate Indebtedness in that Fiscal Year, and (iii) 100% of the Aggregate Annual Debt Service for Other Indebtedness in that Fiscal Year; and

(B) a certificate from a Consultant showing that the estimated Net Revenues for each of three consecutive Fiscal Years beginning with the first Fiscal Year in which Annual Debt Service is due on or with respect to the Series of Bonds proposed to be issued, and for the payment of all of which provision has not been made as indicated in the report of such Consultant from the proceeds of such Series of Bonds or from interest that has been capitalized from the proceeds of previously issued Bonds, will be at least equal to (i)

125% of the Aggregate Annual Debt Service for each such Fiscal Year with respect to all Outstanding Bonds and the proposed Series of Bonds (calculated as if the proposed Series of Bonds was then Outstanding), (ii) 100% of the Aggregate Annual Debt Service for Subordinate Indebtedness in each such Fiscal Year, and (iii) 100% of the Aggregate Annual Debt Service for Other Indebtedness in each such Fiscal Year.

For purposes of paragraph (e)(2)(B) in this Section, in estimating Net Revenues, the Consultant may take into account Revenues from Projects or Airport Facilities reasonably expected to become available during the period for which the estimates are provided. With respect to Current Expenses, the Consultant shall use such assumptions as the Consultant believes to be reasonable, taking into account: (1) historical Current Expenses, (2) Current Expenses associated with the Projects and any other new Airport Facilities, and (3) such other factors, including inflation and changing operations or policies of the Authority, as the Consultant believes to be appropriate. The Consultant shall include in the certificate or in a separate accompanying report a description of the assumptions used and the calculations made in determining the estimated Net Revenues and shall also set forth the calculations of Aggregate Annual Debt Service, which calculations may be based on information provided by another Consultant.

(3) no Event of Default under this Indenture has occurred and is continuing.

Section 6.9 Construction; Maintenance of Airport System. The Authority will complete or cause to be completed the additions, extensions and improvements of the Airport System provided for in this Indenture in accordance with plans and specifications and in an economical and efficient manner with all practicable dispatch and thereafter will maintain or cause to be maintained the Airport System in good condition and will continuously operate or cause to be operated the same in an efficient manner and at a reasonable cost as a municipal revenue-producing enterprise. [The Authority will also maintain and amend in each Fiscal Year a capital improvement plan for the Airport System extending over a period of not less than the three following Fiscal Years.]

Each contractor entering into a construction contract is required to furnish a performance bond and a separate labor and material payment bond as required by the laws of the State.

If a material default by a contractor under any construction contract occurs or if a material breach of warranty with respect to any materials, workmanship or performance occurs, the Authority shall promptly proceed, either separately or in conjunction with others, to pursue diligently its remedies against any such contractor or against each surety of any bond securing the performance of the construction contract.

Section 6.10 Insurance; Condemnation. The Authority will carry or cause to be carried such insurance with a reputable insurance carrier or carriers, such as is maintained or carried by similar governmentally-owned systems as the Airport System, including, public liability insurance against loss or damage by any natural disaster, fire, explosion, occupancy or other hazards and risks, and said property loss and damage insurance will at all times be in an amount sufficient to indemnify in amounts sufficient to repair the Airport System for loss, but not less than the aggregate Principal amount of the Bonds Outstanding, to the extent that such insurance is obtainable.

The Authority will deposit the proceeds of any insurance or condemnation, with respect to the Airport System, in excess of \$1,000,000 in any given Fiscal Year (1) in the Construction Fund, to rebuild or replace the Airport System or portion thereof giving rise to the referenced proceeds or (2) in the Debt Service Fund, to redeem or pay the Principal of the Bonds pursuant to a Series Indenture.

The Authority may provide for and maintain the insurance required under this Section partially or wholly by means of an adequate self-insurance fund. Reserves for a self-insurance fund will be determined by using actuarial principles. Any self-insurance fund must be actuarially sound and will be reviewed annually by an Independent Insurance Consultant.

Section 6.11 Special Facilities and Special Facility Obligations. The Authority may, from time to time, and subject to the terms and conditions of this Section, (a) designate a separately identifiable existing facility or improvement or planned facility or improvement as a “*Special Facility*,” (b) incur debt primarily for the purpose of acquiring, constructing, renovating or improving or providing financing or refinancing to a third party to acquire, construct, renovate or improve, such facility or improvement, without a pledge of any Net Revenues (except as otherwise provided in clause (c) of the succeeding paragraph), (c) provide that the contractual payments derived from or related to such Special Facility, together with other income and revenues available to the Authority from such Special Facility to the extent necessary to pay debt service on the Special Facility Obligations, to pay all costs of operating and maintaining such Special Facility not paid for by the operator thereof or by a party other than the Authority and to make all required sinking fund, reserve or other payments as the same become due, be “*Special Facilities Revenue*” and not included as Revenues or Net Revenues unless otherwise provided in a Supplemental Indenture, and (d) provide that the debt so incurred is a “*Special Facility Obligation*.” Special Facility Obligations may not be issued under this Indenture.

Special Facility Obligations are payable as to principal, redemption premium, if any, and interest solely from (a) Special Facilities Revenue, which include contractual payments derived by the Authority under a contract (which may be in the form of a lease) relating to a Special Facility by and between the Authority and another person, firm or corporation, either public or private, that undertakes the operation of a Special Facility, (b) proceeds of such Special Facility Obligations set aside exclusively to pay debt service on such Special Facility Obligations, if any, or (c) subject to any covenants or other provisions of this Indenture, such Net Revenues, or other money not included in Net Revenues, made available by the Authority through a specific pledge to the payment of the principal of and interest on such Special Facility Obligation in such amounts and at such times as may be agreed to by the Authority, if any.

To the extent Special Facilities Revenue received by the Authority during any Fiscal Year exceeds the amounts required to be paid as described in clause (c) of the first paragraph of this Section for such Fiscal Year, such excess Special Facilities Revenue, to the extent not otherwise encumbered or restricted, may constitute Revenues as determined by the Authority.

Notwithstanding any other provision of this Section, at such time as the Special Facility Obligations issued for a Special Facility, including Special Facility Obligations issued to refinance Special Facility Obligations, are fully paid or otherwise discharged, all revenues generated by such Special Facility will be included as Revenues.

Section 6.12 Compliance With Conditions Precedent. On the date of issuance of any of the Bonds, all conditions, acts and things required by law or by this Indenture to exist, to have happened or to have been performed precedent to or in the issuance of such Bonds exist, have happened and have been performed and such Bonds, together with all other indebtedness of the Authority, are within every debt and other limit prescribed by law.

Section 6.13 Liens or Charges. The Authority may create or permit to be created a lien on the Airport System in order to secure the issuance of Other Indebtedness as long as the Finance Director certifies at the time of the creation of the lien that (1) loss of the property secured by the lien will not materially adversely affect the ability of the Authority to meet its financial obligations under this Indenture, including the ability of the Authority to meet its Rate Covenant and (2) the current value of all parts of the Airport System subject to a lien securing Other Indebtedness, including property which may

be added to the Airport System as a result of issuance of the proposed Other Indebtedness, does not exceed 20% of the current value of the Airport System' tangible assets. The Authority will not otherwise create or permit to be created any lien or charge on the Airport System. The Authority will pay or cause to be discharged or make provisions to satisfy and discharge, within 60 days after the same accrues, all claims and demands for labor, materials, supplies or other items which, if unpaid, might by law become a lien on the Airport System or the Revenues on a parity with the lien of the Bonds, except for the liens permitted by this Section. The Authority need not pay or cause to be discharged or make provision for any lien or charge as long as the validity thereof is being contested in good faith by appropriate legal proceedings.

Section 6.14 Covenant to Obtain Permits. No approval or consent is required from any governmental authority with respect to the entering into or performance by the Authority of this Indenture and the performance by the Authority of the transactions contemplated by this Indenture, except certain approvals and consents relating to certain extensions, additions and capital improvements to, or the acquisition, renewal or replacement of capital assets of, or purchasing and installing new equipment for, the Airport System, and if such approvals are required, will be duly obtained.

Section 6.15 Waiver of Laws. The Authority will not at any time insist on or plead in any manner whatsoever, or claim or take the benefit or advantage of any stay or extension of law now or at any time hereafter in force which may affect the covenants and agreements contained in this Indenture or in the Bonds and all benefit or advantage of any such law or laws is hereby expressly waived by the Authority.

Section 6.16 Issuance of Subordinate Indebtedness. The Authority may issue Subordinate Indebtedness if:

(1) the Net Revenues for the most recent Fiscal Year for which audited financial statements are available, adjusted in the manner provided in Section 6.8, were at least equal to (a) 125% of the maximum Annual Debt Service on the Bonds, (b) 100% of the Principal and Interest Requirements for Subordinate Indebtedness in that Fiscal Year, including the Subordinate Indebtedness to be issued, and (c) 100% of the Principal and Interest Requirements for Other Indebtedness in that Fiscal Year; or

(2) (A) the Net Revenues for the most recent Fiscal Year for which audited financial statements are available were at least equal to (i) 125% of the maximum Annual Debt Service on the Bonds, (ii) 100% of the Principal and Interest Requirements for Subordinate Indebtedness in that Fiscal Year, excluding the Subordinate Indebtedness to be issued, and (iii) 100% of the Principal and Interest Requirements for Other Indebtedness in that Fiscal Year; and

(B) the Net Revenues, as projected by a report of a Consultant filed with the Trustee, for the first two Fiscal Years following (i) the date Capitalized Interest, if any, provided from the proceeds of the proposed Subordinate Indebtedness is expended in the case of the acquisition of assets for or construction of improvements to the Airport System or (ii) the date the proposed Subordinate Indebtedness is incurred in any other case, are at least equal to (I) 125% of the maximum Annual Debt Service on the Bonds, (II) 100% of the Principal and Interest Requirements for Subordinate Indebtedness in such Fiscal Years, including the Subordinate Indebtedness to be issued, and (III) 100% of the Principal and Interest Requirements for Other Indebtedness in such Fiscal Years; and

(3) no Event of Default under this Indenture or under the agreement securing the Subordinate Indebtedness has occurred and is continuing.

Section 6.17 Release of Portion of Revenues. The Authority may release one or more sources of Revenues, in whole or in part, as long as (a) a Consultant certifies to the Trustee that the Revenues as constituted after the release will not cause the Authority to fail to meet the Rate Covenant in the current Fiscal Year and the following two Fiscal Years and (b) if the Bonds are rated by Moody's, receipt of written notice from Moody's that the release will not cause its rating on the Bonds to be reduced or withdrawn and if the Bonds are rated by S&P, receipt of written notice from S&P that the release will not cause its rating on the Bonds to be reduced or withdrawn.

Section 6.18 Assignment or other Transfer of Assets. The assets constituting the Airport System may be assigned, sold, mortgaged, leased or otherwise disposed of, in whole, to another political subdivision or public agency of the State authorized by law to own and operate such systems only if there is filed with the Trustee (1) a report prepared by a Consultant showing that there is no material adverse effect on the ability of the Airport System to produce Revenues to satisfy the Rate Covenant, (2) written evidence from any rating agency then rating the Bonds that such sale will not adversely affect its rating of the Bonds and, (3) evidence satisfactory to the Trustee that such political subdivision is assuming all of the obligations of the Authority under this Indenture.

[END OF ARTICLE VI]

**ARTICLE VII
SUPPLEMENTAL INDENTURES**

Section 7.1 *Supplemental Indentures Effective On Filing With the Trustee.* For any one or more of the following purposes and at any time or from time to time, a Supplemental Indenture of the Authority may be executed and delivered, which, on the filing with the Trustee of a copy thereof certified by a Authority Representative and execution by the Trustee, will be fully effective in accordance with its terms:

(a) to close this Indenture against, or provide limitations and restrictions in addition to the limitations and restrictions contained in this Indenture on, the delivery of Bonds or the issuance of other evidences of indebtedness;

(b) to add to the covenants and agreements of and the limitations and restrictions on the Authority in this Indenture other covenants and agreements or limitations and restrictions to be observed by the Authority which are not contrary to or inconsistent with this Indenture as theretofore in effect;

(c) to surrender any right, power or privilege reserved to or conferred on the Authority by the terms of this Indenture, but only if the surrender of such right, power or privilege is not contrary to or inconsistent with the covenants and agreements of the Authority contained in this Indenture;

(d) to confirm, as further assurance, any pledge under, and the subjection to any lien or pledge created or to be created by, this Indenture of the Trust Estate, including the Net Revenues or any other revenues or assets;

(e) to modify any of the provisions of this Indenture in any respect whatsoever, but only if (1) such modification will be, and be expressed to be, effective only after all Bonds Outstanding at the date of the adoption of such Supplemental Indenture cease to be Outstanding and (2) such Supplemental Indenture will be specifically referred to in the text of all Bonds delivered after the date of the adoption of such Supplemental Indenture and of Bonds issued in exchange therefor or in place thereof; or

(f) to provide for the delivery of a Qualified Reserve Fund Substitute, if any;

provided that any changes do not, in the opinion of Bond Counsel, adversely affect the interests of the Owners of the Bonds.

Section 7.2 *Supplemental Indentures Effective On Consent of Trustee.*

(a) For any one or more of the following purposes and at any time or from time to time, a Supplemental Indenture may be executed and delivered, which, on (1) the filing with the Trustee of a copy thereof certified by a Authority Representative, and (2) the filing with the Trustee and the Authority of an instrument in writing, made by the Trustee consenting thereto, will be fully effective in accordance with its terms:

(1) to cure any ambiguity, supply any omission or cure or correct any defect or inconsistent provision in this Indenture;

(2) to insert such provisions clarifying matters or questions arising under this Indenture as are necessary or desirable and are not contrary to or inconsistent with this Indenture as theretofore in effect; or

(3) to effectuate such changes herein which do not adversely affect the interests of the Owners.

(b) Any such Supplemental Indenture may also contain one or more of the purposes specified in Section 7.1 and, in that event, the consent of the Trustee required by this Section will be applicable only to those provisions of such Supplemental Indenture as contain one or more of the purposes set forth in subsection (a) of this Section.

Section 7.3 Supplemental Indentures Effective On Consent of Owners. Exclusive of Supplemental Indentures covered by Sections 7.1 and 7.2, the written consent of the Owners of not less than a majority in aggregate Principal amount of the Bonds Outstanding and the LGC, will be required for the execution by the Authority and the Trustee of any indenture or indentures supplemental hereto; provided, however, that without the consent of the Owners of all the Bonds Outstanding nothing herein contained will permit, or be construed as permitting:

(a) A change in the terms of redemption or maturity of the Principal amount of or the interest on any Outstanding Bond, or a reduction in the Principal amount of or premium payable on any redemption of any outstanding Bond or the rate of interest thereon;

(b) The deprivation of the Owner of any Bond Outstanding of the lien created by Indenture (other than as originally permitted hereby);

(c) A privilege or priority of any Bond over any other Bond; or

(d) A reduction in the aggregate Principal amount of the Bonds required for consent to such Supplemental Indenture.

If at any time the Authority requests the Trustee to enter into a Supplemental Indenture for any of the purposes of this Section, the Trustee will, on being satisfactorily indemnified with respect to expenses, cause notice of the proposed execution of such Supplemental Indenture to be given by mail to the Owners of the Bonds Outstanding at the address shown on the registration books maintained by the Trustee. Such notice will briefly set forth the nature of the proposed Supplemental Indenture and will state that copies thereof are on file at the principal corporate trust office of the Trustee for inspection by all Owners. If, within 60 days (or such longer period prescribed by the Authority) following the giving of such notice, the Owners of not less than a majority in aggregate Principal amount of the Bonds Outstanding (and in the case of Supplemental Indentures involving (a) through (d) above, the Owners of all of the Bonds Outstanding) at the time of the execution of any such Supplemental Indenture have consented to and approved the execution thereof as herein provided, no Owner will have any right to object to any of the terms and provisions contained therein, or in the operation thereof, or in any manner to question the propriety of the execution thereof, or to enjoin or restrain the Trustee or the Authority from executing the same or from taking any action pursuant to the provisions thereof.

Section 7.4 General Provisions.

(a) As a condition to the effectiveness of any Supplemental Indenture, an opinion of Bond Counsel must be delivered to the Trustee stating that such Supplemental Indenture has been duly and lawfully adopted in accordance with the provisions of this Indenture, is authorized or permitted by this Indenture, is valid and binding on the Authority, and does not adversely affect the tax treatment of interest on the Bonds.

(b) The Trustee is hereby authorized to accept the delivery of a certified copy of any Supplemental Indenture referred to and permitted or authorized by Section 7.1, 7.2 or 7.3 and to make all further agreements and stipulations which may be therein contained.

(c) No Supplemental Indenture will change or modify any of the rights or obligations of the Trustee without its written consent thereto.

(d) Nothing contained in this Article will affect or limit the right or obligations of the Authority to adopt, make, do, execute, acknowledge or deliver any resolution, act or other instrument pursuant to the provisions of Section 6.3 or the right or obligation of the Authority to execute and deliver to the Trustee any instrument which is to be delivered to the Trustee pursuant to this Indenture.

(e) Nothing contained in this Article will affect or limit the right of the Authority to enter into Series Indentures in connection with the issuance of additional Series of Bonds. Any Series Indenture may be amended or supplemented as provided therein.

(f) No Supplemental Indenture may affect the provisions regarding the LGC under this Indenture without the consent of the LGC or a person designated by the LGC to execute such a consent, and no Supplemental Indenture under Section 7.1(e) will be effective without the consent of the LGC or a person designated by the LGC to execute such a consent.

(f) Notwithstanding anything in this Indenture to the contrary, (1) any initial purchaser, underwriter or remarketing agent holding any Bonds may, regardless of its intent to sell or distribute such Bonds in the future, consent as the Owner of such Bonds to any amendment or supplemental indenture as required or permitted by this Article, including any amendment or supplemental indenture that adversely affects the interests of other Owners, and (2) any such holder providing its consent under this Section is not entitled to receive, nor is the Authority required to provide, any prior notice or other documentation regarding such amendment or supplemental indenture.

Section 7.5 Exclusion of Bonds. Bonds owned or held by or for the account of the Authority will not be deemed Outstanding for the purpose of consent or other action or any calculation of Outstanding Bonds provided for in this Article, and the Authority will not be entitled with respect to such Bonds to give any consent or to take any other action provided for in this Article. At the time of any consent or other action taken under this Article, the Authority will furnish to the Trustee a Certificate of a Authority Representative, on which the Trustee may rely, describing all Bonds so to be excluded.

Section 7.6 Notation on Bonds. Bonds delivered after the effective date of any action taken as provided in this Article may, and if the Trustee so determines will, bear a notation, by endorsement or otherwise, in a form approved by the Authority and the Trustee, as to such action. On any transfer or exchange of any Bond Outstanding at such effective date or on demand of the Owner of any Bond Outstanding at such effective date and presentation of such Bond, the Trustee will make suitable notation as to such action on such Bond or on any Bond issued on any such transfer or exchange. If the Authority or the Trustee will so determine, new Bonds modified to conform to such action in the opinion of the Trustee and the Authority will be prepared, executed and delivered, and on demand of any Owner will be exchanged, without cost to such Owner, on surrender of such Outstanding Bond.

Section 7.7 Consents of Initial Purchasers, Underwriters and Remarketing Agents. Notwithstanding anything in this Indenture to the contrary, (1) any initial purchaser, underwriter or remarketing agent holding any Bonds may, regardless of its intent to sell or distribute such Bonds in the future, consent as the Owner of such Bonds to any amendment or Supplemental Indenture as required or permitted by this Indenture, including any amendment or Supplemental Indenture that adversely affects the interests of other Owners, and (2) any such holder providing its consent under this Section is not

entitled to receive, nor is the Authority required to provide, any prior notice or other documentation regarding such amendment or Supplemental Indenture.

[END OF ARTICLE VII]

ARTICLE VIII CONCERNING THE FIDUCIARIES

Section 8.1 *The Trust.* The Trustee agrees to hold in trust, for the benefit of the Owners, all property conveyed or delivered to it under this Indenture and all Funds and Accounts and the money or Investment Securities held therein.

Section 8.2 *Responsibility of the Trustee.* The statements of fact contained herein and in the Bonds will be taken as the statements of the Authority and the Trustee does not assume any responsibility for the correctness of the same. The Trustee makes no representations as to the validity or sufficiency of this Indenture or of any Bonds or coupons issued hereunder or in respect of the security afforded hereby, and the Trustee will not incur any responsibility in respect thereof. The Trustee will not be under any responsibility or duty with respect to the issuance of the Bonds for value or the application of the proceeds thereof or the application of any money paid to the Authority. The Trustee will not be under any obligation or duty to perform any act other than the exercise of remedies under Section 9.2(a) which would involve it in expense or liability or to institute or defend any suit in respect hereof, or to advance any of its own money, unless properly indemnified. The Trustee will not be liable in connection with the performance of its duties hereunder except for its own negligence or willful misconduct.

The Trustee is only responsible for duties which are expressly set forth in this Indenture. No permissive right of the Trustee may be construed as a duty. The Trustee is not liable (1) for any action taken in good faith in accordance with the written direction of a majority of the Owners of the Bonds or (2) for any debts contracted for or for damages to persons or to property injured or damaged, or for salaries or nonfulfillment of contracts relating to the Airport System. The Trustee is not obligated to effect or maintain insurance or to inquire as to or ascertain the existence or sufficiency of insurance (including the adequacy of any self-insurance fund) or file claims for any loss with respect to the Airport System. The Trustee is not obligated to inquire as to or ascertain whether any contractor has furnished performance, labor and/or material bonds as required by Section 6.9 hereof. The Trustee has no duty (1) to inspect or oversee construction or completion of improvements to the Airport System. (2) to verify the truthfulness or accuracy of the certifications made by the Authority with respect to the Trustee's disbursements for Costs of Construction in accordance with this Indenture or (3) to examine or review the contents of any disclosure document.

The Trustee shall not be liable for any loss resulting from any investment made in accordance with this Indenture. Except for the events described in Section 9.1(a) and (b), the Trustee shall not be deemed to have, or required to take, notice of any event of default unless specifically notified in writing thereof by the holders of not less than 25% of the aggregate principal amount of the Bonds.

Section 8.3 *Evidence on Which Trustee May Act.* The Trustee will be protected in acting on any notice, resolution, request, consent, order, certificate, report, opinion, bond or other paper or document reasonably believed by it to be genuine, and to have been signed or presented by the proper party or parties. The Trustee may consult with counsel, who may be counsel to the Authority, and the opinion of such counsel will be full and complete authorization and protection in respect of any action taken or suffered by it hereunder in good faith and in accordance therewith. Whenever the Trustee deems it necessary or desirable that a matter be proved or established before taking or suffering any action hereunder, including payment of money out of any Fund or Account, such matter (unless other evidence in respect thereof is specifically prescribed herein) may be deemed to be conclusively proved and established by a Certificate signed by a Authority Representative, and such Certificate will be full warrant for any action taken or suffered in good faith thereon, but in its sole discretion the Trustee may in lieu thereon accept other evidence of such fact or matter or may require such further or additional evidence as to it may seem reasonable. Neither the Trustee nor any successor Trustee will be liable to the Authority,

the Owners of any of the Bonds or any other person for any act or omission done or omitted to be done by the Trustee in reliance on any instruction, direction or certification received by the Trustee pursuant to this Indenture or for any act or omission done or omitted in good faith and without willful or reckless misconduct. Except as otherwise expressly provided herein, any request, order, notice or other direction required or permitted to be furnished pursuant to any provision hereof by the Authority to the Trustee will be sufficiently executed if executed in the name of the Authority by a Authority Representative.

Section 8.4 Compensation; Indemnification. The Authority will pay to the Trustee from time to time reasonable compensation for all services rendered under this Indenture, and also all reasonable expenses, charges, counsel fees and other disbursements, including those of its attorneys, agents and employees, incurred in and about the performance of its powers and duties under this Indenture, and, except as otherwise provided in a Series Indenture, the Trustee will have a lien therefor on any and all Funds at any time held by it under this Indenture. To the extent allowed by law, the Authority further agrees to indemnify and save the Trustee harmless against any liabilities which it may incur in the exercise and performance of its powers and duties hereunder, and which are not due to its negligence or willful misconduct.

Section 8.5 Permitted Acts and Functions. The Trustee may become the Owner of any Bonds, with the same rights it would have if it were not the Trustee. The Trustee may act as depository for, and permit any of its officers or directors to act as a member of, or in any other capacity with respect to, any committee formed to protect the rights of Owners or to effect or aid in any reorganization growing out of the enforcement of the Bonds or this Indenture, whether or not any such committee represents the Owners of a majority in aggregate Principal amount of the Bonds Outstanding. The Trustee may be an underwriter in connection with the sale of the Bonds or of any other securities offered or issued by the Authority. The Trustee may not serve as the provider of any financial guaranty instrument under this Indenture or any Series Indenture.

Section 8.6 Resignation of Trustee. The Trustee may at any time resign and be discharged of the duties and obligations created by this Indenture by giving not less than 60 days' written notice to the Authority and such resignation will take effect on the appointment of a successor Trustee as provided in Section 8.8.

Section 8.7 Removal of Trustee.

(a) The Trustee may be removed by the Authority if at any time so requested by an instrument or concurrent instruments in writing, filed with the Trustee and the Authority and signed by the Owners of a majority in aggregate Principal amount of the Bonds Outstanding or their duly authorized attorney, excluding any Bonds held by or for the account of the Authority.

(b) The Authority may, subject to the approval of the LGC or a person designated by the LGC to give such an approval, remove the Trustee at any time, except during the existence of an Event of Default, for such cause as is determined in its sole discretion, by filing with the Trustee an instrument signed by a Authority Representative.

(c) The Trustee will automatically be deemed removed if it becomes incapable of acting, or is adjudged a bankrupt or insolvent, or if a receiver, liquidator or conservator of the Trustee or of its property is appointed, or if any public officer takes charge or control of the Trustee or of its property or affairs.

No removal of the Trustee pursuant to this Section will be effective until the appointment of a successor Trustee as provided in Section 8.8.

Section 8.8 Appointment of Successor Trustee.

(a) If the Trustee resigns or is removed, the Authority covenants and agrees that it will then appoint a successor Trustee.

(b) If no appointment of a successor Trustee is made pursuant to subsection (a) of this Section within 60 days after (1) the Trustee has given to the Authority written notice as provided in Section 8.6, (2) the Trustee has been removed as provided in subsection (a) or (b) of Section 8.7 or (3) the events described in subsection (c) of Section 8.7 have occurred, the Trustee or the Owner of any Bond may apply to any court of competent jurisdiction to appoint a successor Trustee.

(c) Any successor Trustee appointed under the provisions of this Section must be a trust company, bank or national banking association having the powers of a trust company within or outside the State, having capital, surplus and undivided profits aggregating at least \$100,000,000 if there be such a trust company, bank or national banking association willing and able to accept the office on reasonable and customary terms and authorized by law to perform all the duties imposed on it by this Indenture.

Section 8.9 Transfer of Rights and Property to Successor Trustee. Any successor Trustee appointed under this Indenture will execute, acknowledge and deliver to its predecessor Trustee, and also to the Authority, an instrument accepting such appointment, and such successor Trustee, without any further act, deed or conveyance, will then become fully vested with all money, estates, properties, rights, powers, duties and obligations of such predecessor Trustee, with like effect as if originally named as Trustee. The Trustee ceasing to act will nevertheless, on the request of the Authority or of its successor Trustee, execute, acknowledge and deliver such instruments of conveyance and further assurance and do such other things as may reasonably be required for more fully and certainly vesting in and confirming to such successor Trustee all the right, title and interest of the predecessor Trustee in and to any property held by it under this Indenture, and will pay over, assign and deliver to its successor Trustee at the Authority's expense. Should any deed, conveyance or instrument in writing from the Authority be required by such successor Trustee for more fully and certainly vesting in and confirming to such successor Trustee any such estates, rights, powers and duties, any and all such deeds, conveyances and instruments in writing will, on request, and so far as may be authorized by law, be executed, acknowledged and delivered by the Authority at the Authority's expense. On the effectiveness of the resignation or removal of the Trustee, such Trustee's authority to act pursuant to this Indenture will terminate and such Trustee will have no further responsibility or liability whatsoever for performance of this Indenture as Trustee, except for an act or omission occurring before the effective date of the resignation or removal.

Section 8.10 Merger or Consolidation. Any company into which the Trustee may be merged or converted or with which it may be consolidated or any company resulting from any merger, conversion or consolidation to which it is a party or any company to which the Trustee sells or transfers all or substantially all of its corporate trust business, provided such company is a trust company or bank which is qualified to be a successor to the Trustee under Section 8.8 and is authorized by law to perform all the duties imposed on it by this Indenture, will be the successor to the Trustee without the execution or filing of any paper or the performance of any further act, anything herein to the contrary notwithstanding.

Section 8.11 Appointment of Paying Agent. Unless a different or additional Paying Agent is appointed in a Series Indenture with respect to a Series of Bonds, the Trustee will serve as Paying Agent for the Bonds. Any Paying Agent other than the Trustee will designate its principal office to the Authority and the Trustee and signify its acceptance of the duties and obligations imposed on it hereunder by a written instrument of acceptance delivered to the Trustee and the Authority. The Authority will cooperate with the Trustee and any Paying Agent to cause the necessary arrangements to be made and to

be thereafter continued whereby funds derived from the sources specified herein will be made available to the Paying Agent for the payment when due of the Bonds.

Section 8.12 Qualifications of Paying Agent; Resignation; Removal. Any Paying Agent other than the Trustee must be a commercial bank or trust company, duly organized under the laws of the United States of America or any state or territory thereof, having at the time of appointment a combined capital stock, surplus and undivided profits of at least \$100,000,000 and authorized by law to perform all the duties imposed on it by this Indenture. Any Paying Agent may at any time resign and be discharged of the duties and obligations created by this Indenture by giving at least 60 days notice to the Authority and the Trustee. Any Paying Agent may be removed at any time at the direction of the Authority, by an instrument signed by the Authority and filed with the Paying Agent and the Trustee. Any Paying Agent will automatically be deemed removed if it is dissolved or its property or affairs are taken under the control of any state or federal court or administrative body because of bankruptcy or insolvency.

The resignation or removal of any Paying Agent will take effect on the date specified in such instrument or notice unless a successor Paying Agent has been appointed before said date. In the event of the resignation or removal of any Paying Agent, said Paying Agent will pay over, assign and deliver any money held by it in such capacity to its successor or, if there is no successor, to the Trustee.

On the resignation or removal of the Paying Agent, the Authority may appoint a successor Paying Agent, or, if the Authority fails to appoint a successor Paying Agent within 60 days after such resignation or removal, the Trustee may appoint a successor Paying Agent or the Trustee or the Owner of any Bond may apply to any court of competent jurisdiction to appoint a successor Paying Agent. The Trustee will be the Paying Agent for any Series of Bonds with respect to which no Paying Agent is serving in such capacity. The Authority and the Trustee will incur no liability as a result of any appointment or failure to appoint any Paying Agent except for the appointment of a Paying Agent which does not conform to the requirements of this Section.

Section 8.13 Several Capacities. Anything in this Indenture to the contrary notwithstanding, the same entity may serve hereunder as the Trustee, the Paying Agent, the provider of a Credit Facility and remarketing agent and in any other combination of such capacities, to the extent permitted by law; provided, however, that the following conditions and requirements shall apply in any case where the same entity simultaneously acts as the Trustee and the provider of the Credit Facility (the "*Trustee/Credit Issuer Institution*"):

(a) Promptly after and as of June 30 of each year, the Trustee/Credit Issuer Institution shall provide to the LGC the following:

(1) A certification that the procedures and controls the Trustee/Credit Issuer Institution maintains are adequate to manage potential conflicts of interest; and

(2) A current listing of each North Carolina financing in which it is serving in a dual capacity and identifying such capacities.

(b) The Trustee/Credit Issuer Institution must, within 60 days of receiving any sort of notice concerning any litigation pending or threatened against the Trustee/Credit Issuer Institution in its capacity as Trustee, Credit Issuer or both, for any North Carolina financing, provide such notice and related documentation to the LGC. The Credit Issuer also must notify the LGC immediately of any failure to perform or any default in its capacity as Credit Issuer for the Bonds.

In addition to the provisions of Section 8.7 herein regarding removal of the Trustee, the LGC, in its sole discretion and at any time, may remove or require the replacement of the Trustee by giving 30

days written notice to the Trustee, the provider of the Credit Facility and the Authority; provided, however, that such removal shall not be effective until the appointment of a successor trustee as set forth in Section 8.8.

Section 8.14 Appointment of Co-Trustee. In case of litigation under this Indenture or the enforcement hereof on an Event of Default, or if the Trustee deems that by reason of any present or future law of any jurisdiction it may not exercise any of the powers, rights or remedies herein granted to the Trustee or hold title to the properties, in trust, as herein granted, or take any other action which may be desirable or necessary in connection therewith, the Trustee may appoint an additional institution as a separate or Co-Trustee, in which event each and every remedy, power, right, claim, demand, cause of action, immunity, estate, title, interest and lien expressed or intended by this Indenture to be exercised by or vested in or conveyed to the Trustee with respect thereto will be exercisable by and vest in such separate or Co-Trustee, but only to the extent necessary to enable such separate or Co-Trustee to exercise such powers, rights and remedies, and every covenant and obligation necessary to the exercise thereof by such separate or Co-Trustee will run to and be enforceable by either of them.

Should any conveyance or instrument in writing from the Authority be required by the separate or Co-Trustee so appointed by the Trustee for more fully and certainly vesting in and confirming to it such properties, right, powers, trusts, duties and obligations, any and all such deeds, conveyances and instruments in writing will, on request, be executed, acknowledged and delivered by the Authority. In case any separate or Co-Trustee, or a successor to either, dies, becomes incapable of acting, resigns or is removed, all the estates, properties, rights, powers, trusts, duties and obligations of such separate or Co-Trustee, so far as permitted by law, will vest in and be exercised by the Trustee until the appointment of a new Trustee or successor to such separate or Co-Trustee.

Section 8.15 Certain Representations of the Trustee.

(a) As of the date of this Indenture, the Trustee is not on any list created and maintained by the North Carolina Department of State Treasurer pursuant to the Iran Divestment Act of 2015, Chapter 143C-6A-1 et seq. of the General Statutes of North Carolina, as amended.

(b) The Trustee understands that “E-Verify” is a federal program operated by the United States Department of Homeland Security and other federal agencies, or any successor or equivalent program used to verify the work authorization of newly hired employees pursuant to federal law in accordance with Section 64-25(5) of the General Statutes of North Carolina, as amended. The Trustee uses E-Verify to verify the work authorization of its employees in accordance with Section 64-26(a) of the General Statutes of North Carolina, as amended. The Trustee will require that any subcontractor that it uses in connection with the transactions contemplated by this Indenture certify to such subcontractor's compliance with E-Verify.

[END OF ARTICLE VIII]

**ARTICLE IX
DEFAULTS AND REMEDIES**

Section 9.1 Events of Default. If any of the following events occur, it is hereby defined and deemed an “*Event of Default*” under this Indenture:

(a) A failure to pay the Principal of or premium, if any, on any Bond when the same becomes due and payable, whether at the stated maturity thereof or on proceedings for redemption including sinking fund redemptions;

(b) A failure to pay any installment of Interest when the same becomes due and payable;

(c) A failure by the Authority to observe and perform any covenant, condition, agreement or provision (other than as described in subsections (a) and (b) of this Section) contained in the Bonds or in this Indenture on the part of the Authority to be observed or performed, which failure continues for a period of 30 days after written notice, specifying such failure and requesting that it be remedied, has been given to the Authority by the Trustee, which may give such notice in its discretion and must give such notice at the written request of Owners of not less than 25% of the aggregate Principal amount of the Bonds, unless the Trustee, or the Trustee and Owners of a Principal amount of Bonds not less than the Principal amount of Bonds the Owners of which requested such notice, as the case may be, agrees in writing to an extension of such period before its expiration;

(d) The Authority (1) becomes insolvent or the subject of insolvency proceedings; (2) is unable, or admits in writing its inability to pay its debts as they mature; (3) makes a general assignment for the benefit of creditors or to an agent authorized to liquidate any substantial amount of its own property; (4) files a petition or other pleading seeking reorganization, composition, readjustment or liquidation of assets or requesting similar relief; (5) applies to a court for the appointment of a receiver for it or for the whole or any part of the Airport System; (6) has a receiver or liquidator appointed for it or for the whole or any part of the Airport System (with or without the consent of the Authority) and such receiver is not discharged within 90 days after his appointment; (7) becomes the subject of an “order for relief” within the meaning of the United States Bankruptcy Code; or (8) files an answer to a creditor’s petition admitting the material allegations thereof for liquidation, reorganization, readjustment or composition or to effect a plan or other arrangement with creditors or fail to have such petition dismissed within 60 consecutive days after the same is filed against the Authority; or

(e) Receipt by the Trustee of a written notice that an event of default has occurred or is continuing with respect to Subordinate Indebtedness or the authorizing document related to such Subordinate Indebtedness, including the failure to pay the principal of or interest on such Subordinate Indebtedness.

Further events which will constitute “*Events of Default*” hereunder may be set forth in a Series Indenture.

Section 9.2 Remedies on Default.

(a) Upon the occurrence and continuance of any Event of Default, the Trustee may proceed to protect and enforce the rights of the owners of Bonds by such of the following remedies as it deems most effectual to protect and enforce such rights:

(i) by mandamus, or other suit, action or proceeding at law or in equity, enforce all rights of the Bondholders, and require the Authority to carry

out any agreements with or for the benefit of the Bondholders and to perform its or their duties under any law to which it is subject and this Indenture;

- (ii) bring suit on the Bonds;
- (iii) take custody of the Airport System Operating Fund, the Capital Project Fund and the Surplus Fund;
- (iv) commence an action or suit in equity to require the Authority to account as if it were the trustee of an express trust for the Bondholders;
- (v) by action or suit in equity enjoin any acts or things that may be unlawful or in violation of the rights of the Bondholders; or
- (vi) by pursuing any other available remedy at law or in equity or by statute.

In the enforcement of any remedy under this Indenture, the Trustee is be entitled to sue for, enforce payment on, and receive any and all amounts then or during any default becoming, and at any time remaining, due from the Authority for Principal, redemption premium, interest, or otherwise, under any provision of this Indenture or of the Bonds, and unpaid, with interest on overdue payments at the rate or rates of interest specified in such Bonds, together with any and all costs and expenses of collection and of all proceedings under this Indenture and under such Bonds, without prejudice to any other right or remedy of the owners of Bonds, and to recover and enforce a judgment or decree against the Authority for any portion of such amounts remaining unpaid, with interest, costs, and expenses, and to collect from any money available for such purpose, in any manner provided by law, the money adjudged or decreed to be payable.

If the Trustee takes possession of the Airport System Operating Fund, the Trustee will make the payments therefrom in accordance with Section 5.3 and shall appoint a consultant satisfactory to the Trustee with experience in the operation and maintenance of a municipal Airport System to assist the Trustee in evaluating the Annual Budget, the cost of which will be paid from the Airport System Operating Fund.

(b) Except with respect to the rights of the provider of a Credit Facility as provided in a Series Indenture or a written agreement between the Authority and the provider of a Credit Facility, in no event, on the occurrence and continuation of an Event of Default described in Section 9.1 of this Indenture, will the Trustee, Bondholders, a Credit Provider, a Liquidity Provider or any other party have the right to accelerate the payment of Principal of and Interest on the Bonds Outstanding.

(c) No right or remedy is intended to be exclusive of any other rights or remedies, but each and every such right or remedy will be cumulative and in addition to any other remedy given hereunder or now or hereafter existing at law or in equity or by statute. If any Event of Default has occurred and if requested by the Owners of a majority in aggregate Principal amount of Bonds Outstanding and indemnified as herein provided, the Trustee will be obligated to exercise such one or more of the rights and powers conferred by this Section as the Trustee, being advised by counsel, deems most expedient in the interests of the Owners.

Section 9.3 Priority of Payments After Default.

(a) If, on the happening and continuance of any Event of Default, the funds held by the Trustee are insufficient for the payment of the Principal or Redemption Price then due of and interest then due on the Bonds, such funds (other than funds held for the payment of particular Bonds which have theretofore become due at maturity or by redemption) and any other amounts received or collected by the Trustee acting pursuant to this Indenture, after making provision for the payment of any expenses necessary in the opinion of the Trustee to protect the interest of the Owners and for the payment of the charges and expenses and liabilities incurred and advances made by the Trustee in the performance of its duties under this Indenture, will be applied, subject to Section 9.11, as follows:

(1) Unless the Principal of all of the Bonds has become or has been declared due and payable:

FIRST: To the payment to the Persons entitled thereto of all installments of interest then due in the order of the maturity of such installments, and, if the amounts available are not sufficient to pay in full any installment, then to the payment thereof ratably, according to the amounts due on such installment, to the persons entitled thereto, without any discrimination or preference;

SECOND: To the payment to the Persons entitled thereto of the unpaid Principal or Redemption Price of any Bonds which have become due and, if the amounts available are not sufficient to pay in full all the Bonds due, then to the payment thereof ratably, according to the amounts of Principal or Redemption Price due on such date, to the persons entitled thereto, without any discrimination or preference; and

THIRD: To be held for the payment to the Persons entitled thereto, as the same become due, of the Principal or Redemption Price of and interest on the Bonds which thereafter become due and, if the amounts available are not sufficient to pay in full all the Bonds due on any date, together with such Interest, payment will be made ratably according to the amount of Principal due on such date to the Persons entitled thereto, without any discrimination or preference.

(2) If the Principal of all of the Bonds has become or has been declared due and payable, to the payment of the Principal and interest then due and unpaid on the Bonds without preference or priority of Principal over Interest or of Interest over Principal, or of any installment of interest over any other installment of interest, or of any Bond over any other Bond, ratably, according to the amounts due collectively for Principal and interest, to the Persons entitled thereto without any discrimination or preference except as to any difference in the respective rates of interest specified in the Bonds.

(b) Whenever money is to be applied by the Trustee under this Section, such money will be applied by the Trustee at such times, and from time to time, as required by the terms of this Indenture and otherwise as the Trustee determines in its prudent discretion, having due regard to the amount of money available for such application. The setting aside of such money in trust for the proper purpose, will constitute proper application by the Trustee, and the Trustee will incur no liability whatsoever to the Authority, to any Owner or to any other person for any delay in applying such money, so long as the Trustee acts with reasonable diligence, having due regard for the circumstances, and ultimately applies the same in accordance with such provisions of this Indenture. Whenever the Trustee will exercise discretion in applying such money, it will fix the date (which must be an Interest Payment Date unless the Trustee deems another date more suitable) on which such application is to be made. The Trustee will not be required to make payment to any Owner unless its Bond is presented to the Trustee for appropriate endorsement or for cancellation if fully paid.

Section 9.4 Termination of Proceedings. If any proceedings taken by the Trustee on account of any Event of Default have been discontinued or abandoned for any reason, the Authority, the Trustee and the Owners will be restored to their former positions and rights hereunder, respectively, and all rights, remedies, powers, and duties of the Trustee will continue as though no such proceeding had been taken.

Section 9.5 Owners' Right to Direct Proceedings. Anything in this Indenture to the contrary notwithstanding, the Owners of a majority in aggregate Principal amount of the Bonds Outstanding will have the right, at any time, to the extent permitted by law, by instruments in writing executed and delivered to the Trustee, to direct the time, method and place of conducting all proceedings to be taken in connection with the enforcement of the terms and conditions of this Indenture, or for the appointment of a receiver, and any other proceedings hereunder; provided that such direction may not be otherwise than in accordance with the provisions of this Indenture. The Trustee will not be required to act on any direction given to it pursuant to this Section until the indemnity described in Section 8.2 is furnished to it by such Owners.

Section 9.6 Limitation on Rights of Owners.

(a) No Owner will have any right to institute any suit, action, mandamus or other proceeding in equity or at law hereunder, for the protection or enforcement of any right under this Indenture unless such Owner has given to the Trustee written notice of the Event of Default or breach of duty on account of which such suit, action or proceeding is to be taken, and unless the Owners of not less than 25% in aggregate Principal amount of the Bonds Outstanding have made written request of the Trustee after the right to exercise such powers or right of action, as the case may be, has accrued, and has afforded the Trustee a reasonable opportunity either to proceed to exercise the powers herein granted or granted under the law or to institute such action, suit or proceeding in its name and unless, also, there has been offered to the Trustee reasonable indemnity against the costs, expenses and liabilities to be incurred therein or thereby, and the Trustee has refused or neglected to comply with such request within a reasonable time. Such notification, request and offer of indemnity are hereby declared in every such case, at the option of the Trustee, to be conditions precedent to the execution of the powers under this Indenture or for any other remedy hereunder or by law. It is understood and intended that no one or more Owners will have any right in any manner whatever by his or their action to affect, disturb or prejudice the security of this Indenture, or to enforce any right hereunder or under law with respect to the Bonds or this Indenture, except in the manner herein provided, and that all proceedings at law or in equity must be instituted, had and maintained in the manner herein provided and for the benefit of all Owners. Nothing contained in this Article will affect or impair the right of any Owner to enforce the payment of the Principal of and interest on its Bonds at the time and place expressed in said Bond.

(b) Each Owner by its acceptance of a Bond will be deemed to have agreed that any court in its discretion may require, in any suit for the enforcement of any right or remedy under this Indenture or any Series Indenture or in any suit against the Trustee for any action taken or omitted by it as Trustee, the filing by any party litigant in such suit of an undertaking to pay the reasonable costs of such suit, and that such court may in its discretion assess reasonable costs, including reasonable pre-trial, trial and appellate attorneys' fees, against any party litigant in any such suit, having due regard to the merits and good faith of the claims or defenses made by such party litigant. The provisions of this paragraph will not apply to any suit instituted by the Trustee, to any suit instituted by Owners of at least 25% in aggregate Principal amount of the Bonds Outstanding, or to any suit instituted by any Owner for the enforcement of the payment of any Bond on or after the respective due date thereof expressed in such Bond.

Section 9.7 Possession of Bonds by Trustee Not Required. All rights of action under this Indenture or under any of the Bonds enforceable by the Trustee may be enforced by it without the possession of any of the Bonds or the production thereof at the trial or other proceeding relative thereto,

and any such suit, action or proceeding instituted by the Trustee will be brought in its name for the benefit of all the Owners of such Bonds, subject to the provisions of this Indenture.

Section 9.8 Remedies Not Exclusive. No remedy herein conferred on or reserved to the Trustee or to the Owners is intended to be exclusive of any other remedy or remedies, and each and every such remedy will be cumulative and will be in addition to any other remedy given hereunder or now or hereafter existing at law or in equity or by statute.

Section 9.9 No Waiver of Default. No delay or omission of the Trustee or of any Owner to exercise any right or power will be construed to be a waiver of any such default or any acquiescence therein and every power and remedy given by this Indenture to the Trustee and any Owner, respectively, may be exercised from time to time and as often as may be deemed expedient.

Section 9.10 Notice of Event of Default. The Trustee will give to the Owners and the LGC notice of each Event of Default hereunder known to the Trustee within 90 days after actual knowledge of the occurrence thereof, unless such Event of Default has been remedied or cured before the giving of such notice; provided that, except in the case of default in the payment of the Principal or Redemption Price of or interest on any of the Bonds, or in the making of any payment required to be made into the Debt Service Fund, notice will be given immediately after its occurrence. Each such notice of an Event of Default will be given by the Trustee by mailing written notice thereof (1) to all Owners appearing on the registration books maintained by the Trustee and (2) to such other persons as is required by law.

Section 9.11 Subordination of Claims for Interest. No claim for interest appertaining to any of the Bonds which in any way at or after maturity has been transferred or pledged separate and apart from the Bond to which it appertains will, unless accompanied by such Bond, be entitled, in case of an Event of Default hereunder, to any benefit by or from this Indenture, except after the prior payment in full of the Principal of all of the Bonds then due and of all claims for interest then due not so transferred or pledged.

[END OF ARTICLE IX]

ARTICLE X DEFEASANCE

If the Authority pays or causes to be paid or is deemed to have paid to the Owner of any Bond the Principal of and interest due and payable, and thereafter to become due and payable on such Bond, or any portion of such Bond in any integral multiple of the authorized denomination thereof, such Bond or portion thereof will cease to be entitled to any lien, benefit or security under this Indenture. If the Authority pays or causes to be paid the Principal of, premium, if any, and interest due and payable on all Outstanding Bonds, pays or causes to be paid all other sums payable by the Authority, including all fees, expenses and other amounts payable to the Trustee and any Paying Agent and all amounts owing to the provider of a Qualified Reserve Fund Substitute, then the right, title and interest of the Trustee in and to the Trust Estate will thereupon cease, terminate and become void.

Any Bond will be deemed to be paid within the meaning of this Article and for all purposes of this Indenture when (a) payment of the Principal and premium, if any, of such Bond plus interest thereon to the due date thereof (whether such due date is by reason of maturity or on redemption as provided herein) either (i) has been made or caused to be made in accordance with the terms thereof, or (ii) has been provided for by irrevocably depositing with the Trustee in trust and irrevocably set aside exclusively for such payment and, in either case, the Trustee has received verification from an independent certified public accounting firm that the money or Federal Securities deposited with the Trustee, together with investment earnings thereon, will be sufficient to pay when due the Principal and premium, if any, of and interest due and to become due on the Bond on and before the redemption date or maturity date thereof, (1) money, sufficient to make such payment or (2) non-callable Federal Securities maturing as to principal and interest in such amount and at such time as will insure the availability of sufficient money to make such payment, and (b) all necessary and proper fees, compensation and expenses of the Trustee and any Paying Agent pertaining to the Bonds with respect to which such deposit is made have been paid or the payment thereof provided for to the satisfaction of the Trustee. At such times as a Bond is deemed to be paid hereunder, as aforesaid, such Bond will no longer be secured by or entitled to the benefits of this Indenture, except for the purposes of any such payment from such money or Federal Securities.

Notwithstanding the foregoing paragraph, no deposit under clause (a)(ii) of the immediately preceding paragraph will be deemed a payment of such Bonds as aforesaid until (a) proper notice of redemption of such Bonds has been previously given in accordance with the applicable Series Indenture, or if said Bonds are not to be redeemed within the next 35 days, until the Authority has given the Trustee, in form satisfactory to the Trustee, irrevocable instructions to notify, as soon as practicable, the Owners of such Bonds in accordance with the applicable Series Indenture, that the deposit required by (a)(ii) above has been made with the Trustee and that said Bonds are deemed to have been paid in accordance with this Article and stating the maturity or redemption date on which money is to be available for the payment of the Principal and premium, if any, of said Bonds plus interest thereon to the due date thereof, or (b) the maturity of such Bonds.

[END OF ARTICLE X]

**ARTICLE XI
MISCELLANEOUS**

Section 11.1 Evidence of Signature of Owners and Ownership of Bonds. Any request, consent or other instrument which this Indenture may require or permit to be signed and executed by the Owners may be in one or more instruments of similar tenor, and will be signed or executed by such Owners in person or by their attorneys appointed in writing. Proof of the execution of any such instrument or of an instrument appointing any such attorney, or the ownership of Bonds will be sufficient (except as otherwise herein expressly provided) if made in the following manner, but the Trustee may, nevertheless, in its discretion require further or other proof in cases where it deems the same desirable:

(a) The fact and date of the execution by any Owner or its attorney of such instrument may be proved by the bond of any officer authorized to take acknowledgments in the jurisdiction in which he or she purports to act that the person signing such request or other instrument acknowledged to him or her the execution thereof, or by an affidavit of a witness of such execution, duly sworn to before a notary public.

(b) The ownership of the Bonds will be proved by the registration books kept under the provisions of Section 3.3.

Any request or consent of the Owner of any Bond will bind all future Owners of such Bond in respect of any thing done or suffered to be done by the Authority or the Trustee in accordance therewith.

Section 11.2 Parties Interested Herein. Nothing in this Indenture expressed or implied is intended or will be construed to confer on, or to give to any person other than the Authority, the Trustee and the Owners, any right, remedy or claim under or by reason of this Indenture or any covenant, condition or stipulation hereof; and all the covenants, stipulations, promises and agreements in this Indenture contained by and on behalf of the Authority or the Trustee will be for the sole and exclusive benefit of the Authority, the Trustee and the Owners.

Section 11.3 Titles, Headings, Captions, Etc. The titles, captions and headings of the articles, sections and subdivisions of this Indenture have been inserted for convenience of reference only and will in no way modify or restrict any of the terms or provisions hereof.

Section 11.4 Severability. If any provision of this Indenture is held invalid or unenforceable by any court of competent jurisdiction, such holding will not invalidate or render unenforceable any other provision hereof.

Section 11.5 Governing Law. This Indenture will be governed and construed in accordance with the laws of the State.

Section 11.6 Execution in Counterparts. This Indenture may be executed in several counterparts, each of which will be an original and all of which will constitute but one and the same instrument.

Section 11.7 Notices. All notices, certificates or other communications will be sufficiently given and will be deemed given when delivered or mailed by certified or registered mail, postage prepaid, as follows: if to the Authority, to the Greater Asheville Regional Airport Authority, 61 Terminal Drive, Suite 1, Fletcher, North Carolina 28732, Attention: Director of Finance; if to the LGC, to the North Carolina Local Government Commission, 3200 Atlantic Avenue, Longleaf Building, Raleigh, North Carolina 27604, Attention: Secretary; if to the Trustee, to [Name of Trustee],

_____, Attention: Corporate Trust Department; if any Series of the Bonds are rated by Moody's, then to Moody's Investors Service, 99 Church Street, New York, New York 10003; and if any Series of the Bonds are rated by S&P, then to Standard & Poor's Ratings Services, a Division of The McGraw-Hill Companies, Inc., 55 Water Street, New York, New York 10041. The Authority and the Trustee, may, by written notice, designate any further or different addresses to which subsequent notices, certificates or other communications will be sent.

Section 11.8 Payments Due on Holidays. If the date for making any payment or the last day for performance of any act or the exercising of any right, as provided in this Indenture, is not a Business Day, such payment may be made or act performed or right exercised on the next day that is a Business Day with the same force and effect as if done on the nominal date provided in this Indenture.

Section 11.9 No Recourse Against Members, Officers or Employees of Authority or LGC. No recourse under, or on, any statement, obligation, covenant, or agreement contained in this Indenture, or in any Bond hereby secured, or in any document or certification whatsoever, or under any judgment obtained against the Authority or the LGC or by the enforcement of any assessment or by any legal or equitable proceeding by virtue of any constitution or statute or otherwise or under any circumstances, shall be had against any member, officer or employee, as such, of the Authority or the LGC, either directly or through the Authority for the payment for or to, the Authority or the LGC or any receiver of either of them, or for, or to, any Owner or otherwise, of any sum that may be due and unpaid on any such Bond. Any and all personal liability of every nature, whether at common law or in equity or by statute or by constitution or otherwise, of any such member, officer or employee, as such, to respond by reason of any act or omission on his or her part or otherwise, for the payment for, or to, the Authority or the LGC or any receiver of either of them, or for, or to, any Owner of any sum that may remain due and unpaid on the Bonds hereby secured or any of them, is hereby expressly waived and released as an express condition of, and in consideration for, the execution of this Indenture and the issuance of the Bonds.

[SIGNATURES ON FOLLOWING PAGE]

IN WITNESS WHEREOF, the Authority and the Trustee have caused this Indenture to be executed in their respective names and their respective seals to be hereto affixed and, with respect to the Authority, attested by their duly authorized officials or officers, all as of the date first above written.

GREATER ASHEVILLE REGIONAL AIRPORT AUTHORITY

[SEAL]

Attest:

By:

[Bob] Roberts
Chair

Ellen Heywood
Clerk to the Board

[COUNTERPART SIGNATURE PAGE TO GENERAL TRUST INDENTURE]

[NAME OF TRUSTEE], as Trustee

By: _____
[Name]
[Title]

CREDIT AGREEMENT

Among

Local Government Commission of North Carolina,

Greater Asheville Regional Airport Authority

and

Raymond James Capital Funding, Inc.

concerning

\$ _____

Airport System Revenue Bond
Series 2016A

and

\$ _____

Taxable Airport System Revenue Bond
Series 2016B

CREDIT AGREEMENT

concerning

Greater Asheville Regional Airport Authority
Airport System Revenue Bond
Series 2016A

and

Taxable Airport System Revenue Bond
Series 2016B

September __, 2016

Greater Asheville Regional Airport Authority
Asheville, North Carolina

Local Government Commission of North Carolina
Raleigh, North Carolina

Ladies and Gentlemen:

Raymond James Capital Funding, Inc. (the "Lender") hereby offers to enter into this Credit Agreement with the Local Government Commission, a division of the Department of State Treasurer of the State of North Carolina (the "LGC"), and the Greater Asheville Regional Airport Authority (the "Authority"), which, upon acceptance of this offer by the LGC and approval of this offer and of the LGC's acceptance thereof by the Authority, will be binding upon the LGC, the Authority and the Lender. Furthermore, in order to induce the Lender to make the loan contemplated by this Credit Agreement, and for other valuable consideration, the receipt and sufficiency of which are hereby acknowledged, and intending to be legally bound hereby, the Authority and the Lender hereby agree as follows:

1. The Loan and the Bonds. Upon the terms and conditions hereof and upon the basis of the representations set forth herein, the Lender hereby agrees to make a loan to the Authority (the "Loan") in the aggregate amount of \$_____. As evidence of the Authority's obligations to repay the Loan, the LGC and the Authority hereby agree to deliver to the Lender, (a) \$_____ principal amount of the Authority's Airport System Revenue Bond, Series 2016A (the "2016A Bond") and (b) \$_____ principal amount of the Authority's Taxable Airport System Revenue Bond, Series 2016B (the "2016B Bond" and, together with the 2016A Bond, the "Bonds"). On the date hereof, the Lender shall transfer to the Trustee as described in Section 5 hereof \$_____, representing the aggregate par amount of the Bonds less an original issue discount representing the Lender's commitment fee of \$_____. The delivery and payment for the Bonds and other actions contemplated hereby shall take place at the time thereof being herein sometimes called the "Closing."

The 2016A Bond shall consist of one fully registered bond certificate in the principal amount of \$ _____, shall be dated as of September __, 2016 and shall bear interest from its date, at a rate of ____% per annum, subject to adjustment as provided in the hereinafter defined Series Indenture. The 2016B Bond shall consist of one fully registered bond certificate in the principal amount of \$ _____, shall be dated as of September __, 2016 and shall bear interest from its date, at a rate of ____% per annum, subject to adjustment as provided in the hereinafter defined Series Indenture.

The Bonds shall be issued and secured under the provisions of a bond order adopted by the Board of Directors of the Authority (the "Board") on July 22, 2016, the General Trust Indenture, to be dated as of September 1, 2016 (the "General Indenture"), between the Authority and _____, as trustee (the "Trustee"), and the Series Indenture, Number 1, to be dated as of September 1, 2016 (the "Series Indenture"), between the Authority and the Trustee. Capitalized terms used herein and not otherwise defined shall have the meaning given such terms in the General Indenture and the Series Indenture.

The proceeds of the Bonds are to be used to provide funds, together with any other available funds, to pay (a) the costs of constructing a parking facility (the "Project") and (b) certain fees and expenses incidental to the sale and issuance of the Bonds.

2. Representations of the Lender. (a) The Lender hereby acknowledges and represents, in respect of the Bonds, that:

(i) the Lender is familiar with the Authority;

(ii) the Lender has been furnished with all financial and other information about the Authority, the Bonds and the Airport System as requested by the Lender; and

(iii) the Authority has made available to the Lender the opportunity to obtain additional information about the Authority.

(b) The Lender further acknowledges and represents the Lender has knowledge and experience in financial and business matters that it is capable of evaluating the merits and risks inherent in making the above-described Loan to the Authority. The Lender has made such investigation of the Bonds and of the financial condition and operations of the Authority and the Airport System (as defined in the General Indenture) as it deems necessary to evaluate the merits and risks inherent in making the Loan to the Authority. The Lender is aware that there may be no secondary market for the Bonds and that it may be required to hold the Bonds for an indefinite period. The Lender represents that it is purchasing the Bonds as evidence of a private loan for its own account with no present intention to resell or distribute the Bonds or any interest therein; provided, however, that the Lender reserves the right at all times to control the disposition of its assets, including the Bonds, and reserves the right to sell, assign and transfer the Bonds or fractional interests in the Bonds as provided in the General Indenture and Series Indenture.

3. Representations and Warranties of the Authority. The Authority, by its acceptance hereof, represents and warrants to the Lender as follows:

(a) The Authority is a body corporate and politic duly organized and validly existing under the laws of the State of North Carolina, and is authorized and empowered to provide for the construction of the Project by causing the Bonds to be issued.

(b) The Authority has the full legal right, power and authority to adopt the Order, to execute and deliver the General Indenture, the Series Indenture and this Credit Agreement and to perform its respective obligations hereunder and thereunder.

(d) The Order has been duly adopted by the Board, is in full force and effect and has not been modified or amended in any manner.

(e) The Authority has duly authorized (i) the execution and delivery of the General Indenture, the Series Indenture and this Credit Agreement, (ii) the issuance and delivery of the Bonds and (iii) such action as may be required on the part of the Authority to consummate the transactions contemplated by such documents.

(f) When executed and delivered, this Credit Agreement, the General Indenture and the Series Indenture will constitute legal, valid and binding obligations of the Authority enforceable in accordance with their respective terms, except as enforcement thereof may be limited by bankruptcy, insolvency, reorganization, moratorium or similar laws affecting the enforcement of creditors' rights generally and by general equitable principles.

(g) The Authority is not in violation of any applicable constitutional provision, law or administrative rule or regulation of the State of North Carolina or of the United States of America or in default under any agreement, resolution, indenture or instrument to which the Authority is a party or by which the Authority or its property is bound, the effect of which violation or default would materially affect the ability of the Authority to perform its obligations under this Credit Agreement, the General Indenture or the Series Indenture, and no event has occurred and is continuing which with the passage of time or the giving of notice, or both, would constitute such a violation or default hereunder or thereunder.

(h) The execution and delivery of this Credit Agreement, the General Indenture and the Series Indenture, the adoption of the Order and performance of the obligations of the Authority hereunder or thereunder do not and will not conflict with, result in the creation or imposition of any lien, charge or encumbrance upon any of the assets of the Authority other than Net Revenues pursuant to the terms of, or constitute a default under, any agreement, indenture or instrument to which the Authority is a party or by which the Authority or its property is bound, or result in a violation of any applicable constitutional provision, law or administrative regulation or any order, rule or regulation of any court or governmental agency having jurisdiction over the Authority or its property, except as provided and permitted by such documents.

(i) Except for any action that may be required by applicable federal or state securities laws, no consent, authorization or order of, or filing or registration with, any court or governmental agency not already obtained or made is required for the execution, delivery and performance of this Credit Agreement, the General Indenture or the Series Indenture or the consummation of the transactions contemplated hereunder, and any such consent, authorization or order so obtained is in full force and effect.

(j) Any certificate signed by an authorized officer of the Authority and delivered to the Lender shall be deemed a representation and warranty of the Authority to the Lender as to the statements made therein.

(k) [Status of FAA transfer of operating certificate to be addressed.] There is no litigation or any other proceeding before or by any court, public board, agency or body, pending or threatened against or affecting the Authority or any of the members of the Board in their respective capacities as such (nor is there any basis therefor), wherein an unfavorable decision, ruling or finding would in any way materially adversely affect (i) the transactions contemplated by this Credit Agreement, (ii) the organization, existence or powers of the Authority or the title to the office of any of the members of the Board, (iii) the properties or assets or the condition, financial or otherwise, of the Authority or the Airport System, (iv) the validity or enforceability of this Credit Agreement, the Order, the General Indenture or the Series Indenture (or any other agreement or instrument of which the Authority is a party or used or contemplated for use in the consummation of the transactions contemplated hereby) or (v) the exemption from federal or State of North Carolina income taxation of the interest on the 2016A Bond and the exemption from State of North Carolina income taxation on the 2016B Bond.

(l) The balance sheet of the Authority as of June 30, 2015, and the related statement of revenues and expenses and changes in financial position for the year then ended and the auditors' report with respect thereto and the balance sheets of the Authority as of June 30, 2015, copies of which have heretofore been furnished to the Lender, are complete and correct and fairly present the financial condition, changes in financial position and results of operations of the Authority and the Airport System at such date and for such period and were prepared in accordance with generally accepted accounting principles. Since June 30, 2015, there has been no material adverse change in the business, properties, condition (financial or otherwise) or operations, present or prospective, of the Authority or the Airport System. All data, certificates, reports, statements, documents or other information furnished to the Lender by or on behalf of the Authority in connection with this Credit Agreement, the General Indenture or the Series Indenture were, at the time the same were delivered, correct in all material respects and did not contain any untrue statement of a material fact.

(m) The Authority is in compliance with the insurance requirements of Section 6.10 of the General Indenture.

(n) All representations and warranties made by the Authority in the General Indenture and the Series Indenture are hereby incorporated by reference and shall run to and be for the benefit of the Lender as if set forth herein.

4. Representations and Warranties of the LGC. The LGC, by its acceptance hereof, represents and warrants to the Lender that:

(a) The LGC is duly organized and validly existing as a division of the Department of the State Treasurer of the State of North Carolina, vested with the rights and powers conferred upon it pursuant to Chapter 159 of the General Statutes of North Carolina, as amended.

(b) The LGC has full power and authority to approve the issuance and provide for the sale of the Bonds as provided in this Credit Agreement, and the LGC has taken or will take all action required by the Act or other applicable laws in connection therewith.

(c) The LGC has duly authorized the execution and delivery of this Credit Agreement and has taken or will take all action necessary or appropriate to carry out the sale and delivery of the Bonds to the Lender.

(d) The execution and delivery of this Credit Agreement and the performance by the LGC of its obligations hereunder are within the powers of the LGC and, to the best of the LGC's knowledge, will not conflict with or constitute a breach or result in a violation of (i) any federal or North Carolina constitutional or statutory provision, (ii) any agreement or other instrument to which the LGC is a party or by which it is bound, or (iii) any order, rule, regulation, decree or ordinance of any court, government or governmental authority having jurisdiction over the LGC.

(e) Except for any action required by applicable federal or state securities laws, no consent, approval, authorization or order of any governmental or regulatory authority, other than the approvals of the Authority as herein required, is required to be obtained by the LGC as a condition precedent to the issuance or sale of the Bonds or the execution and delivery of this Credit Agreement or the performance by the LGC of its obligations hereunder.

(f) There is no litigation or any other proceeding before any court or governmental body or agency pending or, to the knowledge of the LGC, threatened against or involving the LGC to restrain or enjoin the issuance or delivery of the Bonds or the execution or delivery by the LGC of this Credit Agreement and the performance of its obligations hereunder.

5. Payment and Delivery. At 10:00 a.m., North Carolina time, on September __, 2016, or at such other time or on such earlier or later date as mutually agreed upon, the Authority and the LGC will deliver or cause to be delivered the Bonds to the Lender. Upon such delivery of the Bonds, the Lender shall transfer the amount specified in Section 1 hereof to the Trustee in immediately available funds, and the Trustee shall deposit such amount in the manner specified in Section 5.1 of the Series Indenture. The Closing on the Bonds will be held at the offices of Parker Poe Adams & Bernstein LLP in Charlotte, North Carolina ("Bond Counsel"), or at such other place as the Authority, the Trustee and the Lender may mutually agree upon.

6. Conditions of Closing. The Lender has entered into this Credit Agreement in reliance upon the representations and warranties of the Authority and the LGC contained herein and to be contained in the documents and instruments to be delivered at Closing and upon the performance by the Authority and the LGC of their respective obligations hereunder. Accordingly, the Lender's obligation under this Credit Agreement shall be subject to the performance by the Authority and the LGC of their respective obligations to be performed hereunder and under such documents and instruments at or prior to Closing, and shall also be subject to the following conditions:

(a) At the time of Closing (i) the representations and warranties of the Authority and the LGC, respectively, contained herein shall be true, complete and correct, (ii) the Order, the General Indenture, the Series Indenture and this Credit Agreement shall be in full force and

effect and shall not have been amended, modified or supplemented except as may have been agreed to by the Lender, (iii) the Authority and the LGC shall have duly adopted and there shall be in full force and effect such resolutions as in the opinion of Bond Counsel and Womble Carlyle Sandridge & Rice, LLP, Raleigh, North Carolina, as Lender's counsel ("Lender's Counsel"), shall be necessary in connection with the transactions contemplated hereby, and such resolutions shall not have been amended, modified or supplemented, except as may have been agreed to by the Lender and (iv) the Authority shall have paid the reasonable fees and disbursements incurred by Lender's Counsel in connection with the Bonds; provided, however, that the fees and expenses of Lender's Counsel are limited to a maximum of \$15,000.

(b) On or prior to the date of Closing, the Lender shall have received the following documents in form and substance reasonably satisfactory to the Lender and Lender's Counsel:

(1) opinion of Bond Counsel, dated as of the date of Closing, in form and substance satisfactory to the Lender;

(2) opinion of the Authority's counsel, dated as of the date of Closing, in form and substance satisfactory to the Lender;

(3) executed counterparts or copies of the General Indenture, the Series Indenture and this Credit Agreement;

(4) certified copies of all proceedings of the Authority relating to approvals or authorizations for the Bonds and the execution and delivery of this Credit Agreement, including the adoption of the Order;

(5) certified copy of approving resolution of the LGC;

(6) certificate of an authorized officer of the Authority as to the insurance required by Section 6.10 of the General Indenture; and

(7) such other documents as may be required to be delivered pursuant to Section 2.4 of the General Indenture; and

(8) such additional certificates (including appropriate incumbency and no-litigation certificates), instruments, opinions or other documents as the Lender may reasonably request.

All representations and warranties of the Authority and the LGC set forth in this Credit Agreement shall remain operative and in full force and effect regardless of (i) any investigation made by or on behalf of the Lender or any person controlling the Lender and (ii) acceptance of and payment for the Bonds.

7. Limitation of Liability of the LGC. The members, officers and employees of the LGC shall not be personally liable under this Agreement.

8. Counterparts. This Credit Agreement may be executed in several counterparts, each of which shall be an original and all of which shall constitute but one and the same instrument.

9. Notices. Any notice or other communication to be given under this Credit Agreement may be given by delivering the same in writing by first-class mail, postage prepaid, to the following addresses:

To the Authority:

Greater Asheville Regional Airport Authority
61 Terminal Drive
Suite 1
Fletcher, North Carolina 28732
Attention: Director of Finance

To the LGC:

North Carolina Local Government Commission
3200 Atlantic Avenue
Raleigh, North Carolina 27604
Attention: Secretary

To the Lender:

Raymond James Capital Funding, Inc.
710 Carillon Parkway
St. Petersburg, Florida 33716
Attention: Cord King, Senior Vice President

10. Governing Law. This Credit Agreement shall be governed by, and construed in accordance with, the laws of the State of North Carolina.

11. Waiver of Jury Trial. TO THE EXTENT PERMITTED BY LAW, EACH OF THE PARTIES HERETO HEREBY WAIVES ITS RIGHT TO A JURY TRIAL OF ANY CLAIM OR CAUSE OF ACTION BASED UPON OR ARISING OUT OF THIS AGREEMENT OR ANY OF THE TRANSACTIONS CONTEMPLATED HEREBY, INCLUDING CONTRACT CLAIMS, TORT CLAIMS, BREACH OF DUTY CLAIMS, AND ALL OTHER COMMON LAW OR STATUTORY CLAIMS.

12. No Advisory of Fiduciary Role. With respect to this Credit Agreement, the General Indenture, the Series Indenture and the Bonds and any other information, materials or communications provided by the Lender: (i) the Lender and its representatives are not recommending an action to any municipal entity or obligated person; (ii) the Lender and its representatives are not acting as an advisor to any municipal entity or obligated person and do not owe a fiduciary duty pursuant to Section 15B of the Securities Exchange Act of 1934, as amended, to any municipal entity or obligated person with respect to this Credit Agreement, the General Indenture, the Series Indenture and the Bonds or any information, materials or communications; (iii) the Lender and its representatives are acting for their own interests; and (iv) the Authority has been informed that the Authority should discuss the General Indenture, the Series Indenture and the Bonds and any such other information, materials or communications with any and all internal and external advisors and experts that the Authority deems appropriate

before acting on this Agreement, the General Indenture, the Series Indenture and the Bonds or any such other information, materials or communications.

13. Severability. In the event any provision of this Credit Agreement shall be held invalid or unenforceable by a court of competent jurisdiction, such holding shall not invalidate or render unenforceable any other provision hereof.

14. E-Verify. The Lender understands that “E-Verify” is a federal program operated by the United States Department of Homeland Security and other federal agencies, or any successor or equivalent program used to verify the work authorization of newly hired employees pursuant to federal law in accordance with Section 64-25(5) of the General Statutes of North Carolina, as amended. The Lender uses E-Verify to verify the work authorization of its employees in accordance with Section 64-26(a) of the General Statutes of North Carolina, as amended. The Lender shall require that any subcontractor that it uses in connection with the performance of its obligations under this Credit Agreement to certify to such subcontractor’s compliance with E-Verify.

15. Iran Divestment Act Certification. The Lender does hereby represent and certify that, the Lender is not listed on a list created and maintained by the North Carolina Department of State Treasurer pursuant to Section 147-86.58 of the Iran Divestment Act of 2015, Article 6E, as amended, of Chapter 147 of the General Statutes of North Carolina. The Lender shall not utilize any subcontractor that is listed on any such list in connection with the transactions contemplated by this Credit Agreement.

This Credit Agreement shall become effective upon the execution of the acceptance hereof by a duly authorized member of the LGC and the Authority and shall be valid and enforceable as of the time of such acceptance.

RAYMOND JAMES CAPITAL FUNDING, INC.

By: _____
Senior Vice President

[Counterpart signature page to Credit Agreement, dated September __, 2016, among the Local Government Commission of North Carolina, the Greater Asheville Regional Airport Authority and Raymond James Capital Funding, Inc.]

Accepted:

LOCAL GOVERNMENT COMMISSION OF
NORTH CAROLINA

By: _____
Secretary

[Counterpart signature page to Credit Agreement, dated September __, 2016, among the Local Government Commission of North Carolina, the Greater Asheville Regional Airport Authority and Raymond James Capital Funding, Inc.]

Approved:

GREATER ASHEVILLE REGIONAL AIRPORT AUTHORITY

By: _____
