



AGENDA

Greater Asheville Regional Airport Authority Special Meeting
Friday, August 5, 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. SERVICE AWARD PRESENTATION:
 - A. Tom Avolese – 10 Years
- III. PRESENTATIONS:
 - A. Height Zoning Presentation ([document](#))
- IV. FINANCIAL REPORT ([document](#))
- V. CONSENT ITEMS:
 - A. Approval of the Greater Asheville Regional Airport Authority July 22, 2016 Special Meeting Minutes ([document](#))
 - B. Approval of the Greater Asheville Regional Airport Authority July 22, 2016 Closed Session Minutes
 - C. Approve Grant of Easement to Duke Energy Progress, Inc., A North Carolina LLC for Rerouting Electrical Lines ([document](#))



VI. OLD BUSINESS:

- A. 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](#))

VII. NEW BUSINESS:

- A. Approval of Airline Incentives for Allegiant Air ([document](#))
- B. Re-Adoption of Resolution Concerning the Implementation and Collection of a Customer Facility Charge ([document](#))
- C. Approval of Standard Space Lease with the US Department of Transportation Federal Aviation Administration for Air Traffic Control Tower Facilities ([document](#))

VIII. DIRECTOR'S REPORT:

- A. American Airlines Schedule
- B. Update on Blood Drive
- C. Bus Stop Location
- D. Allegiant Pilot Contract

IX. INFORMATION SECTION:

(Staff presentations will not be made on these items. Staff will be available to address questions from the Board.)

- A. June 2016 Traffic Report ([document](#))
- B. June 2016 Monthly Financial Report ([document](#))
- C. August 2016 Development/Project Status Report ([document](#))
- D. Airport Facilities Review for Second Quarter ([document](#))
- E. Potential Board Items for the Next Regular Meeting:
 - Election of Authority Board Officers



X. AUTHORITY MEMBER REPORTS

A. Key Strategic Elements ([document](#))

XI. PUBLIC AND TENANTS' COMMENTS

XII. CALL FOR NEXT MEETING

XIII. CLOSED SESSION:

Pursuant to Subsections 143-318.11 (a) (3) and (4) 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; 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.

XIV. SERVICE RECOGNITION AWARD:

A. Jeffrey Piccirillo

XV. ADJOURNMENT



Height Zoning Issues

Asheville Regional Airport

Airport Authority Background

- Airport owned and operated by the Greater Asheville Regional Airport Authority.
- Established development standards; rules & regs; ordinances; bonding authority.
- Controls land use and development within the boundaries of the airport in accordance with FAA requirements *(subject to local codes)*.
- *No control over land use and development outside of airport boundaries.*

Federal Aviation Administration

- *Contrary to popular belief...*
- Federal Aviation Administration (FAA) has no enforcement authority over height zoning issues in local jurisdictions.
- If an object is determined to pose a hazard to air navigation...
- ...the FAA leaves it up to the local jurisdiction to restrict or control.

Sponsors & Obligations

- What is a Sponsor?

Governmental entity that accepts a federal grant on behalf of the airport, and assures compliance with federal grant assurances.

- Airport and other sponsors subject to Federal Grant Assurance requirements.
- Includes assurance that efforts are undertaken/implemented to protect airspace around the airport from potential hazards.
- Examples: Tall buildings, antenna towers and other structures that penetrate into protected airspace defined in Federal Aviation Regulation Part 77 “SAFE, EFFICIENT USE, AND PRESERVATION OF THE NAVIGABLE AIRSPACE”.

Sponsors & Obligations

- Sponsor obligation period is 20 years for each grant accepted.
- *City of Asheville and Buncombe County have historically been joint sponsors of federal grants for the Asheville Regional Airport.*
- *GARAA will eventually become the sole sponsor.*

Sponsors & Obligations

- *What you get for being an airport sponsor:*
- Federal grant monies for eligible capital improvement projects and equipment at your local airport.
- Funded from the national Airport and Airway Trust Fund, which itself is funded through airline ticket taxes and aviation fuel excise taxes.
- *No local dollars or taxes are used to support the airport or the system.*



Sponsors & Obligations

1996-2016:

\$65.7M in federal grant aid provided to the Asheville Regional Airport under sponsorship of the City of Asheville and Buncombe County.

Recent Federally Funded Projects



Airfield Re-development Project



New Public Safety Facility



Fire/Rescue Apparatus



Roadway System Improvements

Sponsors & Obligations

What the Sponsor agrees to in return for federal grant monies:

- Compliance with federal grant assurances, including enactment of zoning regulations intended to protect the airport from airspace hazards that could restrict airport operations, or pose safety threats to aircraft and the airspace surrounding it.

In a nutshell – Protect the airspace around the airport!

Potential Impacts

What happens if the Sponsor does not comply?

Typically nothing, until... there is a problem!

Then, potentially:

- Loss of future federal funding opportunities.
- Re-payment of past federal grants (by the sponsor).
- Significant restrictions on flight operations.

Impacts of Airspace Hazards

What happens if a structure gets built that impacts airport airspace?

- Restrictions on flight operations.
- Reduction in usable runway length.
 - Forced reduction in runway length which affects aircraft performance.
 - Aircraft unable to take off at normal operating weights, resulting in passengers and luggage being left behind.

Impacts of Airspace Hazards

- Loss or limits on use of navigational aids and instrument approach procedures.
 - Navigational signals are easily affected by objects erected within or near their operating parameters.
 - Often results in loss of the system, or reduction in its operating parameters.
 - Leads to cancelled or delayed flights during inclement weather.
- *At AVL, airline operating procedures restrict landings even in good weather without vertical guidance systems operational due to the mountainous terrain.*

Impacts of Airspace Hazards

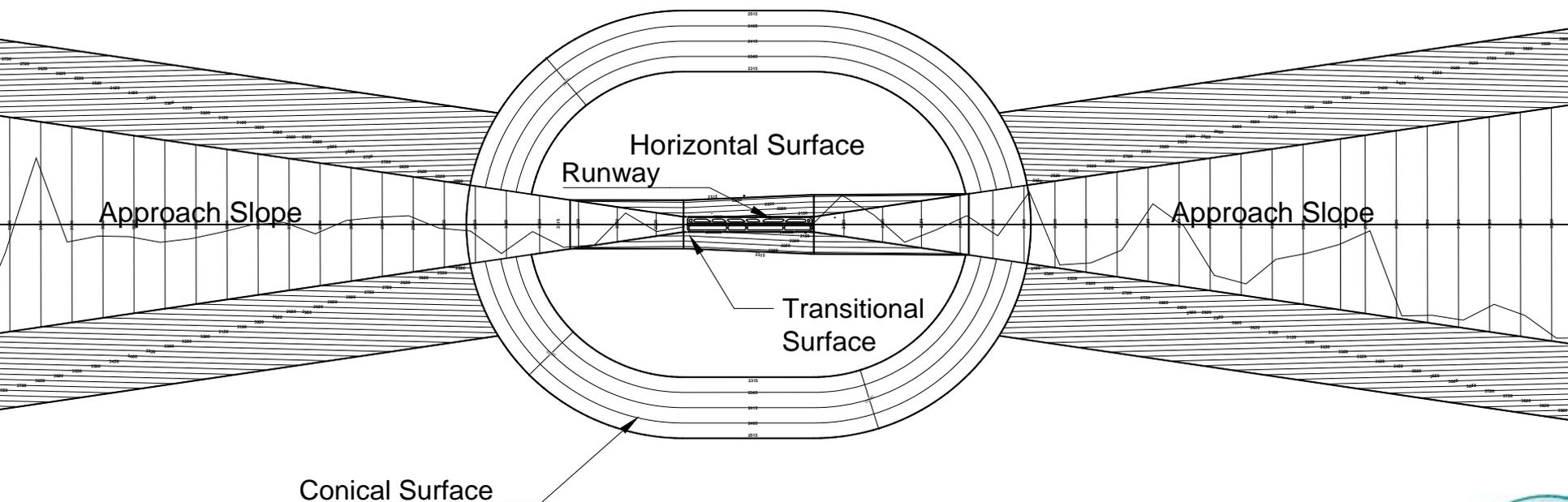
- Airport's inability to accommodate certain aircraft leading to reductions in airline service.
 - Use of smaller aircraft by airlines.
 - Results in fewer available seats for purchase in the market.
 - Fewer seats available increases ticket costs.

Impacts of Airspace Hazards

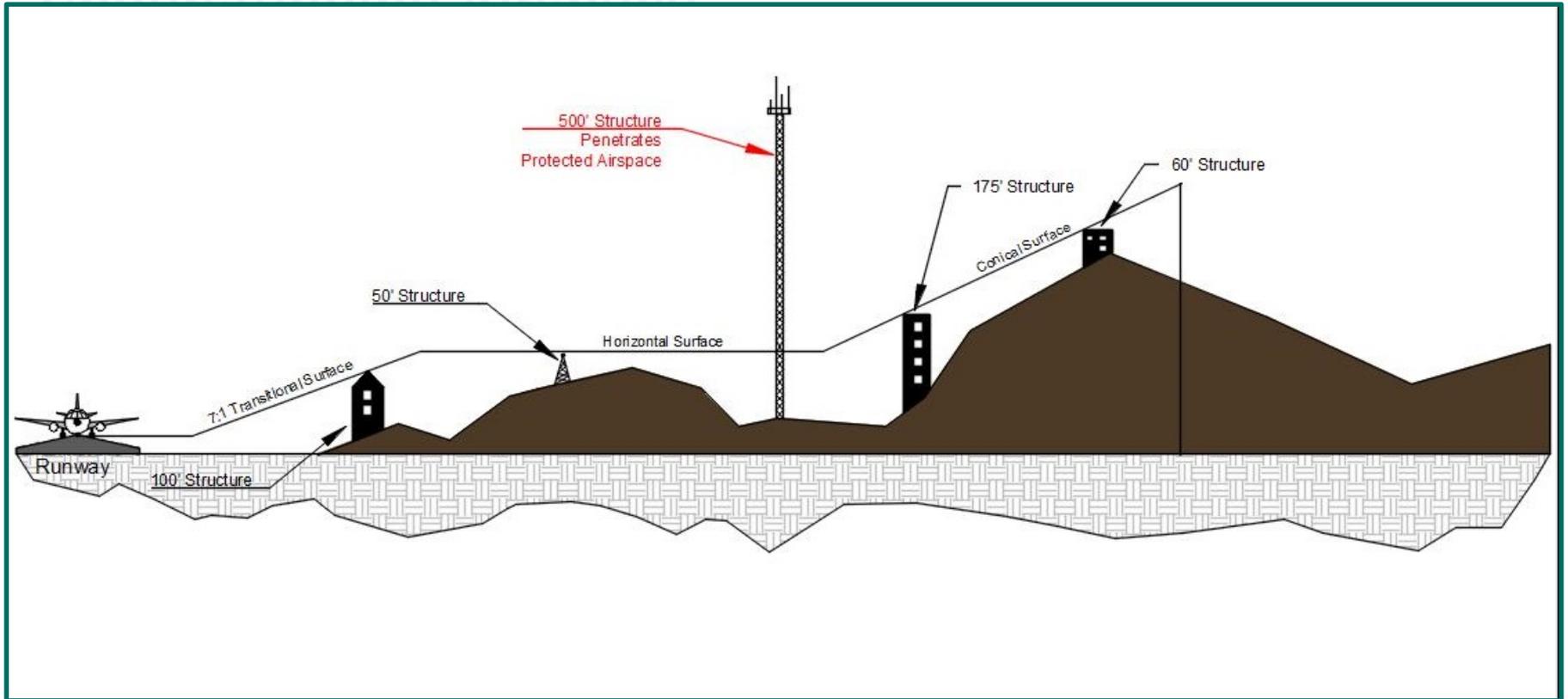


Runway with shortened length due to proximity of obstructions.

Understanding Airspace

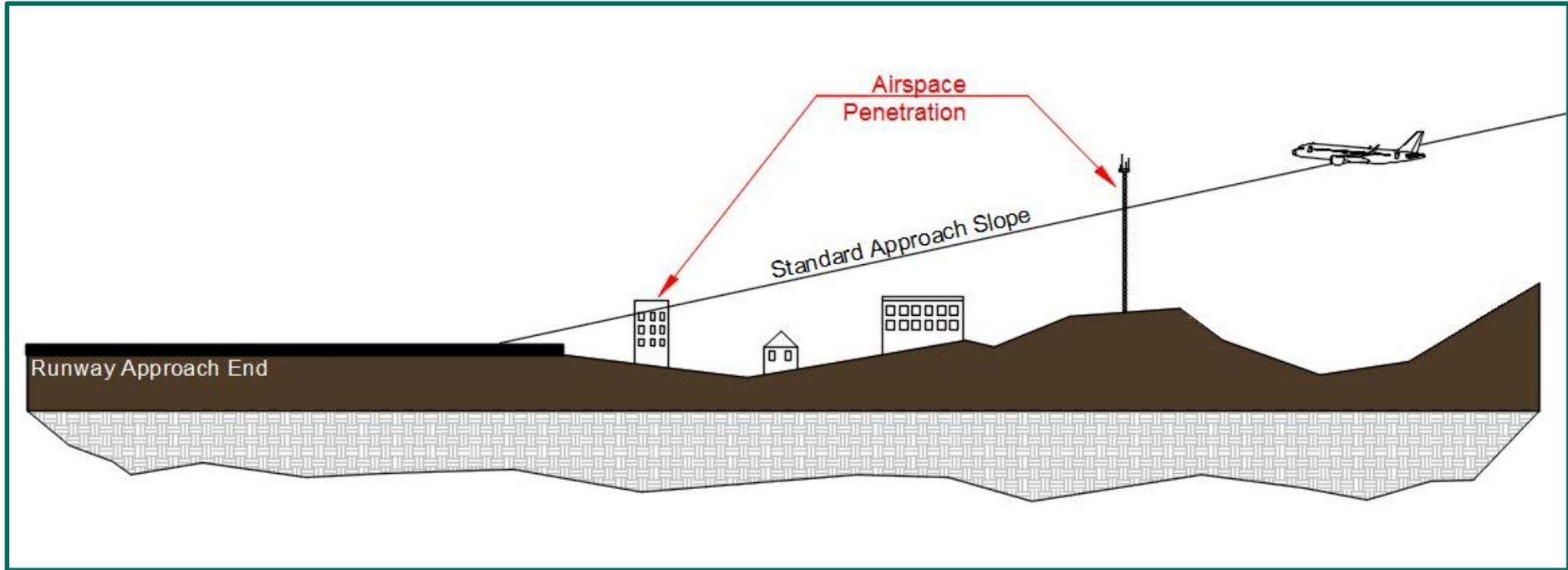


Understanding Airspace



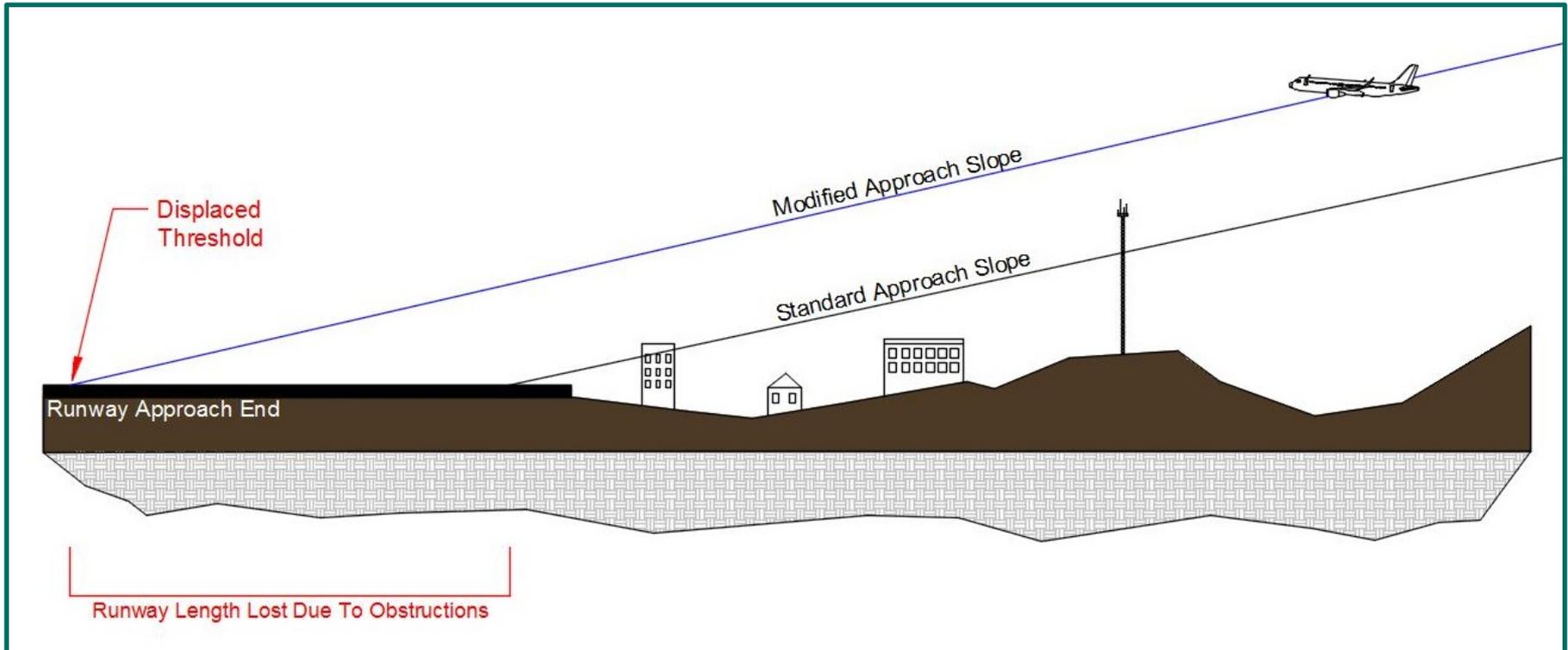
Protected Airspace & Typical Structures

Understanding Airspace



Approach Slope Obstructions

Understanding Airspace



Obstruction Impacts to Runway Length

Airport's Goal

- *NOT* to impose upon any communities ability to accommodate economic growth/development.
- To comply with FAA guidelines by meeting airspace requirements.
- To support economic growth and development of surrounding communities.
- Be an economic engine and attractant to companies considering locating or expanding in the region.
- To work with local governments and developers to satisfy their goals, and participate in a combined process to ensure airspace protection as part of an organizations development plans.

Community Vision

- Late 1950's... Asheville and Buncombe Community leaders had a vision that lead to establishment of AVL.
- Today's airport asset contributes \$555.6M into the local economy annually.
- Responsible for 1,700 jobs in the community.
- *All have a duty to protect it.*

Request

- Understanding and cooperation with local jurisdictions.
- Adoption of height zoning regulations consistent with an FAA model.
- To be informed/consulted with on new development proposed in proximity of the airport as part of the regular plan review process.
- To conduct airspace studies on new proposed structures near the airport.
- To have the support of local jurisdictions in the event a proposed structure poses a threat to the airport or safety in the surrounding airspace.



QUESTIONS?



**Asheville Regional Airport
Executive Summary
June-16**

AIRPORT ACTIVITY				
	Month	Variance to Prior Year	Calendar Year to Date	Variance to Prior Year
Passenger Enplanements	41,280	2.8%	175,902	(2.5%)
Aircraft Operations				
Commercial	1,668	6.2%	7,366	6.9%
Scheduled Flights	656	5.6%		
Flight Cancellations	11			
Seats	49,905	4.8%	221,128	(3.2%)
Load Factor	82.7%	(1.9%)	79.5%	0.7%
General Aviation	3,899	4.6%	21,224	16.0%
Military	484	(12.8%)	2,042	(29.7%)
FINANCIAL RESULTS				
	Month	Variance to Budget	Fiscal Year to Date	Variance to Budget
Operating Revenues	\$ 978,752	13.5%	\$ 10,636,405	18.6%
Operating Expenses	930,918	(15.2%)	7,702,787	(13.4%)
Net Operating Revenues before Depreciation	<u>\$ 47,834</u>	120.4%	<u>\$ 2,933,618</u>	3,810.7%
Net Non-Operating Revenues	<u>\$ 273,784</u>	(8.3%)	<u>\$ 2,910,216</u>	2.6%
Grants:				
FAA AIP Grants	\$ 3,388,298		\$ 14,935,310	
NC Dept of Transportation Grants	-		74,217	
Total	<u>\$ 3,388,298</u>		<u>\$ 15,009,527</u>	
CASH				
Restricted			\$ 5,214,500	
Designated for O&M Reserve			4,019,126	
Designated for Emergency Repair			650,000	
Unrestricted, Undesignated			12,043,517	
Total			<u>\$ 21,927,143</u>	
RECEIVABLES PAST DUE				
	Total	1-30 Days	31-60 Days	Over 60 Days
Advertising Customers	1,875	1,875	-	-
Allegiant	7,027	4,085	1,269	1,673
Budget	1,117	-	-	1,117
Charah	2,192	2,192	-	-
Delta Airlines	68,273	38,907	11,918	17,448
FAA/TSA	25,075	9,920	9,600	5,555
Enterprise	548	-	357	191
Skywest	882	-	491	391
American	27,749	10,692	253	16,804
Vanguard	1,728	-	818	910
Worldwide	1,982	-	37	1,945
Miscellaneous	4,944	4,410	-	534
Total	<u>\$ 143,392</u>	<u>\$ 72,081</u>	<u>\$ 24,743</u>	<u>\$ 46,568</u>
% of Total Receivables	<u>18.36%</u>			
Note: Excludes balances paid subsequent to month-end.				
REVENUE BONDS PAYABLE				
Rental Car Facilities Taxable Revenue Bond, Series 2007				
Original Amount			\$ 4,750,000	
Current Balance			\$ -	
CAPITAL EXPENDITURES				
Annual Budget			\$ 32,700,759	
Year-to-Date Spending			\$ 18,562,481	

**SPECIAL MEETING
GREATER ASHEVILLE REGIONAL AIRPORT AUTHORITY
July 22, 2016**

The Greater Asheville Regional Airport Authority ("Authority") met on Friday, July 22, 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; Andrew T. Tate; William L. Moyer; Matthew C. Burril; and Stephanie Pace Brown

MEMBERS ABSENT: None

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; Janet Burnette, Director of Finance and Accounting; Shane Stockman, IT Director; John Coon, Director of Operations; Samuel Sales, Public Safety Captain; and Ellen Heywood, Clerk to the Board

ALSO PRESENT: Kerry Friedman, Patla, Straus, Robinson & Moore; Bill Case, PFM; Don Ubell, Parker Poe; Ken Moody, Delta Airport Consultants; David King, GS&P; Joey Rowland, Walker Parking Consultants

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

CONSENT ITEMS: The Chair remarked that Consent Item B, Approval of the Greater Asheville Regional Airport Authority June 17, 2016 Closed Session Minutes Part A and Part B would be reviewed in closed session.

A. Approval of the Greater Asheville Regional Airport Authority June 17, 2016 Regular Meeting Minutes: Mr. Moyer moved to approve the Greater Asheville Regional Airport Authority June 17, 2016 Regular Meeting Minutes. Mr. Bailey seconded the motion and it carried unanimously.

NEW BUSINESS:

A. Approve Award of Contract for Parking Garage: Mike Reisman informed the Board that the sealed bids for the construction of the parking garage were opened on July 14, 2016 with a total of six bids being received. A certified and signed copy of a

revised bid tabulation was available at the Board Members' seats due to a mathematical error staff found in the Harper Corporation bid. Mr. Reisman advised the Board that this did not change anything in terms of where Harper Corporation stands or the responsive low bid. The responsive low bid was received by American South General Contractors, Inc. in the amount of \$20,158,000.00, plus \$650,000.00 for Add Alternate 1 which is for temporary customer transportation, \$73,000.00 for Add Alternate 2 which is thermoplastic pavement markings, \$13,000.00 for Add Alternate 3 which is the thermoplastic marking symbols, and \$239,000 for Add Alternate 4, painting of the underside of each level of the garage. Staff does not recommend including Add Alternate 4 due to the cost and future maintenance costs. Staff asked the Board to approve Add Alternate 1, however, staff will determine if the transportation for passengers can be achieved in a more economical manner, so there was a possibility Add Alternate 1 would be broken out separately. The total amount for the project, excluding Add Alternate 4, is \$20,894,000.00. An additional 5 percent allowance of \$1,044,700.00 for miscellaneous costs and potential overages was recommended bringing the total cost of construction to \$21,938,700.00. Mr. Reisman advised the Board that the cost of this project will be funded primarily with bonds and some Authority cash. Approval from the LGC is required to complete the bond funding for this project. The total amount of the project was \$3,766,275.00 over the amount included in the FY2016/2017 budget, therefore a budget amendment was necessary.

Mr. Moyer questioned if staff was accepting Add Alternates 2 and 3 as presented since the prices varied significantly. Mr. Reisman responded that staff does not have the ability to negotiate those since this is a low bid situation. Some contractors may price one item low with the intent to make it up in other areas, but there isn't any way to change the prices. Mr. Reisman further stated that the overall amount of the bid for American South is still the low bid. Staff does not have the ability to negotiate Add Alternate 1, but will look into different options all together. Staff asked the Board to include Add Alternate 1 in the event staff determines this was the best option for the project. Staff will not issue a notice to proceed until due diligence for Add Alternate 1 has been completed. Staff also recommended both Add Alternates 2 and 3 be included in the project.

The Chair asked if the design work to make the garage aesthetically appealing was included in the price of the contract. The Director stated that the architectural panels are included in the construction price, but the engineering and design have been separate under a contract with the engineering firm.

Mr. Moyer moved to approve the award of the parking garage construction project with American South General Contractors, Inc. in the amount not to exceed \$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, authorize the Executive Director to

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:

Janet Burnette reminded the Board that at the June 17th meeting, the Board approved the private placement bond issuance with Raymond James Capital Funding, Inc. for construction of the parking garage. Mrs. Burnette stated that bond counsel prepared the following Board Resolution for the Board's approval. The accompanying documents, the General Trust Indenture and Series Indenture Number 1 prepared by bond counsel and the Credit Agreement prepared by bank counsel, were available in the agenda package. The bond in the amount of \$21,000,000 will be payable over fifteen years. The Director advised the Board that the General Trust Indenture covers the Authority for any other debt that may be incurred in the future, while the Series Indenture Number 1 was specific for the garage. The Credit Agreement acknowledges the Authority moving forward with the actual expenditure. Staff has tried to keep the Authority's debt down as much as possible. Knowing there was approximately \$18 million in the fund balance, staff decided to leave the bond at \$21 million to cover the majority of the construction, and the Authority will cover the remainder which is primarily the issuance cost, engineering fees, and the remaining amount of construction.

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.

Mr. Piccirillo moved to approve the 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. Mr. Moyer seconded the motion and it carried unanimously.

DIRECTOR'S REPORT:

A. Review Public Parking Options during Parking Garage Construction: The Director advised the Board that 400 parking spaces will be displaced due to the garage construction. The former employee parking lot on the south end of the terminal has already been converted to a credit card lot and has approximately 200 spaces. The WNC Ag Center has agreed to let the airport use one of their parking lots for tenant employee parking. The employee parking lot across NC280 will become a paid passenger lot. Staff has also arranged to lease the gravel lot directly behind the remote employee parking lot for \$1,000 a month from the Fairfield Inn. Between the two lots, close to 200 parking spaces will be available. A reduced parking rate will be charged for parking in the two gravel lots across NC280, and a shuttle will be available. Tenant managers have been notified with regard to the move of the employee parking lot. A few improvements will need to be made to the WNC Ag Center lot, but these improvements are inclusive in the cost of this project.

B. FAA Reauthorization: The Director reported that the House and Senate passed a 15-month interim bill through September 30, 2017. The bill fully funds the AIP at \$3.35 billion and there were a few other items covered in the bill to protect passenger rights such as reimbursement of baggage fees for lost bags not delivered within a reasonable amount of time. The Director stated the good news was that all of the funds for the Airfield Re-development project will come through before the interim bill expires.

PUBLIC AND TENANTS COMMENTS: None

CLOSED SESSION: At 9:09 a.m. Mr. Piccirillo moved to go into 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 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. Mr. Bailey seconded the motion and it carried unanimously.

The Chair indicated they would break until 9:15 a.m., at which time the Board would resume in closed session.

Open Session resumed at 9:47 a.m.

GREATER ASHEVILLE REGIONAL AIRPORT AUTHORITY JULY 22, 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. Bailey seconded the motion and it carried unanimously.

**APPROVAL OF THE GREATER ASHEVILLE REGIONAL AIRPORT AUTHORITY
JUNE 17, 2016 CLOSED SESSION MINUTES PARTS A AND B:**

Mr. Piccirillo moved to approve the minutes for the June 17, 2016 Closed Session, Parts A and B, and to seal and withhold the minutes for the June 17, 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.

ADJOURNMENT: Mr. Piccirillo moved to adjourn the meeting at 9:50 a.m. Mr. Burril 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: Lew Bleiweis, A.A.E.
Executive Director

DATE: August 5, 2016

ITEM DESCRIPTION – Consent Item C

Approve Grant of Easement to Duke Energy Progress, Inc., A North Carolina LLC for Rerouting Electrical Lines

BACKGROUND

The Authority is getting ready to begin the construction of the parking garage facilities. In order to move forward, Duke Energy Progress, Inc. ("DEP") needs to reroute electrical services running under the current parking lot. The new routing requires Duke to obtain an easement from the Authority.

ISSUES

None.

ALTERNATIVES

None. DEP is the sole provider of commercial power on the airport.

FISCAL IMPACT

None.

RECOMMENDED ACTION

It is respectfully requested that the Greater Asheville Regional Airport Authority Board resolve to (1) approve the grant of an Easement to DEP for rerouting electrical power running through the parking lot area; and (2) Authorize the Executive Director to sign the necessary documents.

Consent Item - C

EASEMENT

NORTH CAROLINA
BUNCOMBE COUNTY

Prepared By: B Pittman
Return To: Duke Energy
Sarah Lutz
555-A Brevard Rd
Asheville, NC 28806

WR 1161698

THIS EASEMENT ("Easement") is made this _____ day of _____, 2016, from Greater Asheville Regional Airport Authority A/K/A Asheville Regional Airport Authority, a North Carolina municipal authority ("Grantor," whether one or more) to Duke Energy Progress, LLC., a North Carolina limited liability company ("DEP"); its successors, licensees, and assigns.

WITNESSETH:

THAT GRANTOR, for and in consideration of the sum of ONE DOLLAR (\$1.00) and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, does hereby grant unto DEP, its successors, lessees, licensees, transferees, permittees, apportionees, and assigns, the perpetual right, privilege, and easement to go in and upon the land of Grantor situated in Limestone Township described as follows: PIN #9643-52-1970-00000 containing 547.032 acres, more or less, and being the land described in a lease agreement between the City of Asheville and the Asheville Regional Airport Authority, dated December 30, 1981, and recorded in Deed Book 1287, page 510 Buncombe County Registry, and also being shown as 535.342 ac tract on a plat dated September 24, 1981, entitled "Property of the City of Asheville (Lease Map)", and recorded in Plat Book 48, page 35, all Buncombe County Registry (the "Property"), LESS AND EXCEPT any prior out-conveyances, and to construct, reconstruct, operate, patrol, maintain, inspect, repair, replace, relocate, add to, modify and remove electric and/or communication facilities thereon including but not limited to, supporting structures such as poles, cables, wires, guy wires, anchors, underground conduits, enclosures/transformers, vaults and manholes, and other appurtenant apparatus and equipment (the "Facilities") within an easement area being thirty (30) feet wide for the overhead portion of said facilities and ten (10) feet wide for the underground portion of said facilities together with an area ten (10) feet wide on all sides of the foundation of any DEP enclosure (the "Easement Area"), for the purpose of transmitting and distributing electrical energy and for communication purposes.

The right, privilege and easement shall include the following rights granted to DEP: (a) ingress and egress over the Easement Area and over adjoining portions of the Property (using lanes, driveways and pave areas where practical as determined by DEP); (b) to relocate the Facilities and Easement Area on the Property to conform to any future highway or street relocation, widening or improvement; (c) to trim and keep clear from the Easement Area, now or at any time in the future, trees, limbs, undergrowth, structures or other obstructions and to trim or clear dead, diseased, weak or leaning trees or limbs outside of the Easement Area which, in the opinion of DEP, might interfere with or fall upon the Facilities; (d) to install guy wires and anchors extending beyond the limits of the Easement Area; (e) and all other rights and privileges reasonably necessary or convenient for DEP's safe, reliable and efficient installation, operation, and maintenance of the Facilities and for the enjoyment and use of the Easement area for the purposes described herein.

Notwithstanding anything to the contrary above, it is understood and agreed that:

- (1) The Easement Area herein granted shall be approximately located as shown on the sketch attached hereto as "Exhibit A" and recorded herewith;
- (2) DEP shall obtain prior approval from Grantor to install guy wires and anchors outside of the Easement Area; and
- (3) DEP's access to secured portions of the Easement Area shall require the prior permission of Grantor and escort by an authorized representative of Grantor, in accordance with airport security regulations.

TO HAVE AND TO HOLD said rights, privilege, and easement unto DEP, its successors and assigns, forever. IN WITNESS WHEREOF, GRANTOR has caused this EASEMENT to be signed in its name by its duly authorized officer, as of the date first above written.

GREATER ASHEVILLE REGIONAL AIRPORT
AUTHORITY A/K/A ASHEVILLE REGIONAL
AIRPORT AUTHORITY,
a North Carolina municipal authority

By: _____

Title: _____

NORTH CAROLINA, _____ COUNTY

I, _____, a Notary Public of _____ County, North Carolina, certify that _____ personally appeared before me this day and acknowledged that he/she is _____, of Greater Asheville Regional Airport Authority A/K/A Asheville Regional Airport Authority, a North Carolina municipal authority, and being authorized to do so, executed the foregoing EASEMENT on behalf of the corporation.

Witness my hand and notarial seal, this _____ day of _____, 2016.



Notary Public

My commission expires: _____



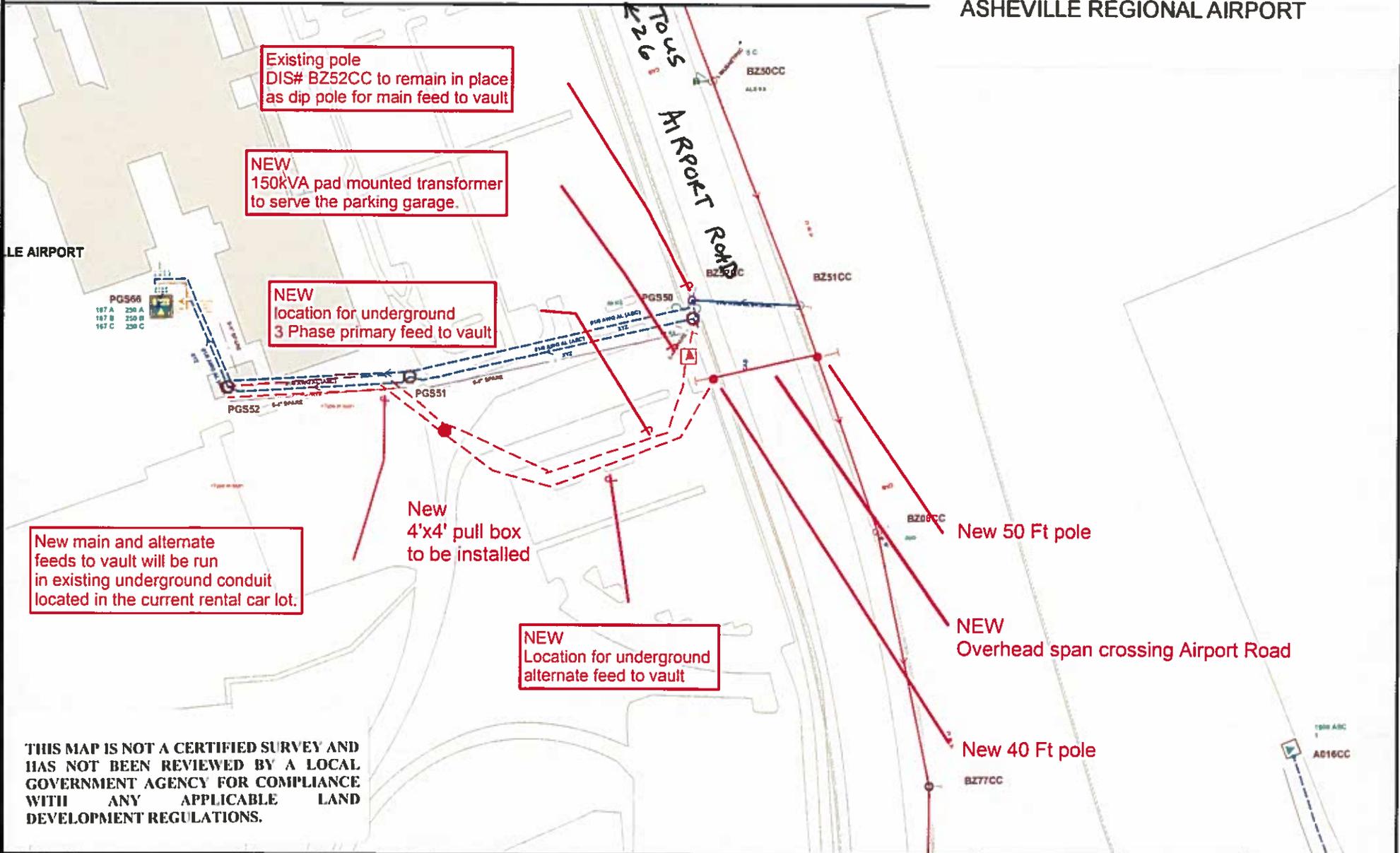
USP1:
USP2:



WZS1:
WZS2:

Misc Hazards:

EXHIBIT A:
ASHEVILLE REGIONAL AIRPORT



THIS MAP IS NOT A CERTIFIED SURVEY AND HAS NOT BEEN REVIEWED BY A LOCAL GOVERNMENT AGENCY FOR COMPLIANCE WITH ANY APPLICABLE LAND DEVELOPMENT REGULATIONS.

Address: 61 TERMINAL DR	Drawing No:	Revision
Contact:	City/Town, State: FLETCHER, NC	



Work Request 1161698	Svc Coord. Approved	Sheet 1 of 1
Drawn Mertens, David Francis	Date 8/1/2016	
Checked	Scale 1 in = 150 ft	
Operating Center ASHEVILLE		



MEMORANDUM

TO: Members of the Airport Authority

FROM: Janet Burnette, Director of Finance and Accounting

DATE: August 5, 2016

ITEM DESCRIPTION – Old Business Item A

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.

Old Business – Item A



GREATER ASHEVILLE REGIONAL AIRPORT AUTHORITY
Old Business Item A
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 Regular 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 August 5, 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 finance all or a portion of the cost of the acquisition and construction of a parking facility at the Airport (the “*2016 Project*”);

WHEREAS, the Board of Directors wants to (1) retain Parker Poe Adams & Bernstein LLP, as bond counsel; (2) retain The Bank of New York Mellon Trust Company, N.A., as trustee for the 2016 Bonds; (3) 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*”); (4) approve the selection by the Lender of Womble Carlyle Sandridge & Rice, LLP, as Lender’s counsel; (5) retain Public Financial Management, Inc., as financial advisor; and (6) retain Trillion Aviation as airport consultant (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 Bank of New York Mellon Trust Company, N.A., as trustee (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 Credit Agreement to be dated as of September 1, 2016 (the “*Credit 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 Credit 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, to finance all or a portion of the costs of the 2016 Project.

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 as she may determine necessary to carry out the transactions contemplated by this Resolution. The Trustee 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 Credit 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 Credit 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 Credit 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 Credit 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 Credit 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 Credit 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 Credit 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 Credit Agreement are hereby in all respects approved and confirmed.

Section 14. This Bond Order supercedes and replaces the bond order adopted by the Board of Directors on July 22, 2016. All other 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)
) ss:
COUNTY OF BUNCOMBE)

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 5th day of August, 2016.

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

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

GREATER ASHEVILLE REGIONAL AIRPORT AUTHORITY

and

THE BANK OF NEW YORK MELLON TRUST COMPANY, N.A.,

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 **THE BANK OF NEW YORK MELLON TRUST COMPANY, N.A.**, as trustee (the “*Trustee*”), acting through its corporate trust offices in Jacksonville, Florida, duly organized and existing under the laws of the United States of America, 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 pay the Costs of Construction of the Projects (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 September 12, 2016 by the Authority related to the 2016A Bond.

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

“*Credit Agreement*” means the Credit Agreement dated September [], 2016, among the LGC, the Authority and the Lender.

“*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.

“*Federal Funds Rate*” means, for any date of determination, a fluctuating rate of interest per annum equal to the weighted average (rounded to the next higher 1/100 of 1%) of the rates on overnight federal funds transactions with members of the Federal Reserve System arranged by Federal funds brokers, as published for such day (or, if such day is not a Business Day, for the immediately preceding Business Day) by the Federal Reserve Bank of New York.

“*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 The Bank of New York Mellon Trust Company, N.A., 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 The Bank of New York Mellon Trust Company, N.A. 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 applicable 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 applicable 2016 Bond, interpolated to the nearest month, if necessary, that was in effect on September 12, 2016 and (2) the amount that would be realized by the

Owner by reinvesting such redeemed funds for the remaining term of the applicable 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 applicable 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. Notwithstanding the foregoing, any Reinvestment Loss calculated as described above will not be less than zero.

“*Trustee*” means The Bank of New York Mellon Trust Company, N.A., 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 \$15,750,000, 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 \$5,250,000, 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 \$15,750,000, 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 \$5,250,000, 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 Reinvestment Loss as described in Section 3.1(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 Credit 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 lesser of (A) 12% per annum or (B) greater of (i) the published Federal Reserve Bank’s Prime Rate, as shown on the Board of Governors of the Federal Reserve System website or any successor website, + 3%; (ii) the Federal Funds Rate + 5%, or (iii) 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 Credit 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 lesser of (A) 12% per annum or

(B) the greater of (i) the published Federal Reserve Bank's Prime Rate + 5%; (ii) the Federal Funds Rate + 7%, or (iii) 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”) of (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.

Section 2.8 Additional Covenants of the Authority.

(a) If the Authority establishes an account in the Reserve Fund to secure a Series of Bonds, the Purchaser will be entitled to a parity interest in such account in the Reserve Fund on a *pro rata* basis with Owners of such Series of Bonds.

(b) The Authority will provide the Lender with a copy of its audited financial statements, as described in Section 6.4 of the General Indenture, within 240 days after the close of each Fiscal Year.

(c) The Authority will provide the Lender with a copy of its annual budget, as described in Section 6.5 of the General Indenture, within 30 days of the adoption thereof.

(d) The Authority will provide the Lender with such other information as the Lender may reasonably request.

[End of Article II]

2017	\$ 955,000
2018	1,215,000
2019	1,245,000
2020	1,280,000
2021*	555,000

*Maturity

Section 3.3. Notice of Redemption. Notice of redemption, other than mandatory sinking fund 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 3.4. Selection of 2016 Bonds To Be Redeemed. If less than all of a Series of the 2016 Bonds is called for redemption, the 2016 Bonds will be redeemed in inverse order of maturity (with mandatory sinking fund installments under Section 3.2 treated as individual maturities), but, in any event, the portion of any 2016 Bond to be redeemed must be in an Authorized Denomination and no less than \$1,000,000.

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 3.5. 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 3.6. 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, on the execution and delivery thereof, be valid and binding on the Authority in accordance with its terms and will not adversely affect the federal income tax status of the 2016 Bonds.

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 \$15,710,625.00, which is equal to \$15,750,000.00, the par amount of the 2016A Bond, less an upfront commitment fee of \$39,375.00, to the Trustee on behalf of the Authority. On receipt of the aggregate amount of \$15,710,625 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 \$5,236,875.00, which is equal to \$5,250,000.00, the par amount of the 2016B Bond, less an upfront commitment fee of \$13,125.00, to the Trustee on behalf of the Authority. On receipt of the aggregate amount of \$5,236,875.00 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 The Bank of New York Mellon Trust Company, N.A., 10161 Centurion Parkway, Jacksonville, Florida 32256 Attention: Corporate Trust Division; if to the Lender, to Raymond James Capital Funding, Inc., 719 Carillon Parkway, St. Petersburg, Florida 33716; Attention: Governmental Finance. 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:

Robert C. Roberts
Chair

Ellen M. Heywood
Clerk to the Board

[SIGNATURES CONTINUED ON THE FOLLOWING PAGE]

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

**THE BANK OF NEW YORK MELLON TRUST COMPANY,
N.A., as Trustee**

By: _____
[Name]
Vice President

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

\$15,750,000

INTEREST RATE	DATED DATE	MATURITY DATE
2.39%	September 12, 2016	July 1, 2031

REGISTERED OWNER: RAYMOND JAMES CAPITAL FUNDING, INC.

PRINCIPAL AMOUNT: FIFTEEN MILLION SEVEN HUNDRED FIFTY THOUSAND 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 The Bank of New York Mellon Trust Company, N.A., 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 September 12, 2016, (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 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 The Bank of New York Mellon Trust Company, N.A., as Trustee, in East Syracuse, New York.

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 to pay the Costs of Construction of a parking deck for the Airport System.

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 East Syracuse, New York. 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.

The 2016A Bond is subject to mandatory sinking fund redemption from money deposited to the credit of the Debt Service Fund on July 1, 2021 and each July 1 thereafter as follows:

<u>YEAR</u>	<u>AMOUNT</u>
2021	\$ 760,000
2022	1,345,000
2023	1,375,000
2024	1,410,000
2025	1,445,000
2026	1,475,000
2027	1,515,000
2028	1,550,000
2029	1,585,000
2030	1,625,000
2031*	1,665,000

*Maturity

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: _____
Robert C. Roberts
Chair

[SEAL]

By: _____
Ellen M. 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:

September 12, 2016

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

**THE BANK OF NEW YORK MELLON TRUST COMPANY,
N.A., 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

\$5,250,000

<u>INTEREST RATE</u>	<u>DATED DATE</u>	<u>MATURITY DATE</u>
2.59%	September 12, 2016	July 1, 2021

REGISTERED OWNER: RAYMOND JAMES CAPITAL FUNDING, INC.

PRINCIPAL AMOUNT: FIVE MILLION TWO HUNDRED FIFTY THOUSAND 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 The Bank of New York Mellon Trust Company, N.A., 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 December 15, 2016 in which case this 2016B Bond will bear interest from September 12, 2016, (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 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 The Bank of New York Mellon Trust Company, N.A., as Trustee, in East Syracuse, New York.

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 to pay the Costs of Construction of a parking deck for the Airport System.

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 East Syracuse, New York. 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.

The 2016B Bond is subject to mandatory sinking fund redemption from money deposited to the credit of the Debt Service Fund on July 1, 2017 and each July 1 thereafter as follows:

<u>YEAR</u>	<u>AMOUNT</u>
2017	\$ 955,000
2018	1,215,000
2019	1,245,000
2020	1,280,000
2021*	555,000

*Maturity

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: _____
Robert C. Roberts
Chair

[SEAL]

By: _____
Ellen M. 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:

September 12, 2016

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

**THE BANK OF NEW YORK MELLON TRUST COMPANY,
N.A., 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

THE BANK OF NEW YORK MELLON TRUST COMPANY, N.A.,
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 **THE BANK OF NEW YORK MELLON TRUST COMPANY, N.A.**, as trustee (the “*Trustee*”), acting through its corporate trust offices in Jacksonville, Florida, duly organized and existing under the laws of the United States of America, 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 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.

“*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 by the predecessor of the Authority on December 10, 2010 and readopted by the Board on August 5, 2016, 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 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 and such Series Indenture have been duly and lawfully authorized, executed and delivered by the Authority and are 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;

(h) except for the initial two series of the Bonds, evidence of compliance with Section 6.8(e); and

(i) 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) Construction Fund;
- (4) Reserve Fund;
- (5) Operating and Maintenance Reserve Fund; and
- (6) 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 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 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) 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

(4) 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 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 5.6 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 5.7 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 June 25 and December 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 January 1 or July 1, as the case may be, and on such January 1 or July 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 5.8 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 5.9 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 5.10 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 except as permitted under FAA regulations; 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 two 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 hold the proceeds of any insurance or condemnation, with respect to the Airport System, in excess of \$1,000,000 in any given Fiscal Year and (1) apply them to rebuild or replace the Airport System or portion thereof giving rise to the referenced proceeds or (2) transfer them to the Trustee for deposit 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 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 The Bank of New York Mellon Trust Company,

N.A., 10161 Centurion Parkway, Jacksonville, Florida 32256 Attention: Corporate Trust Division; 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:

Robert C. Roberts
Chair

Ellen M. Heywood
Clerk to the Board

[COUNTERPART SIGNATURE PAGE TO GENERAL TRUST INDENTURE]

**THE BANK OF NEW YORK MELLON TRUST COMPANY,
N.A., as Trustee**

By: _____
[Name]
Vice President

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: _____



MEMORANDUM

TO: Members of the Airport Authority

FROM: Lew Bleiweis, Executive Director

DATE: August 5, 2016

ITEM DESCRIPTION – New Business Item A

Approval of Airline Incentives for Allegiant Air

BACKGROUND

Allegiant Air (Allegiant) began service at Asheville Regional Airport in November 2011 with two weekly flights to Sanford – Orlando, Florida. Since then, Allegiant has added a number of other cities in Florida, and service to Baltimore, MD/Washington, DC this past May. Allegiant has also established AVL as one of their maintenance and crew bases for its operations.

To continue the shared successes, Allegiant made a public announcement on June 28, 2016, that they will begin annual Newark, NJ (EWR) service November 17, 2016, with four flights per week.

In accordance with the Authority's Air Service Incentive Policy, staff has offered Allegiant up to \$150,000 for marketing and advertising of this new service; and airport related fee waivers, excluding PFCs, for a one-year period as directly related to the EWR service. Staff is seeking approval to provide Allegiant with a ground handling and passenger service fee incentive of 50% per aircraft turn up to \$300.00 per flight for two flights per week through the one-year anniversary of the inception of the AVL-EWR service.

ISSUES

The Authority's policies currently provide for airline incentives to be offered for new airline service to AVL's top 20 markets. The ground handling incentive is an additional incentive that has been offered to airlines for new service on a case by case basis, but is not incorporated within the Authority's airline incentive policy. Specific approval is necessary to provide this additional incentive.

New Business – Item A



ALTERNATIVES

The Board can decide not to provide the ground handling incentives to Allegiant in conjunction with the marketing and advertising incentives.

FISCAL IMPACT

Staff would like to officially offer Allegiant an incentive package in the amount up to \$150,000 for EWR service marketing and advertising, waived rents and fees (totaling approximately \$150,000) for up to one year of service for this specific service route, and ground handling fees for the EWR service at 50% per turn up to \$300.00 per flight for two flights per week (\$31,200 total). Total incentive package is worth approximately \$331,200 with direct expenditures being approximately \$181,200.

RECOMMENDED ACTION

It is respectfully requested that the Greater Asheville Regional Airport Authority Board resolve to (1) approve airline incentives with Allegiant Air for AVL- EWR service as described above; and (2) authorize the Executive Director to execute the necessary documents.



MEMORANDUM

TO: Members of the Airport Authority

FROM: Lew Bleiweis, A.A.E., Executive Director

DATE: August 5, 2016

ITEM DESCRIPTION – New Business Item B

Re-Adoption of a Customer Facility Charge by the Greater Asheville Regional Airport Authority

BACKGROUND

Customer Facility Charges (CFCs) are typically assessed by airport operators to help fund capital improvements associated with rental car facilities (i.e., ready/return lots, storage lots, maintenance facilities, etc.). The Asheville Regional Airport Authority instituted CFCs back in 2004. Since the service facility bonds were paid off in May, and staff is in the process of assigning the agreements and operational requirements over to the Greater Asheville Regional Airport Authority ("Authority"), the Board needs to re-adopt a new resolution under the Authority's name. The current CFC collection is \$4.25 per rental car contract day. Staff is recommending the Board maintain the current CFC rate.

ISSUES

CFCs will be used to fund a large portion of the bond debt service for the new parking garage.

ALTERNATIVES

None

FISCAL IMPACT

The Asheville Regional Airport Authority currently collects approximately \$1.35 million annually from CFCs.

New Business – Item B



RECOMMENDED ACTION

It is respectfully requested that the Greater Asheville Regional Airport Authority Board resolve to re-adopt the attached resolution authorizing the implementation of a \$4.25 Customer Facility Charge.

Attachment

GREATER ASHEVILLE REGIONAL AIRPORT AUTHORITY

RESOLUTION # 080516-01

WHEREAS, the Asheville Regional Airport Authority ("ARAA") is a joint governmental agency organized and created by the City of Asheville and the County of Buncombe, pursuant to Article 20 of Chapter 160A of the General Statutes of North Carolina; and

WHEREAS, the ARAA previously operated the Asheville Regional Airport ("Airport"); and

WHEREAS, on or about May 17, 2004, the ARAA adopted Resolution No. 051704-01 entitled: *A RESOLUTION AUTHORIZING THE IMPOSITION AND COLLECTION OF A CUSTOMER FACILITY CHARGE OF TWO DOLLARS (\$2.00) PER CAR RENTAL TRANSACTION DAY ON ALL CAR RENTAL CONTRACTS ISSUED FOR THE RENTAL OF PASSENGER MOTOR VEHICLES AT THE ASHEVILLE REGIONAL AIRPORT AND AUTHORIZING CERTAIN ADDITIONAL ACTIONS WITH RESPECT TO THE IMPLEMENTATION AND ADMINISTRATION THEREOF*, which authorized and implemented the collection of customer facility charges of \$2.00 per car rental transaction day on all car rental contracts issued for the rental of passenger motor vehicles at the Airport; and

WHEREAS, on or about April 13, 2007, the ARAA adopted Resolution No. 041307-02 entitled: *A RESOLUTION TO AMEND RESOLUTION NUMBER 051704-01 AUTHORIZING THE IMPOSITION AND COLLECTION OF A CUSTOMER FACILITY CHARGE OF TWO DOLLARS (\$2.00) PER CAR RENTAL TRANSACTION DAY ON ALL CAR RENTAL CONTRACTS ISSUED FOR THE RENTAL OF PASSENGER MOTOR VEHICLES AT THE ASHEVILLE REGIONAL AIRPORT*, which authorized an increase in the customer facility charges from \$2.00 to \$4.00 per car rental transaction day on all car rental contracts issued for the rental of passenger motor vehicles at the Airport; and

WHEREAS, on or about December 10, 2010, the ARAA adopted Resolution No. 121010-03 entitled: *A RESOLUTION TO AMEND RESOLUTION NUMBER 041307-02 AUTHORIZING THE IMPOSITION AND COLLECTION OF A CUSTOMER FACILITY CHARGE OF \$4.00 PER CAR RENTAL TRANSACTION DAY ON ALL CAR RENTAL CONTRACTS ISSUED FOR THE RENTAL OF PASSENGER MOTOR VEHICLES AT THE ASHEVILLE REGIONAL AIRPORT*, which increased the customer facility charges from \$4.00 to \$4.25 per car rental transaction day on all car rental contracts issued for the rental of passenger motor vehicles at the Airport; and

WHEREAS, the ARAA utilized revenues from the imposition and collection of said charges to offset the rental and security costs for certain facilities and security services provided by the ARAA to rental car operators for the benefit and accommodation of their customers, and to fund certain car rental facility and other ground transportation projects which will benefit rental car operators and their customers at the Airport; and

WHEREAS, the ARAA determined that the imposition and collection of said customer facility charges is in the public interest of providing and maintaining facilities and services to rental car operators, their customers and the traveling public utilizing the Airport; and

WHEREAS, the Greater Asheville Regional Airport Authority ("GARAA") is a body corporate and politic, created by Session Law 2012-121 ("the Act"), which was ratified by the General Assembly of the State of North Carolina on June 28, 2012, and which was amended by Session Law 2014-52, which was ratified by the General Assembly of the State of North Carolina on July 2, 2014; and

WHEREAS, the Act, as amended, required, among other things, the transfer of property known as the Asheville Regional Airport to the GARAA; and

WHEREAS, the Section 1.6(a) of the Act authorized the GARAA to, among other things, "[p]urchase, acquire, develop, establish, construct, own, control, lease, equip, improve, administer, maintain, operate, and/or regulate airports . . ." and to "[c]harge and collect fees, royalties, rents and/or other charges . . ."; and

WHEREAS, the GARAA is now operating the Airport; and

WHEREAS, in order to facilitate compliance with the Act, on or about October 12, 2012, the ARAA executed a Bill of Assignment, Conveyance, Transfer, Authorization, and Grant ("Instrument"), which assigned, conveyed, transferred and delivered to the GARAA, except as otherwise expressly stated in the Instrument, all of the ARAA's right, title and interest in and to, and control of, all of ARAA's property, rights and interests, personal and mixed, tangible and intangible, whether contingent or not, and wherever located ("Property"), including, but not limited to all Property that was part of the Airport and/or that was owned or considered to be used by ARAA or the Airport; and

WHEREAS, the GARAA determined that the imposition and collection of customer facility charges is in the public interest of providing and maintaining facilities and services to rental car operators, their customers and the traveling public utilizing the Airport; and

WHEREAS, the GARAA now desires to formally re-adopt the Resolutions previously adopted by the ARAA regarding customer facility charges;

NOW, THEREFORE, Be It Resolved and Adopted by the GARAA, as follows: The Greater Asheville Regional Airport Authority hereby re-adopts Resolution NO. 051407-01, as amended by Resolution No. 041307-02 and Resolution No. 121010-03, which amended Resolution is re-stated, in its entirety, as follows:

SECTION 1 - DEFINITIONS

Except as otherwise clearly indicated by the context, the word and phrases set forth in this section shall have the following meanings when used in this Resolution.

- (a) "Customer Facility Charge" means a charge of two dollars (\$4.25) per Car Rental Transaction Day.
- (b) "Car Rental Operator" means any person, firm, corporation, or other entity operating a car rental concession at the Airport or any other person, firm, corporation, or other entity authorized by the Authority to rent and/or arrange for the rental of a passenger motor vehicle to any driver,

passenger, or other person, firm, corporation, or other entity at, through, or from the Airport or an Airport facility.

- (c) "Car Rental Transaction Day" means each 24-hour period, or fraction thereof, within a rental period under or pursuant to a Car Rental Contract.
- (d) "Customer" means any person, firm, corporation, or other entity who or which rents and/or takes possession of a passenger motor vehicle at, through, or from the Airport or an Airport facility under or pursuant to a Car Rental Contract.
- (e) "Car Rental Contract" means the document or documents (whether written, electronic, or otherwise) under or pursuant to which any Car Rental Operator rents, arranges for the rental of, and/or delivers possession of a passenger motor vehicle to a Customer.

SECTION 2 - IMPOSITION OF CUSTOMER FACILITY CHARGE

Each Car Rental Operator shall charge and collect from each of its Customers, including but not limited to those receiving complimentary and/or discounted rentals of passenger motor vehicles, the Customer Facility Charge specified in Section 1 above. Said charge shall be identified on a separate line on each Car Rental Contract before, and conspicuously separate from, any state and local taxes, and shall be described only as the "Airport Customer Facility Charge" or "Airport CFC".

SECTION 3 - COLLECTION AND REMITTANCE

- (a) All Customer Facility Charges collected by a Car Rental Operator and/or its agents are, and shall be, funds held in trust by or for said Car Rental Operator for the benefit of the Authority. Said Customer Facility Charges shall be the Authority's property, and said Car Rental Operator and its agents shall have only a possessory interest in the Customer Facility Charges and shall not have any legal or equitable interest therein.
- (b) The Customer Facility Charges collected by each Car Rental Operator and/or its agents shall be promptly deposited to an interest-bearing account and shall be due and payable as set forth herein to the Authority in the currency of the United States of America. The revenue in such account on the last calendar day of each month shall be remitted to the Authority by check on a bank insured by the Federal Deposit Insurance Corporation and at the office of the Airport Director or, if said Car Rental Operator is so notified by the Authority, shall be remitted by electronic transfer to the Authority's authorized depository financial institution. Such remittance shall be made no later than the fifteenth (15th) business day following the end of said month.
- (c) The account to which each Car Rental Operator deposits the Customer Facility Charges shall not be subject to any lien, pledge or hypothecation as a result of any credit or security instrument entered into by said Car Rental Operator. Each Car Rental Operator shall segregate, separately account for, and disclose all Customer Facility Charges as trust funds in their financial statements; provided, however, that the failure to do so shall not alter or eliminate their status as trust funds.
- (d) Each Car Rental Operator shall maintain such accounting records and accounting controls over the collection, deposit, safekeeping, and remittance of said Customer Facility Charges as are required

by the terms of its Agreement with the Authority, and all of said records and controls shall be subject to inspection and audit at all times by the Authority and its representatives as provided for by the Agreement and/or Section 5 of this Resolution. Unless otherwise established pursuant to Section 5 of this Resolution, the inspection and audit provisions of Sections 8.08(a) through (d) of the Agreement shall apply to each Car Rental Operator's obligations with respect to Customer Facility Charges under this Resolution.

- (e) Each Car Rental Operator shall be obligated to remit to the Authority all Customer Facility Charges imposed on its Customers pursuant to this Resolution, whether or not they are actually collected from its Customers. Any amount not remitted by a Car Rental Operator to the Authority when due under this Resolution shall bear interest at the highest legal rate allowed under North Carolina law, and the costs of collection and attorneys fees, if any, incurred by the Authority in obtaining or attempting to obtain payment, plus an administrative fee of two hundred fifty dollars (\$250.00), shall forthwith be paid by such Car Rental Operator to the Authority.

SECTION 4 - APPLICATION OF CUSTOMER FACILITY CHARGE REVENUE

Revenue from the Customer Facility Charge remitted to the Authority pursuant to Section 3 above shall be utilized, applied, or deposited from time to time by the Authority in the following order of priority:

- (a) Utilized to reimburse the Authority for the costs (including but not limited to imputed interest on funds expended) of any car rental facility improvements made by the Authority for the benefit of the Car Rental Operators.
- (b) Applied as a credit against the Car Rental Operators' monthly facility rental obligations under their Agreements with the Authority.
- (c) Applied as a credit against the Car Rental Operators' monthly security fee obligations under their Agreements with the Authority.
- (d) Deposited to the Authority's Customer Facility Charge account to be used by the Authority for future expenditures which would benefit any Car Rental Operator or its Customers or which would improve ground transportation-related facilities at the Airport,

SECTION 5 - IMPLEMENTATION

The Airport Director is hereby empowered to enforce this Resolution on behalf of the Authority and to design and require the use of such forms, and to establish such procedures and rules, as he may from time to time deem necessary or appropriate for the administration of this Resolution.

SECTION 6 - SEVERABILITY

The provisions of this Resolution are intended to be severable, so that if any provision or provisions shall be held by a court of competent jurisdiction or by a governmental agency or entity to be invalid or unenforceable, the other provisions shall remain in full force and effect.

SECTION 7 - EFFECTIVE DATE

This Resolution shall take effect at 12:01 A.M., February 1, 2011, and shall apply to each and every Car Rental Contract covering the rental of any passenger motor vehicle at the Airport on or after February 1, 2011.

Adopted this 5th day of August, 2016.

GREATER ASHEVILLE REGIONAL AIRPORT AUTHORITY

BY: _____

Robert C. Roberts, Chair

ATTESTED BY:

Ellen Heywood, Clerk to the Board



MEMORANDUM

TO: Members of the Airport Authority

FROM: Lew Bleiweis, A.A.E., Executive Director

DATE: August 5, 2016

ITEM DESCRIPTION – New Business Item C

Approval of Standard Space Lease with the US Department of Transportation Federal Aviation Administration for Air Traffic Control Tower Facilities

BACKGROUND

The Federal Aviation Administration (FAA) requires space within the terminal building at the airport to conduct their air traffic control related functions. The FAA currently leases approximately 3,440 square feet. The current five-year lease agreement expired September 30, 2015. FAA has requested a new six-year agreement beginning October 1, 2015 for the same space that expired and which they have leased for the past 20 + years.

ISSUES

Staff is still working out a few terms and conditions with the FAA but the agreement is in substantial form.

ALTERNATIVES

None recommended at this time.

FISCAL IMPACT

The annual rent under the new lease agreement is expected to be approximately \$134,600 beginning Oct 1, 2016 with annual increases throughout the remainder of the agreement.



RECOMMENDED ACTION

It is respectfully requested that the Greater Asheville Regional Airport Authority Board resolve to (1) approve the new lease agreement in its substantial form with the Federal Aviation Administration; and (2) authorize the Executive Director to finalize the agreement with the Federal Aviation Administration and execute the necessary finalized documents.



U.S. Department
of Transportation
**Federal Aviation
Administration**

STANDARD SPACE LEASE

Between

**THE UNITED STATES OF AMERICA
DEPARTMENT OF TRANSPORTATION
FEDERAL AVIATION ADMINISTRATION**

And

**Greater Asheville Regional Airport Authority
FAA Lease No. DTFAEN-15-L-00228
AVL/ATCT
Asheville, North Carolina**

This Lease, is entered into by and between **Greater Asheville Regional Airport Authority** whose address is **61 Terminal Drive Fletcher NC, 28732** and interest in the property hereinafter described is Owner hereby referred to as the Lessor and the United States of America, hereinafter referred to as the Government or the FAA. The Parties hereto, and for the consideration hereinafter mentioned, covenant and agree as follows:

1. Terms

1.1. DESCRIPTION (07/14) - The Lessor hereby leases to the Government the following described premises, including parking, if applicable.

Approximately 3,440 square feet of space, 1,758 square feet on the second floor and 1,682 square feet on the third floor of the Terminal Building located at Asheville Regional Airport, Fletcher, NC.

The following FAA employees are housed within this facility: Air Traffic Controllers-20, FLM-3, Staff -2, Secretary-1, Manager-1, Contractors-1. Total Employees - 28.

The Lessor shall provide reserved off-street parking spaces at no additional cost to the Government. Compliant accessible parking spaces shall be provided in accordance with the requirements of the Architectural Barriers Act Accessibility Standards (ABAAS) 42 U.S.C 4151 and as set forth in the ABAAS scoping table. The Lessor shall maintain the parking areas in good repair and provide snow and ice removal, as well as the removal of any obstruction that limits the Government access to its designated spaces

1.2. LEASE TERM (8/02) - To have and to hold, for the term commencing on **October 01, 2015** and continuing through **September 30, 2026** inclusive, PROVIDED, that adequate appropriations are available from year to year for the payment of rentals.

1.3. CANCELLATION - The Government may terminate this lease at any time, in whole or in part, if the Real Estate Contracting Officer (RECO) determines that a termination is in the best interest of the Government. The RECO shall terminate by delivering to the Lessor a written notice specifying the effective date of the termination. The termination notice shall be delivered by certified mail return receipt requested and mailed at least thirty (30) days before the effective termination date.

1.4 CONSIDERATION - Rent will be payable to the Lessor in arrears, without the submission of invoices or vouchers, and subject to available appropriations. The rental payments are due on the first business day following the end of the payment period. Rent will be considered paid on the date a check is dated or an electronic funds transfer is made. **The rent shall escalate by an amount equal to 2% over the rent payable immediately preceding FY 2017 – FY 2021.**

October 1, 2015 – September 30, 2016 Annual Rent **\$130,685.60** Payable Monthly **\$10,890.47**

Base Rent: \$39.13 per square foot (psf) Full Service.

October 1, 2016 – September 30, 2017 Annual Rent **\$134,607.20** Payable Monthly **\$11,217.27**

October 1, 2017 – September 30, 2018 Annual Rent **\$137,299.34** Payable Monthly **\$11,441.61**

October 1, 2018 – September 30, 2019 Annual Rent **\$140,045.33** Payable Monthly **\$11,670.44**

October 1, 2019 – September 30, 2020 Annual Rent **\$142,846.23** Payable Monthly **\$11,903.85**

October 1, 2020 – September 30, 2021 Annual Rent **\$145,703.16** Payable Monthly **\$12,141.93**

Rental Amount will be re-evaluated at the end of the fifth (5th) year FY 2021 – FY 2026.

- 1.5 **HOLDOVER (07/14)** - If after the expiration of the lease, the Government shall retain possession of the premises, the lease shall continue in force and effect on a month-to-month basis. Rent shall be paid in accordance with the terms of the lease, in arrears on a prorated base, at the rate paid during the lease term. This period shall continue until the Government shall have signed a new lease with the Lessor, acquire the property in fee, or vacated the premises.
- 1.6 **LESSORS SUCCESSORS (10/96)** - The terms and provisions of this lease and the conditions herein bind the Lessor and the Lessor's heirs, executors, administrators, successors, and assigns.
- 1.7 **ADJUSTMENT FOR VACANT PREMISES (10/96)** - If the Government fails to occupy any portion of the leased premises or vacates the premises in whole or in part prior to expiration of the firm term of the lease, the rental rate shall be reduced as follows: The rate shall be reduced by that portion of the costs per square foot of operating expenses not required to maintain the space. Said reduction shall occur after the Government gives 30 days prior notice to the Lessor, and shall continue in effect until the Government occupies the premises or the lease expires or is terminated.

2 GENERAL CLAUSES

- 2.5 **ACCESSIBILITY (07/14)** - The Building and the leased premises shall be accessible to persons with disabilities pursuant to the Architectural Barriers Act and Rehabilitation Act as detailed in the Architectural Barriers Act Accessibility Standards (ABAAS) 41 CFR Parts 102-71, 102-72, et al, and all applicable state and local accessibility laws and regulations. ABAAS is available at www.access-board.gov.

Subject to the exception set forth herein, separate ABAAS compliant toilet facilities for men and women shall be provided on each floor where the Government leases space. Separate ABAAS compliant toilet facilities shall not be required if due to the age of the building, design layout, or other structural requirements, it is technically infeasible to do so. In the event the Lessor determines that it is technically infeasible to provide separate ABAAS compliant toilet facilities, the Lessor shall provide the basis for the determination of technical infeasibility in writing to the Real Estate Contracting Officer, together with all supporting documentation.

Water closets and urinals shall not be visible when the exterior door is open. Each toilet room shall contain toilet paper dispensers, soap dispensers, paper towel dispensers, waste receptacles; a coin operated sanitary napkin dispenser with receptacle for each toilet in the women's restroom, disposable toilet seat cover dispensers, a convenience outlet, and hot and cold water for all restrooms. No fewer than two drinking fountains shall be provided. One drinking fountain shall be a low unit commonly called a wheelchair unit and one drinking fountain shall comply with standing persons requirements, unless sufficient space is not available to provide both a wheelchair unit and a standing persons unit. In such instance, and subject to the approval of the Real Estate Contracting Officer, a single unit.

Exempt from ABAAS due to age of building, 50+ years.

2.6 CHANGES (10/14)

- A. The Real Estate Contracting Officer may at any time, by written order, make changes within the general scope of this lease in any one or more of the following:
 - 1. Work or services;
 - 2. Facilities or space layout; or
 - 3. Amount of space
- B. If any such change causes an increase or decrease in Lessor's cost of or the time required for performance under this lease, whether or not changed by the order, the Real Estate Contracting Officer shall modify this lease to provide for one or more of the following:
 - 1. An equitable adjustment in the rental rate;
 - 2. A lump sum equitable adjustment; or
 - 3. An equitable adjustment of the annual operating costs per occupiable square foot specified in the Solicitation For Offers (SFO).
- C. The Lessor shall assert its right to an adjustment under this clause within 30 days from the date of receipt of the change order and shall submit a proposal for adjustment. Failure to agree to any adjustment shall be a dispute under the Contract Disputes clause. However, nothing in this clause shall excuse the Lessor from proceeding with the change as directed.
- D. Absent such written change order, the Government shall not be liable to Lessor under this clause.

2.7 CONTRACT DISPUTES (11/03) - All contract disputes arising under or related to this lease contract will be resolved through the FAA dispute resolution system at the Office of Dispute Resolution for Acquisition (ODRA) and will be governed by the procedures set forth in 14 C.F.R. Parts 14 and 17, which are hereby incorporated by reference. Judicial review, where available, will be in accordance with 49 U.S.C. 46110 and will apply only to final agency decisions. A Lessor may seek review of a final Government decision only after its administrative remedies have been exhausted.

All Contract Disputes will be in writing and will be filed at the following address:

Office of Dispute Resolution for Acquisition, AGC-70,
Federal Aviation Administration, 800 Independence Avenue, S.W., Room
323, Washington, DC 20591,
Telephone: (202) 267-3290,
Facsimile: (202) 267-3720

A contract dispute against the FAA will be filed with the ODRA within two (2) years of the accrual of the lease contract claim involved. A contract dispute is considered to be filed on the date it is received by the ODRA.

The full text of the Contract Disputes clause is incorporated by reference. Upon request the full text will be provided by the RECO.

2.8 MAINTENANCE OF THE PREMISES - The Lessor will maintain the demised premises, including the building, grounds, and all equipment, fixtures, and appurtenances furnished by the LESSOR under this lease, in good repair and tenable condition.

SPECIAL STIPULATIONS: FIRE ALARM SYSTEM MAINTENANCE: The Lessor shall maintain the Fire Alarm System installed by the FAA in the FAA Air Traffic Control Tower including equipment installed for the ATCT Fire Life Safety project on 03/31/2010 for an additional fee of \$3,125.00 per year. Any additional repairs shall be the responsibility of the FAA, with adequate invoices.

2.9 FAILURE IN PERFORMANCE - In the event the Lessor fails to perform any service, to provide any item, or meet any requirement of this lease, the Government may perform the service, provide the item, or meet the requirement, either directly or through a contract **within thirty (30) days of notification or agreed upon time.**

The Government may deduct any costs incurred for the service or item, including administrative costs, from the rental payments. No deduction of rent pursuant to this clause will constitute default by the Government on this lease.

2.10 NO WAIVER (10/96) - No failure by the Government to insist upon strict performance of any provision of this lease, or failure to exercise any right, or remedy consequent to a breach thereof, will constitute a waiver of any such breach in the future.

3 RESTORATION Clause Alternate A for On-Airport Leases

The FAA shall surrender possession of the Premises upon the date of expiration or termination of this lease. Before such expiration or termination, the FAA shall, if requested by the owner and determined by the RECO to be in the best interest of the Government, restore the Premises to as good condition as that existing at the time of the FAA's initial entry upon the Premises under this lease or a previous agreement or lease, except for ordinary wear and tear or damage by natural elements. The FAA may also elect to offer abandonment of installed real property improvements in lieu of restoration or some combination of abandonment and restoration as determined by mutual agreement with the owner, so long as determined by the RECO to be in the best interests of the Government.

No Implied Obligations:

Any obligation of the FAA under this lease that requires the expenditure or obligation of funds is subject to the availability of funds. The FAA shall incur no liability under the lease until funds that may be used for that purpose are appropriated. No provision in this lease shall be interpreted to require an expenditure of obligation in violation of the Anti-DAMAGE BY FIRE OR OTHER CASUALTY (10/96) - If the building or structure is partially or totally destroyed or damaged by fire or other casualty or if environmentally hazardous conditions are found to exist so that the leased premises is untenable as determined by the Government, the Government may terminate the lease, in whole or in part, immediately by giving written notice to the Lessor and no further rental will be due.

3.1.1 OCCUPANCY PERMIT (07/14) - The premises offered will have a valid Occupancy Permit, issued by the local jurisdiction, for the intended use of the Government, or the Lessor will complete and provide a certified copy of "FAA Safety & Environmental Checklist" form, in lieu of an occupancy permit, at the contracting officer's discretion.

3.1.1.1 HOLD HARMLESS (10/96) - In accordance with and subject to the conditions, limitations and exceptions set forth in the Federal Tort Claims Act of 1948, as amended (28 USC 2671 et. seq.), hereafter termed "the Act" the Government will be liable to persons damaged by any personal injury, death or injury to or loss of property, which is caused by a negligent or wrongful act or omission of an employee of the Government while acting within the scope of his office or employment under circumstances where a private person would be liable in accordance with the law of the place where the act or omission occurred. The foregoing shall not be deemed to extend the Government's liability beyond that existing under the Act at the time of such act or omission or to preclude the Government from using any defense available in law or equity.

3.1.2 DEFAULT BY LESSOR - Each of the following shall constitute a default by Lessor under this lease:

- A. If the Lessor fails to perform the work required to deliver the leased premises ready for occupancy by the Government with such diligence as will ensure delivery of the leased premises within the time required by the lease agreement, or any extension of the specified time.
- B. Failure to maintain, repair, operate or service the premises as and when specified in this lease, or failure to perform any other requirement of this lease as and when required provided such failure which shall remain uncured for a period of time as specified by the Real Estate Contracting Officer, following Lessor's receipt of written notice thereof from the Real Estate Contracting Officer **must be cured within thirty (30) days of notification.**
- C. Repeated failure by the Lessor to comply with one or more requirements of this lease shall constitute a default notwithstanding that one or all failures shall have been timely cured pursuant to this clause.

If default occurs, the government may, by written notice to the Lessor, terminate the lease in whole or in part.

3.1.3 COMPLIANCE WITH APPLICABLE LAWS (10/96) - The Lessor shall comply with all federal, state and local laws applicable to the Lessor as owner or Lessor, or both, of building or premises, including, without limitation, laws applicable to the construction, ownership, alteration or operation of both or either thereof, and will obtain all necessary permits, licenses and similar items at Lessor's expense. This lease shall be governed by Federal law.

- 3.2 OFFICIALS NOT TO BENEFIT (10/96) - No member of or delegate to Congress, or resident commissioner, shall be admitted to any share or part of this contract, or to any benefit arising from it. However, this clause does not apply to this contract to the extent that this contract is made with a corporation for the corporation's general benefit.
- 3.3 COVENANT AGAINST CONTINGENT FEES (8/02) - The Lessor warrants that no person or agency has been employed or retained to solicit or obtain this contract upon an agreement or understanding for a contingent fee, except a bona fide employee or agency. For breach or violation of this warranty, the Government shall have the right to annul this contract without liability or, in its discretion, to deduct from the contract price or consideration, or otherwise recover the full amount of the contingent fee.
- 3.4 ANTI-KICKBACK (10/96) - The Anti-Kickback Act of 1986 (41 U.S.C. 51-58) (the Act), prohibits any person from (1) Providing or attempting to provide or offering to provide any kickback; (2) Soliciting, accepting, or attempting to accept any kickback; or (3) Including, directly or indirectly, the amount of any kickback in the contract price charged by a prime Contractor to the United States or in the contract price charged by a subcontractor to a prime Contractor or higher tier subcontractor.
- 3.5 EXAMINATION OF RECORDS (8/02) - The Comptroller General of the United States, the Administrator of FAA or a duly authorized representative from either shall, until 3 years after final payment under this contract have access to and the right to examine any of the Lessor's directly pertinent books, documents, paper, or other records involving transactions related to this contract.
- 3.6 SUBORDINATION, NONDISTURBANCE AND ATTORNMENT (01/14) –
- A. Lessor warrants that it holds such title to or other interest in the premises and other property as is necessary to the Government's access to the premises and full use and enjoyment thereof in accordance with the provisions of this lease. Government agrees, in consideration of the warranties and conditions set forth in this clause, that this lease is subject and subordinate to any and all recorded mortgages, deeds of trust and other liens now or hereafter existing or imposed upon the premises, and to any renewal, modification or extension thereof.

It is the intention of the parties that this provision shall be self-operative and that no further instrument shall be required to effect the present or subsequent subordination of this lease. Government agrees, however, within twenty (20) business days next following the Contracting Officer's receipt of a written demand, to execute such instruments as Lessor may reasonably request to evidence further the subordination of this lease to any existing or future mortgage, deed of trust or other security interest pertaining to the premises, and to any water, sewer or access easement necessary or desirable to serve the premises or adjoining property owned in whole or in part by Lessor if such easement does not interfere with the full enjoyment of any right granted the Government under this lease.

- B. No such subordination, to either existing or future mortgages, deeds of trust or other lien or security instrument shall operate to affect adversely any right of the Government under this lease so long as the Government is not in default under this lease. Lessor will include in any future mortgage, deed of trust or other security instrument to which this lease becomes subordinate, or in a separate non-disturbance agreement, a provision to the foregoing effect. Lessor warrants that the holders of all notes or other obligations secured by existing mortgages, deeds of trust or other security instruments have consented to the provisions of this clause, and agrees to provide true copies of all such consents to the Contracting Officer promptly upon demand.
- C. In the event of any sale of the premises or any portion thereof by foreclosure of the lien of any such mortgage, deed of trust or other security instrument, or the giving of a deed in lieu of foreclosure, the Government will be deemed to have attorned to any purchaser, purchasers, transferee or transferees of the premises or any portion thereof and its or their successors and assigns, and any such purchasers and transferees will be deemed to have assumed all obligations of the Lessor under this lease, so as to establish direct privity of estate and contract between Government and such purchasers or transferees, with the same force, effect and relative priority in time and right as if the lease had initially been entered into between such purchasers or transferees and the Government; provided, further, that the Contracting Officer and such purchasers or transferees shall, with reasonable promptness following any such sale or deed delivery in lieu of foreclosure, execute all such revisions to this lease, or other writings, as shall be necessary to document the foregoing relationship.
- D. None of the foregoing provisions may be deemed or construed to imply a waiver of the Government's rights as a sovereign.

- 3.7 SUBLEASE (10/96) - The Government reserves the right to sublease the space covered under this lease to another agency or private party. In subleasing this space to another party the Government is not relieved from its responsibilities under the terms of this lease, unless otherwise agreed upon with the Lessor.
- 3.8 INTEGRATED AGREEMENT (10/96) - This Lease, upon execution, contains the entire agreement of the parties, and no prior written or oral agreement, express or implied shall be admissible to contradict the provisions of this lease.
- 3.9 EQUAL OPPORTUNITY (10/96) - The Lessor shall have on file affirmative action programs required by the rules and regulations of the Secretary of Labor (41 CFR 60-1 and 60-2).
- 3.10 AFFIRMATIVE ACTION FOR SPECIAL DISABLED AND VIETNAM ERA VETERANS (10/96) - The Lessor agrees to comply with the rules, regulations, and relevant orders of the Secretary of Labor (Secretary) issued under the Vietnam Era Veterans' Readjustment Assistance Act of 1972 (the Act), as amended. If the Lessor does not comply with the requirements of this clause, appropriate actions may be taken under the rules, regulations, and relevant orders of the Secretary issued pursuant to the Act.
- 3.11 AFFIRMATIVE ACTION FOR DISABLED WORKERS (10/96) - The Lessor agrees to comply with the rules, regulations, and relevant orders of the Secretary of Labor (Secretary) issued under the Rehabilitation Act of 1973 (29 USC 793) (the Act), as amended. If the Lessor does not comply with the requirements of this clause, appropriate actions may be taken under the rules, regulations, and relevant orders of the Secretary issued pursuant to the Act.
- 3.12 UNAUTHORIZED NEGOTIATING (10/96) - In no event shall the Lessor enter into negotiations concerning the space leased or to be leased with anyone other than the RECO or his/her designee.
- 3.13 DELIVERY AND CONDITION (10/96) - Unless the Government elects to have the space occupied in increments, the space must be delivered ready for occupancy as a complete unit. The Government reserves the right to determine when the space is ready to occupy.

4 FINANCIAL CLAUSES

- 4.1 SYSTEM FOR AWARD MANAGEMENT (07/14) - The System for Award Management (SAM) system the Government's required method to receive vendor information. However you have been granted an exception to SAM and therefore must provide your initial payment information and any future changes to your payment information to the Real Estate Contracting Officer on a completed and signed "Vendor Miscellaneous Payment Information" form, together with any other required notice under this contract.
- 4.2 PAYMENT BY ELECTRONIC FUND TRANSFER (07/14) – All payment by the Government under this lease will be made by electronic funds transfer (EFT). The Government will make payment by EFT through either the Automated Clearing House (ACH) network, subject to the rules of the National Automated Clearing House Association, or the Fedwire Transfer System. The rules governing Federal payments through the ACH are contained in 31 CFR Part 210. The Lessor is responsible to maintain correct payment information with the Government. If the Lessor's EFT information is incorrect or outdated, the Government is not required to make payments to the Lessor until correct/current EFT information is submitted to the Government for payment distribution.
- 4.3 CONTRACTOR IDENTIFICATION NUMBER - DATA UNIVERSAL NUMBERING SYSTEM (DUNS) NUMBER - REAL PROPERTY (10/14)

A. Definitions. As used in this clause

"Contractor Identification Number," as used in this provision, means the Lessor's "Data Universal Numbering System (DUNS) number, which is a nine-digit number assigned by Dun and Bradstreet Information Services, to identify unique business entities (taken from SAM clause)

"Data Universal Numbering System +4 (DUNS+4) number" means the DUNS number assigned by D&B plus a 4-character suffix that may be assigned by a business concern. (D&B has no affiliation with this 4-character suffix.) This 4-character suffix may be assigned at the discretion of the business concern to establish additional SAM records for identifying alternative Electronic Fund Transfer.

B. Contractor / Lessor identification is essential for receiving payment and complying with statutory contract reporting requirements. Therefore, the Offeror will provide its DUNS or DUNS+4 number below. The DUNS number will be used by the Contracting Officer to verify that the Offeror is registered in the SAM database.

DUNS OR DUNS+4 NUMBER:

- C. If the Offeror / Lessor does not have a DUNS number, he should contact Dun and Bradstreet at 1-866-705-5711, or via the internet at <http://www.dnb.com> directly to obtain one. Detailed requirements for obtaining a DUNS number is contained in Paragraph (c) of clause "System for Award Management-Real Property".

5 POST AWARD REQUIREMENTS

- 5.1 INSPECTION (10/96) - The Government reserves the right, at any time after the lease is signed and during the term of the lease, to inspect the leased premises and all other areas of the building to which access is necessary to ensure a safe and healthy work environment for the Government tenants and the Lessor's performance under this lease. The Government shall have the right to perform sampling of suspected hazardous conditions.

6 GENERAL BUILDING REQUIREMENTS AND SPECIFICATIONS

- 6.1 DOORS - Exterior doors shall be weather tight, equipped with **Best** cylinder locks and door checks, automatic door closures and open outward. The Government will be furnished at least two master keys and two keys for each lock. Interior doors must be solid cored and at least 32 by 80 inches with a minimum opening of 32 inches and be of sturdy construction. Fire doors shall conform to NFPA Standard No. 80. As designated by the Government, doors shall be equipped with non-removable hinge pins, and locks with 7-pin removable cores. The Government shall provide cores.
- 6.2 LIGHTING (04/12) - Modern, diffused, energy efficient fluorescent fixtures shall be provided at working surfaces that maintain a uniform lighting level of 50 foot candles. Emergency lighting must provide at least 0.5 foot candles of illumination throughout the exit path, including exit access routes, exit stairways, or other routes such as passageways to the outside of the building.
- 6.3 ADHESIVES AND SEALANTS (01/12) - The Lessor shall use adhesives and sealants that contain no formaldehyde or heavy metals.
- 6.4 CEILINGS (10/96) - Must have acoustical treatment with a flame spread of 25 or less and smoke development rating of 50 or less.
- 6.5 FLOOR LOAD (04/12) - All adjoining floor areas shall be 1) of a common level not varying more than 1/4 inch over a 10-foot, 0-inch horizontal run in accordance with the American Concrete Institute standards, 2) non-slip, and 3) accepted by the Real Estate Contracting Officer (RECO).

Under floor surfaces shall be smooth and level. Office areas shall have a minimum live load capacity of 50 pounds per square foot plus 20 pounds per square foot for moveable partitions. Storage areas shall have a minimum live load capacity of 100 pounds per square foot including moveable partitions. A report showing the floor load capacity, at no cost to the Government, by a registered professional engineer may be required by the RECO. Calculations and structural drawings may also be required.

- 6.6 PAINTING (01/16) - Prior to occupancy, all surfaces must be newly painted with non-lead based paints in colors acceptable to the Government. All surfaces must be repainted after working hours at Lessor's expense at least once every **five (5) years**. **Current facility was previously painted three (3) years ago, new painting due fiscal year 2018 and every five (5) years thereafter.**

Such repainting includes the moving and returning of the furniture, including dismantling, moving and re-assembling the Government's systems furniture, if directed by the Government, at the Lessor's expense. Any existing lead based paint must be properly maintained and managed per existing Federal, state, and local regulatory requirements.

If there is chipping, flaking, or peeling paint in the lease premises during the period of government occupancy, it would need to be sampled for lead at the Lessor's expense. If containing lead, it would need to be abated at the Lessor's expense. This could be performed either by removal or sealing with an encapsulating material.

- 6.7 DISPLAY ADVERTISING (10/96) - If the leased premises are solely for Government use, no advertising matter shall be constructed on or over the premises, unless authorized by the RECO.
- 6.8 ERECTION OF SIGNS (10/96) - The Government shall have the right to erect on or attach to the Lessor's premises such signs as may be required to clearly identify the Government's facility. Said signs so erected will remain the property of the Government and shall be removed from the premises upon termination of the Lease.
- 6.9 WINDOW AND FLOOR COVERING (04/12) - All exterior windows shall be equipped with window covering. Floors will be carpeted with a commercial grade of carpet acceptable (carpet tiles or carpet broadloom) to the Government. Existing floor and window coverings may be accepted at the discretion of the RECO however; prior to occupancy all carpeting and window coverings shall be cleaned.

At no additional cost to the Government, the Lessor shall replace carpeting at least every **eight (8) years** during Government occupancy or any time during the lease when:

- Backing or underlayment is exposed,
- There are noticeable variations in surface color or texture, and/or
- The condition of the carpet is such that it presents a clear and present danger to pedestrians.

Replacement includes moving and return of furniture including dismantling, moving and re-assembling the Government's systems furniture if directed by the Government.

7 SERVICE, UTILITIES, AND MAINTENANCE

7.1 SERVICE, UTILITIES, AND MAINTENANCE OF PREMISES - The Lessor shall maintain the leased premises, including outside areas in a clean condition. The Lessor shall provide the labor, materials, equipment and supervision necessary to ensure good repair and tenable condition. Services, utilities, and maintenance will be provided 24 hours a day, seven (7) days a week. Services supplied to technical equipment will be supplied 24 hours a day, seven days a week. The Government will have access to the leased premises at all times, including the use of electrical services, toilets, lights, elevators, and Government office machines without additional payment. The Lessor shall provide the following:

- A. Electricity
- B. Water (hot and cold) and sewer to leased premises.
- C. Trash removal daily.
- D. Chilled drinking water
- E. Restroom cleaning and supplies, daily
- F. Window washing twice yearly
- G. Carpet Cleaning – daily vacuuming and shampoo twice yearly
- H. Initial & Replacement lamps, tubes and ballast
- I. Exterior & Interior door locks and hardware – designed to accept 7-pin removable cores manufactured by “Best Lock,” supplied by the Government
- J. Carpet Replacement – includes moving and return of furniture when replacing carpet every **eight (8) years** or when the following happens:
 - 1. Backing or underlayment is exposed.
 - 2. Noticeable variations in surface color or texture.

7.2 JANITORIAL SERVICES (07/14) – The Lessor shall provide janitorial services for the leased space, public areas, entrances, and all other common areas and shall provide replacement of supplies.

A. The Lessor shall select, to the maximum extent practicable janitorial cleaning products and equipment that promote environmental stewardship. At a minimum, the Lessor shall:

- 1. Use products that are packaged ecologically;**
- 2. Use products and equipment considered environmentally beneficial and/or recycled products that are phosphate-free, non-corrosive, non-flammable, and fully biodegradable; and;**
- 3. Minimize the use of harsh chemicals and the release of irritating fumes.**
- 4. Examples of acceptable products may be found at www.gsa.gov/p2products.**

B. SELECTION OF PAPER PRODUCTS - The Lessor shall select paper and paper products (i.e., bathroom tissue and paper towels) with recycled content conforming to EPA's Comprehensive Procurement Guidance (CPG), lessor shall have the right to use the most economical products available.

C. SCHEDULE OF CLEANING - Cleaning shall be performed after the hours as defined in this lease, unless cleaning during official duty hours is specified as a special requirement. The Lessor shall provide the schedule for the required cleaning services and their frequencies. A suggested schedule is set forth below:

- a. Janitorial services will be performed seven (7) days each week including National Holidays for the area listed in this contract. All janitorial services shall be performed between the hours of 7:00 a.m. and 10:00 a.m. .The Lessor will provide a schedule for all required cleaning to the Air Traffic Manager. All window washing shall be accomplished during daylight hours. Lessor must not clean electronic equipment using fluids of any nature closely thereto.

All addition, non-waste paper baskets, trash will be removed from the facility by either making arrangements with the Airport authority or by proving a dumpster for removal of trash.

The Lessor will provide hand soap, hand disinfectant, bathroom tissue and paper towels in all leased space to include the kitchen break room. Janitorial supplies and equipment will be stored in a Janitorial storage area and not in the Tower or TRACON.

FAA Personnel shall make a reasonable attempt to keep the space clean. Clean up dishes, food, trash left on tables and clear desks and countertops prior to cleaning.

1. DAILY

- b. Wipe down all water cooler fixtures and drain pan.
- c. Empty all waste paper baskets and insert clean plastic linings as needed. In case of leakage, damp wipe receptacle clean to remove all residue. Dispose of refuse in dumpster away from the premises.
- d. Vacuum all carpeting (as needed). Check all carpeted areas and remove obvious pieces of debris.
- e. Sweep all tiled floor spaces including hallways and stairwell and landings.
- f. Restroom: Sweep, wet mop floors using a disinfectant solution. Clean and disinfect toilet bowls, urinals and washbowls. Clean and polish fixtures and mirrors. Furnish and maintain a constant supply of toilet deodorant, towels, hand soap, air sanitizer, and toilet tissue. Spot clean doors and walls.
- g. Facility break room: Clean and wipe off all surfaces, including the top of (2) refrigerators, T.V., tables and Kitchen counter. Clean and wipe out kitchen sink.
- h. Clean break room tables, countertop and sink using a low odor disinfectant.
- i. All handles should be cleaned daily with disinfectant.
- j. Tower Cab: Wipe off and/or dust all desks and counter tops surfaces.
- k. TRACON (Radar Room): Wipe off and/or dust all desks and counter tops surfaces.

2. WEEKLY

- a. Damp mop all non-carpeted floors including hallways, and equipment room using a detergent solution. Remove all oil, tar and gum, Buff as needed.
- b. Vacuum all carpeted areas.
- c. Sweep and damp mop all stairways, landings and clean all ledges including the tower stairwell and tower window ledges.

- d. Remove splash marks from wall around water coolers and sinks.
 - e. Dust all horizontal counters to include equipment, windowsills, and ledges.
 - f. Clean desktops, office furniture, file cabinets and telephones with a low odor disinfectant.
 - g. Clean break room furniture with a low odor disinfectant.
3. **MONTHLY** *(To be accomplished the first week of each month.)*
- a. Spot clean all carpeting.
 - b. Clean all window ledges
 - c. Damp wipe and clean restroom wastepaper receptacles, stall partitions and doors.
 - d. Wash all ceramic tile restroom walls
 - e. Dust all horizontal surfaces, including consoles in TRACON.
4. **QUARTERLY** *(To be accomplished in December, March, June and September.)*
- a. Spot clean walls and doors.
 - b. Clean all air vents.
 - c. Clean all light fixtures.
5. **SEMI-ANNUAL** *(To be accomplished in addition to the Quarterly cleaning)*
- a. Wash all venetian blinds.
 - b. Hard-to-reach areas must be vacuumed in order to keep offices clean and free from accumulated dust and dirt.
 - c. Strip and wax all waxed floor surfaces.
 - d. Shampoo all carpeting.
- 7.2 Clean with a cleaning solution: all windowsills, ledges, window frames and woodwork.

- 7.4 HVAC - All heating, ventilation and air-conditioning systems that service the leased space must maintain a temperature range of 68-72 degrees Fahrenheit year-round as dictated in the most recent version of ASHRAE Standard 62 – Ventilation for Acceptable Indoor Air Quality. These temperatures must be maintained during hours of operation throughout the leased premises and service areas regardless of outside temperatures.

In order to ensure that there is no degradation of air quality or air flow in the leased premises during the term of the Lease, the Lessor agrees to perform preventative maintenance as needed on all HVAC units (check for defects, lubricate, make adjustments, change the filters, cleaned and make other necessary service requirements) to ensure compliance. Lessor also agrees to service the VAV boxes annually (on or before each lease anniversary date). Such service will include checking the temperature ranges (refer to section B4), checking all speeds on each fan, cleaning the fans and other components, replacing defective parts and completing other necessary repairs and maintenance including the unit located behind the TRACON.

- 7.5 Wash all windows, other than the tower cab, inside and out during daylight hours.
- 7.6 MAINTENANCE OF GROUNDS AND WALKWAY (07/14) - The Lessor shall maintain in good condition landscape plants and lawns. The Lessor shall also remove snow and ice from the entrances, exterior walks and parking areas around the premises, prior to and during the normal business hours set forth in the “Service, Utilities, and Maintenance of Premises” clause.
- 7.7 PEST CONTROL (01/16) - The Lessor shall exterminate and control pests within the premises on a periodic basis, not less than annually as required by the Government. Notice and acceptance shall be provided to the Government facility manager and a copy to the Real Estate Contracting Officer (RECO) before any application of herbicide(s)/pesticide(s) or other chemical pest control. No application of pesticides may be performed without the written consent of the FAA facility manager. OSHA requirements for Hazard Communication shall apply for the use of hazardous materials used in pest control. Copies of Safety Data Sheets (SDS) for all chemicals brought on site shall be provided to the Government’s RECO before application only licensed applicators shall be allowed to apply chemicals. Herbicides/pesticides are not to be applied near the outside air intakes of the building when the system is in operation, nor within the leased premises during normal working hours or when the system is in operation.

8 FIRE PREVENTION AND SAFETY

8.1 FIRE AND LIFE SAFETY REQUIREMENTS (01/16) - The facility, its systems and appurtenances must be in compliance with the following fire and life safety (FLS) requirements:

- A. Construction features of the building must comply with state and local building codes in affect at the time of construction or most recent modification.
- B. Maintenance and operations of the building must comply with the current edition of state and local fire safety and fire prevention codes.
- C. Construction features, maintenance and operations of the building must meet or exceed the minimum level of fire and life safety specified by OSHA 29 CFR 1910.

Where compliance with the literal requirements of these standards has not been achieved, the Lessor must document, in writing to the Government, the specific deviation(s) from these standards and what alternative methods have been employed by the Lessor and accepted by the local jurisdiction (where applicable), as an alternative method of compliance. Furthermore, where alternative methods of compliance are used in lieu of literal compliance with the FLS requirements listed herein, the approach shall be signed by a Fire Protection Engineer, licensed in the subject property's state, and a copy shall be provided to the RECO.

As provided in this section, all codes, standards, orders and directives refer to the current edition in place at the signing of this lease in regards to building construction features. If construction or modifications to the leased premises are undertaken at any time during the term of this Lease, fire protection and life safety systems must be brought into compliance where required by applicable codes and standards according to the then-current edition of local codes and standards. The party initiating the construction or modifications is responsible for funding the upgrade of fire and life safety systems when required by applicable codes and standards. The construction or modification to the leased facility must never decrease the level of fire and life safety provided.

Regardless of local code requirements, when the leased space (including garage areas under lease by the Government) is on the 6th floor and above, or below grade, automatic sprinklers are required. Furthermore, leased buildings serving National Airspace System (NAS) air traffic control operations and constructed after June 2012, shall be fully protected with an automatic, electrically supervised sprinkler system designed and installed in accordance with the requirements of NFPA 13.

When the leased space is located in multi-tenant buildings, the Lessor shall be fully responsible for the following:

- A. Development of a building Emergency Action Plan (EAP) and Fire Prevention Plan
- B. Publishing and making copies of the EAP and Fire Prevention Plan available to all FAA leased space occupants
- C. Conducting fire or other emergency evacuation drills, at least annually
- D. Conducting review and modification of the EAP and Fire Prevention Plan at least annually
- E. Inviting FAA representation in development, review and modification of the EAP and Fire Prevention Plan

If Lessor requires assistance from the FAA facility manager, there may be consultation on an as needed basis to accomplish the above activities.

8.4 ELECTRICAL SAFETY (01/16) - The Lessor shall ensure electrical safety requirements are met, including grounding, bonding, shielding, control of electrostatic discharge (ESD), and lightning protection requirements, in accordance with:

- A. 29 CFR 1910, Subpart S, *Electrical*
- B. FAA Standard HF-STD-001, *Human Factors Design Standard*, Chapter 12.4, *Electrical Hazards*
- C. DOT Specification FAA-G-2100H, *Electronic Equipment, General Requirements*
- D. National Fire Protection Association (NFPA) 70, *National Electrical Code*
- E. NFPA 70E, *Electrical Safety in the Workplace*
- F. American National Standards Institute/Institute of Electrical and Electronics Engineers (ANSI/IEEE) Standard 1100-2005, *Recommended Practice for Powering and Grounding Electrical Equipment*
- G. DOT Standard FAA-STD-019E, *Lightning and Surge Protection, Grounding, Bonding and Shielding Requirements for Facilities and Equipment*

The Lessor must ensure that electrical equipment and infrastructure meets minimum clear working space requirements in accordance with 29 CFR 1910.303 and NFPA 70 Article 110.26, and is properly maintained and documented in accordance with NFPA 70E. Any change in the electrical equipment would require a review of the current arc flash warning labels to determine if the arc flash warning labels posted meet the current safety requirements.

All hazards associated with electrical equipment shall be marked with labels indicating the hazard, in accordance with FAA-G-2100H, Chapter 3.3.5.5, *Markings, Signs, Tags and Symbols* and requirements ANSI Standard Z53, *Series of Standards for Safety Signs and Tags*.

8.5 FALL PROTECTION (01/16) - The Lessor shall ensure proper fall protection safety systems are in place for all work areas where Government personnel are required to perform work at four feet or more above the next lowest level on fixed ladders and within access points to elevated work areas in accordance with FAA Order 3900.19B, *FAA Occupational Safety and Health Program*, 29 CFR 1910, *Occupational Safety and Health Standards (General Industry)*, and 29 CFR 1926 Subpart M, *Safety and Health Regulations for Construction*, and applicable American National Standard Institute (ANSI) Standards. All such elevated work surfaces (platforms, catwalks, roofs, etc.) must have OSHA compliant guardrails, railings, toe boards and/or parapets where applicable to meet OSHA and ANSI requirements as referenced above.

8.6 OSHA REQUIREMENTS (10/96) - The Lessor shall provide space, services, equipment, and conditions that comply with Occupational Safety and Health Administration (OSHA) safety and health standards (29 CFR 1910 and 1926).

8.7 ENVIRONMENTAL AND OCCUPATIONAL SAFETY HEALTH (EOSH) REQUIREMENTS (01/16) - The Lessor shall provide space, services, and equipment that comply with the following EOSH standards:

1. 29 CFR 1910, Occupational Safety and Health Standards (General Industry)
2. 29 CFR 1926, Safety and Health Standards (Construction)
3. FAA Order 3900.19, FAA Occupational and Health Program
4. FAA Standard HF-STD-001, Human Factors Design Standard
5. National Fire Protection Association (NFPA) 70, National Electrical Code, and NFPA 70E, Electrical Safety in the Workplace
6. Local and state EOSH regulations
7. Local and state fire codes and building codes. Compliance with local and state codes generally provides a level of safety that meets or exceeds national consensus standards.
8. Federal, state and local EOSH (OSHA and EPA), Standards and Building Codes must be complied with when accomplishing any cleaning, construction, renovation, remodeling, maintenance activities or testing done in or on the leased premises and areas connected to or integrated with the leased premises. Additionally, whenever FAA Standards require work processes or precautions to be provided, the Lessor will coordinate with the FAA before and during the work so that the proper requirements are met.

Any equipment designed, installed, or used that presents a potential safety hazard shall be marked with appropriate warning labels or placards, in accordance with 29 CFR 1910.145, Specifications for Accident Prevention Signs and Tags, FAA HF-STD-001, Human Factors Design Standard, Chapter 12.16, Safety Labels and Placards, and American National Standards Institute (ANSI) Standard Z535.4, Product Safety Signs and Labels, and FAA-G-2100H, Electronic Equipment, General Requirements, Section 3.3.5.4.

9 SEISMIC SAFETY –EXEMPT - SEE SEISMIC /EXCEPTION FROM SEISMIC CERTIFICATION

9.4 SEISMIC SAFETY FOR EQUIPMENT (04/12) - The Lessor shall ensure that building installed equipment is properly anchored to protect personnel during a seismic event, in accordance with DOT Specification FAA-G-2100H, *Electronic Equipment, General Requirements*, Section 3.3.5, Personnel Safety and Health, and requirements for the seismic zone in which the facility is located.

9.5 SEISMIC SAFETY FOR NEW CONSTRUCTION (10/14) - If a Lessor proposes to meet the Government's requirement by New Construction, or by a Major Renovation to an existing building, then all construction performed under this contract must, as a minimum, be in accordance with the current edition of the International Building Code (IBC). For purposes of this provision, a "Major Renovation" is a renovation where the cost of the project will be more than fifty percent (50%) of the replacement value of the building as of the date of project commencement. Local seismic building codes may be used in place of IBC if, and only if, they provide a higher level of occupant safety. The Lessor shall provide, prior to the Government's acceptance of the building(s) OR SPACE, a written certification from an independent licensed structural engineer that the building(s) conforms to this requirement. The structural engineer certification shall be in the format of the Government-provided *Life Safety Compliance/Seismic Certification* form. When a code equivalency study is required, it shall be attached to the structural engineer's certification.

During the design and development stages of construction, all design and engineering documents, including structural engineering calculations shall be made available within twenty-four hours, after a verbal request from Government personnel to review said documents, or in another time frame agreed to in writing by the Real Estate Contracting Officer.

The sole purpose of this clause is to require the Lessor to certify that the end product of any renovation or alteration described in this provision meets the seismic standards of the National Earthquake Hazard Reduction Program (NEHRP), Interagency Committee for Seismic Safety in Construction (ICSSC) Recommended Practice (RP) 8. This clause does not in any way change the requirements of the statement of work, which may require seismic standards higher than those required by this clause.

In the event a building with a certification of seismic compliance is occupied by the Government and is later determined to not meet the standard indicated on the "*Life Safety Compliance/Seismic Certification*" form, the Government at its discretion may require the Lessor to meet the agreed upon standard or may terminate this lease upon giving written notice, with no cost accruing to the Government, notwithstanding any other agreements contained in this lease.

10 SECURITY

10.4 FACILITY SECURITY (04/12) - Security requirements for Government occupied space must meet minimum-security accreditation standards for the type of facility covered by this lease. The FAA Facility Security Management Program defines facility security accreditation standard levels. The security requirements identified below are tailored specifically for the type of facility covered by this lease. The Lessor shall provide or make accommodation to provide for all the security requirements listed herein for the leased premises covered by this lease agreement:

1. Access Control System: an electronic security alarm system that employs access control and intrusion detection systems that provides detection an alarm notification when unauthorized access is attempted through protected doors.
2. Entry Control Video: electronic entry control system (audio/visual) must be installed at leased space main entrance, as appropriate.
3. Electronic Card Entry. All exterior doors and interior critical operations areas to which unescorted assess is limited to specific FAA personnel must be equipped with electronic card readers (PIV compliant).
4. Gate Control Video to access visitors and/or vehicles requesting entry before the gate is opened.
5. Perimeter Fencing. At facilities where this requirement cannot be met, an exception to requirements must be submitted. Facilities located within or adjacent to perimeters that are already protected by fences, such as Air Operations Area (AOAs), active military bases or any secure controlled governmental property, are exempt.
6. Parking Area and Entry Point lighting to allow personnel to move from buildings to parking areas without encountering heavily shaded areas. Lighting shall provide average illumination levels (based on a 4:1 average to minimum illuminant ratio) for the following areas.
 - a. Outside parking area: Not less than 0.8 FC
 - b. Building entrances: Not less than 5 FC
 - c. General exterior facility lighting: Not less than 0.5 FC
7. Locking System. The mechanical lock system must be any grade 1 system that accepts the Best Universal Lock Company, Inc, universal 7-pin core that can be changed by the FAA without disassembling the entire lock. Electronic access control systems must be installed on exterior and interior doors as deemed necessary by the FAA.

8. Doors and Other Openings. Exterior doors and any interior door through which access is restricted by the FAA will comply with these guidelines:
 - d. Have heavy duty builders' hardware used throughout.
 - e. Have non-removable pin (NRP) hinges on perimeter doors and critical area doors or have other exterior mounted hinges modified to prevent removal.
 - f. Be made of solid material or metal-clad.
 - g. Have substantial door frames in keeping with door construction.
 - h. Doors equipped with electronic or electro-mechanical entry systems must use a latch guard to protect any exposed electric strike or electric bolt as deemed necessary by the FAA. Exterior and restricted access interior doors must be equipped with latch guards or astragals (for double doors) as required by the FAA.
 - i. Glass doors will have tempered glass or American National Standards Institute rated burglary resistant glass used or an equivalent film or laminate applied (glass embedded with wire mesh may also be used).
 - j. Perimeter walls for the FAA leased space will be true floor to ceiling walls (i.e., demising walls)
 - k. All openings that lead into the leased space that exceeds 96 square inches need to be secured.
 - l. Facility mounted exterior ladders that access critical equipment, lead to facility access points or allow access to roofs or ledges, will be secured when not in use.
9. Windows. All windows, their supporting frames and wall attachments, and all hardware will be heavy duty builder's material and use like construction techniques. Windows that are within 18 feet of the ground will:
 - m. have any exterior hinges and mounts modified to prevent removal,
 - n. have an effective latching or locking mechanism,
 - o. be locked when the room or surrounding area is not attended.
10. Signs. Signs must be displayed in and around the leased space consistent with the operations conducted at the facility. This includes, but is not limited to, no weapons signs, notice of inspection, CCTV warnings, restricted area, and other signs.

The local SSE will determine any additional security upgrades that are required to meet accreditation and shall conduct a final security assessment of the building. The FAA shall provide maintenance services to the security upgrades installed by the FAA within the leased premises and covered under this lease.

**** Installation of two (2) doors: 1st Floor Double Entry Door with access control and video intercom on ground floor of the terminal building.**

2nd Floor Hallway of the administrative area and FAA Offices – Entry Door with Best Lock with approval of lessor and security.

Payment of upgrades shall be Governments expense – estimated cost \$10,000.00.

10.5 FOREIGN NATIONALS AS CONTRACTOR EMPLOYEES (10/14)

- A. Definition. "Foreign National" is any citizen or national of a country other than the United States who has not immigrated to the United States and is not a Legal Permanent Resident (LPR) of the United States.
- B. Each contractor or subcontractor employee under this contract having access to FAA facilities, sensitive information, or resources must be a citizen of the United States, or an alien who has been lawfully admitted for permanent residence as evidenced by Alien Registration Receipt Card Form I-151, or who presents other evidence from the U.S. Citizenship and Immigration Service that employment must not affect his/her immigration status.
- C. Aliens and foreign nationals proposed under this contract must meet the following conditions in accordance with FAA Order 1600.72A, chapter 5, paragraph 7 & 8:
 - 1. Must have resided within the United States for three (3) of the last five (5) years unless a waiver of this requirement is requested and approved in accordance with the requirements stated in FAA Order 1600.72A, chapter 5, paragraph 9;
 - 2. A risk or sensitivity level designation can be made for the position; and
 - 3. The appropriate security-related background investigation/inquiry can be adequately conducted.
- D. Foreign nationals proposed under this contract must meet the following additional conditions:
 - 1. Provide a current passport and Place of Birth in order to successfully pass a Security background check in accordance with the FAA Order 1600.74, Visitor Policy, and

2. Successfully pass an export control review as outlined in FAA Order 1240.13 FAA Export Control Compliance.

E. Interim suitability requirements may not be applied unless the position is low/moderate in risk, and/or temporary, and/or is not in a critical area position.

10.6 LESSOR PERSONNEL SUITABILITY REQUIREMENTS (10/13)

A. This clause applies to the extent that this lease requires Lessor's employees, agents, subcontractors, or consultants to have unescorted access to FAA:

1. Facilities;
2. Sensitive information; and/or;
3. Resources regardless of the location where such access occurs, and none of the exceptions of FAA Order 1600.72A, Lessor and Industrial Security Program, Chapter 5, paragraphs 4, 6, 7 and 8 pertains.
Definitions of applicable terminology are contained in the corresponding guidance and FAA Order 1600.72A, appendix A.

B. Consistent with FAA Order 1600.72A, the FAA Servicing Security Element (SSE) has approved designated risk levels for the positions under the lease. Those designated risk levels are:

Janitorial – Level 1

Janitorial Supervisor – Level 1

Maintenance – Level 1

C. If a National Agency Check with Inquiries (NACI) or other investigation is required under paragraph (b) for a given position, the Lessor will submit to the Real Estate Contracting Officer (RECO) a point of contact (POC) that will enter applicant data into the Vendor Applicant Process (VAP) system (vap.faa.gov). VAP is a FAA system used to process and manage security information for FAA contractor personnel. Each contract may have up to 5 POCs. Once designated, a VAP administrator will provide each POC a Web ID and password.

The type of investigation conducted will be determined by the position risk level designation for all duties, functions, and/or tasks performed and will serve as the basis for granting a favorable employment suitability authorization as described in FAA Order 1600.72A. If an employee has had a previous U. S. Government conducted background investigation which meets the requirements of Chapter 5 of FAA Order 1600.72A and Homeland Security Presidential Directive 12 (HSPD-12), it will be accepted by the FAA.

However, the FAA reserves the right to conduct further investigations, if necessary. The contract may include positions that are temporary, seasonal, or under escort only.

In such cases, an OPM Position Designation or FAA Form 1600-77 for each specific position will be established as the investigative requirements may differ from the NACI.

The following information must be entered into VAP by the POC for each applicant requiring an investigation:

- Name;
- Date and place of birth (city and state);
- Social Security Number (SSN);
- Position and office location;
- Contract number;
- Current e-mail address and telephone number (personal or work); and
- Any known information regarding current security clearance or previous investigations (e.g. the name of the investigating entity, type of background investigation conducted, contract number, labor category (Position), and approximate date the previous background investigation was completed).

If a prior investigation exists and there has not been a 2 year break in service by the applicant, the SSE will notify the Lessor that no investigation is required and that final suitability is approved.

If no previous investigation exists, the SSE will send the applicant an e-mail (this step may be delegated to VAP POC):

- Stating that no previous investigation exists and the applicant must complete a form through the Electronic Questionnaires for Investigations Processing (eQIP) system
- Instructing the applicant how to enter and complete the eQIP form;
- Providing where to send/fax signature and release pages and other applicable forms; and
- Providing instructions regarding fingerprinting.

The applicant must complete the eQIP form and submit other required material within 15 days of receiving the e-mail from the SSE.

For items to be submitted outside eQIP, the Lessor must submit the required information with a transmittal letter referencing the lease number to:

Headquarters Contracts:

Manager, Personnel Security Division, AIN-400
800 Independence Avenue, S.W., Room 315
Washington, D.C. 20591

Regional and Center Contacts:

Federal Aviation Administration, Manager, Personnel Security Division, ASO-700
1701 Columbia Avenue, College Park, Georgia 30337

- D. The Lessor must submit the information required by paragraph (c) of this Clause for any new employee not listed in the Lessor's initial submission who is hired into any position identified in paragraph (b) of this Clause.
- E. The RECO will provide notice to the Lessor when any Lessor employee is found to be unsuitable or otherwise objectionable, or whose conduct appears contrary to the public interest, or inconsistent with the best interest of national security. The Lessor must take appropriate action, including the removal of such employee from working on this FAA contract, at their own expense. Once action has been taken, the Lessor will report the action to the RECO and SSE.
- F. No Lessor employee will work in a high, moderate, or low risk position unless the SSE has received all forms necessary to conduct any required investigation and has authorized the Lessor employee to begin work.
- G. The Lessor must notify the RECO within one (1) business day after any employee identified pursuant to paragraph (c) of this Clause is terminated from performance on the contract. This notification must be done utilizing the Removal Entry Screen of VAP. If FAA issued the terminated employee an identification card, the Lessor must collect the card and submit it to the SSE.
- H. The Lessor must request a report from the VAP on at least a semiannual basis in order to reconcile discrepancies and then must notify the SSE of these discrepancies as soon as possible.
- I. The RECO may also, after coordination with the SSE and other security specialists, require Lessor employees to submit any other security information (including additional fingerprinting) deemed reasonably necessary to protect the interests of the FAA. In this event, the Lessor must provide, or cause each of its employees to provide, such security information to the SSE, to meet the requirements of paragraph (c) of this Clause.

- J. The Lessor and/or subcontractor(s) must contact the Servicing Security Elements (Regional and/or Center Security Divisions) or AIN-400 at Headquarters within one (1) business day in the event an employee is arrested (detained by law enforcement for any offenses, other than minor traffic offenses) or is involved in theft of government property or the Lessor becomes aware of any information that may raise a question about the suitability of a Lessor employee.
- K. Failure to submit information required by this clause within the time required may be determined by the RECO as a material breach of the contract.
- L. If subsequent to the effective date of this contract, the security classification or security requirements under this contract are changed by the Government and if the changes cause an increase or decrease in direct contract costs or otherwise affect any other term or condition of this contract, the contract will be subject to an equitable adjustment.
- M. The Lessor agrees to insert terms that conform substantially to the language of this clause, including paragraph (k) but excluding any reference to the Changes clause of this contract, in all subcontracts under this contract that involve access and where the exceptions under Chapter 5, FAA Order 1600.72A do not apply.
- N. Lessor employees who have not undergone a background investigation must be escorted at all times. In some instances, a Lessor employee may be required to serve as an escort. To serve as an escort, a Lessor employee must have a favorably adjudicated fingerprint check and initiated a NACI with FAA.

10.7 ACCESS TO FAA SYSTEMS AND GOVERNMENT-ISSUED KEYS, PERSONAL IDENTIFY VERIFICATION (PIV) CARDS, AND VEHICLE DECALS (10/13) -

- A. It may become necessary for the Government to grant access to FAA systems or issue keys, PIV cards, vehicle decals, and/or access control cards to Lessor employees. Prior to or upon completion or termination of the work required hereunder, the Lessor must return all such Government-issued items and submit a request to terminate all user accounts on applicable FAA systems to the issuing office with notification to the Contracting Officer's Representative (COR). When Lessor employees who have been issued such items are terminated or no longer required to perform the work, the Government-issued items must be returned to the Government and a request submitted for the termination of FAA system access within three (3) business days after termination of the contract or the employee. Improper use, possession or alteration of FAA issued keys, PIV Cards and/or vehicle decals is subject to penalties under Title 18, USC 499, 506, 701, and 1030.

- B. In the event such keys, PIV Cards, or vehicle decals are lost, stolen, or not returned, the Lessor understands and agrees that the Government may, in addition to any other withholding provision of the contract, withhold \$100.00 for each key, PIV Card, and vehicle decal lost, stolen, or not returned. If the keys, PIV Cards, or vehicle decals are not returned within 30 calendar days from the date the withholding action was initiated, any amount so withheld must be forfeited by the Lessor.
- C. Access to aircraft ramp/hangar areas is authorized only to those persons displaying a flight line identification card and for vehicles, a current ramp permit issued pursuant to Title 49, Part 1542, Code of Federal Regulations.
- D. The Government retains the right to inspect inventory, or audit PIV Cards, keys, vehicle decals, and access control cards issued to the Lessor in connection with the contract at the convenience of the Government. Any items not accounted for, to the satisfaction of the Government will be assumed to be lost and the provisions of section (b) apply.
- E. Keys must be obtained from the COR who will require the Lessor to sign a receipt for each key obtained. Lost or stolen keys, PIV Cards, vehicle decals, and access control cards must immediately be reported concurrently to the Real Estate Contracting Officer (RECO), **FAA Real Estate Branch, ALO-620, 1701 Columbia Avenue, Atlanta, Georgia 30337**. Electronic keying cards are handled in the same manner as metal keys.
- F. Each contract employee, during all times of on-site performance at the **Greater Asheville Regional Airport Authority, Asheville, NC, ATCT** must prominently display his/her current and valid PIV card on the front portion of his/her body between the neck and waist. Each PIV card holder must not affix pins, stickers, or other decorations to the PIV.
1. Prior to any Lessor employee obtaining a PIV Card or vehicle decals, the Lessor is required to enter data for each employee into the Vendor Applicant Process (VAP) as described in AMS clause 3.14-2, Contractor Personnel Suitability Requirements. From the information entered into the VAP, the SSE will determine whether final suitability can be granted due to the existence of a previous investigation, or will initiate the Lessor applicant into the Electronic Questionnaires for Investigations Processing (eQIP) system so that the applicant can complete the investigative forms. Interim suitability cannot be granted until the eQIP form is completed, and fingerprints and signature pages are submitted to the SSE. When an interim is granted by the SSE, the individual may begin work under escort until their OPM fingerprint check has been returned and successfully adjudicated. Once the OPM fingerprint check has been successfully adjudicated, they can then be badged. If the contract employee requires a

- PIV Card, a fingerprint check must be completed and favorably adjudicated by the SSE prior to approval or issuance of the PIV card.
2. To obtain the PIV Card, Lessor employee must submit an identification Card/Credential Application (DOT 1681) signed by the Lessor employee and by the authorized trusted agent (when applicable) and also by the authorized sponsor to the RECO or to the COR. The DOT 1681 must contain, as a minimum, under the "Credential Justification" heading, the name of the Lessor/company, the contract number or the appropriate acquisition identification number, the expiration date of the contract or the task (whichever is sooner), and the required signatures. The Lessor will be notified when the DOT 1681 has been approved and is ready for processing by the PIV Office: **ASH AHE-100 1701 Columbia Avenue, Atlanta, Georgia 30337**. Arrangements for processing the identification cards, including photographs and lamination can be made by contacting **the Risk Management Specialist (404) 305-6781**.
 3. The Lessor must contact the SSE to obtain the procedures that the Lessor's employees must utilize to obtain their PIV Card.
- G. The Lessor is responsible for ensuring final out-processing is accomplished for all departing Lessor employees. Final out-processing must be accomplished by close of business the final workday of the Lessor employee or the next day under special conditions. The SSE must be notified in writing and ensure that all FAA media, including the PIV card, are returned to the SSE.

11 ENVIRONMENTAL CLAUSES

RECYCLING (01/16) - Where state or local law, code, or ordinance requires recycling programs (including those for mercury containing lamps) for the space to be provided, the Lessor shall comply with such State and/or local law, code, or ordinance. In all other cases, the Lessor shall establish a recycling program for paper, corrugated cardboard, glass, plastics, and metals to the extent practicable and where local markets for those recovered materials exist. The Lessor agrees, upon request, to provide the Government with additional information concerning recycling programs maintained in the building and in the leased space after lease execution.

11.4 INDOOR AIR QUALITY (01/16) - The Lessor shall control contaminants at the source and/or operate the space in such a manner that the indicator levels for carbon monoxide (CO), carbon dioxide (CO₂), and formaldehyde (CH₂O), are not exceeded. The indicator levels for office area are as follows: CO less than 5 parts per million (PPM) time weighted average (TWA - 8-hour sample); CO₂ - 700 PPM (TWA); CH₂O - 0.027 PPM (TWA). All indoor air contaminant levels in leased space will be kept below appropriate OSHA regulations or Consensus standards, whichever is stricter.

Air quality and facility cleaning will be required and adequate to prevent the growth of mold, mildew and bacteria. Any visual evidence of these will require immediate sampling and remediation. Moisture/standing water will be controlled to prevent the growth of these.

During working hours, ventilation shall be provided in accordance with the latest edition of ANSI/American Society of Heating, Refrigerating, and Air-Conditioning Engineers (ASHRAE) Standard 62, *Ventilation for Acceptable Indoor Air Quality* And ASHRAE Standard 55, *Thermal Environmental Conditions for Human Occupancy*.

The Lessor shall promptly investigate indoor air quality (IAQ) complaints and shall implement controls including alteration of building operating procedures (e.g., adjusting air intakes, adjusting air distribution, cleaning and maintaining heating, ventilation and air conditioning (HVAC) systems, etc.). The FAA is responsible for addressing IAQ problems resulting from its own activities.

The Lessor will provide SDS to the FAA facility manager for all chemicals cleaning solutions prior to their use in the FAA spaces or other buildings that might affect air quality in the FAA space(s). Materials should contain low or no Volatile Organic Compounds (VOC) and additional ventilation may be required when using chemicals and cleaning solutions.

11.5 MOLD GROWTH IDENTIFICATION AND CONTROL (1/16) - The Lessor shall control mold growth and their sources including excessive levels of moisture and humidity.

Following a water-intrusion event, the Lessor must identify the water source and immediately implement water-extraction and -drying efforts. Once the water source is identified, the Lessor must take action to prevent additional water damage and ensure that permanent fixes are in place prior to build-back and restoring building materials. Within 24–48 hours of water damage from clean water sources, (e.g., water supply lines, rainwater, and snowmelt from rooftops) all building materials must be dried to a moisture level that will not support mold growth.

All porous materials contaminated with sewage or other Category 2 (e.g., washing machine overflows, toilet overflows, and non-feces waters) or 3 (sewage backups and overflows from beyond toilet traps, feces, floodwaters, and groundwater intrusion) water sources must be discarded. All non-porous material must be cleaned and disinfected.

Mold remediation and cleaning must be conducted using recognized industry methods and practices (e.g. Institute of Inspection, Cleaning and Restoration Certification (IICRC) S500 Standard and Reference Guide for Professional Water Damage Restoration, IICRC-S520 Standard and Reference Guide for Professional Mold Remediation, 2008, and National Air Duct Cleaners Association (NADCA): Assessment, Cleaning and Restoration of HVAC Systems, ACR 2006). State requirements concerning mold remediation contractors training and licensing must be followed.

The Lessor must coordinate with the FAA Facility Manager regarding all mold remediation operations. The FAA must be afforded the opportunity to provide input in the mold remediation process. Biocides must be used cautiously and in accordance with EPA requirements. A Certified Industrial Hygienist (CIH) must pre-approve the use of EPA- approved biocides in air conveyance systems.

11.6 DRINKING WATER (01/16) - The lessor shall ensure that drinking water provided in the leased space meets the standards prescribed in Safe Drinking Water Act, 42 U.S.C § 300. The lessor shall test the sources of drinking water in the leased space (faucets, drinking water fountains, ice machines, etc.) on a periodic basis, but no less than every three years to ensure water quality (e.g., lead, copper, total coliforms). If the lessor performs plumbing and/or renovation work in the leased space that impacts the drinking water (i.e., replacement of water lines), the lessor shall test the drinking water in the area affected by the plumbing and/or renovation work. The Lessor shall provide a copy of any test report to the RECO and facility manager.

11.7 HAZARDOUS MATERIALS (04/12) - The facility and equipment provided by the Lessor shall minimize the use of lead and mercury, in accordance with FAA Order 1050.10C, Prevention, Control, and Abatement of FAA Environmental Pollution; be free of Class I ozone-depleting substances (ODSs), HCFC-22, HCFC-141b, and HCFC-142b, in accordance with 40 CFR Part 82, Protection of Stratospheric Ozone; and be free of polychlorinated biphenyls (PCBs), in accordance with 40 CFR Part 761.

The Lessor shall ensure that FAA personnel are protected from asbestos hazards, in accordance with 29 CFR 1910.1001, Asbestos, and FAA Order 1050.20A, Airway Facilities Asbestos Control Program.

11.8 HALON (04/12) - Halon must not be used as a fire extinguishing system in any FAA leased space.

- 11.9 RADON (01/16) – Lessor must provide the FAA with a Radon Evaluation Report for the leased facility when requested. Radon air levels in leased premises to the FAA must meet applicable standards of four (4) picocuries per liter (pCi/L). If radon levels are found to be at or above 4 pCi/L, the Lessor will develop and promptly implement a plan of corrective action, including testing, to ensure radon air levels are maintained below 4.0 pCi/L at all times. Testing shall be done in accordance with EPA guidance for accreditation and certification in radon testing.
- 11.10 REFRIGERANTS (8/02) - The Lessor will identify which refrigerants are used in the HVAC systems in the spaces covered by this lease. The lease will provide for use of refrigerants consistent with EPA and ASHRAE requirement.
- 11.11 ASBESTOS (01/16) - The Lessor must ensure that FAA personnel are protected from asbestos hazards, in accordance with:
1. 29 CFR 1910.1001, Asbestos (General Industry)
 2. 29 CFR 1926.1101, Asbestos (Construction)
 3. 40 CFR 763, Subpart E, Asbestos Containing Materials in Schools, Asbestos Hazard Emergency Response Act (AHERA)
 4. 40 CFR 61, Subpart M, National Emissions Standards for Hazardous Air Pollutants (NESHAP)
 5. FAA Order 1050.20
 6. FAA Order 3900.19
 7. State and local asbestos regulations

Notwithstanding inspection and acceptance by the Government or any provision concerning the conclusiveness thereof, the Lessor warrants that all space leased to the Government under this contract, which space is not limited to that set forth in this Lease, but which also shall include spaces above suspended ceilings in the leased space, air plenums elsewhere in the building which service the leased space, engineering spaces in the same ventilation zone as the leased space, public spaces and common use space (e.g., lobbies, hallways) will, at the time of acceptance and during the term of this Lease, including all extensions thereof, comply with asbestos regulatory requirements.

The RECO shall notify the Lessor in writing of any failure to comply with asbestos requirements, within 5 days after the discovery thereof. All construction by the Lessor is required to comply with the OSHA, EPA, and state/local regulations for asbestos, and FAA Orders.

The leased premises and common areas frequented by FAA employees (such as restrooms, corridors, and lobbies) shall be free of all asbestos-containing material during the time of this lease. If Asbestos Containing Materials (ACMs) are found to be in the leased space, the Government reserves the right to require the Lessor, at no cost to the Government, to take whatever corrective action is required by OSHA, EPA, state and local requirements.

All facilities are required to have a current and thorough asbestos building survey or an asbestos free certification (in accordance with Federal, state and local regulations) conducted by a qualified inspector, including a visual examination and bulk sampling. All ACM survey reports must be sent to the RECO.

If there is ACM remediation performed, the Lessor must provide the RECO and the FAA Facility Manager with an asbestos re-inspection report which indicates the location and condition of all ACM in the FAA leased areas and common areas of the facility.

The Lessor must ensure that there is a written Asbestos Operations and Maintenance (O&M) Program Plan for the facility which details the specific methods and procedures to manage the asbestos materials and maintain them in good condition. The plan, approved by the Government, must be implemented from the time the materials are discovered through the remainder of the lease term.

The Lessor must ensure that asbestos warning labels and signs are posted in accordance with OSHA regulations.

Prior to the start of any construction, renovation or maintenance activities at the facility that will impact building materials, the Lessor shall ensure that a determination has been made as to whether ACM will be impacted as part of the work. If ACM will be impacted, the Lessor must ensure that corrective actions are taken to prevent FAA employees from exposure to asbestos fibers.

If the Lessor supplies the janitorial or maintenance contracts, those employees must be informed of the presence and location of asbestos at the facility.

"Acceptance", as used in this clause means the act of an authorized representative of the Government by which the Government assumes for itself, or as an agent of another, the leased premises as ready for occupancy or approves a portion of the premises for occupancy in accordance with the provisions of this lease contract.

"Corrective Action", as used in this clause, means the removal, encapsulation or enclosure of ACM. All corrective actions must be conducted by qualified, licensed asbestos abatement contractors in accordance with OSHA, EPA, state, local and FAA requirements. Following such abatement actions, the Lessor shall adhere to the FAA's required post-asbestos-abatement air monitoring program requirements.

- 11.12 WARRANTY OF SPACE (01/16) - The Lessor warrants that all space leased to the Government under this contract must comply with Federal, state, and local regulations. The space lease is not limited to that set forth in this Lease, but which also shall include spaces above suspended ceilings in the leased space, air plenums elsewhere in the building which service the leased space, engineering spaces in the same ventilation zone as the leased space, public spaces and common use space (e.g., lobbies, hallways).
- 11.13 DAMAGE BY FIRE OR OTHER CASUALTY (10/96) - If the building or structure is partially or totally destroyed or damaged by fire or other casualty or if environmentally hazardous conditions are found to exist so that the leased premises is untenantable as determined by the Government, the Government may terminate the lease, in whole or in part, immediately by giving written notice to the Lessor and no further rental will be due.
- 11.14 ALTERATIONS (10/96) – The Government shall have the right during the existence of this lease to make alterations, attach fixtures, and erect structures or signs in or upon the premises hereby leased, which fixtures, additions or structures so placed in, on, upon, or attached to the said premises shall be and remain the property of the Government and may be removed or otherwise disposed of by the Government subject to the Lessor's approval not to be unreasonably withheld. The parties hereto mutually agreed and understood, that no restoration rights shall accrue to the Lessor for any alterations to the leased premises under this lease, and that the Government shall have the option of abandoning alterations in place, when terminating the lease, at no additional cost.

11.15 EXCUSABLE DELAYS (07/14)

- A. The Lessor shall not be in default because of any failure to perform this lease under its terms if the failure arises from causes beyond the control and without the fault or negligence of the Lessor. Examples of these causes are (1) acts of God or of the public enemy, (2) acts of the Government in either its sovereign or contractual capacity, (3) fires, (4) floods, (5) epidemics, (6) quarantine restrictions, (7) strikes, (8) freight embargoes, and (9) unusually severe weather. In each instance, the failure to perform must be beyond the control and without the fault or negligence of the Lessor. 'Default' includes failure to make progress in the work so as to endanger performance.
- B. The Real Estate Contracting Officer shall ascertain the facts and extent of the failure. If the Real Estate Contracting Officer determines that any failure to perform results from one or more of the causes above, the delivery schedule shall be revised, subject to the rights of the Government under the termination clause of this contract.

11.16 WIRING FOR TELEPHONES (10/96) - The Government reserves the right to provide its own telephone service in the space to be leased. It may have inside wiring and telephone equipment installed by the local telephone company or a private contractor. Alternately, the FAA may wish to consider using inside wiring installed by the Lessor, if available. However, the final decision will remain the Government's.

11.17 INSTALLATION OF ANTENNAS, CABLES AND OTHER APPURTENANCES (04/12) - The FAA shall have the right to install, operate and maintain antennas, wires and their supporting structures, including any linking wires, connecting cables and conduits atop and within buildings and structures, or at other locations, as deemed necessary by the Government. The Government will coordinate with the Lessor when installing antennas, cables, and other appurtenances.

11.18 UTILITIES NOT PROVIDED BY THE LESSOR (07/14) - If the cost of utilities is not included as part of the rental consideration, the Lessor must specify which utilities are excluded. The Lessor will provide separate meters for utilities to be paid for by the Government. When the Government is to pay for utilities, the Lessor will furnish the Real Estate Contracting Officer, prior to occupancy by the Government, written verification of the meter numbers and certification that these meters will measure FAA usage only. Proration is not permissible.

If the cost of utilities for heating, ventilation, and air conditioning is not included as part of the rental considerations, an automatic control system will be provided to assure compliance with heating and air conditioning provisions included in this specifications package.

12. **CLOSING**

NOTICES - All notices/correspondence shall be in writing, reference the Lease number, and be addressed as follows:

TO THE LESSOR:

Greater Asheville Regional Airport Authority

61 Terminal Drive, Suite #1

Fletcher, NC 28732

TO THE GOVERNMENT

Federal Aviation Administration

Real Estate & Utilities Group, ALO-620

1701 Columbia Avenue

Atlanta, GA. 30337

Attn: Wayne Simmons

Real Estate Contracting Officer (RECO)

404-305-5772

ATTACHMENTS:

EXEMPTION/EXCEPTION FROM SEISMIC CERTIFICATION*

FAA SAFETY AND ENVIRONMENTAL CERTIFICATION CHECKLIST

ABAAS COMPLIANCE REPORT

PUBLIC AUTHORIZATION CERTIFICATE

IN WITNESS WHEREOF, the parties hereto have signed their names.

Greater Asheville Regional Airport Authority

BY

Signature

Title

Date

Print Name

UNITED STATES OF AMERICA

BY

Signature

Real Estate
Contracting Officer

Title

Date

Wayne Simmons

Print Name

PUBLIC AUTHORIZATION CERTIFICATE

If agreement is made with a State, County, Municipality, or other public authority, the following certificate shall be executed by an authorized official:

I Lew Bleiweis certify that I am the Executive Director of the Asheville, North Carolina, Greater Asheville Regional Airport Authority named in the foregoing agreement; and that Lew Bleiweis who signed said agreement on behalf of the Asheville, North Carolina, Greater Asheville Regional Airport Authority was then Executive Director of said Asheville, North Carolina, Greater Asheville Regional Airport Authority; that said agreement was duly signed for and on behalf of Asheville, North Carolina, Greater Asheville Regional Airport Authority by authority of its governing body, and is within the scope of its powers.

Signed _____ <insert Seal of Authority>

VENDOR/MISCELLANEOUS PAYMENT INFORMATION FORM

AGENCY INFORMATION		
FEDERAL PROGRAM AGENCY: Federal Aviation Administration		
AGENCY IDENTIFIER: FAA	AGENCY LOCATION CODE (ALC): 69-00-1104	ACH FORMAT: [X] CCD+ [] CTX [] CTP
ADDRESS: 1701 Columbia Avenue, College Park, GA. 30337		
CONTACT PERSON NAME: Wayne Simmons		TELEPHONE NUMBER: (404) 305-5772
ADDITIONAL INFORMATION: Renewal of Greater Asheville Regional Airport Authority Lease Asheville, NC ATCT Lease # DTFAEN-15-L-00228, superseded FAA Lease # DTFAEN-11-L-00003		
PAYEE/COMPANY INFORMATION		
BUSINESS NAME: Greater Asheville Regional Airport Authority		SSN or TAXPAYER ID NO.
SOLE PROPRIETOR NAME (If different from above):	BUSINESS STATUS: {Check here if previously provided []} [] Individual/Sole Proprietor [] Corporation [] Partnership [] Other _____ (please specify)	
ADDRESS: 61 Terminal Drive, Suite #1, Fletcher, NC 28732		
CONTACT PERSON NAME: Lew Bleweis		TELEPHONE NUMBER: (828) 654-3243
<u>Are you subject to "backup withholding" per Internal Revenue Code Sec. 6041 or 6041A(a)? Please check one box below:</u>		
[] I am Exempt from Backup withholding [] I have not been notified by IRS that I am subject to Backup Withholding as a result of failure to report all interest or dividends [] the IRS has notified me that I am no		

VENDOR/MISCELLANEOUS PAYMENT INFORMATION FORM

longer subject to backup withholding.

TIN Certification. Under penalties of perjury, I certify that the number shown above is my correct TIN (or I am waiting for a number to be issued to me), and the backup withholding status as marked above is correct.

Signature ▶ _____ Date ▶ _____

FINANCIAL INSTITUTION INFORMATION

NAME:

If previously enrolled in the ACH Program at this site, please check this box

ADDRESS:

ACH COORDINATOR NAME:

TELEPHONE NUMBER:

()

NINE-DIGIT ROUTING TRANSIT NUMBER:

DEPOSITOR ACCOUNT TITLE:

DEPOSITOR ACCOUNT NUMBER

TYPE OF ACCOUNT:

CHECKING SAVINGS LOCKBOX

SIGNATURE AND TITLE OF AUTHORIZED OFFICIAL:

TELEPHONE NUMBER:

()

Signature Not Required

VENDOR/MISCELLANEOUS PAYMENT INFORMATION FORM

FORM INSTRUCTIONS:

This form is to be used only for those vendors that are exempted from registration in Central Contractor Registration (CCR).

This form is used for both Taxpayer Identification Number (TIN) notification and Automated Clearing House (ACH) payments with an addendum record that contains payment-related information processed through the Vendor Express Program. Recipients of these payments should bring this information to the attention of their financial institution when presenting this form for completion.

PRIVACY ACT STATEMENT

The following information is provided to comply with the Privacy Act of 1974 (P.L. 93-579) and the Debt Collection Improvement Act of 1996 (P.L. 104-134, Ch. 10). All information collected on this form is required under the provisions of 31 U.S.C. 3322 and 7701, 31 CFR 210, and Internal Revenue Code 6109. This information will be used by the Treasury Department to transmit payment data, by electronic means to vendor's financial institution. The FAA will use the TIN information for purposes of collecting and reporting on any delinquent amounts arising out of such person's relationship with the Government. Failure to provide the information may delay or prevent the receipt of payments through the Automated Clearing

NOTARY ACKNOWLEDGEMENT

STATE OF _____

COUNTY OF _____

On this, the _____ **day of** _____, **Two Thousand** _____

before me, _____ **a Notary Public in and for the**

County of _____, **State of** _____, **duly**

commissioned and qualified, personally appeared, _____ **known to me to be the person described in and whose name is subscribed to the attached instrument, and acknowledged to me that he/she executed the instrument for the purposes and consideration therein stated.**

IN WITNESS WHEREOF, I have hereunto set my hand and affixed my office seal, at my office the day and year in this certificate first written above.

By: _____

My Commission Expires: _____



MEMORANDUM

TO: Members of the Airport Authority
FROM: Lew Bleiweis, A.A.E., Executive Director
DATE: August 5, 2016

ITEM DESCRIPTION – Information Section Item A

June, 2016 Traffic Report – Asheville Regional Airport

SUMMARY

June, 2016 overall passenger traffic numbers were up 2.2% compared to the same period last year. Passenger traffic numbers reflect a 2.8% increase in passenger enplanements from June, 2015. Enplanements for Fiscal Year to Date total 395,496 which is a 1.1% decrease over the same period last year.

AIRLINE PERFORMANCE

Allegiant Airlines: Year over Year passenger enplanements for Allegiant in June 2016 were up by 11.7%. There were no flight cancellations for the month.

American Airlines: American's June 2016 passenger enplanements represent a 5.9% decrease over the same period last year. There were ten (10) flight cancellations for the month.

Delta Airlines: Delta's June 2016 enplanements increased by 3.1% compared to June 2015. There was one (1) flight cancellation for the month.

United Airlines: In June 2016, United Airlines saw a decrease in enplanements by 5.1% over the same period last year. There were no flight cancellations for the month.

Monthly Traffic Report Asheville Regional Airport

June 2016



Category	Jun 2016	Jun 2015	Percentage Change	*CYTD-2016	*CYTD-2015	Percentage Change	*MOV12-2016	*MOV12-2015	Percentage Change
Passenger Traffic									
Enplaned	41,280	40,167	2.8%	175,902	180,405	-2.5%	388,259	391,906	-0.9%
Deplaned	<u>42,336</u>	<u>41,625</u>	1.7%	<u>175,737</u>	<u>182,259</u>	-3.6%	<u>387,851</u>	<u>394,427</u>	-1.7%
Total	83,616	81,792	2.2%	351,639	362,664	-3.0%	776,110	786,333	-1.3%
Aircraft Operations									
Airlines	652	474	37.6%	2,813	2,670	5.4%	6,115	5,924	3.2%
Commuter /Air Taxi	<u>1,016</u>	<u>1,097</u>	-7.4%	4,553	4,221	7.9%	10,360	9,794	5.8%
Subtotal	<u>1,668</u>	<u>1,571</u>	6.2%	<u>7,366</u>	<u>6,891</u>	6.9%	<u>16,475</u>	<u>15,718</u>	4.8%
General Aviation	3,899	3,726	4.6%	21,224	18,298	16.0%	44,458	42,432	4.8%
Military	<u>484</u>	<u>555</u>	-12.8%	<u>2,042</u>	<u>2,903</u>	-29.7%	<u>4,789</u>	<u>6,723</u>	-28.8%
Subtotal	<u>4,383</u>	<u>4,281</u>	2.4%	<u>23,266</u>	<u>21,201</u>	9.7%	<u>49,247</u>	<u>49,155</u>	0.2%
Total	6,051	5,852	3.4%	30,632	28,092	9.0%	65,722	64,873	1.3%
Fuel Gallons									
100LL	16,779	16,016	4.8%	80,184	65,434	22.5%	171,615	149,852	14.5%
Jet A (GA)	124,518	117,645	5.8%	529,500	490,060	8.0%	1,188,345	1,159,999	2.4%
Subtotal	<u>141,297</u>	<u>133,661</u>	5.7%	<u>609,684</u>	<u>555,494</u>	9.8%	<u>1,359,960</u>	<u>1,309,851</u>	3.8%
Jet A (A/L)	<u>271,192</u>	<u>287,806</u>	-5.8%	<u>1,047,150</u>	<u>1,100,269</u>	-4.8%	<u>2,663,573</u>	<u>2,500,612</u>	6.5%
Total	412,489	421,467	-2.1%	1,656,834	1,655,763	0.1%	4,023,533	3,810,463	5.6%

*CYTD = Calendar Year to Date and *Mov12 = Moving Twelve Months.

Wednesday, July 20, 2016

Airline Enplanements, Seats, and Load Factors

Asheville Regional Airport

June 2016



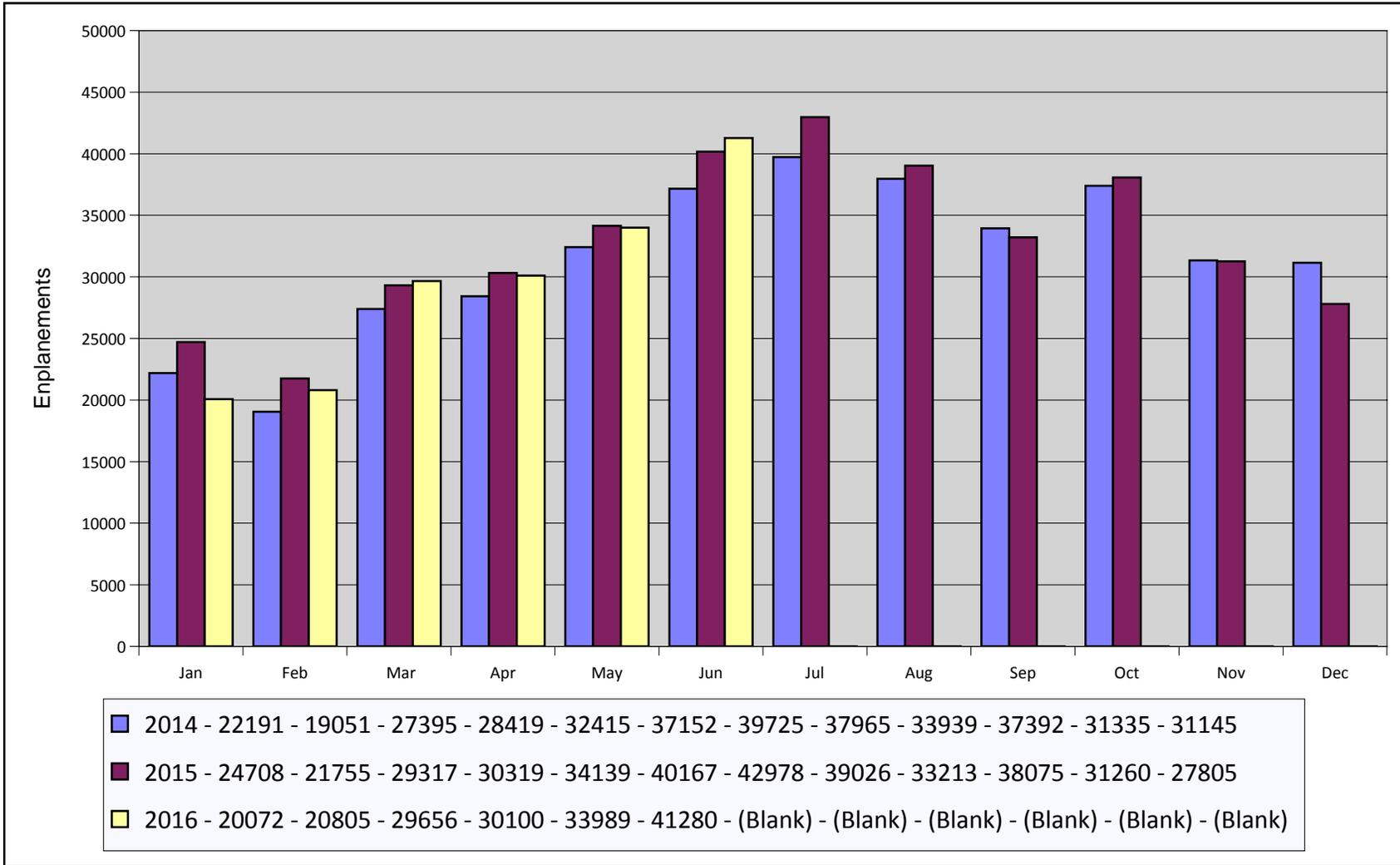
	Jun 2016	Jun 2015	Percentage Change	*CYTD-2016	*CYTD-2015	Percentage Change
Allegiant Air						
Enplanements	14,314	12,816	11.7%	50,913	49,710	2.4%
Seats	17,030	14,793	15.1%	59,505	56,959	4.5%
Load Factor	84.1%	86.6%	-3.0%	85.6%	87.3%	-2.0%
American Airlines						
Enplanements	8,624	9,161	-5.9%	43,162	48,160	-10.4%
Seats	10,423	11,223	-7.1%	58,920	67,326	-12.5%
Load Factor	82.7%	81.6%	1.4%	73.3%	71.5%	2.4%
Delta Air Lines						
Enplanements	13,588	13,182	3.1%	65,900	66,589	-1.0%
Seats	16,986	15,902	6.8%	84,155	85,418	-1.5%
Load Factor	80.0%	82.9%	-3.5%	78.3%	78.0%	0.5%
United Airlines						
Enplanements	4,754	5,008	-5.1%	15,927	15,946	-0.1%
Seats	5,466	5,700	-4.1%	18,548	18,666	-0.6%
Load Factor	87.0%	87.9%	-1.0%	85.9%	85.4%	0.5%
Totals						
Enplanements	41,280	40,167	2.8%	175,902	180,405	-2.5%
Seats	49,905	47,618	4.8%	221,128	228,369	-3.2%
Load Factor	82.7%	84.4%	-1.9%	79.5%	79.0%	0.7%

Airline Flight Completions Asheville Regional Airport June 2016

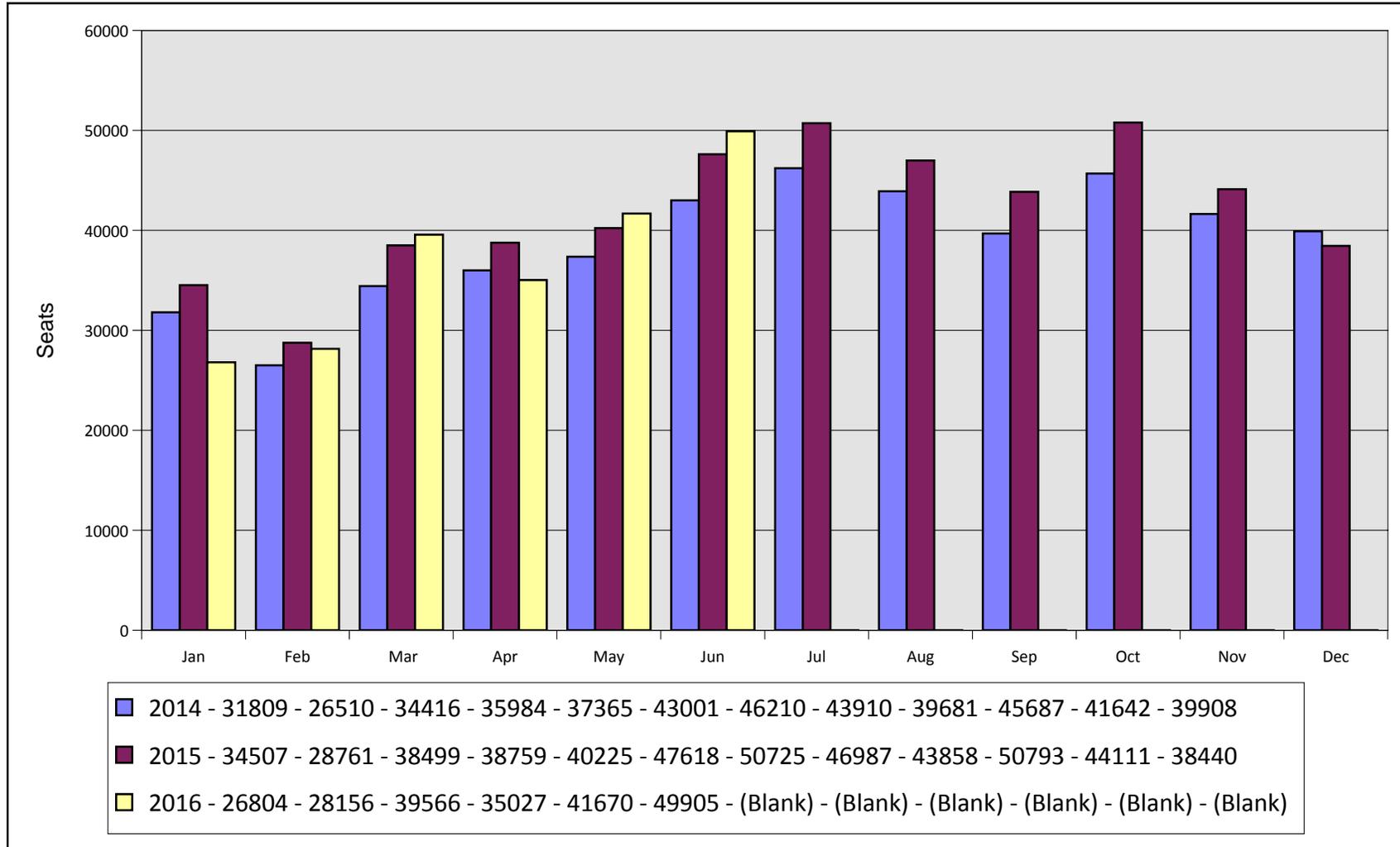


Airline	Scheduled Flights	Field	Cancellations Due To			Total Cancellations	Percentage of Completed
			Mechanical	Weather	Other		
Allegiant Air	112	0	0	0	0	0	100.0%
American Airlines	207	0	7	2	1	10	95.7%
Delta Air Lines	228	0	0	1	0	1	99.6%
United Airlines	109	0	0	0	0	0	100.0%
Total	656	0	7	3	1	11	98.3%

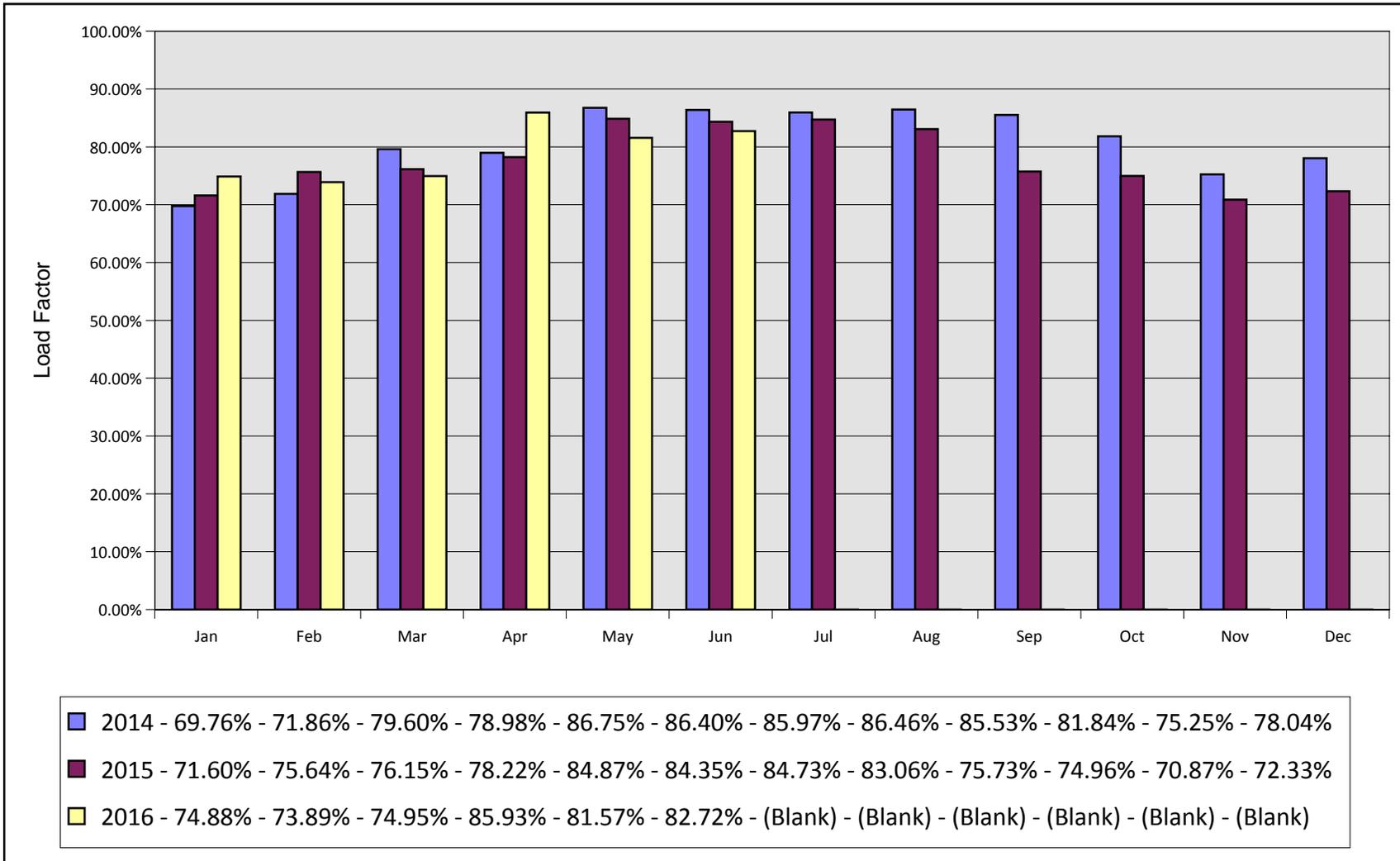
Monthly Enplanements By Year Asheville Regional Airport



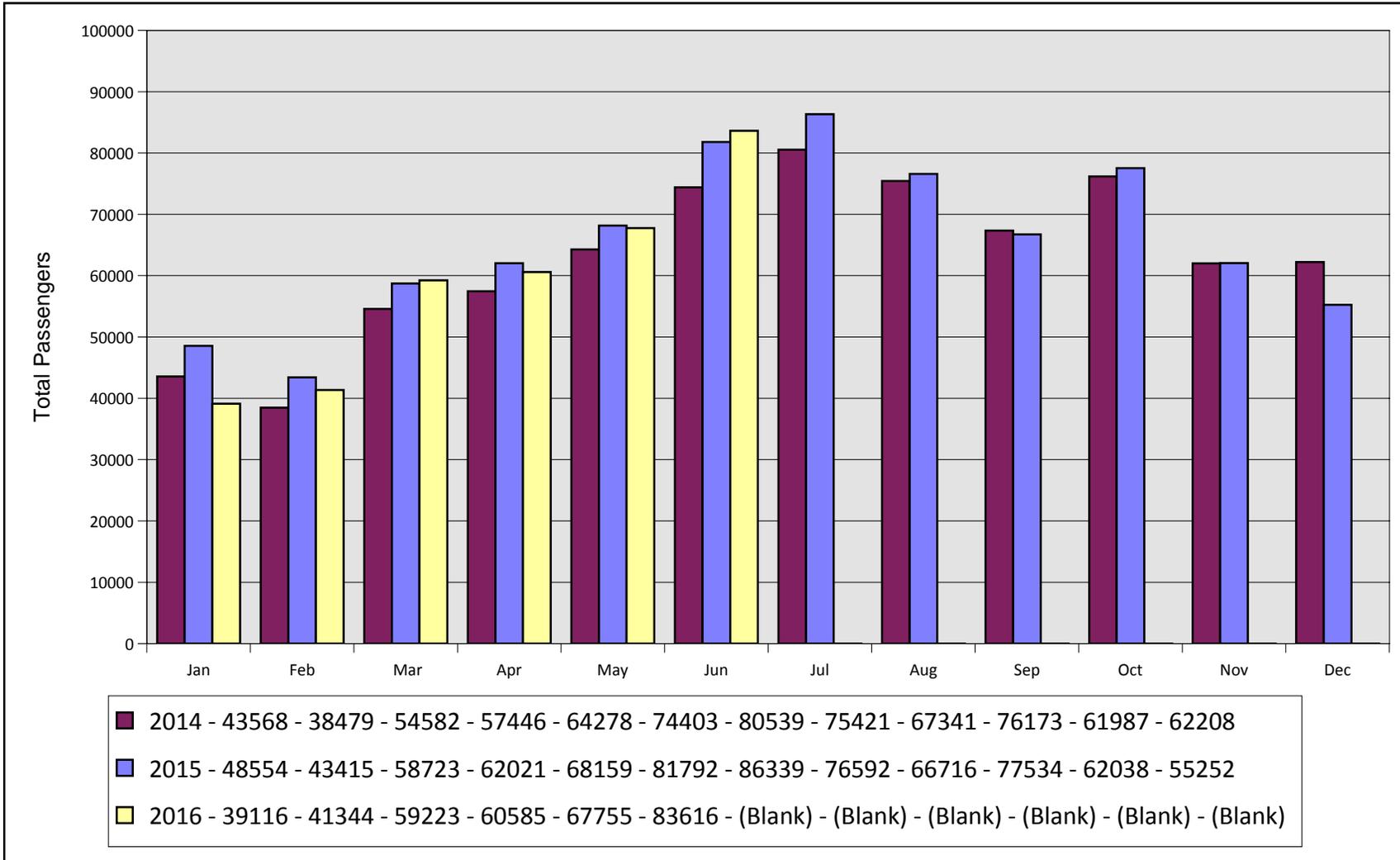
Monthly Seats By Year Asheville Regional Airport



Monthly Load Factors By Year Asheville Regional Airport

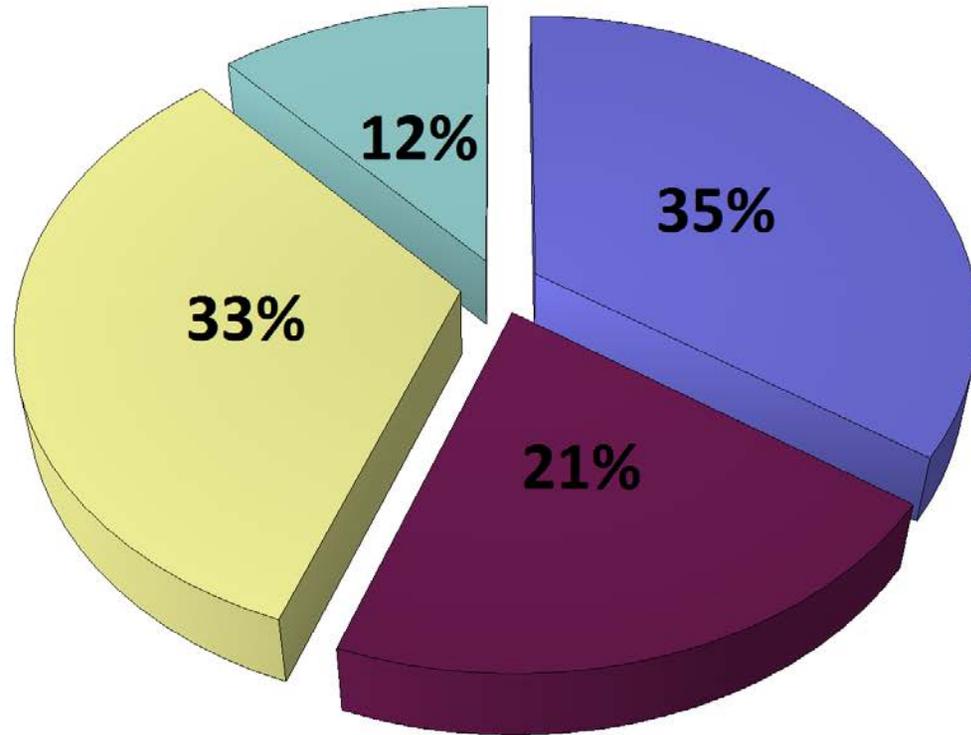


Total Monthly Passengers By Year Asheville Regional Airport



Airline Market Share Analysis (Enplanements) Asheville Regional Airport

Report Period From June 2016 Through June 2016



Schedule Weekly Summary Report for nonstop Passenger (Air - All) flights from AVL for travel August 2016 vs. August 2015

Travel Period			Aug 2016		Aug 2015		Diff		Percent Diff	
Mkt AI	Orig	Dest	Ops/Week	Seats	Ops/Week	Seats	Ops/Week	Seats	Ops/Week	Seats
AA	AVL	CLT	47	2,652	0	0	47	2,652		
AA	CLT	AVL	47	2,652	0	0	47	2,652		
DL	ATL	AVL	52	3,693	46	3,577	6	116	13.0%	3.2%
DL	AVL	ATL	52	3,693	46	3,577	6	116	13.0%	3.2%
DL	AVL	LGA	1	50	1	50	0	0	0.0%	0.0%
DL	LGA	AVL	1	50	1	50	0	0	0.0%	0.0%
G4	AVL	BWI	2	332	0	0	2	332		
G4	AVL	FLL	4	675	4	708	0	(33)	0.0%	(4.7%)
G4	AVL	JAX	2	332	0	0	2	332		
G4	AVL	PBI	3	498	3	498	0	0	0.0%	0.0%
G4	AVL	PGD	4	664	4	664	0	0	0.0%	0.0%
G4	AVL	PIE	5	841	5	885	0	(44)	0.0%	(5.0%)
G4	AVL	SFB	3	498	3	498	0	0	0.0%	0.0%
G4	BWI	AVL	2	332	0	0	2	332		
G4	FLL	AVL	4	675	4	708	0	(33)	0.0%	(4.7%)
G4	JAX	AVL	2	332	0	0	2	332		
G4	PBI	AVL	3	498	3	498	0	0	0.0%	0.0%
G4	PGD	AVL	4	664	4	664	0	0	0.0%	0.0%
G4	PIE	AVL	5	841	5	885	0	(44)	0.0%	(5.0%)
G4	SFB	AVL	3	498	3	498	0	0	0.0%	0.0%
UA	AVL	EWR	7	350	8	400	(1)	(50)	(12.5%)	(12.5%)
UA	AVL	ORD	22	1,100	22	1,100	0	0	0.0%	0.0%
UA	EWR	AVL	7	350	8	400	(1)	(50)	(12.5%)	(12.5%)
UA	ORD	AVL	22	1,100	22	1,100	0	0	0.0%	0.0%
US	AVL	CLT	0	0	48	2,690	(48)	(2,690)	(100.0%)	(100.0%)
US	CLT	AVL	0	0	48	2,690	(48)	(2,690)	(100.0%)	(100.0%)
			304	23,370	288	22,140	16	1,230	5.6%	5.6%

Schedule Weekly Summary Report for nonstop Passenger (Air - All) flights from AVL for travel September 2016 vs. September 2015

Travel Period			Sep 2016		Sep 2015		Diff		Percent Diff	
Mkt AI	Orig	Dest	Ops/Week	Seats	Ops/Week	Seats	Ops/Week	Seats	Ops/Week	Seats
AA	AVL	CLT	46	2,887	0	0	46	2,887		
AA	CLT	AVL	46	2,887	0	0	46	2,887		
DL	ATL	AVL	48	3,336	47	3,396	1	(60)	2.1%	(1.8%)
DL	AVL	ATL	48	3,336	47	3,396	1	(60)	2.1%	(1.8%)
G4	AVL	BWI	2	332	0	0	2	332		
G4	AVL	FLL	5	863	2	343	3	520	150.0%	151.6%
G4	AVL	PBI	0	0	2	343	(2)	(343)	(100.0%)	(100.0%)
G4	AVL	PGD	3	520	2	332	1	188	50.0%	56.6%
G4	AVL	PIE	3	509	4	675	(1)	(166)	(25.0%)	(24.6%)
G4	AVL	SFB	3	509	2	343	1	166	50.0%	48.4%
G4	BWI	AVL	2	332	0	0	2	332		
G4	FLL	AVL	5	863	2	343	3	520	150.0%	151.6%
G4	PBI	AVL	0	0	2	343	(2)	(343)	(100.0%)	(100.0%)
G4	PGD	AVL	3	520	2	332	1	188	50.0%	56.6%
G4	PIE	AVL	3	509	4	675	(1)	(166)	(25.0%)	(24.6%)
G4	SFB	AVL	3	509	2	343	1	166	50.0%	48.4%
UA	AVL	EWR	7	350	7	350	0	0	0.0%	0.0%
UA	AVL	ORD	25	1,250	25	1,250	0	0	0.0%	0.0%
UA	EWR	AVL	7	350	7	350	0	0	0.0%	0.0%
UA	ORD	AVL	25	1,250	25	1,250	0	0	0.0%	0.0%
US	AVL	CLT	0	0	52	3,098	(52)	(3,098)	(100.0%)	(100.0%)
US	CLT	AVL	0	0	52	3,098	(52)	(3,098)	(100.0%)	(100.0%)
			284	21,112	286	20,260	(2)	852	(0.7%)	4.2%

Schedule Weekly Summary Report for nonstop Passenger (Air - All) flights from AVL for travel October 2016 vs. October 2015

Travel Period			Oct 2016		Oct 2015		Diff		Percent Diff	
Mkt AI	Orig	Dest	Ops/Week	Seats	Ops/Week	Seats	Ops/Week	Seats	Ops/Week	Seats
AA	AVL	CLT	46	2,874	0	0	46	2,874		
AA	CLT	AVL	46	2,874	0	0	46	2,874		
DL	ATL	AVL	48	3,825	47	3,370	1	455	2.1%	13.5%
DL	AVL	ATL	48	3,810	47	3,370	1	440	2.1%	13.1%
G4	AVL	BWI	2	332	0	0	2	332		
G4	AVL	FLL	6	1,018	4	675	2	343	50.0%	50.8%
G4	AVL	PBI	0	0	4	686	(4)	(686)	(100.0%)	(100.0%)
G4	AVL	PGD	4	697	3	498	1	199	33.3%	40.0%
G4	AVL	PIE	6	1,029	5	841	1	188	20.0%	22.4%
G4	AVL	SFB	4	664	4	686	0	(22)	0.0%	(3.2%)
G4	BWI	AVL	2	332	0	0	2	332		
G4	FLL	AVL	6	1,018	4	675	2	343	50.0%	50.8%
G4	PBI	AVL	0	0	4	686	(4)	(686)	(100.0%)	(100.0%)
G4	PGD	AVL	4	697	3	498	1	199	33.3%	40.0%
G4	PIE	AVL	6	1,029	5	841	1	188	20.0%	22.4%
G4	SFB	AVL	4	664	4	686	0	(22)	0.0%	(3.2%)
UA	AVL	EWR	7	350	7	350	0	0	0.0%	0.0%
UA	AVL	ORD	25	1,250	25	1,250	0	0	0.0%	0.0%
UA	EWR	AVL	7	350	7	350	0	0	0.0%	0.0%
UA	ORD	AVL	25	1,250	25	1,250	0	0	0.0%	0.0%
US	AVL	CLT	0	0	53	3,161	(53)	(3,161)	(100.0%)	(100.0%)
US	CLT	AVL	0	0	53	3,161	(53)	(3,161)	(100.0%)	(100.0%)
			296	24,063	304	23,034	(8)	1,029	(2.6%)	4.5%



MEMORANDUM

TO: Members of the Airport Authority
FROM: Janet Burnette, Director of Finance & Accounting
DATE: August 5, 2016

ITEM DESCRIPTION – Information Section Item B

Greater Asheville Regional Airport – Explanation of Extraordinary Variances
Month of June, 2016 (Month 12 of FY2016)

SUMMARY

Operating Revenues for the month of June were \$978,752, 13.47% over budget. Operating Expenses for the month were \$930,918, 15.16% under budget. As a result, Net Operating Revenues before Depreciation were \$282,521 over budget. Net Non-Operating Revenues were \$273,784, 8.31% under budget.

Year-to-date Operating Revenues were \$10,636,405, 18.61% over budget. Year-to-date Operating Expenses were \$7,702,787, 13.38% below budget. Year-to-date Net Operating Revenues before Depreciation were \$2,858,602 over budget. Net Non-Operating Revenues for the year were \$2,910,216, 2.59% over budget.

REVENUES

Significant variations to budget for June were:

Term. Rentals - Airlines	\$35,105	25.63%	Non-signatory rates and enplanements over budget
Concessions	\$11,771	30.13%	Enplanements over budget
Landing Fees	\$30,871	55.90%	Non-signatory rates and enplanements over budget
Auto Parking	\$29,796	10.76%	Enplanements over budget

Information Section – Item B



EXPENSES

Significant variations to budget for June were:

Professional Services	(\$154,385)	(87.48%)	Bond Consultants have not invoiced
Other Contractual Services	\$32,831	45.58%	Parking Contractor invoiced 2 months
Advertising, Printing & Binding	\$24,312	128.24%	TV Advertising
Travel & Training	(\$10,934)	(36.64%)	Timing of Travel & Training
Repairs & Maintenance	\$25,476	139.14%	Carport replacement, tower glass, generator repair
Promotional Activities	(\$15,231)	(36.24%)	Timing of promotions
Emergency Repair	\$27,845	371.27%	Cameras for rental car lot and a/c unit

STATEMENT OF NET ASSETS

Significant variations to prior month were:

Cash and Cash Equivalents – Cash and Cash Equivalents increased by 3,354k mainly due to receipt of federal funds for Airfield project.

Grants Receivable – Grants Receivable decreased by \$2,440k due to receipt of funds for the Airfield Redevelopment project.

Construction in Progress – Construction in Progress increased by \$4,031 mainly due to spending on the Airfield Redevelopment project.

Property and Equipment, Net – Property and Equipment, Net decreased by \$373k for the current month's depreciation.

**ASHEVILLE REGIONAL AIRPORT
INVESTMENT AND INTEREST INCOME SUMMARY
As of June 31, 2016**

<u>Institution:</u>	<u>Interest Rate</u>	<u>Investment Amount</u>	<u>Monthly Interest</u>
Bank of America - Operating Account	0.20%	\$ 7,282,762	1,210
First Citizens - Money Market Account	0.05%	6,389,989	262
NC Capital Management Trust - Cash Portfolio		17,213	5
NC Capital Management Trust - Term Portfolio		3,022,479	1,226
Petty Cash		200	
 <u>Restricted Cash:</u>			
Wells Fargo - CFC Revenue Account	0.00%	17	0
Bank of America - PFC Revenue Account	0.20%	5,214,483	846
 Total		 <u>\$ 21,927,143</u>	 <u>\$ 3,549</u>

Investment Diversification:

Banks	86%
NC Capital Management Trust	14%
Commercial Paper	0%
Federal Agencies	0%
US Treasuries	0%
	<u>100%</u>

ASHEVILLE REGIONAL AIRPORT
STATEMENT OF CHANGES IN FINANCIAL POSITION
For the Month Ended June 31, 2016

	Current Month	Prior Period
Cash and Investments Beginning of Period	<u>\$ 18,572,736</u>	<u>\$ 19,076,745</u>
Net Income/(Loss) Before Capital Contributions	(52,309)	209,829
Depreciation	373,929	373,929
Decrease/(Increase) in Receivables	2,212,431	(673,302)
Increase/(Decrease) in Payables	1,449,418	1,102,376
Decrease/(Increase) in Prepaid Expenses	14,204	17,586
Decrease/(Increase) in Fixed Assets	(4,031,565)	(1,089,485)
Principal Payments of Bond Maturities	-	(1,134,560)
Capital Contributions	3,388,299	689,618
Increase(Decrease) in Cash	<u>3,354,407</u>	<u>(504,009)</u>
Cash and Investments End of Period	<u>\$ 21,927,143</u>	<u>\$ 18,572,736</u>

Asheville Regional Airport
Detailed Statement of Revenue, Expenses and Changes in Net Assets
For the Month Ending June 31, 2016

	<u>Current Month Actual</u>	<u>Current Month Budget</u>	<u>Variance \$</u>	<u>Variance %</u>	<u>YTD Actual</u>	<u>YTD Budget</u>	<u>Variance \$</u>	<u>Variance %</u>	<u>Annual Budget</u>
Operating Revenue:									
Terminal Space Rentals - Non Airline	\$17,551	\$17,986	(\$435)	(2.42%)	\$216,267	\$217,532	(\$1,265)	(0.58%)	\$217,532
Terminal Space Rentals - Airline	172,099	136,994	35,105	25.63%	1,759,694	1,339,356	420,338	31.38%	1,339,356
Concessions	50,836	39,065	11,771	30.13%	488,610	353,780	134,830	38.11%	353,780
Auto Parking	306,796	277,000	29,796	10.76%	3,206,629	2,820,000	386,629	13.71%	2,820,000
Rental Car - Car Rentals	112,580	114,137	(1,557)	(1.36%)	1,443,632	1,369,497	74,135	5.41%	1,369,497
Rental Car - Facility Rent	53,206	52,878	328	0.62%	616,924	616,292	632	0.10%	616,292
Commercial Ground Transportation	25,538	19,900	5,638	28.33%	86,973	41,100	45,873	111.61%	41,100
Landing Fees	86,097	55,226	30,871	55.90%	878,388	536,604	341,784	63.69%	536,604
FBO'S	85,118	82,689	2,429	2.94%	1,001,333	997,468	3,865	0.39%	997,468
Building Leases	13,002	6,186	6,816	110.18%	112,024	71,852	40,172	55.91%	71,852
Land Leases	2,079	4,903	(2,824)	(57.60%)	58,873	58,748	125	0.21%	58,748
Other Leases/Fees	53,850	55,618	(1,768)	(3.18%)	767,058	545,021	222,037	40.74%	545,021
Total Operating Revenue	\$978,752	\$862,582	\$116,170	13.47%	\$10,636,405	\$8,967,250	\$1,669,155	18.61%	\$8,967,250
Operating Expenses:									
Personnel Services	\$443,074	\$579,243	(\$136,169)	(23.51%)	\$4,628,302	\$4,966,624	(\$338,322)	(6.81%)	\$4,966,624
Professional Services	22,098	176,483	(154,385)	(87.48%)	238,039	517,171	(279,132)	(53.97%)	517,171
Accounting & Auditing	1,800	2,450	(650)	(26.53%)	12,800	15,000	(2,200)	(14.67%)	15,000
Other Contractual Services	104,853	72,022	32,831	45.58%	795,248	861,115	(65,867)	(7.65%)	861,115
Travel & Training	18,907	29,841	(10,934)	(36.64%)	186,951	205,717	(18,766)	(9.12%)	205,717
Communications & Freight	4,455	6,011	(1,556)	(25.89%)	79,161	72,198	6,963	9.64%	72,198
Utility Services	37,545	44,710	(7,165)	(16.03%)	402,066	466,427	(64,361)	(13.80%)	466,427
Rentals & Leases	1,006	995	11	1.11%	11,751	11,900	(149)	(1.25%)	11,900
Insurance	19,153	18,777	376	2.00%	203,253	225,500	(22,247)	(9.87%)	225,500
Repairs & Maintenance	43,786	18,310	25,476	139.14%	271,696	276,781	(5,085)	(1.84%)	276,781
Advertising, Printing & Binding	43,270	18,958	24,312	128.24%	165,934	198,635	(32,701)	(16.46%)	198,635
Promotional Activities	26,792	42,023	(15,231)	(36.24%)	90,880	119,490	(28,610)	(23.94%)	119,490
Other Current Charges & Obligations	11,630	6,886	4,744	68.89%	94,670	86,500	8,170	9.45%	86,500
Office Supplies	1,379	750	629	83.87%	7,989	9,000	(1,011)	(11.23%)	9,000
Operating Supplies	50,189	58,948	(8,759)	(14.86%)	328,820	420,538	(91,718)	(21.81%)	420,538
Books, Publications, Subscriptions & Mem	819	1,362	(543)	(39.87%)	45,082	46,597	(1,515)	(3.25%)	46,597
Contingency		(63,000)	63,000	(100.00%)		18,041	(18,041)	(100.00%)	18,041
Emergency Repair	35,345	7,500	27,845	371.27%	39,872	75,000	(35,128)	(46.84%)	75,000
Business Development	64,817	75,000	(10,183)	(13.58%)	100,273	300,000	(199,727)	(66.58%)	300,000
Total Operating Expenses	\$930,918	\$1,097,269	(\$166,351)	(15.16%)	\$7,702,787	\$8,892,234	(\$1,189,447)	(13.38%)	\$8,892,234

Asheville Regional Airport
Detailed Statement of Revenue, Expenses and Changes in Net Assets

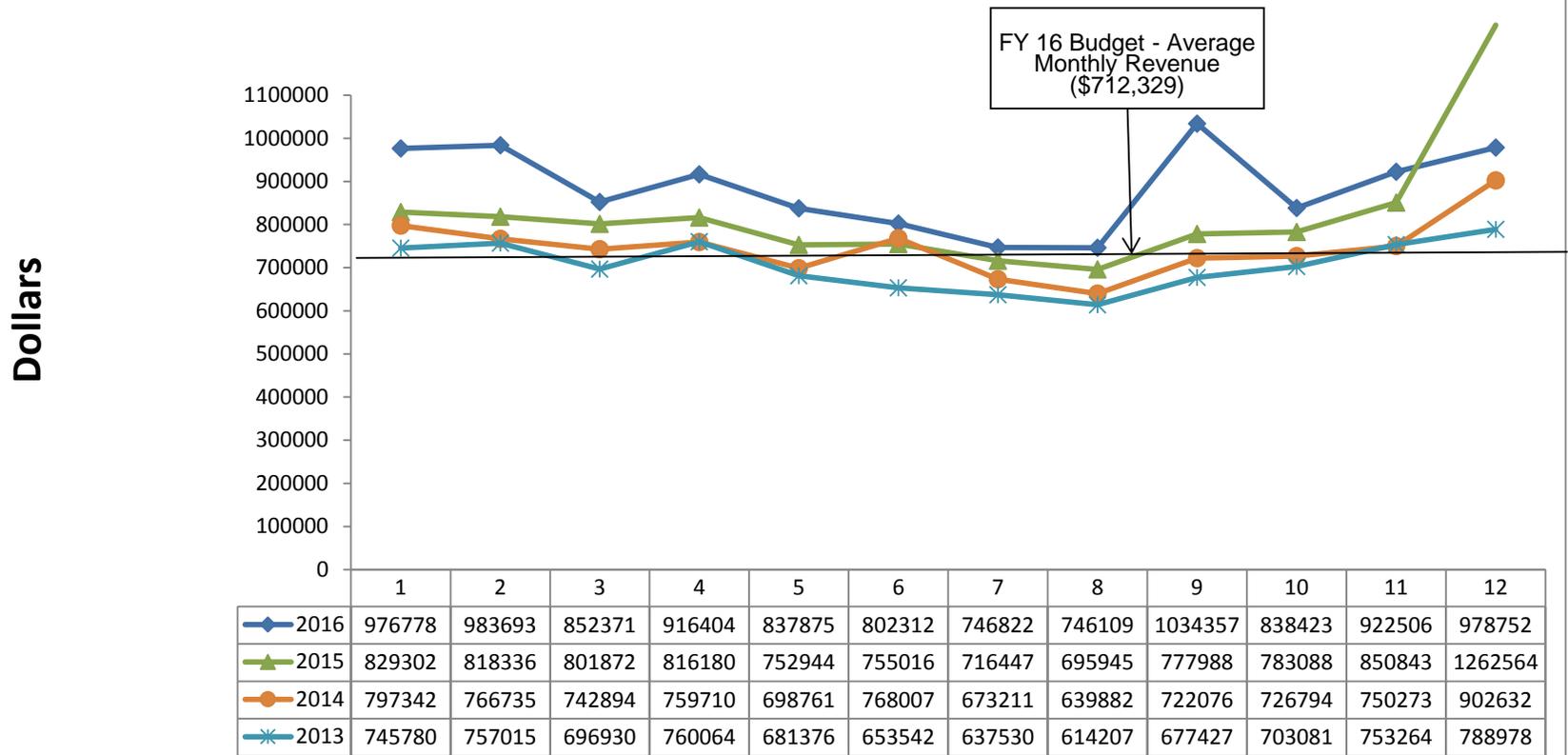
For the Month Ending June 31, 2016

	<u>Current Month Actual</u>	<u>Current Month Budget</u>	<u>Variance \$</u>	<u>Variance %</u>	<u>YTD Actual</u>	<u>YTD Budget</u>	<u>Variance \$</u>	<u>Variance %</u>	<u>Annual Budget</u>
Operating Revenue before Depreciation	\$47,834	(\$234,687)	\$282,521	(120.38%)	\$2,933,618	\$75,016	\$2,858,602	3,810.66%	\$75,016
Depreciation	373,929	-	373,929	100.00%	4,487,148	-	\$4,487,148	100.00%	-
Operating Income(Loss) Before Non-Operating Revenue and Expenses	(\$326,095)	(\$234,687)	(\$91,408)	38.95%	(\$1,553,530)	\$75,016	(\$1,628,546)	(2,170.93%)	\$75,016
Non-Operating Revenue and Expense									
Customer Facility Charges	\$133,153	\$135,000	(\$1,847)	(1.37%)	\$1,354,394	\$1,250,000	\$104,394	8.35%	\$ 1,250,000
Passenger Facility Charges	137,082	167,000	(29,918)	(17.91%)	1,593,133	1,642,500	(49,367)	(3.01%)	1,642,500
Interest Revenue	3,549	1,833	1,716	93.62%	35,760	22,000	13,760	62.55%	22,000
Interest Expense	-	(5,249)	5,249	(100.00%)	(73,272)	(77,640)	4,368	(5.63%)	(77,640)
Reimbursable Cost Revenues	3,630	21,400	(17,770)	(83.04%)	54,908	276,700	(221,792)	(80.16%)	276,700
Reimbursable Cost Expenses	(3,630)	(21,400)	17,770	(83.04%)	(54,908)	(276,700)	221,792	(80.16%)	(276,700)
Gain/Loss on Disposal of Assets	-	0	(0)	0.00%	201	0	201	0.00%	-
Non-Operating Revenue-Net	\$273,784	\$298,584	(\$24,800)	(8.31%)	\$2,910,216	\$2,836,860	\$73,356	2.59%	\$2,836,860
Income (Loss) Before Capital Contributions	(\$52,311)	\$63,897	(\$116,208)	(181.87%)	\$1,356,686	\$2,911,876	(\$1,555,190)	(53.41%)	\$2,911,876
Capital Contributions	\$3,388,299	\$0	\$3,388,299	100.00%	\$15,009,528	\$0	\$15,009,528	100.00%	\$0
Increase in Net Assets	<u>\$3,335,988</u>	<u>\$63,897</u>	<u>\$3,272,091</u>	<u>5,120.88%</u>	<u>\$16,366,214</u>	<u>\$2,911,876</u>	<u>\$13,454,338</u>	<u>462.05%</u>	<u>\$2,911,876</u>

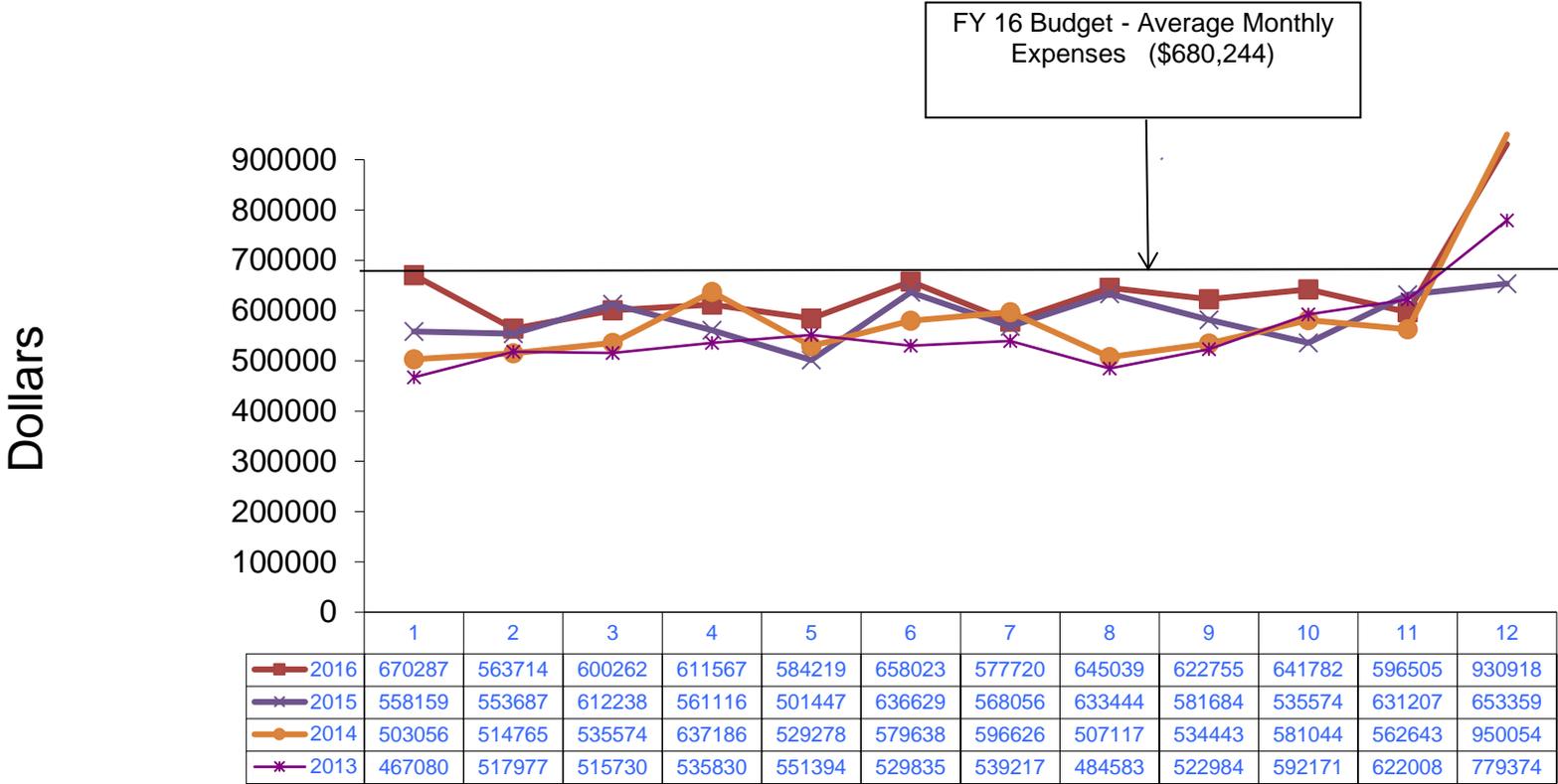
ASHEVILLE REGIONAL AIRPORT
STATEMENT OF FINANCIAL POSITION
As of June 31, 2016

	Current Month	Last Month
<u>ASSETS</u>		
Current Assets:		
Unrestricted Net Assets:		
Cash and Cash Equivalents	\$16,712,643	\$13,496,144
Accounts Receivable	808,003	599,015
Passenger Facility Charges Receivable	240,000	240,000
Refundable Sales Tax Receivable	91,960	72,750
Grants Receivable	5,570,373	8,011,002
Prepaid Expenses	3,532	17,736
Total Unrestricted Assets	23,426,511	22,436,647
Restricted Assets:		
Cash and Cash Equivalents	5,214,500	5,076,592
Total Restricted Assets	5,214,500	5,076,592
Total Current Assets	28,641,011	27,513,239
Noncurrent Assets:		
Construction in Progress	35,786,395	31,754,830
Net Pension Asset - LGRS	286,204	286,204
Contributions in Current Year	204,511	204,511
Property and Equipment - Net	55,440,181	55,814,110
Total Noncurrent Assets	91,717,291	88,059,655
	\$120,358,302	\$115,572,894
<u>LIABILITIES AND NET ASSETS</u>		
Current Liabilities:		
Payable from Unrestricted Assets:		
Accounts Payable & Accrued Liabilities	\$2,708,600	\$1,400,417
Customer Deposits	17,210	16,200
Unearned Revenue	425,730	353,049
Construction Contract Retainages	540,638	540,638
Revenue Bond Payable - Current	0	0
Total Payable from Unrestricted Assets	3,692,178	2,310,304
Total Current Liabilities	3,692,178	2,310,304
Noncurrent Liabilities:		
Other Postemployment Benefits	1,721,636	1,721,636
Compensated Absences	382,113	382,113
Net Pension Obligation-LEO Special Separation Allowance	(11,941)	(11,941)
Revenue Bond Payable - Noncurrent	0	0
Total Noncurrent Liabilities	2,091,808	2,091,808
Total Liabilities	5,783,986	4,402,112
Net Assets:		
Invested in Capital Assets	91,226,576	87,568,940
Restricted	5,214,500	5,076,592
Unrestricted	18,133,240	18,525,250
Total Net Assets	114,574,316	111,170,782
	\$120,358,302	\$115,572,894

ASHEVILLE REGIONAL AIRPORT Annual Operating Revenue by Month June 2016

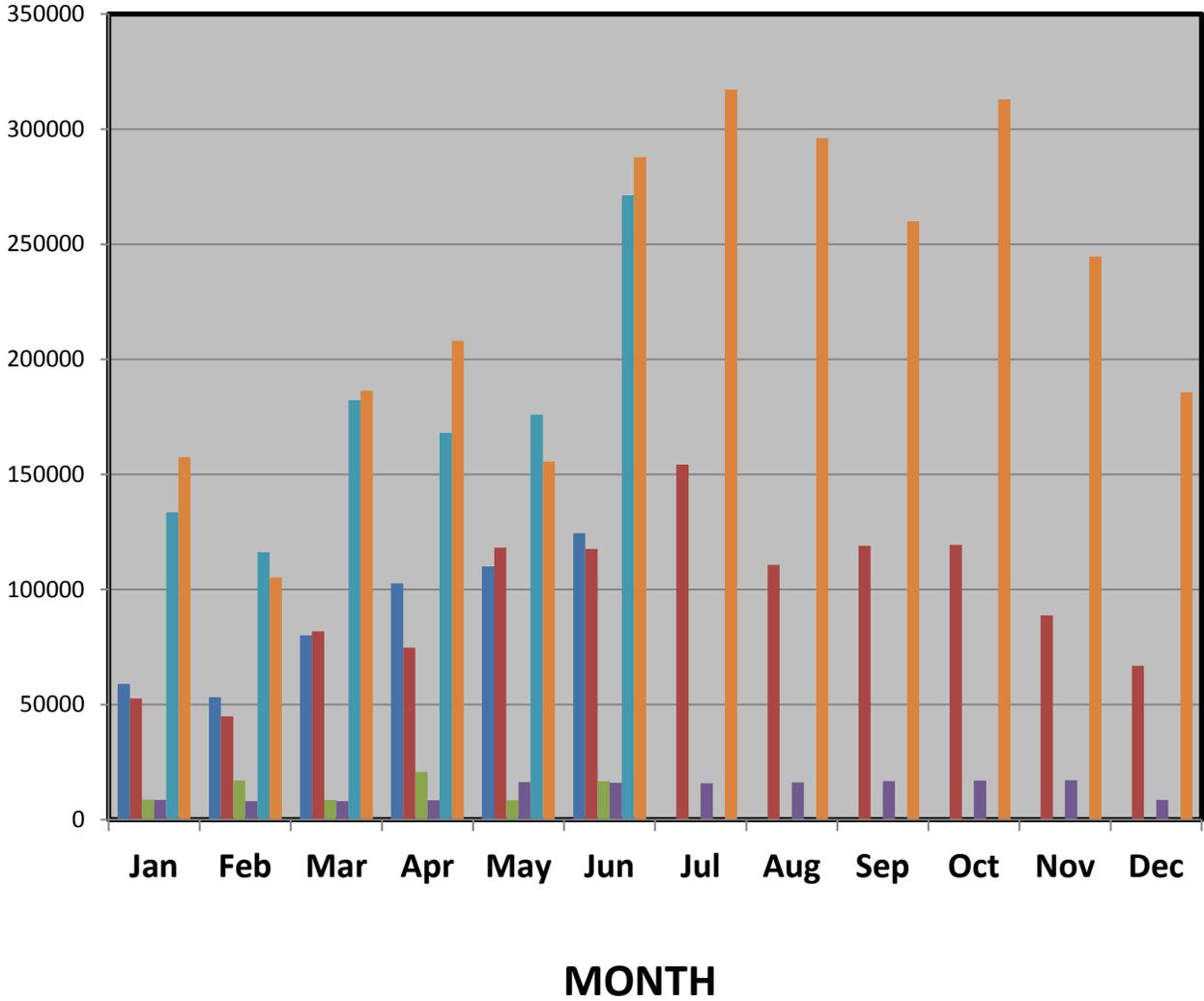


ASHEVILLE REGIONAL AIRPORT Annual Operating Expenses by Month June 2016



**ASHEVILLE REGIONAL AIRPORT
FUEL SALES - GALLONS
June 2016**

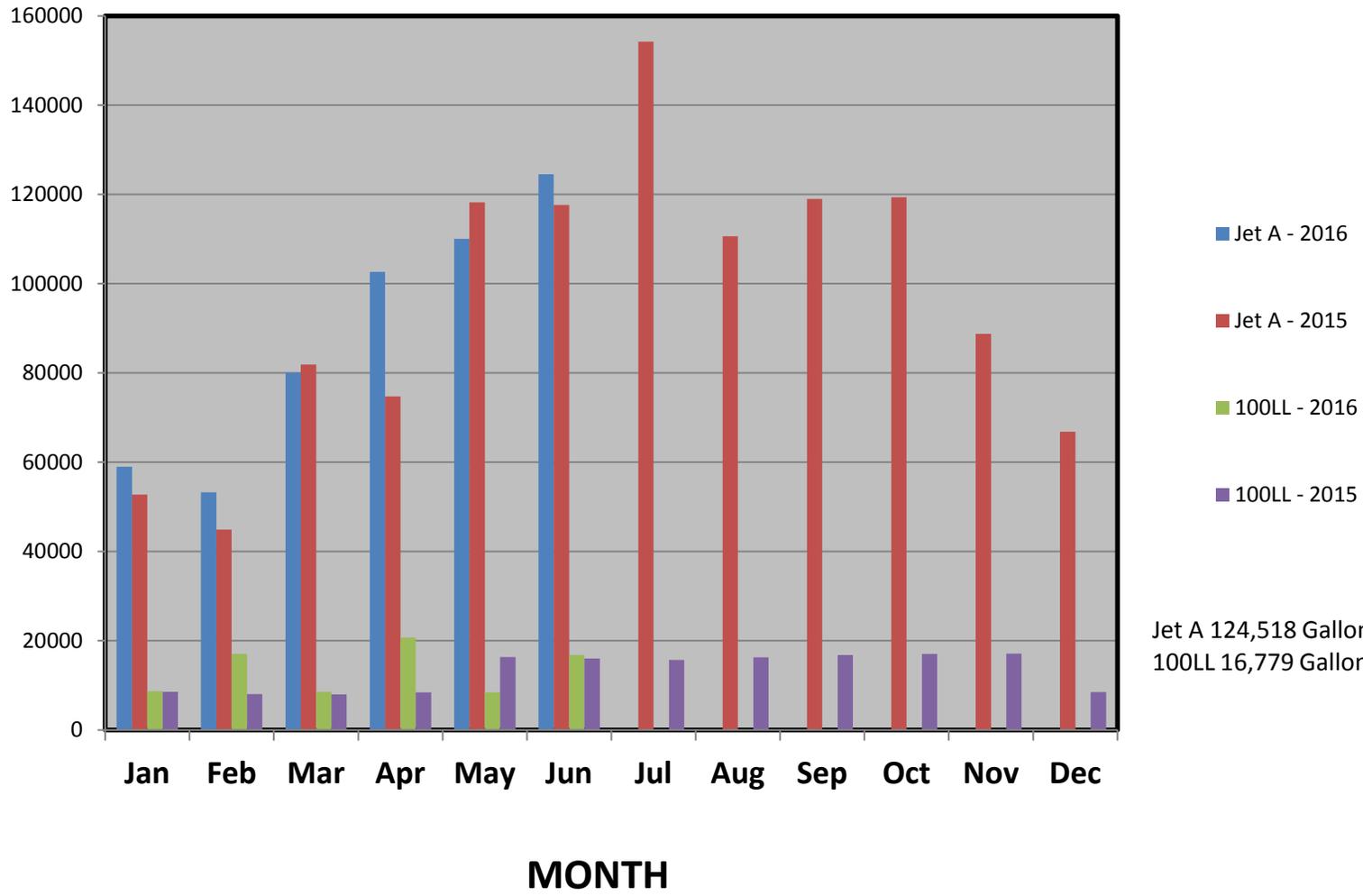
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Jet A 124,518 Gallons
100LL 16,779 Gallons
Airline 271,192 Gallons

**ASHEVILLE REGIONAL AIRPORT
GENERAL AVIATION FUEL SALES - GALLONS
June 2016**

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Design Phase														
Project Number	Project Name	Project Description	Professional Services Consultant	Professional Services Contract	General Contractor	Original Construction Contract	Change Orders (thru 08/01/2016)	Percent of Original Contract	Board Approved Project Cost	Percent Complete	Expensed to Date (thru 08/01/2016)	Start Date	End Date	Current Project Status (as of 08/01/2016)
1	Airfield Re-Development Project	Budget for the complete project				\$64,000,000.00	\$11,800,000.00		\$75,800,000.00	42.8%	\$32,429,025.78			All Engineer contracts, completed construction contracts and expenses will be inclusive of budget.
1A	Airfield Re-Development Project	Phase I - Design Services	RS&H	\$447,983.00	N/A	N/A	\$0.00	0.00%	<i>(Overall total included in above number)</i>	83%	\$372,160.73	Dec-12	Jun-16	Project Management work continues.
1B	Airfield Re-Development Project	Phase II - Design Services and Project Management.	RS&H	\$1,842,318.00	N/A	N/A	\$0.00	0.00%	<i>(Overall total included in above number)</i>	94%	\$1,732,740.81	Jun-13	Jun-16	Project Management work continues.
1C	Airfield Re-Development Project	Phase III and IV - Design Services and Project Management.	RS&H	\$2,399,826.00	N/A	N/A	\$0.00	0.00%	<i>(Overall total included in above number)</i>	18.00%	\$433,910.22	Dec-14	May-18	BP-4 design at 90%
1D	Airfield Re-Development Project	New Runway Design	Michael Baker Engineering Inc.	\$397,257.94	N/A	N/A	\$0.00	0.00%	<i>(Overall total included in above number)</i>	100%	\$397,257.94	Mar-13	Sep-14	Contract is completed.
1E	Airfield Re-Development Project	Temporary Runway/Taxiway Design	AVCON	\$1,837,826.00	N/A	N/A	\$0.00	0.00%	<i>(Overall total included in above number)</i>	100%	\$1,837,826.00	Mar-13	Jun-16	Completed.
1F	Airfield Re-Development Project	New Runway Design	AVCON	\$1,902,676.06	N/A	N/A	\$0.00	0.00%	<i>(Overall total included in above number)</i>	61.7%	\$1,174,458.70	Mar-13	May-18	BP-4 design at 90%
1G	Airfield Re-Development Project	Miscellaneous and Administrative Expenses			N/A	N/A	\$0.00	0.00%	<i>(Overall total included in above number)</i>		\$3,766,649.15	Jan-13	Dec-17	Misc.,Admin., \$642K FAA Reimbursable expenses and land acquisition costs of 1.5M are included in this figure.
2	Parking Garage Project	Design and EA for approximately 1300 spaces of covered parking garage.	Delta Airport Consultants	\$1,627,575.00	N/A	N/A	\$0.00	0.00%	\$1,627,575.00	60.6%	\$987,340.00	Oct-15	Nov-17	Contract documents being assembled for execution.

Construction Phase														
Project Number	Project Name	Project Description	Professional Services Consultant	Professional Services Contract	General Contractor	Original Construction Contract	Change Orders (thru 08/01/2016)	Percent of Original Contract	Board Approved Project Cost	Percent Complete	Expensed to Date (thru 08/01/2016)	Start Date	End Date	Current Project Status (as of 08/01/2016)
1	Westside Area 3	Construction for the Westside Project to level land utilizing engineered ash to fill and top with soil embankment/cap for future development.	AVCON	\$278,060.00	Charah	N/A	\$62,700.00	22.50%	\$340,760 * <i>(project expenses are being reimbursed by Charah through a separate agreement)</i>	93.2%	\$317,620.68	Mar-13	Mar-16	Work is completed and Charah continues to monitor erosion control under warranty period.
2	Temporary Runway 17-35 Paving, Lighting and NAVAIDS	Construction of new temporary runway - parallel taxiway B	RS&H and AVCON, Inc.	Amount included in Phase 3 Design Fees	Harrison Construction Company	\$12,435,884.00	-\$634,297.01	-5.00%	\$13,057,678.00	100.0%	\$11,801,856.98	Mar-15	Dec-15	This portion of the project is completed.

Greater Asheville Regional Airport Authority
Project Report - August 2016

Project Number	Project Name	Project Description	Professional Services Consultant	Professional Services Contract	General Contractor	Original Construction Contract	Change Orders (thru 08/01/2016)	Percent of Original Contract	Board Approved Project Cost	Percent Complete	Expensed to Date (thru 08/01/2016)	Start Date	End Date	Current Project Status (as of 08/01/2016)
3	Permanent Runway 17-35 Site preparation and NAVAIDS	Demolition of old runway 16/34, site preparation and NAVAID placement.	RS&H and AVCON, Inc.	Amount included in Phase 3 Design Fees	GLF Construction Corporation	\$14,007,508.90	\$0.00	0.00%	\$14,707,884.40	20.0%	\$2,799,425.48	Apr-16	Dec-16	Milling of the old runway continues with drainage structures on the North and South end being installed.
4	Building Demolition and Site Restoration	Demolition of Old DPS Facility and Fire Tower and site restoration	None	None	DH Griffin	\$60,000.00	\$0.00	0.00%	\$0.00	0.0%	\$0.00	Jul-16	Sep-16	Asbestos mitigation is scheduled for the last week of July/first week of Aug. Demolition of old DPS facility to follow.
5	Parking Garage	Construct a 5 level parking garage for passenger/public parking.	Delta Airport Consultants	\$1,627,575.00	American South General Contractors	\$20,894,000.00	\$0.00	0.00%	\$21,938,700.00	0.0%	\$0.00	Sep-16	Oct-17	Bid opening was held July 14th with the awarded bid to American South General Contractors.

Airportsurvey.com



AVL

Airport Facilities Review For 2nd Quarter 2016

Welcome

- Welcome to the Airportsurvey.com Airport Facilities Review for the recent quarter, a complimentary data set provided to Airportsurvey.com participating airports
- The following slides provide non-weighted scores and ratings based on an independent survey of air travelers
- Note that passenger responses are based on perception, rather than objective assessment
- Value Added Services available from Canmark include:
 - Report analysis
 - Statistical testing
 - Air carrier responses
 - Non-facility responses
 - Tailored comparison sets
 - Passenger demographics
 - Sample size enhancement
 - Targeted and customized reporting
 - Custom survey questions and content

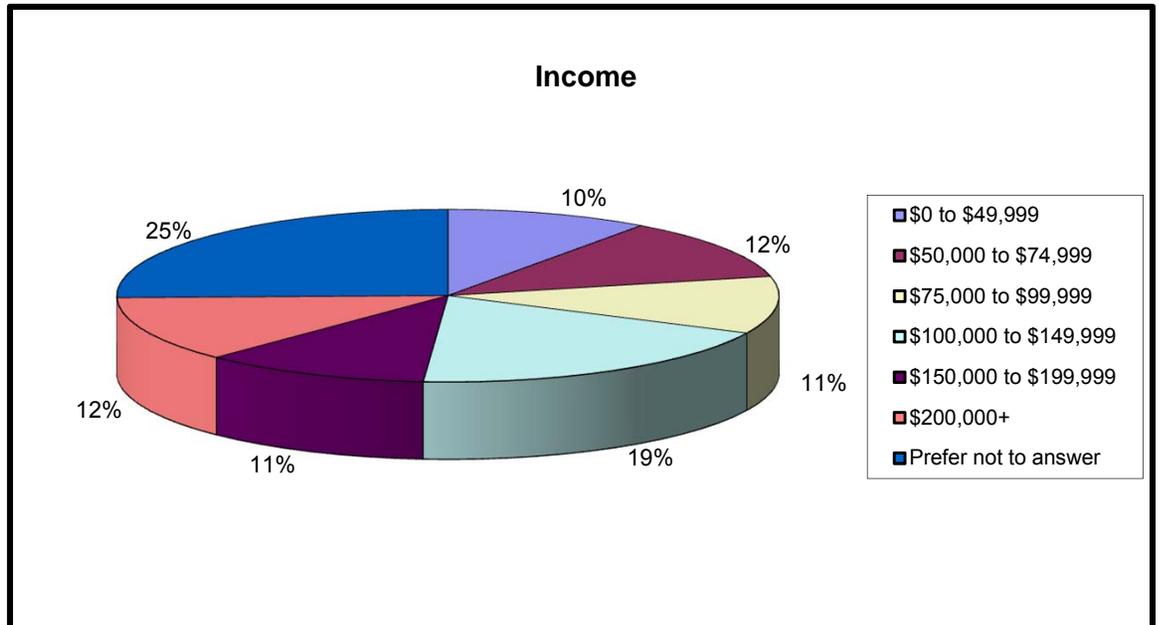
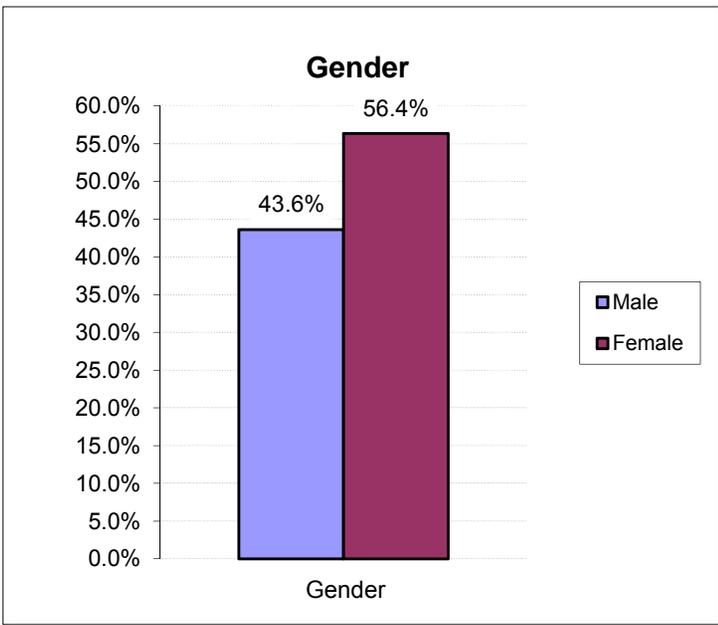
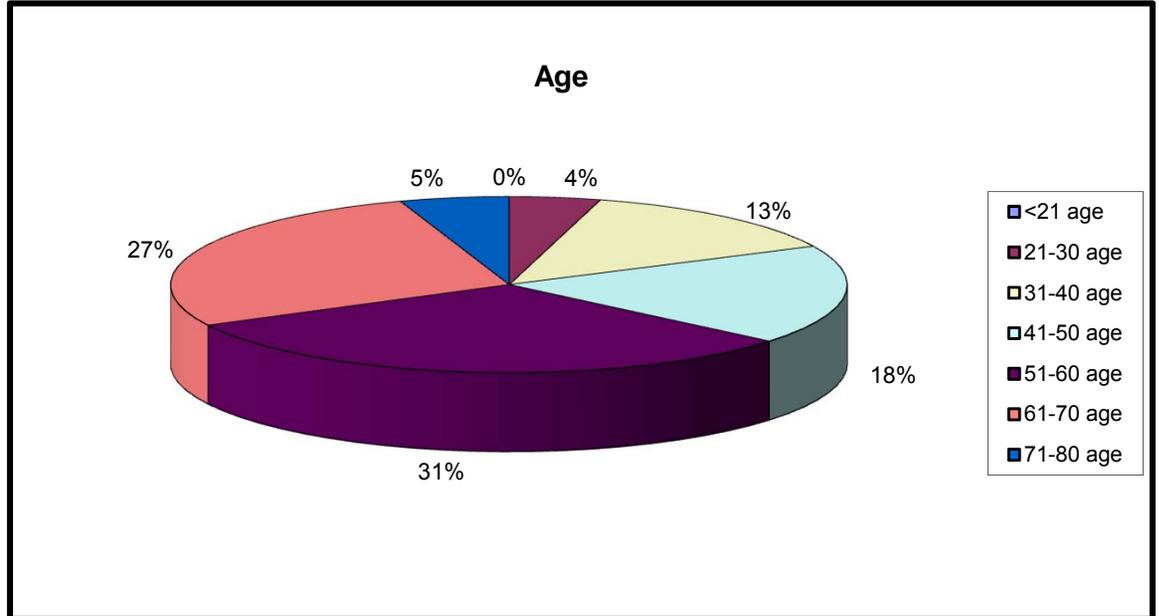
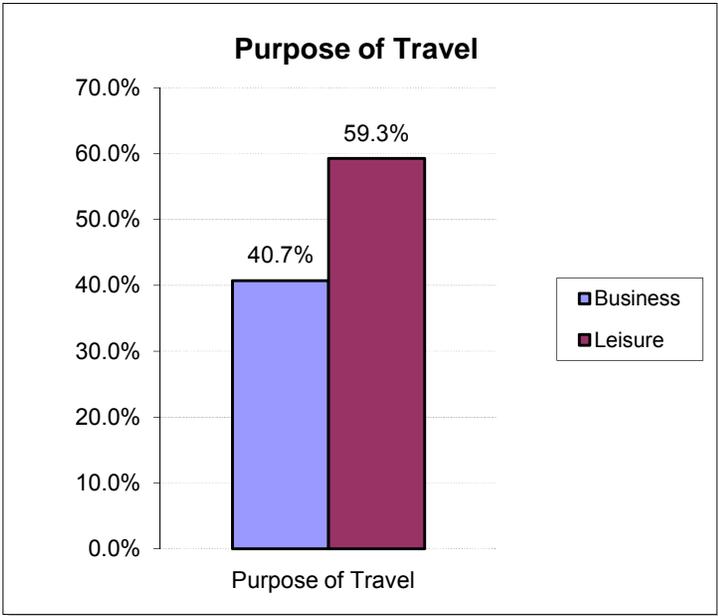
No representations are made as to the completeness or accuracy of information contained herein. Airport facility raw data is available upon request.

Overview

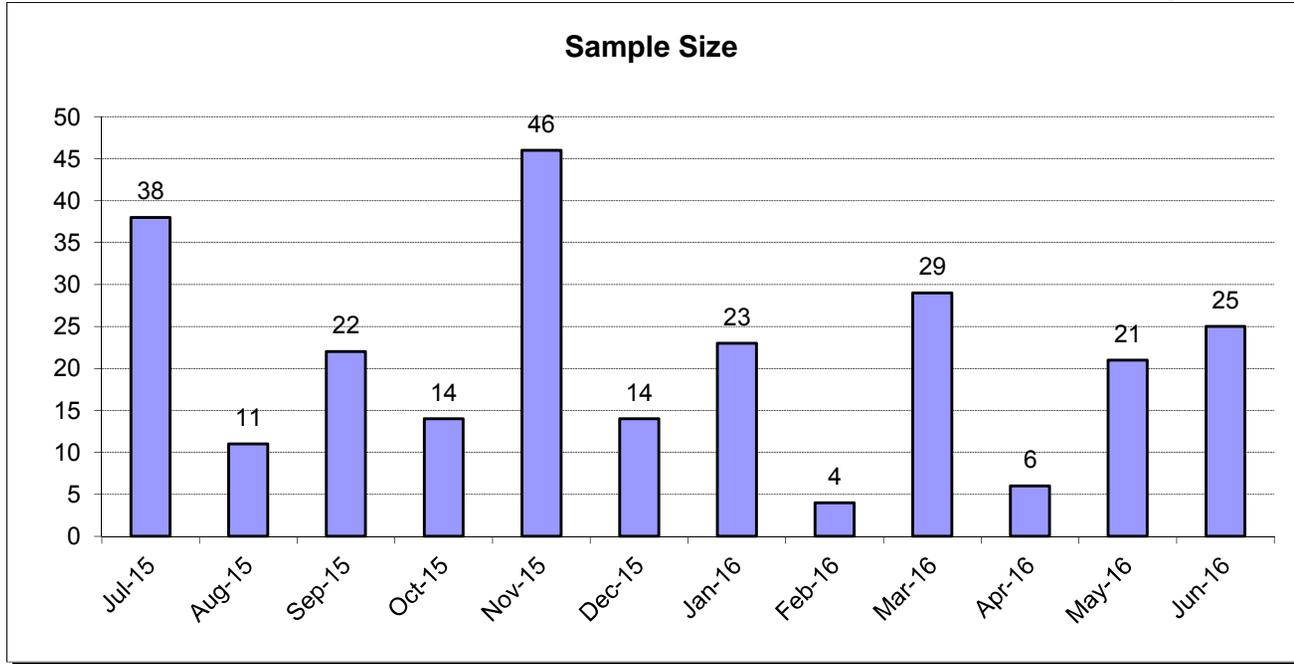
- ***Airportsurvey.com*** is an ongoing, all-inclusive online passenger satisfaction survey program from Canmark Research Center
- Invitations to take the survey are distributed at select airports across the country
- Over 30 airports participate
- Each survey invitation card is single-use, and must reference an actual flight
- Survey distribution occurs approximately three days per month
- Response scale is 1 through 5: Poor, Fair, Good, Very Good, Excellent
- Survey participants have a chance to win round-trip airline tickets
- Response rates vary from 10% to 20% based on location
- Facilities attributes are scored according to check-in airport
- Airports are grouped into three tiers according to DOT originating revenue*

*Updated 4rd Quarter 2012

Passenger Demographics



General Findings



Sample is clustered around airport invitation distribution dates.

Sample reflects passengers intercepted at arrival airports who rated check-in airport.

	AVL	Similar	+/-	Pct
Overall	4.20	4.21	(0.01)	-0.2%
Availability of parking	3.83	4.14	(0.31)	-8.0%
Cost of parking	3.56	3.68	(0.12)	-3.5%
Clear, easy to follow signs	4.27	4.20	0.08	1.8%
Cleanliness	4.42	4.29	0.13	2.9%
Availability of restrooms	4.42	4.31	0.11	2.6%
Cleanliness of restrooms	4.38	4.24	0.14	3.2%
Concessions / restaurants	3.65	3.75	(0.10)	-2.7%
Transportation to your gate / concourse / terminal	4.26	4.11	0.15	3.6%
Overall departure airport concourse	4.30	4.20	0.10	2.4%
Security: Wait time at checkpoint	4.20	4.22	(0.02)	-0.5%
Security: Professionalism of personnel	4.34	4.30	0.04	1.0%
Security: Confidence in airport security procedures	4.22	4.11	0.11	2.6%

Statistical means testing not performed on results

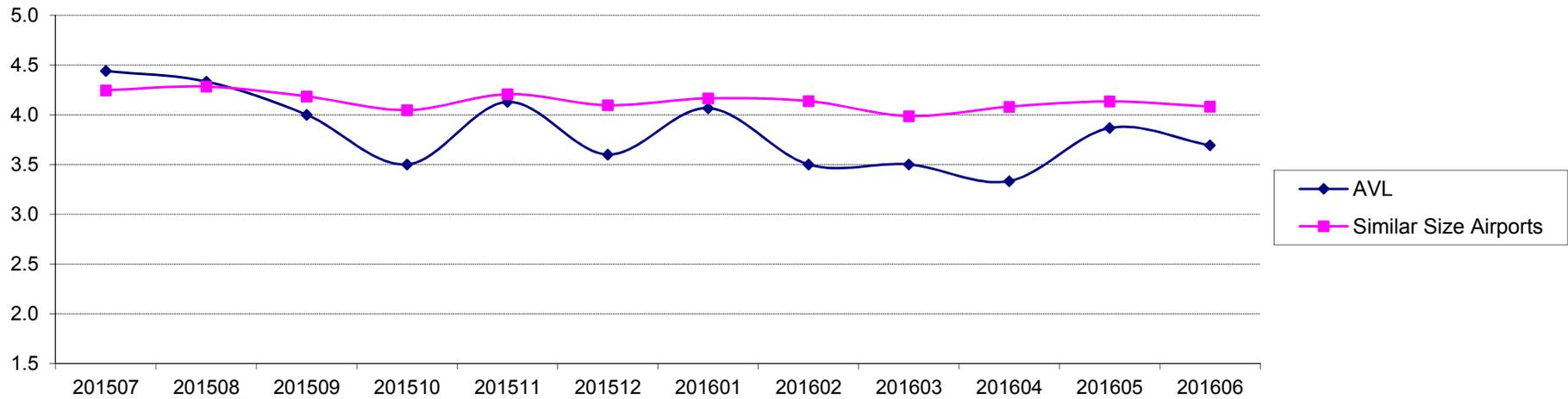
AVL	
Responses	253

Overall Satisfaction with Airport Facilities

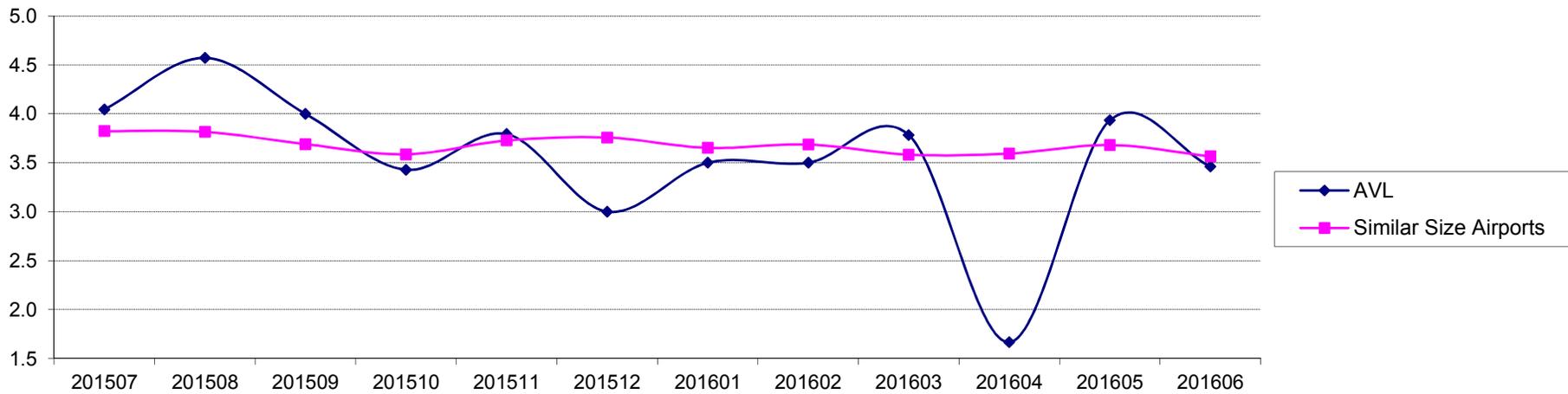


Parking Satisfaction

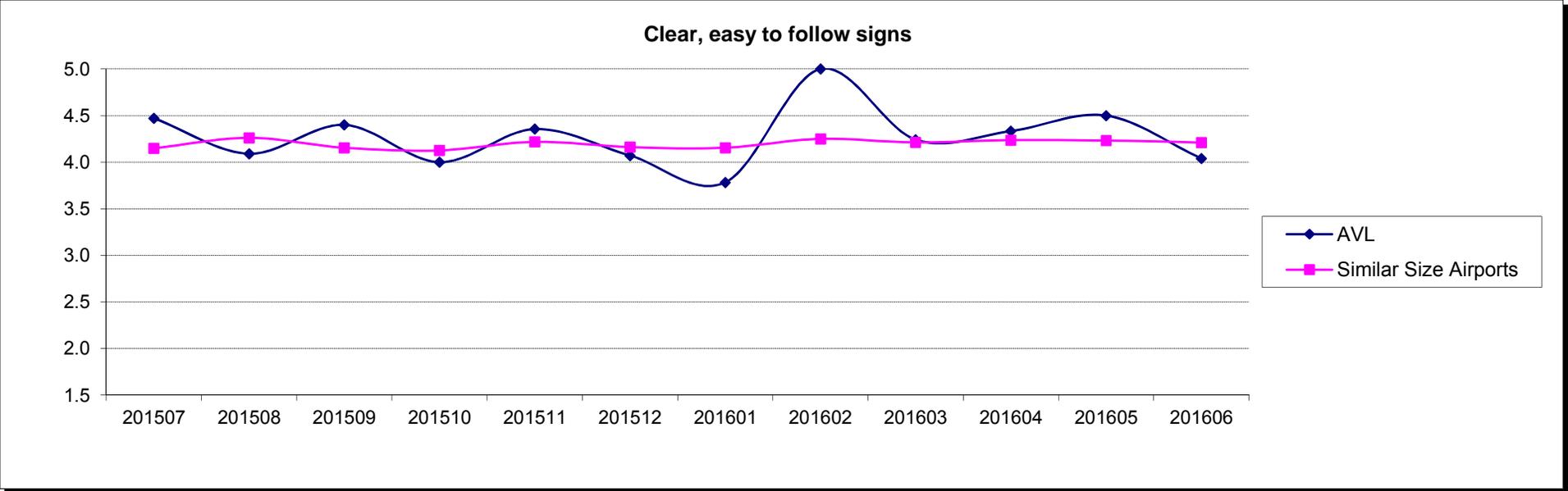
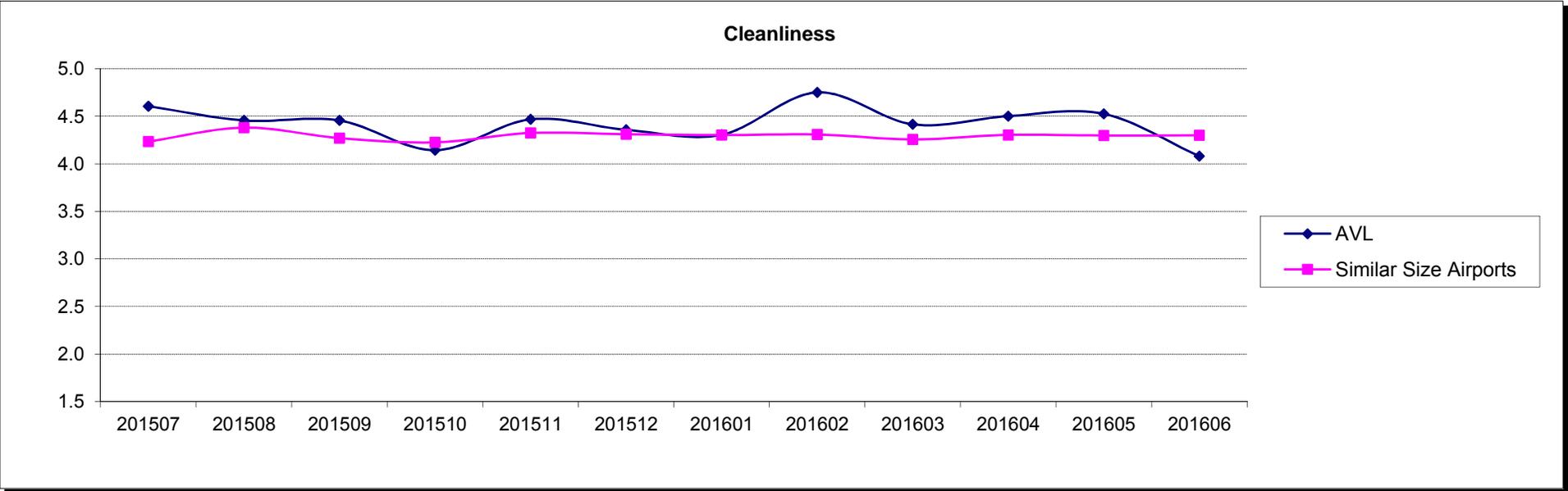
Availability of parking



Cost of parking

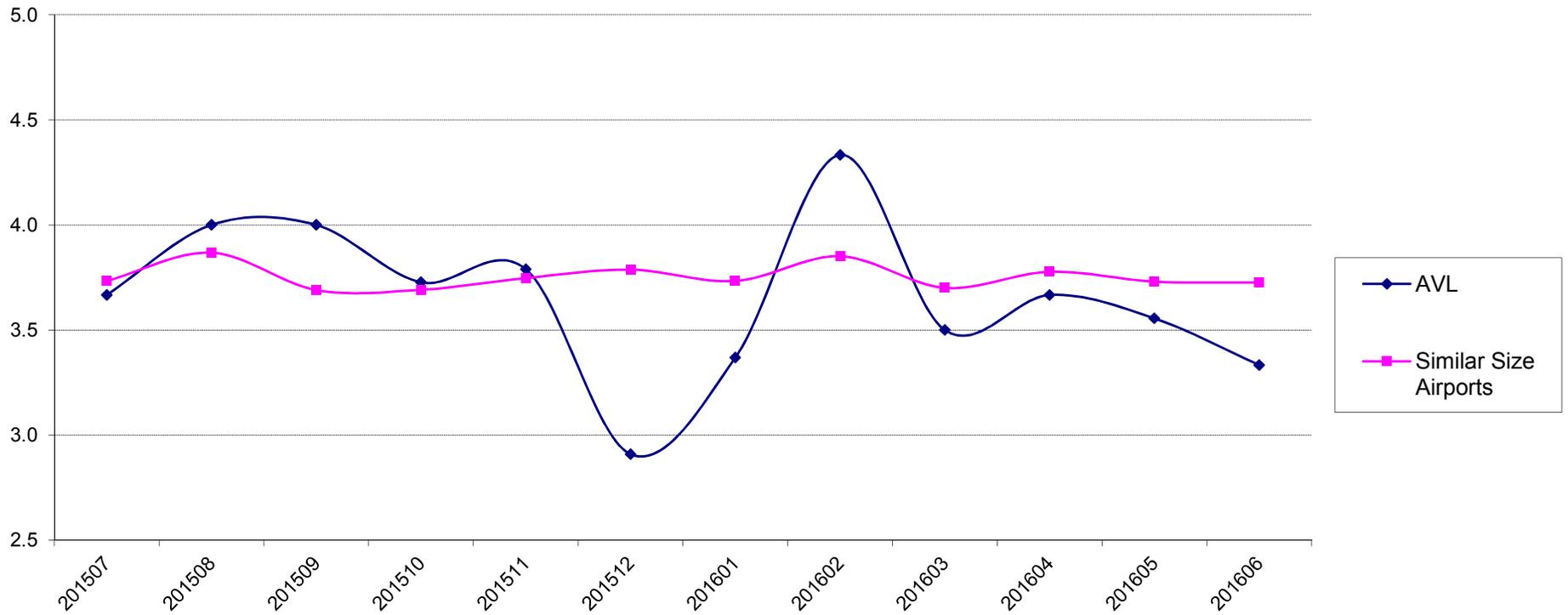


Cleanliness and Signage



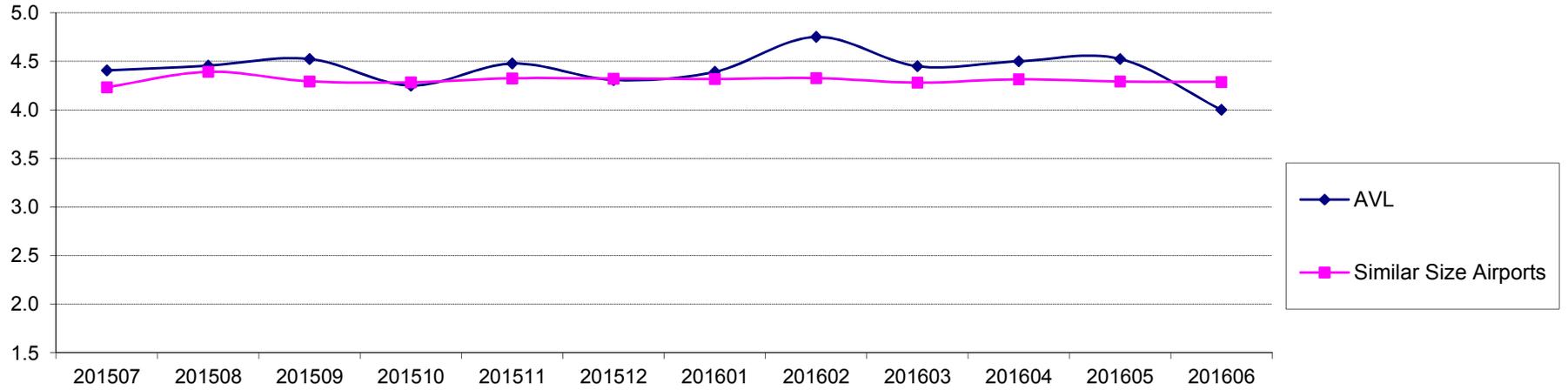
Concessions

Concessions/Restaurants

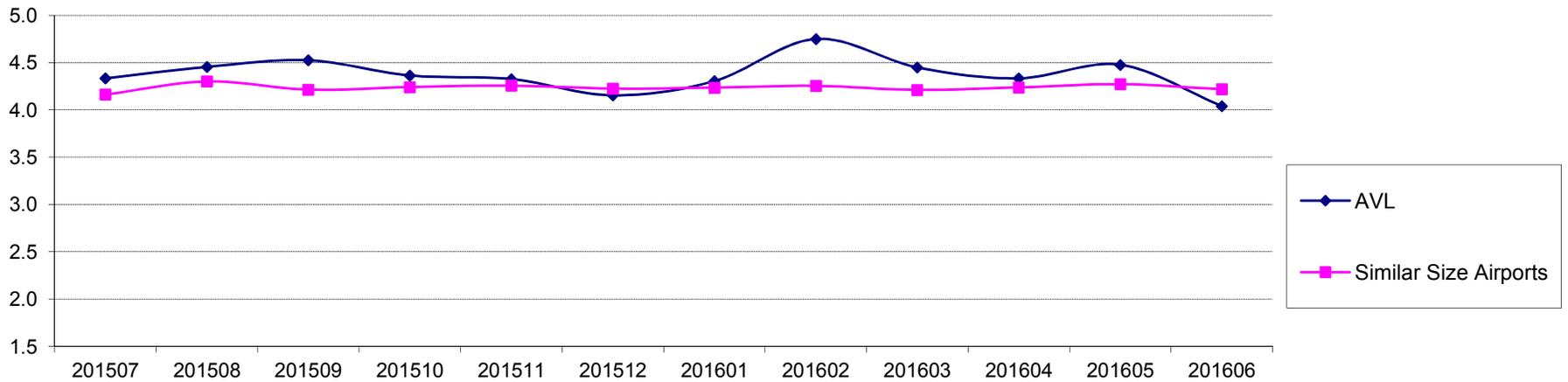


Restrooms

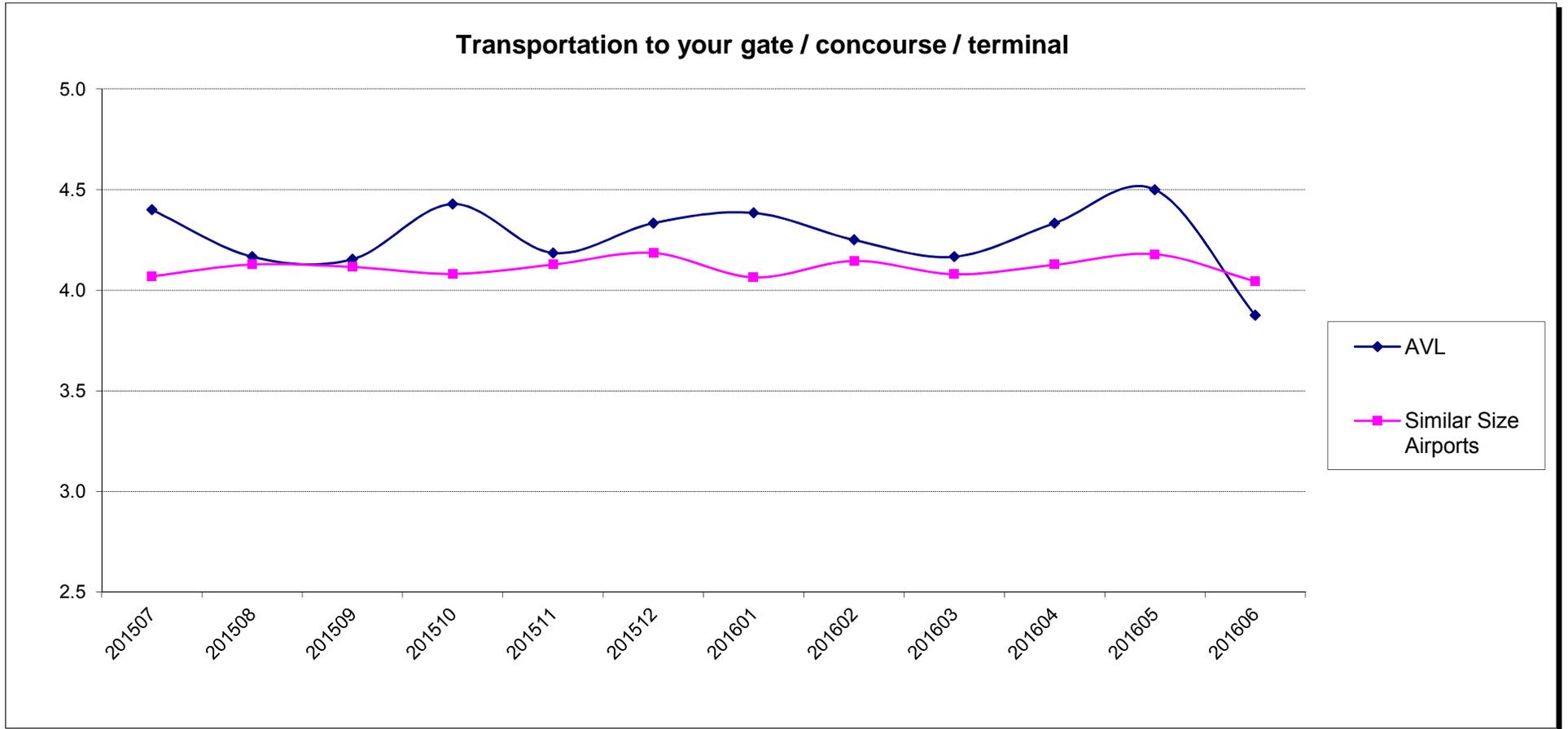
Availability of Restrooms



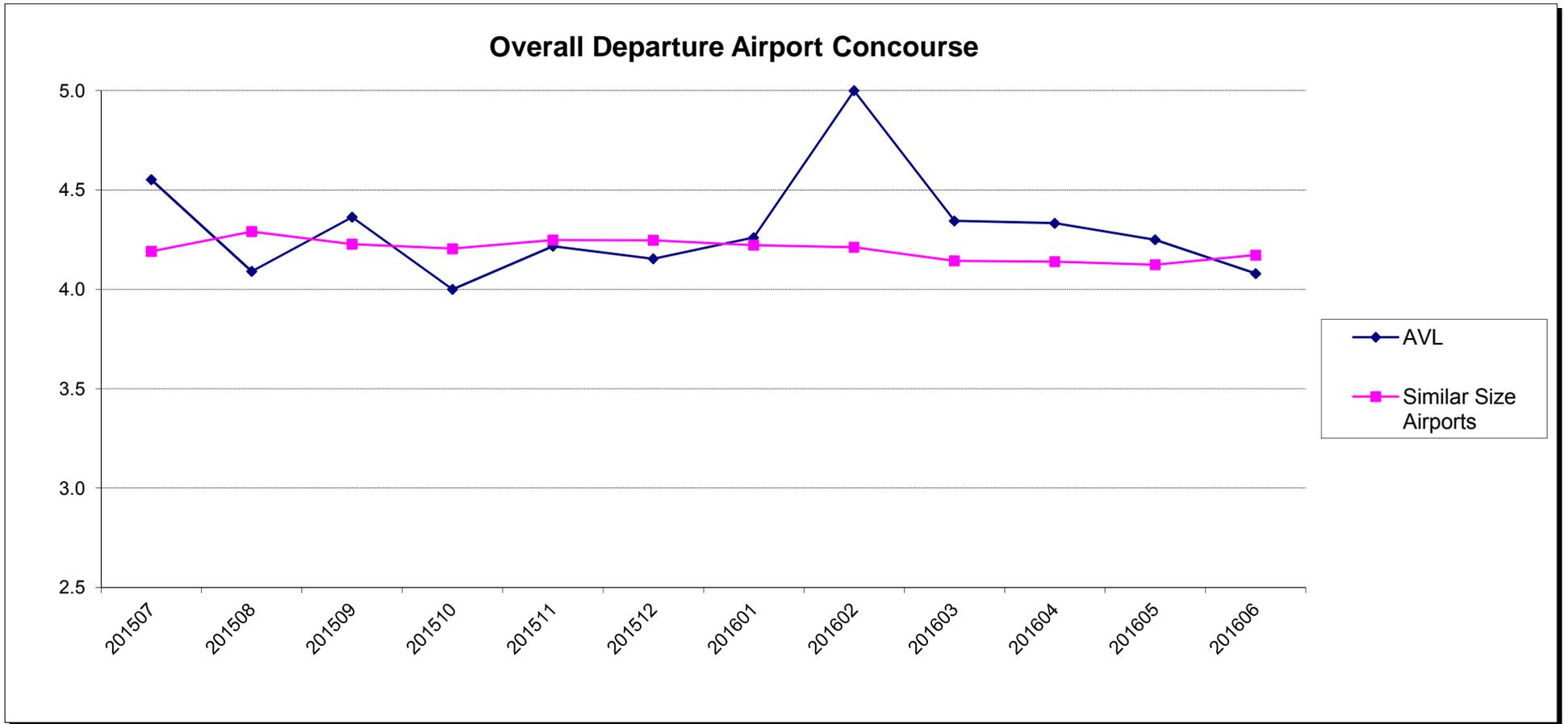
Cleanliness of Restrooms



Transportation to Departure Gate

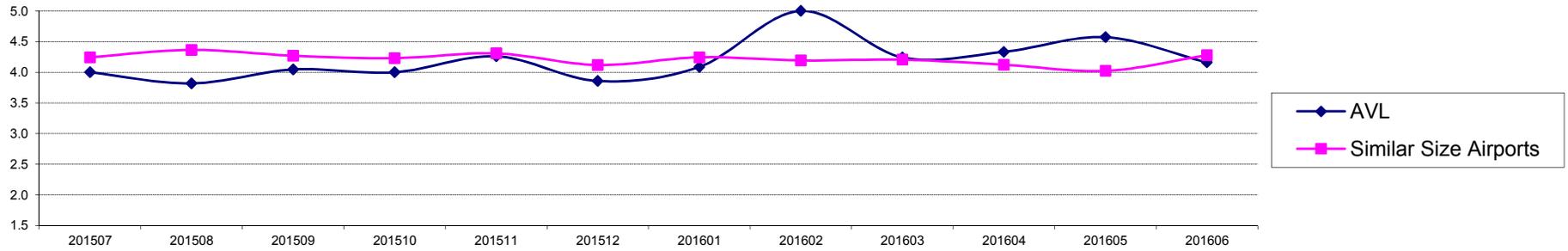


Overall Departure Airport Concourse

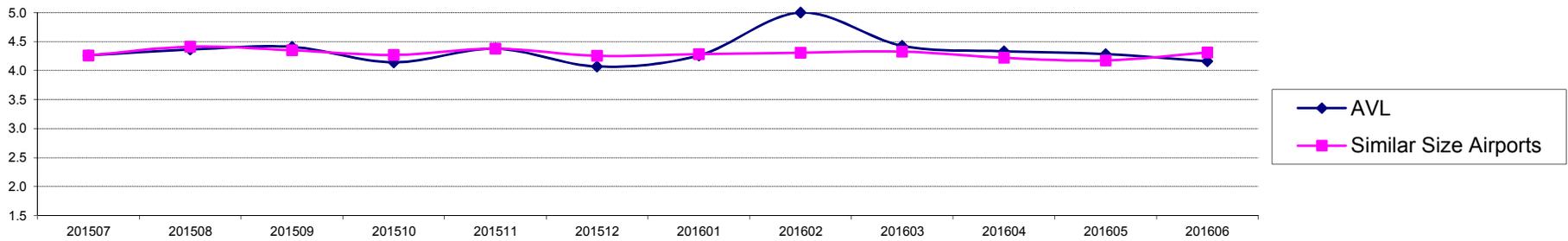


Airport Security

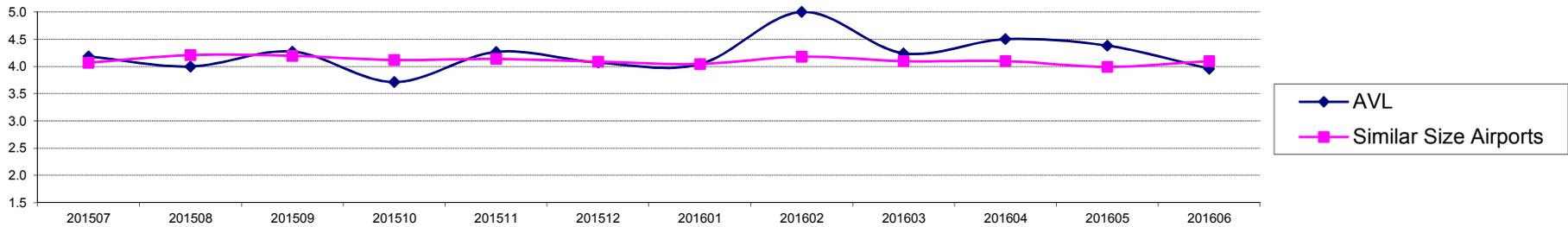
Security: Wait time at checkpoint



Security: Professionalism of security personnel



Security: Confidence in airport security procedures



Appendix A - Geographic Breakdown of Respondents

AL	2	TX	2
AR	2	VA	2
AZ	1	VT	1
CA	5	WI	3
CO	2	EUROPE	2
CT	1		
FL	15		
HI	2		
IL	1		
KY	2		
LA	3		
MA	3		
MD	2		
ME	2		
MI	3		
MN	3		
NC	150		
NE	1		
NJ	5		
NY	8		
OH	4		
OR	3		
PA	2		
RI	2		
SC	2		
TN	2		

Note: Only includes passengers who indicated state of residence

Proprietary and Confidential

Appendix B - About Canmark

- Since 1993 Canmark Technologies has combined market research, programming, and technical expertise with thoughtful attention to client needs. Our problem-solving orientation has earned the respect of business clients and market researchers across North America.
- With an experienced staff of technical experts and project managers specializing in various fields of data capture and manipulation, programming and software development, web design and scripting, Canmark is able to leverage superior technology and know-how to support projects of all types and scope in the most cost-effective manner possible.
- Areas of expertise include survey development and delivery, project and data management services, requirements gathering, data sampling, paper and web forms management, custom lasering and printing, distribution logistics, data processing, custom programming for data cleansing, reporting and data analysis, and project consulting.
- We stand ready to meet your data needs, if you have any questions, please do not hesitate to contact us.

Appendix C - Contacts

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Key strategic priorities

Governance vs. Management : Focus on setting governing direction (“guard rails”) for the organizational and holding management accountable for the execution of operational tactics. Pursue continuous educational opportunities for Authority Member development.

1. **Organizational Relevance**: Remaining relevant in an era of airport consolidation
2. **Financial Stewardship**: Sustainability/Operating Performance/Audit & Compliance
3. **Municipal Relations**: Positive relationships with all municipalities surrounding the airport
4. **Stakeholder Relations**: Positive relationships with neighbors and other community organizations
5. **Community Image**: Public Perception/Public Relations/Customer Service/Legal Entity
6. **Facilities Stewardship**: Future Master Facilities Plan
7. **Environmental Stewardship**: Accountability/Awareness of Environmental Issues
8. **Economic Development**: Engage Community Partners/Airline Service Development
9. **Vendor-Partner Relations**: General Aviation/Rental Car Agencies/Vendors
10. **Public Safety**: Airport Emergency Safety/TSA Relations/Municipal Partners
11. **Organizational Accountability**: Executive Director Supervision