

**GREENVILLE-SPARTANBURG AIRPORT  
COMMISSION MINUTES  
May 12, 2014**

The Greenville-Spartanburg Airport Commission met on May 12, 2014 at 9:00 a.m. in the Greenville-Spartanburg Airport District Office Conference Room C located at 2000 GSP Drive, Suite 1, Greer, SC 29651.

**MEMBERS PRESENT:** Minor Shaw, Bill Barnet, Leland Burch, Doug Smith, and Valerie Miller. Hank Ramella present via conference call.

**STAFF AND LEGAL COUNSEL PRESENT:** Dave Edwards-President/CEO, Kevin Howell-Vice President/COO, Jack Murrin-Vice President Administration and Finance/CFO, Rosylin Weston-Vice President Marketing and Public Relations, Scott Carr-Director of Properties and Development, Larry Estridge-WCSR Firm, and Wanda Jones-Administrative Assistant.

**GUEST PRESENT:** Jim Fair-Greertoday.com, and Mike Darcangelo-AVCON.

**CALL TO ORDER:** Chair Minor Shaw called the meeting to order.

**CONSENT AGENDA:**

- A. **Approval of the Greenville-Spartanburg Airport Commission March 31, 2014 Regular Meeting Minutes.**
- B. **Approval of the Strategic Business Plan Workshop April 2, 2014 Meeting Minutes.**
- C. **Approval of the Greenville-Spartanburg Airport Commission Audit Committee April 16, 2014 Meeting Minutes.**

A motion was made, seconded, and unanimous vote received to approve the Commission Regular Meeting Minutes, Strategic Business Plan Workshop, and the Audit Committee Meeting Minutes. No corrections or additions were noted.

**PRESENTATIONS:** None.

**OLD BUSINESS:** None.

**NEW BUSINESS:**

- A. **Approval of the Greenville-Spartanburg Airport District FY 2014/2015 Budget.**

Mr. Murrin presented the 2014/2015 Budget to the Commission which included a brief history of the enplanements and passenger growth. Mr. Murrin stated that

enplanements are expected to be flat. Mr. Murrin showed a graph of historical operating revenue expenses and stated Staff is projecting revenues to remain flat with expenses going up slightly. As the Historical net operating income relates to history, Mr. Murrin stated, we are in line with expectations even in the midst of a major terminal renovation. Mr. Barnet asked what the assumption on the underfunded pension liability is. Mr. Murrin stated we are currently funding our retirement obligations with the amounts the State has set for us and those assumptions are in place. No assumptions have been made with the underfunded liability. It will be an accounting change and will not affect rates and charges.

The basic O&M budget assumptions include: Passenger Enplanements to be 939,362, parking rates remain unchanged, provision for \$46 million in capital improvements, and no change in investment policy.

The District invests in T-Bills and Capital Bank with both yields near 0%. Mr. Barnet asked if Staff regularly checks the rate with other financial institutions. Mr. Murrin stated yes, within the investment policy guidelines.

The Cost per Enplanement (CPE) will drop to \$6.32 from \$6.45. Mr. Burch asked how Staff is accomplishing the lower CPE. Mr. Edwards stated that some of the airlines are reducing space which has helped to lower the CPE. The airlines will have more efficient space from a square footage standpoint. Mr. Barnet asked if it is management's suggestion to drop the CPE at a time when we are spending a lot of money on the terminal project. Mr. Edwards stated it is the goal to stay as competitive as possible going forward. In 2009 the CPE was around \$10.00 and every year but one Staff has driven that number down. Mr. Smith asked how much money we will be spending from July 1, 2015 until the project is finished in 2016. Mr. Edwards stated we will be spending approximately \$20-\$22 million. Mr. Ramella asked what is driving the IT budget cost down. Mr. Murrin stated a tighter budget but we will be doing more with IT.

Mr. Barnet stated that the budget does not show that Staff is capturing land rent. Mr. Edwards stated no projections are in the budget. The revenue stream for land leases are in the revenue number. All revenue received whether generated from airline or land rent all goes in the same place. Mr. Barnet asked if the enplanement number is included. Mr. Edwards stated no, the enplanement number is strictly based on expenses; therefore it is allocated expenses to airline rates and charges. Mr. Edwards stated the methodology is a compensatory method, airlines are billed for the space they use and there is no structure for revenue sharing. Mr. Edwards stated Staff will provide the Commission cost and revenues associated with land and land strategies as well as a P&L on Logistics Park.

Mr. Smith asked if Staff is comfortable with the technology in the new terminal building. Mr. Edwards stated we are not on the bleeding edge but we are trying

to be on the proven edge of technology. Staff wants to make sure the infrastructure is in place and robust in order to accommodate any future technology. Staff is also moving towards digital advertising which gives a lot more revenue generating opportunity and is easier to maintain.

Ms. Miller stated a lot of emphasis is being placed on upgrading Sprint and Verizon and asked how that affects AT&T. Mr. Edwards stated AT&T had an upgrade approximately two (2) years ago and Sprint and Verizon are working through an upgrade on their technology.

Ms. Miller asked when the UPS expense will hit. Mr. Edwards stated when construction contracts are actually awarded; Staff continues to roll that money each year. Portions could be spent this fiscal year but the full \$1.5 million will not. Mr. Carr is working closely with UPS to finalize the design concept.

Chair Shaw asked Mr. Howell to discuss the Facilities expansion being over budget. Mr. Howell stated Staff is working with consultants to try to find ways to minimize the cost. Chair Shaw asked if Staff cannot get the numbers down is this something that can be put on hold. Mr. Howell stated the project could be completed in phases but that something needs to be done since equipment has to be stored outside in the elements and the building is twenty five (25) years old. Mr. Edwards stated Staff's commitment is to be within the budget approved by the Commission.

Chair Shaw asked about the other non-operating expense in the 2014/2015 budget under FY 2015 actual. Mr. Murrin stated Staff made a \$30 million dollar write off of terminal facilities that are being demolished. When structures get demolished that is on the books they have to be removed. That item should have been noted.

Ms. Miller asked if the budget has been scrubbed. Mr. Edwards stated yes, Staff worked hard on the budget.

Mr. Smith stated he would like to see the breakout of land development.

Mr. Murrin respectfully requested that the Airport Commission resolve to adopt the Fiscal Year 2014/2015 Greenville-Spartanburg Airport District Budget. A motion was made, seconded and unanimous vote received to adopt the Fiscal Year 2014/2015 Budget.

## **PRESIDENT/CEO REPORT:**

### **A. Aviation Industry Report:**

Mr. Edwards stated that in the 1<sup>st</sup> Quarter of 2014 that the airlines had the highest ever profit.

On a Federal level, the House did approve the Airport Improvement Program appropriation, for the next Federal Fiscal year which will begin in October 2014, and it will be sent to the Senate for approval.

**B. Air Service Working Group:**

Mr. Edwards stated an Air Service Working Group has been established. The Group consists of Chamber Representatives, Economic Development Leaders, and Convention and Visitors Bureau Representatives from Spartanburg, Greenville, Anderson, and Greer. The first two (2) meetings were beneficial and helped to establish a baseline of where we have been, where we are today, and begin to open the discussion of how we move forward. The next meeting will be a discussion of how to reach the community, how to work together in co-branding and marketing.

Mr. Edwards stated meetings with Upstate CEO's will be held in order to get more outreach and presence in the communities.

**C. FAA Grant Funding for Apron Project:**

Mr. Edwards stated the FAA will fund an additional \$200,000 in discretionary money for the Apron Project which will allow for the implementation of some alternates on the project.

Mr. Edwards reminded the Commission to send feedback on the Vision/Mission statements as we move into the next phase of the Strategic Business Planning efforts.

Mr. Edwards stated Staff has met with the FAA regarding the generator issue. The FAA National Policy is when there is adverse weather conditions that the FAA Facilities come off primary power and go on to generator power. When the generator does not fire they are obligated to shut down. The FAA will be getting a new generator, and Staff is working with them to create a connection for Staff to provide a portable generator in case this issue occurs again in the future.

**INFORMATION SECTION:**

Chair Shaw asked if anyone has any comments or questions concerning the information section. Mr. Edwards stated there was some good press concerning the 7% drop in airfares comparing 4<sup>th</sup> Quarter 2013 over 4<sup>th</sup> Quarter 2012. The average airfares from GSP were lower than competitive airports (Charlotte, Atlanta, and Charleston)

Mr. Barnet commented the Pelham Medical Center digital billboard on I-85 has huge success and Staff may want to look at getting something out there that blares to people for instance, the wait time at screening.

Mr. Edwards stated Staff has looked at the possibility of internal digital advertising on airport property.

Mr. Ramella stated we should be telling the good stories like moving people quickly...parking to airline gate in 10 minutes.

Mr. Edwards stated traffic is back up for March and we are on track for some growth in 2014. The national comparisons are running a couple of months behind. Mr. Edwards will send to the Commission when available.

Mr. Edwards gave a quick update on the Terminal Project. Glass is being installed and will be completely wrapped-up by the end of June. Flatwood Grill, Dunkin Donuts, and Hudson News should be open mid-June. Some issues with tile reordering have occurred in the baggage claim area but it is coming along. The North Wing is coming along with temporary ticket counters being installed.

Mr. Edwards stated he will meet with Commissioners individually this summer but if anyone has any questions please do not hesitate to give him a call.

**COMMISSION MEMBER REPORTS:** None.

**ADJOURNMENT:**

There being no further business, a motion was made, seconded, and adopted to go into Executive Session to discuss contractual matters at 10:16 a.m. At approximately 11:20 a.m. public session resumed with a video of the WSPA destination segment shown. The meeting was adjourned at 11:30 a.m.