

# **GREENVILLE-SPARTANBURG AIRPORT COMMISSION**

## **MINUTES**

**September 14, 2015**

The Greenville-Spartanburg Airport Commission met on September 14, 2015 at 9:00 a.m. in the Greenville-Spartanburg District Office Conference Room C located at 2000 GSP Drive, Suite 1, Greer, South Carolina 29651. The public and media were given proper notice of this meeting, under applicable law. This was a regular, non-emergency meeting.

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

**MEMBERS NOT PRESENT:** None.

**STAFF AND LEGAL COUNSEL PRESENT:** David Edwards, President/CEO; Kevin Howell, Vice President/COO; Jack Murrin, Vice President Administration and Finance/CFO; Rosylin Weston, Vice President Communications; Scott Carr, Director of Properties and Development; Michael Kossover, Director of Operations; Nathan Garner, Manager Aviation Services; Bobby Welborn, Chief of GSP Police; Richard Piper, Facilities Director; Betty O. Temple, WCSR; and Tina Honeycutt, Executive Assistant/Recording Secretary.

**GUESTS PRESENT:** Dan Benson, Trillion Aviation; Daniel Merrit, Seaman Whiteside; Chris Watson, Seaman Whiteside; Paul Smith, WK Dickson; Jim Fair, Greer Today; Barton Gover, W&H; Gary Siegfried, Mead & Hunt; Paul Witt, Stevens Aviation; Ann Migiacco, Stevens Aviation; Amy Knowlton, Stevens Aviation; Sonya Fields, Stevens Aviation; Ron Porter, Stevens Aviation; Mark Alkire, Stevens Aviation; Larry O'Quinn, Stevens Aviation; Ken Wolke, Stevens Aviation; Chris Glenn, Stevens Aviation; Glenn Cothran, Stevens Aviation; Edwin Cauderon, Stevens Aviation; David Seph, Stevens Aviation; Donna McLearn, Stevens Aviation; Diane Pittman, Stevens Aviation; Tim Kinkel, Stevens Aviation; Pete Maes, Stevens Aviation; Ryan Christopher, Stevens Aviation; Monty Gerwig, Wm. Barnet & Son; Hunter Cuthbertson, SAIFS; Herb Cuthbertson.

**CALL TO ORDER:** Chair Minor Shaw called the meeting to order at 9:01 a.m.

### **CONSENT AGENDA:**

A motion was made, seconded, and unanimous vote received to approve the regular meeting minutes from the July 14, 2015 Commission Meeting.

A motion was made, seconded, and unanimous vote received to approve the Meeting/Dates/Time for Calendar 2016. The meeting dates are:

January 11, 2016, March 28, 2016, May 9, 2016, July 11, 2016, September 19, 2016, and November 21, 2016.

## **PRESENTATIONS:**

### **A. Greenville-Spartanburg International Airport Facilities Department Presentation**

Mr. Richard Piper, Facilities Director, presented a brief presentation highlighting the GSP Facilities Department, their overall responsibilities, individual work crews and their tasks, and the Computerized Maintenance Management System (CMMS), department work statistics and safety.

Chair Shaw thanked Mr. Piper for his presentation and the work performed by his dedicated staff.

### **B. Land Use Master Plan and Activity Update Presentation**

Mr. Scott Carr, Director of Properties and Development, presented an informational overview of the Airport District's Land Use Master Plan and an update on recent activity.

The Airport Commission adopted a Land Use Master Plan in November 2012. This master plan included both aeronautical and non-aeronautical development parcels of property with their proposed highest and best use.

Chair Shaw thanked Mr. Carr and asked if there was a lot of activity within Properties and Development. Mr. Carr responded that there are always on-going discussions and GSP consistently has economic development considerations.

Mr. Edwards added that major development projects also involve a lot of competition within the region and state. A large scale project, which will employ 500+ people and is to construct a significant facility, generates competition.

## **OLD BUSINESS:**

### **A. Approval of a Future Fixed Base Operator (FBO) Method of Operation effective January 1, 2017 at the Conclusion of the Current Stevens FBO Agreement.**

The current Stevens FBO agreement includes Stevens Aviation, Inc. (Stevens) leasing certain general aviation facilities for the purpose of providing a full range of general aviation/FBO services. The term is from October 15, 2006 through December 31, 2016.

There are no rights to the leased premises, no options to renew the term and no rights of first refusal upon expiration of the term.

Three previous Staff presentations have been provided to the Commission reviewing the current Stevens agreement, historical financial performance, and four options for the future delivery of FBO services at GSP. These four options included:

1. Direct Negotiations with Stevens for a New Traditional FBO Agreement
2. New Traditional FBO Agreement, Operator Selected through a Public RFP Process
3. FBO Management Company (MC), Selected through a Public RFP Process
4. Airport District Exercises its Exclusive Proprietary Right to Self-Perform the FBO Operation

At the July Commission meeting, the Commission decided to eliminate options 1 and 2 and narrowed the choices for the future method of FBO operations at GSP to either a FBO Management Company (MC) style arrangement or to exercise its Exclusive Proprietary right to self-perform the FBO operation. The Commission also raised several important questions at the July meeting that required further consideration before making a final decision.

Since that time, Staff engaged the services of Trillion Aviation, an independent aviation consultant, to assist with a complete review of the Staff analysis performed to date.

Mr. Dan Benson, Trillion Aviation, presented to the Commission the current trends in FBO operations and offered Trillion's professional opinion on this important decision for the Airport District.

The final two FBO options each have varying financial impacts.

Under the MC FBO operation identified as Option 3, there would be additional financial risk to the District due to the fact the District remains responsible for all expenses, capital investment, etc. and potential volatility of the industry based on economic conditions. Comparably the District has the opportunity to achieve greater net income. The District would also be responsible for a fixed fee to the MC and a possible incentive fee depending on the final agreement negotiated. Staff estimates gross margins at \$2,700,000 annually and expenses at \$1,700,000; minus a management fee of \$200,000 and a 5% incentive fee, would equal a net income of \$760,000 annually before depreciation.

Under a self-run FBO operation, the District would have a similar exposure to the same financial risks in Option 3 but without the management fee and incentive fee. With the same gross margins and expenses at Option 3, net income is projected at \$1,000,000 before depreciation.

Chair Shaw thanked Mr. Benson for his presentation and opened the floor to comments and questions from the Commission. Several questions were asked by the Commission to further clarify Trillion's recommendation of a self-run FBO.

Chair Shaw welcomed all attendees that were present as a result of the FBO decision, then allowed visitors that wished to speak on the subject to be heard. Mr. Herb Cuthbertson and Mr. Hunter Cuthbertson commented on the long standing relationship they have had with Stevens Aviation over the years. Mr. Paul Witt stated that he asked Stevens Aviation employees to attend the meeting so the Commission could see them and understand that some of the employees have been with Stevens for 40+ years.

Chair Shaw presented the recommended action by Staff after looking at the options is to proceed with a self-run FBO operation and exercise the District's exclusive proprietary rights. Mr. Ramella made the motion to approve; Mr. Burch seconded.

Chair Shaw then opened the floor for discussion to the airport Commissioners. At the conclusion of the open discussion by the Commission, unanimous vote was received for GSP Airport to proceed as a self-run FBO and the expiration of the Stevens Aviation agreement.

Chair Shaw thanked Stevens Aviation and stated conversations with Stevens Aviation on the transition of FBO services will take place. She again thanked all of the guests in attendance and invited them to stay for the remainder of the meeting.

## **NEW BUSINESS:**

### **A. Approval of Revisions to Greenville-Spartanburg Airport Rules**

Mr. Carr presented the revisions to the Rules and Regulations document for the Greenville-Spartanburg Airport District (District).

The current version of the GSP Rules and Regulations were updated at the Airport Commission meeting held on May 18, 2015. The following rules and regulations sections are proposed to be added or amended:

- 3.16 – Fire Prevention & Inspections
- 5.5 – Motorless, Ultra-Light, & Unmanned Aircraft Systems
- 9.10 – Animals
- 9.11 – Baggage & Other Carts
- 9.16 – Radio Interference

The Commission discussed policy and determined necessary changes required. In addition to the changes presented, Ms. Miller asked that section 3.b.1 regarding non-tenant business permits be revised so that a clearer understanding of the rule is defined.

Chair Shaw stated the recommendation is to adopt the revised Greenville-Spartanburg Rules and Regulations. Mr. Barnet made a motion to approve; Mr. Burch seconded and unanimous vote was received to approve the revised Rules and Regulations.

## **B. Adoption of the GSP Landscape Master Plan.**

Mr. Kevin Howell introduced Mr. Daniel Merrit and Mr. Chris Watson with Seaman Whiteside. Mr. Merrit and Mr. Watson provided a presentation to the Commission reviewing the planning work completed to date, information gathered, recommended landscape maintenance activities, recommended design concepts, recommended priorities, planning level budgets and a multi-year landscape capital improvement plan. The LMP is intended to be a "living document" that is flexible and may be updated as needed to respond to changes on the GSP campus and changes in landscape design trends.

Chair Shaw thanked the Landscape Master Plan Committee for their work on the project and asked the Commission if there were any questions for Mr. Merrit and Mr. Watson.

Mr. Howell respectfully requested that the Commission adopt the GSP Landscape Master Plan. Mr. Barnet made a motion to approve the Landscape Master Plan; Mr. Burch seconded the motion and unanimous vote was received.

## **PRESIDENT/CEO REPORT:**

- A. Mr. Edwards reported that Congress is back in session and with less than two weeks until the end of the Federal fiscal year it has not yet dealt with the FAA re-authorization bill. Most likely, a continuing resolution with a short term extension is in order to continue to fund the overall government and the FAA to allow the continuation of grants. Grant offers have already been accepted and received by GSP and are already in place from this fiscal year. GSP should not be impacted as long as the government does not shut down again during this time.
- B. Mr. Edwards stated that airlines are making record profits and doing extremely well right now.
- C. United Airlines CEO recently resigned amid some controversy related to a flight between Newark, NJ and Columbia, SC. With new management, there is a hope that United will improve on their level of Customer Service.

Chair Shaw asked about the progress of GSP's Customer Service issues such as cancelled flights and baggage. Mr. Edwards stated that Ms. Weston and he have reached out to American Airlines and American Airlines Customer Service on how to improve and minimize issues that have happened historically. They have had a conversation about how GSP may be able to provide a conduit for transportation issues when customers are impacted by delays or cancelled flights.

Ms. Miller asked when the baggage monitoring will be complete. Mr. Edwards stated data is being monitored and can be pulled at any time. However, GSP would like to continue monitoring throughout the holiday season to better measure how well it is working.

**COMMISSION MEMBER REPORTS:**

Mr. Hank Ramella stated that he has agreed to be a member of the ACI-NA Commissioners Scholarship Fund Committee. The Commissioners have a scholarship fund that encourages aviation management degrees. The airport itself cannot donate to the scholarship fund but personal donation forms can be provided to anyone that would like to make a personal donation.

**EXECUTIVE SESSION:**

There being no further business, a motion was made, seconded, and adopted to go into Executive Session to discuss the expiration of the Stevens Aviation contractual issues and Skanska Moss contractual issues.

**ADJOURNMENT:**

At approximately 12:17 p.m. public session resumed with no action being taken. The meeting was adjourned at 12:18 p.m.

**SIGNATURE OF PREPARER:**

A handwritten signature in cursive script that reads "Tina Honeycutt". The signature is written in black ink and is positioned above a horizontal line.

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Tina Honeycutt