

**GREENVILLE-SPARTANBURG AIRPORT
COMMISSION MINUTES
May 13, 2013**

The Greenville-Spartanburg Airport Commission met on May 13, 2013 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, Hank Ramella, Bill Barnet, Leland Burch, and Valerie Miller

MEMBERS ABSENT: Doug Smith

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, Larry Estridge-WCSR Firm, Wanda Jones-Secretary, and Dan Ingram-IT Manager

GUEST PRESENT: Jim Fair-Greertoday.com, Paul Smith-W.K. Dickson, Don Warren-Skanska Moss, and Terry Macaluso-W.K. Dickson

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

CONSENT AGENDA:

A. Approval of the Greenville-Spartanburg Airport Commission March 11, 2013 Regular Meeting Minutes:

A motion was made, seconded, and unanimous vote received to approve the minutes from the March 11, 2013 Commission Meeting.

PRESENTATIONS: None.

OLD BUSINESS: None.

NEW BUSINESS:

A. Approval of the Ranking for Payment Card Industry Compliance Consultants:

Mr. Murrin recapped the presentation from the January Commission Meeting and stated Staff received a request for a Report on Compliance (ROC) from the Merchant Solutions Bank, which is responsible for processing credit cards. Given the sensitive nature of credit card numbers, Staff prepared a RFP to hire a consultant to help with PCI Compliance and Security Assessments. The take-away will be quarterly vulnerability scans by Approved Scanning Vendor (ASV), penetration testing, detailed gap analysis, and Report on Compliance (ROC).

The response to the RFP was excellent, with ten (10) bids being received. The low bid, Control Case, was eliminated due to the fact the bid did not meet the RFP requirements. Staff also eliminated all other bids except the lowest three (3) due to bid price. Staff focused on Paladion, 360 Advanced, and Sword & Shield. References were good in all cases. Mr. Burch asked if references were given by the companies and Mr. Murrin stated yes. Paladion was the only bid received which met budget requirements in year #1. Staff budgeted \$30,000 for FY 2013-2014, Paladion's first year cost is \$29,500. A provision has been included that each contract year is renewable at management's sole discretion. Mr. Ramella asked if Staff knew what other peer airports were doing for PCI Compliance and Mr. Murrin stated that Staff has not been able to find any peer airports using PCI Compliance.

Mr. Murrin respectfully requested that the Airport Commission resolve to approve Paladion as the PCI Compliance and Security Consultant for the next five (5) years. A motion was made, seconded and unanimous vote received to approve the ranking for Payment Card Industry Compliance Consultants.

B. Appointment to the Airport Environs Planning Commission:

Mr. Edwards stated the Airport Commission has two (2) appointments to the Airport Environs Commission, one from Spartanburg and one from Greenville with one being an Airport Commissioner. Mr. Jim Whitten from Greenville County is one of the appointments from the Airport Commission. Mr. Whitten is also the current Chair of the Environs Planning Commission. Mr. Ramella from Spartanburg County was elected by the Airport Commission when Mr. Storey resigned in 2010. Mr. Ramella's appointment will expire on June 30, 2013. Mr. Ramella has agreed to serve an additional two (2) years.

Mr. Edwards respectfully requested that the Airport Commission reappoint Mr. Ramella to the Airport Environs Commission. A motion was made, seconded and unanimous vote received to approve Hank Ramella as the appointment to the Airport Environs Planning Commission. Chair Shaw thanked Mr. Ramella for his willingness to serve.

C. Approval of the Greenville-Spartanburg Airport District FY 2013/2014 Budget:

Mr. Murrin presented the 2013/2014 Budget to the Commission which included a brief history of the enplanements. Mr. Murrin stated he would like to emphasize the volatility in enplanements, due to several factors, including the global financial meltdown to the arrival of Southwest Airlines. Mr. Murrin showed a graph of the historical revenue expenses and stated Staff is projecting an increase in dollar revenues. Expenses are projected to increase about 8.69%. The 2013/2014 budget is historically consistent with prior budgets. The Cost Per Enplanement (CPE) will drop to \$6.45 from \$6.60; which will help with air service development.

A few questions included: 1) Mr. Barnet asked if Staff has considered incentives or rebates to the airlines? Mr. Edwards stated there are two types of rates and charges methodologies used, Compensatory and Residual. The residual methodology involves the airlines having a greater say in capital improvements; as the airlines are guaranteeing that the airport will at least break-even financially. The compensatory methodology, which GSP uses, airlines only pay for the space they use and the airport has more flexibility to control both capital improvements and operation and maintenance needs. The Commission and Staff can look at offering incentives/rebates back to the airlines. One of the things that Staff has looked at is in 2016 providing benefits to airlines that have a high utilization of facilities. 2) Ms. Miller asked why the space rental rate went down. Mr. Edwards stated costs were reallocated. 3) Mr. Barnet asked why spend on both a Landscaping Master Plan and a Landscaping Assessment? Mr. Edwards stated they are different items, the Landscaping Assessment focuses on sustainability and how the landscaping is maintained where the Landscaping Master Plan is looking at the need to replace aging trees and landscaping. Chair Shaw stated the \$30,000 for the Landscaping Assessment was approved last year but has not been spent. 4) Mr. Burch asked when the Landscaping Master Plan will be completed. Mr. Edwards stated after the beginning of the fiscal year an RFQ will be issued and a Task Force would be formed to begin the evaluation. 5) Mr. Ramella asked for the reduction in income from the CFC's to be explained. Mr. Murrin stated some of these funds have been re-categorized into the operating segment with the signing of the new rental car lease agreements. Mr. Edwards stated the rental car companies will be paying land rent for their facilities directly and through the CFC, and that is the reason for the shift. 6) Chair Shaw stated that what we have seen in capital improvements outside of the terminal are catch-up items. Mr. Edwards agreed.

Mr. Murrin respectfully requested that the Airport Commission resolve to adopt the Fiscal Year 2013/2014 Greenville-Spartanburg Airport District Budget. A motion was made, seconded and unanimous vote received to adopt the Fiscal year 2013/2014 Budget.

D. Approval of Development and Road name for GSP Tract "B" Development Area:

Mr. Howell stated Staff had been contacted regarding the road name for GSP Tract B due to development and permitting. Staff realizes this is an important item but was not given much time. Mr. Howell stated Staff had brainstormed to come up with the displayed names. Mr. Ramella stated from his perspective that GSP should be in front of the name in order for the name to be associated with GSP Airport. Chair Shaw stated this was a big decision and asked for Erwin-Penland to be engaged in the process.

After a brief discussion, a motion was made, seconded and unanimous vote received to name the park "GSP Global Logistics Center" and the road "GSP Logistics Parkway". Staff will engage Erwin-Penland in the overall naming process, as additional road names will be needed in the future.

PRESIDENT/CEO REPORT:

A. Aviation Industry Report:

Mr. Edwards stated the US Airways and American Airlines merger continues to move forward. American Airlines has inquired about up-gaging aircraft at GSP; however, no details are available.

Mr. Edwards stated that sequestration continues to be a problem. International travel has been affected with wait times in Miami being three (3) to four (4) hours.

Congress passed a bill to use uncommitted AIP and discretionary funds to keep intact the one hundred forty nine (149) contract towers and National Weather Observation Stations operational through the end of September. Mr. Ramella asked if the contract towers will remain open. Mr. Edwards stated all will remain open for now. Mr. Edwards stated from an industry standpoint, it is important to keep the system up and running and minimize delays.

B. Update on the Greer CPW Electrical Sub-Station:

Mr. Edwards stated the Greer CPW Electrical Sub-Station Project that was at the March 2013 Commission Meeting has changed. Greer CPW has indicated their desire to purchase a piece of property due the project rather than leasing District property.

E. Review of Most Current Air Fare Statistics:

Mr. Edwards displayed a chart of GSP's air fare on a twenty one (21) day advance purchase compared to Atlanta, Charlotte, and Asheville. The chart displays the top fifty (50) markets and shows GSP on average to be approximately \$90 more than Atlanta, \$78 more than Charlotte, and \$66 less than Asheville. On average, GSP is better than it has been historically. Mr. Edwards pointed out that when a passenger connects in Atlanta or Charlotte that leg of the flight is not free and one would expect to pay more out of GSP when connecting. Mr. Barnett asked about the difference in driving to Charlotte or Atlanta plus the cost of parking versus flying from GSP. Mr. Edwards stated it depends if you are flying solo or with a family. Most passengers are willing to spend \$90 more to fly from GSP if flying solo; however, when you introduce a vacationing family into the picture, more than likely they will opt to drive to Charlotte or Atlanta. Chair Shaw stated that Southwest was in the Charlotte market now. Mr. Edwards stated that Staff had voiced their concern to Southwest about Charlotte directly competing with GSP. The positive thing about GSP is it is still easier to get in and out of but some passengers will return to utilizing Charlotte now that Southwest is there.

Mr. Edwards stated GSP is ranked 33rd in average airfares out of the top 100 U.S. airports. We have made a lot of headway in getting our way back to being at a midpoint in the cost of airfares and we need to maintain this. Chair Shaw asked if Staff is continuing to work with airlines. Mr. Edwards stated, yes and Staff will be meeting with incumbent carriers in June at the Jumpstart Conference. Staff also hopes to meet with Air Canada. Chair Shaw thanked Mr. Edwards for the presentation.

INFORMATION SECTION:

Chair Shaw asked if anyone had any questions concerning the information section. Mr. Edwards stated that a TIP Task Force Meeting was held and some decisions were made on the glass curtain wall, toning down the terrazzo in the bathrooms, semi-gloss floor tile, and brushed stainless steel in the bathrooms. Mr. Edwards stated that Baker/Gensler had made some positive recommendations. Weather and a design issue have caused some delays. Skanska-Moss continues to be good to work with. Chair Shaw stated we are moving in the right direction and appreciates all of the partners.

Mr. Burch asked for an update on the South Cargo Building. Mr. Edwards stated no updates are available, as contracts are being finalized with the On-Call Professional Consultants of which one will undertake the design work for the South Cargo Building.

Potential items for the next meeting on July 8, 2013: Twenty-year GSP Airport District Financial Pro-Forma Update and a Review of the Impacts of Southwest Airlines at GSP.

COMMISSION MEMBER REPORTS:

Mr. Ramella and Mr. Burch both attended the Commissioners Conference in Biloxi, MS in April; both expressed being impressed by the presentations and the concession sessions.

Mr. Barnet stated the Arts Committee will be traveling to Nashville International Airport to meet and tour the arts program.

ADJOURNMENT:

There being no further business, a motion was made, seconded to adjourn the meeting at 11:00 am.