

**GREENVILLE-SPARTANBURG AIRPORT COMMISSION  
MINUTES  
July 11, 2011**

The Greenville-Spartanburg Airport Commission met on July 11, 2011 at 9:00 a.m. in the Greenville-Spartanburg Airport Commission Office Conference Room located at 2000 GSP Drive, Suite 1, Greer, SC 29651.

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

**MEMBERS ABSENT:** None

**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 Communications, Larry Holcombe-Environs Administrator, Larry Estridge-WCSR Firm, and Wanda Jones-Secretary.

**GUEST PRESENT:** Wallace and Martha Ray Storey, Lynn Yeargin-YPS, S.R. Hagins-US&S, Don Warren-Moss, Jenny Munroe-Greenville News, Phil Parkins-CDM, Dick Graham, Gary Jackson, Gary Lott-LPA, Bill Fleming-Skanska, W. James Clemens-Skanska, and Dean Anderson-Roebuck Building.

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

**CONSENT AGENDA:**

- A. Approval of the Greenville-Spartanburg Airport Commission May 10, 2011 Regular Meeting Minutes: A motion was made, seconded, and an unanimous vote was received to approve the minutes from the May 10, 2011 Commission Meeting.

**PRESENTATIONS:** Recognition of Wallace Storey's Service to the Greenville-Spartanburg Airport Commission. Chair Shaw welcomed Mr. Storey and his wife Martha Ray and thanked him for his commitment to the GSP Airport Commission from November 1989 to December 2010. Chair Shaw recognized Mr. Storey for being instrumental at the airport and overseeing the renovations of the terminal in the 80's. Chair Shaw stated that during Mr. Storey's time on the Commission he provided a lot of history along with the knowledge of knowing what is important when looking at design and construction. Chair Shaw presented Mr. Storey with a frame of pictures from the airport during Mr. Storey's time at the airport and a resolution that reads:

**WHEREAS,** the Greenville-Spartanburg Airport Commission was created by the State Legislature of South Carolina in March 1959 for the purpose of maintaining,

operating, regulating and improving the Greenville-Spartanburg International Airport;  
and

**WHEREAS**, the Spartanburg County State Legislative Delegation recommended the appointment of Wallace Storey as a Member of the Greenville-Spartanburg Airport Commission, and Mr. Storey's appointment was confirmed by the Governor; and

**WHEREAS**, Wallace Storey served as a Commission Member of the Greenville-Spartanburg Airport Commission from November 1989 to December 2010; and

**WHEREAS**, during his tenure the Commission focused on growth and development; and

**WHEREAS**, with his guidance, knowledge and expertise in the fields of engineering and aviation, he helped the Commission strengthen its role and image in the community; and

**WHEREAS**, Wallace Storey has been a champion of the mission to provide the citizens of Upstate South Carolina with the safest, most efficient, attractive and user-friendly airport in the world

**NOW, THEREFORE, BE IT RESOLVED** that the Greenville-Spartanburg Airport Commission unanimously expresses its sincere thanks and gratitude for **Wallace Story's** tireless and dedicated efforts in serving the needs of the Greenville-Spartanburg Airport Commission and the community.

Chair Shaw thanked Mr. Storey for his integrity, teachings, and being supportive.

Mr. Storey commented on his time at the airport as a Commissioner.

A motion was made, seconded, and a unanimous vote to recess at 9:15 am.

The meeting reconvened at 9:25 am.

**OLD BUSINESS:** None.

**NEW BUSINESS:**

- A. Approval of Construction Manager @ Risk Rankings for the Greenville Spartanburg International Airport Terminal Improvement Program:

Mr. Howell discussed the Construction Manager at Risk (CMR), which began in January, 2011 when the Commission voted to utilize the Construction Manager at Risk (CMR) project delivery method for the Terminal Improvement Program and directed Staff to begin the selection process for CMR services. In accordance

with airport policies, Staff worked with Jacobs; which is the Program Manager for the project, preparing a Request for Qualifications (RFQ) which outlined the selection process, evaluation criteria, and identified the services that could be expected from the firm/team during the Program.

The CMR RFQ was advertised regionally and nationally through various industry trade publications and organizations. The due date was June 3, 2011 and eleven (11) submittals were received. Mr. Howell read a list of all eleven (11) teams that submitted a RFQ.

The Selection Committee consisted of Dave Edwards, President/CEO; Larry Holcombe, Executive Vice President; Kevin Howell, Vice President/COO; Jack Murrin, Vice President/CFO; Rosylin Weston, Vice President Communications, and advisors from Jacobs and RS&H. The Selection Committee reviewed and ranked individually. Evaluation criteria used by the Selection Committee included: Execution, Process, Chemistry, Leadership, and Local Participation. Three (3) teams were short-listed for the second phase of the process which included presentations and interviews with the Committee. Following a review of the written responses and interviews of the shortlisted firms/teams, Staff recommended the following final ranking to the Commission.

1. Skanska/Moss/Roebuck
2. Austin/Shelco
3. Yeargin/Hunt/US&S

Mr. Howell respectfully requested that the Airport Commission resolve to (1) approve the final rankings for Construction Manager at Risk – Terminal Improvement Program (2) authorize Staff to negotiate and finalize an agreement with the first ranked firm/team (if an acceptable agreement cannot be reached with the first ranked firm/team, negotiations will be formally terminated and will then proceed with the next highest ranked firm/team and so forth until an acceptable agreement can be reached); and (3) authorize the President/CEO to execute all necessary documents. A motion was made, seconded, and a unanimous vote was received to approve the request as stated above.

Mr. Smith asked how Staff will monitor the budget process for the project and what control methods will be used. Mr. Howell responded by stating the Construction Manager at Risk (CMR) is one of the most transparent delivery methods. Everything is open book. Staff will negotiate the CMR services fee for pre-construction and discuss their overall fee arrangement as part of the contract negotiations. During the pre-design process and once construction begins Skanska/Moss/Roebuck will be helping Staff to validate the budget--they will be an extra set of eyes on the budget.

The CMR will be tasked with setting a Guaranteed Maximum Price (GMP) and every project package will be bid and since everything is an open book, Staff will know if the project is coming in over or under budget. The goal is to come in under the GMP and any unused budgeted funds will be rolled forward to the next component of the project and so forth. The Team will need to discuss and negotiate a shared savings plan, which will encourage the CMR to help drive down the overall cost of the project. Mr. Edwards commented that the CMR method is the best of both worlds since everything is transparent to Staff. Staff will know going through the process if the project is on target and by using the CMR method the change orders should be minimized. Mr. Edwards also commented, it is important to have the CMR on board during the design phase to give Staff preconstruction services to have a project that is constructible and feasible and will be constructed in the way the Commission desires. Having the CMR on board will help ensure we are using a method that is effective and efficient from a durability standpoint and a long term standpoint. We want a cost efficient project that is going to deliver what the airport needs for the next several years in the tradition of what has been done before. Mr. Edwards also stated that Jacobs will be creating a dashboard that will be available to be viewed by Commissioners via the web. The dashboard will provide budget and change order information on a real-time basis, Staff will have close control.

Mr. Estridge stated he had reviewed the contract and the contract does call for transparency. The Team has to have a consensus at most every step of the way. Mr. Estridge also stated that the Guaranteed Maximum Price is a detailed and lengthy process and the CMR is taking the risk that they can bring in the GMP.

Mr. Barnet asked for a time-line for this phase of the project. Mr. Howell responded that we are only two months into schematic design. Staff will be back to the Commission at the September meeting, starting in November will be Phase 1 and Phase 2 of Schematic then move into pre-design construction for six (6) months. Major construction will not take place until late summer, early fall of 2012. The time-line will be discussed at the September Commission Meeting. The final schematic design will be discussed at the November Commission Meeting. The enabling packages are scheduled to be ready at the March 2012 Commission Meeting.

The Skanska/Moss/Roebuck Senior Management Team introduced themselves to the Commission.

Chair Shaw thanked the Team.

Mr. Smith asked some additional questions about the cost control of the project. Mr. Edwards made a commitment to the Commission that by the time we are at

the end of schematic design the predominate amount of questions about what we are doing and why will be answered with a flushed out schematic design. Mr. Edwards also stated that at the November Commission Meeting we will have a 30% cost estimate from both the design team and the program manager which will give us two independent cost estimates. Mr. Smith asked for the name of the person Staff is dealing with at McMillian Pazdan Smith. Mr. Howell responded that Joe Pazdan and Cullin Pitts are the contacts.

Mr. Howell discussed the potential for 75%-85% local involvement and the strong contractor pull in the upstate. In order to provide a greater number of opportunities for local companies some of the work may have to be broken into smaller packages. There are some key components of the project that will need to be contracted outside of the upstate, and will most likely not be local, which are the baggage handling system, complex natural day-lighting, curtain wall assemble (storefront), and the escalators/elevators. Outreach sessions will be hosted so that local subcontractors can meet the CMR.

Chair Shaw indicated that she would like to track the economic impact this project will have on the Upstate. Mr. Edwards stated the last economic impact study ordered by the Airport Commission was completed in the Fall of 2009. Mr. Edwards stated once the Commission gets a Guaranteed Maximum Price on the terminal project the study will be updated. Mr. Barnet stated that it is important to focus on local jobs but the challenge will be the efficiency. Mr. Howell responded that the Commission will have to decide if the bidder is not from the Upstate if we want to save dollars and hire an outside company or spend a little extra to hire a local company. Mr. Edwards went on to say, to determine the best option for efficiency, Staff owes the Commission the cost of breaking projects into multiple packages.

#### B. Award of a Contract for the Passenger Boarding Bridge Replacement Project:

Mr. Howell discussed the replacement of eight (8) Boarding Bridges. This project has been budgeted for two years in a row. The project did not bid in 2011 therefore the money rolled into FY 2012. This project includes the removal and replacement of the Passenger Boarding Bridges (PBBs) at A1, A2, A3, A4, B1, B2, B3, and B4. These bridges were originally installed during the 1989 terminal project and have exceeded their useful life. The PBBs will supply cooling in the summer and heat in the winter. They also provide ground power to the aircraft while it is parked at the terminal, which eliminates the airlines from having to use the diesel equipment to power the aircraft. It is considered a "Green" initiative.

Mr. Howell commented that there are only two manufactures in the United States that build boarding bridges. (1) ThyssenKrupp Airport Systems from Dallas and (2) JBT Aerotech from Utah.

In accordance with the policies for procurement and award of construction projects, Staff prepared a Request for Bids (RFB) document and advertised the project nationally. Bids were due on June 30, 2011.

Two (2) bids were received and Commission approval is required to award the contract on this project. The bidders were:

1. ThyssenKrupp Airport Systems with a bid amount of \$3,038,824.00 and DBE participation of 6.73%
2. JBT Aerotech – with a bid amount of \$3,255,673.00 and DBE participation of 8.1%

Mr. Smith asked if this was an allocated amount by the Commission. Mr. Howell responded, yes, it is in the budget.

Mr. Barnet inquired if the Commission has a choice over color, design, to sell advertising inside, or to do something creative/unique. Mr. Howell replied that yes we do have choices; however, the recommendation is since we have thirteen bridges and we are replacing eight of those bridges that we keep with the same color as the others otherwise they will be mismatched. One suggestion is to put the GSP logo on the outside of the bridges which is another branding reinforcement. Mr. Barnet stated that since the airport is getting ready to undergo a terminal project renovation that the Commission should make sure the bridges compliment the project. He also stated that the Commission should put some energy into making the inside of the bridges a brighter and better experience for the passenger. Mr. Edwards commented that our gates are common use therefore we would not want the bridges to be unique to one airline. He stated we do have an opportunity for advertising and/or expanding an art program. A combination of the two would create a revenue and non-revenue generating piece. Chair Shaw stated it would be a good opportunity to place pictures of the Upstate on the inside of the bridges.

Mr. Howell respectfully requested that the Commission resolve to (1) approve awarding the contract for the Passenger Boarding Bridge Replacement Project to ThyssenKrupp Airport Systems, Inc. in the amount of \$3,038,824.00, (2) approve a project contingency budget of \$303,882.40, and (3) authorize the President/CEO to execute the necessary documents. A motion was made, seconded, and a unanimous vote to approve the request as stated above.

C. Award of a Contract for the Pre-Conditioned Air & Fixed Ground Power Project:

Mr. Howell briefed the Commission on the Pre-Conditioned Air & Fixed Ground Power Project. In the FY 2012 budget, the GSP Airport Commission included a capital project for installation of pre-conditioned air and fixed ground power units. The contract award includes the provision and installation of nine (9) PC air units, nine (9) fixed ground power units and the retrofit of five (5) existing PBBs for bridge pre-conditioning.

Mr. Howell also stated this will make the experience more pleasant for the consumer. This project is also a sustainability initiative – which will remove any equipment that is driven by diesel power and replace it with electrical based equipment.

Mr. Smith asked about the back-up should this go out. Mr. Edwards stated there will still be two back-ups: portable units available on the ground, and auxiliary power on the aircraft.

Mr. Burch inquired about the location of the company. The company is located in California. Chair Shaw asked the timeframe of the project. Mr. Howell stated that Staff will only allow two bridges at a time to be impacted – one from Concourse A and one from Concourse B. Staff also does not want to negatively affect passengers during Thanksgiving and Christmas.

In accordance with the policies for procurement and award of construction projects, Staff prepared a Request for Bids (RFB) document and advertised the project nationally. Bids were due on July, 2011.

Three (3) bids were received and Commission approval is required to award a contract on this project. The bidders were:

1. INET Airport Systems, Inc with a bid amount of \$1,021,767.73 and DBE participation of 10%.
2. ThyssenKrupp Airport Systems with a bid amount of \$1,309,688.00 and DBE participation of 5%.
3. JBT Aerotech with a bid amount of \$1,314,870.00 and DBE participation of 3.3%.

The budgeted amount for the combined passenger boarding bridge replacement and pre conditioned air and fixed ground power project was \$4,640,000.00. After awarding both projects to the lowest responsive bidders with a 10% project contingency, a remaining balance of \$173,349.10 will be used for related electrical service upgrades required to power the new equipment.

Mr. Howell respectfully requested that the Commission resolve to (1) approve awarding the contract for the Pre-Conditioned Air and Fixed Ground Power

Project to INET Airport Systems, Inc. in the amount of \$1,021,767.73, (2) approve a contingency budget of \$102,176.77, and (3) authorize the President/CEO to execute the necessary documents. A motion was made, seconded, and a unanimous vote to approve the request as stated above.

D. Appointment of a Greenville-Spartanburg Airport Commission Appointee to the Greenville-Spartanburg Airport Environs Commission:

Mr. Holcombe informed the Commission that they have the responsibility of appointing two members to the Airport Environs Commission for a term of two years each, with alternating expiration dates. One member has to be from Spartanburg County and the other from Greenville County. Mr. Jim Whitten is from Greenville County and his term will expire on September 1, 2011. The Commission recently appointed Mr. Hank Ramella to replace Mr. Wallace Storey.

Chair Shaw asked Mr. Holcombe to give some background information on Mr. Whitten. Mr. Holcombe stated that Mr. Whitten is an engineer by trade and worked many years for Fluor Daniel. Mr. Whitten has been active in this area for many years. He is interested in the community and preserving the integrity of the airport. He has been a valuable member to the Environs Commission and is willing to serve another two year term if elected. Mr. Whitten has served on the Environs Commission since 2009 and is currently the Chairman. He attends all Environs Commission Meetings and Appeal Meetings.

Chair Shaw thanked Mr. Ramella for agreeing to be a member of the Environs Commission and stated as we get more involved with the Land Use Study it is important to have the right people in the right place.

Mr. Smith requested a make-up of the Environs be e-mailed to him. Mr. Holcombe gave a brief summary of the Environs make-up and Mr. Edwards stated the names of the Environs Commission members are listed in the Commission Guidebook.

Mr. Holcombe stated that there have been fifteen (15) Environs applications this year for either a new construction or a change of use in an existing building. There have been zero (0) noise complaints. Mr. Holcombe stated the Environs Legislation is certainly working and paying off. He pointed out this is the only airport that has the Environs Legislation which established a protective boundary around the airport. Other airports depend on local zoning legislation which makes us the envy of a lot of airports.

It is respectfully requested that the Commission resolve to reappoint Mr. Jim Whitten to the Greenville-Spartanburg Airport Environs Commission. A motion

was made, seconded, and a unanimous vote to reappoint Mr. Jim Whitten to the Environs Commission for a term of two years.

E. Approval of Retiring Rent-A-Car Facility Bonds:

This item was added to the agenda. CFO, Mr. Jack Murrin stated that the Commission has two remaining outstanding bond issues; both related to the Rental Car Maintenance Project completed in 2001. Series 2001A is tax-exempt and Series 2001B is not.

Mr. Barnet asked if we can vote on this since it is not on the agenda. Mr. Estridge stated yes, we can add items to the agenda.

Mr. Murrin stated The Series 2001A bonds are callable at July 1, 2011 with a 1% premium. The Series 2001B is not callable. The average interest rate on the 2001A bonds is approximately 4.83%. The total bond amount at par outstanding on the 2001A series is \$3,225,000. The total principal amount payable, including the 1% premium is \$3,257,250.

Mr. Murrin stated the average blended yield on our investment portfolio is approximately 0.8%.

The net difference between the interest expense given up (4.83%) vs. the opportunity cost lost on interest income (0.8%) = 4.03% x 3,225,000 = \$130K in savings the first year. Over the remaining maturity of the bond series, we expect total savings to approximate \$1M and cash flow to increase by a little over \$400,000 per year.

The Commission currently has \$80M in its investment portfolio. Applying \$3.3M towards a bond payoff does not represent a hardship.

Mr. Barnet asked the thought process behind the A and B. Mr. Edwards stated that there are certain items that you can use non-taxable bonds for and some you have to use taxable bonds. The rental car facilities required the use of both taxable and non-taxable bonds. .

Mr. Murrin respectfully requested that the Airport Commission resolve to permit Staff to pay off the 2001A Bond series outstanding. A motion was made, seconded, and a unanimous vote was received to authorize Staff to pay off the 2001A Bond series outstanding.

**PRESIDENT/CEO REPORT:**

A. Aviation Industry Report:

Mr. Edwards stated that fuel prices have remained calm and airlines have remained profitable as we move into the summer. Traffic is up nationwide which is a positive trend. Business travel has come back stronger than anticipated.

Congress has still not made a final decision on the FAA Reauthorization Bill which is now on its 20<sup>th</sup> extension. The extension of the existing authorization will expire on July 20, 2011. Mr. Edwards stated the delay has not affected Airport Improvement Program (AIP) grant dollars to date. The problem is that the dollars come in pieces, which make it more difficult to deal with projects.

B. Discussion of MUFIDS Project:

Mr. Edwards updated the Commission that only one (1) bid was received on the MUFIDS Project from ComNet. After Staff evaluated the bid the decision was made to throw the bid out and re-bid the project. Staff could not get comfortable with the questions that needed answers. The airport wants a leading edge system at the best price and felt with one bid Staff could not evaluate properly. This project will be back on the agenda at the September Commission Meeting.

C. Status of Tree Clean up from Storms:

Mr. Edwards brought the Commission up-to-date on the status of the tree clean-up. To-date \$58,000 has been spent on the clean-up and could reach \$80,000-\$100,000. There was no damage to the buildings. Staff has been in contact with Mark Byington to discuss his thoughts on tree replacement. Now is not a good time to replant trees but Staff will be working on a plan. Chair Shaw stated it is important to look at the bigger picture and thanked the airport team for working so hard in getting everything cleaned up.

**INFORMATION SECTION:**

Mr. Edwards asked if anyone had any questions concerning the information section.

Mr. Barnet asked about the drop of 55% in express cargo. Mr. Edwards explained that it was more of a category change instead of a loss. Going forward, we will probably change the reporting format.

The June passenger traffic is still looking positive.

Chair Shaw asked if Staff can tell if we are recapturing our passenger leakage back. Mr. Edwards stated that we can look at simple things such as license plates and we

have seen out-of-state plates. Staff will wait until Southwest Airlines has been here for a full year before another passenger leakage study is done.

Southwest Airlines continues to be very pleased with the GSP market. Chicago, Houston, have been doing extremely well. Orlando and Nashville are doing better than expected. Baltimore/Washington is doing better than expected. Mr. Edwards stated that you will start to see advertisements with one stop, no change of planes for Boston, Las Vegas, and Denver. Incumbent carriers are doing very well also.

Parking at the top of Garage A and B, which is called Sky Lot Parking, has gone over very well. Sky Lot parking opened on July 1, 2011 and in Garage B we have had over 235 spaces occupied and in Garage A over 203 spaces occupied. Sky Lot parking has approximately 300 spaces. Mr. Smith asked if this means there is still a need for the expansion of the economy lot. Mr. Edwards stated Staff will evaluate as the design and permitting is complete. Staff will come back to the Commission for approval before continuing to move forward. Staff believes that once we get into the Holiday Season, parking could be a problem. If the Commission decides to pull the plug on the expansion of the economy lot the design and permitting will already be in place. Mr. Smith asked if we can track the use of the lot. Mr. Edwards stated with revenue controls in place, Staff is able to know how many cars are in each lot, everyday at any particular time. Staff is able to graph and track utilization.

The ACI-NA Commissioners Conference will be held in San Diego in October. Information will be sent to you and if you wish to attend please let Wanda Jones know as soon as possible.

Potential item for the next Commission Meeting is the MUFIDS Project.

**COMMISSION MEMBER REPORTS:** None.

**EXECUTIVE SESSION:** A motion was made, seconded and a unanimous vote was received at 10:45 am to go into Executive Session to discuss legal matters. Mr. Edwards announced that it was anticipated that a formal action would be taken following the Executive Session.

The meeting reconvened at 11:15 a.m.

The Airport Commission by unanimous vote resolved to authorize Staff to pursue various property acquisitions in an amount not to exceed \$1.5 million.

**ADJOURNMENT:** There being no further business, a motion was made, seconded and a unanimous vote was received to adjourn the meeting. The meeting was adjourned at 11:20 a.m.

**The next Commission Meeting is Monday, September 12, 2011 at 9:00 a.m.**