

**GREENVILLE-SPARTANBURG AIRPORT COMMISSION
MINUTES
September 12, 2011**

The Greenville-Spartanburg Airport Commission met on September 12, 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

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 Communications, Larry Estridge-WCSR Firm, Wanda Jones-Secretary, Dan Ingram-IT Manager, Bobby Welborn-Chief of Police, Mike Gula-Director of Operations, Whitney Code-Marketing Coordinator

GUEST PRESENT: Jim Fair-Greer Today, Gary Lott-LPA, Phil Perkins-CDM, and Jenny Munroe-Greenville News

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

CONSENT AGENDA:

- A. Approval of the Greenville-Spartanburg Airport Commission July 11, 2011 Regular Meeting Minutes:** A motion was made, seconded, and unanimous vote received to approve the minutes from the July 11, 2011 Commission Meeting.

PRESENTATIONS:

A. Disadvantaged Business Enterprise Program Presentation:

Mr. Howell gave a presentation on the Disadvantaged Business Enterprise Program which covered the regulatory background, DBE Policy, historical performance, current DBE goals, and DBE Outreach. Following the presentation, Mr. Howell opened for questions. Chair Shaw asked how does the airport promote Outreach Sessions and is there a good response - Mr. Howell responded the participation could be better. In the State of South Carolina the Department of Transportation handles the Unified Certification Program (UCP). The UCP is a "One-Stop Shopping" certification program that eliminates the need for firms to obtain DBE certification from multiple agencies in the State. The airport can only

count DBE participation if they are certified with the SCDOT. Mr. Edwards commented he has brought up this process with the FAA because this is a federal program and people are getting certified on a state by state basis and this is not a reciprocal approval of the certification. There have been some recent rule making procedures requiring states to approve DBE Certification within 60 days for someone that's been certified in another state or if they are not going to certify them they need to give reasons why within that 60 day period. Chair Shaw asked is there a way we can help get the word out that DBE's have to be certified by the state. Mr. Edwards responded, I think we do that. It's always a struggle with this program. A lot of people do not like to give up their detailed financial information and in order to be certified at a state level you have to give up very detailed financial information which has been a deterrent for some. Chair Shaw suggested reaching out to the Chambers so that the Chambers can reach out to their members with some of these issues. Ms. Miller asked if concessionaries also have to be certified by the SCDOT? The airport is more diversified than just construction. Mr. Howell stated yes, SCDOT certifies not only construction but also consultants, suppliers and vendors. The Commission thanked staff for the presentation.

OLD BUSINESS: None.

NEW BUSINESS:

A. Proposed Amendment to the Greenville-Spartanburg Airport Commission Investment Policy:

Mr. Murrin stated that currently the investment policy permits investments in the following: checking accounts, money market funds, U.S. Treasury Obligations, and Federal Agency Obligations. Investments are earning very little. The current yield is between 0.25% and 0.30%. Most of the investments are in Treasury Bills which have a maturity rate less than one (1) year. There are a few investments in Treasury Notes which have a maturity greater than one (1) year. Staff would like to ask the Commission to consider a fifth alternative to the investments which is called the SCLGIP – South Carolina Local Government Investment Pool. This was authorized by the State Legislative in 1983 and its principal emphasis is Safety, Liquidity, and Yield which is managed by the SC State Treasury Office. The fee is one tenth of one percent and that money is put into a reserve fund which makes up any losses if any; since 1983 not one dollar has been lost. Today 593 municipalities have their excess funds in this pool and the total is over seven (7) billion. Mr. Murrin stated he had checked with the following and all invest in the SC Local Government Investment Pool: City of Greenville, County of Greenville, City of Spartanburg, County of Spartanburg and Columbia Airport. Mr. Murrin noted that the pool is not rated by Standard and Poor's or Moody's and it is not guaranteed. Chair Shaw asked if the

recommended action is to invest everything in SCLGIP. Mr. Murrin stated the recommended action is to add this to our investment policy and leave Staff to determine how much to invest. Staff would not invest all at any given time. Mr. Burch stated the Commission should limit the percentage invested and be diversified - not have all our eggs in one basket. Mr. Burch stated 20%-25% would be appropriate. Chair Shaw asked Mr. Barnet about his experience with this in the City of Spartanburg. Mr. Barnet stated he had mixed feelings but to the best of his knowledge the City of Spartanburg used it exclusively with 100% of its excess cash invested.

Mr. Murrin respectfully requested the Commission to approve the addition of the SC Local Government Investment Pool as an allowable investment under the GSP Investment Policy.

A motion was made, seconded, and unanimous vote received to approve the request with such investments not to exceed 25% of GSP's overall investment portfolio, with annual review by the Commission to see the results and consider changes.

B. Award of a Contract for the Multi-User Flight Information Display and Paging System Project:

In accordance with the policies for procurement and award of construction projects, Staff prepared a Request for Proposals (RFP) document and advertised the project nationally. Proposals were due on August 31, 2011.

Three (3) proposals were received and Commission approval is required to award a contract on this project.

1. Com-Net with a proposal amount of \$516,459.00 and DBE participation of 0%.
2. Infax with a proposal amount of \$437,553.15 and DBE participation of 10%.
3. Ronco with a proposal amount of \$1,080,247.00 and DBE participation of 10%.

Based on the dollar disparity with Ronco, Staff notified Ronco that we were not interested and did not invite them for a demonstration. Staff brought in the remaining two companies for presentations and also tested the equipment. Staff was looking for an integrated MUFIDS PA System, a single source solution. Com-Net provides that as a single company with both applications. Infax is a MUFIDS company; they teamed up with a PA company, Penta. Staff felt that the Com-Net solution was a better solution for this airport going forward than the Infax/Penta Group. Com-Net is the market share leader in airports. Com-Net was recently acquired this past year by a company called SITA which is a

European company. Com-Net has an ongoing relationship with the majority of the air carriers. Mr. Ramella asked if the system is a web based system. Mr. Howell responded that it will reside on a server and we use virtualization. It does go to the outside world and will have linkage back to airlines, but it is not a web-base solution.

Ms. Miller asked if this project is eligible for AIP Funding. Mr. Edwards stated it is eligible, but we have committed our AIP Funding to the Terminal Project. Mr. Barnett asked if this project was pre-mature due to the upcoming terminal project. Mr. Howell stated that it is not as this project was only dealing with head-end equipment which would be retained. Chair Shaw asked if the project would start immediately. Mr. Howell responded that Staff would hold the implementation of the project until after the holidays to ensure no disruption of service.

Mr. Howell respectfully requested that the Airport Commission resolve to (1) approve the final rankings for the MUFIDS/PA Project; (2) authorize Staff to negotiate and finalize a contract for the MUFIDS/PA Project in an amount not to exceed \$350,459.00 with the first ranked company (if an acceptable agreement cannot be reached with the first ranked company, negotiations will be formally terminated and will then proceed with the next highest ranked company), (3) approve a project contingency budget of \$35,045.90 and (4) authorize the President/CEO to execute all necessary documents.

A motion was made, seconded, and unanimous vote received to approve the above recommendation.

C. Authorization to Proceed with Design Development and Construction Documents for Certain Enabling Projects Associated with the Terminal Improvement Program:

Mr. Edwards reminded the Commission the request to move forward with certain Enabling Projects is only for design and Staff is not asking to move forward with full construction today.

Enabling Project #1 - Relocate the Rental Car Companies from inside the terminal to the A Garage. Consensus among rental car companies today is they are excited about this move; it will create more efficiency because they can staff less. Mr. Edwards stated even if we do not move forward with the terminal project this will be a good project for the airport to move forward. Enabling Project #2 - Expansion of the restrooms and concessions on concourse. Enabling Project #3 - New feed for power and communications. We need to provide a redundant power feed so we can continue to operate as we are doing today. This will give us an alternate route ultimately to give us two routes for

communications and for power from a distribution point. This project does provide some safety net in case a line got cut out you would have an alternate route to feed. Chair Shaw asked why do it now? Mr. Edwards responded we have to have it for cutover purposes for the terminal project. Chair Shaw asked would you be able to start the terminal without this? Mr. Edwards stated we could start some things like the RAC relocation but other things we could not do without having this in place; it has to be done before we can do construction in the core. Mr. Ramella asked if this would only be for design work. Mr. Edwards stated that is correct. Enabling Project #4 - Airport Operations Center. Today that facility is located near baggage claim. All airport access systems and cameras reside in that room. The plan is to move from the current location down next to the commission offices. As we have talked about, long term we will build out the admin offices on the north side of the terminal building with a new commission board room etc. The Police Department and Operations all would be moved into the existing Commission Office space.

Staff has had RS&H break out the estimated costs to do the design work for these enabling projects and the cost is about \$650,000. Our Construction Manager at Risk has run some early numbers and the total estimated value of these four projects is about 7 million dollars in construction cost. The approval of this request will allow us to move forward so we will be ready in the January 2012 time frame to come back to the Commission and ask for actual approval of construction of such projects. We believe construction would start somewhere between March and September. This would give us six (6) months to get the majority of this work done so we would be in a position to start on the terminal project in the September/October time frame. Chair Shaw asked if this is cost we would incur anyway? Mr. Edwards stated that it was.

Mr. Edwards respectfully requested that the Commission resolve to authorize Staff to complete the design development and construction document phases for the Enabling Projects which include the relocation of Rental Car Facilities to the A Garage, installation of a new electrical and communications duct bank, construction of a new concourse restrooms and concessions, and relocation of the existing Airport Operations Center and associated facilities.

A motion was made, seconded, and unanimous vote received to approve the above recommendation. Chair Shaw said the Board appreciates the good planning.

PRESIDENT/CEO REPORT:

A. Aviation Industry Report:

Mr. Edwards stated while in Washington, DC last week with the Upstate Chamber Group he had the opportunity to have some great meetings with Upstate Legislators and had the chance to have some discussion with Congressman Paul Ryan and Congressman Eric Cantor which went very well.

The 21st extension on the FAA Reauthorization Bill was set to expire on September 16, 2011 but the House and Senate have come to an agreement to get another continuing resolution to carry till the end of the calendar year. This extension should be introduced by Tuesday, September 13th. This will defer another shutdown of the FAA and lost revenue into the Aviation Trust Fund. We are still hoping for a multi-year bill.

Mr. Edwards stated that overall the industry is stable. Two weeks ago Mr. Edwards was in Albuquerque for the Boyd Aviation Summit which included several airline representatives. All of the feedback across the board was very positive. Mr. Edwards pointed out with June passenger statistics, the airport reached the highest total passenger level that GSP has ever seen then we exceeded that in July.

B. Schedule Update for the Terminal Improvement Program:

The Commission had requested a timeline for the Terminal Improvement Program and the following is a tentative schedule of what to expect over the next twelve months:

October 12th – Cost Estimates

November 14th – Final schematic design review with the Task Force

November 21st – Seek final approval of schematic design from full Commission and seek approval to move in full design development and construction documents

January 9th – Seek construction approval on the enabling projects and start commencing enabling project construction

March 12th – Complete design development and ask for approval to move forward with construction

October 2012 – Enabling Projects completed

October 2014 – Estimated completion of construction. This is for a 2 year construction cycle which we will be discussing with the Commission as to whether this is a 2-3 year construction project or a 4 year depending on cost and amount of construction disruption.

C. Introduction of IT Manager, Operations Director and Police Chief:

Mr. Edwards introduced Mr. Dan Ingram, IT Manager, Mike Gula, Director of Operations, and Bobby Welborn, Police Chief. Mr. Edwards stated he is excited to have this great group of individuals join the GSP Staff.

D. Discussion of Loading Bridge Design Options and Costs:

Mr. Edwards stated in July we awarded two contracts one for loading bridges for approximately three million dollars and fixed ground power with preconditioned air for approximately 1.2 million dollars. Staff began some investigation into glass bridges versus metal bridges from a meeting that began with the TIP Task Force. Mr. Edwards pointed out there are some maintenance issues, capital cost issues and fire code issues as it relates to glass bridges and therefore we are not sure whether or not it would be feasible to install glass bridges instead of metal. Amarillo, Texas has the most recent installation of glass boarding bridges. Mr. Edwards showed pictures of the glass boarding bridges from Amarillo Texas. Amarillo is only the 2nd airport in the United States to install glass bridges. Chair Shaw asked why they went with glass bridges and Mr. Edwards responded, for the appearance. Discussion continued. Mr. Barnett stated he is not sure how he feels about spending the money on glass bridges. He said this is not the first time that we will talk about a creative idea that will cost 30% more than the last idea and his fear is that we will begin to tantalize ourselves with expensive options and we will find ourselves in a conflict between this great creative opportunity and the reality of having a disciplined approach to spending. Mr. Burch stated the history of our airport is built on beauty and the glass bridges will continue our tradition. Mr. Burch stated we should negotiate for glass bridges not to exceed 20%. Mr. Ramella agreed 20% should be the maximum. Discussion continued. Chair Shaw said it's not often you have a chance to do all new bridges when you are redoing a terminal project it just so happens synergy is there.

Mr. Ramella made a motion to authorize staff to move forward with negotiation for a change to glass loading bridges with ThyssenKrupp for a total expenditure not to exceed an additional 20% above the original bid amount, the motion was seconded, and unanimous vote received. Ms. Miller applauded Staff for bringing this to the attention of the Commission.

INFORMATION SECTION:

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

Chair Shaw questioned the Financial Reports and why were the operating expenses down - was that just a timing issue. Mr. Edwards stated there is nothing abnormal about the operating expenses being down at this time of year; usually we find that things smooth out as things start to go through the year it just takes awhile from the

procurement standpoint for things to get moving. Mr. Edwards reminded the Commission that we took some big hits last year with a major wiring issue on Concourse B and with other maintenance issues that were unforeseen. We had several emergency repair items that we had to deal with and we took some hits to the budget.

Mr. Barnett asked if Sunday liquor sales are improving. Mr. Edwards stated he doesn't know the revenue numbers but will get them. Mr. Edwards indicated the overall response has been positive and we are happy to get this in place. During some recent Legislative Delegation Meetings, Chair Shaw and Mr. Edwards thanked the legislators for their help and Mr. Edwards stated Mr. Smith's help was much appreciated as well.

Chair Shaw commented on Concessions upstairs they are doing a good job, very pleasant, and functioning better. The parking garage staffs who are manning the booths are very pleasant. Mr. Ramella complimented staff who replaced the art work on the concourses and the very clever way of covering up wall damage. Chair Shaw also complimented the Greenville Journal ads.

Mr. Edwards stated the Staff is rolling out a more significant advertising piece immediately. Part of that effort will include a Clemson Football Package, USC Football Package, and the I-26 corridor from Columbia to Asheville. Staff thinks it is important to continue to be aggressive and make sure we are communicating what we have at GSP. In another year we anticipate Southwest Airlines will fully integrate into Charlotte so if we have an opportunity for those who aren't going to stay in their current locations and are going to drive somewhere else we want them to drive to GSP.

Potential item for the next Commission Meeting: Staff will be seeking approval of the terminal improvement program final schematic design and authorization to proceed with the terminal improvement program design documents and construction documents. Also the fiscal year 2010/2011 Financial Audit will be presented.

COMMISSION MEMBER REPORTS: None.

ADJOURNMENT: There being no further business, a motion was made, seconded and a unanimous vote received to go adjourn the meeting. The meeting was adjourned at 11:10 am

The next Commission Meeting will be on Monday, November 21, 2011 at 9:00 a.m.