

GREENVILLE-SPARTANBURG AIRPORT COMMISSION

MINUTES

June 22, 2020

The Greenville-Spartanburg Airport Commission met on June 22, 2020 at 9:00 a.m. in the Greenville-Spartanburg International Airport Conference Center located at 500 Aviation Parkway 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, Doug Smith and Jay Beeson

MEMBERS NOT PRESENT: None

STAFF AND LEGAL COUNSEL PRESENT: David Edwards, President/CEO; Kevin Howell, Senior Vice President/COO; Basil Dosunmu, Senior Vice President-Administration and Finance/CFO; Scott Carr, Vice President Commercial Business and Communications (Environ Area Administrator); Bobby Welborn, Chief of Police; Mike Kossover, Senior Director of Operations and Public Safety; Nathan Garner, Director of Aviation Services; Jeff Clifton, Director of Design and Construction; Joe Capriola, Project Manager, Design and Construction; Kristie Weatherly, Director of Finance; Tom Tyra, Director of Communications and Air Service Development; Betty O. Temple, WBD; Stefanie Hyder, Executive Assistant/Recording Secretary

GUESTS PRESENT: Steve Van Beek, Steer Davies Gleave; Paul Smith, WK Dickson

CALL TO ORDER: Chair Minor Shaw called the meeting to order at 9:04 a.m. Mr. Edwards briefly spoke about the storm damage that occurred overnight.

CONSENT AGENDA: A motion was made, seconded, and unanimous vote received to approve the Consent Agenda as follows:

- A. Approval of the Greenville-Spartanburg Airport Commission March 23, 2020 Regular Meeting Minutes.
- B. Acceptance of the Greenville-Spartanburg Airport Commission Audit Committee April 30, 2020 Meeting minutes
- C. Approval of the Greenville-Spartanburg Airport Commission May 26, 2020 Special Meeting minutes.

PRESENTATIONS:

A. Annual Strategic Business Plan Update

Chair Shaw welcomed Dr. Van Beek of Steer Davies Gleave (SDG). Mr. Edwards made a few opening comments with regards to Dr. Van Beek's presentation to include FY 2020 performance plan results, a wrap up of the 6-year Strategic Business Plan, an outline of the proposed 5-year Strategic Business Plan, as well as an industry update and GSP's plan to recovery and resiliency from the COVID-19 pandemic.

Dr. Van Beek first provided a presentation on GSP's FY 2020 Performance Plan with a focus on the strategic goals (Safety, Economic Development, Air Service, Finance, Opportunity, Customer Service) and the respective performance measures and results through February 2020. With regards to the Economic Development goal, Mr. Edwards noted that while some major projects have been placed on hold due to COVID-19, the pandemic has also provided the opportunity for Staff to work on projects in areas that are otherwise normally occupied. Mr. Edwards touched on the CARES Act funding as it relates to airline revenues and CPE. Dr. Van Beek spoke to the new provider for customer service tracking, Airport Service Quality (ASQ), and shared those positive results. Mr. Carr offered additional feedback.

Dr. Van Beek introduced the skeletal version of GSP's 5-year (2021-2025) Strategic Business Plan noting revisions/additions to the mission, vision, values and strategic goals and as was reviewed and discussed amongst the Executive Team in October 2019 and at a Strategic Planning Board Retreat in November 2019. Dr. Van Beek presented the new strategic goals (Safety, Service, Regional Leadership and Opportunity, Cerulean, Finance) and their respective performance measures that are under consideration. Dr. Van Beek and Mr. Edwards commented on the Executive Team dashboards that are reviewed and discussed at Executive monthly meetings. Dr. Van Beek wrapped up with a review of the corporate management business strategies.

The Commission inquired about Indefinite Delivery Indefinite Quality (IDIQ) to which Mr. Edwards responded. Discussion ensued about inclusion and diversity. The Commission would like to hear more about Cerulean and growing the various phases to which Mr. Edwards responded. The Commission commented on recent comments from Boeing along with COVID-19 concerns, projections, planning and performance measures to which Mr. Edwards responded. Discussion ensued.

Lastly, Dr. Van Beek briefed the Commission on Steer's analysis of the impacts of COVID-19 on GSP traffic as well as short and long-term forecasts and forecast assumptions. The Commission noted that it would be interesting to analyze the dips indicated on the graphs. The Commission brought up the topic of video-technology and business travel to which Dr. Van Beek responded. Discussion ensued.

OLD BUSINESS:

Chair Shaw requested that Mr. Burch, Audit Committee Chair, brief the Commission on the April 30, 2020 Audit Committee Meeting to which Mr. Burch responded. Mr. Burch further stated that he asked for the audit team to take a closer look at construction projects and provide airport comparisons. Mr. Edwards noted that all draws for the CARES Act funding will be drawn down next fiscal year.

The Commission resumed after a fifteen-minute break.

NEW BUSINESS:

A. Approval of Fiscal Year 2020/2021 Airport District Budget

Mr. Basil Dosunmu, Senior Vice President Administration and Finance/CFO, presented to the Commission the FY 2020-2021 Airport District base budget. The budget presentation, along with Appendix A, B, and C was included in the Commission packages provided to the Commission.

Mr. Dosunmu spoke to the financial impact of COVID-19 and reviewed the projected FY 2020/2021 forecasts for passenger enplanements, landed weight and airline operations. Enplanements in FY 2018/2019 were 1.25 million. Enplanements in FY 2019/2020 are trending at 950,000. In 2021, the forecast for enplanements is 700,000. The average annual growth rate for GSP is 3.8% (CY 1963-2021). In forecasting recovery, enplanements are expected to be fully restored by 2024.

Mr. Dosunmu reviewed the final allocation/distribution of CARES Act funds for GSP tenants as well as the Airport District. Mr. Edwards provided some additional comments regarding the allocation, noting no funds towards capital. Mr. Edwards asked for feedback. The Commission inquired about the turnaround time to receive the funds and the possibility of additional federal funding to which Mr. Edwards responded. Discussion ensued regarding the final allocation/distribution and Mr. Edwards agreed for Staff to make discussed changes.

Mr. Dosunmu prefaced the proposed FY 2020/2021 O&M Budget presentation with noteworthy O&M budget assumptions. The Commission asked about accounting for PFCs to which Mr. Dosunmu responded.

The operating revenue budget is expected to decrease to \$31,790,700, a \$17.1M or a 35.0% decrease over FYE 6-30-2019. The Commission asked about loss in revenue, the employee incentive pay program (EIPP), and janitorial costs to which both Mr. Dosunmu and Mr. Edwards responded. Factors contributing to the decrease include revenue categories such as landing fees, space and ground rentals, auto parking, concessions, other income, and fuel sales.

The FY 2020/2021 operating expenses budget is expected to decrease to \$25,860,700, a \$4.8M or a 15.8% decrease over FYE 6-30-2019. Factors contributing to the decrease include salaries and benefits, professional services, administrative expenses, and contractual services.

The projected net operating income for FY 2020/2021 is \$5.93M compared to FY 2019/2020 budget of \$18.2M.

Mr. Dosunmu presented the proposed FY 2020/2021 Capital Budget. Capital projects approved in prior fiscal years and carried forward into FYE 6-30-2021 are projected at \$37.3M. The new proposed capital budget, including capital improvements, equipment and small capital outlays, renewal and replacement and professional service projects, is projected at \$13.4M for a combined total of \$50.7M.

Mr. Dosunmu stated that the Other O&M Reserve Funds provisional budget includes \$500,000 for emergency repair/replacement/operations funds, \$500,000 for business development/agreement obligations and incentives, and a \$1,000,000 contingency fund.

Mr. Dosunmu reviewed both the Land Development and Cerulean Aviation Profit and Loss (P&L) statements with the Commission. The Commission inquired about the normal gross margin to which Mr. Dosunmu responded.

Mr. Dosunmu concluded the budget presentation with discussion related to the FY 2020/2021 budget/investment plan, the historical investment plan, and the 5-year fund balance financial forecast. Mr. Edwards asked Mr. Dosunmu to clarify the fund balance to which Mr. Dosunmu responded. The Commission inquired about interest income, salaries and benefits, rates and charges projections, construction related to the garage and other capital projects to which Mr. Dosunmu and Mr. Edwards responded.

Mr. Dosunmu provided the rates and charges overview. For FY 2020/2021, the cost per enplaned passenger (CPE) is projected at \$5.55. Mr. Edwards noted that this rate keeps GSP competitive and applies to not only passengers, but cargo as well. The terminal building rental rate per square foot for FY 2021 is projected at \$23.94 and the landing fee per 1,000 pounds is \$1.49.

Mr. Dosunmu highlighted the Q42019 and Q12020 customer service scores. Mr. Edwards elaborated on the results in response the Commission.

Mr. Dosunmu presented the FY 2020/2021 supplemental O&M and Capital Budget that was prepared with respect to COVID-19 and with traffic returning to sufficient levels. The Commission and Staff discussed fuel and the fuel farm expansion as well as plans to monitor/measure the budget throughout the year. Discussion ensued. The Commission inquired about additional funding to which Dr. Van Beek and Mr. Edwards responded.

There was a motion to resolve to adopt the Fiscal Year 2020/2021 Budget. The motion was seconded and unanimously approved.

The Commission recommended that Staff provide five-year/historical projections to better evaluate current projections. Discussion ensued.

B. Approval of Final Rankings for Air Cargo Consulting Services

Mr. Kevin Howell, Senior Vice President/COO, presented the approval of final rankings for air cargo consulting services.

Greenville-Spartanburg Airport District Staff prepared a Request for Qualifications (RFQ) for air cargo consulting services to provide consulting services to assist the District with developing programs and strategies to respond to changing air-cargo market conditions and to assist the District in positioning itself to attract additional all-cargo air service to GSP.

Submittals of Qualifications (SOQs) were received from four firms to include Hubpoint Strategic Advisors, LLC, IMS Worldwide, Inc., Landrum and Brown, and Strategic Aviation Solutions International.

The Selection Committee reviewed the SOQs and evaluated them in accordance with the evaluation criteria as outlined in the RFQ. Two firms were short-listed for the second phase of the selection process which included presentations and interviews with the Selection Committee.

The short-listed firms were Hubpoint Strategic Advisors, LLC and IMS Worldwide, Inc. Mr. Howell took a moment to elaborate on the IMS Worldwide, Inc. firm itself briefly sharing their business experience. The Commission inquired about feedback received to which Mr. Howell responded.

The Selection Committee's recommended final ranking for air cargo consulting services was, in order: #1) IMS Worldwide, Inc. and #2) Hubpoint Strategic Advisors, LLC.

The Commission inquired about annual expenditures and the establishment of new business relationships and compensation to which Mr. Howell and Mr. Edwards responded. Discussion ensued.

There was a motion to (1) approve the final rankings for Air Cargo Consulting Services as presented above; (2) authorize Staff to negotiate and finalize an agreement with the highest ranked firm (if an acceptable agreement cannot be reached with the highest ranked firm, negotiations will be formally terminated and will then proceed with the next ranked firm) and (3) authorize the President/CEO to execute all necessary documents. The motion was seconded and unanimously approved.

C. Approval of Final Rankings for Indefinite Delivery Indefinite Quantity (IDIQ) Contractor Services

Mr. Kevin Howell, Senior Vice President/COO, presented the approval of final rankings for Indefinite Delivery Indefinite Quantity (IDIQ) contractor services. In September 2019, the Commission approved a policy allowing the utilization of the IDIQ contracting method for non-federally funded construction projects with an estimated value less the \$5,000,000 in total Project Costs. A Request for Qualifications (RFQ) was prepared and published. Sixteen SOQs were received. Mr. Howell noted incomplete submittals.

The Evaluation Committee reviewed the qualifications and evaluated them in accordance with the evaluation criteria as outlined in the RFQ. The four firms that were shortlisted included Cely Construction Company, Inc., Harper General Contractors, Hogan Construction Group, LLC, and Mavin Construction, LLC. Follow up interviews and presentations were held with the finalists to further evaluate the companies, their team, and their qualifications.

The Selection Committee's recommended final rankings for the IDIQ Contractor Services was, in order: #1) Mavin Construction, LLC, #2) Cely Construction Company, Inc., #3) Harper General Contractors and #4) Hogan Construction Group, LLC. Future projects will be contracted under individual work authorizations.

The Commission inquired about a work start date and for which projects to which Mr. Howell responded. The Commission commented on the proposal process and requested that Staff keep the Commission informed throughout these types of processes in the future. Mr. Howell and Mr. Edwards noted that preproposal meetings are scheduled for solicitations to cover all of the proposal requirements and Staff is always willing to have debriefing meetings to firms not selected. Discussion ensued. Lastly the Commission inquired about terms to which Mr. Howell responded.

There was a motion to (1) approve the final rankings for Indefinite Delivery Indefinite Quantity (IDIQ) Contractor Services as presented above; (2) authorize Staff to negotiate and finalize agreements with the three highest ranked companies (if an acceptable agreement cannot be reached with one of the highest ranked firms, negotiations will be formally terminated and will then proceed with the next ranked firm); and (3) authorize the President/CEO to execute all necessary documents. The motioned was seconded and unanimously approved.

D. Approval of Revisions to the Greenville-Spartanburg Airport District Rules and Regulations

Mr. Kevin Howell, Senior Vice President/COO, presented the revisions to the Greenville-Spartanburg Airport District Rules and Regulations. South Carolina Code of Laws, Title 55

– Aeronautics, Chapter 11, Article 3 created the Greenville-Spartanburg Airport District (District) and empowers the District to create and enforce certain rules and regulations.

The current version of the GSP Rules and Regulations was approved at the Airport Commission Meeting held on June 24, 2019 and was updated at the Airport Commission Meeting held on March 23, 2020.

Mr. Howell reviewed the following rules and regulations that were revised and added.

3.17 – Fire Prevention and Inspection

The most recent codes adopted by the South Carolina Buildings Code Council are hereby adopted by the District for the purpose of:

- a. Facilitating proper inspection activities relating to the construction and maintenance of buildings within the District and relating to public safety, health, and general welfare.
- b. Regulating and governing the safeguarding of life and property from fire and explosion hazards arising from storage, handling, and use of hazardous substances, material and devices, and from conditions hazardous to life or property.

4.9 Weight Limits

Center Cargo Ramp 1,092,000 pounds double dual tandem wheel load

6.6 Escorts – Movement Area

Those providing the escort must have an "E" on their airport issued ID media and if escorting a vehicle must have an "M" driver's permit.

6.7 Escorts – Non-Movement Area

Those providing the escort must have an "E" on their airport issued ID media and if escorting a vehicle must have either an "R" or "M" driver's permit.

9.17 Unattended Baggage

No person shall leave their suitcase, backpack, pocketbooks or other similar articles unattended within the Airport terminal building including the front curb area of the facility.

There was a motion to adopt the revisions and additions to the Greenville-Spartanburg Airport District Rules and Regulations Sections 3.17, 4.9, 6.6, 6.7 and 9.17 as presented. The motion was seconded and unanimously approved.

PRESIDENT/CEO REPORT:

Federal and State Legislative Update:

Mr. Edwards did not have anything new to report as the nation remains heavily focused on the COVID-19 pandemic.

Coronavirus Update (COVID-19):

Mr. Edwards provided an air service update. National seat capacity is down 66.6% over

June 2019. TSA screening volumes have also seen a significant decline over 2019, hitting a low of approximately 100,000 passengers a day nationwide. GSP traffic was down 42.0% in March, 95.8% in April and 88.4% in May. Mr. Edwards anticipates June's traffic to be down approximately 78%. GSP serves 11 nonstop destinations through the five passenger airlines, and service to five additional nonstop markets has been temporarily suspended. Frontier Airlines suspended operations at GSP with their last flight having taken place in the first week of May.

Mr. Edwards spoke to the measures that airlines are continuing to take to reassure passengers. The Commission noted an article in the Spartanburg Herald Journal to that effect.

In early June, the Communications Team conducted a passenger survey about air travel and Mr. Edwards shared those results noting that activity at GSP may not return to 2019 levels until 2024. Mr. Edwards reviewed the GSP Airport District safety changes, measures, and current practices related to COVID-19. The Commission inquired about enforcement, tracing/detection systems, and entryways of employees, vendors, etc. to which Mr. Edwards responded. Discussion ensued. In closing, Mr. Edwards shared the Public Service Announcement video produced by the GSP Communications team. The Commission encouraged publicizing the announcement on television for the benefit of passengers to which Mr. Carr responded.

Concessions Agreement Update:

The Purchase Agreement with OHM is awaiting feedback and comments from OHM. It is anticipated that a new Concessions Agreement will be brought to the Commission for approval at the September Commission Meeting. Mr. Edwards expects the new company to be up and running by November.

Mr. Edwards concluded his President/CEO report with the reading of a letter from Major Thomas Fister of the United States Air Force extending appreciation to GSP for the last two years of partnership with the Air Force Education With Industry (EWI) Program.

COMMISSIONER'S REPORT: None

EXECUTIVE SESSION:

There being no further business, a motion was made, seconded, and carried to go into Executive Session at 1:50 p.m. for the purpose of discussing a personnel matter.

ADJOURNMENT:

At approximately 2:50 p.m., public session resumed.

The meeting was adjourned at approximately 2:51 p.m. The next meeting is scheduled for July 13, 2020 at 9:00 a.m.

SIGNATURE OF PREPARER:



Stefanie Hyder