

## **GREENVILLE-SPARTANBURG AIRPORT COMMISSION**

### **MINUTES**

**November 21, 2016**

The Greenville-Spartanburg Airport Commission met on November 21, 2016 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, Bill Barnet, and Doug Smith, Leland Burch, Valerie Miller

**MEMBERS NOT PRESENT:** None

**STAFF AND LEGAL COUNSEL PRESENT:** David Edwards, President/CEO; Kevin Howell, Vice President Operations/COO; Jack Murrin, Vice President Administration and Finance/CFO; Scott Carr, Vice President Commercial Business and Properties (Environs Area Administrator); Nathan Garner, Director, Aviation Services; Kelly Wiggs, Aviation Services Supervisor; Betty O. Temple, WCSR; Stefanie Hyder, Executive Assistant/Recording Secretary.

**GUESTS PRESENT:** Alan Robinson, Cherry Bekaert, LLP; Mr. Van Heusen, public guest; Bob Montgomery, Spartanburg Herald Journal

**CALL TO ORDER:** Chair Minor Shaw called the meeting to order at 9:00 a.m.

**CONSENT AGENDA:**

A motion was made, seconded, and unanimous vote received to approve the regular meeting minutes from the September 8, 2016 Commission Meeting.

**PRESENTATIONS:**

**A. Retail Concessions and Parking Program Updates**

Mr. Scott Carr, Vice President Commercial Business and Properties, provided an informational overview of the airport's food, beverage, and retail concessions program.

As part of the overall Wingspan project, the airport opened new restaurants and stores in the Grand Hall area with a few others still under construction. In January 2015, MSC Branded Foods was assigned to OHM Concessions Group. The change in operators has led to an increase in sales, roughly 30%. Food and Beverage stores in Baggage Claim also saw an increase of 9% and the retail side for the Hudson stores on Concourses A and B experienced an increase of approximately 14%.

As a reminder, a centralized receiving and distribution facility (CRDF) will be online the first part of 2017. The contract was awarded to Bradford Airport Logistics earlier this year. All terminal bound deliveries will go through South Cargo for redistribution to tenants. The CRDF allows Staff to meet/address several TSA requirements, and free up both airside space as well as front terminal curb space.

Furthermore, Mr. Carr provided an update on the airport's parking program. Currently we have just fewer than 5000 parking spaces. Mr. Kevin Howell, Vice President Operations/COO, is currently leading a \$1.8 million overflow and cell phone parking lot expansion project which will generate an additional 425 economy lot spaces. In the interim, this will require shuttle bus transportation to the terminal.

As enplanements continue to grow year-over-year, the demand for parking services has continued to increase. Total parking space occupancy over last 9 months, comparing 2015 to 2016, reveals an increase in occupancy and closer to regularly breaking the 80% occupancy threshold. In conclusion, parking and rental car demand continues to grow steadily based on increased enplanements, parking facilities are routinely full on Tuesdays and Wednesdays, and rental car facilities are restrained based on ready return spaces. As a result, additional facilities will be needed to meet both current and future parking demand of the traveling public in the near future.

At the January 9, 2017 GSP Commission Meeting, Airport District Staff will present a recommendation for approval for parking. The three options include a new surface economy lot with a shuttle bus service and some interim rental car solutions in Garage A, a new surface economy lot with PRT service and interim rental car solutions in Garage A, or a new parking garage at the current daily lot location and a new rental car facility.

Mr. Carr further discussed new parking services/proposals to be offered in 2017 to include valet parking, a new software module that shows available spots, and a Park Assist program. Mr. Carr responded to questions of the Commission Staff.

District Staff requested that the Commission provide questions, comments, and/or requests for additional information related to the parking program prior to the next Commission meeting on January 9, 2017 when Staff will request approval of one of the parking recommendations.

**OLD BUSINESS:**

No old business

**NEW BUSINESS:**

- A. Acceptance of Greenville-Spartanburg International Airport Financial Audit and Schedules of Expenditures for the Fiscal Years Ended June 30, 2016 and 2015, and Report of Independent Auditor**



Mr. Bill Barnet opened the discussion regarding the results of the financial audit. The Audit Committee met on October 21, 2016 and was presented with the audit findings by Mr. Alan Robinson of Cherry Bekaert, LLP.

Bill Barnet turned the meeting over to Mr. Jack Murrin and Mr. Robinson of Cherry Bekaert, LLP. Mr. Robinson presented a summary of the results of June 30, 2016 Audited Financial Statements to the Commission. Cherry Bekaert presented and rendered an unmodified and clean audit report on the financial statements. They had no adjustments or corrections. Mr. Robinson stated that they also conducted special audits of three of the vendors. Mr. Robinson, again, presented the audit with an unmodified, clean opinion with no findings or adjustments to the financial records.

The two most significant items of focus this year were the ongoing construction projects and the liability that had to be recorded for the state pension. Management recorded a non-cash liability of which Mr. Robinson stated was about \$11 million.

Mr. Robinson responded to questions of the Commission.

Mr. Barnet recommended, on behalf of the Audit Committee, that the Board approve and accept the audit report and results.

There was a motion to approve and accept the Financial Audit and Schedules of Expenditures for the Fiscal Years Ended June 30, 2016 and 2015, and the Report of Independent Auditor and unanimous vote was received.

#### **B. Approval of Lease Terms for Alamo/National Rental Car Concession Agreement Amendment #1 and Associated Construction Project Funding**

Alamo/National Rental Car is in need of additional space as their fleet continues to grow. The Airport District has negotiated the terms of a lease amendment to the existing Alamo/National Rental Car concessions agreement. This amendment will be for the construction and subsequent lease of an additional 30,000 square feet of pavement at their service facility. This area will be used to store rental cars.

Staff obtained a preliminary project cost estimate of \$343,500. Staff did not identify any alternatives. The total estimated project cost of \$343,500 will be covered by the Customer Facility Charge (CFC) Fund. The funds are restricted to rental car facility improvement projects and other operational related needs such as this proposed project.

Mr. Kevin Howell responded to questions of the Commission regarding the timeframe of this project including the bid timeline.

Mr. Carr respectfully requested the Airport Commission to (1) approve the lease agreement amendment terms, (2) authorize Staff to proceed with the project utilizing the CFC fund based on actual construction bids received, and (3) authorize the President/CEO to execute all necessary documents.

There was a motion to (1) approve the lease agreement amendment terms, (2) authorize Staff to proceed with the project utilizing the CFC fund based on actual construction bids received, and (3) authorize the President/CEO to execute all necessary documents. The motion was seconded and unanimous vote was received.

### **C. Approval of Lease Terms/Agreement for CenterPoint Properties Ground Lease**

CenterPoint Properties has negotiated an agreement with ProTrans to construct a 230,256 square foot office and warehouse facility on approximately 20 acres of land at the GSP International Logistics Park (Tract B). ProTrans is a logistics company and currently located in Greer on Highway 14.

Staff negotiated ground lease terms with CenterPoint Properties. The lease terms include a base term of thirty years. There are two ten year option periods on that base year for a total of a fifty year lease agreement if executed. The lease premises are slightly over 20 acres. The ground rental rate is approximately \$64,128.00 annually in Year 1. Rents will be adjusted annually by CPI. At the end of the base term and each option term, the Airport District has the right to conduct a fair market value reappraisal of the property. The tenant is responsible for maintenance, utilities, and insurance, as well as zoning, taxes and assessments. They do have the right to sublease and sign the agreement with the approval of the Airport District.

Mr. Scott Carr respectfully requested the Airport Commission to (1) approve the lease terms/agreement and (2) authorize the President/CEO to execute a lease agreement with CenterPoint Properties.

There was a motion to (1) approve the lease terms/agreement and (2) authorize the President/CEO to execute a lease agreement with CenterPoint Properties. The motion was seconded. Commissioner Doug Smith abstained from roll call vote.

### **PRESIDENT/CEO REPORT:**

**Aviation Industry Update:** The industry is healthy with record profits on the airlines side. United Airlines is experiencing a strong turnaround in customer service and otherwise with the return of Mr. Oscar Munoz. Traffic continues to grow on a national basis. President-elect Donald Trump has a one trillion dollar infrastructure program that he wants to implement. President-elect Trump is also supportive of privatizing air traffic control. Mr. Edwards responded to Commission questions regarding the traffic report. He reported that seats are down, about a half point. GSP is still seeing a transition from Southwest; flying five flights per day to three flights per day. Southwest increases in frequency may become more likely in 2018.

**PRT Update:** Mr. David Edwards, President/CEO, and Mr. Kevin Howell visited PRT systems both in Masdar City, Abu Dhabi and Guadalajara, Mexico. They were very impressed with both systems. The system in Masdar City is operating services with what was developed as



a futuristic city with a college campus. The college is linked to MIT. The system in Mexico is in a test bed right now and funded by the Mexican government from a technology standpoint. They did not appear to be ready to have their first project outside of Mexico. Their actual first project will go under construction in January 2017 in Mexico. They will be better prepared to export their technology after construction. ULTra at Heathrow has now solidified their marketing and sales relationship with a firm so they are going to begin external sales and marketing. Staff will wait for systems to play out, but will look at GSP connectivity issues during the master plan process. Mr. David Edwards will be exploring other funding/grant opportunities in December. In looking at a 30 year useful life of the system, there is no question that financially PRT is a better decision than operating a shuttle bus, but a shuttle bus operation will likely be necessary in the interim.

**Senator International Cargo Update:** Staff is getting stronger with every Senator International cargo operation. Current challenges include staffing and turnover in the warehouse. The break side is much more labor intensive than anticipated. The current schedule includes two arrivals per week; Wednesday at 4 pm and Saturday at 5 pm.

**Future Cargo Facility Requirements:** There is a shortage of cargo related facilities to include both Apron space as well as cargo warehouse. The demand from Senator International has increased, along with overall demand in region.

In January, Staff expects to present recommendations on how the District should move forward regarding the construction of additional cargo facilities.

Mr. Kevin Howell provided a short, informal presentation highlighting the manpower and equipment needs, as well as the unloading and loading process of the Senator International operation. Senator International is experiencing challenges in moving out freight as well as in Customs.

Kevin Howell reiterated that demand is expected to grow in the near future and already exceeding capacity. Staff is currently researching temporary solutions for creating additional cargo working space and tying those ideas into the master plan. Staff will further conduct a financial analysis and look at AIP discretionary funding at the federal level. Kevin Howell noted cargo operations and patterns at Rickenbacker International Airport.

The Commission shared comments and concerns related to state support, stability, demand and return on investment.

**Traffic:** As additional information, Mr. Edwards noted that traffic was up 8.5% in September. Staff expects another strong month in October. Cargo was up approximately 20%.

**Wingspan:** The District expects Wingspan to be substantially complete by December 31, 2016 with a few exceptions. The North Fountain is not yet complete and is awaiting the

specialty granite. Skanska Moss should be completed with everything, including punch, by the end of February 2017.

**Ribbon Cutting:** The ribbon cutting event will likely be scheduled in February 2017.

**COMMISSIONER'S REPORT:**

Mr. Burch commented that the ACI-NA Annual World Conference/World General Assembly in Montreal, QC Canada September 23-28, 2016 was a good meeting.

Mr. Ramella noted that many are looking forward to the Commissioner's meeting at GSP in April 2017.

**PUBLIC COMMENT:**

Mr. Edwards introduced Mr. Van Heusen who submitted a request for public comment to address the Commission to discuss the proration of the permit fee required by the airport when used by a limousine service. Mr. Edwards reminded the Commission that for all ground transportation operators, the Airport charges an annual permit/application fee of \$275 in addition to \$3.25 per trip. Historically, the Airport has not prorated that fee.

Mr. Van Heusen presented his case to the Commission and made recommendations regarding prorating the annual permit/application fee of \$275.

Staff will look into Mr. Van Heusen's recommendations.

**EXECUTIVE SESSION:**

There being no further business, a motion was made, seconded, and carried to go into Executive Session. The specific purpose of the executive session was to receive legal advice on various matters, specifically the Skanska Moss settlement agreement and a confidential project for property development.

**ADJOURNMENT:**

At approximately 12:19 p.m., public session resumed with no action being taken. The meeting was adjourned at 12:20 p.m. The next meeting is scheduled for January 9<sup>th</sup> at 9:00 a.m.

**SIGNATURE OF PREPARER:**

  
Stefanie Hyder