



AGENDA

Greenville-Spartanburg Airport Commission Regular Meeting
Greenville-Spartanburg International Airport Board Room

Monday, May 8, 2017
9:00 a.m.

***NOTE TO ALL PUBLIC ATTENDEES:**

The public may speak on any item on the agenda. There are request cards located outside the public seating area. These cards must be completed and presented to the Recording Secretary prior to the item being heard. Your comments will be addressed prior to the Airport Commission's discussion and you will have 5 minutes to address the Airport Commission. Thank you for your attention.

I. CALL TO ORDER:

II. CONSENT AGENDA:

- A. Approval of the Greenville-Spartanburg Airport Commission March 20, 2017 Regular Meeting Minutes ([document](#))
- B. Appointment of a Member to the Airport Enviros Planning Commission ([document](#))

III. PRESENTATIONS: None

IV. OLD BUSINESS: None

V. NEW BUSINESS:

- A. Approval of Fiscal Year 2017/2018 Airport District Budget ([document](#))
- B. Approval of Lease Terms/Agreement for a Common Use Airport Lounge ([document](#))
- C. Approval of Final Rankings for Professional Planning, Design and Consulting Services on the Combined Public Parking Garage and CONRAC Project ([document](#))
- D. Approval of Pest Control Services Contract ([document](#))
- E. Approval of a Canopy Option for the South Cargo Building/Scheduled Freighter Operation ([document](#))

VI. PRESIDENT/CEO REPORT:

- A. Aviation Industry Update
- B. Cargo Apron Funding Update
- C. 2017 Allegiant Conference Update
- D. Regulatory Reform Meetings

VII. INFORMATION SECTION:

(Staff presentations will not be made on these items. Staff will be available to address any questions the Commission may have.)

- A. March 2017 – Traffic Report ([document](#))
- B. March 2017 – Financial Report ([document](#))
- C. April 2017 – Development/Project Status Report ([document](#))
- D. April 2017 – Communications Status Report ([document](#))
- E. April 2017 – Commercial Business and Properties Report ([document](#))
- F. April 2017 – OSHA Reportable Injury Report ([document](#))
- G. Industry Presentation(s)/Article(s) of Interest ([document](#))
- H. Potential Items for the Next Regular Scheduled Commission Meeting:
 - [SC Pension System](#)
 - [Communications Department Update \(website, etc.\)](#)
 - [139 Certification Program](#)
 - [Janitorial Services Contract](#)
 - [Ground Transportation Services](#)

VIII. COMMISSION MEMBER REPORTS:

IX. EXECUTIVE SESSION:

The Airport Commission may hold an Executive Session for the purpose of receiving legal advice on various matters.

X. ADJOURNMENT

This agenda of the Greenville-Spartanburg Airport Commission is provided as a matter of convenience to the public. It is not the official agenda. Although every effort is made to provide complete and accurate information to this agenda, The Airport Commission does not warrant or guarantee its accuracy or completeness for any purpose. The agenda is subject to change before or at the Airport Commission meeting.

GREENVILLE-SPARTANBURG AIRPORT COMMISSION

MINUTES

March 20, 2017

The Greenville-Spartanburg Airport Commission met on March 20, 2017 at 9:00 a.m. in the Greenville-Spartanburg District Office Board Room 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, Bill Barnet, Doug Smith, Leland Burch, and Valerie Miller

MEMBERS NOT PRESENT: None

STAFF AND LEGAL COUNSEL PRESENT: David Edwards, President/CEO; Kevin Howell, Vice President Operations/COO; Kristie Weatherly, Director of Finance; Marsha Madore, Director of Human Resources; Scott Carr, Vice President Commercial Business and Properties (Environs Area Administrator); Betty O. Temple, WCSR; Stefanie Hyder, Executive Assistant/Recording Secretary

GUESTS PRESENT: Chad Nixon, McFarland Johnson; John Mafera, McFarland Johnson; Zach Nelson, McFarland Johnson; Brandon Bailey, SHARP; Bob Anderson, Michael Baker International; Tom Lockhart, McMillan Pazdan Smith; Karen Calhoun, McMillan Pazdan Smith; David King, Gresham Smith and Partners; Dennis Wiehl, Mead & Hunt.

CALL TO ORDER: Chair Minor Shaw called the meeting to order at 9:00 a.m. Mr. David Edwards welcomed the guests.

CONSENT AGENDA: A motion was made, seconded, and unanimous vote received to approve the regular meeting minutes from the January 9, 2017 Commission Meeting.

PRESENTATIONS:

A. GSP Airport Master Plan Project

Mr. Kevin Howell, Vice President Operations/COO, introduced the McFarland Johnson team managing the GSP Airport Master Plan project. The team is led by Chad Nixon, John Mafera and Zach Nelson. John Mafera presented an informational overview to the Board of the Airport Master Plan project and tasks, as well as the project schedule, agency and public engagement, and next steps.

The Commissioners were invited to ask questions.

The Airport Master Plan Task Force Committee Kick-off meeting is scheduled following this regularly scheduled Commission meeting.

B. Security Briefing

Chief of Police, Bobby Welborn, presented a security briefing to the Board in Executive Session that included an overview of the GSP Police Department as well as a briefing on recent airport industry/airport security related issues.

OLD BUSINESS:

No old business

PRESIDENT/CEO REPORT:

Aviation Industry Update: The new administration in Washington D.C. continues to press forward on the infrastructure bill. Two key Aviation programs that got cut include the Essential Air Service Program, cut from a budget of approximately \$54 million, and the TSA Law Enforcement Officer (LEO) reimbursement which affects GSP directly. Historically, GSP received annual reimbursement for providing officers at Security Checkpoints.

David Edwards, President/CEO, stated that both he and Commissioner Burch are attending the 2017 ACI-NA AAAE Washington Legislative Conference in Washington D.C. scheduled for March 21-22, 2017. A Georgia-South Carolina Legislative Breakfast is scheduled for Tuesday morning of which 10-12 airports will gather to discuss various aviation platform items to include the passenger facility charge. Mr. Edwards and Mr. Burch have a scheduled one-on-one meeting with Senator Graham on Wednesday morning to further discuss aviation related issues.

Airlines continue to be extremely profitable and there is nothing on the horizon to indicate a downturn in passenger traffic.

Routes Americas 2017 Update: Mr. Edwards attended the air service development conference *Routes Americas 2017* in February. Out of continuing discussions with American Airlines over the past two to three years regarding Chicago service, American Airlines announced that beginning July 5th, AA will start three new non-stop flights per day to Chicago O'Hare Airport from GSP; therefore bringing the total non-stop flights to Chicago per day, between United Airlines and American Airlines, to seven.

Terminal Celebration Event: The date for the formal WINGSPAN celebration is May 23, 2017 at 6pm. Mrs. Rosylin Weston, VP of Communications, has been working closely with TSA to assist in managing the guests in the Grand Hall during this evening event.

The terminal project is scheduled for final completion on March 31, 2017 with the exception of Concessions which should be complete in the next 60 days.

The Commissioners recognized the GSP staff for their efforts during the terminal renovation.

Mr. Edwards briefly commented on the individual department reports. Traffic continues to be slightly positive. Seats look positive and capacity continues to grow from a seating standpoint.

The financial report continues to be positive. Future projects, including the new ARFF station, Parking Garage C, and the hangar facilities, total a \$100 million investment over the next few years. The turnover of the FBO at the first of the year was smooth. The challenge remains that demand for hangar space is greater than what is available. General Aviation fuel sales continue to be strong year over year.

COMMISSIONER'S REPORT:

Mrs. Shaw noted the participation level at Mr. Edwards' Legislative Update Luncheon on March 17, 2017.

Mr. Edwards commented on the status of Senator International operations. Mr. Edwards further noted that GSP continues to have terrific meetings with the business community interested in utilizing GSP for air freight movements.

As an update and in response to air cargo apron needs, Mr. Edwards and Mr. Howell have a meeting scheduled with FAA on April 5, 2017 to discuss discretionary funding for the \$17 million aircraft apron project.

Mr. Burch provided a brief report on the 2017 CEO Forum & Winter Board of Directors Meeting in February. On the downside, small communities have lost 32% of their scheduled air service over the past ten years and South Carolina departures are down 10% over this period. Airlines continue to dictate air service which is one of the top problems, in addition to pilot shortages, that airports are facing today. Mr. Burch also attended the Small Airports Committee Meeting and recognized Mr. Edwards' participation on that committee.

As Chairman of the ACI-NA AAAE Board, Mr. Burch reminded everyone that GSP is the host airport for the ACI-NA AAAE Board and Commissioners Conference April 2-4, 2017. The golf tournament will be held at the Carolina Country Club on Saturday, April 1, 2017. The conference begins on Sunday morning. The opening reception is on Sunday evening. Agenda topics include government affairs, drones, etc. GSP is sponsoring a Welcome Reception at The Commerce Club on Monday, April 3, 2016 from 5:30 p.m.-7 p.m. The conference closes Tuesday morning with an airport security update. Following the close of the conference, participants will have the opportunity to take advantage of the BMW driving experience.

Mr. Ramella stated that he will be attending the 2017 Airports@Work Conference next week and will provide a report to the Commission. Mr. Ramella is the Commissioners Liaison for the Business Technology division.

EXECUTIVE SESSION:

There being no further business, a motion was made, seconded, and carried to go into Executive Session. The Airport Commission held an Executive Session for the purpose of discussing security personnel, devices and related security issues, and property dispositions.

ADJOURNMENT:

At approximately 10:37 a.m., public session resumed with no action being taken in Executive Session.

There was a motion to approve the voluntary annexation of Tract B of the Logistics Park by the City of Greer subject to the negotiation and execution of a Memorandum of Agreement covering the annexation and related matters acceptable to the Commission. The motion was seconded and unanimous vote received.

The meeting was adjourned at 10:39 a.m. The next meeting is scheduled for May 8th at 9:00 a.m.

SIGNATURE OF PREPARER:

Stefanie Hyder



MEMORANDUM

TO: Members of the Airport Commission

FROM: Scott C. Carr, A.A.E., Vice President – Commercial Business and Properties

DATE: May 8, 2017

ITEM DESCRIPTION – Consent Agenda Item B

Appointment of a Member to the Airport Enviros Planning Commission

BACKGROUND

The Airport Enviros Planning Commission is made up of nine Board Members, two from Spartanburg County, two from Greenville County, two from the City of Greer, two appointed by the Airport Commission, and one from the Town of Duncan. Members are appointed to two-year terms.

ISSUES

The Airport Commission is responsible for appointing two Board Members to the Airport Enviros Planning Commission. Of these two appointments, one member is required to be from Greenville County and the other member from Spartanburg County. Historically, one of these two members has been an Airport Commission member. At the Airport Commission meeting on July 13, 2015, Mr. Hank Ramella, who resides in Spartanburg County, was reappointed for another two-year term. His term is set to expire on June 30, 2017. It is requested that the Airport Commission reappoint Mr. Ramella to the Airport Enviros Planning Commission.

ALTERNATIVES

The Airport Commission could decide to appoint another individual from Spartanburg County to the Airport Enviros Planning Commission.

FISCAL IMPACT

None



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Appointment of a Member to the Airport Enviros Planning Commission
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RECOMMENDED ACTION

It is respectfully requested that the Airport Commission resolve to reappoint Mr. Hank Ramella to the Airport Enviros Planning Commission.



MEMORANDUM

TO: Members of the Airport Commission

FROM: Jack G. Murrin, VP of Administration & Finance/CFO

DATE: May 8, 2017

ITEM DESCRIPTION - New Business Item A

Approval of Fiscal Year 2017/2018 Airport District Budget

BACKGROUND

Staff has prepared a proposed Fiscal Year 2017/2018 Budget for the Airport Commission's consideration (see Attachments).

ISSUES

The Airport Commission needs to approve a Fiscal Year 2017/2018 Budget prior to July 1, 2017.

ALTERNATIVES

None recommended

FISCAL IMPACT

Budgeted revenues and expenses are outlined in the attached budget summaries.

RECOMMENDED ACTION

It is respectfully requested that the Airport Commission resolve to adopt the attached Fiscal Year 2017/2018 Budget.

Attachments



Greenville-Spartanburg Airport District

FY 2017-18 Operating Budget
May 8, 2017



GREENVILLE-SPARTANBURG AIRPORT DISTRICT

Greer, South Carolina 29651

Board Members

Minor Shaw - Chairperson



Hank Ramella – Vice Chairperson



Leland Burch



Valerie Miller



Bill Barnet



Doug Smith



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Greenville-Spartanburg Airport District

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Greenville-Spartanburg Airport District 2018 Operating Budget



Greenville-Spartanburg Airport District
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TRANSMITTAL LETTER / BUDGET MESSAGE

May 8, 2017

TO THE COMMISSIONERS OF THE DISTRICT

The Management Staff herein presents the Greenville-Spartanburg Airport District's ("District") operating budget for the fiscal year ended June 30, 2018. This represents the 55th annual operating budget prepared by the District since operations began on October 15th, 1962.

Aviation Industry Overview

The airline industry is particularly susceptible and sensitive to many variables we find in our world today:

- Oil Prices
- Terrorist events, like 9/11
- Domestic and global economic conditions
- Pandemics and other health concerns
- Aircraft accidents
- Fleet & maintenance issues / aircraft orders and delays
- Customer service issues / failures & resultant negative press
- Volatility of fuel prices
- Debt restructuring
- Volcanic activity
- Merger, acquisitions, bankruptcies of airlines
- Changing regional, national, and international trends
- Federal funding mandates, restrictions, and uncertainties
- Pilot shortages
- Emerging issues in the aviation industry, such as unmanned aerial vehicles (UAVs) or the emergence of sharing economy platforms such as Uber and Lyft
- And, others ...

Any one of these can impact airline traffic dramatically, as experience has proven time and again. And yet, when you combine these factors in an ever-changing world, you can expect very volatile results. Airlines have attempted to minimize financial losses thru these periods of extreme volatility by lowering operating costs, merging, canceling unprofitable routes, charging

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for baggage/food/etc., and grounding older, less fuel efficient aircraft. Domestic airlines have reaped record-setting profits throughout 2015 and 2016 as the price of oil has dropped and as a result of the aforementioned factors. This represents a stunning turnaround after a decade of losses, cutbacks, reorganizations and bankruptcies.

Overall, it appears that many aviation industry prognosticators continue to believe that:

- Air fares are likely to stay high most of this decade
- Passenger travel will continue to grow at reduced rates, but airline capacity will continue to shrink, albeit slowly. This combination will cause planes to get more crowded, and is likely to remain that way.
- Over the next two decades, U.S. airline travel is expected to nearly double.
- Airlines are recording historically high profitability levels ... these levels of higher profitability are expected to continue for the foreseeable future.

The most recent Federal Aviation Administration ("FAA's") Aerospace Forecast currently published (2017-2037) contains the following "Forecast Highlights":

"Since its deregulation in 1978, the U.S. commercial air carrier industry has been characterized by boom-to-bust cycles. The volatility that was associated with these cycles was thought by many to be a structural feature of an industry that was capital intensive but cash poor. However the great recession of 2007-09 marked a fundamental change in the operations and finances of U.S Airlines. Since the recession, U.S. airlines have fine-tuned their business models to minimize losses by lowering operating costs, eliminating unprofitable routes, and grounding older, less fuel efficient aircraft. To increase operating revenues, carriers initiated new services that customers were willing to purchase and started charging separately for services that were historically bundled in the price of a ticket. The industry experienced an unprecedented period of consolidation with three major mergers in five years. These changes along with capacity discipline exhibited by carriers have resulted in a seventh consecutive year of profitability for the industry in 2016. Looking ahead there is confidence that the industry has been transformed from that of a boom-to-bust cycle to one of sustainable profits.

Fundamentally, over the medium and long term, demand for aviation is driven by economic activity, and a growing U.S. and world economy provides the basis for aviation to grow over the long run. The 2017 FAA forecast calls for U.S. carrier passenger growth over the next 20 years to average 1.9 percent per year, slightly slower than last year's forecast. The sharp decline in the price of oil in 2015-16 was a catalyst for an uptick in passenger growth in 2016 that will continue into 2017. The price of oil is projected to rise from around \$39 per barrel in 2016 to \$47 in 2017, and our forecast assumes that it will rise thereafter to exceed \$100 by 2026 and approach \$132 by the end of the forecast period. There are a number of headwinds that are buffeting the global economy – uncertainty surrounding "Brexit", recession in Russia and Brazil and inconsistent performance in other emerging economies, a "hard landing" in China, and lack of further stimulus in the advanced economies. Although the U.S. economy has managed to

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avoid a recession, there is uncertainty regarding the impact of the new U.S. administration's policies on economic growth.

System traffic in revenue passenger miles (RPMs) is projected to increase by 2.4 percent a year between 2017 and 2037. Domestic RPMs are forecast to grow 2.0 percent a year while International RPMs are forecast to grow significantly faster at 3.4 percent a year. U.S. carrier system capacity measure in available seat miles (ASMs) is forecast to grow in line with the increases in demand. The number of seats per aircraft is getting bigger, especially in the regional jet market, where we expect the number of 50 seat regional jets to fall to just a handful by 2023, replaced by 70-90 seat aircraft.

Although the U.S. and global economy continued post disappointing growth in 2016, a combination of robust demand and continued low energy prices resulted in record profits for U.S. airlines. U.S. carrier profitability may fall in the near term as rising energy prices and higher labor costs offset higher revenues fed by solid demand. Over the long term, we see a competitive and profitable aviation industry characterized by increasing demand for air travel and airfares growing more slowly than inflation, reflecting over the long term a growing U.S. and global economy.

The long term outlook for general aviation is stable to optimistic, as growth at the high end offsets continuing retirements at the traditional low end of the segment. The active general aviation fleet is forecast to increase 0.1 percent a year between 2016 and 2037, resulting in an increase in the fleet of about 3,400 units. While steady growth in both GDP and corporate profits results in continued growth of the turbine and rotorcraft fleets, the largest segment of the fleet – fixed wing piston aircraft continues to shrink over the forecast. Although fleet growth is minimal, the number of general aviation hours flown is projected to increase an average of 0.9 percent per year through 2037, as growth in turbine, rotorcraft, and experimental hours more than offset a decline in fixed wing piston hours.

With increasing numbers of regional and business jets in the nation's skies, fleet mix changes, and carriers consolidating operations in their large hubs, we expect increased activity growth which has the potential to increase controller workload. Operations at FAA and contract towers are forecast to increase 0.8 percent a year over the forecast period with commercial activity growing at five times the rate of noncommercial activity. The growth in U.S. airline and business aviation activity is the primary driver. Large and medium hubs will see much faster increases than small and non-hub airports, largely due to the commercial nature of their operations."

Source: FAA Forecast Highlights 2017-2037

Moody's Investor Service Airport Industry Outlook

Moody's has once again assigned a **positive** outlook for the short-term (12-18 months) U.S. Airport industry sector as economic growth brings more travelers. This outlook is summarized in the following press release on December 1, 2016:

Global Credit Research - 1 Dec 2016

2017 Outlook – Moody's: Strong enplanement growth supports US airport industry outlook

Our outlook for the US airport industry is positive. This outlook reflects our expectations for the fundamental business conditions in the industry over the next 12 to 18 months.

Continued growth in the US economy, combined with more seat capacity on US airlines, will push enplanement growth to 2.5% in 2017, slightly below our expectation for 2016 and at our threshold for a positive outlook. Enplanement growth, or the number of seats sold on a flight, is a key indicator for our outlook because it generally translates into higher parking and airport-terminal concession revenue. Our outlook has been positive since December 2014.

- **US economic growth will support demand for US travel.** The US economy will expand about 2.2% in 2017, according to Moody's Investors Service, supporting increased air travel. Enplanement growth has historically demonstrated a high positive correlation of 0.91 with the average of GDP and seat growth.
- **Airlines will add more seats in 2017, although at a slower pace.** We expect that seat capacity will rise between 2.0% and 3.5% overall in 2017, down from 4.0%-5.0% in 2016.
- **Stronger-than-expected financial performance will provide a cushion against downside risks in 2017.** In the annual rates and charges that US airports set for airlines, most airports incorporate an expectation of 2% enplanement growth. We think that enplanement growth will surpass this level for most airports this year and next, resulting in higher revenue than airports expect.
- **Small airports will continue to lag behind in terms of enplanement growth as airlines constrain capacity growth.** Small airports are more likely to be served by the large legacy airlines through regional jets, which are likely to continue to be pressured by a pilot shortage.

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- **What could change our outlook.** We would likely shift back to a stable outlook if enplanement growth slips below 2.5%, which could happen if the US economy weakens or if airlines restrict capacity growth to the low end of the expected range.

Airlines will continue to add more seats, but at a slower pace

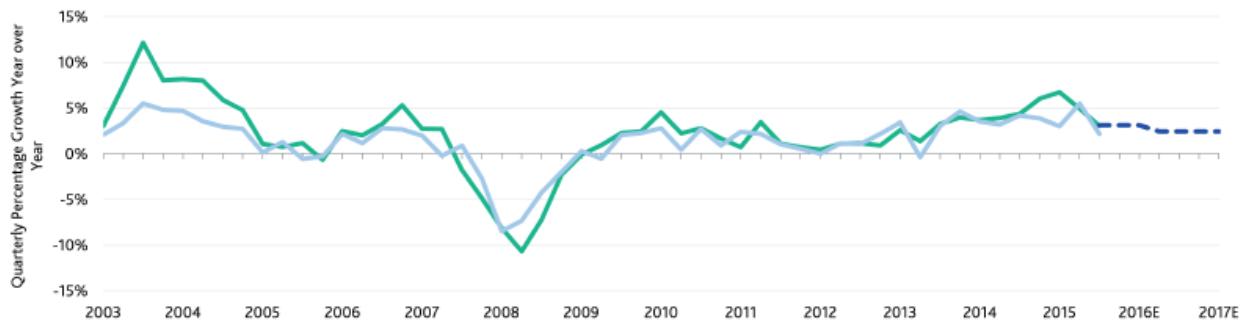
For 2017, the most likely scenario is that aggregate enplanement growth for the whole US airport sector, comprising all airports with commercial airline service, will reach 2.5%, based on our expectations that seat capacity growth will come in at the midpoint of our range (2.8%) and that GDP growth will come in at 2.2%. Enplanement growth has historically demonstrated a high positive correlation of 0.91 with the average of GDP and seat growth (see Exhibit 1).

We expect that airlines will add more seats in 2017, but at a slower pace than in 2016 as some airlines constrain capacity growth in order to preserve financial margins. So far this year, higher-than-expected seat capacity growth on US airlines, combined with continued growth in the US economy, has resulted in enplanement growth of almost 4.5% through September, exceeding the upper end of our expectations of 2.5% to 4% growth for 2016.

We think there is some potential for enplanement growth to slightly exceed our 2017 estimate, as airlines may continue to add capacity at the higher end of their ranges. That said, if airlines hold capacity to the low end of their estimates, enplanement growth will slow to levels that we think would indicate a stable outlook.

Exhibit 1

We expect enplanement growth to reach 2.5% in 2017



Sources: US Bureau of Transportation Statistics, US Bureau of Economic Analysis, Moody's Investors Service

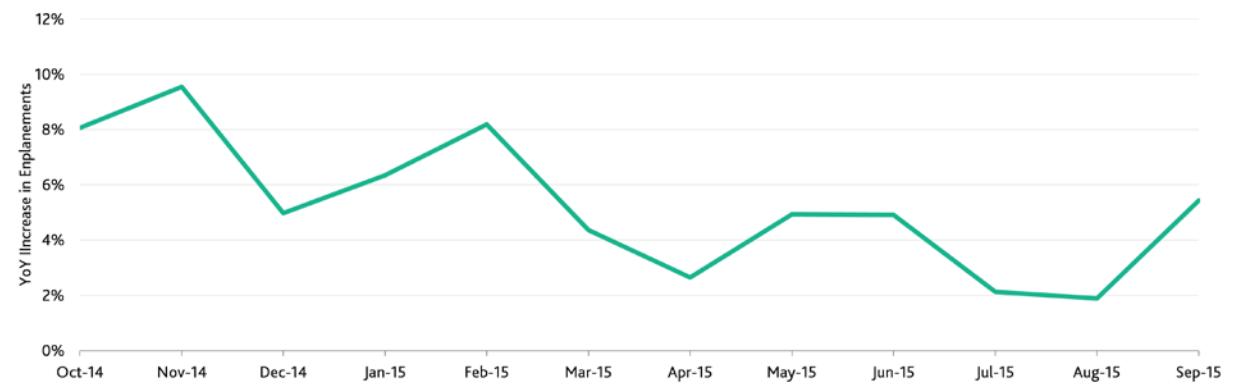
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Because outlooks represent our forward-looking view on business conditions that factor into our ratings, a negative (positive) outlook suggests that negative (positive) rating actions are more likely on average. However, the industry outlook does not represent a sum of upgrades, downgrades or ratings under review, or an average of the rating outlooks of issuers in the industry, but rather our assessment of the main direction of business fundamentals within the overall industry.

Enplanement growth, or the increase in the number of passengers using an airport to depart on a flight, is important for the airport industry because in most instances it translates into higher parking and airport-terminal concession revenues, which combined accounted for 46% of total airport operating revenue in 2015, according to the Federal Aviation Administration Certification Activity Tracking Systems. Higher revenue provides stronger debt-service coverage and, in most cases, results in more liquidity. Also supporting our positive outlook are data showing an uptick in enplanements in September after growth slowed over the summer (Exhibit 2). The slow growth in July and August was likely driven by technology-related disruptions to the flight networks for Southwest Airlines and Delta Airlines.

Exhibit 2

Enplanement growth slowed over the summer months, although the uptick in September provides momentum going into fall



Sources: Moody's Investors Service compilation of data from 90 airport websites

Exhibit 3 shows the expected increase in seat capacity for 2017 at the seven largest domestic airlines in the US (which account for just over 80% of domestic enplanements), based on third-quarter 2016 investor presentations and calls. Three of the four largest airlines expect to keep capacity growth at or below 2%, slightly below the rate of economic growth. However, smaller airlines, such as JetBlue Airways Corp. (B2 positive), Alaska Airlines Inc. (not rated) and Spirit Airlines (not rated), plan to increase capacity by at least 6%. From this, we expect that seat

Greenville-Spartanburg Airport District 2018 Operating Budget

capacity growth will be between 1.9% and 3.8% in 2017. We note this is about 1% lower than our expectation for 2016.

Exhibit 3

As with 2016, capacity growth in 2017 will be led by smaller airlines

Airline	Capacity Growth - Low	Capacity Growth - High	Market Share
American Airlines	0.0%	2.0%	19.0%
Southwest Airlines	2.0%	4.0%	18.3%
Delta Air Lines	0.0%	2.0%	17.0%
United Airline	1.0%	2.0%	14.5%
JetBlue	6.0%	7.0%	5.4%
Alaska Airlines	7.0%	8.0%	4.6%
Spirit Airlines	17.0%	20.0%	2.4%
2017 Weighted Total Growth	1.9%	3.7%	

Sources: Airlines' Q3 2016 earnings calls or investor presentations for capacity growth; US Bureau of Transportation Statistics for market share information.

Capital improvement in 2017

The coming year will see a highly visible increase in airport expansion projects at large hubs, as most of the large airports are reporting record levels of enplanements. Compared with capital programs over the past five years, which focused on serving larger aircraft and refreshing substandard terminal spaces, airports will be constructing new gates to accommodate more aircraft. Continued growth in enplanement levels and profitable airlines that can afford to pay the increased expense will help mitigate the credit impacts of these expansion projects.

Stronger-than-expected enplanement growth will support credit metrics

Most US airports set annual rates and charges for airlines that incorporate expectations for 2% enplanement growth, based on long-term industry trends. We think that enplanements in both 2016 and 2017 will surpass this level for most airports, resulting in revenue above airports' forecasts, leading to stronger debt-service coverage and liquidity. For airports with residual ratemaking — meaning airports that set rates upfront and then true up based on actual expenses and revenues — the higher-than-forecast enplanement growth will lower the costs to airlines per enplaned passenger.

As enplanements rise and more people pass through airports, revenue from parking fees and food, beverage and retail spending in airport terminals should also rise. Additionally, while not

Greenville-Spartanburg Airport District 2018 Operating Budget

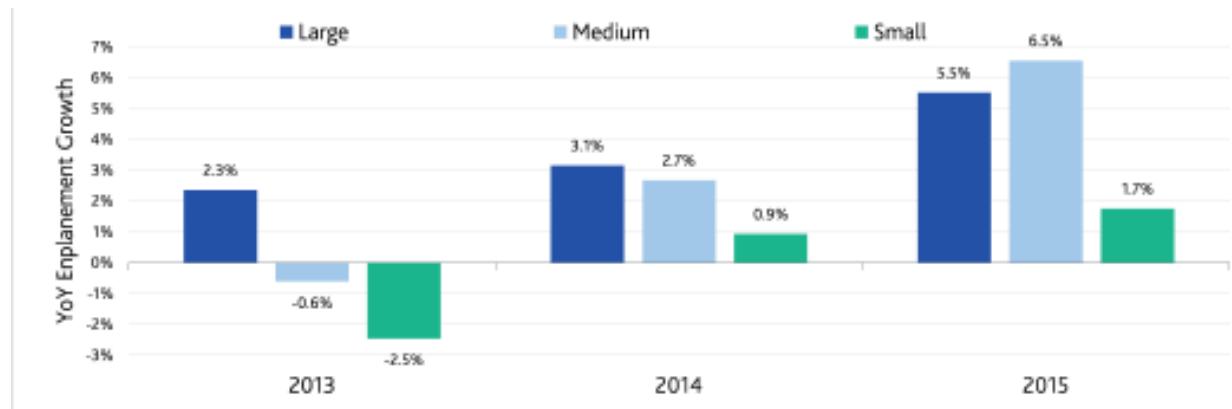
technically revenue, airports can use passenger facility charges, a fee paid by passengers, to pay debt service.

All told, the increased net revenue will provide stronger debt coverage and, in most cases, will result in more liquidity. However, an increase in enplanements does not always result in stronger financial metrics. Airports that have residual cost agreements with airlines would instead see a lower cost per enplanement for the airlines, which is a credit strength for airports.

The legacy airlines also tend to serve small hub airports through regional airline affiliates. The airlines use regional jets, which typically have lower pay for pilots. As the airline industry is facing a worsening pilot shortage caused by increases in costly training requirements and forced retirement of pilots at age 65, the regional airlines face increased constraints posed by that shortage. The bankruptcy of Republic Airlines in 2016 highlighted this constraint. Against this backdrop, we expect that flight service will continue to be pressured at small hubs in 2017 and beyond.

Exhibit 4

Enplanement growth at small hubs likely will continue to trail larger airports



Sources: Moody's Investors Service compilation of data from 90 airport websites

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What could change our outlook

For 2017, the most likely scenario is that average enplanement growth for the industry will reach 2.5%, based on our expectations that seat capacity growth will come in at the midpoint of our range (2.8%) and that GDP growth will come in at 2.2%.

However, there are scenarios in which, depending on economic demand for air travel, seat capacity growth could come in at the low end of our projected range of 2.0% to 3.5%, causing enplanement growth to drop below 2.5%. In this case, we likely would shift back to a stable outlook.

Source: Moody's Investor Service:

"2017 Outlook – Continued Enplanement Growth Drives Positive Outlook" ... December 1, 2016

Greenville-Spartanburg International Airport (GSP) Outlook

Although profitability levels have been and continue to be very strong, management is focused on and remains committed to providing increased levels of air service for the surrounding population base. We continue to work diligently towards attracting greater levels of air service for the Upstate region and are ever mindful about posturing ourselves from a competitive standpoint in the face of increased competition from Charlotte and Atlanta.

Management agrees with the FAA forecasts and continues to plan for long-term growth in accordance with local initiatives/demands, and various planning forecasts. A major Airport Master Plan update is currently underway to replace our approved 2003 Airport Master Plan. The Master Plan update will address, among other things, the following variables which will impact the Airport's future:

- The financial and operational impact of the newly established air cargo route to Germany via Senator, and associated airfield changes (e.g., Taxiway L extension) to support cargo growth
- Projected availability of continued federal funding
- Our assumption of FBO and fueling responsibilities
- A thorough airport pavement evaluation
- Sustainability issues
- An analysis of GSP360 for land use compatibility, highest and best use, and linkage to GSP International Industrial Logistics Park
- Future development of aeronautical and non-aeronautical land owned by the District in concert with our GSP360 plan
- The proposed PRT system and associated impacts on parking, roadway circulation, curbside and other
- Expansion of rental car parking capacities
- Staged parking lot expansions for customers
- Potential capacity constraints for ground transportation along the terminal curb-front and options to reduce congestion along public roadways
- Long term development planning for future needs of key airport tenants
- Optimal location for new Air Traffic Control tower
- Updated airport layout plan (*ALP) to meet FAA SOPs
- Updated GIS database to meet FAA requirements to include infrastructure capacities, environmental information, and areas for future development

Management is committed to providing our customers with the highest level of service possible in these challenging and exciting times and look forward to the future. 2017 witnessed many service-focused improvements and new business opportunities at the Airport including, but not limited to:

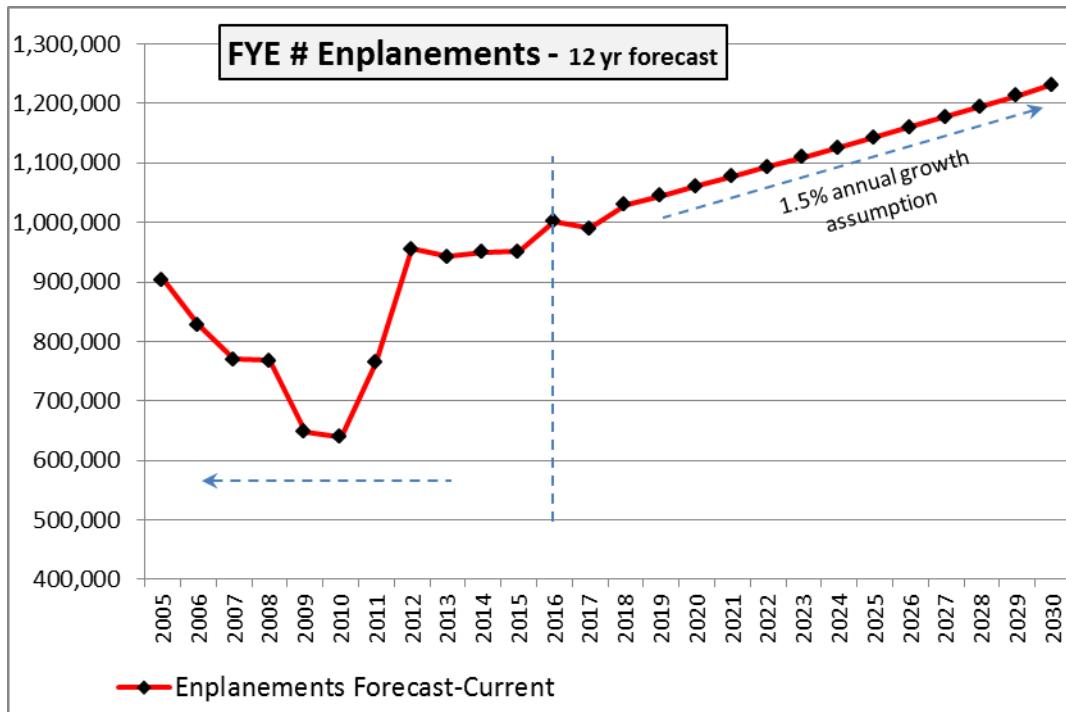
- Opening of our new terminal renovation
- Opening of new food and beverage options including Wolfgang Puck, Chick-fil-A, DC-3 Dogs, Dunkin' Donuts (Airside), and Baskin Robbins.

Greenville-Spartanburg Airport District 2018 Operating Budget

- Opening of our new FBO service, Cerulean Aviation
- New international cargo service from GSP to Munich and Frankfurt, Germany

Management's assessment of our long-term forecast continues to be favorable largely due to our lack of significant debt, competitive airline rates & charges, aggressive air service development efforts, regional economic trends, healthy catchment area/size, and many other factors. We attempt to look forward via a long-term 20-year forecast at various intervals with known factors and educated "guesses" ...

Please find below a 10 year projection of our enplanements ... the most recent projection (the red line) shows enplanements leveling out over the next several years before a continuation of the growth trend, albeit a slower rate than our historical norm.



Many of the factors utilized in arriving at management's outlook assessment are discussed in much greater detail in the remaining portions of this document.

Greenville-Spartanburg Airport District 2018 Operating Budget

Assumptions Used in the Preparation of the 2017-18 Budget

This 2018 budget reflects management's best estimate of anticipated Airport revenues generated by the regional economy together with expenses for all facilities or services offered. But with the ever changing traveling environment, the changing organizational structure of airlines, airline mergers and acquisitions, the impact of new routes with different aircraft, and the ongoing enhancement to security requirements, it can be assured that additional currently unforeseen changes will need to be addressed during 2018.

The big items causing changes for the FYE 6-30-2018 budget include, but are not limited to ...

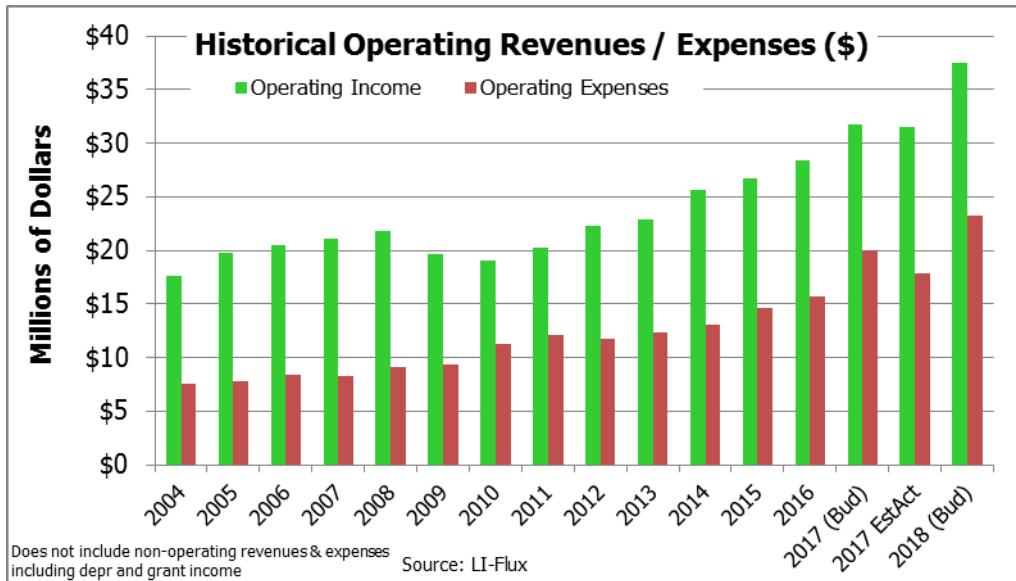
- Completion of Terminal Improvement Program (TIP) implementation with reference to rental spaces, airline & tenant moves to permanent locations, and associated space rental changes and allocation % changes to airlines.
- Implementation of a completely new airline rates & charges methodology based upon a "per-turn" usage and recognition of capacity constraints.
- Takeover of the FBO operations for a full year, associated fuel sales and COGS (cost of goods sold), staffing changes, and other operational changes & projections
- Addition of Senator and associated long-haul international cargo service
- Increases in the # of CIP projects and carryovers of CIP projects approved from prior years and not yet implemented
- Changes in how the Administrative costs of Executive, Finance/HR, Communications, Commercial Business & Properties, Facilities, ARFF, Police and other departmental expenses are spread to the various cost centers and the associated %s of those costs paid by the Airlines.
- Design work associated with Parking Garage C

Assumptions utilized in the preparation of the budget include:

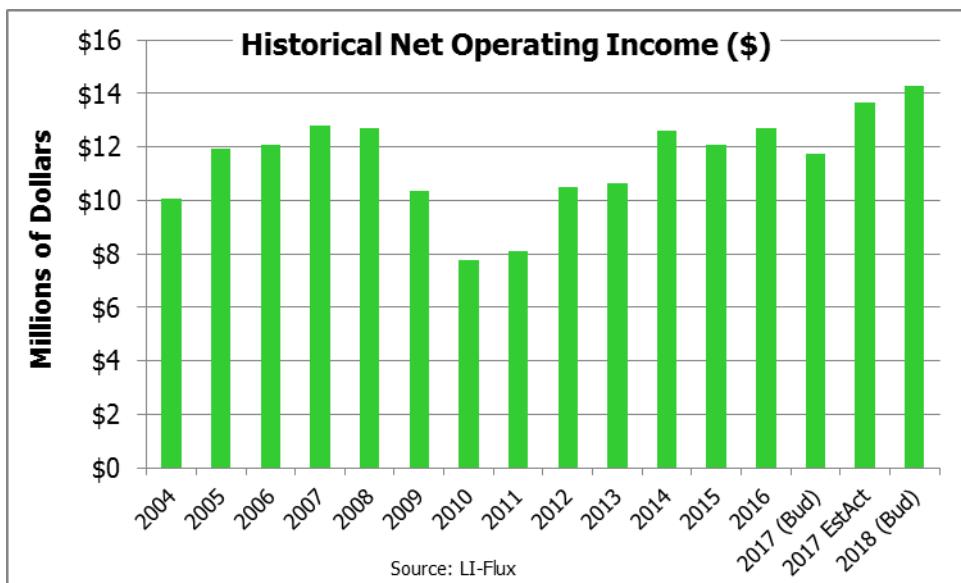
- An increase in passenger enplanements to 1,030,000
- Parking rates to remain the same as at 6/30/2017 as follows:
 - Garage rates at \$14/day
 - SkyLot rates at \$7/day
 - Daily Lot at \$9/day
 - Long Term/Economy rates at \$5/day
- Continued management focus on completing the Terminal Improvement Program on a timely and fiscally sound basis
- Includes provision for \$additonal Capital Improvements
- No change in Investment policy – yields remain near 0% (T-Bills, 6 month ladder, Treasury direct)
- Incorporation of \$25M Line of Credit (LOC) from TD Bank and other borrowing facilities

Greenville-Spartanburg Airport District 2018 Operating Budget

Revenue / Expense Summary by Year

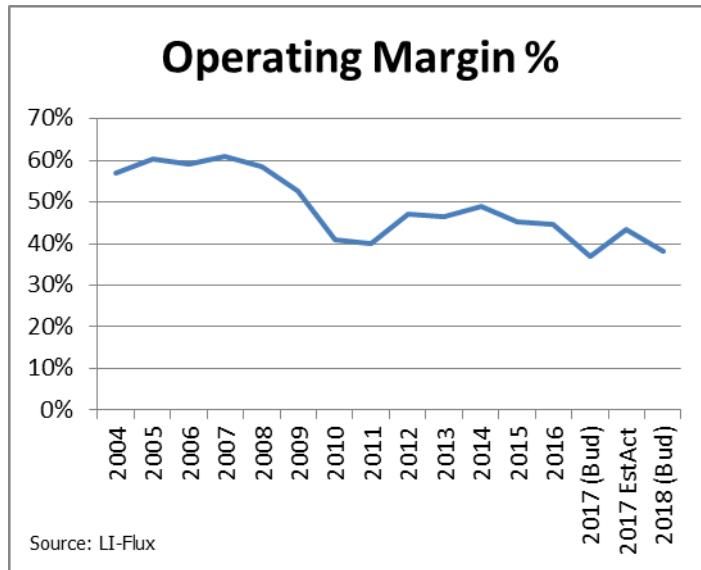


Net Income Summary by Year



Greenville-Spartanburg Airport District 2018 Operating Budget

Operating Margin % Summary by Year



Rates & Charges Summary

The recommended billing rates and charges are, at this time, a prudent assessment of the financial results that are reasonably achievable in 2018, given the current economic environment and future actions that might be taken by the airlines and potential travelers. As always, there is a continued need to control the number of workforce employees and to maintain tight purchasing and discretionary spending controls to keep rates & charges in line with industry norms. In developing the 2018 budget, the District continues to advance strategies that result in reasonable rates and charges so that business, government, and leisure travelers in the greater Upstate region will continue their support and use of GSP.

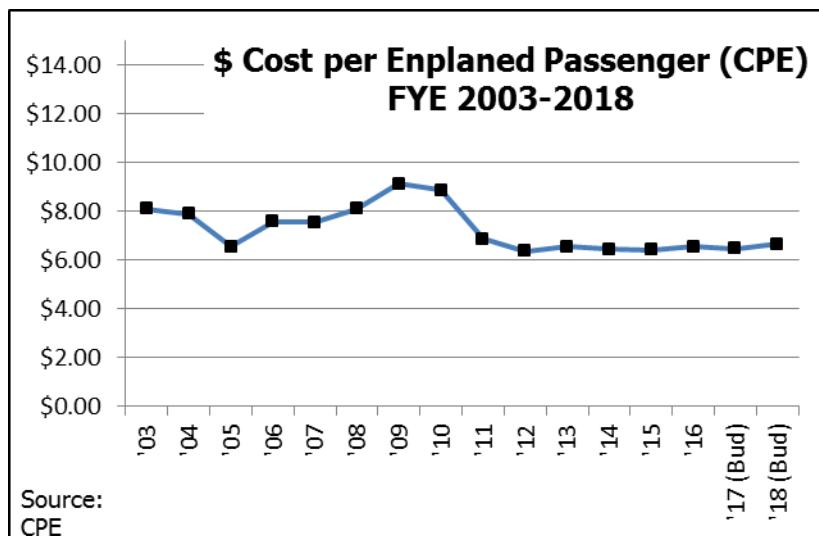
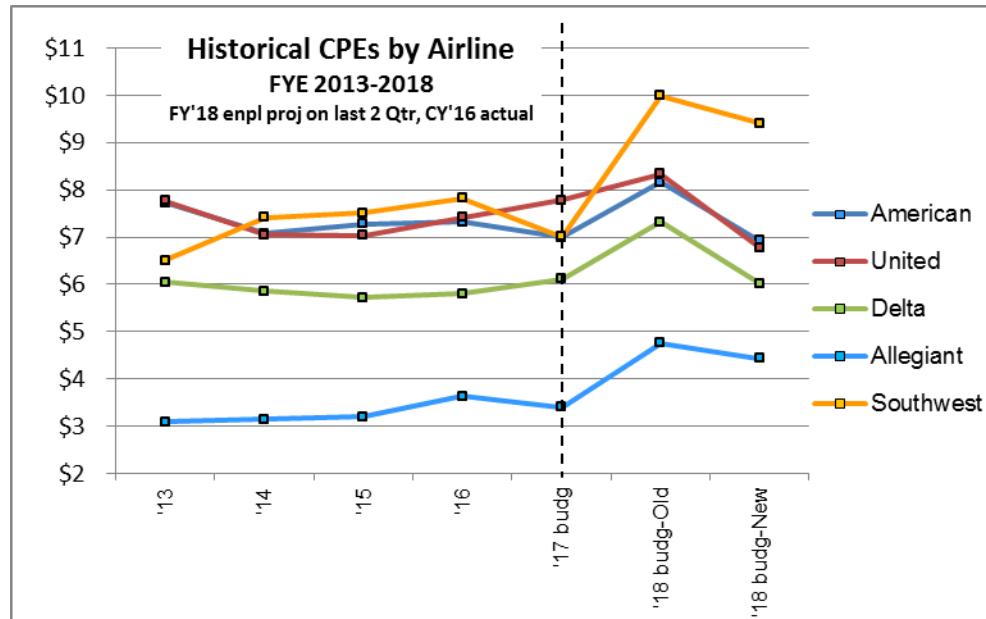
The Airline-Airport Use Permit, which the airlines sign to operate at GSP, is hybrid in nature with a "cost center residual methodology" utilized for calculating the landing fee, and a "compensatory methodology" for calculating the terminal rental rate. The agreement is not subject to a majority-in-interest (MII) approval by the airlines. The District may adjust rentals, fees and charges for Assigned Premises based on changes in actual and projected financial activities during a given fiscal year. This provision is especially important to ensure adherence to financial covenants in bond resolutions.

Greenville-Spartanburg Airport District 2018 Operating Budget

Budget FY 2016-17 Summary of Rates and Charges

			<i>New Methodology</i>		
		2017	Projected		
		Rates & Chrgs	2018		
Scheduled Airline Rates					
Terminal Building Rental Rate (PSF)	\$ 53.08	\$ 36.07			
Landing Fee Per 1,000 LBS	\$ 1.82	\$ 1.66			
Passenger Loading Bridge Annual Rental Fee	\$ 35,190	(A)			
Apron rental fee (parking position) per year	\$ 14,718	(A)			
Dumpster fee per year	\$ 708	(A)			
Triturator fee per year (per enplanement)	\$ 0.006330	(A)			
Cargo Airline Rates					
Landing Fee Per 1,000 LBS	\$ 1.82	\$ 1.66			
"Per-Turn" Rates		Cat 1 Aircraft	Cat 2 Aircraft	Cat 3 Aircraft	Cat 4 Aircraft
		0 - 30 seats	31 - 79 seats	80 - 129 seats	130 - 179 seats
Full-Turn					
Per-Turn" Fee including AirIT EASE at tkng	\$ 88.85	\$ 194.26	\$ 292.64	\$ 397.39	
Per-Turn" Fee NOT including AirIT EASE at tkng	\$ 82.64	\$ 178.82	\$ 269.23	\$ 364.58	
"Modified" Full Turn excluding TKT Ctr/Que					
Per-Turn" Fee including AirIT EASE at tkng	\$ 85.95	\$ 186.64	\$ 280.20	\$ 380.13	
Per-Turn" Fee NOT including AirIT EASE at tkng	\$ 79.75	\$ 171.21	\$ 256.79	\$ 347.32	
"Gate Only"					
Per-Turn" Fee NOT including AirIT EASE at tkng	\$ 38.65	\$ 71.04	\$ 103.86	\$ 136.68	
Departure Turn "Ferry In, Live Out" aka "Outbound Turn"					
Per-Turn" Fee including AirIT EASE at tkng	\$ 63.48	\$ 132.75	\$ 194.30	\$ 262.21	
Per-Turn" Fee NOT including AirIT EASE at tkng	\$ 57.28	\$ 117.31	\$ 170.89	\$ 229.41	
Arrival Turn "Live In, Ferry Out" aka "Inbound Turn"					
Per-Turn" Fee NOT including AirIT EASE at tkng	\$ 52.33	\$ 104.22	\$ 149.44	\$ 199.60	
"Per-Turn" Rates continued ...		Cat 5 Aircraft	Cat 6 Aircraft	Cat 7 Aircraft	
		180 - 229 seats	230 - 350 seats	351 - 500 seats	
Full-Turn					
Per-Turn" Fee including AirIT EASE at tkng	\$ 496.99	\$ 722.57	\$ 999.59		
Per-Turn" Fee NOT including AirIT EASE at tkng	\$ 456.21	\$ 661.07	\$ 911.34		
"Modified" Full Turn excluding TKT Ctr/Que					
Per-Turn" Fee including AirIT EASE at tkng	\$ 474.91	\$ 688.82	\$ 951.39		
Per-Turn" Fee NOT including AirIT EASE at tkng	\$ 434.13	\$ 627.33	\$ 863.13		
"Gate Only"					
Per-Turn" Fee NOT including AirIT EASE at tkng	\$ 169.50	\$ 232.95	\$ 308.91		
Departure Turn "Ferry In, Live Out" aka "Outbound Turn"					
Per-Turn" Fee including AirIT EASE at tkng	\$ 324.98	\$ 464.74	\$ 635.95		
Per-Turn" Fee NOT including AirIT EASE at tkng	\$ 284.20	\$ 403.25	\$ 547.69		
Arrival Turn "Live In, Ferry Out" aka "Inbound Turn"					
Per-Turn" Fee NOT including AirIT EASE at tkng	\$ 246.04	\$ 341.55	\$ 456.25		

Greenville-Spartanburg Airport District 2018 Operating Budget

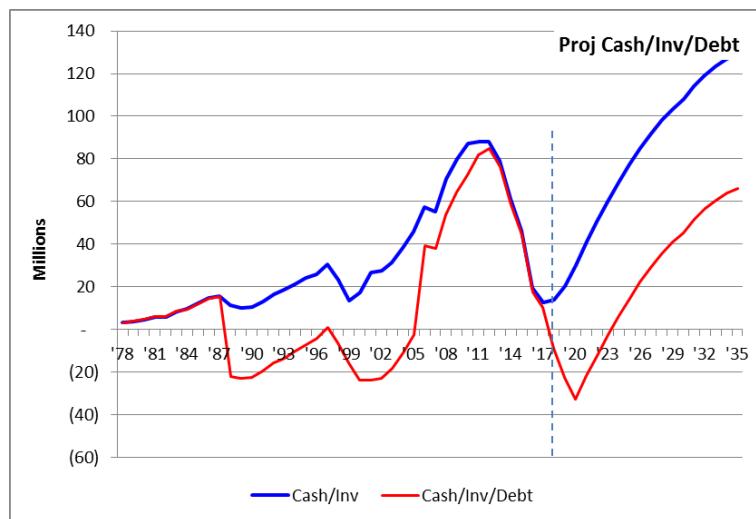


Greenville-Spartanburg Airport District 2018 Operating Budget

Budget FY 2016-17 Budget / Investment Plan

OPERATING FUND SUMMARY	\$ Amount (Estimated)			
	Budg FY		Difference	% Change
	2016-2017	2017-2018		
Operating Revenues	31,719,662	37,556,041	5,836,379	18.40%
Operating Expenses	19,960,925	23,276,301	3,315,377	16.61%
Net Operating Income	11,758,737	14,279,740	2,521,002	21.44%
Add: Interest Income	13,000	13,000	-	0.00%
Add: RAC CFCs	857,676	501,798	(355,878)	-41.49%
Less: Interest Expense/Other	333,772	335,584	1,812	0.54%
Net Income (Excluding Depr only)	12,295,642	14,458,954	2,163,312	17.59%
Investment Fund Summary				
BOY Cash/Investment Balance (Proj)	19,599,869	12,000,000	(7,599,869)	-38.78%
Add: Net Income	12,295,642	14,458,954	2,163,312	17.59%
Add: Projected Grant Income	12,092,198	10,197,780	(1,894,418)	-15.67%
Less: Prior Yr Items Appr/carried forw ard	18,074,610	32,134,908	14,060,298	77.79%
Less: Capital Improvements	20,467,640	8,525,000	(11,942,640)	-58.35%
Less: Equip/Small Capital Outlays	1,124,000	2,482,000	1,358,000	120.82%
Less: Renewal & Replacement	792,000	367,165	(424,835)	-53.64%
Less: Professional Service Projects	1,000,000	1,412,043	412,043	41.20%
Less: Bond principal payoffs	340,000	365,000	25,000	7.35%
EOY Est Cash/Investments w/o LOC	2,189,459	(8,629,381)	(10,818,840)	-494.13%
EOY Est Cash/Investments w/\$20M LOC		11,370,619		
3/31/2017 Cash/Inv Balance	17,000,000			
Updated Estimated YrEnd Balances	12,000,000			

Note: Updated 6/30/17 cash/inv projection reflects changes in major capital project delivery, expected payment schedules, updated operating results, actual CIP costs vs budgeted, and many other factors, etc.



Greenville-Spartanburg Airport District 2018 Operating Budget

Acknowledgements

The Board of Commissioners has contributed its full support to the development and maintenance of the financial operations of the Airport. Without this leadership, together with the strong commitment from the District's management team, the presentation of this budget and other financial reports would not be possible.

Respectfully submitted by:

David N. Edwards, Jr., A.A.E.
President/CEO

Jack Murrin, CPA, A.A.E.
Vice President Administration and
Finance/CFO

AIRPORT DISTRICT OVERVIEW

Organization

In March, 1959, the General Assembly of the State of South Carolina enacted an act to create the Greenville-Spartanburg Airport District (the "District"), a political subdivision of the State of South Carolina. The corporate powers and duties of the Greenville-Spartanburg Airport District are to be exercised and performed by the Greenville-Spartanburg Airport Commission.

Responsibility

The District is responsible for the efficient planning, development, administration, operation and financial condition of the Airport. The District, as landlord, rents space and assesses fees and charges to the airlines and businesses providing goods and services to the traveling public and to the civilian, business, governmental and military users of the Airport. The District is responsible for assuring residents of the Upstate and the surrounding areas of minimal environmental impact from air navigation and transportation.

Strategic Business Plan 2014-2020

GSP formally adopted the Strategic Business Plan for 2014-2020 on November 24, 2014.

The plan outlined the foundations of our strategy, including our Vision, Mission and Core Values as well as our Strategic Goals that together represent our priorities as we prepare for this century's second decade. We also identified performance measures for each goal, allowing each of us to monitor GSP's continuing progress.

Mission and Vision

Our mission and vision provide the foundation for our six-year strategic business plan. Since GSP was built over a half-century ago, we have enjoyed consistent leadership and commitment to these foundations. For each strategic business plan, these foundations are operationalized through our strategic goals.

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Mission Statement

To advance the economic prosperity of the region by providing a safe, convenient, user-friendly and cost competitive air transportation system connecting the region with the nation and world.

Vision Statement

Serve as the region's global transportation hub and economic catalyst by providing best-in-class infrastructure and service.

Core Values

We are especially proud of our "Core Values", which speak to the "GSP way". Our core values express how we conduct our day-to-day business and provide a consistent set of expectations for all of us who work at the airport.

- **Safety & Security:** We embrace them as our priority
- **Excellence:** We are committed to ensuring excellence in all we do
- **Innovation:** We embrace innovative solutions and are always ready for change
- **Integrity:** We are dedicated to honest and ethical practices
- **Accountability:** We accept responsibility for our actions
- **Teamwork:** We think and act like one team, bonded by mutual trust & respect

Strategic Goals

Our strategic goals include ...

- A. SAFETY AND SECURITY - Provide safe and secure infrastructure for users, employees and tenants
- B. ECONOMIC DEVELOPMENT - Act as a leading source of economic development for Greenville and Spartanburg counties and the greater Upstate Region
- C. AIR SERVICE - Attract and maintain competitive air service enabling GSP to be the region's "Airport of Choice"
- D. FINANCIAL MANAGEMENT - Increase and diversify aeronautical and non-aeronautical revenues ensure GSP's financial sustainability
- E. ECONOMIC OPPORTUNITY - Serve as a source of job creation and economic opportunity by encouraging business with local firms
- F. CUSTOMER SERVICE - Provide unparalleled access and superior customer service to our users

BOARD OF COMMISSIONERS

Objective

To administer the provisions of the legislation creating the Greenville-Spartanburg Airport District as codified in the Code of Laws of South Carolina 1962 (Sec 55-11-110) (the "Legislation").

Purpose

To carry out the objectives of the Legislation and to serve the public interest through the coordination of the planning, financing, construction, and operation of the aviation facilities known as the Greenville-Spartanburg International Airport in Greenville & Spartanburg counties, South Carolina.

Composition

The membership of the Commission consists of three (3) members who are residents of Spartanburg county, and who are appointed upon the recommendation of a majority of the members of the Spartanburg County legislative delegation AND three (3) members who are residents of Greenville county, and who are appointed upon the recommendation of a majority of the members of the Greenville County legislative delegation. Thus, a total of six (6) members exist. Upon election by a majority of the Greenville or the Spartanburg delegation, as the case may be, the secretary or acting secretary of the respective county delegation shall certify the approval to the Governor, who shall Commission the nominee for a term of six (6) years.

Functions

The Board of Commissioner's functions generally include:

- Exercising the powers of the District to make rules and regulations concerning its operations and facilities.
- Adopting resolutions, policies and procedures.
- Approving the District's annual operating budget and capital improvement expenditures.
- Hiring the President/CEO
- Serving as a public forum for citizens on aviation matters.

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Audit Committee

The Commission has established an Audit Committee to assist in its financial oversight responsibilities by reviewing financial reports and related information provided by management, independent auditors, and other sources as needed; monitoring the integrity and effectiveness of the accounting and financial reporting processes and the systems of internal controls; providing a process of communication on audit control for accounting and financial reporting matters among the independent auditors, commissioners and professional staff of the District.

AIRPORT ENVIRONS AREA LEGISLATION

In 1995 the Governor of South Carolina signed into law an Act that permits the regulation of development and land use around the Airport. The Act created the Greenville-Spartanburg Airport Enviros Planning Commission, which is charged with developing and adopting a uniform land use plan and uniform building performance standards for an area extending approximately three miles from the ends of the Airport's existing runway and approximately three miles from the ends of a proposed second runway to be constructed at the Airport. The purpose of the planning commission is to regulate future development so as to encourage compatible land use in the Airport environs area created by the Act.



The map above depicts the area around the airport in which the Airport District exercises zoning control over heights of structures and types of land uses that are incompatible with airport operations. The Airport Enviros Commission must approve all development projects within this area.

AIRPORT FACILITIES OVERVIEW

Almost fifty years ago the seeds were planted for what is known today as Greenville-Spartanburg International Airport (GSP) – Roger Milliken Field. Since that first flight which took place in 1962, GSP has earned a reputation of safety and has grown into one of the finest airports in the country.

The newly renovated GSP terminal building has close to 400,000 square feet of space, second level jet bridge boarding and thirteen departure gates.

More than 2.0 million passengers per year are served by 5 major airlines offering over 47 non-stop daily departures to 14 major cities across the US. A connection in one of those 14 cities makes access to the world easy from GSP.

GSP is situated on approximately 3,600 acres of land and has a three-level 397,000 square-foot passenger terminal building which includes airline ticket counters, airline offices, a baggage claim area, second-level departure lobbies, restaurants, gift shops, waiting areas and rental car counters. The passenger terminal has two enclosed concourses, Concourse A and Concourse B, with second-level departure jetway boarding and a total of 13 gates. Nine gates located in Concourse A and four gates located in Concourse B. Commuter passengers are processed on the second level of Concourses A and B and board aircraft through boarding bridges or ground-level gates which are accessed by stairways and elevators.

The Airport has a total of 4,851 parking spaces, broken down as follows:

Space Type	Total Stalls
Garage A*	1,457
Garage B**	1,505
Daily Lot	367
Economy	1,522
Total	4,851
Less: Fly & Shine	13
Less: Ready Car	391
Total Rentable	4,447
* includes ready car stalls	
** includes Fly & Shine Stalls	

2,962 parking spaces are available in two multi-level parking garages located adjacent to the passenger terminal building. Three hundred ninety-one parking spaces in Parking Garage A have been made available to the rental car companies operating at the Airport to provide conveniently located "ready car" spaces. 367 convenient spaces are located in our Daily Lot and 1,522 additional parking spaces are available in a more remote economy parking lot located approximately 1,200 feet from the passenger terminal building.

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The airfield consists of a single runway in a northeast/southwest orientation, with associated parallel taxiways, an aircraft parking apron and an air cargo apron. The latest runway extension, completed in June of 1999 extended the runway to 11,001 feet making it possible for GSP to accommodate any aircraft currently in operation today. The runway is 11,001 feet long, 150 feet wide, and has paved shoulders that are 35 feet wide. The runway is lighted and is equipped with a Category IIIb Instrumental Landing System which accommodates precision approaches and departures. A traffic control tower and approach and departure control facilities are located at the Airport and manned by FAA personnel. In 1995 the National Weather Service built a new facility at the Airport which includes a Doppler radar system.

Two Federal Inspection Stations (FIS) consisting of Customs, Immigrations and Agriculture are located at GSP. The first FIS facility located under the south concourse is designed to handle 250 international passengers per hour. The second FIS location on the north cargo ramp is designed to handle cargo and corporate aircraft that require international clearance.

A 25-dock cargo facility is located south of the passenger terminal complex and currently serves operations for the various air cargo carriers (except FedEx) serving the Airport. An air cargo apron was constructed at the north end of the runway in 1995. The north end of the airport is home to a 120,000 square foot FedEx facility. This facility, completed in the late summer of 2001 provides FedEx with the capability to sort up to 3,000 packages per hour. Prior to the completion of this new facility, FedEx was only capable of sorting 1,000 packages per hour.

Terminal Improvement Program

Reynolds, Smith and Hills, Inc. (RS&H) was tasked to assist the GSP Airport District with developing a Terminal Area Study which includes updating requirements for the GSP terminal based on the most current enplanements models (including a low fare carrier); requirements imposed by security measures; new airline operational models; technology upgrades; environmental awareness and anticipated developments in the aviation industry. This plan takes into consideration recommendations made by the 2003 Bechtel Master Plan; examines the implications of the new requirements and recommends a strategic implementation of a short and long range plan for the terminal area. The plan aims at full optimization of existing functional areas; replacement of non-functional areas and planned future growth within the limits of the existing terminal area.

This Terminal Area Study is both dynamic and strategic taking into consideration various possible scenarios relevant to the potential requirement for expansion and renovation of the airport's facility. The current state of the aviation industry requires a plan which emphasizes flexibility. It gives GSP airport the opportunity to adjust strategic areas over time while examining the loads implied by different forecast as well as adapting to new conditions as they arise. This plan aims at a proactive and logical approach to renovation and growth of the existing Greenville-Spartanburg International Airport (GSP).

Utilizing the Bechtel 2003 Master Plan as a springboard, the following general goals were established for the plan:

Greenville-Spartanburg Airport District 2018 Operating Budget

- Maintain Excellent Service Standards
 - a. Safety
 - b. Security
 - c. Passenger Convenience
 - d. Airline Operation Efficiency
- Expand Airline Service
 - a. Low Cost Carriers
 - b. International passenger operations
- Comply with TSA Requirements
 - a. Baggage Security Screening
 - b. Passenger Security Screening
- Network the Passenger Terminal for Intelligent Systems
 - a. Self-service ticketing (more recently - plan for self-service bag check-in)
 - b. Explosive Detection Systems
 - c. Provisions for passenger screening; displays and wireless internet access.
 - d. Other systems
- Validate/Enhance Terminal Concessions Program
 - a. Location
 - b. Variety and Number of offerings.
- Resolve Highway Capacity Constraints at I-85 (Beyond our scope)
- Increase Capacity of Auto Parking Facilities
- Maintain a "Good Neighbor" Policy.
 - o Impact of GSP growth on the environment.
 - o Minimize energy utilization and optimize alternative energy sources.
- Investigate the Need for Land Acquisition (Outlined in previous Master Plan)

Significant changes have taken place in the aviation industry that must be taken into consideration when developing a strategic plan. These are:

- TSA issuance of the Planning Guidelines and Design Standards for Checked Baggage Inspection Systems (PGDS) in 2007 and subsequent issuance of version 3.0 in 11/27/2009. This document recommends equipment redundancies and avoidance of single points of failure, and new inline baggage screening systems to accommodate over five years of growth.
- Recommended Security Guidelines for Airport Design and Construction issued 5/2006.
- CBP Airport Technical Design Standards for Passenger Processing Facilities, issued 8/2006
- Proliferation of self-service ticketing; potential "counter-less" roaming agents; upcoming self-service baggage check-in.
- New security screening technology requirements impacting size of facilities i.e. full body scanners require a significant change in the overall width of passenger screening areas.
- Financial drivers towards increasing sources of revenue at airport facilities (i.e. concessions, business centers, spas, car-wash facilities, privately leased parking facilities, etc.)
- Continued emergence of successful low fare carriers.

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The Terminal Area Study identified deficiencies and projected three different growth scenarios (Base Case-assuming no changes in number or type of carriers; Low Fare Carrier-assuming the addition of a major low fare carrier and Focus City-assuming GSP operating as a hub for the low fare carrier).

Several alternatives, including building a new “greenfield” terminal were analyzed based on factors which included passenger convenience, constructability, cost, and flexibility among others. This analysis concluded in a partial rebuild/remodel of the terminal which generally maintained the existing gates concourse area (projected to meet the needs of the airport up to the 2M enplanement level). Further linear expansion of the existing gates concourse area would have increased walking distances and incurred unwarranted additional costs.

The study recommends a re-build of the central core area to one that will allow sufficient flexibility to meet the future requirements of the airport as follows:

- Relocation of the rental car areas to the parking garages
- Remodeling of the existing baggage claim area
- Remodeling of the existing gate concourse area
- Substantial increase in the number of concessions and a strategic location on the secure side of the terminal; increased passenger convenience by means of a reduction in changes in levels
- New, energy efficient central plant and a sustainable approach to all building components and systems

This report details the various parts of the study outlined above and illustrates Options for development; growth potential; projected phasing scenarios; costs and funding opportunities.

The joint RS&H, GSP Airport District, RBGB, and Unison staff recommendations, included herewith, are based on the lowest cost option which will meet all of the requirements of the most current Master Plan and will have the greatest potential for ease of expansion and incorporation of sustainable systems.

The aforementioned objectives and goals were met with the completion of the Terminal Improvement Program and the grand opening in May, 2017.

Land Use Study

The GSP Land Use Planning & Development Study (Project) identified and evaluated specific real estate and land use development opportunities that require or are significantly enhanced by the presence and proximity of the Greenville-Spartanburg International Airport (GSP). The intent of the study was to assess these aviation/real estate relationships, determine which types of development are appropriate for and are desired by the Commission, and develop a land use development plan that will guide and facilitate desired aviation-induced real estate and land use development. Specifically, the objective of the study was to prepare a comprehensive master

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land use and site development plan for areas on and adjacent to GSP ... this objective was met. These areas include properties that are currently owned by the Airport District as well as, specific areas where property rights and airport controlled development may be sought in the future. The ultimate goal was to create a unified land use and development plan that provides the framework for future development and identifies near term development areas with flexible buildout scenarios.

Facets of the study included ...

Real Estate Market Analysis

- Site inventory and data collection.
- Evaluation of external (non-airport) real estate market.
- Evaluation of internal (on-airport) real estate market.
- Evaluation of vacancy rates, available real estate parcels, absorption rates and local development trends.
- Identify local market rates by use and location.
- Identification of local real estate development needs currently being unmet.

Master Land Use Plan

- Review existing planning information and studies.
- Inventory current airport development areas and facilities.
- Identify GSP real estate Opportunities, Threats, Strengths and Weaknesses.
- Identify specific real estate and land development opportunities that require or are significantly enhanced by the presence of an airport.
- Identify aviation/real estate relationships, determine the types of development that are appropriate for and desired by the Commission and community.
- Identify cluster targets, functional targets, and opportunity-driven targets.
- Request for Qualifications - Professional Consulting Services
- Use forecasts and real estate market analysis information to determine the volume of aviation and non-aviation related real estate and land use development activity that can be reasonably anticipated.

Site Development Concepts

- Develop land use concepts utilizing the information and analyses developed in this Study.
- Identify various development concepts for the near term development areas identified in the land use plan.
- Identify various development opportunities, constraint and potential layouts.
- Identify any airfield improvements that will be necessary as part of the development concept.
- Develop illustrative renderings of specific locations and/or viewpoints within the final site development plan.
- Develop order of magnitude cost estimates for site development concepts.

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Financial Feasibility Analysis

- Develop absorption rates and take down schedules for airport master land use plan.
- Develop revenue generation forecasts.
- Develop overall profit and loss forecast for proposed development plan.

Implementation Plan

- The Commission seeks to specifically identify two (2) parcels (1 aviation and 1 non-aviation) for Phase I of the Land Use Development Plan. Furthermore, the Commission seeks to begin the preparation of these 2 parcels for future development.
- Preparation by the Commission is expected to include grading/site preparation, roadway access and utility infrastructure needed for development.
- Consultant shall be responsible for developing cost and revenue estimates for said sites, as well as projected schedules and consultation to the Commission for preparation.

Marketing Materials

- Preparation and production of specific marketing and informational materials to be used for marketing of potential development sites and overall recruitment of potential development.
- Marketing materials may include, but are not limited to print media pieces, exhibit display materials and web marketing tools.

Landscape Master Plan

Mission

In late 2013, a design team led by Seamon Whiteside, with the assistance of Greenville Spartanburg Airport District (District) staff and the Greenville Spartanburg Airport Commission Landscape Master Plan Task Force (Task Force), began a landscape master planning process that will be used as a guide for GSP in the future. Over the course of 2014, the design team met with District staff and appropriate contacts, made numerous site reconnaissance visits to the GSP campus, gathered information from a variety of sources, conceptualized landscape improvements, and made a number of recommendations.

Recommendations

The final landscape master plan consists of a series of recommended improvements to key GSP Campus landscape spaces, as well as design standards for new development. These improvements vary in size and scope, but work together to enhance the GSP Campus, and create a sustainable landscape that will respect the history of the campus core while continuing the GSP landscape legacy into the future, and allowing GSP to serve as a community leader in regionally sensitive and sustainable design.

The following areas were addressed with a focus on specific improvements to key landscape spaces:

- A) Tree Replacement (Core Campus)
- B) Two and Four-Lane Future Road Standards
- C) Existing Road Improvements
- D) Campus Green Improvements
 - i) Terminal Approach
 - ii) Terminal Mall
 - iii) Terminal Drop Off
 - iv) Airside Garden
- E) Iconic Sign
- F) Gateway Corner Improvements
- G) Tract and Parcel Signage Standards

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Design Standards

The Landscape Master Plan is designed to provide the District with an attractive, harmonious, coherent, and practical natural environment. These design guidelines shall be considered supplemental to the applicable zoning use provisions and development standards and any other Federal, State, or local regulation governing development. They are intended to assist in establishing and maintaining a character and quality of development consistent with the goals of the District.

Site-Related Items included in the "Design Standards" discussion were:

- Site Clearing, Grading, and Drainage
- Tree Preservation
- Street Design
- Sidewalks
- Fences ,Walls, Site Furnishings
- Requirements for Loading and Service Areas
- Lighting
- Signage

The Landscape Standards set forth in the study included the following sections:

- Purpose of the Landscape Standards
- GSP Plant Palette
- The Natural Planting Approach
- Street Trees
- Trees within the Landscape
- Hedges
- Groundcover
- Lawns
- Mulch
- Irrigation
- Visual Buffer Zone Requirements
- Parcel Planting Requirements

Airport Master Plan

In late 2016 a team consisting of McFarland-Johnson, AVCON, Woolpert, Arora Engineers, and Seamon Whiteside and Associates was selected to update and develop a new Airport Master Plan for GSP.

Scope

The scope of work to be included is:

1. Inventory of existing conditions:
 - a. Airport Facilities (airside and landside)
 - b. Aviation Activity
 - c. Environmental Issues
 - d. Land Use, Zoning, and Other Local & Regional Planning Studies
 - e. Roads and Ground Traffic
 - f. FAR Part 77 Obstructions (50:1)
 - g. Utilities
 - h. Sustainability Initiatives
2. Aviation Forecasts – Update forecasts for:
 - a. General Aviation Activity
 - b. Air Carrier Activity
 - c. Cargo Activity
 - d. Military Activity
3. Facility Requirements – Assess the ability of the existing airport, both airside and landside, to support the forecasted demand. Identify the demand levels that will trigger the need for facility additions or improvements and estimate the extent of new facilities that may be required to meet that demand including but not limited to building infrastructure, utilities and land assets.
4. Alternatives Development and Evaluation – Identify options to meet projected facility requirements and alternative configurations for each major component. Assess the expected performance of each alternative against a wide range of evaluation criteria, including its operational, environmental, and financial impacts. Based on this assessment provide recommended development alternatives and triggers for their implementation. Some alternatives will focus on enhancing/maximizing revenue producing opportunities. Alternatives will address short (5 year), medium (10 year) and long range (20 year) facility requirements.
5. Environmental Considerations – Determine the environmental requirements needed to move forward with each project in the recommended development program.

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6. Airport Layout Plan – Provide full electronic and hardcopy Airport Layout Plans and a Narrative Report depicting the phased development plan in the near-term, medium-term and long-term development of GSP. This will include an eALP to reflect proposed development identified in the study and reconciling GSP's "Exhibit A" property map. "Exhibit A" reconciliation will likely require survey work.

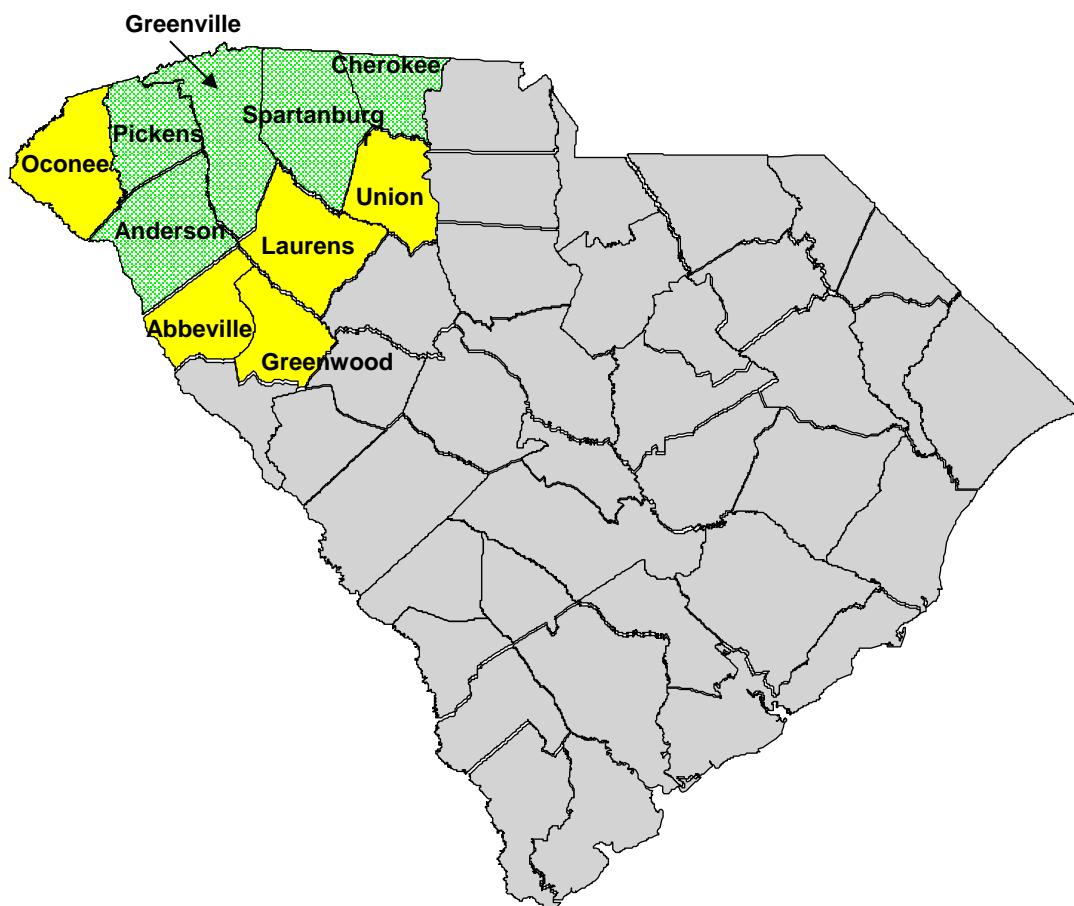
The ALP drawing set will be developed to include the compilation of an "as-built" ALP and a Preferred Alternative Geospatial Data compliant with the Federal Aviation Administration (FAA) Airports Geographic Information System (AGIS), for GSP's electronic ALP (eALP). All data shall be collected in accordance with AC 150/5300-16A, 17B, and 18B and will be submitted to the FAA Office of Airports, Airport Surveying-GIS Program.

7. Facilities Implementation Plan – Provide a description of the recommended improvements, estimated implementation triggers and costs to be used in the development of a capital improvement plan.
8. Financial Feasibility Analysis – Identify the financial plan for the capital improvement plan and the means by which the District can fund the projects recommended in the master plan. Demonstrate the financial feasibility of each project or program element.
9. Facility Condition Assessment -
 - a. An architectural/engineering assessment of existing facilities to determine remaining useful life, replacement value and anticipated capital improvements required during the study horizon of 20 years will be included.
 - b. Update airports Pavement Management Program (PMP) by conducting an airfield pavement evaluation that includes a system inventory and network definition, traffic analysis, functional evaluation, structural evaluation and rehabilitation recommendations.
10. Sustainability – The sustainability component of the Master Plan should focus on the environmental aspects of capital improvement projects, including their financing, design, construction, and operations, from a holistic policy level. Sustainability recommendations should be useful tools to guide, not constrain, decision-making.
11. Community Outreach/Stakeholder Input Facilitation – Since the long range development of GSP will have an impact on the surrounding community, opportunities for public involvement throughout the process will be part of this Project. A Master Plan Stakeholder / Technical Advisory Committee with broad representation will likely be formed to provide Master Plan input, facilitated by District staff in coordination with the Master Plan consultant. Typical input will be on a quarterly basis or other appropriate intervals/milestones as determined in the process. The District also anticipates conducting public outreach workshops periodically to communicate progress and gather feedback from a broader audience. Finally, the consultant will utilize innovative, digital tools, in addition to the gspairport.com website, during the Master Plan study. The District encourages teams to submit creative ideas and solutions in order to garner effective public participation.

AIR SERVICE AREA & DEMOGRAPHICS

Airport Air Service Area

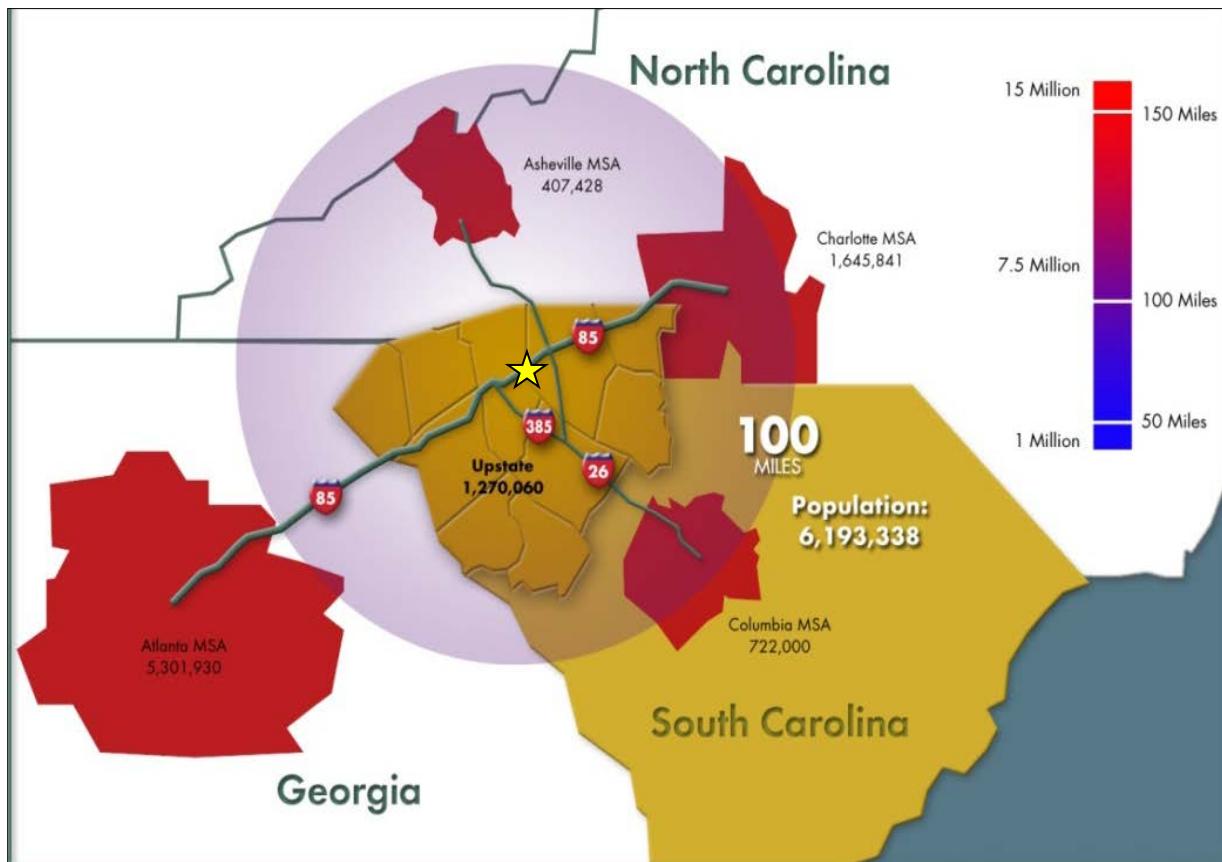
The Airport primarily serves the South Carolina "Upstate" comprising ten counties: Greenville, Spartanburg, Pickens, Anderson, Cherokee, Oconee, Abbeville, Greenwood, Laurens, and Union Counties. Five of these counties (Greenville, Spartanburg, Pickens, Anderson, and Cherokee) make up the Greenville-Spartanburg Metropolitan Statistical Area ("MSA") as defined by the United States Office of Management and Budget. The Air Service Area is the most populated MSA in South Carolina and is also recognized as South Carolina's most industrialized MSA, experiencing strong economic development since 1988.



Greenville-Spartanburg Airport District 2018 Operating Budget

Demographics

With its strategic location along I-85 – mid-way between Charlotte and Atlanta – Greenville-Spartanburg, South Carolina is one of the most vibrant and fastest-growing regions in the country. Greenville-Spartanburg International Airport (GSP) sits at the geographic center of this region, with more than 1.65 million people living within 50 miles of GSP and more than 6.38



million within 100 miles. Our population base is actually larger than many existing Southwest Airlines locations.

 Greenville-Spartanburg International Airport

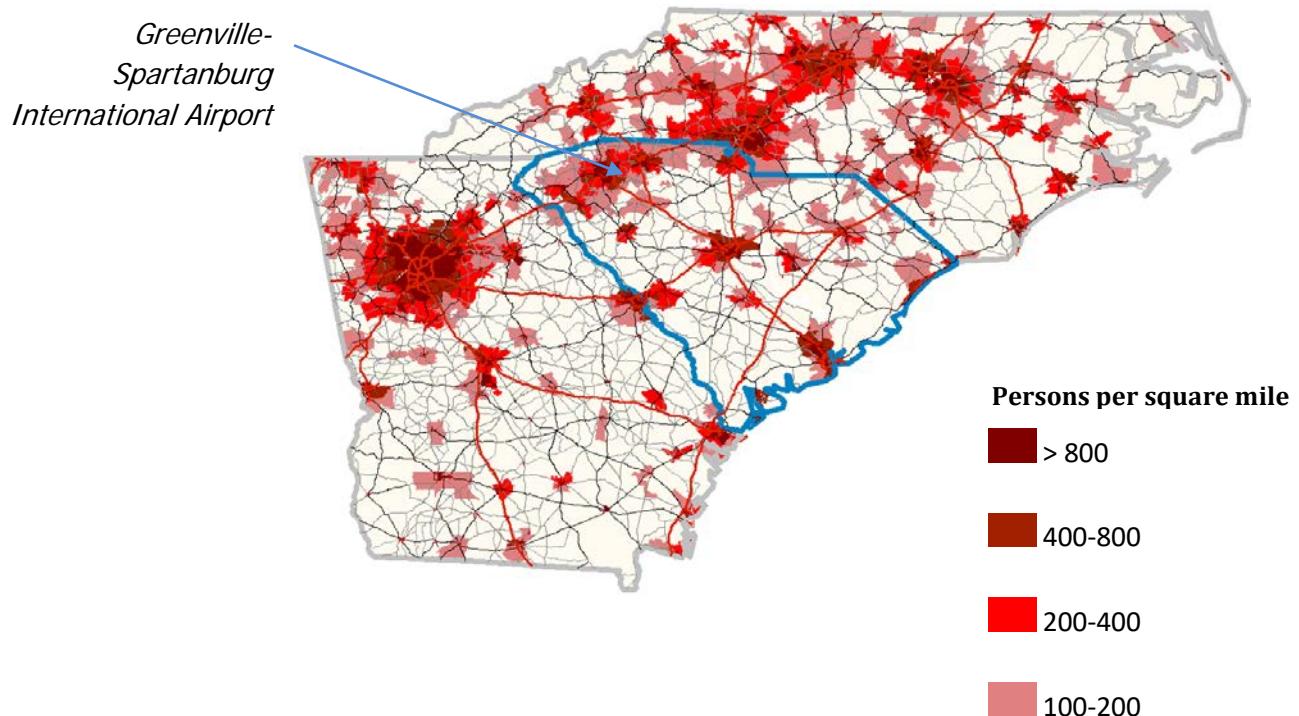
Greenville-Spartanburg is home to the highest per capita concentration of international business in the United States, and powerful industry clusters drive a diverse, innovation-driven economy that boasts both superior infrastructure resources and one of the nation's most productive workforces. Businesses and families in this region enjoy an extraordinary quality of life, and the region is known for its unique entrepreneurial culture.

South Carolina is one of the nation's ten fastest-growing states – and GSP is its Commerce Belt. By 2030, the Upstate SC Alliance projects that 873,500 people will live in Greenville and Spartanburg Counties alone.

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Population Density

The I-85 "Mega Growth" Corridor and GSP Customer Catchment Area ("CSA") are conveniently located with many of the Southeast's largest population centers. GSP to Atlanta is 130 miles, while GSP to Charlotte is 85 miles. 100,000+ vehicles travel past GSP every day.



Rate of Population Growth

The rate of population growth in the CSA has historically been similar to the Southeast United States and South Carolina at 1.4 percent, 1.5 percent, and 1.4 percent respectively. Compared to the total country's 1.1 percent historical growth rate, the CSA has grown slightly faster.

However, as projected by Woods and Poole Economics, regional population growth is expected to slow to a 0.7 percent annual average rate over the next 30 years versus slightly higher rates for the U.S., Southeast, and the state. The historical and projected comparison of CSA growth to these other geographic areas is shown in the following table:

Greenville-Spartanburg Airport District 2018 Operating Budget

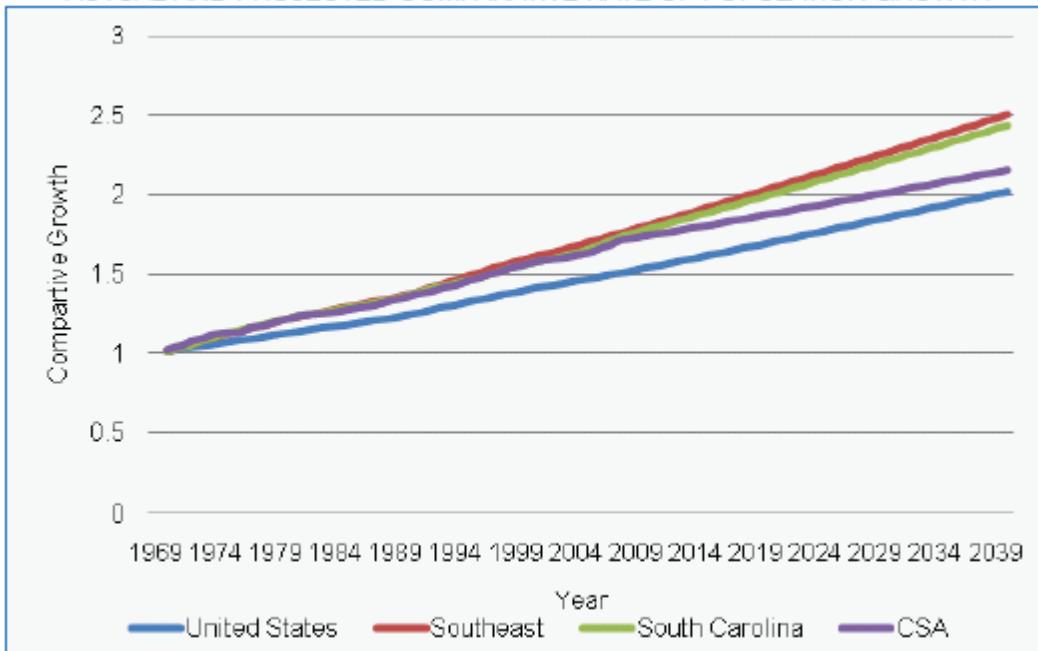
HISTORICAL AND PROJECTED POPULATION GROWTH

Area	1969-2008	2009-2040
United States	1.1%	0.9%
Southeast	1.5%	1.1%
South Carolina	1.4%	1.1%
CSA	1.4%	0.7%

Source: Woods and Poole Economics

Assuming that the base year of data (1969) is valued at one, the comparison of local, state, regional, and national population growth rates is shown on the following chart. The chart indicates that historical actual growth rate of the Southeast, state, and CSA were similar to each other and higher than the national growth rate. Projections for the future by Woods and Poole Economics suggest that the rate of CSA population growth is slowing slightly versus the historical average. These historical and projected population statistics are shown in the following table:

ACTUAL AND PROJECTED COMPARATIVE RATE OF POPULATION GROWTH



Source: Woods and Poole Economics

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By County, the historical population trends are as follows:

Census Population Trends and Projections, 1950-2030												 UpstateSCAlliance Business moves here.	
County / Upstate Region / State / US													
COUNTY	POP 1950	POP 1960	POP 1970	POP 1980	POP 1990	POP 2000	POP 2010	POP 2015	POP 2020	POP 2025	POP 2030		
Abbeville	---	21,417	21,112	22,700	23,862	26,167	25,417	25,300	25,100	25,000	24,900		
Anderson	90,664	98,478	105,474	133,800	145,177	165,740	187,126	193,300	199,500	209,000	218,500		
Cherokee	34,992	35,205	36,791	41,000	44,506	52,537	55,342	56,100	56,800	57,000	57,300		
Greenville	168,152	209,776	240,774	288,800	320,127	379,616	451,225	473,300	495,400	518,800	542,300		
Greenwood	---	44,346	49,686	57,600	59,567	66,271	69,661	70,600	71,500	73,100	74,700		
Laurens	---	47,609	49,713	52,500	58,132	69,567	66,537	65,800	65,100	65,000	65,000		
Oconee	39,050	40,204	40,728	48,800	57,494	66,215	74,273	76,600	78,900	84,000	89,100		
Pickens	40,058	46,030	58,956	79,600	93,896	110,757	119,224	121,600	123,800	128,300	132,900		
Spartanburg	150,349	156,830	173,724	202,700	226,793	253,791	284,307	295,100	305,800	318,500	331,200		
Union	---	30,015	29,230	30,800	30,337	29,881	28,961	28,700	28,500	28,300	28,100		
Upstate Region ⁽⁴⁾	---	729,910	806,188	958,300	1,059,891	1,220,542	1,362,073	1,406,400	1,450,400	1,507,000	1,564,000		
SC	2,117,027	2,382,594	2,590,713	3,131,600	3,486,310	4,012,012	4,625,364	4,823,200	5,020,800	5,235,500	5,451,700		
USA ⁽⁵⁾	151,325,798	179,323,175	203,302,031	226,546,000	249,439,000	275,306,000	310,233,000	325,540,000	341,387,000	357,452,000	373,504,000		

Source: U.S. Bureau of the Census, SC Department of Health and Environmental Control, SC Office of Research and Statistics

US Projections by US Bureau of the Census, Annual Projections of the Total Resident Population (NP-T1)

(4) The Upstate Region includes all 10 counties listed in the table above.

(5) Projections for the nation are based on 2000 Census data; projections for all other geographies are based on 2010 Census.

Source: <http://www.upstatescalliance.com/Data-Resources/Information.aspx>

"Population Trends and Projections" (... verified for 2018 update)

By County, the population stats are as follows:

Census Population Counts, 1990, 2000 and 2010, and 2011-2015 Estimates											
County / Upstate Region / State											
 UpstateSCAlliance Business moves here.											
COUNTY	POP 1990	POP 2000	PCT CHANGE 1990 - 2000	POP 2010	PCT CHANGE 2000 - 2010	POP ESTIMATE 2011	POP ESTIMATE 2012	POP ESTIMATE 2013	POP ESTIMATE 2014	POP ESTIMATE 2015	POP ESTIMATE 2015
Abbeville	23,862	26,167	9.7	25,417	-2.9	25,105	25,051	24,973	24,926	24,932	
Anderson	145,177	165,740	14.2	187,126	12.9	188,531	189,342	190,674	192,836	194,692	
Cherokee	44,506	52,537	18.0	55,342	5.3	55,604	55,692	55,786	56,039	56,194	
Greenville	320,127	379,616	18.6	451,225	18.9	459,193	466,810	474,070	482,577	491,863	
Greenwood	59,567	66,271	11.3	69,661	5.1	69,820	69,901	69,754	69,544	69,838	
Laurens	58,132	69,567	19.7	66,537	-4.4	66,409	66,245	66,172	66,498	66,623	
Oconee	57,494	66,215	15.2	74,273	12.2	74,234	74,612	74,952	75,232	75,713	
Pickens	93,896	110,757	18.0	119,224	7.6	119,427	119,670	119,208	120,622	121,691	
Spartanburg	226,793	253,791	11.9	284,307	12.0	286,133	288,473	290,757	293,536	297,302	
Union	30,337	29,881	-1.5	28,961	-3.1	28,651	28,223	28,027	27,947	27,777	
Upstate Region (1)	1,059,891	1,220,542	15.2	1,362,073	11.6	1,373,107	1,384,996	1,394,373	1,409,582	1,426,625	
South Carolina	3,486,310	4,012,012	15.1	4,625,364	15.3	4,672,733	4,721,341	4,768,498	4,829,160	4,896,146	

Source: U.S. Bureau of the Census

(1) Upstate Region = the region encompassing the individual counties listed above

Compiled by InfoMentum - A Decision Support System for Upstate South Carolina

Source: <http://www.upstatescalliance.com/Data-Resources/Information.aspx>

"Total Population Counts" (... verified for 2018 update)

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Per Capita Personal Income

Per Capita Personal Income (PCPI) in the CSA has historically been less than the United States average and that trend is expected to continue. In 1969, the CSA, state, and the Southeast had similar PCPIs in the \$12,000 to \$13,000 range versus the national average of \$16,465. By 2008, the comparison between the four areas remained similar. For the future, the Southeast, South Carolina, and CSA are expected to remain with lower PCPIs versus the national average. Note that all these amounts are provided in constant year 2004 dollars as presented in the following table:

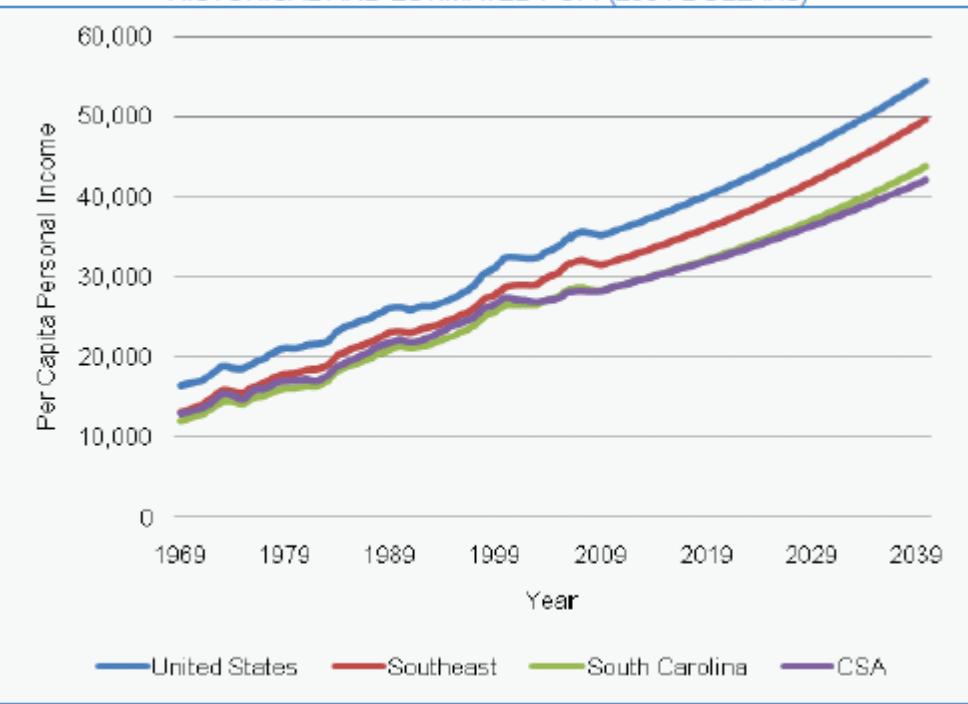
COMPARISON OF PER CAPITA PERSONAL INCOME

Area	1969	2008	2040
United States	16,465	35,438	54,378
Southeast	13,180	31,846	49,699
South Carolina	12,072	28,422	43,725
CSA	12,853	28,137	42,092

Source: Woods and Poole Economics, Inc.

The graphic differences between constant dollar PCPI amounts are shown below:

HISTORICAL AND ESTIMATED PCPI (2004 DOLLARS)



Source: Woods and Poole Economics, Inc.

Greenville-Spartanburg Airport District 2018 Operating Budget

Per Capita Personal Income, 2011 - 2015

County / Upstate Region (1) / State



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COUNTY	PER CAP 2011	PER CAP 2012	PER CAP 2013	PER CAP 2014	PER CAP 2015	PER CAP 2016	PER CAP 2017	PER CAP 2018	PER CAP 2019	PER CAP 2020	PCT CHANGE '11-'20
Abbeville	\$ 27,500	\$ 27,424	\$ 27,959	\$ 29,190	\$ 30,468						
Anderson	31,590	32,162	32,715	34,081	35,297						
Cherokee	27,569	27,069	27,377	28,216	29,394						
Greenville	37,053	39,290	39,217	41,386	43,132						
Greenwood	30,977	30,821	31,346	32,444	33,723						
Laurens	28,535	28,618	29,015	30,268	31,406						
Oconee	34,338	34,701	34,933	36,407	37,761						
Pickens	29,834	31,077	31,731	32,668	33,911						
Spartanburg	33,609	35,808	34,606	37,104	38,686						
Union	26,787	27,220	27,632	28,850	30,115						
Upstate Region (1)	32,636	34,046	34,026	35,820	37,314						
State	33,803	35,244	35,287	36,860	38,302						
United States	42,453	44,267	44,462	46,414	48,112						

Source: U.S. Bureau of Economic Analysis

(1) Upstate Region = the region encompassing the individual counties listed above

Compiled by InfoMentum - A Decision Support System for Upstate South Carolina

Updated November 2016

Source: <http://www.upstatescalliance.com/Data-Resources/Information.aspx>

"Per Capita Income"

ECONOMIC IMPACT ANALYSIS

September, 2012

By Tom Tveidt, Research Economist & President, SYNEVA Economics, LLC

The latest economic impact analysis for Greenville-Spartanburg International Airport released in late September, 2012 reveals that the airport is continuing to deliver a major punch to the local economy.

When comparing the most recent analysis with the analysis completed in October 2009, the results are impressive. The number of jobs associated with GSP in 2009 was 3,692. In 2012 that number had risen to 9,528 representing a 158.07% increase. Income related to GSP rose from \$112,014,138 in 2009 to \$170,491,491 in 2012 for an increase of 52.21%. The overall Economic Output more than doubled from \$377,525,328 in 2009 to \$817,119,411 in 2012.

Total Annual Economic Impact

The Total Economic Impact aggregates the economic effects of on-going airport operations and visitor spending. Each of these activities is also presented separately further in this report.

A total of 951 persons are directly employed at the Greenville-Spartanburg International Airport. Economic activities generated by these operations support another 8,577 local jobs; meaning every job at the Greenville-Spartanburg International Airport supports an additional 9 jobs in the local economy (Table 1).

The Greenville-Spartanburg International Airport directly adds \$42 million in local income, with another \$128.3 million added as a result of indirect and induced effects as the direct dollars circulate through the local economy (Table 1). Every dollar of income produced at the airport generates another \$3.05 of income in the community.

It is estimated that each year the economic activities at the airport cause state/local tax revenues to increase by \$46.1 million, and Federal tax revenues to increase by \$66.6 million (Table 2). In total, economic activities generated from the Greenville-Spartanburg International Airport increases tax revenues by \$112.5 million.

Total output increases by \$817.1 million in the local economy as a result of the Greenville-Spartanburg International Airport (Table 1).

Greenville-Spartanburg Airport District 2018 Operating Budget

Table 1
Total Economic Impact

	Direct	Indirect ³	Induced	Total Impact
Local Jobs	951	7,146	1,431	9,528
Local Income	\$42,095,023	\$97,240,247	\$31,156,220	\$170,491,491
Local Output	\$142,393,292	\$540,129,584	\$134,596,535	\$817,119,411

Table 2
Total Economic Impact-Tax Revenues

Federal	State/Local	Total Tax Revenues
\$66,369,186	\$46,180,505	\$112,549,691

Economic Model and Impact Generation

Impacts were generated by employing an economic model based on the existing industrial structure of a southern state. The IMPLAN economic impact assessment software system⁴ was utilized in the study. The IMPLAN model was originally developed by the USDA Forest Service in cooperation with the Federal Emergency Management Agency (FEMA) and the USDI Bureau of Land Management to assist in resource management and planning. Currently the model is used by dozens of public, private, and academic organizations.

The overriding objective of the model is to measure the full economic impact to a regional/local economy of a specific economic activity. The model is built upon a matrix detailing the input-output relationships among industries and consumers. The primary matrix structure is derived from the National Bureau of Economic Analysis's Benchmark Input-Output Model.

The national model is realigned to match the regional economy. Output ratios and imports for over 500 industrial sectors in the area are assigned. Purchase coefficients are derived to measure the percentage of intermediate and final demands that are satisfied from local production and the percentage that are imported from outside the area. Consumer expenditure patterns, price deflators, industry employment levels, household income groups and the area population are also factored in for the local economy.

As a result, the economic impact model is able to generate a set of multipliers. The multipliers calculate changes due to; the initial direct effects, the backwards indirect effects caused by the changing inputs to effected industries and the induced effects on household spending caused by the changes in household income. The multipliers also depict leakage from the area, which eventually diminish the effects to zero.

The model can report the resulting economic impacts in terms of employment, income and changes in estimated tax revenues. Besides aggregate impacts, the reports can also show effects upon individual industrial sectors.

AIRPORT LEVEL OF SERVICE AND OPERATIONAL HIGHLIGHTS

Type and Size of Airport

GSP is considered an origin and destination airport, with almost 100% of its passenger traffic either originating or terminating their trip at the Airport.

GSP is defined as a small hub airport under FAA enplanement criteria.

Airlines Providing Service and Gate Assignments

	
	 STAR ALLIANCE
	

Source: GSP Website

Five airlines provide regularly scheduled service to GSP. These are Allegiant, American, Delta, Southwest Airlines, and United. With the exception of Allegiant, Delta Mainline, and Southwest, all other airline service to the airport is provided by one of the "legacy" airlines, specifically by one or more of their regional commuter affiliates. Air Wisconsin, Piedmont, PSA , and Mesa operate as regional carriers for American. Endeavor, Express Jet, and Shuttle America operate

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as regional carriers for Delta. ComutAir, Express Jet, and Trans States are regional carriers operating as United Airlines.

There are 13 designated boarding gates at the Airport. All 13 gates are now designated as "common use" gates, and are no longer assigned to given carriers. Rather, each gate can be used by any carrier, at management's discretion. This change has increased the Airport's flexibility in gate assignment and increased the overall gate capacity.

Non-Stop Destinations

Each of the legacy airlines serving GSP flies to one or more of their respective hubs. Allegiant serves a variety of vacation destinations in Florida. In April, 2017 cities served non-stop by carrier are shown below:

NON-STOP DESTINATIONS FROM GSP	
Carrier	Non-Stop Destination
Allegiant Air	Orlando/Sanford, Ft Lauderdale/Hollywood, Tampa/St. Petersburg
American Airlines	Dallas/Ft. Worth, Washington/DCA, Philadelphia, Charlotte
Delta	Atlanta, Detroit, New York/LGA,
Southwest	Atlanta
United	Newark, Chicago, Houston, Washington Dulles

Source: GSP Website

Location and Other Characteristics of Competing Regional Airports

Within relatively easy driving distance of the Greenville-Spartanburg-Anderson CSA are a number of other commercial service airports. In fact, the Airport is located between two of the largest airline hub airports in the United States. Atlanta is the home of the nation's largest airline hub for Delta Air Lines. Charlotte is a hub for American Airlines. Other airports such as Columbia Metropolitan and Asheville Regional are reasonably close in distance, but neither is believed to be a serious competitor in the face of the extensive air service available in Atlanta and Charlotte. Key information on the four closest competing airport cities is provided below:

INFORMATION ON SURROUNDING REGIONAL AIRPORTS					
City	Highway Miles	Driving Time	Highway	FAA Hub Size	2015 Rank
Charlotte	69	1.26	Interstate 85	Large	8
Columbia	92	1.45	Interstate 26	Small	115
Asheville	63	1.05	Interstate 26	Small	134
Atlanta	173	2.45	Interstate 85	Large	1

Source: FAA: http://www.faa.gov/airports/planning_capacity/passenger_allcargo_stats/passenger/

GSP's 2015 enplanement ranking was #90 (Source: http://www.faa.gov/airports/planning_capacity/passenger_allcargo_stats/passenger/). Preliminary CY 2016 rankings are not available until June, 2017 from the FAA. Each of the above cities are linked to the Air Trade Area by interstate highways that make driving relatively easy. However, congestion on highways in and around Atlanta can hinder access at peak times.

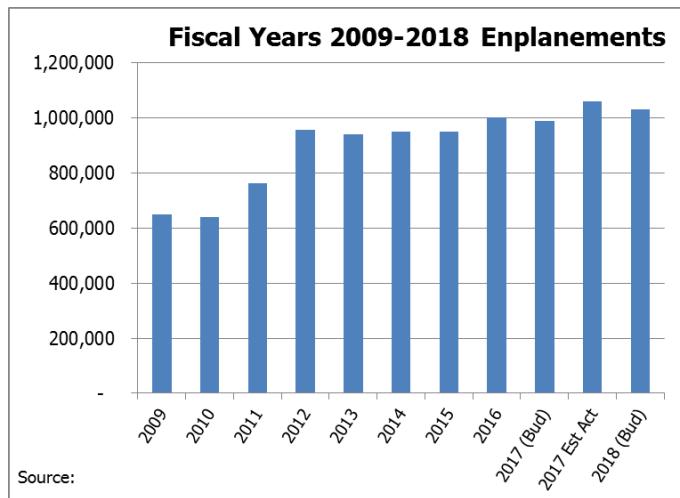
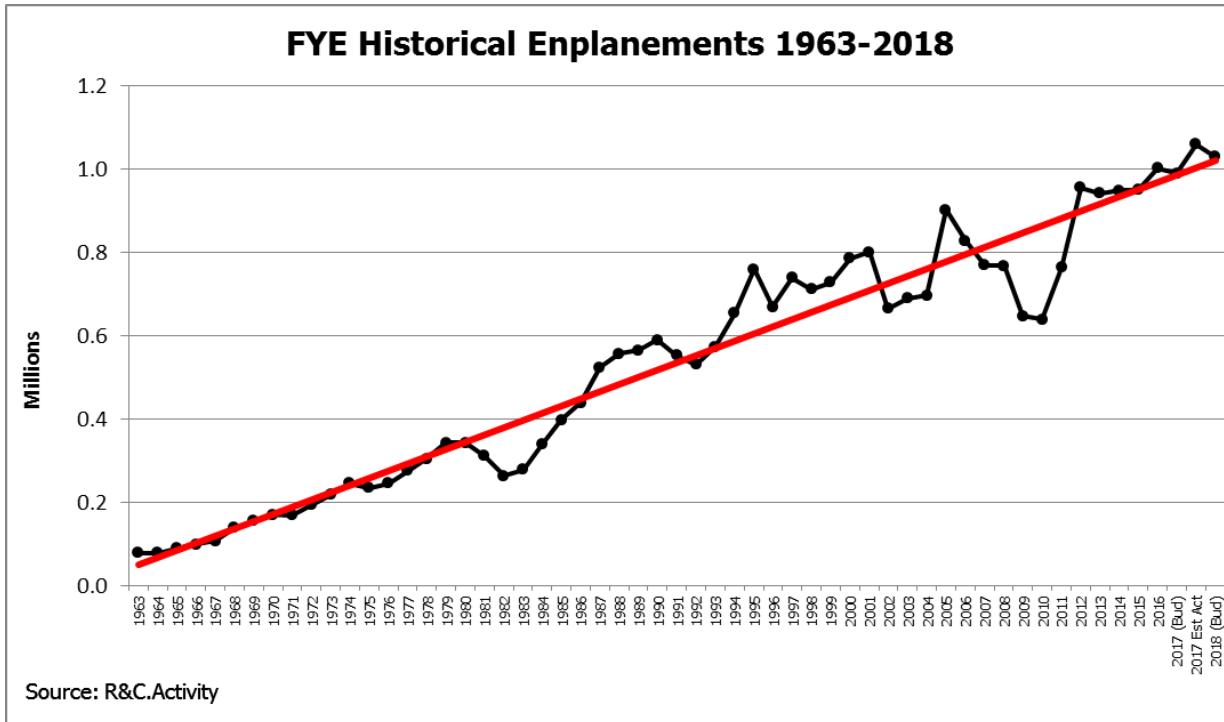
Enplanement Data (Graphical)

Historically, GSP has seen annual enplaned passengers grow from 79,917 in 1963 to 1,002,355 in fy 6-30-2016. Over this 53-year period, the number of annual passengers grew by 922,438 passengers. The average annual growth rate has been about 4.89 percent or an average of approximately 17,404 additional passengers per year. It took less than 6 years for passengers to double from 1963 to 1969. In the 10 years from 1969 to 1979, passengers doubled again, but it took approximately 15 more years for passenger volumes to again double. Since about 1990, passenger volumes have seen a relatively steep annual change. The all-time peak year was last fiscal year ended 6-30-2016 with 1,002,355 enplanements; fueled by the arrival of Southwest Airlines. (*Source: R&C.Activity*).

A graph of 53 years of enplaned passengers (1963-2016) shows a long-term record of increase as presented below. Placing a linear trend line on the graph presents an interesting pattern of

Greenville-Spartanburg Airport District 2018 Operating Budget

activity. From 1963 to 1979, the trend line follows a steady increase in enplaned passengers. From 1979 to about 1995, the same rate of increase continues, but with more variation among the years. After 1995, the number of annual passengers has shown much higher variation. The last spike in traffic starting in 2010 was caused by Southwest Airline's arrival on March 13th. Over the entire period, the trend line indicates a 4.89% average annual growth rate, but the very stable growth of the first few decades has been eclipsed by much more volatile growth hence.



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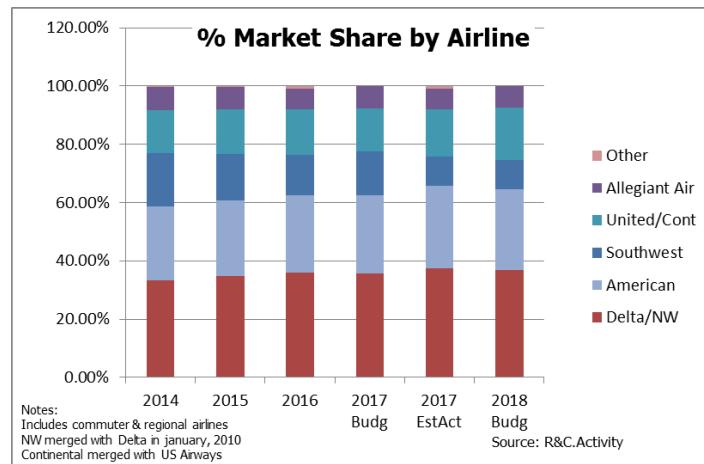
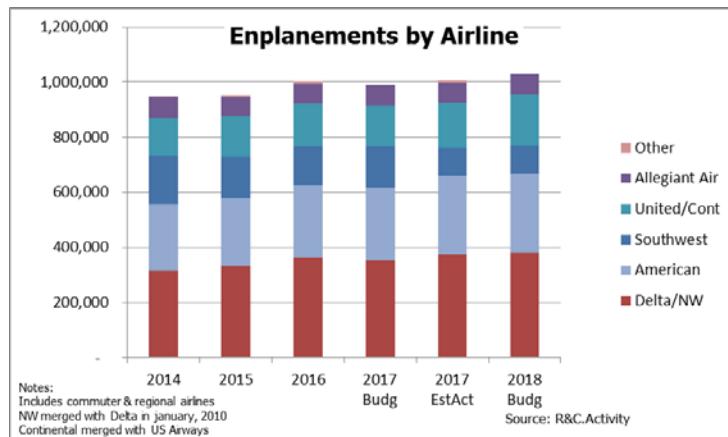
Historical Enplanement Data by Year

FYE	Enplane	Deplane	Total
1963	79,917	79,917	159,834
1964	80,000	80,000	160,000
1965	90,000	90,000	180,000
1966	100,000	100,000	200,000
1967	108,459	104,460	212,919
1968	140,506	135,742	276,248
1969	156,907	151,790	308,697
1970	170,799	165,272	336,071
1971	170,557	165,454	336,011
1972	195,036	186,197	381,233
1973	218,848	211,826	430,674
1974	246,141	242,700	488,841
1975	236,450	234,382	470,832
1976	246,845	250,045	496,890
1977	276,590	276,633	553,223
1978	305,595	305,709	611,304
1979	344,485	339,576	684,061
1980	344,410	348,305	692,715
1981	312,704	319,207	631,911
1982	265,020	259,428	524,448
1983	279,053	281,932	560,985
1984	339,961	341,879	681,840
1985	398,134	397,799	795,933
1986	440,433	435,089	875,522
1987	524,376	519,500	1,043,876
1988	557,673	550,370	1,108,043
1989	566,233	561,153	1,127,386
1990	590,279	580,866	1,171,145
1991	554,026	546,751	1,100,777
1992	531,593	526,009	1,057,602
1993	573,878	570,490	1,144,368
1994	655,135	660,597	1,315,732
1995	760,918	777,602	1,538,520
1996	669,825	649,015	1,318,840
1997	739,584	729,392	1,468,976
1998	712,733	702,984	1,415,717
1999	728,735	723,793	1,452,528
2000	786,087	776,074	1,562,161
2001	802,132	789,070	1,591,202
2002	665,458	656,589	1,322,047
2003	690,038	680,112	1,370,150
2004	697,698	693,335	1,391,033
2005	903,503	892,288	1,795,791
2006	828,639	813,521	1,642,160
2007	770,406	757,206	1,527,612
2008	768,162	758,917	1,527,079
2009	648,657	643,872	1,292,529
2010	639,646	630,072	1,269,718
2011	764,626	748,288	1,512,914
2012	955,821	941,945	1,897,766
2013	942,465	934,612	1,877,077
2014	950,205	938,887	1,889,092
2015	951,148	939,341	1,890,489
2016	1,002,355	991,986	1,994,341
2017 (Bud)	990,000	990,000	1,980,000
2017 Est Act	1,004,348	999,386	2,003,733
2018 (Bud)	1,030,000	1,030,000	2,060,000

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Note: 2017 estimated actual of 1,004,348 is based upon 669,565 enplanements for 8 months FYTD thru 2/28/2017 annualized.

Enplanements by Airline & Market Share Considerations



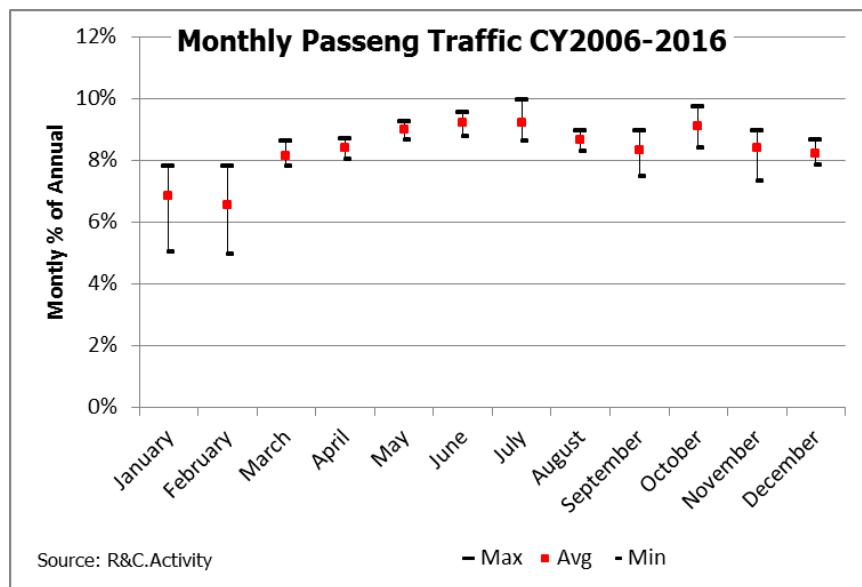
	Annualized based on data thru 2/28/2017					% Change	Annualized based on data thru 2/28/2017					
	FYI Enplanements						% Market Share					
	2014	2015	2016	2017 Budg	2017 EstAct	2018 Budg	2014	2015	2016	2017 Budg	2017 EstAct	2018 Budg
Delta/NW	315,338	331,791	361,718	353,600	375,698	380,836	33.19%	34.88%	36.09%	35.72%	37.41%	36.97%
American	240,760	245,608	263,843	263,957	283,703	284,825	25.34%	25.82%	26.32%	26.66%	28.25%	27.65%
Southwest	174,702	150,988	139,778	148,740	101,930	104,229	21.39%	15.87%	13.94%	15.02%	10.15%	10.12%
United/Cont	139,320	147,218	157,507	147,328	163,503	184,510	14.66%	15.48%	15.71%	14.88%	16.28%	17.91%
Allegiant Air	76,055	72,244	71,618	76,375	70,842	75,601	8.00%	7.60%	7.14%	7.71%	7.05%	7.34%
Other	4,030	3,298	7,891	-	8,673	-	0.42%	0.35%	0.79%	0.00%	0.86%	-
Total	950,205	951,148	1,002,355	990,000	1,004,348	1,030,000	2.55%	100.00%	100.00%	100.00%	100.00%	100.00%

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Monthly and Other Seasonal Trends

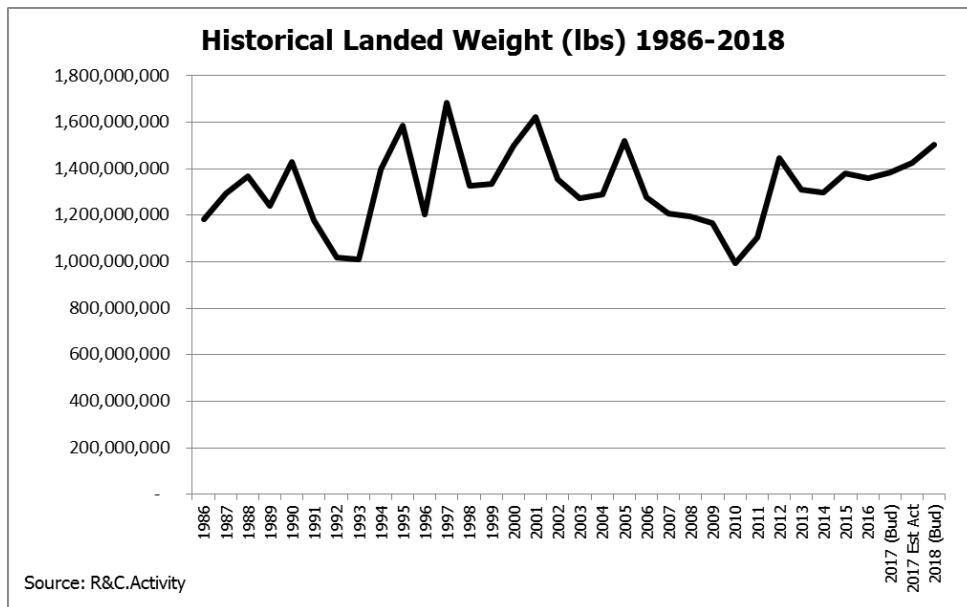
Traffic seasonality at GSP is analyzed in the graph depicted below. Enplanements were mapped out by month for each calendar year from 2006 to 2016. The individual monthly data points were then converted to a % of the annual totals. Minimum %s, Maximum %s, and Average %s for each month between the eleven (11) year period of 2006 and 2016 were calculated and graphed. As can be seen below, the passenger traffic at the Airport is relatively stable for each month ranging from a low of 5% (Jan & Feb) to a high of 10% (July). This similar monthly activity is typically the sign of a business-type market, rather than a leisure destination.

Traffic in January and February appears to have the greatest variability, from 5% (of annual traffic) to a high of nearly 8%. These two months also appear to be the slowest months for the Airport. Likewise, for most other airports, January and February are typically the slowest months. All of the other months appear to have less volatility for GSP. The months of March thru June and August appear to have the smallest range, thereby being the most predictable. The highest travel months for the Airport are generally the early summer (June, and July) and October (Thanksgiving).



Landed Weight Data (Graphical)

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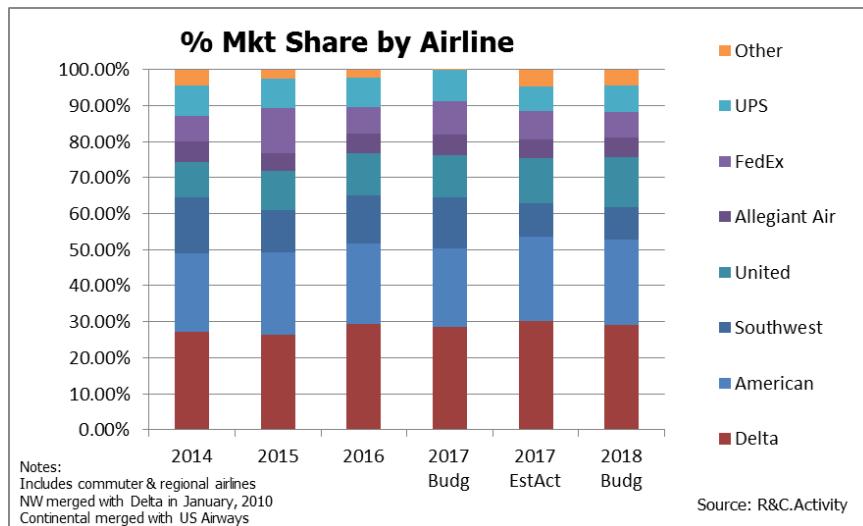
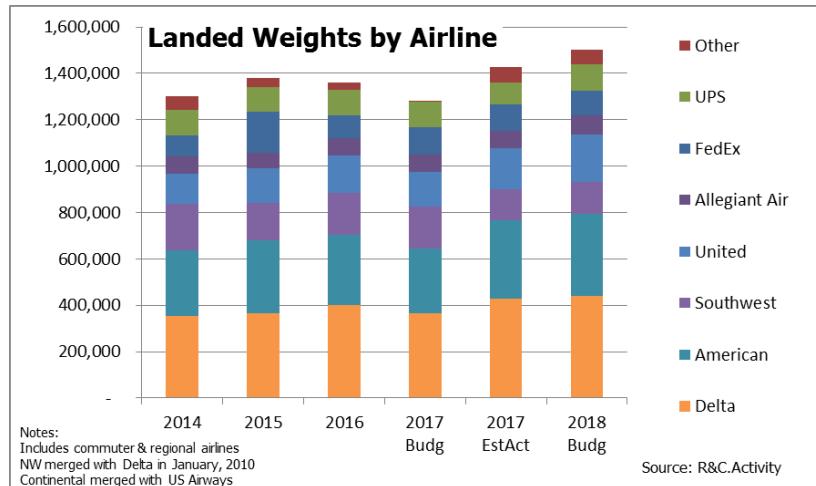
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Landed Weight Data by Year

	<u>Weight</u>
1986	1,182,961,382
1987	1,292,634,800
1988	1,367,914,740
1989	1,241,637,636
1990	1,428,016,050
1991	1,179,112,56
1992	1,016,935,000
1993	1,008,719,000
1994	1,394,681,000
1995	1,587,442,000
1996	1,203,702,000
1997	1,683,104,000
1998	1,325,934,000
1999	1,336,036,000
2000	1,498,861,263
2001	1,621,806,693
2002	1,353,776,313
2003	1,273,519,843
2004	1,291,662,988
2005	1,518,116,61
2006	1,276,853,350
2007	1,207,076,532
2008	1,194,123,669
2009	1,165,584,33
2010	993,235,097
2011	1,103,979,730
2012	1,446,449,155
2013	1,309,815,460
2014	1,299,669,345
2015	1,378,674,345
2016	1,361,355,148
2017 (Bud)	1,386,232,949
2017 Est Act	1,427,246,571
2018 (Bud)	1,503,360,188

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Landed Weights by Airline & Market Share Considerations



	Annualized						Annualized					
	based on data thru 2/29/2017						based on data thru 2/29/2017					
	FYE Landed Weight (1,000 lb units)						% Market Share					
	2014	2015	2016	2017 Budg	2017 EstAct	2018 Budg	2014	2015	2016	2017 Budg	2017 EstAct	2018 Budg
Delta	354,588	364,268	399,768	366,389	429,600	438,877	27.28%	26.42%	29.37%	28.63%	30.10%	29.19%
American	280,572	314,052	305,671	278,548	337,066	355,171	21.59%	22.78%	22.45%	21.77%	23.62%	23.63%
Southwest	203,988	162,195	179,952	179,556	132,153	136,416	15.70%	11.76%	13.22%	14.03%	9.26%	9.07%
United	127,589	150,243	161,159	149,343	176,578	205,475	9.82%	10.90%	11.84%	11.67%	12.37%	13.67%
Allegiant Air	73,351	68,284	72,871	75,487	75,930	82,453	5.64%	4.95%	5.35%	5.90%	5.32%	5.48%
FedEx	91,298	173,844	100,386	118,206	113,235	106,916	7.02%	12.61%	7.37%	9.24%	7.93%	7.11%
UPS	109,590	109,207	110,140	112,064	96,945	113,104	8.43%	7.92%	8.09%	8.76%	6.79%	7.52%
Other	58,693	36,582	31,409	167	65,740	64,948	4.52%	2.65%	2.31%	0.01%	4.61%	4.32%
Total	1,299,669	1,378,674	1,361,355	1,279,760	1,427,247	1,503,360	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%

FINANCIAL POLICIES OVERVIEW

Fiscal Year

The District has adopted June 30th as its fiscal year end. All financial reports and budgets are based upon this fiscal year end.

Basis of Accounting

The budget and financial statements are prepared on a modified accrual basis in accordance with generally accepted accounting principles (GAAP) promulgated by the Governmental Accounting Standards Board (GASB) and includes all current operations under the responsibility of the District. Modified Accrual Accounting is an accounting method commonly used by government agencies that combines accrual-basis accounting with cash-basis accounting. Modified accrual accounting recognizes revenues when they become available and measurable and, with a few exceptions, recognizes expenditures when liabilities are incurred. The Government Accounting Standards Board, which is recognized as the official source of generally accepted accounting principles (GAAP) for state and local governments, establishes modified accrual accounting standards.

Basis of Financial Statement Presentation

Due to its organizational structure, the Airport is subject to the application of accounting pronouncements issued by the Governmental Accounting Standards Board (GASB). GASB Statement No. 20, *Accounting and Financial Reporting for Proprietary Funds and Other Governmental Entities that Use Proprietary Fund Accounting*, provides guidance on how GASB pronouncements affect governmental entities that use business-type accounting and financial reporting. As is allowable under this statement, the Airport has elected to follow the GASB hierarchy exclusively regarding authoritative literature issued after November 30, 1989.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

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Budgetary Policies

Guidelines

The budget provides adequate funding for operating and maintenance of the Airport buildings and property, replacement of capital equipment, construction, reconstruction and development at the Airport.

Balanced Budget

The budget should be balanced with current revenues equal to or greater than current expenditures. Strategies to accomplish this balance include cost efficiencies, personnel efficiencies, increasing or implementing fees to match program expenses, and fund balance usage (if available).

Budget Amendments

The adopted budget represents a business plan covering all Airport operations for the upcoming year. If the plan needs to be significantly modified during the year, the proposed revisions to the plan, together with their financial impact on either revenues or expenses, are presented to the District Board of Commissioners for review and approval.

Budget Monitoring

The independent monitoring of the budget continues throughout the Fiscal Year for management control purposes.

Operating statements comparing actual financial results to budgets are reported at least quarterly by the Chief Financial Officer and distributed to senior management and key employees. Annual audited financial reports are posted on the District's web-site – www.gspairport.com.

Budgeted Capital Improvements

Capital projects that will be made during the current budget year are detailed by project, type of work, estimated cost, and funding.

The District will maintain all its assets at a level adequate to protect the Airport's capital interest and minimize future maintenance and replacement costs.

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Debt Policy

The District manages its current and future debt service requirement to be in compliance with all bond covenants. The District will confine long-term borrowing to capital improvements or projects that cannot be financed from current revenues or fund balances.

The District maintains communications with bond rating agencies regarding its financial condition and will follow a policy of full disclosure.

The District, when applicable, will determine if the financial market place will afford the opportunity to refund an issue and lessen its debt service costs.

Revenue Policy

The District will estimate and project its annual revenues by an objective, analytical process, as practical on a yearly basis.

The District maintains sufficient revenues to pay all expenditures incurred for the operations and maintenance at the Airport.

Cash and Other Financial Instruments

All the cash deposits of the Airport are in a single financial institution and are carried at cost plus interest, which approximates market. The carrying amount of cash deposits is separately reported as cash in the accompanying statements of net assets. These deposits are either insured or collateralized by using one of two methods. Under the Dedicated Method, all deposits that exceed the federal depository insurance coverage level are collateralized with securities held by the Airport. Under the Pooling Method, which is a collateral pool, all uninsured deposits are collateralized with securities held by the State Treasurer's agent in the name of the State Treasurer.

Airport cash accounts are part of a nightly multi-account sweep with a major financial institution's automated investment system repurchase agreement. The overnight repurchase agreements are collateralized by the underlying U.S. government securities. Public fund accounts, according to state law, are required to be collateralized using the dedicated method. Under the dedicated method, the bank custodian is required to pledge specific securities for collateralized balances in excess of the amounts covered by the Federal Depository Insurance Corporation.

Investment Policy (Summary)

The GSP Investment policy is designed to ensure the prudent management of District funds, including the availability of operating funds when needed and a level of investment return within acceptable risk parameters as determined by the Board of Commissioners.

Investment Objective

The investment portfolio of the Commission shall be managed to accomplish the following objectives:

1. Preservation of Principal – The single most important objective of the Commission's investment program is the preservation of the principal of those funds within the portfolio.
2. Maintenance of Liquidity – The portfolio shall be managed in such a manner that assures that funds are available as needed to meet immediate and or future operating requirements of the Commission.
3. Return on Investment – The portfolio shall be managed in such a fashion as to maximize the return on investments but within the context and parameters set forth by objectives 1 and 2 above.

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Standard of Prudence

Except where specifically directed by law, statute or regulation, the general investment policy of the District will be guided by the "prudent person" rule. Those with investment responsibility for District funds are considered fiduciaries and, as such will exercise the judgment and care under the circumstances then prevailing which persons of prudence, discretion and intelligence would exercise in the management of their own affairs, not for specification, but in regard to the permanent disposition of their funds, considering the probable income as well as the probable safety of their capital.

Maturity

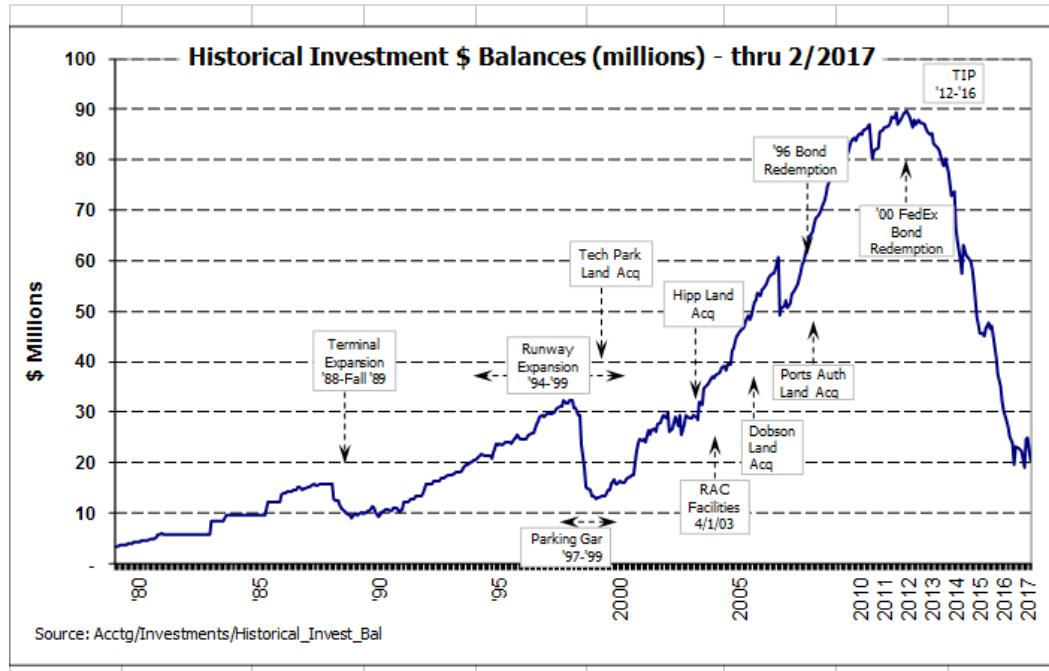
The maturities on investments shall be as determined by the Investment Plan as approved by the Board of Commissioners. In all instances, the final maturity shall be limited to thirty-six (36) months or less.

Reporting

The President/CEO shall prepare or have prepared a detailed investment schedule with yield and maturities to be included in the monthly financial package distributed to the Board of Commissioners.

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Investment History



Investment Portfolio as of February 28, 2017

	Issue Date	Maturity Date	Interest Rate	Cost Basis or BOY FMV	Par	EOM FMV	FMV Adj
US Treasury							
UST T-Bill 4-wk	2/23/2017	3/23/2017	0.487%	4,998,133.35	5,000,000.00	4,998,133.35	-
UST T-Bill 4-wk	2/9/2017	3/9/2017	0.538%	4,997,968.90	5,000,000.00	4,997,968.90	-
<i>Subtotal-UST</i>							
				9,996,102.25	10,000,000.00	\$ 9,996,102.25	-
 US Treasury Investment Types							
Negotiable Debt Obligation	Yes	Yes	Yes	Yes			
Backed by Gov Full Faith/Credit	Yes	Yes	Yes	No			
Maturity	< 1 yr	1-7 yrs	7+ yrs	1-5 yrs			
Coupon-Bearing	No	Yes	Yes	Yes			
Interest is paid	at Maturity	Semi-Ann	Semi-Ann	Semi-Ann			
State & Local Tax Exemption	Yes	Yes	Yes	Only FHLB (*)			
(*) Note: Since GSP is a political subdivision of SC, we are tax-exempt from all taxes, including state and local.							
						Weighted blended yield =	0.5125%

REVENUES

Description of Revenues

There are two types of revenues budgeted, operating and non-operating.

Operating revenues are revenues generated through the daily operations of the Airport.

Operating revenues are set forth in eight categories:

1. Landing Area Fees
2. Space & Ground Rental
3. Auto Parking
4. Commercial Ground Transportation
5. Concessions
6. Expense Reimbursements
7. Other Income
8. Fuel Sales

The “non-operating” section of the Airport’s P&L (“profit and loss”) statement includes items which are typically passive in nature, not part of the daily “operations” of the airport, and is broken into four categories after “Operating” Net Income is calculated:

1. Investment Income
2. RAC Facility Rental Income (CFCs-Contract Facility Charges)
3. Interest Expense
4. Other Non-Operating

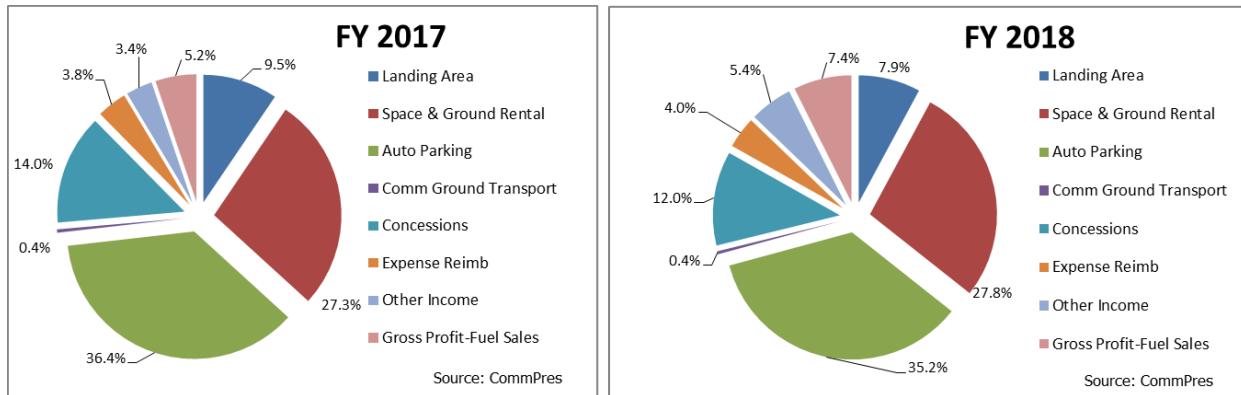
Revenue Recognition

Airside and space and ground rental revenues consist of amounts received under Airline Operating Agreements with the major airlines serving the Airport, certain fixed fees for nonscheduled airlines and private users of the Airport, and certain fixed fees for other ancillary services provided. The Airline Operating Agreements stipulate that landing fees and space rental revenues will be based on maintenance and operations costs, as defined in the agreements. Additionally, the Series 2000 and 2001 Bonds contain a restrictive covenant, which provides that the aggregate of airline fees and charges together with other revenues, including nonairline revenues, for each fiscal year should be sufficient to pay the operating expenses and to make all deposits and payments under bond ordinances. Airside and space and ground rental fees are recognized as revenue when the related services are provided and facilities utilized.

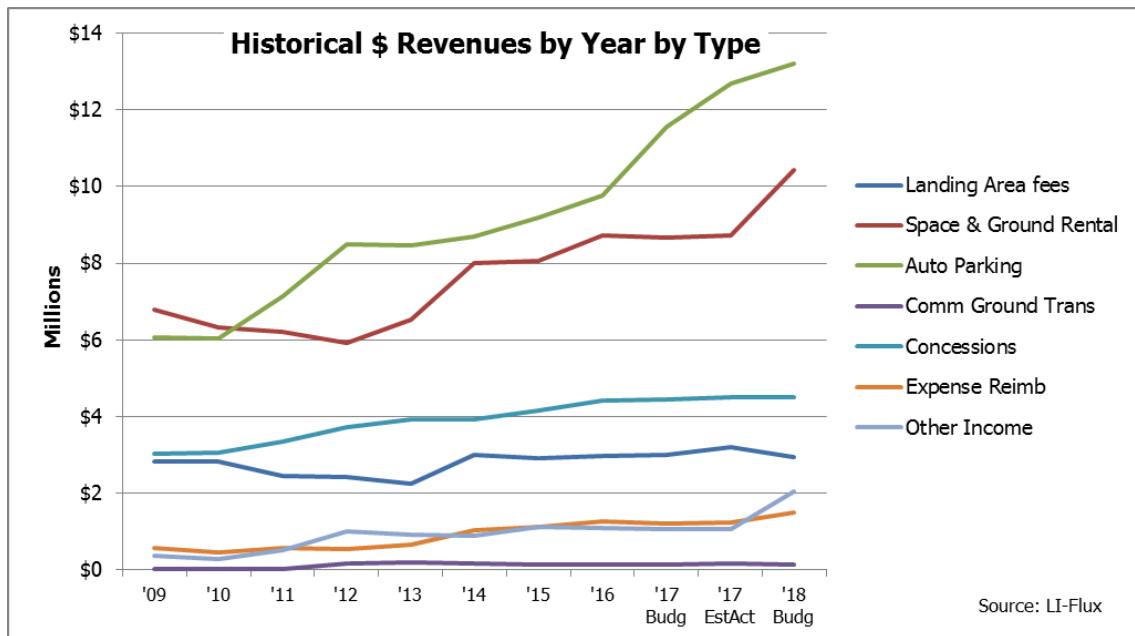
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Concessions and other revenue consist primarily of rental car, parking, and other ancillary services revenue. Such revenue is generally based on a fixed percentage of tenant revenues subject to certain minimum monthly fees or a fixed fee schedule. Concessions and other revenue are recognized when earned.

Operating Revenues by Type

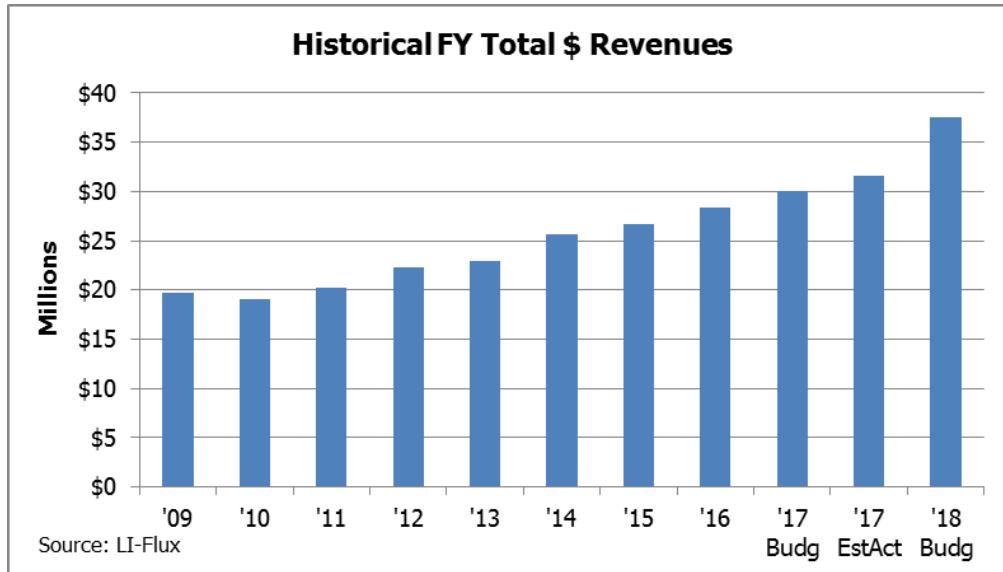


Revenue Summary by Year by Type

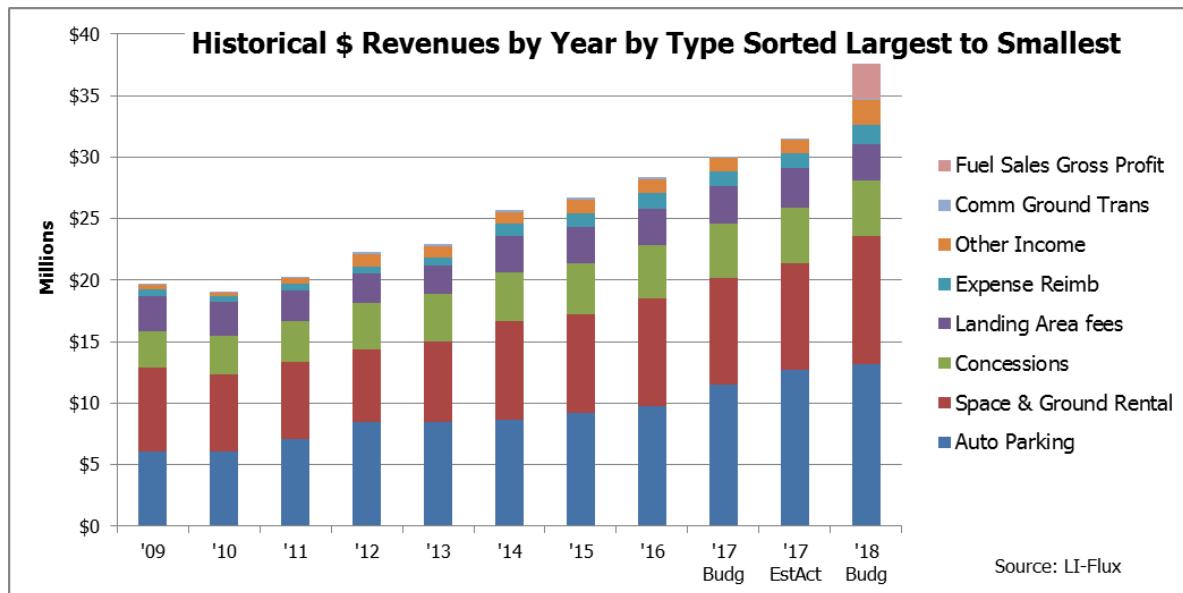


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Revenue History

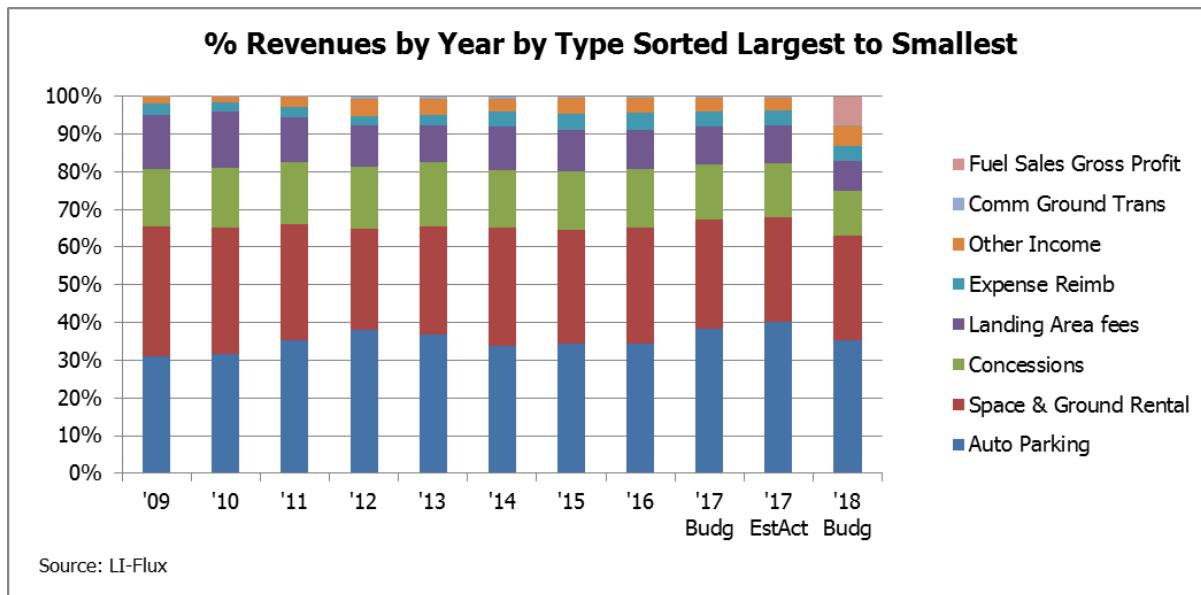


Revenue History by Year by Type Sorted Largest to Smallest



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% Revenue History by Year by Type Sorted Largest to Smallest

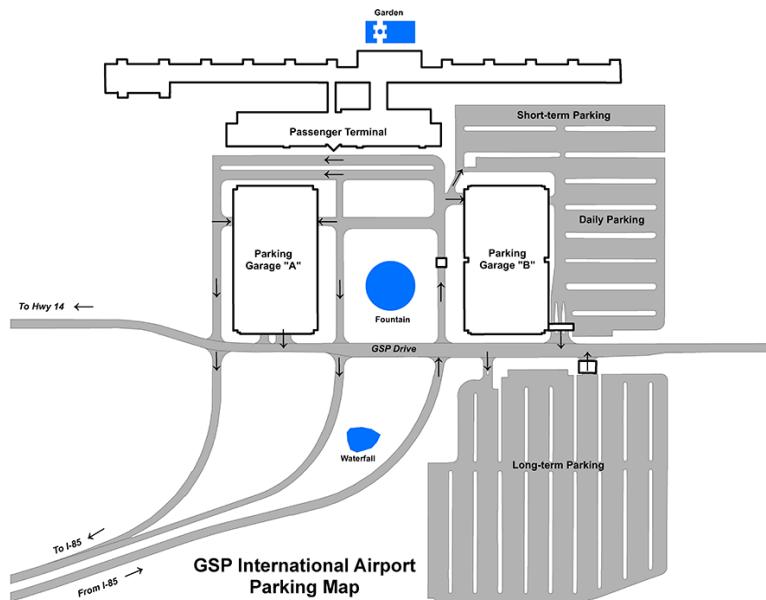


It's obvious from the above graph that Parking revenues account for over 30% of our revenue stream followed by Space & Ground rental (an additional 28%), concession income (an additional 12%), then Landing fees, fuel sales gross profit, expense reimbursements, other income and finally commercial ground transportation.

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Parking Revenues

Airport Parking Map

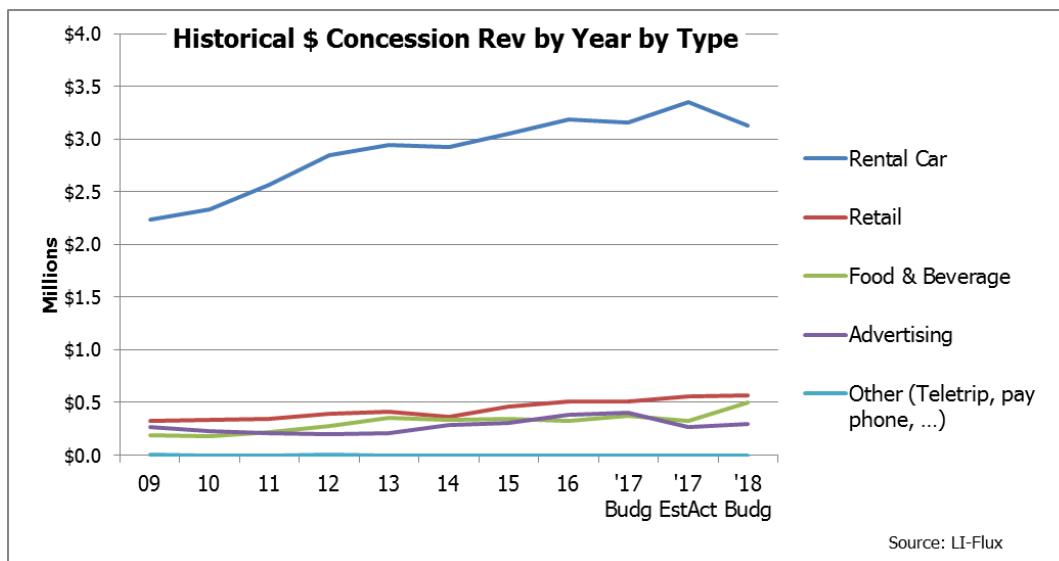


Historical Public Parking \$ Revenue



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Concession Income



EXPENSES

Cost Centers

The expenditures in the budget are divided into six (6) major direct cost centers and one (1) major indirect cost center:

"Direct" Cost Centers

1. Terminal
2. Airfield
3. Landside
4. Aviation Services
5. Cargo
6. Other Building/Land Lease

"Indirect" Cost Center

1. Airport Commission

Within each "major" direct cost center there are "sub" cost centers as follows:

"Direct" Cost Centers

1. Terminal
2. Airfield
 - Passenger
 - Cargo
3. Landside
 - Parking
 - RAC (Rental Car)
 - Land Use
 - Roads
4. Aviation Services
 - GA (General Aviation)
 - Commercial
5. Cargo
 - South Cargo
 - North Cargo
6. Other Building/Land Lease
 - Environs
 - International Logistics Park

Greenville-Spartanburg Airport District 2018 Operating Budget

"Indirect" Cost Center

1. Airport Commission
 - Executive
 - Communications
 - Finance/Administration
 - IT
 - Human Resources
 - Procurement
 - ARFF
 - Police
 - Operations
 - Facilities
 - Commercial Business & Properties

Note: Aviation Services represents a separate and distinct "cost center" with its own P&L (profit & loss) and is "directly" charged ... thus, it's not included in the "Indirect" Cost Center which is allocated.

The indirect cost centers are allocated to the six (6) direct cost centers in the calculation of rates and charges charged to Airport tenants.

Description of Operating Expenses

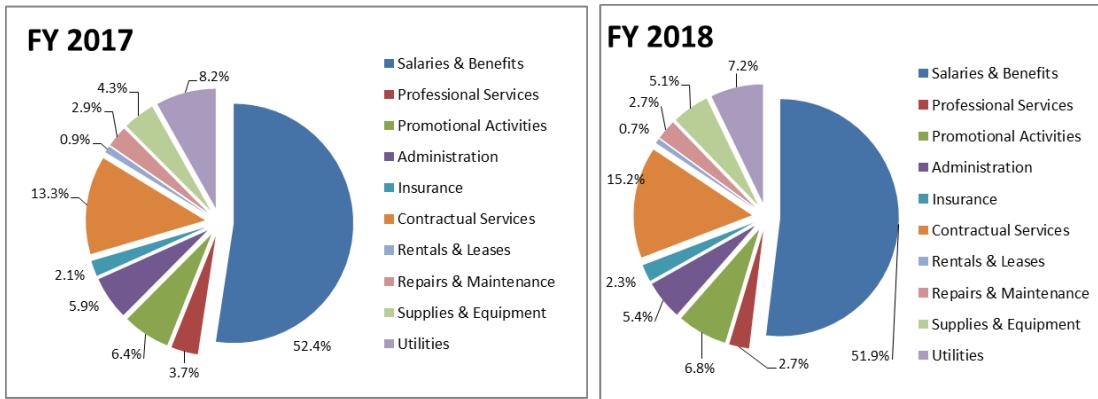
Operating expenses are broken down into ten (10) categories:

1. Salaries & Benefits
2. Professional Services
3. Promotional Activities
4. Administration
5. Insurance
6. Contractual Services
7. Rentals & Leases
8. Repairs & Maintenance
9. Supplies & Equipment
10. Utilities

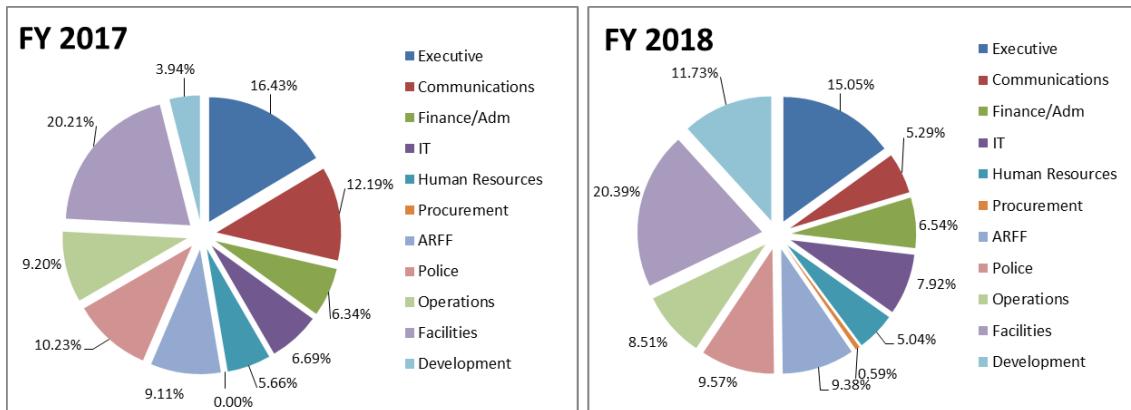
All expenses are categorized to a cost center – sub cost center – expense category – specific account.

Greenville-Spartanburg Airport District 2018 Operating Budget

Operating Expenses by Category



Operating Expenses by Department



Salaries and Benefits

Salaries and benefits account for half of our total operating expenses. Staff is undoubtedly the most important asset the Airport has and touches every facet of the organization's performance, reputation, safety results and level of service rendered. Staffing levels, staff training, quality of staff hired, staff certifications, turnover, organizational structure, reporting hierarchies, personnel policies, and a host of other human resource concerns are taken very seriously by management.

Since the staffing pay levels of 1 (Interns) thru 10 (Vice Presidents) and associated sub-levels and exempt/non-exempt categorizations were originally established in late 2009, they have remained very constant in function and scope.

Greenville-Spartanburg Airport District 2018 Operating Budget

FIXED ASSETS & CAPITAL PROJECTS

Accounting Treatment

Capital assets are stated at historical cost. Depreciation is computed using the straight-line method over the estimated useful lives of the respective assets ranging from 3 to 40 years. The Airport's threshold for capitalization is \$10,000. Repair and maintenance costs are expensed when incurred.

FY 2017-18 Capital Improvement Plan (CIP)

Items Approved in Prior Fiscal Years and Carried Forward

FY 2018	Total Cost	AIP Entitlements	AIP Discretionary	State Funds	Other Local Funds			Total Funding					
					Airport Capital	Other	CFC						
<u>Items Approved in Prior Fys & carried forward (informational only)</u>													
<i><u>Capital Improvements</u></i>													
AprRehab-Phase 3: "A" Gates (Construction)	\$ 7,050,508		\$ 6,345,457	-	\$ 705,051	-	-	7,050,508					
ARFF Station (Design)	\$ 900,000			-	\$ 900,000	-	-	900,000					
Oversize Baggage Slide Project	\$ 100,000			-	\$ 100,000	-	-	100,000					
2102 GSP Dr Improvements (Hangar #1)	\$ 1,400,000			-	\$ 1,400,000	-	-	1,400,000					
Parking Garage A Modernization	\$ 2,000,000			-	\$ 2,000,000	-	-	2,000,000					
ParkAssist in Garages A&B	\$ 850,000			-	\$ 850,000	-	-	850,000					
Corporate (Michelin) A/C Hangar	\$ 4,500,000			-	\$ 4,500,000	-	-	4,500,000					
Additional GA Hangar	\$ 9,274,000			-	\$ 9,274,000	-	-	9,274,000					
Hangar Water Supply Tank/Pumps	\$ 1,000,000			-	\$ 1,000,000	-	-	1,000,000					
Hangar #3 & #4 trench Drain	\$ 150,000			-	\$ 150,000	-	-	150,000					
Potable Water at all Gates	\$ 120,000			-	\$ 120,000	-	-	120,000					
Curbside Dropoff-Phase 1 (Knee Wall & Bookends)	\$ 500,000			-	\$ 500,000	-	-	500,000					
Overflow Park/Cell Phone Lot Expansion (+ toilets/ven	\$ 1,800,000			-	\$ 1,800,000	-	-	1,800,000					
Employee Parking Lot Expansion & Admin Dr imprv	\$ 700,000			-	\$ 700,000	-	-	700,000					
Alamo National RAC Pavement Expansion	\$ 350,000			-	\$ -	-	350,000	350,000					
RCSC Pavement Refurbishment	\$ 110,000			-	\$ 110,000	-	-	110,000					
Aviation Pkwy paving maint & entrance road pavement	\$ 175,000			-	\$ 175,000	-	-	175,000					
Floor Expansion Joint repairs in Parking Deck A	\$ 70,400			-	\$ 70,400	-	-	70,400					
Holdroom FF&E/Common Area Seating	\$ 250,000			-	\$ 250,000	-	-	250,000					
Facilities-Union Prop Bldg Impr	\$ 200,000			-	\$ 200,000	-	-	200,000					
SIDA fencepline improvements (move virtual gates)	\$ 50,000			-	\$ 50,000	-	-	50,000					
<i><u>Equipment & Small Capital Outlay</u></i>													
Prop & Dev; Advertising Prg Enhancement - Escalators	\$ 50,000			-	\$ -	-	-	-					
Prop & Dev; Advertising Prg Enhancement - Concourse	\$ 50,000			-	\$ 50,000	-	-	50,000					
Prop & Dev; Advertising Prg Enhancement - Video Wal	\$ 25,000			-	\$ 25,000	-	-	25,000					
Baggage Claim - Local Information Monitors	\$ 15,000			-	\$ 15,000	-	-	15,000					
AirIT Reporting System	\$ 25,000			-	\$ 25,000	-	-	25,000					
AerieHub Platform Installation	\$ 20,000			-	\$ 20,000	-	-	20,000					
<i><u>Renewal and Replacement</u></i>													
Existing Admin Office Renovation for Police, Ops, ...	\$ 250,000			-	\$ 250,000	-	-	250,000					
Facilities-Union Prop Sewer Connection	\$ 100,000			-	\$ 100,000	-	-	100,000					
<i><u>Professional Service Projects</u></i>													
District/Tenant Development Standards Manual	\$ 50,000			-	\$ 50,000	-	-	50,000					
<i><u>Subtotal</u></i>	\$ 32,134,908	\$ -	\$ 6,345,457	\$ -	\$ 25,439,451	\$ -	\$ 350,000	\$ 32,134,908					

The above items were all budgeted, discussed, and carried forward from prior budget years with Commission approval.

Greenville-Spartanburg Airport District 2018 Operating Budget

New Items Budgeted for the FYE 6-30-2018

New Items Budgeted in 2018	Total Cost	AIP Entitlements	AIP Discretionary	State Funds	Other Local Funds			
					Airport Capital	Other	CFC	Total Funding
<u>Capital Improvements</u>								
Cargo Apron (Design)	\$ 1,000,000			-	\$ 1,000,000	-	-	1,000,000
TW Reconstruction fr Terminal to PSA MRA Hangar	\$ 1,050,000			-	\$ 1,050,000	-	-	1,050,000
GSE Ramp / Storage Area	\$ 1,000,000			-	\$ 1,000,000	-	-	1,000,000
3rd Parking Garage and RAC facilities (Design)	\$ 5,000,000			-	\$ 5,000,000	-	-	5,000,000
Terminal Art-Phase 1	\$ 225,000			-	\$ 225,000	-	-	225,000
Terminal Art-Phase 2	\$ 250,000			-	\$ 250,000	-	-	250,000
<i>Subtotal</i>	\$ 8,525,000	\$ -	\$ -	\$ -	\$ 8,525,000	\$ -	\$ -	\$ 8,525,000
<u>Equipment & Small Capital Outlay</u>								
Handheld Credit Card Machines for Parking Lots	\$ 25,000			-	\$ 25,000	-	-	25,000
Aircraft Tug	\$ 100,000			-	\$ 100,000	-	-	100,000
Security Cameras	\$ 50,000			-	\$ 50,000	-	-	50,000
Pickup Truck	\$ 20,000			-	\$ 20,000	-	-	20,000
Air Conditioning Cart	\$ 100,000			-	\$ 100,000	-	-	100,000
(2) Cargo Tractors	\$ 100,000			-	\$ 100,000	-	-	100,000
MDL/LDL 60K lb capacity Loader	\$ 600,000			-	\$ 600,000	-	-	600,000
Aircraft De-Ice truck	\$ 125,000			-	\$ 125,000	-	-	125,000
Security Cameras	\$ 50,000			-	\$ 50,000	-	-	50,000
AED Automatic External Defibrillators for terminal	\$ 30,000			-	\$ 30,000	-	-	30,000
Explosive Canine unit	\$ 15,000			-	\$ 15,000	-	-	15,000
Police SUV	\$ 37,000			-	\$ 37,000	-	-	37,000
Systems Atlanta Information Display System	\$ 50,000			-	\$ 50,000	-	-	50,000
Furniture, Fixtures & Equip-Ops	\$ 15,000			-	\$ 15,000	-	-	15,000
Zero Turn Radius (ZTR) Mower	\$ 20,000			-	\$ 20,000	-	-	20,000
Oshkosh Multi-Purpose Snow truck w/blower	\$ 850,000			-	\$ 850,000	-	-	850,000
Replace GM80 with Clubcar Carryall 50	\$ 15,000			-	\$ 15,000	-	-	15,000
Replace GM81 with Clubcar Carryall 50	\$ 15,000			-	\$ 15,000	-	-	15,000
Replace GM82 with Clubcar Carryall 50	\$ 15,000			-	\$ 15,000	-	-	15,000
Toolbox and Tools	\$ 12,000			-	\$ 12,000	-	-	12,000
Battery Charger for EM Switch Gear	\$ 15,000			-	\$ 15,000	-	-	15,000
Copier - Admin	\$ 15,000			-	\$ 15,000	-	-	15,000
IT-VDI upgrades	\$ 85,000			-	\$ 85,000	-	-	85,000
AirIT Resource Mgmt System	\$ 98,000			-	\$ 98,000	-	-	98,000
FBO (AvServ-FA) Refueler Wireless Tablets	\$ 15,000			-	\$ 15,000	-	-	15,000
Ops IT Equipment	\$ 10,000			-	\$ 10,000	-	-	10,000
<i>Subtotal</i>	\$ 2,482,000	\$ -	\$ -	\$ -	\$ 2,482,000	\$ -	\$ -	\$ 2,482,000
<u>Renewal and Replacement</u>								
19 Bullet Proof Vests	\$ 20,000			-	\$ 20,000	-	-	20,000
Point Repairs on 9K Linear Ft Sanitary Sewer Lines	\$ 100,000			-	\$ 100,000	-	-	100,000
Clean & Video 8K Ft Sanitary Sewer Lines	\$ 24,000			-	\$ 24,000	-	-	24,000
Chiller #1 Renewal/Refurbish	\$ 72,000			-	\$ 72,000	-	-	72,000
Irrigation System upgrades	\$ 20,000			-	\$ 20,000	-	-	20,000
Nissan Pick Up Truck-Landscaping	\$ 20,500			-	\$ 20,500	-	-	20,500
Pavement Repairs R/W & TW	\$ 35,000			-	\$ 35,000	-	-	35,000
Replace Old Primacy Chilled Water pump & Motor	\$ 20,000			-	\$ 20,000	-	-	20,000
Upgrade Airfield Lighting Control System hardware	\$ 15,000			-	\$ 15,000	-	-	15,000
Retrofit Neon Gate Signage at Terminal with LED & PIs	\$ 26,000			-	\$ 26,000	-	-	26,000
Broadway Lights Roof Improvements	\$ 14,665			-	\$ 14,665	-	-	14,665
<i>Subtotal</i>	\$ 367,165	\$ -	\$ -	\$ -	\$ 367,165	\$ -	\$ -	\$ 367,165
<u>Professional Service Projects</u>								
Business Continuity Plan	\$ 60,000			-	\$ 60,000	-	-	60,000
Update Master Plan	\$ 1,140,966			-	\$ 1,140,966	-	-	1,140,966
Update Airfield Pavement Plan	\$ 211,077			-	\$ 211,077	-	-	211,077
<i>Subtotal</i>	\$ 1,412,043	\$ -	\$ -	\$ -	\$ 1,412,043	\$ -	\$ -	\$ 1,412,043
<i>Subtotal- New FY Items</i>	\$ 12,786,208	\$ -	\$ -	\$ -	\$ 12,786,208	\$ -	\$ -	\$ 12,786,208
<i>Subtotal FY 2018</i>	\$ 44,921,116	\$ -	\$ 6,345,457	\$ -	\$ 38,225,659	\$ -	\$ 350,000	\$ 44,921,116

Greenville-Spartanburg Airport District 2018 Operating Budget

FYE 6-30-2018 Capital Improvements

\$1,000,000 Cargo Apron (Design)

To expand cargo apron to facilitate future growth in cargo and other airline operations. We expect 90% discretionary funding from FAA.

\$1,050,000 Taxiway Reconstruction from the Terminal to PSA MRO Hangar

Required due to failing pavement.

\$1,000,000 GSE (Ground Service Equipment) Ramp / Storage Area

Needed to improve airside movement efficiency

\$5,000,000 3^d Parking Garage and RAC Facilities (Design)

Design already approved at 1/9/2017 Commission meeting.

\$250,000 Terminal Art – Phase 2

\$1M originally budgeted for Terminal Art. \$750K spent. We owe Demetar \$25K. \$1M - \$775K = \$225K left. In phase 2 we have 7 additional art pieces ... Baggage Claim, 2 terrazo tile projects, and 4 "niche" projects. Estimated additional cost above the remaining \$225,000 is \$250,000.

Equipment and Small Capital Outlays

\$25,000 Handheld Credit Card Machines for Parking Lots

4 machines at \$6,000 each for special event parking, overflow management, and unanticipated problem management ... wi-fi based.

\$100,000 Aircraft Tug

Additional tug will be required when the new hangars are completed. A Lektro 8750 is the most suitable piece of equipment for that environment.

\$50,000 Security Cameras

Currently the two camera(s) at the GA campus are only capable of viewing certain portions of the GA Ramp. Additional cameras are needed in the FBO facility, existing bulk storage Hangar 1, existing bulk storage Hangar 3, and the new Bulk Storage Hangar. The security cameras will primarily serve as security and breach prevention devices non unlike any other cameras within GSP but will also serve as a deterrent for theft, accident investigation, and liability protection of the airport.

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\$20,000 Pickup Truck

Commercial Aviation Services Mgr. on site vehicle.

\$100,000 Air Conditioning Cart

Sized for Comm Svcs. but usable by both divisions (General Aviation and Commercial) for air starting Aircraft

\$100,000 (2) Cargo Tractors

Two of our tow tractors are underrated in towing capacity for the type of cargo ops that we are servicing.

\$600,000 (1) MDL/DL 60K lb Capacity Loader

Additional loader to serve as backup to two current units for cargo operations.

\$125,000 (1) De-Ice Truck

Second deice truck to service 747 deicing and serve GA ramp

\$50,000 Security camera in Suite 2 and 4 bonded Warehouse and Card Access on 6 Doors

To provide security and guard against theft and damage in a bonded WH, Provide tracking of employees entering a bonded WH

\$30,000 AED (Automatic External Defibrillator) for the new Terminal and Boarding Gate areas (ARFF Department)

This price includes the following : Replacing all old AEDS and adding additional units in new areas.Total of 11 units. Install all new storage cabinets for each units with tamper switch monitoring. Each unit will be monitored by our current Edwards fire alarm system that is already in place .

\$15,000 Explosive Canine to include the dog, training, carrier for SUV, dog food, vet bills, and other canine related items (Police Dept)

GSP Airport passenger traffic is continually increasing the need for an on site explosive canine is becoming more evident with the type incidents happening around the country. Our on site canine would decrease the amount of time an area would need to be shut down thus making the airport more efficient.

\$37,000 SUV to include lettering, radio equipment, light and siren equipment (Police Dept)

Dept would push P19 (Police vehicle unit #) down to the canine unit since it has all the equipment needed for a patrol vehicle. A new vehicle would be purchased and used by the Chief as it does not need all the same equipment

\$50,000 Systems Atlanta Information Display System (Airport Operations)

Greenville-Spartanburg Airport District 2018 Operating Budget

Airport Operations (AO) Information Display System (IDS); Initial data build/install plus 2-year service agreement; 5 Licenses to be installed in AOC, DO, FB, FD, and ATCT. Provides real time airfield status via display; interfaces with FAA ATC IDS-5 to show status of airfield (active runway, current weather, NOTAMs, etc.)

\$15,000 Furniture, Fixtures & Equipment

Misc items to relocate AOC/OPS to old admin space; 8 new lockers for Ops to match AOC lockers; disassemble and move then assemble AOC furniture. New conference table for DO office and conference table for new AOC. To scale large airfield diagrams and plexiglas for tables, etc.

\$20,000 Zero Turn Radius (STR) Mower

Additional mower will allow for faster mowing time on the airfield edge light area and fine cut mowing. Eliminating the need to rent a mower during landscape aerating season, saving time and money.

\$850,000 Replace M11 Sweepster truck with an Oshkosh multi-purpose snow truck with add-on Blower Head Unit

M11 swpeester truck is a 1990 model truck and the manufacture is no longer in business, you can't get parts for this unit. They do not make parts for this unit anymore.

\$15,000 Replace GM80 with a new Clubcar Carryall 550

Gm80 is using oil badly adding 1-2 qrts of oil a week

\$15,000 Replace GM81 with a new Clubcar Carryall 550

Gm81 is using oil badly as well and has very high hours on the engine.

\$15,000 Replace GM82 with a new Clubcar Carryall 550

Gm82 is using oil and also has a lot of hours on the egnine as well.

\$12,000 Add additional toolbox & tools for shop and tools for new service truck

Needed to support Cerulean equipment and fuel trucks mechanic

\$15,000 Battery Charger for EM Switch Gear

Will eliminate problems with the electronics that control EM switching. 11,000 for equipment and commission 3,000 install labor.

\$15,000 Administration Office-New Copier

Existing copier is beyond useful life and being expensive to maintain.

\$85,000 VMWare Environment – VDI Upgrades

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Improvements to VMWare VDI (Visual Desktops) Environment. Adding 5 Additional ESXi Hosts, VMWare Licensing and Software Upgrade, to help to improve GSP VDI Environment. Currently Operating 6 Versions behind the current VDI Operating system.

\$98,000 AirIT-Resource Management System

This will permit finance and properties to audit gate and ticket counter usage by airlines. In addition, it will permit operations to schedule gates in real time.

\$15,000 FBO (Aviation Services-GA) Refueler Wireless Tables (7 or 8)

Will improve customer service and operational integrity and efficiency ... wi-fi based. Can be used if our network goes down.

\$10,000 Ops IT Equipment

Three (3) 55" monitors for AOC video wall (\$6K), Wall mounts (\$1K), (2) VM computers for badging (training) (\$800), 2 VM computers for Ops (DM/OO) (\$800), 1 DO monitor (\$500+)

Renewal and Replacement

\$20,000 19 Bulletproof Vests

Our vests are at the end of their life cycle and must be replaced. While originally costing \$20,000 the dept would be reimbursed back \$10,000 by the federal government.

\$100,000 Point repairs on 9,000 Linear Ft Sanitary Sewer Lines

Recent video of 9,000 linear feet of line revealed extensive root penetration and cracked pipe.

\$24,000 Clean & Video 8,000 Ft Sanitary Sewer Lines

Video evaluation is needed in the remaining 8,000 linear feet. so point repairs or replacement can be budgeted and scheduled.

\$72,000 Chiller #1 Renewal / Refurbish

Last rebuild was 1997. Trane recommends rebuild every 10 years depending on run time. We no longer have a back-up chiller. During hot months we run both chillers. With Renewal we would have a 5 year warranty.

\$20,000 Irrigation System upgrades

Per Landscape Master Plan (Phase 2.) Consisting of controller consolidation, directional bores, adding pressure reducer valves to the system. Phase 2.

\$20,500 Nissan Pick-Up Truck-Landscaping

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Currently the crew does not have access to a pickup and a CDL driver has to drive a dump truck to the Inland Port to perform morning clean up and mowing inspections. A pick up will save time and resources reducing time spent performing road checks on the dump truck.

\$35,000 Pavement Repairs Runway & Taxiway

Route and seal approx. 30,000 lf of pavement cracks in the asphalt sections of the pavement.

\$20,000 Replace Old Primary Chilled Water pump & Motor

Pump is past life cycle and on the verge of failing. This should have been replaced in TIP.

Pump & Motor 10,000, Labor 6,000, VFD 4,000.

\$15,000 Upgrade Airfield Lighting Control System hardware

Fiber converters & network switches are no longer available.

\$26,000 Retrofit Neon Gate Signage at Terminal with LEDs and replace plexiglass

Neon is very hard to get repaired and becoming obsolete. LED would provide a much better source for light. Plexiglass is faded.

\$14,665 Broadway Lights Roof Improvements

JA Piper's roofing quote to make needed repairs and improvements to the Broadway Lights building.

Professional Service Projects

\$60,000 Business Continuity Plan

Necessary to ensure continuous delivery of concessionaire and shared tenant services in the event of a catastrophic incident (i.e. Flood, Tornado, Terrorism).

\$1,140,966 Update Master Plan

\$1 million provision was approved in FYE 6-30-2017 Budget. Presented again to update costs closer to actual, as bid. Long Range infrastructure and overall planning; airport layout plan; required updates to meet regulatory mandates.

\$211,077 Update Airfield Pavement Plan

Long Range infrastructure and overall planning; airport layout plan; required updates to meet regulatory mandates.

BUDGET FLUCTUATION ANALYSIS

2017-2018 BUDGET		(based on 6 months actual)															
		FYE 2017 BUDGET	FYE 2017 ACTUAL	FYE 6/30/18 BUDGET	Budget to \$ CHANGE	Budget to % CHANGE	FLUX EXPLANATIONS										
OPERATING INCOME:																	
Landing Fees	2,538,944	2,633,523	2,511,578	(27,366)	-1.08%		Apron removed from LF calc to Per-Turn calc resulting in decr landing fee rate, offset by increase in projected landed weight										
Aircraft Parking Fees	376,457	395,420	376,716	259	0.07%		Immaterial fluctuation										
Into-Plane & Fuel Flowage Fees	95,045	165,065	65,845	(29,200)	-30.72%		Stevens 3% Into-Plane fees is gone; replaced by fuel sales below										
Space & Ground Rentals	8,652,649	8,708,387	10,433,772	1,781,123	20.58%		\$700K in estimated charges to recoup CRDF (Bradford Logistics) expenses, changes in Rental sq ft related to TIP, Stevens exit & related loss of ground rent, additional FBO tenant leases, CPI adjustments, Major R&C changes with inclusion of comprehensive "Per-Turn" charges (which are included in this category), and blended other ...										
Auto Parking	11,556,577	12,682,845	13,200,964	1,644,388	14.23%		Enplanement growth & parking rate changes & last year assumptions were too conservative										
Commercial Ground Transportation	135,000	163,602	145,000	10,000	7.41%		UBER effects, and blended other ...										
Concessions-Food & Beverage	370,650	320,688	499,840	129,190	34.85%		FY17 was transitional year; FY18 based upon TIP core opening and enhanced F&B offerings for entire FY plus inclusion of \$100K AvServ concession offerings re: FBO										
Concessions-Rental Car	3,154,888	3,351,261	3,132,253	(22,635)	-0.72%		Immaterial fluctuation										
Concessions-Retail	509,000	560,531	564,300	55,300	10.86%		Projections based on actuals; due to increased retail offerings & consumption, esp re: to TIP										
Concessions-Other	400,000	270,330	300,000	(100,000)	-25.00%		Conservative estimate based on transitional FY17 only ... may be higher due to increased offerings										
Expense Reimbursements	1,205,931	1,244,740	1,508,319	302,389	25.08%		\$23K increase in unreimbursed security costs, CPI increases, and blended other ...										
Other Income	1,070,022	1,055,786	2,044,532	974,510	91.07%		FY18 includes \$90K estimated build/break fees in AvServices-Commercial, which is new										
Fuel Sales Profit	1,654,500	(1,000)	2,772,922	1,118,422	67.60%		Takeover of FBO fueling responsibilities; Fy17 was 6 months only; Fy18 is for a full year										
TOTAL OPERATING INCOME	\$ 31,719,662	\$ 31,551,178	\$ 37,556,041	\$ 5,836,379	18.40%												
EXPENSES:																	
Salary & Benefits	10,458,363	8,785,570	12,084,415	1,626,052	15.55%		Additional 30+ AvServices employees, benefit cost increases, raises, OT budgeted & associated benefits										
Professional Services	730,250	572,613	634,991	(95,259)	-13.04%		Consulting down by \$44K, projected legal down by \$38K, and blended other ...										
Promotional Activities	1,280,405	2,174,336	1,593,250	312,845	24.43%		\$192K incr Advertising, \$150K incr Sponsorships, \$171K decrease in Special Events & blended other ...										
Administrative	1,169,408	1,050,751	1,245,826	76,418	6.53%		\$81K in training/tuition caused by increased staff and FBO takeover, \$47K incr in travel, corp functions, ... & blended other										
Insurance	424,105	424,105	544,820	120,715	28.46%		\$81K incr in General Liability premiums due to takeover of fueling and cargo functions, \$35K incr in Workers Comp for new staffing, \$23K incr in other premiums such as environmental mitigation due to new fuel farm, and blended other decreases										
Contractual Services	2,646,935	1,826,490	3,530,073	883,138	33.36%		\$700K in CRDF (Centralized Receiving & Distribution Facility) (Bradford Logistics) expenses and blended other ...										
Rentals & Leases	183,073	81,931	156,210	(26,863)	-14.67%		Overly conservative FY17 estimates caused a decrease for the new FY18 projection										
Repairs & Maintenance	578,923	669,450	634,309	55,386	9.57%		\$15K in new terminal repairs/maint, \$30K projected incr in equipment repairs/maint and blended other ...										
Supplies & Equipment	862,205	760,787	1,184,465	322,259	37.39%		\$91K incr in computer supplies and \$82 incr in software largely due to common-use initiatives, new staff, FBO takeover, etc., \$87K incr in vehicle fuel due to fuel truck usage and blended other ...										
Utilities	1,627,258	1,531,261	1,667,943	40,685	2.50%		Reasonable increases in electric and water/sewer given increased footprint and TIP turnover										
TOTAL OPERATING EXPENSES	19,960,925	17,877,294	23,276,301	3,315,377	16.61%												
NET OPERATING INC BEF DEPR	11,758,737	13,673,883	14,279,740	2,521,002	21.44%												
Depreciation Expense	11,095,225	11,095,225	13,149,375	2,054,150	18.51%		Incr is due to TIP completion and capitalization of Core										
NET OPERATING INCOME	663,512	2,578,658	1,130,365	466,853	70.36%												
Non-Operating Income/(Loss):																	
Interest Income	13,000	37,405	13,000	-	0.00%		Immaterial BTB fluctuation										
Facility Rental (RAC CFC)	857,676	1,214,460	501,798	(355,878)	-41.49%		\$400K RCSS Pavement Expansion (Natl) pd via CFC in FY18 plus blended other assumptions ...										
Interest Expense	(133,672)	(138,299)	(285,484)	(151,812)	113.57%		Normal reduction in interest expense of 2001B Bond issue for RAC service center facilities offset by additional interest expense from TD Bank LOC and \$5M design costs for Parking Garage C towards the end of Fy'18										
Other Non-Operating	(200,100)	(10,162)	(50,100)	150,000	-74.96%		Decrease in Loss on Disposition of Assets provision, since we've already written off most of the old terminal during the 6 year TIP project										
Total Non-Operating	536,904	1,103,404	179,214	(357,690)	-66.62%												
NET INCOME	1,200,416	3,682,062	1,309,579	109,163	9.09%												

INDEBTEDNESS

Overview

The Airport enjoys a very favorable cash & investment position, especially as compared to other airports of a similar size. Historically, it's been our practice to minimize leasing of equipment and vehicles. Outright purchase has been favored instead. Management has elected to pay off debt as rapidly as possible, especially when interest expense rates exceed investment yields, as currently is the case and probably will be in the foreseeable future.

The aforementioned policies related to debt have resulted in an unencumbered ability to borrow should the Airport need to.

Relatively recent (within the last 15 years) debt issuances and subsequent events are discussed below:

Series 2000 Bonds

In September 2000, the Airport issued \$11,970,000 in revenue bonds ("Series 2000 Bonds"). Proceeds of the issuance were used to construct a new cargo facility and related improvements. **These bonds were paid off on August 13, 2010.**

Series 2001 Bonds

In August 2001, the Airport issued \$5,140,000 of tax-exempt revenue bonds ("Series 2001A Bonds") and \$4,990,000 of taxable revenue bonds ("Series 2001B Bonds") (collectively, the "Series 2001 Bonds"). Proceeds of the issuances were used to construct a new rental car facility and related improvements. Interest is payable semiannually on July 1 and January 1. Annual principal installments are due on July 1 and commenced on July 1, 2003. The Series 2001A Bonds and Series 2001B Bonds are composed of serial bonds which bear interest at rates between 3.1% and 5.0% annually and 4.4% and 6.2% annually, respectively. In addition, the Series 2001A Bonds include \$775,000 of 5% term bonds due July 1, 2021, and the Series 2001B Bonds include \$3,355,000 of 6.82% term bonds due July 1, 2021

Under the terms of the Series 2000 and 2001 Bonds, the Airport is subject to certain covenants including, but not limited to, limitations on the transfer or sale of assets, limitations on the incurrence of additional indebtedness, maintenance of adequate insurance coverage on property, and maintenance of a minimum level of net revenues, as defined, to aggregate

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annual debt service. As of June 30, 2011 and 2010, the Airport was in compliance with these restrictive covenants.

The Series 2001A Tax-Exempt Revenue Bonds were called early and paid off on 8/18/2011.

The Series 2001B Taxable Revenue Bonds are the only long-term debts currently on the Airport's books. These too would be called early if they were callable. Unfortunately, they are not. As such, the future debt service requirements of the Series 2001B Bonds are as follows as of June 30, 2015:

FYE	Principal	Interest	Princ&Int
2016	\$ 320,000	\$ 155,496	\$ 475,496
2017	\$ 340,000	\$ 133,672	\$ 473,672
2018	\$ 365,000	\$ 110,484	\$ 475,484
2019	\$ 390,000	\$ 85,591	\$ 475,591
2020	\$ 420,000	\$ 58,993	\$ 478,993
2021	\$ 445,000	\$ 30,349	\$ 475,349
	\$ 2,280,000	\$ 574,585	\$ 2,854,585

Short-Term Debt

In May, 2016 the Board approved establishment of a \$25 million Line of Credit (LOC) with TD Bank. The first draw on the LOC was for \$2.16 million of September 23, 2016. There have been no further draws on the Line since. The LOC variable interest rate is the 1 month LIBOR (London Interbank Offered Rate) plus 75 basis points. The most recent 1 month LIBOR rate quote was 0.80% as of April 5, 2017 ... Adding the 0.80% + 0.75% yields a current rate of 1.55%. The LOC is interest only with a 1 year term, where it's automatically renewed.

AIRLINE RATES & CHARGES

The Greenville-Spartanburg Airport District requires all commercial airlines to execute an Airport Operating Permit to establish the rules, regulations, and conditions by which an airline operating at the Airport must operate, including airline rates and charges.

Annual Airport Budget

The Commission adopts an annual budget for the Airport District, which is used to calculate rates and charges each year. The objective of the existing airline rates and charges methodology is to estimate the Airport rates, fees and charges necessary for the District to recover its capital, operating and maintenance costs in providing airline facilities at the Airport, regardless of the successes or failures of non-airline revenue generation at the Airport.

The Airport has used the same methodology for determining airline rates & charges for at least the last 20 years. Management has decided to go to a new rates & charges methodology effective with the beginning of the new budget year (July 1, 2017). The reasons for the change are various ... the new methodology takes into account:

- The "design" capacity of the new terminal in terms of accommodating arrivals and departures and the future needs/timing of gate expansion efforts, in line with master plan directives/plans;
- The newly renovated terminal, the increases in building footprint, and the vastly different configurations and tenant spaces;
- Incorporation of new common-use sharing technologies, and how to allocate those costs;
- The need for increased flexibility on the part of management in the assignment of gates and associated rental spaces.

Instead of paying for specific spaces and fees, most costs are rolled up into comprehensive "per-turn" fees which vary by aircraft size and type of operation. This has created a level playing field among the airlines and as increased our gate capacity which, in turn, has delayed the need for future concourse expansion(s).

The following discussion summarizes the methodology utilized to calculate the airline rates and charges at the Airport which will go into effect July 1, 2017.

Maintenance and Operating Expenses

Maintenance and Operating ("M&O") expenses include all of the costs associated with operating and maintaining the Airport. Airport M&O expenses incurred in a direct cost center are

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accounted for in that cost center. Direct cost centers include the airfield and terminal cost centers. M&O costs for the Operations, ARFF (Aircraft Rescue and Firefighting), and Police Departments not generated in a specific cost center are allocated to the direct cost centers on the basis of a time study, which is performed by the District from time to time. M&O costs for the Facilities Department are allocated to the direct cost centers based upon an allocation via their maintenance work order program tracking hours worked by cost center. Indirect M&O costs in the administrative departments (Executive, Communication, Finance, IT, Human Resources, Property & Business Development) are allocated to the direct cost centers on the basis of each costs centers direct M&O expense as a percent of all direct M&O expenses.

Capital Expenses

Capital expense represents the cost incurred by the District in acquiring capital assets with the use of the District's funds. The Airport's capital expense is the amortization of these costs over their useful lives or annual debt service on assets acquired with the proceeds of debt issued by the District. The annual amortization expense is included in each cost center to the extent that such expense is required for the benefit of the specific cost center. Amortization of capital expense attributable to the Airport's indirect cost centers is allocated to the Terminal cost center and the Airfield cost center on the pro-rata basis that each cost centers annual M&O expense as a percentage of total M&O expense. Annual debt service resulting from the issuance of Airport Revenue Bonds is included in each cost center for which the asset purchased with bond proceeds is located.

Landing Fee Methodology

The airline Landing Fee Rate is calculated based on a cost center residual methodology. The objective of this methodology is to recover 100% of the District's cost of the Airport's Airfield cost center (the "Airfield Requirement"). The annual Airfield Requirement includes all of the capital and M&O costs of the Airfield cost center. The annual Airfield Requirement is based on an allocation of direct and indirect M&O, amortization, and debt service (if any) attributable to the Airfield Cost Center. Apron fees and related capital components are now excluded from the Landing Fee calculation AND included in the per-turn fee calculations. In theory, the Airfield Requirement should be recovered from all users of the airfield, including general aviation. Historically, aircraft landed weight has been the method of allocation for recovering airfield costs. While this works well for the commercial air carriers, it is much more problematic with general aviation activity and can result in an airport recovering less than its actual airfield cost. As such, a common practice at airports across the country is to determine the airfield requirement and calculate the Landing Fee Rate using a **residual cost recovery method**. This method is often preferred for recovering the cost of the airfield cost center, as the revenue sources available to support this area are relatively limited. In this case, the Airline Landing Fee requirement is calculated based on an allocation of direct and indirect M&O, amortization of capital outlays, and debt service attributable to the Airfield cost center. The total of these

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amounts is reduced by general aviation fuel flowage fees, which is intended to represent the cost to general aviation for the use of the Airfield before calculating the Airline Requirement and the landing fee rate. The cost center residual approach ensures the District will "break-even" in the Airfield cost center and provide for the continued operation of the public airfield.

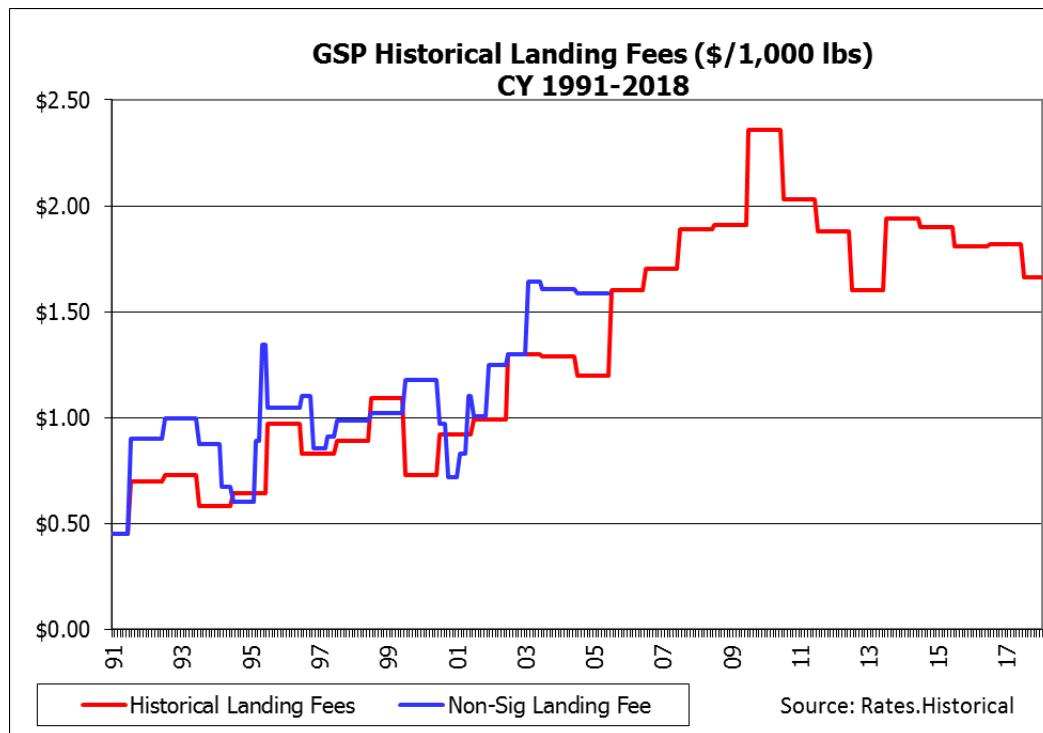
It is important to note that when airfield expenses go down, so does the landing fee, and so do the District's reimbursement of said expenses. Fluctuations in landing fees mimic expense spending patterns, project development costs, legal and professional fees, traffic volume changes (i.e., "landed weights"), and spreading of other administrative costs to the various cost centers. Landing fee rates are recalculated semi-annually. GSP's landing fees tend to be extremely competitive, as compared to other airports of similar size around the nation. Our very competitive landing fee rates are one measure, or indicator, of airport operational efficiency.

GSP's historical landing fee rates are graphed below from 1991. The period of greatest rate increase occurred in the years following the 2001 World Trade Center tragedy and increased security concerns/costs. These costs were passed onto the airlines thru increased landing fees and represent just one of the causal factors behind the increased costs of air transportation for the traveling public.

GSP used to have a long-term Airline Use Agreement with the Airlines, which ended in 2006. In that agreement, there were two (2) landing fee rates; a "signatory" and a "non-signatory" rate. The signatory rate was given to those airlines that rented space from the airport and signed the Use Agreement. A 20% surcharge above the signatory rate resulted in the "non-signatory" rate charged to all other airlines operating at the Airport. Since October, 2005 the Airport has done away with these rate distinctions, and charges a single rate by decree to all airlines who operate at the Airport via the Airline-Airport Use Permit.

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GSP Historical Landing Fees Graph

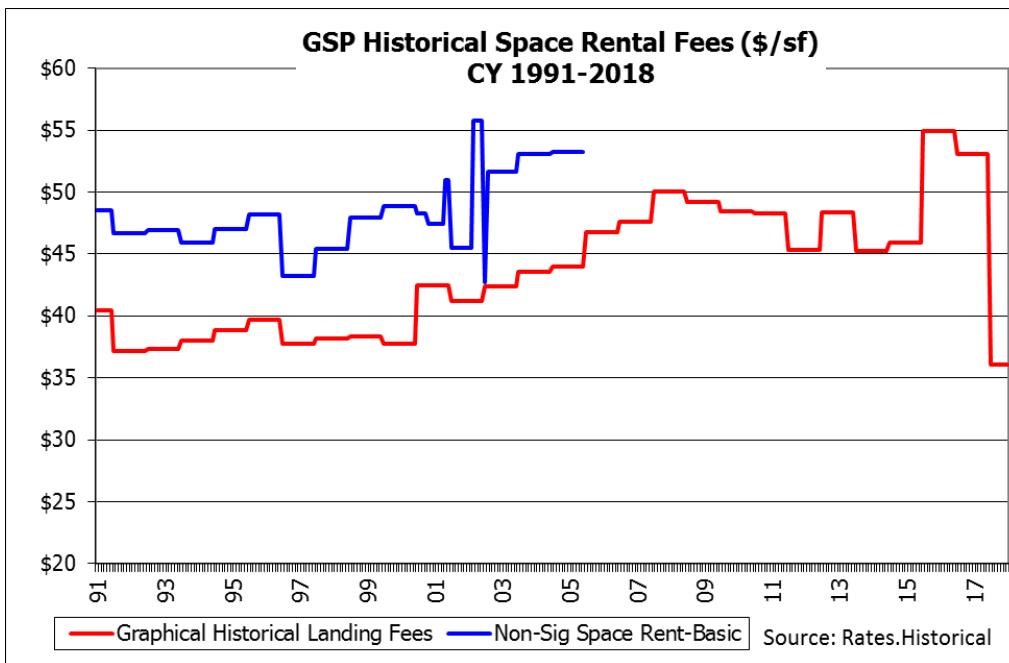


Terminal Complex Rental Methodology

The Terminal Rental Rate is calculated based on a **compensatory cost rate recovery methodology** under which tenants pay only for the space that they occupy. The cost for vacant productive terminal space not leased to the airlines is not charged to the airlines and is paid from non-airline revenue sources. The Terminal Requirement comprises capital expense and M&O expense. The capital component includes an amortization charge of undepreciated assets included in the Terminal cost center and an allocation of capital expense from the indirect cost centers. The M&O Component of the Terminal Requirement includes the direct and indirect cost of maintaining and operating the Terminal cost center. The total capital and M&O expenses of the Terminal Cost Center are divided by the total productive square feet of the Terminal Building. Total productive square feet includes both leased and vacant airline and concession space as well as public areas and TSA space.

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GSP Historical Space Rental Fees Graph



The reason for the decrease in the space rental rate from FYE'17 of \$53.08 to \$36.07 in FYE'18 is the dramatic change in our rates & charges methodology, as previously discussed. This change has not resulted in a similar decrease in airline & other tenant revenue.

"Per-Turn" Charges

"Per-Turn", also known as (aka) a "Apron-Turn" generally means an arrival and the related departure at the Terminal Building by an aircraft using the Terminal Apron. Per-Turns can be segregated into the following types:

- "Full-Turn" – an arrival and a departure, both with passengers, fully costed out
- "Modified Full-Turn" – same as a "Full-Turn", but excluding use of ticket counters and ticket ques, which are directly charged to the Airline
- "Gate Only" Per-Turn – a per-turn rate costed out gate & apron use elements only
- "Departure Turn" aka "Ferry In, Live Out" aka "Outbound Turn" – a per-turn rate costed out for deplaning charters
- "Arrival Turn" aka "Live In, Ferry Out" aka "Inbound Turn" – a per-turn rate costed out for arriving charters

The derivation of "Per-Turn" fees include consideration of the following components:

- Facility charges
- Common Use Area (CUA) charges
- Apron (A/C Parking) fees
- Passenger Loading Bridge (PLB) charges
- PC Air / Fixed Ground Power (FGP) charges
- Shared Tenant Services
- Inbound Baggage Systems
- Outbound Baggage Systems
- Flight Information Displays (FIDs)
- Baggage Information Displays (BIDs)
- Gate Information Displays (GIDs)
- Paging
- Shared Use Equipment costs
- Other costs (e.g., dumpster, triturator, etc.)

Passenger Facility Charges

Pursuant to 14 CFR 158 ("Part 158"), airport sponsors may apply to the FAA for authorization to impose a fee on every enplaning revenue passenger ("Passenger Facility Charge" or "PFC") at the sponsored airport and to use the revenues derived from any such PFC to pay the allowable costs of PFC eligible airport investments/improvement projects. The level of PFC which may be charged can vary from \$1.00, \$2.00, \$3.00, or \$4.50 depending upon the authorization requested by the sponsor and approved by the FAA. PFCs are collected by each airline which issues a revenue travel itinerary to a passenger and are remitted monthly to the airport sponsor, less a handling charge which the collecting airline is entitled to retain as compensation for its collecting, handling and remitting the PFC revenue. The airline handling charge currently authorized by Part 158 is \$0.11 per PFC actually remitted to the airport sponsor.

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PFC Eligibility

Allowable PFC costs include only those costs incurred on projects implemented on or after November 5, 1990. Therefore, the amortization on the Terminal Renovation and Expansion Project are not eligible to be paid with PFCs. Under Part 158, PFCs may be used to fund and finance the allowable costs (project costs and bond-associated debt service and financing costs) of airport-related projects which would be eligible to receive federal grant funding under the Airport Improvement Program (“AIP”) and/or which preserve or enhance safety, capacity or security in the national air transportation system, or which reduce aircraft noise, furnish opportunities for enhanced competition between and among airlines and which have been approved for any such use by the FAA. Construction of gates and areas in which passengers are enplaned and deplaned as well as areas directly related to the movement of passengers and baggage are PFC eligible. However, restaurants, car rental facilities, automobile parking facilities, and other concession spaces are not PFC eligible. There are certain instances in which an AIP-ineligible project may be considered PFC eligible. Under AIP eligibility for hub airports, gates and airline ticketing areas including passenger check-in facilities and other revenue producing areas are not eligible for AIP funding. However, the PFC statute incorporates AIP eligibility and expands PFC eligibility to include non-concession areas directly related to the movement of passengers and baggage in air commerce regardless of their revenue producing status. Thus, gates, airline ticketing areas and passenger check-in facilities are PFC eligible even though they are not AIP eligible. All of the costs associated with the preparation, development and continuing administration of a PFC program are eligible for reimbursement with PFC revenue.

Utilization of a PFC

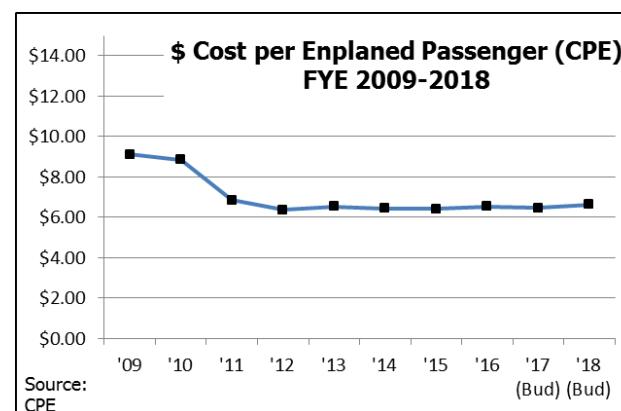
The Airport historically has never utilized PFCs. This material is presented for information only, in case we ever do want to consider an alternative/additional funding source.

Implementation of a PFC program would provide an additional funding source to decrease the local funding requirement for projects that would otherwise require the use of unrestricted Airport cash or additional borrowing.

CPE (Cost per Enplanement) Data Components

Historical CPE Data	FYE 6/30/2009	FYE 6/30/2010	FYE 6/30/2011	FYE 6/30/2012	FYE 6/30/2013	FYE 6/30/2014	FYE 6/30/2015	FYE 6/30/2016	FYE 6/30/2017	FYE 6/30/2018	Approved Budget	Budgeted
# Enplanements	648,657	639,646	764,626	955,821	942,465	950,205	951,148	1,002,355	990,000	1,030,000		
Landing Fees	1,868,669	1,971,661	1,815,442	2,235,066	1,842,163	2,069,955	1,956,299	2,030,871	2,118,514	2,022,531		
Term Rent (net of jetw ays)	3,654,001	3,333,383	3,034,007	3,418,543	3,653,130	3,345,560	3,432,029	3,747,123	3,666,924	633,858		
Terminal Rent-CUA special rate-direct charged										547,903		
Apron Fees/Aircraft Parking	128,678	127,405	112,332	156,577	147,180	180,213	207,046	196,680	132,462	-		
PLB/Jetw ay Rental	252,523	126,334	84,600	113,250	332,015	332,020	279,997	316,494	316,706	-		
PC Air/FGP										-		
Shared Tenant Services (STS)-Airline					1,500	35,850	45,940	37,020		-		
Inbound Baggage										-		
Outbound Baggage										-		
FIDS/BIDS/GIDS & Paging										-		
Security Fees	-	-	-	-	-	-	-	-	-	243,775		
Refuse	4,248	3,481	3,540	4,248	3,540	3,540	3,540	3,540	3,540	3,540	-	
Triturator	2,700	2,450	3,000	4,235	9,806	5,809	6,417	6,151	3,960	-		
CUSS Ticketing Stock										51,318		
Shared Use Equipment (AirIT)										-		
Per Turn Fees		97,992	183,127	141,138	173,952	129,712	169,178	205,270	150,472	3,333,989		
Utility Reimbursement (crash phone-Piedmont)	-	-	180	300	300	180	-	180				
Janitorial	-	-	-	-	-	-	-	-	-	-		
	5,910,819	5,662,707	5,236,228	6,073,358	6,163,586	6,102,838	6,100,446	6,543,329	6,392,578	6,833,374		
Cost per Enplaned Pass	\$9.11	\$8.85	\$6.85	\$6.35	\$6.54	\$6.42	\$6.41	\$6.53	\$6.46	\$6.63		

Historical CPE (Cost per Enplanement) Graph



GLOSSARY OF TERMS AND ABBREVIATIONS

Accrual Basis - Basis of accounting which attempts to record financial transactions in the period they actually occur rather than the period paid or received.

AIP – The Airport Improvement Program (AIP) provides grants to public agencies — and, in some cases, to private owners and entities -- for the planning and development of public-use airports that are included in the National Plan of Integrated Airport Systems (NPIAS).

Aircraft Operation - Considered either a landing or take-off of an aircraft.

Airfield Operations Area (AOA) - Generally considered the restricted area within the security fence surrounding an airport which is reserves for aircraft and related operations. This includes the landing area and ramp area, and other facilities supporting the activity of military, general aviation and commercial aircraft.

"Airfield Area Credits" are those reimbursements and credits as are allocated and applied against the Airfield Area Operating Requirement for any Fiscal Year in calculating the Net Airfield Area Operating Requirement in the calculation of the Landing Fee Rate under this Policy, as illustrated on Table 8LF of Attachment B of this Policy.

"Airlines" are each Airline providing regularly scheduled passenger service to and from the Airport and using the Airport Terminal Building to enplane and deplane passengers.

Airfield Revenues – Also known as "Landing Area" revenues which include landing fees, aircraft parking/ramp fees, FBO 3% fees, and flowage fees..

"Airlines' Revenue Landed Weight" is for the applicable Fiscal Year the sum of the products determined by multiplying each Revenue Aircraft Arrival by each of the Airlines by the applicable Certified Maximum Gross Landed Weight of the aircraft making said Revenue Aircraft Arrival.

Airline Use Permit (Agreement) - An agreement with one or more airlines setting forth the rights of the airlines for their use of the airport and the rates and charges they will pay.

Airline Revenues - Landing fee revenues, loading bridge revenues, apron fees, and terminal rental revenues.

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"Airport Operating Requirement" under this Policy, for any Fiscal Year, is comprised of all of the following: (1) Operation and Maintenance Expenses; (2) Depreciation; (3) Amortization; (4) Debt Service; (5) coverage required on any Bonds; (6) fund deposits required under any Bond Ordinance; (7) the net amount of any judgment or settlement arising out of or as a result of the ownership, operation or maintenance of the Airport payable by the District during any Fiscal Year. This amount would include, but not be limited to, the amount of any such judgment or settlement arising out of or as a result of any claim, action, proceeding or suit alleging a taking of property or an interest in property without just or adequate compensation, trespass, nuisance, property damage, personal injury or any other claim, action, proceeding or suit based upon or relative to the environmental impact resulting from the use of the Airport for the landing and taking off of aircraft; (8) any and all other sums, amounts, charges or requirements of the Airport to be recovered, charged, set aside, expensed or accounted for during any Fiscal Year under this Policy, or the District's accounting system.

Airport Revenue Bonds - Bonds payable from Airport revenues which do not pledge the full faith and credit of the issuer.

Airport Security Plan (ASP) – A federal requirement for security at the Airport.

"Amortization" is the amount determined by dividing the net cost of each Airport non-depreciating asset by an imputed estimated life for the asset as determined by the District.

"Apron Charge" is that charge calculated to recoup Materials, Labor, Utilities, and any and all other costs used to maintain the Aprons. The total is divided by the 13 gates to arrive at an apron cost per gate which is then included in the "Per-Turn" calculation.

Apron - A section of the ramp area closest to the terminal building used for parking of aircraft and support vehicles used for loading and unloading of aircraft.

ARFF - Airport Rescue and Fire Fighting, the on-airport unit responsible for airfield emergencies and firefighting.

Automated External Defibrillation (AED) - A portable automatic device used to restore normal heart rhythm to people who are in cardiac arrest.

"Bond Ordinance" under this Policy is any ordinance, resolution or indenture authorizing the issuance of Bonds for or on behalf of the Airport or District, including all amendments and supplements to such ordinances, resolutions and indentures.

"Bonds" are all debt obligations issued for or on behalf of the Airport or the District subsequent to July 1, 2000.

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Cargo - Anything other than passengers, carried for hire, including both mail and freight.

Capital Improvement Program (CIP) - A five year program for regularly undertaking improvements to maintain or revitalize the infrastructure and facilities of the airport. The program serves as a basis for determining funding requirements and other operational planning decisions.

COLA - Cost of living adjustment

Concessionaire - A person or company having a lease, contract or operating permit arrangement with the District entitling them to do business on the airport.

Concession Revenue - One of seven operating revenue categories which include advertising, food & beverage, pay phone, rental car, retail, and teletrip insurance.

Cost Centers - Functional areas or activities of the Airport grouped together for the purpose of accounting for expenses.

Cost Per Enplanement (CPE) - A unit of measurement used to present the airlines' cost of each enplaned passenger. The total airline revenues paid to the airport are divided by the number of passenger enplanements to calculate the cost per enplanement.

Debt Service - The amount required for the accrual and payment of principal, interest, and premiums, if any, and other fees and amounts associated with all series of Bonds and Indebtedness, as set forth in any Resolution(s) or other financing documents(s) of the District.

Debt Service Coverage - An amount equal to Airport Net Revenues divided by Net Debt Service ... typically expressed as a ratio. The Airport's master bond covenants require a debt service coverage ratio of 1.25.

Debt Service Reserve Fund - Any fund(s) established by the District for monies necessary to satisfy any Debt Service Reserve Requirement established in any Resolution(s) or other financing document(s) of the District generally equal to the highest annual amount due in any of the remaining years of the debt issue.

Debt Service Reserve Requirement - Requirement, if any, for the Debt Service.

Deplanement - A passenger departing an aircraft at the Airport.

Depreciation is the amount which is the net cost of any Airport asset, except a non-depreciating asset, divided by its estimated useful life as determined by the District.

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Disadvantaged Business Enterprise Program (DBE) – Program required by Congress as a condition of receiving federal funds.

Enplanement - A paid passenger boarding an aircraft at the Airport.

Federal Aviation Administration (FAA) - The government agency responsible for air safety and operation of the air traffic control system.

FAA Regulation 139 - This regulation establishes the requirement for airports servicing scheduled air carrier operations in aircraft with 10–30 seats and provides airport certification status, class and ARFF Index to assist air carriers.

FAA Regulation Part 150 - This regulation establishes a uniform nationwide system of describing aircraft noise and noise exposure on different communities, describes land- use compatibility for the guidance of local communities, and provides technical assistance to airport operators and other governmental agencies to prepare and execute noise compatibility planning.

Federal Inspection Station Facility (FIS) - The facility used as the Federal Inspection Station for United States Customs and Immigration.

"Fiscal Year" is July 1st of any calendar year through June 30th of the next succeeding calendar year, or such other fiscal year as District may subsequently adopt for the Airport.

Fixed Base Operator (FBO) - A fixed based operator provides aircraft fueling, deicing and maintenance for the general aviation customers.

FBO Revenue - One of four landing area revenue categories which include the Airport's share of sale of fuel for aircrafts, landing fees for the general aviation population, deicing of aircrafts, and other miscellaneous fees for the general aviation population.

Fuel Farm - Operated by the FBO and used to store fuel for the airlines and retail general aviation sales.

GAAP - General Accepted Accounting Principles are uniform minimum standards and guidelines for accounting and financial statement reporting.

GASB - Governmental Accounting Standards Board, the body responsible for establishing GAAP for governmental entities, of which the District is one.

"Grants-in-Aid" are the grant funds from the Federal Airport Improvement Program (AIP), any successor Federal program to AIP, the funds from the State of South Carolina Department of

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Transportation made available to District to be used for Airport capital projects, and funds from any other essentially similar capital funding programs made available to the District to be used for Airport capital projects.

Ground Transportation Revenues - One of seven operating revenue categories which includes access fees from limousines, hotels/motels, taxies, and off airport parking facilities.

Incident Command System (ICS) - A federally recognized program to deal with emergencies.

Into-plane Fees – Revenue generated based on fuel pumped for the commercial airlines.

Landing Fee Revenues - Revenues collected from commercial aircraft landings.

LIBOR – A benchmark interest rate upon which many transactions are based. Obligations of parties to such transactions are typically expressed as a spread to LIBOR. The term is an acronym for "London Inter-Bank Offered Rate."

Loading Bridge - Equipment used to board and deplane passengers between the terminal building and the aircraft ... also known as "jetways".

Maximum Gross Landed Weight (MGLW) - Actual gross weight of a particular plane. The weights for all aircraft are published by the FAA.

NATA Safety Management System (SMS) - SMS is a systematic, comprehensive program for the management of safety risks. The program integrates operations and technical systems with financial and human resource management for all activities related to aircraft ground operations.

National Air Transportation Association (NATA) - Organization that promotes safety and the success of aviation service businesses through its advocacy efforts before government, the media and the public as well as providing valuable programs and forums to further its members prosperity.

National Plan of Integrated Airport Systems (NPIAS) - The National Plan of Integrated Airport Systems (NPIAS) identifies nearly 3,400 existing and proposed airports that are significant to national air transportation and thus eligible to receive Federal grants under the Airport Improvement Program (AIP). It also includes estimates of the amount of AIP money needed to fund infrastructure development projects that will bring these airports up to current design standards and add capacity to congested airports. The FAA is required to provide Congress with a 5-year estimate of AIP eligible development every 2 years.

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Non-Capital Equipment - Equipment, under \$10,000, not covered under the Capital Improvement Program, included within the operating budget.

Operating Expenses – Controllable expenses broken down into the following ten (10) categories:

1. Salaries & Benefits
2. Professional Services
3. Promotional Activities
4. Administrative
5. Insurance
6. Contractual Services
7. Rentals & leases
8. Repairs & Maintenance
9. Supplies & Equipment
10. Utilities

Operating Revenue - Revenues which are generated from the daily operations of the airport which includes the revenues from the following seven (7) categories:

1. Landing Area,
2. Space & Ground Rentals,
3. Auto Parking,
4. Commercial Ground Transportation,
5. Concessions,
6. Expense Reimbursements, and
7. Other Income categories.

PAF – Public Airfield

Passenger Facility Charges (PFC) - Pursuant to 14 CFR 158 ("Part 158"), airport sponsors may apply to the FAA for authorization to impose a fee on every enplaning revenue passenger ("Passenger Facility Charge" or "PFC") at the sponsored airport and to use the revenues derived from any such PFC to pay the allowable costs of PFC eligible airport investments/improvement projects. The level of PFC which may be charged can vary from \$1.00, \$2.00, \$3.00, or \$4.50 depending upon the authorization requested by the sponsor and approved by the FAA.

"Passenger Loading Bridges (PLBs)" means the mechanical covered walkways leading from the Holdrooms at the Airport Terminal Building to aircraft parking positions on the Terminal Apron.

"Passenger-Related Security Fee" are those LEO (Law Enforcement Officer) related fees allocated to the Airlines, net of TSA reimbursements, which are included as a component of the "Per-Turn" calculation.

Greenville-Spartanburg Airport District 2016 Operating Budget

"Per-Turn", also known as (aka) a "Apron-Turn" generally means an arrival and the related departure at the Terminal Building by an aircraft using the Terminal Apron. Per-Turns can be segregated into the following types:

- "Full-Turn" – an arrival and a departure, both with passengers, fully costed out
- "Modified Full-Turn" – same as a "Full-Turn", but excluding use of ticket counters and ticket ques, which are directly charged to the Airline
- "Gate Only" Per-Turn – a per-turn rate costed out gate & apron use elements only
- "Departure Turn" aka "Ferry In, Live Out" aka "Outbound Turn" – a per-turn rate costed out for deplaning charters
- "Arrival Turn" aka "Live In, Ferry Out" aka "Inbound Turn" – a per-turn rate costed out for arriving charters

RAC – Rental Car

Revenue Per Enplanement (RPE) - A unit of measurement calculated by taking certain airport revenues divided by the number of enplanements.

Salaries & Benefits - One of the main expense categories which includes all wages, salaries and benefits.

Supplies and Equipment Expense - One of the main expense categories which include materials and supplies purchased for airfield, ARFF, FBO, buildings, grounds, and vehicles and equipment.

TIP - Terminal Improvement Program, the long range plan for improving, renovating, and modernizing the Airport passenger terminal.

Transportation Security Agency (TSA) – The Department of Homeland Security responsible for protecting the Nation's transportation systems (including airports) to ensure freedom of movement for people and commerce.



Proposed 2017 / 2018 Budget

GSP Airport Commission Meeting

May 8, 2017

Budget Notification Requirements:

<http://www.scstatehouse.gov/code/t06c001.php>

http://www.scstatehouse.gov/sess119_2011-2012/bills/4508.htm



Commission NB Item A - 2018 Budget 20170508-v7



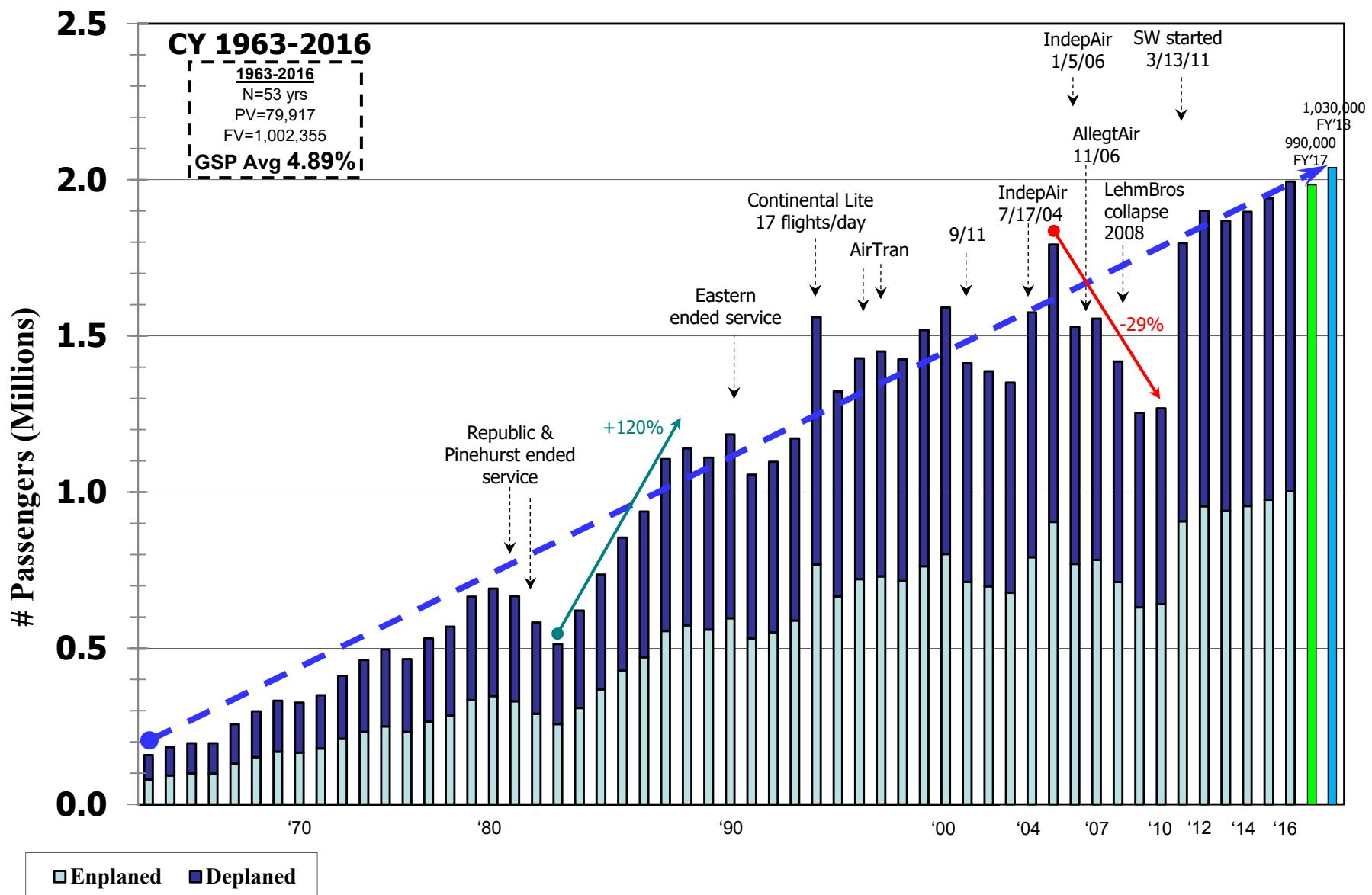
Introduction/Presentation Outline

- **General Statistics & Historical Overview**
- **Rates & Charges Discussion**
- **Proposed FY 2017 / 2018 O&M Budget**
- **Proposed FY 2017 / 2018 Capital Budget**
- **Land Development P&L**
- **Investments, LOC, and Debt Discussion**
- **Questions and Comments**



GSP Passenger Growth Since Inception

CY 1963 - 2018

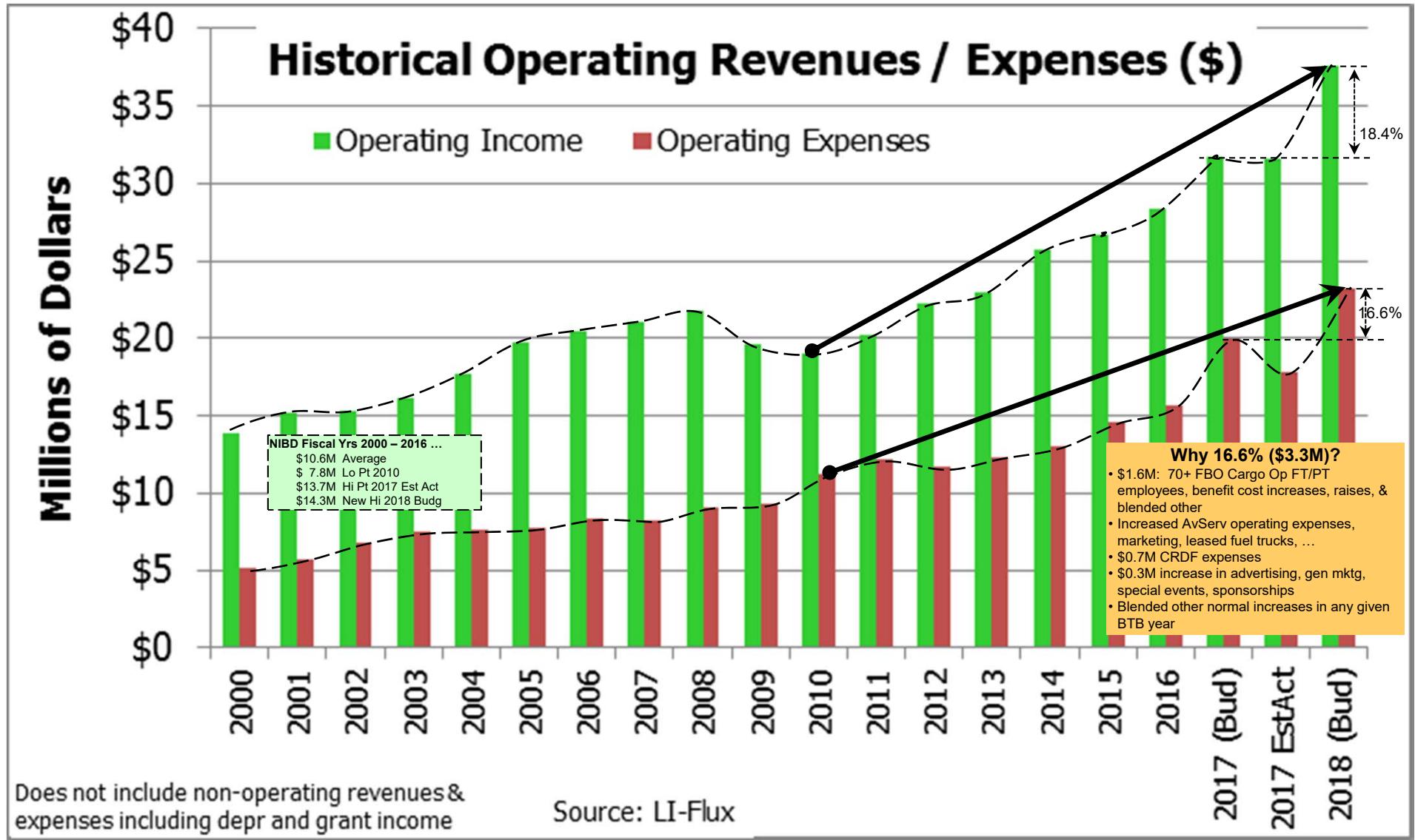


Revenue / Expenses and NOI

FY 2000 through 2018

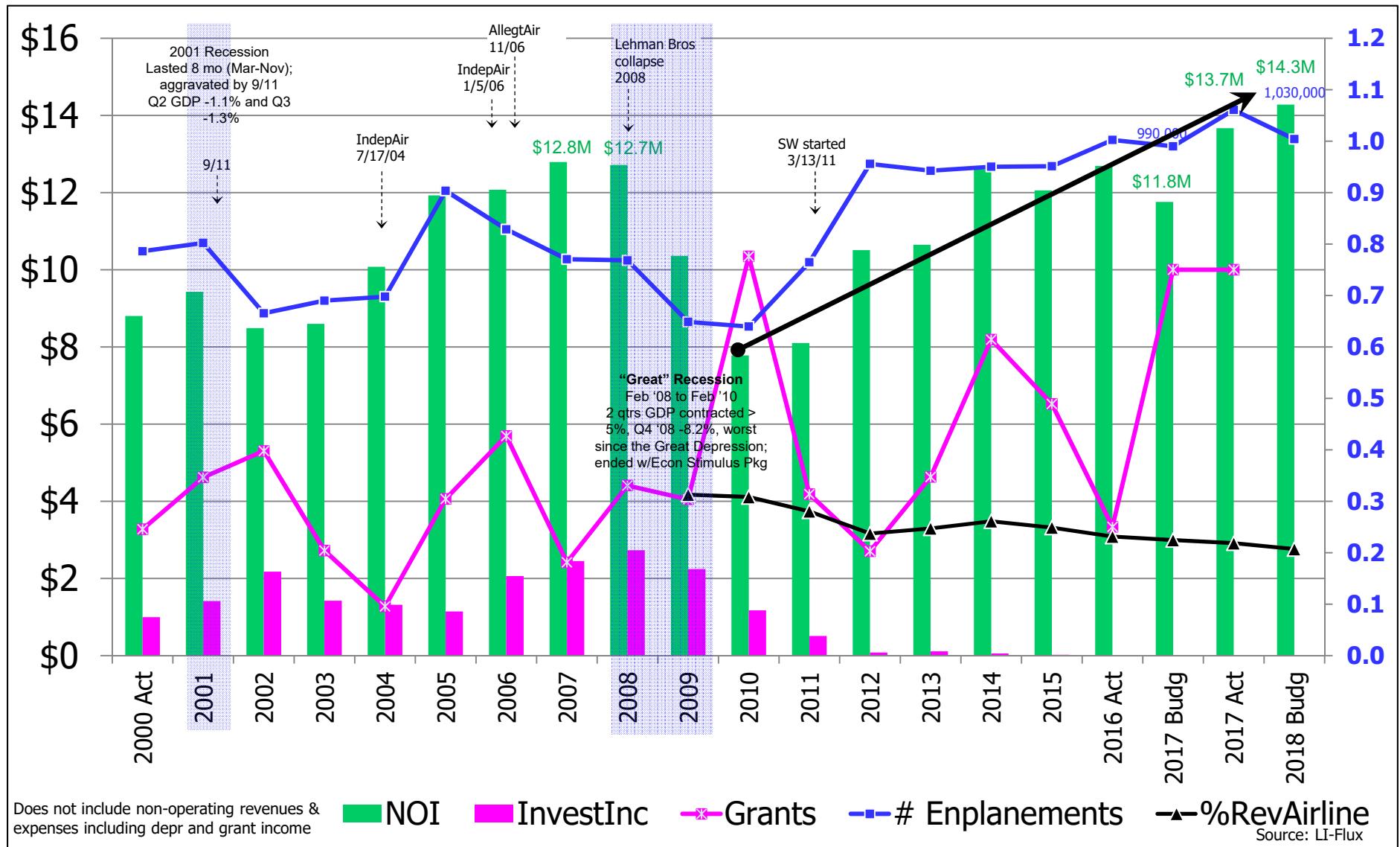
Why 18.4% (\$5.8M)?

- \$1.1M in retail GA & Commercial JetA /AvGas fuel sales
- LY estimated parking fees were too conservative
- \$1.8M in space & ground rentals due to CRDF, bigger TIP footprint, R&C move to per-turn fees, and blended other
- \$0.9M in warehousing fees
- Normal CPI & other increases in any given BTB year



Net Operating Income

FY 2000 through 2018



Rates & Charges ("R&C")



What's Changed Since Last Year Which Would Necessitate a Change in our R&C Methodology?

- Terminal Improvement Program capitalization
- Larger footprint due to TIP, and resultant changes in Airline %'s used for cost allocations
- **Move towards 100% Common Use gates, and resultant increases in capacity which will further delay need for TIP-Phase II**

If we did NOT change our methodology ...

FY'18 CPEs with the "OLD" Methodology							
	BUDGETED-Current Methodology; Enplanements based upon last 6 mo actual						
	American	United	Delta	Allegiant	Southwest	Other	Total
FYE 6/30/18 CPE Calc by Airline							
# Enplanements	284,825	184,510	380,836	75,601	104,229	-	1,030,000
Landing Fees	\$ 760,918	\$ 440,210	\$ 940,250	\$ 176,648	\$ 292,258		\$ 2,610,283
Aircraft Parking	\$ 44,711	\$ 29,807	\$ 44,711		\$ 14,904		\$ 134,133
Term Rent (includes CUA, but net of jetways)	\$ 1,284,317	\$ 866,521	\$ 1,551,556	\$ 8,066	\$ 653,517		\$ 4,363,978
Per Turn Fees	\$ 20,160	\$ 63,360	\$ 11,680	\$ 149,901	\$ 1,920		\$ 247,021
Shared Tenant Services (STS)-Airline	\$ 12,240	\$ 4,680	\$ 9,600	\$ 3,780	\$ 6,720		\$ 37,020
Security Reimbursement	\$ 67,411	\$ 43,669	\$ 90,134	\$ 17,893	\$ 24,668		\$ 243,775
Janitorial							\$ -
Jetway Rental	\$ 117,301	\$ 78,201	\$ 117,301		\$ 39,100		\$ 351,903
Refuse	\$ 1,416	\$ 708	\$ 708		\$ 708		\$ 3,540
Triturator	\$ 1,320	\$ 660	\$ 660		\$ 660		\$ 3,300
CUSS Ticketing Stock	\$ 13,837	\$ 8,963	\$ 18,501	\$ 4,211	\$ 5,806		\$ 51,318
Total	\$ 2,323,631	\$ 1,536,780	\$ 2,785,101	\$ 360,499	\$ 1,040,261	\$ -	\$ 8,046,272
Cost per Enplaned Pass	\$ 8.16	\$ 8.33	\$ 7.31	\$ 4.77	\$ 9.98		\$ 7.81
Current Yr (FYE'17) CPE	\$ 6.99	\$ 7.78	\$ 6.11	\$ 3.41	\$ 7.00		\$ 6.49
Change btw FYE18 and FYE'17	16.70%	7.03%	19.63%	39.97%	42.48%		20.28%

R&C Overview and their impact on the airlines and the district from a financial perspective ...

FY'18 CPEs with the "NEW" Methodology

Per-Turns based upon 4/17 Scheduled Annualized Enpl based upon last 6 mo actual

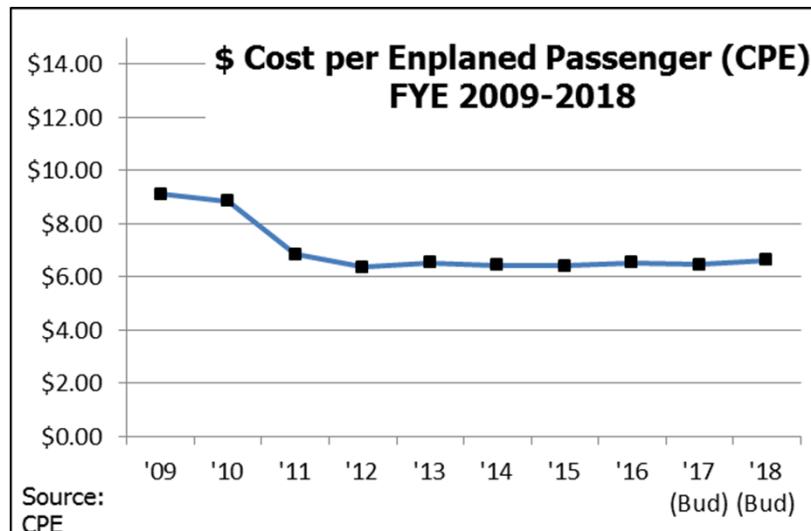
Enplanements projected based upon July, '16 to Dec, '16 Actual

Per-Turn Rates calculated with a "Seating" Multiple and an A/C Usage Multiple

FYE 6/30/18 CPE Calc by Airline	BUDGETED-NEW Methodology; # Turns based upon April, 2017 Schedule Annualized						
	American	United	Delta	Allegiant	Southwest	Other	Total
# Enplanements	284,825	184,510	380,836	75,601	104,229	-	1,030,000
Landing Fees	\$ 589,584	\$ 341,089	\$ 728,535	\$ 136,872	\$ 226,451	\$ -	\$ 2,022,531
Terminal Rent-direct charged portion	\$ 128,553	\$ 128,445	\$ 191,784	\$ 5,050	\$ 180,025	\$ -	\$ 633,858
Terminal Rent-CUA special rate-direct charged	\$ 111,121	\$ 111,027	\$ 165,777	\$ 4,365	\$ 155,613	\$ -	\$ 547,903
Apron Fees/Aircraft Parking	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
PLB	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
PC Air/FGP	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Shared Tenant Services (STS)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Inbound Baggage	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Outbound Baggage	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
FIDS/BIDS/GIDS & Paging	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Security Fees	\$ 67,411	\$ 43,669	\$ 90,134	\$ 17,893	\$ 24,668	\$ -	\$ 243,775
Refuse	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Triturator	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
CUSS Ticketing Stock	\$ 13,837	\$ 8,963	\$ 18,501	\$ 4,211	\$ 5,806	\$ -	\$ 51,318
Shared Use Equipment (AirIT)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Per Turn Fees	\$ 1,063,056	\$ 618,397	\$ 1,097,904	\$ 166,902	\$ 387,730	\$ -	\$ 3,333,989
	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Total	\$ 1,973,562	\$ 1,251,590	\$ 2,292,636	\$ 335,293	\$ 980,293	\$ -	\$ 6,833,374
Cost per Enplaned Pass	\$ 6.93	\$ 6.78	\$ 6.02	\$ 4.44	\$ 9.41	\$	6.63
Current Yr (FYE'17) CPE	\$ 6.99	\$ 7.78	\$ 6.11	\$ 3.41	\$ 7.00	\$	\$ 6.49
Change btw FYE'18 and FYE'17	-0.88%	-12.83%	-1.52%	30.18%	34.27%		2.15%

R&C Overview and their impact on the airlines and the district from a financial perspective ...

EXHIBIT A GSP AIRPORT DISTRICT STATEMENT OF AIRLINES' ANNUAL RATES AND CHARGES Budget FY 2017-18			
SUMMARY OF RATES AND CHARGES			
<u>Scheduled Airline Rates</u>			<i>New Methodology</i>
	2017	Projected	2018
	Rates & Chrgs		
Terminal Building Rental Rate (PSF)	\$ 53.08	\$ 36.07	
Landing Fee Per 1,000 LBS	\$ 1.82	\$ 1.66	
Passenger Loading Bridge Annual Rental Fee	\$ 35,190	(A)	
Apron rental fee (parking position) per year	\$ 14,718	(A)	
Dumpster fee per year	\$ 708	(A)	
Triturator fee per year (per enplanement)	\$ 0.006330	(A)	
 <u>Cargo Airline Rates</u>			
Landing Fee Per 1,000 LBS	\$ 1.82	\$ 1.66	



Proposed 2017/2018 O&M Budget

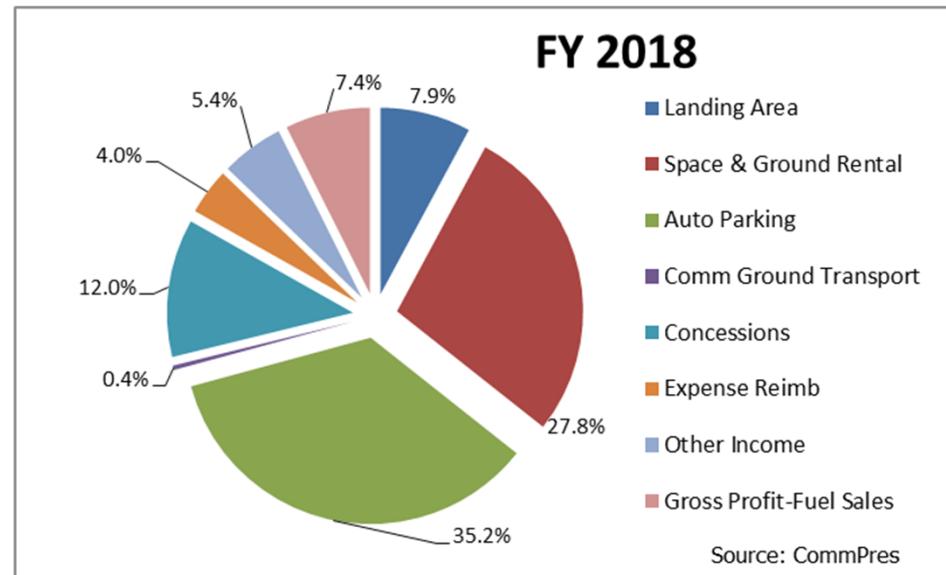
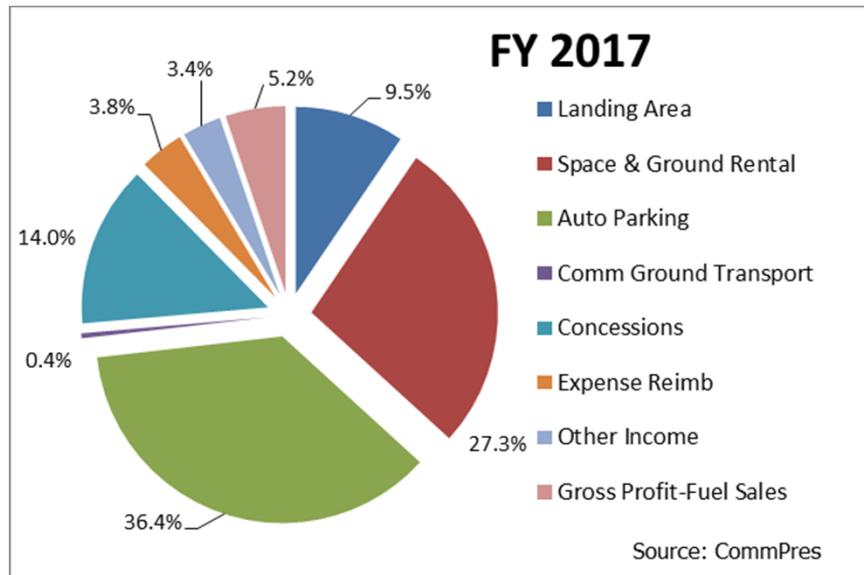


Noteworthy O&M Budget Assumptions

- **Passenger Enplanements – 1,030,000** (up 2.55% from 1,004,348 estimated actual fye 6-30-17 based on enplanements thru 2/2017) ... as compared to 4.89% historical (for CONSERVATISM only). FAA's 2017 forecast: next 20 years will average 1.9% per year
- **New District Departmental time studies done in Dec, '16 to update departmental allocations by cost center ... necessitated by TIP**
- **Updated status of LOC and borrowing plans with the 3rd garage and 30 year pro-forma update**
- **CRDF expenses = \$700K ... CRDF income = \$770K**
- **No change in Investment policy – yields near 0%**
- **Added unreimbursed LEO security costs to airline rate base**
- **28% increase in insurance premiums caused by increases in WC (due to FBO staffing), cargo ops, fueling ops, new fuel farm environmental mitigation, ...**



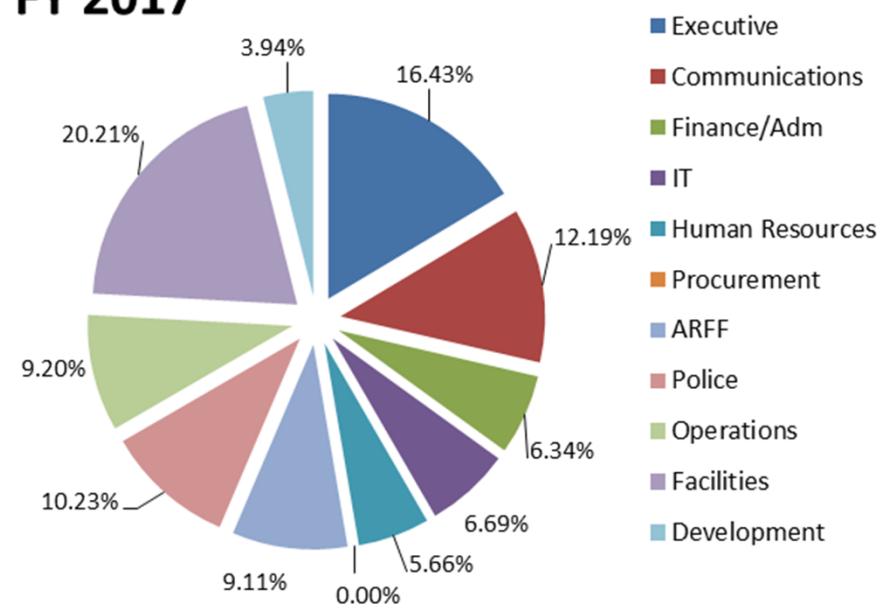
Sources of Revenue



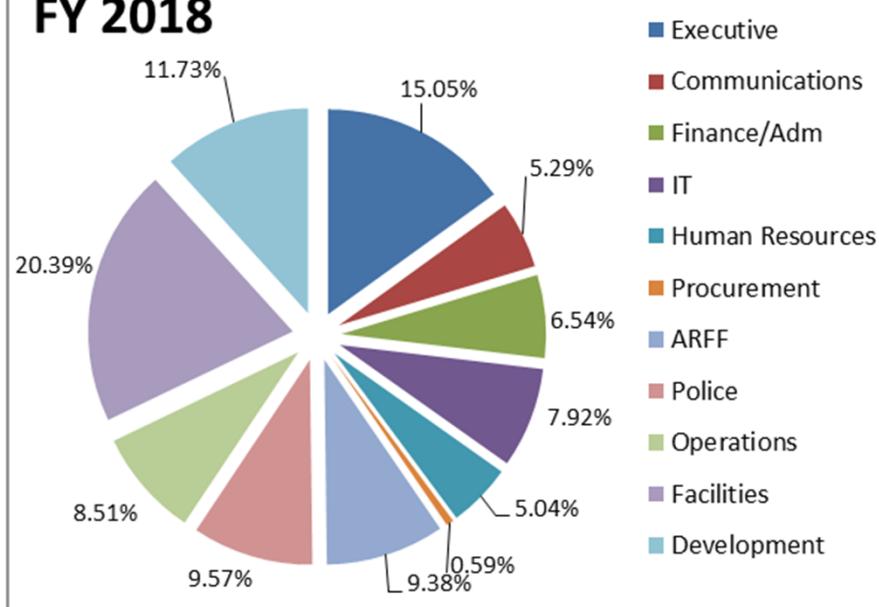
	FYE 6/30/17	FYE 6/30/18	Budget to Budget	%	%
	BUDGET	BUDGET	CHANGE	6/30/17	6/30/18
				BUDGET	BUDGET
Income					
Landing Area	3,010,446	2,954,139	-1.87%	(56,307)	9.5%
Space & Ground Rental	8,652,649	10,433,772	20.58%	1,781,123	27.3%
Auto Parking	11,556,577	13,200,964	14.23%	1,644,388	36.4%
Comm Ground Transport	135,000	145,000	7.41%	10,000	0.4%
Concessions	4,434,538	4,496,393	1.39%	61,855	14.0%
Expense Reimb	1,205,931	1,508,319	25.08%	302,389	3.8%
Other Income	1,070,022	2,044,532	91.07%	974,510	3.4%
Gross Profit-Fuel Sales	1,654,500	2,772,922	67.60%	1,118,422	5.2%
Total Income	\$ 31,719,662	\$ 37,556,041	\$ 2	\$ 5,836,379	100.0%
					100.0%

Operating Expenses by Department

FY 2017

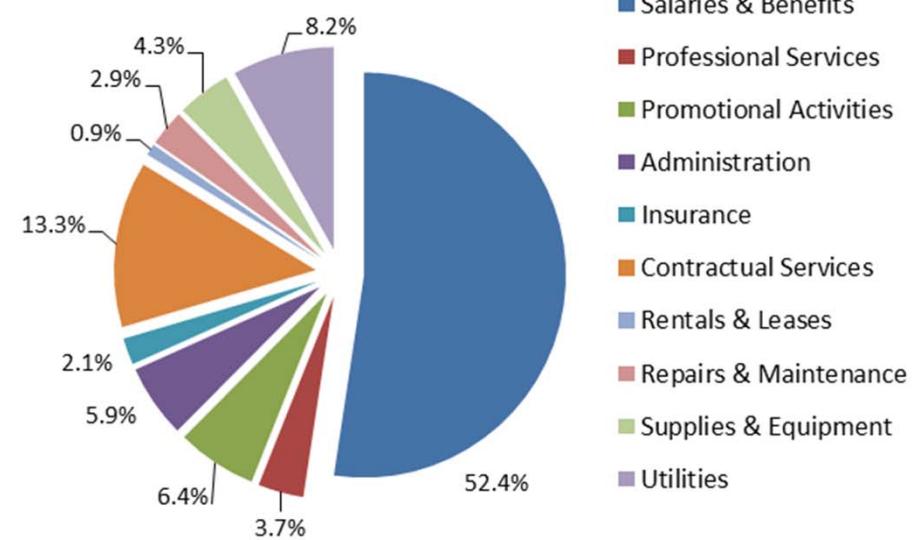


FY 2018

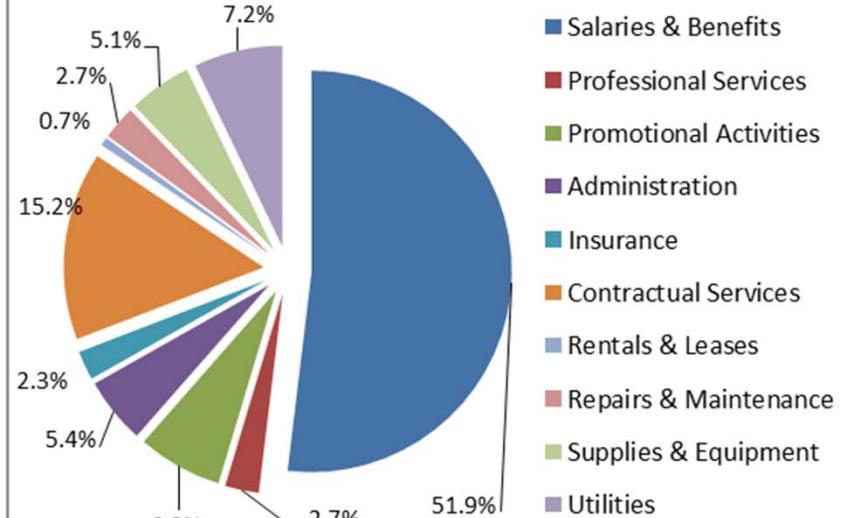


Operating Expenses by Category

FY 2017



FY 2018



Proposed Capital Budget



Proposed FY 2017/2018 Capital Budget

FY 2018			AIP Total Cost	AIP Entitlements	State Funds	Other Local Funds									
						Airport Capital	Other	CFC							
<u>Items Approved in Prior Fys & carried forward (informational only)</u>															
<i>Capital Improvements</i>															
AprRehab-Phase 3- "A" Gates (Construction)	\$ 7,050,508		\$ 6,345,457		-	\$ 705,051	-	-	7,050,508						
ARFF Station (Design)	\$ 900,000				-	\$ 900,000	-	-	900,000						
Oversize Baggage Slide Project	\$ 100,000				-	\$ 100,000	-	-	100,000						
2102 GSP Dr Improvements (Hangar #1)	\$ 1,400,000				-	\$ 1,400,000	-	-	1,400,000						
Parking Garage A Modernization	\$ 2,000,000				-	\$ 2,000,000	-	-	2,000,000						
ParkAssist in Garages A&B	\$ 850,000				-	\$ 850,000	-	-	850,000						
Corporate (Michelin) A/C Hangar	\$ 4,500,000	Appr 5-9-16 Comm Mtg			-	\$ 4,500,000	-	-	4,500,000						
Additional GA Hangar	\$ 9,274,000				-	\$ 9,274,000	-	-	9,274,000						
Hangar Water Supply Tank/Pumps	\$ 1,000,000				-	\$ 1,000,000	-	-	1,000,000						
Hangar #3 & #4 trench Drain	\$ 150,000				-	\$ 150,000	-	-	150,000						
Potable Water at all Gates	\$ 120,000				-	\$ 120,000	-	-	120,000						
Curbside Dropoff-Phase 1 (Knee Wall & Bookends)	\$ 500,000				-	\$ 500,000	-	-	500,000						
Overflow Park/Cell Phone Lot Expansion (+ toilets/ven...	\$ 1,800,000				-	\$ 1,800,000	-	-	1,800,000						
Employee Parking Lot Expansion & Admin Dr imprv	\$ 700,000				-	\$ 700,000	-	-	700,000						
Alamo National RAC Pavement Expansion	\$ 350,000				-	\$ -	-	350,000	350,000						
RCSC Pavement Refurbishment	\$ 110,000				-	\$ 110,000	-	-	110,000						
Aviation Pkwy paving maint & entrance road pavement	\$ 175,000				-	\$ 175,000	-	-	175,000						
Floor Expansion Joint repairs in Parking Deck A	\$ 70,400				-	\$ 70,400	-	-	70,400						
Holdroom FF&E/Common Area Seating	\$ 250,000				-	\$ 250,000	-	-	250,000						
Facilities-Runion Prop Bldg Impr	\$ 200,000				-	\$ 200,000	-	-	200,000						
SIDA fenceline improvements (move virtual gates)	\$ 50,000				-	\$ 50,000	-	-	50,000						
<i>Equipment & Small Capital Outlay</i>															
Prop & Dev; Advertising Prg Enhancement - Escalators	\$ 50,000				-	\$ 50,000	-	-	50,000						
Prop & Dev; Advertising Prg Enhancement - Concours	\$ 50,000				-	\$ 50,000	-	-	50,000						
Prop & Dev; Advertising Prg Enhancement - Video Wal	\$ 25,000				-	\$ 25,000	-	-	25,000						
Baggage Claim - Local Information Monitors	\$ 15,000				-	\$ 15,000	-	-	15,000						
AirIT Reporting System	\$ 25,000				-	\$ 25,000	-	-	25,000						
AerieHub Platform Installation	\$ 20,000				-	\$ 20,000	-	-	20,000						
<i>Renewal and Replacement</i>															
Existing Admin Office Renovation for Police, Ops, ...	\$ 250,000				-	\$ 250,000	-	-	250,000						
Facilities-Runion Prop Sewer Connection	\$ 100,000				-	\$ 100,000	-	-	100,000						
<i>Professional Service Projects</i>															
District/Tenant Development Standards Manual	\$ 50,000				-	\$ 50,000	-	-	50,000						
Subtotal	\$ 32,134,908	\$ -	\$ 6,345,457	\$ -	\$ 25,439,451	\$ -	\$ 350,000	\$ 32,134,908							

Proposed FY 2017/2018 Capital Budget

					Other Local Funds							
					AIP Total Cost	Entitlements	AIP Discretionary	State Funds	Airport Capital	Other	CFC	Total Funding
New Items Budgeted in 2018												
<u>Capital Improvements</u>												
Cargo Apron (Design)	\$ 1,000,000				-				\$ 1,000,000	-	-	1,000,000
TW Reconstruction fr Terminal to PSA MRA Hangar	\$ 1,050,000				-				\$ 1,050,000	-	-	1,050,000
GSE Ramp / Storage Area	\$ 1,000,000				-				\$ 1,000,000	-	-	1,000,000
3rd Parking Garage and RAC facilities (Design)	\$ 5,000,000				-				\$ 5,000,000	-	-	5,000,000
Terminal Art-Phase 1	\$ 225,000				-				\$ 225,000	-	-	225,000
Terminal Art-Phase 2	\$ 250,000				-				\$ 250,000	-	-	250,000
<i>Subtotal</i>	\$ 8,525,000	\$ -	\$ -	\$ -	\$ -				\$ 8,525,000	\$ -	\$ -	\$ 8,525,000
<u>Equipment & Small Capital Outlay</u>												
Handheld Credit Card Machines for Parking Lots	\$ 25,000				-				\$ 25,000	-	-	25,000
Aircraft Tug	\$ 100,000				-				\$ 100,000	-	-	100,000
Security Cameras	\$ 50,000				-				\$ 50,000	-	-	50,000
Pickup Truck	\$ 20,000				-				\$ 20,000	-	-	20,000
Air Conditioning Cart	\$ 100,000				-				\$ 100,000	-	-	100,000
(2) Cargo Tractors	\$ 100,000				-				\$ 100,000	-	-	100,000
MDL/LDL 60K lb capacity Loader	\$ 600,000				-				\$ 600,000	-	-	600,000
Aircraft De-Ice truck	\$ 125,000				-				\$ 125,000	-	-	125,000
Security Cameras	\$ 50,000				-				\$ 50,000	-	-	50,000
AED Automatic External Defibrillators for terminal	\$ 30,000				-				\$ 30,000	-	-	30,000
Explosive Canine unit	\$ 15,000				-				\$ 15,000	-	-	15,000
Police SUV	\$ 37,000				-				\$ 37,000	-	-	37,000
Systems Atlanta Information Display System	\$ 50,000				-				\$ 50,000	-	-	50,000
Furniture, Fixtures & Equip-Ops	\$ 15,000				-				\$ 15,000	-	-	15,000
Zero Turn Radius (ZTR) Mower	\$ 20,000				-				\$ 20,000	-	-	20,000
Oshkosh Multi-Purpose Snow truck w/blower	\$ 850,000				-				\$ 850,000	-	-	850,000
Replace GM80 with Clubcar Carryall 50	\$ 15,000				-				\$ 15,000	-	-	15,000
Replace GM81 with Clubcar Carryall 50	\$ 15,000				-				\$ 15,000	-	-	15,000
Replace GM82 with Clubcar Carryall 50	\$ 15,000				-				\$ 15,000	-	-	15,000
Toolbox and Tools	\$ 12,000				-				\$ 12,000	-	-	12,000
Battery Charger for EM Switch Gear	\$ 15,000				-				\$ 15,000	-	-	15,000
Copier - Admin	\$ 15,000				-				\$ 15,000	-	-	15,000
IT-VDI upgrades	\$ 85,000				-				\$ 85,000	-	-	85,000
AirIT Resource Mgmt System	\$ 98,000				-				\$ 98,000	-	-	98,000
FBO (AvServ-FA) Refueler Wireless Tablets	\$ 15,000				-				\$ 15,000	-	-	15,000
Ops IT Equipment	\$ 10,000				-				\$ 10,000	-	-	10,000
<i>Subtotal</i>	\$ 2,482,000	\$ -	\$ -	\$ -	\$ -				\$ 2,482,000	\$ -	\$ -	\$ 2,482,000



Proposed FY 2017/2018 Capital Budget

		Total Cost	AIP Entitlements	AIP Discretionary	State Funds	Other Local Funds			Total Funding
						Airport Capital	Other	CFC	
<u>Renewal and Replacement</u>									
19 Bullet Proof Vests	\$ 20,000				-	\$ 20,000	-	-	20,000
Point Repairs on 9K Linear Ft Sanitary Sewer Lines	\$ 100,000				-	\$ 100,000	-	-	100,000
Clean & Video 8K Ft Sanitary Sewer Lines	\$ 24,000				-	\$ 24,000	-	-	24,000
Chiller #1 Renewal/Refurbish	\$ 72,000				-	\$ 72,000	-	-	72,000
Irrigation System upgrades	\$ 20,000				-	\$ 20,000	-	-	20,000
Nissan Pick Up Truck-Landscaping	\$ 20,500				-	\$ 20,500	-	-	20,500
Pavement Repairs R/W & T/W	\$ 35,000				-	\$ 35,000	-	-	35,000
Replace Old Primacy Chilled Water pump & Motor	\$ 20,000				-	\$ 20,000	-	-	20,000
Upgrade Airfield Lighting Control System hardware	\$ 15,000				-	\$ 15,000	-	-	15,000
Retrofit Neon Gate Signage at Terminal with LED & Plo	\$ 26,000				-	\$ 26,000	-	-	26,000
Broadway Lights Roof Improvements	\$ 14,665				-	\$ 14,665	-	-	14,665
Subtotal	\$ 367,165	\$ -	\$ -	\$ -		\$ 367,165	\$ -	\$ -	\$ 367,165
<u>Professional Service Projects</u>									
Business Continuity Plan	\$ 60,000				-	\$ -	-	-	-
Update Master Plan	\$ 1,140,966				-	\$ -	-	-	-
Update Airfield Pavement Plan	\$ 211,077				-	\$ 211,077	-	-	211,077
Subtotal	\$ 1,412,043	\$ -	\$ -	\$ -		\$ 1,412,043	\$ -	\$ -	\$ 1,412,043
Subtotal- New FY Items	\$ 12,786,208	\$ -	\$ -	\$ -		\$ 12,786,208	\$ -	\$ -	\$ 12,786,208
Subtotal FY 2018	\$ 44,921,116	\$ -	\$ 6,345,457	\$ -		\$ 38,225,659	\$ -	\$ 350,000	\$ 44,921,116



Other O&M Reserve Funds

Such funding will be provided from existing fund balance resources if such expenditures are incurred.

\$ Amount	Justification
\$750,000	Emergency Repair/Replacement/Operations Fund: to fund emergency / unanticipated repairs, replacements to property, plant & equipment and for unanticipated Operational needs (e.g., unusual weather storm damage, icing, ...) (CASH ACCT #: 1043-00-00)
\$600,000	Business Development/Agreement Obligations & Incentives (CASH ACCT #: 1044-00-00)



Land Development P&L



GSP AIRPORT DISTRICT	
LAND USE PROFORMA P&L (Profit and Loss) STATEMENT	
Budget FY 2017-'18	
Income:	
<i>Current Billable Projects:</i>	
Billboard Income	\$ 5,100
Runion Property & Misc Leases	\$ 411,526
BMW-Centerpoint-Phase1	\$ 95,771
O&M Reimbusements; CAM	\$ 5,300
Subtotal	\$ 517,697
<i>Projects being Completed:</i>	
BMW-Centerpoint-Phase 2 (Ziggy)	\$ 49,141
ProTrans	\$ 64,128
Subtotal	\$ 113,269
Total Income	\$ 630,967
Expenses:	
Nursery & Landscaping	\$ 27,313
Snow Removal	\$ 2,100
Streets & Roads	\$ 750
Utilities-Electric	\$ 3,000
Runion Property LOC Int Expense (A)	\$ 38,500
Subtotal Direct Expenses	\$ 71,663
Indirect Allocation of District Expenses:	
Executive	\$ 7,891
Communications	\$ 2,772
Finance	\$ 3,431
IT	\$ 4,150
HR	\$ 2,645
Properties & Dev	\$ 6,148
ARFF	\$ 13,372
Police	\$ 68,245
Ops	
Facilities	\$ 15,854
Subtotal Indirect Expenses	\$ 124,508
Total Operating Expenses	\$ 196,171
Net Operating Income	\$ 434,796
Note (A): \$23M usage of \$25M line is projected as follows:	
- \$2M Runion Property	
- \$15M Michelin & Additional GA Hangar as apprv at 5-9-16 Comm Mtg	
- \$1M PSA hangar improvements	
- \$5M Parking Garage C Design	

Land Development P&L (FY '17-'18) ...



Investments, LOC, and Debt Discussion

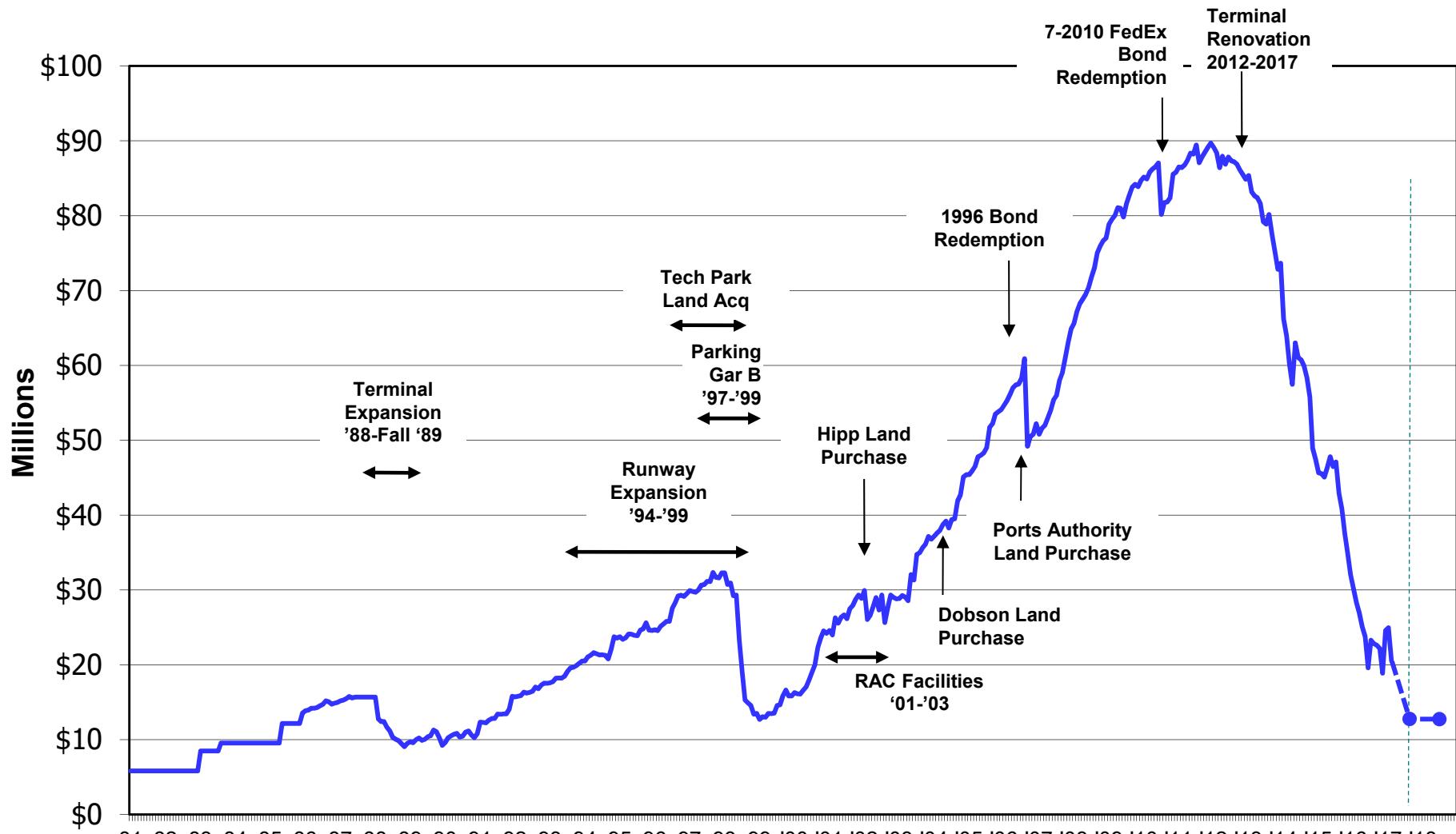


Proposed FY 2017/2018 Budget / Investment Plan

OPERATING FUND SUMMARY	\$ Amount (Estimated)			
	Budg FY 2016-2017	Budg FY 2017-2018	Difference	% Change
Operating Revenues	31,719,662	37,556,041	5,836,379	18.40%
Operating Expenses	19,960,925	23,276,301	3,315,377	16.61%
Net Operating Income	11,758,737	14,279,740	2,521,002	21.44%
				FY 2017-18 Budgeted
Add: Interest Income	13,000	13,000		GSP w/o AvServ AvServ Total
Add: RAC CFCs	857,676	501,798	(355)	32,778,806 2,004,313 34,783,119
Less: Interest Expense/Other	333,772	335,584	1	2,772,922 2,772,922
Net Income (Excluding Depr only)	12,295,642	14,458,954	2,163	32,778,806 4,777,235 37,556,041
				Less: Oper Expenses
				Net Op Inc Bef Depr
				Gross Margin
				19,618,190 3,658,111 23,276,301
				13,160,616 1,119,124 14,279,740
				40.15% 23.43% 38.02%
Investment Fund Summary				
BOY Cash/Investment Balance (Proj)	19,599,869	12,000,000	(7,599,869)	-38.78%
Add: Net Income	12,295,642	14,458,954	2,163,312	17.59%
Add: Projected Grant Income	12,092,198	10,197,780	(1,894,418)	-15.67%
Add: Projected LOC draw downs	2,000,000	21,000,000	19,000,000	950.00%
Less: Prior Yr Items Appr/carried forward	18,074,610	32,134,908	14,060,298	77.79%
Less: Capital Improvements	20,467,640	8,525,000	(11,942,640)	-58.35%
Less: Equip/Small Capital Outlays	1,124,000	2,482,000	1,358,000	120.82%
Less: Renewal & Replacement	792,000	367,165	(424,835)	-53.64%
Less: Professional Service Projects	1,000,000	1,412,043	412,043	41.20%
Less: Bond principal payoffs	340,000	365,000	25,000	7.35%
EOY Est Cash/Investments	2,189,459	12,370,619	(10,818,840)	465.01%
3/31/2017 Cash/Inv Balance	17,000,000			
Updated Estimated YrEnd Balances	12,000,000			

Note: Updated 6/30/17 cash/inv projection reflects changes in major capital project delivery, expected payment schedules, updated operating results, actual CIP costs vs budgeted, and many other factors, etc.

Historical (thru 2/17) & Projected Investment Balances

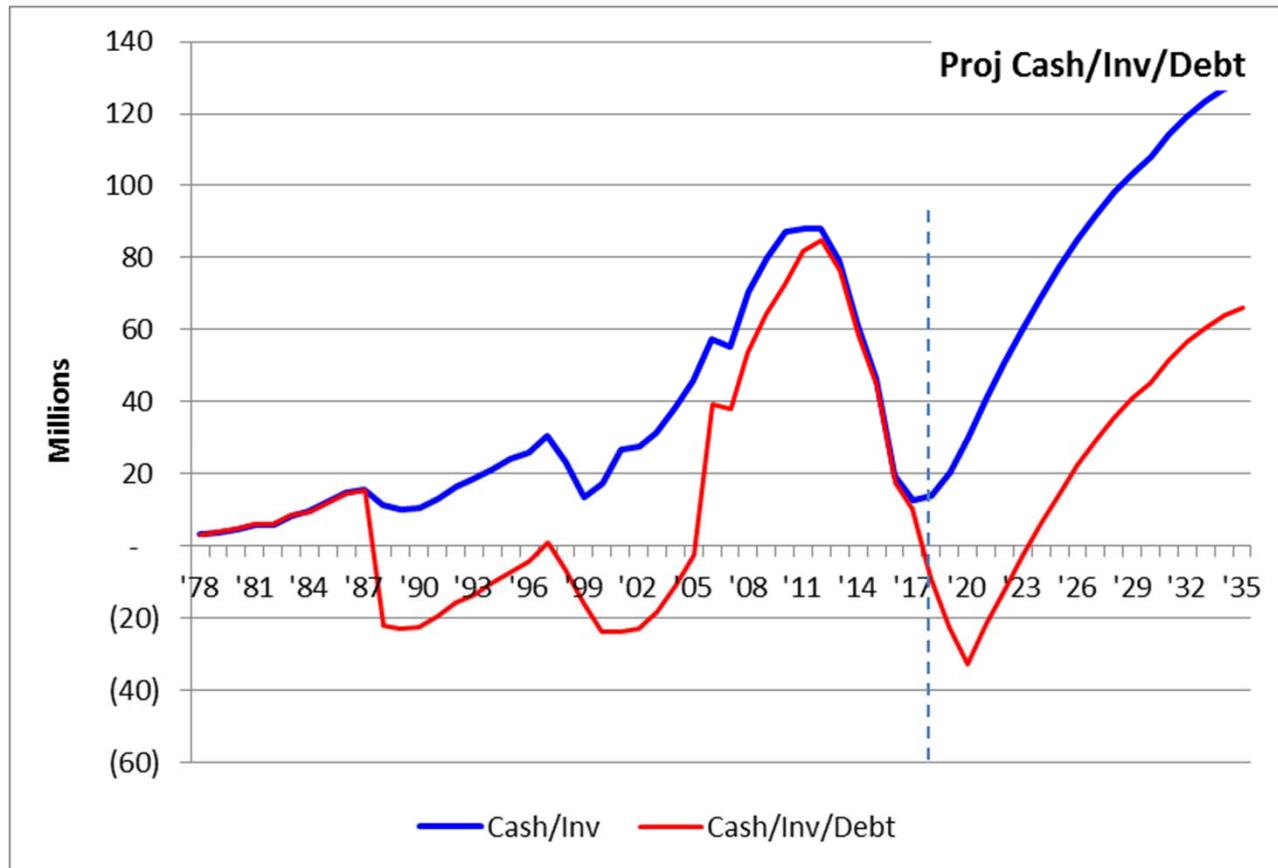


Note: balances include checking, savings, securities



Updated status of LOC and borrowing plans with the 3rd garage and 30 year pro-forma update ...

- \$23M used of the \$25M LOC ... 1 month LIBOR (0.99% on 4-17-2017) + 75bp
- \$5M design costs only (parking garage C) in FY'18, Construction: \$20M in '19 and \$20M in '20



Questions and Comments





MEMORANDUM

TO: Members of the Airport Commission

FROM: Scott C. Carr, A.A.E., Vice President – Commercial Business and Properties

DATE: May 8, 2017

ITEM DESCRIPTION – New Business Item B

Approval of Lease Terms/Agreement for a Common Use Airport Lounge

BACKGROUND

The Airport District continues to see a rise in interest from the business community for an airport lounge. Based on a focus group that was convened in March 2016, we have received input from local businesses indicating that a common use lounge would be a welcomed amenity for their employees as well as their clients.

Many larger airports offer such amenities through a specific airline or credit card company; however, to date, no specific airline or credit card company has shown an interest in offering an exclusive use airport lounge at the Airport. A common use airport lounge would provide an opportunity for all passengers to enjoy a private lounge experience regardless of airline, credit card provider, or passenger status.

The Airport District reached out to two common use airport lounge providers. The first was The Collinson Group who own Airport Lounge Development (ALD) and currently operate 11 common use lounges. Nine of those lounges are located at U.S. airports with the other two located at London Heathrow. The Collinson Group is widely known for the world's largest airport lounge membership program, Priority Pass, which has been providing guests with exclusive airport lounge access for 25 years.

The second company was Manchester Airport Group (MAG). They presently operate three common use lounges in the U.S. as well as several lounges abroad. In addition, they also own and manage four airports in the U.K.



ISSUES

Staff has examined both proposals from ALD and MAG. The proposal from MAG was the most beneficial and lucrative to the Airport District.

A summary of the primary business terms of an agreement with MAG are as follows:

1. **Base Term** – Ten (10) years
2. **Option Terms** – None
3. **Lease Premises** – Approximately 2,500 square feet of terminal building space
4. **Contract Security** – 50% of the projected annual percentage fees in Year #1
5. **District Improvements** – None
6. **Lessee Improvements** – 2,500 square feet on lounge space with a minimum investment of \$1.25 million. Also, a mid-term refurbishment shall be required.
7. **Maintenance** – Lessee shall be responsible for all maintenance of the Premises.
8. **Utilities** – Lessee is responsible for the cost of all utilities and usage charges on the Premises.
9. **Insurance** – Lessee will be required to provide hazard insurance, liability insurance, workers' compensation insurance, and employer's liability insurance.
10. **Taxes and Assessments** – Lessee is responsible
11. **Subleasing** – Lessee must obtain written approval of the District to sublet the lease, which shall not unreasonably be withheld.
12. **Assignment** – Lessee must obtain written approval of the District to assign the lease, which shall not unreasonably be withheld.
13. **Hours of Operation** - The lounge shall be open 90 minutes prior to first scheduled departure each day and remain open until the last actual departure. This is in accordance with the hours of operation requirements of our existing food, beverage, and retail concessionaires.

The lounge would be located in the presently vacant terminal building space previously occupied by the Concourse B – Security Screening Checkpoint. Attached for your review is a conceptual floor plan of the lounge proposed by MAG.



ALTERNATIVES

The Airport District could elect to forego this business development/customer service opportunity.

FISCAL IMPACT

The proposed rent structure from MAG is based on annual enplanements as follows:

- <949,999 Enplanements = 0.5% Gross Receipts
- >950,000 Enplanements = 1.0% Gross Receipts
- >1,300,000 Enplanements = 3.0% Gross Receipts
- >1,750,000 Enplanements = 7.0% Gross Receipts

Presently, the Airport District would receive 1.0% of gross receipts based on the enplanements totaling 1,014,610 in CY 2016.

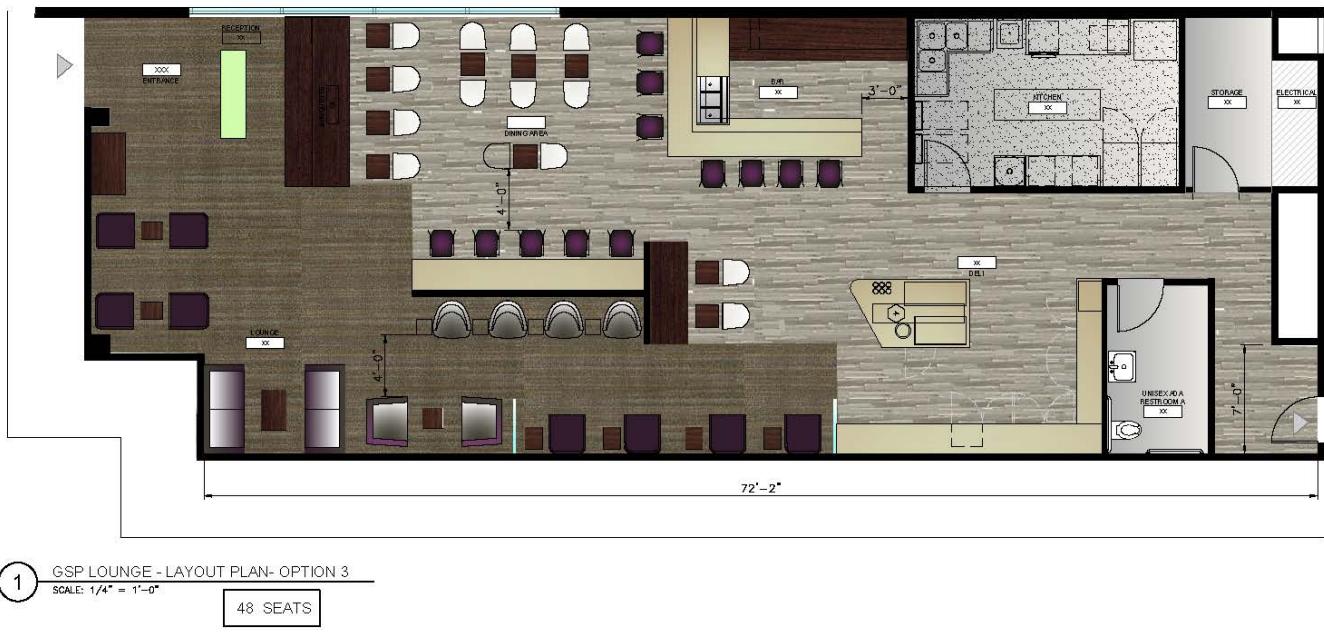
RECOMMENDED ACTION

It is respectfully requested that the Airport Commission (1) approve the recommendation for the construction of a common use airport lounge with MAG, (2) authorize staff to negotiate a final concessions agreement with MAG, and (3) authorize the President/CEO to execute all required documents.



Greenville-Spartanburg Airport Commission
New Business Item B
Approval of Lease Terms/Agreement for a Common Use Airport Lounge
Page 4

Conceptual Common Use Lounge Floor Plan Proposed by MAG





MEMORANDUM

TO: Members of the Airport Commission

FROM: Kevin E. Howell, Vice President/COO

DATE: May 8, 2017

ITEM DESCRIPTION - New Business Item C

Approval of Final Rankings for Professional Planning, Design and Consulting Services on the Combined Public Parking Garage and CONRAC Project

BACKGROUND

At the January 2017 Board Meeting, the Commission approved moving forward with a third parking garage project. The third garage will be a combination public parking garage and a new consolidated rental car center with ready/return spaces and a quick turnaround (QTA) facility. Staff prepared a Request for Qualifications (RFQ) to select a planning, design and consulting firm/team for the project.

The RFQ document outlined the requirements for proposers to submit statements of qualifications (SOQs). The RFQ included a minimum requirement for interested teams to have completed at least one (1) CONRAC facility in the past ten (10) years, and two (2) public parking garage projects in the past five (5) years.

SOQs were received from the following five (5) firms/teams (prime firms listed below alphabetically).

Coover-Clark & Associates, Inc.
Gresham, Smith and Partners
LS3P
Michael Baker International
Walker Parking Consultants

The Evaluation Committee shortlisted Gresham, Smith and Partners and LS3P for presentations and interviews. A final ranking will be presented to the Commission on



May 8, 2017. Approval of the final rankings is required by policy for Staff to negotiate and execute a contract with the successful offeror.

ISSUES

In accordance with administrative policy, it is Staff's role to conduct the solicitation process and make a recommendation of a final ranking to the Commission. The Commission has final approval of the ranking.

Upon approval of the final rankings, Staff will attempt to negotiate an agreement with the highest ranked team. In the event that an agreement cannot be reached with the highest ranked team, Staff will formally terminate the negotiations and proceed to negotiate with the next highest ranked team.

ALTERNATIVES

No alternatives are recommended at this time.

FISCAL IMPACT

Approval of the final ranking itself does not have a direct fiscal impact. As part of the negotiations with the parking garage consultant, Staff will be negotiating a fee and scope agreement. The current capital project budgeted for this project is \$40,000,000.

RECOMMENDED ACTION

It is respectfully requested that the Airport Commission resolve to (1) approve the final rankings for the Professional Planning, Design and Consulting Services on the Combined Public Parking Garage and CONRAC Project; (2) authorize Staff to negotiate and finalize agreements with the highest ranked firm/team (if an acceptable agreement cannot be reached with the highest ranked firm/team, negotiations will be formally terminated and will then proceed with the next ranked firm/team); and (3) authorize the President/CEO to execute all necessary documents.



MEMORANDUM

TO: Members of the Airport Commission
FROM: Kevin E. Howell, Vice President/COO
DATE: May 8, 2017

ITEM DESCRIPTION - New Business Item D

Approval of Pest Control Services Contract

BACKGROUND

Staff recently conducted a Request for Proposal (RFP) for a new three (3) year contract for pest control services. The new pest control contract combines pest control services for multiple buildings into a single contract. A single vendor contract is not only more efficient for Staff to manage, but also provides economic advantages to the District with lower overall costs.

ISSUES

The new pest control contract is a three (3) year agreement. Vendor contracts in excess of one year require approval from the Commission for budgeting purposes. A bid tabulation form is attached for reference. Due to an initial tie for the lowest bid, Staff requested "Best and Final" offers from the two (2) lowest bidders and revised proposals were received. Palmetto Exterminators Inc. was the low bidder.

ALTERNATIVES

Staff does not recommend any alternatives at this time.

FISCAL IMPACT

The three (3) year total for the pest control contract is \$8,640 or \$2,880 per year.



Greenville-Spartanburg Airport Commission
New Business Item D
Approval of Pest Control Services Contract
Page 2

RECOMMENDED ACTION

It is respectfully requested that the Airport Commission resolve to (1) approve a three year service agreement with Palmetto Exterminators Inc. in the amount of \$8,640; and (2) authorize the President/CEO to execute all necessary documents.

GSP Airport Bid Opening Tally Sheet
GENERAL PEST CONTROL SERVICES
March 30, 2017 10:00 A.M.



MEMORANDUM

TO: Members of the Airport Commission
FROM: Kevin E. Howell, Vice President/COO
DATE: May 8, 2017

ITEM DESCRIPTION - New Business Item E

Approval of a Canopy Option for the South Cargo Building/Scheduled Freighter Operation

BACKGROUND

Staff has previously discussed the need for additional space at the South Cargo Building to properly handle inbound and outbound freight for the Senator operation as well as other charter cargo operations. Staff has been reviewing potential options with local contractors and vendors as well as architectural professionals and building safety and code officials from Spartanburg County.

Staff will present a formal recommendation on this matter at the May 8th Board Meeting as operational space and weather protection have become a critical item for the District and the cargo customers.



MEMORANDUM

TO: Members of the Airport Commission

FROM: David Edwards, President/CEO

DATE: May 8, 2017

ITEM DESCRIPTION – Information Section Item A

March 2017 - Traffic Report

SUMMARY

For March 2017, passenger traffic was strong at **4.7%** over the same month in 2016. Cargo numbers for March 2017 were up at **40.8%**. Passenger load factors continue to be strong at an average of **82.1%**.

A comparison of the North America National Passenger Traffic Growth Averages for 2017 to GSP's Passenger Traffic Growth is depicted below:

Month	2017		
	GSP	National Average	Difference
Jan	0.30%	3.10%	-2.80%
Feb	-3.40%	0.30%	-3.70%
Mar			
April			
May			
June			
July			
August			
September			
October			
November			
December			
Average	-1.55%	1.70%	-3.25%

Attached are copies of the detailed traffic report for March 2017.



Greenville-Spartanburg Airport Commission
Information Section Item A
March 2017 - Traffic Report
Page 2

Providing a look forward into the service levels for June 2017 is a schedule comparison for the month vs the same month last year, including flights and seats by airline and non-stop markets served. GSP flights are down at 0.6%, but seats are up at 2.6%.

Schedule Weekly Summary Report for nonstop Passenger (Air - All) flights from GSP to [redacted] for travel June 2017 vs. June 2016

Schedule Weekly Summary Report for nonstop Passenger (Air - All) flights from GSP to [redacted] for travel June 2017 vs. June 2016												
Travel Period			Jun 2017			Jun 2016			Diff		Percent Diff	
Mkt Al	Orig	Dest	Miles	Ops/Week	Seats	Ops/Week	Seats	Ops/Week	Seats	Ops/Week	Seats	Ops/Week
AA	GSP	CLT	76	55	3,231	54	3,347	1	(116)	1.9%	(3.5%)	
AA	GSP	DCA	396	13	871	19	1,041	(6)	(170)	(31.6%)	(16.3%)	
AA	GSP	DFW	862	21	1,596	21	1,414	0	182	0.0%	12.9%	
AA	GSP	PHL	514	26	1,300	25	1,250	1	50	4.0%	4.0%	
DL	GSP	ATL	153	53	6,563	54	6,521	(1)	42	(1.9%)	0.6%	
DL	GSP	DTW	508	25	1,473	26	1,300	(1)	173	(3.8%)	13.3%	
DL	GSP	LGA	610	11	735	11	550	0	185	0.0%	33.6%	
G4	GSP	FLL	620	5	885	5	885	0	0	0.0%	0.0%	
G4	GSP	PGD	550	2	354	2	354	0	0	0.0%	0.0%	
G4	GSP	PIE	482	3	531	3	531	0	0	0.0%	0.0%	
G4	GSP	SFB	426	4	675	3	531	1	144	33.3%	27.1%	
UA	GSP	EWR	594	20	1,000	19	976	1	24	5.3%	2.5%	
UA	GSP	IAD	383	20	1,060	17	1,190	3	(130)	17.6%	(10.9%)	
UA	GSP	IAH	838	12	600	14	780	(2)	(180)	(14.3%)	(23.1%)	
UA	GSP	ORD	577	27	1,780	26	1,326	1	454	3.8%	34.2%	
WN	GSP	ATL	153	20	2,860	20	2,860	0	0	0.0%	0.0%	
		TOTAL		317	25,514	319	24,856	(2)	658	(0.6%)	2.6%	

Monthly Traffic Report

Greenville-Spartanburg International Airport



March 2017

Category	Mar 2017	Mar 2016	Percentage Change	*CYTD-2017	*CYTD-2016	Percentage Change	*MOV12-2017	*MOV12-2016	Percentage Change
Passenger Traffic									
Enplaned	83,202	80,039	4.0%	222,561	222,634	0.0%	1,014,412	995,812	1.9%
Deplaned	<u>83,251</u>	<u>78,974</u>	5.4%	<u>223,035</u>	<u>219,812</u>	1.5%	<u>1,006,932</u>	<u>986,092</u>	2.1%
Total	166,453	159,013	4.7%	445,596	442,446	0.7%	2,021,344	1,981,904	2.0%
Cargo Traffic (Pounds)									
Express and Mail									
Enplaned	1,070,984	1,625	65806.7%	2,742,272	2,989	91645.5%	12,068,449	19,544	61650.1%
Deplaned	<u>900,428</u>	<u>966</u>	93112.0%	<u>2,270,132</u>	<u>2,308</u>	98259.3%	<u>9,947,392</u>	<u>10,880</u>	91328.2%
Subtotal	1,971,412	2,591	75986.9%	5,012,404	5,297	94527.2%	22,015,841	30,424	72263.4%
Freight									
Enplaned	2,368,522	2,729,315	-13.2%	6,549,357	7,644,043	-14.3%	23,412,922	32,176,251	-27.2%
Deplaned	<u>3,635,807</u>	<u>2,932,086</u>	24.0%	<u>9,468,483</u>	<u>7,111,867</u>	33.1%	<u>28,787,582</u>	<u>28,626,502</u>	0.6%
Subtotal	6,004,329	5,661,401	6.1%	16,017,840	14,755,910	8.6%	52,200,504	60,802,753	-14.1%
Total	7,975,741	5,663,992	40.8%	21,030,244	14,761,406	42.5%	74,217,095	60,833,424	22.0%

*CYTD = Calendar Year to Date and *Mov12 = Moving Twelve Months.

Monthly Traffic Report

Greenville-Spartanburg International Airport



March 2017

Category	Mar 2017	Mar 2016	Percentage Change	*CYTD-2017	*CYTD-2016	Percentage Change	*MOV12-2017	*MOV12-2016	Percentage Change
Aircraft Operations									
Airlines	1,759	1,302	35.1%	4,766	3,518	35.5%	18,586	14,014	32.6%
Commuter /Air Taxi	<u>1,050</u>	<u>1,518</u>	-30.8%	2,901	4,468	-35.1%	15,503	19,890	-22.1%
Subtotal	<u>2,809</u>	<u>2,820</u>	-0.4%	<u>7,667</u>	<u>7,986</u>	-4.0%	<u>34,089</u>	<u>33,904</u>	0.5%
General Aviation	763	855	-10.8%	1,998	2,272	-12.1%	8,495	9,147	-7.1%
Military	<u>192</u>	<u>130</u>	47.7%	<u>586</u>	<u>328</u>	78.7%	<u>2,130</u>	<u>1,356</u>	57.1%
Subtotal	<u>955</u>	<u>985</u>	-3.0%	<u>2,584</u>	<u>2,600</u>	-0.6%	<u>10,625</u>	<u>10,503</u>	1.2%
Total	<u>3,764</u>	<u>3,805</u>	-1.1%	<u>10,251</u>	<u>10,586</u>	-3.2%	<u>44,714</u>	<u>44,407</u>	0.7%
Fuel Gallons									
100LL	3,188	2,258	41.2%	7,519	6,600	13.9%	31,169	35,774	-12.9%
Jet A (GA)	101,081	41,112	145.9%	238,833	166,719	43.3%	771,361	674,398	14.4%
Subtotal	<u>104,269</u>	<u>43,370</u>	140.4%	<u>246,352</u>	<u>173,319</u>	42.1%	<u>802,530</u>	<u>710,172</u>	13.0%
Jet A (A/L)	<u>910,262</u>	<u>834,290</u>	9.1%	<u>2,470,045</u>	<u>2,424,509</u>	1.9%	<u>9,892,757</u>	<u>10,038,687</u>	-1.5%
Total	<u>1,014,531</u>	<u>877,660</u>	15.6%	<u>2,716,397</u>	<u>2,597,828</u>	4.6%	<u>10,695,287</u>	<u>10,748,859</u>	-0.5%

*CYTD = Calendar Year to Date and *Mov12 = Moving Twelve Months.

Scheduled Airline Enplanements, Seats, and Load Factors

Greenville-Spartanburg International Airport



March 2017

	Mar 2017	Mar 2016	Percentage Change	*CYTD-2017	*CYTD-2016	Percentage Change
Allegiant Air						
Enplanements	4,711	4,717	-0.1%	14,103	14,743	-4.3%
Seats	6,018	5,577	7.9%	18,390	17,759	3.6%
Load Factor	78.3%	84.6%	-7.4%	76.7%	83.0%	-7.6%
American Airlines						
Enplanements	25,959	21,486	20.8%	68,580	61,780	11.0%
Seats	31,421	26,315	19.4%	87,196	73,871	18.0%
Load Factor	82.6%	81.6%	1.2%	78.7%	83.6%	-6.0%
Delta Air Lines						
Enplanements	32,286	30,132	7.1%	87,899	81,986	7.2%
Seats	37,105	35,137	5.6%	104,403	94,618	10.3%
Load Factor	87.0%	85.8%	1.5%	84.2%	86.6%	-2.8%
Southwest Airlines						
Enplanements	9,054	12,883	-29.7%	23,161	32,715	-29.2%
Seats	12,601	20,647	-39.0%	36,795	57,793	-36.3%
Load Factor	71.9%	62.4%	15.2%	62.9%	56.6%	11.2%

Wednesday, April 26, 2017

*CTYD = Calendar Year to Date and *Mov12 = Moving Twelve Months.

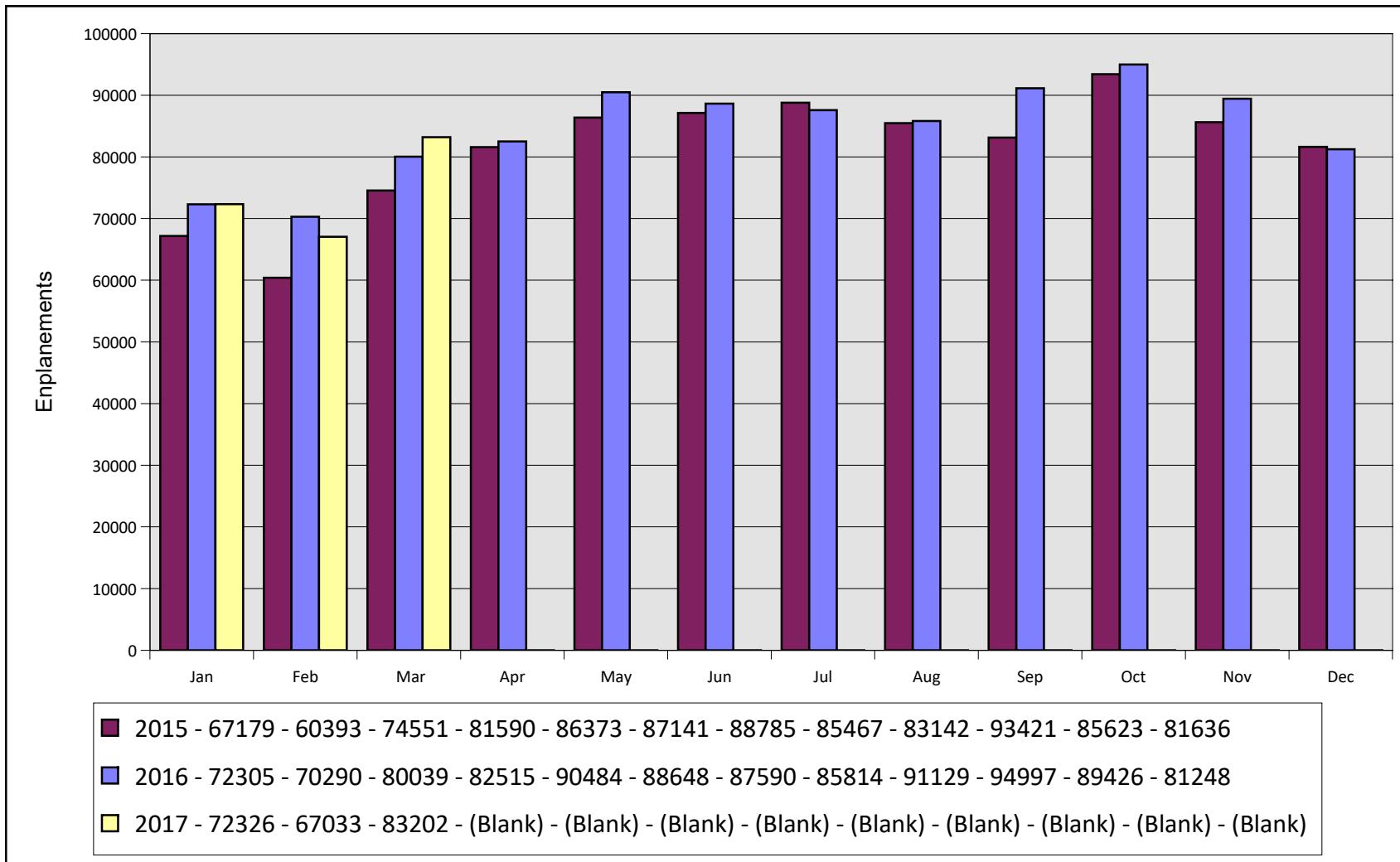
	Mar 2017	Mar 2016	Percentage Change	*CYTD-2017	*CYTD-2016	Percentage Change
United Airlines						
Enplanements	10,745	10,707	0.4%	28,061	29,944	-6.3%
Seats	13,620	12,560	8.4%	34,290	35,138	-2.4%
Load Factor	78.9%	85.2%	-7.5%	81.8%	85.2%	-4.0%
Totals						
Enplanements	82,755	79,925	3.5%	221,804	221,168	0.3%
Seats	100,765	100,236	0.5%	281,074	279,179	0.7%
Load Factor	82.1%	79.7%	3.0%	78.9%	79.2%	-0.4%

Wednesday, April 26, 2017

*CTYD = Calendar Year to Date and *Mov12 = Moving Twelve Months.

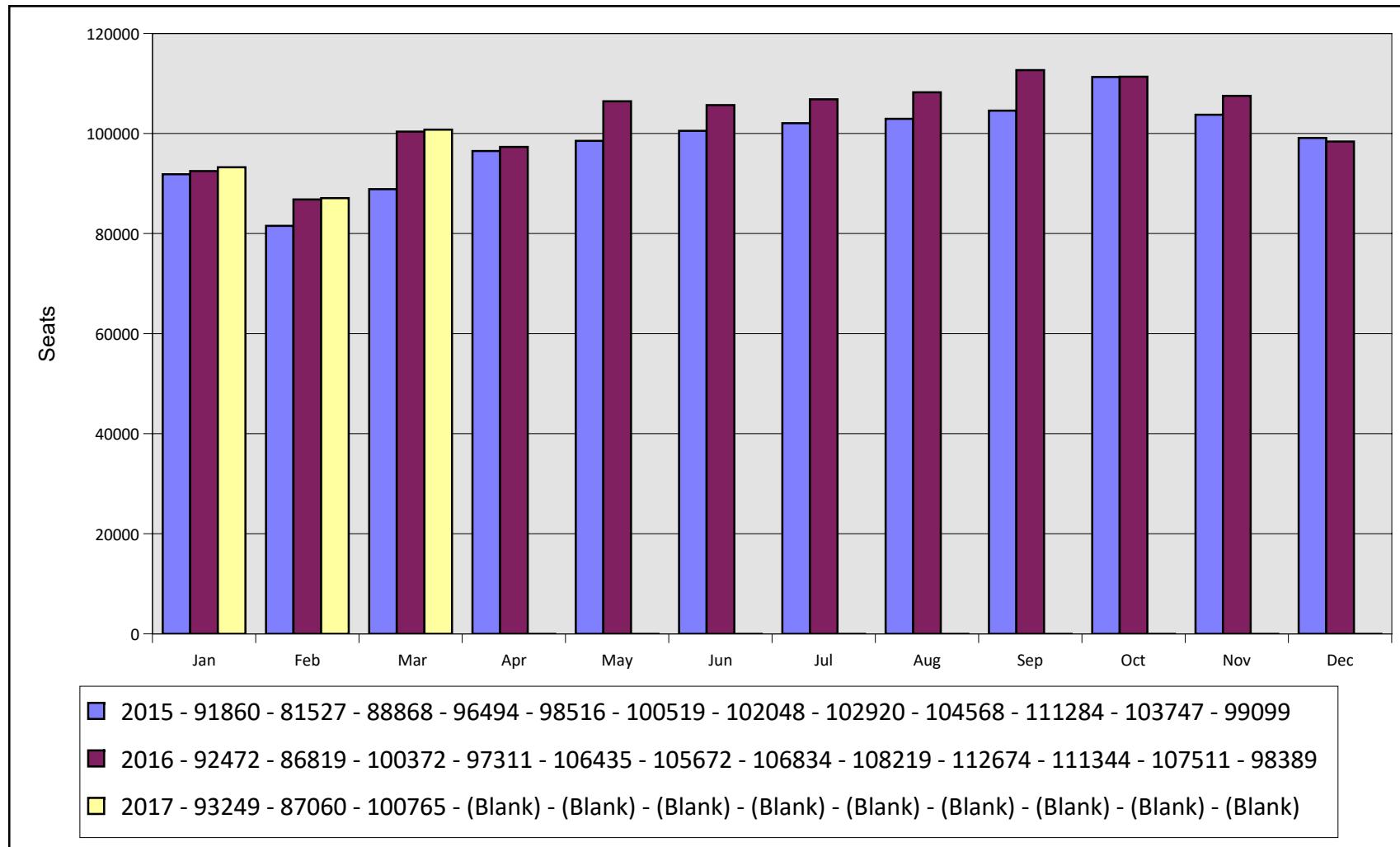
Monthly Enplanements By Year

Greenville-Spartanburg International Airport



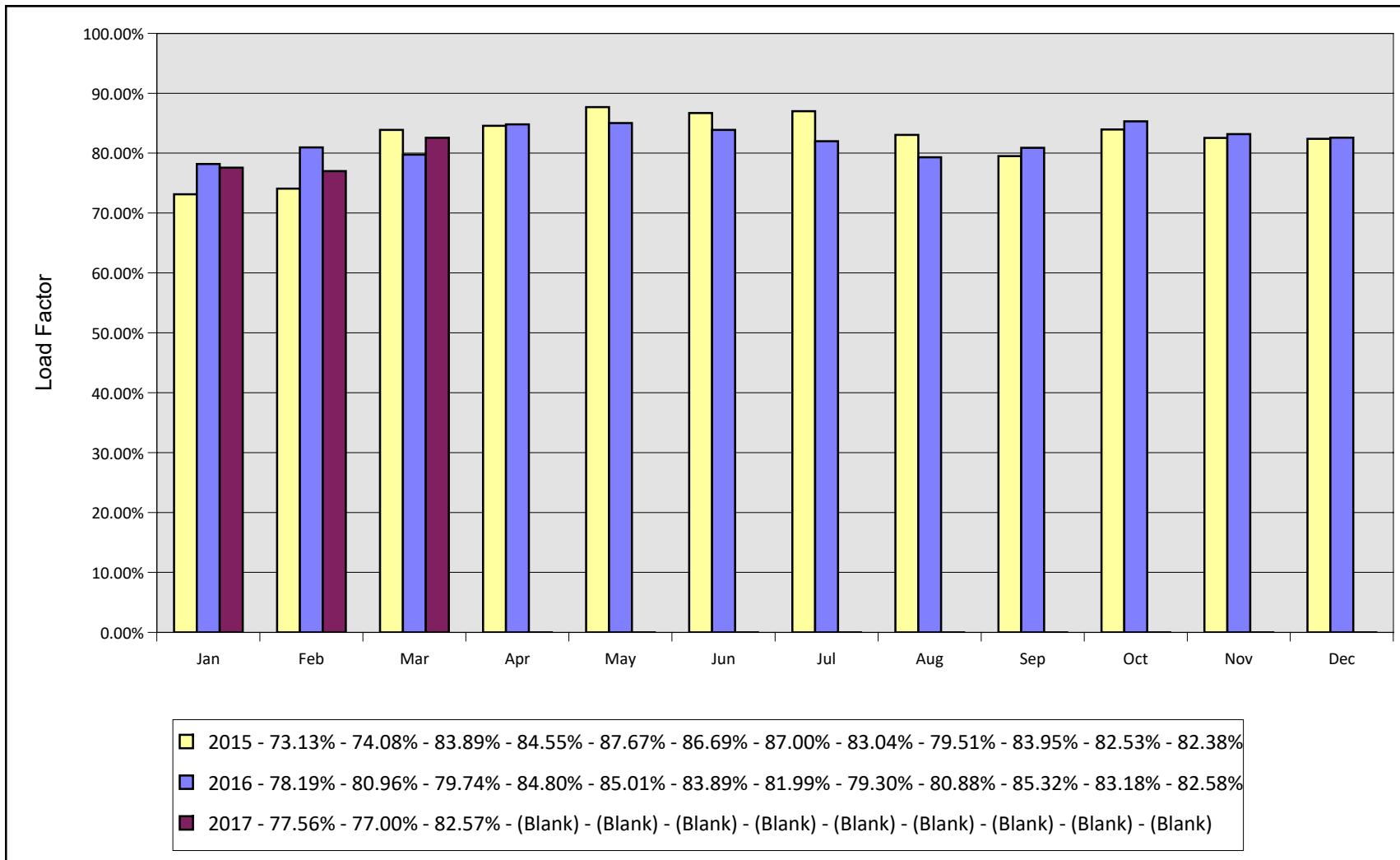
Monthly Seats By Year

Greenville-Spartanburg International Airport



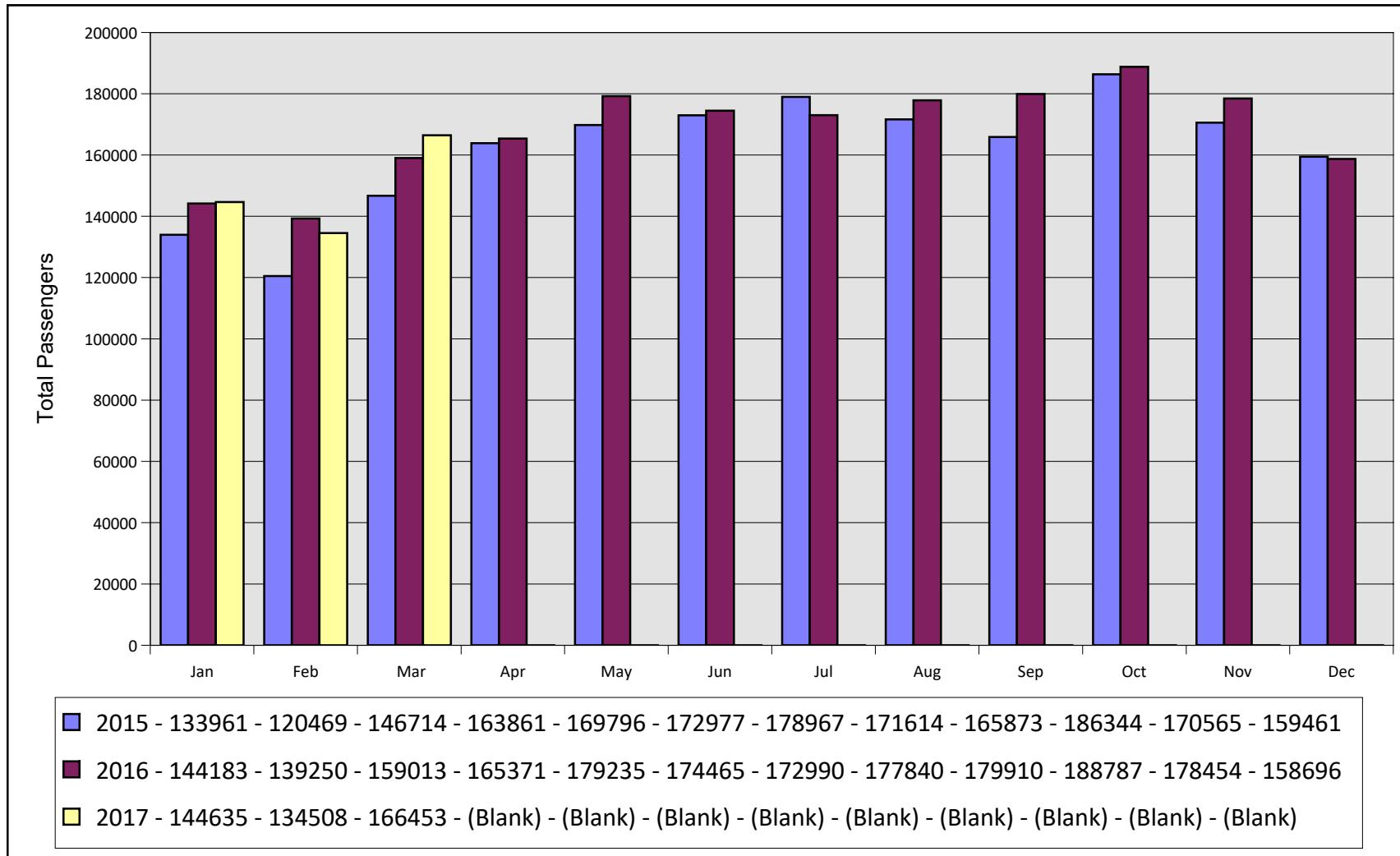
Monthly Load Factors By Year

Greenville-Spartanburg International Airport



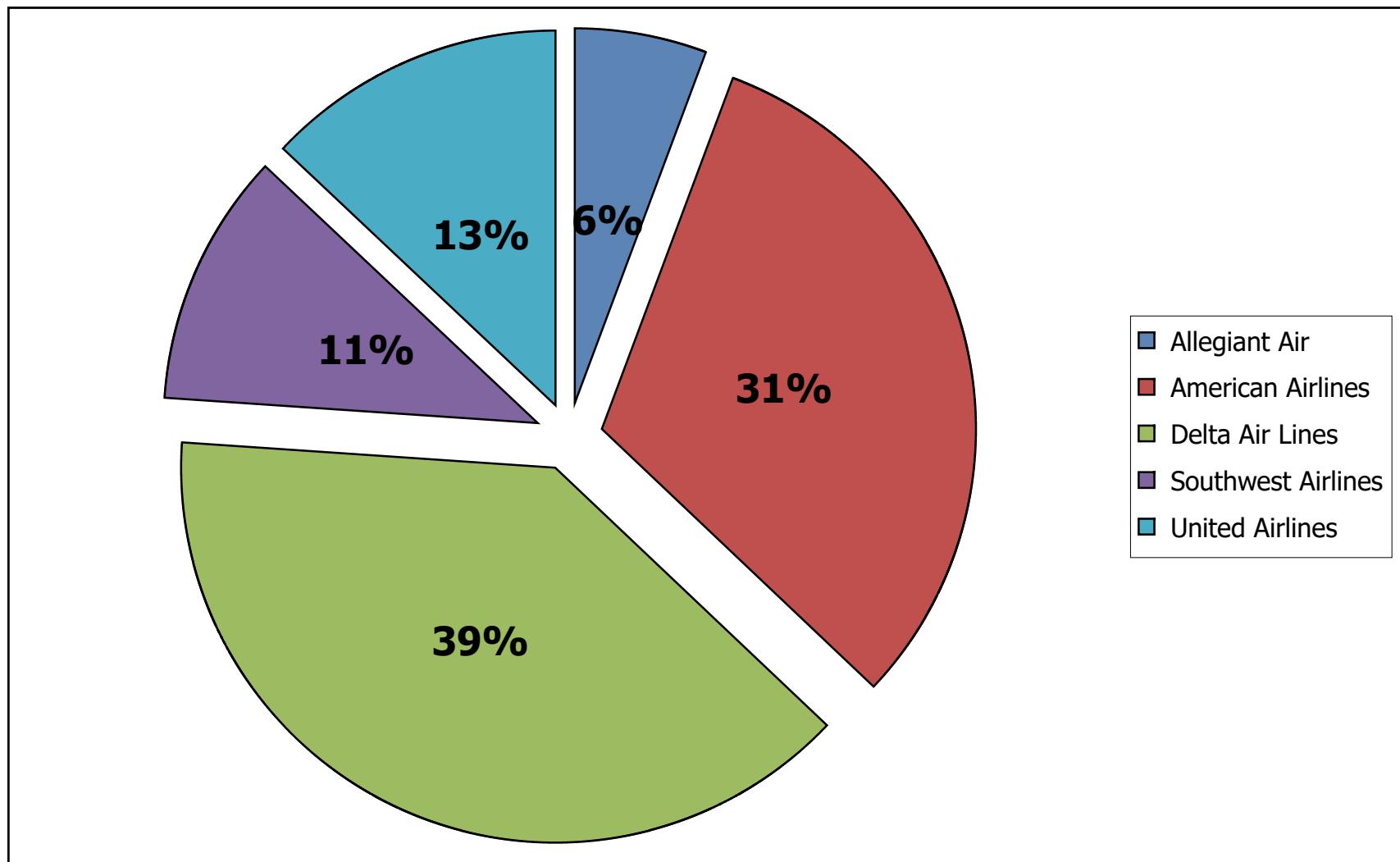
Total Monthly Passengers By Year

Greenville-Spartanburg International Airport



Scheduled Airline Market Shares (Enplanements) Greenville-Spartanburg International Airport

Report Period From March 2017 Through March 2017



Airline Flight Completions

Greenville-Spartanburg International Airport



March 2017

Airline	Scheduled Flights	Field	Cancellations Due To			Total Cancellations	Percentage of Completed Flights
			Mechanical	Weather	Other		
Aeronaves	5	0	0	0	0	0	100.0%
Air Atlanta Icelandic	9	0	0	0	0	0	100.0%
Air Tribe	1	0	0	0	0	0	100.0%
Allegiant Air	31	0	0	0	0	0	109.7%
Alliance Air Charter	2	0	0	0	0	0	100.0%
American Airlines	505	0	6	6	2	14	97.2%
Ameristar International	5	0	0	0	0	0	100.0%

Wednesday, April 26, 2017

Airline	Scheduled Flights	Field	Cancellations Due To			Other	Total Cancellations	Percentage of Completed Flights
			Mechanical	Weather				
Berry Aviation	2	0	0	0		0	0	100.0%
Delta Air Lines	380	0	0	5		0	5	98.9%
Elite Airways	2	0	0	0		0	0	100.0%
Everts Air Fuel	1	0	0	0		0	0	100.0%
Federal Express	44	0	0	0		0	0	100.0%
Freight Runners Express	1	0	0	0		0	0	100.0%
IFL Group	3	0	0	0		0	0	100.0%
Kalitta Charters II	3	0	0	0		0	0	100.0%
McNeely Charter Service	2	0	0	0		0	0	100.0%

Wednesday, April 26, 2017

Airline	Scheduled Flights	Field	Cancellations Due To			Other	Total Cancellations	Percentage of Completed Flights
	Mechanical	Weather						
N122GS (Ken Johnson Pilot)	1	0	0	0	0	0	0	100.0%
National Airlines	2	0	0	0	0	0	0	100.0%
Northern Air Cargo	2	0	0	0	0	0	0	100.0%
PAK West Airlines	3	0	0	0	0	0	0	100.0%
Personas Y Pasquetes	1	0	0	0	0	0	0	100.0%
Priority Air Charter	2	0	0	0	0	0	0	100.0%
Royal Air Freight	5	0	0	0	0	0	0	100.0%
Southwest Airlines	89	0	0	0	0	0	0	100.0%
Sun Country Airlines	1	0	0	0	0	0	0	100.0%

Wednesday, April 26, 2017

Airline	Scheduled Flights	Field	Cancellations Due To			Other	Total Cancellations	Percentage of Completed Flights
	Mechanical	Weather						
Swift Air, LLC	1	0	0	0	0	0	0	100.0%
TSM	5	0	0	0	0	0	0	100.0%
United Airlines	268	0	1	14	2	17	17	93.7%
UPS	38	0	0	0	0	0	0	100.0%
USA Jet	3	0	0	0	0	0	0	100.0%
Xtra Airways	5	0	0	0	0	0	0	100.0%
Total	1,422	0	7	25	4	36	36	97.5%

Wednesday, April 26, 2017



MEMORANDUM

TO: Members of the Airport Commission

FROM: Jack G. Murrin, VP of Administration & Finance/CFO

DATE: May 8, 2017

ITEM DESCRIPTION – Information Section Item B

March 2017 - Financial Report

SUMMARY

Operating Income was up by **4.58%** when compared to the budget for Year-to-Date March 2017. Operating Expenses were down by **7.89%** over the budgeted amount for the period. Net operating income was up **26.82%** versus the budget through March 2017. For the period ending March 2017, which represents nine (9) months of the fiscal year, a total of about **\$10.65 million** has been returned to the bottom line in operating income.

Attached is a copy of the detailed financial report for March 2017.

Please recognize that this is a preliminary report, unaudited, and only represents nine months of activity resulting in variances from budget which can be quite volatile.

March 31, 2017 FINANCIAL STATEMENT PACKAGE

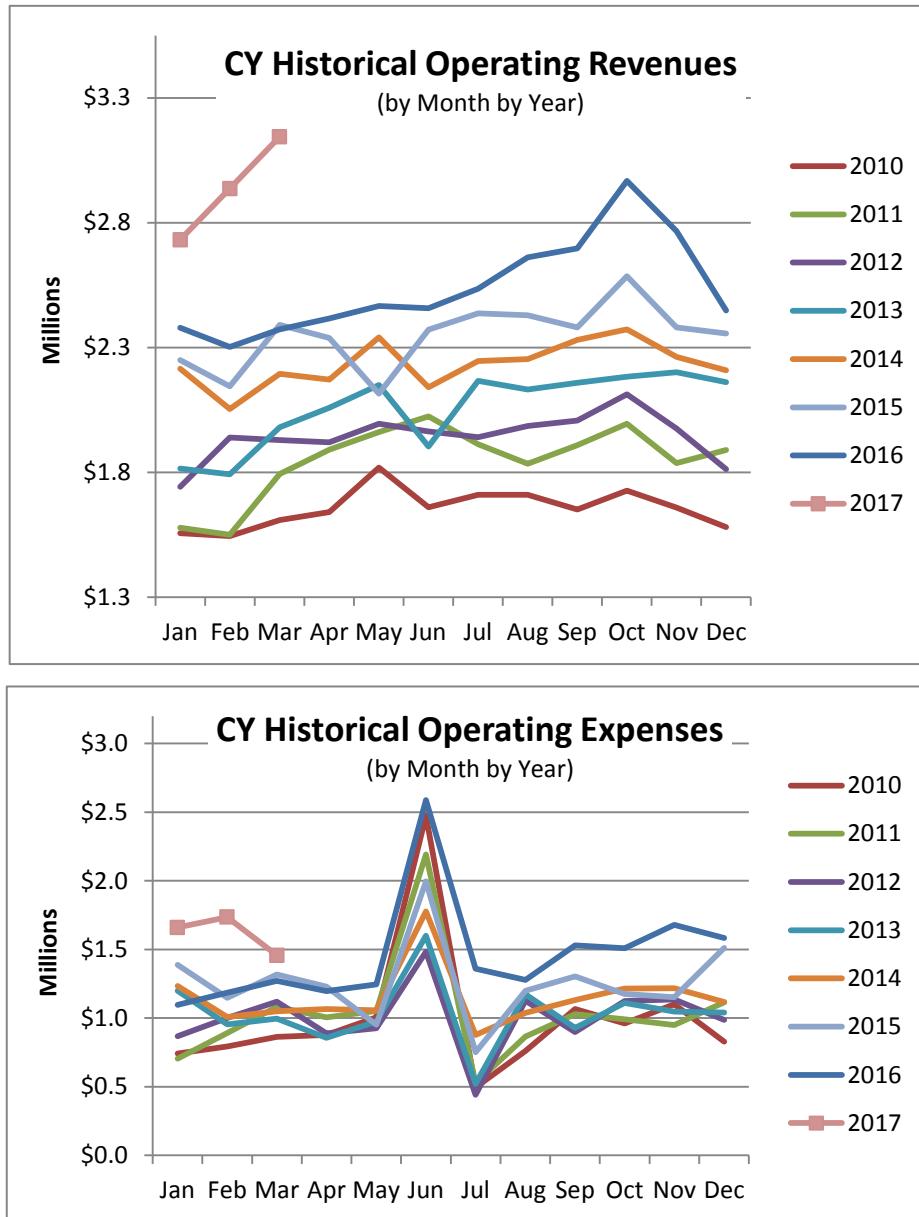
**GREENVILLE SPARTANBURG AIRPORT DISTRICT
STATEMENT OF NET POSITION**

	Current Month Current FY <u>3/31/2017</u>	Current Month Prior FY <u>3/31/2016</u>
Assets		
Cash Accounts	8,525,026.07	10,504,883.10
Investments-Airport	11,860,363.11	16,446,953.77
Bond Trustee Assets	288,418.35	278,874.50
Accounts Receivable	659,051.56	46,763.18
Less: Reserve for Doubtful Accts	-	
Net Accounts Receivable	659,051.56	46,763.18
Inventory	31,278.45	217,474.59
Prepaid Insurance	383,486.22	202,615.85
Notes Receivable-RAC District Funds	1,644,668.75	1,871,211.86
Property, Plant & Equipment (PP&E)	364,080,951.04	331,871,633.80
Less: Accumulated Depreciation	(133,283,654.50)	(124,457,211.66)
Net PP&E	230,797,296.54	207,414,422.14
TOTAL ASSETS	254,189,589.05	236,983,198.99
PLUS: Deferred Outflows of Resources		
Deferred Pension	972,466.85	887,006.00
TOTAL DEFERRED OUTFLOWS OF RESOURCES	972,466.85	887,006.00
LESS: Liabilities		
Accounts Payable	1,064,728.38	1,083,745.81
TD Bank LOC	2,164,358.00	-
Revenue Bonds Payable	1,993,415.09	2,318,871.12
SCRS Pension Liability	10,446,431.00	9,311,330.00
Benefit Liability	1,007,238.61	803,234.13
TOTAL LIABILITIES	16,676,171.08	13,517,181.06
LESS: Deferred Inflows of Resources		
Deferred Revenues	1,676,935.75	2,725,093.86
TOTAL DEFERRED INFLOWS OF RESOURCES	1,676,935.75	2,725,093.86
NET POSITION		
Invested in Capital Assets, net of Related Debt	228,837,296.54	205,134,422.14
Restricted:		
A/P - Capital Projects - Restricted	255,003.26	240,003.38
Contract Facility Charge	2,491,733.61	2,086,465.27
Total Restricted:	2,746,736.87	2,326,468.65
Unrestricted	5,224,915.66	14,167,039.28
TOTAL NET POSITION	236,808,949.07	221,627,930.07

**GREENVILLE SPARTANBURG AIRPORT DISTRICT
PROFIT and LOSS STATEMENT**

	FISCAL YEAR TO DATE			
	March 31, 2017 Actual	March 31, 2017 Budget	Actual - Budget	% Change
INCOME				
Landing Area:				
Landing Fees	1,938,828.09	1,904,208.03	34,620.06	1.82% (a)
Aircraft Parking Fees	349,592.30	282,343.05	67,249.25	23.82% (b)
FBO Into-Plane & Fuel Flowage	82,532.43	71,283.78	11,248.65	15.78%
Subtotal Landing Area	<u>2,370,952.82</u>	<u>2,257,834.86</u>	<u>113,117.96</u>	<u>5.01%</u>
Space & Ground Rentals	6,633,367.01	6,489,486.63	143,880.38	2.22% (c)
Auto Parking	9,116,623.35	8,667,432.63	449,190.72	5.18% (d)
Commercial Ground Transportation	113,309.00	101,250.00	12,059.00	11.91%
Concessions:				
Advertising	186,795.00	299,999.97	(113,204.97)	-37.73% (e)
Food & Beverage	253,589.57	277,987.50	(24,397.93)	-8.78%
Rental Car	2,409,204.83	2,366,166.06	43,038.77	1.82% (f)
Retail	417,317.60	381,750.03	35,567.57	9.32%
Subtotal Concessions	<u>3,266,907.00</u>	<u>3,325,903.56</u>	<u>(58,996.56)</u>	<u>-1.77%</u>
Expense Reimbursements	944,089.99	904,447.98	39,642.01	4.38% (g)
Other Income	1,164,540.99	793,041.36	371,499.63	46.84% (h)
Gross Profit on Fuel Sales	827,600.10	827,250.00	350.10	0.04% (i)
Total Operating Income	<u>24,437,390.26</u>	<u>23,366,647.02</u>	<u>1,070,743.24</u>	<u>4.58%</u>
EXPENSES				
Salary & Benefits	7,086,904.90	7,843,772.16	(756,867.26)	-9.65% (j)
Professional Services	496,099.92	547,687.53	(51,587.61)	-9.42% (k)
Promotional Activities	1,287,206.55	960,303.69	326,902.86	34.04% (l)
Administrative	745,160.92	877,055.85	(131,894.93)	-15.04% (m)
Insurance	318,078.72	318,078.72	-	0.00%
Contractual Services	1,452,726.66	1,985,201.28	(532,474.62)	-26.82% (n)
Rentals & Leases	81,467.21	137,304.81	(55,837.60)	-40.67% (o)
Repairs & Maintenance	489,790.98	434,192.22	55,598.76	12.81% (p)
Supplies & Equipment	681,555.63	646,653.96	34,901.67	5.40%
Utilities	1,150,715.46	1,220,443.74	(69,728.28)	-5.71% (q)
Total Operating Expenses	<u>13,789,706.95</u>	<u>14,970,693.96</u>	<u>(1,180,987.01)</u>	<u>-7.89%</u>
NET OPERATING INCOME	<u>10,647,683.31</u>	<u>8,395,953.06</u>	<u>2,251,730.25</u>	<u>26.82%</u>

**GREENVILLE SPARTANBURG AIRPORT DISTRICT
REVENUES AND EXPENSES TREND GRAPHS**



March 31, 2017

YTD ACTUAL VS YTD BUDGET FOOTNOTES

(a)	Landing Fees	OVER BUDGET	\$34,620.06	- Charter cargo is over budget
(c)	Space & Ground Rentals	OVER BUDGET	\$143,880.38	- American/Piedmont incurred leasehold clean up/renovations to their old space when moved 45K - UPS is not in its new facility 41.4K - Loss of cell tower rental 30.6K - Per Turn more than budgeted 45.5K - Loss of FBO Rentals (Stevens and Duggar Aviation) 39K - Senator International not budgeted 18.6K - PSA Airlines not budgeted 12K - Unbudgeted FBO rentals 59K
(d)	Auto Parking	OVER BUDGET	\$449,190.72	- Increase in traffic and parking rates
(e)	Advertising	UNDER BUDGET	\$113,204.97	- Some advertising spots were unavailable due to construction (started back 1/2017)
(f)	Rental Car	OVER BUDGET	\$43,038.77	- Increase in traffic
(h)	Other Income	OVER BUDGET	\$371,499.63	- A/C Ground Handling-Pax (Comm) 33K over budget YTD - A/C Deicing (Chapman Freeborn) 59K over budget YTD - A/C Ground handling-Cargo (Comm) 65K over budget YTD - Ground handling (non-tenant) 50K over budget YTD - Warehousing Fees over budget 186K - Lease Income not budgeted 18K YTD - Non-Tenant Uber over budget 71K YTD - Lease Income (Runion) 19K over budget YTD - Parking Tickets/Seized Funds 10K over budget YTD - Centralized Distribution facility 200K under budget YTD as facility is not yet complete - Cargo Ops 52K over budget YTD
(j)	Salary & Benefits	UNDER BUDGET	\$756,867.26	- Timing: much of July's salary & benefits expense was related to June and therefore booked back to June - Budgeted full year for FBO employees that wasn't on payroll until Dec 2016 - Post employment benefit was increased 180K due to actuarial analysis
(l)	Promotional Activities	OVER BUDGET	\$326,902.86	- Advertising expense 208K under budget YTD - Special Events expenses 137K under budget YTD - General marketing expenses 594K over budget YTD-Business Development expenses budgeted in prior year - Sponsorships expenses 71K over budget YTD
(m)	Administrative	UNDER BUDGET	\$131,894.93	- Dues & Subscriptions 53K under budget YTD - Travel/Training 11K under budget YTD - Pagers & Cell Phones 11K under budget YTD - Corporate Function 23K under budget YTD

March 31, 2017

YTD ACTUAL VS YTD BUDGET FOOTNOTES

(n)	Contractual Services	UNDER BUDGET	\$532,474.62	- Management agreement expenses 302K under budget YTD - (300K Centralized Distribution facility expenses not yet incurred) - Janitorial Services 77K under budget YTD - Computer-annual contracts 71K under budget YTD - Nursery & Landscaping 33K under budget YTD - Elevator & Escalator 13K over budget YTD - Telephone Equipment 33K under budget YTD - Plants 20K under budget YTD
(o)	Rentals & Leases	UNDER BUDGET	\$55,837.60	- Timing: expenses should increase over the year
(p)	Repairs & Maintenance	OVER BUDGET	\$55,598.76	- Timing: - Equipment R&M 77K over budget YTD
(q)	Utilities	UNDER BUDGET	\$69,728.28	- Gas budgeted 233K YTD spread evenly across the year; milder Winter than budgeted - Water & Sewer due to conservative budgeting

Note: Please recognize that this is a preliminary report, unaudited, and only represents Nine month of activity, resulting in variances which can be quite volatile.

Greenville-Spartanburg Airport District
March 31, 2017

	Issue Date	Maturity Date	Interest Rate	Cost Basis or BOY FMV	Par	EOM FMV	FMV Adj
US Treasury							
UST T-Bill 4-wk	3/9/2017	4/6/2017	0.578%	4,997,783.35	5,000,000.00	4,997,783.35	-
UST T-Bill 4-wk	3/23/2017	4/20/2017	0.756%	4,997,102.80	5,000,000.00	4,997,102.80	-
 <i>Subtotal-UST</i>							
9,994,886.15 10,000,000.00 \$ 9,994,886.15							

US Treasury Investment Types	T-Bill	T-Note	T-Bond	Fed Ag
Negotiable Debt Obligation	Yes	Yes	Yes	Yes
Backed by Gov Full Faith/Credit	Yes	Yes	Yes	No
Maturity	< 1 yr	1-7 yrs	7+ yrs	1-5 yrs
Coupon-Bearing	No	Yes	Yes	Yes
Interest is paid	at Maturity	Semi-Ann	Semi-Ann	Semi-Ann
State & Local Tax Exemption	Yes	Yes	Yes	Only FHLB (*)

(*) Note: Since GSP is a political subdivision of SC, we are tax-exempt from all taxes, including state and local.

Weighted blended yield = 0.6670%

GREENVILLE SPARTANBURG AIRPORT DISTRICT
Terminal Improvement Project

through:	3/31/2017	<i>cash basis</i>		<i>cash basis</i>		<i>cash basis</i>		Total
		Budgeted		FYE 6/30/2012	YTD FYE 6/30/2013	YTD FYE 6/30/2014	YTD FYE 6/30/2015	
				\$ 9,570,188	\$ 35,931,932	\$ 22,815,954	\$ 31,914,360	\$ 109,808,807
Skanska				\$ 1,367,784	\$ 2,742,449	\$ 765,298	\$ 1,051,980	\$ 6,277,818
Baker (aka LPA)				\$ 2,916,235	\$ 2,650,023			\$ 5,566,258
RS&H				\$ 961,516	\$ 885,315	\$ 942,348	\$ 394,840	\$ 3,306,280
Air-Transport IT Services					\$ 65,350	\$ 220,050		\$ 424,339
RJ Design						\$ 205,594		\$ 285,400
At&t						\$ 170,341		\$ 205,594
A3 Communications							\$ 153,350	\$ 170,341
Warco Construction								\$ 153,350
G2 Secure Staff								\$ 126,376
McGriff								\$ 84,326
Project Link								\$ 70,307
CDW Government								\$ 67,622
Phoenix Mechanical								\$ 62,000
Michael M. Simpson								\$ 59,653
Parsons Brincke								\$ 50,000
young Office Environment								\$ 42,554
Tidewater Lumber								\$ 33,260
I-SYS								\$ 31,277
TPM								\$ 29,212
Duke Energy								\$ 22,088
Source Group								\$ 21,196
Jeff Lynch Appliances								\$ 17,376
Other								\$ 17,376
Total	\$ 123,762,496	\$ 3,878,151	\$ 14,786,745	\$ 40,535,386	\$ 24,696,747	\$ 33,208,296	\$ 10,062,946	\$ 127,168,270
Cumulative \$ Spent		\$ 3,878,151	\$ 18,664,896	\$ 59,200,282	\$ 83,897,029	\$ 117,105,325	\$ 127,168,271	
% of Budget spent		3.13%	15.08%	47.83%	67.79%	94.62%	102.75%	102.75%
Construction Professional								
Owners Reserve								
Total	\$ -	\$ 3,878,151	\$ 14,786,745	\$ 40,535,385	\$ 24,696,747	\$ 33,208,296	\$ 10,062,946	\$ 127,168,271
Cumulative \$ Spent		\$ 3,878,151	\$ 18,664,896	\$ 59,200,281	\$ 83,897,028	\$ 117,105,325	\$ 127,168,271	
		\$ 0	\$ 0	\$ 0	\$ (0)	\$ 0	\$ 0	\$ (1)

TIP Public Relations Expenses

through:	3/31/2017	<i>FYE</i>		<i>FYE</i>		<i>FYE</i>		Total
		Budgeted		6/30/2012	6/30/2013	6/30/2014	6/30/2015	
				\$ 10,900	\$ 61,157	\$ 75,948	\$ 76,776	\$ 329,794
Crawford Strategies		\$ 261,000						
Launch Something		\$ 279,730		\$ 25,870	\$ 90,133	\$ 23,045	\$ 20,604	\$ 169,798
Total	\$ 540,730	\$ 36,770	\$ 151,290	\$ 98,993	\$ 97,379	\$ 70,399	\$ 44,760	\$ 499,592
Cumulative \$ Spent				\$ 36,770	\$ 188,060	\$ 287,053	\$ 384,433	\$ 499,592
% of Budget spent				6.80%	34.78%	53.09%	71.10%	92.39%
								92.39%

GREENVILLE SPARTANBURG AIRPORT DISTRICT
Other Operating and Maintenance Reserve Funds

	FY \$ Amount Authorized	Date	\$ Amount Used YTD	
Emergency Repair/Replacement/Operations Fund	\$ 750,000			
		7/12/2016	\$ 3,000	Barton Utilities Inc.
		11/30/2016	\$ 30,753	GLF Construction Corp-Remove apron and replace drain box aprons w/12' reinforced concrete
		1/1/2017	\$ 4,027	M&A Supply Co-Coil unit for Hangar 1 HVAC unit
		1/25/2017	\$ 9,087	Blanchard Machinery Co-Replacement transfer switch for Garage B
		2/23/2017	\$ 1,736	United Refrigeration-Replace bad compressor in unit 6 at Hangar 1
		2/23/2017	\$ 1,275	Walker & Whiteside-Electrical connections to Cerulean trailer
			<hr/> <u>\$ 49,878</u>	
			<u>\$ 700,122</u>	Remaining Reserve
Business Development Obligations/Incentives	\$ 600,000			
		2/23/2017	\$ 1,375	Network Controls-Cargo Building-Relocate existing 4 cables to new outlets
			<hr/> <u>\$ 1,375</u>	
			<u>\$ 598,625</u>	Remaining Reserve

March, 2017

Procurement / Capital Acquisitions

<u>Project/Item Description</u>	<u>Date</u>	<u>Monthly \$ Amount</u>
Capital Improvements:		
Avcon / Terminal Apron Rehab	3/13/2017	22,933
GLF / Apron Rehab	3/27/2017	120,936
Michael Baker / Parking Garage Assessment	3/2/2017	10,876
Michael Baker / PSA MRO Hangar	3/2/2017	11,450
Cely Construction / PSA MRO Hangar	3/13/2017	407,695
Jonscot General Contractors / N Cargo UPS	3/13/2017	149,112
Jonscot General Contractors / N Cargo UPS	3/31/2017	217,199
Equipment and Small Capital Outlays:		
Doosan Industrial Vehicle / Forklift	3/27/2017	86,869
Kietek / AvSvc	3/28/2017	16,401
DSA Phototech / Advertising Displays	3/13/2017	20,669
Renewals and Replacements:		
Dillard Excavating Co / Erosion Repairs	3/10/2017	28,000
Burgess Sales & Supply Inc / FBO Bldg Lock Hardware	3/10/2017	14,046
Contract Building Systems / S Cargo Bldg Door Replacement	3/15/2017	103,150
Cooper Crouse-Hinds / Airfield Lighting Systems	3/10/2017	57,660
Professional Service Projects:		

Total Procurements/Capital Additions for the month \$ 1,266,996



MEMORANDUM

TO: Members of the Airport Commission

FROM: Kevin Howell, Vice President/COO

DATE: May 8, 2017

ITEM DESCRIPTION – Information Section Item C

April 2017 – Development/Project Status Report

SUMMARY

Terminal Improvement Program (TIP):

Status – Project Completion, Close Out and Punch list on all Phases

Project Budget – \$125,000,000

Estimated Completion Date – April 2017

During the month of April, SKM continued to work towards full completion on the TIP. Work on all three phases included completion items, punch list work and project close out items.

Apron Rehabilitation Project Phase 3:

Status – Construction Phase

Project Budget – \$5,000,000

Estimated Completion Date – Fall 2017

The Apron Rehabilitation Project Phase 3 includes the Year 3 recommended items outlined in the 2012 LPA Apron Pavement Study. Year 3 priority items included rehabilitation of the A concourse concrete apron surfaces from the building to the new trench drain (Apron Rehab Phase 1) and from the new trench drain to the apron taxi lane.



Project engineering is led by AVCON, Inc. GLF is the contractor for the project. Sub-phase 3 work is currently ongoing adjacent to the airside garden area. Phase 3 should be complete in fall of this year.

Consolidated Hangars Project:

Status – Bidding Phase

Project Budget – \$14,773,565.90

Estimated Completion Date – Corporate Hangar December 2017; Bulk Hangar March 2018

The Consolidated Hangars Project was approved in May 2016 and includes construction of a new Corporate Hangar and a new Bulk Storage Hangar. The design is led by AVCON along with McMillan Pazdan Smith. Roebuck Buildings Co., Inc. is the general contractor for the project.

Roebuck mobilized the last week of April and is currently working on site work. The corporate hangar is scheduled to be complete in December 2017 and the Bulk Hangar should be completed in March 2018.

Emergency Call Station Project:

Status – Construction Phase

Budget – \$200,000

Estimated Completion Date – May 2017

The Emergency Call Station Project involves the installation of emergency call stations in the Economy Lot, Daily Surface Lot, and at all levels of the two parking garages. A Request for Proposals (RFP) was produced with the assistance of Michael Baker International and the Faith Group. The contractor for this project is SDI. Field installation is underway and the project should be completed in May.

2102 GSP Drive Hangar Project (PSA MRO Hangar):

Status – Construction Phase

Budget – \$1,600,000

Estimated Completion Date – May 2017

The 2102 GSP Drive Hangar Project includes the renovations and improvements necessary for the PSA MRO Hangar. Design is being led by Michael Baker International



who is supported by several local area engineering firms. Cely Construction is the contractor for this project. The project is on schedule for completion in early May.

Airport Master Plan:

Status – Contract Negotiation

Project Budget – \$1,000,000

Estimated Completion Date – 12 to 18 months

McFarland Johnson is leading the GSP Airport Master Plan. Initial aerial survey work is complete and the data inventory phase is underway. Stakeholder committee groups are being organized and individual kick off meetings will be held in May.

Parking Lots Project:

Status – Design Phase

Project Budget – \$2,843,000

Estimated Completion Date – TBD

This project includes the new Overflow Parking Lot, an expansion to the Employee Parking Lot and an expansion to the National/Alamo rental car service center lot.

Michael Baker International is leading the design effort for this project. This project will be bid in later spring/early summer in order to have the Overflow Parking Lot ready for Thanksgiving.



MEMORANDUM

TO: Members of the Airport Commission
FROM: Rosylin Weston, Vice President - Communications
DATE: May 8, 2017

ITEM DESCRIPTION – Information Section Item D

April 2017 – Communications Status Report

SUMMARY

During the month of April, the GSP Communications team took advantage of a number of opportunities to engage in good PR and thereby received much earned influence. We stimulated excellent coverage in the local media with several different stories. Between Channels 4, 7 and 21, GSP was **in the news 19 times and reached 1,017,203 viewers**. GSP also appeared in **three** print publications including The Greenville News (**35,901 daily circulation**), GSA Business (**9,000 bi-weekly circulation**), and the Upstate Business Journal (**36,000 daily circulation**). We reached **152,802 readers**. This number is based completely on circulation and not actual readership but if were to include actual readership, we would exceed **500,000**. We also received additional coverage online from Greer Today, WSPA Online and WYFF4 Online. Good PR is of paramount importance to the continued success of any organization.

News Stories Broadcast, Print and Online:

Print and Online

- Upstate Business Journal — ACI-NA Holds Annual Conference in Greenville
- Greer Today — TSA Pre Check Enrollment Unit at GSP Airport
- Greenville News — GSP to Roll Out TSA Pre Check Sign-up
- GSA Business Report — TSA Pre Check Enrolling GSP travelers
- Upstate Business Journal — Edge4Vets Eyes a Pipeline of Talent Between the Military and GSP Airport
- Greenville News — Palmetto Distillery to Sell Moonshine at GSP Airport
- WSPA online — Help Reunite Owner of Toy Monkey Left at GSP Airport
- WYFF4 online — GSP Airport Tries to Reconnect Lost Toy Monkey with Owner



- Fox Carolina online — Do You Recognize This Monkey Left at GSP Airport
- Greenville News — TSA Officers Recover Loaded Gun at GSP Airport
- WSPA online — Loaded Gun Found in Carry-on at GSP Airport
- Greer Today — Loaded Firearm Discovered by TSA at GSP Airport

Aired on TV

- Fox Carolina—Drones (ACI Conference) — 4pm, 10pm
- WSPA7 — TSA Pre Check — 5pm, 6pm, 7pm, 10pm (CW)
- WYFF4 — Palmetto Distillery — Morning Show, 4pm
- WSPA7 — Waterfall of Light Installation — 10pm, 11pm, 5am and 6am
- WYFF4 — Lost Toy Monkey — 4pm, Morning Show & Noon Show
- Fox Carolina 21 — Lost Toy Monkey — 10pm
- WSPA — Lost Toy Monkey — 10pm, Noon Show and 6pm

Online Statistics 04/01/17 – 04/28/17:

Elevatingtheupstate.com

- 178 sessions, 129 users
- Average session duration – 2:01
- Pages viewed per session – 2.30

Elevatingtheupstate.com (mobile site)

- 52 sessions
- 77 page views
- Average session duration - 0:22

Social Media 04/01/17 – 04/28/17:

GSPAirport.com

- 100,263 sessions; 76,675 were new visitors
- 198,620 page views
- Average session duration - 1:20

Twitter

- 5,539 followers
- 27,400 Twitter impressions

Instagram

- 321 followers



Top Twitter Posts

- TSA Pre-check at GSP

Facebook

- 2,265 page views
- 330 new page likes
- 9,050 total page likes

Top Facebook Posts

- Toy Monkey left at GSP (171,645 people reached; 4,671 reacted)
- Waterfall of Light video (3,578 people reached; 1,196 video views)

Community Relations:

- The Waterfall of Light sculpture was installed on April 18th.
- GSP participated in Spartanburg Soaring and gave away almost 2,000 GSP kites.
- GSP is partnering with the Arc of South Carolina, Delta Airlines and TSA to offer GSP's first ever Wings For Autism/All event on April 29th. Fifty-five children, who are on the autism spectrum or have a developmental disability, will have the opportunity, along with their parents, to participate in a simulated travel experience. All of the slots for the event have been filled and we have a waiting list.
- The Community Garden was planted in March and is now ready to harvest. Staff is also preparing for the summer planting season.
- GSP is the tee-shirt sponsor for Greer Family Fest May 5th and 6th.
- GSP is The After Hours Concert Series sponsor for Artisphere May 12th-14th.

Customer Service Complaints Summary:

- Lack of concession in the baggage claim area
- No shuttle service to Economy Parking
- No access to the Airside Garden
- No indicator at entry to indicate when the sky lot is full
- No free parking for the handicap



MEMORANDUM

TO: Members of the Airport Commission

FROM: Scott C. Carr, A.A.E., Vice President – Commercial Business and Properties

DATE: May 8, 2017

ITEM DESCRIPTION – Information Section Item E

April 2017 – Commercial Business and Properties Report

SUMMARY

Concessions Program Development – Grand Hall Phase:

Status – Construction work is underway.

Project Budget – All facility costs are included in the overall \$125,000,000 TIP and all tenant fit out costs are being covered by Hudson News Group and OHM Concessions Group.

Estimated Completion Date – May 22, 2017

Dunkin Donuts, Baskin Robbins, and Hudson and Tech-On-The-Go retail stores opened for business on October 29, 2016. Chick-Fil-A and DC3 Dawgs construction work is underway. Chick-Fil-A and DC3 are expected to open in mid-May 2017 with The Kitchen by Wolfgang Puck scheduled for late June 2017.

Centralized Receiving and Distribution Facility (CRDF) Project:

Status – Construction work is underway.

Project Budget – All operational costs will be recovered through existing concessionaire and tenant lease agreements.

Estimated Completion Date – May 31, 2017

Bradford Airport Logistics (BAL) will provide receiving and distribution services to all terminal building tenants. This primarily includes food, beverage, and retail deliveries, as well as pick up of returnable items such as empty beer kegs and outdated



magazines. In addition, they will handle collection of used grease for the concessionaires.

All terminal building FedEx and UPS packages, office supply deliveries, etc. for terminal building tenants will also be handled through the CRDF located at the South Cargo Building. This will remove delivery trucks from the limited space along the terminal building front curb, as well as eliminate the need for some of these vehicles that come airside to make their deliveries.

AirIT – Flight Information Display System (FIDS), Gate Information Display System (GIDS), and Baggage Information Display System (BIDS) Installation Project:

Status – New FIDS, GIDS, and BIDS screens are currently being installed throughout the terminal building. Some are brand new while others are replacements. New flight information templates are being built by AirIT. FlightView is building their new template for the Live Air Traffic map as well as reconfiguring the automated airline data feeds.

Project Budget – \$303,362

Estimated Completion Date – May 31, 2017

The Airport District is transitioning to AirIT for all FIDS, GIDS, and BIDS. This will provide seamless integration with AirIT's EASE software at each of the 13 gates for the GIDS, as well as place the BIDS and FIDS on the same software platform.

AirIT – Paging Installation Project:

Status – All new speakers have been installed by the terminal building contractor. Staff is waited on IED, the paging subcontractor to AirIT, to schedule their onsite visit to begin installing the new headend paging equipment.

Project Budget – \$471,683

Estimated Completion Date – May 31, 2017

The Airport District is transitioning to AirIT and IED's paging system. This will provide seamless integration with AirIT's other software programs in use at the airport (i.e. EASE, BIDS, FIDS, GIDS, etc.) and place them on the same software platform. This will allow the airport to provide automated flight information announcements and other customer service enhancements for the benefit of the traveling public.



Turner Broadcasting Network – CNN Airport Network Project:

Status – Awaiting final installation schedule from the contractor

Project Budget – All installation costs are being covered by Turner Broadcasting Network/CNN Airport Network.

Estimated Completion Date – May 31, 2017

Turner Broadcasting Network is offering to install their CNN Airport Network product in the concourse hold rooms to help provide an additional level of customer service to the traveling public. Based on current negotiations, the Airport District would receive six minutes of advertising space each hour to either sell or use for marketing of the Airport. As an example, the current 30 second TV commercial that is running on WYFF, WSPA, and WLOS could air up to 12 times each hour in between CNN's programming.

Turner Broadcasting Network – Cartoon Network Project:

Status – Internal legal issues at TBN are delaying the roll out of this programming.

Project Budget – All installation costs would be covered by Turner Broadcasting Network/Cartoon Network. The Airport District would have to provide network bandwidth to support the live streaming capability required for multiple users which may result in an ongoing operational cost.

Estimated Completion Date – To be determined

Turner Broadcasting Network is exploring the idea of providing children with the Cartoon Network and other children's programming via the Airport District's WiFi network to any WiFi capable device (i.e. computers, smart phones, tablets). This would be free of charge and would help keep children occupied while waiting for their flight on the concourses.

Lyft – Transportation Network Company (TNC) Service:

Status – TNC operating agreement awaiting execution by Lyft

Project Budget – All operational costs will be covered by the service provider.

Estimated Completion Date – To be determined

Lyft is beginning to open up service in various communities throughout South Carolina. They recently started service in the Upstate and have plans to add the airport at some point in the future once they grow the local market base.



Valet Parking Program:

Status – AmeriPark has begun service.

Project Budget – All operational costs are being covered by AmeriPark.

Completion Date – May 1, 2017

In order to better compete with surrounding airports, as well as meet the needs of the traveling public, the Airport District has met with a few valet parking operators. This will be a one year trial program to see how well the valet service is utilized and if they will be a customer.

AT&T Wireless – Cell Phone Antenna Equipment Upgrade and Capacity Enhancement Project:

Status – Plans and specifications were approved. AT&T has delayed work until Q2 2017.

Project Budget – All costs are being covered by AT&T.

Estimated Completion Date – June 30, 2017

AT&T is in the process of upgrading the existing antenna equipment located on top of Parking Garage A. The project also includes an increase in network capacity to handle increased call volume in the area and reduce the number of dropped and failed calls.

FedEx – AT&T Network Based IP/VPN Remote Access (ANIRA) Installation Project:

Status – Awaiting plans and specifications for review

Project Budget – All costs are being covered by FedEx.

Estimated Completion Date – To Be Determined

FedEx is requesting to install a backup cellular system for their local data network to provide redundancy in the event that their wired data connection is interrupted. This project will be engineered and installed on behalf of FedEx by AT&T.



MEMORANDUM

TO: Members of the Airport Commission
FROM: Marsha Madore, Human Resources Director
DATE: May 8, 2017

ITEM DESCRIPTION – Information Section Item F

April 2017 – OSHA Reportable Injury Report

SUMMARY

Monthly Activity as of April 30, 2017

- No OSHA Reportable Injuries

2017 Calendar Year-to-Date

- 0 OSHA Reportable Injuries

2 Year Historical Annual OSHA Report Submissions:

Calendar Year	Annual Average # Employees	Total Hours Worked by all Employees	# OSHA Reportable Work Related Injuries	# OSHA Reportable Work Related Illnesses	# Days away from Work
2016	133	243,191	6	0	2
2015	127	192,332	3	0	16

AIRPORTS



1st Place Win for MAG's Escape Lounge at OAK

SOURCE: OAKLAND INTERNATIONAL AIRPORT (OAK) APR 28, 2017

Oakland International Airport announced April 28, that Airports Council International-North America (ACI-NA) recognized its recently-opened Escape Lounge by **MAG** as the Best New Consumer Service Concept.

The awards were presented during the 2017 ACI-NA Business of Airports Conference in the Palm Springs, Calif., area. Over 550 commercial management, business diversity, human resource, and finance representatives from the North American airport industry attended the conference.

Bryant L. Francis, Port of Oakland's director of aviation at Oakland International said, "As Oakland International continues to improve its customer experience, we're thrilled that Manchester Airport Group's investment here has been met with not only customer acclaim, but also this significant acknowledgment by our industry's top association, ACI-NA."

"The ACI-NA Excellence in Airport Concessions Awards recognizes the most innovative and outstanding airport concessions," said ACI-NA President and CEO Kevin M. Burke. "The partnership between MAG and Oakland International Airport is a great example of the impressive work being done to improve the passenger experience."

This year's contest received more than 180 nominations from airports of all sizes throughout the U.S. and Canada. Thirty-eight awards were presented in a range of categories including Best New Local Concept, Best Innovation in Sustainability, Best New National Brand Concept, and Best Food and Beverage Program.

Oakland's win for Best New Consumer Service Concept was shared by Bradley International Airport in Hartford Connecticut, which also opened its Escape Lounge last year.

AIRLINES

Airlines Set for Rough Day on Capitol Hill

MELANIE ZANONA ON MAY 2, 2017

SOURCE: THE HILL



Rep. Bill Shuster (R-Pa.) has a warning for airlines ahead of Tuesday's hearing on the industry: Step up your customer service policies or else.

United Airlines and other air carriers will head to Capitol Hill Tuesday for a high-profile hearing, where lawmakers are expected to grill the airlines about their overbooking and bumping policies.

"At the end of the day, if they don't do things that we deem appropriate, Congress will act," Shuster, chairman of the House Transportation and Infrastructure Committee, said in a sit-down interview with The Hill.

Read more: <http://thehill.com/policy/transportation/331471-airlines-set-for-rough-day-on-capitol-hill>

TECH & SECURITY

GA: Atlanta Airport: 'Smart Lanes' Ready for Summer Crowds

KELLY YAMANOUCI ON MAY 2, 2017

SOURCE: MCCLATCHY

May 01—Hartsfield-Jackson International Airport has finished installing 22 so-called smart lanes at security checkpoints, completing the full roll-out of the new lanes aimed at speedier screening.

Atlanta airport general manager Roosevelt Council announced the completion during testimony to Congress last week.

The roll-out started about a year ago, as part of an effort to address long security lines that plagued Hartsfield-Jackson and airports across the country.

Hartsfield-Jackson was the first U.S. airport to test the new lanes. They were funded with a \$1 million investment by Atlanta-based Delta Air Lines for the first two lanes and another \$12.5 million paid by the airport for an additional 20 lanes.

The airport has a total of 27 security lanes at three checkpoints in the domestic terminal.

Other airports and airlines have begun installing the lane design.

The lanes allow multiple passengers to load bins at the same time, reducing logjams behind people who have lots of items or simply take longer.

Council said a standard security lane can handle 160 people per hour, while a smart lane can handle up to 208 passengers per hour.

Particularly during busy holiday periods, Council said that "can make a difference between a 35-minute wait and an under 20-minute wait," which is the airport's goal.

But some travelers have been confused by the new system, Council acknowledged.

"A learning curve exists for passengers who are unfamiliar with the technology," Council said. "However, we are confident that in time, people will understand the process and enjoy the time-savings."

Part of the issue is that the efficiency of the smart lanes depends on travelers understanding they can jump ahead to put their items into bins even when passengers in front of them haven't finished.

Some travelers have also encountered confusion with the lanes' different system of pushing bins onto the conveyor.

Also, the lanes feature an automated bin return system that works best when passengers put their bins on the bin return stack at the end of the lane. Many leave their empty bins on the conveyor.

"While it's too early to fully assess the strengths and weaknesses of smart lanes, our findings over the last year have shown positive results," Council said. "Their performance over time will be the true measure of success."

Benefits include strengthened security, by diverting bags that set off an alarm to a separate conveyor not accessible to the passenger, he said.

Speedier screening also reduces the buildup of crowds in areas that could be terrorism targets.

Council said for airport officials, "the white space between when you get out of your car at the curb and get to the checkpoint -- that is our focus when it comes to security, and trying to ensure people can get through the checkpoint onto the secure side."

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AIRPORTS

SC: GSP Event Helps Those With Autism Get Comfortable With Flying

BOB MONTGOMERY ON MAY 1, 2017

SOURCE: MCCLATCHY

April 30--Going to the airport and boarding a plane for the first time can be tough for anybody.

It's especially difficult for someone with autism, according to Megan Galloway of the Arc of South Carolina.

"The waiting time, the uncertainty, the noise -- it's all stressful," Galloway said.

On Saturday, the Arc of South Carolina and Wings for Autism/Wings For All held an airport "rehearsal" at Greenville Spartanburg International Airport.

More than 150 autistic participants and their family members received their boarding passes, went through a TSA security checkpoint and then waited to board their plane, a Delta jet, Galloway said.

They buckled up, took a ride around the airport tarmac, then stopped and deplaned, re-entering the terminal to cheering family members and friends, said Susan Leiby of Greer, a volunteer and mother of two autistic boys.

Even though the plane never took off, for some the exercise may have been a bit scary, Leiby said.

"I call it advance preparation that is critical for families," said Leiby.

She said eight years ago her parents offered to take her family on a vacation to Europe. Her sons, Michael and Matthew, were 5 and 3 at the time.

She told them no, that she didn't think the boys would be able to handle it.

Then five years ago, her mother died and she regretted not making the trip.

"If this (Wings for All) had been here then, we may have been able to make the trip," she said.

Now Michael is 13 and Matthew 11. Michael took a flight to New Orleans last summer and Matthew is planning to take a flight this summer.

"At first I was a little nervous. Then it was cool," Michael said of his first flight. He added that a five-hour wait at the airport in New Orleans was more stressful than the flight.

Hope McLaughlin of Pendleton also brought her two sons Matthew, 11, and Jonathan, for Saturday's exercise. It was the boys' first trip to an airport.

"It was the best life experience ever when I saw the plane," Jonathan said of his first view out the terminal window.

Airport spokeswoman Roslyn Weston said GSP partnered with the S.C. Autism Society, Delta TSA, Agapi Behavioral Consultants, Project Hope Foundation and Thrive Upstate for the event.

"At GSP, we strive to be your hometown airport to meet all your needs, whether business, leisure or family traveler with a loved one who has a special need," Weston said.

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AIRPORTS

PA: LVIA Expanding to Handle More Amazon Planes

MATT ASSAD ON APR 26, 2017

SOURCE: MCCLATCHY

April 26--So many of those packages people insist on getting in two days have been ending up at Lehigh Valley International Airport that airport officials are racing to build more space for Amazon.com cargo planes.

The Lehigh-Northampton Airport Authority on Tuesday agreed to begin what could be a more than \$4 million project to build an additional cargo plane ramp at the airport before Amazon's Christmas rush hits in November.

The board agreed to hire engineers to begin designing a sixth cargo plane ramp roughly the size of a football field-and-a-half at LVIA, so that it can be built before Nov. 1.

"We're in growth mode now," said Ed Lozano, authority board member. "We're in big-dollar capital investment mode. We're going into uncharted territory on cargo."

In fact, the dollars are so big that some members experienced sticker shock over the \$451,000 contract to engineering firms C&S Companies and AECom, both of Philadelphia.

"That seems like a lot of money just for design work," said board member Ted Rosenberger. "I'm personally very uncomfortable spending \$451,000 to design a ramp, when there haven't been any other bids."

Authority Executive Director Charles Everett Jr. explained that C&S has a five-year deal to serve as authority consultant, and AECom was the firm that designed the existing five-space cargo ramp area more than a decade ago. With Amazon goods into the airport increasing quickly, there would have been no time to advertise for bids, or get Federal Aviation Administration approval to use another engineering firm in time to have the new ramp built by Nov. 1.

"Every few years we take bids for qualified engineering firms," Everett said. "We do that so we can move quickly like this."

Everett said the design work, to be done within 30 to 40 days, will determine the cost, but he said construction is not expected to exceed \$4 million. That may seem pricey, he said, but the new ramp will have a concrete surface at least two feet thick and be large enough to give Amazon's 767 cargo jets room to maneuver with their 200-foot wing spans.

Amazon's arrival has already created 65 full-time jobs at the airport and has the potential to net the authority several million dollars a year.

FedEx has been flying two planes of consumer goods into LVIA daily for years, but Amazon began flying goods in 2015. Determined to cut delivery time, Amazon is building its own air cargo system, and LVIA is at the center of it. It's now one of 11 airports Amazon is flying its fleet of 40 cargo planes into nationwide.

And unlike FedEx, which uses its own employees to handle the flights and goods, Amazon is paying the authority to provide ground crews, package handling and maintenance services, on top of the landing fees and fuel purchases it makes at LVIA. What started as one Amazon flight a day is now five and that will almost certainly grow during the Christmas season.

"We're expecting a minimum of six per day during the holidays, but it could be more," Everett said. "There were days last holiday season when we had as many as nine."

The problem is that the traffic has grown so fast, the airport is nearly out of space. Two of its five cargo slots are reserved for FedEx planes, and the three airlines that serve Amazon often fill the other three.

The ultimate fix is doubling the cargo ramps to 10 and building a \$20 million warehouse on the airfield, but that is at least two years away.

The sixth ramp will get the airport through this year, while it makes plans for more expansion, and expense, later.

"Once this is done," Everett said, "It will be easier to come back in and expand further later."

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AIRPORTS

TN: Memphis Airport Unveils \$214 Million Concourse Modernization Plan

WAYNE RISHER ON APR 21, 2017

SOURCE: MCCLATCHY

April 20--Memphis International Airport proposes to spend \$214 million over five years on a transformative project that will build all-new passenger facilities in the airport's oldest concourse.

Airport officials on Thursday unveiled a redesign of a three-year-old preliminary concept for B Concourse modernization and said the pricetag is up about \$100 million from what was previously estimated.

Although no local tax dollars would be used, the airport is seeking Federal Aviation Administration approval of a passenger facility charge (PFC) of \$4.50 per departing passenger. It would be added to fares during construction.

Airport president Scott Brockman said the new number is "all-in," including non-construction costs and improvements that will help minimize impact on passengers when the B Concourse is shut down for reconstruction in 2018.

The modernization, which should begin in early 2018, will focus on expanding a majority of the B Concourse's gates. It will literally raise the roof and blow out the exterior walls on the reconstructed sections, increasing ceiling height to 14 to 19 feet from nine feet and widening the concourse by about 30 to 40 feet.

Members of the Memphis-Shelby County Airport Authority board said the project was retooled in recognition of the fact that it will serve travelers and represent the city for decades to come.

"It's big, but I don't think there's anything wrong with us thinking big," said Airport Authority board chairman Pace Cooper. "We have to think grand, because this is the front door of our community and a chance for us to put our best foot forward as a community

."

Board member Jack Sammons added, "This will be a legacy project for the next half century." Sammons said narrow aisles and low ceilings in the current concourse are byproducts of penny-pinching by city officials who oversaw construction of the airport's first concourse in the 1960s.

More than half the funding would come from debt, with the rest filled in by federal and state grants, the operating budget, PFCs and terminal rates and charges paid by passenger airlines, concessionaires and others. Brockman said airlines had already signed off on the project.

Memphis is one of four airports out of the country's 100 largest that didn't have a PFC as of March 31. Airport officials say it would reduce project debt by raising about \$24 million during construction. It would go away after the project is completed.

The redesign was unveiled after the board approved about \$5 million in jet bridge, air conditioning and passenger seating area expansion contracts to clear the way for Delta Air Lines gates to be relocated to A Concourse from B by the end of the year.

After the project is completed in 2021, the airport plans to mothball most remnants of A and C concourses and concentrate passenger activity in B Concourse. Commuter airlines will operate from a new ground boarding area on the A Concourse.

The update will yield larger gate areas, wider corridors and more natural light, seating, moving walkways and amenities such as charging stations. It will include a children's play area and revamped lounges for military personnel, nursing mothers and hospital patients and their families.

"These changes are all part of a project that will result in a modern, convenient, state-of-the-art airport for our passengers, airlines, concessionaires and other partners," Cooper said.

The original version of B Concourse modernization would have spent \$114 million on construction of less expansive improvements to the entire concourse. The concourse extends south from the terminal building and consists of a central stem, rotunda and Y-shaped southern extensions.

The revised plan would spend \$131 million on B Concourse construction. It focuses on the stem, rotunda and southeastern end of the Y for a total of 23 gates capable of serving about 3 million enplanements a year, about 50 percent more than current volume.

The plan reserves the southwest extension of the Y for future expansion of as many as 15 gates. An international gate will remain in operation there. While B Concourse is closed for construction, passengers on international flights, such as a new flight to Toronto, will be bused between a customs clearance area and baggage claim/ground transportation, Brockman said.

This is a developing story. Check back for more details.

Reach reporter Wayne Risher at 901-529-2874 or wayne.risher@commercialappeal.com.

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