

## **GREENVILLE-SPARTANBURG AIRPORT COMMISSION**

### **MINUTES**

**May 9, 2016**

The Greenville-Spartanburg Airport Commission met on May 9, 2016 at 9:00 a.m. in the Greenville-Spartanburg District Office Conference Room C located at 2000 GSP Drive, Suite 1, Greer, South Carolina 29651. The public and media were given proper notice of this meeting, under applicable law. This was a regular, non-emergency meeting.

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

**MEMBERS NOT PRESENT:** None

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

**GUESTS PRESENT:** Kevin Short, TD Bank; Alan Robinson, Cherry Bekaert Holland; Paul Smith, WK Dickson; and Jim Fair, Greer Today.

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

**CONSENT AGENDA:**

A motion was made, seconded, and unanimous vote received to approve the regular meeting minutes from the March 28, 2016 Commission Meeting.

**PRESENTATIONS:**

**A. GSP Aviation Services Department**

Mr. Kevin Howell, VP of Operations/COO introduced Mr. Nathan Garner, Director of Aviation Services, who gave a brief presentation highlighting the GSP Aviation Services Department, its areas of responsibility, recent activity and statistics.

Mr. Garner further provided an update on the planning and preparation currently underway for the Fixed Based Operator (FBO) and Commercial Fuel Into-Plane transition slated to occur on December 31, 2016.

GSP is striving to drive growth through air service development. The goal is to be the premium FBO for the Upstate and provide an alternate revenue stream.

**OLD BUSINESS:**

No Old Business

**NEW BUSINESS:**

**A. Approval of Fiscal Year 2016/2017 Airport Commission Budget**

Mr. Jack Murrin, VP Administration & Finance/CFO, prepared and presented the proposed Fiscal Year (FY) 2016/2017 Budget for Airport Commission consideration.

Mr. Murrin first presented history and general statistics. Between 1963 and 2015, GSP has experienced an average annual growth rate of 4.93%.

Mr. Murrin further discussed the proposed FY 2016/2017 O&M Budget. The operating income budget for 2017 is expected to increase to \$32,946,120 (a \$4.45M or 16.3% increase over 2016). The increase is a result of \$1.65M in retail GA and commercial into-plane profits, \$2.7M in parking fees due to rate increases, and other normal CPI and other increases, excluding special programs.

The operating expenses budget for 2017 is expected to increase to \$19,980,202 (a \$3.6M (or 22% increase over 2016). The increase is a result of new FBO employees and benefits, increased aviation service operating expenses along with marketing and leased fuel trucks, increased utilities, as well as other normal increases. The expected net operating income budget for 2017 is \$13M with enplanements at 990,000.

O&M budget assumptions include passenger enplanements at 990,000, parking rate changes effective July 1, 2016, provision for \$42M in capital improvements, no change in the investment policy, and rates and charges concerning landing fees, space rental rates, A/C parking positions and Jetway.

Mr. Murrin then presented the proposed FY 2016/2017 Capital Budget. The proposed capital budget, including capital improvements, equipment and small capital outlay, renewal and replacement and professional service projects, is \$41,458,250.

Other O&M Reserve Funds include \$750,000 for emergency repair/replacement/operations funds and \$600,000 for business development/agreement obligations and incentives.

Mr. Murrin requested that the Airport Commission resolve to adopt Fiscal Year 2016/2017 Budget.

There was a motion to approve and adopt the Fiscal Year 2016/2017 Budget. The motion was seconded and unanimous vote was received.



## **B. Approval of Banking/Investment/Line of Credit Proposal**

Mr. Jack Murrin, VP Administration & Finance/CFO, prepared and presented the proposed line of credit (LOC) for Airport Commission consideration.

The District's cash and investment balances have been declining as projected and as presented to the Commission on numerous occasions, and presented in the latest 10-year projected investment portfolio pro-forma. Cash balances are projected to continue to decline below \$10 Million as of June 30, 2017 before they resume their upward accumulation phase.

The District is very fortunate to have a number of "Special Projects" which have been discussed in prior Board meetings. All of these Special Projects will have a capital component, some larger than others.

The District has proposed creating a Line of Credit against which only those Special Projects specifically approved by the Commission will be funded. Each will have its own ROI (return on investment) calculation and its own amortization schedule with principal and interest payments made by the tenant to the District. These additional revenue streams will be specifically earmarked to make all debt servicing payments on the LOC.

The District has been approached by many bankers (local, regional, national, and investment) for the lending of money. The Airport District maintains a strong financial position. The District has very little debt and many new facilities.

The District contacted three banks that have a substantial local presence in both Greenville and Spartanburg counties and requested letters of guidance/terms sheets outlining what their banks could offer us in the way of a LOC. The banks were NBSC, a division of Synovus (our current banker, since July 2011), Capital Bank, and TD Bank.

All three bankers presented acceptable LOC terms and alternatives. In the Staff's opinion, TD Bank rose to the top and presented a very compelling case and a suite of services/capabilities that would be very difficult to match. TD Bank is the Staff's recommended solution.

Mr. Murrin requested that the Airport Commission accept the recommendation to change the banking relationship from NBSC to TD Bank to include all banking services.

There was a motion to approve the recommendation to change the banking relationship from NBSC to TD Bank as well as continue with a five-year review, based on the recommendation of Commissioner Leland Burch, of the banking relationship. The motion was seconded and unanimous vote was received.

Management is hereby authorized to proceed with the transfer of banking relations from NBSC to TD Bank and with the establishment of a 1 year Line of Credit (LOC) for \$25 Million with TD Bank under the terms outlined above for Special Projects to be determined and approved by the Board. The said LOC can also be used for projects previously approved by the Board for financing. After the Commissioners approve "Special Projects" to be funded by the LOC, management is authorized to manage the LOC going forward, to authorize annual



renewals of the line, to make sure certain loan covenants, if any, are met, and to "term out" projects (remove projects from the LOC and replace with fixed term funding at market rates and amortization periods) as deemed appropriate.

### **C. Approval of Bulk Hangar Improvements Projects**

Mr. Kevin Howell, VP of Operations/COO, requested approval of the Bulk Hangar Improvements Project Budget and discussed the Fixed Base Operator transition slated for January 1, 2017. In preparation, Staff solicited Michael Baker International (Baker) to conduct building assessments on all of the hangars leased by Stevens. A final report was provided in March 2016 with a detailed assessment of each building and estimates for repairs. Certain repairs are required to extend the useful life of these facilities and other general facility repairs are necessary to improve the overall service level being provided to based aircraft tenants.

Staff has been in negotiations with a confidential tenant to lease the bulk hangar located at 2100 GSP Drive for a Maintenance, Repair & Overhaul (MRO) operation. Specific improvements are necessary for this tenant to begin operations. Based on the Baker buildings assessment, certain repairs are necessary for the two bulk hangars located at 2100 and 2102 GSP Drive. The proposed tenant for the hangar at 2100 GSP Drive requires specific tenant up fit improvements for their MRO operation.

Staff has developed a project budget to deliver the Bulk Hangar Improvements Project as a single Design-Build (DB) project. The project budget for 2100 GSP Drive is \$1,600,000 and includes general building renovations, tenant specific requirements, contractor costs, design, engineering, inspections and testing, as well as a project contingency. Without the hangar repairs at 2100 GSP Drive, the proposed MRO tenant will not lease the facility and will not locate their operation at GSP.

The project budget for 2102 GSP Drive is \$1,400,000 and includes general building renovations, contractor costs, design, engineering, inspections and testing, as well as a project contingency. The current condition of the hangar at 2102 GSP Drive does not reflect the standards of the District and some basic improvements are necessary to improve the level of service being offered to our based aircraft tenants. Based on current negotiations with the confidential MRO tenant, the hangar lease will generate \$360,000 annually in lease revenue. Utilizing the proposed line of credit the interest rate would be 1.19% annually and the MRO hangar project will have a payback of 4.59 years.

Mr. Howell respectfully requested that the Airport Commission resolve to (1) approve a project budget of \$3,000,000 for the Bulk Hangar Improvements Project; (2) authorize Staff to proceed with the project utilizing the proposed line of credit financing; and (3) authorize the President/CEO to execute all necessary documents.

There was a motion to approve the project budget for the Bulk Hangar Improvements, authorize Staff to proceed with the project utilizing the proposed line of credit, and



authorized the President/CEO to execute all necessary documents. The motion was seconded and unanimous vote was received.

#### **D. Approval of Corporate and General Aviation Hangar Project Budget**

Mr. Kevin Howell, VP of Operations/COO, requested approval of the Corporate and General Aviation Hangar Project Budget.

Staff has been in negotiations with a confidential tenant to construct and lease a corporate aircraft hangar. The proposed corporate hangar would be approximately 16,000 sq. ft. with 2,500 sq. ft. of office space. As discussed earlier, Staff has negotiated with another confidential tenant to lease the existing bulk hangar located at 2100 GSP Drive for a MRO operation. The proposed MRO operation will displace several existing bulk hangar tenants and further limits the District's amount of available aircraft storage space. Staff proposes to construct an additional general aviation (GA) hangar (up to 30,000 sq. ft.) that would serve to meet the needs mentioned above.

Staff has received a Letter of Intent for the proposed corporate hangar. Staff recommends building a second GA hangar at the same time as the proposed tenant corporate hangar. This hangar would give the District the ability to have development-ready space for other potential aviation related projects and/or additional aircraft storage space for interested tenants. The additional hangar could be easily modified to increase the total hangar square footage and also serve as supplemental hangar space during the renovation of the existing aircraft storage hangar at 2102 GSP Drive.

Due to water supply/pressure limitations in the FBO/GA area, a water supply tank and pump system is required for any new construction in the area.

The project budget for Corporate Hangar is \$2,853,000 and includes general building construction costs, apron and site costs, design, engineering, inspections, testing, and contingency. Based on current negotiations with the confidential tenant, the hangar lease will generate \$185,000 annually in lease revenue (escalates by CPI annually). Utilizing the proposed line of credit the interest rate would be 1.19% annually and the corporate hangar project will have a payback of 17.14 years. The project budget for the additional GA Hanger is \$5,250,000 (up to 30,000 sq. ft. @ \$175/ft.). The project budget for the Hangar Area Fire Protection/Water Supply Improvements is \$800,000. The combined project total is \$8,903,000.

Mr. Howell respectfully requested that the Airport Commission resolve to (1) approve a project budget up to \$8,903,000 for the combined Corporate and General Aviation Hangar Project; (2) authorize Staff to proceed with the project utilizing the proposed line of credit financing; and (3) authorize the President/CEO to execute all necessary documents.

There was a motion to approve the project budget for the Corporate and General Aviation Hangar project, authorize Staff to proceed with the project utilizing the proposed line of

credit, and authorize the President/CEO to execute all necessary documents. The motion was seconded and unanimous vote was received.

**PRESIDENT/CEO REPORT:**

Aviation Industry Update: Mr. Edwards stated there was nothing new to share since his last report in April. The AIP Bill remains the same status.

TSA Checkpoint Staffing Update: The Commission discussed recent concerns related to staffing at TSA checkpoints and the steps being taken by TSA and the Airport.

SEC-AAAE Annual Conference Update: The Commissioners acknowledged and congratulated Rosylin Weston, Vice President of Communications, for planning, preparing and hosting a successful SEC-AAAE event April 29 – May 3. Rosylin Weston reported 398 attendees as well as 239 participants in the BMW driving experience event.

Mr. Edwards noted that on June 20, 2016, GSP will help facilitate a business update luncheon presented by Dave Doty, Southwest Airlines' Senior Manager of Business Development, at The Poinsett Club from 12 pm – 1:30 pm.

Mr. Edwards further noted that Scott Carr and Holly Bridwell are working closely with Mr. and Mrs. Mark Bellissimo of the Tryon International Equestrian Center in developing a potential future relationship between GSP and the Equestrian Center.

Mrs. Shaw stated that the GSP ribbon cutting ceremony is scheduled for November 9, 2016 at 7 pm. Wolfgang Puck is scheduled to attend the ribbon cutting ceremony.

**COMMISSIONER'S REPORT:**

Mr. Burch attended the ACI-NA/AAAE Airport Board and Commissioners Conference in Conrad, Indianapolis April 10-12, 2016. He noted keynote speaker Bryan Bedford of Republic Airways. Mr. Burch further noted that the group is trying to establish a steering committee. Mr. Burch also encouraged Commissioners to contribute to the ACI-NA scholarship fund.

Mr. Burch shared that GSP Airport District will host the ACI-NA/AAAE event April 2-4, 2017.

Mr. Ramella added that he recently attended the ACI-NA Airports@Work Conference in Austin, Texas April 18-21, 2016 and was extremely impressed with the attendance. Cybersecurity is one of the big topics of discussion these days.

**EXECUTIVE SESSION:**

There being no further business, a motion was made, seconded, and carried to go into Executive Session. The specific purpose of the executive session was announced prior to



going into executive session. The specific purpose of the executive session was to discuss contracts relating to fuel supply and MRO operations and other legal issues.

**ADJOURNMENT:**

At approximately 1:00 p.m., public session resumed with no action being taken in executive session. The meeting was adjourned at approximately 1:01 p.m. The next meeting is scheduled for July 11<sup>th</sup> at 9:00 a.m.

**SIGNATURE OF PREPARER:**

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Stefanie Hyder