

GREENVILLE-SPARTANBURG AIRPORT COMMISSION

MINUTES

January 8, 2018

The Greenville-Spartanburg Airport Commission met on January 8, 2018 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, Senior Vice President/COO; Basil Dosunmu, Senior Vice President/CFO; Scott Carr, Vice President Commercial Business and Properties (Environs Area Administrator); Rosylin Weston, Vice President Communications; Marsha Madore, Human Resources Director; Neil Mitchell, Police Officer; Alan Sistare, Fire Chief; Nathan Garner, Director Cerulean Aviation; Dane Slaughter, Facilities Director; Betty O. Temple, WBD; Stefanie Hyder, Executive Assistant/Recording Secretary

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

CALL TO ORDER: Chair Minor Shaw called the meeting to order at 9:05 a.m.

CONSENT AGENDA: A motion was made, seconded, and unanimous vote received to approve the regular meeting minutes from the November 20, 2017 Commission Meeting.

PRESENTATIONS:

A. GSP Succession Planning Process Overview

Succession planning has become a leading topic of discussion and as follow-up to the GSP Executive Staff Retreat in November 2017, Dr. Van Beek of Steer Davies Gleave (SDG) kicked off this Commission meeting discussing the relationship between succession planning and the ongoing work with the strategic business plan.

At the off-site retreat, Staff reviewed succession planning challenges and picked a target date of 2024 when some of these challenges are expected to surface. Some of those challenges include passenger growth and the impact on infrastructure, Cerulean Aviation, and airlines and customer expectations in the aviation industry. As a result, the expectations in GSP leadership, division of labor, and succession planning will change as well.

Airports have become more commercial, self-sufficient and competitive. Airports have updated their strategic business plans to correspond to challenges with jobs, staff, labor market, and labor pool. Airport succession planning must protect the airport's continuity of operations by ensuring positions are staffed with high quality professionals, and must align with changes in the management structure. Industry-wide, 80% of senior staff is eligible to retire.

The succession planning process at GSP includes identifying key strategic and technical positions, aligning the process with organization and staff changes, conducting a baseline assessment of GSP's challenge (retirement dates of incumbents), and devising organizational strategies to address the challenge.

Mrs. Marsha Madore provided a brief presentation reviewing GSP's approach to succession planning and updated the Commission on the District's view of this issue. The process involves determining the depth of identifying talent and the level of leadership in nominating succession candidates, and the degree of confidentiality. Mrs. Madore further elaborated on the 9 Block Chart which is a standard in succession planning and used to name succession candidates, a color-coded GSP organizational chart used to indicate the readiness level of succession candidates, and lastly a snapshot that revealed GSP retirements within the next 10 years.

The Commission inquired about the role of Commissions at other airports as well as risk. Dr. Van Beek responded that typically succession planning is accomplished at the Staff level with updates being given to Boards/Commissions. Mr. Edwards suggested that succession planning be listed as an agenda item at the next annual Audit Committee meeting in the spring. Additionally, Mr. Edwards suggested that GSP Commission members discuss succession as it applies to the Board.

B. GSP Cargo Apron and Cargo Facility Project Update

Mr. David Edwards, President/CEO, prefaced Mr. Kevin Howell's, Senior VP/COO, presentation with the need for additional ramp space to handle cargo growth as well as a process that Staff plans to move forward to engage a private development to partner (P3) with GSP on the cargo building side. The intent is to request approval to move forward on these following action items at the March Commission meeting. Mr. Edwards noted that he and Mr. Howell recently visited Senator International operations at Frankfurt-Hahn and Senator has indicated a need for building space no later than the end of first quarter 2019.

Mr. Kevin Howell recapped 2017 cargo results. In the first full year of the Senator International/GSP operation, GSP handled 120 flights, moved nearly 20 million pounds of import and just over nine million pounds of export, in addition to servicing 700 Hot Shots (over two million pounds offloaded and 2.3 million pounds on loaded). Mr. Howell noted that Senator and Hot Shot flights contributed three million gallons to the fuel volume. In the first year as Cerulean Aviation, Commercial and GA, GSP processed over 13.8 million gallons

including three million gallons related to cargo. In 2018, Senator International will begin a schedule of three flights per week.

For the past several months, Staff has been working with WK Dickson on the Design phase of what has been referred to as the midfield cargo apron, or the 75-acre site just south of the existing FedEx facility. Key components of the project will require the District to extend Gateway Drive as well and utilities to the site. The apron will have to have a taxiway connector back to taxiway Lima. Phase I will consist of the construction of 13 acres of a new cargo apron which will have the capability to accommodate two (2) 747 800's simultaneously or one (1) 747 and several narrow-body aircraft next to it.

The current 90% estimate by WK Dickson is priced at \$17M for Phase I. This project is 90% eligible (\$15.3M) for AIP funding. That leaves a balance of \$1.7M. Staff has been working with FAA on this project since 2016. Staff was originally seeking \$11M in discretionary funding to go with \$4M in entitlement money. Based on recent conversations, the District is programmed to receive the normal \$4M in entitlements and \$7M in discretionary, leaving the District \$4M short. There is the potential of another million in discretionary funding as well as year-end fall out money. The \$17M includes site prep on the entire 75-acre site (only building out 13 acres now) and storm drainage for the entire build out. To reduce costs, one option is to scale back on site prep and storm drain work.

The Phase 1 building proposals are for a 100,000 SF cargo warehouse with 10,000 SF support space which would be connected to the new cargo apron. As mentioned earlier, Senator International has already requested space, specifically 50,000 SF. Both Cerulean and GSP as a ground handler and warehouse operator need 50,000 SF.

The District is looking for a private development partner (P3 arrangement). The RFP is scheduled to be posted this week. With a P3 arrangement, the District would not need to spend capital reserves. The District could bring in a development partner who would lease the space to the District for a certain period of time or the District could go out and acquire debt service or use capital reserves. The District wants a buy-out option in the agreement as well as a single or multi-tenant option. Staff plans to make a recommendation at the March 2018 Commission meeting. The goal is to be complete by Q1 2019.

Commissioners asked about the estimated costs for the cargo building, restrictions with a private development partner, potential cash flow with leasing options, quotes from local developers, cost comparisons, and security during construction. Mr. Howell responded with estimated costs (\$15-20M) and Mr. Edwards referenced the construction cost (\$10M) associated with the 120,000 SF FedEx Facility that was built in 2000. Mr. Howell does not foresee restrictions. The RFP is an open, public process and Staff will provide cost comparisons. Mr. Howell reminded the Commission that Staff will provide a ranked list of proposers at the March 2018 Commission meeting. Mr. Howell discussed security plans as well.

OLD BUSINESS: None

NEW BUSINESS: None

PRESIDENT/CEO REPORT:

Aviation Industry Update:

The biggest item being discussed is related to the PFC increase which is part of an appropriations bill out of the Senate. While Congressman Sanford has requested this be removed from the Bill, colleagues in Charleston are weighing in heavily and the District continues to communicate with Legislative Delegation at the Federal level. Planned retirements in Congress are occurring and Congressman Bill Shuster, who has been advocating privatization of air traffic control, will not seek re-election. We are still in a continuing resolution on the existing FAA reauthorization which continues through the end of March.

Lyft, Inc. at GSP:

Lyft, Inc. has been approved to operate at GSP.

139 Certification Program Update:

GSP underwent its Part 139 Certification in November-December 2017. The District has not received the final letter from the FAA indicating a no discrepancy inspection due to one outstanding item relating to electrical circuits on the airfield needing to be separated. The District received a clean audit on the fueling side. ARFF records were clean with no discrepancies.

FAA to Conduct AFTIL Study:

FAA is going to conduct an AFTIL study. GSP participated in this study related to air traffic control tower sighting approximately six to seven years ago. At that time, the District paid for a new sighting study and attended the site meeting at the FAA Technical Center in NJ. Most recently, the FAA has decided to look at a new tower and the previous study is now obsolete. GSP will not pay for the study this time, but will engage in that process again at the FAA Technical Center in the spring.

INFORMATION SECTION: None

COMMISSIONER'S REPORT:

Mr. Ramella complimented Staff on the cleanliness and look of the Terminal.

Mr. Burch encouraged the Commissioners to attend the Washington Legislative Conference in March.

It was noted that the Commissioners Conference is in Las Vegas on May 6-8, 2018.

ADJOURNMENT:

There being no further business, a motion was made, seconded, and unanimous vote received to adjourn the meeting. The meeting was adjourned at 10:20 a.m. The next meeting is scheduled for March 19, 2018 at 9:00 a.m.

SIGNATURE OF PREPARER:



Stefanie Hyder