

GREENVILLE-SPARTANBURG AIRPORT COMMISSION

MINUTES

September 20, 2021

The Greenville-Spartanburg Airport Commission met on September 20, 2021 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, Leland Burch, Valerie Miller, Jay Beeson, Doug Smith (via teleconference)

MEMBERS NOT PRESENT: None

STAFF AND LEGAL COUNSEL PRESENT: David Edwards, President/CEO; Kevin Howell, Senior Vice President/COO; Basil Dosunmu, Senior Vice President-Administration and Finance/CFO; Scott Carr, Vice President Commercial Business and Communications; Betty O. Temple, WBD; Thomas Tyra, Director of Communications & Air Service Development; Cody Baumann, Director of Operations; Jeff Clifton, Director of Design & Construction; Casey Cooperman, Executive Assistant/Recording Secretary

GUESTS PRESENT: Wes Townson, McKibbin Hotel Group; John Mafera, McFarland Johnson; Zach Nelson, McFarland Johnson; Jon McCalmont, Parrish & Parrish; Tom Lockhart, McMillan Pazdan Smith; Mark Waller, AVCON; Jonathan Chasteen, HDR; Bob Montgomery, Spartanburg Herald-Journal

CALL TO ORDER: Chair Minor Shaw called the meeting to order at 9:10 a.m.

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

- A. The Greenville-Spartanburg Airport Commission July 12, 2021 Regular Meeting Minutes.
- B. The Greenville-Spartanburg Airport Commission Meeting Dates and Times for Calendar Year 2022.

PRESENTATIONS:

A. Review Renderings of Aviation Parkway Entry Signage

Mr. Kevin Howell, Senior Vice President/COO, reviewed the GSP Campus Signage Program – Phase 2. Mr. Howell noted that this is a FY2022 budgeted capital project. This project includes the completion of the campus directional and wayfinding signage as well as the new primary entry sign on Aviation Parkway. A brief presentation was provided to review an updated rendering of the planned entry sign for Aviation Parkway. Mr. Howell invited the Commissioners to provide feedback and ask any questions they may have on the project to which there was discussion about whether the sign should be visible from I-85. Mr. Howell replied that the sign will not be visible from I-85 to which Chair Shaw agreed that there is ongoing construction on the interstate and it would be premature to put signage along the

interstate at this time. Further discussion ensued about the size of the lettering on the sign and the Commissioners asked Mr. Howell to ensure it will be legible to drivers, to which Mr. Edwards stated that the District is addressing the legibility as well as the landscape lighting along Aviation Parkway.

B. Terminal Landside Roadway Improvements Project Update

Mr. Kevin Howell, Senior Vice President/COO invited John Mafera of McFarland Johnson to provide an update on the Terminal Landside Roadway Improvements Project. Mr. Howell noted that this is a FY2022 budgeted capital project. This Wingspan 2040 project includes planning, design and construction of various landside roadway improvements as outlined in the GSP Master Plan and most recently identified as enabling work for the future terminal expansion project. Staff is currently working with the District's planning team, McFarland Johnson, to further refine the program scope and identify the initial project elements for this phase prior to beginning full design. A presentation of the Commercial Vehicle Staging area with a visualization and renderings was provided for Commissioner feedback and group discussion.

The Commissioners shared concern over the Vehicle Staging area, requesting that the Staff look at all other options, with safety and aesthetics are the main concerns. Conversation ensued regarding alternative options and the timing of the project given expected passenger enplanements.

OLD BUSINESS:

A. Approval of the Final Ranking for a Full Service On-Airport Hotel Development

Chair Shaw recognized guest, Wes Townson of McKibbon Hotel Group, who was provided five minutes to speak. He demonstrated McKibbon Hotel Group, Inc.'s continued interest in the Full Service On-Airport Hotel Development.

Mr. Scott Carr, Vice President of Commercial Business & Communications, presented the request to approve the Final Ranking for a Full-Service On-Airport hotel Development.

On February 1, 2021, Staff issued a RFP to the public seeking competitive proposals from qualified companies.

On March 26, 2021, one proposal was received and was considered technically acceptable upon review. The proposal was from McKibbon Hotel Group, Inc. (McKibbon). An Evaluation Committee, including all Executive Staff and representatives from the Commercial Business and Procurement Departments, evaluated the proposal.

At the direction of the Airport Commission, Staff engaged Horwath HTL out of Atlanta, GA to complete a feasibility study for a future full service on-airport hotel adjacent to the terminal building. The summary results of that study were presented at an Airport Commission workshop on September 13, 2021.

Mr. Scott Carr provided the issue for this request, which is to approve the final ranking for the Full Service On-Airport Hotel Development as follows:

1. McKibbon Hotel Group, Inc.

Mr. Carr also presented the alternatives to continuing with the RFP issued in February 2021, which include issuing a new RFP that includes the results of the completed feasibility/market study, in an effort to obtain more interested developer proposals as suggested by Horwath HTL at the Airport Commission workshop. Alternatively, the entire project could be placed on hold for a defined period to allow economic conditions to continue to improve, or the project could be completely abandoned.

Additionally, Mr. Carr provided information on the fiscal impacts.

Mr. Carr respectfully requested that the Airport Commission resolve to (1) approve the final rankings for Full Service On-Hotel Airport Development as presented; (2) authorize Staff to negotiate agreements terms including the financial structure of the deal with the highest-ranked company (if acceptable agreement cannot be reached with the highest-ranking company, negotiations will be formally terminated, and Staff will discuss next steps) to be brought back to the Airport Commission for subsequent consideration and approval.

There was a motion to reject the final rankings for Full Service On-Airport Hotel Development as presented. The motion was seconded, and unanimously approved.

NEW BUSINESS:

A. Approval of a Budget Amendment for the Airfield Pavement Improvements Program – Priority 1

Mr. Kevin Howell, Senior Vice President/COO, presented the request to approve a budget amendment for the Airfield Improvement Program – Priority 1.

The original Priority 1 project scope included rehabilitation of taxiways L, D and G; taxiway shoulders at A, B, C, J, K and L; and the widening and reconstruction of taxiways L5 and L6 to the general aviation ramp. Early in 2021 and prior to starting the project, the ADO advised Staff there would not be enough AIP grant funds this year for the entire Priority 1 scope. Staff removed the L5 and L6 work from the project to keep the project within the funding limits and planned to delay L5 and L6 until funding could be secured. Ultimately the \$6,000,000 FY2022 capital budget approved by the Commission in May was based on the reduced project scope and reduced AIP funding.

In July, Staff was informed that additional grant funding was available to complete L5 and L6 after all. The project was realigned to add L5 and L6 back into the contracted work to take full advantage of the additional grant dollars. Due to the timing of when the project was bid and when the additional funding was determined, there was some escalation in construction costs, additional costs related to rephasing of the work and extended CA/RPR and testing costs. Commission approval of a budget amendment is necessary to fully fund the project.

The current Commission approved budget is \$8,400,000. With the addition of the taxiway L5 and L6 scope back to the project the revised construction phase costs total \$10,941,404. Accounting for a 5% contingency (\$547,070) results in a total project forecast of \$11,488,474. The final AIP grant for Priority 1 totals \$10,698,643.

Depending on how much of the contingency is required on the project, the District's financial portion could range from the high end of \$789,932 if the entire contingency is needed to a low of \$242,761 if no contingency is used.

Mr. Howell requested that the Airport Commission resolve to (1) approve a revised total project budget amount of \$11,488,475 for the Airfield Improvements Program – Priority 1 Construction Project; and (2) authorize the President/CEO to execute all necessary documents.

There was a motion to approve the budget amendment to the Airfield Pavement Improvements Program – Priority 1 and authorize the President and/CEO to execute all necessary documents. The motion was seconded, and unanimously approved.

B. Approval of a Budget Amendment for Parking Shuttle Operations

Mr. Kevin Howell, Senior Vice President/COO, presented the request to approve a budget amendment for Parking Shuttle Operations.

The current approved operations and maintenance (O&M) budget for FY2022 does not include the necessary funds for parking shuttle operations. Commission approval of a budget amendment is necessary prior to resuming shuttle operations.

The Commission may elect to not approve the budget amendment. However, without a budget amendment, parking shuttle service will continue to be suspended.

The current approved parking operations budget for FY2022 totals \$707,754 in expenses and \$9,215,854 in public parking revenue. Staff is requesting the Commission approve an additional \$400,000 in expenses to fund the parking shuttle operations for the remaining portion of FY2022.

The FY2022 budget included \$9,215,854 in public parking revenue for the 12-month budget period. After the first two months of the fiscal year, public parking revenue has already exceeded budget by more than \$1,000,000.

Mr. Howell requested that the Airport Commission resolve to approve a budget amendment to increase the FY2022 parking operations and maintenance budget by \$400,000 to resume parking shuttle operations.

The Commission requested that the parking shuttle service be resumed as soon as possible.

There was a motion to approve the budget amendment Parking Shuttle Operation. The motion was seconded, and unanimously approved.

C. Approval of Revised Salary and Grade Level Plan

Mr. David Edwards, President/CEO, presented the request to approve a Revised Salary Grade Level Plan for District employees.

As the Greenville-Spartanburg Airport District ("District") began to see staffing challenges in early 2021 immediate action was taken to address certain compensation levels in the organization where the District was having difficulty in retaining existing staff and recruiting new staff. It was then decided that an organization-wide compensation study needed to be conducted. In April 2021, Korn Ferry was engaged to conduct a comprehensive compensation

study for the Greenville-Spartanburg Airport District. The compensation study was completed in August 2021.

Per the current District Human Resources Policies and Procedures, the President/CEO will make recommendations from time to time for amendments to the Employee Compensation Plan, when changes in responsibilities of work, economic conditions, prevailing wage rates, financial conditions or other economic considerations indicate a need for such action.

Korn Ferry provided a revised Salary and Grade Level Plan as a part of its compensation study. The new plan takes in account the market analysis of each position in the organization. The goal of the compensation study was to benchmark each District position to the market and then set the midpoint of each position based on the P50 market level. The new plan graduates each midpoint level by increments of 10%. In addition, the minimum and maximum levels are set at 80% and 120% respectively of each midpoint. Mr. Edwards provided the proposed revised Salary and Grade Level Plan for review.

Korn Ferry recommended that the District bring all positions to the midpoint if the staff member is proficient in their job as this is the current market level. The cost impact to bring all employees to midpoint is approximately \$1.5 million annually or an increase of 15.5%. Staff did prepare for this budget impact this year. Therefore, no change to the budget is being requested to implement these proposed changes. Staff may determine that in certain circumstances a phase-in of individual increases may be appropriate.

Mr. Edwards requested that the Airport Commission resolve to approve the revised Greenville-Spartanburg Airport District Salary and Grade Level Plan as presented.

There was a motion to approve the Revised Salary and Grade Level Plan. The motion was seconded, and unanimously approved.

D. Approval of a Lease Agreement Amendment for the National Weather Service Facility

Mr. Scott Carr, Vice President of Commercial Business & Communications, presented a request to approve a Lease Agreement Amendment for the National Weather Service Facility.

The National Weather Service (NWS) currently has a ground lease for 2.07 acres of property from the Airport District (District) located at 1549 GSP Drive. The current agreement expires on September 30, 2021.

The NWS has requested an extension of the current ground lease agreement. The District has negotiated a 15-year extension to the current agreement.

Mr. Carr provided the terms for the 15-year extension, including Base & Option Terms, Lease Premises, Lease Rate, Contract Security, District Improvements, Maintenance, Utilities, Insurance, Taxes & Assessments, Subleasing, Assignment and Improvements at Expiration of the Lease.

Mr. Carr outlined the annual ground rent amount starting with its baseline in Year #1 and escalating it by 3% annually starting in Year 2. Mr. Carr then outlined the rent schedule to be applied to the 15-year ground lease extension.

Mr. Carr requested that the Airport Commission resolve to (1) approve the lease agreement amendment terms as outlined above and (2) authorize the President/CEO to execute a lease agreement amendment with the NWS.

There was a motion to approve the Lease Agreement Amendment for the National Weather Service Facility and authorize the President/CEO to execute a lease agreement amendment with the NWS. The motion was seconded, and unanimously approved.

PRESIDENT/CEO REPORT:

Aviation Industry Update:

Mr. Edwards discussed various national publications, news articles and airline articles which predict that the aviation industry will have a soft fall and remainder of 2021 as it relates to passenger traffic, due to COVID-19 variants. Looking ahead to 2022, Staff expects business travel to return in the first quarter. Looking at statistics, the District experienced 80% recovery in July, however it has dipped to 75% in August, which still tracks ahead of a budgeted 68% recovery. Mr. Carr and his team have sent out a survey to the Upstate business community to help project when business travel will return.

Mr. Edwards projected that international travel will experience a slower return, with full recovery expected by 2026.

Federal and State Legislative Update:

Mr. Edwards continues to track the progress of the Federal \$1.2 trillion Infrastructure Bill as well as the \$3.5 trillion Human Infrastructure Bill. The federal government is trying to connect the two packages. They are looking for a vote and if it passes in its current form, airports will receive \$20 billion over five (5) years, with \$15 billion, to be received as \$3 billion over five (5) years. The remaining \$5 billion would be reserved specifically for terminal improvements. FAA towers would receive a total \$5 billion. Mr. Edwards noted that this is good news for airports and would help move capital projects along.

Mr. Edwards is working with state legislators to move forward a commercial service airport recovery package, using state ARPA money. He indicated that initially \$1 billion will be allocated for water/sewer and a few other items, with a remaining amount of \$1 billion to be allocated in January 2022. Other commercial service airports are working alongside Mr. Edwards to help secure this funding. The next step would be to have a discussion to establish a regular funding stream for commercial service airports.

Discussion ensued as to the historical reasoning for why commercial service airports have not received regular funding. Mr. Edwards noted that the capital program costs are growing and although accepting grant money from the state would take away some of the District's independence, airports could still use the help, especially considering the airport's economic impact and tax revenues. Other states are trying to do the same thing in their regions, and it will be helpful to have Commissioners communicating the need when the time is right.

Coronavirus (COVID-19) Update:

Mr. Edwards stated that although the District went through a long stretch without any reported cases, it has seen a significant uptick over the last several weeks.

It is still to be determined whether Staff will have to be vaccinated or tested weekly. Currently, all Federal employees are required to do so, and it may roll down to federal contractors like District Staff.

The District is also having internal conversations about how best to handle vaccination requirements.

ACI Health Accreditation:

Mr. Edwards applauded District Staff and noted that GSP is the first in South Carolina to receive the award.

New ATCT Tower:

Mr. Edwards announced that the FAA re-emerged with the project for a new ATCT Tower at GSP this year. The new ATCT tower has been approved and will go under design & construction in 2023, to be completed by 2028. The FAA will pay for it.

Administrative Parking Lot:

Mr. Edwards discussed that the District is hiring more Staff and there will be a need to use the entire administrative parking lot for Staff only. This will necessitate a relocation of parking for Commissioners to Parking Garage B. Once parking spots are identified in the parking garage, Commissioners will be asked to provide their vehicle tag information. Commissioners will then be able to enter/exit the garage without a parking ticket and park in the designated area.

COMMISSIONER'S REPORT: None

EXECUTIVE SESSION:

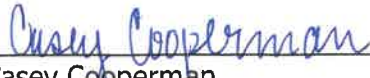
There being no further business, a motion was made, seconded, and carried to go into Executive Session at 11:28 a.m. to discuss negotiations incipient to proposed contractual arrangements and receipt of legal advice.

At approximately 11:57 a.m., public session resumed with no action being taken in Executive Session.

ADJOURNMENT:

There being no further business, a motion was made, seconded and unanimously approved to adjourn meeting. The meeting was adjourned at approximately 11:58 a.m.

SIGNATURE OF PREPARER:



Casey Cooperman