

GREENVILLE-SPARTANBURG AIRPORT COMMISSION

MINUTES

July 10, 2017

The Greenville-Spartanburg Airport Commission met on July 10, 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; Jack Murrin, Vice President/CFO; Scott Carr, Vice President Commercial Business and Properties (Environs Area Administrator); Rosylin Weston, Vice President Communications; Mike Kossover, Director of Operations; Nathan Garner, Aviation Services Director; Marsha Madore, Human Resources Director; Mitchell Cole, Police Officer; Alan Sistare, Fire Chief; Betty O. Temple, WCSR; Stefanie Hyder, Executive Assistant/Recording Secretary

GUESTS PRESENT: Steve Van Beek, Steer Davies Gleave (SDG); Michele Tavani, SDG; Edward Shelswell-White, Lexvolo; John Jamotta, SBC Global; Mike Darcangelo, AVCON; Bob Montgomery, Spartanburg Herald Journal; Garrett Lloyd, Summer Intern.

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 May 8, 2017 Commission Meeting and to approve the amendment to the Administrative Policy in response to changes in state law.

PRESENTATIONS:

A. Pension Reform Informational Update

Mr. Jack Murrin, Vice President - Administration and Finance/CFO, gave a presentation on the South Carolina Retirement System (SCRS) for the purpose of an informational and status update to the Commission.

The SC pension system is expensive and is beginning to have a negative impact on hiring and employee retention at GSP. Mr. Edwards added some final comments and recommended legislative inquiry along with assembling a Commission Task Force.

The Commission asked questions, made recommendations, and discussed possible options for future courses of action, including agreeing to establish a Commission Task Force to address the legislature on issues and concerns related to the SC Pension System.

B. Airport Operations and 139 Certification Program Overview

Mr. Michael Kossover, Director of Operations, provided a brief presentation reviewing the GSP Operations Department and its responsibilities as it relates to Title 14 CFR Part 139 Airport Certification.

The Operations Department consists of 15 employees that provide 24/7 coverage. Functions include Operations that oversees air and land (safety and security compliance), the Operations Center that monitors access control and dispatches 24/7, and lastly the Badging Office.

FAA Part 139 prescribes rules governing the certification and operation of airports with scheduled passenger-carrying operations of an air carrier operating aircraft configured for more than nine passengers. Part 139 governs the Airport Certification Manual, operational records, paved and unpaved areas, safety areas, marking, signs, and lighting, traffic and wind indicators, snow and ice control, aircraft rescue and firefighting, handling and storing of hazardous substance/materials, airport emergency plan, self-inspection program, pedestrians and ground vehicles, obstructions, protection of NAVAIDS, public protection, wildlife hazard management, airport condition reporting and airport construction management.

FAA conducts an annual inspection and this year marks 18 consecutive years without a discrepancy or any write-ups.

C. Annual Strategic Business Plan Update

In November 2014, the Greenville-Spartanburg Airport Commission adopted a 6-year Strategic Business Plan for the Greenville-Spartanburg Airport District. Mr. David Edwards, President/CEO, introduced Dr. Stephen Van Beek of Steer Davies Gleave to recap the District's performance as it relates to the strategic business plan, as well as provide an update from a national perspective, discuss issues as it relates to policy, and recap the specific KPI's outlined in the strategic plan.

Dr. Van Beek opened the discussion with an airport industry SWOT analysis. The state of the industry is good right now with lower fuel costs and fares. There has not been a lot of progress in Washington D.C. with regard to policy.

Dr. Van Beek compared seat capacity by hub size over the past ten years, domestic seat shares of non-aligned carriers, as well as international seat shares of alliances and non-aligned carriers. GSP has fared well over the past ten years. There has been a 22% gain over ten years in terms of seat capacity as a result of business traffic, etc. Over the last year, seats are up about 3.8%.

From a policy standpoint, the Trump Administration has a \$1 Trillion infrastructure plan in place with the majority of commitment to surface transportation. The President has been supportive of FAA reauthorization, but airports are not "dealt in." There is the possibility of financial and service effects on GSP related to the DHS budget. International air service and VISA policy could reduce access into the market. There has not been a lot of progress on the airport economic agenda. Dr. Van Beek's recommendations include GSP leveraging the fundamentals, preparing for slower growth, and promoting a strategic policy agenda.

Next, Dr. Van Beek provided a presentation on GSP's Performance Plan with a focus on the strategic goals, performance measures and results over the past year, Fiscal Year 2016-2017, as well as the strategic goals and performance measures that GSP has set in moving forward towards the upcoming Fiscal Year 2017-2018.

Overall, Dr. Van Beek concluded that the District is performing well, if not excellent, in all six strategic areas.

Mr. Edward Shellswell-White presented to the Commission a 2018 preview on air service development and marketing. The three-year commercial strategy for FY2018-FY2020 includes growing passenger demand for GSP's existing service, growing airline willingness to add GSP service, and owning the plan and driving the business. The 2018 marketing budget for advertising and promotions was also presented. In 2017, GSP capitalized on opportunities in product marketing to extend the customer experience for both the business traveler and general market.

Mr. Shellswell-White introduced Mr. John Jamotta of SBC Global who provided a brief presentation on air service development and investing in/developing an entire program of commercial activities that are rigorously project managed. The four principles include investment, alignment, prioritizing commercial efforts, and managing relentlessly. Mr. Shellswell-White concluded that such a program takes GSP out of the realm of network planning for airlines and into realm of making the market the most successful it can be.

Commissioners inquired about concerns with regards to long-term parking.

OLD BUSINESS: No old business

NEW BUSINESS:

A. Approval of Solid Waste Collection and Disposal Services Contract

Staff recently conducted a comprehensive Request for Proposals (RFP) to companies in the area for a new three (3) year contract for solid waste collection and disposal services. Mr. Kevin Howell, VP/COO, stated that GSP has been in a month-to-month situation and vendor contracts in excess of one year require approval from the Commission. This new solid waste contract is a three (3) year agreement. Bid tabulation was enclosed in the Commission package for review. Waste Connections of the Carolinas was the lowest bidder.

The FY18 budget currently includes \$40,000 for trash disposal. Based on historical averages, this contract may average \$30,000 +/- per year. This contract covers all campus solid waste containers and disposal.

In response to the Commission, Staff stated that recycling is not part of this contract and GSP does not have a comprehensive recycling program at this time.

There was a motion to approve the three year contract for solid waste collection and disposal services, and to authorize the President/CEO to execute all necessary documents. The motion was seconded and unanimously approved.

B. Approval of CenterPoint - BMW Phase III Lease Terms/Agreement

CenterPoint Properties has negotiated an agreement with BMW Phase III.

Mr. Scott Carr, VP Commercial Business and Properties, and Staff negotiated ground lease terms with CenterPoint Properties for this project. A summary of the primary business terms of the agreement includes a base term of 30 years with two ten (10) year options. The lease premises are approximately 25.18 acres, and total ground rent in the first year is \$80,576.00. After the first year, rents will increase by CPI based on \$40,000 per acre with an 8% cap rate. There are no district improvements. Lessee improvements include a 271,890 square foot office and warehouse facility.

As part of this agreement, the employee parking lot facility that was constructed as part of BMW Phase II needs to be realigned to BMW Phase III, presently incorporated as part of the previous agreement for BMW Phase II. Staff proposes a lease amendment to the BMW Phase II agreement to remove ±2.01 and include it as part of the agreement for BMW Phase III.

There was a motion to, as presented to the Commission, approve the lease agreement terms as outlined, approve the lease amendment to the BMW Phase II agreement as outlined, and authorize the President/CEO to execute a lease agreement for BMW Phase III and a lease amendment for BMW Phase II with CenterPoint Properties. The motion was seconded and approved. Commissioner Doug Smith abstained from voting.

C. Approval of CenterPoint - Approximate 6.95 Acre Parcel Lease Terms/Agreement

Mr. Scott Carr, VP Commercial Business and Properties, stated that CenterPoint Properties has negotiated an agreement with BMW to lease ±6.95 acres of land. This is a parcel for future development with the same terms, 30 years with two ten (10) year options, as the previous project. This parcel is somewhat "orphaned" from roadway access.

There was a motion to, as presented to the Commission, approve the lease agreement terms as outlined, and authorize the President/CEO to execute a lease agreement with

CenterPoint Properties. The motion was seconded and approved. Commissioner Doug Smith abstained from voting.

PRESIDENT/CEO REPORT:

Aviation Industry Update: Discussed under Presentation C - Annual Strategic Business Plan Update

Airlines Meeting Update: Mr. Edwards met with Southwest and American Airlines in Dallas last month for the purpose of discussing air service development/cities for new service. The meetings were productive. American Airlines discussed future opportunities in Miami and potentially New York.

Terminal Improvement Program Update: Staff is in the close-out phase and expects to meet with Skanska Moss to review and wrap up punch list items in the next couple of weeks.

Mr. Edwards and Mr. Howell had their first meeting with Michael Baker International last week to discuss outstanding items on the design side of TIP.

Traffic: Mr. Edwards noted that traffic saw six percent growth in May. Fuel sales are strong.

COMMISSIONER'S REPORT: No update

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 personnel matters.

ADJOURNMENT:

At approximately 12:58 p.m., public session resumed with no action being taken in Executive Session.

The meeting was adjourned at 12:59 p.m. The next meeting is scheduled for September 11th at 9:00 a.m.

SIGNATURE OF PREPARER:



Stefanie Hyder