

GREENVILLE-SPARTANBURG AIRPORT COMMISSION

MINUTES

June 24, 2019

The Greenville-Spartanburg Airport Commission met on June 24, 2019 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, and Doug Smith

MEMBERS NOT PRESENT: Bill Barnet

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 (Environ Area Administrator); Ashley Bruton, Director of Human Resources; Bobby Welborn, Police Chief; Tony Lohrman, Fire Chief; Dudley Brown, Public Relations Manager; Betty O. Temple, WBD; Stefanie Hyder, Executive Assistant/Recording Secretary

GUESTS PRESENT: Steve Van Beek, Steer Davies Gleave; Mike Darcangelo, AVCON, Inc.; Alex Chambers, Student

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 Consent Agenda as follows:

- A. The Greenville-Spartanburg Airport Commission May 28, 2019 Regular Meeting Minutes.

PRESENTATIONS:

- A. Annual Strategic Business Plan Update

Mr. Edwards welcomed the return of Dr. Van Beek of the Steer Group. In November 2014, the Greenville-Spartanburg Airport Commission (Commission) adopted a 6-year Strategic Business Plan for the Greenville-Spartanburg Airport District (District). Entering into this last year of the 6-year Strategic Business Plan, Dr. Steve Van Beek discussed trends in the national market, the state of the industry, performance results for Fiscal Year 2018-2019, and updated performance measures for Fiscal Year 2019-2020.

Notable national trends include the retirement of certain aircraft, increased congestion, and new aircraft entering and exiting the fleet. Additionally, airports are facing significant growth pressure leading to a financial focus on non-aeronautical revenues.

Dr. Van Beek continued the discussion with an airport industry SWOT analysis. Strengths include traffic at airport gateways and low fuel prices. Weaknesses revolve around political position, connectivity, costs associated with adding new capacity, and diversion of security. Opportunities include passenger growth and low rates for capital investments and ground transportation. Threats include further airline consolidation and political pressure.

Data shows a recent steady growth of passenger traffic at higher rates than aircraft movements. Full service and low-cost carriers are the main drivers of both domestic and international growth. GSP seat capacity growth since 2009 has outperformed domestic airport counterparts with GSP growing 81% over the past 10 years.

Next, Dr. Van Beek provided his presentation on GSP's Performance Plan with a focus on the strategic goals, performance measures and results over the past year, as well as the strategic goals and performance measures that GSP has set in place moving forward towards the upcoming Fiscal Year 2019-2020.

The 2019 GSP SWOT analysis indicates strengths in PFC funding capacity, customer service ethic, growing air service and air cargo growth, concerns with leakage and CBP staffing, opportunities to develop property and diversify the air cargo business, and risks associated with tariffs and airlines that hold the majority of the market. The Commission asked about international service start-ups in smaller hubs to which Dr. Van Beek and Mr. Edwards responded.

Safety remains the number one strategic goal with close attention to the insurance claims. GSP has had zero fatalities from 2011-2019 and injuries continue to decline.

The Commission was briefed last fall on the economic impact study conducted by Syneva. Dr. Van Beek emphasized that previous studies did not measure the benefit of air cargo and commercial development at the GSP Logistics Park. The study results showed GSP's economic impact at over 14,000 jobs, \$2.9 billion in total economic impact, and tax benefits.

The airport continues to drive growth and make changes in infrastructure including new cargo facilities, parking expansion programs, and Hangar renovations. The Commission inquired about yield management strategies and valet/business garage parking to which Dr. Van Beek responded.

Over the last year and decade, the airport has performed strong as compared to regional and national benchmarks and continues to maintain competitive air service.

Dr. Van Beek reviewed both the 2018-2019 and 2019-2020 financial targets, cash balance, airline revenues and cost per enplanement (CPE).

GSP continues to encourage business with local firms, including DBE's. The Commission asked about the requirement for background checks and the impact on availability of qualified employees to which Dr. Van Beek responded.

Dr. Van Beek wrapped up the presentation with customer service assessment initiatives for 2019-2020. The Commission inquired about customer service challenges. Mr. Edwards commented on the airlines and the quality of customer service.

In planning for the next five-year cycle, Dr. Van Beek reviewed challenges to include growth, service, commercial strategy and diversification, community and economic development, succession planning, and organizational culture/pay for performance. Mr. Edwards stated that in the near future the District will seek direction and feedback from the Commission for next five-year strategic business plan. The Commission inquired about PFC's as well as encouraged legislative involvement to which Dr. Van Beek responded.

The Commission resumed after a five-minute break.

B. Proposed History Alcove in the Grand Hall

Mr. Scott Carr, Vice President of Commercial Business and Communications, presented to the Commission three schematic design concepts that have been developed for the northern alcove of the Grand Hall that has been designated as a GSP history exhibit. Airport District Staff has engaged Jack Porter, Inc. of Greenville for the design work.

Mr. Carr compared and contrasted three concepts and asked the Commission for feedback with regards to appeal and design elements. Discussion ensued among the Commission members. The Commission inquired about the budget to which Mr. Carr responded. From the three concepts, the Commission agreed that they preferred a storefront, wood floors, blue columns, and possibly a timeline on the exterior wall of the alcove. Mr. Carr noted that elements can be extracted from all three concepts and combined to create a final concept.

Mr. Edwards commented that Staff will bring back the next iteration based on feedback received today. Staff will continue to work with Jack Porter, Inc. to finalize a single design.

OLD BUSINESS: None

NEW BUSINESS:

A. Appointment of a Member to the Airport Environs Planning Commission

Mr. Scott Carr, Vice President of Commercial Business and Communications, presented the appointment of a member to the Airport Environs Planning Commission.

The Airport Environs 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 from the Airport Commission, and one from the Town of Duncan. Members are appointed to two-year terms.

The Airport Commission is responsible for appointing two Board Members to the Airport Environs Planning Commission. Of these two appointments, one member is required to be from Greenville County and the other member from Spartanburg County.

Presently, Mr. Hank Ramella holds the appointment for Spartanburg County and that appointment expires on June 30, 2019. Mr. Ramella has expressed an interest in serving another term and the Airport Commission needs to reappoint Mr. Ramella to the Airport Environs Planning Commission.

There was a motion to reappoint Mr. Hank Ramella to the Airport Environs Planning Commission. The motion was seconded and unanimously approved.

B. Approval of Revisions to and Readoption of the Greenville-Spartanburg Airport District Rules and Regulations

Mr. Kevin Howell, Senior Vice President/COO, presented to the Commission the revisions to the Greenville-Spartanburg Airport District Rules and Regulations.

Title 55, enabling legislation, empowers the District to create and enforce certain rules and regulations for the safe and efficient operation of the Airport and associated property and facilities owned by the Airport.

Every few years, Staff reviews and recommends changes to the Rules and Regs to address new issues, update facility changes, maintain compliance with applicable laws and regulations and to clarify policy.

Mr. Howell highlighted the substantive changes that were also included in the Commission package for review. Those changes included and were related to service and emotional support animal definitions and rules, Part 121 Air Carrier requirements, stormwater and oil pollution as well as fire prevention and inspection requirements, new cargo apron, weight limit restrictions, FAA regulations, operational changes to engine ups, etc., authorized driver requirements, fuel truck right of way, cell phone parking lot rules, as well as rules related to firearms, smoking, and smokeless tobacco.

Mr. Howell specifically responded to a prior question concerning vehicles. The Commission also inquired about the section with regards to penalties to which the Police Chief, Mr. Bobby Welborn, responded. The Commission further asked about the distribution of information as well as the cell phone lot rules to which Staff responded.

There was a motion to approve the revisions as proposed and readopt the Greenville-Spartanburg Airport District Rules and Regulations. The motion was seconded and unanimously approved.

C. Approval of Revisions to and Readoption of the Greenville-Spartanburg Airport District Minimum Standards.

Mr. Scott Carr, Vice President Commercial Business and Communications, presented to the Commission the revisions to the Greenville-Spartanburg Airport District Minimum Standards.

Mr. Carr highlighted the substantive changes that were also included in the Commission package for review. Those changes included and were related to verbiage for specific entities exempt from the Minimum Standards, the FBO and the exclusive rights under FAA regulations, hours of operation, commercial air carrier line maintenance services, and commercial all cargo aircraft ground handling services.

The Commission inquired about the FBO requirements to which Mr. Carr and Mr. Edwards responded. Mr. Howell also commented on the FBO.

There was a motion to approve the revisions as proposed and readopt the Greenville-Spartanburg Airport District Minimum Standards. The motion was seconded and unanimously approved.

D. Approval of Roadway and Utilities Project

Mr. Kevin Howell, Senior Vice President/COO, presented to the Commission the roadway and utilities project.

Parking capacity has become a critical issue for the airport. The District is underway on a comprehensive surface parking expansion program that was previously approved by the Commission. The District is also in the design phase on the third parking deck with combined public parking and a consolidated rental car facility (CONRAC) with ready/return parking and a quick turn-around (QTA) facility.

While premium public parking demand is exceeding supply, additional premium parking could be provided through a third parking deck or additional surface parking, but there is significant roadway and utilities work that is required prior to construction of either. The design team can separate the roadway and utilities package to advance the work to allow for a quicker start and an earlier completion date for either project.

Mr. Howell reviewed preliminary drawings showing the shift in both road and utilities.

The Commission previously approved a \$5,000,000 budget for the design phase of the third parking deck/CONRAC facility. Approximately \$3,300,000 of that budget has been allocated. Staff proposed to reallocate the remaining approximate \$1,700,000 from the design budget and authorize an additional \$1,000,000 in new budgeted funds to advance the proposed Roadway and Utilities Project.

Staff also proposed to add the roadway and utilities scope of work to the design assist (DA) contract with Rodgers Builders that is currently under contract for the Surface Parking Program. Rodgers Builders has agreed to accept the additional work within the same timeline without any additional general conditions. The District would also experience a cost savings. Rodgers would bid the scope of work similar to the Surface Parking Program and the only additional expenses would be their DA contractor fee and minimal site requirements.

The Commission inquired about the reallocation of funds and the disruption to parking to which Mr. Howell responded. Mr. Edwards noted that Staff will return at the September meeting with a brief presentation on lane closures related to the entrance roadway.

There was a motion to (1) approve the Roadways and Utilities Project; (2) authorize the reallocation of the remaining third parking deck/CONRAC facility design phase budget to the Roadways and Utilities Project; (3) authorize an additional \$1,000,000 in new budget funds for the Roadways and Utilities Project; (4) authorize Staff to add the Roadway and Utilities scope of work to the Surface Parking Program DA contract and (5) authorize the President/CEO to execute all necessary documents. The motion was seconded and unanimously approved.

PRESIDENT/CEO REPORT:

2019 Air Cargo Europe Exhibition Update:

Mr. Edwards reported on his attendance at the 2019 Air Cargo Exhibition in Munich in the beginning of June. Mr. Edwards foresees our team attending this exhibition every other year. Mr. Edwards had the opportunity to meet with air carriers, all of which have done business with GSP. Mr. Edwards also met with freight forwarders as well as Senator and Magma to discuss various business terms. There were 2,400 exhibitors at this conference and included a collection of logistics industries.

ACI-NA Concessions Program Awards:

The District was recently awarded first place for Best Food and Beverage Program, Best Retail Program, and Best Airport Concessions Transformation Program, as well as third place for Best New Local Concept (Palmetto Distillery) at the ACI-NA Conference in Scottsdale, AZ for the Concessions Program at GSP. Mr. Edwards acknowledged the Communications Team for their most recent achievements.

2019 American Society of Landscape Architects Recognition Award – General Design – Airside Garden:

Seamon Whiteside received recognition from the American Society of Landscape Architects for the GSP Airside Garden. Mr. Kevin Howell, Mr. Jody Taylor, and Mr. Josh Waldrep of GSP attended the awards ceremony.

CAFR Recognition:

Last week, GSP received the Certificate of Achievement for Excellence in Financial reporting from the Government Finance Officers Association for the Consolidated Annual Financial Report that was submitted last year for the first time.

COMMISSIONER'S REPORT:

With regards to the department reports under the Information Section of the Commission Package, the Commission inquired about the contract with Bon Secours Wellness Arena and the FBO renovation to which Mr. Carr and Mr. Edwards responded.

EXECUTIVE SESSION:

There being no further business, a motion was made, seconded, and carried to go into Executive Session at 11:36 a.m. for the purpose of discussing a contractual matter.

ADJOURNMENT:

At approximately 12:31 p.m., public session resumed.

There was a motion to approve the updated and restated terms of employment of the District's President/CEO as reviewed by the Commissioners, and to authorize the Chair to finalize and execute the agreement with the President/CEO that contain such terms. The motion was seconded and unanimously approved.

The meeting was adjourned at approximately 12:32 p.m. The next meeting is scheduled for September 9, 2019 at 9:00 a.m.

SIGNATURE OF PREPARER:



Stefanie Hyder