

GREENVILLE-SPARTANBURG AIRPORT COMMISSION

MINUTES

May 14, 2018

The Greenville-Spartanburg Airport Commission met on May 14, 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, Valerie Miller, and Leland Burch (via conference call)

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 Marketing (Environ Area Administrator); Rosylin Weston, Vice President Communications and Governmental Affairs; Bobby Welborn, Chief of Police; Alan Sistare, Fire Chief; Marsha Madore, Human Resources Director; Kristie Weatherly, Finance Director, Dudley Brown, Public Relations Manager; Betty O. Temple, WBD; Stefanie Hyder, Executive Assistant/Recording Secretary

GUESTS PRESENT: Brian Fuerst, WSP; Mike Darcangelo, AVCON, Inc.; Dennis Wiehl, Mead & Hunt; Paul Holt, Holt Consulting

CALL TO ORDER: Chair Minor Shaw called the meeting to order at 9:04 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 March 19, 2018 Regular Meeting Minutes
- B. The Greenville-Spartanburg Airport Commission Audit Committee April 23, 2018 Meeting Minutes
- C. The Human Resources Policy and Procedure Manual Confidential Information Policy (Section 232.00)

PRESENTATIONS: None

OLD BUSINESS: None

NEW BUSINESS:

- A. **Approval of Fiscal Year 2018/2019 Airport District Budget**

Mr. Basil Dosunmu, Senior VP Administration & Finance/CFO, prepared and presented the proposed Fiscal Year 2018/2019 Budget for Airport Commission consideration and approval.

Mr. Dosunmu first presented history and general statistics. Between 1963 and 2017, GSP experienced an average annual growth rate of 4.85%. For FY 2018, Staff estimated enplanements of approximately 1,030,000. This year, enplanements are on track to exceed that number with the estimate for next fiscal year of 1,130,160 enplanements, a 2% growth over FY 2018.

Mr. Dosunmu discussed the proposed FY 2018/2019 O&M Budget. The operating income budget is expected to increase to \$40,761,296, a \$3.2M or an 8.5% increase over FYE 6-30-2018. The main factors contributing to this increase are Aviation Services, a \$1.4M increase in fuel sales, and \$1M from other services related to ground handling and warehousing fees, GSE Use Lease, and a general increase in other revenue streams. The operating expenses budget for 2019 is expected to increase to \$27,398,498, a \$4.1M or a \$17.7% increase over FYE 6-30-2018. The major expense increases for 2019 are related to personnel and benefit costs, contractual services, lease costs, utilities, and other normal expenses.

Mr. Dosunmu responded to questions of the Commissioners related to the SC State Retirement System as well as questions about the 2018 estimated budget.

Net operating income for FY 2018/2019 is \$13.4M compared to the FY 2017/2018 budget of \$14.5M.

Mr. Dosunmu provided the rates and charges overview. For FY 2018/2019, the cost per enplaned passenger (CPE) will remain around \$6.50. The terminal building rental rate per square foot for FY2019 is \$38.98 and the landing fee per 1,000 pounds is \$1.58.

Mr. Dosunmu highlighted the assumptions in the proposed FY 2018/2019 budget. Assumptions include passenger enplanements of 1,130,160, an increase in terminal maintenance costs, an increase in FBO operations, as well as an expansion of the long haul cargo operations, recruitment of personnel, an increase in insurance costs, and an increase in rental space. Mr. Dosunmu noted that yields averaged 1.2% and the current yield is 1.48%.

Mr. Dosunmu reviewed sources of revenue as well as operating expenses by category and then presented the proposed FY 2018/2019 Capital Budget. The proposed capital budget, including capital improvements, equipment and small capital outlays, renewal and replacement and professional service projects, is \$18.1M. Mr. Dosunmu elaborated on a couple of the capital projects.

Mr. Edwards responded to the Commissioners' questions about capital outlay and pre-approved items from last year's budget compared to this year's budget, as well as questions related to deferred maintenance. Mr. Ramella commented on the use of public/private funds for structures such as parking garages and hangars.

Mr. Dosunmu stated that the Other O&M Reserve Funds provisional budget includes \$750,000 for emergency repair/replacement/operations funds and \$600,000 for business development/agreement obligations and incentives.

Mr. Donsunmu reviewed the Land Development Profit and Loss (P&L) statement. Mr. Dosunmu concluded the budget presentation with a discussion about the historical and projected investment plan, 30-year Pro Forma update, and the Line of Credit in which \$7.2M has been drawn with \$17.8M remaining.

Commissioners discussed cash balances and asked questions about airline charges to which Mr. Edwards responded. Mr. Edwards further responded to questions about the status of Parking Garage C and parking revenues. Mr. Edwards commented on revenue generation, the gross operating margin, and the increase in discretionary funding.

There was a motion to adopt the Fiscal Year 2018/2019 Budget. The motion was seconded and unanimously approved.

PRESIDENT/CEO REPORT:

Aviation Industry Update:

The airlines are having another banner year financially.

There is legislation on FAA reauthorization and a proposal to increase AIP by \$1B.

Mr. Kevin Howell has been in communication with the FAA regarding additional funding. GSP is going to compete for discretionary funding from the \$1B program which could allow for the completion of the entire cargo apron project.

Air Service Development Update:

Mr. Edwards and Mr. Carr met with Air Canada recently in anticipation of securing future air service to Toronto. Staff is in the process of gathering information for Air Canada.

Recently, Mr. Edwards and Mr. Carr met with Delta Headquarters resulting in additional air service. Beginning on or around July 8, 2018, Delta will offer three scheduled flights from GSP to LaGuardia at 6am, Noon, and 5pm, and from LaGuardia to GSP at 9:40am, 2:30pm and 9:40pm.

Mr. Edwards and Mr. Carr are scheduled to attend the upcoming JumpStart Conference. Meetings have been scheduled with the airlines.

Airport Lounge Update:

Mr. Edwards updated the Commission on the Manchester Airport Group (MAG) Lounge. This project was approved over a year ago and after discussion and negotiations, both parties signed the contract in April 2018. Mr. Scott Carr shared with the Commission a few renderings based on preliminary design. MAG has an F&B program that sets them apart from other airport lounges. Mr. Carr provided pricing and answered questions about membership, location, and marketing efforts. A marketing plan is expected to be complete in the next three to four weeks.

The lounge is on track to open in October 2018.

OHM Update:

Due to some licensing challenges for the DC3 Dawgs concept, OHM will be changing this concept at GSP to another concept called All American Hot Dogs.

COMMISSIONER'S REPORT:

Mr. Ramella attended the ACI-NA Commissioners Conference. Topics of discussion included the passenger facility charge (PFC), parking, FAA model for land releases, as well as Customs and Border Patrol and the allocation of assets.

Mr. Ramella asked questions concerning the upcoming Equestrian event in September.

At the Commissioners Conference, Mr. Ramella had the privilege to moderate a session with Mr. Samuel Ingles, IT Manager at McCarron International Airport. Mr. Ramella commented on the RFID chip that Delta is using in an effort to handle over 80,000 bags per day at McCarron.

The next Commissioners Meeting will be in San Francisco. The following Annual Meeting is scheduled to be held in Salt Lake City.

Mr. Leland Burch, via conference call, noted his attendance at the Commissioners Conference as well, and highlighted the session regarding public/private partnerships. He further commented on the progress made from the Legislative Breakfast that was held at the Legislative Conference in Washington D.C. in March.

Mrs. Shaw asked Mrs. Weston to briefly comment on the GSP Art Program. GSP commissioned seven pieces of art for Phase II. Four of the seven pieces have now been installed. Two pieces of artwork, Artist Judy Verhoeven's *Frequent Flyers* and Artist Lauren Boilini's *Beyond the Fray*, were installed on Concourse B. The newest pieces of artwork by Artist Nancy Hilliard Joyce have been installed in two locations; one just outside the front door of the Administrative offices and one on the south wall. An oil canvas by Artist Nancy Oppenheimer is scheduled to be installed on May 26th on Concourse A. The mosaic tile piece by Artist Scott Parsons will be installed on Concourse A and is expected to be ready by mid to end October. The final and largest piece will be installed by Artist Daniel Goldstein in Baggage Claim sometime before December 31st.

EXECUTIVE SESSION:

There being no further business, a motion was made, seconded, and carried to go into Executive Session for the purpose of discussing a development agreement and personnel matters.

ADJOURNMENT:

At approximately 11:00 a.m., public session resumed with no action being taken in Executive Session.

The meeting was adjourned at 11:01 a.m. The next meeting is scheduled for July 9, 2018 at 9:00 a.m.

SIGNATURE OF PREPARER:



Stefanie Hyder