

GREENVILLE-SPARTANBURG AIRPORT COMMISSION

MINUTES

November 25, 2019

The Greenville-Spartanburg Airport Commission met on November 25, 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, Doug Smith, and Bill Barnet

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 (Environs Area Administrator); Ashley Bruton, Director of Human Resources; Bobby Welborn, Police Chief; Jeff Clifton; Director of Design and Construction; Cody Bauman, Operations Manager; Tom Tyra, Director of Communications and Air Service Development; Betty O. Temple, WBD; Stefanie Hyder, Executive Assistant/Recording Secretary

GUESTS PRESENT: Jay Beeson, Mark III Properties; Garfield Eaton, Landrum & Brown; Steve Van Beek, Steer; Clay Greene, ADC Engineering; John Mafera, McFarland Johnson; Erik Hartley, McFarland Johnson; Zach Nelson, McFarland Johnson; Mike Darcangelo, AVCON; Eric Rysdon, HDR; Jonathan Chasteen, HDR

CALL TO ORDER: Chair Minor Shaw called the meeting to order at 9:01 a.m. and introduced Mr. Jay Beeson as the new GSP Commission member with a term commencing December 31, 2019.

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

- A. The Greenville-Spartanburg Airport Commission September 9, 2019 Regular Meeting Minutes.
- B. The Greenville-Spartanburg Audit Committee October 31, 2019 Audit Committee Meeting Minutes
- C. Retirement Resolution for Mr. William Barnet III

PRESENTATIONS:

A. Recognition of and Retirement Resolution for Mr. William Barnet III

Chair Minor Shaw recognized Mr. Barnet and acknowledged the retirement plaque made in recognition of Mr. Barnet's years of service and his retirement from the Airport Commission.

Mr. David Edwards, President/CEO, further extended his sincere appreciation and gratitude to Mr. Barnet for his years of service on Airport Commission since 2011 and read aloud the retirement resolution.

After the resolution was read, Mr. Barnet shared his gratitude and committed to continuing to support the Airport. He further acknowledged Airport District Staff and the leadership of Chair Minor Shaw and the Airport Commission.

B. Proposed History Alcove in the Grand Hall Update

At the June 24, 2019 Commission meeting, Mr. Scott Carr, Vice President Commercial Business and Communications, presented various design concepts for the proposed history alcove (north end, Concourse B) of which the Airport Commission provided input and feedback.

District Staff ("Staff") incorporated that feedback from the Airport Commission into a single concept with Mr. Jack Porter of Jack Porter Design of Greenville, and Mr. Carr presented five different views and the design elements thereof of that design concept. The Commission commented on the elements and made recommendations for the interactive wall.

District Staff will move forward with completing both the design and construction of the project.

C. Proposed Terminal Building Hotel Project

Mr. Scott Carr presented to the Commission the proposed terminal building hotel project.

Staff researched other airport hotel developments of smaller and similar sized airports that have terminal building hotels which include Huntsville, Knoxville, and Rochester. Staff also researched larger airports such as Dallas Fort-Worth, and Orlando International, etc. Staff has spoken with several local and national hotel operators of which there is significant interest to date.

Mr. Carr presented the potential site layouts that include a total structure height without impacting a future Air Traffic Control Tower's line of sight, terminal building access through future baggage claim entrance and an interim access through a canopied walkway, and hotel parking, subject to construction approval, in proposed Parking Garage C. Mr. Carr played a site animation video of a potential terminal building hotel at GSP.

Mr. Carr requested the consensus of the Commission to initiate a Request for Proposals (RFP) and then invited questions.

The Commission inquired about parking, agreement, debt, and local hotel competition to which both Mr. Carr and Mr. Edwards. Mr. Edwards requested Mr. Carr elaborate on the RFP and the financial aspect. The Commission further asked questions related to a feasibility study to which both Mr. Edwards and Mr. Carr responded.

Based on the Commission's discussion and consensus, Staff will proceed with issuing a RFP.

D. Parking and Rental Car Validation Study

Mr. Kevin Howell, Senior Vice President/COO, opened the discussion with reminding the Commission about the significant growth and parking challenges over the past year, and the current surface parking program that is currently underway in response to parking demand.

In 2017, the Commission approved funding for the planning and design phase of a new parking garage and a consolidated rental car facility. As design was nearing completion, Staff engaged the services of Landrum and Brown, Incorporated (L&B, Inc.) to validate forecast numbers, review the previous parking and rental car studies, and analyze the financial projections for the overall program.

Mr. Garfield Eaton of L&B, Inc. presented, reviewed and discussed with the Commission GSP's historical and forecasted growth, public parking lot occupancy rates, impact of Transportation Network Companies (TNCs), ground transportation demand, trends, and transactions, public parking projections, and an analysis of the rental car financial projections and revenue. Mr. Eaton invited questions.

The Commission asked questions related to customer facility charges (CFCs) to which Mr. Howell and Mr. Edwards responded. Mr. Howell noted that Staff has already met with the rental car companies and discussed the forecasts covered in this study. Mr. Edwards commented on certain design aspects of the construction, subject to approval, of proposed Parking Garage C as it relates to the rental car facilities and ready return. The Commission further inquired about interest rates and the rebid of rental car agencies in 2021 to which Mr. Eaton, Mr. Edwards, and Mr. Howell responded. It was noted that there has been discussion about hiring a financial advisor/consultant. Discussion ensued and closed with positive comments of the study.

OLD BUSINESS: None

NEW BUSINESS:

A. Approval to Proceed with the Construction Phase for Parking Garage C and Consolidated Rental Car Facility Project

Mr. Kevin Howell, Senior Vice President/COO, stated that parking capacity remains a critical issue at GSP. Additional facilities are needed to provide enough capacity for premium public parking demand and also allow for rental car companies to service their premium customers. Additionally, the District needs to protect its greatest revenue source.

The design phase for Parking Garage C and the consolidated rental car facility (CONRAC) with ready/return parking and a quick turn-around (QTA) facility and is nearing completion, and Mr. Howell shared with the Commission those design plans and renderings to date.

Budget approval is necessary for the construction phase. The construction phase cost estimate is \$75,000,000 with the rental car portion estimated at \$47,000,000 and the public parking portion estimated at \$28,000,000.

In discussing the fiscal impact related to CONRAC, the project could be funded using stand-alone CFC bonds, general airport revenue bonds (GARBs) or private placement financing. If the construction phase was approved, the District would engage a financial advisor to review the details. In order to finance the public parking portion of the project, Staff recommended a combination of cash and short-term interim financing. The surface parking program is expected to be complete in November 2020 and Garage C complete in the fall of 2022.

The Commission inquired as to the increase in cost of the project to which Mr. Howell responded.

There was a motion to (1) approve the construction phase for the Parking Garage C & Consolidated Rental Car Facility Project; (2) authorize a construction phase budget of \$75,000,000; (3) authorize the financing of the rental car portion of the project; (4) authorize Staff to fund the public parking portion of the project with a combination of cash and interim financing; and (5) authorize the President/CEO to execute all necessary documents. The motion was seconded and unanimously approved.

B. Approval of Lease Agreement for SB Acquisitions, LLC

Mr. Scott Carr, VP Commercial Business and Communications, introduced the request to approve a lease agreement with SB Acquisitions, LLC (SB). SB is associated with BMW Manufacturing Company, LLC and is seeking a location for both vehicle parking and to complete customer requested aftermarket vehicle modifications. This project would kick off the development of Tract A.

The Airport District has identified a section of Tract A for this development that is located adjacent to the intersection of SR 101 and Brockman McClimon Road.

Mr. Carr reviewed the lease terms to include the base term, option terms, early termination, lease rate, contract security, maintenance and utilities.

The Commission inquired about rights and option parcels and the fiscal impact to which Mr. Carr responded.

There was a motion to (1) approve the lease agreement terms as outlined and (2) authorize the President/CEO to execute a lease agreement with SB Acquisitions, LLC. The motion was seconded and unanimously approved.

PRESIDENT/CEO REPORT:

Aviation Industry Update:

Discussions are ongoing surrounding the Max 737 aircraft. Mr. Edwards also commented on the Southwest engine incident that occurred about a year ago. Airlines continue to remain profitable.

Administrative Office Expansion Renovation Project:

The office renovation project was approved in this year's budget and will be moving ahead after the first of the year. This project includes new office space for administrative staff as well as the IT division.

Hi Speed Rail from Charlotte to Atlanta:

Recent meetings have been held locally to discuss high speed rail from Charlotte to Atlanta and the multiple routes involved. Mr. Edwards will ensure that GSP is at the table for future discussions.

Baggage Claim Artwork:

The artwork is now complete in Baggage Claim.

Vino Volo:

Vino Volo is expected to open in mid-December.

The Commission inquired about the progress on the new airline routes as well as the decrease in air cargo to which Mr. Carr, Mr. Edwards and Mr. Howell commented.

COMMISSIONER'S REPORT:

The Commission inquired about conference dates. There is not a Commissioners Conference scheduled in 2020. The ACI-NA Annual Conference and Exhibition is scheduled to be held in Grand Rapids, Michigan.

EXECUTIVE SESSION:


There being no further business, a motion was made, seconded, and carried to go into Executive Session at 11:08 a.m. for the purpose of discussing legal matters.

At approximately 11:38 a.m., public session resumed with no action being taken in Executive Session.

ADJOURNMENT:

The meeting was adjourned at approximately 11:39 a.m. The next meeting is scheduled for January 13, 2020 at 9:00 a.m.

SIGNATURE OF PREPARER:



Stefanie Hyder