

GREENVILLE-SPARTANBURG AIRPORT COMMISSION

MINUTES

September 10, 2018

The Greenville-Spartanburg Airport Commission met on September 10, 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

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); Michael Kossover, Director of Operations; Betty O. Temple, WBD; Stefanie Hyder, Executive Assistant/Recording Secretary

GUESTS PRESENT: Paul Smith, WK Dickson; John Mafera, McFarland Johnson; Zach Nelson, McFarland Johnson; Ken Holt, Holt Consulting; Master Sergeant Alexis Effinger-Morris, GSP Operations

CALL TO ORDER: Chair Minor Shaw called the meeting to order at 9:05 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 09, 2018 Regular Meeting Minutes.
- B.** The Greenville-Spartanburg Airport Commission Meeting Dates/Times for Calendar Year 2019.

PRESENTATIONS:

A. Proposed Art and History Alcoves in the Grand Hall

Mr. Scott Carr, VP of Commercial Business and Communications, presented to the Commission options and alternatives for the two alcove locations in the Grand Hall.

The Wingspan design included two 400 SF alcoves intended to be used for art and history alcoves. The purpose of the art alcove was to showcase public art, on a rotating basis, from artists in the Upstate community. The history alcove was to honor the rich history of GSP International Airport and GSP Airport District.

Another option recently discussed among Staff included a children's play area themed around aviation and travel. GSP partnered with the Children's Museum of the Upstate and they provided initial costs ranging between \$100-125k, plus annual operations and maintenance expenses.

The Commission asked about having received feedback from other airports with regards to the three options. Mr. Carr spoke of various exhibits at other airports. The Commission further asked about the original process for the rotating art exhibit. Mr. Edwards noted the display cases and suggested possibly repurposing those cases for rotating art and using the alcoves for a history and a children's play area.

Discussion ensued.

The consensus was to further study and examine all three concepts and return with recommended locations.

Mr. Edwards briefly handed the floor over to Mr. Michael Kossover, Director of Operations, to discuss an opportunity at GSP provided by the United States Airforce through the Education with Industry (EWI) Program.

Mr. Kossover introduced the EWI program as a Secretary of the Air Force sponsored career-development program designed to improve the leadership abilities and professional competencies of participating students by partnering with industry to accomplish career-specific desired learning objectives. This program is administered by the Air Force Institute of Technology (AFIT) and exposes Air Force members to best practices in the industry. This is the first year that the program has been opened to enlisted personnel. In this program, candidates undergo a competitive selection process and are hand-picked. The duration period is ten months.

Mr. Kossover then introduced Master Sergeant Alexis "AJ" Effinger-Morris who will be working at GSP under the EWI Program. He highlighted both her noteworthy accomplishments and significant experience since enlisting in the Air Force in 2006. The Commission and Staff honored and welcomed Master Sergeant Effinger-Morris to GSP.

OLD BUSINESS: None

NEW BUSINESS:

A. Approval of TD Bank – GSP Term Loan Agreements

Mr. Basil Dosunmu, Senior VP of Administration and Finance/CFO, presented to the Commission the recommendation to approve the resolution authorizing a Not to Exceed \$16,000,000 Term Loan.

The line of credit was established in 2016 and intended to be used to finance certain revenue producing projects. To date, the Airport District has used \$15.5M of the line of credit and Staff is requesting to move what the District has used to fixed financing, freeing up the \$25M line of credit to be used for other projects. The amount spent has been used to acquire the Runion Properties and to construct the both the Corporate and Bulk Hangars.

TD Bank provided fixed finance rates. The 10-year fixed rate option with no recurring penalties is 4.76%. The debt service equates to \$100,000 per month or \$1.2M a year. Staff is seeking to lock in the rate by the end of the month because of potential rate hikes.

Mr. Edwards met with Legal Counsel, Mrs. Betty Temple, to discuss the resolution that was included in the Commission package. Mr. Edwards requested a little latitude because this resolution was modeled off the previous financing for the line of credit. At that time, the loan agreement and documents were already prepared. In this case they are not fully prepared. The term sheet was included in the Commission package.

The Commission inquired about prepayment versus non-prepayment, and finance strategy/structure to which Mr. Dosunmu and Mr. Edwards responded.

There was a motion to approve the attached "Final Resolution Authorizing and Approving a Not to Exceed \$16,000,000 Term Loan (Taxable or Tax-Exempt) Secured by the Revenues of the District and Authorizing the Execution and Delivery of Certain Documents in Connection Therewith," with authorizing Management to enter into the Loan Agreements in the forms made available at the meeting and to allow Staff the latitude to modify the resolution as discussed. The motion was seconded and unanimously approved.

B. Approval of Air Cargo Building Project Financing

Mr. David Edwards, President/CEO, presented to the Commission the recommendation to approve financing of the air cargo building.

In March 2018, Staff asked approval of the Commission to move forward with a 3rd party developer for a new air cargo building to support the growth of the cargo business at GSP. As a design-build project, Staff engaged with both Aviation Facilities Company, Inc. ("AFCO") to negotiate development terms, and Haskell to begin the initial design phases.

During the negotiation process, AFCO's lender had some challenges with the structure that GSP needed in the agreement as it related to the building vesting with GSP at Day 1 to ensure no potential tax implications. Interim agreements were in place to keep the process moving while discussions ensued among attorneys on both sides. Exit strategies were developed for both parties, and the last reimbursement agreement gave GSP the ability to have a construction contract assigned if agreed upon documents could not be achieved by a certain date. After four to five months, an agreement was not reached.

The two options were to cease negotiations with AFCO and move to the 2nd ranked developer or cease negotiations with AFCO and accept an assignment of the construction agreement, in this case Haskell. Mr. Edwards met with Chair Minor Shaw and both initiated moving forward with the assignment of that agreement from AFCO. No alternatives were recommended.

In March 2018, the Commission approved an original budget of up to \$13M for this project in addition to another \$1M subsequently to pay for Senator International improvements specific to their operation. The new budget, now excluding AFCO from the process, is \$12.5M and that includes the Senator International improvements. Staff has estimated a savings of \$2.2M over the life cycle of this project (20-year period), and an additional \$1M in cash savings with the Senator improvements included in the \$12.5M budget for a total savings of \$3.2M. Mr. Edwards recommended that interim financing be used again and upon completion next year, transfer to a fixed financed rate.

The Commission commented on the decision and asked questions concerning the expediency of the project and the lender's security interest to which Mr. Edwards responded. Concerns regarding working with third party developers and lenders were also noted.

There was a motion to (1) ratify the decision by the Chair and President/CEO to accept the assignment of the Haskell Construction Contract from AFCO; (2) approve the establishment of a budget in the amount of \$12.5 million for this project; (3) approve the use of the Airport District Line of Credit to fund the project; and (4) authorize the President/CEO to execute all necessary documents. The motion was seconded and unanimously approved.

C. Approval of a Budget Amendment for the Cargo Apron Project

Mr. Kevin Howell, Senior VP/COO, presented to the Commission the recommendation to approve a budget amendment for the cargo apron project.

The Cargo Apron Project is underway. The design is by WK Dickson & Co., Inc. and the contractor is McCarthy Development Company. The Project is underway with rock removal, underground work, and site preparation.

Mr. Howell recapped the budget for this project. The original project budget was just over \$16.6M. The construction contract was approximately \$14.4M. Staff budgeted \$700,000 for engineering/RPR services construction and carried a 10% project contingency.

The Project has been impacted by unforeseen rock and Staff has had to make scope adjustments. The cost for this unforeseen rock excavation is \$1,750,000. Mr. Howell reviewed the different unit costs for rock and explained that Geotech was conducted during the pre-design phase and the team used that data to estimate the rock.

The scope adjustments total \$651,358 to include moving utility work from the Haskell contract with AFCO to the contract with McCarthy, revising the electrical scope, and extending the GSP network to the site.

Mr. Howell reviewed the revised project budget noting the unforeseen rock excavation, scope adjustments and a project contingency of 5%. The difference is \$1,610,145.32 over the original budget of \$16,636,704.48.

Mr. Howell opened the floor for discussion. He noted the additional grant funding requests that Staff has submitted under the recent AIP supplemental grant program to help fund these additional costs. Mr. Edwards further commented on the eligible grant funds and the costs savings.

The Commission commented on the unforeseen rock and asked about both the excavation and the residual rock to which Mr. Howell responded. The Commission also asked about the commitment of the contractor, the costs and what the contract says related to crushing of rock to which Mr. Howell and Mr. Paul Smith of WK Dickson & Co., Inc. responded.

There was a motion to (1) approve a project budget increase of \$1,610,145.32 for the Cargo Apron Project; and (2) authorize the President/CEO to execute all necessary documents. The motion was seconded and unanimously approved.

D. Approval of Final Rankings for On-Call Professional Consulting Services

Mr. Kevin Howell, Senior Vice President/COO, presented to the Commission the recommendation to approve the final rankings for on-call professional consulting services. This Request for Qualifications (RFQ) is conducted every five years.

The Greenville-Spartanburg Airport District currently has three teams on contract to include Michael Baker, WK Dickson & Co., Inc., and AVCON. They are all civil

engineering firms that provide full services. This year, to increase efficiency in spending and stronger contract management, Staff prepared a separate Request for Qualifications (RFQs) for on-call professional consulting services for architectural/engineering services, geotechnical and materials testing services, and surveying services.

The Selection Committee received Submittal of Qualifications (SOQs) in July and shortlisted four (4) architectural/engineering services firms, two (2) Geotechnical teams, and one (1) (only one surveying services SOQ was received) surveying services team.

Upon review, and after presentations and interviews with the short-listed firms, the Selection Committee's recommended final rankings for the four architectural/engineering firms/teams is: 1) WK Dickson & Co., Inc., 2) McMillan Pazdan Smith, 3) Kimley-Horn, and 4) Holt Consulting Company. The Selection Committee's recommended final rankings for the geotechnical and materials testing firms/teams is: 1) S&ME, Inc. and 2) Bunnell-Lammons Engineering, Inc. (BLE). The Selection Committee's recommended final ranking for surveying services is 1) Site Design, Inc.

There was a motion to (1) approve the final rankings for On-Call Professional Consulting Services as presented above; (2) authorize Staff to negotiate and finalize agreements with the three highest ranked architectural/engineering firms/teams, the highest ranked geotechnical and materials testing firm/team and the highest ranked survey firm (if an acceptable agreement cannot be reached with the highest ranked firms/teams, negotiations will be formally terminated and will then proceed with the next ranked firm/team); and (3) authorize the President/CEO to execute all necessary documents. The motion was seconded and unanimously approved.

PRESIDENT/CEO REPORT:

Aviation Industry Update:

Airlines are continuing to profit. It doesn't appear that the FAA reauthorization bill will be complete by September 30, 2018 so we can expect another short-term extension. It does not impact, however, any of the current funding discussed.

Shuttle Bus Operation Service:

The second economy lot is open and temporary shuttle buses are in place and in operation. The rate change will take effect October 1, 2018.

2018 Boyd International Conference Update:

Mr. Edwards attended the 2018 Boyd International Conference and both airlines and manufacturers indicate a positive outlook on the industry over the next year. Manufacturers, however, are having a difficult time keeping up with the demand for equipment. Mr. Edwards attended a briefing on fuel. Predictions indicate that oil prices will be in the \$68 – \$80 a barrel range in the next year.

Victor Hill Road Closure:

The Victor Hill Road closure was heard by the City of Greer and documents are being prepared to move into the next phase which includes a first, second and third hearing.

Upstate Legislative Coalition Meeting:

Mr. Edwards and Mr. Howell attended the Upstate Legislative Coalition meeting last week in Washington D.C. with Upstate Alliance, and spent time collaborating with the offices of Congressman Duncan, Congressman Norman, Senator Graham and Senator Scott discussing the upstate view of economic development as well as airport related issues. Approximately 50 people from the Upstate attended this meeting.

COMMISSIONER’S REPORT:

Chair Minor Shaw commented on the Frontier Airlines inaugural event held on September 8, 2018. Mrs. Shaw noted the upcoming ACI-NA Annual Conference at the end of the month that Mr. Ramella and Mr. Burch will be attending.

EXECUTIVE SESSION:

There being no further business, a motion was made, seconded, and carried to go into Executive Session at 10:23 a.m. for the purpose of discussing economic development projects.

ADJOURNMENT:

At approximately 1:42 p.m., public session resumed with no action being taken in Executive Session.

The meeting was adjourned at approximately 1:43 p.m. The next meeting is scheduled for November 19, 2018 at 9:00 a.m.

SIGNATURE OF PREPARER:



Stefanie Hyder