

GREENVILLE-SPARTANBURG AIRPORT COMMISSION

MINUTES

May 18, 2021

The Greenville-Spartanburg Airport Commission met on May 18 at 9:00 a.m. in the Greenville-Spartanburg District Conference Center 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 (via teleconference), Jay Beeson

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); Betty O. Temple, WBD; Casey Cooperman, Executive Assistant/Recording Secretary

GUESTS PRESENT: Tim Gruebel, Parrish & Partners; Gary Caldwell, Caldwell Constructors; Karen Calhoun, McMillan Pazdan Smith; Zach Nelson, McFarland Johnson; John Mafera, McFarland Johnson; Paul Smith, WK Dickson; Ric Patterson, AECOM; Mark Waller, AVCON; Wes Townsend, McKibbon Hospitality

CALL TO ORDER: Chair Minor Shaw called the meeting to order at 9:08 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 8, 2021 Regular Meeting Minutes.
- B.** Appointment of a Member to the Airport Environs Planning Commission. Mr. Dean Hybl was recommended to the Airport Environs Planning Commission.

PRESENTATIONS:

A. GSP Terminal Area Planning Study

Mr. Edwards introduced Mr. John Mafera and Mr. Zach Nelson of McFarland Johnson. Mr. Mafera provided a final presentation from McFarland Johnson of the Terminal Area Planning Study. The presentation included a review of the selected terminal concept, a summary of the implementation strategy including phasing, budget and an animated visualization.

As to the implementation activity threshold, Chair Shaw asked what Staff's prediction is for timing. Mr. Edwards answered that Staff predicts a full recovery from COVID-19 in 2024, with 1.4M annual enplanements.

Chair Shaw inquired as to how many additional square feet would be added at completion of this project to which Mr. Mafera answered 135,000. Mr. Edwards stated that we currently have 400,000 square feet.

OLD BUSINESS: None

NEW BUSINESS:

A. Approval of Fiscal Year 2021/2022 Airport District Budget

Basil Dosunmu, Senior Vice President-Administration and Finance/CFO, presented the proposed Fiscal Year 2021/2022 Budget for the Airport Commission's consideration. The budget presentation, along with Appendix A, B, and C was included in the Commission packages provided to the Commission.

Mr. Dosunmu spoke to the financial impact and current state of recovery from COVID-19 and reviewed the projected FY 2021/2022 forecasts for passenger enplanements, landed weight and airline operations. Enplanements in FY 2019/2020 were 985,664. Enplanements in FY 2020/2021 are trending at 575,000. In FY 2021/2022, the forecast for enplanements is 851,000. The average annual growth rate for GSP is 3.4% (CY 1963-2022). In forecasting recovery, enplanements are expected to be fully restored by 2024.

Mr. Dosunmu prefaced the proposed FY 2021/2022 O&M Budget presentation with noteworthy O&M budget assumptions.

The operating revenue budget is expected to decrease to \$43,293,809, a \$3.6M or 7.7% decrease over FYE 6-30-2019.

The FY 2021/2022 operating expenses budget is expected to increase to \$33,248,145, a \$7.3M or 28.1% increase over FYE 6-30-2019. Factors contributing to this increase include restoration of the Annual Merit Increase, Employee Incentive Pay Program (EIPP) payout, frozen positions, special pay adjustments for Exempt and Non-Exempt positions, increase in positions, food & beverage management costs, and credit card processing fees.

The projected net operating income for FY 2021/2022 is \$10M compared to the FY 2020/2021 budget of \$6.5M.

Mr. Dosunmu presented the proposed FY 2021/2022 Capital Budget. Capital projects approved in prior fiscal year and carried forward into FYE 6-30-2022 are projected at \$12.7M. The new proposed capital budget, including capital

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Mr. Dosunmu presented the proposed FY 2021/2022 Capital Budget. Capital projects approved in prior fiscal year and carried forward into FYE 6-30-2022 are projected at \$12.7M. The new proposed capital budget, including capital

improvements, equipment and small capital outlays, renewal and replacement, and professional service projects, is projected at \$35.4M for a combined total of \$48.1M.

Mr. Dosunmu stated that the Other O&M Reserve Funds provisional budget includes \$500,000 for emergency repair/replacement/operations funds, \$500,000 for business development/agreement obligations and incentives, and a \$1,000,000 contingency fund.

Mr. Dosunmu reviewed the Land Development, Cerulean Aviation, and Food & Beverage Profit and Loss (P&L) statements with the Commission. The Commission asked about the drop in net operating income in FY 2020/2021 at Cerulean Aviation to which Mr. Dosunmu responded.

Mr. Dosunmu concluded the budget presentation with discussion related to the FY 2021/2022 budget/investment plan, the historical and projected investment balances, and the 5-year fund balance financial forecast.

Mr. Dosunmu provided the rates and charges overview. For FY 2021/2022, the cost per enplaned passenger (CPE) is projected at \$6.43. The Commission asked if this is competitive to which Mr. Edwards confirmed that yes, GSP's target is to keep the CPE below \$6.50.

Mr. Dosunmu highlighted the Q42020 and Q12021 customer service scores.

Discussion ensued between the Commission and Staff providing further details on items such as debt level and debt service, AIP grants, capital projects which could be delayed if needed, cargo, parking fees, shuttle busses, Palmetto Sites requirements, airport signage, on-demand transportation, and fund balance.

There was a motion to resolve to adopt the Fiscal Year 2021/2022 Budget. The motion was seconded and unanimously approved.

B. Approval of Revisions to the Air Service Partnership Plan (Section 117.00) in the Administrative Policies and Procedures Manual

Mr. Scott Carr, Vice President Commercial Business & Communications, presented the request to revise the Air Service Partnership Plan (Section 117.00) in the Administrative Policies and Procedures Manual so as to actively compete for both passenger and cargo airline service.

The Staff has examined what other airports are offering for both passenger and cargo service incentives. To remain competitive with current market conditions, District staff (Staff) is proposing an update to the current Air Service Partnership Plan (Plan) for passenger service and the creation of new incentives for cargo service.

This will allow Staff to more aggressively compete for new or expanded passenger air service. Moreover, it will permit Staff to establish GSP as a stronger air cargo alternative to traditional gateway airports such as Atlanta, Miami, and Chicago.

The actual fiscal impact is challenging to measure, as it is directly proportional to the success of securing new passenger and cargo service. With that said, all out of pocket marketing and advertising expenses contemplated by the Plan are covered by the business development fund and Communications Department budget that is approved annually by the Airport Commission.

Mr. Carr respectfully requested that the Greenville-Spartanburg Airport Commission resolve to approve the amendment to the Air Service Partnership Plan (Section 117.00) in the Administrative Policies and Procedures Manual.

Mr. Carr answered a question from the Commission that these opportunities will be available to both new service carriers as well as existing carriers.

There was a motion to approve the Revisions to the Air Service Partnership Plan (Section 117.00) in the Administrative Policies and Procedures Manual. The motion was seconded, and unanimously approved..

C. Approval of the Revisions to the Greenville-Spartanburg Airport District Rules and Regulations – Motor Vehicle Washing

Mr. Scott Carr, Vice President Commercial Business & Communications, presented the request to revise the Greenville-Spartanburg Airport District Rules and Regulations – Motor Vehicle Washing.

The Airport District General Permit of the Stormwater Pollution Prevention Plan (SWPPP) was finalized on June 8, 2018. **Section 1.2 Allowable Non-Stormwater Discharges** of the General Permit authorizes certain allowable discharges, including but not limited to: pavement wash waters where no detergents are used, and routine external building washdown that does not use detergents, amongst others.

Section 2.2 Inventory of Exposed Materials of the General Permit describes activities occurring at specific areas of the airport campus including, but not limited to: Aircraft and Ground Vehicle Washing Areas, which states, in part, "GSP International Airport requires aircraft and ground vehicle washing activities to be performed inside hangars, at indoor maintenance areas, or at the airport Triturator site. Runoff from activities conducted in these designated areas enters the sanitary sewer system, thus eliminating potential pollutant discharges from entering the storm drain system."

As such, any ground vehicle washing activities occurring outside these areas are not specifically authorized by the General Permit.

Mr. Carr respectfully requested that the Greenville-Spartanburg Airport Commission resolve to adopt the revisions to the Greenville-Spartanburg Airport District Rules and Regulations.

There was a motion to resolve to adopt the revisions to the Greenville-Spartanburg Airport District Rules and Regulations. The motion was seconded, and unanimously approved..

D. Approval of Revisions to the Minimum Standards for Commercial Aeronautical Service Providers

Mr. Scott Carr, Vice President Commercial Business & Communications, presented the request to revise the Minimum Standards for Commercial Aeronautical Service Providers.

The District's latest Minimum Standards for Commercial Aeronautical Service Providers was adopted on June 24, 2019. This document includes Section 17 – Commercial Air Carrier Line Maintenance Services. This section refers to a "Commercial Air Carrier Line Maintenance Services SASO engaged in line maintenance on scheduled or unscheduled air carrier aircraft operating at the Airport."

Due to ad-hoc air cargo services operating at GSP, there is a higher demand for line maintenance service providers to establish a temporary presence at the Airport. Mainly, these service providers have established contracts with certain air cargo carriers to exclusively provide line maintenance services to the carrier's aircraft.

The existing Minimum Standards limits the ability for these ad-hoc air cargo carriers to have access to their preferred line maintenance service providers. Therefore, District staff proposes to add a new section to the Minimum Standards to include Commercial Cargo with a different set of minimum requirements.

Mr. Carr reviewed the minimum standards and revised/added as follows:

Section 17 shall be retitled "Commercial Passenger Air Carrier Line Maintenance Services."

New Section 18 shall be titled "Commercial Cargo Air Carrier Line Maintenance Services."

There was a motion to adopt the revisions and additions to the Minimum Standards for Commercial Aeronautical Service Providers Sections 17 and 18 as presented. The motion was seconded and unanimously approved.

E. Approval of the Final Rankings for a Full-Service On-Airport Hotel Development

Mr. Scott Carr, Vice President Commercial Business & Communications, presented the final rankings for a Full-Service On-Airport Hotel Development.

On February 1, 2021, Staff issued a RFP to the public seeking competitive proposals from qualified companies. The District's goal is to enter into a non-exclusive lease agreement with the successful proposer to develop and manage a full-service on-airport hotel with a national hotel franchise chain brand that is commonly recognizable to business travelers. In addition, the hotel must be aesthetically attractive and pleasing as well as fully compatible with the District's first-class aesthetic standards.

Staff notified the various companies they previously met with in 2019 of the RFP and advertised it through multiple aviation and airport organizations. An onsite mandatory pre-proposal conference was held on February 24, 2021, and ten companies attended the meeting. However, not all of the companies in attendance were hotel developers and operators. Staff provided a presentation regarding District expectations for the proposals and reviewed various performance requirements.

On March 26, 2021, one proposal was received and was considered technically acceptable upon review. The proposal was from McKibbon Hotel Group, Inc. (McKibbon).

In their proposal, McKibbon made the proposal contingent upon a feasibility/market study being completed with favorable results. Staff is presently having a study completed by a consultant.

This will allow Staff to determine with McKibbon if there is a viable project or if the project should be resolicited with the study results incorporated as a part of a revised RFP package.

However, in the meantime while the study is being completed, in accordance with the Administrative Policy, Staff conducted the RFP solicitation process and is making a recommendation of the final ranking to the Commission. Staff needs Commission approval prior to commencing negotiations with the first ranked firm should the study results come back positive.

The recommended final ranking for the Full Service On-Airport Hotel Development is as follows:

1. McKibbon Hotel Group, Inc.

Upon approval of the final ranking, Staff will attempt to formally negotiate agreement terms with McKibbon. Because there is only a single proposer, if an agreement is not reached with McKibbon, Staff will evaluate next steps, which may include releasing a revised RFP in the future.

Mr. Carr respectfully requested that the Airport Commission resolve to (1) approve the final rankings for Full Service On-Airport Hotel Development as presented; (2) authorize Staff to negotiate agreement terms including the financial structure of the deal with McKibbon. If an acceptable agreement cannot be reached with McKibbon, negotiations will be formally terminated, and Staff will discuss next steps with the Airport Commission to evaluate next steps including commencing a new RFP process..

The Commission requested more information about the District's potential ownership/investment possibilities. The Commission also concluded that the feasibility study should be completed first before any further conversations and/or negotiations take place with McKibbon.

There was a motion to table this item until the next Commission meeting on July 12, 2021. The motion was seconded and unanimously approved.

PRESIDENT/CEO REPORT:

Aviation Industry Update:

Passenger recovery is happening nationwide, with leisure travel the first to rebound. GSP has experienced a 70% recovery rate, which is a little ahead of the fiscal year projection.

A new air carrier service, Breeze, will soon be available in Charleston, SC. Avello is another new carrier. It is primarily on the west coast of the US but is expanding east.

Federal and State Legislative Update:

President Biden has proposed a bill which would provide \$25 billion in funding to support America's airport infrastructure. Good dialogue is happening on how to move infrastructure bill forward. GSP will be looking to receive as much as possible, earmarking significant projects if possible.

A State Legislative Bill to provide Aircraft Tax Revenue directly to the SC Aeronautics Commission to provide additional grants to local airports for maintenance and capital needs has passed the House and Senate. GSP could be receiving approximately \$200-\$250k. The bill has gone to the governor for signature.

Coronavirus (COVID-19) Update:

The number of reported COVID-19 cases in the state remains low. The mask mandate remains in place for airports through September 13, 2021, unless any changes are made earlier.

Compensation Study:

The District has engaged Korn Ferry consulting group to perform a compensation study for GSP. Results are expected in July..

GSP Website:

The new GSP website is now live and is receiving good feedback. Staff requests that Commissioners send any feedback as they use it.

Colonial Pipeline Fuel Crisis:

Following the Colonial Pipeline crisis, the Belton depot is back up and running and GSP has canceled their tankering request. On all accounts GSP is back to normal. Mr. Howell noted that Staff gained a lot of confidence in World Fuel, our supplier, during this event as they were trucking fuel from Alabama to assist GSP. The proposed GSP fuel farm expansion will be essential in the future to making sure GSP has enough fuel on hand.

COMMISSIONER'S REPORT: None**EXECUTIVE SESSION REQUEST:**

The Chair announced that the Commission would go into Executive Session for the purpose of discussing the annual review, employment and compensation of an employee of the District. Upon a motion made and seconded and unanimously approved the Commission went into Executive Session.

EXECUTIVE SESSION:

The Executive Session lasted from 11:46am to 1:05pm for the purpose announced by the Chair. No action was taken in Executive Session.

PUBLIC SESSION:

The public session resumed at approximately 1:05pm. Upon a motion made and seconded the Commission unanimously approved the renewal of the District's employment terms with David Edwards dated July 1, 2019, for an additional two-year term beginning on January 1, 2022 and ending on December 31, 2023 and authorized the Chair to determine the amount of any base salary increase and/or bonus pursuant to the term of the employment terms with Mr. Edwards.

ADJOURNMENT:

There being no further business, a motion was made, seconded and unanimous vote received to adjourn meeting. The meeting was adjourned at approximately 1:07 p.m.

SIGNATURE OF PREPARER:



Casey Cooperman