

GREENVILLE-SPARTANBURG AIRPORT COMMISSION

MINUTES

July 12, 2021

The Greenville-Spartanburg Airport Commission met on July 12 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, Jay Beeson (all via teleconference)

MEMBERS NOT PRESENT: None

STAFF AND LEGAL COUNSEL PRESENT: David Edwards, President/CEO (via teleconference); Kevin Howell, Senior Vice President/COO (via teleconference); Basil Dosunmu, Senior Vice President-Administration and Finance/CFO; Scott Carr, Vice President Commercial Business and Communications (via teleconference); Betty O. Temple, WBD (via teleconference); Thomas Tyra, Director of Communications & Air Service Development; Michelle Newman, Communications Manager; Casey Cooperman, Executive Assistant/Recording Secretary

GUESTS PRESENT: Wes Townson, McKibbin Places; Jeff Kirby, Parrish & Partners; Jon McCalmont, Parrish & Partners; Lara Kaufmann, SC Aeronautics Commission

CALL TO ORDER: Chair Minor Shaw called the meeting to order at 9:01 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 18, 2021 Regular Meeting Minutes.

PRESENTATIONS:

A. Annual Strategic Business Plan Update

Chair Shaw welcomed Dr. Steve Van Beek of Steer Group. Mr. Edwards made a few opening remarks with regards to Dr. Van Beek's presentation to include FY 2021 performance plan results, an update on the 5-Year Strategic Business Plan, as well as an industry and GSP update pertaining to the recovery from the COVID-19 pandemic.

Dr. Van Beek first started with State of the Industry and Tracking Recovery in Global Aviation, the U.S. and GSP, noting sources and time period analyzed.

He continued the discussion with the airport industry's SWOT analysis. Strengths include federal aid to U.S. airport and airlines, holiday/leisure travel, domestic airport operational and economic recovery, and air cargo. Weaknesses revolve around the slower return of business and international travel, revenue recovery, workforce shortages and long-term public policy. Opportunities include the U.S. airlines' competitive position, stimulus/infrastructure bills, private capital demand for projects, new entrant airlines, parking and concessions revenues, and touchless travel/tech innovation. Finally, threats named were COVID variants/ubiquity of vaccines, interest rate increases, climate policy, airline debt, and TSA/CBP staffing.

He indicated that small and non-hub airports are showing faster recovery than the overall U.S. network and select hubs in desired domestic leisure markets, such as Florida, are near full recovery. Also notable, ultra low-cost carriers have already reached full recovery while legacy carriers lag behind.

He outlined his thoughts regarding GSP's recovery; summer 2021 traffic recovery is expected to speed up and GSP's long term forecast is expected to reach 2.1M enplanements in 2045. When compared to national benchmark airports, GSP has shown a 62% recovery to 2019 volumes.

He stated that bolstering our regional economy is GSP's air cargo traffic, which has experienced significant growth. Staff believes this growth will prove to be sustainable. Discussion ensued between Chair Shaw, Dr. Van Beek and Mr. Edwards regarding air cargo and its continued sustainability at GSP, noting that quite a few airports are making best bets on air cargo, and that GSP is also in a very good financial position post-COVID making our air cargo expansion at GSP less risky.

Additional questions were answered by Mr. Edwards regarding workforce and staffing at GSP, providing reassurance that GSP is positioning itself well for the future.

Next, Dr. Van Beek provided his presentation on GSP's Performance Plan with a reminder and update on strategic goals (Safety, Service, Finance, Regional Leadership & Opportunity, and Cerulean), 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 in Fiscal Year 2021-2022.

Dr. Van Beek reviewed both the 2020-2021 and 2021-2022 financial targets, cash balance, airline revenues and cost per enplanement (CPE).

Dr. Van Beek wrapped up the presentation by stating that with GSP's new strategic business plan, performance has been strong and, in a year or two, we will have a better baseline as recovery continues post COVID-19.

OLD BUSINESS:

A. CNN Network & Network Entertainment Broadcast System (NEBS) RFP Update

Mr. Scott Carr, Vice President of Commercial Business & Communications provided an update to the previous March 8, 2021 presentation, noting that Staff has been working with South Carolina Educational Television (SCETV) to try and reach an agreement to provide video content for the NEBS at six locations on Concourses A and B at no cost to the District.

He noted that, to date, those discussions have not been fruitful, and an agreement has not been reached. Given this update, Staff has been in contact with ReachTV, which currently has over 1,800 screens in over 90 airports around the world and 15 in the U.S. Mr. Carr provided ReachTV's proposal for video content breakdown, including non-political news, sports, travel, local/regional content, and entertainment. ReachTV would also provide time each hour for local, national and airport advertising.

Mr. Carr provided the alternatives and fiscal impact related to an agreement with ReachTV.

There was a motion to (1) approve the concessions agreement terms as presented; and (2) authorize the President/CEO of the Greenville-Spartanburg Airport District to execute a concessions agreement with ReachTV. The motion was seconded, and unanimously approved.

B. Approval of Final Ranking for a Full-Service On Airport Hotel Development

Mr. Scott Carr, Vice President of Commercial Business & Communications provided an update to the New Business item of the same name, previously tabled at the Airport Commission Meeting on May 18, 2021.

Staff anticipated that interested parties would conduct their own marketing and feasibility studies, as a part of their due diligence process prior to submitting their proposals to the District. Since the McKibbon proposal was contingent on such a study being completed with favorable results, the District has undertaken a marketing and feasibility study itself with Horwath HTL out of Atlanta, GA.

Staff received some of the preliminary study results for review last week. Mr. Carr gave a high-level overview of some of the results received but noted that Staff is not requesting any formal action be taken at this meeting. However, Staff

would like to recommend a workshop be scheduled to review the final marketing and feasibility study results in August 2021.

Mr. Carr's continued presentation included a summary which looked at monthly seasonality, a comparison of regional benchmark airports with on-airport hotels, including opening year, room count, class (Upper Upscale, Upscale), meeting room space, brand, food & beverage options, and other amenities. Based on this information, the consultant provided draft recommendations, an investment analysis, and draft conclusions for an on-airport hotel at GSP.

Commissioners and Staff agreed to set a meeting for a workshop in August 2021 to review final study results. Mr. Edwards requested that Commissioners send any questions they would like answered at the workshop to Casey Cooperman, Executive Assistant, before the meeting. Staff also agreed to send the final results of the feasibility study to Commissioners as soon as available.

NEW BUSINESS:

A. Approval of Lease Agreement for Milliken Aviation Hangar Facility

Mr. Scott Carr, Vice President Commercial Business & Communications, presented the request to approve the lease agreement for Milliken Aviation Hangar Facility.

The District previously approved terms for a new hangar facility as depicted on Exhibit A at the Airport Commission meeting on November 23, 2020. However, since that time, Milliken has requested to remain in their current hangar facility and make some door height and width modifications to accommodate their new aircraft at their sole expense.

The current Space Use Permit (SUP) that they are leasing the facility under contemplates the business terms should Milliken elect to enter into a long-term agreement for their current hangar.

Mr. Carr provided the updated terms, including the Base & Option Term, Lease Premises, Lease Rate, Contract Security, District Improvements, Lessee Improvements, Maintenance, Utilities, Insurance, Taxes & Assessments, Subleasing, and Assignment of the Lease.

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

PRESIDENT/CEO REPORT:

Aviation Industry Update: None

Federal and State Legislative Update:

Mr. Edwards discussed the \$25 billion to support America's airport infrastructure that is a part of the proposed federal infrastructure bill. A decision has not been made on how the funds will be dispersed, either all up front based on enplanements, or with a portion put in a discretionary pot to be allocated as needed. Mr. Edwards hopes that this bill moves through quickly.

Further conversation ensued about how those allocations may be determined.

Chair Shaw asked how entitlement funds will be allocated moving forward. Mr. Edwards indicated that he would be seeking an answer to that question during the FAA session at the AAAE Annual Conference, which he was attending at the time of the Commission meeting. In addition, GSP will look to go after allocations from \$2.5 billion in ARPA money that the state of South Carolina has. Such funds will be sought to use towards expanding cargo apron project, as the project was not selected for INFRA grant funding.

Coronavirus (COVID-19) Update:

Mr. Edwards shared that Staff will seek to keep apprised of the new COVID-19 variant and what affect it may have. Boosters for vaccinations are still a discussion. Staff will keep the Commission updated on any changes and/or updates. Mr. Edwards is hopeful that there will not be another huge spike in COVID-19 cases, and that Staff encourages vaccinations to keep yourself and others safe.

Chair Shaw asked if Staff is seeing passengers obey mask requirements at the airport, to which Mr. Edwards answered that although some passengers are seen without a mask, GSP is following the mask requirements which are still in place. This requirement is not due to be removed until September 13, 2021. The mask requirement is a TSA Enforcement responsibility.

COMMISSIONER'S REPORT: None

EXECUTIVE SESSION: None

ADJOURNMENT:

There being no further business, a motion was made, seconded and unanimous vote received to adjourn meeting. The meeting was adjourned at approximately 11:16 a.m.

SIGNATURE OF PREPARER:



Casey Cooperman