

GREENVILLE-SPARTANBURG AIRPORT COMMISSION

SPECIAL MEETING MINUTES

May 26, 2020

The Greenville-Spartanburg Airport Commission met on May 26, 2020 at 9:00 a.m. via teleconference 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 special meeting.

MEMBERS PRESENT (via teleconference): Minor Shaw, Hank Ramella, Leland Burch, Valerie Miller, Doug Smith, 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; Stefanie Hyder, Executive Assistant/Recording Secretary

GUESTS PRESENT: None

CALL TO ORDER: Chair Minor Shaw called the meeting to order at 9:07 a.m.

CONSENT AGENDA: None

PRESENTATIONS: None

OLD BUSINESS: None

NEW BUSINESS:

A. Approval of Concessions Agreement Termination and Asset Purchase Agreement

Mrs. Shaw opened the meeting with background information on the OHM Concession Group, LLC (OHM) agreement. Mr. Edwards further spoke to the OHM agreement and the matter that was brought forth to the Commission during Executive Session in January 2019. In late 2019, Hudson Group entered into an agreement with OHM to acquire a controlling stake in their assets; however, in early April 2020, Hudson Group terminated its purchase agreement with OHM Concession Group, LLC.

Mr. Scott Carr, Vice President of Commercial Business and Communications, then presented to the Commission additional background information dating back to

2016 when MSE Brand Foods (MSE) assigned its Concession Agreement at GSP to OHM. OHM began operations with Thomas Creek Grill and R.J. Rockers Brewery, and then built out and operated DC3, Chick-Fil-A and the Kitchen by Wolfgang Puck.

OHM has experienced financial and operational challenges during their tenure at GSP. On January 3, 2019, the GSP Commission approved the District to move forward with replacing OHM with another company or negotiating a buyout for their assets. District staff completed the RFP process and received and reviewed two proposals.

In October 2019, OHM entered into an agreement with Hudson to purchase their assets at over a dozen airports across the U.S. which included GSP. District staff refrained from moving forward with a change in operators; however, due to the impact of the COVID-19 pandemic, Hudson elected to terminate their purchase agreement with OHM on April 2, 2020 during their due diligence period.

OHM owes the District for unfinished construction, past due fees, and lost revenues, and they do not have the cash to satisfy existing and future obligations. With the Hudson agreement no longer under consideration, Staff approached OHM who stated they were open to a buyout offer or a renegotiation of the terms of the agreement.

Staff has been in negotiation with OHM for the purchase of all assets as well as a waiver of all construction, vendor, and financial institution liens for \$1.2 million. OHM is entitled to funds based on the remaining term and buyout provisions. The Asset Purchase Agreement has been drafted for \$1.2 million and includes all improvements for all five concepts operated by OHM as well as kitchen equipment, small wares, and all on hand product inventory.

Staff is also examining holding franchise agreements (Chick-Fil-A and The Kitchen by Wolfgang Puck) and naming agreements (Thomas Creek Grill and R.J. Rockers Flight Room) to ensure brand standards are met. DC3 will have to change to a new concept in the future. In addition, Staff is also considering having OHM transfer their beer, wine, and liquor licenses directly to the District allowing for flexibility for social distancing requirements and maximizing concessions revenue.

As a result of COVID-19, the District has a unique opportunity to effectuate a change in operators. Hudson continues to operate Dunkin Donuts, Flatwood Grill and Baskin Robbins. Paradies (Vino Volo) and Manchester Airport Group (Escape Lounge) are expected to reopen their stores soon.

The alternative is to issue a default letter to OHM outlining all of the open and unresolved contractual issues which could result in protracted litigation and an impact on customer service. Again, the fiscal impact is \$1.2 million for the purchase of OHM's assets at all five food and beverage concepts.

Mr. Carr opened the floor for questions. The Commission inquired/commented about liquor licenses and the impact on liability insurance, the management plan/model, and the interim plan to which Mr. Carr and Mr. Edwards responded. The Commission asked to be walked through the timeline to which Mr. Carr responded that the goal is to complete the asset purchase agreement, advertise and complete the RFP process, and finalize a management agreement in 90 days. Additionally, the Commission discussed the issue of bankruptcy and litigation to which Legal Counsel responded. Discussion ensued. Lastly the Commission inquired about OHM's cash deposit to which Mr. Carr and Mr. Edwards responded.

There was a motion to (1) approve the termination of the Concessions Agreement with OHM Concessions Group, LLC; (2) authorize staff to enter into an Asset Purchase Agreement in the amount of \$1.2 million with OHM Concessions Group, LLC, and (3) authorize the President/CEO to execute all necessary documents. The motion was seconded and unanimously approved.

In closing, Mr. Edwards discussed next steps.

ADJOURNMENT:

The meeting was adjourned at approximately 10:07 a.m. The next regularly scheduled meeting is scheduled for June 22, 2020 at 9:00 a.m.

SIGNATURE OF PREPARER:


Stefanie Hyder