

GREENVILLE-SPARTANBURG AIRPORT COMMISSION

MINUTES

May 9, 2022

The Greenville-Spartanburg Airport Commission met on May 9, 2022 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, Jay Beeson, Doug Smith

MEMBERS NOT PRESENT: None

STAFF AND LEGAL COUNSEL PRESENT: David Edwards, President/CEO; Basil Dosunmu, Senior Vice President-Administration and Finance/CFO; Scott Carr, Vice President Commercial Business and Communications; Betty O. Temple, WBD; Tom Tyra, Director, Communications & Air Service Development; Michelle Newman, Communications Manager; Jeff Clifton, Director of Design & Construction; Bobby Welbourn, GSP Chief of Police; Cody Bauman, Operations Manager; Casey Cooperman, Executive Assistant/Recording Secretary

GUESTS PRESENT: John McAlmont, Parish & Partners; Eric Rysdor, HDR; Mark Waller, AVCON, Inc.; Jonathan Chasteen, HDR; Kris Erwin, WK Dickson

CALL TO ORDER: Chair Minor Shaw called the meeting to order at 9:04 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 21, 2022 Regular Meeting Minutes.

OLD BUSINESS: None

NEW BUSINESS:

A. Approval of Fiscal Year /2023 Airport District Budget

Basil Dosunmu, Senior Vice President & CFO, presented the proposed 2022/2023 Airport District Budget for the Airport Commission's consideration.

The presentation provided information on the following: General Statistics & Historical Overview; Proposed FY 2022/2023 Operating Revenues Budget; Proposed FY 2022/2023 Operating Expenses Budget; Proposed FY 2022/2023 Capital Budget; Other O&M Reserve Funds; Commercial Properties P&L; Cerulean Aviation P&L; Food & Beverage P&L; Investments, Debt, Fund Balance and Forecast; Rates & Charges; and Customer Service. Additional details were provided regarding the FY 2022/2023 Budget Fluctuation; Fees, Rates & Charges; the Capital Improvement Plan; Equipment & Small Capital Outlay; Renewal & Replacement; and a description of Professional Services.

Regarding customer service, the Commission and Staff agreed that the Customer Service Goal of 80% will be revised to 89%, effective July 1, 2022.

Mr. Dosunmu respectfully requested that the Airport Commission resolve the approve the Greenville-Spartanburg Airport District FYE 6-30-2023 Operating, Capital, and Other O&M Reserve Budget to include:

- Operating Revenues of \$57,922,042;
- Operating Expenses of \$44,247,291;
- Capital Projects of \$66,079,416; and
- Other O&M Reserve Funds
 - a. Emergency Repair/Replacement/Operations Fund of \$500,000;
 - b. Business Development/Agreement Obligations & Incentive Fund of \$500,000;
 - c. Contingency Fund of \$1,000,000.

There was a motion to approve the proposed FY 2022/2023 Budget. The motion was seconded and unanimously approved.

B. Approval of Procurement Policy Amendment for Public Private Partnerships

Mr. Edwards, President/CEO, discussed public private partnerships (P3) and their use as an effective tool for bringing the efficiency and expertise of private businesses to bear in the provision of services to governmental entities.

Providing some background, Mr. Edwards gave insight into how structuring a public private partnership often begins with the competitive solicitation of proposals for procuring the specific assets needed to provide the required services (which may involve a multi-state procurement process and may include provisions for pricing of the operation and maintenance of those assets after construction) followed by the award of contracts for design, construction, operation, and other matters related to those assets. After award, and through negotiations with the successful offeror, additional avenues to create cost savings for the public entity may be identified and those avenues can include, among other things, expanding the scope of the public private partnership to provide for the successful offeror, or its assignee, to own and finance for its own account, the assets needed to provide the service. It would be disruptive to the orderly completion of an envisioned project and contrary to sound principles of appropriately competitive procurement to set aside an initial solicitation or award and rebid the project to reflect such additional avenues identified to create enhanced savings.

Therefore, legal counsel has recommended that the Commission amend Section 110.00 of its Administrative Policies & Procedures concerning procurement to insert a provision allowing for the expansion of the services to be provided and the assignment of awards resulting from proposals and awards for the delivery of services through public private partnerships.

This amendment is for clarification only. It affirms the authorities currently existing in the Greenville-Spartanburg Airport District's Administrative Policies & Procedures and their predecessor documents and relates back to the original adoption of those policies.

Mr. Edwards provided a Resolution, attached hereto as Exhibit A, for approval by the Commission. There was a motion to adopt the resolution amending Section 110,00 of the Greenville-Spartanburg Airport District Administrative Policies & Procedures concerning procurement to include a provision allowing for the expansion of services and assignment of awards resulting from proposals for the delivery of services through Public Private Partnerships. The motion was seconded and unanimously approved.

C. Authorization to Finalize a Preliminary Development Agreement with Plenary Americas US Holdings Inc. for an Automated Transit Network System

Dave Edwards, President/CEO provided a history of the District's original Request for Proposals (RFP) for an Automated Transit Network System (ATN) at the Greenville-Spartanburg International Airport (GSP) to carry passengers and employees from various remote parking lots to the terminal.

Based upon an evaluation of the proposals received, and site visits to see operating ATN systems, the District selected 2getthere (2GT) as its preferred ATN system provider for the potential implementation of an ATN system at GSP.

In 2019, 2GT brought Oceaneering International, Inc. (OII) on to their team as their US partner to assist in further negotiations and development activities for the ATN system at GSP. After 2GT/OII had progressed various pre-development diligence discussions and activities, it became apparent that a Public-Private Partnership (P3) approach to the development and financing of an ATN system at GSP might be the best approach for the project to move forward.

2GT/OII had conversations with multiple P3 developers, and ultimately recommended to begin working with Plenary Americas (Plenary) as the P3 development partner for the project.

In early 2020, 2GT/OII and Plenary began jointly discussing the project with the District and initiated an effort to identify the framework for project development and financing utilizing a P3 approach.

Due to COVID, discussions concerning the potential project were put on hold in April 2020.

In the mid to late 2021, the District and 2GT/OII/Plenary recommenced discussions regarding the development of the project under a P3 approach. This resulted in the demonstration of an ATN vehicle at GSP in late November 2021. Since the demo of the ATN vehicle, the District and 2GT/OII/Plenary have continued to discuss next steps for a potential ATN system project.

As the potential project participants have evolved since the original request for proposals process, and that it appears the best delivery method for a potential ATN system project at GSP is to utilize a P3 approach, Staff is seeking support and authorization to finalize a Project Development Agreement (Agreement) with Plenary for a ATN system at GSP.

The Agreement will be brought back to the Airport Commission for review and approval once it is finalized. The Agreement will address multiple items that Plenary will be required to complete.

This request is for authorization to negotiate the project with Plenary and receive a Project Development Agreement, with approval of the actual project to come later this year.

The Commission and Staff discussed similar projects in the country, the challenges faced in the implementation of an ATN transit system such as accommodating for future technological advances, as well as how an ATN system would have a positive effect on the District in how it would help alleviate traffic congestion on the front curb. Mr. Edwards noted that the District would be the first airport in the country to implement an ATN system, however London Heathrow Airport does have an operating ATN system at this time.

There is no fiscal impact at this time, however, if the Project Development Agreement is approved in the future by the Commission, the estimated cost for this phase of work is \$3.1 million.

There was a motion to authorize Staff to finalize a Project Development Agreement with Plenary Americas US Holding Inc. for the development of an ATN system at GSP. Such Agreement will be brought back to the Airport Commission for further review and action. The motion was seconded and unanimously approved.

PRESIDENT/CEO REPORT:

Aviation Industry Update:

Mr. Edwards discussed the expected increase in passenger traffic this summer, as well as how frustrations caused by problems with flight crew availability will also be a challenge.

Federal and State Legislative Update:

Mr. Edwards confirmed that the District did receive the Economic Development Administration (EDA) grant of \$5.2 million, meaning that the execution of the Air Cargo Apron project will move forward. This was the first EDA grant the District has sought. The Appalachian Council of Governments was essential and supportive in the District's pursuit of this grant and will also assist in administering it.

Additionally, the FAA and DOT are still working on the plan for how to distribute the funds from the Infrastructure Bill. As for the Airport Terminal Program (ATP), the discretionary funds portion of the Infrastructure Bill, the District's grant requests are for \$10-10.5 million for the roadway curbside project as well as \$17-18 million for the terminal design. Staff should know the results from those requests by July, and Staff will look to report those results at the July 11 Commission meeting.

Regarding state legislation, in the proposed FY 2022-2023 budget the House had \$65 million allotted for the South Carolina Aeronautics Commission (SCAC) to fund the state's six commercial airports from a capital standpoint. The Senate then cut the \$65 million to \$10 million in their budget proposal. The overall budget will now go to the Conference Committee. As soon as conferees are named, Mr. Edwards will send out information and talking points to the Commission in hopes that this amount will be increased, so that capital projects can move forward at the six commercial airports.

Financial Update:

Mr. Edwards invited Mr. Dosumnu to provide a brief District financial report to the Commission, including YTD Operating Revenues, Operating Expenses, Gross Margin, Cost Per Enplanement, Airline Revenues, Investment Balance, Fund Balance and Debt Balance.

COMMISSIONER'S REPORT: None

EXECUTIVE SESSION:

The Commission Chair requested that the Commission go into Executive Session for the purpose of discussing the annual review, employment, and compensation of an employee of the District as well as certain confidential projects. The motion was made, seconded, and approved to go into Executive Session at 10:28 a.m.

At approximately 11:42 a.m., public session resumed with no action taken in Executive Session. Commissioner Ramella made a motion to authorize the Commission Chair to determine the amount of any base salary increase and/or bonus pursuant to the term of the employment terms with Mr. Edwards.

Commissioner Miller seconded the motion, and unanimous approval was received.

PRESENTATION:

A. South Carolina Ports Authority Update

Dave Edwards introduced Jim Newsome, President & CEO of the South Carolina Ports Authority (SCPA). Commissioner Shaw thanked Mr. Newsome for attending and presenting.

Mr. Newsome started his presentation by sharing the Strategic Priorities of South Carolina Ports, which included Re-Establishment of Operational Excellence, Delivery of Port-Funded Infrastructure, Delivery of State-Funded Infrastructure, Cargo Base Growth, and Attracting Human Capital to Support Growth. The Charleston, SC Port is the 8th largest U.S. Port regarding cargo capacity, with the top 10 ports handling 85% of the U.S. port volume. Mr. Newsome went through the supply chain challenges experienced by the increase in volume and transition of the cargo base from manufacturing to retail. He then addressed the actions taken to alleviate congestion and prepare for the future.

The SCPA's infrastructure initiatives include major capital initiatives for the retrofitting the Wando Terminal, a new container terminal at Hugh K. Leatherman Terminal, expanding the Inland Port network, and upgrading the chassis pool with 11,000+ new chassis, including a net lease program of 1,700 chassis.

Additionally, to address the cargo shift from manufacturing to retail, new transload facilities are in preparation for Walmart, Target and Amazon, the #1, #2 and soon-to-be #3 importers into the U.S. Additionally, the SCPA has committed to \$7.5 million in public infrastructure improvements to secure the MacAlloy Property land as port dependent, with a potential for 250 door transload and +1,000 trailer spots as well as container stacking.

Mr. Newsome completed his presentation by noting other factors the SCPA is watching, including fuel price, alternative fuel possibilities, longshore labor, the impact of the \$1.2 trillion infrastructure bill and the impact of 8% inflation.

Following the presentation Mr. Newsome shared the succession plan for his retirement. In June 2022, upon retirement, Barbara Melvin will take the role of President & CEO of SCPA.

ADJOURNMENT:

There being no further business, a motion was made, seconded and unanimous vote received to adjourn meeting. The meeting was adjourned at approximately 12:14 p.m. The next meeting regular, non-emergency Commission meeting is scheduled for Monday, July 11, 2022, at 9:00 a.m. and will be held via teleconference.

SIGNATURE OF PREPARER:



Casey Cooperman