

GREENVILLE-SPARTANBURG AIRPORT COMMISSION

MINUTES

July 11, 2022

The Greenville-Spartanburg Airport Commission met on July 11, 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 (via teleconference), Leland Burch, Valerie Miller, Jay Beeson (via teleconference), Doug Smith

MEMBERS NOT PRESENT: None

STAFF AND LEGAL COUNSEL PRESENT: David Edwards, President/CEO; Kevin Howell, Senior Vice President/COO; Betty O. Temple, WBD; Tom Tyra, Director, Communications & Air Service Development; Michelle Newman, Communications Manager; Jeff Clifton, Director of Design & Construction; Bobby Welborn, GSP Chief of Police; Sarah Ryan, Operations Supervisor; Kristen Cunningham, Operations Intern; Casey Cooperman, Executive Assistant/Recording Secretary

GUESTS PRESENT: Lee Dryden, Turner Construction; Justin Gobbel, Kimley-Horn; David Sparkes, Kimley-Horn; Kiel Clasing, Oceaneering; Mike Schutt, Plenary Americas; Jonathan Chasteen, HDR

CALL TO ORDER: Chair Minor Shaw called the meeting to order at 9:06 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 9, 2022 Regular Meeting Minutes.

OLD BUSINESS: None

PRESENTATIONS:

A. Annual Strategic Business Plan Update

Chair Shaw welcomed Dr. Steve Van Beek of Steer Group. Dr. Van Beek opened with a presentation which covered an Industry Update and Strategic Plan Update as it directly relates to the District. He provided an analysis of airport-centric strengths, weaknesses, opportunities, and threats for 2022 and noted that the strategic imperative moving forward is to balance recovery from COVID-19 and the willingness to take risks.

Dr. Van Beek continued by providing a national picture of recovery from the COVID-19 pandemic. As opposed to the time leading up the pandemic when large hub airports were growing faster, following the pandemic small hub airports have been leading the way to recovery. Dr. Van Beek also provided a glimpse into the other categories that lead the

way in recovery, primarily Latin American destinations, U.S. airlines, and ultra-low-cost carriers.

Dr. Van Beek then gave a look into Greenville-Spartanburg International Airport's (GSP) recovery as compared to others. GSP is near the middle of its national benchmarks, now at 83% seat recovery, however leisure-oriented regional benchmark airports have recovered faster with greater seat capacity. When looking at the load factor (actual passengers flown), GSP is at 86% recovery which implies that GSP's passenger recovery is outpacing seat recovery. At GSP, Southwest is the only airline that has made a full recovery. Dr. Van Beek noted that the key takeaway is that airlines have continued to become more efficient offering more seat capacity per air traffic movement even during the COVID-19 pandemic which can strain airport landside capacity, but the goal is to provide outstanding customer service despite more congestion during specific times.

Looking to the future, Dr. Van Beek shared that there are several opportunities to consider. These include new airlines emerging and Electric Vertical Take-Off and Landing (EVTOL) aircraft used for short haul flights.

Dr. Van Beek then discussed the upcoming FAA Reauthorization, which will help to better align the FAA's regulatory approach to airports with the emerging trend for airports to have a more active approach to their organizational direction. This will allow airports to act as a strong proprietor, a service provider, with risk tolerance, and treat airlines more like partners instead of customers.

Dr. Van Beek answered questions from the Commission regarding the success of such airlines as Contour and Silver. He, as well, addressed the future regarding airlines' efforts to recruit pilots, and Mr. Edwards added that airlines are employing individual initiatives to combat the pilot shortage and that it will likely be several years before we see a full pilot recovery.

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 for Fiscal Year 2022-2023.

Dr. Van Beek reviewed both the 2021-2022 and 2022-2023 financial targets, cash balance, airline revenues and cost per enplanement (CPE).

Dr. Van Beek wrapped up the presentation by stating that with GSP's strategic business plan, performance has been strong. He then answered questions about financial performance as it relates to the District taking over concession management with Metz. He and Mr. Edwards addressed both the challenges and opportunities for improvement in this type of management agreement. At this time the presentation concluded.

B. Communications and Marketing Update

Tom Tyra, Director of Communications and Air Service Development, provided a presentation which gave an overview of the Communications & Air Service Development department, including the organizational structure of the department, and their roles as it pertains to internal and external Communications, Customer Service, Marketing, Air

Service Development and Graphic Design. He provided a breakdown of each of these areas with examples of the projects for which each is responsible.

Mr. Tyra then went on to share the department's initiatives for FY2023. These includes air service development targets of underserved and unserved markets, partnerships to encourage tourism and convention organizations in Spartanburg and Greenville counties, air cargo marketing, expanding the use of new research tools to drive advertising and air service tactics, creating a better airport experience, telling the stories that set GSP apart through social media and news coverage, the GSP Ambassador Program, a new virtual art tour, live music performances at GSP, college spring and winter break promotions, and a WNC summer camp coordination program.

C. Terminal Landside Roadway Improvements Program Update

Jeff Clifton, Director of Design & Construction, provided an update on the progress made on the Terminal Landside Roadway Improvements Program (TLRIP). This included a background of the program which started in 2020 with a commercial terminal area expansion study. In January 2022 the TLRIP started its programming phase. The District brought on Kimley-Horn as the engineer for the project and Turner Construction as the construction manager. Mr. Clifton noted that this is a multi-phase project that will impact vehicular and pedestrian traffic.

From there Mr. Clifton went on to describe the current site conditions by illustration marked with existing roadways, sidewalks, vehicular traffic flow and pedestrian traffic flow along with parking locations for Operations/Badging, Administration, Employees and Passengers.

He then provided an overview of the project which will aim to enhance roadways and the terminal curbfront by reconstructing and extending the existing terminal curbfront to the north. As well, the project includes an intersection reconfiguration of GSP Drive and Terminal Parkway and GSP Drive improvements which include the addition of two roundabouts and updated street lighting. Another focus of the project will be improved pedestrian safety and vehicular and pedestrian signage.

Mr. Clifton shared that the priorities of the construction's phasing are customer safety, customer experience, quality of the finished product, public/construction interface, to avoid utility disruptions and to best use construction resources.

The key areas of focus for the program are the safe movement of passenger vehicles and pedestrians, valet movement, emergency vehicle access, construction traffic and quality/schedule/cost.

Mr. Clifton broke down each Phase of the project with illustrations and descriptions of what is to be accomplished in each phase and the expected duration of each phase. The project timeline was broken down accordingly. The Design will be completed in September 2022, construction will start in January of 2023 and is to be completed by February 2025.

D. Public Parking Update

Kevin Howell, Senior Vice President/COO, provided a presentation on public parking at GSP in order to provide information and respond to the Commission's request to overview parking trends, specific to garage parking. Additionally, this information will also provide for additional discussion on when to start the design and construction of Parking Garage C.

Mr. Howell spoke to the change in parking trends and a shift in the parking demographic, noting that parking data points to longer trip durations, more passengers per car and more customers choosing premium parking over economy parking. He also recognized that the change of new roadway/entrance signage to economy parking may also be impacting the number of passengers who choose premium parking in garages over economy lot parking.

He gave a comparison of May 2022 parking trends as compared to May 2019, which show that there were 10,000 less transactions in May 2022 however when comparing parking revenue, he notes that it was approximately \$50,000 higher than May 2019.

Mr. Howell also spoke to the increase in weekend garage parking in 2022 over 2019, while garage occupancy on weekdays has still not caught up to 2019.

Following the breakdown of current garage occupancy levels, Mr. Howell provided a look at the Terminal Complex with development plans from the 2019 Master Plan as well as the Terminal Area Planning Study in 2021. The illustration included the ultimate roadway network at completion, showing Garage C and other improvements.

Mr. Howell shared information from the original parking and rental car study completed in 2019, which forecasted nearly 800,000 in rental car transaction days for 2020. Construction Manager selection for this project was suspended in 2020 due to COVID-19 and FY2022 transaction days are tracking at approximately 550,000 which is a decrease of 30%. As 65% of the Garage C construction project was due to be financed by the Customer Facility Charge (CFC) of \$6.00 per rental car user, the decrease in transaction days equates to a loss of \$1.5 million in annual revenue. Therefore, the District will need to consider alternatives such as a new rental car agreement, financial review, and possibly a new funding strategy. The total timeline for constructing Parking Garage C is approximately 36 months. The timing of the project greatly depends on rental car trends, CFC collections, and the rental car agreement. All of these items are currently being discussed.

Conversation ensued about parking occupancy levels in the economy lots and ways to drive parking traffic to the economy lots during times when garage occupancy is reaching its maximum. Additional conversation ensued about possible revisions to the CFC agreement with rental car companies. The Commission and Staff agreed to make a decision regarding the start of the Parking Garage C project by the end of 2022.

NEW BUSINESS:

A. Approval of a Project Development Agreement with Plenary Americas US Holdings, Inc. for an Automated Transit Network System

David Edwards, President/CEO, presented a request for approval of a Project Development Agreement with Plenary Americas US Holdings, Inc. for an Automated Transit Network System.

Mr. Edwards provided the background of the project, stating that in May 2016, Staff requested authorization for the Commission to finalize a Project Development Agreement (Agreement) with Plenary Americas US Holdings Inc. (Plenary) for an Automated Transit Network System (ATN) at the Greenville-Spartanburg International Airport (GSP) and the Commission approved the request. At the same meeting, the Commission approved the budget for FY2022/2023 which included \$3.1 million in funding for this phase of the ATN project.

Staff has worked with Plenary to finalize the Agreement. Legal counsel has reviewed the documents and recommended changes, which have been incorporated into the Agreement.

Mr. Edwards stated that the Staff committed to the Commission that the final Agreement would be brought back to the Commission for review and approval. Mr. Edwards provided the Commission with the current version of the final Agreement along with the Groundside Transportation Modernization Project Proposal from Plenary. There may be some minor edits to finalize the Agreement, but there will be no substantive changes.

The Agreement will take the project up to the initiation of construction of the project. The construction phase will be brought back to the Commission for review and approval following the Agreement phase.

Alternatively, the Commission may choose not to move forward with the ATN project at this time. The fiscal impact for this phase of the work is \$3.1 million.

Conversation ensued about the options, opportunities, challenges, and alternatives the District will have regarding the structure, funding and infrastructure for this project.

The Commission and Staff agreed that they would discuss the matter further in Executive Session before taking a vote.

B. Approval of Minimum Standards Amendment for Commercial Air Carrier Line Service Maintenance

David Edwards, President/CEO, requested approval of an amendment to the Minimum Standards for Commercial Air Carrier Line Service Maintenance.

Mr. Edwards provided background on the request, stating that The Greenville-Spartanburg Airport District (District) is required by the Federal Aviation Administration

(FAA) to establish Minimum Standards for aeronautical services to be provided at the Greenville-Spartanburg International Airport (GSP). The District has a current Minimum Standard for Commercial Air Carrier Line Services Maintenance, which was provided to the Commission.

Based on recent requests by companies desiring to provide Commercial Air Carrier Line Services Maintenance for several cargo air carriers operating at GSP, Staff is recommending that the current Minimum Standards for Commercial Air Carrier Line Services Maintenance be amended to provide greater access for such providers.

Mr. Edwards provided copies to the Commission of the proposed amended Minimum Standards for Commercial Air Carrier Line Services Maintenance at GSP for review.

At this time, no alternatives are being recommended and there is no fiscal impact.

There was a motion by Chair Shaw to adopt the amended Greenville-Spartanburg Airport District Minimum Standards for Commercial Air Carrier Line Services Maintenance at the Greenville-Spartanburg International Airport as presented. The motion was seconded by Commissioner Burch and unanimously approved.

PRESIDENT/CEO REPORT:

Aviation Industry Update:

Mr. Edwards deferred to Dr. Van Beek's presentation as it provided a detailed update on the aviation industry.

Federal and State Legislative Update:

Mr. Edwards stated that Dr. Van Beek's presentation also provided a very good update on the Federal and State Legislative topics, especially regarding the FAA Reauthorization. Mr. Edwards did state that the District received disappointing news that it will not receive any money from the Bipartisan Infrastructure Law (BIL) for the two applications put in for the Airport Terminal Grant Program, one for the design and construction of the terminal expansion and the other for the Terminal Landside Roadway Improvements project. The District was not selected for either of these projects. No airport in South Carolina received funding. Only one airport in North Carolina and one in Georgia were selected for funding. Mr. Edwards stated that he has questions for the FAA regarding the selection results.

Financial Update:

Mr. Edwards provided 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.

Mr. Edwards stated that Staff needs to address an error showing in Cost Per Enplanement. Additionally, at the next Commission meeting Staff will present the financial update with Fiscal Year 2021-2022 results.

COMMISSIONER'S REPORT: None

EXECUTIVE SESSION:

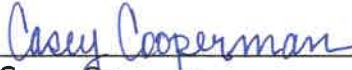
The Commission Chair requested that the Commission go into Executive Session for the purpose of discussing contracts, personnel matters, and certain special economic development projects. The motion was made, seconded, and approved to go into Executive Session at 1:06 p.m.

At approximately 2:07 p.m., public session resumed with no action taken in Executive Session. Commissioner Beeson made a motion (1) approve the Project Development Agreement with the Plenary Americas US Holdings Inc. for the development of an ATN system at GSP substantially in the form submitted to the Commission and (2) authorize the President/CEO to finalize and execute all necessary documents in connection with the Project Development Agreement. Commissioner Smith seconded the motion, and unanimous approval was received.

ADJOURNMENT:

There being no further business, a motion was made by Commissioner Beeson, seconded by Commissioner Burch and unanimous vote received to adjourn meeting. The meeting was adjourned at approximately 2:09 p.m. The next meeting regular, non-emergency Commission meeting is scheduled for Monday, September 12 at 9:00 a.m.

SIGNATURE OF PREPARER:



Casey Cooperman