

AIRPORT AUTHORITY CITY OF LINCOLN

Meeting Thursday, October 26, 2023

The regular Board Meeting was held in person, in Lincoln, Nebraska at 3401 West Luke (the Airport Authority's Operations building). Notice was given in the Journal-Star on Thursday, September 21, 2023. Board Members present at the start of the meeting at 11:30 a.m.: John Olsson, Nicki Behmer-Popp, Chris Hove and Vanessa Emlich. Mr. Stokes was absent. Also present were:

<i>David Haring, LAA</i>	<i>Bill Kutilek, LAA Legal Counsel</i>
<i>Bob McNally, LAA</i>	<i>Sean Nave, Atlantic Aviation</i>
<i>Chad Lay, LAA</i>	<i>Alex Garcia, Leadership Resources</i>
<i>Rachel Barth, LAA</i>	<i>Chris Linder, FORVIS</i>
<i>Jeri Winkelmann, LAA via Zoom</i>	<i>Trevor Copenhaver, FORVIS</i>
<i>Mona Beck, LAA</i>	<i>Dan Parsons, Parsons Public Relations</i>
<i>Steve Thompson, LAA</i>	<i>Kim Remington, Parsons Public Relations</i>
<i>Stephanie Ratterree, LAA</i>	<i>Lori Koepke, Firespring</i>

Chairman Olsson called the meeting to order at 11:30 a.m. and stated a copy of the Open Meetings Act is available for public reference at the back of the Board Room.

Chairman Olsson asked for a motion to Approve the Minutes of the September 2023 Regular Meeting. It was moved by Behmer-Popp and seconded by Hove to Approve the Minutes of the September 2023 Regular Meeting. On roll call vote, Aye: Behmer-Popp, Hove, Emlich; Nays: None. Abstain: Olsson

Chairman Olsson asked for public comments: No comments were offered.

Chairman Olsson asked for a report from the Air Service Committee. Mr. Haring stated passenger activity during the 3rd quarter of 2023 continued at levels similar to what would be expected at this time of year. United's passenger enplanements were up by 742 passengers (7%) over September 2022. Year to date, total enplanements were up 37,099 passengers (58%) when compared to 2022 and down approximately 18% when compared to 2019. United's capacity was virtually flat when compared to September 2022, but well ahead (+21%) of United's capacity at the same time in 2019. Fares in September improved over August fares as approximately 60% of fares on United were within \$100 of Omaha. Load factors in September were consistent across the Board. Denver had the highest load factor at 86% while Chicago was the lowest at 84%. Load factor for all markets was 85%.

Mr. Haring briefed the Board on Agenda Item #4 – Approve Contract Extension Agreement No. 3 to Contract for Wildlife Hazard Management and Control Services with Loomacres, Inc. Motion made by Hove and seconded by Behmer-Popp to Approve Contract Extension Agreement No. 3 to Contract for Wildlife Hazard Management and Control Services with Loomacres, Inc. On roll call vote, Aye: Olsson, Behmer-Popp, Hove, Emlich; Nays: None.

Mr. Haring briefed the Board on Agenda Item #5 – Approve Amendment of License Agreement between City of Lincoln, Nebraska and Airport Authority of the City of Lincoln, Nebraska (Lincoln Airpark West - Recreational Facilities). Motion made by Hove and seconded by Emlich to Approve Amendment of License Agreement between City of Lincoln, Nebraska and Airport Authority of the City of Lincoln, Nebraska (Lincoln Airpark West - Recreational Facilities). On roll call vote, Aye: Olsson, Behmer-Popp, Hove, Emlich; Nays: None.

Mr. Lay briefed the Board on Agenda Item #6 – Approve Change Order No. 6 & 7 to Sampson CMaR Contract for the Terminal Improvements Project (TA-22-04) in the Combined Amount of \$300,941.00 for W. Adams Street and Other Associated Additions. Motion made by Behmer-Popp and seconded by Emlich to Approve Change Order No. 6 to Sampson CMaR Contract for the Terminal Improvements Project (TA-22-04) in the Combined Amount of \$300,941.00 for W. Adams Street and Other Associated Additions. On roll call vote, Aye: Olsson, Behmer-Popp, Hove, Emlich; Nays: None.

The above agenda item was split into two separate motions. Mr. Lay briefed the Board on Change Order No. 7. Motion made by Hove and seconded by Behmer-Popp to Approve Change Order No. 7 to Sampson CMaR Contract for the Terminal Improvements Project (TA-22-04) in the Combined Amount of \$300,941.00 for W. Adams Street and Other Associated Additions. On roll call vote, Aye: Olsson, Behmer-Popp, Hove, Emlich; Nays: None.

Mr. Haring, Mr. Linder and Mr. Kutilek briefed the Board on Agenda Item #7 – Adopt Resolution No. 740 Accepting the Examination Report Prepared by the Authority’s Independent Public Accountants Relating to Air Services Agreement Dated March 30, 2023 with Fly Next, LLC and Approving the Certification and Delivery of Pending Fly Next, LLC Invoice No. FN1005 Received September 6, 2023 to Lancaster County for Processing and Payment. Motion made by Hove and seconded by Emlich to Resolution No. 740 Accepting the Examination Report Prepared by the Authority’s Independent Public Accountants Relating to Air Services Agreement Dated March 30, 2023 with Fly Next, LLC and Approving the Certification and Delivery of Pending Fly Next, LLC Invoice No. FN1005 Received September 6, 2023 to Lancaster County for Processing and Payment.

Ms. Behmer-Popp read the following comments regarding Resolutions 740 and 741 on today’s Agenda: “I’m going to be a “no” vote on authorization of Guaranty payment to Fly Next and I will provide insight on my vote. First, I would like to begin by noting that I have been and will continue to be an advocate for expanding commercial air service at the Lincoln airport. In fact, when I ran for this seat, expanding air service, especially leisure air service, was the driving force and one that constituents still tell me is important to them. So naturally, when the unique opportunity to provide multiple new direct routes from LNK presented itself, I wanted to explore it further. Based on answers to my questions, information I was provided at the time and following months of meetings with community and industry stakeholders, I decided that I was in favor of the concept that become known as Red Way.

At the outset, one of my primary questions was whether we were beginning with too many routes.. What I learned was that there was a minimum number of hours required by the charter operator in order to commit a plane to Lincoln full-time, so the number of routes were necessary to get off the ground. Additionally, while we were told that there would be *some* risk of having to use the MRG funds, the expectation was that there would be excess funds. This is evident through language in the interlocal agreement, and if these excess funds were realized, any used MRG funds would be reimbursed. I will get to that more in a moment because I would like to skip forward to where we are today.

Currently, we know that there are passengers still waiting on refunds for flights that have not taken place. It was brought to our attention that an email from Red Way to passengers indicated that refunds were suspended because of money owed to Red Way by the airport. This is blatantly false and

misleading. The Department of Transportation has certain requirements for charter operators to protect consumers and their money, which includes a surety agreement as well as an escrow account to hold the money until the flight operates. So, it is my conclusion that these funds should be available for passenger refunds. If they are not readily available, the board and the customers deserve to know what happened to those funds before any additional payments are made to Red Way.

I also feel it is important to have on the record the information I was provided by Red Way when I learned about the initial draw request in June/July of this year. At that time, I was told the amount would be around \$500,000 for fuel procurement. On June 9, I asked Nick Wangler, CEO of RedWay, the following questions:

- Is the \$500k only being utilized for fuel procurement? If not, how will the use of funds be accounted for/documented? Or maybe a better question (and maybe it's a Bill question) is how do we ensure that the funds are in-line with the Interlocal agreement. I only ask given the uniqueness in how Red Way is operated and my understanding originally was that our hope was never to touch those funds. Now that scenario has changed, so questions are popping up in my mind given this isn't our typical MRG / major airline transaction. I have a feeling when talking with officials, they are going to want some transparency and I want to be sure I can answer those questions before feeling confident in asking for a draw.
- who needs to sign off on this request?
- what is an average timeline for establishing a fuel credit?

The answers I received from Nick Wangler (through our executive director) were: 2-The GOAL is that the \$3 mm isn't used. That being said, I see where the first month or so may need some \$\$ and then if all goes according to plan it won't. I see a point where excess funds become just that - excess - and revert back to Lincoln. Like any business, lots of moving parts and hiccups in the start. Once the process is established this will be easier. I can assure you that you will have 100% accounting of all funds by a 3rd party CPA that this will all tie back to the inter local agreement.

3-Timeline to establish credit from here hopefully less than 2 weeks.

So once again, the information I was provided about use of the MRG funds was that the goal was never to use it and in fact revert any excess funds. I want to emphasize that the amount being discussed at that time was \$500,000 and the *actual* draw request to the county ended up being \$928,398.

In summary, the information that we were provided about how the MRG would be utilized plus how the process was facilitated combined with the outstanding passenger refunds doesn't add up. More than that, it gives me considerable pause. The airport has been transparent through an internal audit and in cooperation with the audit by the state. Red Way owes us, their customers, and the taxpayers the same transparency and honesty. Until that happens, I will not vote to provide any more funds to Red Way."

On roll call vote, Aye: Olsson, Hove, Emlich; Nays: Behmer-Popp.

Mr. Haring and Mr. Kutilek briefed the Board on Agenda Item #8 – Adopt Resolution No. 741 Authorizing the Delivery of a Guaranty Payment to, or For the Benefit of Fly Next, LLC Upon Receipt of, and Only to the Extent of, Funds Received from Lancaster County and the City of Lincoln Pursuant to the Interlocal Agreement Dated July 22, 2022. Motion made by Hove and seconded by Emlich to Adopt Resolution No. 741 Authorizing the Delivery of a Guaranty Payment to, or For the Benefit of Fly Next, LLC Upon Receipt of, and Only to the Extent of, Funds Received from Lancaster County and the City of Lincoln Pursuant to the Interlocal Agreement Dated July 22, 2022. On roll call vote, Aye: Olsson, Hove, Emlich; Nays: Behmer-Popp.

Chairman Olsson asked for any comments on Agenda Item #9 – Board Committee/Board Member Reports (Standing Regular Agenda Item). Mr. Olsson had comments regarding the governance committee.

Mr. Thompson presented the Treasurer’s report. Motion made by Emlich and seconded by Hove to Accept the Report as Read. On roll call vote, Aye: Olsson, Behmer-Popp, Hove, Emlich; Nays: None.

Mr. Haring stated that there were no Airport Business Discussion Items to present.

Mr. Lay updated the Board on the Terminal Renovation Project.

Ms. Barth updated the Board on Communications and Customer Engagement.

Chairman Olsson asked for a motion to adjourn the meeting and it was moved by Behmer-Popp and seconded by Emlich that the meeting be adjourned. On roll call vote, Aye: Olsson, Behmer-Popp, Hove, Emlich; Nays: None. Meeting was adjourned at 1:11 p.m.

Respectfully submitted,



Chris Hove, Secretary