



SEDONA-OAK CREEK  
AIRPORT AUTHORITY

**Airport Terminal Conference Room  
Minutes of the Regular Meeting – August 23, 2021**  
Pursuant to A.R.S. §38-431.01(B)

**Agenda Item #I. – Call to Order:** The meeting was called to order by President Fazzini at 2:30 p.m. immediately followed by the Pledge of Allegiance.

**Agenda Item #II. – Roll Call: Directors Present:** President Pam Fazzini, Vice-President David Cooper, Secretary/Treasurer Scott Schroeder, Director Betty Uhrig, Director Jerry Barber, and Director Timothy Miller. Excused Absence: Director Mike Schroeder.

**Staff Present:** General Manager Ed Rose, Business Manager Nelson Durkee, Assistant Business Manager Patresa Miller and Operations Manager Michael Dearden.

**Agenda Item #III. – Consent Agenda.** The Consent Agenda included the minutes of the June 28, 2021, Regular Meeting and Executive Session; minutes of the July 7, 2021, Special Meeting; minutes of the August 6, 2021, Special Meeting and Executive Session, and ratification of the annual AWOS contract. No items were requested to be removed from the Consent Agenda. A motion to accept the Consent Agenda was made by Director Jerry Barber and seconded by Director Timothy Miller. The motion was carried unanimously.

**Agenda Item #IV – Reports by:**

**President:** President Fazzini is saddened that the Sedona Red Rock News has chosen to publish information which is not factual, which, in her opinion, is a disservice to its readers. She would like to go on record that the Airport has not initiated the on-going litigation and no tax dollars have been spent defending the Airport.

Ms. Fazzini thanked Cheyenne for her services at the Airport. She's been a valuable employee during her second summer interning here. We are sorry to see her leave but wish her well at school. Cheyenne assisted the General Manager on several projects, and we believe she gained valuable experience. All of us at the Airport wish her the best in the coming year.

**Vice President:** No report.

**Secretary/Treasurer:** No report.

**General Manager:** Mr. Rose delivered an extensive report highlighted by the following:

- **Fuel Farm Replacement Project:** A scope of work has been identified for inspection services and two pre-bid meetings have been conducted. Bids are due September 9, 2021, and General Manager Rose stated SOCAA should have funding in place by November 9 to progress the project. Procuring financing for the project is taking two parallel tracks; option one could be a possible SBA loan through Chase Bank; option two would be contracting with Stifel Nicolaus and Company to oversee the timing, process, and costs involved to originate financing.
- Mr. Rose continues to coordinate with ADOT, Yavapai County, engineering firms, APS, and contractors on site to progress the rehabilitation of Bravo taxiway. The project began with a weed kill application. Milling and repaving are scheduled through August with a projected completion date of September 13, 2021.

- **Masonic Lodge RFP:** A Request for Proposals for the redevelopment of the Former Masonic Lodge was advertised in April with an informational meeting conducted May 10, 2021, to respond to questions about the RFP document itself, as well as relative to the building and the parcel. Questions and responses were posted to the Airport website the following day. A team was assembled to review and score proposals consisting of Mr. Chris Steele, County Engineering; Ms. Molly Spangler, Director of Economic Development for the City of Sedona; and General Manager Rose. Three proposals were received and individually scored based on criteria spelled out in the RFP. The leading proposer's vision was presented to the Board on August sixth. The Board authorized Mr. Rose to initiate negotiations with Harrell Cooley, LLC. Negotiations have begun and a draft of major elements has been provided to Counsel for development of a lease.
- **Airport Drainage Project Phase I:** ADOT will provide most of the funding for Phase I, starting with both a land survey and an archeological survey. Drainage improvements from the southwest of intersection A8 to intersection A6 is in the design phase. The initial design concept is being reviewed with engineers. This project's goal is to create an improved runway safety area by replacing the current trench located less than 100 feet from the runway's western edge with a subsurface conveyance (piping) system. The project is phased to accommodate funding expectations from both FAA and ADOT. Phase II will include the areas between intersections A6 and A3 and is expected to be funded by FAA in 2022.
- **Focused Planning Study of Safety Areas Runway 03-21:** This FAA-funded project is in an incipient stage and will be proceeding later this year. Contracts between the FAA and Yavapai County are falling into place. Initial indications are that this project will require more USFS land than was originally planned. The consideration of wildlife hazards and habitat management will influence this decision and whether or not the land will be in the form of an easement. Public comment and input are welcome.
- **Fuel Supplier RFP:** A request for proposals was developed by Cheyenne Henderson, our intern, with coaching from senior staff. The current fuel agreement with World Fuels which spans the last ten years expires 30 September. Responses to the Fuel Supplier RFP are due September 3, 2021, and will address fuels, credit card acceptance, quality control, advertising, trucks, insurance, and more. A new contract will be presented to the Board once evaluation of proposals is complete.
- Mr. Rose was recently elected to the Board of Directors for the Sedona Chamber of Commerce and Tourism Bureau.
- The Sedona Airport hosted the Sedona Police Department for driver and SWAT team training.
- In May of this year, the Sedona Airport hosted a drive-in event as part of the Illuminate Film Festival.
- The General Manager met with a representative from Keep Sedona Beautiful to reinvigorate the relationship and review the Fly Friendly Agreement and the Airport's website redevelopment. With new representatives serving in stakeholder organizations, Mr. Rose wanted to assure continuity in understanding the Agreement, compliance, and review of noise sensitive locations.
- Mr. Rose spoke to a group of interested citizens at the Sedona Golf Resort regarding Airport activities and planning.
- General Manager Rose attended the Arizona Airport Executives Spring Conference. Sedona Airport was nominated for Airport of the Year and Mr. Rose was nominated as Airport General Manager of the year. "We did not win either category," reported Mr. Rose, "but it was an honor to be nominated and nice to be recognized by our peers."
- Sedona Airport employed two interns from Embry-Riddle to work for the summer.

- The Board President and General Manager met with Supervisor Donna Michaels to discuss various subjects. They agree Ms. Michaels is an airport advocate.
- Staff is working with the Flight Standards District Office to complete a 163 Action to remove the former Civil Air Patrol building.
- Staff is working to develop SOCAA's budget for 2022.

**Business Manager:**

- Mr. Durkee reported operating revenue continues to exceed budget projections, with gross profits YTD up a very impressive 66% over budget. In addition to strong fuel sales, up 83% over budget, airside services are up 105%. All commercial tenants on the airport are enjoying the surge in activity and are reporting a combined 39% increase over their projected revenues. Expenses also exceed budget due mostly to the costs of ongoing litigation, with legal consulting up 115% over budget. Overall, expenses, which include the cost of purchasing of additional fuel to meet increased demand, are only 25% over budget. The bottom line reflects a 284% increase in total income reflected in the Airport's strong balance sheet showing a 21% increase from the first to second quarter of 2021.
- On August 1, Mr. Durkee contacted Mr. Hutter, the Airport's insurance agent, regarding concerns with insurance requirements in the SOCAA/Sedona Fire Department communications tower lease. Communications among SOCAA's counsel, Mr. Durkee, Mr. Hutter, SFD's insurance agent and the Director of Administration for SFD confirmed SFD had provided coverage as outlined in Article 11 of the SOCAA/SFD recently signed lease. There are additional concerns with insurance requirements outlined in Article 12 of the lease. Mr. Durkee recommended to Airport Counsel that Article 12 should be deleted entirely or modified to reflect Mr. Hutter's observations. On August 16, the SFD Director of Administrative Services indicated the matter has been referred to Chief Trautwein and he, or Mr. Whittington, SFD legal counsel, would be in contact.
- On July 12, the Business Office submitted the Paycheck Protection Program Loan forgiveness documents for the 2020 PPP loan of \$123,352. On July 28 we were notified the SBA had authorized full forgiveness of the loan. Business Manager Durkee recognized his assistant Patresa Miller for her efforts in preparing both the initial loan request and the forgiveness documents. On March 13, 2021, a second PPP loan in the amount of \$151,917 was approved by SBA. As of this date, there has been no announcement of when forgiveness requests will be accepted for the second loan.
- On August 4, the amended Articles of Incorporation were formally completed. Article III was amended to increase the amount of indebtedness or liability to which the Corporation may at any time subject itself from \$2M to \$5M dollars.
- On July 2, the Amended Bylaws of SOCAA were formally adopted following their presentation at the July 21 meeting of the Board of Supervisors.
- Both the Amended Articles of Incorporation and the Amended Bylaws, along with a copy of our Master Lease with Yavapai County, have been sent to Mr. Hamill of Stifel Nicolaus and Company to initiate the process of obtaining funding for the Fuel Farm Project.
- The process of developing the Fiscal Year 2022 budget is underway. Board members are invited to participate in the process at meetings scheduled for September 14 and September 28. A Special Meeting may be required to ensure the budget is submitted to the County by October 18, the due date.

## **Agenda Item #V. – Unfinished Business**

- a. Purchase of new mowing equipment approved at the July 7 Special Meeting, ratification of a new purchase price.

General Manager Rose respectfully requested ratification of an increase in the purchase price of new mowing equipment that had been approved at the July 7 Special Meeting. The purchase price previously presented to the Board as confirmed by the dealer did not include sales tax. The final cost of the mower is still lower than the budgeted expense and will be delivered to the Airport in approximately three weeks. President Fazzini had advised Mr. Rose to move ahead with the purchase so the equipment might still be utilized this year.

A motion to ratify the new purchase price for the airport mower was made by Director Betty Uhrig and seconded by Director Jerry Barber. The vote carried unanimously.

- b. Report on progress of an internal audit as recommended by the Board at the June 28 Regular Meeting.

Mr. Durkee referred to a memo to the Board dated June 28 noting our annual audits did not cover in depth the internal controls observed by staff in relation to Airport operations and finances. Vice-President Cooper recommended the General Manager seek advice from our current auditing firm, Haynie & Company, covering all possibilities and costs and whether such an audit is advisable. Upon being asked, the auditing firm did not believe an internal review is necessary, but if the Board decides to conduct an audit, Haynie could perform the work and report on the findings. A deficiency noted in the 2020 audit pertaining to segregation of duties was immediately addressed and rectified by the General Manager and Business Manager. In a follow up letter dated April 26, our auditor agreed with the corrective action taken. President Fazzini suggested agendaizing this matter at a later date to address additional concerns expressed by members of the Board.

- c. Concessionaire Agreement as relates to Provider Agreement with Enterprise Car Rentals approved at the April 26<sup>th</sup> Regular Meeting.

General Manager Rose requested this item be tabled because the final document from Enterprise Car Rentals did not include discussed changes or agreements. Ms. Fazzini agreed.

## **Agenda Item #VI. – New Business:**

- a. Presentation by Mr. Jack Leeper of Stifel Nicolaus and Mr. Fred Williams, Esq. with Snell and Wilmer regarding financing for the Fuel Farm project.

Mr. Fred Williams, Bond Counsel with Snell & Wilmer Financial Firm, and Mr. Jack Leeper, with Stifel Nicolaus, presented alternatives for review and consideration as to how to proceed in underwriting the development and expansion of the fuel farm improvement. Mr. Williams focused on the Tax-Exempt vs Non-Tax-Exempt status on the placement of bonds.

Mr. Leeper's expertise is borrowing tax exempt money and expediting the process through a public sale. Stifel Nicolaus would authorize a resolution for Board approval before proceeding. Stifel Nicolaus would oversee the entire process and deliver the funds to the Authority, probably sometime in November 2021.

General Manager Rose noted at this time, the fuel farm project financing remains unresolved. This presentation provides an opportunity to understand the process and cost of borrowing funds to execute the project. Staff is also looking at obtaining a commercial bank loan through the Small Business Administration for comparison.

- b. Report/Presentation by Cheyenne Henderson regarding feasibility of communication towers at the Airport.

Ms. Henderson, Management Intern and Line Technician for Sedona Airport, made a presentation to the Board regarding the process of erecting new communication towers at the Sedona Airport. Ms. Henderson researched her presentation using information from the Federal Aviation Administration (FAA), Federal Communication Commission (FCC), and Yavapai County as well as by reviewing the Airport Master Plan. She followed up by contacting engineering companies who specialize in communication towers in the Southwest region of the United States. Ms. Henderson obtained several cost estimates and a list of actions to go forward with the project. She outlined steps to be taken:

- Approval from the state or local governing authority for the proposed site.
- Compliance with FCC Commission's rules that ensure licensees and registrants take appropriate measures to protect environmental and historic resources, and that the agency meets its obligations under the National Environmental Policy Act (NEPA), the Endangered Species Act (ESA), and the National Historic Preservation Act (NHPA).
- Depending on the tower's height and location, construction may also require FAA notification and Antenna Structure Registration (ASR) with the FCC.

Tower Engineering Professionals estimated costs, including permits and construction of two towers, one at 50 feet and the other at 65 feet of \$104,800. Another engineering firm, Wecom Tower Group, will contact Ms. Henderson with estimates of cost depending on what type of tower is chosen. If SOCAA decides at some time to proceed, it would first contact Yavapai County Planning Office to discuss SOCAA's current lease agreement with the County and determine the permits needed. Ms. Henderson advised adding this project to SOCAA's Five-Year Capital Plan as the towers would not be a grant-funded project but would be paid for by SOCAA.

- c. Request by Aerozona Aviation regarding needs to accommodate an expansion of its business at Sedona Airport.

General Manager Rose asked President Fazzini to table this item as Mr. Tulin of Aerozona Aviation is still awaiting insurance quotes specific to the proposed flight instruction portion of his business. Ms. Fazzini agreed and commented the Board is happy to see Aerozona is thriving.

Director Betty Uhrig motioned to table regarding the needs to accommodate an expansion of business at Sedona Airport until Mr. Tulin has the information requested.

President Fazzini requested an amended motion to table the Enterprise Provider Agreement Agenda Item V(c), the request by Aerozona Aviation Agenda Item VI(c), and the request for space for APEX LLC Agenda Item VI (d). The motion was amended by Director Betty Uhrig and seconded by Vice President David Cooper. The vote carried unanimously.

- d. Request for space for Apex, LLC to operate at Sedona Airport. Discussion, possible action. General Manager Rose stated the delay on Apex is due to parties still negotiating although there has been a significant amount of negotiating already.

e. Renewal of General Liability Insurance.

Business Manager Nelson Durkee reported the Airport General Liability Policy expires September 18, 2021. The application for renewal was submitted to Mr. Hutter, the Airport's insurance agent, on August 9, 2021. Because of an expected cost for the policy renewal in the amount of \$35,000 to \$40,000 and following the guidelines as set forth in the Procurement Policy, Mr. Durkee contacted the Airport's former agent with Avsurance for additional quotes. Mr. Hutter sent our application out to all markets; he received no other quotes from other companies. Based on this information, Mr. Durkee asked the Board to approve the renewal of the GL policy with AIG through the present agent.

Director Betty Uhrig moved to approve the budgeted amount for payment is not to exceed \$50,000 and that the Staff will report to the Board before proceeding. Seconded by Director Tim Miller, the vote carried unanimously.

f. Procedure to transition from Bylaws Amended 1998 to Bylaws Amended 2021 regarding terms of Members and possible re-election of Board Member. Discussion, possible vote on procedure, possible re-election as recommended in proposed transition procedure.

President Fazzini sent a proposal for transitioning to a revised method of defining terms on the SOCAA Board. A term now starts with the date a member is first seated instead of having a new member complete the term of a previous member. To smoothly transition to the revised method of measuring one's term of office and still respect the right of the Board of Supervisors to review and vote on a SOCAA Board member after five years of service, Ms. Fazzini proposes any SOCAA member who has served five years without re-election and re-approval be re-elected for the remainder of the second five-year term with the actual time remaining stipulated prior to the re-election and submittal to the Board of Supervisors. Ms. Fazzini is asking the Board to approve the method of transition; re-election of the current President to complete the sixteen months remaining in her term; submission of her name to the Yavapai County Board of Supervisors for approval, and to allow her to continue to serve on the SOCAA Board in her current position until such time as she is approved or disapproved by the Board of Supervisors. If not re-elected and approved, Ms. Fazzini will step down and Vice-President Cooper will fill out the remaining term of office until the Annual Meeting on December 6, 2021.

Vice-President David Cooper moved to approve the recommended transition as reflected in Ms. Fazzini's memo dated August 23, 2021. The motion was seconded by Scott Schroeder. The motion carried unanimously.

President Fazzini asked the Board to be re-elected to serve the sixteen months remaining on a second five-year term. David Cooper so moved, and the motion was seconded by Director Jerry Barber. The vote carried unanimously.

**Agenda Item #VII. – Call to the Public:**

No member of the public came forward to address the Board.

**Agenda Item #VIII. – Vote to convene into Executive session pursuant to A.R.S. §38-431.03 (A)(3) and (A)(4).**

Tim Miller moved, and Jerry Barber seconded to adjourn into Executive Session at 4:18 p.m.

**Agenda Item #IX – Possible action resulting from matters discussed in Executive Session.**

The Board re-convened in open session at 5:12 p.m.

Vice President Cooper moved the Board authorize the President to sign the Engagement Letter dated August 19, 2021, with DHF Financial Forensics, subject to agreement by DHF to waive the Retainer Deposit specified in the letter. Director Miller seconded the motion. There was no discussion; the motion passed, five in favor, none opposed.

**Agenda Item #X – Adjournment.**

President Fazzini entertained a motion to adjourn. Director Barber so moved, and the motion was seconded by Director Uhrig. The motion carried unanimously. The meeting adjourned at 5:14 p.m.

**Certified as Accurate and Correct:**

Dated this 1<sup>st</sup> Day of November 2021

Sedona Oak-Creek Airport Authority

Minutes Approved

BY: Pamela A. Fazzini

Pamela Fazzini, President

SOCOA Board of Directors

BY: David M. Cooper

David Cooper, Vice-President

SOCOA Board of Directors