



SEDONA-OAK CREEK
AIRPORT AUTHORITY

Airport Terminal Conference Room
Minutes of the Regular Meeting – April 26, 2021
Pursuant to A.R.S. §38-431.01(B)

Directors Present: President Pam Fazzini, Vice-President David Cooper, Secretary/Treasurer Scott Schroeder, Mike Schroeder, Timothy Miller and Betty Uhrig.

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

Agenda Item #I. – Call to Order: The meeting was called to order by President Fazzini at 2:32 p.m. immediately followed by the Pledge of Allegiance.

Agenda Item #II. – Consent Agenda: The Consent Agenda included the Minutes of the April 5, 2021, Special Meeting and those of the April 5, 2021, Executive Session. No items were requested to be removed from the Consent Agenda. A motion to accept the Consent Agenda was made by Director Mike Schroeder and seconded by Director Betty Uhrig. The motion carried unanimously.

Agenda Item #III. – Presentation of the Financial Statements for 2020 – Mr. David Cospers and Ms. Lisa Dubrow, Haynie and Company, CPAs – by Zoom.

Lisa Dubrow, Senior Auditor of Haynie & Company, CPAs, explained the auditors issued an “unqualified opinion,” meaning our financial statements are fairly presented in accordance with accepted accounting principles in all material respects.

During her presentation, Ms. Dubrow discussed the impact of Covid-19 on the Airport’s operations. Although the Airport had a dip in revenues during the second quarter last year, the year finished a bit stronger, and it appears things are going well so far this year.

Assets as well as liabilities increased. Total assets increased largely due to asset improvement during the year i.e., the Apron D re-construction project, the airfield drainage study, fire protection water study, and purchases of a ramp vehicle, mowing equipment, and snow plowing equipment. The increase of liabilities is solely related to the PPP loan received in 2020, payment of which will most likely be forgiven. Overall, revenues exceeded expenses by \$2.1 million this year as opposed to a small loss in the prior year. Both Red Rock Aviation and the Airport increased revenues over the prior year. Fuel sales were strong, and the Airport received \$2.4 million worth of in-kind contributions from grants flowing through the Airport Sponsor, Yavapai County.

Recommendations included having someone independent of the business office assigned to oversee controls on monies collected at the Airport Overlook as it is difficult with the small number of overlook employees to exercise segregation of duties there.

Ms. Fazzini thanked Mr. Cospers and Ms. Dubrow for their comprehensive review and was happy the audit process went well. Business Manager Nelson Durkee thanked the auditors for helping SOCAA to stay on schedule with the County. Un-audited financials are due at the County this Friday and instead, we will be sending the audited financials.

Vice-President David Cooper moved to receive and approve the financial audit as presented for 2020. Secretary/Treasurer Scott Schroeder seconded the motion, and it was approved unanimously.

Agenda Item #IV. – Reports by:

President: Ms. Fazzini thanked staff for their handling of an unfortunate accident which occurred at the Airport yesterday. Two airplanes were damaged, and the cab of our fuel truck was demolished. We are very grateful there were no serious injuries, and we thank staff for doing an exemplary job in managing the situation. Ms. Fazzini also thanked the Sedona Fire Department and the Police Department for their prompt, professional service. To all those who participated in removing debris – your efforts were much appreciated. A special thank you was issued to Ed Rose for coming to the Airport on his day off to make sure everything and everybody was properly cared for.

Vice President: Nothing to report.

Secretary/Treasurer: Deferred to the financial statement presentation.

General Manager: Mr. Rose presented a summary of his activities for April and will post his full report on Dropbox. Director Uhrig questioned Mr. Rose about the roof inspections, asking if the inspections included privately owned hangars. He responded the Masonic Lodge, the Mesa Grill, the Terminal, and the Dakota and Guidance buildings were the only roofs included in the inspection.

Business Manager: Mr. Durkee announced fuel sales along with other airside services have been strong over the last few months. Sedona Airport is in a good position after the first quarter of the year.

Agenda Item #V. – Unfinished Business:

a. Review and amend SOCAA documents as necessary in preparation for securing a loan to commence work on the Fuel Farm – update, discussion and possible action.

(i.) Review of amended draft of Amended Bylaws; review, discussion and possible vote.

President Fazzini presented the draft of the Amended Bylaws that reflects the changes previously reviewed and discussed at the March 10th SOCAA Special Board meeting. At the March Special meeting, Mr. Cooper inquired about the possibility of not having an official Executive committee. Ms. Fazzini conferred with attorney Kiersten Murphy who advised if you have officers, you have an Executive Committee. If the Executive Committee meets to conduct business, open meeting laws must be observed. There were no other questions or comments.

The next step in amending the bylaws is to vote to send the amendments to the County to be placed on its agenda. May 7th is the deadline to make the next Board of Supervisor's meeting. Vice-President David Cooper moved to approve the Amended Bylaws as presented; Secretary/Treasurer Scott Schroeder seconded. The motion carried unanimously.

(ii.) Vote to amend Article III Paragraph 2, Articles of Incorporation – “the highest amount of liability or indebtedness . . .” – review, discussion, possible vote.

In the original Articles of Incorporation, which were recorded over fifty years ago, total indebtedness which may be incurred by SOCAA is limited to \$2 million, an amount which would be exhausted if SOCAA borrows money to build the fuel farm. Commitments have already been made to pay matching funds for several major projects to be funded by grants. In order to remain compliant and move forward with needed improvements, the borrowing limits need to be raised. President Fazzini asked Business Manager Durkee and General Manager Rose what

amount they thought was reasonable and they both suggested raising the amount to \$5 million. According to the Master Lease and our Procurement Policy, any purchase or obligation in an amount over \$50,000 must be approved by the County. Director Tim Miller inquired if the water project was included in the funds to be borrowed for the fuel farm. President Fazzini said no; SOCAA has not committed to the water project yet and other sources of funding are still being explored. Mr. Rose stated the funds SOCAA wishes to borrow are not just for the fuel farm rehabilitation but also for repair work that needs to be done on the terminal building. The engineers' estimate for terminal repairs is approximately \$120,000 for the work and \$25,000 for the engineering. The Board will check with the Airport's attorneys to assure compliance with any requirements to publish or record amendments to the Articles of Incorporation. It is unclear if an amendment needs to be approved by the County Board of Supervisors; that will be checked as well. Secretary/Treasurer Scott Schroeder moved to raise the current limit of indebtedness in the Articles of Incorporation from \$2 million not to exceed \$5 million; the motion was seconded by Director Mike Schroeder and carried unanimously.

b. Request by Sedona Fire Department to amend the lease approved by SOCAA Board at the April 5, 2020, Special Meeting. Review, discussion, vote.

President Fazzini stated the Sedona Fire Department, through their attorney, requested our Board amend the new Communications Tower lease which was just approved by the SOCAA Board at its last meeting. The first item in question is a perceived thirty-day time period which the SFD would have to remove its equipment. There is no such provision in the lease. The only thirty-day time period is that in which a breaching party has to respond to a written notice of default from the non-breaching party. The second item in question is to extend a ninety-day time period to six months. The ninety-day time period is given for the Fire Department to remove its equipment only if the lease is not renewed after the expiration of the new ten-year lease. The SFD must give SOCAA a *minimum* six-months' notice of their intentions to renew prior to expiration of the lease. If more time is needed, the SFD may certainly give notice more than six-months prior to expiration. Given the time it has taken to re-negotiate this lease which expired over six months ago, that would probably be advisable. General Manager Rose added the negotiations were complete last year and have not changed. The delays are attributable to failure of the SFD to deliver copies of existing sub-leases/licenses which should have been, but were not, delivered and approved years ago under the terms of the now-expired lease. All such documents have now been received and reviewed, and it is the wish of the SOCAA Board and management to move forward without further delay.

Secretary/Treasurer Scott Schroeder moved to deny the Sedona Fire Department request; Director Mike Schroeder seconded. The motion was approved unanimously. President Fazzini will direct the attorneys to write a letter to convey the SOCAA Board's decision to the attorney for the Sedona Fire Department.

Agenda Item #VI. – New Business:

a. Resignation of Board Member – vote to accept resignation and announcement of Selection Committee members.

A motion was made by Vice-President Cooper and seconded by Director Uhrig to accept David Palm's letter of resignation. The motion carried unanimously.

In accordance with the Board policy for filling vacancies, President Fazzini named a Selection Committee chaired by Vice-President Cooper with Director Betty Uhrig, Jessica Tucker, and Larry Stoffers serving on the committee. The notification of a Board vacancy has been submitted to the *Sedona Red Rock News* and will be published in four consecutive issues. The application may be found on the Airport website or may be obtained from the Sedona Airport Business Office.

b. Lease with Civil Air Patrol – request for extension.

Mr. Vic LaSala spoke on behalf of the Sedona Chapter of the Civil Air Patrol. CAP is requesting a two-year extension to its lease beginning June 21, 2021. CAP owns a modular building on the airport which CAP participants use for meetings and storage. Mr. LaSala acknowledged the building has fallen into disrepair and is virtually uninhabitable. CAP is requesting during the time needed to establish another building they have a place to continue their activities. Mr. LaSala and Mr. Rose agreed the existing building should be removed by the middle of July 2021. General Manager Rose is offering use of the airport's conference room for CAP to conduct its meetings until a new building is erected. The lease will be month-to-month until further notice. Director Miller so moved; it was seconded by Secretary/Treasurer Scott Schroeder. The motion carried unanimously.

c. Lease with Sedona Car Rentals – request for extension.

Mr. Adam Deibel, owner and operator of Sedona Car Rentals, presented his request to the Board. The original lease was extended earlier last year for a period of two years ending February 28, 2022. Mr. Deibel would like to invest in upgrading his fleet but, his loan was denied due to having less than a year remaining on his lease. He was unable to qualify to receive PPP funding for the same reason. Mr. Rose prepared a five-year lease extension with a five-year renewal option. Upon review, Vice-President Cooper suggested the amendment be redrafted to be more specific to the lease. President Fazzini questioned Board members if they want to reword the amendment or approve it as presented. Mr. Cooper volunteered to work with staff to specifically tie the "option clause" to the provision for extending the lease. Director Mike Schroeder moved, and Director Uhrig seconded to approve rewording of the lease amendment to reflect specific items of the lease. The motion was carried unanimously. President Fazzini stated that she is happy to see Sedona Car Rentals investing in their future here and that Adam is doing a great job.

Agenda Item #VII. – Call to the Public:

Director Tim Miller asked to speak to the Board as a member of the public regarding the newly assessed three percent service charge to hangar tenants who pay rents with a credit card. He urged SOCAA, a not-for profit organization, to try to keep the requirements and needs of the pilots in mind. Mr. Miller believes it's in the best interest of our community, especially our pilot community, to keep people flying and in the air and interested in aviation by keeping fees at a minimum. The airport has plenty of other sources of income that many other airports don't have. That helps us grow the airport and keep costs reasonable.

Mr. Rose commented the cost of the airport escalates every year and when we have expenses, we pass them along as we can. It is not unusual for credit card fees to be passed along, and Mr. Rose doesn't think it is proper for the airport to carry those fees. SOCAA is taking a 3% loss whenever anything is charged to a credit card and that adds up with the number of credit card transactions at the Airport. The Board directed staff to place this item on the agenda for discussion at the next meeting.

Agenda Item #VIII. – Call for Adjournment into Executive Session pursuant to A.R.S. 38-431.03 (A)(3) and (A)(4).

There were no questions for the attorney regarding the Bylaw Amendments, no questions pertinent to the Communications Tower lease, and no pressing updates regarding litigation, so there was no call for an Executive Session.

Agenda Item #IX. – Motions/Possible Action/Votes on items discussed in Executive Session.

No actions or votes were taken.

Agenda Item #X. – Adjournment

President Fazzini entertained a motion to adjourn. Director Mike Schroeder so moved, and the motion was seconded by Director Miller. The motion carried unanimously. The meeting adjourned at 4:00 p.m.

Certified as Accurate and Correct:

Dated this 28 Day of June 2021

Sedona Oak-Creek Airport Authority

Minutes Approved

BY: Pamela A. Fazzini

Pamela Fazzini, President

SOCAA Board of Directors

BY: David M Cooper

David Cooper, Vice-President

SOCAA Board of Directors