



SEDONA-OAK CREEK  
AIRPORT AUTHORITY

**Airport Terminal Conference Room**  
**Minutes of the Regular Meeting – June 28, 2021**  
Pursuant to A.R.S. §38-431.01(B)

**Directors Present:** President Pam Fazzini, Vice-President David Cooper, Director Mike Schroeder, Director Timothy Miller and Director Betty Uhrig via telephone.

Secretary/Treasurer Scott Schroeder – excused absence.

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

**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. – Consent Agenda.** The Consent Agenda included the Minutes of the April 26, 2021, Regular Meeting. A motion to accept the Consent Agenda was made by Vice President David Cooper and seconded by Director Mike Schroeder. The motion carried unanimously.

**Agenda Item #III – Reports by:**

**President:** Ms. Fazzini thanked employees and staff for dealing so well with heat, forest fires, and the General Manager's absence due to his knee surgery. Forest Service fire fighters and their equipment are based at the Airport to battle numerous fires in the area. Ms. Fazzini also mentioned, the budget is due to be submitted to the County by the middle of October. She suggested since last year's budget workshops were so well received, perhaps they should be scheduled again this year. Mr. Rose commented he would be happy to work that same protocol this year.

**Vice President:** Mr. Cooper was happy to report the Board Vacancy Selection Committee, which he chaired this time, accomplished the task of selecting a new Board Member. Recently, in meeting ongoing continuing education requirements, Mr. Cooper participated in a non-profit program of Board Governments and Liability and shared those materials with the officers and staff. Much of what was recommended in the program SOCCA and staff have accomplished, but there is always room for improvement.

**Secretary/Treasurer:** Since Secretary/Treasurer Scott Schroeder was absent, Ms. Fazzini deferred to Business Manager Durkee.

**General Manager:**

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

- Sedona has been the Fire Base for the last week and the Airport is supporting their needs in any way possible.
- Mr. Rose was recently elected to the Board of Directors of the Sedona Chamber of Commerce and the Tourism Bureau.
- *Business View* Magazine recently published a positive article in June about the Sedona Airport. A copy of the article was emailed to SOCAA Board members.
- The Sedona Airport hosted the Illuminate Film Festival for a drive-in movie mid-May which was well received, but due to windy weather, the airport was only able to host the film the first night. The event is planned to be held here again next year.

- The Masonic Lodge Requests for Proposals (RFP), with assistance from a nicely written article by Scott Shumaker at the *Red Rock News*, was successful in getting the word out about the building and property availability. July 2 is the deadline for submittals.

- Mr. 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."

- During the Rafael fire the Airport experienced jet fuel supply issues due to the fueling of the firefighting aircraft; we have been pumping jet fuel faster than we could be re-supplied. On Friday June 25, we exhausted our jet fuel supplies. Our contracted supplier couldn't deliver fuel in a timely manner. Mr. Rose contacted acquaintances who are regional vice presidents of other fuel companies, and at spot market prices received approximately 10,000 gallons on Saturday and will be receiving another 8,000 gallons tomorrow, Tuesday. The airport also acquired a 5,000-gallon fuel truck to increase storage capacity and provide more leeway on delivery times.

- Airport staff rebuilt the wooden stairs behind the executive hangars.

- Taxiway Bravo rehabilitation project will begin August 12 with completion scheduled by September 13. Mr. Dearden will be overseeing the project.

- The Fuel Farm Project plans, specifications and bid documents are complete, but bid documents are on hold pending approval of the Amended Bylaws and confirmation of the submission of the revision to our Articles of Incorporation. Once all documents are in line, we will confer with Stifel, Nicolaus and Company, who will assist us in procuring financing for the project.

**Business Manager:** Mr. Durkee reported a CD at BMO Harris Bank matures at the end of July. Because current interest rates are so low, the Business Manager suggested depositing the money into the Chase Savings account. Both Harris and Chase offer an interest rate of .05%.

Our current Directors and Officers insurance policy through Chubb expires July 12; Chubb has declined to renew the policy. Mr. Tim Hutter, our insurance broker, shopped with various companies and received quotes from Axis and IAT/Harco. Their quoted premiums are less than those of our current policy. SOCAA should be able to get coverage without issue.

Sales remain strong with Jet A and Av fuel sales. Sales through July are projected to surpass those of 2019.

#### **Agenda Item #IV. – Unfinished Business:**

**a. Request by Sedona Fire Department to amend the lease approved by the Board at the April 5, 2021, Special Meeting. Review, discussion, and possible vote.**

A copy of the new lease, signed by officers of the Sedona Fire Department, was delivered to the Business Office yesterday. Vice President David Cooper questioned if the board had been provided with written copies of all the subleases the Fire Department is required to provide. Ms. Fazzini responded all the current subleases have been provided.

Director Mike Schroeder moved to approve the lease as submitted, and Vice President David Cooper seconded the motion; the lease was approved unanimously.

**b. Review, discussion, and possible vote on requested changes to Amended Bylaws approved at the April 26, 2021, Board Meeting.**

President Fazzini prepared a summary of the changes made to the Amended Bylaws for submission to the County. Mr. Jack Fields, Assistant County Administrator, reviewed the proposed changes and advised adding only one paragraph on page 16, Article 6, after the paragraph regarding compensation for services beyond that ordinarily required of a board member. Added is paragraph C: "Accordingly if the board approves compensation for a board member or officer,

SOCOA must provide written notice to the Yavapai County Board of Supervisors within ten days of the vote. Said notice shall include the name of the Board Member or Officer to be compensated, the amount of compensation approved, and the reason compensation was awarded.”

To clarify this and other paragraphs, SOCAA will use calendar days vs. business days, which is now spelled out under General Provisions. Paragraph A states, “Anytime notice is to be provided or action taken under these Bylaws within a specified number of days, calendar days shall be utilized in calculating the applicable deadline except as otherwise provided by law. If the deadline falls on a weekend or legal holiday, the deadline shall be extended to the next business day.” Paragraph B reads, “In computing any time period prescribed or allowed by these Bylaws, the day of the act, vote or event from which the time period begins to run is not included and the last day of the time period is included.” These are the only suggested changes. The Amended Bylaws, upon approval by our Board, will be sent to the County Board for approval.

Vice President David Cooper moved to approve the changes as presented, motion was seconded by Director Mike Schroeder. The vote was approved unanimously.

**c. Review, discussion, and possible vote on a new lease with Sedona Car Rentals to replace the extension of the lease approved at the April 26, 2021, Board Meeting.**

Mr. Adam Deibel, owner of Sedona Car Rentals, approached the Board with suggestions for two revisions of his new ten-year lease. He believes the language in the lease under “Consent to Transfer” was one-sided by giving the Board sole discretion. He agrees with Board approval but believes “not to be unreasonably withheld” should be added. In addition, Mr. Deibel asked for the signature line to be changed from “Member” to “Managing Member of Sedona Car Rentals.”

Vice President Cooper made a motion to move that the Board approve the lease as presented with two changes; the first being to Section 13.1 and 13.2, which will be amended to provide that “transfer shall be in the Lessor’s sole discretion which approval shall not be unreasonably withheld.” The second is to amend the signature block to correctly reflect Adam Deibel as Managing Member Sedona Car Rentals LLC. Director Betty Uhrig seconded the motion which carried unanimously.

**Agenda Item #V – New Business:**

**a. Review, discussion, and possible vote on recommendation of Board Vacancy Selection Committee. A vote to accept the Committee’s recommendation will result in the Nominee being submitted to the Yavapai County Board of Supervisors for approval.**

President Fazzini thanked everyone who worked on the Selection Committee, as well as the applicant. A meeting of the Selection Committee was scheduled in June to interview the sole applicant, Jerry Barber, with the Committee enthusiastically and unanimously voting for Mr. Barber as nominee to fill the vacancy. A Board vote for approval will result in submission of Mr. Barber’s name to the County for approval.

Vice President Cooper moved as Chairman of the Committee to submit Jerry Barber’s name to the Board of Supervisors as the nominee to fill the current Board vacancy. The motion was seconded by Director Uhrig, who also served on the Selection Committee. The vote carried unanimously.

**b. Vote to ratify approval of Letter of Acceptance from Yavapai County Public Works dated June 17, 2021, for Airport Coronavirus Relief Grant.**

On June 17, 2021, President Fazzini signed a time-sensitive letter accepting an Airport Corona Virus Relief Program Grant. The grant will provide \$13,000 to be applied towards reimbursement of the Airport's operational and maintenance expenses incurred no earlier than January 20, 2020. Ms. Fazzini asked the Board to ratify the approval.

Director Uhrig moved to ratify approval of the letter of Acceptance, which was seconded by Director Mike Schroeder. The vote carried unanimously.

**c. Review, discussion, and possible vote to extend and/or renew the Comello office space lease.**

Business Manager Durkee and Mr. Comello, upon discussing the impending need to renew Mr. Comello's lease, decided to proceed on a month-to-month basis under the same terms of the existing lease. If the airport ever needs the land or the office space, the airport is under no obligation to continue the lease; the tenant is agreeable to those terms.

Vice President Cooper moved to approve the lease amendment as presented; the motion was seconded by Director Mike Schroeder. The vote carried unanimously.

**d. Review, discussion, and possible vote on policy to charge a convenience fee when a credit card is used to pay rent. Review per request made during Call to the Public at the April 26, 2021, Board meeting during which the Board directed staff to report to the Board.**

As a result of comments made during the Call to the Public at the last meeting, President Fazzini asked staff to prepare a report to the Board regarding credit card convenience fees for hangar rents. General Manager Rose explained credit card fees will total approximately \$83,000 this year alone. The amount Sedona Airport would have to pay out to accommodate tenants at the 3% rate will equal approximately \$2,500 this year. Total credit card fees could be \$20-23,000 more than what was budgeted this year. Mr. Rose added the Airport is currently looking at new bids with contingencies for negotiating credit card fees when the existing World Fuel contract expires at the end of September. Tenants have options to pay hangar rent by credit card, cash, or check. The General Manager recommends no change.

No action was taken.

**e. Review, discussion, and possible vote on the existing policy to require property insurance on certain privately owned hangars, commonly known as Port-a-Ports.**

SOCOA instituted a mandate for all hangar owners/hangar tenants to provide Liability and Property insurance. Owners of Port-a-Ports have questioned why property insurance is necessary since the Port-a-Ports, being portable, may be removed by the owners. General Manager Rose explained he is very cognizant of risk management and wants to make sure SOCAA is comprehensively covered for any eventuality, including loss of a hangar, but also covering any ancillary damages. Mr. Rose reviewed the insurance policies with Insurance Broker Tim Hutter and is comfortable with Mr. Hutter's risk management perspective. Mr. Hutter responded telephonically to a series of hangar-related insurance questions submitted by Vice President Cooper.

Question 1: What is the justification of having this insurance requirement on some pad leases but not others?

Mr. Hutter replied all leases should be consistent moving forward.

Question 2: In the event of a loss requiring cleanup, wouldn't the tenant's liability insurance coverage cover those costs?

Mr. Hutter answered it depends on the cause of the loss. An example would be a building fire. This hazard would be covered under a building clause; the building policy would respond. If it was a fire that resulted from an aircraft fire, then the aircraft liability coverage would respond. The origins of the fire dictate which type of policy would respond.

Question 3: Under Section 9 of the lease, it appears that the tenant has the discretion to clean up the site and rebuild or clean up the site and terminate the lease. What ability would the Airport have to claim right to some or all the proceeds from the tenant's property insurance? My understanding is that those proceeds would be paid to the tenant.

Mr. Hutter said the proceeds from a property policy would be paid to the policy holder. Those policies also provide expenses to clean up pollutants, removal of the building etc. There are coverages that are different than just paying for the replacement of the building. The concern for uninsured buildings is not the County and/or SOCAA being paid for what they don't own, the concern is that there are funds available to clean up debris removal or pay for any pollution. In absence of a property policy being enforced, you then rely on the building owner's ability and willingness to pay for those costs. Most airports want assurance that the loss of those types of expenses are picked up by insurance. A good business practice would be that anytime there is an aircraft in a hangar, whether it runs or not, the owner/operator should be required to have aircraft liability insurance.

Mr. Cooper wants to take a continuing look at this and reach some sort of agreement to cover both the tenant/owner and the Airport.

No actions or votes were taken.

**f. Recommendation to conduct an audit of internal controls observed by Airport staff and officers in relation to Airport operations and finances. Review, discussion, and possible action.**

Vice President Cooper, in a memo to the Board, noted the Board is required by SOCAA's Master Lease to conduct an annual audit of the Airports finances. After the most recent audit, Mr. Cooper observed the annual audits do not cover in depth the internal controls observed by Staff and Officers in relation to Airport Operations and Finances; such an audit has not been performed in the recent past. It is best practice for any corporation, whether profit or non-profit, to conduct such an audit from time to time to minimize the risks of significant reporting errors, the possibility of fraud or theft, and to maximize efficiency. Mr. Cooper recommended the Board direct the General Manager to seek advice from our current auditing firm, covering all possibilities and costs, whether such an audit is advisable. Mr. Rose replied he welcomed such transparency. Ms. Fazzini concluded by requesting a written report on any recommendations made by the auditors. No vote was taken.

**Agenda Item #VI -- Call to the Public: Individuals may address the Board for up to two minutes on any relevant issue within the Board's jurisdiction. Pursuant to A.R.S. §38-431.01(H), Board members shall not discuss or act on matters raised during the call to the public. The Board may direct staff to study the matter or direct that the matter be rescheduled for consideration at a later date.**

- Mr. Bob Stephens thanked the Board and Management for their service in keeping the Airport running smoothly for the last year and a half. As acting representative for the Sedona Airport Hangar Owners Association, Mr. Stephens expressed his opinion it should be the sole discretion of the owner of the property, not the Airport, to pay for Property Insurance when they already have Liability Insurance. He asked SOCAA to consider removing the property damage requirement to the lease and revert to the prior 2010 lease to give property owners the option of carrying Liability insurance only or self-insure for property damage.

- Mr. David Alvarado from Apex in Las Vegas, Nevada, made a presentation to the Board about implementing a Part 135 Air Carrier and private jet charter service from Las Vegas to Sedona including VIP

helicopter tours of the Sedona area. Joshua Mock, Chief Pilot and business partner of Apex, also spoke on behalf of Apex; he would be providing the helicopter tours in Sedona. The Apex business group looks forward to working with Sedona Airport in the near future for the Charter and VIP helicopter tour groups.

- Mr. Ben Kuscavage, an employee of the Sedona Airport, has worked at the Overlook parking area since its inception four years ago. He stated paid parking has generated a considerable amount of revenue for the airport and was wondering when the parking area, especially the entrance/exit, would see any improvements. President Fazzini commented that she, too, would like to see improvements made and that this discussion would be part of the budget talks and will be taken up with the Sedona Airport staff.

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

- a. Update on pending litigation by the Board’s attorneys. (A)(4).
- b. Review and seek advice from the Board’s attorneys regarding SFD request to amend Communication Tower Lease. (A)(3).
- c. Review and legal advice on other matters on this Agenda, if requested.

Director Michael Schroeder moved, and Director Betty Uhrig seconded to adjourn into Executive Session at 4:16 p.m.

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

No actions or votes were taken.

**Agenda Item #IX -- Adjournment.**


President Fazzini entertained a motion to adjourn. Director Mike Schroeder so moved, and the motion was seconded by Vice President Cooper. The motion carried unanimously. The meeting adjourned at 4:51 p.m.


**Certified as Accurate and Correct:**

Dated this 23<sup>rd</sup> Day of August 2021

Sedona Oak-Creek Airport Authority

Minutes Approved

BY:   
Pamela Fazzini, President  
SOCAA Board of Directors

BY:   
David Cooper, Vice-President  
SOCAA Board of Directors