



SEDONA-OAK CREEK
AIRPORT AUTHORITY

**Airport Terminal Conference Room
Minutes of the Special Meeting – January 3, 2022
Pursuant to A.R.S. §38-431.01(B)**

Directors Present: President Pam Fazzini, Vice-President David Cooper, Secretary/Treasurer Scott Schroeder, Director Timothy Miller (by telephone), Director Mike Schroeder, Director Elizabeth “Betty” Uhrig, and Director Jerry Barber.

Staff Present: General Manager Ed Rose and Business Manager Nelson Durkee.

Agenda Item #I. – 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. Role was called (see above) and it was determined a quorum was present.

Agenda Item #III. – Consent Agenda. There was no Consent Agenda.

Agenda Item #IV. – Reports: There were no reports.

Agenda Item #V. – Unfinished Business: Fuel Farm Project: Update, review, discussion, and possible action on the following items:

- 1. Financing: Letter of Engagement with Snell and Wilmer, Bond Counsel.**
This document has been available for Board members to review for some time. Ms. Fazzini asked if Board members had any comments or concerns. Mr. Cooper reminded everyone he asked at the last meeting that all such documents be reviewed and approved by our attorneys and that there be initials on each document indicating the review had been satisfactorily completed. He asked if this had been done for the documents the Board was considering today. Mr. Rose explained he had emails to show that the documents had been reviewed and that he, himself, planned to initial each document when it was ready to be signed by the Board President. Mr. Cooper replied there should, then, at least have been a cover memo which showed that, but he would prefer the attorney’s and any other approvals be clearly noted on each document itself. Director Scott Schroeder suggested using a signature block on the cover page of each document with lines for each person/entity, such as Project Manager, Finance, Attorneys, and General Manager, whose review and approval had been sought and given. Ms. Fazzini agreed and suggested the use of a stamp. Mr. Rose noted the difficulty of getting original signatures from each entity as the document(s) progressed. Mr. Barber suggested we utilize electronic signatures.

Mr. Cooper reiterated that the documents coming before us will be complex and it's not really the purview of the Board to "get into the weeds" with indemnification and the like. As fiduciaries, the Board is relying on counsel and the General Manager to make sure everything has been vetted. Ms. Fazzini agreed; the intention of the Board is clear. Mr. Rose promised to find a satisfactory mechanism to carry out the Board's wishes.

Ms. Fazzini directed the discussion back to the Letter of Engagement. Timing is critical to keep the fuel farm project moving forward and keep costs as they were bid. She asked for a motion. Director Scott Schroeder moved to approve the Letter of Engagement with Snell and Wilmer as presented; Director Jerry Barber seconded. Mr. Cooper asked if this letter had already been signed and the vote was to ratify the signature. It was clarified that this document had not yet been signed; the motion was correct. Roll was called; the motion was unanimously approved.

- 2. Contract for Services: Proforma Invoice from APS dated October 10, 2021.** President Fazzini questioned why the Board was just seeing this Invoice which was due several months ago. Mr. Rose explained he was told by his contact at APS on the twenty-eighth of June that SOCAA could make payment later so long as payment was made prior to commencement of work. At that time, the APS quote was \$122,000. As of October 1, the APS quote was changed to \$120,257.01. The easement information for APS was still not available for submittal to the County at that time. On October 4, Mr. Rose asked the Board to approve execution of all documents pertinent to the project by the President, and that request was not approved. Bids for the fuel farm project came in around October 7 and created collective sticker shock. The next few weeks were spent reviewing the bids to see what might be done to minimize the cost by doing some of the work in house or by using outside vendors. Rural Electric's quote came in \$209,000 less than what was bid and by doing other work in house, costs were reduced overall by \$334,513. Mr. Rose reported the results of the value engineering to the Board at the November 1st meeting. Survey and legal departments reviewed the easement on November 18th and with minor changes it was determined there were no conflicts. On December 10th, the Letter of Engagement (which was on today's agenda) was received from Snell and Wilmer and distributed to counsel and President Fazzini for review. The vote on the revised easement is scheduled before the Board of Supervisors this Wednesday, January 5. Last week, APS sent the invoice to the Airport with the message if APS didn't hear from us soon, they would be rethinking their price strategy. This Special Meeting was then scheduled to consider the invoice as soon as possible. If SOCAA decides not to proceed with the project, the APS costs are refundable "less design fees and planning costs." Mr. Rose approached his contact at APS to see if they could be any more flexible than that but did not receive a positive response. If the Board decides not to approve the invoice today, our project goes back to the end of the line for re-consideration by APS and it could be another five or six months to receive a reply, and most certainly, a higher price.

The original invoice came in four days after the bids; ideally the invoice should have been received weeks prior to the due date for the bids so the bidders could see the cost of this segment of the work. APS moves at its own pace. Mr. Barber asked if this amount was included in this year's budget. Mr. Rose explained the amount is included in the budget for the project. Because the amount is more than \$100,000, it must be approved by the Board. It does not need to be approved by the County prior to payment. Asked about communications, the County has been kept well informed by Mr. Rose, Dibble Engineering, the County engineer Chris Steele, and by Stifel, Nicolaus.

With no further discussion, Secretary/Treasurer Scott Schroeder moved to approve payment of the invoice and the motion was seconded by Director Barber. Roll was called and the motion passed unanimously.

3. **Term Sheet.** This item is not yet ready for a vote, but President Fazzini said she would rather err on giving the members more information and more time to review documents than less. She appreciates all eyes on the project and documents and appreciates everyone's input. Mr. Scott Schroeder expressed he was taken aback by the continued use of the term revenue bonds when, in his opinion, a loan would suffice. The issuance of bonds can boost the cost of issuance. It's not unusual for financing of this size to be a private placement deal with a single investor bidding on the interest rate. He cautioned us to keep an eye on the cost of issuance.

We expect to have a response by the twenty-fourth of January, which is why the next meeting is scheduled for that date. Ms. Fazzini expressed disappointment that the Term Sheet was not ready for this meeting; Mr. Rose said updates are still being made and a completed Term Sheet is expected no later than January 20th. Updates will be posted to Dropbox.

Mr. Cooper asked the timing of the next anticipated action required from the SOCAA Board. Mr. Rose responded the next action would be to review the offers as recommended by staff. Offers are expected between January 18th and 24th. Mr. Rose will get information to the Board as quickly as possible to allow members time to review the offers and recommendations.

If a loan is approved by the Board on January 24th, the loan is expected to be funded by early to mid-February and construction could start soon after that. Mr. Scott Schroeder asked if the payments would be at milestones or as a lump sum. If the loan is paid to SOCAA in a lump sum, we need to be thinking about where to put it to accrue interest, but our primary concern should be to minimize risk. Scott offered to help staff investigate possibilities. There was no vote needed at this time, but Ms. Fazzini thanked everyone for their input.

There will be other business conducted at the Special Meeting on the twenty-fourth in addition to the financing since that meeting is filling the large time gap between our regular December meeting that was held on the sixth last year and the next regular meeting on February 28th.

Ms. Fazzini asked if there were other comments. Mr. Rose wanted to report that operations for 2021 set a new record for the Airport with total operations totaling 30,058. There were 96,907 gallons of 100 LL and 418,557 gallons of Jet A sold. Ms. Fazzini agreed those are impressive numbers and thanked everyone whose hard work went into achieving those numbers.

Agenda Item #VI. New Business. There was no New Business.

Agenda Item # VII. – Call to the Public. There was no call to the public at this Special Meeting.

Agenda Item #VIII. – Call for Adjournment. Director Mike Schroeder moved to adjourn, and the motion was seconded by Director Uhrig. The motion carried unanimously, and the meeting adjourned at 3:01 p.m.

Certified as Accurate and Correct:

Dated this 24th Day of January 2022
Sedona-Oak Creek Airport Authority

Minutes Approved

BY: 
Pamela Fazzini, President
SOCAA Board of Directors

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