

Sedona-Oak Creek Airport Authority

Airport Terminal Conference Room Minutes of the Regular Meeting – April 15, 2024 Pursuant to A.R.S. §38-431.01(B)

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

Directors Absent: None.

Staff Present: General Manager Ed Rose, Business Manager Haruko Terada, Assistant Business Manager Patresa Miller, Operations Manager Mike Dearden, and Special Projects Coordinator Mark Allen.

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. Roll was called and it was determined a quorum was present.

Agenda Item III. Consent Agenda. Vice-President Cooper moved to approve both the minutes of the Regular Meeting and Executive Session Meetings held on February 26, 2024. Treasurer Barber seconded. Motion carried unanimously.

Agenda Item IV. Reports.

- a. President - Thanks to Business Manager Terada and Assistant Business Manager Miller for helping to organize the meeting which was moved up one week to accommodate Mr. Rose's attendance at the AzAA Spring Conference next week.
- b. Vice-President: None.
- c. Secretary - None.
- d. Treasurer - None.
- e. General Manager:

1) **Sky Ranch Lodge** – Negotiations have concluded. The negotiated Lease and Development Agreements are in Dropbox for review. What this lease does:

- establishes a minimum annual rent for the entire property where previously there was no minimum, a deficiency noted by FAA Compliance Inspector Anthony Garcia on a few occasions.
- provides reasonable time to acquire permits before rents kick in. Initially \$14k +/-month, as Phase 1 is completed (Certificate of Occupancy is achieved), rent is reduced to \$7500/month. The completed portion will move to the percentage of gross revenues arrangement (6% up to \$2.5 million; 7% over \$2.5 million): As Phase II achieves a CO then it moves to the percentage arrangement and rent is further reduced to \$3700+/- with the remaining area. Once Phase III is complete, all revenue transitions to the percentage of gross will be paid on a monthly basis. Should the percentage rents not achieve the minimum annual rents, Sky Ranch will be responsible for covering any shortfall. Sky Ranch estimates they will be investing \$12-14M in improvements.
- The Authority has already approved expansion of the fire suppression water line to service the improvements and it has been installed.

- No vote on the lease until the County requests FAA approval of the 4.6 acres for development. This should take about two weeks.
- 2) **Gift Policy** – Examples of gift policies have been posted in Dropbox for review. The need for the Board to adopt a gift policy has arisen in relation to Geoffrey Roth's overlook project. Mr. Rose recommends engaging counsel to formulate policy for the Board's consideration.
 - 3) **Section 163** - The County, being the Airport Sponsor, must initiate a Section 163 land release. This is currently being discussed at the County level. To complicate matters, the FAA has issued new guidelines for land releases and the local Airport's District Office must interpret and apply those guidelines prior to consideration of any lease.
 - 4) **ALP** – The Airport Layout Plan has been updated to reflect the relocated fuel farm, the proposed maintenance building, future taxiway west of the west ramp and south of the Sky Ranch Lodge. The updated ALP has been submitted to the Airports District Office for approval.
 - 5) **NBAA Schedulers and Dispatchers Conference** – Mike Dearden and Jill Rowland represented Sedona Airport at this conference. The Authority had a booth presence, coordinated giveaways, and talked up our services. Many connections were made, parts suppliers visited, and there was a lot of good old-fashioned handshaking. We gave out 100 t-shirts with the Sedona logo, one bottle of local whiskey, and two pieces of made-in-Sedona jewelry. Mr. Rose recommends an annual presence at this conference.
 - 6) **CAP exercise** – SOCAA pledged to support CAP as needed with the exercises. The last two exercises were postponed due to unfavorable weather conditions.
 - 7) **Second Catering Company Enlisted** – Cater AZ Jet, LLC has been engaged to provide catering services to our jet clients. Cater AZ Jet, LLC is a Sedona-based business. Their process and delivery of goods reflects well on Sedona. The Authority charges 25% of the amount of each order for handling. Counsel has provided a draft license which we are reviewing with the two service providers.
 - 8) **Airport Access** – Mr. Rose convened a meeting of the Sedona Fire Department, City, Forest Service, Yavapai County, and SOCAA to discuss options for a secondary means of access to the mesa. SFD claims Airport Road provides insufficient access due to the possibility it could be blocked during an emergency response. After sharing an engineer's conceptual emergency access to the threshold of Runway 21, provided as part of the Runway Safety Area project, Mr. Rose suggested a few options: do nothing; plan a new road off Shelby Road to the mesa; improve the existing road; and/or house and place a "quick dash" response vehicle on airport. The only option acceptable to SFD is a new road. Now the question is, who is responsible for funding this project? The Forest Service indicated they will review a formally submitted complete design. They will only provide comment on the design, not be a part of a design team. This is how it was left, with a suggestion each party return to its respective camp to discuss including this project in their long-term capital planning, perhaps entertaining cost sharing? The group is scheduled to reconvene May 18.
 - 9) **Part 16** – Mr. Rose participated in mediation discussions. One is scheduled for this week.
 - 10) **Local First AZ** – Mr. Rose met with Jason Lowry, Director of Sustainable Initiatives, to discuss improvements implemented to date at the Airport and steps for achieving rebates for improvements made as recommended by the ASU Energy Assessment.
 - 11) **Yavapai County Monthly Projects Update** – The status of all projects was reviewed.
 - 12) **AWOS Replacement** – This project is off to a slow start. At issue is the integrity of the power feed (which we questioned out of the gate) and its testing. The contractor (Pavex) was not equipped to provide the testing required. A change order was issued to allow Rural Electric to perform testing and report. This was accomplished April 3rd. There is a bottleneck in the present wiring that needs to be addressed.
 - 13) **Airport Emergency Planning** – Emergency response planning with Sedona Fire Department continues.

14) **Adirondack Aviation** - Adirondack Aviation completed an application for a license to conduct flight training and fixed wing scenic flights. The updated application process was used as per counsel. At this writing, I'm expecting any questions/comments from counsel on the application to share with the Board. Adirondack has secured hangar space through Mr. Pat Moore. Jakob Carter, an Adirondack employee, will present the current state and future hopes later in this meeting.

15) **Alpha Taxiway Supplemental Grant** – Sedona has been offered a second grant for \$150,000 to complete the full depth rehabilitation of Alpha taxiway between A4 and A5. This supplements a Phase 1 grant of \$150,000.

16) **Host "Wings of Flight" group** - April 12-14. A collection of aircraft including: T-6s, Stearmen, Decathlons, RV-8s, and a P-51 will be flying into Sedona Airport for the event.

17) **The Great Sedona Fly-In** - May 4, 2024, includes, two Wings seminars (one on flying with high density altitudes and one on helicopter downdraft and vortices awareness). Three food trucks, in addition to the Mesa Grill, will offer food. Cirrus Aircraft has agreed to provide an airplane for display.

18) **Airport Advisory Committee** - Continues to meet every other month to discuss issues of community interest. Last session, the topic was helicopter noise impacts. A review of the complaint with video and stills of operators was presented, which resulted in four operators increasing flight altitudes. Keep Sedona Beautiful, who was copied on the complaint, was very pleased with the outcome and communicated the changes directly to the offended party.

19) **Airport Day** – Mr. Rose met with leadership of the Sedona Food Bank to discuss an Airport Day admission fee of one non-perishable food item per person. Now we need to convince media (radio) to join the effort (underway) and then approach local food stores for sponsorship.

20) **Nikki Check** – Mr. Rose met with Ms. Check, a candidate for Yavapai County Supervisor, to help her understand the airport's operation and current issues.

21) **Apex Aviation** – has requested and been provided an application to conduct commercial activity at Sedona Airport.

22) **Standby generator** - We are ready to review the 90% drawings.

23) **Green Business Showcase** - Mike Dearden and Mark Allen will be attending a meeting in Tempe to discuss the Airport's actions resulting from the energy audit.

f. **Business Manager:**

- The CPA audit is progressing and is expected to be completed soon.
- The Balance Sheet and Profit & Loss vs. Actual are available on Dropbox. Not all numbers are final because some commercial tenants who pay Airport Recovery Fees based on a percentage of their sales have not yet reported.
- Comparing 2024 to 2023 First Quarter Financials: Jet Fuel and Av Gas sales are up both in dollars and in gallons; Overlook Parking Income is up; Total Income is up by 16.1%. Total Cost of Goods is up; Gross Profit is up; Legal Fees Expense is down; Total Expenses are up; Net Ordinary Income is up by 10.3%.
- A \$1M Treasury Bill was purchased on January 9 with 13 weeks to maturity yielding 5.383%. Upon maturity on April 18, the \$1M will be reinvested.
- A summary of Profit & Loss Budget vs. Actual shows Jet Fuel sales at 82.1% of budget and Av Gas sales at 98.3% of budget. (Note: sales of fuel are slower during winter months than during the rest of the year.)
Overlook Income is 104.1% of budget and Total Income is 89.5% of budget. The total Cost of Goods including fuel purchases is 78.8% of budget, Legal Fees Expenses are 51.1% of budget, and the total Gross Profit is 95.9% of budget. Total Expense is 89.5% of budget, and Net Ordinary Income is 111.8% of budget for this period.

- The Business Office is working with Tim Hutter to audit certificates of insurance to make sure all are in order and properly name the additional insured as both Sedona Oak Creek Airport Authority and Yavapai County.
- The auto insurance policy will expire on April 29. Renewal will be discussed under New Business.

Agenda Item V. Presentation: Employee Ben Everett was recognized for earning the title of Airport Certified Employee - Operations issued by the American Association of Airport Executives.

Agenda Item VI. Presentation: Tim Hutter, Pacific Coast Aviation Insurance Services/Assured Partners Aerospace, addressed concerns with obtaining insurance in the current market. He advised tenants to contact AIG. AIG is presently the airport's property insurer but will also quote on private property insurance for privately owned hangars. The COI certificates need to be correct and Mr. Hutter is assisting the Business Office with an insurance audit.

Agenda Item VII. Unfinished Business: Update on the Overlook Art Project Regarding Gift/Donation Policies. It was agreed, per advice from counsel and the auditor, the Airport should not collect donations for this project but instead wait to accept the donation of the artwork after all monies have been collected. Vice-President Cooper moved to authorize the General Manager to work with counsel to update our gift policy, with a cost not to exceed \$2,500. Mr. Rose is also to investigate the possibility of setting up a foundation for donations. Motion was seconded by Director Scott Schroeder. Motion carried unanimously.

Agenda Item VIII. New Business:

- Renewal of Auto Insurance Policy. SOCAA's Auto Insurance Policy expires on April 29, 2024. Business Manager Terada recommended we keep our present insurer despite it costing approximately \$400 more than the other quote. This will help eliminate any issues involving airport only vehicles (those not licensed to be driven on public roads) versus general-use vehicles or potential claims involving both vehicle and property damage. AIG currently also carries the airport's property insurance. Vice-President Cooper moved to accept the Business Manager's recommendation. Secretary Betty Uhrig seconded the motion. Motion carried with Directors Scott Schroeder and Tim Miller opposed.
- Proposal for Purchase/Installation of Two New Furnaces. Consistent with the ASU energy audit, General Manager Rose presented an option for the purchase and installation of two (of five) new electric furnaces to replace our original propane fed furnaces in the terminal building. He requested approval of \$35,000 to accomplish this. Director Scott Schroeder moved to approve the proposal as requested, not to exceed \$35,000. Treasurer Barber seconded the motion. Motion carried unanimously.
- Amendment and Renewal of Lease with William Scotsman. General Manager presented an option to renew our lease with William Scotsman for the modular unit out of which Apex currently operates. The lease will increase by \$1,965 but the increase will be passed on to the tenant. Director Mike Schroeder moved to renew the lease as recommended by the General Manager and Treasurer Jerry Barber seconded the motion. Motion carried unanimously.
- ADOT Grant for Partial Reconstruction of Taxiway A. ADOT offered the Airport a \$150,000 Grant for partial reconstruction of Taxiway A between intersections 4 and 5; the Airport's expense will be minimal. This will complete in-depth work that was not able to be combined with work done on the taxiway last year. Treasurer Barber moved to approve acceptance of the ADOT grant and SOCAA's financial obligation; Director Scott Schroeder seconded, and the motion carried unanimously.
- Hangar use protocol. As a result of SOCAA's recent request for the General Manager to conduct an audit of hangar use by tenants, the General Manager worked with counsel to create both a Memorandum to Tenants and a Notice of Breach form. The General Manager recommends

the Memorandum go out to all tenants prior to the next audit (proposed for early Spring 2025), and if required, a Notice of Breach would go to those not in compliance. Director Scott Schroeder moved to approve the General Manager's recommendation; Director Tim Miller seconded the motion. Motion carried unanimously.

f. Proposal by Adirondack Aviation. Jakob Carter of Adirondack Aviation presented the company's plans for flight training and air tours. This company is presently doing the similar operations in parts of the East Coast but sees value in having a location that can offer training in high-density altitude and mountain flying. They will be using a Piper 140 modified with a higher than standard horsepower engine. Vice-President Cooper moved to approve the lease with Adirondack Aviation to conduct their business on the airport. Treasurer Barber seconded the motion; the motion carried unanimously.

Agenda Item IX Call to the Public:

a. Ed Kettler made us aware of a city candidate forum to be held at the Elks Lodge at 110 Airport Road on April 17 from 5 to 8 p.m. It is an opportunity to meet all the candidates, learn their stances on various topics, and provide feedback.

b. Vic LaSala, Group Commander of the local Civil Air Patrol presented a review of their operations. Emergency response is their primary job using aircraft Search and Rescue (SAR), personal SAR, UAS operations, natural disasters (fire & flooding), and hydraulic mapping. They recently purchased a hangar on the airport that will serve as their staging area. They plan to build out office space, meeting space and a communications center in the hangar. Mr. LaSala asked to have discussion of the CAP proposal added to the agenda for SOCAA's board meeting when CAP has plans and firm costs ready.

Agenda Item X: Call for Vote to Convene Executive Session: Director Scott Schroeder moved to convene into Executive Session; Director Tim Miller seconded. Motion carried unanimously and the Board convened the Executive Session at 4:18 p.m.

The meeting was reconvened back to Open Session at 4:42 p.m.

Agenda Item VII: There was no action taken on items discussed during the Executive Session.

Agenda Item VIII: At 4:42 p.m., Treasurer Barber moved to adjourn the Regular Meeting; Director Tim Miller seconded. Motion carried unanimously and the meeting was adjourned.

Certified as Accurate and Correct:

Dated this 24th day of June 2024
Sedona-Oak Creek Airport Authority

BY: Pamela A. Fazzini
President Pamela A. Fazzini
SOCAA Board of Directors

BY: David M. Cooper
Vice-President David Cooper
SOCAA Board of Directors