



SEDONA-OAK CREEK
AIRPORT AUTHORITY

Airport Terminal Conference Room
Minutes of the Special Meeting – August 6, 2021
Pursuant to A.R.S. §38-431.01(B)

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

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

Presenters: Erik Harrell, Matt Cooley, Olivia Laux

Agenda Item #I. – Call to Order: The meeting was called to order by President Fazzini at 1:00 p.m. immediately followed by the Pledge of Allegiance.

Agenda Item #II. – Reports: General Manager Rose gave a brief overview of the process used and submissions received in response to the recent Request for Proposals issued for the former Masonic Lodge on the Sedona Airport.

Mr. Rose stated the Masonic Lodge on the Airport grounds has been sitting vacant for several years. An RFP (Request for Proposals) was developed for the Ground Lease and Redevelopment of the Former Masonic Lodge property at the Sedona-Oak Creek Airport providing a survey and overview of the building and grounds to present to the Airport legal team, the County and then to the public in late April of this year. On May 10th, Mr. Rose conducted a meeting of all interested parties to answer questions relative to the RFP or the property itself. Proposals were due on July 2, 2021. Mr. Rose organized an evaluation team consisting of Chris Steel, Yavapai County Department of Public Works Engineer, Molly Spangler, Economic Development Director for the City of Sedona, and himself. Mr. Jack Fields, Assistant County Administrator, was copied throughout the process. The team went on to independently evaluate each of the proposals (only two proposals were deemed complete) and score them. Harrell Cooley, LLC (a partnership between Harrell Destinations and Cloth and Flame) ranked highest with their proposed "Venue on the Mesa".

Agenda Item #III. – Unfinished Business:

a. Vote to seat Nominee Jerry Barber to fill a vacancy on the SOCAA Board.

Mr. Jerry Barber, recommended by the Board Selection Committee, who was vetted and accepted as Nominee by the SOCAA Board at its June 28th Regular Meeting, was approved by the Yavapai County Board on July 26, 2021. No additional vote was necessary. President Fazzini and the rest of the SOCAA Board welcomed Mr. Barber to his seat on the Board.

Agenda Item #IV. – New Business:

a. Presentation by principals of Harrell Cooley LLC in regards to their proposal for the Masonic Lodge.

Mr. Erick Harrell and business partner Mr. Matt Cooley presented their proposal to the Board for the redevelopment of the former Masonic Lodge property. The two, along with Ms. Olivia Laux who was also present, own and/or manage multiple event centers, hotels, and other properties and are instrumental in creating venues both large and small in the states of Arizona, California, and Colorado. Mr. Harrell

represents a third generation of his family in hospitality; he owns several hotels and venues. Mr. Cooley and Ms. Laux have been in business as Cloth and Flame for about five years working with entities such as Natural Restorations, Sonoran Institute, People Acting Now Discover Answers (PANDA), Arizona Vignerons Alliance, and Herberger Theater Center, and corporations including Bentley, Uber, Google, Chanel, Audi, Red Bull, Revolve, Proenza Schouler, Go Daddy, Veuve Clicquot, Bulleit Bourbon and Tuft & Needle. Mr. Harrell and Mr. Cooley have developed many businesses and believe their company could make a large contribution to the Sedona Airport, the City of Sedona, and the surrounding communities by developing a multi-use space to cater events. Through development of ties to the community and partnering with other business ventures, they believe their proposal would be a perfect fit. They have named their proposed new venture "Venue on the Mesa." The Event Center would be completely self-funded and as the property stands now, there would not be a zoning change required. Harrell Cooley LLC is not requesting or requiring any rent subsidy or additional funding from the Sedona Airport, City or County. By developing a cohesive relationship and good financial partnership with the Airport, the team is also focused on contributing to the expansion of hangars, fire suppression water, and increased water storage. Venue on the Mesa would be focused on corporate retreats that would encourage high net-worth individuals to visit this community and would create a strong network benefitting both the neighboring communities and the pilot community. In an effort to be collaborative with both the Airport and the greater Sedona area, Harrell and Cooley are also offering zero-cost funding initiatives for the Sedona Police Department, Sedona Fire Department, Sedona-Oak Creek Chamber of Commerce, and the Sedona Airport. Ultimately, they expect to host over 300 events a year.

Venue on the Mesa is prepared to sign a 25-year lease with the Sedona Airport Authority and are proposing to pay \$12,000 each month for a ground lease. Upon signing of the lease, Venue on the Mesa is prepared to deposit six months' rent up front. Anticipated revenue over the 25-year term of the lease is approximately \$164 million as outlined on pages four and five of their proposal.

b. Questions from the Board regarding the process, presentation, and proposal.

- President Fazzini inquired about not needing any zoning change. Mr. Harrell responded that there will be a required Occupancy Permit but with what the Event Center will be doing, they are within commercial guidelines. Since there will be no overnight guests, zoning will not be needed. In the future, Venue on the Mesa hopes to develop a restaurant with in-house chefs for their events.
- Vice President Cooper asked what the number of participants the Venue on the Mesa could support. The team answered the participants per event could range from as few as 65 up to 200-300 depending on the property's ultimate capacity. The projected number of events could be as high as 90 to 100 by the third year without over booking.
- Mr. Cooper asked how involved Mr. Cooley and Mr. Harrell would be in the project and each stated they would personally be overseeing, participating fully, and eventually letting their chosen teams run the Center so that it is self-sustaining. The presenters estimated a reasonable development timeline of 9 months from lease approval to opening.
- Another question presented by Vice-President Cooper was about Venue on the Mesa's proposed 25-year lease on the Airport outrunning the existing 28 years remaining on SOCAA's lease with Yavapai County. Mr. Rose indicated this would be addressed, or that Venue on the Mesa's lease would pass on to the next leaseholder and/or owner of the Airport.
- Director Barber inquired about the amount of the monthly ground lease and how that came about. Mr. Harrell replied they had an independent appraisal done and that he and Mr. Cooley decided to overshoot the appraised value.

- Lastly, President Fazzini queried about preserving the existing native landscape around the facilities. Harrell Cooley replied there would be no removal of trees or plants, only trimming. Pathways will be created through the native plants and trees allowing event goers the opportunity to have a view of the rocks throughout the area.

c. Possible action by the Board as requested by the General Manager regarding the proposal.

General Manager Rose requested the Board to authorize him to proceed with project proponent Harrell Cooley LLC to enter into negotiations for a lease agreement. President Fazzini stated once the lease is drawn up, Mr. Rose will then approach the Board for approval of the lease. If there are additional questions or more input from the Board, Mr. Rose may approach the Board and request an interim session.

Vice President David Cooper moved the Board authorize the General Manager to enter into negotiations with Harrell Cooley LLC for a lease to develop the former Masonic Lodge Property in a manner that is in substantial conformity with the proposal submitted by Harrell Cooley LLC and as presented at today's meeting; such lease is to be approved by the Board in its final form. The motion was seconded by Jerry Barber with no other discussion. The motion carried unanimously, 7-0.

Agenda Item #V. – Call to the Public: There will be no call to the Public

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

The motion to adjourn into Executive Session was made by Secretary/Treasurer Scott Schroeder and seconded by Director Mike Schroeder. The Board voted to adjourn into Executive Session at 2:21 p.m.

Agenda Item #VII. – Motions/Possible action/Votes on items discussed in Executive Session.

The Board convened back into open session at 3:21 p.m.

Vice President Cooper moved the Sedona Oak Creek Airport Authority Board approve the ratification of the Engagement Agreement with Lindsy Weber, bankruptcy counsel with The Burgess Law Group, in the Dakota Territory Tours Chapter 11 bankruptcy proceedings. Director Tim Miller seconded the motion. There was no further discussion; the motion passed unanimously 7-0.

Agenda Item #VIII. – Adjournment

President Fazzini entertained a motion to adjourn. Director Mike Schroeder so moved, and the motion was seconded by Director Betty Uhrig. The motion carried unanimously. The meeting adjourned at 3:22 p.m.

Certified as Accurate and Correct:

Dated this 23rd Day of August 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