

FAHA Board Meeting

January 15, 2023

7 in attendance (hosted by Jeff Miller)

Board Members present:

Jeff Miller (2012), President Telephone 253-639-1915
John Tomlinson (2013), VP
Janet Gundlach (even year), Treasurer
Andy Karmy (2017)
Kevin Mayes (2020)
Tara Owens (2022)

Board Members absent:

Mark Owens (2017)
Rex MacLean (2018)
Anum Ahmed (2021)

Guests present:

Leone Tomlinson

The meeting was brought to order at 7:45 PM by Jeff Miller.

Motion: To accept minutes of November 07,2022 BOD Meeting

Proposed by: John

Seconded by: Kevin

Approved: Yes, unanimous

President's Report: Dale Leyde reported a number of runway lights inoperative. The information was passed on to Rikki Birge through the staff at the office. Dale was also able to help out in the replacement of bulbs and helped to identify a loose connection in one set of lights that affected an entire string of lights. An electrician was called in to make repairs. There are still a number of lights out but considerable improvement.

Jeff brought up the fact that Bob Hoelzen and Kurt Boswell have been paying dues and have not been given any formal invitation to join FAHA. After discussion of the history of their properties a motion was presented in favor of offering membership.

Motion: To offer full and voting FAHA membership to Bob Hoelzen and Kurt Boswell

Proposed by: John

Seconded by: Kevin

Approved: Yes, unanimous.

John Tomlinson led the presentation and discussion of our 2023 budget, including two different formats for budget presentation for membership vote. These different formats were worked out in a previous meeting of the Finance Committee (Janet, Tara, John, and Jeff) and presented to the Board for final approval. With as yet unfilled budget reserves there was a motion to set the annual FAHA dues at \$125 based on the presented budget.

Motion: To set the FAHA annual dues at \$125

Proposed by: John

Seconded by: Tara

Approved: Yes, unanimous

John Tomlinson led the discussion regarding preference of a “single-member LLC” vs a “multi-member LLC” (appendix attached: “LLC Single vs Multi Member”). The discussion brought out that the single-member LLC would reduce the duplicate effort necessary to manage both an HOA and a multi-member LLC. The other major benefit of the single member LLC would be notable simplification of the governance documents.

Discussion of this comparison will continue with a February 2 scheduled meeting of the Documents Committee that includes Shasta Kelly, our legal counsel, and Rick Oliveira, our CPA. Further details will be brought to the Board after this meeting.

Motion: To adjourn at 8:55 pm

Proposed by: Andy

Seconded by: John

Approved: Yes, unanimous

Respectfully submitted,
Jeff Miller

Appendix: “LLC Single vs Multi Member”

Shasta Kelley of Ledger Square Law delivered the first draft of the LLC operating agreement on December 28th. This was followed by a Documents Committee review led by Shasta that same day. It became apparent during the discussion that a single member LLC where FAHA is the only member may be more attractive than our current plan where every participating homeowner is a member (multi-member). To that end, I prepared a comparison as a way for myself and potentially others to consider the merits of both.

The two primary benefits of a multi-member LLC are to: 1) provide every homeowner a direct vote on the management and operation of the airport; and 2) provide a mechanism for distributing profits should there be any. In a single member LLC, homeowners would have an indirect vote on airport operations through their elected FAHA board. As for distributing any profits, this is surely not a concern for many years. That said, this was what steered us towards the multi-member option in the first place. We learned during our meeting with Shasta that although FAHA can’t make and distribute a profit that FAHA can use income for the ‘benefit’ of homeowners. The first benefit would surely be to reduce the annual assessment. After that, benefits could include things like improving the walking path, picnic tables, picnic shelter, etc.

A single member LLC can convert to a multi-member later.

There are other differences that should be considered beyond just the two discussed above. They are:

Characteristic	Single Member	Multi-member
Number of Documents to understand and sign	Members would sign the Association Agreement and possibly the Participation Agreement. They may not need to know much about the Operating Agreement.	Members would sign the Association Agreement, LLC Operating Agreement and possibly the Participation Agreement. They WOULD need to understand the Operating Agreement.
Complexity of LLC Operating Agreement	The language would be that of a typical LLC without additional or odd membership conditions.	The language needs to be carefully crafted to preclude membership outside of homeowners and address transfer requirements from one owner to the next.
Level of difficulty coordinating documents	Easy	Hard Must be careful to make sure corresponding elements are in sync.

Characteristic	Single Member	Multi-member
Funding the purchase	Straightforward, the Association collects the purchase funds from members and delivers the initial capital call to the LLC.	This has been an ongoing and confusing discussion as to whether the purchase funds are directed to the Association and delivered or whether the LLC collects them. I think the Association Agreement and LLC Operating Agreement are currently out of sync on this.
Administrative load	Moderate Annual meetings, minutes, voting, scheduling, announcements, etc. for the Association include all members. The LLC would only need board members for all these matters.	High Must run dual administration with all members of the community, one for the Association and one for the LLC, including separate annual meetings, minutes, etc.
Control over airport operations	Indirect via the Association board. The board operates the airport without direct oversight. One would assume the board would operate on behalf of and consult with the Association members. But, the Association members would not have a direct vote for major business matters.	Members have a say in the operation of the airport at a high level through votes on such things as budgets, capital plans, and approving capital calls for the LLC.
Airport profit and loss	The LLC would keep all profits and losses within it. Any distribution of a profit, should one occur, could not benefit an individual member but would have to be used for the benefit of the community (e.g. lowering annual assessments, taxiway improvements, walking path improvements, etc.). Losses that accumulated to the point of insolvency would require the Association to get member approval for a special assessment to bail the LLC out. Or, the LLC would have to liquidate the airport.	The LLC could distribute profits to the members directly. In the case of approaching insolvency, the members could approve a capital call (requires 67% vote) to bail the LLC out, decide to liquidate (requires 90% vote), or simply allow it to go into bankruptcy.
Day-to-day operations	Likely little difference. In both cases the daily operation will, for the most part, be left up to an employee or company.	

Characteristic	Single Member	Multi-member
Hangar renter participation	Could offer prepaid leases as a way to access more purchase funding.	Could offer prepaid leases as a way to access more purchase funding. Could also incorporate them into the LLC as members although this complexity is likely beyond the capacity of the board to execute.
Ownership perceptions	By not having names attached to the LLC, some members may be more comfortable with the acquisition based on a perceived buffer between them and the airport operation.	Conversely, some members that are more comfortable with how an LLC functions may feel a lack of control.