

Management Moment

Laguna Woods Village: Association Management 101

Laguna Woods Village is a community comprised of three housing mutuals (United Mutual, Third Mutual, and Mutual 50 (Towers)) and the Golden Rain Foundation. These four community associations are managed by a professional managing agent (currently PCM - Professional Community Management) under the governance and direction of the Boards of Directors.

The role of a community association manager is to implement the policy decisions of the board of directors; administer the services, programs, and operations of the association within the policies and guidelines set by the board; fulfill the terms of the managing agreement; and, in the case of a professional manager, provide information, training, and guidance to the board as it sets policies and makes decisions.

A manager's authority and responsibility are defined and limited by:

- Governing documents which define the authority of the board to enter into a contract (some governing documents also require the board to retain a professional manager),
- the management agreement with the board,
- actions of the board which delegate specific authority and duties to the manager and his staff.

The Boards of Directors set rules and determine policies regarding maintenance, landscaping, recreation, security, finance and other areas. The managing agent is responsible for developing procedures and fulfilling the goals of the Boards' policies. The role of the Boards is to govern, and the managing agent's role is to manage.

The managing agent of Laguna Woods Village oversees the operation of recreation activities and maintenance services, manages corporate fiscal affairs, employs all personnel, procures materials and equipment, and administers all contracts. The managing agent for the Village employs about 1,000 individuals including full-time and part-time staff, and all of its expenses are paid (without markup or profit) by fees assessed to each household in the community.

According to the Community Associations Institute (CAI), there are three different types of community association management:

1. Volunteer or self-management. This is management of the association by the board itself or by committees under the direction of the board.
2. Association-employed manager. This is a manager directly employed by the community.
3. Management company. The manager is an employee of a management firm contracted by the community association.

Small associations generally tend to be self-managed communities. Such communities often lack the resources to acquire services from association-employed managers or professional association management firms. Volunteers in self-managed associations routinely invest significant contributions of both time and effort to their communities. Many larger associations choose to hire a management company to assist in managing their community. This is typically the case for mid-size to large communities.

The corporations of Laguna Woods Village, who comprise the governance of this very large community, have chosen to have a managing agent and its employees maintain the Village.

Having a managing agent also helps protect the corporations from insurance and legal liabilities. Obtaining and maintaining proper insurance coverage is a very important aspect of self managing an association. Not only is it an integral part of managing finances, it also fulfills the association's duty to preserve the association's property. The managing agent of Laguna Woods Village has a fiduciary responsibility to make certain the corporations are fully insured.

Some operations in the Village are carried out by companies contracted by the Boards. Various maintenance programs, such as roofing, are outsourced to contractors because it has been determined by the Boards to be more cost effective. The managing agent, by direction of the boards, frequently analyzes the costs and benefits to performing duties with in-house staff versus utilizing a contractor.

A community association operates as a government, a community, and a business, making it a truly specialized type of organization. As a board member, trustee, or volunteer leader working with an association, there are fiduciary responsibilities which require decisions that can have profound financial and social impact on the

community. Receiving professional and accurate advice or guidance on issues such as reserves, maintenance, insurance, budgets, governance, contracts, the law, and rules can make the difference between prosperity and distress.

Many professional experts who work in these fields must earn degrees and pass tests to be certified. The managing agent of Laguna Woods Village has certified experts in association management, risk management, human resources, maintenance, security, landscaping, recreation, and social services, to name a few.