

~Royal Shores Community Association, Inc.~

June 6, 2013

Residents of Royal Shores,

It has been one year since the initial election for the Board of Directors of the Royal Shores Community Association. As we approach the upcoming election for two Director positions on the Board at the Annual Meeting on June 27, it's timely to take a look back at some of the highlights accomplished over the past year.

Prior to last years' election, there had not been an official Board of Directors meeting for almost a year because there was never a quorum of directors available to attend the meetings. Input from the residents went largely unheard and the Association's financial records had not been audited for three years.

Over the past year the Board held nine (9) official Board meetings with a quorum of Directors present. The Association is on more sound financial footing. We are making progress towards the goal of establishing a sufficient Reserve Fund so that the community will be more secure in the event of catastrophic events, like Hurricane Ike, and be in a position to finance major repairs and/or replacement of our physical infrastructure improvements (Pier, gazebos, trellis, trellis deck, sidewalks, etc.). We are improving communications between the Board and residents by making greater use of the RSCA website, by providing more content and features such as Contact the Board, and by sending e-Blasts to timely communicate important information.

We have attached a list of some of the main activities and accomplishments of your Board. These accomplishments were achieved through good teamwork and with each Director making significant commitments of their time, expertise, and hard work during the past year. Our goals are to make Royal Shores the premier community in Kingwood and to maintain a sound financial basis for our Association.

Thanks for your input over the past year, and we look forward to representing you in the future. Finally, we urge all residents to attend the Annual Meeting or to complete and return the Proxy Form so your voice can be counted at the election.



Ben Graves
President – Royal Shores Community Association

ACTIVITIES AND ACCOMPLISHMENTS OF THE RSCA BOARD SINCE JUNE 2012

-Established a schedule of Board meetings to be held on the 4th Thursday of the month in which a meeting is called. To date nine (9) meetings have been held. Procedures were put into place to ensure timely resident notification of meetings and to have a quorum of directors present.

-Began the collection of past due assessments/interest (~\$22,000) and, subsequently, approved procedures for ensuring that annual assessments are collected timely in the future.

-Worked with David Freeze, CPA, to conduct audits of the Association's financial records for 2009 through 2011. These overdue audits were completed in November, and the 2012 audit has now been completed. All four audits were satisfactory and met generally accepted accounting procedures and practices. There are two other items to be mentioned.

- The auditors commented that the Association should conduct a "Reserve Study" to evaluate the physical assets of the Association (pier, gazebos, sidewalks, etc.) in order to establish a fund for replacement and/or major repairs of the assets. The Reserve Study is currently underway and will be completed in time for the 2014 budget process.
- The Board requested the auditor evaluate a \$49,000 debt due developer on our balance sheet. Since documentation could not be located to validate this liability, the Board received the concurrence of the auditor to eliminate this item from our balance sheet.

-The Board signed and filed "Trespass Affidavits" with HPD to have in place the proper mechanisms for prosecuting vandals who commit criminal mischief at Pier Park, Gazebo Park, or along Royal Shores Drive. The Board has met with HPD, our Council member, and the Mayor's Office to request HPD assistance in controlling unwanted gathering in our parks and to control excessive speeding that takes place within the community. All residents have been advised about the procedures for contacting the non-emergency number at HPD via eBlasts and the Royal Shores web site.

-Improvements in RSCA Financials were achieved through a number of activities including:

- The Board put the lawn maintenance agreement out for bids last fall in an effort to manage our single largest budget expenditure. With some minor changes in the specifications, the winning bid produced savings of ~\$12,000/year from prior contract.
- By working with the Harris-Galveston Subsidence District, we have been able to use two programs to reduce our water expenses by ~\$12,000 for 2013. By sponsoring student water conservation programs and by purchasing surplus water credits from other well owners at a substantially reduced cost, we are managing and reducing our second most expensive budget item.
- PMIS has been contracted to inspect, maintain, adjust, and repair our sprinkler system which consists of 90 zones and 900+ sprinkler heads. This contract will significantly reduce water losses and enable us to achieve proper water management practices and yield an estimated annual savings of \$3,000.

-The cost savings being achieved enabled the Board to proceed with some other recent work.

- Approximately 33% of the light fixtures that were purchased by RSCA in 2010-11 had failed. The Board undertook the project to inventory the 45 failed lights and coordinated with Cruz Electric to order and replace the failed lights under the 10 year manufacturer's warranty. This initiative provides enhanced security for the Pier Park area and saved the cost of \$6,800 in replacement lights.
- The gazebos and trellis had not been attended to since their original installation. Consequently, the roof on the main Gazebo on Royal Shores Drive needed to be replaced due to rotten wood. In addition, both gazebos and the pond trellis have been recently power washed and painted. *(See photos on web site)*
- A landscape architect has developed plans to refurbish the front entry on Royal Shores Drive at Willow Terrace at no cost (approx. \$2,000 savings). The plan calls for repositioning some existing plantings, reshaping the beds, and replacing some plants with the intent of creating a lower maintenance, higher value appearance for the community. The project will be completed by mid-July.

-In December, the Board bid out the management company contract with three local companies. Effective April 1, 2013, Sterling ASI took over from KAM as our community management company. The transition to Sterling has gone well and we look forward to continuing excellent service.

-The Board continues to work with Friendswood Development Company (FDC) in an effort to secure some funding from FDC to make further improvements to the area. Recently, we were advised that the development of Section 7 (commonly referred to as the "Eagle Tract") has been postponed until mid-2015 at the earliest. While we hoped to appeal to FDC to provide some funding coincidental with the new section, now that the project is delayed, we will continue to work with FDC in an effort to keep them involved with Royal Shores.

-Despite the Board's efforts to settle an ongoing dispute, Christopher & Jill Curran filed a lawsuit against the Association on March 28, 2013. The association's attorney has filed the association's reply; and the association's insurance company has accepted the claim and will cover reasonable expenses and legal fees for the defense and/or appeal of this suit.

The RSCA Board appreciates the continued support of our residents as we work together to make Royal Shores the premier community in Kingwood.

Royal Shores Community Association Board of Directors
June 2013