DEER VALLEY ESTATES PROPERTY OWNERS' ASSOCIATION, INC.

Minutes of the Special Board Meeting — Reserve Fund Review

Tuesday, September 29, 2026

Call to Order

Tom Ondrako called the special board meeting to order at approximately 6:32 p.m. The meeting was called specifically to review the Association's reserve fund ahead of the new fiscal year, which begins October 1.

In Attendance

Tom Ondrako, Paul Duggan, Judy Railsback, Rob Luedke, John Beebe, Terry Beebe, and Della Grice were present.

1. Background and Purpose

President Ondrako opened by noting that he had circulated background materials to the Board roughly a week and a half earlier regarding the reserve fund, including materials from CCIOA Property Management and information from the Association's website. He explained that the Association's last reserve study was completed in September 2019 and that the Board is overdue for an update, and he asked Judy Railsback and Rob Luedke for their initial takeaways from the materials.

2. Current Reserve Fund Balance

Treasurer Paul Duggan reported that the reserve fund currently holds approximately $55,000, which has grown by about $2,049 per year — 3% of the Association's annual budget — under the Board's current policy. President Ondrako noted that an additional $18,916 is expected to be added to reserves this year: the $2,049 annual set-aside plus $16,867.33 left over from this year's road maintenance budget, bringing the reserve total to approximately $74,244.92. One certificate of deposit (CD) totaling $13,000 matures in November; the remaining CDs mature in the spring of 2027, 2028, and 2029.

3. Surplus Funds vs. Reserve Funds

Rob Luedke raised a question about the distinction between "surplus" and "reserve" funds under Colorado HOA guidance, noting that materials the Board had reviewed state that surplus funds not otherwise designated must be returned to owners. John Beebe noted that, historically, leftover annual budget funds have been rolled into the reserve fund (or a road-specific sub-reserve) at year-end so that the operating budget is effectively zeroed out. Paul Duggan clarified that his practice as Treasurer has been to carry over leftover road maintenance funds into the following year's road budget, per a prior board member's direction, rather than formally sweeping them into reserve.

The Board discussed formally documenting a reserve fund policy — including how leftover funds are characterized and allocated — since none of the Association's current governing documents define the reserve fund or its permitted uses. The Board agreed this should be clarified in writing, including consultation with the Association's attorney and the CC&R's/Bylaws Committee, and that any year-end leftover funds should be treated as reserve contributions going forward rather than as "surplus."

Terry raised the concern that if a formal definition was made for the reserve fund, it could limit necessary use for other items, listed below in #5.

4. Bridge Assessment

The Board discussed the community's bridge, widely regarded as the Association's largest potential capital expense, with replacement cost estimates cited anywhere from $250,000 to $1 million (with $300,000 also cited as a working estimate). President Ondrako reported he had reached out to Bud Short, who performed the 2019 reserve study, but had not yet heard back; Mr. Short's last visit cost the Association $457. Rob Luedke raised the possibility of insuring the bridge as a specific asset once its value and remaining lifespan are professionally assessed, but Paul Duggan and Terry noted the Association's current insurance policy is a liability-only policy that does not cover the bridge itself. Rob Luedke volunteered to research and vet additional qualified engineers or consultants, using his professional contacts, to obtain a second opinion on the bridge's condition, remaining lifespan, and replacement cost.

5. Culverts, Fence Line, and Other Infrastructure

John Beebe and Terry raised the community's culverts as a related infrastructure risk, noting that a major culvert near the McSwain property had recently come close to overflowing during heavy rain before it was cleared. Rob Luedke offered the use of his personal backhoe to help clear culverts; John Beebe noted that Bryan Ferguson currently handles most culvert clean-out, along with tractor-bucket work as needed.

Terry also noted the community's perimeter fence — required under Colorado law — as a past example of a budgeted capital item that has not needed funding in recent years, but should be inspected after this winter, and cited the community's mailbox project several years ago as an example of an unbudgeted capital expense that the reserve fund was used to cover.

6. Motions and Votes

A motion was made by Rob Luedke to move the $2,049 annual reserve allocation (3% of the budget, approved as part of last year's budget) into the Association's savings account until the maturing CD is reinvested. The motion was seconded by Judy Railsback and carried by voice vote.

A motion was made by Judy Railsback to move the $16,867.33 remaining from this year's road maintenance budget from the checking account into the savings account, pending a decision on how to allocate and invest those funds. The motion was seconded by Rob Luedke and carried by voice vote.

7. Next Steps

The Board agreed to gather additional information before finalizing a reserve fund structure, including: feedback from Reliance — a company that works with HOAs/POAs across Colorado — at an upcoming meeting on October 8 at the Bayfield Library; a response from Bud Short, or an alternative engineer identified by Rob Luedke, regarding the bridge's condition and expected lifespan; and a review of the Association's bylaws and CC&R's regarding surplus funds and reserve requirements. Judy Railsback noted the Board may meet with Reliance's contact, Alex, before the October 8 meeting.

8. Adjournment

There being no further business, the meeting concluded @ 7:17 pm.
