

**DILLON VALLEY EAST CONDOMINIUM ASSOCIATION  
SPECIAL BOARD OF DIRECTORS MEETING  
July 2, 2024**

**I. CALL TO ORDER**

The meeting was called to order at 6:01 p.m. in the Basic Property Management conference room and via videoconference (\*).

Board members participating were Richard Garcia, Willie Hoevers, Sarah Olson, Joyleen Helcoski and Tammy Ramsey.

Representing Basic Property Management (BPM) were Gary Nicholds and Eric Nicholds. Erika Krainz of Summit Management was recording secretary.

**II. INSURANCE DISCUSSION**

Gary Nicholds reported that last year, DVE was denied coverage by all major carriers including CAU, Philadelphia, Berkshire Hathaway, Chubb and Traveler's. The reasons for denial included the age of the structures, lack of fire sprinklers, wood framed structures, a high fire rating and the \$117,000 claim several years ago. DVE had to go to the excess and surplus market and obtained coverage through Great American. The property policy was \$225,322. There were other policies for D&O, Umbrella and Workers Comp that totaled about \$21,000 for total of \$246,076. In May, a couple of owners tried to get loans and the lenders identified that there was a lack of Ordinance and Law and Wildfire coverage. Gary Nicholds spoke to the agent Steve Dorrado and learned that the secondary market is not required to follow the state guidelines or the Declarations.

One option at this point is a program underwritten by Lloyds of London. They would offer wildfire insurance for 12 months, not pro-rated. For \$2.5 million of coverage, the premium would be \$45 thousand, for \$5 million of coverage, the premium would be \$99,000 and for \$10 million the premium would be \$198,000. Law and Ordinance is prorated and assuming an effective date of August 1, 2024, the premium would be \$210,000. A Special Assessment of \$10 million would cost each owner \$490 on average. A Special Assessment of \$2.5 million would cost each owner \$111 on average (not prorated based on unit square footage).

Gary Nicholds recently spoke to another agent about an option for \$48 million of coverage with the policy effective August 1, 2024 through March 1, 2025. The prorated premiums would be \$380,693 with a \$100,000 deductible or \$324,294 with a \$250,000 deductible. If the decision was made to stay with this company, the annualized policy renewal cost on March 1, 2025 would be \$655,438 for a \$100,000 deductible or \$558,336 for a \$250,000 deductible. This would include Wildfire, and Ordinance and Law coverage.

The current policy could be cancelled effective August 1, 2024 and would be prorated, resulting in a refund of about \$72,000.

Joyleen Helcoski noted that under the current policy, adding Wildfire and Ordinance and Law would cost \$479,000 vs. \$655,000 or \$558,000 with the other policy, but for much less Wildfire coverage.

Gary Nicholds will walk the property with a fuels specialist from the Fire Department and request an opinion regarding potential actions to reduce the risk.

Richard Garcia was leaning toward the lower premium for \$2.5 million of Wildfire for 12 months. Going into next year, CAU could be approached again about potentially switching back to them.

Joyleen Helcoski noted that it needs to determine if the Declarations specify that coverage is required for the full property value since \$2.5 million would not be adequate. **Action Item:** Gary Nicholds will ask Lindsay Smith what amount of wildfire coverage is required per the Declarations.

Richard Garcia requested that Lindsay Smith join the next Board Meeting and to have Madison Tomson create a spreadsheet with all the numbers and cost per unit.

**Motion:** Tammy Ramsey moved to bind the Ordinance and Law coverage. Sarah Olson seconded and the motion carried.

Sarah Olson requested further discussion of the issue pertaining to gas grill on decks at a future meeting.

### III. ADJOURNMENT

Richard Garcia adjourned the meeting at 6:40 p.m.

Approved By: \_\_\_\_\_ Date: \_\_\_\_\_  
Board Member Signature