

BEFORE THE PUBLIC SERVICE COMMISSION OF THE STATE
OF MISSOURI

Cathy J. Orler,)
Complainant,)
v.)
Folsom Ridge, LLC. (Owning and)
Controlling the BIHOA))
Respondent,)

Case No. WC-2006-0082

FILED³

NOV 1 2005

Missouri Public
Service Commission

RESPONSE TO APPLICATION FOR REHEARING OF
COMMISSION'S ORDER DENYING MOTION TO DISMISS

On October 18, 2005, the Public Service Commission of the State of Missouri issued an "Order Denying Motion to Dismiss, and Directing Staff to Investigate and Report," against Folsom Ridge, LLC, owning and controlling the Big Island Homeowners Association.

On October 18, 2005, Folsom Ridge, LLC, owning and controlling the Big Island Homeowners Association, filed an "Application for Rehearing of Commission's Order Denying Motion to Dismiss." In support of its application for rehearing and motion to amend, Folsom Ridge, LLC, owning and controlling the Big Island Homeowners Association, stated the following:

1. In paragraph 5 of the application, Folsom Ridge, LLC, owning and controlling the BIHOA, states that, "The allegations of the complaint, although vague, seem to point only to BIHOA as the entity presumably supplying service and engaging in activities the Commission is empowered to regulate, not Folsom Ridge."

My response to this statement is that, Folsom Ridge, LLC, owning and controlling the BIHOA, and being the creators of the BIHOA, as well as the covenants and by-laws that govern the operations of this association, (exhibits 1 and 2), support and prove the claim that Folsom Ridge LLC, is owning and controlling the BIHOA, and thus resulting in the order of the Commission to investigate. Therefore, my Formal Complaint filed with the PSC on August 18, 2005, against

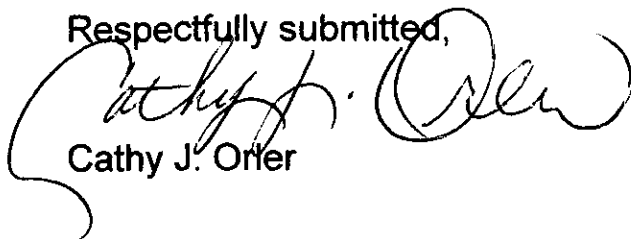
Folsom Ridge LLC, owning and controlling the BIHOA, and the relief requested therein by the PSC to regulate as a public utility as a result of the fact and for the reason that non-members are being billed and/or serviced, remains unyielding and uncompromised. I thereby request the Commission to sustain its "Order Denying Motion to Dismiss, and Directing Staff to Investigate and Report."

Additionally, in support of its application for rehearing and motion to amend, Folsom Ridge LLC, owning and controlling the BIHOA, also stated the following:

2. In paragraph 7 of the application, Folsom Ridge LLC, owning and controlling the BIHOA, also states that, "To counsel's knowledge, notice of the complaint has never been served on BIHOA."

My response to this statement is that Folsom Ridge LLC, owning and controlling the BIHOA, was indeed served notice of my Formal Complaint on August 18, 2005 by the "Notice of Complaint" issued August 19, 2005, by the Public Service Commission of the state of Missouri, via certified mail at Post Office Box 54, Longmont, Colorado 80502. Folsom Ridge and BIHOA, (at the time notice of the Complaint was served), share the same P. O. Box. (Offered in support as proof of this statement, are exhibits 3, 4, 5, 6, 7, 8, 9, 10, 11.)

Respectfully submitted,



Cathy J. Orfer

Certificate of Service

I hereby certify that a true and correct copy of the above and foregoing document was sent this 24th day of October 2005, to the General Counsel's Office, and the Office of Public Counsel, and via U.S. mail, postage prepaid to Mark W. Comley, 601 Monroe Street, Suite 301, P.O. Box 537, Jefferson City, MO. 65102

Exhibit 1

Big Island Homeowners Association
P. O. Box 536
Roach, MO 65787



April 11, 2000

Jeanette Schrader
HCR 67, Box 766
Roach, MO 65787

Re: Big Island Lake Sites

Dear Jeanette:

We are pleased with the progress that we are making on Big Island. The paving of the road and the installation of the water and sewer system have made a difference for the residents. Our water system has been operational since last May and the sewer system is ready to be tapped into. We have just received approval for both the water and sewer from the Department of Natural Resources of Missouri. While we would have preferred a faster response we have had to let the department proceed at their pace.

A [Now that approval is secured we can proceed with the development of the Big Island water and sewer homeowners association. The covenants for this association are enclosed for your review. We will hold a meeting on Thursday, June 1, 2000 to elect individuals to the board from the island. Furthermore, to proceed, you need to sign the attached Ratification to ensure that water and sewer rights remain with your property in accordance with the Big Island water and sewer association. Please review the legal description of your property to be sure it is in accordance with your records.] **A**

After we are in receipt of your signed document, Central Bank will release escrow funds and you will be eligible to tap into the system. If Central Bank does not receive your signed Ratification within 30 days then your escrow money will be refunded to you and you will not be eligible for using the system. Future fees for water and sewer hookup are to be determined by the board of the homeowners association and can be expected to be considerably higher.

Please send the enclosed signature page to Jeff Welsh, c/o Central Bank of Lake of the Ozarks, 140 E. Highway 54, Camdenton, MO 65020. Thank you for your prompt attention to this matter.

Folsom Ridge, LLC



PHILLIPS, McELYEA, WALKER & CARPENTER, P.C

ATTORNEYS AT LAW
190 COURT CIRCLE
P.O. BOX 559
CAMDENTON, MISSOURI 65020
(573) 346-7231
FAX (573) 346-4411

CHARLES E. McELYEA
JOHN L. WALKER
RONALD K. CARPENTER
DAVID T. WELCH
DEIRDRE O'DONNELL

Exhibit 2

BRANCH OFFICE:
P.O. BOX 303
OSAGE BEACH, MO 65065
(573) 348-2247

LEGAL ASSISTANTS: Sharon Piskorski
Gari Luttrell

HUGH PHILLIPS (1911-1997)

May 12, 2000

Mr. David V. Lees
Folsom Ridge LLC
Big Island Development Co.
HCR 60 Box 800
Roach, MO 65787



Mr. Reginald V. Golden &
Mr. Rick Rusaw
Folsom Ridge LLC
2020 Terry Street, Suite A
Longmont, CO 805011



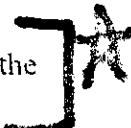
Gentlemen:

I am writing to you on behalf of my client, a committee of concerned twenty plus Big Island Lakesites property owners. Mrs. Jeanette F. Schrader, Mr. Duane F. Stoyer, Mr. Benjamin D. Pugh, and Mr. James B. Kwiatkowski represent this committee. Although many of the property owners have received Mr. David V. Lees' letters dated April 11 and 27, 2000, some have not.

The committee representatives understand that you have delivered to Central Bank of Lake of the Ozarks, as escrow agent, a letter from a licensed engineer stating the sewer system is complete, in place and operational. They also understand that you have provided the escrow agent with a letter from the State of Missouri stating that the sewer system meets all requirements of the State of Missouri. With your completion of these requirements, they understand that the escrow agent should pay to Folsom Ridge LLC the \$4,800.00 that each of property owners deposited into the escrow account. They are agreeable for the transfer of such funds from the escrow agent to Folsom Ridge LLC as provided by the escrow agreement. The property owners understand that they received the right to connect to the sewer system upon payment of their respective \$4,800.00 into the designated escrow account, Folsom Ridge LLC completing the sewer system as promised, and upon completion of the sewer system, the escrow agent delivering their escrowed funds to Folsom Ridge LLC as provided by the escrow agreement. All of these requirements appear to be met. However, the committee representatives note that much clean up associated with the installation of the Water and Sewer Systems needs to be completed even if these systems are now operational.



However the property owners did not understand that they were required to ratify the



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Mr. David Lees
May 12, 2000
Page 2 of 6

particular restrictive covenants (attached to your letter of April 11, 2000) as an additional condition in order to be able to connect to the completed sewer system. The committee representatives have diligently searched all papers received from Mr. David V. Lees on behalf of Folsom Ridge LLC and can not find any documentation, which supports this additional requirement contained in his letters of April 11 and 27, 2000. The property owners, having paid their money into escrow, have a right to connect to the sewer system whether or not they ratify any restrictive covenants. The property owners understand that subjecting their property to mutually agreed upon restrictive covenants may be an appropriate modification to the original agreement made between Folsom Ridge LLC and the individual property owners having a right to connect to the sewer system. However, each of these original agreements can not be modified unilaterally by Folsom Ridge LLC. Whether intended or not, the impression of unilateral modification by Folsom Ridge LLC was given to the individual members of the property owners committee by your recent letters.

The committee members have several concerns regarding the "Declaration of Covenants and Conditions" sent to them with the demand that they ratify such covenants or forfeit their ability to connect to the sewer system. If these concerns are addressed to their satisfaction they will ratify the agreed upon modified restrictive covenants as a modification to the individual original agreements between Folsom Ridge LLC and the individual property owners. If these concerns are not satisfactorily addressed, the individual property owners maintain their right to connect to the sewer system in keeping with the terms of the original agreement between Folsom Ridge LLC and the individual property owners without ratifying your "Declaration of Covenants and Conditions".

In a letter from Mr. Lees, on behalf of Folsom Ridge LLC, to the Big Island Homeowners (dated November 11, 1998) he makes reference to the Homeowners Association. In that letter he states, "The purpose of the (HOA) is to OWN and MAINTAIN the sewer and water facilities". The property owners do not oppose such an association if the powers of that association are limited to the sewer and water facilities in keeping with your earlier representations. Unfortunately, the "Bylaws of Big Island Homeowners Association, Inc." and the "Declaration of Covenants and Conditions" are much broader than the representation made in his November 11, 1998 letter. The powers granted under these two documents extend to the building and maintenance of roads, building restrictions, trash removal, security, etc. These extra purposes were not presented in your earlier representation of November 11, 1998 and were not agreed to by the property owners. The property owners were each offered to the right to connect to the "to be built" sewer system upon a payment into escrow of \$4,800.00 by each property owner. Each of the committee members accepted this offer, did pay the \$4,800.00 into escrow as directed and now that the sewer system is complete has the right to connect to the sewer system.

At this point, I should also add that Mr. Lees, on behalf of Folsom Ridge LLC, stated that Folsom Ridge LLC "intended to accommodate each homeowner with the location of a stub out, most convenient to their needs". Committee representatives say that although a licensed engineer and the State of Missouri have pronounced the sewer system completed, some

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May 12, 2000
Page 3 of 6

homeowners, which paid the \$4,800.00 into escrow, do not have a waste water (sewer) stub installed at their property.

Although not mentioned in any of the other documents attached to the letters of April 11 and 27, 2000, Folsom Ridge LLC also promised each homeowner securing a right to connect to the sewer system that the monthly fee for sewer service would be \$10.00. Mr. Lees on behalf of Folsom Ridge LLC also assured them that such monthly fee would not be charged until the homeowner connects to the sewer system. Finally, Mr. Lees stated that Folsom Ridge LLC would operate the sewer system for the first five years of the sewer system's operation or until seventy-five (75%) per cent of your lots were sold, whichever first occurs. During this period, Folsom Ridge LLC would remain responsible at its cost for repairing or replacing any broken sewer line and any defects resulting from faulty installation of the sewer system. The \$10.00 monthly fee paid by the sewer system users would be applied toward the regular operating costs of the system. At the end of this five-year period, Folsom Ridge LLC would transfer the ownership and the responsibility of operating and maintaining the Water System and Sewer System to an association of system users. The foregoing is not addressed in your documents and will need to be addressed.

The following is a list of specific concerns that the committee members have with the proposed by-laws and covenants and conditions, as well as, proposals that would remedy these concerns. However, your representations as restated in the preceding paragraph will also need to be addressed in these modified documents.

First, the covenants and conditions (Section 1, Article IV) talk in terms of two different assessments: annual and special. However, Section 3, Article IV describes a third assessment, "working capital deposit". This appears to duplicate the annual assessment. Therefore they recommend that the Section 3, Article IV be struck from the covenants and conditions.

Second, Article IV is unclear as to who will pay the assessments. It is their understanding that the annual operating expenses will be apportioned among the actual users of the system. To clarify this we recommend modifying Section 1 of Article IV as follows (new language in Italics):

Section 1. *Parties Responsible for Assessments, Creation of Lien, Personal Obligation.*

All actual users of the Water System and Sewer System, including Declarant and individual lot owners, shall apportion at uniform rate among the actual system users and agree to pay: (I) annual assessments or charges, and (II) special assessments for capital improvements, such assessments to be established and collected as hereinafter provided. The annual and special assessments, together with interest, costs, and reasonable attorney's fees, shall be a charge on the land and shall be a continuing lien upon the property against which each assessment is made. Each such assessment, together with interest, shall become

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the personal obligation of the owner of such Lot or Property at the time when the assessment fell due, and his successors in title. If a Lot or Property is owned by more than one person or entity, the Owners of shall be held jointly and severally liable for all assessments or charges against such Lot.

The third concern that they have with the covenants and conditions involves the expansion of the system. The committee members understand that by each paying the \$4,800.00 each is entitled to connect to the sewer system at any time, i.e. not required to connect immediately. The system is presently supposed to be able to service 80 homes without further modification. When further modification is necessary, this cost should be apportioned among the new users, not the ones already entitled to use the system. To achieve this end, we recommend the following changes. First, we recommend rewriting Section 4 of Article IV entitled "Special Assessment for Capital Improvements" as follows (new language in Italics):

Section 4. Special Assessment for Capital Improvements.

In addition to the annual assessments authorized above, the Association may levy a special assessment for the purpose of defraying, in whole or in part, the cost of any construction, reconstruction, repair or replacement of a capital improvement upon:

a. *With regard to the original Water System and Sewer System, any such special assessment for construction, reconstruction, repair or replacement under this section shall have the assent of two-thirds (2/3rds) of the votes of each class of members who are voting in person or by proxy at a meeting duly called for this purpose, and who are system users or entitled to use such original Water System and Sewer System. The initial Sewer System is designed to serve to 80 homes (included in this number are homes which are entitled to connect to the system but that have not yet established a connection).*

b. *With regard to any expansion of the Water System and Sewer System, any costs to expand the original Water System and Sewer System, shall be assessed against the homeowners wishing to have the system expanded to accommodate their needs. Any such special assessment under this section shall have the assent of two-thirds (2/3rds) of the votes of each class of members who are voting in person or by proxy at a meeting duly called for this purpose, and who are system users or are seeking to become system users.*

Next we recommend that Section 6, Article IV be struck from the covenants and conditions as this section is covered by the recommended rewritten Section 1 and Section 4, Article IV.

Finally, as mentioned previously, the committee members are concerned with the broad powers established in the By-laws of the Big Island Homeowners Association. They believe that the extra purposes of the Association should be removed to properly reflect the purpose of the association. The true purpose of the Homeowners Association is to own and maintain the sewer

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Mr. David Lees
May 12, 2000
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and water facilities. Therefore, parts a, c, e, g, h, the last sentence of l should be deleted from Section 1, Article II of the Association bylaws.

We recommend rewriting that part f, Article II of the Association bylaws as follows (new language in Italics):

f. To manage and control as trustee for its member *the common properties (Water System and Sewer System)* which may now or hereafter be designated as such, and any and all improvements thereon, provided that such management and control of said places and improvements shall at all times be subject to those powers had and exercised by any township, city, county or state or any of them, in which said places and improvements are located.

Also associated with the purpose clauses of the proposed association by laws (and troublesome) are parts l and m, Section 1, Article II indicating the association is a tax exempt organization under the provisions of Section 501 © (3) of the Internal Revenue Code. Although neither the committee members nor myself are tax experts, we do not believe that such an association is a "501 © (3)" tax exempt organization. Therefore, We recommend rewriting that part l, and m, Article II of the Association bylaws as follows (new language in Italics):

l. The corporation shall have the power, either directly or indirectly, either alone or in conjunction or cooperation with others, to do any and all lawful acts and engage in any and all lawful activities which may be necessary, useful, suitable, desirable, or proper for the furtherance, accomplishment, fostering or attainment of any or all of the purposes for which the corporation is organized, and to aid or assist other organizations whose activities are such as to further, accomplish, foster or attain any of such purposes.

m. *In the event of the dissolution of the corporation, members shall be entitled to any distribution or division of its remaining property or its proceeds.*

* [These requests are not unrealistic and more accurately reflect the purposes for which the water and sewer system was originally envisioned. The committee members are willing to agree to modify their original individual agreements with Folsom Ridge LLC and thereby ratify mutually agreed upon covenants and conditions that resolve these concerns. If the concerns are not resolved, we wish to put you and Folsom Ridge LLC on notice that the property owners expect to be able to connect to the sewer system at any time in the future without the payment of any additional amount above the \$4,800.00 already paid. They acquired this right by accepting your original offer and by each paying the \$4,800.00 into escrow as directed.] *

* [If, after reading this letter, Folsom Ridge LLC agrees that the property owners have correctly stated the terms of their agreement with Folsom Ridge LLC with regard to connecting the to sewer system, please contact me so that we can arrange to meet to prepare a Declaration of] *

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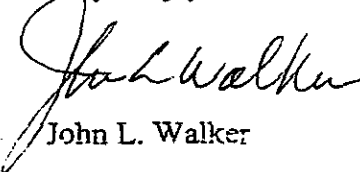
Mr. David Lees
May 12, 2000
Page 6 of 6

Covenants and Conditions to which all parties can agree. If Folsom Ridge LLC does not agree with the contents of this letter, we would appreciate receiving Folsom Ridge LLC's statement of its understanding as to the agreement with the property owners regarding connecting to the sewer system, and the documentation supporting such understanding.

In keeping with the representations already made to the property owners, the escrow agent releases the money to Folsom Ridge LLC upon completion of the system as provided in the escrow agreement. With the escrow agent in receipt of the documents required by the escrow agreement, the escrow agent is in the position to disburse the escrow funds to Folsom Ridge LLC at this time. Although the Water System and Sewer System are complete, Folsom Ridge LLC represented to the property owners that it would operate and maintain the systems for the first five years of operation or until seventy-five (75%) of your lots were sold, whichever first occurs. Therefore, the systems do not need to be immediately transferred to an association, and an association does not immediately need to assume operational responsibility for the systems. Folsom Ridge LLC has an opportunity to meet with the property owners to formulate a mutually agreeable modification of your original agreement as to connection, use and operation of the systems. We urge you to consider using the meeting scheduled for May 30, 2000 to further discuss and resolve how the contemplated Declaration of Covenants and Conditions, as well as the Articles and By Laws of the water and sewer association, can be further improved and made acceptable to all.

I shall await your response.

Very truly yours,



John L. Walker

JLW:jw

CC: Mrs. Jeanette F. Schrader
Mr. Duane F. Stoyer
Mr. Benjamin D. Pugh
Mr. James B. Kwiatkowski
Central Bank of Lake of Ozarks
Attn: Mr. Jeff Welsh

COPY

STATE OF MISSOURI
DEPARTMENT OF NATURAL RESOURCES

Matt Blunt, Governor • Doyle Childers, Director

www.dnr.mo.gov

March 18, 2005

Exhibit 3

Mr. Reggie Golden
Folsom Ridge, L.L.C.
P.O. Box 54
Longmont, CO 80501

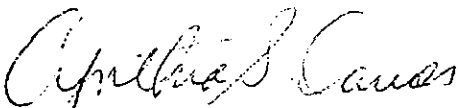
Dear Mr. Golden:

Enclosed is the report of construction inspection for the Big Island Subdivision waterline replacement and extension project in Camden County, Missouri. This report is believed to be self-explanatory, and I trust you will direct your attention to the recommendations contained therein.

After the construction of this project has been completed, please complete and submit the enclosed *APPLICATION FOR WATER MAIN EXTENSION FINAL CONSTRUCTION APPROVAL*, along with the appropriate signatures from the project engineer and the public water supply representative. If you have any questions, please feel free to contact Mr. Clinton J. Finn, P.E. of this office by calling 417-891-4300.

Sincerely,

SOUTHWEST REGIONAL OFFICE



Cynthia S. Davies, Chief
Water Section

CSD/cfb

Enclosures

c: Krehbiel Engineering
Public Drinking Water Branch

CAMDEN/PDW
BIG ISLAND SUBD
MO-3031265
REVIEW #53303-04
029.pdwp.BigIslandSubd.mo3031265.WaterlineReplacement.2005.03.18.fy05.cin.5330304.cjf.doc

Folsom Ridge, LLC *
P. O. Box 54
Longmont, CO 80502

Exhibit 4

February 23, 2005

Cathy Orlor
3252 Big Island Drive
Roach, Missouri 65787

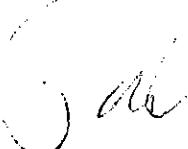
Dear Cathy,

As promised I told you we would work towards an equitable solution in regard to your request for a service line to be run to your property from the main water line. We are committed to seeing that happen and are disappointed that before that could occur you went to DNR to complain.

We had a discussion in regard to this situation this morning with the HOA board and Folsom has agreed to abide by any decision that the HOA board makes in regard to this. You will be hearing from Stan Zeldin shortly in regard to this matter. We are confident that a reasonable solution will be reached for you, the HOA and Folsom Ridge.

Sincerely,

FOLSOM RIDGE, LLC

 *
Rick Rusaw, Manager

Folsom Ridge, LLC
P. O. Box 54
Longmont, CO 80502



Exhibit 5

October 12, 2005

Dear Neighbors,

When it comes to communicating, I'm not in the same league as Walter Cronkite, Tom Brokaw, Edward R. Murrow, or any of the other masters. I'm somewhere down the scale in a league of my own.

Still, my communication shortcomings are not an excuse for not keeping you in the loop. I apologize. My apology is backed by my pledge to do better... starting right now. I'll begin by bringing you up to date on items of interest.

First, we are working with the Department of Natural Resources (DNR) to resolve any remaining issues related to the waterline construction/extension. Through a misunderstanding with our engineer, we extended a portion of the waterline without DNR permission. It was our mistake, and we take responsibility for it. It won't happen again. We have submitted the appropriate paperwork and are awaiting final inspection from DNR. We have also disconnected the portion of the line in question. It will be reconnected when we get the DNR final approval. It now has construction acceptance.

Second, we are in the process of filing a comprehensive response to complaints filed with the Missouri Public Service Commission. We will hold an open meeting with all interested parties to update you on how the issues are resolved, and to respond directly to any questions you may have.

Third, after a heavy rainfall in June, we received several recommendations from DNR on procedures to better cope with storm water run-off during construction. We welcomed the input. The recommendations were put in place to DNR's satisfaction.

Fourth, from the very beginning, Big Island water has been tested and monitored for quality. The tests are conducted by Lake Ozark Water and Sewer (LOWS). When DNR asked for additional testing sites we – through LOWS – complied with that request. Periodically, we have also been conducting separate tests – as have some Island residents. Those results match those of LOWS. Our water is safe. The stringent testing regimen to assure safety will continue.

Fifth, we are proceeding with the PUD. You will notice new homes under construction on the west side of the island near the marina site. Weather and construction materials permitting, the first five homes will be ready for occupancy by summer 2006. Johnson Construction is building the homes, all of which will reflect the excellence of the Johnson reputation.

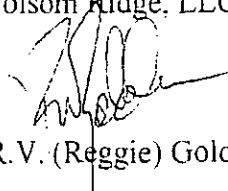
Sixth, if you live in Camden County, you know that until last year there were few development guidelines or restrictions in place. Folsom Ridge, along with other developers and the County, are adjusting to new regulations being used for the first time. We believe the new guidelines and restrictions enhance the entire region. However, adjusting and adapting to the new guidelines and regulations has raised issues where none before existed. Please bear with us as we work through those issues to the benefit of us all.

Seventh – and final – back to my pledge for better communication. I'll be sending you regular updates on our plans and projects as they impact Folsom Ridge and Big Island. Your feedback will be welcomed, and I will respond to your comments, criticisms, or concerns as expeditiously as possible. If you don't want to wait for my updates, give Rick Rusaw or me a call at any time. Rick can be reached at (303) 776-2927, rrusaw@lbcc.org. My number is (303) 702-0708 and my e-mail address is reggieg@dgmllc.com.

We look forward to hearing from you.

Sincerely,

Folsom Ridge, LLC



R.V. (Reggie) Golden, Manager



MISSOURI DEPARTMENT OF NATURAL RESOURCES
NOTICE OF VIOLATION

VIOLATION NUMBER
11210SW

DATE AND TIME ISSUED
 June 28, 2005

Exhibit 6

SOURCE (NAME, ADDRESS, PERMIT NUMBER, LOCATION)

Big Island Subd.

Folsom Ridge, L.L.C., P.O. Box 54, Longmont, CO 80501, (303) 702-0708

MO-3031265

SE1/4, SW1/4, Sec. 31, T39N, R17W; SE1/4, SE1/4, Sec. 1, T38N, R18W; W1/2, Sec. 6, T38N, R17W Camden County

MAILING ADDRESS

Folsom Ridge, L.L.C., P.O. Box 54

CITY

Longmont

STATE

CO

ZIP CODE

80501

NAME OF OWNER OR MANAGER

Mr. Reggie Golden, Folsom Ridge, L.L.C.

TITLE OF OWNER OR MANAGER

Owner

LAW, REGULATION OR PERMIT VIOLATED

Missouri Safe Drinking Water Law Section 640.115.2 RSMo
 Missouri Safe Drinking Water Regulation 10 CSR 60-3.010(1)(A)

NATURE OF VIOLATION

DATE(S):

TIME(S):

Caused or permitted construction, installation or modification of community public water supply without written authorization.

SIGNATURE (PERSON RECEIVING NOTICE)

Sent Via US Mail

SIGNATURE (PERSON ISSUING NOTICE)

Mr. Clinton Finn

TITLE OR POSITION

TITLE OR POSITION

Environmental Engineer/SWRO

DISTRIBUTION: SOURCE CENTRAL OFFICE REGIONAL OFFICE

CARPENTER & WELCH, P.C.
ATTORNEYS AT LAW
190 COURT CIRCLE
P.O. BOX 559
CAMDENTON, MISSOURI 65020
(573) 346-7231
FAX (573) 346-4411

CHARLES E. McELYEA
RONALD K. CARPENTER
DAVID T. WELCH
DEIRDRE O'DONNELL
MICHAEL A. CARTER

LEGAL ASSISTANTS: Sharon Piskorski
Dana Stoufer

HUGH PHILLIPS (1911-1997)

March 21, 2002

Mr. Reggie Golden *
Folsom Ridge LLC
P.O. Box 54
Longmont, CO 80502

Exhibit 7

Via Fax (303) 702-0585

RE: Big Island Property Owners Association

Dear Reggie:

* [Enclosed you will find a copy of a letter I received from Lew Bridges. The approach that Lew Bridges is proposing might be an acceptable compromise, because in essence the people would be members of the Association, but be limited in their participation and assessments on utility service only.] *

Give me a call so we can discuss this.

Very truly yours,

Charles E. McElyea

CEM:sp
enc.

Big Island Homeowners Association
P. O. Box 54
Longmont, CO 80502

Exhibit 8

July 25, 2005

Dear Big Island Resident:

We are writing to inform you that the pump for the water system was struck by lightning over the weekend. This resulted in a pressure drop in the water system. Fortunately a small electric box was all that was damaged. Pumps all over the lake are down due to the storm. Our repairs are complete and there are no known contaminants in the system. As a precautionary measure, Mike McDuffey has recommended that you vigorously boil your water for three minutes prior to use today. Mike is taking a water sample to make sure the system has not been compromised. Results of the water test will be available tomorrow and we will let you know if any other action is necessary. Thank you for your cooperation.

Sincerely,



R. V. (Reggie) Golden
Manager

Big Island Homeowners Association, Inc.
P. O. Box 54
Longmont, CO 80502



May 2, 2005

Exhibit 9

Cathy Orlor
3252 Big Island Drive
Roach, MO 65787

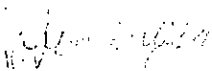
Dear Ms. Orlor,

At the last Homeowners meeting an agreement was reached between you and Folsom Ridge, LLC and the Big Island Homeowners Association, Inc. That agreement was you would pay the appropriate sewer and water fees beginning immediately in exchange for the Big Island Homeowners Association waiving the past due fees and Folsom Ridge, LLC installing a connection point directly in front of your residence. Folsom Ridge, LLC has kept their part of the agreement as the water line connection was installed to your property. At this point no fees have been received by the HOA.

The HOA will not waive any of the past due fees until such time as you begin to pay the appropriate fees going forward. Should you choose not to complete and sustain your part of the agreement, all past due fees will become immediately due and payable. At which point the HOA will take appropriate action. This letter is written with the agreement of the entire HOA Board. Thank you for your immediate attention to this matter.

Enclosed please find a copy of the billing for current fees. We look forward to receiving your payment.

Sincerely,


Robin Engen
Office Manager
Big Island Homeowners Association, Inc.



Big Island Homeowners Association ✱
P. O. Box 54
Longmont, CO 80502

Exhibit 10

March 16, 2005

Dear Member,

You have been invited to the Big Island Homeowners Association Annual Meeting scheduled for May 7, 2005 at 10:00 am at Central Bank Lake of the Ozarks Camdenton Branch. It will be held in their conference room.

Enclosed you will find the meeting minutes from last years meeting as well as the agenda for this years meeting. You will also find the financial reports for 2004 and the 2005 budget for your approval. We will be answering any questions you may have about these items at the meeting.

We understand that a few of you may not be able to attend. However, the bylaws require that we have proxies for your vote to conduct the meeting. If you can't attend please fill out the enclosed proxy and return it to us or Cheryl Martin at the Sales Office. You may also send your proxy to Sandi Davis at Central Bank Lake of the Ozarks Camdenton Branch. We need your proxy to conduct business.

✱ If you have any other questions regarding this meeting or the system, please don't hesitate to call Rick Rusaw at 303-776-2927 or Reggie Golden at 303-702-0708.

Thank you for your attention and we look forward to seeing you on May 7th.

Sincerely,



R. V. (Reggie) Golden
Secretary

Big Island Homeowners Association
P. O. Box 54
Longmont, CO 80502



DENVER
MAR 15 2005 MAR 15

Exhibit II

First Class Mail
First Class Mail

Cathy Orlor
3252 Big Island Dr.
Roach, MO 65787