

BEFORE THE PUBLIC SERVICE COMMISSION OF THE STATE OF
MISSOURI

FILED

Cathy J. Orlor,)
Complainant,)
)
v.) Case No. WC-2006-0082, et al.
)
Folsom Ridge, LLC, (Owning and Controlling)
the Big Island Homeowners' Association),)
Respondents.)
)
In the Matter of the Application of Folsom)
Ridge, LLC., and Big Island Homeowners')
Water and Sewer Association, Inc., for an)
Order Authorizing the Transfer and Assignment) Case No. WO-2007-0277
of Certain Water and Sewer Assets to Big)
Island Water Company and Big Island Sewer)
Company, and in Connection Therewith)
Certain Other Related Transactions)

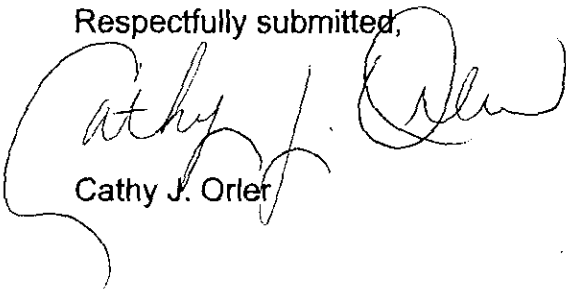
CATHY ORLER'S RESPONSE TO THE COMMISSION'S ORDER REQUIRING
LATE-FILED EXHIBITS

COMES NOW, Cathy J. Orlor, on her own behalf, and pursuant to the Commission's Order issued on March 05, 2007, Ms. Orlor submits to the Commission, late-filed exhibit no. 34 and late-filed exhibit no. 105. Copies of both exhibits were previously distributed to the respective parties during the hearing.

1. Exhibit no. 34 is being submitted as a clean copy
2. At the requests of Commissioners Murray and Clayton during the Opening Comments segment of the hearing, exhibit no. 105 is being submitted

Wherefore, Ms. Orlor submits to the Commission, late-filed exhibits in response to the Commission's Order.

Respectfully submitted,



Cathy J. Orlor

Exhibit
34**Merciel, James**

From: Phil and Tonie Hiley [tphiley@yahoo.com]
Sent: Wednesday, May 10, 2006 11:17 AM
To: Merciel, James
Subject: Order Scheduling Local Public Hearing/Big Island

Mr. Merciel,

My name is Tonie Hiley and I keep a database of all Big Island property owners. I received a copy of the order from Pam Holstead. I see that you were concerned about making sure the residents were aware of the hearing. I wanted to let you know that I have sent the e-mail to all property owners for whom we have e-mail addresses. There are 26 for whom we do not have an e-mail. I have already copied the Order and prepared the envelopes to mail out to those 26. It will be going out in the mail today or tomorrow. In the event you need to be able to mail them out yourself, I would be agreeable to providing you with the entire list.

My husband, Phil Hiley, has been the presidents of our neighborhood group and has kept them informed on any and all things effecting the island property owners. Pam Holstead is a part of that group as well. Mr. Hiley would like a copy of all the complaints, assuming they are public information. Would you be able to send a copy of each complaint as attachments in an e-mail. Your assistance on this would be greatly appreciated.

Sincerely,
Tonie Hiley
Database Manager for Big Island

Attachment 1

5/10/2006

BEFORE THE PUBLIC SERVICE COMMISSION
OF THE STATE OF MISSOURI

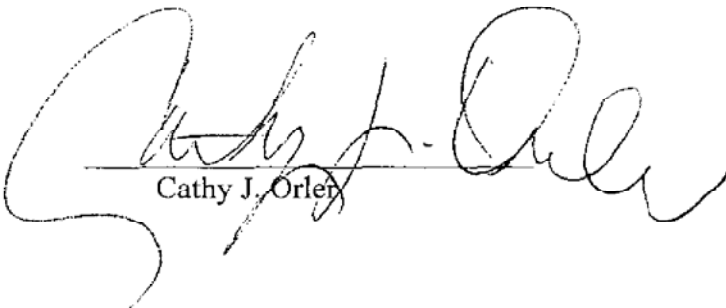
In the Matter of Folsom Ridge, LLC Owning and)
Controlling the Big Island Homeowner Association.)
and the Application of Folsom Ridge and Big)
Island Homeowners Water and Server Association)
Inc. for an Order Authorizing the Transfer and)
Assignment of Certain Water and Sewer Assets to)
Big Island Water Company and Big Island Sewer)
Company, and in Connection Therewith Certain)
Other Related Transactions.in an Unincorporated
Area of Camden County, Missouri

Case No. WA 2006-0480

AFFIDAVIT OF [CATHY J. ORLER]

STATE OF MISSOURI)
)
COUNTY OF CAMDEN)

Cathy J. Orler, of lawful age, on her oath states: that she has participated in the preparation of the foregoing Testimony in question and answer form, consisting of 106 pages to be presented in the above cases; that the answers in the foregoing 1 Testimony were given by her; that she has knowledge of the matters set forth in such answers; and that such matters are true and correct to the best of her knowledge and belief.



Cathy J. Orler



ASHLEY M. HARRISON
My Commission Expires
August 31, 2010
Cole County
Commission #06888970



My Copy

REBUTTAL TESTIMONY

OF

Cathy Orlor

CASE NO. WA-2006-0480

1 Q. PLEASE STATE YOUR NAME AND ADDRESS.

2 A. Cathy Orlor. I reside at 3252 Big Island Dr., Roach Missouri 65787.

3 Q. WHAT IS YOUR EMPLOYMENT EXPERIENCE?

4 A. My professional employment experience: sales/sales management; business
5 management/operations; business management consulting with areas of concentration in growth,
6 performance, productivity, profitability and efficiency. I've been a business owner involved with
7 mergers/acquisitions and sales.

8 Q. WHY ARE YOU PROVIDING TESTIMONY?

9 A. Mr. Golden and Mr. Rusaw have not performed their legal duties. Mr. Golden and Mr. Rusaw have
10 not complied with lawful regulation. Mr. Golden and Mr. Rusaw have created a potential harm to
11 public welfare. My personal interests in the issues before the Missouri Public Service Commission
12 (MPSC) are to ensure that my property value appreciates, relative to the market trends within the
13 economy, and not adversely affected and/or dictated by the water and sewer utility's incorrect
14 installation and/or improper operation, mismanagement and misadministration. I want to protect the
15 assets of my personal property, which are the tangible, physical, water and sewer taps located on my
16 private property, that remain with my property title, and ensure my reserved future connection to the
17 utility with no additional, conditional requirement of membership in any organization, as per the
18 contractual agreement with Mr. Golden and Mr. Rusaw of Folsom Ridge, LLC (F.R.). Additionally,
19 I want to protect my financial investment in the utility, which is identified by the purchase of my
20 water and sewer tap, against the continued negligence of Mr. Golden's and Mr. Rusaw's violations

1 of the laws of the state of Missouri governing the construction and operation and management and
2 administration of the utility, as well as a transfer of these assets without my approval.

3 Q. ARE THERE OTHER REASONS THAT YOU ARE PROVIDING TESTIMONY?

4 A. Yes. I feel it is in the best interests of the public being served, to ensure that safe and adequate water
5 and sewer utility service, is administered effectively and efficiently, now and in the future, through
6 regulation by the Missouri Public Service Commission. It is serving the public's best interests to
7 protect the appreciation of property values from being adversely affected, inhibited and/or dictated
8 by Mr. Golden's and Mr. Rusaw's continued lack of success in the construction, operation,
9 management and administration of the water and sewer utility on Big Island.

10 Q. WHEN DID YOU MOVE TO BIG ISLAND?

11 A. I have been a Big Island property owner since 1999. I've been a permanent resident since 2000. I
12 did not purchase my property from Folsom Ridge, and therefore I am not subject to the restrictive
13 covenants of Folsom Ridge properties, but I am subject to the restrictive covenants that govern the
14 Big Island Lakesites 1st Addition that have been in place since the early 1960's.

15 Q. ARE YOU A MEMBER OF THE BIHOA AT 3252 BIG ISLAND DRIVE?

16 A. No, I have never signed the ratification document of the Amended and Restated Covenants and
17 Conditions of the Big Island Homeowners' Association. (CJO Schedule 1)

18 Q. HAVE THERE BEEN OTHER BIG ISLAND RESIDENTS WHO WERE CONCERNED
19 ABOUT THE REQUIREMENT OF MEMBERSHIP IN THE BIHOA AS AN

1 ADDITIONAL CONDITION TO RECEIVE UTILITY SERVICE THAT WAS NOT
2 A PART OF THE ORIGINAL AGREEMENT?

3 A. Yes, referencing the Escrow Agreement, which was the contractual agreement provided by Folsom
4 Ridge, LLC., to residents who purchased taps, letters written to Central Bank of Lake of the Ozarks,
5 state the residents' concerns with the release of the utility funds, and contractual obligations not
6 being met by Folsom Ridge, LLC.

7 Q. DID RESIDENTS HIRE ATTORNEYS TO REPRESENT THEIR ISSUES OF
8 CONCERN TO MR. GOLDEN AND MR. RUSAW?

9 A. Yes.

10 Q. WHAT WERE THE LEGAL OPINIONS RENDERED AS DETERMINATION
11 REGARDING THESE ISSUES?

12 A. 1. Property owners having paid money into escrow have a right to connect to the water and sewer
13 utility whether or not they have ratified any restrictive covenants which are now being made an
14 additional requirement.

15 2. Residents have several concerns regarding the "Declaration of Covenants and Conditions" sent to
16 them with the demand that they ratify such covenants or forfeit their right to connect to the utility.

17 3. The system is presently supposed to be able to service 80 homes without further modification.
18 When further modification is necessary this cost should be proportioned among the new users,
19 not the ones already entitled to use the system.

1 4. The developer or BIHOA is contractually obligated to provide utility services to those property
2 owners who paid in advance their tap(s) and utility service connection(s).

3 5. The fact that FR (BIHOA) made commitments to non-members to receive utility service is proof
4 that the BIHOA is violating DNR rules and provisions of its license and should be certificated
5 and regulated by the MPSC.

6 6. The BIHOA is operating as an unlicensed public utility by providing utility service to
7 non-members. (CJO Schedule 2)

8 Q. WHY DID MR. GOLDEN AND MR. RUSAW CHOOSE NOT TO BECOME
9 CERTIFIED AS A LICENSED PUBLIC UTILITY AT THE TIME THESE
10 LEGAL OPINIONS WERE RENDERED?

11 A. Mr. McElyea, (attorney representing Mr. Golden and Mr. Rusaw of Folsom Ridge and the BIHOA),
12 advised Mr. Golden to "consider" individuals members, who were not members.

13 Q. HOW DO YOU KNOW THAT MR. GOLDEN WAS ADVISED BY MR. MCELYEA TO
14 "AVOID RUNNING AFOUL OF THE MPSC" TO "CONSIDER" INDIVIDUALS,
15 MEMBERS OF THE BIHOA?

16 A. I have a copy of the letter sent from Mr. McElyea to Mr. Golden, stating such. (CJO Schedule 3)

17 Q. WERE YOU EVER COERCED OR INTIMIDATED BY FOLSOM RIDGE, LLC
18 AND/OR BIHOA?

1 A. Yes, I was threatened and intimidated by Mr. Golden, Mr. Rusaw, and Mr. McElyea at the BIHOA
2 members meeting. I attended in May of 2005. Mr. Golden, Mr. Rusaw, and Mr. McElyea stated that
3 the corrected installation of my water line, as mandated by the Attorney General's Office and the
4 DNR in the Settlement Agreement, would not be completed, unless I paid back fees as a non-
5 member, not being connected to the utility system, and not receiving any service, to the BIHOA. At
6 that time, and Mr. Stan Zeldon, Big Island resident who holds a board position on the BIHOA, said
7 he would negotiate with Mr. Golden and Mr. Rusaw regarding the amount I owed, if I would consent
8 to membership, and start paying fees at that time. Cindy Fortney and I were singled out of the group
9 of attendees, by Mr. Rusaw's statement before the group, that we were the only one's not paying
10 these fees; I later asked Mr. Rusaw to prove this statement with support documentation such as
11 billing records, and/or membership information. None was provided. I then referenced
12 conversations I had had with the DNR concerning my water line reinstallation being contingent on
13 the payment of fees, (as per Mr. Golden and Mr. Rusaw), and clarified to Mr. Golden, Mr. Rusaw,
14 and Mr. McElyea, that this corrected reinstallation was required by DNR to meet state regulations,
15 and they could not impose fees as a requirement and/or qualification for a correctly installed water
16 line. I then emphasized to Mr. Golden, the potential health risks that were involved by not correctly
17 installing the water line, and Mr. Golden stated to me that he had taken care of this issue by
18 disconnecting my existing water line. I was being threatened and intimidated to pay fees and join the
19 BIHOA. (CJO Schedule 4)

20 Q. HAS MR. GOLDEN OR MR. RUSAW SHOWN ANY WILLINGNESS TO
21 COOPERATE WITH YOU OR OTHER RESIDENTS AND/OR THE MPSC WITH
22 REGARD TO THE ISSUES OF BIHOA MEMBERSHIP, BY HONORING THE

1 REQUESTS OF INDIVIDUAL RESIDENTS AND/OR ORDERS BY THE
2 COMMISSION, COMPELLING THE PRODUCTION OF MEMBERSHIP DOCUMENTS
3 AND BILLING INFORMATION?

4 A. No. (CJO Schedule 5)

5 Q. WHAT DOCUMENTATION HAS BEEN REQUESTED?

6 A. The following documents have been requested:

7 1. A BIHOA membership listing of individual members; exclusive to the BIHOA and the members

8 of that organization specifically, and not combined with any other document and/or listing of

9 individuals for any purpose, other than the listing of members in the BIHOA.

10 2. Signed copies of the ratification documents of the "Amended and Restated Covenants and

11 Conditions," bearing the signatures of the individuals agreeing to the terms of such Covenants.

12 3. Copies of individual bills, billing statements, invoices, assessments and/or any communications

13 Requesting the payment of fees, dues, assessments, rates; or any service and/or product

14 associated with the water and sewer utility, for which a monetary sum is being charged, and

15 payment is expected. These documents also included any requests for payment of "hook-up"

16 fees, and/or connection fees. These documents requested, were for the years beginning

January 01, 2000; January 01, 2001; January 01, 2002; January 01, 2003; January 01, 2004;

January 01, 2005; and January 01, 2006 to the date of the request, and included notices sent to individuals in the years 2000 and 2001, for all periods prior to the year 2000.

Q. WERE ALL EFFORTS IN ATTEMPTED NEGOTIATIONS WITH MR. GOLDEN AND MR. RUSAW OF FOLSOM RIDGE, LLC TOWARDS A RESOLVE TO UTILITY ISSUES EXHAUSTED PRIOR TO YOU FILING A FORMAL COMPLAINT WITH THE MPSC?

A. Yes.

Q. WHAT WAS THE FINAL DETERMINING FACTOR THAT PROMPTED THE FILING OF YOUR FORMAL COMPLAINT WITH THE MPSC?

A. I was threatened, intimidated and harassed with the threat of a lawsuit for erroneous back fees owed to the BIHOA.

Q. ARE YOU CONTINUING TO BE BILLED BY THE BIHOA AS A NON-MEMBER FOR NO SERVICE RECEIVED AND NOT BEING CONNECTED TO THE UTILITY?

A. Yes. (CJO Schedule 6)

Q. IN REFERENCE TO BARBARA BRUNK'S BB SCHEDULE 1, DOES HER PREVIOUS PROFESSIONAL EXPERIENCE INCLUDE ANY WATER AND SEWER UTILITY CONSTRUCTION, MANAGEMENT, OPERATION AND/OR

1 ADMINISTRATION?

2 A. No. Ms. Brunk has no experience in water and sewer utilities.

3 Q. IN REFERENCE TO BARBARA BRUNK'S BB SCHEDULE 1, HAS SHE TAKEN
4 ANY EDUCATIONAL COURSES ASSOCIATED WITH MWWC, REGARDING WATER
5 AND SEWER UTILITIES IN PREPARATION FOR CERTIFICATION BY
6 APPLICATION?

7 A. No. It appears that anyone seeking certification would/should make an effort to educate themselves
8 regarding the area for which they are seeking certification, particularly if they have no previous
9 experience in this field. <http://www.mwwc.info/>

10 Q. DOES MS. BRUNK'S POSITION AS SECRETARY WITH BIG ISLAND WATER
11 AND SEWER COMPANY INVOLVE DIRECT RESPONSIBILITY FOR THE
12 MANAGEMENT, OPERATION AND/OR ADMINISTRATION OF THE WATER AND
13 SEWER UTILITY?

14 A. No, according to her direct testimony page 1, line item 16, and Big Island Water and Sewer
15 Company Bylaws of the Big Island Water and Sewer Company (BB schedule 7) page 9, section 7;
16 Ms. Brunk in general, performs all duties incident to the office of Secretary.

17 Q. HOW CAN MS. BRUNK BE PROVIDING COMPLETE AND DIRECT TESTIMONY
18 TO THE BIG ISLAND WATER AND SEWER UTILITY ISSUES BEFORE THE
19 COMMISSION THAT OCCURRED BEGINNING IN 1998, PRIOR TO HER

1 BECOMING A CONSULTANT TO FOLSOM RIDGE, LLC IN EARLY SUMMER
2 2004?

3 A. According to her direct testimony, page 2, line items 2-4 she was employed by Mr. Golden and Mr.
4 Rusaw of Folsom Ridge LLC as a consultant in early summer 2004; therefore her knowledge and
5 ability to provide direct testimony regarding any issues prior to her employment in 2004 is limited to
6 unfounded information and word of mouth, and does not come from personal involvement.
7 Moreover, Ms. Brunk is not experienced in the area of water and sewer utility, and therefore cannot
8 render a professional opinion.

9 Q. WHY DIDN'T REGINALD V. GOLDEN AND FREDERICK S. (RICK) RUSAW
10 FILE TESTIMONY IN THIS CASE?

11 A. Both Reginald Golden and Rick Rusaw currently hold and have held key executive decision-making
12 and direct operational management positions in Folsom Ridge LLC, Big Island Water and Sewer
13 Association, and Big Island Homeowners' Association from 1997 to present; and control the HOA
14 by the voting of lots, and the majority appointment of board positions of the HOA. Mr. Golden and
15 Mr. Rusaw are the responsible parties for the issues before the commission. Furthermore, Mr.
16 Golden and Mr. Rusaw, are now seeking certification from the Missouri Public Service Commission
17 for a Certificate of Convenience and Necessity as Applicant, Big Island Water and Sewer Company,
18 Inc. in this case. Therefore, their testimony is paramount.

19 Q. AS REFERENCED IN HIS PROFESSIONAL BIOGRAPHY, WHAT TYPE OF
20 UTILITY INSTALLATION WAS MR. GOLDEN RESPONSIBLE FOR IN 1986
21 AND 1987 (REGINALD'S BIOGRAPHY)?

1 A. If his experience was water and sewer utility installation, then how does Mr. Golden explain the
2 incorrect installation of the water and sewer utility on Big Island? If Mr. Golden's utility experience
3 was other than water and sewer utility, does Mr. Golden have specific water and sewer utility
4 training and/or experience?

5 Q. DOES MR. RUSAW'S PROFESSIONAL BIOGRAPHY DEMONSTRATE PREVIOUS
6 WATER AND SEWER UTILITY EXPERIENCE?

7 A. No.

8 Q. WHAT QUALIFICATIONS AND/OR PREVIOUS PROFESSIONAL EXPERIENCES
9 DO EITHER MR. GOLDEN AND/OR MR. RUSAW HAVE IN OWNING,
10 OPERATING AND MANAGING A WATER AND SEWER UTILITY?

11 A. According to their biographies, none. All of the Big Island Water and Sewer utility issues presently
12 before the Commission, and those that must be addressed in the jurisdiction of civil court, are a result
13 of Mr. Golden's and Mr. Rusaw's inabilities and unsuccessful attempt at utility ownership, operation,
14 and management. The issues created in this unsuccessful attempt, are listed in chronological order:

15 1. In 1998, Mr. Golden solicited existing property owners to purchase a water tap for \$2,000.00
16 and/or a sewer tap for \$4,800.00. The funds generated from the tap sales/purchases, bankrolled and
17 cash flowed the construction of the utility. This agreement entitled tap purchasers a guaranteed
18 future right of connection to the utility, with no additional charges until their time of connection, at
19 which point they would be charged for their service(s) received. There were no other requirements

- 1 and/or conditions of membership in any organization, as a stipulation to receive service. (CJO
- 2 Schedule 7)
- 3 2. Incorrect utility construction/installation.
- 4 3. Some individuals who had purchased taps, as well as those individuals who purchased property
- 5 from Folsom Ridge were then connected to the utility, after the construction was complete.
- 6 4. An oversubscription to the utility was created, as a result of active connections to the utility with
- 7 the combined existing and reserved connections.
- 8 5. The Big Island Homeowners' Association was NOT established until 2 years later, in the year
- 9 2000. (CJO Schedule 8)
- 10 6. The BIHOA is controlled by Folsom Ridge through the voting of lots and by the majority of
- 11 board representation. (CJO Schedule 9)
- 12 7. Folsom Ridge subsidizes the utility's operation; the utility rate structure is artificially low, and
- 13 does not allow for the accrual of a capital reserve fund.
- 14 8. Because the BIHOA was not organized and functional at the time that the tap agreements were
- 15 made, and/or at the time individuals were connected to the utility, many individuals who are NOT
- 16 members, are being billed and/or serviced. (CJO Schedule 10)
- 17 9. Mr. Golden and Mr. Rusaw, have threatened, intimidated, and coerced individuals into joining
- 18 the BIHOA.

1 10. Real estate transactions were interrupted and impeded by Mr. McElyea, under the pretense
2 that erroneous membership fees were due before the properties could be closed on. Mr. McElyea
3 tried to halt these closings by demanding that fees be paid, and membership signatures be obtained.
4 These properties were not Folsom Ridge properties, and were not governed by the covenants and
5 conditions of F.R. properties.

6 11. Numerous DNR violations, some repeat violations have been committed throughout the
7 construction of the utility; and continuing into the present. (Refer to the Benjamin D. Pugh
8 Testimony).

9 12. Mr. Golden and Mr. Rusaw made commitments to residents under signature, but have not
10 obligated themselves to those commitments. (Ref: CJO Schedule 2 and Schedule 8)

11 Q. IS THE LEGAL DESCRIPTION OF BB SCHEDULE 8, THE 350 ACRES
12 PURCHASED BY FOLSOM RIDGE LLC?

13 A. MS. Brunk's testimony page 4, line 2 does not indicate Folsom Ridge LLC purchased this property
14 nor does it refer to the BB Schedule 8 as the legal description.

15 Q. DID FOLSOM RIDGE PLAT THE CENTER OF THE ISLAND TO ESTABLISH A
16 BASELINE OF DENSITY FOR FUTURE DEVELOPMENT?

17 A. No, it was done to protect their property rights as a result of the planning and zoning meeting where
18 Big Island residents opposed the proposed rezoning of Big Island from single family to multi family
19 by Mr. Golden and Mr. Rusaw. (CJO Schedule 11)

1 Q. WHEN WAS THE EXTENSION TO THE ORIGINAL PHASE 1 WATER AND
2 SEWER UTILITY CONSTRUCTED?

3 A. Wastewater construction permit # 26-3390 was issued by the DNR on June 23, 2000 and Waterline
4 extension construction permit # PWS MO 3031265 was issued by the DNR on March 07, 2000.

5 Q. IS PHASE 1, OF FOLSOM RIDGE'S DEVELOPMENT ON BIG AS REPRESENTED BY
6 MR. GOLDEN AND MR. RUSAW TO RESIDENTS, DNR, AND THE MISSOURI PUBLIC
7 SERVICE COMMISSION, THE SAME AS THE PHASE 1 OF THE PUD? ("BIG ISLAND
8 PLANNED UNIT DEVELOPMENT").

9 A. No. Information provided to Big Island residents, DNR, and the Missouri Public Service
10 Commission, by Mr. Reggie Golden and Mr. Rick Rusaw, representing Folsom Ridge, states that
11 Phase 1 of Folsom Ridge's Development on Big Island includes these subdivisions only: Portage
12 Park Unit #1, Portage Park Unit #3, Big Island Lakesites, and Big Island Lakesites First Addition.
13 (CJO Schedule 12, and Ref: Schedule 8).

14 Q. WAS THE ORIGINAL PHASE 1 WATER AND SEWER UTILITY DESIGNED TO
15 SERVICE THIS NEWLY FORMED PUD AND/OR THE ISLAND VIEW ESTATES
16 (PAGE 6, LINE 7-9)?

17 A. No, it was to service Big Island Lake Sites, Big Island Lake Sites First Edition, Portage Park Unit 1
18 and Portage Park Unit 3. The water and sewer utility was not designed to service areas outside these
19 boundaries.

1 Q. IN THE "BIG ISLAND PLANNED UNIT DEVELOPMENT" (PUD),
2 APPLICATION SUBMITTED BY MR. GOLDEN, MR. RUSAW, AND MS.
3 BRUNK, TO CAMDEN COUNTY PLANNING AND ZONING, IT STATES THAT,
4 "...ALL LOTS AND NEW HOMES WILL BE CONNECTED TO THE COMMUNITY
5 WATER AND SANITARY SEWER SYSTEM." HOW CAN THESE LOTS/HOMES
6 CONNECT TO THE COMMUNITY WATER AND SEWER SYSTEM, WHEN THE
7 AMENDED AND RESTATED COVENANTS AND RESRTICTIONS, DO NOT
8 INCLUDE THESE SUBDIVISIONS WITHIN THE BOUNDARIES OF THE WATER
9 AND SEWER SYSTEM?

10 A. Again, Mr. Golden and Mr. Rusaw are in violation of their own restrictions, and have provided
11 incorrect information to the Planning and Zoning Board. Big Island West and Big Island Central, are
12 not within the boundary of the water and sewer utility. (CJO Schedule 13 - PUD Application)

13 Q. DID MR. GOLDEN AND MR. RUSAW, (FOLSM RIDGE), CONNECT OTHER
14 PHASES OF THEIR DEVELOPMENT TO THE PHASE 1 WATER AND SEWER
15 SYSTEM WITHOUT FIRST ADDING THE EXPANSION TO THE ORIGINAL
16 SYSTEM AS REQUIRED BY DNR, OR AS COMMITTED TO RESIDENTS?

17 A. Yes.

18 Q. WHEN WERE THE RESTRICTIVE COVENANTS OF THE BIG ISLAND HOA
19 RECORDED AND IMPLEMENTED?

20 A. December 29, 2000.

1 Q. WAS THIS DATE BEFORE OR AFTER THE SOLICITATION, SALE AND
2 PURCHASE OF WATER AND SEWER TAPS TO EXISTING RESIDENTS BY MR.
3 LEES, MR. GOLDEN, AND MR. RUSAW FO FOLSOM RIDGE?

4 A. This date was approximately 2 years later.

5 Q. HOW DID FOLSOM RIDGE IMPOSE THE COVENANTS AND RESTRICTIONS OF
6 THE BIG ISLAND HOA AT THE TIME OF SALE, IF PROPERTIES WERE
7 PURCHASED PRIOR TO THE RECORDING OF THE RESTRICTIVE COVENANTS
8 FOR THE BIG ISLAND HOA, IN DECEMBER 2000?

9 A. After the purchase of the properties Folsom Ridge tried to obtain signatures by coercing, threats and
10 intimidation. Some amendments were made to the original covenants and restrictions to entice or
11 attract individuals to sign the ratification document, but many concerns about the language of the
12 documents, still existed.

13 Folsom Ridge corresponded to residents that they would not be allowed to connect to the system in
14 the future unless they ratified these documents. (Contrary to original agreement for the sale and
15 purchase of the taps).

16 Recent real estate transactions were interfered with when Mr. McElyea tried to impose membership
17 on individuals during the property closings.

18 Q. WAS THE LAND PURCHASED BY FOLSOM RIDGE, LLC ADJACENT TO BIG
19 ISLAND, 160 OR 190 ACRES?

1 A. On page 2, line 20; Ms. Brunk's direct testimony states Folsom Ridge LLC purchased an adjacent
2 190 acres. Under signatures of R.V. (Reggie) Golden, Rick Rusaw, and David Lees, correspondence
3 from Folsom Ridge LLC to Big Island residents states 160 acres; in "restricting the boundary of the
4 HOA to only include the causeway and the island thus eliminating approximately 160 acres that is
5 somewhat separate anyway." (CJO Schedule 1 -- Correspondence from Folsom Ridge to Big Island
6 residents)

7 Q. OF THE TOTAL, APPROXIMATE 593 LOTS AVAILABLE FOR PURCHASE, HOW MANY
8 LOTS HAVE BEEN SOLD BY FOLSOM RIDGE, SINCE MR. GOLDEN AND MR.
9 RUSAW PURCHASED THE UNDEVELOPED LAND ON BIG ISLAND IN 1998?

10 A. This information was not provided, however, I think the percentage is relatively small.

11 Q. WHAT WAS THE OBJECTIVE OF MR. GOLDEN AND MR. RUSAW, (FOLSOM RIDGE),
12 IN "PLATTING" AND "REPLATTING" PORTIONS OF THE LAND REFERRED TO ON
13 PAGE 2, LINE 22; of MS. BRUNK'S TESTIMONY?

14 A. According to Mr. Golden, in an e-mail he sent to Mr. Hiley on Friday, May 08, 2004, "...we had no
15 choice but to protect our property rights based on what happened at last week's meeting. While we
16 do not believe this necessarily serves us or you in the best interest. It is truly unfortunate that we
17 were forced to plat the island in this manner." (Ref: CJO Schedule 11 -- E-mail from Mr. Golden to
18 Mr. Hiley)

1 Q. HAS MR. GOLDEN AND/OR MR. RUSAW PURCHASED OTHER PROPERTIES
2 ASSOCIATED WITH BIG ISLAND THAT HAVE NOT BEEN PURCHASED IN THE
3 NAME OF FOLSOM RIDGE?

4 A. Yes - I believe so.

5 Q. MS. BRUNK STATES IN HER TESTIMONY THAT "THE VISION FOR BIG ISLAND
6 DEVELOPMENT HAS CHANGED OVER TIME." WAS THIS CHANGE IN VISION, A
7 RESULT OF MR. GOLDEN AND MR. RUSAW PROTECTING THEIR PROPERTY
8 RIGHTS BY PLATTING AND REPLATTING?

9 A. Yes.

10 Q. AS A PART OF THE CHANGING VISION FOR BIG ISLAND BY MR. GOLDEN AND MR.
11 RUSAW, DID MR. GOLDEN AND MR. RUSAW REPRESENT TO POTENTIAL BIG
12 ISLAND PROPERTY BUYERS AS STATED IN THE AMENDED AND RESTATED
13 COVENANTS AND RESTRICTIONS, THAT THE DEVELOPMENT WAS A PLANNED
14 SINGLE FAMILY COMMUNITY DEVELOPMENT?

15 A. Yes.

16 Q. DID MR. GOLDEN AND RUSAW THEN CHANGE THE LANGUAGE OF THE AMENDED
17 AND RESTATED COVENANTS AND CONDITIONS, AS WELL AS THE PRIOR
18 REPRESENTATION MADE TO NOW EXISTING RESIDENTS THAT WERE THEN
19 PROSPECTIVE BUYERS, THAT THE SINGLE FAMILY DEVELOPMENT IN WHICH

1 THEY PURCHASED PROPERTY WOULD NOW CONTAIN DUPLEXES, TRIPLEXES
2 AND QUADPLEXES, AND THESE MULTI FAMILY STRUCTURES WOULD NOW
3 SHARE THE PROPERTY LINE BOUNDARIES OF THE SINGLE FAMILY
4 RESIDENCES?

5 A. Yes.

6 Q. IS THE WATER AND SEWER UTILITY, CONSTRUCTED BY MR. GOLDEN AND
7 MR. RUSAW, (FOLSOM RIDGE), A PART OF THE NECESSARY
8 INFRASTRUCTURE THAT WAS INSTALLED TO DEVELOP THEIR LAND?
9 (PAGE2, LINE 22 OF MS, BRUNK'S TESTIMONY)

10 A. Yes. As permitted by DNR in the construction permits issued in 1998, the utility was specifically
11 designed and intended to serve a maximum capacity of 80 lots within Phase 1 of the Big Island
12 development; and to include only these subdivisions: Portage Park #1, Portage Park #3, Big Island
13 Lakesites, and Big Island Lakesites First Addition. (CJO Schedule 14 - Escrow Agreement)

14 As defined by DNR in permit conditions: "The eighty houses within the Big Island Development
15 will be considered to be the original existing thirty-six houses along with the construction of forty-
16 four new houses or connections." (CJO Schedule 15)

17 Q. DID MR. GOLDEN AND MR. RUSAW, REPRESENTING FOLSOM RIDGE, COMMIT TO
18 RESIDENTS, AND DNR, UNDER SIGNATURE, BOUNDARIES TO THE WATER AND
19 SEWER UTILITY SYSTEM OF THE PHASE 1 DEVELOPMENT?

20 A. Yes.

1 Q. ARE BIG ISLAND CENTRAL, BIG ISLAND WEST, AND ISLAND VIEW ESTATES,
2 (THE NEW SUBDIVISIONS UNDER CONSTRUCTION BY MR. GOLDEN AND MR.
3 RUSAW OF F. R.), LOCATED IN THE PHASE 1 OF THE DEVELOPMENT OF BIG
4 ISLAND?

5 A. No.

6 Q. DOES MR. KREHBIEL IN BOTH HIS DIRECT TESTIMONY AND IN THE FEASIBILITY
7 STUDY, CONFIRM THE PHASES OF THE BIG ISLAND DEVELOPMENT AND THE
8 BOUNDARIES TO THOSE PHASES?

9 A. Yes.

10 Q. DOES THE CURRENT CONSTRUCTION IN THE NEW SUBDIVISIONS BY MR.
11 GOLDEN AND MR. RUSAW, AND INVOLVING MR. KREHBIEL AS ENGINEER FOR
12 THE PROJECT, ADHERE TO THE BOUNDARIES OF THE VARIOUS PHASES OF
13 DEVELOPMENT?

14 A. No.

15 Q. HOW DO MS. BRUNK,(AS PER HER DIRECT TESTIMONY), AND MR. GOLDEN, AND
16 MR. RUSAW EXPLAIN THE VIOLATIONS OF THE PHASE 1 BOUNDARY?

17 A. No explanation was given.

1 Q. OF WHAT SIGNIFICANCE, ARE THE BOUNDARIES OF THE WATER AND
2 SEWER UTILITY SYSTEM OF THE PHASE 1 DEVELOPMENT?

3 A. Mr. Golden and Mr. Rusaw, of Folsom Ridge, under signature, committed to residents, that, "As set
4 out in the newly Amended and Restated Declaration of Covenants and Conditions, Folsom, or its
5 successor, will pay the entire cost and expense of all expansions to the water and sewer system as
6 needed or required by the Missouri Department of Natural Resources to fully serve the land area
7 described in the Amended and Restated Declaration of Covenants and Conditions beyond the
8 original planned 80 homes, which is the maximum number of homes that can be served by the
9 existing water system and sewer system."

10 Q. WHAT DOES THIS MEAN?

11 A. This means that the projected utility rates proposed in the Feasibility Study from the Global Analysis
12 in the Pro Forma statements, are incorrect. Any proposed utility rate(s) that include any costs
13 associated with any expansion outside the Phase 1 Development, cannot be charged to any resident
14 of the Phase 1 Development, (Portage Park #1, Portage Park #3, Big Island Lakesites, and Big Island
15 Lakesites First Addition). Costs associated with the expansion of the water and/or sewer system can
16 only be charged as a part of the cost of service, and/or through special assessments, to those residents
17 outside the boundaries of the Phase 1 Development, and/or to residents to whom this commitment
18 was not made. Those residential utility customer addresses outside the boundaries of the Phase 1
19 Development currently include: 3458 Big Island Drive; 3514 Big Island Drive; 3610 Big Island
20 Drive; the address formerly known as the "Day" residence and identified to the Commission as
21 being the lot adjacent to lot # W -19 and serviced by telephone communications box # F11, (there are

1 no house numbers or a mail box at this location to identify an address by number); all of the new,
2 single family attached homes for sale by Folsom Ridge, and the community pool servicing those
3 residences.

4 Q. IS THERE ANYTHING ELSE REGARDING THE PROJECTED UTILITY RATES
5 PROPOSED IN THE FEASIBILITY STUDY THAT RAISE A QUESTION?

6 A. Yes. Mr. Krehbiel estimates that 20 dwelling units will be added in 2007, twenty in 2008, and 20 in
7 2009. However, it is also stated that the present utility, currently has 50 customers. If the current
8 number of utility customers, (50), is divided by the number of years the utility has been operational,
9 (8), then the average number of increased utility connections per year equates to 6.25 new customer
10 connections annually.

11 Q. HOW DOES MR. KREHBIEL EXPLAIN ADDING AN ESTIMATED 20 CONNECTIONS
12 ANNUALLY?

13 A. If an additional 20 unit connections were to be added annually, according to Mr. Krehbiel's estimated
14 projection, Folsom Ridge must improve dramatically and increase their past and present sales
15 success ratio. Mr. Golden's and Mr. Rusaw's actual performance demonstrates that 6.25 customers
16 have been added to the utility annually. This total number of 6.25 connections per year, for the entire
17 8 years that the utility has been operational, is still less than what Mr. Krehbiel has projected over a 3
18 year period. (i.e. 6.25×3 years of projections = 18.75 total number of connections over a 3 year
19 period; NOT 20 connections per year, totaling 60 connections for a 3 year period).

- 1 Q. IF FOLSOM RIDGE HAS CONCENTRATED ENTIRELY ON ITS DEVELOPMENT OF
2 BIG ISLAND AND THE ADJACENT 190 ACRES, (PAGE 3, LINE 6 OF MS. BRUNK'S
3 TESTIMONY), HOW DOES FOLSOM RIDGE EXPLAIN AN 8 YEAR DOCUMENTED
4 HISTORY TO PRESENT, OF IMPROPERLY CONSTRUCTING THE WATER AND
5 SEWER UTILITY SYSTEM, COMBINED WITH ITS MISMANAGEMENT AND
6 IMPROPER OPERATION IN ITS MISADMINISTRATION, AND COMMITTING
7 NUMEROUS AND REPEAT DNR VIOLATIONS?
- 8 A. Mr. Golden and Mr. Rusaw, lack the capabilities necessary to successfully construct, own, operate,
9 and manage effectively and efficiently a water and sewer utility, as proven throughout the past 8
10 years.
- 11 Q. IF THIS IS NOT THE FIRST, NOR THE ONLY REAL ESTATE DEVELOPMENT
12 MEMBERS OF THE COMPANY HAVE BEEN INVOLVED IN, ACCORDING TO MS.
13 BRUNK'S TESTIMONY, WHAT ARE THE OTHER REALESTATE DEVELOPMENTS,
14 AND HAVE THERE BEEN ANY ISSUES RAISED BY RESIDENTS CONCERNING
15 THESE DEVELOPMENTS?
- 16 A. Yes - Lifebridge. Lifebridge development in Colorado is a project involving Mr. Golden and Mr.
17 Rusaw, and the Lifebridge church where Mr. Golden is a member and Mr. Rusaw is senior minister.
18 There have been some similar concerns raised by residents there, regarding that project.
- 19 Q. SPECIFICALLY, HOW DID MR. GOLDEN AND MR. RUSAW REVISE THEIR PUD
20 PLANS TO RESPOND TO THE CONCERNS OF THE BIG ISLAND RESIDENTS?

1 A. Mr. Golden and Mr. Rusaw incorporated the sale of the interior of the island to Big Island residents,
2 with their PUD submission to Camden County Planning and Zoning. When residents were not able
3 to afford the purchase of the interior of the island at the inflated price of Mr. Golden and Mr. Rusaw,
4 the PUD was approved. In other words, the sale of the interior of the island by Mr. Golden and Mr.
5 Rusaw to residents, was to be in exchange for, and/or contingent on the proposed PUD that Big
6 Island residents were opposing in Planning and Zoning.

7 Q. WAS THIS PROPOSED SALE/PURCHASE OF THE INTERIOR OF THE ISLAND TO
8 RESIDENTS, FRAUDGELENT IN NATURE?

9 A. Yes. It was not disclosed to residents that the purchase of the interior of the island would be through
10 a newly created homeowners' association, in which membership would be imposed upon residents
11 with 100% participation. This association would then purchase the interior of the island; if there
12 happened to be members of this association who were not able to afford their proportionate share of
13 the interior purchase, a lien would be attached against their property. In other words, membership in
14 this newly created association would be imposed against the will of many residents, as well as the
15 purchase of the interior of the island, as well as the attachments of liens against the properties of
16 these individuals whom were not in favor of any and/or all of this proposal. The only disclosure
17 made to residents regarding this transaction, was the question: "Would you be interested in
18 purchasing the interior of the island, as a means of preserving green space?"

19 Q. IF THIS DISCLOSURE WAS NOT MADE TO THE RESIDENTS, HOW IS IT THAT YOU
20 ARE AWARE OF IT?

1 A. I have a copy of a private E-mail sent between Big Island residents Mr. Bill Burford, Mr. Phil Hiley,
2 and Mr. Rick saw representing Folsom Ridge. This E-mail specifies the arrangement. (CJO
3 Schedule 16).

4 Q. HOW IS IT THAT YOU HAVE A COPY OF THIS PRIVATE E-MAIL IN YOUR
5 POSSESSION?

6 A. At the time, I was co-chair of a group of residents opposing the request of Folsom Ridge to Camden
7 County Planning and Zoning, to rezone Big Island to multi family. Mr. Hiley sat as chair on that
8 same committee. Although I sat as co-chair on this same committee, I was excluded from the
9 meetings that took place regarding the purchase of the interior of the island, because I was not in
10 agreement with Mr. Hiley regarding this purchase for 2 reasons: a.. The purchase of the interior of
11 the island should not be associated with the PUD b. The sales price by Folsom Ridge of the interior
12 of the island was greatly inflated. Mr. Hiley had become very upset with Mr. Burford, when Mr.
13 Burford did not follow the instructions he was given by Mr. Hiley in his meeting with Mr. Rusaw.
14 When I questioned Mr. Hiley regarding his present mood, he threw a copy of the E-mail across the
15 table to me.

16 Q. MS. BRUNK HAS DEVOTED A GREAT DEAL OF HER TESTIMONY TO THE FUTURE
17 DEVELOPMENT OF BIG ISLAND BY MR. GOLDEN, MR. RUSAW, AND HERSELF.
18 HOWEVER, WHAT RELEVANCY DOES THIS FUTURE DEVELOPMENT HAVE WITH
19 RESPECT TO THE ISSUES IN THE CASES BEFOR THE COMMISSION?

1 A. None. Past behavior dictates future performance. The issues in the cases before the Commission are
2 a direct result of the present and past performance of Mr. Golden and Mr. Rusaw, and their lack of
3 capabilities in an unsuccessful attempt to construct, and effectively and efficiently operate, own,
4 manage and administer a water and sewer utility.

5 Q. IS THE PERSONAL RESIDENCE ON BIG ISLAND OWNED BY MR. GOLDEN AND MR.
6 RUSAW FOR SALE?

7 A. Yes.

8 Q. DID THE GENERAL SURVEY OF EXISTING HOMEOWNERS REGARDING INTEREST
9 IN A FUTURE CONNECTION TO THE CENTRAL WATER AND SEWER SYSTEM
10 DONE BY MR. GOLDEN AND MR. RUSAW, INCLUDE A LETTER TO LISA PETERSON
11 AT CHALEANT THOMPSONS ABSTRACT TITLE INSURANCE, REQUESTING
12 OWNERSHIP ON LOTS TO SEE WHO MIGHT BE INTERESTED IN BUYING A TAP?

13 A. Yes. (CJO Schedule 17)

14 Q. IF MR. GOLDEN AND MR. RUSAW EXERCISED PRUDENT PLANNING,
15 (ACCORDING TO MS. BRUNK'S TESTIMONY), TO INCLUDE PROVISIONS FOR
16 EXISTING HOMES TO HOOK UP TO THE UTILITY SYSTEM, HOW DO THEY
17 EXPLAIN NOT HAVING AN ESTABLISHED HOA IN PLACE TO OWN, OPERATE,
18 MAINTAIN AND ADMINISTER THE UTILITY AND ITS SERVICES AT THE TIME OF
19 THE SOLICITATION, SALES, AND PURCHASES OF THE WATER AND SEWER

1 UTILITY TAPS TO EXISTING RESIDENTS, OR AT THE TIME OF CONNECTING
2 RESIDENTS TO THE UTILITY TO RECEIVE SERVICE?

3 A. It would appear that no planning was done.

4 Q. CAN MS. BRUNK PROVIDE PROOF THAT THE CONSTRUCTION AND
5 INSTALLATION OF BOTH SYSTEMS ARE IN COMPLETE COMPLIANCE WITH ALL
6 REGULATORY AGENCIES?

7 A. None was provided with her testimony.

8 Q. MS. BRUNK STATES IN HER TESTIMONY THAT "...UPON NOTICE OF VIOLATION
9 FOLSOM FOLLOWED UP TO INVESTIGATE THE PROBLEM, HIRED THE
10 APPROPRIATE LOCAL ENGINEER OR CONTRACTOR TO ASSIST WITH
11 DETERMINING THE APPROPRIATE SOLUTION AND IMPLEMENTED A PLAN TO
12 RESOLVE THE ISSUE." WHY THEN, IS LITIGATION PENDING AGAINST MR. LEES
13 SEEKING INDEMNIFICATION FROM HIM FOR THE COSTS OF CORRECTING THE
14 IMPROPERLY INSTALLED UTILTY LINES, INSTEAD OF THE ENGINEER OR
15 CONTRACTOR?

16 A. It appears that Ms. Brunk's testimony lacks credibility, and that Mr. Golden and Mr. Rusaw say one
17 thing and do another.

18 Q. MS. BRUNK STATES IN HER TESTIMONY THAT MR. GOLDEN AND MR. RUSAW DID
19 NOT HAVE DIRECT INVOLVEMENT IN THE INITIAL CONSTRUCTION OF THE

1 FACILITIES. THEY WERE INTENDED TO BE INVESTMENT PARTNERS ONLY. DID
2 MS. BRUNK SUPPLY A COPY OF THE PARTNERSHIP AGREEMENT INDICATING
3 THAT MR. GOLDEN AND MR. RUSAW WERE INVESTMENT PARTNERS ONLY, TO
4 SUPPORT HER STATEMENT.

5 A. No.

6 Q. DOES MR. RUSAW'S BIOGRAPHY STATE THAT HE IS A MANAGING PARTNER IN
7 FOLSOM RIDGE DEVELOPMENT?

8 A. Yes.

9 Q. CAN RESIDENTS OF BIG ISLAND, COMPLAINANTS, AND INTERVENORS PROVIDE
10 TESTIMONY AND SUPPORT DOCUMENTATION TO PROVE THAT MR. GOLDEN
11 AND MR. RUSAW WERE DIRECTLY INVOLVED WITH THE INITIAL
12 CONSTRUCTION OF THE UTILITY FACILITIES?

13 A. Yes.

14 Q. CAN INTERVENORS AND COMPLAINANTS PROVIDE TESTIMONY AND SUPPORT
15 DOCUMENTATION TO INDICATE THAT MR. LEES, MR. GOLDEN, AND MR. RUSAW
16 WERE ACTING AS THREE EQUAL, MANAGING PARTNERS IN THE BIG ISLAND
17 DEVELOPMENT PROJECT?

18 A. Yes.

1 Q. WERE COMPLAINTS SUBMITTED TO DNR BY BIG ISLAND RESIDENTS
2 REGARDING THE INSTALLATION OF THE WATER AND SEWER LINES ON BIG
3 ISLAND, BEFORE MR. LEES WAS TERMINATED AS A MEMBER OF FOLSOM
4 RIDGE?

|| Deleted:

5 A. Yes.

6 Q. WAS MR. GOLDEN PERSONALLY MADE AWARE OF THE INCORRECT
7 INSTALLATION OF THE WATER AND SEWER UTILITY LINES BY BIG ISLAND
8 RESIDENTS, BEFORE MR. LEES WAS TERMINATED AS A PARTNER?

9 A. Yes.

10 Q. DID MR. GOLDEN AND MR. RUSAW, UNDER SIGNATURE TO RESIDENTS, VERIFY
11 THE CORRECT INSTALLATION OF THE WATER AND SEWER UTILITY?

12 A. Yes. (Ref: Schedule 8 and Schedule 12)

13 Q. FOR WHAT PURPOSE AND WHEN, WAS THE BIG ISLAND HOMEOWNERS'
14 ASSOCIATION NAME CHANGED TO THE BIG ISLAND HOMEOWNERS' WATER
15 AND SEWER ASSOCIATION?

16 A. This information has not been provided to residents of Big Island, although numerous requests have
17 been made.

18 Q. WHY DID THE ASSOCIATION NOT BEGIN THE BILLING FOR THE UTILITY
19 SERVICES AS SOON AS INDIVIDUALS WERE CONNECTED?

1 A. Because the association did not exist.

2 Q. WHO IS THE OWNER OF THE WATER AND SEWER UTILITY ON BIG ISLAND?

3 A. Documents signed by Mr. Golden and/or Mr. Rusaw state that Folsom Ridge owns the water and
4 sewer utility, and other documents signed by Mr. Golden and/or Mr. Rusaw indicate that the BIHOA
5 owns the water and sewer utility. (CJO Schedule 18)

6 Q. DOES THIS MEAN THAT MR. GOLDEN AND/OR MR. RUSAW HAVE PROVIDED
7 FALSE AND INCONSISTENT INFORMATION REGARDING THE OWNERSHIP OF
8 THIS UTILITY?

9 A. Yes.

10 Q. IN NUMEROUS DOCUMENTS FILED WITH THE PSC IN BOTH THE COMPLAINT
11 CASE AND THE APPLICATION CASE, HAVE COMPLAINANTS AND INTERVENORS
12 RAISED THE QUESTION OF OWNERSHIP TO THE PSC?

13 A. Yes.

14 Q. HAVE COMPLAINANTS AND INTERVENORS REQUESTED COPIES OF PROPERTY
15 TITLES TO PROVE OWNERSHIP OF THE UTILITY?

16 A. Yes.

17 Q. HAVE THESE DOCUMENTS BEEN SUPPLIED?

18 A. No.

1 Q. SINCE THE BIHOA WAS NOT ESTABLISHED WITH A DECLARATION OF
2 COVENANTS UNTIL THE YEAR 2000, HOW WERE MR. GOLDEN AND MR. RUSAW
3 ABLE TO IMPOSE THE DECLARATION OF COVENANTS AND RESTRICTIONS AT
4 THE TIME OF THE SALE OF FOLSOM RIDGE PROPERTIES TO NEW OWNERS?

5 A. They were not.

6 Q. WERE THERE SOME BIG ISLAND RESIDENTS WHO DID NOT VOLUNTARILY
7 AGREE TO THE TERMS AND CONDITIONS OF THOSE CONENANTS?

8 A. Yes.

9 Q. WERE THERE SOME RESIDENTS WHO WERE THREATENED, INTIMIDATED, AND
10 COERESED INTO SIGNING THESE COVENANTS?

11 A. Yes.

12 Q. FOR THOSE RESIDENTS WHO REFUSED TO SIGN THESE COVENANTS, DID MR.
13 MCELYEA STATE TO MR. GOLDEN IN A LETTER THAT THESE INDIVIDUALS
14 SHOULD BE 'CONSIDERED MEMBERS?' (CJO Ref: Schedule 3)

15 A. Yes.

16 Q. WAS THIS A UNILATTERAL DECISION MADE BETWEEN MR. MCELYEA AND MR.
17 GOLDEN, AND NOT A BILATTERAL AGREEMENT INVOLVING THE MUTUAL
18 CONSCENT OF THE RESIDENTUAL HOMEOWNER?

1 A. Yes.

2 Q. DID MS. BRUNK PROVIDE EITHER MEMBERSHIP AND/OR BILLING INFORMATION
3 TO PROVE HER TESTIMONY THAT THE UTILITY HAS 60 CUSTOMERS?

4 A. No.

5 Q. HAVE RESIDENTS, COMPLAINANTS, AND INTERVENORS, (BOTH PERSONALLY
6 AND AS A PART OF THE PROCEDURAL PROCESS BEFORE THE PSC), REQUESTED
7 MEMBERSHIP INFORMATION AND BILLING INFORMATION FROM MR. GOLDEN,
8 MR. RUSAW, FOLSOM RIDGE, BIWSA, (A.K.A - BIHOA), MR. MCELYEA, AND MR.
9 COMLEY?

10 A. Yes.

11 Q. HAS THIS INFORMATION BEEN PROVIDED?

12 A. No.

13 Q. HAS THE COMMISSION ISSUED AN ORDER COMPELLING THIS INFORMATION
14 TO BE PROVIDED?

15 A. Yes - twice.

1 Q. HAS THIS INFORMATION BEEN PROVIDED AS A RESULT OF THE
2 COMMISSION'S TWO (2) ORDERS COMPELLING PRODUCTION OF THIS
3 INFORMATION?

4 A. No.

5 Q. MS. BRUNK STATES THAT THERE ARE RESIDENTS ON BIG ISLAND WHO PAID A
6 CONNECTION OR TAP ON FEE, IS THIS CORRECT?

7 A. No -- residents purchased a physical water and/or sewer tap. This is a tangible item located on their
8 private property, and is a personal property asset they own.

9 Q. IN MS. BRUNK'S TESTMONY, SHE STATED THAT THE RATES FOR SEWER ARE
10 \$15.00 PER MONTH AND THE RATES FOR WATER SERVICE ARE \$ 10.00 PER
11 MONTH. HOW ARE THESE RATES BASED?

12 A. Ms. Brunk provided no basis for the rate structure.

13 Q. AT THE HOMEOWNERS' MEETING HELD IN MAY OF 2006, DID MR. GOLDEN
14 REDUCE THE WATER AND SEWER UTILITY RATES?

15 A. Yes -- by approximately half.

16 Q. DID MR. GOLDEN PROVIDE A COST ANALYSIS TO SUPPORT HIS REDUCTION OF
17 THE UTILITY RATES?

18 A. No.

1 Q. IS THERE AN ACCRUED CAPITAL RESERVE WITHIN THE ASSOCIATION?

2 A. No.

3 Q. WAS THERE A LINE ITEM ASSOCIATED WITH THE REIMBURSEMENT OF THE
4 ASSOCIATION TO FOLSOM RIDGE FOR THE \$7,000.00 OWED TO FOLSOM BY THE
5 HOMEOWNERS' ASSOCIATION, IN THE PROFIT AND LOSS OF BUDGET VS.
6 ACTUAL PROVIDED TO HOMEOWNERS BY MR. GOLDEN AND MR. RUSAW?

7 A. No. (CJO Schedule 19)

8 Q. DID MR. GOLDEN STATE AT THIS MEETING THAT THIS AMOUNT HAD BEEN
9 PAID?

10 A. Yes.

11 Q. WHY IS THIS AMOUNT OWED TO FOLSOM RIDGE, NOT SHOWN AS A
12 REOCCURING AND ACCRUING LINE ITEM EXPENSE OWED, AND/OR PAID?

13 A. Ineffective and inefficient bookkeeping within the association by Mr. Golden and Mr. Rusaw.

14 Q. HAVE RESIDENTS OF BIG ISLAND BEEN TOLD BY MR. GOLDEN AND MR. RUSAW,
15 THAT IF THIS UTILITY IS REGULATED BY THE PSC, THAT THEIR UTILITY RATES
16 WILL DOUBLE, TRIPLE, AND SKY ROCKET AS A RESULT OF THE PSC
17 REGULATION?

18 A. Yes.

1 Q. WERE RESIDENTS PROVIDED A COST BASIS TO SUPPORT THIS INFORMATION
2 THEY WERE BEING GIVEN REGARDING THE INCREASED UTILITY COSTS
3 ASSOCIATED WITH PSC REGULATION?

4 A. No.

5 Q. ARE NON-MEMBERS OF THE ASSOCIATION, PRESENTLY BEING BILLED AND/OR
6 SERVICED?

7 A. Yes

8 Q. MS. BRUNK STATES IN HER TESTIMONY, THAT"FOLSOM RIDGE AND THE
9 ASSOCIATION BELIEVE THAT THE SERVICES PROVIDED ARE IN COMPLIANCE
10 WITH THE MISSOURI PUBLIC SERVICE COMMISSION LAW." IS MS. BRUNK
11 AWARE THAT THE ASSOCIATION PRESENTLY PROVIDING THE CURRENT
12 UTILITY SERVICES IS NOT WITHIN THE JURISDICTION OF THE PSC, BUT THE
13 DNR?

14 A. Apparently not.

15 Q. IS MS. BRUNK AWARE THAT IF THE UTILITY SERVICES PROVIDED ARE IN
16 COMPLIANCE WITH THE PSC, THE UTILITY WOULD ALREADY BE REGULATED,
17 AND THE PROVIDER WOULD ALREADY BE CERTIFICATED?

18 A. Apparently not.

1 Q. IS MS. BRUNK AWARE THAT BY THE ASSOCIATION BILLING AND/OR SERVICING
2 INDIVIDUALS THAT ARE NOT MEMBERS OF THE ASSOCIATION, IS WHAT
3 PROMPTED THE COMPLAINTS BEING FILED WITH THE MPSC? IS MS. BRUNK
4 ALSO AWARE THAT THE REGULATIONS OF THE JURISDICTION OF THE DNR,
5 GOVERNING THE OPERATIONS OF THE UTILITY BY A HOMEOWNERS
6 ASSOCIATION, REQUIRE THAT ALL INDIVIDUALS BE MEMBERS OF THE
7 ASSOCIATION, THAT ARE BEING BILLED AND/OR SERVICED?

8 A. Apparently not.

9 Q. IN MS. BRUNK'S TESTIMONY SHE STATES: "...AGREEMENT, (ASSET TRANSFER),
10 IS EXPRESSLY CONDITIONED UPON THE ASSOCIATION'S MEMBERSHIP
11 APPROVAL IF IT IS DETERMINED THAT SUCH APPROVAL WILL BE REQUIRED
12 UNDER THE GOVERNING BYLAWS AND THE COVENANTS AND RESTRICTIONS
13 APPLICABLE TO THE PROPERTIES THAT RATIFIED THEM." SINCE THERE ARE
14 INDIVIDUALS WHO ARE NOT MEMBERS OF THE ASSOCIATION BY
15 RATIFICATION OF THE COVENANTS AND CONDITIONS, YET THEY OWN UTILITY
16 ASSETS, SUCH AS THE TANGIBLE WATER AND SEWER TAPS THAT ARE
17 LOCATED ON THEIR PRIVATE PROPERTY, AND HAVE A FINANCIAL
18 INVESTMENT IN THE UTILITY, HOW DOES MS. BRUNK PROPOSE TO TRANSFER
19 THE ASSETS OF THE UTILITY?

20 Q. Ms. Brunk did not address this issue.

1 Q. HAVE INTERVENORS IN THIS CASE, RAISED THIS ISSUE TO THE COMMISSION?

2 A. Yes.

3 Q. WHAT OTHER AREA SHOULD BE INCLUDED IN THE SERVICE AREA?

4 A. Ms. Brunk did not state this new area to be served. She merely references a legal description in the
5 BB Schedule 8.

6 Q. WHAT TESTIMONY DO YOU HAVE REGARDING MR. HUGHES DIRECT
7 TESTIMONY?

8 A. Since the control of the association has been with Mr. Golden and Mr. Rusaw, and all requests for
9 billing and/or membership information have been ignored by Mr. Golden and Mr. Rusaw, no
10 statements in Mr. Hughes testimony can be confirmed and/or denied. In addition, since the operation
11 of the facility is being subsidized by Folsom Ridge (Mr. Golden and Mr. Rusaw) Mr. Hughes
12 testimony can only be questioned?

13 Q. HOW DID MR. MCDUFFEY BECOME AWARE OF THE NOV ISSUED IN JUNE OF 2005
14 BY THE DNR, REGARDING A LACK OF SITE SAMPLING PLAN FOR THE SYSTEM?

15 A. In the Public Hearing held in June of 2006, I personally asked Mr. McDuffey about this NOV. His
16 statement under oath was that he would probably get that before Folsom, but that he was not aware
17 of what I meant by improper water sampling, or the NOV. However, now in his direct testimony, he
18 is knowledgeable of this NOV.

1 Q. IN MR. MCDUFFEY'S DIRECT TESTIMONY, HE STATES, "...THE SEPTIC TANK IS
2 AN IMPORTANT PART OF THE WASTEWATER TREATMENT PROCESS, AND IS
3 OWNED BY THE PROPERTY OWNER." THEREFORE, HOW CAN THE
4 APPLICATION STATE THAT, "...OPERATION OF MULTIPLE WELLS AND SEPTIC
5 SYSTEMS MAY ADVERSELY AFFECT THE QUALITY OF THE AQUIFER WHICH
6 PROVIDES DRINKING WATER TO ALL RESIDENTS OF THE AREA?"

7 A. Again, this proves Mr. Golden's, Mr. Rusaw's, and Ms. Brunk's lack of necessary knowledge and/or
8 capabilities to operate, manage, and effectively and efficiently administrate a water and sewer utility.

9 Q. HAS YOUR REBUTTAL TESTIMONY BEEN REVISED AND/OR MODIFIED?

10 A. Yes.

11 Q. FOR WHAT PURPOSE?

12 A. To allow the Big Island Water and Sewer Company, Inc. certification case to move forward, as
13 recommended to intervenors by PSC staff in a meeting held on December 13, 2006.

14 Q. WHY DID THE PSC STAFF MAKE THIS RECOMMENDATION TO THE
15 INTERVENORS?

16 A. Complainants and intervenors have made the request for relief to the Commission, for a regulated
17 public utility, by a certificated company and/or individual, with no association and/or affiliation with
18 Mr. Golden or Mr. Rusaw, or Folsom Ridge, LLC. Complainants and intervenors provided the
19 Commission with a letter of acceptance to the appointment of receiver to the water and sewer utility

1 on Big Island, from Mr. Gary Cover. (CJO Schedule 20). Complainants and intervenors want to
2 make clear to the Commission, that they are not asking that ownership of utility assets be transferred
3 to the receiver - only the responsibilities of operation, management, and administration of the
4 utility and its service. However, staff personnel stated that the Commission could not appoint a
5 receiver to operate, manage and administer the utility and its service, without first being under the
6 jurisdiction of the PSC as a regulated utility. Therefore, intervenors should allow the certification
7 case to move forward, contingent on conditions to the certification as specified by the staff and
8 intervenors, and imposed by the Commission with the granting of the certification.

9 Q. WHAT WAS THE PURPOSE OF THE MEETING SCHEDULED BY INTERVENORS
10 WITH THE PSC STAFF ON DECEMBER 13, 2006?

11 A. To discuss the proposal of a 393 Private Water Corporation and Private Sewer Corporation made by
12 Ms. Pam Holstead, Big Island resident.

13 Q. IS MS. HOLSTEAD A COMPLAINANT AND/OR AN INTERVENOR IN THESE CASES
14 BEFORE THE COMMISSION?

15 A. No - although Ms. Holstead had the same opportunity as other residents to become actively involved
16 as a party in the water and sewer utility issues, by either filing a formal complaint with the PSC,
17 and/or becoming an intervenor in the application case.

18 Q. WHAT IS MS. HOLSTEAD'S INVOLVEMENT IN THESE CASES BEFORE THE
19 COMMISSION?

1 A. On September 19, 2006, Ms. Pam Holstead, circulated to Big Island residents, her proposed solution
2 to the utility issues. The information Ms. Holstead distributed to residents, was her personal
3 interpretation of a 393 Not for Profit Water Company, and a 393 Not for Profit Sewer Company.
4 Ms. Holstead did not provide the 393 Missouri Statutes or rules and by-laws as a part of her
5 information; however, she was requesting residents to vote "yes" or "no" for the central water and
6 sewer system to be deeded to a 393 Corporation.

7 Q. DID MS. HOLSTEAD ORGANIZE A PUBLIC MEETING FOR THE BIG ISLAND
8 RESIDENTS TO PRESENT HER PROPOSED SOLUTION OF A 393 TO THE UTILITY
9 ISSUES?

10 A. No.

11 Q. HOW DID MS. HOLSTEAD MAKE HER PROPOSAL AVAILABLE TO RESIDENTS?

12 A. Ms. Holstead delivered her proposal to area residents by placing it in their mailboxes. Her proposal
13 was not delivered in a stamped/metered envelop, and Ms. Holstead is not a U.S. postal carrier.

14 Q. SINCE MS. HOLSTEAD IS NOT A PARTY TO THESE CASES BEFORE THE
15 COMMISSION, AND SINCE MS. HOLSTEAD DID NOT PRESENT HER PROPOSAL AT
16 A PUBLIC MEETING, HOW WAS THE COMMISSION MADE AWARE OF MS.
17 HOLSTEAD'S ACTIONS?

18 A. Intervenor and Complainant, Ms. Cathy Orlor, filed a statement to the Commission on or about
19 September 22, 2006, entitled, "Intervenor's Disclosure to the Commission," to inform the

1 Commission of Ms. Holstead's actions, as well as a detailed listing of why Ms. Holstead's proposed
2 solution of a 393, would not resolve any of the utility issues, but instead, create other issues that
3 would involve litigation being brought against the 393 corps by several residents of Big Island. (CJO
4 Schedule 21).

5 Q. DID MS. HOLSTEAD CONTINUE HER PURSUIT OF THE 393 PRIVATE NOT FOR
6 PROFIT WATER AND SEWER CORPORATIONS?

7 A. Yes. On November 27, 2006, Ms. Holstead scheduled a meeting with PSC staff, to include Mr. Rick
8 Rusaw, representing Folsom Ridge, LLC., Big Island Water and Sewer Association, (f.k.a. Big
9 Island Homeowners' Association), and applicant, Big Island Water and Sewer Company, Inc., as
10 well as Mr. Mark Comley representing Mr. Rusaw as legal counsel on behalf of Folsom Ridge,
11 LLC., Big Island Water and Sewer Association, (f.k.a. Big Island Homeowners' Association), and
12 applicant, Big Island Water and Sewer Company, Inc. Intervenors in this case were not notified of
13 this meeting, and likewise were not invited to attend. There was no memorandum sent to intervenors
14 outlining the content of the meeting discussions, and there were no remarks posted to EFIS as public
15 comments, regarding this meeting. Intervenors learned of this meeting from other island residents.

16 Q. AS A RESULT OF THIS NON-PUBLIC MEETING, WHAT INITIATIVE AND ACTION
17 DID INTERVENORS TAKE TO ENSURE THAT THE PUBLIC'S BEST INTERESTS
18 WERE BEING SERVED IN THIS CASE?

1 A. Intervenors scheduled a meeting with the PSC staff on December 13, 2006, to discuss the 393 proposal
2 presented by Ms. Holstead. Intervenors also invited additional members of the PSC staff, as well as
3 General Counsel and Public Counsel to attend.

4 Q. WHAT SIGNIFICANT INFORMATION DID INTERVENORS OBTAIN, AS A RESULT OF
5 THIS MEETING?

6 A. Intervenors learned that Ms. Holstead had presented her 393 proposal, as having a majority support of
7 the island residents, although no public meeting had been organized by Ms. Holstead and
8 complainants and/or intervenors are unanimously opposed to the 393 Private Not for Profit Water
9 and Sewer Corporations, and the transfer of utility assets to an unregulated entity. Additionally,
10 intervenors asked if Ms. Holstead had provided the staff, as confirmation of her majority support, a
11 copy by resident signature, of what she was representing to be a "majority" of residents, as well as a
12 copy of the document she had presented to these residents, to indicate exactly what these residents
13 were in agreement with and understanding of, in their support of the 393 Corporations to own and
14 operate the water and sewer utilities on Big Island. The staff said no.

15 Q. SINCE MS. HOLSTEAD DID NOT PROVIDE THE STAFF WITH SUPPORT
16 DOCUMENTATION TO PROVE HER STATEMENT OF A "MAJORITY SUPPORT,"
17 CAN INTERVENORS SUPPLY DOCUMENTATION TO PROVE TO THE COMMISSION,
18 THAT MS. HOLSTEAD HAS OPPOSITION TO HER PROPOSAL?

19 A. Yes — signed letters from residents. (CJO Schedule 22).

1 Q. WHAT OTHER SIGNIFICANT INFORMATION WAS DISCOVERED BY THE
2 INTERVENORS AT THIS MEETING?

3 A. Intervenors also learned that Ms. Holstead had submitted copies of the 393 corporations' by-laws to
4 the staff..

5 Q. HAD MS. HOLSTEAD PROVIDED COPIES OF THE CORPORATIONS' BY-LAWS TO
6 THE INTERVENORS?

7 A. No.

8 Q. DID INTERVENORS REQUEST COPIES OF THESE DOCUMENTS FROM MR. DALE
9 JOHANSEN?

10 A. YES.

11 Q. DID MR. JOHANSEN PROVIDE COPIES TO THE INTERVENORS?

12 A. No -- their requests were denied.

13 Q. DID INTERVENORS MAKE THIS SAME REQUEST FOR COPIES OF THE 393
14 CORPORATIONS' BY-LAWS TO MR. COMLEY IN A TELEPHONE CONFERENCE
15 CALL ON DECEMBER 14, 2006?

16 A. Yes.

17 Q. DID MR. COMLEY PROVIDE COPIES OF THESE DOCUMENTS TO THE
18 INTERVENORS?

1 A. No--their requests were denied.

2 Q. DURING THIS TELEPHONE CONFERENCE WITH MR. COMLEY, DID INTERVENORS
3 INFORM MR. COMLEY OF THEIR WILLINGNESS TO ALLOW THE CERTIFICATION
4 CASE TO MOVE FORWARD, BUT WITH CONDITIONS AS DETERMINED BY THE
5 PSC STAFF AND INTERVENORS, AND INPOSED BY THE COMMISSION WITH THE
6 GRANTING OF A CERTIFICATE?

7 A. Yes.

8 Q. DID INTERVENORS ALSO INFROM MR. COMLEY THAT 393 PRIVATE WATER AND
9 SEWER CORPS DID NOT ADDRESS AND/OR RESOLVE ANY OF THE UTILITY
10 ISSUES IN THESE CASES BEFORE THE COMMISSION?

11 A. Yes.

12 Q. DID INTERVENORS ALSO MAKE VERY CLEAR TO MR. COMLEY, THAT IF THE
13 ASSETS OF THE WATER AND SEWER UTILITY ON BIG ISLAND WERE
14 TRANSFERRED TO THE 393 PRIVATE WATER AND SEWER CORPS, OVER THEIR
15 OBJECTIONS, AND IF AS A RESULT OF THIS TRANSFER OF ASSETS, MEMBERSHIP
16 WAS NOW BEING IMPOSED ON INDIVIDUALS AS A CONDITIONAL REQUIREMENT
17 TO BE ABLE TO CONTINUE TO RECEIVE THEIR UTILITY SERVICE, THAT
18 LITIGATION WOULD IMMEDIATELY BE BROUGHT AGAINST THE 393 CORPS?

19 A. Yes.

1 Q. DID INTERVENORS ALSO IN GOOD FAITH WITH MR. COMLEY, COMMIT TO THE
2 REVISION AND MODIFICATION OF THEIR REBUTTALS TO ALLOW THE
3 CERTIFICATION CASE TO MOVE FORWARD?

4 A. Yes.

5 Q. HAVE YOU OBLIGATED YOURSELF TO THIS COMMITMENT IN YOUR REBUTTAL
6 TESTIMONY?

7 A. Yes.

8 Q. HAVE YOU READ, UNDERSTAND, AND AGREE WITH THE REBUTTAL TESTIMONIES
9 OF MR. BENJAMIN D. PUGH AND CINDY FORTNEY?

10 A. Yes.

11 Q. DOES THIS CONCLUDE YOUR TESTIMONY?

12 A. Yes.

13 Q. DOES THIS CONCLUDE YOUR REBUTTAL TESTIMONY?

14 A. Yes

15 .

16 SUMMARY:

17 Mr. Golden and Mr. Rusaw, representing Folsom Ridge, LLC., BIWS Association, (a.k.a. -BIHOA), and

1 BIWS Company, have a proven 8 year demonstrated and document history into the present, of their lack of
2 necessary capabilities in their resulting, unsuccessful attempt at constructing, and effectively and efficiently
3 owning, operating, managing and administering a water and sewer utility. Mr. Golden and Mr. Rusaw have
4 not performed their legal duties. Mr. Golden and Mr. Rusaw have not complied with lawful regulation. Mr.
5 Golden and Mr. Rusaw have created potential harm to public welfare. Not only do Mr. Golden and Mr.
6 Rusaw not possess the necessary abilities to provide merely safe and adequate utility service, their 8 year
7 performance has proven no desire to do so. It is the actions of Mr. Golden and Mr. Rusaw that are
8 responsible for the initial complaint cases, (case no. WC-2006-0082, et al.), before the Commission; and it is
9 the complaint case that is responsible for the generation of the application case. Currently, during the 18
10 month period of the procedural proceedings of these cases before the Commission, neither Mr. Golden or Mr.
11 Rusaw have demonstrated a desire or willingness to cooperate with either the Commission and/or
12 complainants and/or intervenors by honoring the numerous requests for information, obligating themselves
13 to prior commitments made to residents, DNR, and the Commission under signature, or refrain from
14 providing false, conflicting, and inconsistent information and documentation to the Commission, DNR,
15 and residents. They have attempted to circumvent the proceedings before the Commission in their most

1 recent action of negotiating a transfer of utility assets to non-regulated entities - 393 Private Water and Sewer
2 Corporations. Their action was done over the objections of complainants and intervenors, without a public
3 meeting, and/or the knowledge and/or consent of BIHOA members and/or island residents, and without
4 bringing this before the Commission, or making a disclosure to the Commission of their intent. This is the
5 exact behavior that prompted the filing of 9, (nine), formal complaints with the Missouri Public Service
6 Commission. For 8 years, Mr. Golden and Mr. Rusaw have proven their total disregard for the governing
7 jurisdiction of the DNR, in their numerous violations of noncompliance; including the repeat violation, for
8 the final, incorrect installation of the utility, after an initial violation of notification had been issued. For 8
9 years, Mr. Golden and Mr. Rusaw, have ignored the residents as well as the notice of legal counsel
10 representing the residents, to become a licensed public utility, and have continued billing and servicing on
11 non-members in their operation of the utility. For 8 years Mr. Golden and Mr. Rusaw have made
12 commitments under signature to the homeowners on Big Island, and continue not to obligate themselves to
13 those commitments. Mr. Golden and Mr. Rusaw have escalated and intensified this arrogant behavior of 8
14 years, to interfere with, and halt real estate transactions under the pretense of erroneous membership fees, and
15 have refused to correctly re-install the incorrectly installed water line as mandated by DNR, using the

1 erroneous membership fees as their excuse. Even under the present scrutiny of the Commission in the cases
2 before it, neither Mr. Golden or Mr. Rusaw have demonstrated a change in behavior. **PAST AND**
3 **PRESENT BEHAVIOR, DICTATES FUTURE PERFORMANCE.** It is in the public's best interests to
4 ensure that the property owners on Big Island have the right to the appreciation of their property values,
5 relative to the market trends within the economy, and not adversely affected and/or dictated by the water and
6 sewer utility's incorrect installation and/or improper operation, mismanagement and misadministration.
7 Therefore, the water and sewer utility on Big Island must be regulated. The certification of Mr. Golden, Mr.
8 Rusaw, and Ms. Brunk, must be contingent on strict conditions determined by the PSC staff and intervenors,
9 and very severely and stringently imposed by the Commission. Complainants and intervenors also suggest to
10 the Commission, that in addition to the imposed conditions of certification, that a legal document signed by
11 the principles of the Big Island Water and Sewer Company, obligating themselves to the conditions set forth
12 in the certification, and the requirement that these conditions be met and approved by signature of the PSC
13 and intervenors and complainants, prior to the sale and/or transfer of any utility assets, be a part of the
14 certification process. Other civil issues involving this utility, and Mr. Golden and Mr. Rusaw, of Folsom
15 Ridge, LLC, BIWSA, (f.k.a. BIHOA), and BIWS Co. Inc., that are not within the jurisdiction of the Missouri

1 Public Service Commission, will still need to be addressed in civil court. Complainants and intervenors
2 welcome the opportunity to present and prove their cases before the Commission at the formal evidentiary
3 hearings in these proceedings.
4
5
6

CJO Schedule 1

**RATIFICATION OF AMENDED AND RESTATED DECLARATION OF
COVENANTS AND CONDITIONS**

1. Jeffery R. Litty and Cathy Litty (hereinafter referred to as "Litty") are the owners of the real property described as follows:

All the following described land lying above contour elevation Six Hundred Sixty-two (662) feet: All of Lots Eighty (80) and Eighty-one (81) in Amended Plat of Big Island Lake Sites, First Addition, a subdivision in Camden County, Missouri, according to the Amended Plat thereof on file and of record in the Office of the Recorder of Deeds, Camden County, Missouri.

2. Folsom Ridge, LLC, a Colorado corporation, certified to do business in Missouri, recorded an Amended and Restated Declaration of Covenants and Conditions (the "Covenants") dated January 10, 2001, and recorded in Camden County, Missouri on January 17, 2001 at Book 507, Page 587.

3. Litty, hereby ratifies such Covenants and agrees that the terms of such Covenants shall bind the real property owned by them described above, and shall inure to the benefit of, and be binding on the undersigned, their heirs, successors and assigns.

"Litty"

Jeffery R. Litty

Cathy Litty

STATE OF

)
) ss.

COUNTY OF

)

The foregoing instrument was acknowledged before me this _____ day of _____, 2001 by Jeffery R. Litty and Cathy Litty.

My commission expires: _____

Witness my hand and official seal.

Notary Public

BRIDGES, CISAR AND MIZELL, L.L.C.
ATTORNEYS AT LAW
2140 BAGNELL DAM BOULEVARD, SUITE 203
LAKE OZARK, MISSOURI 65049
WWW.LAKEOZARKLAW.COM

CJO
Schedule 2
page 1

LEWIS Z. BRIDGES
TIMOTHY R. CISAR
DANIEL C. MIZELL

TELEPHONE: (573) 365-2383
FACSIMILE: (573) 365-2068

December 21, 2001

Charles McElyea
Phillips, McElyea, Walker
& Carpenter, P.C.
190 Court Circle
PO Box 559
Camdenton MO 65020

RE: *Big Island Property Owners' Association*

Dear Mr. McElyea:

I have been retained by a group of property owners in the Big Island subdivision including Ben Pugh. My clients have all paid in advance for sewage disposal services to their property. Some are connected as Mr. Pugh is, but others have been refused the right to connect.

At the time they made their agreements, neither the developer nor the Association included any requirements that they become members of the Property Owners' Association or subjected them to any of their rules and regulations. Thereafter, they were presented with proposed revisions of restricted covenants and included property and rejected same.

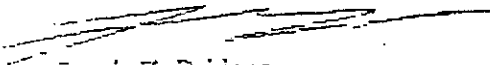
It is my opinion that your clients and the developer or Big Island are contractually obligated to provide sewage disposal services to my clients. The format under which they will be provided is primarily your client's concern. My clients are not willing at this time to become members of your Association but would not be opposed to your client being licensed by the Public Service Commission. Your assertion that the Code of State Regulations makes Mr. Pugh a member upon connection to system mis-states the result. The fact that your client has made these commitments to non-members and has connected some of them is merely proof that the Association is violating DNR rules and the provisions of its license.

CJO Schedule 2:
page 2

December 21, 2001
Page 2 of 2

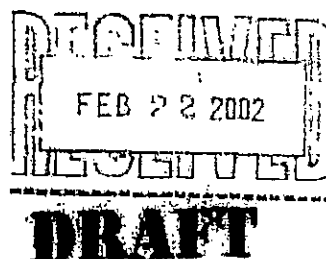
Please advise as to whether you also represent the developer or only the Property Owners' Association in this matter. I will be happy to discuss this matter at your convenience.

Very truly yours,


Lewis Z. Bridges

LZB:elt

CJO Schedule 2
page 3



LEWIS Z. BRIDGES
TIMOTHY R. CISAR
DANIEL C. MIZELI

TELEPHONE: (573) 365-2383
FACSIMILE: (573) 365-2066

February 21, 2002

Kristine Rickerts
Missouri Department of Natural
Resources
Jefferson City Regional Office
PO Box 176
Jefferson City MO 65102

RE: *Big Island HOA, Inc.*
Permit at Big Island, Camden County, Missouri

Dear Ms. Rickerts:

I have been asked to write to you with regard to the above permit by a group of concerned citizens in Big Island Subdivision.

My clients insist, and I think the facts will show, the following:

1. The developers of the subdivision began construction of water and sewer systems prior to obtaining any permit.
2. The Department of Natural Resources allowed this.
3. The system was not built as submitted to the Department of Natural Resources.
4. The Department of Natural Resources has now allowed the developer and/or Association to submit "as built" drawings.
5. The "as built" drawings do not accurately depict the system.
6. The system has in the past, and continues to leak, causing sewage to encroach on residents' property.

CJO Schedule 2
page 4

February 21, 2002
Page 2 of 2

DRAFT

Issues before Commission

7. The Association is operating as an unlicensed public utility by providing sewerage services to its members. In addition, its original Developer connected with individuals and agreed to provide such services without charge to a public utility. None of my clients agreed to join the Association under the terms of any of the terms of the Association's Articles of Incorporation or Bylaws. They were not required to join the Association under the terms of their original agreement with the Developer.
8. Negotiations were conducted between my clients and the Developer concerning revisions to the Restrictions but no agreement was achieved. My clients are concerned with legal and financial liability associated with the system. In addition to the problems noted above, we are aware that several homes were constructed to and used the system prior to an operating permit being issued on February 21, 2002. In addition, no functioning homeowners' association existed until July 2000 when the first Board of Directors was elected.
9. The system is overloaded now if we include all persons connected or who have a contractual right to connect.

It is my understanding that the Department of Natural Resources has, as its purpose, the responsibility to enforce the laws and regulations of the state in those matters and to protect the public interest. I do not agree that the public interest is served when developers are given without a competitive bid system constructed in violation of state regulations.

I would appreciate clarification of the Department of Natural Resources' position on the matters included in this letter.

Very truly yours,

Lewis Z. Bridges

LZB:clt

February 21, 2002
Page 2 of 2

CJO Schedule 2
page 4

DRAFT

Issues before Commission

7. The Association is operating as an unlicensed public utility by providing sewer service to non-members. In addition, the original Developer contracted with individuals and agreed to provide such services to the existing homeowners' public utility. None of my clients agreed to join the Association and its associated fees of the terms of the Association's Articles of Incorporation or Bylaws. They were not required to join the Association under the terms of their original agreement with the Developer.
8. Negotiations were conducted between my clients and the Developer concerning revisions to the Association for its agreement was not reached. My clients are concerned with legal and financial liability associated with the system. In addition to the problems noted above, we are aware that several homes were constructed and used the system prior to an operating permit being issued on February 21, 2002. In addition, no Homeowners Association existed until July 2000 when the first Board of Directors was elected.
9. The system is overloaded now if we include all persons connected or who have a contractual right to connect.

It is my understanding that the Department of Natural Resources has, as its primary responsibility to enforce the laws and regulations of the state in those matters that protect the public interest. I do not agree that the public interest is served when developers are given without any approval of systems constructed in violation of state regulations.

I would appreciate clarification of the Department of Natural Resources' position on the matters included in this letter.

Very truly yours,

Lewis Z. Bridges

LZB:clt

CJO Schedule 2
page 5

BRIDGES, CISAR AND MIZELL, L.L.C.
ATTORNEYS AT LAW
2140 BAGNELL DAM BOULEVARD, SUITE 203
LAKE OZARK, MISSOURI 65049
WWW.LAKEOZARKLAW.COM

LEWIS Z. BRIDGES
TIMOTHY R. CISAR
DANIEL C. MIZELL

TELEPHONE: (573) 365-2383
FACSIMILE: (573) 365-2068

July 18, 2002

Charles McElyea
Phillips, McElyea, Walker
& Carpenter, P.C.
190 Court Circle
PO Box 559
Camdenton MO 65020

RE: *Big Island Property Owners' Association*

Dear Mr. McElyea:

My clients inform me that at a property owner's meeting, your clients have again proposed to return the funds deposited by my clients for sewer service and consider their contracts terminated. This will simply not resolve this problem.

Such action is inconsistent with prior actions of your clients including:

1. Documentation signed at the time the moneys were deposited.
2. Billings to all my clients for "stand by" fees since the deposits were made.
3. Notifications to my clients of members' meetings of the Association.
4. Positions taken both in writing and orally concerning my clients' rights.

I again suggest a meeting, either between the parties, their attorneys or both, to resolve these matters. If not, then I must proceed with litigation to enforce my clients' rights or seek damages for breach of the agreements.

July 18, 2002
Page 2 of 2

CJO Schedule 2
page 6

Please advise as to your clients' positions matter.

Very truly yours,


Lewis Z. Bridges

LZB:clt

CJO Schedule 2
page 7

BRIDGES, CISAR AND MIZELL, L.L.C.
ATTORNEYS AT LAW
2140 BAGNELL DAM BOULEVARD, SUITE 203
LAKE OZARK, MISSOURI 65049
WWW.LAKEOZARKLAW.COM

LEWIS Z. BRIDGES
TIMOTHY R. CISAR
DANIEL C. MIZELL

TELEPHONE: (573) 365-2383
FACSIMILE: (573) 365-2068

March 19, 2002

Charles McElyea
Phillips, McElyea, Walker
& Carpenter, P.C.
190 Court Circle
PO Box 559
Camdenton MO 65020

RE: *Big Island Property Owners' Association*
Charles and Donna Gannaway

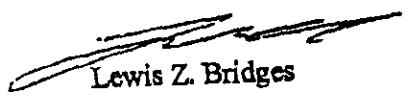
Dear Charles:

Mr. and Mrs. Gannaway have indicated to me that they intend to hook up to the sewer system within the next couple of weeks based upon their prior contractual agreements. They do not intend to be a member of the HOA, although they are willing to pay reasonable charges for the service.

I believe this matter needs to be resolved as quickly as possible. I would propose that an additional class of membership be created which would encompass the owners in the original subdivision who wish to participate in utility services but not other aspects of the homeowners' association's services and activities. In this manner, I think we can all achieve our purposes.

Thank you for your prompt attention to this matter. Please feel free to call me should you have questions.

Very truly yours,


Lewis Z. Bridges

LZB:clt

PHILLIPS, McELYEA, CARPENTER & WELCH, P.C.

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

CJO Schedule 3

Exhibit II

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)

December 26, 2001

Mr. Reggie Golden
Folsom Ridge

Via Fax 303-702-0585

RE: Big Island Property Owners Association

Dear Reggie:

Enclosed you will find a copy of a letter that I received from Lew Bridges on December 21, 2001 wherein he indicates he has been retained by a group of property owners in Big Island Subdivision, including Ben Pugh. I really don't understand what he means by his statement that some of the property owners have been refused the right to connect, nor do I agree with his analysis of the Code of State Regulations. Suffice it to say that a property owners association is one of the exceptions to Missouri Public Service Commission Regulations. If we start furnishing water and sewer service to "non-members" of the Association, then potentially we might run afoul of the Public Service Commission Regulations. This appears to me to be the logic in stating that anyone connected to a sewer system owned by a property owners association is a member of the association.

You will find enclosed a copy of a letter I sent Mr. Bridges in response to his letter. When you have an opportunity, give me a call so we can discuss this further.

Very truly yours,



Charles E. McElyea

CEM:sp
etc.

CJO Schedule 4

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

May 2, 2005

Cathy Orlor
3252 Big Island Drive
Roach, MO 65787

Intercept
Not True

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

Robin Engen
Office Manager
Big Island Homeowners Association, Inc.

CJO Schedule 5

August 16, 2005

Extra copy

Big Island Homeowners' Association
P.O. Box 54
Longmont, CO. 80502
Attn: Robin Engen -- Office Manager

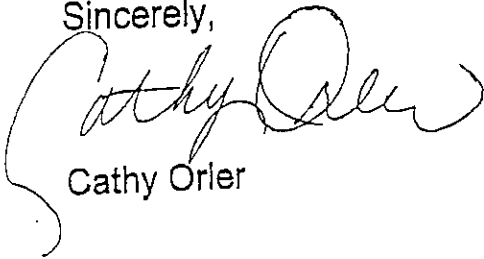
Good Morning, Robin:

I would like to request a copy of the BIHOA members list, and customer list. Please forward a copy(s) to the following address:

Cathy Orlor
3252 Big Island Drive
Roach, MO. 65787

In honoring my request, I would like to thank you in advance, for your time and effort involved.

Sincerely,

A handwritten signature in cursive script, appearing to read "Cathy Orlor". The signature is written in dark ink and is positioned above the printed name "Cathy Orlor".

Cathy Orlor

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

CJO Schedule 6
page 1

Rcvd. 06-30-01

June 27, 2001

Jeff and Cathy Litty
HCR 67, Box 840
Roach, MO 65787

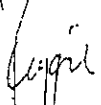
Dear Jeff and Cathy,

I apologize for the mistake on the billing. I got your letter this morning and you are correct. It is ironic that yesterday I was looking at our "master list" and noticed that you were on it as "connected". I quickly made the change because I knew you weren't. Please find enclosed a new invoice for \$5.00 per month. Hopefully, you understand there are always glitches on the first round of billings. The next round should be much smoother.

Again, I would encourage you to join the association. Most of your neighbors have now joined. It clearly gives you a vote in the operation of the system. It is also a way to ensure that your investment is protected so that when you decide to hook up you can. I have also enclosed the by-laws, covenants and restrictions as modified last fall, and a ratification form. Please consider joining our association.

I look forward to seeing you next week.

Sincerely,



R. V. (Reggie) Golden
Big Island Homeowners Association

Big Island Homeowners Association Inc

P. O. Box 536
Roach, MO 65787

Phone # 303-702-0708

Invoice

Date	Invoice #
9/1/2006	1817

CJO Schedule 6
page 2

Bill To

Cathy Orlor
3252 Big Island Dr.
Roach, MO 65787

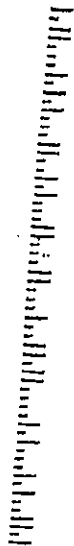
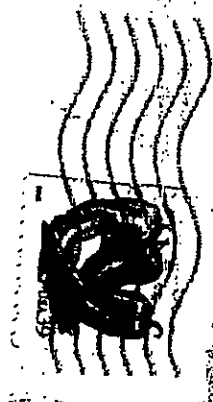
			Terms
			Net 15
Months	Description	Rate	Amount
1	Big Island HOA Sewer Fees NOT Connected Current Month 2006 (80, 81 & 82)	5.00	5.00
1	Big Island HOA Water Fees NOT Connected Current Month 2006 (80, 81 & 82)	5.00	5.00
		Total	\$10.00

page 3

55-6747-200

QUALITY PARK PRODUCTS 3
1-800-331-2454

DENVER CO 802
31 AUG 2006 PM 1 L



Big Island

CJO Schedule 7

1. We will have a monthly fee for the waste water system, of \$10.00 per month.. This fee will be deposited to the Homeowners interest bearing account..
2. It is anticipated with the number of users to this system, that we will have an excess of funds in the interest bearing escrow account.
3. The schedule to oversee this system will be on a as needed basis. We have been advised that to oversee this particular system, to clean filters, check equipment and take samples will require 2 to 3 visits a week. Whoever is chosen, is to be state licensed and accountable to the state of Missouri.
The cost to maintain and operate the system will depend entirely on the units and flow to the waste water system.
4. If a homeowner hooks up to the system, the fee is \$10.00 a month. If they elect to pay their \$4800.00, and a waste water stub is installed at their property, they will not be charged a monthly fee until they hook up.
5. We intend to accommodate each homeowner with the location of the stub out, most convenient to their needs.
6. The funding for the new asphalt road has been funded and is the sole responsibility of the Folsom Ridge LLC. The monies for this project are in escrow at Central bank, Camdenton, Mo.
7. There will be 5 board members which will consist of the 3 developers, one new property owner and one existing property owner.
8. It is your option to hook up to this system. You are under no obligation to do so. If you have any concerns about the developers financial capabilities as stated, feel free to call Jeff Welsh at Central Bank of Camdenton, Mo. Telephone # 573 346 2203 and satisfy yourself as to the LLC's financial capabilities..
9. This offer to hook up to this system is completely voluntary to any existing homeowners. It is mandatory by the DNR for any new homeowners.

We hope that this addresses some of your concerns. If not feel free to contact me at 573 346 6158 . FAX same number..

Sincerely, Dave Lees

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

*Rec'd
4/11/00*

CJO Schedule 8
page 1

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.

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.

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

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

CJO Schedule 8
page 2

November 29, 2000

Jeffery & Cathy Litty
HCR 67, Box 840
Roach, MO 65787

Dear Jeffery & Cathy,

Recently we sent a letter to the Homeowners Association Members of Big Island. We will be having a meeting for all members of the Homeowners Association (HOA) on December 29, 2000. We would like to extend another invitation to you to join the HOA thereby making you eligible to attend the meeting. In the interest of all the residents who choose not to be a part of the HOA, we will hold an informational meeting on December 29, 2000 at 1:00 p.m. and would like for you to attend if you choose not to join the HOA.

Since the summer when the HOA was formed, a group of concerned island residents who did not choose to belong to the HOA presented their concerns. While we have worked diligently to accommodate these wishes, we have discovered that we will not have complete consensus on all the issues and feel it is time to bring this to closure. We have addressed all of the concerns raised in our summer meetings. Some of these items include:

- 1) One vote per lot (not allocated by square feet) – drafted in the new covenants.
- 2) No different classes of membership (all get the same vote) – drafted in the new covenants.
- 3) Folsom Ridge, LLC warranting the system until September 1, 2005
- 4) Restricting the boundary of the area the system will serve to only include the Big Island Lake Sites, Big Island Lake Sites 1st Addition, Portage Park Unit 3, Portage Park Unit 1, and all other property on the Island (peninsula) itself.

We have also dug several holes and have verified proper installation of water and sewer lines. In addition, we have either made commitments to or provided the following:

- a) Cleanup of construction areas is nearly complete.
- b) We will replant the construction areas to be completed in the spring when the horticulturist recommends planting.
- c) We have cleared an area for boat trailer storage.
- d) We have built a boat ramp for Island residents' use – one key will be provided to each homeowner.
- e) We will subsidize the water and sewer systems for costs over the monthly assessment until June 30, 2001.

CJO Schedule 8
page 3

Folsom Ridge, LLC has completed the following items, which have improved the value of all residents' property.

- 1) Sewer System (approved by DNR) – available to the entire Island – gives residents an option to connect when their old out of date sewage treatment methods fail.
- 2) Water System (approved by DNR) – available to the entire Island.
- 3) Paved Road – will be paved all the way around the Island.
- 4) Provided an area for trailer storage to limit visual impacts.
- 5) Helped to clean up the water in the lake. Hooked up at least two systems that were dumping raw sewage into the lake.
- 6) Built a boat ramp for all island residents to use.
- 7) Provided a means to upgrade the phone service on the Island.

We believe it is in the best interest of all Island residents, as well as the HOA, to have everyone belong to the HOA that is hooked on to the system. The HOA will be much stronger if we all are united. We have worked diligently to address the concerns of this group in a reasonable fashion, however, we don't believe that we will reach consensus with all the members of this group as a few have indicated that they would never join the HOA. It is our desire to be good neighbors and friends. Big Island has changed and will continue to change. Folsom Ridge, LLC has and will do its part to help Big Island become one of the lake's most desired communities. In addition to being the developers, all of the members of Folsom Ridge, LLC have residences on the Island.

We want to extend an offer to have you join the HOA. If you're interested in joining or reviewing the documents we sent to the HOA members please give me a call at 303-702-0708. The following documents were sent to the HOA members:

- 1) Notice of Special Meeting of Big Island Homeowners Association.
- 2) Revised Bylaws of Homeowners Association (proposed).
- 3) Revised Covenants and Restrictions (proposed).
- 4) Letter of Commitment to Homeowners Association from Folsom Ridge, LLC.
- 5) Proxy for your vote.

If you would like a copy of the documents prior to the meeting please give me a call and I will mail them to you. The HOA's offer to join will extend for 90 days after the December 29th meeting.

We look forward to seeing you at our meeting on December 29th. If you have any questions in the meantime, please don't hesitate to call.

Sincerely,

R. V. Golden
R. V. (Reggie) Golden
Manager

Diamond



ENTERPRISES, LLP

P.O. Box 54
2020 Terry St., Suite A
Longmont, CO 80501

*C50 Schedule
80 page 4*

Jeffery & Cathy Litty
HCR 67, Box 840
Roach, MO 65787



NO POSTAGE
NECESSARY
IF MAILED
IN THE
UNITED STATES



PHILLIPS, McELYEA, CARPENTER & WELCH, P.C.

ATTORNEYS AT LAW
190 COURT CIRCLE
Mailing Address: P.O. BOX 559
CAMDEN, MISSOURI 65410
(573) 346-7221
FAX (573) 346-4111

CJO Schedule 9
page 1

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

LEGAL ASSISTANTS: Sharon Piskorski
Dana Stouffer

HUGH PHILLIPS (1911-1997)

September 19, 2003

Mr. James Schrader
2140 Big Island Drive
Roach, MO 65787

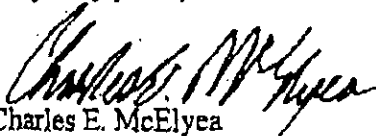
RE: Big Island

Dear Mr. Schrader:

Your letter of August 21, 2003 inquired as to how many lot owners were represented at the July 2002 meeting. I have been advised that there were 77 lots represented at the meeting. The total votes then would have been 77 which was more than half of the total lots.

If you have any further questions, do not hesitate to contact me.

Very truly yours,


Charles E. McElyea

CEM:sp

PHILLIPS, McELYEA, CARPENTER & WELCH, P.C.

ATTORNEYS AT LAW
190 COURT CIRCLE
Mailing Address: P.O. BOX 559
CAMDEN, MISSOURI 65020
(573) 344-7231
FAX (573) 346-4411

CJO Schedule 9
page 2

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

LEGAL ASSISTANTS: Sharon Piskorski
Dana Stoufer

HUGH PHILLIPS (1911-1997)

August 26, 2003

Mr. Joseph J. Schrader
526A Midway Drive
Ocala, FL 34472

RE: Big Island Homeowners Association

Dear Mr. Schrader:

By this time you should have received my letter and I again apologize for the delay in responding to your letter.

With reference to the number of "members" that were present at the July, 2002 meeting, I will have to determine that number. As soon as I do, I will let you know.

Very truly yours,


Charles E. McElyea

CEM:sp
cc: Reggie Golden

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

CJO Schedule 10

Extra

Copy

April 25, 2001

Benjamin & Karen High
HCR 87, Box 726
Ranch, MO 65787

Dear Benjamin & Karen,

Enclosed is the sewer and water assessment for the first quarter of 2001. As you know, the assessments were voted on at the December 29, 2000 special meeting of the Homeowners Association. The assessments were set as follows:

Sewer

Non-members hooked up \$15.00

Non-members not hooked up \$5.00

Water

Non-members hooked up \$10.00

Non-members not hooked up \$5.00

These rates were agreed to be the rates until the next regular meeting in July when the assessment rates will be voted upon again. If you have any questions, please don't hesitate to call. This assessment is due upon receipt. The next assessment for the second quarter 2001 will be mailed in May.

Please keep in mind that the water tests are posted when we receive them at the well house on the west side. Please feel free to look at them. Your comments are welcome. Larry Toombs, Don Bracken, Reggie Clifton, Rick Ruskay and David Lee are your current board of directors.

Again if you believe you will be incorrect, please don't hesitate to call us at (303) 702-0708.

Thank you

Reggie Clifton
Big Island Homeowners Association

From: "Reggie Golden" <reggieg@dgmlc.com>

To: tphiley@yahoo.com, "Stan Zeldin (E-mail)" <szeldin@worldnet.att.net>

Subject: Big Island

Date: Fri, 28 May 2004 16:19:56 -0600

Resident
Board memb.
who is an
attorney

CJO Schedule II
page 1

Credibility?

Also:

Sub-divided

replatted

West side/interior

Exhibit 6
page 1

Dear Phil,

I would appreciate your passing on this information to your group
sending me confirmation.
Thank You

Dear Island Resident,

After much consternation, we have platted the center of Big Island into approximately 223 single family lots. The lots generally meet the requirements that will be imposed with the new planning and zoning ordinance. They are all approximately 10,000 square feet in size.

That

amounts to about 4 lots per acre. In addition we have recorded setbacks

that will allow us to attach the buildings across lot lines together.

This

is often referred to as zero lot lines. While we do not believe this necessarily serves us or you in the best interest, we had no choice but to protect our property rights based on what happened at last week's meeting.

Additionally, we have replatted the west side of the island into 62 lots.

Many of these lots will also be interior lots. There has also been a marina

site platted, and about 8 large single family lots remain along the shoreline.

Along the rest of the shoreline the lots have been replatted to match the new

road. There are approximately 32 waterfront lots that also front the new road.

It is truly unfortunate that we were forced to plat the island in this manner. Had we been allowed to execute our plan with the rezoning, much

more of the island would have been preserved as open space for all to enjoy.

While not complete, the plan was to have some duplexes, triplexes and four-plexes mixed in with some single family units that would ultimately

provide much less density than we have now platted. The plan also would

have included some walking/biking trails and other community amenities. Without the rezoning, we are not able to accomplish these goals. While

we want to work with all of our neighbors, we cannot allow a select few to

EXHIBIT W
page 2

CJO Schedule 11
page 2

undermine our property rights.

As we have stated many times before, we also intend to correct the water line issue on the island at the direction of DNR. They have mandated the fix and we have agreed to fix it according to an agreement that we both signed. The plans are currently in DNR's offices for approval. When we get a construction permit, within a reasonable time, we are prepared to begin the replacement. Everyone who currently is hooked up or has paid for a tap will be hooked up to the new line. As construction begins in the next few

weeks, we appreciate your patience and your understanding when we ask that you not go near the construction site. Construction sites are inherently dangerous even without curious bystanders who happen to get too close. Please help us by staying clear of the construction site.

Reggie
and Rick
would not
fix my
tap! *[Signature]*

There was some discussion that the residents might be interested in purchasing the interior of the island. If that is still the case, we are currently taking offers. We have a couple of interested parties since the property is now platted, but certainly would work with the residents first, if they had an interest.

In addition, we would appreciate your respect of our property rights by not trespassing on our land. The new roads that have been platted and cut, in particular, create new safety hazards that have not previously been exposed. As such, we have posted "No Trespassing" signs on all of the entrances. We would appreciate your cooperation in this matter. Over the next several months additional roads will be cut in the center of the island to facilitate the platted development.

If you have any questions regarding any of our activities or just want to talk please don't hesitate to call me at (303)702-0708. I always have an open door.

Sincerely,

R. V. (Reggie) Golden
Folsom Ridge, LLC
Manager

CJO Schedule 12

11/21/00

page 1

Extra copy

Final Contract
For Concerned
Homeowners Commit

November 21, 2000

TO: Big Island Homeowners Association, Inc. and Members of the Association

We, the Managers of Folsom Ridge, LLC, a Colorado limited liability company certified to do business in Missouri ("Folsom") have had discussions and held a series of meetings concerning certain matters related to the water and sewer systems on Big Island and we wish to document the commitments and understandings of Folsom Ridge, LLC.

Restricting
Boundary

1. Folsom will remove from the presently recorded Declaration of Covenants and Conditions, the lands owned by Folsom that are not platted and located on the mainland (i.e. not on Big Island or the peninsula). This will be accomplished by recording an Amended and Restated Declaration of Covenants and Conditions.

2. For a period of five (5) years from September 1, 2000, with regard to the Water System and Sewer System presently in existence and installed by Folsom, and such additional systems or additions hereto (expansion) that may be installed in the future by Folsom, Folsom warrants the Water System and Sewer System were installed in accordance with customary installation procedures and to the best of Folsom's knowledge were installed in accordance with applicable laws and regulations. In the event a defect is discovered within the warranty period, for (a) the water and sewer lines installed by Folsom and/or (b) the sand beds installed by Folsom serving the sewer system, Folsom commits to repair defects at its sole cost. Such warranty does not cover defects and damages occasioned due to acts of God and damages caused by circumstances beyond Folsom's control. If any of the materials used in the Water System or Sewer System are found to be defective or if the installation is found to be defective, Folsom shall be entitled to any claim and recovery against the manufacturer concerning the materials used in the Sewer System and Water System, and against the original installer for any defective installation.

80 hms.
F.R. to
be care
of an expansion

3. As set out in the newly Amended and Restated Declaration of Covenants and Conditions, Folsom, or its successor, will pay the entire cost and expense of all expansions to the water and sewer system as needed or required by the Missouri Department of Natural Resources to fully serve the land area described in the Amended and Restated Declaration of Covenants and Conditions beyond the originally planned 80 homes, which is the maximum number of homes that can be served by the existing water system and sewer system.

4. Folsom will subsidize the operational costs of the Association for the first year of operation (i.e. July 1, 2000 to June 30, 2001) if expenses are not covered by the monthly per Lot assessment of \$15.00 for each Lot connected to the Sewer System, the monthly per Lot assessment of \$10.00 for each Lot connected to the Water System, the monthly per Lot assessment of \$5.00 for each sewer tap for which a tap fee has been collected but which is not yet connected to the system, and the monthly per Lot assessment of \$5.00 for each water tap for which a tap fee has been collected but which is not yet connected to the system.

5. Folsom has provided the "as built" plans as the systems exist provided from the contractor hired by Folsom to install the water system and the sewer system. Folsom is in the process of obtaining further information to have inserted into the "as built" plans and will proceed to complete them as soon as possible.

6. As soon as practical, but in no event later than December 31, 2000, Folsom will obtain legal descriptions, at its expense, from a surveyor to accomplish the following:

(a) Folsom will transfer to the Association, title to the real property on which the sand beds are located; and

(b) Folsom will grant easements over the real property owned by Folsom at which the Water System lines and the Sewer System lines are located; and

(c) Folsom will grant an easement over the real property owned by Folsom in order to allow the Association access to the sand beds.

In the future in the event of expansion of the Water System and/or the Sewer System by Folsom, Folsom will grant easements to the Association for any water lines or sewer lines necessary for the expansion of the system(s) and will transfer title to the real property on which any expansion of the sand beds are located, together with access easements as reasonably necessary.

7. Folsom has removed the brush, trees and related debris created by Folsom's installation of the water and sewer systems and will burn the remaining piles of such debris as soon as the fire ban is lifted.

8. Folsom will install hydro-mulch grass seed on the area disturbed by the water and sewer lines installed by Folsom either this fall or next spring, at a time determined as being appropriate by a horticulturist, but in any event, no later than April 30, 2001.

We look forward to continuing to work with our neighbors on Big Island.

Very truly yours,

Folsom Ridge, LLC

By: 
_____, Manager

NOVEMBER 17, 2000

CJO Schedule 12
page 3

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

November 17, 2000

#9

Dear Homeowners Association Members,

We firmly believe in the importance of, and desire to have a strong Homeowners Association to run the sewer and water system. For this reason, Folsom Ridge, LLC will commit to the items detailed in this letter. All of you already are members of the Homeowners Association and we would invite every homeowner on Big Island to be a member of the Homeowners Association.

We have addressed all of the concerns raised in our summer meetings. Some of these items include:

- 1) One vote per lot (not allocated by square feet) - drafted in the new covenants.
- 2) No different class of members (all get the same vote) - drafted in the new covenants.
- 3) Folsom Ridge, LLC warranting the system until September 1, 2005.
- 4) Restricting the boundary of the area the system will serve to only include the Big Island Lake Slies, Big Island Lake Sites 1st Addition, Portage Park Unit 3, Portage Park Unit 1, and all other property on the Island (peninsula) itself.

We have also dug several holes and have verified proper installation of water and sewer lines. In addition, we have either made commitments to or provided the following:

- a) Cleanup of construction areas is nearly complete.
- b) We will replant the construction areas to be completed in the spring when the horticulturist recommends planting.
- c) We have cleared an area for boat trailer storage.
- d) We have built a boat ramp for Island residents' use - one key will be provided to each homeowner.
- e) We will subsidize the water and sewer systems for costs over the monthly assessment until June 30, 2001.

Folsom Ridge, LLC has completed the following items, which have improved the value of all residents' property.

- 1) Sewer System - available to the entire Island - gives residents an option to connect when their old out of date sewage treatment methods fail.
- 2) Water System - available to the entire Island.
- 3) Paved Road - will be paved all the way around the Island.
- 4) Provided an area for trailer storage to limit visual impacts.
- 5) Helped to clean up the water in the lake. Hooked up at least two systems that were dumping raw sewage into the lake.

CJO schedule 12
page 4

- 6) Built a boat ramp for all island residents to use.
- 7) Provide a means to upgrade the phone service on the Island.

Per your authorization at the July 4th meeting we have attempted to reach agreement with the committee of dissenting neighbors on Big Island. While we continue to hope they will join our Homeowners Association, we have not been able to bring this matter to conclusion as new issues arise at each meeting. Folsom Ridge, LLC has made many concessions to the group over the last several months, however, there always seems to be one more new thing on the table. We have reached consensus on many items, therefore, for the sake of the majority of the Island property owners we are prepared to move forward.

We have worked hard to please this committee of neighbors, however, it does not appear that reaching complete consensus with them will happen. At least two of them have indicated that they would not join the association even if we agreed on all of the covenants.

For this reason we have decided to recommend to the Homeowners Association (HOA) the following:

- 1) That the HOA and Folsom Ridge, LLC sign the forthcoming documents, including the new covenants, the Folsom Ridge, LLC letter of commitments, and the change in bylaws.
- 2) That the HOA ratify these documents as amended.
- 3) That the members of the HOA ratify the new documents.
- 4) That the HOA continue to extend our offer to join to non-members that have already paid for a tap for a period of 90 days.

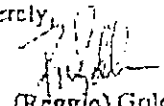
We will call a HOA meeting for December 29, 2000 to discuss these items. This meeting will be conducted based on the existing covenants for the purpose of converting to the new covenants. Only members of the HOA will be invited to this meeting. In an effort of respect, we will have a separate informational meeting for all Big Island residents later the same day.

We hope this letter properly portrays how hard and diligently we have worked toward uniting all residents of Big Island, both old and new. It is truly our desire to be good neighbors and friends. Big Island has changed and will continue to change. Folsom Ridge, LLC has and will do its part to help Big Island become one of the lake's most desired communities. In addition to being the developers, all of the partners of Folsom Ridge, LLC have residences on the Island.

You will receive shortly, under separate cover, copies of the new bylaws, new covenants and a new ratification form for your review. We will be asking you to approve these items at our December meeting. We look forward to seeing you there.

If you have any questions or concerns, please don't hesitate to call me at 303-702-0708.

Sincerely,


R. V. (Reggio) Golden
Manager

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

CJO schedule 1/2
page 5

July 20, 2000

Jim & Jeanette Schrader
HCR 67, Box 766
Roach, MO 65787

Dear Jim & Jeanette,

I thought it was time to update all of the current members of the Big Island Homeowners Association on my progress with the concerned citizens committee representing approximately 20 non-members.

I think, in all, the discussion has been very positive. The items that they are concerned about have nearly all been addressed. I think we are close to getting consensus on the by-laws and the covenants. Most of the changes will benefit you as well. The major items of discussion have been the following:


- 1) A longer warranty of the system by Folsom Ridge LLC.
- 2) Changing the voting system.
- 3) Changing the monthly assessment to \$15-20 for sewer and setting aside the additional money for Capitol improvements and replacement. This would hopefully eliminate the need for special assessments.
- 4) Adding a monthly assessment of \$5-10 for those people who bought a tap but are not using it. This would be their contribution to the costs of maintaining the homeowners association. The thought here is that there are a certain amount of ongoing costs that pertain to the HOA and the system whether you are hooked on or not. Beyond that there are additional costs incurred to treat sewage if you are connected and therefore the connected people should pay more.
- 5) Restricting the boundary of the HOA to only include the causeway and the island thus eliminating approximately 160 acres that is somewhat separate anyway.
- 6) Setting up a separate rate structure for the water system.
- 7) Folsom will pay for any expansion in the system to serve additional taps for our development.

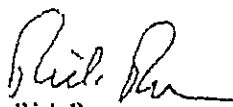
It is important that the Big Island residents have a strong HOA to run this system. Therefore, it is in all of our best interests to have as many of the island residents as possible become a member. I am very interested in your opinion related to these changes. Please contact me as soon as possible if you have any thoughts or other ideas.

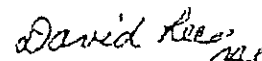
As we move forward, we will ask you all to sign one more set of covenants and vote to change the bylaws one more time. We will not do this until the changes are approved.

I am eager to hear any thoughts you might have regarding these items. Please don't hesitate to call. I can be reached at (303) 702-0708. I look forward to hearing from you.

Sincerely,


R. V. (Reggie) Golden
Manager


Rick Rusaw
Manager


David Lees
Manager

BIG ISLAND PLANNED UNIT DEVELOPMENT (PUD)
Project Description

Planned Unit Development Concepts

The intention is to create two and three unit clusters of single family ~~attached~~ ^{detached} homes that have the overall appearance of one large home. The product will cater to homeowners that want smaller, well designed individual homes without the maintenance associated with a larger home and lot. The units will be designed to allow for main floor living that will accommodate the residents as they retire and their needs change. A common dock area will allow residents to have boats and individual water craft without having to maintain individual docks. A homeowners association will provide yard maintenance, snow removal and maintenance of any common recreation facilities, open space and the community docks. This type of housing and the associated community facilities will add diversity to the existing neighborhood and provide for a housing choice that is not currently available in the neighborhood. In addition, the PUD will include:

- A community recreation area that may include a small restaurant and club house, as well as, the common dock area will provide a gathering place for the residents.
- A trail will provide pedestrian and golf cart type access to the recreation area and community dock limiting the need for the use of cars on the island.
- Shared docks that will limit disturbance to the shoreline.
- Homes designed to fit onto the land to limit the need for excessive grading and site work.
- The use of native and adaptive species for revegetation.
- New homes will be connected to the community water and sanitary sewer system.
- The road system is designed to direct access to the west side of the island, away from the majority of the existing homes.
- The character of the proposed homes will be defined through the use of covenants and design guidelines. Typical elevations of the proposed homes are attached for review.
- Future improvements to the water and sewer system that may include additional sand filtration beds, a water storage tower and a storage building.

PUD Application Materials

1. The Completed PUD application is attached
2. The PUD Development Plan is attached
3. This property is owned by Folsom Ridge LLC, a Colorado Limited Liability Company. A copy of the Title Insurance Policy for the property is attached.

The parcel numbers included in the PUD application include:

13300600000000149000
13300600000003149000
14100100030003001000
14100100040001047000
14100100040003002000
14100100040003001000
14100100040001048000

4. Legal Description

A portion of Sections 1 and Section 6, Township 38 North, Range 17 West lying above contour elevation 662 feet in Camden County Missouri more particularly described as follows:

All that land described as Big Island Central as shown on the recorded plat together with Lots 11, 12, 13, 14, 15, 16, 17, 18, 19 and 20 of Big Island West as shown on the recorded plat.

5. PUD Description

Purpose of the PUD District

The PUD is intended to provide for single family detached and single family attached residential development. The single family attached units will contain one single family home, on one lot with a common wall along the lot line. The units may be grouped together in two and three unit clusters. The underlying zone within the PUD is R-1: Low Density Residential.

The PUD also provides for "such educational, recreational and religious uses as are customarily associated with residential uses to provide the basic elements of a balanced and attractive residential area" (Camden County Missouri Unified Land Use Code). The Principal Permitted Uses, Accessory Uses and Conditional Uses within the PUD will remain consistent with the underlying R-1, Low Density Residential zone as identified in the Camden County Missouri Unified Land Use Code.

Height, Density and Yard Requirements

- All lots within the PUD will be connected to the community water and sanitary sewer system.
- Minimum lot size shall be 3,000 square feet.
- Minimum road frontage - forty (40) feet (as measured at the setback)
- Maximum Height shall be fifty (50) feet above the finished grade.
- The minimum size of any residential structure shall be 1000 square feet.
- Lots and tracts shall not include public road rights of way. However, lots may include private access drives and pedestrian trails defined by access easements.
- Minimum Yard Setback Requirements:

ESCROW AGREEMENT

CJO Schedule 14
page 1

This Agreement is made and entered into this ____ day of _____, 1998, by and between FOLSOM RIDGE LLC., a Limited Liability Company, hereinafter called Developer, and CENTRAL BANK OF LAKE OF THE OZARKS, a Missouri Banking Corporation, hereinafter referred to as Agent.

WITNESSETH:

WHEREAS, Developer is in the process of developing Portage Park #1, Portage Park #3, Big Island Lakesites and Big Island Lakesites First Addition, all subdivisions in Camden County, Missouri, which are a portion of certain real estate described in that Trustee's Deed recorded in Book 458, at page 845, Deed Records of Camden County, Missouri hereinafter to be known as Phase I as shown on Exhibit A which is attached hereto; and

WHEREAS, Developer intends to place on said real estate a sewer system to which purchasers of real estate in said development and others may connect upon completion of said sewer system; and

WHEREAS, purchasers of real estate from Developer and others who desire to connect to the sewer system will be paying in advance a sum of money as determined by Developer to connect to said sewer system which sum is to be held in Escrow until the sewer system is completed, in place, and operational at which time said sum will be delivered to Developer as set out herein.

NOW THEREFORE, in consideration of the mutual covenants and agreements herein contained, the parties hereto agree as follows:

CJO Schedule 14
page 2

1. Agent. Central Bank of Lake of the Ozarks hereby agrees to act as Agent for Developer and to handle all money that might be received from purchasers in the development for connection to the sewer system until such time as the system is complete, in place and operational. It is acknowledged by the parties hereto that Agent is acting as a depository only and is not bound by any other agreements or instructions except as specified herein.

2. Payment of Funds. Agent hereby agrees to pay over to Developer all money held by it hereunder at such time as the sewer system is complete, in place and operational. As a condition of payment, Developer shall deliver to Agent a letter from an Engineer licensed in the State of Missouri, stating that the sewer system is complete, in place and operational together with a letter from the State of Missouri that the sewer system meets all requirements of the State of Missouri.

3. Dispute or Disagreement. In the event Agent is notified in writing of any dispute or disagreement arising between Developer and any other person or entity making claim to any of the funds in said account, Agent is authorized to hold all funds in said account until all such difference shall have been resolved and proper written releases and waivers obtained from all persons involved; otherwise, Agent may hold said funds in said account until the rights of all interested parties have been fully and finally adjudicated in a Court of competent jurisdiction. Agent may bring an interpleader action in the Circuit Court of Camden County, Missouri, as Plaintiff against the Developer and all parties claiming an interest to the funds in said account to secure a legal determination to resolve any disputes pertaining to said funds and Agent shall be reimbursed for all its expenses, including attorney fees, for bringing such action from the funds in said account.

4. Indemnification. The payment of funds to Developer as provided in paragraph 2 above shall constitute a complete discharge of Agent's duties hereunder and Developer agrees to indemnify the

CJO Schedule 14
page 3

Agent and hold it harmless from any loss, damage or expense from any claims, suits or other actions arising after said payment.

5. Phases. This Agreement shall cover Phase I of the total development. Other Phases to the development are contemplated and the parties may at their option extend this Agreement to other Phases as they are developed.

6. Binding Effect. This Agreement shall be binding upon the parties hereto and their respective successors and assigns.

IN WITNESS WHEREOF, the parties hereby have executed this agreement, the day and year first above written.

FOLSOM RIDGE LLC

By: 

Reginald W. Golden


Rick Rusaw


David V. Lees

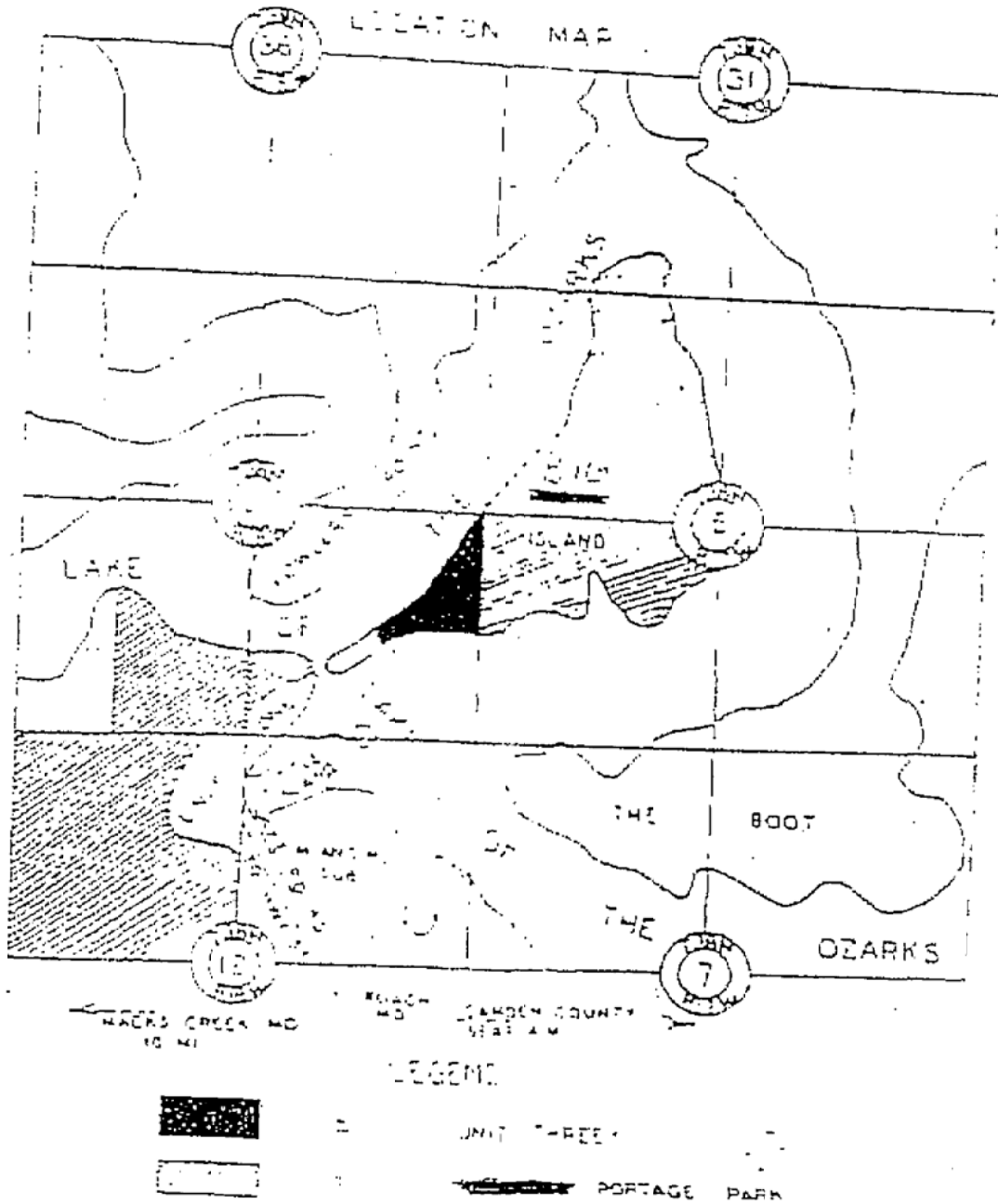
DEVELOPER

Central Bank of Lake of the Ozarks

By: _____

AGENT

Exhibit A



#1

STATE OF MISSOURI
DEPARTMENT OF NATURAL RESOURCES

Bob Holden, Governor • Stephen M. Mahood, Director

DIVISION OF ENVIRONMENTAL QUALITY

Jefferson City Regional Office

210 Hoover Road P.O. Box 176 Jefferson City, MO 65102-0176
(573) 751-2729

FAX (573) 751-0014

November 16, 2001

Folsom Ridge, LLC
ATTN: Mr. Reggie Golden
PO Box 328
Longmont, CO 80501

Dear Mr. Golden:

Per DNR
36 of 80
existing/
reserved
homeowners

The Department of Natural Resources has become aware of several issues regarding the wastewater collection and treatment system at Big Island. Please address the following concerns:

1. According to the original homeowners association documentation, there were Class A and B members. We have become aware that there are people connected to the wastewater treatment facility who are not members of the homeowners association. In accordance with 10 CSR 20-6.010(3)(B)5(IV), everyone connected to the wastewater treatment system shall be bound by the rules of the association, and thus be a member.
2. The as-built plans revised on October 9, 1999, by Lake Professional Engineering Services, Inc. do not appear to be accurate. For example, the pipe up to the wastewater treatment plant has been relocated. Please submit as-built plans, which show what was actually constructed.
3. According to Construction Permit 26-3390, the wastewater treatment plant expansion shall be complete and operational prior to the construction of the eighty-first house within the Big Island Development. The eighty houses within the Big Island Development will be considered to be the original existing thirty-six houses along with the construction of forty-four new houses or connections. Update on the number of connections and sold lots is requested. **80**

Your response concerning the above should be sent before December 7, 2001. If you have any questions, please contact me at (573) 751-2729.

Sincerely,

JEFFERSON CITY REGIONAL OFFICE

Kristine Ricketts

Kristine Ricketts
Regional Director

KR:kfr

c: Water Pollution Control Program
Lake Professional Engineering Services

Big Island Homeowners Association

→ "Connections"
KEY WORD

YAHOO! MAIL

CJO Schedule 16
page 1 #1

Print - Close Window

Date: Sun, 13 Feb 2005 07:07:06 -0800 (PST)
From: "Tonia Hiley" <tphiley@yahoo.com>
Subject: Re: Status: Buying the Interior
To: Regal220@aol.com

Bill,

I think I hear you saying that the offer to Rick is \$500K from the **current** homeowners and an **additional** undetermined amount from the 120 PUD (new homeowners). This sounds very similar to the offer Rick gave to us at the meeting in late Jan that you attended, along with the rest of the advisory committee. That offer was \$975K (his lowest offer) for the entire interior of 93 acres. So would not Rick be expecting an additional \$475K from the 120 PUD people?

I thought that we would be trying to negotiate a total price **lower** than \$975K since our appraisal was for only \$456K for all 93 acres of undeveloped lake property. For example, suppose we increased our appraisal and gave FR some credit for the w/s lines that exist now on the interior. Let's say we gave them \$244K credit and thus offered a total new purchase price of \$700K (\$456K + \$244K). Based on past discussions, the current homeowners would pay 45% of the purchase price and the new homeowners in my example (the 120 PUD as you call it) would pay 55%. Current homeowners would thus pay \$315K, or about \$6300 if there were 50 of us. That number is in the neighborhood of what we thought folks would agree to (i.e. ~\$5000 each). FR would collect the other \$385K from the 120 PUD folks in whatever manner they choose, and give over 55% of the deeds to the HOA in a few increments.

In other words, the \$500K offer sounds high to me, but I could be missing something in your explanation.

We will be leaving AZ at about noon your time today and won't have e-mail until we get back to the lake (around next week-end). If I have not heard from you by noontoday, I will call on your cell, or you can call on mine (573 280 6090)

Talk to You Later,
Phil

Regal220@aol.com wrote:

It is Saturday and I just received your e-mail. Rick said that he would try and get back with me the week of the 14th. The basic proposal was 500k for the Interior, to be financed by the new hoa that needs to be formed to purchase. We did discuss the water/sewer (ws) and I told him that had more priority than the purchase of the Int. for me. I believe that we are in the best position to get what we want. However we must be willing to live with whatever the outcome may be. After my meeting last night (5 hours) with Ben and Karen perhaps there will be a for sale sign in my yard upon your return. HA HA

The basic proposal should include the following:

500K purchase price to be financed by hoa with your property tied to the loan

A new hoa set up for the purchase (mailed 3 copies to Stan for his review)

A new hoa set up for the (ws) (mailed copies to Stan for his review)

Folsom Ridge (fr) to release inside to hoa (questions concerning existing w/s and future w/s

All homeowners who have issues with f/r concerning w/s **MUST** be resolved before any purchase will be made.(Example-Kathy)

Complete inspection of w/s by DNR before completion of sale (Ben said he would handle)

120 PUD project would be able to join our HOA, or HOA set up for the use of the Interior and the land for the additional sand filters and wells.

In order for f/r to totally release the land, I suggest that thru the HOA the new owners of the 120 pud must pay 4-5 thousand dollars to the HOA and then WE will funnel the money back to f/r. This way Rick

CJO Schedule 16
page 2

is protected as well as us. Will be an interesting concept but one that I think will work. I really don't care how much money f/r wants in addition to our 500k

Other issues: General Liability, Taxes, What if some HO want to pay up front instead of tying up their property. Selecting a bank. I have one in mind, but I am sure that there are other HO who may have ideas. I believe the hardest part will be getting HO to all agree.

The list of HO on the current w/s is 50. Of the 50 only 8 are not on the water. It is very important that a HOA is set up asap to join those 50. Money needs to be going into account in order to take over system in September. I can't believe that any of them would say no.

The investment in their property is reason enough to want first class w/s. FYI. If we were to put walking trails on Interior it probably would raise the G/L because of the exposure.

I realize I am rambling, however the concept is really very simple because you and the others have done all the work.

As I said earlier, my main concern is the w/s. I think 500k is a gift to Rick and we need to squeeze him for a clean project. This will help f/r to market their PUD. We also must be ready to accept a NO. If that happens then the only issue is the w/s. Hopefully you will clean this letter up before sending on to whoever you wanted it to go to. I am not a very good letter writer. See ya, Bill

May 11, 2001

Exhibit 4

CJO Schedule 17

Lisa Peterson
Chalfant & Tompkins Abstract & Title Insurance
106 N. Highway 5
P. O. Box 500
Camdenton, MO 65020

Dear Lisa,

I finally got around to pulling together the list of lots that I would like to see the lot ownership on. If you could get the current deeds on these properties it would help me immensely.

I have a map going of all of the current ownership on Big Island and this will allow me to complete that map. It will also give us an idea of who else might be interested in buying a map.

Portage Park III

Lot 12

Big Island Lake Sites

Lot 1

Lot 41 East 1/2

Lot 2

Lot 42

Lot 3

Lot 43

Lot 4 west 1/2

Lot 44

Lot 24

Lot 50

Lot 25

Lot 51

Lot 26

Lot 52

Lot 27

Lot 53

Lot 28

Lot 54

Lot 29

Lot 55

Big Island Lake Sites First Addition

Lot 1

Lot 78

Lot 2

Lot 79

Lot 14

Lot 88

Lot 15

Lot 91

Lot 24

Lot 92

Lot 25

Lot 93

Lot 74

Lot 94

Lot 75

I would guess that many of these lots are grouped together and owned by an individual.
Please let me know when you can get this done. Thank you.

Sincerely,

Reggie Golden

13 pages
Interviewed app
if file with
CSO Schedule 18
page 1

FILED⁴

JUN 16 2006

BEFORE THE PUBLIC SERVICE COMMISSION
OF THE STATE OF MISSOURI

Missouri Public
Service Commission

Case No. _____

In the Matter of the Application of)
Big Island Water & Sewer Company, Inc.)
for a Certificate of Convenience and)
Necessity authorizing it to construct,)
install, own, operate, control, manage,)
and maintain a water and sewer system)
for the public located in an unincorporated)
area in Camden County, Missouri)

APPLICATION

1800 in Camden Co. MS
residence of Big Island
A-3 equal
Date

COMES NOW, Big Island Water & Sewer Company, Inc. (hereinafter "Big Island" or "Applicant"), pursuant to Section 393.170, RSMo 2000 and 4 CSR 240-2.060(4)(A), and for its application states the following to the Missouri Public Service Commission ("Commission"):

1. Applicant is a Missouri corporation duly organized and existing under and by virtue of the laws of the State of Missouri with its principal office and place of business located at 840 Thunder Mountain Drive, Camdenton, Missouri 65020. Pursuant to 4 CSR 240-2.060 (1)(B), Applicant's certificate of good standing from the Missouri Secretary of State's office is attached as Appendix 1.

2. Applicant is a private investor owned commercial corporation and has been recently organized to acquire the necessary regulatory approvals to offer and provide water and sewer service to members of the public residing in a geographical area along the shores of the Big Niangua Arm of the Lake of the Ozarks popularly known as Big Island. Residents on Big Island currently receive service from Big Island Homeowners Water and Sewer Association, Inc., (the Association) an unregulated homeowner's association. Service provided by the Association is the subject matter of several complaints pending before this Commission.¹ This application is

¹ See *Orler v. Folsom Ridge L.L.C. and Big Island Homeowners Water and Sewer Association, Inc.*, Case No. V/C-2006-0082 (consolidated with eight other cases).

cc Complaints for 1800
to Comm decision
Commission
Comm. decision

CJO Schedule 18
page 2

being filed as a response to those complaints.

3. Communications respecting this Application should be addressed to:

Michael McDuffy, General Manager
Big Island Water & Sewer Co., Inc.
840 Thunder Mountain Drive
Camdenton, Missouri 65020
Telephone: 573.346.2092

Mark W. Comley
Newman, Comley and Ruth P.C.
601 Monroe St., Suite 301
P.O. Box 537
Jefferson City, MO 65102
573-634-2266 (Telephone)
573-636-3306 (FAX)

Charles E. McElyea
Phillips, McElyea, Carpenter & Welch, PC
85 Court Circle
P.O. Box 559
Camdenton, MO 65020
(573) 346-7231
(573) 346-4411 FAX

Reggie Golden
2602 Clover Basin Drive, Suite B,
P.O. Box 54
Longmont, CO 80502

4. Applicant requests permission, approval and a Certificate of Convenience and Necessity to extend, install, own, acquire, construct, operate, control, manage and maintain a water and sewer system for the public in areas located in an unincorporated area in Camden County, Missouri, as set forth on the map attached to this Application as Appendix 2-Map. The proposed area is further described on Appendix 2-Legal Description also attached to this Application.

CJO Schedule 18
page 3

Late
Filing? why

5. In accordance with 4 CSR 240-2.060(4)(A)(5), Applicant is causing to be prepared a feasibility study for these areas. Completion of the feasibility study is expected in the next fourteen days and will be late filed as Appendix 3 to this application. A July

6. There are no municipalities located within the proposed area and no consent from the County of Camden is required.

7. Applicant will assume ownership and control of the systems currently offering and providing service to Big Island residents. The systems are presently owned by Folsom Ridge, L.L.C. (Folsom Ridge) a Colorado limited liability company which acquired the construction and operating permits from the Missouri Department of Natural Resources ("DNR") for these systems. The Association has handled the business of supplying water and sewer service through the systems under arrangement with Folsom Ridge. Applicant, the Association and Folsom Ridge have entered into an asset transfer agreement by which Applicant shall acquire the water and sewer business and all right, title and interest in the wells, pipes, pumps, treatment facilities, real property, interests in easements and related equipment used to provide service. A copy of that agreement is available upon request. The wells, pipes, pumps, treatment facilities, and related equipment meet all requirements of the DNR. Signed S.A. 10/1/11

8. Some of the residents receiving service from the Association have paid connection fees in order to connect, or to preserve or protect their right to connect, to the water and sewer system now in place. Those residents will be given credit for payment of the connection fees when each becomes a subscriber to Applicant's regulated service. Applicant will use its best efforts to make the transition of the Association's customers to Applicant's service virtually seamless and transparent to the customers. incorrect statement not a

9. There are no other public utilities or governmental bodies now rendering water or

CJO Schedule 18
page 4

sewer service within the area proposed to be certificated. Based upon counsel's information and belief, Camden County established a county wide sewer district pursuant to the Revised Statutes of Missouri but the district has not constructed sewer mains or other facilities in the area sought to be certificated. Although it is questionable whether the County Sewer District's consent is required, Applicant has acquired County Commission permission to file the present application. The Camden County Commission, which governs the county sewer district, has no objection to the filing of the application as per correspondence from the County Commission attached hereto as Appendix 4 and incorporated by reference herein as if fully set forth.

10. The majority of the dwellings in the area requested to be certified are single family homes, duplexes and triplexes. Also, there are areas that are still unimproved or in the earliest of development stages. Water and sewer services provided currently to these areas are unregulated and Commission approval of the certificate of convenience and necessity herein would end disputes related to the lawfulness of that service. Moreover, approval of this application would put in place a central regulated resource from which future residents of the area could acquire adequate and reliable water and sewer service rather than reliance upon individually drilled wells and septic systems. Operation of multiple wells and septic systems may adversely affect the quality of the aquifer which provides drinking water to all residents of the area. Therefore, public need exists for adequate water and sewer services within the area proposed to be served. The public convenience and necessity will be promoted by the granting of the authority herein requested.

11. There are more than ten (10) residents or landowners in the area sought to be certificated. Accordingly, and pursuant to 4 CSR 240-3.305(1)(A)(2) Applicant lists the name and address of each of the following persons residing in the proposed service area:

What is significant
of these 10 page 5
CJO Schedule 18

Testimonies
PSC
Meeting
June 02

given
notice

Jeffrey & Stacy Shore
1170 Big Island Dr.
Roach, MO 65787

Fred & Sharon Beman
1353 Big Island Dr.
Roach, MO 65787

Travis & Stephanie Ezard
2458 Big Island Dr.
Roach, MO 65787

Dennis & Sheryl Boos
2974 Big Island Dr.
Roach, MO 65787

Jeff & Pam Holstead
3458 Big Island Drive
Roach, MO 65785

Phillip & Antoinette Hiley
3184 Big Island Dr. NW
Roach, MO 65787

William & Judith Burford
2682 Big Island Dr.
Roach, MO 65787

Stan & Joyce Zeldin
124 Portage Park
Roach, MO 65787

Lawrence & Rita Toombs
1220 Big Island Dr.
Roach, MO 65787

Cheryl Martin
c/o 1262 Big Island Dr.
Roach, MO 65787

SA
Lees Ed. suit

Law suits
a psc complaints

12. Applicant has no pending action or final unsatisfied judgments or decisions against it from any state or federal agency or court which involve customer service or rates in which action, judgment or decision has occurred within three (3) years of the date of this application.

13. Applicant has no annual report or assessment fees which are currently overdue.

WHEREFORE, Applicant requests the Commission grant it permission, approval and a Certificate of Convenience and Necessity authorizing it to install, acquire, build, construct, own, operate, control, manage and maintain a water and sewer system for the public within the area described in Paragraph 4, authorizing Applicant to implement rates and charges for the provision of services consistent with those contained in the feasibility study, and for such other orders as the Commission deems proper under the circumstances.

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

CJO Schedule 18
page 6

September 18, 2001

Received via Certified Mail 9/24/01
Exhibit 3
Folsom Ridge
now trying almost 2 yrs.
after the fact of
existing property
owners' purchase
to "change" the
requirements.

Jim & Jeanette Schrader
HCR67, Box 766
Roach, MO 65787

RE: Sewer Connection/Big Island Homeowners Association, Inc. Membership

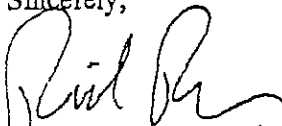
Dear Jim & Jeanette:

Big Island Homeowners Association, Inc. has been advised that you now desire to connect to the sewer system which is in place. As you will recall, you executed an Escrow Agreement and placed \$4,800.00 in escrow with Central Bank of Lake of the Ozarks, which amount was to be used to defray the cost of your connection to the sewer system. It was contemplated that you would become a member of the Property Owners Association. You have refused to join the Association in the past. Since the Association is the owner of the sewer system, according to the Missouri Department of Natural Resources regulations, you need to be a member of the Association prior to connecting to the system. As a member of the Association you would have a vote and say on the operation, maintenance and upkeep of the sewer system. *never was not even established*

We would again request that you become a member of the Association and agree to be bound by the By-Laws of the Association. We have attached the necessary documents for you should you agree to join us and look forward to welcoming you as a member. If you refuse to join the Association, then we do not believe it would be proper for you to connect to the system. Therefore, if you refuse to join the Association, we are prepared to refund to you your \$4,800.00 together with interest on that amount and any other fees paid since the day it was paid into escrow. If you would like to have your money refunded, please contact us at 303-702-0708 and we will process a check immediately. Hopefully you will see fit to join the Association and connect to the sewer system.

If you have any questions, do not hesitate to contact our office.

Sincerely,



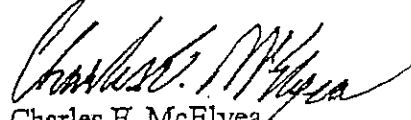
Rick Rusaw
President

this was not part of the original agreement

CJO Schedule 18
page 7

I hope I have adequately answered your questions, but if not, do not hesitate to contact me.

Very truly yours,


Charles E. McElyea

CEM:sp

cc: Big Island Homeowners Association

Exhibit 2
page 2

PHILLIPS, McELYEA, CARPENTER & WELCH, P.C.

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

CJO Schedule 18
page 8

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

LEGAL ASSISTANTS: Sharon Pliskorski
Dana Stouffer

HUGH PHILLIPS (1911-1997)

June 5, 2003

Exhibit 2
page 1

Mr. Joseph J. Schrader
2150 Big Island Drive
Roach, MO 65787

RE: Big Island Homeowners Association

Dear Mr. Schrader:

This will acknowledge receipt of your letter dated May 16, 2003. In response to your first question concerning assessments, Big Island Homeowners Association is the owner of the water and sewer systems within the Big Island development. This ownership is required by the Department of Natural Resources. Those lot owners who have paid a "tap fee" are considered members of the Association because they have the right to connect to the water and sewer systems owned by the Association. This being the case, it seems only fair that those who have paid the "tap fee" even though not connected at present pay a portion of the assessments to help defray certain costs such as insurance. As you are probably aware, the assessments for those individuals not connected to the system are less than for those individuals who are connected to the system.

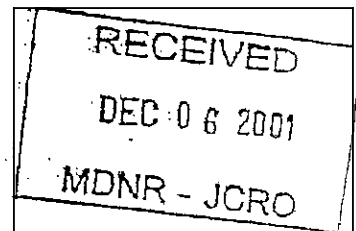
It is the Association's responsibility to see that there is a system available for you when you decide to connect to the system since you have paid the "tap fee".

With reference to the expansion of the water system and/or sewer system, this expansion will be made when it becomes apparent that more homes will be connected to the system than the system can handle and for which the system has the necessary permits. I understand the wording you are referring to, but we do not interpret the wording to mean that the Homeowners Association and/or developer must commence an expansion of the water and sewer system merely because there are 70 homes and/or lots available to connect to the system. I interpret the language to be that when the capacity of the system has been reached, then an expansion will occur. Incidentally, the expansion will be required by DNR when the capacity has been reached.

Folsom Ridge, LLC
2020 Terry St., Suite A
Longmont, CO 80501

November 29, 2001

Exhibit I
CJO Schedule 18
page 9



Kristine Ricketts
Department of Natural Resources
P. O. Box 176
Jefferson City, MO 65102-0176

Dear Ms. Ricketts,


I am in receipt of your letter dated November 16, 2001. Because I just received it today, I will not be able to respond specifically by December 7th. However, I will research the information you requested and have a formal response by December 20, 2001.

Items of note that I can respond to currently are:

- (LTL)
- 1) The homeowners association voted to change their bylaws on December 29, 2000. This change eliminated the two classes of membership. There is currently one homeowner who is connected (the very first to connect) that has refused to join the HOA. Even though the homeowner connected does not consider himself to be a member of the association, we are treating him as a member and he has been so advised. Our attorney is in the process of dealing with this issue. Everyone else who is connected is a member. We will follow up later with the current by-laws.
 - 2) I have a current handwritten as-built drawing of the system. Apparently you have an old copy that showed the pipe in the wrong crevice. I will get with Mr. Jackson and have him redraw the as-builts based on the handwritten drawing that I have.
 - 3) I can assure you that we have not exceeded the eighty-house limit triggering construction of the next wastewater treatment plant expansion. I will however provide a current count of taps and a current number of lots sold.

For future reference, the system and the ground have been turned over to the Big Island Homeowners Association. The address for Big Island Homeowners Association is P.O. Box 54, Longmont, CO 80502. Folsom Ridge LLC has also moved. Their address is 2020 Terry St., Suite A, Longmont, CO 80501. Also, David Lees is no longer involved as a manager in either organization. Please make the necessary corrections in your database.

If I can be of further assistance, please don't hesitate to call me at (303) 702-0708.

Sincerely,

Reggie Golden
Manager

Big Island Homeowners Association
Annual Meeting May 7, 2005

1. Election of Directors

- Folsom Ridge appointed Stacy Shore, Rick Rusaw, Reggie Golden
- No election of directors is needed, Dennis Boos has one year left on his term and Stan Zeldin has 2 years left on his term.

2. Annual Budget

- The annual budget was distributed with the meeting notice in March. Motion to approve the budget as presented, Larry Tombs, second by Gail Snyder, passed with no dissenting votes or abstentions.
- The Board of Directors will set assessments based on the approved budget. It is anticipated that the annual assessment will remain the same as the last two years.
- There was a discussion regarding the \$7,000 line item in the budget for Folsom Ridge (FR). This is an amount owed to FR for installation of the initial system. This was left in the operating fund to cover expenses until the funds are available to reimburse FR. In addition, new tap fees (currently \$7,500 for sewer and \$3,000 for water) will be passed through the FR to complete reimbursement for the system up to the amount specified in the initial agreement.

3. Other Business

- The developer updated the group on the status of the construction of improvements. The water line installation is complete on the island with all users connected except Gail Snyder. The line that extends across the causeway will be completed soon with hooks up to follow.
- There was a discussion regarding the status of paving and repair to the road. The County is in the process of repairing roads and continuing to patch and repair as necessary. Folsom Ridge is working with the County regarding the schedule for the overlay planned for the road in the island. They are trying to coordinate paving on the east side of the island and patching on the remainder so that the overlay can be put in place after construction of the utilities is complete. The county is planning on adding pavement to widen the causeway.
- There was a discussion regarding the schedule for transferring control of the water and sewer system to the HOA. The initial 5 year warrant on the initial installation of the improvements is up in September 2005. New improvements will be warranted by a standard 1 year construction warrant. In September of 2006 the HOA Board of Directors will be made up of 5 members, elected by the full membership. FR will no longer appoint 3 of the 5 directors.
- There was a discussion regarding trailer parking on the Folsom Ridge property surrounding the treatment plant. Current trailer parking is difficult to access. Trailers will need to be relocated for construction of the new filter bed. Once the construction is complete Folsom will attempt to continue to have a place to park trailers and all homeowners will be encouraged to use the area provided.
- There was a discussion regarding the schedule for construction of the new homes. The foundation for the first model home has been staked and construction will begin soon.

CLO

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COVER LAW OFFICE, LLC

137 WEST FRANKLIN STREET, P.O. BOX 508, CLINTON, MO 64785
PHONE (866) 825-4914 FAX (866) 825-0780

December 7, 2006

Cathy J. Orler
3252 Big Island Drive
Roach, MO 65787

Via Fax: (573) 317-1490



FAXED
12-7-06

RE: Big Island Water & Sewer Utility Service

Dear Ms. Orler:

Please allow this to confirm our recent telephone conversations regarding this matter.

As you are aware, I am presently serving as Court-Appointed Receiver for three private water and sewer utility companies.

In the event the Missouri Public Service Commission determines that a Receiver is necessary for the water and sewer utility located on the Big Island development, I would welcome the opportunity to be considered by the Commission for appointment as Receiver.

If you have any questions regarding the above, please feel free to contact me.

Sincerely,

A handwritten signature of Gary V. Cover.

Gary V. Cover
garycover@earthlink.net

GVC/rew

BEFORE THE PUBLIC SERVICE COMMISSION OF THE STATE
OF MISSOURI

In the Matter of the Application of)
Big Island Water & Sewer)
Company, Inc. for a Certificate)
of Convenience and Necessity) Case No. WA-2006-0480, et al.
authorizing it to construct, own,)
operate, control, manage, and)
maintain a water and sewer)
system for the public located)
in an unincorporated area in)
Camden County, Missouri)

INTERVENOR'S DISCLOSURE TO THE COMMISSION

Comes now, Cathy Orlor, on her own behalf, to disclose to the Commission, the following:

1. On August 18, 2005, Cathy Orlor filed a Formal Complaint with the Missouri Public Service Commission, against Folsom Ridge, LLC., Owning and Controlling the Big Island Homeowners' Association.

The basis of Ms. Orlor's complaint, was that the BIHOA, was not operating as an HOA, but rather an unlicensed public utility, by servicing and billing individuals who were/are not members of the association, and therefore should be subject to regulation by the PSC.

This situation was created when the developer, Folsom Ridge, LLC., actively solicited existing residents in the Big Island community, to purchase water and sewer taps as a means to fund and cash flow the developer's construction and installation

of a central water and sewer utility. The contractual agreements resulting from the sales and purchases of the water and sewer taps between Folsom Ridge, LLC., and existing residents, guaranteed the purchasers a reserved right to connect to the future utility at a time of their choosing; with no fees and/or additional charges associated with connecting to the system, until such time as the individuals became a customer, by connecting to the system, to receive service, and then, being billed/charged for the service(s) received.

The BIHOA, had not yet been created as an active organization, to oversee, operate, and maintain the water and sewer utility, at the time of the contractual agreements. Instead, the utility became operational and began providing service to individuals. The BIHOA, was not organized until approximately 16 months after the utility had actively been providing service to residential users. Therefore, as per the previous contractual agreements made to the existing residents, there was no membership affiliation requirement, as a condition to receive utility service.

Furthermore, in the complaint, Ms. Orler provided documentation to support her claim that the HOA was/is being controlled by the developer, Folsom Ridge, LLC., through a vote that is governed and dictated by the number of property lots owned. Additional documentation to further prove this fact, is provided as Exhibit 1 in this document. Mr. Charles E. McElyea, attorney for Folsom Ridge, LLC., Big Island Water and Sewer Association, Inc., (f.k.a. Big Island Homeowners' Association), and Big Island Water and Sewer Company, Inc., states in his letter to Big Island resident, Mr. Jim Schrader, that 77 lots were represented at the July 2002 HOA meeting.

2. Subsequently, in August and September of 2005, a total of 9, (nine), separate Formal Complaints against Folsom Ridge, LLC., Owning and Controlling the BIHOA, were filed with the Commission. While each complaint was somewhat different, all alleged that F.R. and BIHOA, or some combination of the two, was operating a water and sewer utility that should be subject to regulation by the Commission. These 9, (nine), complaints

were then consolidated into Case No. WC-2006-0082, et al., which remains active within the jurisdiction of the Missouri Public Service Commission. No formal finding of fact in a determination and ruling by the Commission, has been made in this case.

3. The principles of Folsom Ridge, LLC., have now, as a response to those complaints, created another new legal entity, named Big Island Water and Sewer Company, Inc., for the purpose of applying for, and acquiring the necessary regulatory approval from the PSC, to continue providing water and sewer service on Big Island. A part of this application, is the "Agreement For Sale And Transfer Of Water Distribution System and Wastewater System," assets. This application for a Certificate of Convenience and Necessity was filed with the Commission, on June 16, 2006, and created Case No. WA- 2006-0480, et al. Pleadings filed in this case by former Complainants and Intervenor, have raised the issue to the Commission, and questioned the ownership of the said assets of the utility, with respect to the ability to sell, transfer, and/or deed such said assets. Case No. WA-2006-0480, et al. remains active within the jurisdiction of the Missouri Public Service Commission. The application in this case has not been approved, or a certificate granted; however, an "Order Adopting Procedural Schedule And Scheduling A Prehearing Conference," was issued by the Commission on September, 07, 2006.
4. On September 20, 2006, a prehearing conference in Case No. WA-2006-0480, et al. was held. During this prehearing conference, many and various issues relating to both the complaint case, (Case No. WC-2006-0082, et al.), and the application case, Case No. WA-2006-0480, et al.), were discussed – including specifically, the "Application," the "Feasibility Study," and the "Agreement For Sale and Transfer Of Water Distribution System And Wastewater System," assets, related to Case No. WA-2006-0480. There was no disclosure made by any party during this open forum, regarding any proposals, negotiations, conversations, discussions, and/or

meetings whereby the developer, Folsom Ridge, LLC., (Respondent in Case No. WC-2006-0082, et al. and it's principles being the same as Big Island Water and Sewer Company, Inc., Applicant in Case No. WA-2006-0480, et al.), "is open to the following proposal," by Pam Holstead. (Exhibit #2).

It would seem, in my opinion, that the developer, Folsom Ridge, LLC., (with its principles being the same as the BIHOA and the Big Island Water and Sewer Company, Inc.), had to have prior knowledge of this proposal to allow them to be "open to the proposal." However, there have been no formal filings with the Commission regarding this proposal, and the "deeding of the water and sewer system to a customer owned and operated, not for profit Company established under Missouri statute 393" – although, it involves the Big Island utility assets that are already subject to sale and transfer within the jurisdiction of the PSC, Folsom Ridge, LLC., (Rick Rusaw and Reggie Golden), and applicant, Big Island Water and Sewer Company, Inc., (Rick Rusaw and Reggie Golden), BIHOA, (being Owned and Controlled by Folsom Ridge, LLC. – Rick Rusaw and Reggie Golden), Complainants and Intervenors who are present and future utility customers, and the Commission, who currently has jurisdiction over all these matters. Although Ms. Holstead has volunteered to serve as legal liaison for the residents of Big Island, in a self appointed position, with regard to water and sewer issues (Exhibit # 3), in my opinion, it would appear that Ms. Holstead is not familiar with all of the issues of the cases before the Commission, in presenting a "proposed solution" to other residents. However, Ms. Holstead did, have the same opportunity as other residents, to become an active participant in the water and sewer issues on Big Island, by filing a Formal Complaint with the Commission, and/or becoming an intervenor in the application case. Therefore, the water and sewer issues, as outlined in my Formal Complaint, and my pleadings filed with the Commission as a Complainant and Intervenor, are restated with respect to the "proposed solution," of the developer and Ms. Holstead, in the following:

- a. Item # 2, of the developer's and Ms. Holstead's "proposed solution," - is attempting once again, to impose a required

membership to those current and future utility customers, with a prior contractual agreement in which monies were exchanged, to receive utility service, with no membership requirement, as a condition to receive said service. (Reference Membership - meetings, annual, special - quorum - voting. 393.839. 1. and 393.921.1 (Exhibit # 4).

- b. Item # 4, of the developer's and Ms. Holstead's "proposed solution," - requires that directors of the board, be customers of both the water and sewer system. In theory, this requirement would appear to have merit, and if instituted in a "new" development area, where all utility members were equal utility customers, this claim would be fundamental. However, in practical application of the Big Island community and its current situation, which consists of many existing residents with their own private wells and septic systems, (most of which are not currently receiving both water and sewer utility service), instituting such a policy would be discriminatory among the individual member customers. Membership would be a required condition to receive utility service; yet all members would not be equal in their participation allowed as a member. This is discrimination.
 - c. Item # 5, of the developer's and Ms. Holstead's "proposed solution," - further discriminates among customers, by disallowing certain individuals to serve on the board; although as a customer your membership again, is mandatory, and an imposed requirement to be able to receive utility service. This discrimination then results in a board of directors and its "allowable" individuals to "control" the utility, without all members being of equal status to maintain a board position.
5. With the "proposed solution" of the developer and Ms. Holstead, the issues of the water and sewer utility on Big Island, would remain unchanged. The "proposed solution" to the issues of the water and sewer utility, by the developer and

Ms. Holstead, changes nothing; except confirm the need for a regulated public utility - operated, maintained, and managed by a certificated company independent of any associations with Folsom Ridge, LLC. or any of its agents or representatives.

- a. Membership in an organization is still being imposed on individuals as a conditional requirement to receive utility service, when previous contractual agreements guaranteed these individuals the right to receive utility service, without this requirement.
- b. Individuals are being discriminated against, within the utility organization, although their membership in this association, is being required and/or imposed.
- c. The utility is being controlled by individuals as a result of a discrimination process; similar to the current situation that exists with the voting of lots.

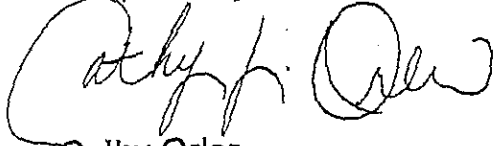
This pleading is being submitted as a full disclosure of information to the Commission, as this information is subject to the jurisdiction of the Commission in the cases involving it.

Wherefore, the relief requested from the Commission remains the same:

1. Reject the "Application" of Big Island Water and Sewer Company, Inc. and deny certification of the same
2. Regulate this utility
3. Appoint an independent company, (with no association or affiliation with Folsom Ridge, LLC. and its principles), as an interim receiver until:
 - a. the development project on Big Island by Folsom Ridge, LLC. and its principles is complete

- a. civil court issues involving Folsom Ridge, LLC. and its principles and the principles of the Big Island Water and Sewer Company, Inc. and the utility on Big Island are resolved
- b. Federal Court Case No. 06-4044-CV-C-WAK, involving Folsom Ridge, LLC. and its principles and the principles of the Big Island Water and Sewer Company, Inc. and the water and sewer lines on the East side of Big Island is disposed

Respectfully submitted,



Cathy Orlor