

August 29, 2006

The Honorable Colleen M. Dale
Secretary/Chief Regulatory Law Judge
Missouri Public Service Commission
P. O. Box 360
Jefferson City, MO. 65102-0360

FILED

AUG 30 2006

Missouri Public
Service Commission

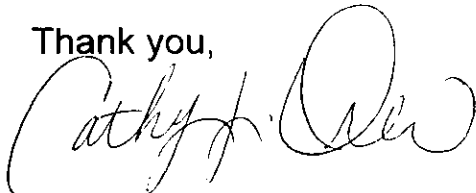
Re: Case Nos. WA-2006-0480

The Honorable Judge Dale:

Please find enclosed, for filing, "Intervenor's Response to Big Island Water and Sewer Company, Inc.'s Response, to Orler and Pugh Request to Reject or Deny Application." Five additional copies are also enclosed for the appropriate Commission personnel; if you would be so kind as to bring this filing to their attention.

Please contact me, if you should have any questions regarding these filings.

Thank you,



Cathy J. Orler
3252 Big Island Drive
Roach, MO. 65787
(573)317-1490

**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)

FILED

AUG 30 2006

Missouri Public
Service Commission

**INTERVENOR'S RESPONSE TO BIG ISLAND WATER & SEWER COMPANY,
INC.'S RESPONSE, TO ORLER AND PUGH REQUEST TO REJECT OR DENY
APPLICATION**

Comes now Cathy Orler, on her own behalf, submits the following to the Commission:

1. On August 21, 2006, BIWS Co. Inc., filed a "Response to Intervenor's Request to Reject or Deny Application," and in conclusion of that response, prays that the Commission deny Mr. Pugh's and Ms. Orler's separate requests to deny the application and requests for other relief.
 - a. BIWS Co. Inc., states in item #3 of that response, that, "...No evidence has been introduced in this case except to the extent Big Island's verified petition and exhibits are evidence.
 - b. BIWS Co. Inc., also states in item #6 of that response, that, "Mr. Pugh's request and Ms. Orler's requests are not in proper form under the rules of the Commission, ..."

2. Ms. Orler disagrees with the statement that "...No evidence has been introduced in this case. To clarify, with evidence to support her position, Ms. Orler references her "Intervenor's Response to Applicant's Response and Objections to Motions to Intervene and Request Intervenor Status Be Granted to All 16 Applicants," with the accompanying exhibits as evidence, filed on July 19, 2006 with the Commission.
3. Reference: "Intervenor's Response" – filed July 19, 2006; page 3, item "d." As evidence to support her statement, that Folsom Ridge, LLC., and "Applicant," (with the same individuals being the principals for both companies), are providing inconsistent information to the PSC and the DNR, Ms. Orler provided as an exhibit, a letter from Mr. Reggie Golden, manager, Folsom Ridge, to Kristine Ricketts, DNR. (Again, as evidence in this response, this same document is provided as Exhibit 1). Under signature, Mr. Golden states: "For future reference, the system and the ground have been turned over to the Big Island Homeowners Association." To confirm and satisfy ownership of the utility, Ms. Orler, in her response, requested property titles.

As of the date of this response, this request has neither been acknowledged or satisfied by property titles being submitted as "evidence" by the Applicant, to prove that "...the systems are presently owned by Folsom Ridge, LLC...", as stated in the "Application" – page 3, paragraph 7. Additionally, the request made by Mr. Ben Weir, for a copy of the "Asset Transfer Agreement," transferring said ownership, has neither been acknowledged or satisfied.

4. In this response, as further evidence, to indicate to the Commission, an inconsistency in the information being provided to the DNR, PSC, and the residents of Big Island, regarding the ownership of the utility, is a letter from Mr. Charles E. McElyea, (representing Folsom Ridge, LLC. and Big Island Homeowners' Water and Sewer Association, Inc., f/k/a/ Big Island Homeowners' Association in Case No. WC-2006-0082, et. al.) and now Big Island Water and Sewer Company, Inc., to Mr. Jim Schrader, Big Island Resident. (Exhibit 2).

Mr. McElyea states to Mr. Schrader in the first sentence of his letter, that: "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." As attorney for Big Island Water and Sewer Company, Inc., Mr. McElyea respectfully submitted to the Commission, the "Application," stating that: "The systems are presently owned by Folsom Ridge, LLC."

Mr. Rick Rusaw, President of Big Island Homeowners' Association, (and principal of Big Island Water and Sere Company, Inc.), also makes this same statement in a letter to Mr. and Mrs. Schrader. (Exhibit 3).

Mr. Rusaw states in the first paragraph of his letter, "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."

- a. Ms. Orlor, intervenor, is again requesting property titles, as evidence, to prove ownership of the utility.**
- b. If ownership of the utility by the BIHOA, is a requirement of the DNR, (as stated by Mr. McElyea and Mr. Rusaw), how can Folsom Ridge, LLC. own the utility without being in current violation of DNR regulations?**
- c. Furthermore, if "the Association, (BIHOA), has handled the business of supplying water and sewer service through the systems under arrangement with Folsom Ridge," as stated on page 3, paragraph 7 of the "Application," but the association does not own the utility, as required and currently permitted by DNR, it would seemingly appear, in my opinion, that the "Applicant" is requesting certification for a certificate of convenience and necessity, as a means of amnesty to validate the current mismanagement practices, and acquire the necessary regulatory approvals through yet another regulatory agency to be able to continue offering and providing water and sewer service - and now, profit by doing so.**

- d. How is this a remedy or guarantee of safe and adequate service within the jurisdiction of PSC regulation, when this utility is currently providing service within the jurisdiction of DNR regulation with the same permitted approval by the operating permit granted, yet appears to be in blatant violation?
5. Reference: "Intervenor's Response" – filed July 19, 2006; page 4, item "e." As evidence to support her statement, that "Applicant" is providing incorrect information regarding the payment of "connection fees" by some residents, (as stated in the "Application" – page 3, paragraph 8). Ms. Orler provided as an exhibit, a letter from Mr. Reggie Golden to Lisa Peterson at Chalfant & Thopmkins Abstract & Title Insurance. (Again, as evidence in this response, this same document is provided as Exhibit 4).

Under signature, Mr. Golden is requesting lot information for the purpose of solicitation "in buying a tap."

6. Additionally, in this response, to support and confirm that residents "purchased taps," is a letter written by Big Island resident, Mr. Jim Schrader, to Mr. Rick Rusaw, Big Island Homeowners' Association, and communicated via FAX transmission to Reggie, from LifeBridge Christian Church in Colorado, where Mr. Rusaw is senior minister. (Exhibit 5).

In the next to the last paragraph of page 1 of Mr. Schrader's letter, he clarifies to Mr. Rusaw, that \$4,800.00 was not to defray the cost of connecting to the system.

Also, in this response, as further evidence, to support and confirm that residents "purchased taps," is an E-mail from Reggie Golden to Phil Hiley. (Exhibit 6).

On page 2 of this correspondence, Mr. Golden makes reference to "everyone who....has paid for a tap." (Exhibit 7).

7. Further evidence, in this response, of inconsistent and/or incorrect and false information being provided to regulatory agencies, by the same principals of the Big Island Water and Sewer Company, Inc., are the annual reports of the BIHOA, (Exhibit 8, Exhibit 9, Exhibit 10), submitted by Mr. Reggie Golden under signature, to the Secretary of State, with the understanding that:

"The undersigned understands that false statements made in this report are punishable for the crime of making a false declaration under section 575.060 RSMo. (Meeting minutes of the BIHOA, listing Board of Directors and election of officers to the board, for the respective years of each of the annual reports submitted, are attached as a part of each of the exhibits to substantiate that neither Mr. Toombs and/or Mr. Bracken maintained a board position in the years 2004 or 2005.)

- 8. As more evidence in this response, is a letter written to Mr. McElyea by Mr. Lew Bridges, (Exhibit 9), an attorney retained by Big Island residents in their efforts to resolve issues concerning Folsom Ridge, tap purchases, reserved future connection rights, utility service, and the question of membership in the BIHOA. Mr. Bridges letter to Mr. McElyea, prompted a letter from Mr. McElyea to Mr. Reggie Golden with Folsom Ridge. (Exhibit 11).**

In his letter, Mr. McElyea admits: "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."

As of the date of this response, numerous requests for signed and ratified copies of the "Amended and Restated Covenants and Conditions," indicating a bilateral agreement by property owners mutually consenting to their membership in the Big Island Homeowners' Association, has been made by residents during an 6 year period, and the same requests made by Complainants before the Commission, as well as 3 orders issued by the Commission in Case No. WC-2006-0082, et al., have been ignored by Big Island Homeowners' Association, Big Island Water and Sewer Association, Inc., Mr. Reggie Golden, Mr. Rick Rusaw, Mr. Mark W. Comley, and Mr. Charles E. McElyea.

- 9. Ms. Orlor now addresses the BIWS Co., Inc.'s response statement that, "Pugh's request and Orlor's requests are not in proper form."**
 - a. Ms. Orlor has reviewed the Rules of Department of Economic Development: Division 240 – Public Service Commission; Chapter 2 – Practice and Procedure, published by the Missouri Public Service Commission.**

Neither rules, 4 CSR 240-2.070 Complaints, or 4CSR 240-2.075 Intervention, make the requirement that either a Complainant or an Intervenor be a licensed attorney. However, if Mr. Comley has issue with the "format" by which evidence is being presented by intervenors' in this case, perhaps this issue should be addressed to the Office of Public Counsel; as defined in the "Media Guide to the PSC," as a separate agency that represents the general public in proceedings before the PSC."

- b. In previous discussions with Complainants in Case No. WC-2006-0082, et al.; and now with Intervenor in Case No. WA-2006-0480, et al., all individuals participating in these proceedings are making every effort to understand and follow the procedural rules of the Commission, with the utmost respect and reverence, and professionalism. However, Ms. Orlor acknowledges that this process is difficult: if lay individuals are allowed by the Commission to file complaints seeking relief, and are allowed to intervene in the public's best interests, then it is to be expected that these lay individuals will not be representing themselves and/or presenting evidence in a manner with which colleagues in the legal profession have become accustomed. If Mr. Comley, and/or the Commission, find the intervenors' not capable and/or their performance to be unacceptable, perhaps more interaction from the Office of Public Counsel would be helpful.
- 10. In the Feasibility Study, dated July, 2006, submitted by the "Applicant," Big Island Water and Sewer Company, Inc.; page 4, "Proposed Rates, Connection Fees and Other Charges," were prepared from the Global Analysis and Rate Base Computation.
 - a. The Customer Base used was computed to be 210. Although a future customer base of 210 is projected, Folsom Ridge's actual sales history should be used to determine and graph the yearly customer growth of the utility, and then project at what year the customer base is expected to reach 210. Otherwise, F.R. receives "up front" a utility profit from rates based on a customer base of 210, when in reality, an actual customer base of 210 may not be achieved for 10 to 15 years.

- b. In the Global Analysis of Existing Plant and Charges, costs associated with the DNR and Attorney General's mandated, correct re-installation of the utility waterline are used to calculate proposed rates. As evidenced by the "Amended and Restated Declaration of Covenants and Conditions," (Exhibit 12), "Folsom commits to repair defects at its sole cost." Therefore, any costs associated with the DNR/Attorney General mandated, waterline re-installation, should NOT be used to calculate proposed customer rates.
- 11. Referencing the Feasibility Study, and provided as evidence is Federal Case No. 06-4044-CV-C-WAK, in the United States District Court, Western District of Missouri, Central Division, (Exhibit 13 and Exhibit 14), filed on March 03, 2006, involving the principals of Big Island Water and Sewer Company, Inc., by naming Reggie Golden and Rick Rusaw specifically as individuals in the Defendant's answer, filed on April 12, 2006, the Plaintiff; Folsom Ridge, LLC., is attempting to recover these same re-installation costs through a claim against the Defendant, for losses and damages relating to the improper construction and laying of the water and sewer lines in the development project on the east side of Big Island.
 - a. Folsom Ridge, LLC., (with its principals being the same as the Big Island Water and Sewer Company, Inc.), has agreed to repair defects at its sole cost, and is attempting to recover these same re-installation costs in a federal law suit for losses and damages. However, Big Island Water and Sewer Company, Inc., (with its principals being the same as Folsom Ridge, LLC.), is including these costs to calculate proposed customer rates in its Feasibility Study. In my opinion, this would seemingly appear to be "double dipping," and discredit both companies and their respective principals; specifically Big Island Water and Sewer Company, Inc. who is seeking certification to continue to own, operate, control, manage, and maintain the public water and sewer system on Big Island.
 - b. In addition, specifically naming the "water and sewer lines on the east side of Big Island," in Federal Case No. 06-4044-CV- C-WAK, would appear to place an encumbrance to a clear property title and/or utility assets, while this suit is pending, and until a final ruling and judgment has been made.

12. In the Feasibility Study, dated July, 2006, submitted by the "Applicant," Big Island Water and Sewer Company, Inc.; page 4, paragraph 3 – "An addition to the wastewater treatment facility is under construction. Expenses to date have been \$119,757. It is estimated that the additional cost to complete this facility is \$150,000." As evidenced by the "Amended and Restated Declaration of Covenants and Conditions," (Exhibit 12), "With regard to any expansion of the Water System and/or Sewer System to serve lots beyond the original 80 lots intended to be served by the original Water System and Sewer System shall be paid by Declarant or its successors." Therefore, any costs associated with the addition to the wastewater treatment facility, should not be used to calculate proposed customer rates.

I am not an attorney, and as Mr. Comley has made quite clear to the Commission on numerous occasions throughout these proceedings, I am not familiar with the judicial procedural process of the Missouri Public Service Commission. However, I am a resident of Big Island, and this has been my home for nearly 8 years - and I am very familiar with Folsom Ridge, LLC., and what has been represented and committed to myself and other property owners, by this developer.

I purchased a water tap at \$2,000.00 and a sewer tap at \$4,800.00 with a reserved future right to connect to the utility system at no additional charges. My water and sewer taps, are personal property, located on my private property, and tangible assets in which I have invested. Myself and other property owners on Big Island have a total investment in the utility of, \$306,800.00, (as per the feasibility study), from the purchase of taps. Folsom Ridge, LLC., (and/or its principals), and/or Big Island Water and Sewer Company, Inc., (and/or its principals), do not have the right to make unilateral decisions regarding the transfer of utility assets and/or to "own equipment, appliances, pipes, pipelines, conduits, real and personal property", (Exhibit 15 – "Articles of Incorporation for Big Island Water and Sewer Company, Inc."), without the knowledge or approval of those individual investors and owners of said assets, and personal property.

I am not opposed to the development of Big Island; or its developer, Folsom Ridge, LLC. I do, however, oppose Folsom Ridge's continual, non-compliance with the laws of the state of Missouri, and not obligating themselves to the many commitments they have made to residents throughout their development attempt on Big Island. Folsom Ridge's

success in their development of Big Island, will have a direct impact on the property values in this community. My home and the equity in it, is the only asset I was left with, after becoming single a few years ago. Therefore, I have a very sincere and vested interest in the success of Folsom Ridge and their development project on Big Island.

The principals of Folsom Ridge, LLC., and the Big Island water and Sewer Company, Inc. being the same; and being both the developer of Big Island, and the owner of the utility servicing the development; and both ventures being motivated by profit – how can a conflict of interests not exist? The ability of the Missouri Public Service Commission to regulate this utility **and** this situation, will only be as good as what is afforded the PSC within the limitations of its jurisdiction; and as evidenced by the continued inconsistent and incorrect information currently being supplied to the PSC in the application and Feasibility Study, it does not appear that the “Applicant” desires to act in accordance with and/or abide by laws or regulations.

Therefore, I respectfully request that the Commission:


1. Reject the “Application” of the Big Island Water and Sewer Company, Inc. and deny certification of the same
2. 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
 - b. 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
 - c. 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

3. Enter into evidence in this case:

**a. all Formal Complainants and all pleadings filed with
accompanying exhibits in Case No. WC-2006-0082, et al.**

b. this response with accompanying exhibits

Respectfully submitted,



Cathy Orlor

Certificate of Service

I hereby certify that a true and correct copy of the above and foregoing document was sent via U.S. Mail, on this 29th day of August, postage prepaid to: the General Counsel's Office, and the Office of Public Counsel; and to Mark W. Comley, 601 Monroe Street, Suite 301, P.O. Box 537, Jefferson City, MO. 65102, and Charles E. McElyea, 85 Court Circle, P.O. Box 559, Camdenton, Mo. 65020

Copies of this document were hand delivered to :

**Cindy Fortney, 3298 Big Island Drive, Roach, MO. 65787
Benjamin D. Pugh, 1780 Big Island Drive, Roach. MO. 65787
Joseph J. Schrader, 1105 Yorktown Pl., DeLand, FL. 32720
Stan Temares, 1836 Big Island Drive, Roach, MO. 65787
Ben F. Weir, 3515 SW Meyer Blvd., Blue Springs, MO. 64015
Elaine H. and William T. Foley, II, 15360 Kansas Ave., Bonner Springs, KS. 66012
Mark and Deborah Hesley, 2308 Big Island Dr., Roach, MO. 65787
Don Deckard, 2218 Big Island Dr., Roach, MO. 65787
Bernard J. Beaven, 13900 E. 217, Peculiar, MO. 64078
Jerry Steinhour, Lot 57, P.O. Box 737, Seneca, Ill. 61360
Joseph Geary Mahr, 1886 Big Island Dr., Roach, MO. 65787
Arthur W. Nelson, 6504 Melody Lane, Parkville, MO. 64152
Eugene Prather, 1604 Big Island Dr., Roach, MO. 65787
Donald J. and Frances K. Weast, 5291 Kerth Rd., Mehlville, MO. 63128
Stephen D. Kleppe, 8210 E. Tether Trail, Scottsdale, AZ. 85255**

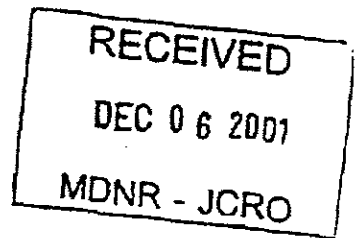
Cathy Orler

A handwritten signature in cursive script, appearing to read "Cathy Orler", written in black ink.

Exhibit 1

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

November 29, 2001



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:


676 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

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

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)

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:

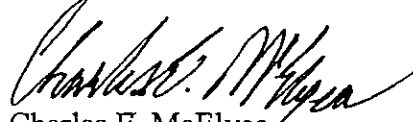
This will acknowledge receipt of your letter dated May 16, 2003. In response to your first question concerning assessments, Big Island Homeowners Association is the owner of the water and sewer systems within the Big Island development. This ownership is required by the Department of Natural Resources. 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.

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

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

September 18, 2001

Received via Certified Mail 9/14/01
Exhibit 3
*Johnson Ridge
now Irving almost 2000
after the fact of
existing property
owners to new
change in the
reg. records*

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

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

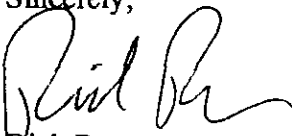
Dear Jim & Jeanette:

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 sent to the original agreement

May 11, 2001

Exhibit 4

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 tap.

Portage Park III

Lot 12

Big Island Lake Sites

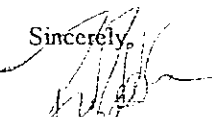
Lot 1	Lot 41 East 1/2
Lot 2	Lot 42
Lot 3	Lot 43
Lot 4 west 1/2	Lot 44
Lot 24	Lot 50
Lot 25	Lot 51
Lot 26	Lot 52
Lot 27	Lot 53
Lot 28	Lot 54
Lot 29	Lot 55

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

Post-it* Fax Note	7671	Date	# of pages
To Reggie		From Rick	
Co./Dept.		Co. LBOC	
Phone #		Phone #	
Fax #		Fax #	

September 27, 2001

Exhibit 5
page 1

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

Attn: Rick Rusaw

Dear Rick,

We are in receipt of your letter, dated 9-18-02, which was sent by certified mail. Some place along the line, you have been ill advised, since I have no desire or intention of connecting to the central sewer at this time. I was, however, interested in getting a budgetary estimate and information in the event that, if at some future time I had problems with my current system and decided to connect to the central system, I would already have the cost estimate and any technical information that might be involved.

I do, however, have some comments and questions regarding your letter. First, we did not have or execute any agreement with Central bank, Folsom Ridge had an agreement with the bank. I had asked Jeff Welsh for one but it wasn't available.

Next, I believe you are correct in that MO. DNR requires the central sewer system to be owned by the H.O.A., but I don't believe it is a DNR requirement that I become a member of the H.O.A. prior to connecting to the system. I would appreciate you sending me a copy of your source for this statement. Along the same line, there are currently some residents who have been connected to the system for some time but have never joined the H.O.A. and further, this was never a provision in any of the original conditions prior to proposing and accepting our \$4,800.00 fee.

Incidentally, the \$4,800.00 was not ~~to~~ defray the cost of my connecting to the system, it was to contribute to the actual cost of the construction of it.

As far as the Home Owners Association, in spite of what you might think, I do not have a problem with the association or it's members, although I truly believe that many of them were influenced to join by threats and scare tactics on the part of Folsom Ridge, but that is no concern of mine.

Big Island Homeowners Association

page 2 September 27, 2001

I have some very definite reasons for not having joined the Big Island H.O.A. and would be happy to discuss them with you at any time we can arrange a time and place.

We tentatively plan to leave for Florida the 3rd of Nov.

Please let us hear from you regarding these matters.

Sincerely,

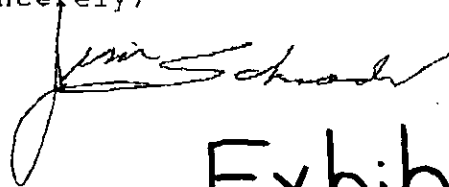
A handwritten signature in dark ink, appearing to read "Jim Schuch". The signature is fluid and cursive, with a long horizontal stroke extending to the right.

Exhibit 5
page 2

CARROLL MILES

Resident
Board memb.
who is an
attorney

From: "Reggie Golden" <reggieg@dgmik.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

Exhibit 6
page 1

Credibility?

Also:
Sub-divided
& replatted
West side/interior

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 6
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 DHR. They have mandated the fix and we have agreed to fix it according to an agreement that we have signed. The plans are currently in DHR'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.

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

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

2003
Matt Blunt Secretary of State
ANNUAL REGISTRATION REPORT
(Nonprofit Corporation)

File Number: 200324090153
Date Filed: 08/28/2003 04:22 PM
Matt Blunt
Secretary of State

THIS REPORT IS DUE BY: 08/31/2003

N00059344

BIG ISLAND HOMEOWNERS ASSOCIATION, INC.

CHARLES E. MCELYEA
190 COURT CIRCLE-P.O. BOX 559
CAMDENTON, MO 65020

1 Corporation Purpose:

Own and operate sewer and water system.

If changing the registered agent and/or registered office address, please check the appropriate box(es) and fill in the necessary information.

☐

The new registered agent

IF CHANGING THE REGISTERED AGENT, AN ORIGINAL WRITTEN CONSENT FROM THE NEW REGISTERED AGENT MUST BE ATTACHED AND FILED WITH THIS REGISTRATION REPORT.

☐

The new registered office address

Must be a Missouri address, PO Box alone is not acceptable. This section is not applicable for Banks, Trusts and Foreign Insurance.

3 THE CORPORATION IS:

☒ Mutual Benefit
☐ Public Benefit

4 ARE THERE MEMBERS:

☒ Yes ☐ No

5 ORGANIZED UNDER THE LAWS OF:

MO

6 PRINCIPAL PLACE OF BUSINESS OR CORPORATE HEADQUARTERS:

STREET: 2020 Terry St., Suite A

CITY/STATE/ZIP: Longmont, CO 80501

NAME AND PHYSICAL ADDRESS (P.O. BOX ALONE NOT ACCEPTABLE). AT LEAST 1 OFFICER REQUIRED. AT LEAST 3 DIRECTORS ARE REQUIRED.

President Rick Rusaw
Address 2020 Terry St., Suite A

City, State, Zip Longmont, CO 80501

Secretary Reggie V. Golden
Address 2020 Terry St., Suite A

City, State, Zip Longmont, CO 80501

Treasurer Reggie V. Golden
Address 2020 Terry St., Suite A

City, State, Zip Longmont, CO 80501

Director Don Bracken
Address 2810 Big Island Drive

City, State, Zip Roach, MO 65787

Director Larry Toombs
Address 1220 Big Island Dr.

City, State, Zip Roach, MO 65787

Director Rick Rusw
Address 2020 Terry St., Suite A

City, State, Zip Longmont, CO 80501

Director Tim Miller
Address 1306 Dogwood Lane

City, State, Zip Osage Beach, MO 65065

Exhibit 7
page 1

2003

Matt Blunt Secretary of State

ANNUAL REGISTRATION REPORT

(Nonprofit Corporation)

The undersigned understands that false statements made in this report are punishable for the crime of making a false declaration under Section 575.060 RSMo 1986

8

Reggie V. Golden

Original signature of officer listed above required. Photocopy or stamped signature not acceptable.

ATTACHED IS THE REGISTRATION FEE OF:

\$15.00 If filed on or before August 31st.

\$20.00 If filed after August 31st.

Corporation will be administratively dissolved if report is not filed by November 30th.

F123456

01 0000000

AG 0000000

AG 0000000

INFORMATION PROVIDED IS SUBJECT
TO PUBLIC DISCLOSURE

N00059344



CORPORATE E-MAIL ADDRESS _____

REQUIRED INFORMATION MUST BE COMPLETE OR THE REGISTRATION REPORT WILL BE REJECTED

MAKE CHECK PAYABLE TO SECRETARY OF STATE

RETURN COMPLETED REGISTRATION REPORT AND PAYMENT TO THE SECRETARY OF STATE - P.O. BOX 1366, JEFFERSON CITY, MO 65102

SOS FORM (FSCORP68) 2002

Exhibit 7
page 2

Big Island Homeowners Association

Annual Meeting July 2, 2001

Exhibit 7
page 3

1. Election of Directors
 - 1 Year Term Don Bracken
 - 2 Year Term Larry Toombs

The above people were elected by those present and the proxies.

2. Appointment of Directors by Folsom Ridge
 - 1 year term Tim Miller
 - 2 year Term Rick Rusaw
 - 3 year Term Reggie Golden

3. The annual budget was presented for approval. It was moved and seconded for approval. Unanimous approval was received.
4. Annual assessments were discussed. Folsom Ridge LLC committed to another year of funding the difference in expenses and revenues if the proposed assessments were approved. After much discussion it was moved and seconded that the assessment be set at:
 - \$5.00 per month for sewer not hooked up
 - \$15.00 per month for sewer hooked up
 - \$5.00 per month for water not hooked up
 - \$15.00 per month for water hooked up

Unanimous approval was received.

5. Other business

Mike McDuffy reported that the system was functioning well. A few minor leaks had been reported and yet they had only found one actual leak so far.

Tim Miller reported that the sales on the island were moving forward. He discussed his plans on the west side of the island including finishing landscaping and paving of the road. Power is anticipated to go in late this fall or in the early spring.

Mr. Jones reported that his bill might be wrong. He was hooked on but only getting billed for being a member. Ms. Burr also reported this error. After checking this information Mr. McDuffy was directed to inspect all connections and report back to Mr. Golden so that the billing would be correct.

We discussed the boat ramp and its use. All island residents can use it if they have the code. We discussed trying to get all trailers parked up by the treatment facility. This will help the "look" of the island.

With no other business at hand the meeting was adjourned. A family bar-b-que was then held at the Golden-Rusaw home.

Respectfully submitted,


Reggie Golden

Agenda for Big Island Homeowners Association

July 2, 2001

Exhibit 7
page 4

1. Election of Directors

	Nominee
1 Year Term	Don Bracken
	Write in Candidate
2 Year Term	Larry Toombs
	Write in Candidate

Folsom Ridge Appointees

1 Year Term	Tim Miller
2 Year Term	Rick Rusaw
3 Year Term	Reggie Golden

2. Establishment of Annual Budget and Assessments

See Attached Budget

Set Members Annual Assessment

\$15.00 month for Sewer Hookups
\$10.00 month for Water Hookups
\$ 5.00 month for Sewer not hooked up
\$ 5.00 month for Water not hooked up

Set Non-Members Annual Assessment

"Hooked
Up"

\$15.00 month for Sewer Hookups
\$10.00 month for Water Hookups
\$ 5.00 month for Sewer not hooked up
\$ 5.00 month for Water not hooked up

3. Other Business

McDuffy Report
Tim Miller Report
Trailer Parking
Boat Ramp

Big Island Homeowners Association
Annual Meeting July 8, 2002

Exhibit 7
page 5

1. The annual budget was presented for approval. In addition, an expenditure report for July 2001-June 2002 was presented. A budget for July 2002-December 2002 as well as a budget for January 2003-December 2003 was presented. After much discussion both budgets were approved.

Folsom Ridge, LLC has supplemented the deficit budget as a gift since operations began. As opposed to approving a deficit budget, it was discussed that by raising dues \$2.00 per month, the budget could be balanced. It was then moved and seconded that the dues beginning in January 2003 be raised \$2.00. Motion passed unanimously. The new rates are as follows:

Sewer hooked up to \$17.00
Sewer not hooked up to \$7.00

Water hooked up to \$12.00
Water not hooked up to \$7.00

Insurance was discussed:

- Rate increases will be the unknown item in the budget.
- The question was asked if the HOA was an additional insured on the Folsom Ridge Policy. Folsom Ridge, LLC has provided the Homeowners Association with a Certificate of Insurance.

2. The number of Sewer connections were discussed:
 - 80 opportunities to connect as currently constructed.
 - Approximately 32 were connected since March of 2002.
 - Once 70 taps are connected construction will begin on a new pod. That pod will provide service for approximately 40 more taps.

Folsom Ridge, LLC is still responsible for the installation defects through September 1, 2005 as per the covenants. This can be found in the Bylaws and Covenants. Currently there are no tap fees, but if Folsom Ridge, LLC builds the additional pods for their benefit they build and pay for the system. The Association will not pay for expansion.

3. Other business:

Mike McDuffy, certified and licensed by the DNR, reported that the system was functioning well. One leak was reported on lot 46/47. It was water from an old lagoon pond, not from the sewer system. Generally concerning leaks, 95% of the problems were rain water running through the encased pipes in the trenches filled with gravel.

Tim Miller reported that he was called about a leak over Memorial Day and his response time was a ½ hour. Tim reported the leak was fixed within 24 hours. Water testing results from Mike McDuffy are posted at the well house every month. Mike files all reports with the DNR.

According to the DNR Code, new lot owners are automatically Homeowners Association Members. Also, when you connect you become a member or when you've paid and signed the bylaws you become a member.

Building restrictions and architectural controls on the west side were discussed.

Exhibit 7
page 6

4. Election of Directors:

Larry Toombs is in the middle of a 2 year term.

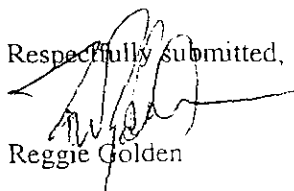
Reggie Golden and Rick Rusaw are on the board.

Tim Miller was appointed for a 3 year term.

Valerie Kasten was elected for a 2 year term. She also volunteered to take over the billing of the quarterly homeowner's assessments. Mr. Connell also offered his services with regards to bookkeeping. It was decided that the board will work this out at a later date.

With no other business at hand the meeting was adjourned.

Respectfully submitted,



Reggie Golden

Big Island Homeowner's Association Inc. Minutes
For December 12, 2003

Exhibit 7
page 7

Location: Central Bank of the Ozarks Conference Room
Time: 10:00 AM – 11:45 AM

Rick Rusaw called the meeting to order.

I. Attendees introduced themselves to one another.

II. Vote for Officer: A vote for one open director position of Big Island Homeowner's Association was held. Mr. Holstead nominated Mr. Boos.

Sixty-one percent of membership voted. There were no additional write-ins of nominations. Mr. Zeldin was subsequently elected to a 3 year term. Stacy Shore was named new appointee.

III. Financials: Rick Rusaw opened the floor for discussion of the 2002 Profit and Loss Statement and Balance Sheet. General question and answer discussion regarding sewer and water fees and calculations. Gail Snyder made motion to accept financials. Joyce Zeldin seconded the motion. All present voted in favor.

New Business:

1. Jeff Holstead requested that future annual meetings be held on Friday or on weekends.
2. Jeff Holstead asked for clarification of current HOA and CCR's. Reggie Golden gave a chronology of the history of the current Big Island HOA and the current status of various CCR's. He commented that there were numerous CCR's in place that impact various portions of the island.
3. Stan Zeldin requested update on the sewer and water line. Reggie Golden and Rick Rusaw reviewed the history of the issues with the attendees and indicated that Folsom Ridge was actively working with DNR to comply with DNR's requirements.
4. Mr. Bracken raised a question in regard to the tanks being cleaned.
5. Stan Zeldin requested clarification of membership status of HOA.

Adjournment:

Mr. Snyder made motion to adjourn meeting. Jeff Holstead seconded motion.

Agenda for Big Island Homeowners Association

October 6, 2003

Exhibit 7
page 8

1. Election of Directors

Volunteer Nominee: Stanley Zelden

3 year Term

OR

Write in Candidate

Folsom Ridge Appointees

3 Year Term Stacy Shore

2. Establishment of Annual Budget and Assessments

See Attached Budget

Set Members Annual Assessment: No change

\$17.00 month for Sewer Hookups

\$12.00 month for Water Hookups

\$ 7.00 month for Sewer not hooked up

\$ 7.00 month for Water not hooked up

3. Other Business

Charles E. McElyea Report

Mike McDuffy Report

Stacy Shore Report

Matt Blunt Secretary of State
2004 ANNUAL REGISTRATION REPORT
NONPROFIT

Exhibit 8
page 1

File Number: 200422990204
N00059344
Date Filed: 08/16/2004
Matt Blunt
Secretary of State

REPORT DUE BY: 08/31/2004

N00059344

BIG ISLAND HOMEOWNERS ASSOCIATION, INC.
CHARLES E. MCELYEA
190 COURT CIRCLE-P.O. BOX 559
CAMDENTON, MO 65020

PRINCIPAL PLACE OF BUSINESS OR
CORPORATE HEADQUARTERS:

2602 Clover Basin Dr., Ste. B, P. O. Box 54

STREET

Longmont, CO

80502

CITY/STATE

ZIP

If changing the registered agent and/or registered office address, please check the appropriate box(es) and fill in the necessary information.

☐

The new registered agent

IF CHANGING THE REGISTERED AGENT, AN ORIGINAL WRITTEN CONSENT FROM THE NEW
REGISTERED AGENT MUST BE ATTACHED AND FILED WITH THIS REGISTRATION REPORT.

☒

The new registered office address 85 Court Circle P. O. Box 559 Camdenton MO 65020

Must be a Missouri address, PO Box alone is not acceptable. This section is not applicable for Banks, Trusts and Foreign Insurance.

OFFICERS

NAME AND PHYSICAL ADDRESS (P.O. BOX ALONE NOT
ACCEPTABLE). MUST LIST AT LEAST ONE OFFICER BELOW.

PRES Rick Rusaw
STREET/RT 2602 Clover Basin Dr., Ste B, PO Box 54
CITY/STATE/ZIP Longmont, CO 80502

V-PRES
STREET/RT
CITY/STATE/ZIP

SEC'Y Reggie V. Golden
STREET/RT 2602 Clover Basin Dr., Ste B, PO Box 54
CITY/STATE/ZIP Longmont, CO 80502

TREAS Reggie V. Golden
STREET/RT 2602 Clover Basin Dr., Ste B, PO Box 54
CITY/STATE/ZIP Longmont, CO 80502

NAMES AND ADDRESSES OF ALL OTHER OFFICERS AND DIRECTORS ARE ATTACHED

BOARD OF DIRECTORS

NAME AND PHYSICAL ADDRESS (P.O. BOX ALONE NOT
ACCEPTABLE). MUST LIST AT LEAST THREE DIRECTORS BELOW.

NAME Don Bracken
STREET/RT 2810 Big Island Drive
CITY/STATE/ZIP Roach, MO 65787

NAME Larry Toombs
STREET/RT 1220 Big Island Dr.
CITY/STATE/ZIP Roach, MO 65787

NAME Rick Rusaw
STREET/RT 2602 Clover Basin Dr., Ste B
P. O. Box 54
CITY/STATE/ZIP Longmont, CO 80502

NAME
STREET/RT
CITY/STATE/ZIP

The undersigned understands that false statements made in this report are punishable for the crime of making a false
declaration under Section 575.060 RSMo. Photocopy or stamped signature not acceptable.

Authorized party or officer sign here

Reggie V. Golden

Please print name and title of signer:

Reggie V. Golden

Secretary

NAME

TITLE

REGISTRATION REPORT FEE IS:

\$15.00 If filed on or before 8/31

\$20.00 If filed after 8/31

Corporation will be administratively dissolved if report is not
filed by November 30th.

WHEN THIS FORM IS ACCEPTED BY THE SECRETARY OF STATE,
BY LAW IT WILL BECOME A PUBLIC DOCUMENT AND ALL
INFORMATION PROVIDED IS SUBJECT TO PUBLIC DISCLOSURE

E-MAIL ADDRESS (OPTIONAL)

REQUIRED INFORMATION MUST BE COMPLETE OR THE REGISTRATION REPORT WILL BE REJECTED

MAKE CHECK PAYABLE TO DIRECTOR OF REVENUE

RETURN COMPLETED REGISTRATION REPORT AND PAYMENT TO THE SECRETARY OF STATE - P.O. BOX 1366, JEFFERSON CITY, MO 65102

Exhibit 8

page 2

Board of Directors Meeting
Big Island Homeowners Association
June 21, 2004

In attendance were Board Members Reggie Golden, Stacy Shore, Stan Zeldin and Rick Rusaw (via conference call). Invited guests were Dennis Boos, Cheryl Martin, Bill Hughes and Robin Engen.

The meeting was called to order at 10:40 am by Reggie Golden.

Valerie Kasten's letter of resignation was accepted.

Discussion was held with Dennis Boos about joining the Board of Directors and replacing Valerie. Stacy Shore made a nomination to elect Dennis and Stan Zeldin seconded it. Dennis Boos will replace Valerie Kasten.

Old Business:

Assessments fees will be left as they are. The fees were raised 2 years ago to raise the working capital. \$7,000.00 is still owed to Folsom Ridge from Big Island. Right now the account has \$6600.00. Discussion was held on how much to keep in the account. If we need more could do a special meeting for special assessments. We would like to pay Folsom back in September 2006.

Discussed open invoices and will keep track of what everyone owes. There will not be any legal recourse unless someone wants to hook up.

Motion was made and approved to keep the assessment fees at the same rate.

- \$17.00 month for Sewer Hooked Up

- \$12.00 month for Water Hooked Up

- \$ 7.00 month for Sewer not Hooked Up

- \$ 7.00 month for Water not Hooked Up

Discussed the DNR application. Reggie Golden gave background information.

Reggie discussed the roads and development plans.

There being no more business to discuss the meeting was adjourned at 12:30 p.m.

Respectfully submitted,

Reggie Golden

Robin Carnahan Secretary of State
2005 ANNUAL REGISTRATION REPORT
NONPROFIT

Exhibit 9
page 1

File Number: 200520390202
N00059344
Date Filed: 07/22/2005
Robin Carnahan
Secretary of State

REPORT DUE BY: 08/31/2005

ORGANIZED UNDER THE LAWS OF:
Missouri

N00059344
BIG ISLAND HOMEOWNERS ASSOCIATION, INC.
CHARLES E. MCELYEA
85 Court Circle P. O. Box 559
Camdenton, MO 65020

1 PRINCIPAL PLACE OF BUSINESS OR
CORPORATE HEADQUARTERS:
2602 Clover Basin Dr., Ste. B, P. O. Box 54
STREET
Longmont, CO 80502
CITY/STATE ZIP

If changing the registered agent and/or registered office address, please check the appropriate box(es) and fill in the necessary information.

☐

The new registered agent

IF CHANGING THE REGISTERED AGENT, AN ORIGINAL WRITTEN CONSENT FROM THE NEW
REGISTERED AGENT MUST BE ATTACHED AND FILED WITH THIS REGISTRATION REPORT.

☐

The new registered office address

Must be a Missouri address, PO Box alone is not acceptable. This section is not applicable for Banks, Trusts and Foreign Insurance.

OFFICERS

NAME AND PHYSICAL ADDRESS (P.O. BOX ALONE NOT
ACCEPTABLE). MUST LIST AT LEAST ONE OFFICER BELOW.

PRES Rick Rusaw
STREET/RT 2802 Clover Basin Dr., Ste B, PO Box 54
CITY/STATE/ZIP Longmont, CO 80502
V-PRES
STREET/RT
CITY/STATE/ZIP
SEC'Y Reggie V. Golden
STREET/RT 2802 Clover Basin Dr., Ste B, PO Box 54
CITY/STATE/ZIP Longmont, CO 80502
TREAS Reggie V. Golden
STREET/RT 2802 Clover Basin Dr., Ste B, PO Box 54
CITY/STATE/ZIP Longmont, CO 80502

NAMES AND ADDRESSES OF ALL OTHER OFFICERS AND DIRECTORS ARE ATTACHED

BOARD OF DIRECTORS

NAME AND PHYSICAL ADDRESS (P.O. BOX ALONE NOT
ACCEPTABLE). MUST LIST AT LEAST THREE DIRECTORS BELOW.

NAME Don Bracken
STREET/RT 2810 Big Island Drive
CITY/STATE/ZIP Roach, MO 65787
NAME Larry Toombs
STREET/RT 1220 Big Island Dr.
CITY/STATE/ZIP Roach, MO 65787
NAME Rick Rusaw
STREET/RT 2802 Clover Basin Dr., Ste B
P. O. Box 54
CITY/STATE/ZIP Longmont, CO 80502
NAME
STREET/RT
CITY/STATE/ZIP

The undersigned understands that false statements made in this report are punishable for the crime of making a false
declaration under Section 575.060 RSMo. Photocopy or stamped signature not acceptable.

Authorized party or officer sign here

Reggie Golden

Please print name and title of signer:

Reggie Golden

Secretary

NAME

TITLE

REGISTRATION REPORT FEE IS:

\$10.00 If filed on or before 8/31

\$15.00 If filed after 8/31

Corporation will be administratively dissolved if report is not
filed by November 30th.

WHEN THIS FORM IS ACCEPTED BY THE SECRETARY OF STATE,
BY LAW IT WILL BECOME A PUBLIC DOCUMENT AND ALL
INFORMATION PROVIDED IS SUBJECT TO PUBLIC DISCLOSURE

E-MAIL ADDRESS (OPTIONAL)

REQUIRED INFORMATION MUST BE COMPLETE OR THE REGISTRATION REPORT WILL BE REJECTED

MAKE CHECK PAYABLE TO DIRECTOR OF REVENUE

RETURN COMPLETED REGISTRATION REPORT AND PAYMENT TO THE SECRETARY OF STATE - P.O. BOX 1366, JEFFERSON CITY, MO 65102

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 Zeidin 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.

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

Exhibit 10
page 1

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.

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

Exhibit 10
page 2

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

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

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
enc.

Exhibit 12

of the capital improvement reserves by the Board. The amount of such deposit shall be adjusted annually as of the time the annual assessments are determined. All additional sums due to, or to be refunded by, the Association shall be paid, or refunded, within thirty (30) days after the determination. The Association shall not be required to pay interest on such deposits. At the time of each conveyance of a Lot or Property, such deposit shall not be returned to the selling Owner, but the selling Owner shall be entitled to a credit from his purchaser to the extent of the selling Owner's current balance of such deposit.

Section 4. Special Assessment for Capital Improvements. In addition to the annual assessments authorized above, the Association may levy a special assessment for the purpose of defraying, in whole or in part, the cost of any construction, reconstruction, repair or replacement of a capital improvement under the following terms:

A. With regard to the original Water System and/or Sewer System, any such special assessment for construction, reconstruction, repair or replacement under this section shall have the assent of two-thirds (2/3) of the Owners and (1) who are connected to the Water System and/or Sewer System, as applicable, or (2) who have membership rights by virtue of their ownership of a Lot, or (3) who are entitled to use such original Water System and Sewer System by virtue of having paid a tap fee but who have not yet connected to the original Water System and Sewer System), who are voting in person or by proxy at a meeting duly called for this purpose. The initial Sewer System is designed to serve 80 homes (included in this number are homes which are entitled to connect to the original Sewer System by virtue of having paid a tap fee but have not yet established a connection).

B. With regard to any expansion of the Water System and/or Sewer System to serve Lots beyond the original 80 Lots intended to be served by the original Water System and Sewer System shall be paid by Declarant or its successors. 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 thereto (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.

C. In order to alleviate the impact of the cost of unforeseen expenses and/or capital improvements, the Association by the assent of two-thirds (2/3) of the Owners may establish a reserve account, and monthly assessments to fund such reserve account.

Section 5. Notice and Quorum for any Action Authorized Under Section

4.A. Written notice of any meeting called for the purpose of taking any action authorized under Section 4.A. shall be sent to all members not less than thirty (30) days nor more than ninety (90) days in advance of the meeting. At each such meeting called, the presence of members or of proxies entitled to cast a simple majority of all the votes shall constitute a quorum. If the required quorum is not present, another meeting may be called subject to the same notice requirement, and the required quorum at the subsequent meeting shall be one-half (1/2) of the required quorum at the preceding meeting, but never less than twenty-five

IN THE UNITED STATES DISTRICT COURT
WESTERN DISTRICT OF MISSOURI
CENTRAL DIVISION

FOLSOM RIDGE, LLC, a)
Colorado Limited Liability Company,)
)
Plaintiff,)
)
vs.)
)
DAVID V. LEES,)
)
Defendant.)

Exhibit 13
page 1

Case No. _____

JURY DEMANDED

COMPLAINT

Count 1

Comes now plaintiff and for Count 1 of its complaint against defendant states:

1. Plaintiff is a limited liability company, organized and existing under the laws of the State of Colorado. Its principal place of business and corporate residence is in Longmont, Colorado.
2. Defendant is a citizen of Oklahoma, residing at Route 3, Box 1805, Blanchard, Oklahoma 73010.
3. Defendant is subject to jurisdiction in the State of Missouri and in this Court pursuant to §506.500, RSMo and Rule 4 of the Federal Rules of Civil Procedure.
4. The amount in controversy exceeds \$75,000.00. and because plaintiff and defendant are citizens of different states, the Court has subject matter jurisdiction pursuant to 28 U.S.C. §1331. Because the transactions at issue occurred within Camden County, Missouri, which is within the boundaries of the United States District Court for the Western District of Missouri, venue is proper in this Court pursuant to 28 U.S.C. §1391(a)(2).

Exhibit 13 page 2

5. Plaintiff was engaged in a real estate development on the east side of Big Island on the Lake of the Ozarks in Camden County, Missouri. As part of that development, plaintiff was required to construct and did construct underground water and sewer lines. At that time, defendant was a Member of Folsom Ridge, LLC. He was also the agent of Folsom Ridge LLC in charge of directing and supervising the installation of the underground water and sewer lines.

6. The underground water and sewer lines for the project were required by applicable regulations and good construction practices to have a minimum of ten feet of separation between them, in order to avoid the risk of contamination of the water mains, which were designed to carry potable water to residential dwellings. As an alternative, the water and sewer lines could have been separated by a bench or offset, in which the water lines would be placed at a level higher than and aside from the sewer lines. Under no circumstances were the water and sewer lines to be installed in the same trench.

7. Defendant directed the construction company to install the water and sewer lines in the same trench, in violation of applicable regulations of the Missouri Department of Natural Resources and also in violation of the engineering plans and specifications for the project, which plans and specifications had been approved by the Missouri Department of Natural Resources.

8. On or about April 2, 2001, defendant sold his one-third interest in Folsom Ridge, LLC to plaintiff for One Million Dollars and other Good and Valuable Consideration. Defendant, as "Seller" under the Agreement, agreed to indemnify plaintiff, as "Buyer" under the Agreement for any claims against the company arising out of actions of defendant prior to the effective date of the closing of the purchase of the membership interest by the company. The specific contract provision, as set forth in part 4 of the Purchase Agreement, was as follows:

"Seller agrees to indemnify and hold harmless Buyer for any and all claims, losses, liabilities, and expenses including interest, penalties, and

Exhibit 13 page 3

reasonable attorney's fees which arise out of or relate to any breach of or failure by Seller to perform any of the warranties, representations, or covenants under this agreement and for any claims against the LLC arising out of actions, debts or obligations of Seller prior to the effective date of closing of the purchase of the membership interests by Buyer, except for claims attributable to the actions of other members of the LLC prior to closing."

9. The Purchase Agreement further provided that if either party determined that a potential liability existed under the indemnity agreement, the non-defaulting party was required to give notice to the defaulting party of such loss or liability. The specific contract provision, as set forth in part 4 of the Purchase Agreement, was as follows:

"In the event either party determines that a potential loss or liability exists under the indemnities set forth above, the non-defaulting party shall give notice to the defaulting party of such potential loss or liability."

10. As a result of complaints made by property owners and other interested parties concerning the installation of the water and sewer lines at the Big Island project, the Missouri Department of Natural Resources launched an investigation, which included drilling test holes to see whether or not the water and sewer lines were constructed in accordance with the approved plans and specifications and applicable regulations. When these test holes were dug on or about January 12, 2004, it was discovered that the water and sewer lines were in the same trench and had not been constructed in accordance with the approved plans and specifications or applicable regulations. As a result, plaintiff was cited by the Missouri Department of Natural Resources for violating the applicable regulations, and plaintiff was required to pay a fine of \$8,000.00 and install a new water line in a separate trench. The old water line had to be abandoned, because it was too close to the sewer line.

11. On or about March 9, 2004 plaintiff gave notice to defendant by a letter from plaintiff's attorney to explain the problem about the water and sewer lines and to put defendant on notice of plaintiff's position that defendant exceeded his authority in authorizing the water

Exhibit 13 page 4

and sewer lines to be constructed in nonconformance with the approved plans and specifications and in violation of applicable regulations. Further, the letter put defendant on notice of his responsibility for the problem as a result of the fact he was the supervisor in charge of construction in behalf of plaintiff who should have insisted that the water and sewer lines be installed in conformity with approved plans and specifications and applicable regulations. Further, the letter put defendant on notice of the \$8,000.00 fine, that plaintiff was obliged to construct a new water line, and that several hundred thousand dollars in costs would be incurred to remediate the problem.

12. In order to plan a new water line, plaintiff was required to engage an engineering firm, at a cost of approximately \$20,000; to purchase pipe supplies and valves for the new water line, at a cost of approximately \$38,000; to hire a contractor to excavate, install and backfill, at a cost of approximately \$225,000; to engage a construction manager, at a cost of approximately \$43,000; to engage lawyers for legal services relating to the replacement water line, at a cost of approximately \$7,000; to incur travel expenses of approximately \$54,000, and to incur carrying costs of approximately \$28,000.

13. On or about January 27, 2006, plaintiff gave written notice to defendant of plaintiff's claim against defendant for the losses and damages relating to the improper construction and laying of the water and sewer lines in the development project on the east side of Big Island, which occurred under defendant's direction and supervision. This notice informed defendant of the damages incurred by plaintiff to remediate the problem, in the approximate amounts referred to in paragraph 12 above, with details provided in a schedule attached to the notice. Further, the notice informed defendant of the complaints by property owners and the enforcement action by the Missouri Department of Natural Resources against Folsom Ridge, LLC arising out of

Exhibit 13 page 5

defendant's actions prior to the closing of the sale under the Agreement for Sale and Purchase of his interest dated April 2, 2001 and that under part 4 of that Agreement, defendant had an obligation to indemnify plaintiff against such losses. The notice made demand upon defendant to promptly indemnify plaintiff for the specified damages. Defendant was requested to reply to the demand within ten days and was also given the opportunity to request further information.

14. Defendant did not request any further information, he made no reply to the demand for indemnity, and he failed and refused to indemnify plaintiff for its damages, all without just cause or legal reason.

15. As a direct and proximate result of defendant's breach of contract as described above, plaintiff has been damaged in the approximate amount of \$423,000. In addition, plaintiff is entitled to recover its reasonable attorney's fees and costs in this lawsuit, pursuant to the terms of part 9 of said agreement,

WHEREFORE, plaintiff prays judgment against defendant on Count I of plaintiff's complaint in the sum of \$423,000, plus plaintiff's reasonable attorney's fees and costs incurred in this action.

Count II

Comes now plaintiff and for its alternative cause of action and as Count II of its complaint against defendant states:

1. Plaintiff realleges and incorporates by reference the allegations of paragraphs 1 through 15 of Count I of this complaint.

2. In directing or allowing construction of the sewer line and water line in the same trench, in not following the approved plans and specifications, in violating the applicable regulations of the Missouri Department of Natural Resources, and in all the other respects

Exhibit 13 page 6

alleged in the preceding paragraphs, defendant breached his fiduciary duties to the plaintiff, and as a direct and proximate result thereof, plaintiff was thereby damaged in the approximate sum of \$423,000.

WHEREFORE, plaintiff prays judgment against defendant on Count II of its complaint in the sum of \$423,000 and for its costs herein expended.

Count III

Comes now plaintiff and for its alternative cause of action and as Count III of its complaint against defendant states:

1. Plaintiff realleges and incorporates by reference the allegations of paragraphs 1 through 15 of Count I of this complaint.

2. In directing or allowing construction of the sewer line and water line in the same trench, in not following the approved plans and specifications, in violating the applicable regulations of the Missouri Department of Natural Resources, and in all the other respects alleged in the preceding paragraphs, defendant failed to use that degree of skill and care that a normally skillful and careful construction supervisor would use under the same or similar circumstances, and defendant was thereby negligent. As a direct and proximate result thereof, plaintiff was damaged in the approximate sum of \$423,000.

WHEREFORE, plaintiff prays judgment against defendant on Count III of its complaint in the sum of \$423,000 and for its costs herein expended.

JURY DEMAND

Plaintiff demands a trial by jury.

/s/ Dale C. Doerhoff
Dale C. Doerhoff #22075
Kari A. Schulte #57739
COOK, VETTER, DOERHOFF & LANDWEHR
231 Madison
Jefferson City, MO 65101
(573) 635-7977
(573) 635-7414

Attorneys for Plaintiff

Exhibit 13 page 7

IN THE UNITED STATES DISTRICT COURT
FOR THE WESTERN DISTRICT OF MISSOURI
CENTRAL DIVISION

Exhibit 14
page 1

FOLSOM RIDGE, L.L.C.,

Plaintiff,

v.

DAVID V. LEES,

Defendant.

Case No. 06-4044-CV-C-WAK

ANSWER

Count I

Comes now the defendant, and for his answer to Count I of plaintiff's complaint, states:

1. Admits the allegations of paragraphs 1, 2 and 3; and without admitting anything about the merit of plaintiff's claim, admits the Court's subject matter jurisdiction and admits that venue is proper in this Court, as alleged in paragraph 4.

2. Admits that plaintiff was the developer of Big Island, a project located in Camden County, Missouri; states that the members of the limited liability company included Richard Russaw and Reginald Golden; and states that all members of the company had an equal right and obligation to share in the operation, management and oversight of the company's business. Defendant further admits that underground sewer lines were required by applicable regulations of the Missouri Department of Natural Resources (MDNR), but that water lines were not required and were to be provided as an

Exhibit 14 page 2

amenity to property owners. Defendant further admits that the MDNR has regulations governing the placement of water lines and sewer lines and approved plans prepared by agents and contractors hired by plaintiff, but not prepared by defendant. Defendant denies all other allegations of paragraphs 5, 6 and 7.

3. Admits entering into an agreement to sell his interest in the plaintiff company to plaintiff, that the written agreement contains the language cited in paragraphs 8 and 9, and denies all other allegations of paragraphs 8 and 9.

4. The agreement referenced in paragraph 8 was purportedly modified by the parties on or about April 30, 2003, based upon false and misleading statements or omissions made by or on behalf of plaintiff; or alternatively, made by or on behalf of Russaw and Golden individually in numerous respects, including: that Russaw and Golden lacked the funds to finish making payment to defendant for his membership interest in plaintiff; that Golden and Russaw failed to inform defendant of their intention to have work performed on the water and sewer lines of Big Island and of their then present intention to attempt to collect from him the expense of so doing; and that Golden and Russaw failed to inform defendant of the legal problems the plaintiff was having with residents of the development on account of Russaw's and Golden's management and operation of the property and project. All of this information and lack of disclosure was intended by plaintiff, Russaw and Golden to induce defendant to compromise and reduce the sum owing by them to him.

5. As a direct and proximate result of the false and misleading statements and omissions identified in the previous paragraph, defendant did reduce and compromise the

Exhibit 14 page 3

sum owing by plaintiff to him, by the principal amount of \$200,000.00, plus accrued interest at the contractual rate of fifteen (15) percent per annum.

6. Is without sufficient information to form a belief as to the matters alleged in certain paragraphs, and therefore denies the allegations of paragraphs 10, 11, 12, 13, 14 and 15.

Count II

Comes now the defendant, and for his answer to Count II of plaintiff's complaint, states:

7. Realleges and adopts by this reference his responses to paragraphs 1 through 15 of Count I, as if the same were herein more fully set out, and denies the allegations of paragraph 2 of Count II.

Count III

Comes now the defendant, and for his answer to Count III of plaintiff's complaint, states:

8. Realleges and adopts by this reference his responses to paragraphs 1 through 15 of Count I, as the same were herein more fully set out, and denies the allegations of paragraph 2 of Count III.

Affirmative Defenses

9. States, as an affirmative defense, that the negligence of Russaw and Golden in failing to adequately hire, contracting, supervise and direct contractors for plaintiff, and to oversee and inspect their work, and in making decisions about all aspects of the

Exhibit 14 page 4

project, which negligence is attributable to plaintiff, directly caused or contributed to cause plaintiff's damages alleged, if any, and therefore, plaintiff's claims against defendant are barred by the doctrine of contributory negligence; or alternatively, the comparative fault or negligence of Russaw and Golden, as attributed to plaintiff, should be apportioned.

10. States, as affirmative defenses, estoppel, waiver and release to assert the provisions of the buyout agreement against defendant, in that the terms of the agreement were modified on or about April 30, 2003, by agreement between plaintiff and defendant, whereby defendant reduced and compromised the sums owing him by plaintiff and executed a document purporting to release plaintiff and its members, Russaw and Golden, for certain liabilities, at which time plaintiff, Russaw and Golden knew or by using ordinary care should have known of any and all claims, causes of actions or rights against defendant, but failed to assert them at a time when plaintiff was under a duty of fairness and good faith dealing to do so.

11. States, as an affirmative defense, that defendant is entitled to rescission and reformation of the buyout agreement of April 5, 2001, as amended on or about April 30, 2003, in that plaintiff through Russaw and Golden induced defendant to enter the agreement, as modified, by making the statements and omissions alleged in paragraphs 4 and 10 above, and that upon proper reformation, said agreement shall operate as a release of all claims plaintiff may have against defendant, or alternatively, provide that plaintiff owes defendant the full consideration called for in the buyout agreement of April 5, 2001.

Exhibit 14 page 5

12. States, as an affirmative defense, the negligence of a third party, an individual or entity doing business as Kinderhook Construction, and or the agents, servants and employees of Kinderhook Construction individually, caused or contributed to cause plaintiff's damages, if any, on account of its or their intentional or negligent actions in installing the water and sewer lines of Big Island as alleged by plaintiff, and that such negligence or fault is attributable to plaintiff, thereby either reducing plaintiff's alleged damages, if any, under the doctrine of comparative fault, or barring plaintiff's recovery altogether under the doctrine of contributory negligence; or alternatively, the negligence or fault of such third party is attributable to and should be apportioned directly to such third party.

General Denial

13. Defendant denies any matter not specifically addressed.

Wherefore, defendant prays that the Court dismiss the instant action against it and award its costs herein expended and incurred; or alternatively, apportion the relative fault of the parties and enter judgment accordingly.

COUNTERCLAIM

Count I

Comes now the defendant, and for his counterclaim against plaintiff, states:

1. Defendant realleges and adopts by this reference paragraphs 1 through 13 of his answer, as if herein more fully set out.

Exhibit 14 page 6

2. Plaintiff's statements and omissions, as alleged in paragraphs 4 and 10 above, were fraudulent, in that they were material to decisions defendant made in reliance upon them, and were made by plaintiff through its members and agents, Russaw and Golden, knowing them to be false and misleading, and intending that defendant would rely upon the truth of them and the good faith of Russaw, Golden and plaintiff in making them.

3. As a direct and proximate result of such statements and omissions, defendant did rely upon them and thereby entered the buyout agreement of April 5, 2001, as purportedly amended on or about April 30, 2003, thereby reducing and compromising the sums owed him by plaintiff in the principal amount of \$200,000.00, together with interest at the contractual rate of fifteen (15) percent per annum, on the entire unpaid principal, in the amount of One Hundred Twenty Eight Thousand Two Hundred Nineteen Dollars and 18/100 (\$128,219.18), and further damaging him by inducing him to execute documents purportedly giving up his rights against plaintiff, Russaw and Golden, and purporting to grant plaintiff rights and causes of action against defendant for, among other things, attorneys fees and expenses of litigating any dispute between the parties to the agreement as amended, and its beneficiaries, which intended and direct beneficiaries included Russaw and Golden, individually.

4. The actions, statements and omissions of plaintiff, through Russaw and Golden as alleged above, were done deliberately and maliciously to harm defendant, and with reckless disregard for the harm they caused him, and thus, defendant is entitled to punitive damages against plaintiff.

Exhibit 14 page 7

Count II

Comes now defendant, and for Count II of his counterclaim, states:

5. Defendant realleges and adopts by this reference paragraphs 1 through 15 of his answer, and paragraphs 2 through 4 of Count I of his Counterclaim, as if herein more fully set out.

6. On or about April 5, 2001, plaintiff made a promissory note payable to the order of defendant, in the original principal amount of Nine Hundred Thousand Dollars (\$900,000.00), with interest at the rate of Eight (8) percent per annum, payable in annual installments of One Hundred Thousand Dollars (\$100,000.00) plus accrued interest, beginning on April 5, 2002, and on the 5th day of April each year thereafter until paid in full.

7. Because the purported buyout agreement as amended was procured from defendant by the fraud of plaintiff, Russaw and Golden, the agreement is subject to rescission and reformation by the Court, thereby leaving plaintiff indebted to defendant in the original principal amount of the promissory note of April 5, 2001, together with interest at the contractual rate of Fifteen Percent Per Annum, less any amounts paid by plaintiff and properly credited to it which amount still owing is, through the date of April 5, 2006, Four Hundred Seventy Two Thousand Five Hundred Forty-Five Dollars and 68/100 (\$472,545.68), plus the attorney's fees incurred by defendant to collect this note. Moreover, on account of plaintiff's fraud, the purported release executed by defendant on April 5, 2003 is also voidable and should be reformed to provide either that all parties to

the agreement release one another; or alternatively, that the release provisions applicable to plaintiff and its members be reformed out of the agreement altogether.

Wherefore, defendant prays for judgment against plaintiff in such amount as will fairly and justly compensate him for his damages; for rescission and reformation of the purported buyout agreement as amended; for his expenses including his reasonable attorney's fees incurred collecting the indebtedness owing him by the plaintiff; and for such further relief as the Court deems just.

Exhibit 14
page 8

MICHAEL G. BERRY, L.L.C.

/s/ Michael G. Berry

Michael G. Berry, #33790
221 Bolivar Street, Suite 100
Jefferson City, MO 65101
(573) 638-7272
(573) 638-2693 (Facsimile)

Attorneys for Defendant

Exhibit 15
page 1

File Number: 200615812912
00743755
Date Filed: 06/07/2006
Robin Carnahan
Secretary of State

ARTICLES OF INCORPORATION

for

BIG ISLAND WATER AND SEWER COMPANY, INC.

The undersigned natural persons of the age of eighteen years or more for the purpose of forming a corporation under The General and Business Corporation Law of Missouri adopt the following Articles of Incorporation:

Article One: The name of the corporation is BIG ISLAND WATER AND SEWER COMPANY, INC.

Article Two: The address, including street and number of the corporation's initial registered office in this state is 85 Court Circle, Camdenton, MO 65020 65101 and the name of its initial registered agent at such address is Charles E. McElyea.

Article Three: The aggregate number of shares which the corporation shall have authority to issue is thirty thousand (30,000) shares, all of which shall be common stock, and have a par value of One Dollar (\$1.00) per share. There shall be no preferences, any special or relative rights in respect to the shares, except such transfer restrictions as the shareholders may from time to time ratify.

Article Four: The preemptive rights of any shareholder of this corporation are not limited or denied.

Article Five: The name and place of residence of each incorporator is as follows:

Reginald V. Golden, 2602 Clover Basin Drive, Suite B, P.O. Box 54, Longmont, CO 80502
Rick Rusaw, 2602 Clover Basin Drive, Suite B, P.O. Box 54, Longmont, CO 80502

State of Missouri
Creation - General Business - Domestic 2 Page(s)



T0615857441

Exhibit 15

page 2

Article Six:

The duration of the corporation is perpetual.

Article Seven:

The corporation is formed for the following purposes:

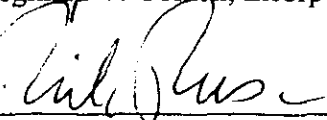
To engage generally in the business of sale and supply of potable water for any purpose; to engage in the collection, carriage, treatment and disposal of wastewater or sewage; to own, lease, or in any other lawful manner acquire and maintain all equipment, appliances, pipes, pipelines, conduits, pumps, wells, real and personal property necessary or convenient to conduct its business as aforesaid; and otherwise to engage in any lawful act or activity for which corporations may be organized or empowered to do under the General and Business Corporation Law of Missouri and any amendments made thereto from time to time.

IN WITNESS WHEREOF, these Articles of Incorporation have been signed this

20th day of March, 2006



Reginald V. Golden, Incorporator



Rick Rusaw, Incorporator

STATE OF COLORADO)
) ss
COUNTY OF Boulder)

I, Robin A. Engen, a notary public, do hereby certify that on the 20th day of March, 2006, personally appeared before me Reginald V. Golden and Rick Rusaw, who being by me first duly sworn, declared that they are the persons who signed the forgoing document as incorporators, and that the statements therein contained are true.

My Commission Expires:

My Commission Expires
08/20/2008

