

Sports complex sparks lawsuit

By Peter Rebhahn, Star-Times Apr 30, 2011

The developer of a \$30-million sports complex in Juneau County has sued consultants and engineers hired for the project for breach of contract, misrepresentation and negligence the developer claims all led to project delays and added costs.

The 31-page complaint filed in Juneau County Circuit Court by an attorney for the Woodside Sports Complex names Egg Harbor-based H&K Sports Fields, Waukesha-based Midwest Engineering Services and Environmental Systems Technology & Research, based in Brussels, Wis.

The complaint also names executives, principals or employees of each of the companies.

The complicated civil suit - the complaint with attachments runs to 70 pages - stems from a series of alleged agreements in 2009 and 2010 with H&K for planning, financing and marketing of

the 200-acre sports complex in the town of Lemonweir a few miles east of Mauston.

Work began last fall at the site, located on the 1,300-acre Woodside Ranch, a popular dude ranch and family attraction.

Virginia Barton, Woodside Ranch general manager, said Friday that work on the sports complex had not stopped. "Only the weather" was impeding work at the site, Barton said.

Woodside Ranch is owned by Damon Zumwalt, CEO and founder of Contemporary Services Corp., which provides security and crowd control for major events from its California headquarters and more than 40 branch locations nationwide.

Two partners, including a former Major League Baseball star, withdrew from the project last year, apparently leaving Zumwalt as the sole principal.

Zumwalt did not immediately respond to a phone message left Friday.

Among other things, the lawsuit claims that H&K agreed to find corporate sponsors and promotional partners for a set fee and 1.5 percent of "the total secured fees between Woodside and the sponsor or partner, ..."

The suit alleges that H&K failed to prepare documents, failed to find funding for the project, failed to communicate with developers or to develop a proposal for potential sponsors or partners.

The complaint also alleges that Woodside followed H&K's recommendation to hire Engineering Services and Environmental Systems Technology & Research (ESTR) to design and install a wastewater treatment system to meet state Department of Natural Resources' permit requirements.

The suit claims that neither company disclosed that ESTR planned to use a proprietary wastewater system, invented and patented by an ESTR principal, **Gaylen LaCrosse**, that later failed to meet DNR requirements.

The proprietary system had no track record of approval by state regulators for the planned application and was more

Gaylen LaCrosse & Michael Flaherty of Door County, WI are partners with Eric Decator & Louis Stern of Cook County, IL in ARLAND CLEAN FUELS LLC / GENERATION CLEAN FUELS LLC

expensive than other systems already backed and recommended by the DNR, the complaint alleges.

In addition, the complaint alleges that the companies attempted to hide that the proposed wastewater system had run afoul of DNR regulators and that H&K later incorrectly claimed that the agency had issued the needed permit and that the company had also obtained related loans and grants.

ESTR later allegedly hired Midwest Engineering Services (MES) to assist with obtaining the DNR

permit without notifying Woodside, according to the complaint.

The employee MES assigned to the project, Jeffrey Fischer, had previously surrendered his state license to work as a professional geologist after felony fraud convictions related to the state's Petroleum Environmental Cleanup-up Fund and had no expertise in wastewater systems, the suit claims.

The suit also claims that H&K was negligent in not disclosing that a company executive, **Terry Gaouette**, had pleaded guilty to falsifying financial

TERRY GAOUILLE is the signatory Lessee as Executive VP & CFO of Arland Clean Fuels, LLC / Generation Clean Fuels LLC and Arland Energy Systems LLC in the 09/24/12 Master Lease Agreement between ACF / GCF and Naples, FL Veteran's Capital Corp. for which Joseph E. Wold Jr. is President.

Veteran's Capital Corp. was to lease a "poly conversion liquefaction machine" to be manufactured by Spartan, Inc of Bakersfield, CA, of which the President was ACF / GCF Principal Louis Stern.

ACF / GCF CEO Louis Stern signed Lease & Service Agreements with OSGC CEO / GBRE Chair Kevin Cornelius on 05/24/13 and 06/10/13 resulting in ACF / GCF filing a \$400 Million lawsuit against the Oneida Nation of Wisconsin which appears to be an extortion racket designed to defraud the ONWI General Tribal Council of MULTIMILLIONS, in defense of which OSGC & GBRE are engaged in malicious litigation against the City of Green Bay via their counsel GODFREY & KAHN S.C.

records of the Milwaukee Public Museum when he served as a top museum executive.

The suit seeks recovery of money paid to the companies and unspecified damages.

The three companies have filed separate responses in which each denies allegations or presents alternative explanations for events. Gaouette filed a separate response in which he asks for the suit against him to be dismissed.

"Plaintiffs have thrown together a 185-paragraph complaint in an effort to confuse the facts and state claims where none exist," Gaouette's response states.

H&K has also counterclaimed, alleging that Woodside "trumped up" allegations against the company.

When complete, the sports complex will be home to 17 baseball fields, seven multi-use fields, an indoor instructional facility, two dining halls, two arcades and two dormitories.

Woodside officials have said that the sports complex could attract as many as 10,000 people daily during peak summer months.

Sports Complex to open in fall

Woodside Sports Complex breaks ground

prebhahn-at-capitalnewspapers-dot-com

Master Lease Agreement

Dated and effective as of August 31, 2012 ("Effective Date"), this MASTER LEASE AGREEMENT ("Agreement") is entered into by and between Veterans Capital Corp, a Florida company with offices at 1385 Arca Cove, Naples, Florida 34119 and ASC Lease Income, LLC a Delaware limited liability company with offices at 5500 Lake Grove Trail, Petoskey, MI 49770 as Co-Lessor (together with any successor or assignee, "Lessor") and the Lessee and Co-Lessee indicated below (together with any successor or permitted assignee, "Lessee").

LESSEE:

LEGAL NAME: Arland Clean Fuels, LLC and
Arland Energy Systems, LLC (Co-Lessee)
TRADE NAME (If any): ACF
ADDRESS: 630 Davis Street, Suite 300
Evanston, IL 60201

CONTACT and TELEPHONE: Mr. Terry Gacouette, EVP & CFO
847-868-8580

LEGAL ENTITY Type: Delaware Limited Liability Company
State of Organization: Delaware
Date of Establishment: May 2012

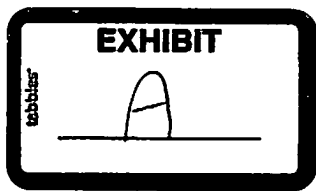
LEASE TERMS AND CONDITIONS:

1. **LEASING.** Subject to the terms of this Agreement, Lessor agrees to lease to Lessee and Lessee agrees to lease from Lessor the equipment (collectively, the "Equipment" and individually a "unit of Equipment") described in any equipment schedule (a "Schedule") signed by Lessee and approved by Lessor. Schedules may also include a description of software ("Software") to be financed pursuant to the terms of this Agreement. Each Schedule will incorporate all the terms of this Agreement and will constitute a separate agreement for lease of the Equipment and, if applicable, for the payment of any software licensing fee being financed ("Software License Fee") pursuant to this Agreement (each Schedule, collectively with any attachments, riders and related documents, is referred to as, a "Lease"). With respect to each Lease, capitalized terms not defined in this Agreement will have the meanings stated in the applicable Schedule. Unless it purchases the Equipment under Section 14 hereof ("Options"), Lessee does not have any right or interest in the Equipment except as a lessee. This Agreement is effective from the Effective Date, and will continue until all Leases have terminated or expired.

2. **NET LEASE. EACH LEASE IS A NET LEASE AND ALL PAYMENTS HEREUNDER ARE NET TO LESSOR. LESSEE IS UNCONDITIONALLY OBLIGATED TO PAY MONTHLY RENT AND OTHER AMOUNTS DUE UNDER SUCH LEASE REGARDLESS OF ANY DEFECT OR DAMAGE TO EQUIPMENT OR SOFTWARE, OR LOSS OF POSSESSION, USE OR DESTRUCTION FROM ANY CAUSE WHATSOEVER. LESSEE'S OBLIGATIONS CONTINUE UNTIL SPECIFICALLY TERMINATED AS PROVIDED IN SUCH LEASE. LESSEE'S OBLIGATION WILL DISCONTINUE UPON RECEIPT OF FUNDS THROUGH A CASUALTY AND OR INSURANCE PAYMENT THAT SATISFIES THE LEASE OBLIGATION AS PROVIDED IN SUCH LEASE. LESSEE IS NOT ENTITLED TO ANY ABATEMENT, REDUCTION, RECOUPMENT, DEFENSE, OR SET-OFF AGAINST MONTHLY RENT OR OTHER AMOUNTS DUE TO LESSOR OR ITS ASSIGNEE, WHETHER ARISING OUT OF SUCH LEASE OR OUT OF LESSOR'S STRICT LIABILITY OR NEGLIGENCE, FROM ANY THIRD PARTY, OR OTHERWISE.**

3. **PURCHASE OF EQUIPMENT; LICENSE OF SOFTWARE; SERVICE FINANCING.** (a) Lessor is not obligated to purchase or lease a unit of Equipment or advance the Software License Fee to the licensor ("Licensor") unless before each funding date: (i) Lessor receives from Lessee a fully signed and completed Schedule and such other documents as Lessor may require; (ii) Lessee has irrevocably accepted the unit of Equipment for lease from Lessor and the related Software by properly signing and delivering to Lessor a Certificate of Acceptance in a form and substance satisfactory to Lessor; (iii) Lessor has received from Supplier and/or Lessee, if applicable, clear and unencumbered title to the Equipment; (iv) there is no Default; and (v) in Lessor's reasonable discretion, no Material Adverse Change has occurred or is reasonably likely to occur. "Material Adverse Change" means a material adverse change in (A) Lessee's or the Lessee Group's business, operations, properties, prospects, assets or condition (financial or otherwise), (B) Lessee's ability to perform its obligations under this Agreement or any Lease in accordance with its terms, or Lessor's ability to enforce any of its rights and remedies with respect to any Lease in accordance with the terms of this Agreement or any other document, instrument or agreement executed in connection with any Lease, or (C) the Equipment or the Lessor's ownership interest in the Equipment. If Lessor has accepted an assignment of a purchase order but the Lease does not commence, Lessor may reassign the Purchase Order and the Equipment to Lessee without recourse or warranty and Lessee will reimburse Lessor for all expenses incurred on or behalf of Lessor, plus interest at the Overdue Rate. So long as no Default has occurred, Lessor appoints Lessee its agent to inspect and accept the Equipment from Supplier and the Software from Licensor simultaneously with acceptance of the Equipment for lease. For each Schedule, Lessee irrevocably authorizes Lessor to adjust Lessor's Capitalized Cost (as such term is defined in the Schedule) to account for equipment change orders or returns, invoicing errors and similar matters, and agrees to any resulting adjustments in the TRANSACTION TERMS stated in the applicable Schedule. Lessor will send Lessee a written notice stating the final Total Equipment Cost, Total Software Cost and Total Price and TRANSACTION TERMS, if different from those stated in the applicable Schedule.

Lessee Initials 



THIS AGREEMENT AND ANY LEASE AND ANNEXES THERETO CONSTITUTE THE ENTIRE AGREEMENT OF THE PARTIES WITH RESPECT TO THE SUBJECT MATTER HEREOF. THIS AGREEMENT IS EFFECTIVE AS OF THE EFFECTIVE DATE UPON SIGNING BY BOTH LESSOR AND LESSEE. A LEASE MAY NOT BE CHANGED EXCEPT BY WRITTEN AGREEMENT SIGNED BY AN AUTHORIZED REPRESENTATIVE OF THE PARTY AGAINST WHOM IT IS TO BE ENFORCED. LESSEE IRREVOCABLY AUTHORIZES LESSOR TO PREPARE AND SIGN ON BEHALF OF LESSEE ANY INSTRUMENT NECESSARY OR EXPEDIENT FOR FILING, RECORDING OR PERFECTING THE INTEREST OF LESSOR IN EACH LEASE, THE RELATED EQUIPMENT AND THE PROCEEDS OF BOTH.

LESSOR: Veterans Capital Corp and ASC Lease Income, LLC		LESSEE: Ariand Clean Fuels, LLC and Ariand Energy Systems, LLC	
By: <u>[Signature]</u>	By: <u>[Signature]</u>		
Name: <u>Joseph Wold</u>	Name: <u>David G. Pendell</u>	Name: <u>Terry A. Gaouette</u>	
Title: <u>President</u>	Title: <u>MGR. ASC LI LLC</u>	Title: <u>EXEC. V.P. CFO</u>	
Date: <u>9/24/12</u>	Date: <u>9/24/12</u>	Date: <u>9-26-2012</u>	

JOSEPH WOLD

DAVID PENDELL

TERRY GAOUCETTE

Lessee Initials [Signature]

ADDENDUM TO MASTER LEASE AGREEMENT

This ADDENDUM TO MASTER LEASE AGREEMENT (this "Addendum") is made as of August 31, 2012, among by and between Veterans Capital Corp, a Florida company with offices at 1385 Areca Cove, Naples, Florida 34119 and ASC Lease Income, LLC a Delaware limited liability company with offices at 5500 Lake Grove Trail, Petoskey, MI 49770 as Co-Lessor (together with any successor or assignee, "*Lessor*") and t Arland Clean Fuels, LLC and Arland Energy Systems, LLC (together with any successor or permitted assignee, "*Lessee*").

Lessor and Lessee are parties to that certain Master Lease Agreement 201208, dated as of August 31, 2012 (the "*Master Lease*"). All capitalized terms used in this Addendum which are not defined herein shall have the respective meanings assigned to them in the Master Lease. The parties desire to enter into this Addendum to clarify some of the terms and provisions of the Master Lease.

NOW, THEREFORE, in consideration of the mutual promises contained herein, the parties agree as follows:

1. Any references in the Master Lease to software or Software are hereby deleted, as no software is being leased pursuant to the Master Lease.
2. Notwithstanding Section 3 of the Master Lease, Lessor shall fund to Lessee an amount equal to Lessor's Capitalized Cost (as that term is defined in each Schedule) upon the execution and delivery of each Schedule.
3. Lessee shall be responsible for paying any taxes relating to lease tax assessed by the State of Michigan, but not any income taxes of Lessor in that State.
4. Lessee shall permit Lessor to take advantage of any depreciation deductions available on the Equipment.
5. Notwithstanding Section 11(e) of the Master Lease, (a) Lessee shall have the right to assign its interests under any Lease to any subsidiary or affiliate of Lessee upon written notice to Lessor, and (b) Lessor must provide Lessee of written notice of any assignment of its rights or obligations under the Master Lease.
6. For purposes of Section 14 and each Schedule, the "Fair Market Value" of any piece of Equipment leased to Lessee pursuant to the Master Lease shall be, at any time, equal to Lessor's Capitalized Cost for such piece of Equipment less all accumulated depreciation with respect to such piece of Equipment, determined using a straight-line depreciation method and a useful life of five (5) years.
7. The Master Lease, as clarified by this Addendum, embodies the complete agreement and understanding among the parties with respect to the subject matter hereof and supersedes and preempts any prior understandings, agreements or representations by or among the parties, written or oral, which may have related to the subject matter hereof in any way.

IN WITNESS WHEREOF, the parties have executed this Addendum as of the date first above written.

LESSOR: Veterans Capital Corp and ASC Lease Income, LLC	LESSEE: Arland Clean Fuels, LLC and Arland Energy Systems, LLC
By: <u>[Signature]</u> <u>[Signature]</u>	By: <u>[Signature]</u> <u>[Signature]</u>
Its: <u>[Signature]</u> <u>MGR</u>	Its: <u>Engle VR CEO</u>

**JOSEPH
WOLD**

**DAVID
PENDELL**

**TERRY
GAOUCETTE**

LEASE SCHEDULE NO. 1

to Master Lease Agreement dated August 31, 2012 (the "Lease")
between Veterans Capital Corp and ASC Lease Income, LLC ("Lessor")
and Arland Clean Fuels, LLC and Arland Energy Systems, LLC ("Lessee")

EQUIPMENT:

Quantity	Description (Make, Model, and Serial No.)
One	New Poly Conversion 40 Ton Thermal Dynamic Liquefaction System, Serial # SP-40-T to include all parts, equipment, designs, engineering and other materials that become a part or attached to the System. See attached Schedule "A".

EQUIPMENT LOCATION: 437 South Main Street, Cheboygan, MI 49721

LESSOR'S CAPITALIZED COST: \$900,000.00

"Lessor's Capitalized Cost" shall mean the sum of the purchase price of the Equipment, sales and/or use tax if applicable, installation costs, delivery costs, and buy-out of a previous lease if applicable.

LEASE COMMENCEMENT DATE:

The term of this Lease Schedule shall begin on the date Lessee executes a Certificate of Acceptance (the "Lease Commencement Date") and shall continue for a period of thirty six (36) months beginning on _____ (the "Initial Term Start Date").

INITIAL TERM:

36 months

LEASE RENTAL PAYMENT:

Lessee shall pay as monthly rental during the Initial Term of \$31,908.60 plus applicable taxes, which amount shall be due and payable on the same day of each month as the Initial Term Start Date. If applicable, rental per day for the period from the Lease Commencement Date or the Initial Funding Date to the Initial Term Start Date shall be equal to 1/30th of the monthly Lease Rental Payment pro-rated to the amount funded by the Lessor and shall be due upon receipt of invoice from Lessor.

PURCHASE OPTION

The Lessee shall purchase all but not less than all of the Equipment/System for the then Fair Market Value which shall not exceed 43% of the then total Fair Market Value of the entire System and Equipment.

 Initials

EQUIPMENT DISCLAIMER AND AGREEMENT:

Lessee hereby acknowledges that we are aware of our obligations with reference to the Lease, and that we agree to enforce in our own name all warranties, agreements, or representations, if any, which may be made by the supplier to us. We agree that Veterans Capital Corp and or its assigns makes no expressed or implied warranties as to any matter whatsoever, including without limitation the condition of the equipment, **ITS MERCHANTABILITY OR ITS FITNESS FOR ANY PARTICULAR PURPOSE. NO DEFECT OR UNFITNESS OF EQUIPMENT SHALL RELEASE THE LESSEE OF THE OBLIGATION TO PAY RENTAL PAYMENTS OR OF ANY OTHER OBLIGATIONS UNDER THE LEASE.**

This Lease Schedule is issued pursuant to the Master Lease identified hereon. All the terms, conditions, representations, and warranties of the Master Lease are hereby incorporated herein and made a part hereof as if they were expressly set forth in this Lease Schedule, and this Lease Schedule constitutes a separate lease with respect to the Equipment described herein.

IN WITNESS WHEREOF, the parties below have caused this Lease Schedule to be executed by their duly authorized representatives as of this 24 day of September, 2012.

LESSOR:

LESSEE:

Veterans Capital Corp and ASC Lease Income, LLC

Arland Clean Fuels, LLC and Arland Energy Systems, LLC

[Signature]
Authorized Signature
Joseph Wold David G. Pendell
Name
President MGR, ASS LLC
Title

[Signature]
Authorized Signature
Terry D. Gaouette
Name
Exec VP CR
Title

JOSEPH WOLD DAVID PENDELL TERRY GAQUETTE

**SCHEDULE "A" to Lease Schedule No. 1
to Master Lease Agreement No. 201208 dated August 31, 2012 (the "Lease")
between Veterans Capital Corp and ASC Lease Income, LLC ("Lessor") and
Arland Clean Fuels, LLC and Arland Fuel Systems, LLC ("Lessee")**

This Schedule "A" and any and all attachments incorporated herein become part of the Lease referenced above. Lessee hereby confirms all the terms of the Lease.

QUANTITY	MODEL NO.	EQUIPMENT DESCRIPTION <small>(Manufacturer's Serial No., other identification, indicate whether new or used equipment)</small>
One		One New Poly Conversion 40 Ton Thermal Dynamic Liquefaction System Serial # SP-40-T made up of but not limited to the following components: Dual Knife Valves, Hydraulic System, Air Compression, Vacuum, all Electrical Controls, Piping, Bearings, Heating Elements, Sensors, Hardware, Separation Columns (2), Heat Exchangers (4), Piping and Valves for Heat Exchangers, Chilled Water Systems (2), Skid Steer, Conveying System for intake and discharge, Two (2) 8,000 Gallon UL 142 Horizontal Double Wall Tanks, 2 MHW Gensets, Plastic Densifiers (4), Piping and Valves for Fuel, Hook Up and Switch Gears, Main Structure and any and all related equipment, designs, engineering and materials that becomes part of the above equipment and is a part of Lease Schedule #1 of the Master Lease.

This Schedule "A" is hereby verified as correct by the undersigned Lessee, who acknowledges receipt of a copy.