

G. Everett Sinor, Jr.
Attorney at Law

June 1, 2016

The Honorable Sue Tollett
Clerk and Master
Cumberland County Chancery Court
60 Justice Center Drive, Suite 226
Crossville, Tennessee 38555

RE: Tennessee Regulatory Authority v. Laurel Hills Condominiums Property Owners Association,
Docket No. 2012-CH-560

VIA UNITED PARCEL SERVICE OVERNIGHT

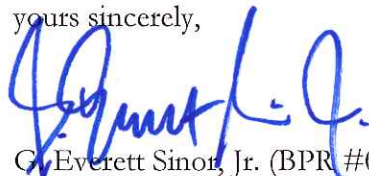
Dear Ms. Tollett:

Please find enclosed herewith the following, for filing in Docket No. 2012-CH-560:

1. The Receiver's Motion to Approve and Adopt the Receivership Plan;
2. The Receivership Plan;
3. A Notice of Hearing, setting this matter for June 9, 2016 in Crossville; and,
4. A Proposed Order Approving and Adopting the Receivership Plan.

Please stamp filed the enclosed copy and return to me in the self-addressed, stamped envelope. Thanking you for your consideration of this matter, I remain,

yours sincerely,



G. Everett Sinor, Jr. (BPR #017564)
Attorney at Law

Enclosures

cc: Shiva K. Bozarth, Esq.
Donald Scholes, Esq. and Benjamin Gastel, Esq.
Melanie Davis, Esq.
Vance Broemel, Esq.
Roger York, Esq.
Gregory Logue, Esq.
Scott D. Hall, Esq.
John Moore
Michael McClung

IN THE CHANCERY COURT FOR CUMBERLAND COUNTY, TENNESSEE
THIRTEENTH JUDICIAL DISTRICT, AT CROSSVILLE

TENNESSEE REGULATORY AUTHORITY

Petitioner,

v.

LAUREL HILLS CONDOMINIUMS
PROPERTY OWNERS ASSOCIATION

Respondent.

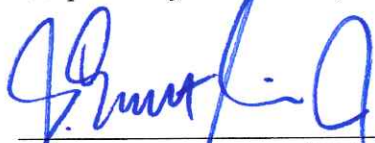
No. 2012-CH-560
Chancellor Thurman

RECEIVER'S MOTION FOR THE APPROVAL AND ADOPTION OF ITS
RECEIVERSHIP PLAN

COMES NOW, Receivership Management, Inc. [hereinafter the Receiver], the court appointed Receiver of a water system previously controlled by Laurel Hills Condominiums Property Owners Association [hereinafter the LHWS], and **MOVES** this Honorable Court to approve and adopt its receivership plan. Said receivership plan has been filed contemporaneously with this motion.

DATED: June 1, 2016

Respectfully Submitted,



G. Everett Sinor, Jr. (BPR#017564)
Attorney at Law
Counsel for Receivership Management, Inc.
3504 Robin Road
Nashville, Tennessee 37204
615-969-9027 (Phone)
Everett.Sinor@gmail.com (Email)

Certificate of Service

The undersigned hereby certifies that a true and correct copy of the foregoing motion has been served upon the parties hereto and the other persons listed below, at:

Shiva K. Bozarth, Esq.
Chief of Compliance
Counsel for Tennessee Regulatory Authority
502 Deaderick Street, Fourth Floor
Nashville, Tennessee 37243

Donald Scholes, Esq.
Benjamin Gastel, Esq.
Branstetter, Stranch & Jennings
Counsel for Laurel Hills Condominiums
Property Owners Association
227 Second Avenue North, Fourth Floor
Nashville, Tennessee 37201

Melanie Davis, Esq.
Kizer & Black
329 Cates Street
Maryville, Tennessee 37801

Vance Broemel, Esq.
Erin Merrick, Esq.
Consumer Advocate and Protection Division
Tennessee Attorney General and Reporter
Post Office Box 20207
Nashville, Tennessee 37202

Roger York, Esq.
York & Bilbrey
456 North Main Street, Suite 201
Crossville, Tennessee 38555

via the United States Mails, postage prepaid, this 18th day of June, 2016.


G. Everett Sinor, Jr.

IN THE CHANCERY COURT FOR CUMBERLAND COUNTY, TENNESSEE
THIRTEENTH JUDICIAL DISTRICT, AT CROSSVILLE

TENNESSEE REGULATORY AUTHORITY

Petitioner,

v.

LAUREL HILLS CONDOMINIUMS
PROPERTY OWNERS ASSOCIATION

Respondent.

No. 2012-CH-560
Chancellor Thurman

RECEIVERSHIP PLAN

TO THE CHANCELLOR:

COMES NOW, Receivership Management, Inc. [hereinafter the Receiver], the court appointed Receiver of a water system previously controlled by Laurel Hills Condominiums Property Owners Association [hereinafter the LHWS], and submits this, its Receivership Plan in the above-styled suit.

This Receivership Plan is filed pursuant to and consistent with ¶ 15 of page 7 of the Amended Order Appointing Receiver, entered by this Honorable Court on April 21, 2016, the pertinent provisions of which provide as follows:

“If the Receiver determines that reorganization, consolidation, conversion, merger, dissolution, liquidation or other transformation of Laurel Hills’ water system is appropriate, it shall prepare a plan to effect such changes, including, if necessary, the liquidation and sale of all or Laurel Hill’s [sic] water system assets. Upon application of the Receiver for approval of the plan, and after such notice and hearing as the court may prescribe, the Court

may either approve or disapprove the plan proposed, or may modify it and approve it as modified. Any plan approved under this section shall be, in the judgment of the Court, fair and equitable to all parties concerned. If the plan is approved, the Receiver shall carry out the plan.”

A motion to approve and adopt this Receivership Plan has been filed contemporaneously with this plan.

Issues Faced by the Receiver

The Laurel Hills Water System receivership estate was created by order of this Court on October 26, 2015. The Receiver immediately took steps to marshal and preserve the assets of the estate, take control of bank accounts, provide notice to interested persons, identify and procure the services of and/or retain vendors, and perform all of the other tasks customarily performed by receivers.

Upon taking over the LHWS, it immediately became apparent to the Receiver that there were problems with its ability to rehabilitate and revitalize the water system. First and foremost, there are concerns about the proper titling and use rights for different parts of the water system, and the possible inability of the Receiver to expand the LHWS to new customers. The Receiver has consistently reported on these issues in its four (4) previous reports, so the specific issues will not be recounted here. This Honorable Court may have equitable powers to remove the cloud on all or a portion of the title to the LHWS, but that issue has not been briefed by the Receiver for reasons of cost.

Second, the water tower and supply pipe, along with other parts of the LHWS, are in a state of disrepair such that there is certainly a significant cost to get the LHWS to a point where it can be utilized in the manner designed, and be placed in a sustainable position. The Receiver's Motion to Institute a New Rate does not have any cost built in for capital repairs;

however, a \$2000.00 per month cost estimate for repairs and maintenance was included as a hedge against possible failures.

Three (3) different private utility companies have expressed varying levels of interest in owning and/or operating the LHWS since the institution of the receivership estate. The Crab Orchard Utility District has also sent a letter to the Authority, expressing its willingness to own and operate the system, in which, speaking very generally, it demanded \$500,000.00 and clear title to the LHWS.¹

Formation and Preparation of Receivership Plan

Given these hindrances, the Receiver put together the beginnings of a receivership plan with the thought that it would be exposed for comment prior to being filed with this Honorable Court. In that vein, Mr. Robert E. Moore, Jr., Chief Operations Officer for the Receiver, met on March 23, 2016 with representatives of the Tennessee Regulatory Authority [hereinafter the Authority], as well as with representatives of the Consumer Protection and Advocate Division of the Attorney General's Office [hereinafter the Attorney General] to discuss his thoughts and receive comment. The meeting was fruitful and provided additional information which has led to the submission of this Receivership Plan. Furthermore, Mr. Moore met with Messrs. John Moore and Wendell Harkleroad on May 5, 2016 for the same purpose.² Again, the meeting was fruitful and provided additional information which has led to the submission of this Receivership Plan.

The Renegade Mountain Community Meeting

Just this past Friday, May 27, 2016, at six (6) p.m., Mr. Robert E. Moore, Jr. and two (2) other representatives working with the receiver, Mr. G. Everett Sinor, Jr., and Mr.

¹ See the Receiver's Fourth Report, filed May 27, 2016, at ¶ 10, p.5, and Exhibit B to said report.

² Mr. John Moore is a resident on Renegade Mountain and an LHWS customer. Mr. Harkleroad is an executive with Eagle's Nest, LLC and has current plans to develop a portion of Renegade Mountain and provide future customers to the LHWS.

Jacqueline Lawson, conducted a community meeting with the residents on Renegade Mountain and any other interested persons who were willing to attend. The meeting was conducted in Crab Orchard, Tennessee at the City Hall meeting area. Twenty-nine (29) people signed the sign-in sheet, which included Mr. Dart Kendall, the executive of a water and sewer company. A representative from the Attorney General, Mr. Vance Broemel, was also present. The meeting lasted well over two (2) hours.

The purpose of the meeting was to explain the circumstances of the LHWS and the receivership estate, talk generally about the Receiver's thoughts on a receivership plan and the motion to institute a new rate, and receive comment and answer questions. A copy of a document handed out by the Receiver at the meeting, which lists the receivership plan options and the Receiver's main activities remaining, is attached hereto as Exhibit A and is incorporated herein by reference.

The Receiver's opinion is that the meeting was successful. Both Mr. John Moore and Mr. Michael McClung attended the meeting, and both made statements at the meeting about the LHWS and generally about some of the issues on Renegade Mountain. Numerous other LHWS customers also made comment. Notwithstanding the many questions asked and comments made, and the sometimes antagonistic positions taken, the meeting remained civil throughout.

Different issues were raised at the community meeting that the Receiver would like to bring to the attention of this Honorable Court as it considers this Receivership Plan. Foremost among these—residents of the Cumberland Pointe condominium units conveyed to the Receiver that they are currently subsidizing both the water bills and the Home Owners' Association fees for twenty-one (21) condominium units. With a significant increase in LHWS rates, it was conveyed to the Receiver that the entire amount will no

longer be collected and paid to the LHWS.³ In the event that the entire Cumberland Pointe condominium complex does not make payment of the newly instituted rate, the Receiver will be faced with how to respond. No decision has yet been made for that eventuality.

As previously noted, Mr. Dart Kendall with Aqua Green Utility attended the community meeting. He provided invaluable information from the perspective of a potential purchaser of the system. This included information concerning the water tower, surety requirements at the Authority, concerns about getting a crane across the bridge that opens onto the mountain, the necessity for clear title, etc. The attendees, including the Receiver, were truly appreciative of his attendance and his insights.

The Receivership Plan

With this background, and with the limitations discussed above, the Receiver's options are limited. Herewith is the Receivership Plan for the Laurel Hills Water System in Receivership:

1. The Receiver will solicit bids for the ownership and/or operation of the LHWS.

Each of the three (3) private utility companies noted above, as well as the Crab Orchard Utility District, and any other interested party, will be invited to provide a proposal to the Receiver for consideration. If a satisfactory proposal is received and a satisfactory deal can be negotiated for the long-term ownership, operation and viability of the LHWS, then the proposal will be brought to this Honorable Court with a recommendation for approval.

³ As previously reported (*See Receiver's Fourth Report*, filed May 27, 2016, at ¶ 7, pp. 3-4), there are 84 condominium units in the Cumberland Pointe condominium complex. The complex is currently billed and makes payment for all 84 units with 1 check for the entire amount, and has done so since the institution of the receivership estate. At the community meeting, a resident conveyed that the HOA fee is \$186.00 per month, and that those HOA fees are also currently being subsidized for 21 condominium units.


2. Failing this, the Receiver will determine whether a cooperative of LHWS customers can competently operate the LHWS, either by itself or with the assistance of a master appointed by the Court.
3. Failing this, the Receiver will report back to the Court for further instruction.

The Receiver is aware of the tremendous increase in rates facing the customers of the LHWS, and that its own costs and the extremely low number of customers are the main drivers for this increase. Accordingly, this plan will allow the receivership estate to end, while at the same time providing for a way in which water can be provided to LHWS customers in the future on a sustained basis. Given the limitations already noted, the Receiver has rehabilitated this water system as much as it can, and it is now time for a Receivership Plan to be implemented.

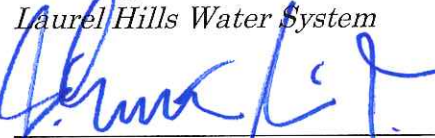
DATED: June 1, 2016

Respectfully Submitted,

Laurel Hills Water System in Receivership


By: Robert E. Moore, Jr. (BPR#013600)
Chief Operations Officer
Receivership Management, Inc.
1101 Kermit Drive, Suite 735
Nashville, Tennessee 37217
615.370.0051 (Phone)
rmoore@receivermgmt.com (Email)
*Court-appointed Receiver for
Laurel Hills Water System*

*by permission
granted on
6/1/16*



G. Everett Sinor, Jr. (BPR#017564)
Attorney at Law
Counsel for Receivership Management, Inc.
3504 Robin Road
Nashville, Tennessee 37204
615-969-9027 (Phone)
Everett.Sinor@gmail.com (Email)

Certificate of Service

The undersigned hereby certifies that a true and correct copy of the foregoing motion has been served upon the parties hereto and the other persons listed below, at:

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Chief of Compliance
Counsel for Tennessee Regulatory Authority
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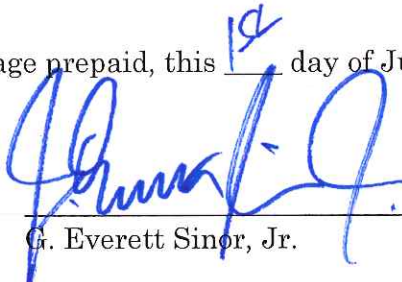
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Nashville, Tennessee 37202

Roger York, Esq.
York & Bilbrey
456 North Main Street, Suite 201
Crossville, Tennessee 38555

via the United States Mails, postage prepaid, this 14 day of June, 2016.



G. Everett Sinor, Jr.

NOTES FOR RENEGADE MOUNTAIN COMMUNITY MEETING

Receivership Plan Options

1. **Hand the LHWS over to a co-operative led by residents of Renegade Mountain.** This would require approval by the TRA. It would also leave the LHWS in its current state, without any repairs being made to the supply pipe or the water tower. The water tower would not be able to be used. Any catastrophic failure of the LHWS would be the responsibility of the co-operative. There are questions about the ability of the LHWS to expand its service to new residents.
2. **Solicit Bids from Other Water Systems.** The Receiver has received limited interest from other a public water system and private water systems to own and/or operate the LHWS. Again there are questions about the ability of the LHWS to expand its service to new residents.
3. **Restore the LHWS and permit its expansion.** This would be accomplished by (a) quieting the title of current and future LHWS properties; (b) refurbishing the water tower; and (c) repairing or replacing the main supply pipe up the mountain. This would entail significant litigation and would require that the estate hire an outside law firm to pursue quiet title actions and/or a clerk and masters' sale. Minimal water tower refurbishment cost has been estimated as \$135,000.00 to \$180,000.00. Supply pipe repair cost estimates are even larger and depend on how the pipe is repaired or replaced.
4. **Renegade Mountain citizens incorporate as a municipality or create a water utility district.** Whether this can lawfully be accomplished is unknown. It would create a taxing power for the city and/or utility district to run and maintain the LHWS. It would also avoid TRA regulation, as water systems run by municipalities or utility districts are not subject to TRA regulation. As with the co-operative, any catastrophic failure of the LHWS would be the responsibility of the city and/or utility district. If there are titling problems, they could possibly be solved with condemnation actions, but would require payment to current title holders.

Remaining Activities

1. Motion to Institute New Rate in Cumberland County Chancery Court, June 9, 2016.
2. Receivership Plan will be Filed with Court.
3. Fulfillment of Plan and Closing of Receivership Estate



STATE OF TENNESSEE
IN THE CHANCERY COURT FOR CUMBERLAND COUNTY
THIRTEENTH JUDICIAL DISTRICT
AT CROSSVILLE

TENNESSEE REGULATORY AUTHORITY

v.

LAUREL HILLS CONDOMINIUMS
PROPERTY OWNERS ASSOCIATION

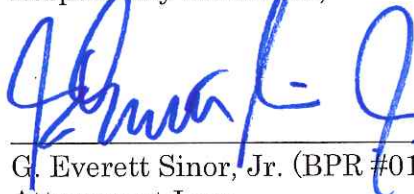
} Docket No. 2012-CH-560
Chancellor Thurman

NOTICE SETTING HEARING ON RECEIVER'S MOTION

PLEASE TAKE NOTE that Receivership Management, Inc.'s motion to approve and adopt the Receivership Plan for the Laurel Hills Water System in Receivership, filed with the Cumberland County Clerk & Master on or about June 2, 2016, is hereby set for **9:00 a.m. on June 9, 2016** in the Chancery Courtroom of the Cumberland County Justice Center, located at 60 Justice Center Drive, Crossville, Tennessee.

SUBMITTED this 1st day of June, 2016.

Respectfully submitted,



G. Everett Sinor, Jr. (BPR #017564)
Attorney at Law

Counsel for Receivership Management, Inc.
3504 Robin Road
Nashville, Tennessee 37204
615.969.9027
Everett.Sinor@gmail.com

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The undersigned hereby certifies that a true and correct copy of the foregoing pleading has been served upon the parties hereto and the other persons listed below, at:

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Counsel for Tennessee Regulatory Authority
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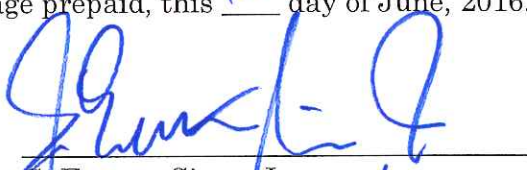
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York & Bilbrey
456 North Main Street, Suite 201
Crossville, Tennessee 38555

via the United States Mails, postage prepaid, this ^{1st} day of June, 2016.



G. Everett Sinor, Jr.

IN THE CHANCERY COURT FOR CUMBERLAND COUNTY
THIRTEENTH JUDICIAL DISTRICT
AT CROSSVILLE, TENNESSEE

TENNESSEE REGULATORY AUTHORITY

v.

LAUREL HILLS CONDOMINIUMS
PROPERTY OWNERS ASSOCIATION

}
Docket No. 2012-CH-560
Chancellor Thurman

ORDER APPROVING AND ADOPTING RECEIVERSHIP PLAN

At argument conducted on or about the 9th day of June, 2016, the petition of movant, Receivership Management, Inc. [hereinafter the Receiver], for approval and adoption of its receivership plan for the Laurel Hills Water System in Receivership was heard.

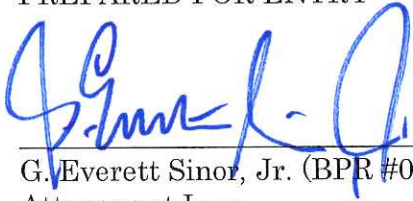
The Receiver's motion being well taken, it is **ORDERED, ADJUDGED, and DECREED** that the movant's receivership plan is hereby **APPROVED** and **ADOPTED**. The Receiver shall forthwith implement and carry out its receivership plan.

OTHER (if any): _____

ENTERED this ____ day of _____, 2016.

The Honorable Ronald Thurman, Chancellor

PREPARED FOR ENTRY:



G. Everett Sinor, Jr. (BPR #017564)
Attorney at Law
Counsel for Receivership Management, Inc.
3504 Robin Road
Nashville, Tennessee 37204
615.969.9027
Everett.Sinor@gmail.com

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Counsel for Tennessee Regulatory Authority
502 Deaderick Street, Fourth Floor
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York & Bilbrey
456 North Main Street, Suite 201
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G. Everett Sinor, Jr., Esq.
Counsel for Receivership Management, Inc.
3504 Robin Road
Nashville, Tennessee 37204

via the United States Mails, postage prepaid, this ____ day of _____, 2016.