

BRANSTETTER, STRANCH & JENNINGS, PLLC

ATTORNEYS AT LAW
227 SECOND AVENUE NORTH
FOURTH FLOOR

NASHVILLE, TENNESSEE 37201-1631
TELEPHONE (615) 254-8801 ~ FACSIMILE (615) 250-3937

CECIL D. BRANSTETTER, SR.
C. DEWEY BRANSTETTER, JR.
RANDALL C. FERGUSON
R. JAN JENNINGS*
JOE P. LENISKI, JR.
DONALD L. SCHOLES
MIKE STEWART
JAMES G. STRANCH, III
J. GERARD STRANCH, IV
MICHAEL J. WALL

ASSOCIATES:
KARLA M. CAMPBELL
BEN GASTEL*
STACEY K. SKILLMAN **

OF COUNSEL:
ROBERT E. RICHARDSON, JR. ***

April 10, 2012

* ALSO ADMITTED IN GA
** ALSO ADMITTED IN KY
*** ONLY ADMITTED IN OH

Ms. Sharla Dillon
Docket Room Manager
Tennessee Regulatory Authority
460 James Robertson Parkway
Nashville, TN 37243-0505

Via Hand Delivery

filed electronically in docket office on 04/10/12
Docket No. 12-00030

Re: Petition of Laurel Hills Condominiums Property Owners Association for a
Certificate of Public Convenience and Necessity

Dear Sharla:

I have enclosed an original and five copies of the Petition in the above styled case along with a check in the amount of \$25.00 which the appropriate filing fee.

This Petition and this cover letter are being filed electronically by electronic mail this same date. Please return the additional copy of the Petition stamp filed to me.

Thank you for your assistance.

Sincerely yours,



DONALD L. SCHOLES

Enclosures

c: Michael McClung
Robert Schwerer
Melanie Davis

**BEFORE THE TENNESSEE REGULATORY AUTHORITY
NASHVILLE, TENNESSEE**

**In re: PETITION OF LAUREL HILLS CONDOMINIUMS PROPERTY OWNERS
ASSOCIATION FOR A CERTIFICATE OF PUBLIC CONVENIENCE AND
NECESSITY**

DOCKET NO. _____

PETITION

COMES NOW the Petitioner, Laurel Hills Condominiums Property Owners Association and petitions the Tennessee Regulatory Authority (the Authority) for a Certificate of Public Convenience and Necessity to operate a water distribution system within a development in Cumberland County, Tennessee, known as Renegade Mountain.

1. Laurel Hills Condominium Property Owners Association, Inc. (Petitioner or Laurel Hills) is a Tennessee nonprofit corporation which owns and operates a small water distribution system in Cumberland County, Tennessee within a development known as Renegade Mountain. Laurel Hills is the property owners association for the timeshare units of the Laurel Hills timeshare condominiums complex.

2. Laurel Hills acquired the water system on May 1, 2011. The warranty deed and bill of sale which conveyed the water system's real and personal property to Laurel Hills is attached to this Affidavit as Exhibit 1. Laurel Hills has been operating the water system since May 1, 2011.

3. Laurel Hills acquired the water system from Moy Toy, LLC which purchased the Renegade Mountain development on December 28, 2010. Moy Toy, LLC did not assume the operation of the water system after it purchased the Renegade Mountain development but

transferred the water system to Laurel Hills. When Laurel Hills acquired the water system, it understood that the persons served by the water system had been paying a flat rate of \$25.00 per month per residential unit for water service except for the Cumberland Point Condominium Association which paid a flat rate of \$20.00 per month for each resident unit in the Cumberland Point Condominiums complex.

4. Laurel Hills does not know how long the monthly flat rates of \$25.00 and \$20.00 per residential unit had been in effect or how these rates were developed. Laurel Hills understands that these flat monthly rates had been in effect for several years.

5. When Laurel Hills acquired the water system, the water system was out of compliance with several rules and regulations of the Tennessee Department of Environment and Conservation (TDEC) due to the failure of the prior owner to properly maintain and upgrade the water system. At that time TDEC had a pending case filed in the Davidson County Chancery Court seeking to enforce an order of the TDEC Commissioner issued in 2008 against the prior owner and operator of the system. Exhibit 2 to this Petition is a copy of the complaint filed by TDEC to enforce the Commissioner's Order.

6. After Laurel Hills acquired the water system, it began discussions with TDEC representatives about a plan of action to address the items set forth in the TDEC Commissioner's 2008 Order and to bring the water system into substantial compliance with its regulations for public water systems. Laurel Hills implemented the plan of action developed with TDEC. By January 1, 2012, Laurel Hills had substantially achieved this goal of compliance, and TDEC dismissed the pending enforcement action against the Renegade Mountain water system.

7. For water service beginning June 2011, Laurel Hills implemented a flat rate of \$86.40 per residential unit for monthly water service. Laurel Hills adopted this rate after

reviewing the anticipated monthly operating expenses of the water system, the cost of improvements needed in the system to comply with TDEC regulations and the debts of the water system. The water system has approximately 50 residential customers; however, service to one customer, Cumberland Point Condominiums Association, include 84 residential units in the Cumberland Point condominiums complex

8. Laurel Hills purchases water from Crab Orchard Utility District to serve its customers. At the time the Laurel Hills took over the water system, the water system's past-due account with Crab Orchard Utility District was almost \$20,000. Presently, Laurel Hills owes Crab Orchard Utility District \$14,455.98.

9. Revenue from water sales is Laurel Hills only source of income to operate the water system. Because Laurel Hills did not have sufficient revenue to meet its operating expenses, to pay its debts and to make the necessary improvements to its water system, it has borrowed money to pay for the water system improvements and for the implementation of new operating requirements mandated by TDEC

10. Most of the customers of Laurel Hills have not paid their bills for water service in full since June of 2011. Beginning in October and November of 2011, the majority of the customers of Laurel Hills stopped making any payments for water service to Laurel Hills. By the end of December of 2011, Laurel Hills had expended almost all of its funds to continue to operate the water system and had no revenue coming in from its customers to pay its expenses.

11. The water system operated by Laurel Hills is not metered. When the water system was constructed, no valves or other equipment was installed on the individual service lines connected to Laurel Hills water mains which would permit Laurel Hills to terminate water service to individual customers for nonpayment. Therefore, Laurel Hills sent a Memorandum to

its customers dated December 30, 2011, with the customers' January bills in which Laurel Hills advised its customers that unless payment was received for past-due bills, it would have no alternative except to suspend water service effective January 31, 2012, for lack of funds to operate the water system. A copy of the Memorandum is attached as Exhibit 3 to this Petition.

12. On February 3, 2012, six customers of Laurel Hills filed a lawsuit against Laurel Hills in the Chancery Court of Cumberland County seeking a declaration that Laurel Hills had abandoned the water system and seeking a temporary restraining order and temporary injunction to prohibit Laurel Hills from terminating water service to its customers for nonpayment. A copy of this Complaint is attached as Exhibit 4 to this Petition. A temporary restraining order was issued on February 3, 2012, a copy of which is attached as Exhibit 5 to this Petition.

13. After a hearing on February 14, 2012, the Chancellor Ronald Thurman entered an order dated February 28, 2012 granting a temporary injunction which prohibited Laurel Hills from terminating water service for 60 days to any customer who had paid one-half of the customer's outstanding balance on its account within 20 days after February 14, 2012 and who was a party to the lawsuit. A copy of Chancellor Thurman's order is attached as Exhibit 6 to this Petition.

14. In his February 28, 2012 Order, Chancellor Thurman ordered that Laurel Hills contact the Authority within 20 days after the temporary injunction hearing regarding the Authority's regulation of the Renegade Mountain water system. Counsel for Laurel Hills wrote a letter dated February 16, 2012 to the Authority's General Counsel to inform the Authority that this Petition would be filed. A copy of this letter is attached as Exhibit 7 to this Petition.

15. Laurel Hills understands that no previous owner of the Renegade Mountain water system had ever obtained a certificate of public convenience and necessity to operate the water

system from the Tennessee Public Service Commission or the Authority since the water system was constructed in the 1970s and 1980s. At the time Laurel Hills acquired the water system on May 1, 2011, it understood that its operation of the Renegade Mountain water system was not subject to regulation by the Authority because Laurel Hills was a Tennessee nonprofit corporation.

16. As a result of the enactment of Public Chapter 430 of the 2011 Tennessee Public Acts, it appears that Laurel Hills became a public utility as defined in T.C.A § 65-4-101 and became subject to regulation by the Authority on the effective date of Public Chapter 430, June 6, 2011.

17. The federal tax return for Laurel Hills for the 2011 calendar year is attached as Exhibit 8 to this Petition. A balance sheet for Laurel Hills which only includes its water system assets and liabilities has not prepared as of the date of the filing of this Petition.

18. Laurel Hills believes that the flat monthly rate of \$86.40 per residential unit is a just and reasonable rate. A proposed tariff for Laurel Hills is attached to this Petition as Exhibit 9. Laurel Hills believes that its cost of service may justify an even higher rate.

19. Laurel Hills has very little historical information and documentation on the Renegade Mountain water system.

20. Because of the sizeable loss of the water system, Laurel Hills requests that the Authority permit it to continue charging the monthly \$86.40 rate per residential unit pending a final decision on this Petition to provide Laurel Hills with revenue to keep the water system operating. In the event the Authority approves a lower rate at the conclusion of this matter, the Authority may order a refund of the difference between this rate and the rate approved by the Authority with the terms and conditions for the refund established by the Authority.

WHEREFORE, PREMISES CONSIDERED, the Petitioner prays:

1. That the Authority issue a Certificate of Public Convenience and Necessity to operate the Renegade Mountain water system in Cumberland County;
2. That the Authority approve the tariff filed by the Petitioner with this Petition confirming the current flat rate monthly rate of \$86.40 per residential unit and approving the rules and regulations for service in this tariff; and
3. The Authority grant the Petitioner any other relief to which it is entitled.

Dated April 10, 2012.

Respectfully submitted,



DONALD L. SCHOLES BPR # 10102
BENJAMIN A. GASTEL BPR # 028699
Branstetter, Stranch & Jennings, PLLC
227 Second Avenue North, 4th Floor
Nashville, Tennessee 37201-1631
(615) 254-8801
Fax: (615) 250-3937

Attorneys for Petitioner

OWNER/RESPONSIBLE TAXPAYER:
Laurel Hills Condominiums Property
Owners Association
17 Mount Laurel Drive
Crab Orchard, TN 37723

THIS INSTRUMENT PREPARED BY:
Robert V. Schwerer, Esquire
Hayskar, Walker, Schwerer,
Dundas & McCain, P.A.
P.O. Box 3779
Fort Pierce, FL 34948

WARRANTY DEED

THIS INDENTURE made as of the 1st day of May, 2011, between **MOY TOY, LLC**, a Tennessee limited liability company, First Party, and **LAUREL HILLS CONDOMINIUMS PROPERTY OWNERS ASSOCIATION**, a Tennessee nonprofit corporation, Second Party:

WITNESSETH:

THAT SAID FIRST PARTY, for and in consideration of the sum of TEN AND NO/100 (\$10.00) DOLLARS, and other good and valuable consideration, then in hand paid by said Second Party, the receipt of which is hereby acknowledged, have granted, bargained, sold and conveyed, and do by these presents grant, bargain, sell and convey unto Second Party, the real property described as follows:

**(SEE PROPERTY DESCRIPTION ON EXHIBIT "A" ATTACHED
HERETO AND MADE A PART HEREOF)**

with the hereditaments and appurtenances thereto appertaining, hereby releasing all claims therein, including homestead. **TO HAVE AND TO HOLD** the same unto the Second Party, its successors and assigns forever.

AND said First Party, for themselves and their successors and assigns, do hereby covenant with Second Party, its successors and assigns, that they are lawfully seized in fee simple of the premises above conveyed and has full power, authority and right to convey the same, and that said premises are free from all encumbrances and that they will forever warrant and defend the said premises and the title thereto against the lawful claims of all persons whosoever; provided, however, this conveyance is made subject to the matters set forth on Exhibit "B" attached and 2011 taxes, which Second Party assumes and agrees to pay.

Whenever in this instrument a pronoun is used it shall be construed to represent either singular or plural, or the masculine, feminine or neuter gender, as the case may demand.

This document may be executed in counterparts which together constitute one original document.

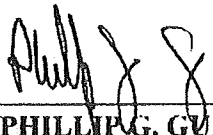
mail
(2 of 2)

IT IS EXPRESSLY UNDERSTOOD AND AGREED by and between the First Party and the Second Party that the said property herein described shall only be used for utility purposes and title thereto and the improvements constructed thereon shall revert to the First Party on ninety (90) days prior written notice of violation of the use covenant set out above.

IN WITNESS WHEREOF, the said First Party hereunder has caused this instrument to be executed as of the day and year first above written.

MOY TOY, LLC

BY:



PHILLIP G. GUETTLER, Managing
Member of Renegade Florida Management,
LLC, as General Partner of Renegade
Florida, Limited, Managing Member of
Moy Toy, LLC

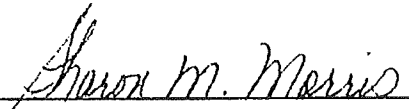
STATE OF FLORIDA
COUNTY OF ST. LUCIE

Before me, a Notary Public in and for said County and State aforesaid, personally appeared Phillip G. Guettler, with whom I am personally acquainted (or proved to me on the basis of satisfactory evidence) and who, upon oath, acknowledged himself to be the Managing Member of Renegade Florida Management, LLC, as General Partner of Renegade Florida, Limited, Managing Member of Moy Toy, LLC, a Tennessee limited liability company, and that he in such capacity executed the foregoing instrument for the purpose therein contained, by signing the name of the company.

WITNESS my hand and official seal at office this 03/07 day of May, 2011.



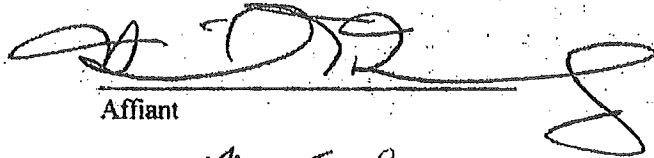
SHARON M. MORRIS
MY COMMISSION # DD 981175
EXPIRES: July 31, 2014
Bonded thru Budget Notary Services



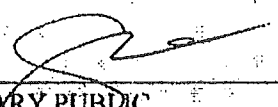
NOTARY PUBLIC
STATE OF FLORIDA AT LARGE
MY COMMISSION EXPIRES: July 31, 2014

STATE OF FLORIDA ^{TN}
COUNTY OF ST. LUCIE ^{KNOX}

I hereby swear or affirm that the actual consideration or true value of this transfer, whichever is greater, is \$ 400,000 =.


Affiant

Subscribed and sworn to before me this 13th JUNE day of May, 2011.


NOTARY PUBLIC
STATE OF FLORIDA AT LARGE
MY COMMISSION EXPIRES: 3/8/15

Tennessee



RENEGADE MOUNTAIN

LEGAL DESCRIPTION WATER TANK SITE

Being a tract of land located in the Fourth District of Cumberland County, Tennessee and being within the bounds of Renegade Mountain, formerly Cumberland Gardens Resort, formerly Renegade Resorts, being more particularly described as follows:

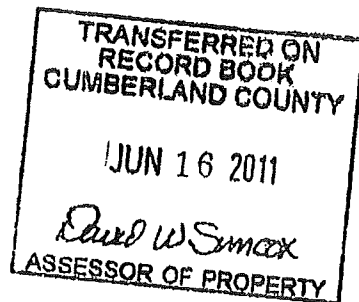
Beginning at the Northwest corner of Woodridge Condo Phase 1 as shown in Plat Book 9 at Page 185; Said Point being on the Easterly Right-of-Way Line of Renegade Mountain Parkway as shown in PB 2 at Pg 90, Revised in PB 9 at Pg 191, at the office of the Register of Deeds, Cumberland County, Tennessee;

Thence Northeasterly along said Easterly Right of way Line, being a curve to the right, having a radius of 137.18 feet, thru a central angle of 63° 19' 00", 151.60 feet;

Thence, N 68°51'47" E, 45.17 feet; Thence, S 59°50'18" E, 62.16 feet;

Thence, S 70°02'32" E, 48.11 feet; Thence, S 34°36'48" W, 129.83 feet;

Thence, N 43°05'21" W, 57.01 feet; Thence, S 74°10'36" W, 103.96 feet; to the Point of Beginning of the herein described Water Tank Site Tract. (Containing 0.43 Acres more or less). A Portion of Map 141, Parcel 031.00 and a Portion of Map 141, Parcel 056.00.



BK/PG: 1363/809-814

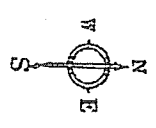
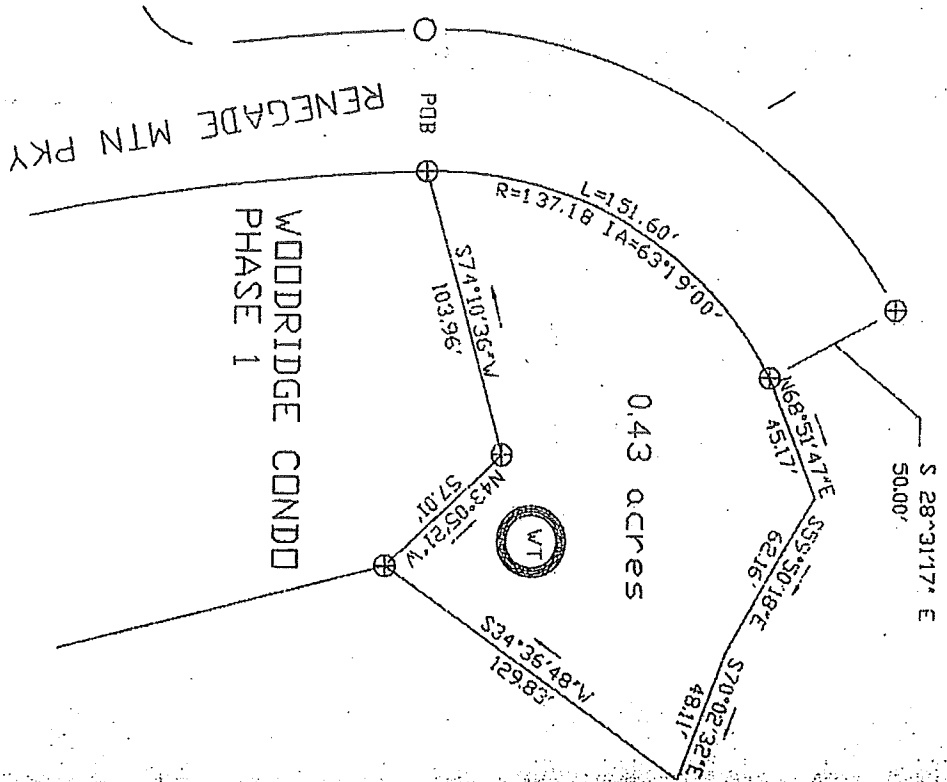
11006183

6 PGS : AL - DEED	
ADRIA BATCH: 49576	
06/14/2011 - 09:46:00 AM	
VALUE	400000.00
MORTGAGE TAX	0.00
TRANSFER TAX	1480.00
RECORDING FEE	30.00
DP FEE	2.00
REGISTER'S FEE	1.00
TOTAL AMOUNT	1513.00

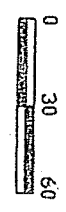
STATE OF TENNESSEE, CUMBERLAND COUNTY
JUDY GRAHAM SWALLOWS
REGISTER OF DEEDS

EXHIBIT "A"

RENEGADE MOUNTAIN for Water Tank Site Sketch of Deed



TENNESSEE GRID COORDINATE



SCALE IN FEET

31.0 (PORTION)

CUMBERLAND GARDENS ACQ. CORP.
D.B. 311, PG. 384

003

EXHIBIT "B"

1. Title to that portion of the premises, if any located within the bounds of any cemetery, together with the right of ingress and egress thereto and the rights of internment and sepulcher.
2. Reservation of minerals and mining rights of subject property of record in Deed Book 31, page 426, in the Cumberland County Register's Office.
3. Reservation of minerals and mining rights of record in Deed Book 31, pages 445, in the Cumberland County Register's Office.
4. Rights and privileges granted William E. Evans, et al, by instrument of record in Misc. Book 81, page 377, in the Cumberland County Register's Office.
5. Reservation of minerals and mining rights of record in Deed Book 261, page 49, in the Cumberland County Register's Office.
6. Right-of-way for a road 16 feet, more or less, wide, running southwest through the above land to the salting ground as described in Deed Book 66, page 168, in the Cumberland County Register's Office.
7. Reservation of minerals and mining rights of record in Deed Book 71, page 41, in the Cumberland County Register's Office.
8. Easement for ingress and egress in favor of the Cumberland County Playhouse, Inc., dated June 20, 1994, of record in Deed Book 470, page 388, in the Cumberland County Register's Office.
9. Title to the minerals underlying the property described in Exhibit A hereof.
10. Agreement between Cumberland Point Condominium Property Owners Association and Cumberland Gardens Acquisition Corporation for an easement for the operation of a sewer plant dated March 19, 1999, of record in Deed Book 1047, page 1651, in the Cumberland County Register's Office.
11. The right, if any, of others to use for road purposes so much of subject property as lies in any roadway.
12. Matters depicted or disclosed by plat recorded in Plat Book 10, page 419, in the Cumberland County Register's Office.
13. Covenants and restrictions as set forth in Deed Book 124, page 5, as amended in Deed Book 347, page 76, in the Cumberland County Register's Office.
14. Amended and Restated Declaration of Amended Covenants and Restrictions of record in Book 1212, page 1224, in the Cumberland County Register's Office.
15. By-Laws of Renegade Community Club recorded in Book 1212, page 1290, in the Cumberland County Register's Office.
16. Judgment filed against Renegade Resort, LLC, Renegade Mountain Community Club, LKM Group, LLC, Larry McMeans and Joe Wucher, in favor of Eagle's Nest, LLC a/k/a Eagle's Nest of Nevada, LLC, recorded in Book 1237, page 1641, in the Cumberland County Register's Office.

BILL OF SALE

STATE OF FLORIDA
COUNTY OF ST. LUCIE

WHEREAS, **MOY TOY, LLC**, a Tennessee limited liability company, (hereafter "**MOY TOY**") and **LAUREL HILLS CONDOMINIUMS PROPERTY OWNERS ASSOCIATION**, a Tennessee nonprofit corporation, (hereafter "**LAUREL HILLS**") entered into a Conveyance Agreement dated May 1, 2011, for **MOY TOY** to transfer of all its right, title to, and interest in a water system being operated for the benefit of property generally known as Renegade Mountain in Crab Orchard, Tennessee, including customers and other assets, on the date of conveyance, to **LAUREL HILLS**; and

WHEREAS, the transfer of **MOY TOY'S** interest in the water system and its assets evidenced by this bill of sale is subject to all of the terms and conditions set forth in the Conveyance Agreement.

NOW, THEREFORE, for and in consideration of Ten Dollars (\$10.00) cash in hand paid and other good and valuable consideration, the receipt of which is hereby acknowledged, including the mutual covenants, representations and promises contained in the Conveyance Agreement, **MOY TOY** hereby bargains, sells, assigns, transfers, and conveys to **LAUREL HILLS** all right, title to and interest in the water system and its assets, both tangible and intangible, including, but not limited to, all water transmission lines, water service lines, water meters, valves, pumping stations, water storage tanks and all other tangible assets (and all appurtenances thereto), all accounts receivable, all rights under any contracts, all service rights, and all other general intangible assets.

TO HAVE AND TO HOLD said assets unto **LAUREL HILLS**, its successors and assigns, forever.

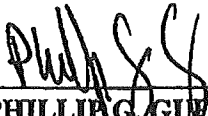
MOY TOY, for itself and its representatives, does hereby covenant with **LAUREL HILLS**, its successors and assigns, that it is the true and lawful owner of said assets hereby transferred and has the full power to sell and convey the same; that the title so conveyed is free and clear of all liabilities, liens, charges, security interests and any other encumbrances; and further, that it does warrant and will defend the same against all claims of all persons whomsoever.

IN WITNESS WHEREOF, this Bill of Sale is executed by the undersigned effective this 1st day of May, 2011.

DATED: May 1, 2011.

**MOY TOY, LLC, a Tennessee
limited liability company,**

BY:



**PHILLIP G. GUETTLER, Managing Member
of RENEGADE FLORIDA MANAGEMENT,
LLC, as General Partner of RENEGADE
FLORIDA, LIMITED, as Managing Member
of MOY TOY, LLC**

**IN THE CHANCERY COURT FOR THE STATE OF TENNESSEE
TWENTIETH JUDICIAL DISTRICT, DAVIDSON COUNTY**

STATE OF TENNESSEE, ex rel.
ROBERT E. COOPER, JR., in his official
capacity as the Attorney General
and Reporter of Tennessee, and
ROBERT J. MARTINEAU,
in his official capacity as the Commissioner
of the Tennessee Department of Environment
and Conservation,

Plaintiffs,

v.

J L WUCHER COMPANY, LLC,
OLD SOUTH RENEGADE, LLC,
**RENEGADE MOUNTAIN WATER
SYSTEMS, LLC**, and
JOSEPH L. WUCHER, individually,

Defendants.

Case No. 09-1341-I

SECOND AMENDED VERIFIED COMPLAINT

INTRODUCTION

1. On July 10, 2009, the Plaintiffs filed a verified complaint in this matter against Defendants J L Wucher Company, LLC, (Wucher Company) and Joseph L. Wucher, individually, (Mr. Wucher) for violations of the Tennessee Safe Drinking Water Act, Tenn. Code Ann. § 68-221-701 *et seq.* (Act) and the regulations promulgated thereunder, Tenn. Comp. R. & Regs. 1200-5-1-.01 *et seq.* (Rules) at the Renegade Mountain Public Water System, Id. #0008157, Cumberland County, Tennessee (the System). The Plaintiffs' verified complaint sought enforcement of a final administrative order issued in 2008 against Mr. Wucher for violations of the Act and Rules at the System as well as injunctive relief and the assessment of

civil penalties against Wucher Company and Mr. Wucher for violations that occurred subsequent to the administrative order becoming final. A summons and copy of the verified complaint were served on Wucher Company and Mr. Wucher through certified U.S. mail return receipt requested on July 16, 2009.

2. Pursuant to Tenn. R. Civ. P. 15, Plaintiffs filed their First Amended Verified Complaint as a matter of right on July 6, 2010. It was served on Wucher Company and Mr. Wucher via U.S. mail on July 6, 2010. The Plaintiffs' First Amended Verified Complaint included all of the allegations and relief requested in the original verified complaint. It also sought additional relief against Wucher Company and Mr. Wucher for violations of the Act and Rules discovered at the System in November and December 2009 and for violations occurring in 2010 relating to the failure to have a certified operator for the System.

3. The Plaintiffs' Second Amended Verified Complaint includes all of the allegations and relief requested in the First Amended Verified Complaint. It also adds two Tennessee limited liability companies, Old South Renegade, LLC (Old South Renegade) and Renegade Mountain Water Systems, LLC (Renegade Mountain Water), as new defendants to this action. Old South Renegade and Renegade Mountain Water were added to this action based on recently discovered information which indicates that they are also liable for violations of the Act and the Rules at the System. In the Second Amended Verified Complaint, the Plaintiffs are also seeking additional injunctive relief and the assessment of civil penalties against the Defendants for violations of the Act and the Rules which have occurred subsequent to the filing of the First Amended Complaint.

JURISDICTION AND VENUE

4. This Court has jurisdiction of this action under Tenn. Code Ann. §§ 68-221-713

and -715.

5. Venue is proper in this Court pursuant to Tenn. Code Ann. §§ 68-221-713 and -715.

PARTIES

6. This action is brought in the name of the State of Tennessee by the Plaintiff, Robert E. Cooper, Jr., in his official capacity as the Attorney General and Reporter of the State of Tennessee. Pursuant to Tenn. Code Ann. § 8-6-109(b)(1), the Attorney General is the chief law enforcement officer of the State of Tennessee and has authority over all civil litigation in which the State, or any officer, department, agency, board, commission or instrumentality of the State may be interested. The Attorney General also has authority over litigation involving the public interest. The Attorney General's official residence is in Nashville, Davidson County, Tennessee.

7. This action is also brought in the name of the Plaintiff, Robert J. Martineau, in his official capacity as the Commissioner of the Tennessee Department of Environment and Conservation (Commissioner).¹ The Commissioner is charged with the duty to enforce the provisions of the Act. The affidavit and verification of Sherwin Smith, the compliance manager for the enforcement section of the Tennessee Department of Environment and Conservation's Division of Water Supply is attached hereto and incorporated by reference herein as Exhibit 1. The Commissioner's official residence is in Nashville, Davidson County, Tennessee.

8. Wucher Company is a Tennessee limited liability company that is currently administratively dissolved. The registered agent for service of process is Mike Haines, and the

¹ In accordance with Tenn. R. Civ. P. 25.04, Robert J. Martineau was automatically substituted as successor in office to former TDEC Commissioner James H. Fyke.

address for the registered agent is 3227 Renegade Mountain Pkwy, Crab Orchard, Tennessee, 37723. The principal business address for this entity is 3217 Cumberland Gardens Trail, Crab Orchard, Tennessee, 37723. The mailing address for Wucher Company is P.O. Box 288, Crab Orchard, Tennessee, 37723.

9. Old South Renegade is a Tennessee limited liability company that is currently administratively dissolved. Its registered agent for service of process is Cherry W. Daugherty. Its principal business address is 3227 Cumberland Gardens Trail, P.O. Box 288, Crab Orchard, Tennessee, 37723.

10. Mr. Wucher is a "person" as defined by the Act and is the managing member of Wucher Company and Renegade Mountain Water. Mr. Wucher can be served at 18 Barcelona Circle, Redwood City, California, 94065.

11. Renegade Mountain Water is a Tennessee limited liability company that is currently administratively dissolved. Its principal business address is 3217 Cumberland Gardens Trail/PO Box 288, Crab Orchard, Tennessee, 37723. Renegade Mountain Water may be served through Mr. Wucher, its managing member.

FACTUAL ALLEGATIONS

12. The System is located in Cumberland County, Tennessee. It is a "public water system" as defined by Tenn. Code Ann. § 68-221-703(19)(A). The System is also a "Community Water System" as defined by Rule 1200-5-1-.04(10). The System purchases water to distribute to its customers from Crab Orchard Utility District.

13. Wucher Company was an owner of the System because it owned certain real property in Cumberland County, Tennessee, where a portion of the System is located. Because Wucher Company was an owner of the System, it was a "supplier of water" as defined by Tenn.

Code Ann. § 68-221-703(22). Wucher Company was an owner of the System and a supplier of water during the time period in which the violations of the Act and Rules described in this complaint occurred.

14. Old South Renegade is an owner and/or operator of the System because it bills and collects money from customers of the System, purchases water for the System from Crab Orchard Utility District, and pays annual fees to the Tennessee Department of Environment and Conservation (TDEC) for the System as required under the Act.

15. Renegade Mountain Water is an owner and/or operator of the System based on the assertions made by Wucher Company and Mr. Wucher in their Motion to Dismiss which was filed with the Court on September 1, 2010. In addition, this entity has billed customers of the System and has collected money from these customers in the past. Because Renegade Mountain Water Systems is an owner and/or operator of the System, it is also a "supplier of water" as defined by Tenn. Code Ann. § 68-221-703(22).

16. Mr. Wucher is the managing member of Renegade Mountain Water and Wucher Company. He has met in person with TDEC personnel about the violations found at the System. He also has made representations to TDEC personnel that he would take action to correct the environmental violations at the System but has not done so. Upon information and belief, he has authorized Old South Renegade to purchase water from Crab Orchard Utility District for the System and has authorized payments made by Old South Renegade to TDEC for annual fees owed by the System in the past. Based on these facts, Mr. Wucher is an owner, operator, and/or person in control of the System and therefore a "supplier of water" as defined by Tenn. Code Ann. § 68-221-703(22).

17. On September 17 and 18, 2007, TDEC Division of Water Supply (Division)

personnel conducted a sanitary survey inspection of the System. During this inspection, Division personnel documented the following violations of the Act and Rules:

- a. No flap valve or splash guard was installed on the overflow in the water storage tank;
- b. Water storage tank had not been cleaned or painted as previously required;
- c. Duplicate pump had not been properly repaired as required;
- d. Pump building had large hole in one side and had deteriorating insulation falling from the ceiling;
- e. Updated map of distribution system was not available for review; and
- f. Approximately half of the water line between the System's pumping station and the water storage tank was exposed above ground without suitable covering approved by TDEC.

18. On January 2, 2008, the Division issued to Mr. Wucher by certified mail return receipt requested an administrative order (Order), for violations of the Act and the Rules documented during the September 17 and 18, 2007, sanitary survey inspection. The Order was also issued to another person named Larry McMeans (Mr. McMeans). The Order required Mr. Wucher and Mr. McMeans to take the following corrective action measures:

- a. Within thirty (30) days of receipt of the Order, submit written plans and specifications to the Division describing what actions will be taken to correct the deficiencies identified by Division personnel during the September 2007 inspection of the Renegade Mountain Water System. Such plans must include a schedule for completion of such repairs, modifications, and corrective actions as described in the plans.
- b. Within forty-five (45) days of receipt of written approval of the plans from the Division, the Defendants must commence repairs, modifications, and corrective actions in accordance with the plans approved by the Division and complete all work in accordance with the schedule approved by the Division.

19. The Order assessed Mr. Wucher and Mr. McMeans an up-front civil penalty in the amount of three thousand dollars (\$3,000.00), which was due and payable to the Division within thirty (30) days of receiving the Order. The Order also provided for contingent civil penalties in the amount of eight thousand dollars (\$8,000.00), which would become due and

payable to the Division if Mr. Wucher and Mr. McMeans failed to comply with the corrective action requirements in the Order. A copy of the Order is attached hereto and incorporated by reference herein as Exhibit 2.

20. Mr. Wucher received the Order on January 7, 2008, as evidenced by the certified return receipt card, a copy of which is attached hereto and incorporated by reference herein as Exhibit 3. Mr. McMeans received the Order on January 9, 2008, as evidenced by another certified return receipt card, a copy of which is also attached as Exhibit 3.

21. Mr. Wucher did not file an appeal of the Order within the time period provided by the Act, and therefore, the Order became final pursuant to Tenn. Code Ann. §§ 68-221-712(a)(4) and 68-221-713(b)(2)(B). TDEC subsequently decided not to seek enforcement of the terms of the Order against Mr. McMeans.

22. On May 21, 2008, Division personnel met with Mr. Wucher at the Cookeville Environmental Field Office. During the meeting, Mr. Wucher agreed to submit written plans and specifications to the Division, as required under the final Order, by July 1, 2008, and to implement such plans when approved by TDEC. No such written plans and specifications were ever received by the Division.

23. On December 24, 2008, Division personnel were notified that several major breaks had developed in the above ground water transmission line between the pumping station and the water storage tank in the System and that these breaks had caused customers of the System to be without access to water.

24. On January 5, 2009, Division personnel inspected the System and observed that the fractured sections of the above ground water transmission line were being replaced with new steel above ground piping. Division personnel spoke to Darrell McQueen (Mr. McQueen), who

was overseeing the work at the site. Division personnel reminded Mr. McQueen that the replacement of the fractured sections of the line was only a temporary fix to the problem and that the above ground portions of the line between the pumping station and the water storage tank needed to be buried with sufficient earthen cover in order to prevent the line from freezing and breaking again in the future.

25. On January 20, 2009, Division personnel were notified of another potential disruption of service to customers of the System because of a malfunction with equipment in the pump house for the System.

26. On January 21, 2009, Division personnel visited the System to check on the status of the repairs to the equipment in the pump house for the System. During this inspection, Division personnel met with Mark Sutton, Mr. McQueen, and Mr. Wucher. During this visit, Mr. McQueen told Division personnel that repairs would be made to the equipment and that service would be restored to the System shortly.

27. On November 30 and December 1, 2009, Division personnel conducted another sanitary survey inspection of the System. During this inspection, Division personnel documented the following violations of the Act and the Rules:

- a. Required records for the System were not being maintained;
- b. Daily operating reports had not been timely submitted to the Division;
- c. No flap valve or splash guard had been installed on the overflow in the water storage tank;
- d. Water storage tank had not been cleaned or painted as previously required;
- e. Five year professional inspection of water storage tank had not occurred;
- f. Flushing program for the System was not being followed;
- g. Dead end lines and low points were not equipped with flushing mechanism;
- h. Line repair records and bacteriological sampling records were not maintained;
- i. Capacity Development Plan was not available for review;
- j. No backflow prevention device was installed at connection for the public swimming pool; and
- k. Updated map of distribution system was not available for review.

28. On March 29, 2010, Division personnel received a copy of a resignation letter sent by Gerald Williams, the certified operator of the System, to Mr. Wucher. A copy of this letter is attached as Exhibit 4.

29. On April 12, 2010, Division personnel sent by certified mail a sanitary survey report to Wucher Company and Mr. Wucher describing the violations that were observed during the November 30 and December 1, 2009, sanitary survey inspection of the System. A copy of this letter is attached as Exhibit 5. Mr. Wucher refused to accept delivery of this letter as evidenced by a copy of the certified return receipt card which is attached as Exhibit 6.

30. On April 12, 2010, Division personnel also sent a Notice of Noncompliance letter to Wucher Company and Mr. Wucher informing them that the certified operator for the System had recently resigned. This letter required Mr. Wucher to retain the services of another person, qualified under Division rules, to be the certified operator for the System, and to submit a completed certified operator agreement form to the Division identifying the name of the new certified operator within twenty (20) days of receipt of the letter. A copy of this letter is attached as Exhibit 7. The return receipt card for this letter, a copy of which is attached as Exhibit 8, indicates that this letter was returned to TDEC as being "unclaimed" by Wucher Company and Mr. Wucher.

31. In April 2010, TDEC became aware that Mr. Wucher had failed to submit to the Division the monitoring results for certain disinfection byproducts used by the System for the first quarter of 2010 as required by Rule 1200-5-1-.36(6)(b)(1)(i).

32. In October 2010, Division personnel became aware that Mr. Wucher had failed to submit to the Division the monitoring results for certain disinfection byproducts used by the

System for the third quarter of 2010 as required by Rule 1200-5-1-.36(6)(b)(1)(i).

33. Upon discovering this violation, the Division sent a letter to Mr. Wucher on October 28, 2010, notifying him of this violation and requiring Mr. Wucher to submit the monitoring results to TDEC and notify the public of this violation as required. A copy of this letter is attached as Exhibit 9. Mr. Wucher failed to comply with all of the requirements in this letter.

34. To date, Mr. Wucher has failed to comply with all of the corrective action requirements in the final Order issued against him.

35. To date, Wucher Company, Mr. Wucher, Old South Renegade, and Renegade Mountain Water (collectively the Defendants) have failed to correct all of the violations observed during the November 30, 2009, and December 1, 2009, sanitary survey inspection of the System.

36. To date, the Defendants have failed to bury all above ground sections of the water transmission line between the pumping station and the water storage tank in the System with sufficient earthen cover or other suitable cover approved by TDEC to prevent freezing and cracking of the line and to maintain minimum positive pressure in the line.

37. To date, the Defendants have failed to submit a certified operator agreement form to TDEC identifying the name of the new certified operator for the System.

38. To date, the Defendants have failed to submit to TDEC disinfection byproduct monitoring results for the System for the first and third quarters of 2010 and have failed to notify the public of these violations as required.

39. To date, Mr. Wucher has failed to pay ten thousand four hundred dollars (\$10,400.00), which is the amount of civil penalties that TDEC has determined Mr. Wucher

owes under the final Order.

VIOLATIONS OF THE LAW

40. By failing to maintain minimum positive pressure in the water transmission line between the water storage tank and the pump house for the System, the Defendants have violated Tenn. Code Ann. § 68-221-711(1) and Rule 1200-5-1-.17(9).

41. By failing to comply with the final Order, Mr. Wucher has violated Tenn. Code Ann. § 68-221-711(1) and is subject to injunctive and other equitable and legal relief pursuant to Tenn. Code Ann. § 68-221-715.

42. By failing to maintain required records for the System, the Defendants have violated Tenn. Code Ann. § 68-221-711(1) and Rule 1200-5-1-.20(1).

43. By failing to establish and maintain a customer complaint log, the Defendants have violated Tenn. Code Ann. § 68-221-711(1) and Rule 1200-5-1-.17(24).

44. By failing to timely submit daily operating reports to the Division, the Defendants have violated Tenn. Code Ann. § 68-221-711(1) and Rule 1200-5-1-.17(2).

45. By failing to maintain the water storage tank and to provide for a professional inspection of the water storage tank every five (5) years, the Defendants have violated Tenn. Code Ann. § 68-221-711(1) and Rule 1200-5-1-.17(33).

46. By failing to maintain an adequate flushing program for the System, the Defendants have violated Tenn. Code Ann. § 68-221-711(1) and Rule 1200-5-1-.17(10).

47. By failing to equip all dead end water mains and low points in the System with a flushing mechanism, the Defendants have violated Tenn. Code Ann. § 68-221-711(1) and Rule 1200-5-1-.17(23).

48. By failing to maintain line repair records and bacteriological sampling records,

the Defendants have violated Tenn. Code Ann. § 68-221-711(1) and Rule 1200-5-1-.17(8).

49. By failing to prepare a Capacity Development Plan, the Defendants have violated Tenn. Code Ann. § 68-221-711(1) and Rule 1200-5-1-.17(38).

50. By allowing the installation of a cross-connection between the System and a public swimming pool without a backflow prevention device, the Defendants have violated Tenn. Code Ann. § 68-221-711(6) and Rule 1200-5-1-.17(6).

51. By failing to retain a person qualified to be a certified operator for the System, the Defendants have violated Tenn. Code Ann. § 68-221-711(1) and Rule 1200-5-1-.17(1).

52. By failing to submit to the Division monitoring results for disinfection byproducts (DBP) for the first and third quarters of 2010, the Defendants have violated Tenn. Code Ann. § 68-221-711(1) and Rule 1200-5-1-.36(6)(b)(1)(i).

53. Pursuant to Tenn. Code Ann. § 68-221-713(a)(3) and § 68-221-713(e), the Plaintiffs are entitled to recover, as damages, any reasonable expenses incurred in investigating and enforcing violations of the Act.

PRAYER FOR RELIEF

1. That this Court find that the Order issued against Mr. Wucher is a final administrative order;

2. That this Court find that Mr. Wucher's failure to comply with the Order violates the Act and the Rules.

3. That this Court, pursuant to Tenn. Code Ann. § 68-221-715 and as applicable Rule 65 of the Tennessee Rules of Civil Procedure, enjoin Mr. Wucher from failing to comply with all of the requirements in the final Order;

4. That this Court enter a judgment against Mr. Wucher in the amount of ten

thousand four hundred dollars (\$10,400.00) for the outstanding civil penalties assessed in the final Order;

5. That in accordance with Tenn. Code Ann. §§ 47-14-123 and -109, this Court order Mr. Wucher to pay pre-judgment interest on the civil penalties assessed in the Order from the date the civil penalties became due and owing under the Order until the date of judgment in this Court;

6. That this Court award the Plaintiffs post-judgment interest on any monetary amounts for which the Court may give judgment, as provided by Tenn. Code Ann. §§ 47-14-121-122, until the judgment against the Defendants has been satisfied in full;

7. That upon a trial or final hearing in this matter, this Court find that the Defendants have violated the Act and Rules and issue a permanent injunction, pursuant to Tenn. Code Ann. § 68-221-715, and as applicable Tenn. R. Civ. P. 65, against the Defendants, their officers, agents, and any other person(s) in active concert with them, enjoining them from failing to take the following corrective actions: (1) cover all sections of the above ground water transmission line between the pumping station and the water storage tank in the System with sufficient earthen cover or other suitable cover approved by TDEC to ensure that the line does not freeze and crack in the future; (2) submit a written corrective action plan (CAP) to TDEC describing in detail the corrective actions that will be taken at the System to correct the deficiencies identified by Division personnel during the November 30, 2009, and December 1, 2009, sanitary survey inspection of the System, including a proposed schedule of compliance for all repairs, modifications, and corrective actions proposed in the CAP; (3) fully implement the CAP after receiving written approval from TDEC; (4) retain the services of an operator certified under Division rules to be in direct charge of the System and submit a completed certified operator

agreement form to TDEC identifying this person; and (5) submit to TDEC the monitoring results for disinfection byproducts for the System for the first and third quarters of 2010 along with all future monitoring results required to be submitted to TDEC under Rule 1200-5-1-.36(6)(b)(1)(i);

8. That upon a trial or final hearing in this matter, in accordance with Tenn. Code Ann. § 68-221-713, this Court assess civil penalties in an amount not to exceed five thousand dollars (\$5,000.00) per day for each day of violation of the Act against the Defendants, jointly and severally, for violations of the Act and the Rules which have occurred at the System since the Order issued to Mr. Wucher in 2008 became final.

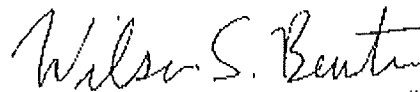
9. That execution may issue for any monies adjudged against the Defendants;

10. That all court costs be taxed to the Defendants; and

11. That this Court award Plaintiffs any and all other general and equitable relief to which they may be entitled.

Respectfully submitted,

ROBERT E. COOPER, JR.
Attorney General & Reporter

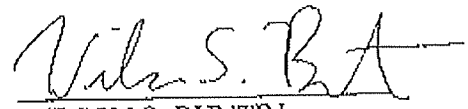


WILSON S. BUNTIN (BPR # 23231)
Assistant Attorney General
Office of the Tennessee Attorney General
State of Tennessee
P.O. Box 20207
Nashville, TN 37202
Phone: (615) 253-5118

CERTIFICATE OF SERVICE

I hereby certify that a true and accurate copy of the foregoing was mailed by first class U.S. mail, postage prepaid, on this 24th day of February 2011, to the following:

William Reeves, Esq.
Wise & Reeves, P.C.
Two Centre Square, Suite 160
625 S. Gay Street
Knoxville, TN 37902
*Attorney for J L Wucher Company, LLC and
Joseph L. Wucher*


WILSON S. BUNTIN
Assistant Attorney General

IN THE CHANCERY COURT FOR THE STATE OF TENNESSEE
TWENTIETH JUDICIAL DISTRICT, DAVIDSON COUNTY

2011 FEB 24 PM 1:59
DAVIDSON CO. CHANCERY COURT
L.S.
D.C. & K.

STATE OF TENNESSEE, ex rel.
ROBERT E. COOPER, JR., in his official
capacity as the Attorney General and
Reporter of Tennessee, and ROBERT J. MARTINEAU,
in his official capacity as the Commissioner of the
Tennessee Department of Environment
and Conservation,

Plaintiffs,

Case No. 09-1341-1

v.

J L WUCHER COMPANY, LLC,
OLD SOUTH RENEGADE, LLC,
RENEGADE MOUNTAIN WATER
SYSTEMS, LLC, and JOSEPH L. WUCHER,
individually,

Defendants.

VERIFICATION OF SECOND AMENDED COMPLAINT

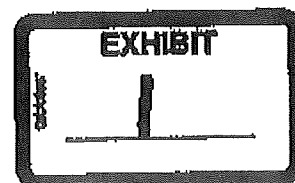
STATE OF TENNESSEE

COUNTY OF DAVIDSON

I, Sherwin Smith, being first duly sworn, do hereby aver as follows:

1. I am the Enforcement Manager for the Tennessee Department of Environment and Conservation's Division of Water Supply.

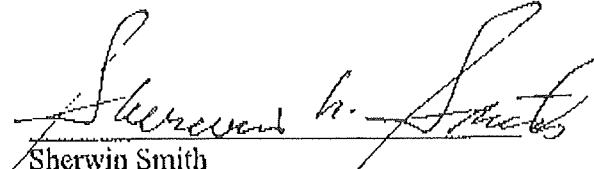
2. I have read the allegations contained in the foregoing Second Amended Verified Complaint, and believe those allegations to be true to the best of my knowledge, information and belief.



3. I certify that the Exhibits enclosed herein are true and correct copies of the documents I have in my files to the best of my knowledge, information and belief.

FURTHER THE AFFIANT SAITH NOT.




Sherwin Smith
Enforcement Section
Division of Water Supply
Tennessee Department of Environment and Conservation

Sworn to and described before me this 14 day of February 2011.


NOTARY PUBLIC

My Commission Expires: 12-22-2013



STATE OF TENNESSEE
DEPARTMENT OF ENVIRONMENT AND CONSERVATION

Division of Water Supply
6th Floor, L&O Tower
401 Church Street
Nashville, Tennessee 37243-1538

2011 FEB 24 PM 1:59

DAVIDSON COUNTY CLERK
R.C.E.M.

CASE:
DWS-070014

CERTIFIED MAIL
7099 3220 0007 9315 1244
RETURN RECEIPT REQUESTED

Issued to: Larry McMeans, d/b/a
LKM Group, LLC
P.O. Box 288
Crab Orchard, Tennessee 37723
and
Joseph L. Wucher, d/b/a
Renegade Resorts, LLC
18 Barcelona Circle
Redwood City, California 94065
in the matter of
Renegade Mountain Water System
PWSD #0008157

1. When the Commissioner finds that provisions of the Tennessee Safe Drinking Water Act (hereinafter the "Act"), Tennessee Code Annotated Section 68-221-701 et seq., are not being complied with, he is authorized by T.C.A. Section 68-221-712 to issue Orders for correction. Further, T.C.A. Section 68-221-713 provides the Commissioner the authority to assess damages and civil penalties against any person who violates the Act.
2. Rules governing the operation of public water supply systems are promulgated under the authority of T.C.A. Section 68-221-704, and are found at Chapter 1200-5-1 of the *Official Compilation, Rules and Regulations of the State of Tennessee*, hereinafter referred to as "Rule 1200-5-1...". Public water supply systems in Tennessee are regulated under the provisions of the Act by the Tennessee Division of Water Supply (hereinafter the "Division")
3. According to the information and belief of the Division, Larry K. McMeans (hereinafter "Respondent McMeans") is the managing partner of LKM Group, LLC, which owns a portion of the facility known variously as Renegade Mountain, Renegade Mountain Resort, Renegade Resort, and/or possibly other names (collectively hereinafter referred to as "Renegade Mountain" or "the facility"). Further, to the information and belief of the Division, Joseph L. Wucher (hereinafter "Respondent Wucher") is the principal officer of Renegade Resorts, LLC, which owns the remaining portion of the above-described facility. The facility is located in Cumberland County, Tennessee.

EXHIBIT

2

4. The Renegade Mountain Water System (hereinafter the "System") is a community water system serving 246 individuals residing in the Renegade Mountain development. The system purchases water from the Crab Orchard Utility District. The Renegade Mountain Water System is a "Community Water System" within the meaning of Rule 1200-5-1-.04(10). The Respondents, as owners and/or operators of the water system, are "Suppliers of water" within the meaning of Rule 1200-5-1-.04(88).

5. On August 30, 2006 a sanitary survey was conducted and the results were provided to Respondent McMeans in a letter dated September 19, 2006. The Respondent earned a score of sixty seven (67) on this survey. Noted deficiencies included:

- a. failure to maintain the Respondent's water storage tank;
- b. failure to cover tank vents and overflows with 24 mesh non-corrosive screen;
- c. failure to protect the overflow with a flap valve and failure to install a splash guard beneath it;
- d. failure to maintain a duplicate pump;
- e. failure to adequately maintain buildings housing equipment necessary for the production and distribution of water;
- f. failure to provide an up-to-date map of the distribution system;
- g. failure to properly bury all water line to an adequate depth to prevent freezing;

Respondent McMeans was instructed to present an engineering plan to the Division to correct the pump and piping deficiencies. In a Letter of Agreement (LOA) dated December 4, 2006 the Division presented Respondent McMeans with a compliance schedule for correcting the deficiencies listed above. Respondent McMeans did not sign or respond to the Letter of Agreement.

6. On February 5, 2007, the Division once again offered Respondent McMeans an opportunity to execute a Letter of Agreement containing a compliance schedule for correcting the deficiencies listed above. Respondent McMeans signed the LOA on February 12, 2007.

7. On September 17th and 18th, 2007 Division staff conducted a sanitary survey of the Renegade Mountain Water System. The results of this survey were provided to Respondent McMeans in a letter dated September 19, 2007. The water system earned a numerical score of fifty-four (54) on this survey, and a rating of "Unsatisfactory". The letter noted that the Respondent had failed to comply with the terms of the Letter of Agreement dated February 5, 2007 in that:

- a. no flap valve or splash guard had been installed on the overflow;
- b. the water storage tank had not been cleaned or painted as required;
- c. the duplicate pump had not been properly repaired, disinfected, and reinstalled;
- d. the pump building was still in a poor state of repair which included a large hole in one side and deteriorated insulation falling from the ceiling;
- e. no up-to-date map of the distribution system was available;
- f. approximately half of the water line between the system's pumping station and the water storage tank remained exposed above ground;

Respondent McMeans had still not presented an engineering plan to the Division to remedy the deficiencies cited in the August 2006 sanitary survey.

8. In November 2007, Respondent McMeans informed Division staff that he could not make improvements to the physical structure of the water system because he did not own the property on which those structures were located. Respondent McMeans explained that the property was

being transferred from the former owner, Renegade Resorts, LLC to his own company, LKM Group, LLC, in parcels as payments were made. The parcel(s) where appurtenances of the water system are located had not yet been transferred to LKM Group, LLC. Respondent McMeans stated that he did not feel he had the right to make changes in the structure and piping which he did not own. Respondent McMeans, at the request of Division staff, provided the name and address of Respondent Wucher, and indicated that he, as the principal partner of Renegade Resorts, LLC, was the person responsible for the property where the physical appurtenances of the water system were located.

9. The above circumstances considered, the Division considers Respondent McMeans and Respondent Wucher to be jointly and severally liable for the operational deficiencies of the water system.

10. By failing to install a flap valve on the tank overflow and install a splash guard around it the Respondents have violated Rule 1200-5-1-.17.

Rule 1200-5-1-.17(16) states:

- (16) All vents on wells, springs, storage tanks, overflows and clearwells shall be properly screened. All overflows on springs and tanks shall be screened and protected.

11. By failing to provide proper cleaning and maintenance to its water storage tank the Respondents have violated Rule 1200-5-1-.17.

Rule 1200-5-1.17(33) states:

- (33) All public water systems shall properly maintain their distribution system finished water storage tanks. Each community water system shall establish and maintain a maintenance file on each of its finished water and distribution storage tanks. These maintenance files must be available for inspection by Department personnel. These files must include the dates and results of all routine water storage tank inspections by system personnel, any reports of detailed professional inspections of the water storage tanks by contractor personnel, dates and details of routine tank cleanings and surface flushings, and dates and details of all tank maintenance activities. The tank inspection records shall include dates of the inspections; the sanitary, coating and structural conditions of the tank; and all recommendations for needed maintenance activities. Community Water Systems shall have a professional inspection performed and a written report produced on each of their finished water and distribution storage tanks at least once every five years. Non-community water systems shall have a professional inspection and written report performed on each of their atmospheric pressure finished water and distribution storage tanks no less frequently than every five years. Records of these inspections shall be available to the Department personnel for inspection. Persons conducting underwater inspections of finished water storage tanks shall comply with AWWA standard C652-92 or later versions of the standard.

12. By failing to install or have available a duplicate pump the Respondents have violated Rule 1200-5-1-.17.

Rule 1200-5-1-.17(13) states:

- (13) All community water systems serving 50 connections or more shall install duplicate pumps for the raw water, finished water, and distribution pumping stations. A water system will not be required to have duplicate pumps in a distribution pumping station under the following conditions: limited number of service connections, availability of replacement pumps, maintaining adequate flows and pressures without the pumping station, and for emergency use only. All community public water systems using ground water supplies and having more than 50 service connections must have duplicate wells and/or duplicate pumps in a spring supply unless fed by gravity flow.

13. By failing to properly maintain buildings used in the production and distribution of water the Respondents have violated Rule 1200-5-1-.17.

Rule 1200-5-1-.17(17) states:

- (17) All buildings and equipment used in and for the production and distribution of water (to include chemical and other storage buildings) must be well maintained and be reliable and fit for the purpose for which they are used.

14. By failing to maintain an up-to-date map of the distribution system the Respondents have violated Rule 1200-5-1-.17.

Rule 1200-5-1-.17(15) states:

- (15) All community water systems serving 50 or more service connections must have and maintain up-to-date maps of the distribution system. These maps must show the locations of the water mains, sizes of mains, valves, blow-offs or flush hydrants, air-release valves, and fire hydrants. One up-to-date copy of the overall system distribution map(s) is to be submitted to the Division of Water Supply every five years.

15. By failing to adequately cover and bury water lines conveying water to be served to the public, the Respondents have violated Rule 1200-5-1-.05.

Rule 1200-5-1-.05(3) states:

- (3) General Practice - All plan documents for public water system design and construction shall present all information in conformance with accepted engineering practices and the "Design Criteria for community Public Water Systems" as published by the Department.

Community Public Water Systems Design Criteria Part 9.1.4 states:

- 9.1.4 Cover - All distribution mains shall be provided with sufficient earth or other suitable cover to prevent freezing. This shall not be less than 30 inches measured above the top of the pipe.

16. By failing to comply with compliance schedules contained in Letters of Agreement executed between himself and the Division, Respondent McMeans has violated T.C.A. 68-221-711.

T.C.A. 68-221-711 states, in part:

68-221-711. Prohibited acts. - The following acts are prohibited:

- (1) Failure by a supplier of water to comply with this part, any order issued hereunder, or the drinking water regulations;

T.C.A. 68-221-713 states, in pertinent part:

68-221-713. Penalties. - (a)(1) Any person who violates or fails to comply with any provision of this part, any order of the commissioner or the board issued pursuant to this part or any rule, regulation or standard adopted pursuant to this part is subject to a civil penalty of not less than fifty dollars (\$50.00) nor more than five thousand dollars (\$5,000) per day for each day of violation.

(f)(1) Any person violating, or failing, neglecting or refusing to comply with any of the provisions of this part or rules or regulations commits a Class C misdemeanor.

(2) Each day upon which such violation occurs constitutes a separate offense.

17. Respondents are hereby ORDERED to deliver to the Division, THIRTY (30) DAYS following receipt of this ORDER, written plans and specifications detailing the actions Respondents will take to correct the deficiencies identified by the Division in the September 19, 2007 sanitary

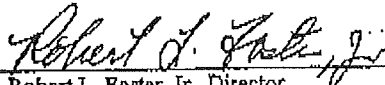
survey report letter. The plans shall include a proposed schedule for the completion of such repairs, modifications, and corrective actions as described in the plans in an expeditious manner and without unnecessary delay.

18. Respondents are hereby ORDERED to commence repairs, modifications, and corrective actions in accordance with plans approved by the Division WITHIN FORTY-FIVE (45) DAYS following receipt of notice of said plans approval from the Division, and to complete said repairs, modifications, and corrective actions in accordance with the schedule approved by the Division. Should any condition or factor beyond the control of the Respondents prevent compliance with the provisions of this Paragraph, Respondents shall request from the Division, in writing, an extension of the approved compliance schedule.
19. Respondents are hereby jointly and severally assessed a CIVIL PENALTY of ELEVEN THOUSAND DOLLARS (\$11,000.00) to be paid to the Division of Water Supply in the following manner:
 - a. THREE THOUSAND DOLLARS (\$3,000.00) to be paid to the Division WITHIN THIRTY (30) DAYS following receipt of this ORDER;
 - b. THREE THOUSAND DOLLARS (\$3,000.00) to be paid to the Division if, and only if, Respondent fails to timely comply with the provisions of Paragraph 17 of this ORDER; and
 - c. FIVE THOUSAND DOLLARS (\$5,000.00) to be paid to the Division if, and only if, Respondent fails to timely comply with the provisions of Paragraph 18 of this ORDER.

Payment of the civil penalty shall be made to the "Treasurer, State of Tennessee". All correspondence, including civil penalty payments, should be addressed to Gordon S. Caruthers, Enforcement Officer, Division of Water Supply, Tennessee Department of Environment and Conservation, 6th Floor, L&C Tower, 401 Church Street, Nashville, Tennessee 37243-1549. The case reference number, "DWS-070014" should be placed on all payments and all correspondence concerning this matter, to insure that the payment is properly credited.

20. Issued this 2nd day of January 2008 on behalf of James H. Fyke, Commissioner of the Tennessee Department of Environment and Conservation.

By:


Robert L. Foster, Jr., Director
Division of Water Supply

NOTICE OF RIGHTS

The Respondent is hereby advised that in accordance with Rule T.C.A. Section 68-221-712, 713 and 714, he may secure a review of the necessity for and the reasonableness of this Order by filing an appropriate Petition with the Commissioner. The Petition must set forth the grounds and reasons for objection and ask for a hearing before the Water Quality Control Board. The Petition, however, must be filed no later than sixty (60) days from service of this Order or Respondent will be deemed to have consented to the Order and it will become a Final Order and Assessment, not subject to review.

Any hearing will be conducted in accordance with the Tennessee Uniform Administrative Procedures Act, T.C.A. 4-5-301 et seq. and Rule 1360-4-1. An appeal from this Order and Assessment would be heard before the Water Quality Control Board. Board hearings are held with an Administrative Judge sitting. You have the right to be represented by counsel, to submit responsive pleadings, to discovery, to subpoena witnesses on your behalf, and to present evidence and argument on all issues involved. Free or low-cost counsel may be available to those unable to afford counsel. If the Respondent is an individual you are not required to be represented by an attorney. If you intend to represent yourself, the Office of the Secretary of State, Administrative Procedures Division can provide you with a copy of the Rules of Procedure for Contested cases and other procedural information which may be helpful to you. You may contact that office at (615) 741-7008. Note that Limited liability partnerships, limited liability companies and corporations must be represented by an attorney.

ANY APPEAL OF THIS ORDER MUST BE ADDRESSED TO THE DIVISION OF WATER SUPPLY, 6TH FLOOR, L&C TOWER, 401 CHURCH STREET, NASHVILLE, TENNESSEE 37243-1539.

gsc/DWS-070014 DO.doc

LS
2011 FEB 24 PM 1:59

EXHIBIT
3

7099 3220 0007 9314 0835

U.S. Postal Service
CERTIFIED MAIL RECEIPT
(Domestic Mail Only; No Insurance Coverage Provided)

Article Sent To:

Postage
Certified Fee
Return Receipt Fee
(Endorsement Required)
Restricted Delivery Fee
(Endorsement Required)
Total \$

Postmark Here

Joseph L. Wucher, dba
Renegade Resorts, LLC
18 Barcelona Circle
Redwood City, CA 94065

PS Form 3800, July 1999 See Reverse for Instructions

7099 3220 0007 9315 1244

U.S. Postal Service
CERTIFIED MAIL RECEIPT
(Domestic Mail Only; No Insurance Coverage Provided)

Article Sent To:

Postage
Certified Fee
Return Receipt Fee
(Endorsement Required)
Restricted Delivery Fee
(Endorsement Required)
Total \$

Postmark Here

Mr. Larry McMeans,
Managing Member
Renegade Mountain Water System
PO Box 288
Crab Orchard, TN 37723

PS Form 3800, July 1999 See Reverse for Instructions

SENDER: COMPLETE THIS SECTION

Complete items 1, 2, and 3. Also complete item 4 if Restricted Delivery is desired.
Print your name and address on the reverse so that we can return the card to you.
Attach this card to the back of the mailpiece, or on the front if space permits.

Article Addressed to:

Joseph L. Wucher, dba
Renegade Resorts, LLC
18 Barcelona Circle
Redwood City, CA 94065

2. Article Number
(Transfer from service label)
7099 3220 0007 9314 0835

PS Form 3811, February 2004 Domestic Return Receipt

COMPLETE THIS SECTION ON DELIVERY

A. Signature
B. Received by (Printed Name)
C. Date of Delivery
D. Is delivery address different from item 1? ☐ Yes ☐ No
If YES, enter delivery address below:

3. Service Type
☒ Certified Mail
☐ Registered Mail
☐ Insured Mail
☐ Restricted Delivery? (Extra Fee) ☐ Yes ☐ No

4. Restricted Delivery? (Extra Fee) ☐ Yes ☐ No

SENDER: COMPLETE THIS SECTION

Complete items 1, 2, and 3. Also complete item 4 if Restricted Delivery is desired.
Print your name and address on the reverse so that we can return the card to you.
Attach this card to the back of the mailpiece, or on the front if space permits.

Article Addressed to:

Mr. Larry McMeans,
Managing Member
Renegade Mountain Water System
PO Box 288
Crab Orchard, TN 37723

2. Article Number
(Transfer from service label)
7099 3220 0007 9315 1244

PS Form 3811, February 2004 Domestic Return Receipt

COMPLETE THIS SECTION ON DELIVERY

A. Signature
B. Received by (Printed Name)
C. Date of Delivery
D. Is delivery address different from item 1? ☐ Yes ☐ No
If YES, enter delivery address below:

3. Service Type
☒ Certified Mail
☐ Registered Mail
☐ Insured Mail
☐ Restricted Delivery? (Extra Fee) ☐ Yes ☐ No

4. Restricted Delivery? (Extra Fee) ☐ Yes ☐ No

GERALD WILLIAMS
145 FAIRVIEW COURT
CROSSVILLE, TN 38571

MAR 29 2010

MR. JOSEPH WUTCHER
RENEGADE MOUNTAIN WATER
P.O. BOX 288
CRAB ORCHARD, TN. 37723

MR. WUTCHER:

I am sending you this letter in regards to the issue of being the Certified Operator-in-charge of the Renegade Mountain Water System. Due to the lack of communications, all of the ownership issues, and the lack of cooperation between the Water System and the Regulatory Department of the Tennessee Department of Health and Environment, I wish to notify you that as of March 31, 2010, I will no longer accept the responsibility or the title of Operator-in-charge for the RENEGADE MOUNTAIN WATER SYSTEM.

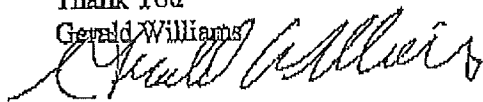
I have the BT records, the Sanitary Surveys, the test results, and the communication records for the Renegade Mountain Water System. I will be glad to turn over all these records to whomever you hire to be the Operator-in-charge. There is also the issue of the 4 months arrears for the services already rendered.

If there is anything I can do to assist you or the new Operator, Please feel free to call me.

931-261-4583

Thank You

Gerald Williams



Cc: Mr. Johnny Walker, CEAC
Mr. Darrel McQueen, PE

45
2011 FEB 24 PM 1:59
DAVIDSON CO. CLERK OF COURT
G.T.A.H.





STATE OF TENNESSEE
TENNESSEE DEPARTMENT OF ENVIRONMENT AND CONSERVATION
COOKEVILLE ENVIRONMENTAL FIELD OFFICE

1221 SOUTH WILLOW AVENUE
COOKEVILLE, TENNESSEE 38506
STATEWIDE 1-888-881-8382

PHONE (931) 432-4015

FAX (931) 432-6852

April 12, 2010

Certified Mail 91 7108 2133 3936 6360 0094
Return Receipt Requested

J.L. Wucher Co LLC
c/o Joseph L Wucher
18 Barcelona Cir
Redwood City, CA 94065

RE: Sanitary Survey
Renegade Mountain Water System
PWSID #0008157
Cumberland County

On November 30 and December 1, 2009 Leo Coleman of the Division of Water Supply visited the Renegade Mountain Water System and performed a Sanitary Survey. The survey consisted of a records review to document the operational performance of the system, and on-site inspections of the distribution system. Mr. Gerald Williams certified operator and Mr. Red Ford were very helpful. The Sanitary Survey covered the time period September 17, 2007 through November 30, 2009. The survey indicates that the Renegade Mountain system has done little work since the last survey to bring the system into compliance with deficiencies identified during the previous two Sanitary Surveys, and is in serious need of maintenance to protect the good quality water that is delivered to your system.

Based on the file review and observations made at the time of the on-site inspections, The Renegade Mountain Water System earned a score of eighty-eight (88) using the new scoring method. The water system remains in the State's "Unsatisfactory" category.

The following comments apply:

1. The only records available for review were those maintained by the system operator at the Crab Orchard Water Plant. These records include Monthly Operations Reports, Bacteriological analysis, Lead and Copper analysis, Flushing Plan and records, Cross Connection Policy and Plan, Emergency Response Plan and Disinfection Byproduct analysis. These records were available for the time period September 2007 through this date.

Rule 1200-5-1-20(1) requires all public water systems to maintain certain records for various periods of time. Failure by the water system to maintain a system of organized records for the following time



frames is a violation. The following records must be maintained for the time period specified in a logical order and readily available to the general public for review during normal business hours:

RECORDS MAINTENANCE

The following records are required to be maintained and available for review for the specified period of time.

Microbiological results (Including line repair samples)	5 years	.20(1)(a)
Chemical Analyses	10 years	.20(1)(a)
Chemical Monitoring Waivers	10 years	
Lead and Copper (including documentation)	12 years	.20(1)(i)
Sanitary Surveys or other reports	10 years	.20(1)(c)
Action taken regarding violations	3 years	.20(1)(b)
Public Notification	3 Years	.20(1)(f)
Notification of Construction	survey to survey	.5(6)
Flushing Records	survey to survey	.17(10)(23)
New Tap Records	3 years or survey to survey	.17(32)
Turbidity results (combined effluent) (Including dated recording charts, etc.)	5 years	.20(1)(f)
Individual Filter bed turbidity records	5 years	
Records of variance and exemption	5 years following expiration of exemption or variance	.20(1)(d)
Daily worksheet, shift logs and MORs	5 years	.20(1)(g)
Cross connection records	5 years	.20(1)(h)
Complaint Logs	5 years	.20(1)(h)
Maintenance and Service Records (Including repairs of vandalism, break-ins, and system flushing)	5 years	.20(1)(h)
Storage tank inspections	5 years	.20(1)(h)
Consumer Confidence Reports	3 years	.20(1)(i)
Equipment Calibration Records	5 years	.20(1)(f)(g)
Disinfection Profiles	10 years	.31
Filter Profiles	10 years	.31(6)(b)4.(ii)(i)
Filter Backwash Recycle Information	10 years	.39
Corrective Action Documentation (G.W.)	10 years	
Special Notice - Significant Deficiencies	3 years	
Record of Decision or Invalidation	5 years	
Notification to Wholesale System	5 years	
Dept. Specified Minimum Disinfectant Residual	10 years	
Daily Residual Disinfectant Concentration Records	5 years	
Dept. Specified Membrane Filtration Records	5 years	

The system should also maintain records involving public notification resulting from violating the primary drinking water requirements.

The Division recommends that separate files be constructed for each of the above categories and maintained in a central location.

2. Since the last sanitary survey, five (5) monthly operating reports have been received by this office after the 10th of the month following the reporting period. All community water systems shall compile and maintain accurate daily operating records. The daily operating records shall be submitted in a timely manner so they are received by the Department no later than ten days after the end of the reporting month, as per Rule 1200-5-1-.17(2).

3. Renegade Mountain Water System failed to notify this office of a major water main leak in January 2009 that required in excess of 7 days to repair. Rule 1200-5-1-.18(2) states in pertinent part: "All systems shall report to the Department within forty-eight (48) hours of the failure to comply with Departmental drinking water regulations or other requirements (including failure to comply with monitoring, maximum contaminant level or treatment technique requirements) set forth in these Rules and Regulations, and in case of any of the following events shall immediately notify the Department and responsible local officials:

(b) any serious loss of water service due to a failure of transmission or distribution facilities; or

(c) any situation with the water system which presents or may present an imminent and substantial endangerment to health."

Assessment: Four (4) points.

4. With the exception of pump building repairs no work has been done to comply with the Letter of Agreement signed by Mr. Larry McMeans on February 2, 2007 or the order issued by the Attorney General's Office to Mr. Joseph L. Wucher, system owner, subsequent to that date. This is in violation of T.C.A. 68-221-701 et seq.

Assessment: Ten (10) points.

5. There was no Emergency Operations Plan available. Rule 1200-5-1-.17(7) states: "Within one year after the effective date of these regulations all community water system shall prepare an emergency operations plan in order to safeguard the water supply and to alert the public of unsafe drinking water in the event of natural or man-made disasters. Emergency operation plans shall be consistent with guidelines established by the State and shall be reviewed and approved by the Department."

Assessment: Three (3) points.

6. No Customer Complaint log was found. Rule 1200-5-1-.17(24) states: "All community water systems must establish and maintain a file for customer complaints. This file should contain name of person with the complaint, date, nature of complaint, date of investigation, results or actions taken to correct any problems and name of person investigating complaint."

7. The 2003 and 2006 Sanitary Surveys indicated that the storage tank needed to be inspected and painted. An inspection was conducted in March 2004. Twenty four (24) mesh non-corrosive metal screen has been installed on the overflow, however the required flap valve as required by Rule 1200-5-1-.17(16) has not been installed nor has a splash guard been installed beneath the overflow. The tank has not been cleaned or painted, as was required at the time of the previous surveys.

The last tank inspection was conducted March 5, 2004. Tanks must be inspected at least every five years as per Rule 1200-5-1-.17.

Paragraph (33) states: All public water systems shall properly maintain their distribution system finished water storage tanks. Each community water system shall establish and maintain a maintenance file on each of its finished water and distribution storage tanks. These maintenance files must be available for inspection by Department personnel. These files must include the dates and results of all routine water storage tank inspections by system personnel, any reports of detailed professional inspections of the water storage tanks by contractor personnel, dates and details of routine tank cleanings and surface flushings, and dates and details of all tank maintenance activities. The tank inspection records shall include dates of the inspections; the sanitary, coating and structural conditions of the tank; and all recommendations for needed maintenance activities. Community Water Systems shall have a professional inspection performed and a written report produced on each of their finished water and distribution storage tanks at least once every five years. ...Persons conducting underwater inspections of finished water storage tanks shall comply with AWWA standard C652-92 or later versions of the standard.

Paragraph (34) states: Paints and coatings for the interior of potable water storage facilities must be acceptable to the Department. Paints and coatings accepted by the Environmental Protection Agency (EPA) and/or the National Sanitation Foundation (NSF) for potable water contact are generally acceptable to the Department. Paint systems for steel tanks shall be consistent with AWWA Standard D102-78. Factory-coated bolted steel tanks shall be in accordance with AWWA D103-87. Wire-wound circular pre-stressed concrete tanks shall be in accordance with AWWA D110-86.

Assessment: Seven (7) points.

8. Rule 1200-5-1-.17 (13) states in part "All community water systems serving 50 connections or more shall install duplicate pumps for the ... distribution pumping stations." Paragraph (17) states in part: "All buildings and equipment used in and for the production and distribution of water must be well maintained and be reliable and fit for the purpose for which they are used. ...".

The need for repair, disinfection and reinstallation of the duplicate pump was addressed in the 2006 Sanitary Survey. These issues have yet to be addressed.

Assessment: Four (4) points.

9. There is no documentation of line repairs, construction logs, etc. for repairs made in the system to this date. Rule 1200-5-1-.17 (8)(a) states "General-Public water systems, construction contractors and engineers shall follow and document sanitary practices used in inspecting, constructing or repairing water lines, finished water storage facilities... The documentation shall include bacteriological sample results, construction logs, standard operating procedures and may include photographs where appropriate. All pipes, tanks, filters, filter media and other materials shall be properly disinfected prior to being placed in service. ... Bacteriological results including line repair records indicating adequacy of disinfection shall be maintained on file by the water system for five years. All public water systems, contractors, and engineers shall prepare and follow standard disinfection procedures approved by the state when inspecting, maintaining, repairing or constructing lines, tanks, ..."

Assessment: Three (3) points.

10. A flushing protocol has been developed for the Renegade Mountain Water System. Only the line in the Laurel Hills area is being flushed on a regular basis. Flushing records were available subsequent to late 2008. Rule 1200-5-1-.17(10) states "All community water systems having more than 50 service connections shall establish and maintain an adequate flushing program. The flushing program established shall help ensure that dead end and low usage mains are flushed periodically, drinking water standards are met, sediment and air removal and the free chlorine residual specified under Rule

1200-5-1.17(4) is maintained. Records of each flushing are to be maintained by the water system. These records shall include date, time, location, persons responsible and length of flushing. In addition to the above information, the free chlorine residual will have to be measured and recorded on the end of dead end mains after being flushed.

11. Regulations governing fire hydrant color codes have recently been changed. Rule 1200-5-1-.17 (18) states "All community water systems planning to or having installed hydrants must protect the distribution system from contamination. All water mains designed for fire protection must be six inches or larger and be able to provide 500 gallons per minute with 20 pounds per square inch residual pressure. Fire hydrants shall not be installed on water mains less than six inches in diameter or on water mains that cannot produce 500 gpm at 20 psi residual pressure unless the tops are painted red. Out of service hydrants shall have tops painted black or covered with a black shroud or tape.

Existing Class C hydrants (hydrants unable to deliver a flow of 500 gallons per minute at a residual pressure of 20 pounds per square inch (psi)) shall have their tops painted red by January 1, 2008.

The water system must provide notification by certified mail at least once every five years beginning January 1, 2008, to each fire department that may have reason to utilize the hydrants, that fire hydrants with tops painted red (Class C hydrants) cannot be connected directly to a pumper fire truck. Fire Departments may be allowed to fill the booster tanks on any fire apparatus from an available hydrant by using the water system's available pressure only (fire pumps shall not be engaged during refill operations from a Class C hydrant)."

12. There are no apparent blow-off valves at dead ends. Rule 1200-5-1-.17(23) States "All dead end water mains and all low points in water mains shall be equipped with a blow-off or other suitable flushing mechanism capable of producing velocities adequate to flush the main."

No apparent action has been taken on this item since the 2006 survey.

13. There is no up to date distribution map available. This deficiency has been addressed in the previous two surveys with no apparent progress in completion. Rule 1200-5-1-.17(15) States "All community water systems serving 50 or more service connections must have and maintain up-to-date maps of the distribution system. These maps must show the locations of the water mains, sizes of mains, valves, blow-offs or flush hydrants, air-release valves, and fire hydrants. One up-to-date copy of the overall system distribution map(s) is to be submitted to the Division of Water Supply every five years."

~~Assessment: Three (3) points.~~

14. A Cross connection Policy and Plan were developed for the Renegade Water System subsequent to the 2006 Sanitary Survey however there were no records to indicate the program was initiated.

The Policy and Plans do not comply with current guidance.

All community water systems must adopt an ordinance or policy prohibiting all of the above and submit a copy of the executed ordinance or policy to the Department for approval. All community water systems shall develop a written plan for a cross-connection control program to detect and eliminate or protect the system from cross-connections. The written plan must be approved by the Department.

After adoption and approval of the cross-connection ordinance or policy and plan, each community water system must establish an ongoing program for the detection and elimination of hazards associated with cross-connections. Records of the cross-connection control program must be maintained by the water supplier and shall include such items as date of inspection, person contacted, recommendations, follow-up, and testing results.

Assessment: (4) points.

15. The public swimming pool was placed in service during the 2009 swimming season. There is no back flow prevention device in place to protect the water system from the pool.

Rule 1200-5-1-.17(6) states "Pursuant to Section 68-221-711(6) the installation, allowing the installation, or maintenance of any cross-connection, auxiliary intake, or bypass is prohibited unless the source and quality of water from the auxiliary supply, the method of connection, and the use and operation of such cross-connection, auxiliary intake, or bypass has been approved by the Department. The arrangement of sewer, soil, or other drain lines or conduits carrying sewage or other wastes in such a manner that the sewage or waste may find its way into any part of the public water system is prohibited.

Assessment: Nine (9) points.

16. The Master meter pit contained approximately 12 inches of water. Plumbing is heavily corroded.

The pit shall be repaired so that it drains properly. The plumbing shall be treated so as to eliminate rust and other corrosion and shall be painted.

17. The bacteriological sampling rate for the Renegade Mountain Water System will remain at one (1) sample each month based on the population served.

18. State approval to conduct chlorine residual analysis is granted to Gerald Williams. This approval is valid until the next sanitary survey and is contingent upon proper operation, calibration, and maintenance of analytical equipment.

19. Rule 1200-5-1-.17(38) states; Public Water Systems identified as not complying or potentially not complying with the requirements of the Safe Drinking Water Act and in accordance with the priorities established in the State's Capacity Development Strategy shall prepare a "Capacity Development Plan" and demonstrate viability.

Renegade Mountain Water System shall prepare and submit for approval a Business Plan and Capacity Development Plan. Rule 1200-5-1-.04(3) "Business Plan" means a document which identifies source(s) of income or revenue sufficient to meet expenses over a three (3) year period. The business plan will identify costs related to retaining a certified operator, estimated annual infrastructure repair costs, depreciation, facility maintenance fees, estimated annual monitoring costs, estimated costs of providing public notices, estimated administrative costs, and any and all other operational, treatment, and related costs (e.g. chemicals and other supplies used to treat water, etc.). The business plan must include the re-payment of borrowed and amortized funds.

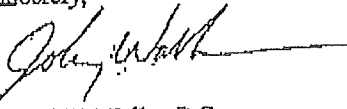
Rule 1200-5-1-.04(4) "Capacity Development Plan" means a document(s) identifying what actions a public water system is taking or shall take to become a "viable water system." Such plan shall include information concerning retention of a Certified Operator in direct charge; system ownership and accountability; staffing and organizational structure; fiscal management and controls, source water

assessment and protection plan; "business plan;" and any and all other information identifying any further action that shall be taken." Additional items to be included in this plan include a Monitoring Plan, Equipment maintenance plan, Security Plan, Emergency Operations Plan, Bacteriological Site Monitoring Plan, Record Keeping Checklist, and Cross Connection Control Plan. The Bacteriological Site Monitoring Plan and Standard Operating Procedures for line repairs was received by this office for review and approval on September 12, 2006.

The Business Plan and Capacity development Plan shall be submitted to this office for review and approval no later than November 15, 2006.

Please contact Leo Coleman, or me at (931) 432-4015 if you have questions or comments.

Sincerely,

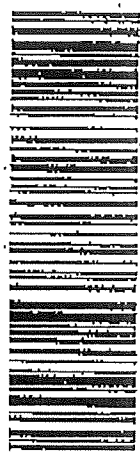


Johnny K. Walker P.G.
Manager
Division of Water Supply
Cookeville Environmental Field Office

CC: DWS, Central Office
DWS, Enforcement
File

COOKEVILLE ENVIRONMENTAL
FIELD OFFICE
1221 S. WILLOW AVE.
COOKEVILLE, TN 38506

91 7108 2133 3936 6360 0094



UNITED STATES POSTAGE
02 1A
0004623567
APR 12 2010
MAILED FROM ZIP CODE 38506
\$05.71⁰

EXHIBIT
6

Refused
☐ Insufficient Address
☐ Moved Left No
☐ Address
☐ Refused
☐ Attempted, Not Known
☐ No 5-Digit ZIP
☐ No 9-Digit ZIP
Post. Number
Date
Carrier Name

J.L. Wucher Co., LLC
c/o Joseph L. Wucher
18 Barcelona Cir.
Redwood City, CA 94065

ALC 4/16

2011 FEB 24 PM 1:59

DAVIDSON
C.C. & M.

SENDER: COMPLETE THIS SECTION

- Complete items 1, 2, and 3. Also complete item 4 if Restricted Delivery is desired.
- Print your name and address on the reverse so that we can return the card to you.
- Attach this card to the back of the mailpiece or on the front if space permits.

1. Article Addressed to:

J.L. Wucher Co., LLC
c/o Joseph L. Wucher
18 Barcelona Cir.
Redwood City, CA 94065

APR 21 2010

COMPLETE THIS SECTION ON DELIVERY

A. Signature

☒ X

B. Received by (Printed Name)

C. Date of Delivery

D. Is delivery address different from item 1? ☐ Yes
If YES, enter delivery address below: ☐ No

3. Service Type

- ☒ Certified Mail
- ☐ Registered
- ☐ Insured Mail
- ☐ Registered Delivery (Extra Fee)
- ☐ Express Mail
- ☐ Return Receipt for Merchandise
- ☐ C.O.D.
- ☐ Yes

WST/KW

2. Article Number
(Transfer from service label)

91 7108 2133 3936 6360 0094

PS Form 3811, February 2004

Domestic Return Receipt

\$157

10235-02-41-1-1-10



STATE OF TENNESSEE
TENNESSEE DEPARTMENT OF ENVIRONMENT AND CONSERVATION
COOKEVILLE ENVIRONMENTAL FIELD OFFICE

1221 SOUTH WILLOW AVENUE
COOKEVILLE, TENNESSEE 38506
PHONE (931) 432-4015 STATEWIDE 1-888-891-8332 FAX (931) 432-6852

2011 FEB 24 PM 1:58
DAVIDSON COUNTY CLERK
L.S.
D.C. & M.

April 12, 2010

Certified Mail 91 7108 2133 3936 6360 0100

Return Receipt Requested

J.L. Wucher Co LLC
c/o Joseph L Wucher
18 Barcelona Cir
Redwood City, CA 94065

RE: Notice of Noncompliance

This office has been recently notified of the resignation of Mr. Gerald Williams as chief operator of the Renegade Mountain Water System. This correspondence shall serve as written notice that services of a certified operator must be acquired. Our regulations only allow for a thirty (30) day lapse in services. Therefore, the Renegade Mountain Water System must retain the services of a Certified Distribution I Operator before May 1, 2010. This provision may be appealed to the Operator Certification Board, which may choose to extend the time limit.

All water distribution systems must have the person in direct charge certified under the Water Environmental Health Act (TCA 68-221-904). A person in direct charge shall mean the person or persons, expressly designated to be in direct charge and so named in writing to the certification board and the Division of Water Supply by the water supply system, whose decisions and directions to system personnel control the manipulation of equipment and thereby determine the quality and quantity of the water supplied by the water distribution system. The person in direct charge of the distribution system must have the appropriate certification in accordance with the classification system of the Board of Certification.

Systems which lose their certified operator are required to notify the Operator Certification Board and the Division of Water Supply within 30 days. Systems requesting a replacement within 30 days will not be penalized until the board rules on this matter. "The Board may allow a public water system a period of up to 6 months for the



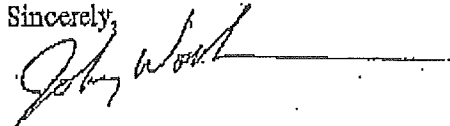
replacement of a certified operator whose services have been lost by death, illness or other unusual event." Systems will not be penalized for the duration of a Board approved replacement period.

A temporary certified operator agreement form and a full-time certified operator agreement form have been enclosed and must be completed and returned within 20 days of receipt of this notice. The system may contact the Operator Certification Board at the following location to request an extension.

Tennessee Department of Environment & Conservation
Fleming Training Center
2022 Blanton Drive
Murfreesboro, TN 37129
(615) 898-8090

If you have any questions or comments, or if we can be of further assistance, contact Troy Taubert, Leo Coleman or myself at (931) 432-4015.

Sincerely,



Johnny Walker, Manager
Division of Water Supply
Cookeville Environmental Field Office

Enclosures:

Temporary Certified Operator Agreement
Certified Operator Agreement

xc: NCO-DWS
CEFO-File



Temporary Certified Operator Agreement

Date _____

Rule 1200-5-3-.05(2) of the certification regulations states that the person in direct charge shall mean the person or persons, expressly designated to be in direct charge and so named in writing to the certification board and the Division of Water Supply by the water supply system, whose decisions and directions to system personnel control the manipulation of equipment and thereby determine the quality and quantity of the water supplied by the water treatment plant or water distribution system.

I _____, accept the responsibility as the person in direct charge of the
(Name of Certified Operator)

_____ treatment plant ____ / distribution system ____ I will visit the water
(Name of Public Water System) (mark one of both as appropriate)

system _____ day(s) per week. The field office will be notified upon termination of this agreement.

My duties and responsibilities shall include but not be limited to the following:

1. Insure that the proper number of monthly bacteriological samples is collected and submitted each month.
2. Insure that water system personnel are aware of public notification requirements if a bacteriological or chemical monitoring schedule is not met or a maximum contaminant level is exceeded.
3. Assist the water system in developing an effective cross connection control program.
4. Insure that the water system personnel take free chlorine residual samples five (5) days per week.
5. Insure that the monthly operation report data is correct, signed by the certified operator, and submitted to the field office by the tenth (10th) of each month.
6. Assist the water system in developing a flushing program with records.
7. Insure the water system personnel are aware that all plan documents must be submitted to this division for prior approval of any system modifications or expansions.
8. Insure that certain records are being kept on file,

Microbiological
Sanitary Survey Letters
Notices of Violation
Chemical Analysis

Signature of Certified Operator

Signature of Water System Official

Social Security Number _____

System PWSID Number _____

Certification Held _____

CERTIFIED OPERATOR AGREEMENT

DATE _____

Rule 1200-5-3-.05(2) of the certification regulations states that the person in direct charge shall mean the person or persons, expressly designated to be in direct charge and so named in writing to the certification board and the Division of Water Supply by the water supply system, whose decisions and directions to system personnel control the manipulation of equipment and thereby determine the quality of the water supplied by the water treatment plant or distribution system.

I, _____, accept the responsibility as the person in direct charge

(Name of certified Operator)

of the _____

(Name of Public Water System)

(PWSID Number)

As the designated Certified Operator in direct charge, I will be available for each operating shift to make or direct all process and/or treatment control decisions. The field office and Operator Certification Board will be notified in writing within thirty (30) days upon termination of this agreement. My duties and responsibilities shall include but are not limited to the following:

1. Insure that water system operation and all treatment processes produce water that meets drinking water standards and protects public health. Ensure the system operates in compliance with the Tennessee Safe Drinking Water Act and its rules and regulations.
2. Insure that the proper number of routine /repeat bacteriological samples are collected and submitted each compliance period. Develop and maintain an acceptable microbiological monitoring plan.
3. Insure that water system personnel are aware of public notification/education requirements if a bacteriological or chemical monitoring schedule is not met or a maximum contamination level is exceeded.
4. Insure that all chemical samples are collected and delivered to a state-certified laboratory for analysis in accordance with the regulations and any monitoring scheduled for the system.
5. Insure that no cross-connections exist within the system.
6. Insure that water system personnel are aware that all plan documents must be submitted to the Division of Water Supply for prior approval of any system modifications or expansions.
7. Insure the following records are kept on file:

Microbiological	Sanitary Survey Letters
Notices of Violation	Chemical Analyses
Cross Connection Inspections	Public Notifications
Monthly Operations Reports (if applicable)	
8. Insure that all reports including MOR are submitted in accordance with the schedule established by the regulations.

Signature of Certified Operator

Signature of Water System Official

Certification Grade _____

Effective Date of Agreement _____

2011 FEB 24 PM 1:58

DAVIDSON
LS

COOKEVILLE ENVIRONMENTAL
FIELD OFFICE
1221 S. WILLOW AVE.
COOKEVILLE, TN 38506

(2)



UNITED STATES POSTAGE
\$05.54
02 1A
000462367
APR 12 2010
MAILED FROM ZIP CODE 38508

J.L. Wucher Co., LLC
c/o Joseph L. Wucher
13 Barcelona Cir.
Redwood City, CA 94065

UNCLAIMED

4-29
5-6
N/C 4/18

SENDER: COMPLETE THIS SECTION

- Complete items 1, 2, and 3. Also complete item 4 if Restricted Delivery is desired.
- Print your name and address on the reverse so that we can return the card to you.
- Attach this card to the back of the mailpiece, or on the front if space permits.

1. Article Addressed to:

J.L. Wucher Co., LLC
c/o Joseph L. Wucher
18 Barcelona Cir.
Redwood City, CA 94065

2. Article Number
(Transfer from service label)

PS Form 3811, February 2004

Domestic Return Receipt

COMPLETE THIS SECTION ON DELIVERY

A. Signature

X

☐ Agent

☐ Addressee

B. Received by (Printed Name)

C. Date of Delivery

D. Is delivery address different from item 1?

☐ Yes

☒ No

3. Service Type

☒ Certified Mail

☐ Express Mail

☐ Registered

☐ Insured Mail

☐ Return Receipt for Merchandise

4. Restricted Delivery? (Extra Fee)

☐ Yes

☐ No

91 7108 2133 3936 6340 0100

10295-10-04-13-0

EXHIBIT

8



STATE OF TENNESSEE
DEPARTMENT OF ENVIRONMENT AND CONSERVATION
WATER SUPPLY
6th Floor, 401 Church Street
Nashville, Tennessee 37243-1549

2011 FEB 24 PM 1:58
DAVIDSON COUNTY
P.C. & M.

October 28, 2010

JOSEPH WUCHER
MANAGING MEMBER
RENEGADE MOUNTAIN WATER SYSTEM
PO BOX 288
CRAB ORCHARD, TN 37723

Re: Violation of the National Primary Drinking Water Regulations For the Monitoring Period:
July 1, 2010 through September 30, 2010

County: CUMBERLAND
DWS Field Office: COOKEVILLE
PWSID: TN0008157

Dear Mr. WUCHER:

The Tennessee Safe Drinking Water Act and the Regulations promulgated pursuant to the Act require public water systems to meet certain sampling and reporting requirements, as well as drinking water standards. Failure by a public water system to meet drinking water standards, sampling requirements or reporting requirements is a violation of the drinking water regulations. Based on the information in our office, RENEGADE MOUNTAIN WATER SYSTEM (PWSID#TN0008157) has incurred a violation. Specifically:

RENEGADE MOUNTAIN WATER SYSTEM was required to submit a collection of 1 maximum residence time sample for Total Haloacetic Acids and 1 maximum residence time sample for Total Trihalomethanes during the 3rd Quarter of 2010. According to the Division's records, 0 sample results for each contaminant were provided during the 3rd Quarter of 2010.

Since the water system failed to report monitoring results as required by Regulation 1200-5-1-.36(6) a monitoring or reporting violation has incurred. Failure to submit evidence of monitoring to the division with fifteen (15) days of receipt of this correspondence will result in a monitoring violation for the applicable compliance period. Monitoring violations are reported to the U.S. Environmental Protection Agency. The system must conduct sampling for these contaminants as soon as possible.

Violations of the Tennessee Safe Drinking Water Act require that the persons served by this system be informed pursuant to Regulation 1200-5-1-.19, outlined in the attached information. Inclusion of a Tier 3 Public Notice in the system's Consumer Confidence Report (CCR) is an acceptable format, provided that the system notifies both the Central Office and the Environmental Field Office of this decision. A copy of the public notification must be submitted to the Division of Water Supply within ten (10) days of providing to the public.

Please call the COOKEVILLE Field Office (888-891-8332) or Wayne Muirhead (615-253-4067) with questions.

Sincerely,

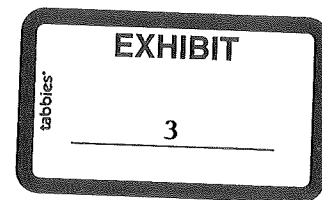
Lee Keck

Lee Keck
Enforcement Coordinator
TN Division of Water Supply

cc: COOKEVILLE Field Office.



TN0009157



**LAUREL HILLS CONDOMINIUMS
PROPERTY OWNERS ASSOCIATION
P.O. BOX 288
CRAB ORCHARD, TN 37723**

MEMORANDUM

DATE: December 30, 2011

TO: Water Customers of Laurel Hills Condominiums Property Owners Association

VIA: Mailed with Monthly Water Bills and Posted On-Site

RE: Water Service Suspension

In June of 2011, the Board of Directors of the Laurel Hills Condominiums Property Owners Association approved a monthly water rate of \$86.40. This water rate may be viewed by some as an increase from the subsidized rate the previous system owner was charging. However, in setting its rates, the Association is required to take into account its operating expenses and the costs associated with water system improvements being mandated by the Tennessee Department of Environment and Conservation.

The vast majority of the Association's water system customers have refused to pay their monthly bills for water service. As a result the Association is now unable to meet its operating expenses, including paying its water supplier, Crab Orchard Utility District. When the water system was installed, the prior owner of the water system did not install water meters to measure water service by connection and installed no mechanism which would permit the water system to discontinue water service to individual customer connections for nonpayment of monthly water bills.

In an emergency meeting of the Association's Board of Directors on December 22, 2011, the Board concluded that it had no alternative except to suspend water service to all customers for the nonpayment of the Association's water bills by its water customers. **Please be advised that water service will be discontinued on January 31, 2011, unless Crab Orchard Utility District elects to terminate water service to the Association sooner for nonpayment.**

The Association's Board urges the Association's water customers to pay their outstanding accounts in full to avoid this water service suspension.

**POSTED AT: GUARD SHACK AND RENEGADE TIME SHARES LOCATED
AT 17 MOUNT LAUREL, CRAB ORCHARD, TN 37723.**

IN THE CHANCERY COURT FOR CUMBERLAND COUNTY, TENNESSEE

GARY HAISER; JOHN MOORE;
GERALD NUGENT; ROY PERRY;
JOHN PETERS AND JOEL MATCHAK

Plaintiffs

vs.

NO. 2012-CH-513

LAUREL HILLS CONDOMINIUMS
PROPERTY OWNERS ASSOCIATION INC.;
MICHAEL MCCLUNG AND PHILLIP
GUETTLER INDIVIDUALLY AND AS
DIRECTORS OF THE LAUREL HILLS
CONDOMINIUMS PROPERTY OWNERS
ASSOCIATION INC.

Defendants

FILED 2:40
Date 2-3 2012 at PM
Entered: _____
SUE TOULET, CLERK OF COURT
Cumberland County, Tennessee, TN
BY CT

COMPLAINT

1. The Plaintiffs, Gary Haiser, John Moore, Gerald Nugent, Roy Perry, John Peters and Joel Matchak ("Owners") are all owners of property within Renegade Resort in Cumberland County, Tennessee and are all current customers of, and receive water services from the Laurel Hills Condominiums Property Owners Association Inc.
2. Defendant Laurel Hills Condominiums Property Owners Association Inc. ("Laurel Hills") is a Tennessee not-for-profit, mutual benefit corporation operating in Cumberland County, Tennessee. It is the property owners' association for the Laurel Hills Timeshares located within Renegade Resort, also in Cumberland County, Tennessee. It also operates a public water system for approximately 120 customers in Renegade Resort in Cumberland

County, Tennessee. Laurel Hills Condominiums Property Owners Association, Inc. may be served with process by serving its agent for service of process Michael McClung at 3227 Renegade Mountain Community Club, Crab Orchard, Tennessee 37723-0228.

3. The individual named Defendants, Phillip Guettler and Michael McClung are current officers and directors of the Laurel Hills. They are sued in their individual capacities as well as their official capacities as members of the Board of Directors of Laurel Hills. They may be served with process through the Secretary of State as follows:
 - (a) Michael McClung, 61 NW Boundary Drive, Port St. Lucie, FL 34986
 - (b) Phillip Guettler, 4401 Whiteway Dairy Road, Fort Pierce, FL 34981
4. Defendant Laurel Hills purchased the water system at issue in 2011. It currently services approximately 120 customers located within Renegade Resort, including the Owners. This system purchases already treated water from Crab Orchard Utility District and pumps it up the mountain via two (2) alternating pumps located at the bottom of the mountain, and then distributes the water through a series of pipes for consumption by its customers.
5. Defendant Laurel Hills, under direction of the named Defendants, raised the monthly water rate for all customers in June 2011 from a flat, un-metered rate of twenty-five (25) dollars to a flat, un-metered rate of eighty-six (86) dollars and forty (40) cents without notice to customers and without identifying the factors associated with the increase.
6. Plaintiffs, and certain other Laurel Hills customers in July 2011, through verbal negotiations with Laurel Hill's agent, Daryl McQueen, agreed to

- accept a flat, un-metered water rate of forty-three (43) dollars and twenty (20) cents per month for the remainder of 2011, after which Laurel Hills, as stated by their agent Daryl McQueen, would reevaluate the 2012 water rates.
7. It is averred that Defendant Laurel Hills sold water to customers, including Owners, that did not meet the water system and water quality requirements as promulgated by the Tennessee Department of Environment and Conservation (TDEC) from the time of the purchase of said water system.
 8. Defendant Laurel Hills, on information and belief, at the direction of named individual Defendants, without good cause, disconnected a two hundred and fifty (250) thousand gallon water storage tank from the water system, thereby eliminating the emergency storage capabilities of the system for drinking water and significantly reducing the sustained quantity of water available for fire protection.
 9. Defendant Laurel Hills, by letter dated October 31, 2011, breached its contract for water rates with the Plaintiffs, and most other customers, by demanding an additional payment for water retroactive to June 2011.
 10. Defendant Laurel Hills, beginning in or about November 2011, selectively stopped cashing and crediting checks of certain Plaintiffs, other water system customers and the Cumberland Point Condominium Association, thereby significantly reducing Laurel Hills' ability to meet its debts.
 11. Defendant Laurel Hills, by letter dated December 30, 2011, notified all customers that water service was scheduled to be suspended as of January 31, 2012 for all customers, regardless of payment status, due to Laurel Hills' inability to physically shut off water to what Defendant Laurel Hills defines as "non-paying customers", even though some customers remitted all water

fees requested by Laurel Hills, and even though Laurel Hills was aware of this un-metered situation at the time the water system was purchased.

12. Defendant Michael McClung, in January 2012, representing Laurel Hills (which owed in excess of Eight Thousand Dollars (\$8,000.000 in overdue water fees to Crab Orchard Utility District) approached the Crab Orchard Utility District Manager and asked that the Crab Orchard Utility District voluntarily shut off the flow of water to the Laurel Hills pump station for non-payment. Crab Orchard Utility District declined to take the requested action as it would have left many innocent customers without needed water.
13. Defendant Michael McClung, on January 20, 2012, representing Laurel Hills made a request to Volunteer Electric (VEC) to disconnect the electric meter from the Mullinix Drive pump house, on Friday, January 21, "as late in the day as possible", in order to try to cut off water to the customers on the mountain.
14. Defendants Michael McClung, Phillip Guettler and Laurel Hills, by attempting to disconnect the electric power supplied to the water system (without any prior notice of any kind) improperly attempted to cause the system to become inoperable and, in effect, abandoned the water system.
15. VEC, recognizing the impact to the health and safety of the 120 residential properties served by Laurel Hills, asked Plaintiff John Moore, President of the Renegade Mountain Community Club, ("Community Club") to take control of the electric meter in order to avoid a total shutdown of the water system. Moore accepted this responsibility on behalf of the Renegade Mountain Community Club at 3:00 pm on January 21, 2012.

16. The abandoned water system is currently in operation with water paid for and provided by Crab Orchard Utility District and electric service paid for and provided by the Renegade Mountain Community Club. It is under no discernable control on a day to day basis by the Defendants.
17. Nevertheless, Defendants Michael McClung, Phillip Guettler and Laurel Hills are currently renewing their efforts to shut down the water system, thereby jeopardizing the health, safety and well-being of the water system's customers including Owners.
18. Plaintiffs aver that the Defendants' actions in attempting to shut down and abandon the water system without giving its customers proper notice is in violation of T.C.A., Section 68-221-711, which provides that the abandonment or other termination of water services by a water supplier is prohibited without giving at least 60 days' notice of all interested parties including the appropriate state department and all customers served by the water system. This notice was not given.
19. It is further averred that the actions taken as described herein by Michael McClung and Phillip Guettler are personal and retaliatory in nature because of a lawsuit filed by the Renegade Mountain Community Club against them individually for breach of their fiduciary duties as officers and directors of the Community Club. This Action is styled Gary Haiser and Joel Matchak, as Members of the Board of Directors of the Renegade Mountain Community Club, Inc.; The Renegade Mountain Community Club, Inc.; John Moore; and Gerald Nugent. V. Michael McClung; Michael Haines; Phillip Guettler; Joseph Wucher, and Moy Toy, LLC, ("Community Club Action"), Chancery

Court for Cumberland County, Tennessee, Docket No. 2011-CH-508 . The actions at issue in this case are attempted in order to punish the Plaintiffs for the filing and prosecution of the Community Club Action and to gain leverage over Plaintiffs.

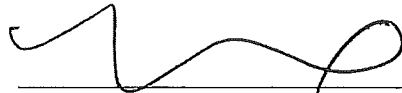
WHEREFORE, Plaintiffs demand as follows:

1. That an immediate Temporary Restraining Order (TRO) be issued by the Court to prevent and enjoin:
 - (a) The Defendants, or their agents, servants, employees or attorneys from attempting to stop the flow of drinking water to the Owners or other customers of the water system action.
 - (b) The Defendants, or their agents, servants, employees or attorneys from attempting to dismantle or remove any portion of the current or former water system including, but not limited to pumps, water storage tanks and devices, distribution piping and other equipment.
 - (c) Interference by Defendants, their agents, servants, employees or attorneys with State, Crab Orchard Utility District officials, or other governmental agencies who are attempting to ensure that the drinking water at issue is clean and reliable in accordance with the regulations promulgated by the Tennessee Department of Environment and Conservation (TDEC).
2. That proper process issue and be served upon all of the named Defendants requiring them to appear and answer this Complaint as required by law.
3. That upon notice and an opportunity to be heard that a temporary injunction issue preventing the actions set forth in Paragraph 1 (a), (b) and (c) above from occurring prior to trial.

4. That this Court declare that Defendant Laurel Hills water system, given the acts and intent of the Defendants, was abandoned on January 21, 2012 and that a new owner or group owner it be established for the water system.
5. That the Court order that Plaintiffs, and other water customers served by Defendant Laurel Hills, receive the required notice of abandonment as required by Tennessee State law to seek alternative sources of drinking water before their water is shut off.
6. That the Plaintiffs be awarded their reasonable costs incurred in the filing of this action.
7. That Plaintiffs have such other, further and general relief to which they may show themselves to be entitled to upon a hearing of this case.

THIS IS THE FIRST APPLICATION FOR EXTRAORDINARY RELIEF IN THIS CAUSE.

RESPECTFULLY SUBMITTED.



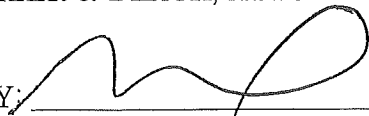
MELANIE E. DAVIS, Attorney for
Plaintiffs
Tennessee Bar No. 017947
KIZER & BLACK, ATTORNEYS, PLLC
329 Cates Street
Maryville, Tennessee 37801
Telephone: (865) 980-1625

COST BOND

We, the undersigned, hereby bind ourselves for the costs of the cause in accordance with T.C.A. 20-12-120.

KIZER & BLACK, ATTORNEYS, PLLC:

BY:

A handwritten signature in black ink, appearing to read 'Melanie E. Davis', is written over a horizontal line.

Melanie E. Davis

IN THE CHANCERY COURT FOR CUMBERLAND COUNTY, TENNESSEE

GARY HAISER; JOHN MOORE;
GERALD NUGENT; ROY PERRY;
JOHN PETERS AND JOEL MATCHAK

Plaintiffs

vs.

NO. 2012-CH-513

LAUREL HILLS CONDOMINIUMS
PROPERTY OWNERS ASSOCIATION INC.;
MICHAEL MCCLUNG AND PHILLIP
GUETTLE INDIVIDUALLY AND AS
DIRECTORS OF THE LAUREL HILLS
CONDOMINIUMS PROPERTY OWNERS
ASSOCIATION INC.

FILED 2:40
Date 2-3 2012 m. PM
Entered: SUE TOLETT, CLERK
Cumberland County, Tennessee, TN
BY LR

Defendants

TEMPORARY RESTRAINING ORDER

It is hereby ORDERED that the Defendants, Laurel Hills Condominiums Property Owners Association Inc.; Michael McClung and Phillip Guettler Individually and as Directors of the Laurel Hills Condominiums Property Owners Association, their agents, servants, employees and attorneys in all persons in active concert or participation with them be and are hereby restrained and enjoined from:

(or restore flow has been turned off) or

1. Attempting to stop the flow of drinking water to the Owners as identified in the Complaint and to other customers of the Laurel Hills Condominiums Property Owners Association, Inc. water system.

2. Attempting to dismantle or remove any portion of the current or former water system including but not be limited to pump, storage tanks and devices, distribution piping and other equipment.
3. Interfering with State, Crab Orchard Utility District officials, or other governmental officials, who are attempting to ensure the drinking water at issue is safe and reliable in accordance with the regulations promulgated by the Tennessee Department of Environment and Conservation.

It is further ORDERED that this Restraining Order shall remain in full force and effect for fifteen (15) days or until otherwise ordered by this

Court. *Plaintiffs shall post a bond in the amount of \$30,000*
DATED this the 3rd day of February 2012 at 1:26 o'clock.

Ronald Thurman
CHANCELLOR

RETURN OF SERVICE OF RESTRAINING ORDER

I hereby certify and return that I received this restraining order on the ____ day of _____, 2012, and served a true copy upon the Defendant,

_____, by _____

Process Server

IN THE CHANCERY COURT FOR CUMBERLAND COUNTY, TENNESSEE

GARY HAISER; JOHN MOORE;
GERALD NUGENT; ROY PERRY;
JOHN PETERS AND JOEL MATCHAK

Plaintiffs

vs.

NO. 2012-CH-513

LAUREL HILLS CONDOMINIUMS
PROPERTY OWNERS ASSOCIATION INC.;
MICHAEL MCCLUNG AND PHILLIP
GUETTLER INDIVIDUALLY AND AS
DIRECTORS OF THE LAUREL HILLS
CONDOMINIUMS PROPERTY OWNERS
ASSOCIATION INC.

FILED 12:20
Date 2-28-2012
Entered: 2-28-12
SUE TOULET, CLERK OF COURT
Cumberland County, Tennessee, LLC
Cr

Defendants

ORDER GRANTING TEMPORARY INJUNCTION

Plaintiffs, by and through counsel, pursuant to Rule 65.04 of the Tennessee Rules of Civil Procedure moved this Court for a temporary injunction enjoining the Defendants, their agents, servants, employees and attorneys and all persons in active concert or participation with them from interfering with or shutting off the water provided the Plaintiffs by Laurel Hills Condominiums Property Owners Association, Inc.

A hearing on this Motion was held on the 14th day of February, 2012. After considering the record in this case, the Motion of the Plaintiffs, the Defendants' response thereto, the arguments of counsel, as well as various Affidavits, and the testimony of Ron Hill, witness for the Plaintiffs, this Court is of the opinion that the Plaintiffs' request for a temporary injunction should be granted.

As grounds for this temporary injunction, the Court finds that the Plaintiffs would be irreparably harmed if their water is shut off immediately without the ability to obtain alternate water sources. While the Court is not completely satisfied about the likelihood of success on the merits of Plaintiffs' claims, the Court finds that under its equity jurisdiction, this Order shall nevertheless issue according to the parameters stated herein.

This Court concludes that T.C.A. §68-221-711 applies to the facts at bar. Accordingly, a temporary injunction will be in place for sixty (60) days from February 14, 2012, preventing the Defendants from shutting off or disconnecting water service to the Plaintiffs. This temporary injunction applies only to party Plaintiffs who bring their accounts current as explained in detail in the next paragraph.

Within twenty (20) days from February 14, 2012, the Plaintiffs shall each pay the sum of \$43.20 per month for each month since June of 2011 to the Defendant, Laurel Hills Condominiums Property Owners Association, Inc. In the event any overpayment was previously made, it shall be credited to the account with the account reflecting the rate of \$43.20 per month. Plaintiffs shall have the continuing obligation for so long as this Order is in effect to pay to Defendant \$43.20 per month for water service.

Plaintiffs have five business (5) days from February 14, 2012, to add additional party Plaintiffs. Additional Plaintiffs added during this time period will be protected by the temporary injunction, but also must bring their accounts current as set forth in the previous paragraph and also have the continuing obligation to pay to the Defendant \$43.20 per month for water service.

Meanwhile, counsel for the Plaintiffs and the Defendants shall promptly contact the Tennessee Regulatory Agency to determine whether or not the water system operated by Defendant, Laurel Hills Condominiums Property Owners Association, Inc., is subject to

oversight by the Tennessee Regulatory Agency. If so, the process for such regulation must be commenced.

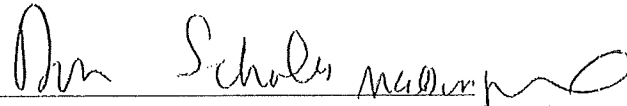
Plaintiffs shall post a bond of Ten Thousand Dollars (\$10,000.00) which may be either a corporate or cash bond. Such bond that be provided within ten (10) days of the entry of this Order. This bond shall be posted as security for the payment of such costs and damages as may be incurred or suffered by any party who is found to have been damaged by the wrongful issuance of this temporary injunction.

ENTER this 27th day of February, 2012, at 10:30 a.m. o'clock.


RONALD THURMAN, CHANCELLOR

APPROVED FOR ENTRY:


MELANIE E. DAVIS, Attorney for Plaintiffs


DONALD L. SCHOLES, Attorney for Defendants

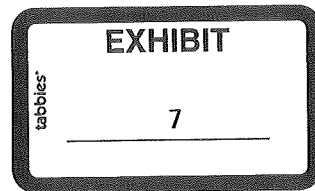
BRANSTETTER, STRANCH & JENNINGS, PLLC

ATTORNEYS AT LAW
227 SECOND AVENUE NORTH
FOURTH FLOOR

NASHVILLE, TENNESSEE 37201-1631
TELEPHONE (615) 254-8801 ~ FACSIMILE (615) 250-3937

CECIL D. BRANSTETTER, SR.
C. DEWEY BRANSTETTER, JR.
RANDALL C. FERGUSON
R. JAN JENNINGS*
JOE P. LENISKI, JR.
DONALD L. SCHOLES
STEVEN J. SIMERLEIN **
MIKE STEWART
JAMES G. STRANCH, III
J. GERARD STRANCH, IV
MICHAEL J. WALL

February 16, 2012



ASSOCIATES:
BEN CASTEL*
STACEY K. SKILLMAN ***

OF COUNSEL:
ROBERT E. RICHARDSON, JR. *****

* ALSO ADMITTED IN GA
** ALSO ADMITTED IN CA
*** ALSO ADMITTED IN KY
**** ONLY ADMITTED IN OH

Via hand delivery and first class mail

Jean Stone, General Counsel
Tennessee Regulatory Authority
460 James Robertson Parkway
Nashville TN 37243-0505

Re: Laurel Hills Condominiums Property Owners Association

Dear Jean:

I represent Laurel Hills Condominiums Property Owners Association (Laurel Hills). Laurel Hills is a Tennessee nonprofit corporation. Laurel Hills acquired a very small water system on May 1, 2011 which serves a development community in Cumberland County called Renegade Mountain. After Laurel Hills acquired the water system it installed a new, higher rate. Since that time Laurel Hills and its customers have had continuing disputes over the new rate and other issues.

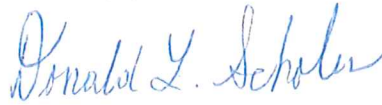
Based upon the amendment to T.C.A. § 65-4-101 passed last year by the legislature, I believe Laurel Hills is probably subject to regulation by the TRA. I wanted to let you know that within the next three weeks or so, I will be filing a petition with the Tennessee Regulatory Authority to request a certificate of public convenience and necessity for Laurel Hills to provide water service to the Renegade Mountain community.

I wanted to make you aware that Laurel Hills will be filing a petition in the near future because you or others at the Authority may be contacted by some of these customers about the operation of Laurel Hills. I am having the board members of Laurel Hills to begin gathering some information on the history of the water system and its operations which I know the Authority will want to see as a part of the proceeding.

Jean Stone, General Counsel
February 16, 2012
Page 2

If you or the Authority receives any inquiries about the Laurel Hills water system before the petition is filed, feel free to contact me, and I will be glad to discuss the water system with you.

Sincerely yours,



DONALD L. SCHOLLES

c: Mike McClung
Rob Schwerer
Melanie Davis

Form 1120

Department of the Treasury
Internal Revenue Service

U.S. Corporation Income Tax Return

For calendar year 2011 or tax year beginning

, 2011, ending

OMB No. 1545-0123

2011

▶ See separate instructions.

A Check if:

- 1a Consolidated return (attach Form 990) ☐
- b Life insurance consolidated return ☐
- 2 Personal holding co. (attach Sch. PH) ☐
- 3 Personal service corp. (see instructions) ☐
- 4 Schedule M-3 attached ☐

TYPE
OR
PRINTName
LAUREL HILLS CONDO P O A

Number, street, and room or suite no. If a P.O. box, see instructions

PO BOX 25

City or town, state, and ZIP code

CROSSVILLE

TN 38557

B Employer identification number

62-1345754

C Date incorporated

04-02-1987

D Total assets (see instructions)

EXHIBIT

8

Income

- 1a Merchant card and third-party payments. For 2011, enter -0- 1a 0
- b Gross receipts or sales not reported on line 1a (see instructions) 1b 63,652
- c Total. Add lines 1a and 1b 1c 63,652
- d Returns and allowances plus any other adjustments (see instructions) 1d
- e Subtract line 1d from line 1c 1e 63,652
- 2 Cost of goods sold from Form 1125-A, line 8 (attach Form 1125-A) 2
- 3 Gross profit. Subtract line 2 from line 1e 3 63,652
- 4 Dividends (Schedule C, line 19) 4
- 5 Interest 5
- 6 Gross rents 6
- 7 Gross royalties 7
- 8 Capital gain net income (attach Schedule D (Form 1120)) 8
- 9 Net gain or (loss) from Form 4797, Part II, line 17 (attach Form 4797) 9
- 10 Other income (see instructions - attach schedule) 10
- 11 Total income. Add lines 3 through 10 11 63,652

Deductions
(See instructions for limitations on deductions.)

- 12 Compensation of officers from Form 1125-E, line 4 (attach Form 1125-E) 12
- 13 Salaries and wages (less employment credits) 13
- 14 Repairs and maintenance 14 4,905
- 15 Bad debts 15
- 16 Rents 16
- 17 Taxes and licenses 17
- 18 Interest 18 6
- 19 Charitable contributions 19
- 20 Depreciation from Form 4562 not claimed on Form 1125-A or elsewhere on return (attach Form 4562) 20 3,125
- 21 Depletion 21
- 22 Advertising 22
- 23 Pension, profit-sharing, etc., plans 23
- 24 Employee benefit programs 24
- 25 Domestic production activities deduction (attach Form 8903) 25
- 26 Other deductions (attach schedule) STATEMENT #5. 26 78,178
- 27 Total deductions. Add lines 12 through 26 27 86,214
- 28 Taxable income before net operating loss deduction and special deductions. Subtract line 27 from line 11 28 (22,562)
- 29a Net operating loss deduction (see instructions) 29a
- b Special deductions (Schedule C, line 20) 29b
- c Add lines 29a and 29b 29c

Tax, Refundable Credits and Payments

- 30 Taxable income. Subtract line 29c from line 28 (see instructions) 30 (22,562)
- 31 Total tax (Schedule J, Part I, line 11) 31 0
- 32 Total payments and refundable credits (Schedule J, Part II, line 21) 32
- 33 Estimated tax penalty (see instructions). Check if Form 2220 is attached ☐ 33
- 34 Amount owed. If line 32 is smaller than the total of lines 31 and 33, enter amount owed 34
- 35 Overpayment. If line 32 is larger than the total of lines 31 and 33, enter amount overpaid 35
- 36 Enter amount from line 35 you want: Credited to 2012 estimated tax ▶ Refunded ▶ 36

Sign Here

Under penalties of perjury, I declare that I have examined this return, including accompanying schedules and statements, and to the best of my knowledge and belief, it is true, correct, and complete. Declaration of preparer (other than taxpayer) is based on all information of which preparer has any knowledge.

Signature of officer

MIKE MCCLUNG

Date

20 Feb 12

Title

PRESIDENT

May the IRS discuss this return with the preparer shown below (see instructions)? ☒ Yes ☐ No

Paid Preparer Use Only

Print/Type preparer's name

TERRY STEPHENS CPA

Preparer's signature

Terry Stephens CPA

Date

2-17-12

Check ☒ if self-employed

PTIN

P00010092

Firm's name

LANSFORD & STEPHENS CPAs

Firm's EIN

20-1965405

Firm's address

92 ROCKWOOD AVENUE

Phone no.

(931) 484-6105

CROSSVILLE TN 38555

For Paperwork Reduction Act Notice, see separate instructions.

EEA

Form 1120 (2011)

Schedule C Dividends and Special Deductions (see instructions)		(a) Dividends received	(b) %	(c) Special deductions (a) x (b)
1	Dividends from less-than-20%-owned domestic corporations (other than debt-financed stock)		70	
2	Dividends from 20%-or-more-owned domestic corporations (other than debt-financed stock)		80	
3	Dividends on debt-financed stock of domestic and foreign corporations		see instructions	
4	Dividends on certain preferred stock of less-than-20%-owned public utilities		42	
5	Dividends on certain preferred stock of 20%-or-more-owned public utilities		48	
6	Dividends from less-than-20%-owned foreign corporations and certain FSCs		70	
7	Dividends from 20%-or-more-owned foreign corporations and certain FSCs		80	
8	Dividends from wholly owned foreign subsidiaries		100	
9	Total. Add lines 1 through 8. See instructions for limitation			
10	Dividends from domestic corporations received by a small business investment company operating under the Small Business Investment Act of 1958		100	
11	Dividends from affiliated group members		100	
12	Dividends from certain FSCs		100	
13	Dividends from foreign corporations not included on lines 3, 6, 7, 8, 11, or 12			
14	Income from controlled foreign corporations under subpart F (attach Form(s) 5471)			
15	Foreign dividend gross-up			
16	IC-DISC and former DISC dividends not included on lines 1, 2, or 3			
17	Other dividends			
18	Deduction for dividends paid on certain preferred stock of public utilities			
19	Total dividends. Add lines 1 through 17. Enter here and on page 1, line 4 ▶			
20	Total special deductions. Add lines 9, 10, 11, 12, and 18. Enter here and on page 1, line 29b ▶			

Schedule J Tax Computation and Payment (see instructions)**Part I - Tax Computation**

1	Check if the corporation is a member of a controlled group (attach Schedule O (Form 1120))	<input type="checkbox"/>	
2	Income tax. Check if a qualified personal service corporation (see instructions)	<input type="checkbox"/>	0
3	Alternative minimum tax (attach Form 4626)		
4	Add lines 2 and 3		0
5a	Foreign tax credit (attach Form 1118)	5a	
b	Credit from Form 8834, line 30 (attach Form 8834)	5b	
c	General business credit (attach Form 3800)	5c	
d	Credit for prior year minimum tax (attach Form 8827)	5d	
e	Bond credits from Form 8912	5e	
6	Total credits. Add lines 5a through 5e	6	
7	Subtract line 6 from line 4	7	0
8	Personal holding company tax (attach Schedule PH (Form 1120))	8	
9a	Recapture of investment credit (attach Form 4255)	9a	
b	Recapture of low-income housing credit (attach Form 8611)	9b	
c	Interest due under the look-back method - completed long-term contracts (attach Form 8857)	9c	
d	Interest due under the look-back method - income forecast method (attach Form 8858)	9d	
e	Alternative tax on qualifying shipping activities (attach Form 8902)	9e	
f	Other (see instructions - attach schedule)	9f	
10	Total. Add lines 9a through 9f	10	
11	Total tax. Add lines 7, 8, and 10. Enter here and on page 1, line 31	11	0

Part II - Payments and Refundable Credits

12	2010 overpayment credited to 2011	12	
13	2011 estimated tax payments	13	
14	2011 refund applied for on Form 4466	14	
15	Combine lines 12, 13, and 14	15	
16	Tax deposited with Form 7004	16	
17	Withholding (see instructions)	17	
18	Total payments. Add lines 15, 16, and 17	18	
19	Refundable credits from:		
a	Form 2439	19a	
b	Form 4136	19b	
c	Form 3800, line 17c and Form 8827, line 8c	19c	
d	Other (attach schedule - see instructions)	19d	
20	Total credits. Add lines 19a through 19d	20	
21	Total payments and credits. Add lines 18 and 20. Enter here and on page 1, line 32	21	

Schedule K Other Information (see instructions)

1	Check accounting method: a <input type="checkbox"/> Cash b <input checked="" type="checkbox"/> Accrual c <input type="checkbox"/> Other (specify) ▶	Yes	No
2	See the instructions and enter the:		
a	Business activity code no. ▶ 721199		
b	Business activity ▶ TIMESHARE		
c	Product or service ▶ TIMESHARE		
3	Is the corporation a subsidiary in an affiliated group or a parent-subsidiary controlled group?		X
	If "Yes," enter name and EIN of the parent corporation ▶		
4	At the end of the tax year:		
a	Did any foreign or domestic corporation, partnership (including any entity treated as a partnership), trust, or tax-exempt organization own directly 20% or more, or own, directly or indirectly, 50% or more of the total voting power of all classes of the corporation's stock entitled to vote? If "Yes," complete Part I of Schedule G (Form 1120) (attach Schedule G)		X
b	Did any individual or estate own directly 20% or more, or own, directly or indirectly, 50% or more of the total voting power of all classes of the corporation's stock entitled to vote? If "Yes," complete Part II of Schedule G (Form 1120) (attach Schedule G)		X

Schedule K Other Information continued (see instructions)**5** At the end of the tax year, did the corporation:

- a** Own directly 20% or more, or own, directly or indirectly, 50% or more of the total voting power of all classes of stock entitled to vote of any foreign or domestic corporation not included on Form 851, Affiliations Schedule? For rules of constructive ownership, see instructions

If "Yes," complete (i) through (iv) below.

(i) Name of Corporation	(ii) Employer identification Number (if any)	(iii) Country of Incorporation	(iv) Percentage Owned in Voting Stock

- b** Own directly an interest of 20% or more, or own, directly or indirectly, an interest of 50% or more in any foreign or domestic partnership (including any entity treated as a partnership) or in the beneficial interest of a trust? For rules of constructive ownership, see instructions

If "Yes," complete (i) through (iv) below.

(i) Name of Entity	(ii) Employer identification Number (if any)	(iii) Country of Organization	(iv) Maximum Percentage Owned in Profit, Loss, or Capital

- 6** During this tax year, did the corporation pay dividends (other than stock dividends and distributions in exchange for stock) in excess of the corporation's current and accumulated earnings and profits? (See sections 301 and 316.)

If "Yes," file Form 5452, Corporate Report of Nondividend Distributions.

If this is a consolidated return, answer here for the parent corporation and on Form 851 for each subsidiary.

- 7** At any time during the tax year, did one foreign person own, directly or indirectly, at least 25% of (a) the total voting power of all classes of the corporation's stock entitled to vote or (b) the total value of all classes of the corporation's stock?

For rules of attribution, see section 318. If "Yes," enter:

(i) Percentage owned and (ii) Owner's country (c) The corporation may have to file Form 5472, Information Return of a 25% Foreign-Owned U.S. Corporation or a Foreign Corporation Engaged in a U.S. Trade or Business. Enter the number of Forms 5472 attached 0

- 8** Check this box if the corporation issued publicly offered debt instruments with original issue discount ☐ **8**
If checked, the corporation may have to file Form 8281, Information Return for Publicly Offered Original Issue Discount Instruments.

- 9** Enter the amount of tax-exempt interest received or accrued during the tax year \$

- 10** Enter the number of shareholders at the end of the tax year (if 100 or fewer)

- 11** If the corporation has an NOL for the tax year and is electing to forego the carryback period, check here ☒ **11**
If the corporation is filing a consolidated return, the statement required by Regulations section 1.1502-21(b)(3) must be attached or the election will not be valid.

- 12** Enter the available NOL carryover from prior tax years (do not reduce it by any deduction on line 29a.) \$ 121,346

- 13** Are the corporation's total receipts (line 1c plus lines 4 through 10 on page 1) for the tax year and its total assets at the end of the tax year less than \$250,000? ☒ **13**

If "Yes," the corporation is not required to complete Schedules L, M-1, and M-2 on page 5. Instead, enter the total amount of cash distributions and the book value of property distributions (other than cash) made during the tax year. \$

- 14** Is the corporation required to file Schedule UTP (Form 1120), Uncertain Tax Position Statement (see instructions)? ☒ **14**
If "Yes," complete and attach Schedule UTP.

- 15a** Did the corporation make any payments in 2011 that would require it to file Form(s) 1099 (see instructions)? ☒ **15a**

- b** If "Yes," did or will the corporation file all required Forms 1099? ☒ **b**

Schedule L: Balance Sheets per Books		Beginning of tax year		End of tax year	
Assets		(a)	(b)	(c)	(d)
1	Cash				
2a	Trade notes and accounts receivable				
b	Less allowance for bad debts	()		()	
3	Inventories				
4	U.S. government obligations				
5	Tax-exempt securities (see instructions)				
6	Other current assets (attach schedule)				
7	Loans to shareholders				
8	Mortgage and real estate loans				
9	Other investments (attach schedule)				
10a	Buildings and other depreciable assets				
b	Less accumulated depreciation	()		()	
11a	Depletable assets				
b	Less accumulated depletion	()		()	
12	Land (net of any amortization)				
13a	Intangible assets (amortizable only)				
b	Less accumulated amortization	()		()	
14	Other assets (attach schedule)				
15	Total assets				
Liabilities and Shareholders' Equity					
16	Accounts payable				
17	Mortgages, notes, bonds payable in less than 1 year				
18	Other current liabilities (attach schedule)				
19	Loans from shareholders				
20	Mortgages, notes, bonds payable in 1 year or more				
21	Other liabilities (attach schedule)				
22	Capital stock				
a	Preferred stock				
b	Common stock				
23	Additional paid-in capital				
24	Retained earnings-Appropriated (attach schedule)				
25	Retained earnings-Unappropriated				
26	Adjustments to shareholders' equity (attach schedule)				
27	Less cost of treasury stock	()		()	
28	Total liabilities and shareholders' equity				

Schedule M-1: Reconciliation of Income (Loss) per Books With Income per Return	
Note: Schedule M-3 required instead of Schedule M-1 if total assets are \$10 million or more - see instructions	
1	Net income (loss) per books
2	Federal income tax per books
3	Excess of capital losses over capital gains
4	Income subject to tax not recorded on books this year (itemize):
5	Expenses recorded on books this year not deducted on this return (itemize):
a	Depreciation \$
b	Charitable contributions \$
c	Travel and entertainment \$
6	Add lines 1 through 5
7	Income recorded on books this year not included on this return (itemize): Tax-exempt interest \$
8	Deductions on this return not charged against book income this year (itemize):
a	Depreciation \$
b	Charitable contributions \$
9	Add lines 7 and 8
10	Income (page 1, line 28)-line 6 less line 9

Schedule M-2: Analysis of Unappropriated Retained Earnings per Books (Line 25, Schedule L)	
1	Balance at beginning of year
2	Net income (loss) per books
3	Other increases (itemize):
4	Add lines 1, 2, and 3
5	Distributions:
a	Cash
b	Stock
c	Property
6	Other decreases (itemize):
7	Add lines 5 and 6
8	Balance at end of year (line 4 less line 7)

Depreciation and Amortization

(Including Information on Listed Property)

OMB No. 1545-0172

Department of the Treasury
Internal Revenue Service (29)

▶ See separate instructions. ▶ Attach to your tax return.

2011
Attachment
Sequence No. 179

Name(s) shown on return

Business or activity to which this form relates

Identifying number

LAUREL HILLS CONDO P O A

FORM 1120

62-1345754

Part I Election To Expense Certain Property Under Section 179

Note: If you have any listed property, complete Part V before you complete Part I.

1	Maximum amount (see instructions)	1	
2	Total cost of section 179 property placed in service (see instructions)	2	
3	Threshold cost of section 179 property before reduction in limitation (see instructions)	3	
4	Reduction in limitation. Subtract line 3 from line 2. If zero or less, enter -0-	4	
5	Dollar limitation for tax year. Subtract line 4 from line 1. If zero or less, enter -0-. If married filing separately see instructions	5	
6	(a) Description of property	(b) Cost (business use only)	(c) Elected cost
7	Listed property. Enter the amount from line 29	7	
8	Total elected cost of section 179 property. Add amounts in column (c), lines 6 and 7	8	
9	Tentative deduction. Enter the smaller of line 5 or line 8	9	
10	Carryover of disallowed deduction from line 13 of your 2010 Form 4562	10	
11	Business income limitation. Enter the smaller of business income (not less than zero) or line 5 (see instructions)	11	
12	Section 179 expense deduction. Add lines 9 and 10, but do not enter more than line 11	12	
13	Carryover of disallowed deduction to 2012. Add lines 9 and 10, less line 12	13	

Note: Do not use Part II or Part III below for listed property. Instead, use Part V.

Part II Special Depreciation Allowance and Other Depreciation (Do not include listed property.) (See instructions.)

14	Special depreciation allowance for qualified property (other than listed property) placed in service during the tax year (see instructions)	14	
15	Property subject to section 168(f)(1) election	15	
16	Other depreciation (including ACRS)	16	967

Part III MACRS Depreciation (Do not include listed property.) (See instructions.)**Section A**

17	MACRS deductions for assets placed in service in tax years beginning before 2011	17	1,633
18	If you are electing to group any assets placed in service during the tax year into one or more general asset accounts, check here		

Section B - Assets Placed In Service During 2011 Tax Year Using the General Depreciation System

(a) Classification of property	(b) Month and year placed in service	(c) Basis for depreciation (business/investment use only-see instructions)	(d) Recovery period	(e) Convention	(f) Method	(g) Depreciation deduction
19a 3-year property						
b 5-year property						
c 7-year property						
d 10-year property						
e 15-year property		15,747	15	HY	S/L	525
f 20-year property						
g 25-year property			25 yrs.		S/L	
h Residential rental property			27.5 yrs.	MM	S/L	
i Nonresidential real property			27.5 yrs.	MM	S/L	
			39 yrs.	MM	S/L	

Section C - Assets Placed In Service During 2011 Tax Year Using the Alternative Depreciation System

20a Class life					S/L	
b 12-year			12 yrs.		S/L	
c 40-year			40 yrs.	MM	S/L	

Part IV Summary (See instructions.)

21	Listed property. Enter amount from line 28	21	
22	Total. Add amounts from line 12, lines 14 through 17, lines 19 and 20 in column (g), and line 21. Enter here and on the appropriate lines of your return. Partnerships and S corporations - see instructions	22	3,125
23	For assets shown above and placed in service during the current year, enter the portion of the basis attributable to section 263A costs	23	

Federal Supporting Statements

2011 PG 1

Name(s) as shown on return

FEIN

LAUREL HILLS CONDO P O A

62-1345754

FORM 1120 PAGE 1

STATEMENT # 5

DESCRIPTION	AMOUNT
ACCOUNTING COST	3,240
DUES AND SUBSCRIPTIONS	300
EQUIPMENT RENTAL/LEASE	98
INSURANCE	6,303
LEGAL AND PROFESSIONAL	8,387
OFFICE EXPENSE	192
PERMITS AND FEES	1,865
POSTAGE/SHIPPING	102
TELEPHONE	483
UTILITIES	37,684
CABLE	1,941
COMMUNITY CLUB FEES	675
MANAGEMENT FEES	13,000
QUICKCLAIM DEEDS	248
WATER TESTING	3,660
TOTAL	78,178

THE TAXPAYER MAKES THE FOLLOWING ELECTIONS RELATED TO BONUS DEPRECIATION FOR THE 2011 TAX YEAR

CLASS LIFE	100% BONUS	NO BONUS
3 YEAR		X
5 YEAR		X
7 YEAR		X
10 YEAR		X
15 YEAR		X
20 YEAR		X

TARIFF OF

LAUREL HILLS CONDOMINIUMS PROPERTY OWNERS
ASSOCIATION

SCHEDULE OF RATES, TERMS AND CONDITIONS

FOR

WATER SERVICE

Issued By: Laurel Hills Condominiums Property Owners Association
Michael McClung, President
Address: 17 Laurel Mountain Drive
Crab Orchard, TN 37723

Issue Date: April 10, 2012
Effective Date:

SCHEDULE OF RATES AND CHARGES

Monthly Water Service	\$86.40 per residential unit
------------------------------	------------------------------

Miscellaneous charges

Reconnection Fee	\$100.00
------------------	----------

Returned Check Charge	\$30.00
-----------------------	---------

Issue Date: April 10, 2012
Effective Date:

RULES AND REGULATIONS

1. Authorization of Rules and Regulations

Laurel Hills Condominiums Property Owners Association is a Tennessee nonprofit corporation which owns and operates a public water system in the State of Tennessee under a Certificate of Public Convenience and Necessity issued by the Tennessee Regulatory Authority on _____, 2012 under Docket No. 12- _____, and establishes these rules and regulations governing water service.

2. Effect of Rules and Regulations

All provisions of these rules and regulations shall be incorporated in each Application and Water Service Customer Contract with each Customer of Laurel Hills Condominiums Property Owners Association.

3. Definition of Terms

Authority - Shall mean the Tennessee Regulatory Authority.

Company – Shall mean Laurel Hills Condominiums Property Owners Association

Customer - Shall mean any person, firm, corporation, association or government unit furnished water service by the Company

Operator – Shall mean the Company's licensed water operator

Owner – Shall mean the person or firm who owns the premises or property to which water service is furnished

Point of Delivery – Shall mean the outgoing side of the water service line past the valve or water meter installed and maintained by the Company

Tenant – Shall mean anyone occupying a premises which is furnished water service under a lease, oral or written, with the premises owner

Water Main – Shall mean all water lines and appurtenances, including valves, meters and fittings, for the transport of water to the point of delivery to the Customer

Water Service Line – Shall mean those lines extending from the point of delivery to the customer's premises

Water Service Connections and Applications for Service

1. Water service will be provided upon the completion by the Customer of the Company's Application and Water Service Customer Contract.
2. No Application and Water Service Customer Contract will be approved until the outstanding balance on any other premises served by the Company has been paid in full.
3. Water service lines shall not be used to supply water to more than one residential premise without the consent of the Company.
4. A new Application and Water Service Customer Contract must be made and approved by the Company on any change in ownership or any change in tenancy of the property served. If a new owner or tenant fails to make an application for service, the Company shall have the right to discontinue water service until a new Application and Water Service Customer Contract is made and approved.

Billing and Payment

1. Bills for monthly water service will be mailed to the customer on the first day of each month for water service that month unless the first day of the month falls on a weekend or holiday in which case the bills will be mailed the next business day.
2. Water bills shall be paid by the due date which is the _____ day of the month in which the bill is mailed. When the due date falls on a weekend or holiday, the due date shall be the next business day.
3. A nonpayment penalty of five percent (5%) of the outstanding charge on the due date will be added to the Customer's account if the water bill is not paid in full by the due date.
4. Water bills will be mailed to the last address on file with the Company. Failure to receive a bill will not relieve the Customer from his or her obligation to pay the bill by the due date.
5. All water which passes through the water meter shall be purchased by the Customer.

Discontinuance of Service

1. The Company shall have the right to discontinue service or refuse to connect service for:
 - (a) nonpayment of the customer's monthly bill or any other charge;
 - (b) a violation of or a failure to comply with the Company's rules and regulations for service;
 - (c) a violation of or a failure to comply with the regulations of the Tennessee Department of Environment and Conservation (TDEC); or
 - (d) a breach of the Application and Water Service Customer Contract.
2. Discontinuance of water service shall not release the Customer from payment of water bills for service already received or which come due thereafter.
3. When service is discontinued for nonpayment, service will be reinstated upon the payment in full of the Customer's account and the Company's reconnection charge.
4. When service has been discontinued for a violation of or failure to comply with the Company's Rules and Regulations, Application and Water Service Customer Contract for Service or TDEC regulations, water service shall not be reinstated until such violation has been corrected or compliance has occurred and the until the Customer has paid the full outstanding balance on its account and the Company's reconnection charge.

Water Main Extensions

Any property owner requesting water service which requires a water main extension to make water service available to the owner's property shall pay the entire cost of the water main extension. The Company shall require the owner requesting water service to hire a contractor to install the water main extension. The plans for any water main extension shall be approved by the Company and shall be installed in accordance with the plans approved and in accordance with the Company's specifications. The Company shall approve the location of the new water mains for the extension, and the owner shall supply any easements needed for the new water mains at the owner's expense.

General Conditions of Service

1. The Customer shall convey to the Company any easements or right-of-way upon the Customer's property necessary for the Company to provide water service to the Customer.

Issue Date: April 10, 2012
Effective Date:

2. The Company's water system is not designed to provide water for public fire protection.
3. Only the Company's employees or agents shall take water from any fire hydrant except for water used for fire fighting by a fire protection agency.
4. The Company will not provide water service to any premises with leaky or defective plumbing. The Customer shall timely repair or replace leaky or defective plumbing to avoid the waste of water within the Company's water system.
5. The Company will endeavor to furnish continuous water service, but it does not guarantee to any customer any fixed pressure or continuous service. The Company shall not be liable for any damages for any interruption of service or change in water pressure.
6. The Company reserves the right to interrupt service without notice in connection with the operation, maintenance, repair, and extension of the Company's water system or when public safety so requires.

Public Contact

Michael McClung, President
Laurel Hills Condominiums Property Owners Association
17 Laurel Mountain Drive
Crab Orchard, TN 37723