



supervision of the Commission as provided by law. Silverleaf has no pending action or final unsatisfied judgments or decisions against it from any state or federal agency or court which involve customer service or rates, which action, judgment or decision has occurred within the last three years. Silverleaf has no overdue Commission annual reports or assessment fees.

3. Algonquin is a Missouri limited liability company. A Certificate of Good Standing from the Office of the Missouri Secretary of State is attached hereto as **Appendix B**. Algonquin has a principal office and place of business located at 111 W. Wigwam Boulevard, Suite B, Litchfield Park, AZ 85340, (623) 935-9367 (voice) and (623) 935-1020 (fax).

4. The sole member of Algonquin Water Resources of Missouri, LLC is Algonquin Water Resources of America (AWRA), a Delaware Corporation. AWRA is an indirect wholly owned subsidiary of the publicly traded entity Algonquin Power Income Fund ticker symbol APF.UN on the Toronto Stock Exchange. This fund was established to own energy and infrastructure related assets in the United States and Canada. Since its inception in 1997, the Algonquin Power Income Fund has grown to hold approximately \$800 million in such assets.

5. By way of background, AWRA currently serves approximately 50,000 water and wastewater connections in southern parts of the United States through its numerous subsidiary companies such as the Litchfield Park Service Company (LIPSCO) of Phoenix, AZ, or the Bella Vista Water Company of Sierra Vista, AZ. Additional information, including quarterly and annual financial reports, can be accessed via the web at [www.AlgonquinPower.com](http://www.AlgonquinPower.com).

6. Communications in regard to this Application should be addressed to:

Dean L. Cooper, Attorney  
Brydon, Swearngen & England P.C.  
312 East Capitol Avenue  
P.O. Box 456  
Jefferson City, Missouri 65102  
(573) 635-7166  
(573) 635-3847 (facsimile)

## THE TRANSACTION

7. Silverleaf and Algonquin have entered into an Asset Purchase Agreement dated August 29, 2004 (“Agreement”), a copy of which, along with its amendments, is marked **Appendix C**, and attached hereto. Pursuant to the Agreement, Algonquin proposes to obtain and acquire certain assets of Silverleaf as specifically described in the Agreement under the terms and provisions further described in the Agreement. Such assets include the Silverleaf water and sewer utility assets located in the State of Missouri.

8. Because Silverleaf is a water corporation and sewer corporation doing business in the State of Missouri, it is subject to the provisions of Section 393.190.1, RSMo 2000, which states, in pertinent part, that “no . . . water corporation or sewer corporation shall hereafter sell, assign, lease, transfer, mortgage or otherwise dispose of or encumber the whole or any part of its franchise, works or system, necessary or useful in the performance of its duties to the public . . . without having first secured from the Commission an order authorizing it so to do.”

## ADDITIONAL INFORMATION

9. A certified copy of the resolutions of the Board of Directors of Silverleaf and the Certificate of Contract Authorization of Algonquin authorizing the sale and purchase, respectively, of the subject assets and related transactions contemplated by the Agreement are marked **Appendix D and E**, attached hereto, and made a part hereof for all purposes.

10. A balance sheet and income statement with adjustments showing the results of the acquisition of the property for Algonquin is marked **Appendix F**, attached hereto, and made a part hereof for all purposes.

11. The sale of assets should have no impact on the tax revenues of relevant political

subdivisions as Silverleaf and Algonquin are both private entities.

### **PUBLIC INTEREST**

12. For the following reasons, the proposed sale of the specified assets of Silverleaf and the related transactions are not detrimental to the public interest of the State of Missouri and in fact will be consistent with and will promote the public interest.

13. The assets of Silverleaf will be acquired by Algonquin and remain subject to the jurisdiction of the Commission. As described above, Algonquin has expertise and experience in providing water and sewer utility services.

14. Algonquin is fully qualified, in all respects, to own and operate the systems currently being operated by Silverleaf and to otherwise provide safe, reliable and affordable service. Algonquin will continue to utilize the rates, rules and regulations and other tariffs currently on file with and approved by the Commission and will continue to operate under those rates, rules and regulations until such time as they may be modified according to law. To accomplish this, Algonquin would propose to file tariffs sheets adopting the Silverleaf water and sewer tariffs at the conclusion of this proceeding.

WHEREFORE, Silverleaf and Algonquin respectfully request that the Commission issue its order:

(A) authorizing Silverleaf to sell the assets identified herein;

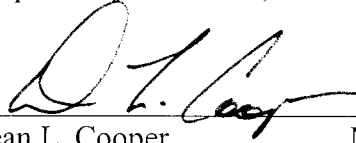
(B) authorizing Silverleaf and Algonquin to perform in accordance with the terms described in the Asset Purchase Agreement, as amended, that is attached to this Joint Application and to take any and all other actions which may be reasonably necessary and incidental to the performance of the sale;

(C) transferring Silverleaf's water and sewer certificates to Algonquin or, in the

alternative, granting Algonquin water and sewer certificates to serve those areas for which Silverleaf currently holds certificates; and,

(D) granting such other relief as may be deemed necessary and appropriate to accomplish the purposes of the Agreement and the Joint Application and to consummate related transactions in accordance with the Agreement.

Respectfully submitted,



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Dean L. Cooper MBE #36592  
BRYDON, SWEARENGEN & ENGLAND P.C.  
312 E. Capitol Avenue  
P. O. Box 456  
Jefferson City, MO 65102  
(573) 635-7166 voice/(573) 635-0427 facsimile  
[dcooper@brydonlaw.com](mailto:dcooper@brydonlaw.com)

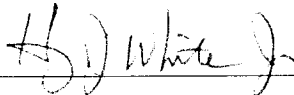
ATTORNEYS FOR SILVERLEAF RESORTS, INC.  
AND ALGONQUIN WATER RESOURCES OF  
MISSOURI, LLC



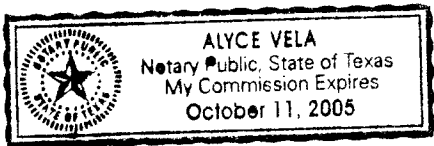
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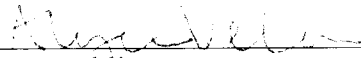
State of Texas            )  
  ) ss  
County of Dallas        )

I, Harry J. White, Jr., having been duly sworn upon my oath, state that I am the Chief Financial Officer of Silverleaf Resorts, Inc., that I am duly authorized to make this affidavit on behalf of Silverleaf Resorts, Inc., and that the matters and things concerning Silverleaf stated in the foregoing Application and appendices thereto are true and correct to the best of my information, knowledge and belief.

  
\_\_\_\_\_

Subscribed and sworn before me this 20th day of December, 2004.



  
\_\_\_\_\_  
Notary Public

# STATE OF MISSOURI



Matt Blunt  
Secretary of State

CORPORATION DIVISION  
CERTIFICATE OF GOOD STANDING

I, MATT BLUNT, Secretary of the State of Missouri, do hereby certify that the records in my office and in my care and custody reveal that

**SILVERLEAF RESORTS, INC.**

using in Missouri the name

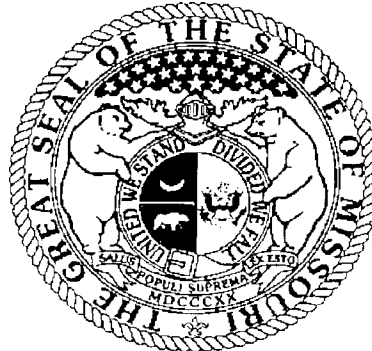
**SILVERLEAF RESORTS, INC.  
F00328941**

a TEXAS entity was created under the laws of this State on the 8th day of June, 1989, and is in good standing, having fully complied with all requirements of this office.

IN TESTIMONY WHEREOF, I have set my hand and imprinted the GREAT SEAL of the State of Missouri, on this, the 7th day of December, 2004

A handwritten signature in cursive script that reads "Matt Blunt".

Secretary of State



Certification Number: 7218153-1 Reference  
Verify this certificate online at <http://www.sos.mo.gov/businessentity/verification>



# STATE OF MISSOURI



Matt Blunt  
Secretary of State


**CORPORATION DIVISION  
CERTIFICATE OF GOOD STANDING**

I, MATT BLUNT, Secretary of the State of Missouri, do hereby certify that the records in my office and in my care and custody reveal that

**ALGONQUIN WATER RESOURCES OF MISSOURI, LLC  
LC0608965**

was created under the laws of this State on the 7th day of September, 2004, and is in good standing, having fully complied with all requirements of this office.

IN TESTIMONY WHEREOF, I have set my hand and imprinted the GREAT SEAL of the State of Missouri, on this, the 16th day of December, 2004

  
Secretary of State



Certification Number: 7240611-1 Reference:  
Verify this certificate online at <http://www.sos.mo.gov/businessentity/verification>

## CERTIFICATE

I, the undersigned, hereby certify that I am the duly elected and qualified secretary of Silverleaf Resorts, Inc., a Texas corporation (the "Company"), and that the following resolutions are a true and correct copy of the resolutions duly adopted by the Board of Directors of the Company on the 9th day of December, 2004; that the following resolutions of the Company are in full force and effect and have not been amended, repealed, rescinded, modified or changed in any way whatsoever; and that such resolutions constitute all of the resolutions of the Board of Directors of the Company adopted in connection with the matters addressed therein:

**WHEREAS**, there has been presented to and discussed at this meeting that certain Asset Purchase Agreement dated August 29, 2004, as amended (the "Algonquin Agreement") by and between the Company and Algonquin Water Resources of Texas, LLC, Algonquin Water Resources of Missouri, LLC, Algonquin Water Resources of Illinois, LLC, Algonquin Water Resources of America, Inc., and Algonquin Power Income Fund (collectively, "Algonquin") providing for the Company's sale of its water treatment plants, water wells, lines, wastewater collection systems, wastewater treatment plants and certain other related assets located in Texas, Missouri and Illinois to Algonquin for the sale price of \$13,200,000 payable in cash; and

**WHEREAS**, the Board of Directors deems it to be in the best interest of the Company that the Algonquin Agreement be ratified and approved;

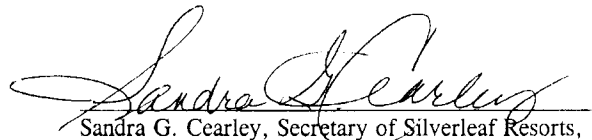
**RESOLVED**, that the form, terms and conditions of the Algonquin Agreement, in the form presented to the Directors, and the mode of carrying the Algonquin Agreement into effect, are hereby ratified, approved and confirmed in all respects;

**FURTHER RESOLVED**, that all other required actions and the form, terms and conditions of all other documents, undertakings or agreements required to be executed and delivered pursuant to the Algonquin Agreement, are hereby ratified, approved, and confirmed in all respects;

**FURTHER RESOLVED**, that the Chief Executive Officer, Robert E. Mead, the President, Sharon K. Brayfield, or the Chief Financial Officer, Harry

J. White, Jr., are hereby authorized and directed to execute, attest and deliver such documents necessary to consummate the closing of the Algonquin Agreement, including, but not limited to, Special Warranty Deeds, Bills of Sale and Assignment, Assignment and Assumption Agreements, Water and Sewer Line Easements, Services Agreements, an Agreement Regarding Post-Closing Items, and any other documents needed in order to close the Algonquin Agreement, in the name of, on behalf of, and as the act of, the Company with such changes therein as the Chief Executive Officer, President or Chief Financial Officer may deem necessary or appropriate, the execution of the final definitive form of such documents by the Chief Executive Officer, President or Chief Financial Officer to be conclusive evidence of his/her approval for and in the name of and on behalf of the Company of any changes therein.

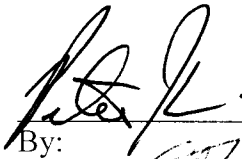
IN WITNESS WHEREOF, I have hereunto set my hand this 9th day of December, 2004.

  
Sandra G. Cearley, Secretary of Silverleaf Resorts,  
Inc., a Texas corporation

311777/S0610.B301

**CERTIFICATION OF CONTRACT AUTHORIZATION**

We, the undersigned being the authorized signing officers of Algonquin Water Resources of America, Inc. being the sole member and owner of Algonquin Water Resources of Missouri, L.L.C. herewith certify and affirm that we have approved the execution of the **ASSET PURCHASE AGREEMENT** dated August 29, 2004 which contemplates the sale of the public water distribution and wastewater collection and treatment assets currently owned by **SILVERLEAF RESORTS, INC.** and their purchase by **ALGONQUIN WATER RESOURCES OF MISSOURI, L.L.C.** and that Ian Robertson and Peter Kampian are authorized to perform all acts, execute all documents and take all measures required of the purchaser which may be necessary in order to process and complete the actions proposed in the aforementioned Agreement. We further certify by our endorsement hereon, that the sole member who owns any and all interest in or has the ability to control the affairs and activities of the proposed purchaser is fully represented by the individuals affixing their signatures below.

  
By: \_\_\_\_\_

  
By: \_\_\_\_\_

Dated September 24, 2004

**RESORT UTILITIES**  
**PROFORMA BALANCE SHEET**  
**AS AT EARLY 2005**

**ASSETS**

CASH	\$192,968.10
A/R- WATER METERED HHR WATER CO.	\$26,827.22
A/R- CBI WATER TAP FEE	\$0.00
CURRENT ASSETS	\$219,795.32
WIP	\$0.00
HHR - WELL	\$134,040.43
SEWER SYSTEM DEVELOPMENT	\$1,518,209.94
WATER SYSTEM DEVELOPMENT	\$1,327,867.52
WATER METERS	\$134,818.01
OFFICE FURNITURE & EQUIPMENT	\$13,648.90
OTHER GENERAL EQUIPMENT	\$305.75
WATER/SEWER CIP	-\$170,403.79
FIXED ASSET AUDIT	\$0.00
WATERWELL PUMP	\$491,792.72
WATER & SEWER LINE	\$978,882.09
WATER/SEWER LINE- BLUFF I & J	\$6,493.46
COMPUTER EQUIP. & SOFTWARE	\$36,898.80
AUTOMOBILE	\$0.00
ACCUMULATED DEPRECIATION	-\$1,612,583.72
FIXED ASSETS	\$2,859,970.11
<b>TOTAL ASSETS</b>	<b>\$3,079,765.43</b>

**LIABILITIES**

INTROCO-	\$0.00
A/P TRADE	\$8,991.80
CUSTOMER DEPOSIT PAYABLE	\$5,364.40
A/P OMR WATER-HHR EXP PAID	\$0.00
A/P SRI - HH WATER EXP. PAID	\$0.00
TOTAL LIABILITIES	\$14,356.20

**EQUITY**

CAPITAL	\$3,065,409.23
RETAINED EARNINGS	\$0.00
NET INCOME/(LOSS)	04 \$0.00
TOTAL EQUITY	\$3,065,409.23
<b>TOTAL LIABILITIES &amp; EQUITY</b>	<b>\$3,079,765.43</b>

**RESORT UTILITIES  
PROFORMA INCOME STATEMENT  
for year ended December 31, 2005**

**REVENUE**

INCOME- WATER METERED	\$336,000
INCOME- WATER TAP FEES	\$1,309
INCOME- WATER RECONNECT FEE	\$1,636
COST METER INSTALLATION	-\$655
<b>TOTAL INCOME</b>	<u><u>\$338,291</u></u>

**EXPENSES**

WAGES SALARIES AND CONTRACT LABOUR	\$98,182
ADVERTISING EXPENSE	\$164
DUES & SUBSCRIPTIONS	\$436
TRAVEL EXPENSE	\$9,273
BUSINESS MEALS	\$109
FREIGHT EXPENSE	\$655
LICENSE - ALL	\$3,273
PROFESSIONAL FEES	\$8,182
ASSESSMENT FEES & TAXES	\$12,000
OFFICE SUPPLIES	\$1,309
LABORATORY & WATER TEST	\$2,727
CHEMICALS & WATER TREATMENT	\$3,273
POSTAGE EXPENSE	\$1,200
PRINTING EXPENSE	\$655
OFFICE FURN & EQUIP	\$109
MAINT. - BUILDING	\$327
MAINT. - TOOLS & EQUIP SEWER	\$1,091
MAINT. - GROUNDS	\$164
MAINT. - WATER METERS	\$3,491
MAINT. - WATER SYSTEM	\$4,309
MAINT. - SEWER SYSTEM	\$19,745
MAINT. WATER LINE - WATER	\$33,295
MAINT. WATER LINE - SEWER	\$25,500
MAINT. - AUTOMOBILES	\$545
OUTSIDE SERVICES	\$32,400
PHONE	\$4,909
UTILITIES	\$66,655
MISC. BANK CHARGES	\$104
BAD DEBT EXPENSE	\$218
DEPRECIATION EXPENSE	\$220,364
<b>TOTAL EXPENSE</b>	<u><u>\$554,661</u></u>
<b>NET INCOME/LOSS</b>	<u><u>-\$216,370</u></u>