

Exhibit No.: \_\_\_\_\_  
Issue: Transaction  
Witness: Joe W. Conner  
Type of Exhibit: Direct  
Sponsoring Party: Silverleaf Resorts, Inc.  
Case No.: WO-2005-0206  
Date Testimony Prepared: May 13, 2005

MISSOURI PUBLIC SERVICE COMMISSION

SILVERLEAF RESORTS, INC.

CASE NO. WO-2005-0206

DIRECT TESTIMONY OF

JOE W. CONNER

Jefferson City, Missouri

May 13, 2005

**WITNESS INTRODUCTION**

1 **Q. WOULD YOU PLEASE STATE YOUR NAME AND BUSINESS**  
2 **ADDRESS?**

3 A. My name is Joe W. Conner and my business address is 1221 River Bend Drive,  
4 Suite 120, Dallas, Texas 75247.

5 **Q. BY WHOM ARE YOU EMPLOYED AND IN WHAT CAPACITY?**

6 A. I am employed by Silverleaf Resorts, Inc. as Chief Operating Officer.

7 **Q. PLEASE DESCRIBE YOUR PROFESSIONAL EXPERIENCE AND THE**  
8 **NATURE OF YOUR DUTIES.**

9 A. Marked as **Schedule JWC-1** and attached hereto is a description of my education,  
10 professional experience and training.

11 **Q. WHAT IS THE PURPOSE OF YOUR TESTIMONY IN THIS**  
12 **PROCEEDING?**

13 A. The purpose of my testimony is to support the Joint Application in this matter.

14 style="text-align: center;">**SILVERLEAF**

15 **Q. PLEASE DESCRIBE SILVERLEAF RESORTS, INC.**

16 A. Silverleaf is a Texas corporation with its principal office and place of business at  
17 1221 River Bend Drive, Suite 120, Dallas, Texas 75247. Silverleaf currently  
18 provides water and sewer service to the public in the Ozark Mountain Resort near  
19 Kimberling City, Missouri and in the Timber Creek Resort near Desoto, Missouri.  
20 Silverleaf also provides water service to the public in the Holiday Hills Resort  
21 near Branson, Missouri. Silverleaf currently provides water service to  
22 approximately 721 customers and sewer service to approximately 248 customers.

1 Silverleaf operates in the State of Missouri pursuant to certificates granted by the  
2 Commission in Cases Nos. WA-94-60, WA-94-246 and WA-98-129. Silverleaf  
3 is a “water corporation,” “sewer corporation” and a “public utility” as those terms  
4 are defined in Section 386.020, RSMo., and is subject to the jurisdiction and  
5 supervision of the Commission as provided by law.

6 **THE TRANSACTION**

7 **Q. PLEASE DESCRIBE THE NATURE OF THE TRANSACTION THAT IS**  
8 **THE SUBJECT OF THIS CASE.**

9 A. Silverleaf and Algonquin have entered into an Asset Purchase Agreement dated  
10 August 29, 2004, as amended (Agreement), a copy of which, along with its  
11 amendments, has been filed in this case as an attachment to Joint Application and  
12 which is incorporated by reference in accordance with Commission Rule 4 CSR  
13 240-2.130(2). Pursuant to the Agreement, Algonquin proposes to obtain and  
14 acquire certain assets of Silverleaf as specifically described in the Agreement  
15 under the terms and provisions further described in the Agreement. Such assets  
16 include the Silverleaf water and sewer utility assets located in the State of  
17 Missouri.

18 **Q. ARE SILVERLEAF UTILITY ASSETS IN ANY OTHER STATES**  
19 **INVOLVED?**

20 A. Yes. The Agreement governs the sale of utility assets located in Texas, Illinois  
21 and Missouri.

22 **Q. WHY DOES SILVERLEAF SEEK TO SELL ITS MISSOURI UTILITY**  
23 **ASSETS?**

1 A. Silverleaf Resorts, Inc. is primarily in the timeshare vacation sales, marketing and  
2 development business. Due to the locations of its resort operations, Silverleaf has  
3 in certain instances, developed water and wastewater utility operations to support  
4 its resorts. Selling the water and wastewater assets to a well-qualified operator at  
5 this time will allow Silverleaf to continue to focus on its core timeshare vacation  
6 business, while insuring uninterrupted water and sewer service.

7 **REQUEST**

8 **Q. WHAT ORDER DOES SILVERLEAF SEEK FROM THE COMMISSION?**

9 A. Silverleaf seeks the Commission's order: 1) authorizing Silverleaf to sell the  
10 assets identified in the Agreement; 2) authorizing Silverleaf and Algonquin to  
11 perform in accordance with the terms described in the Agreement and to take any  
12 and all other actions which may be reasonably necessary and incidental to the  
13 performance of the sale; and, 3) granting Algonquin water and sewer certificates  
14 to serve those areas for which Silverleaf currently holds certificates and canceling  
15 Silverleaf's certificates.

16 **Q. DOES THIS CONCLUDE YOUR TESTIMONY?**

17 A. Yes.

Joe W. Conner


#### Biographical Information

Joe W. Conner was the Chief Financial Officer of Silverleaf Resorts, Inc. from 1997 to 1998. Mr. Conner rejoined Silverleaf in April 2003 as Chief Operating Officer. From July 2001 to April 2003, Mr. Conner was the Chief Financial Office of ACE Cash Express, Inc., the largest owner and franchiser of check cashing stores in the US. Prior to joining Silverleaf in 1997, Mr. Conner was the Chief Financial Officer of Jacobsen Division of Textron, Inc. Mr. Conner is a certified public accountant. Mr. Conner received a Masters of Business Administration from Southern Methodist University in Dallas, Texas in 1984 and he received a Bachelor of Arts Degree in Economics from Albion College, in Albion, Michigan in 1979.

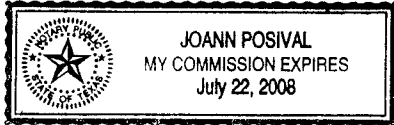
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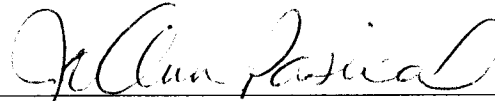
STATE OF TEXAS            )  
                                          )  
COUNTY OF DALLAS        )            SS

I, Joe W. Conner, state that I am employed by Silverleaf Resorts, Inc. as Chief Operating Officer; that the Direct Testimony attached hereto has been prepared by me or under my direction and supervision; and, that the answers to the questions posed therein are true to the best of my knowledge, information and belief.

  
\_\_\_\_\_  
Joe W. Conner

Subscribed and sworn to before me this   11   day of May, 2005.



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

My Commission Expires:

\_\_\_\_\_  
(SEAL)