

BEFORE THE STATE CORPORATIONS COMMISSION
OF THE STATE OF KANSAS

In the Matter of the Joint application of Green Acres
Mobile Home Park LLC (GA) and Desperado Series
Three LLC and MAM Investments Three LLC (DM),
Joint Applicants, for an Order Approving the Transfer
to DM of GA's Certificates/Licenses for the Operation
of a Public Water Utility and for Other Related Relief

JOINT APPLICATION

I. INTRODUCTION

COME NOW Green Acres Mobile Home Park LLC (GA) and Desperado Series Three LLC and MAM Investments Three LLC (DM) (together referred to as "Joint Applicants") and pursuant to K.S.A. 66-101, et seq., and other applicable statutes, hereby jointly apply to the State Corporations Commission of the State of Kansas ("Commission") for an Order:

- A. Approving the transfer to DM of GA's certificates with respect to GA's water utility business and operations, including GA's regulated transmission and local distribution assets located in the State of Kansas used to provide water utility service in accordance with the provisions of the Asset Purchase Agreement dated May 1, 2016, entered into by and among GA and DM.
- B. Adoption of DM's retail tariff rates and general rules and regulations for GA's customers when they are transferred to DM
- C. For all other related relief that may be required to fulfill the intents and purposes of the parties to the transaction described below.

In support of the Joint Application, Joint Applicants respectfully state as follows:

II. THE APPLICANTS

1. GA is a limited liability company organized and existing under the laws of the State of Kansas and is authorized to do business within the State of Kansas. GA is in good standing with the State of Kansas as evidenced by documents on file with the Secretary of State, referenced and incorporated herein. GA's principal offices are located in Emporia, Kansas. GA provides water service to 21 customers in Kansas on a contract basis, including DM. A list of those customers and their addresses is attached to the Joint Application as Exhibit 1, incorporated herein by this reference.
2. DM consists of Desperado Series Three LLC, a limited liability company, organized under the laws of the State of Nevada and registered in the State of Kansas, and MAM Investments Series Three LLC, a limited liability company, organized under the laws of the State of Nevada and registered in the State of Kansas. DM and MAM are in good standing with the State of Kansas as evidenced by documents on file with the Secretary of State, referenced and incorporated herein.

III. DESCRIPTION OF THE TRANSACTION

1. On or about July 31, 2015, DM purchased from GA the Mobile Home Park located at 1725 Road E, Emporia, KS ("the Park"). The purchase included all water systems related to the Park.
2. After the purchase DM became aware of the existence of the existence of the Public Utility System.
 - a. It is understood that the water is supplied by the City of Emporia via the Lyon County Rural Water District #2 to the entire Park.
 - b. There are a total of 225 lots in the Park to which the water lines run.

- c. 204 of the lots in the Park are now owned by DM.
 - d. 21 lots are owned by third parties (“Customers”).
 - e. The Public Utility does not apply to the water that DM supplies to itself.
 - f. As a result of the above, only 9.34% of the water lines and system are attributable to the third party lots.
3. DM hired a cost segregation analyst to assess the various components of the Park. They assessed a value of \$73,632 to the entire water and sewer system and were unable to break down the cost by each of those two components. DM has assigned $\frac{1}{2}$ of the value to the water system and $\frac{1}{2}$ to the sewer system. A total value of the water system is thus \$36,816. Applying the percentage of the third party owned lots to the total value of the water system provides a value of the public utility system of \$3,438.61. This value has been deemed reasonable by the Kevin Suelter, Manager of the Public Utility Section of the Division of Property Valuation for the Kansas Department of Revenue.
4. DM and GA have entered into an agreement (a copy of which is attached hereto as Exhibit A and incorporated herein by this reference) for the purchase of the water system, including the license referenced herein, for the sum of \$3,438.61, as part of the original purchase price for the Park.
5. The transaction contemplated in the Water System Agreement is subject to the approval of the Commission.

IV. DM’S PLAN OF OPERATION

1. Upon approval by the Commission, DM will provide water service to the Customers under the Commission’s approved rates and regulations on file with the Commission, which may be changed from time to time with approval from the Commission.

2. There will be no change in the service provided to the customers from what was provided by GA.
3. The person at the Park responsible for the testing of the water and compliance with the regulations is the same person that performed those services when GA owned the Park.
4. Currently there is no need to make any adjustments or improvements to the system.

V. THE PROPOSED TRANSACTION WILL PROMOTE THE PUBLIC INTEREST

1. DM's acquisition of the Park makes them the logical owner of the Public Utility. All operations of the system would be integrated into the overall operation of the Park.
2. The Customers would only need to contact one source for their water as well as their lot maintenance and operation.
3. DM has a vested interest in the proper operation of the Public Utility as it is an integral part of the Park itself.
4. DM currently employs the staff that oversees the operation of the Public Utility system.
5. As a result of the sale, GA no longer has the right to access the system and water lines to make repairs or improvements or to even access the Park property.
6. GA had no more experience in operating the Public Utility than DM has. Said operation was integrated with the overall operation of the Park and the responsibility for such operation is better left to the owner of the Park than to an outside company like GA.
7. Approval of the requested transfer and assignment of the license to DM will promote the public interest by authorizing and ensuring the continuation and enhancement of the quality of service to the Customers.
8. This Commission will retain full jurisdiction over the Public Utility and will have the capacity to effectively regulate and audit the operation of the Public Utility under its current regulations.

9. The proposed transaction between GA and DM is expected to be beneficial to the owners of those companies.
10. DM is dedicated to providing safe and reliable service to the Customers.

VI RECOVERY OF TRANSACTION COSTS

1. DM is not paying an acquisition premium in this transaction. DM will record the actual transaction cost set forth above for accounting purposes as a result of the proposed transaction. DM does not intend to seek recovery of any costs from the Customer for the transaction.

VII TESTIMONY IN SUPPORT OF THE JOINT APPLICATION

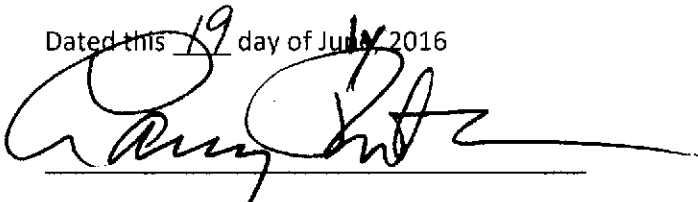
1. Attached is the affidavit of Scott Strahm, owner of GA, and original licensee applicant. See Exhibit B attached hereto and incorporated herein by this reference.
2. Attached is the affidavit of Nancy Chillag and Mark Mongird, owners of the Park. See Exhibit C attached hereto and incorporated herein by this reference.
3. Attached is the affidavit of Wayne Vahsholtz, employee of the Park in charge of water sampling and test processing. See Exhibit D attached hereto and incorporated herein by this reference.

WHEREFORE, pursuant to the applicable statutes as set forth herein, DM and GA respectfully request that the Commission issue an appropriate Certificate and Order:

1. Authorizing, consenting to and approving the transaction contemplated by DM and GA as described herein;
2. Authorizing GA effective upon consummation of the transaction to discontinue all water utility service now furnished by it under the Public Utility.
3. Consenting to and approving the assignment upon consummation of the transaction to DM of all certificates and licenses of the Public Utility issued to GA in regards to the Public Utility.

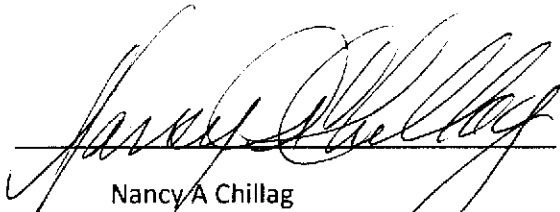
4. Authorizing DM to succeed to all of GA's rights, title and interests in its Public Water Utility plant and facilities, certificates, consents and permits relating to the operation of the Public Utility.
5. Authorizing DM to provide water service to the Customers using the rates, rules and regulations applicable thereto and which may be changed from time to time with the approval of the Commission.
6. Finding that the requested relief will promote the public interest; and
7. Granting such other relief deemed by the Commission to be just and proper to accomplish the purpose of this Joint Application and to consummate the transaction described herein.

Dated this 19 day of July 2016



Larry Putnam

Attorney for Green Acres Mobile Home Park LLC



Nancy A Chillag

Attorney for Desperado Series Three LLC and MAM Investments Series Three LLC

VERIFICATIONS

A notary public or other officer completing this certificate verifies only the identity of the individual who signed the document to which this certificate is attached, and not the truthfulness, accuracy, or validity of that document.

State of California

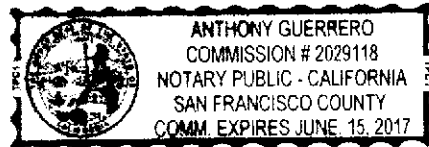
County of San Francisco

On July 19th 2016 before me, Anthony Guerrero a notary public, personally appeared Nancy A Chillag, who proved to me on the basis of satisfactory evidence to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.

I certify under PENALTY OF PERJURY under the laws of the State of California that the foregoing paragraph is true and correct.

WITNESS my hand and official seal.

Signature [Handwritten Signature] (Seal)



State of Kansas

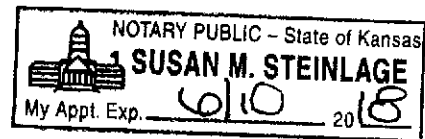
County of _____

On 6/13/2016 before me, Susan M. Steinlage a notary public, personally appeared Larry Putnam, who proved to me on the basis of satisfactory evidence to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.

I certify under PENALTY OF PERJURY under the laws of the State of California that the foregoing paragraph is true and correct.

WITNESS my hand and official seal.

Signature [Handwritten Signature] (Seal)



WATER UTILITY SALE AGREEMENT

This Water Utility Sale Agreement is made and effective May 1, 2016, between GREEN ACRES MOBILE HOME PARK LLC ("COMPANY"), herein referred to as "Seller", and DESPARADO SERIES THREE LLC and MAM INVESTMENTS SERIES THREE LLC, together hereinafter referred to as "Buyers".

RECITALS

1. Seller is the sole owner of the water utility rights necessary to operate the water delivery system at GREEN ACRES MOBILE HOME PARK ("public utility").
2. Seller desired to sell to Buyers the public utility as a part of the sale of the other Green Acres Mobile Home Park assets. Seller will cooperate with Buyers to transfer the public utility to Buyers.

Now, therefore, in consideration of the above, and of the mutual covenants herein contained and other good and valuable considerations, it is agreed as follows:

SECTION ONE

SALE

Seller hereby agrees to sell, assign, transfer, and set over to Buyers the public utility. Buyers hereby purchase such public utility and agree to pay in consideration thereof \$3,438.61. Said purchase price has already been paid by Buyers and received by Seller, which amount was a part of the purchase price of the GREEN ACRES MOBILE HOME PARK assets.

The sale is contingent upon the Kansas Corporation Commission approving the transfer of the public utility license. If the transfer is not approved, Seller shall continue to own and operate the water system and retain the license, shall continue to sell water to Buyer, and shall remain liable for all reporting and compliance with the public utility and license at no cost to Buyer other than the cost of the water itself which shall be provided at Seller's cost. Buyer shall agree to obtain water samples and submit the water for testing as required under the license at Buyer's cost.

SECTION TWO

DIVISION OF DUTIES

Seller will pay its attorney for the cost of preparing this agreement. Seller's agents will prepare the report for the taxing authority. Buyers will prepare the initial joint application for transfer of the public utility. If attorney services are needed to modify or process the joint application, the parties shall share the cost equally. Seller agrees to attend all hearings of the Commission on behalf of Buyer and Seller.

EXHIBIT A

SECTION THREE
COOPERATION

Each party will cooperate with the other to effect the complete, seamless transfer of the public utility so that Buyers can operate the system as soon as possible.

SECTION FOUR
CHOICE OF LAW

This agreement shall be construed according to the laws of the State of Kansas.

IN WITNESS WHEREOF, the parties have executed this interest purchase agreement at Emporia, Kansas, on the date first above written.

GREEN ACRES MOBILE HOME PARK LLC

By


SCOTT A. STRAHM, Trustee

DESPARADO SERIES THREE LLC

By


NANCY A. CHILLAG, manager

MAM INVESTMENTS SERIES THREE LLC

By


MARK MONGIRD, Manager

AFFIDAVIT OF SCOTT STRAHM

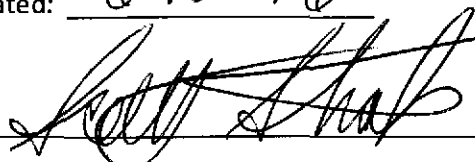
Affidavit in Support of the Joint application of Green Acres Mobile Home Park LLC (GA) and Desperado Series Three LLC and MAM Investments Three LLC (DM), Joint Applicants, for an Order Approving the Transfer to DM of GA's Certificates/Licenses for the Operation of a Public Water Utility and for Other Related Relief

I, the undersigned, declare:

1. I purchased Green Acres Mobile Home Park in 2000, in the name of my company Green Acres Mobile Home Park LLC.
2. Originally the Park was on well water. Immediately after purchase we applied for city rural water.
3. In December 2001 we connected to Rural Water District #2 which obtains their water from the City of Emporia. A license was issued to us through the Kansas Corporation Commission to operate the water system.
4. Of the 225 lots in the Park, only 21 are owned by third parties.
5. Since connecting to city water we hired a qualified water operator, Wayne Vasholtz, consistently tested the water quality, and filed the reports required by the Kansas Department of Health & Environment.
6. There is no treatment facility on the Park site, thus we are unable to treat or change the water quality as it is discharged to us.
7. In August 2015 we sold the Park to DM.
8. DM have continued to employ Mr. Vasholtz.
9. In November 2015 it came to our attention that the license did not automatically transfer to DM upon the sale of the Park.
10. I have observed the operation of the Park by DM and believe that they are handling the water distribution, testing and reporting the same as we did.

I declare, under penalty of perjury, that the foregoing is true and correct to the best of my knowledge.

Dated: 6-15-16



Scott Strahm

EXHIBIT B

AFFIDAVIT OF NANCY A CHILLAG AND MARK MONGIRD

Affidavit in Support of the Joint application of Green Acres Mobile Home Park LLC (GA) and Desperado Series Three LLC and MAM Investments Three LLC (DM), Joint Applicants, for an Order Approving the Transfer to DM of GA's Certificates/Licenses for the Operation of a Public Water Utility and for Other Related Relief

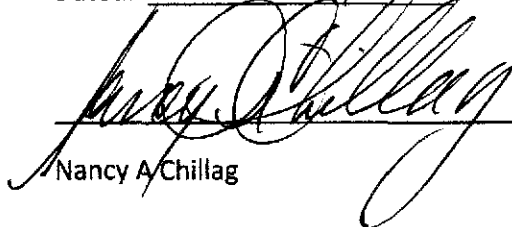
We, the undersigned, declare:

1. Nancy A Chillag is the Owner of Desperado Series Three LLC, a Nevada Limited Liability Company ("Desperado"). Mark Mongird is the Owner of MAM Investments Series Three LLC, a Nevada Limited Liability Company ("MAM")
2. In July 2015 Desperado and MAM purchased the Green Acres Mobile Home Park ("Park").
3. The Seller in that transaction was Green Acres Mobile Home Park LLC, a Kansas limited liability company ("GA").
4. During the purchase transaction we were unaware of the existence of a Public Utility associated with the operation of the Park. We became aware of the Public Utility when we were contacted by the Kansas Corporations Commissioner indicating that we needed to apply for a transfer of the license.
5. We hired a cost segregation analyst to evaluate the assets of the Park and to assign a value to each asset. They assessed a value of \$73,632 to the entire water and sewer system and were unable to break down the cost by each of those two components. DM has assigned $\frac{1}{2}$ of the value to the water system and $\frac{1}{2}$ to the sewer system. A total value of the water system is thus \$36,816. Applying the percentage of the third party owned lots to the total value of the water system provides a value of the public utility system of \$3,438.61. This value has been deemed reasonable by the Kevin Suelter, Manager of the Public Utility Section of the Division of Property Valuation for the Kansas Department of Revenue.
6. The Park, via our Management Company, Park Place Communities Management LLC, employs Wayne Vahsholtz. Wayne is in charge of the water system for the park. He is responsible for the maintenance of all water lines and systems as well as testing of the water. Wayne was employed by GA and had the same responsibility under their ownership.
7. We intend to obtain water and distribute it to the Customers (the owners of lots within the Park) in the same manner as GA did during its ownership of the Park.
8. We have provided notice to the Customers of the Joint Application.

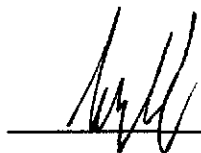
We declare, under penalty of perjury, that the foregoing is true and correct to the best of my knowledge.

Dated:

6-15-16



Nancy A Chillag



Mark Mongird

EXHIBIT C

AFFIDAVIT OF WAYNE VAHSHOLTZ

Affidavit in Support of the Joint application of Green Acres Mobile Home Park LLC (GA) and Desperado Series Three LLC and MAM Investments Three LLC (DM), Joint Applicants, for an Order Approving the Transfer to DM of GA's Certificates/Licenses for the Operation of a Public Water Utility and for Other Related Relief

I, the undersigned, declare:

1. I am currently employed by Park Place Communities Management LLC, the management company for Green Acres Mobile Home Park.
2. I was previously employed by Green Acres Mobile Home Park LLC, the prior owner of the Park.
3. I have handled the water operation at Green Acres Mobile Home Park since January 14th, 2014. I am a Certified Water System Operator with the State of Kansas (see attached certificate). I participate in continuing education hours as mandated by the State of Kansas.
4. Green Acres, receives its water from Rural Water District #2, Emporia, KY.
5. On a daily basis, I test water at two different places within the park with a chlorimeter. This device registers the level of chlorine in the water. I record the readings in a log. This log is kept current and is available for state inspection.
6. Quarterly I flush all the water hydrants and exercise shut off valves. I inspect the park daily looking for water leaks and any related problems. I replace faulty water meters when necessary. I inspect the back flow preventer and main meter weekly.
7. I read resident water meters around the 15th of each month for billing purposes.
8. I take monthly water samples, as required by the Kansas Department of Health & Environment (KDHE), and send to the state lab for testing. I record and file all water reports.
9. I turn on and off water to individual lots as residents move in and out of the park.

I declare, under penalty of perjury, that the foregoing is true and correct to the best of my knowledge.

Dated: 6-29-16

Wayne Vahsholtz

Wayne Vahsholtz

EXHIBIT D