

UNITED STATES BANKRUPTCY COURT
DISTRICT OF KANSAS

In re: PERTL RANCH, LLC DEBTOR.	CASE NO.: 19- 10132-11
In re: PERTL RANCH FEEDERS LLC DEBTOR.	CASE NO.: 19- 10130-11

MOTION FOR ORDER AUTHORIZING INTERIM USE OF CASH COLLATERAL,

COME NOW Debtors Pertl Ranch, LLC and Pertl Ranch Feeders LLC, by and through their counsel Eron Law, P.A., and move the Court pursuant to 11 U.S.C. § 363(c) for entry of an order authorizing the Debtors to use cash collateral and to surcharge secured collateral for the creation of cash resources for the payment of input costs. In support of the Motion, the Debtors state the following:

1. On January 29, 2019 (“Petition Date”), the Entities filed Voluntary Petitions for Relief under Chapter 11 the Bankruptcy Code. On the Petition Date, Steeplechase Advisors, LLC was in possession of the property of the Entities. Pursuant to 11 U.S.C. §§ 543, 1107 and 1108, Debtors are now debtors-in-possession.

2. Debtors own and operate a farm and ranch facility located in and around Lucas, Kansas. Pertl Ranch Feeders, LLC owns a 933.8 acre feed lot capable of holding over 8,000 head of cattle, a 472.1 acre tract of pasture and grass land with water rights, approximately six miles away, and a variety of machinery, equipment, rolling stock, and inventory used in the feed lot operation. Pertl Ranch, LLC owns 505.4 acres of crop and grassland, and leases over 3,000 additional acres, used in the production of crops, forage, and silage to feed the cattle in the

feedlot. Thus, the Entities are symbiotic with one another. On the Petition Date, Debtors had approximately 5,500 head of cattle owned by third parties under their care and control. The cattle require ongoing care, food, medications, and other supplies.

3. The Debtors seek authority to use income generated by the Debtors prior to the Petition Date, pledged to GemCap Lending I, LLC (“GemCap”) and held by GemCap on the Petition Date, as well as income generated by the Debtors from and after the Petition Date and received by the Debtors during the Specified Period (as defined below) (“the Cash Collateral”), in a manner consistent with the Debtors’ budget attached hereto as **Exhibit 1** (“the Budget”). The Debtors propose to deposit the Cash Collateral into the Debtors’ debtor-in-possession accounts.

4. The Debtors seek authority to utilize inventory, including by not limited to farm products, crops, feed, silage, forage, medications, and other supplies, pledged to GemCap, to care and maintain the cattle presently in the feed lot. Such usage is necessary to prevent harm to the cattle and loss of Debtors’ ongoing cattle contracts.

5. Debtors request that GemCap and Steeplechase Advisors, LLC, the existing receiver, deliver any proceeds from Debtors’ farming and feedlot operation to Debtors, and endorse any Cash Collateral checks on which either of them are jointly listed as a payee.

6. Debtors shall grant a replacement lien and post-petition lien on post-petition assets to GemCap. Additionally, Debtors propose that GemCap shall hold a continuing lien on post-petition rents pursuant to 11 U.S.C. § 552(b)(2). Such replacement lien and continuing lien shall be in proportion to and to the extent that the Cash Collateral is used by Debtors on a post-petition basis. GemCap shall not receive an improvement in position as a result of the liens granted hereunder.

7. Below is a summary of the nature of the Debtors' request and proposed use of Cash Collateral:

- a. Parties with Interest in Cash Collateral. GemCap has an interest in the Cash Collateral, as well as all other equipment, accounts, inventory and personal property of the Estate (collectively the "Collateral"). BancCentral, National Association also may assert that it has or may have an interest in the Cash Collateral pursuant to its loan and security documents with the Debtors. It appears that such interest is junior to the interest of GemCap.
- b. Use of Cash Collateral. The Debtors seek authority to use Cash Collateral to pay expenses of the operation of their farming and ranching operation in accordance with the Budget, up to amounts not to exceed 125% of each line item amount set forth in the Budget measured monthly, with a variance of up to two months for each monthly expense, as weather and market conditions fluctuate. The cumulative total amount set forth in the Budget shall not be subject to variance, except a) on account of moving an expense forward or backward by the two month variance, in which case the monthly expense cap shall be considered cumulatively among the affected months, b) by agreement of both GemCap and Debtors, or c) as may be otherwise ordered by the Court.
- c. Termination Date. Debtors seek interim authority to use Cash Collateral only until a final hearing can be held. Thereafter, and subject to the Debtors' right to request additional cash collateral authority for further periods on property notice, the Debtors seek authority to use Cash Collateral through May 29, 2019, at 11:59 p.m. (the "Specified Period"). The Specified Period may be extended by agreement of the Debtors, and GemCap, or upon further order of the Court. It is anticipated that GemCap is adequately protected during the Specified Period. Debtors believe that the value of the assets of the Debtors and related parties acting as security for all claims herein are in excess of \$20,000,000 (see **Exhibit 2**), while all secured claims are less than \$17,000,000. Notwithstanding the alleged over collateralization, GemCap shall be granted a post-petition replacement lien in the Debtors' assets to the extent of any Cash Collateral used by the Debtors. In addition, the Debtors anticipate the sale of all assets that are secured to its creditors.
- d. Events of Default. The occurrence of any of the following events, unless waived in writing by GemCap shall constitute an event of default (the "Events of Default"):

- 1) the entry of an order by the Court granting relief from or modifying the automatic stay of Section 362 of the Bankruptcy Code (i) to allow any creditor to execute upon or enforce a lien on or security interest in any of GemCap's Collateral;
 - 2) dismissal of the case or conversion of the case to Chapter 7 case;
 - 3) the sale after the commencement date of any portion of any of the Debtors' assets outside the ordinary course of dealing and are not approved by the Court under 11 U.S.C. §363;
 - 4) the failure by the Debtors to perform, after notice from GemCap, in any respect, any of the material terms, provisions, conditions, covenants, or obligations under the Order granting this Motion or under the requirements of the underlying loan documents between the Debtors and GemCap, to the extent such requirements materially affect the Collateral and are not otherwise inconsistent with the terms of the Order or bankruptcy law.
- e. Rights and Remedies Upon an Event of Default. If the Debtors, or any of them, default in their financial, reporting or other obligations under the terms of the Order granting this Motion, then the United States Trustee, GemCap or any other person or entity having an interest in the Cash Collateral may, but shall not be required to, deliver a written Notice of Default to the Debtors by e-mail delivery of such Notice of Default to each of the Debtors' counsels of record, with copies of the Notice of Default also being emailed to counsel for the United States Trustee, counsel for GemCap (if GemCap is not the party that delivers such Notice of Default). The Debtors and the party asserting the default shall attempt in good faith to informally resolve or rectify the default. If the Debtors and the objecting party are unable to informally resolve the default within five (5) business days of the delivery of the Notice of Default ("**Resolution Period**") then the Debtors' authority to use Cash Collateral as authorized by the Order granting this Motion shall cease two (2) business days after the expiration of the Resolution Period, unless, prior to that date, the Debtors either (a) cure the Notice of Default to the satisfaction of the party sending the Notice of Default, or (b) file a motion with the Court requesting that their authority to use Cash Collateral continue, and obtain and notice out a hearing on the motion for a date that is no more than 21 days from the date of filing of the motion. If such a motion is filed with the Court and noticed out for hearing as required herein, then the Debtors'

authority to use and spend Cash Collateral pursuant to the terms of the Order granting this Motion shall continue pending the Court's decision on the motion.

f. Adequate Protection.

- 1) As partial adequate protection, GemCap is hereby granted a valid, automatically perfected replacement lien against the assets of the Debtors, for the full amount of the Cash Collateral which is utilized pursuant to the Order granting the Motion. The replacement liens granted hereunder shall have the same validity, avoidability and priority as the security interests and liens existing against the Cash Collateral as of the date of the Order on this Motion. The replacement liens granted hereunder shall be, and they hereby are, declared to be valid and perfected without the need for the execution, recording or filing of any further document or instrument or the taking of any further act otherwise required under non- bankruptcy law. Any statements or filings required to be filed to preserve or extend any lien held by GemCap may be filed or recorded at any time during the pendency of this case without a stay relief order or otherwise seeking or obtaining the permission of the Court.
- 2) GemCap, for its benefit, shall receive, (i) an additional and replacement continuing valid, binding, enforceable, non-avoidable, and automatically perfected post-petition security interest in and lien (the "Post-Petition Adequate Protection Liens") on any and all presently owned and hereafter acquired personal property and all other assets of the Debtors and the estate, together with any proceeds thereof, including, without limitation, as set forth in the loan documents; (ii) to the extent provided by Sections 503(b) and 507(b) of the Bankruptcy Code, an allowed superpriority administrative expense claim in the case and any Successor Case (the "Senior Adequate Protection Superpriority Claim"); and (iii) payments from the proceeds from the auction or sale of its Collateral at the closing of the sale of any such transaction, with such payments to be made to GemCap according to its relative priority in the assets as of the Petition Date.

g. Priority of Post-Petition Adequate Protection Lien and Adequate Protection Superpriority Claim. The Post-Petition Replacement Adequate Protection Lien granted to GemCap hereunder shall have the same priority as the priority GemCap enjoyed in the Debtors' assets as of the Petition Date, and nothing set forth herein is intended to grant GemCap or any other creditor a priming lien on or security

interest in the Debtors' assets and property. Further, except for the Carve Out, the Adequate Protection Superpriority Claims of GemCap shall have priority over all administrative expenses and unsecured claims against the Debtors and their estates, now existing or hereafter arising, of any kind or nature whatsoever, including, without limitation, administrative expenses of the kinds specified in or ordered pursuant to Sections 105, 326, 328, 330, 331, 365, 503(a), 503(b), 507(a), 507(b), 546(c), 546(d), 726 (to the extent permitted by law), 1113 and 1114 of the Bankruptcy Code and, upon entry of the Final Order, the Senior Adequate Protection Superpriority Claim shall have priority over all claims pursuant to Section 506(c) of the Bankruptcy Code.

h. Carve Out. "Carve Out" means the following amounts:

- 1) statutory fees payable to the U.S. Trustee;
- 2) pursuant to Section 726(b) of the Bankruptcy Code, claims allowed by a final order of the Bankruptcy Court under Section 503(b) of the Bankruptcy Code that are incurred after the conversion of the Chapter 11 case to a case under Chapter 7 of the Bankruptcy code in an amount not to exceed \$5,000;
- 3) the allowed and paid professional fees and disbursements incurred by the Debtors in an amount not to exceed \$100,000; and
- 4) up to \$10,000 of other professional fees and disbursements incurred prior to the entry of the Final Order and, subsequent to the entry of a Final Order, such amounts as are provided in the Budget, by a Statutory Committee for any professionals retained by final order of the Court or for any certified public accountants retained by the Debtors and appointed by the Court.

i. Lien on Avoidance Actions. From and after the date of entry of the Final Order, "Collateral" shall also include all proceeds of actions under Chapter 5 of the Bankruptcy Code. The Adequate Protection Liens secure the payment of the pre-petition obligations in an amount equal to any diminution in value of the GemCap interest in the Collateral from and after the commencement date.

8. As more fully set forth in the loan documents, prior to the commencement date the Debtors granted security interests in and liens on, among other things, substantially all of the Debtors' existing and after acquired personal property, whether owned by, consigned to or leased

from or to the Debtors, to the full extent of the Debtors' interest therein and regardless of where located, including the proceeds and products of, accessions to, substitutions and replacements for, and rents and profits of all such personal property and assets.

9. The Debtors do not have available sources of working capital and financing to carry on the operation of their farming operation without the use of Cash Collateral. In order to operate in Chapter 11 and maximize the value of their estates, the Debtors must have access to cash generated from the sale of their personal property and/or from the sale of Cattle. Overall, the Debtors require the use of Cash Collateral to continue to operate. The use of Cash Collateral is therefore critical to preserve and maintain the going concern value of the Debtors.

10. The use of Cash Collateral is required for the maintenance and preservation of the Debtors' property, the operation of their ranching operations, the payment of expenses attendant thereto, and the costs and expenses of administering this case. The Debtors hereby request the authority to use Cash Collateral for working capital and capital expenditures, other general operating purposes, and to pay the costs and expenses of administering this case, all in compliance with the Budget. All payments described in the Budget are necessary to maintain and continue the Debtors' operations and preserve their going concern value for the benefit of their creditors. Without cash to make the payments outlined in the Budget as requested herein, immediate and irreparable harm could occur to the Debtors' operations and the interest of the Debtors, their estate and creditors.

11. In order to protect GemCap from any diminution in value of their interest in the Cash Collateral, the Debtors propose to provide as adequate protection to GemCap (hereinafter, the "Adequate Protection") (a) the Post-Petition Adequate Protection Liens that are identified in paragraph 7(f) of this Motion; (b) the Senior Adequate Protection Superpriority Claim that is also

identified in paragraph 7(f) of this Motion, subject only to the Carve Out; and (c) post-petition non-default interest under 11 U.S.C. §506(b) to GemCap on all Cash Collateral.

12. As further adequate protection, upon the request of GemCap, the Debtors intend to provide proof of adequate insurance coverage for the Collateral and the Debtors' operations in compliance with the terms of the underlying loan documents. Debtors shall cooperate with GemCap in such inspections and appraisals of the Collateral as may be necessary and appropriate. GemCap shall provide the Debtors with at least five (5) business days' advanced notice of any such inspections or appraisals.

13. Debtors also propose to allow a person designated by GemCap reasonable and regular access to their books and records for the purpose of reviewing and copying the same and reasonable and regular access to the Debtors' managers, principals, officers, employees, management and accountants for the purpose of answering questions concerning the Debtors' operations, financial standing and/or records.

14. This motion is brought pursuant to 11 U.S.C. §§ 363(c)(1) and (2), 363(e) and 361. Specifically, 11 U.S.C. § 363(c)(1) provides that if the business of the debtor is authorized to be operated under Bankruptcy Code § 1108, unless the Court orders otherwise, the trustee (and the debtor exercising the powers of a trustee under § 1107) may enter into transactions, including the sale or lease of property of the estate, and may use property of the estate, in the ordinary course of business, without notice or a hearing. Additionally, 11 U.S.C. § 363(c)(2) provides that the trustee may not use, sell or lease cash collateral under subparagraph (c)(1) unless each entity that has an interest in such cash collateral consents or unless the court, after notice and a hearing, authorizes such use, sale or lease in accordance with the provisions of § 363.

15. 11 U.S.C. § 363(e) provides that on request of an entity that has an interest in property used, sold or leased or proposed to be used, sold or leased by the trustee, the court, with or without a hearing, shall prohibit or condition such use, sale or lease as is necessary to provide adequate protection of such interest. 11 U.S.C. § 361 provides that when adequate protection of an interest of an entity in property is required under §§ 362, 363 or 364, “such adequate protection may be provided by-- (1) requiring . . . a cash payment or periodic cash payments to such entity, to the extent that . . . the use, sale or lease under section 363 of this title . . . results in a decrease in the value of such entity’s interest in such property; or (2) providing to such entity an additional or replacement lien to the extent that such stay, use, sale, lease or grant results in a decrease in the value of such entity’s interest in such property; or (3) granting such other relief . . . as will result in the realization by such entity of the indubitable equivalent of such entity’s interest in such property.”

16. Adequate protection must be determined on a case-by-case basis, permitting a debtor maximum flexibility in structuring its adequate protection proposal. See *In re Martin*, 761 F.2d 472, 474 (8th Cir. 1985); *In re George Ruggerie Chrysler-Plymouth, Inc.*, 727 F.2d 1017, 1019 (11th Cir. 1984). Nonetheless, a debtor "clearly has a compelling need to use 'cash collateral' in its effort to rebuild." *George Ruggerie*, 727 F.2d at 1019.

17. Courts have held that the existence of an equity cushion in collateral suffices as ample adequate protection to allow a debtor to use cash collateral. See, e.g., *In re Las Torres Dev., L.L.C.*, 413 B.R. 687, 696 (Bankr. S.D. Tex. 2009); *In re Triplett*, 87 B.R. 25, 27 (Bankr. W.D. Tex. 1988); *In re McCombs Properties VI, Ltd.*, 88 B.R. 261, 266 (Bankr. C.D. Cal. 1988); *In re Harrington & Richardson, Inc.*, 48 B.R. 431, 433- 34 (Bankr. D. Mass. 1985). The court in *In re Steffen*, 275 B.R. 570, 577 (Bankr. D. Colo. 2002), held that an equity cushion of 20% was

sufficient to eliminate any requirement for adequate protection payments to a secured creditor. In this case, GemCap holds a substantial equity cushion of at least 20%. Therefore, Debtors submit that GemCap is already adequately protected and thus grounds exist to allow Debtors to use cash collateral.

18. Nothing set forth in the this Motion shall be construed or interpreted as a waiver or modification of any rights or arguments of the Debtors, GemCap, or any other creditors or parties-in-interest concerning any matters or issues regarding the allowance or treatment of any claims or interests in the Debtors' bankruptcy cases or the treatment and payment of any such claims or interests in the Debtors' bankruptcy cases, whether under a proposed Chapter 11 plan or otherwise, including the allowed amounts of such claims or interests or the appropriate pre- or post-confirmation interest rates allowed thereon.

19. Nothing set forth in this Motion shall be construed or interpreted as a waiver or modification of any rights that GemCap, or any other creditors have or may assert against any non-debtor co-borrowers or guarantors.

20. Nothing in this Motion shall prevent or prejudice GemCap or any other party in interest from requesting the Court, on an emergency basis, to terminate the Debtors' use of Cash Collateral, or from seeking any other relief including, without limitation, stay relief or dismissal or conversion of this case or appointment of an Examiner or Chapter 11 Trustee.

WHEREFORE Debtors respectfully request the Court enter an Order authorizing the use of cash collateral, and for such other relief as the Court deems just and proper.

Respectfully Submitted:

ERON LAW, P.A.
Attorneys for Debtors

/s/ David Prella Eron
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CERTIFICATE OF SERVICE

I hereby certify that on January 30, 2019 a true and correct copy of the foregoing was electronically filed with the Court using the CM/ECF system, which sent notification to the Office of the U.S. Trustee and to all parties of interest participating in the CM/ECF system.

/s/ Margaret R. Spangler
MARGARET R. SPANGLER
Assistant to David Prella Eron

EXHIBIT 1

Cash Injection		0				
C.G. Projected Cash Flow	Name	DATE :				
B.M. Farm Income (Units/\$)	TOTALS	Jan	Feb	March	April	May
Cattle on Feed		5,500	7,500	10,000	11,500	12,000
o Yardage & Fees	3,226,700	434,775	475,825	717,000	771,250	827,850
o Misc FDLT Income	17,500	3,500	3,500	3,500	3,500	3,500
o Cell Tower and SWD	2,800				2,800	
o Government Payments	9,500	9,500				
m Pasture Rent	45,000		0	0	0	45,000
m Sick Cattle, Meds/Chute Fees	60,000	40,000	45,000	50,000	55,000	60,000
a Manure Sales	3,500					3,500
TOTAL RECEIPTS	3,365,000	487,775	524,325	720,500	832,550	939,850
SALE OF MACH/EQUIP	0					
Sale of Other Assets	0					
Non Farm Income	0					
(NF Only)	0					
TOTAL CASH AVAILABLE	3,365,000	487,775	524,325	720,500	832,550	939,850
EXPENDITURES:	0					
Accounts Payable	25,000			25,000		
Chemicals (Farm)	11,495	2,299	2,299	2,299	2,299	2,299
Feed Corn	748,992	90,024	110,880	163,820	187,853	196,416
Advertisizing	4,700	700	1,000	1,000	1,000	1,000
Distillers	343,000	36,000	50,000	72,000	90,000	95,000
Micros (Supplements)	52,549	6,410	8,000	11,654	12,500	13,985
Hay Grinding	48,418	5,865	7,224	10,664	11,868	12,797
Fertilizers (Farm)	60,000		10,000	40,000	10,000	
Gasoline, Fuels, & Oil-Farm	21,750	3,250	3,500	4,000	5,000	6,000
Gasoline, Fuels, & Oil-FDLT	65,500	10,500	11,000	12,000	15,000	17,000
Insurance (Health)	17,725	3,545	3,545	3,545	3,545	3,545
Insurance (Farm)	6,000	1,200	1,200	1,200	1,200	1,200
Insurance (FDLT)	15,000	3,000	3,000	3,000	3,000	3,000
Capital Interest	0		0			0
Payroll (Feedlot)	376,000	64,000	68,000	80,000	82,000	82,000
Payroll (Farm)	94,800	18,960	18,960	18,960	18,960	18,960
Machine Hire/Silage/Wheatledge	100,000				50,000	50,000
Rent - Farm	47,250		22,250			25,000
Repairs, Maintenance-Farm	22,083	4,417	4,417	4,417	4,417	4,417
Repairs, Maintenance-FDLT	31,000	6,500	6,000	6,000	6,250	6,250
Seeds-Plants Purchased	45,000			20,000	25,000	
Supplies Purchased-Farm	15,000	3,000	3,000	3,000	3,000	3,000
Supplies Purchased-FDLT	20,500	4,100	4,100	4,100	4,100	4,100
Lease Payments-Farm	5,016	0	0	0	5,016	0
Rent Payments-Feedlot	22,500	4,500	4,500	4,500	4,500	4,500
Protein Tubs	0					
Taxes	66,000	6,000	30,000	7,000	8,000	15,000
Utilities- Farm	8,250	1,650	1,650	1,650	1,650	1,650
Electric/Water- FDLT	74,805	15,000	14,805	15,000	15,000	15,000
Vet Fees-FDLT	3,470	694	694	694	694	694
MWI Vet Med-FDLT	361,815	41,142	50,673	85,000	90,000	95,000
Misc Expense	25,000	5,000	5,000	5,000	5,000	5,000
Molasses	34,456	4,174	5,141	7,589	8,446	9,107
TOTAL CASH FARM OPR. EXP.	2,773,073	341,929	450,837	613,091	675,297	691,919
Intermediate Prin. Pmts.	0	0	0	0	0	0
Living-Income Tax	4,500	4,500	4,500	4,500	4,500	4,500
Real Estate Purchases	0					
Mach/Equip. Purchases	0					
TOTAL EXPENDITURES	2,777,573	346,429	455,337	617,591	679,797	696,419

EXHIBIT 2

Feed Lot (owned by Pertl Ranch Feeders)—Appraised Value \$6,300,000

933.8 acres, including fixtures, attachments, and improvements, legally described as:

The West Half(W/2) of Section Twelve (12), Township Thirteen (13) South, Range Nineteen (19) West of the 6th P.M., Ellis County, Kansas;

The West Half (W/2) and the Southeast Quarter (SE/4) of Section Eleven (11), Township Thirteen (13) South, Range Nineteen (19) West of the 6th P.M., Ellis County, Kansas; and

The Northeast Quarter (NE1/4) of Section Eleven (11), Township Thirteen (13) South, Range Nineteen (19) West of the 6th P.M., Ellis County, Kansas.

Water Rights Pasture (owned by Pertl Ranch Feeders)—Appraised Value \$970,000.00

472.1 acres, including fixtures, attachments, and improvements, legally described as:

The Northeast Quarter (NE/4) of Section Twenty (20), Township Eleven (11) South, Range Eighteen (18) West of the 6th P.M., Ellis County, Kansas; and

The North Half (N/2) of Section Twenty-one (21), Township Eleven (11) South, Range Eighteen (18) West of the 6th P.M., Ellis County, Kansas;

Farm, Pasture, and Misc. Land

964.31 acres plus city lots, including fixtures, attachments, and improvements, described as:

“River”—Appraised Value \$390,000: 189.4 acres legally described as: The S/2 of the NW/4 and the SW/4 North of Road of Section 36, T14S, R11W, Russell County, Kansas. Russell County Assessor/Appraiser Quick Reference ID R6937 (owned by Pertl Ranch LLC).

“Tipton” —Appraised Value \$340,000: 157.9 acres, legally described as: 120.56 acres of land out of the S/2 of the NE/4 and the NW/4 of the SE/4 of Section 33, T8S, R10W, Mitchell County, Kansas, Except a Tract, Mitchell County Assessor Quick Reference ID 6385; and 37.34 acres of land out of the SW/4 of the NW/4 of Section 34, T8S, R10W, Mitchell County, Kansas, Except a Tract, Mitchell County Assessor Quick Reference ID 6388 (owned by Shane Pertl (50%) and Ron and Joyce Pertl (50%)).

“Tipton 2” —Appraised Value \$655,000: 301.01 acres, legally described as: 229.34 acres of land out of the NE/4 of the SW/4, the NW/4 of the SE/4, and the NW/4 of Section 28, T8S, R10W, Mitchell County, Kansas, Except a Tract, Mitchell County Assessor Quick Reference ID 6377; and being 71.67 acres of land out of the E/2 of the NE/4 of Section 29, T8S, R10W, Mitchell County, Kansas, Except a Tract, Mitchell County Assessor Quick Reference ID 6389 (owned by Shane Pertl (50%) and Ron and Joyce Pertl (50%)).

“Lake” —Appraised Value \$335,000: 160.8 acres, legally described as: the NE/4 of Section 16, T13S, R10W, Less Road R/W, Lincoln County, Kansas, Lincoln County Assessor/Appraiser Quick Reference ID R4369 (owned by Pertl Ranch LLC).

“Lincoln”—Appraised Value \$445,000: 155.2 acres, legally described as: the SE/4 Less Road ROW of Section 6, T11S, R10W, Hanover Township, Lincoln County, Kansas. Lincoln County Assessor/Appraiser Quick Reference ID R996 (owned by Pertl Ranch LLC).

“Ford Building and Lot Behind”—Estimated Value \$100,000: Commercial property located at 107 S. Main and 123 W. First Street, City of Lucas, Russell County, Kansas (owned Pertl Ranch LLC).

Personal Property (owned by either Pertl Ranch Feeders or Pertl Ranch)

Machinery and Equipment (including, but not limited to, all items listed on Exhibit 3 attached hereto)—Estimated Value \$4,212,700 (subject to review by appraiser and not including leased equipment).

Rolling Stock—Estimated Value \$974,500 (subject to review by appraiser).

Furniture, Fixtures, and Equipment located on any of the previously described real estate—Included in Real Estate Value.

Inventory, including seed, fertilizer, chemicals, medicines, etc.— Included in Equipment Value (see list).

Crops and Farm Products, including but not limited to growing crops, hay, silage, feed, etc.— Estimated Value \$5,001,795 (subject to review by appraiser).

All intangible business assets, including, but not limited to, the names of the entities, if desired, website, phone numbers, customer lists, books and records, etc.

Certain contracts, including licenses related to the feed lot.

All Existing Land Leases

<u>Owner of Record</u>	<u>Percentage</u>	<u>Total Acres</u>	<u>Crop Acres</u>	<u>Grass Acres</u>	<u>County</u>
Cynthia Malir	100	220.47	213.09	7.38	Russell
Cynthia Malir	100	112	112	0	Ellsworth
Ron/Joyce Pertl	100·Home	300	86	214	Russell
Ron/Joyce Pertl	100	160	0	160	Russell
Ron/Joyce Pertl	100	80	64.24	15.76	Russell
Ron/Joyce Pertl	50-50	397	291	106	Mitchell
Ron/Joyce Pertl	33	91	64	27	Mitchell
Ron/Joyce Pertl	33	314	301	13	Mitchell
Ron/Joyce & Shane	83.3/16.7	309.5	309.5	0	Mitchell
Gary Oller	100	51	51	0	Ellsworth
Gary Oller	100	217	217	0	Ellsworth
Gary Oller	100	179	179	0	Ellsworth
Gary Oller	100	61	61	0	Ellsworth
State of Kansas	Share/Buy	650	0	650	Russell
State of Kansas	Share/Buy	670	0	670	Russell

EXHIBIT 3

Pertl Ranch, LLC

Make	Model	Year	Description	Value Today
Pertbuilt	Bale Spears	2004		400
Miller	250 Bobcat Welder	2018		4 200
John Deere	Lawnmower F620 54" deck	2003	TC542TX010850	3 500
WW	30' Stocktrailer	1997	20054	6 000
Aluma	12' railer	2006		1 000
Bestway	40' Sprayer	1993		1 000
Formost	Cattle Chute	2008		6 000
KingGoose	Combine/Swather railer	1996	K9E30227B 005 94	7 500
Pertbuilt	Corral	2009		100 000
ruehaul	Single Bale Cradle	1991		300
Miller	Welder 250 Bobcat	2008		2 500
Pertbuilt	Double Bale Cradle	2008		500
KMW	Bucket with Grapple ractor	2011		3 800
Badger	Feed Wagon	1997		2 500
John Deere	ractor 4840	1982		26 500
Miller	Welder 250	2011		2 500
Cherrokee	Car li t	1999	057LA8212	3 200
Concrete	Feed Bunks 48	2011		7 200
12 gallon Air Compressor		x	210023	1 800
Kelly-Ryan	Feed Wagon	1990		1 000
Massey Ferguson	16 Wheel Rake	2011	398650851	8 000
Pertbuilt	Cal Box	2012		5 000
Pertbuilt	Panel railer with Panels	2011		3 500
Pronghorn	Service Bed 2012	2012		6 000
Shed	Cattle Barn	2012		9 500
Yamaha	A V Rhino	2010		6 500
Dausner	Pallet Forks	2012		950
KMW	Bale Spears	2012		800
KMW	ractor loader 1750	2012		15 800
Arctic Cat	650 twin U V	2006	4UF06MPV36 302793	7 000
Belltech	Augur Bit 9	2013	NC04381	2 900
Belltech	12' Bit	2013		300
Bobcat	Skidsteer 190	2003	519311934	24 000
Douglas	ree Saw	2013		4 500
Fuel anks	Fuel anks	x		1 500
John Deere	Air Seeder w 1890 cart	2011	A8 890CEAF740 42	130 000
Pertbuilt	Bale Spears	2013		800
Pertbuilt	Cattle Loadout - Semi/Stockt	2013		7 800
Pertbuilt	Bale railer	2012		4 500
Posthole	Belltech Augur pump unit	2013		3 800
Sun lower	32' Disk	1996		16 500
Winkle	Double Bale Cradle	2013		1 300
Rocking J Welding	Skid Steer grapple attachmer	2010	RJW10	2 400
Challenger	ractor M 665-yellow doug	2003		70 000
Farmhand	Grain Auger	2014	P184K17FB16C	3 200
John Deere	GPS Greenstar 3 monitor 26	2014		22 250
Pertbuilt	Portable Cattle Semi Loading	2014	LE375008	2 500
Sioux	Cattle Working Chute	2014	002900, 003808 trailer	8 200
Allowa	Flail Shredder	1990		4 500
Orthnan	ground ripper	2000	tag 4267	7 000
Blue Jet	40' No il Liquid Fert Rig	1998	6447	22 000
Bobcat	Bucket	2011		600
Challenger	M 765C ract ractor	2011		140 000
JD Skiles	9 000 gallon portable cone bc	2010	S109C -077	8 000
Lee	1 000 gallon nurse trailer	2006		3 000
Wylie	1 000 gallon nurse trailer	2005		3 000
Donahue	Swather railer	2000		16 000
Pertbuilt	Bale Deer Blind	2015		1 000
Kent	Disk-o-vator	1990		8 500
Farm King	Hay Rake	2016		5 000
John Deere	15' Mower	1991		4 800
Bad Boy	Lawn Mower	2016		7 000
Club Car	Gol Cart-PW	1999		2 500
Chevrolet	Grain ruck -PW	1969		4 500
Purple Wave	Fuel railer-PW	2010		7 000
Purple Wave	Fuel ank-PW	1995		300
Sun lower	Disk	1987		6 000
Pronghorn	Utility Bed on Blk 2008 Dodg	2016		5 000
Challenger	485D ractor w Loader	2014		135 000
PertBuilt	Deer Blind	2016		2 500
FemCo	Watertank 3600			3 500
Rogator	Sprayer	2009	AGCA 286LNU00 059	140 000
John Deere	9470R ractor	2016		315 000
John Deere	6190R w 1770KMW loader	2015		180 000
John Deere	L340 3x4 Sq Baler	2018		140 000
John Deere	560R Round Baler	2018		65 000
John Deere	4640 ractor	1980		22 000
Challenger	675D ractor	2013		145 000
Rotomix	Feed ruck 62016	2012		60 000
Kraus	32' Disk	1959		11 000
Snap-on etc	Shop & Service ruck ools			65 000
Various	Parts supplies in arm storage		95	90 000
Various	Animal Supply/ ack & Vet Meds			5 000
MF	9870 Swather	2015		139 000
Landoll	1333 Vertical ill	2014		72 000

Leased

Leased

Great Plains	1230 NH3 Applicator	2014		45 000
JD	332E rack Skidsteer	2017		49 000
Bessler	Bale Bed on green dodge	2017		9 000
DewEazy	Bale Bed on white dodge	2005		5 000
H&S	Rake	2018		29 000
John Deere	W235 Swather	2018		150 000
Grouser	Blade 14' 6 way	2012		25 000
Assortment	Skid Steer and tractor Attachments			35 000
Blatner	Portable Corral	2018		18 500
Sundowner	Stock trailer Aluminum 32'	2017		26 000
PertlBUILT	Car trailer	2004		2 200
Speedmover	Dirt mover	2014		3 000
Miller	14' Disk	1985		5 000
Prichet	NetWrap	2018		20 000
Prichet	wine Sq Baler	2018		2 160
Warner	Seed Feed	2018		5 896
Warner	Seed riticale	2018		3 000
	28% Nitrogen Liquid	2018		6 240
	Phosphorus Dry	2018		5 952
	Various Equipment			
			O ALS	2 788 100

Leased

Leased

Make	Model	Year	Description	Value Today
Peterbilt	379 EXH-Blue	2006	XP5DB8X56D33 0	74 500
Kenworth	W900L-yello	2000	XKWD89X2YJ852 58	60 000
Peterbilt	379 EXH-Black	1989	XP5DB9X9KN272346	25 000
Peterbilt	379 EXH-orange	2007		77 000
Freightliner	FL120 ndm 24' Grain Box	2002		48 000
Merrit Gold	51' Cattle Pot	2006	M 2N50273H0 2989	29 500
ranscrat	55' Dropdeck	2006	E522096 078784	26 000
Waba	57' Flatbed	1999	JJFS32W8XS568 45	15 000
Wabas	Van railer 53'	2000	JJV532W0YL7233 2	5 500
Lu kin	Van railer 53'	1984	L0 A4822E 063764	4 000
Lu kin	Van railer 48'	2000	L0 A532EY 48608	4 000
Fontaine	Drop Deck railer-PW	2010	3N2532C0A 55 782	22 500
Chaparrel	Drop Deck railer-PW	2008	C92D53238M949497	27 000
Doonan	Drop Deck railer - Sprayer	1996	D9BG4829 20844	22 000
Wilson	Grain railer 50'	2012	W UCF8B2BA258265	38 500
Dodge	3500 Flat Bed Dully -White	2007	3B6MF3662YM20507	13 000
Dodge	2500 Service Bed-Blue	2012		16 000
Dodge	3500 Bale Bed-green	2017		75 000
Dodge	3500 Utility Bed- Red	2010		45 000
GMC	2500 Denali	2018		68 000
Dodge	3500 Dully-green	2018		64 000
			O ALS	627,000

Shane Pertl and/or Mindy Montgomery

Make	Model	Year	Description	Value Today
Dodge	Challenger	2016		61 000
Boat	Mariah	1998		12 000
Jetski	SeaDoo	2004		2 500
			O ALS	75,500

Pertl Ranch Feeders, LLC

Make	Model	Year	Description	Value today
Misc	Water Supplies			150,000
Donahue	20' Halftop Trailer	2018		9,500
Kenworth	Feedtruck w/ 2014 Rotomix	2012		130,000
Kenworth	Feedtruck w/ 2014 Rotomix	2012		130,000
Kenworth	Feedtruck w/ 2014 Rotomix	2012		130,000
Miller	250 Welder	2017		3,500
Miller	251 Welder	2018		3,500
Bobcat	250 Welder	2006		3,800
Miller	rai blazer welder	2004		6,000
Tools	Shop Tools and Supplies	2018		40,000
JD	544E Loader	1992	DW54MEB55 6223	30,000
Jaylor	Grain Prob	2018		36,000
John Deere	4560 Tractor	1992		40,000
Mill	Mill 2018 Update & Etx	2018		800,000
Fairbanks	Semi Scale	2018		30,000
Behlen	2 Grain Bins	2018		36,000
John Deere	328 Skid Steer	2011		30,000
Howie Richards	20T Cattle Scale	1990		20,000
Bower	2, 6' Irrigation Reels	-		24,000
Valley	Tower, Irrigation	2000		30,000
Al isChalmers	w 4' Bunk Sweeper	1975		10,000
Polaris	Ranger	2009		7,500
Ditch Witch	Trencher	2001		12,000
Catapillar	205W Generator	1985		20,000
Valley	Pivot	1990		20,000
Molly	Silenear Chute	-		12,000
Bowman	2 Cattle Chute			3,000
Catapillar	Generator	1975		20,000
Speedmover	Dirtmover	2000		2,200
Firetruck	Firetruck	1986		6,500
Ford	Water Truck	1968		1,000
John Deere	332G Skidsteer	2017		55,000
Peterbilt	330 Feedtruck	2001		55,000
Misc	Irrigation Tubing			15,000
Hesston	Tub Grinder	1992		6,800
Baasch & Sons	Portable unloading Grain pit			2,500
Assortment	3 air compressors	2015		12,000
Internationals	Tractor	1972		3,500
Chevy	Irrigation Engine			5,000
MF	Tractor 216			2500
Catapillar	928G Payloader	1998		55,000
John Deere	964 Loader	1992		40,000
John Deere	Paddle Scraper-need transm	1989		5,000
Polaris	800 Sportsman	2015		6,000
John Deere	15' Mower	2002		12,000
Howie	30' Cattle Scale			8,500
	Rock Crusher			2,500
Misc	Assorted Pipe			8,000
Misc	Assorted Gates			8,500
MydHand	Back Blade			1,800
	Hydro Back Blade			4,500
KanCrete	New Water Tanks, 22			22,000
				2,133,600

Leased

Make	Model	Year	Description	Value today
Ford	F-350	2008	DSL Crew Cab	28,000
Ford	F-250	2008	DSL Crew Cab	28,000
Ford	F-250	2008	DSL Crew Cab	28,000
Ford	F-250	2008	DSL Crew Cab	28,000
Ford	F-250	2010	DSL Crew Cab	28,000
Ford	F-250	2010	DSL Crew Cab	28,000
Ford	F-250	2008	DSL Crew Cab	28,000
Ford	F-350 Welding Truck	1999	Del Ext Cab	15,000
GMC	Denali HD Pickup-Black	2018	DSL Crew Cab	75,000
Chevy	FlatBed	1994	Drk Grey	3,500
Ford	Dump Truck, yellow	1994	Dump Truck	12,000
Chevy	FlatBed	1998		5,000
International	Dump Truck	1981		6,000
			TOTALS	272,000