STATE OF ALABAMA )
SHELBY COUNTY )

# GENERAL PARTNERSHIP AGREEMENT OF KENT FARMS

#### WITNESSETH:

WHEREAS, Roy Wright Kent and Douglas M. Kent had for several years prior to the death of Roy Wright Kent, conducted a farming operation under an oral agreement of partnership; and

WHEREAS, under the terms of the Last Will and Testament of Roy Wright Kent, now deceased, 74% of Roy Wright Kent's interest in the aforesaid partnership passed to Gladys M. Kent, and 26% of his interest therein passed to the Trustee; and

WHEREAS, simultaneously with the execution of this partnership agreement, Gladys M. Kent is transferring and assigning a 21.12% interest in the partnership to Douglas M. Kent, II; and

WHEREAS, the Partners desire to confirm the existence of the said general partnership agreement under the Alabama Uniform Partnership Act, Code of Alabama 1975, Section 10-8-1, et seq.; and

WHEREAS, the Partners desire to reduce to writing the terms, provisions and conditions relating to the conduct

of the partnership and to define the rights and obligations of the parties hereto;

NOW, THEREFORE, in consideration of the above premises and the mutual covenants and undertakings of the parties, the parties do hereby agree and bind themselves as follows:

## Formation of General Partnership

of a general partnership (the "Partnership") and constitute themselves as General Partners of the Partnership for the purpose of acquiring and owning real estate and improvements to real estate in Shelby County, Alabama, and conducting the business of operating a farm thereon.

#### 2. Partners

The names and addresses of the Partners are as follows:

#### NAME

Douglas M. Kent, Trustee of the Trust created under the terms of the Last Will and Testament of Roy Wright Kent, Deceased.

Gladys M. Kent

Douglas M. Kent

Douglas M. Kent, II

#### ADDRESS

Route 4 Box 1430 Alabaster, Alabama 35007

#### 3. Name of Partnership

The name of the Partnership shall be "Kent Farms".

#### 4. Place of Business

The principal office of the Partnership will be located at Route 4, Box 1430, Alabaster, Alabama 35007. The

Partners may from time to time change the office address of the Partnership.

#### 5. <u>Duration of Partnership</u>

\*\*

The Partnership shall commence on the date first above written and shall continue until the Partners unanimously agree to terminate and dissolve the Partnership. the event the Partners terminate dissolve and the Partnership, the Partners shall proceed promptly thereafter to liquidate the Partnership business, and the assets of the Partnership shall used and distributed be as provided hereinafter.

## . Capital Contributions and Personal Endorsements

(a) The Partners agree that their interest in this Partnership shall be as follows:

NAME	PERCENTAGE
Douglas M. Kent, as Trustee of the Trust created under the terms of the Last Will and Testament	
of Roy Wright Kent, Deceased.	13.91%
Gladys M. Kent	30.56%
Douglas M. Kent	34.41%
Douglas M. Kent, II	21.12%

(b) The existing capital of the Partnership consists of the assets reflected on the balance sheet attached hereto as Exhibit "A", which may be augmented by such assets as shall be purchased by the Partnership from time to time. The initial capital account of the respective Partners shall be equivalent to the percentages in such capital of the Partnership as set forth in this paragraph hereinabove.

Each Partner's capital account shall be adjusted at least annually to reflect any additional capital

contributions by said Partner, distributions of capital by the Partnership, or sales, gifts or other dispositions of interest in the Partnership by said Partner.

## 7. Profits and Losses

divided among the Partners and the net losses of the Partnership shall be borne by the Partners in their respective percentages set out in Section 6. A separate income account shall be maintained for each Partner. Partnership profits and losses shall be charged or credited to the separate income account of each Partner. If a Partner has no credit balance in his income account, losses shall be charged to his capital account.

profits and net losses derived from the Partnership, and each item of income, gain, loss, deduction, or credit entering into the computation thereof, shall be adjusted from time to time, but no less frequently than annually, to reflect capital contributions, capital distributions, sales, gifts or other dispositions of partnership interests, the admission of additional partners and the withdrawal of existing Partners (the "Adjustment Event"). Upon the occurrence of an Adjustment Event, each Partner's distributive share of net profits and net losses shall be determined according to the following formula:

Present Distributive Share
Partner's Capital Account
Immediately Preceding
Adjustment Event
Total Partnership Capital
Immediately Preceding
Adjustment Event

Adjusted Distributive Share
Partner's Capital Account
Immediately Following

= Adjustment Event
Total Partnership Capital
Immediately Following
Adjustment Event

#### 8. Capital Accounts

An individual capital account shall be maintained for each Partner. The capital interest of each Partner shall consist of such Partner's original contribution of capital,

increased by (1) additional capital contributions by such Partner and (2) any credit balances transferred from his income account to his capital account, and decreased by (a) distributions in reduction of Partnership capital and (b) his share of Partnership losses, if charged to the capital accounts of the Partners.

#### 9. <u>Income Accounts</u>

44

An individual income account shall be maintained each Partner. Each Partner's share of Partnership profits shall be credited to his income account. () Partner's share of Partnership losses shall be charged to his income account, unless the Partners deem it advisable to charge such losses to the capital accounts of the Partners. A credit balance in a Partner's income account constitute a liability of the Partnership to that Partner; it A shall not constitute a part of that Partner's interest in the capital of the Partnership. A debit balance in a Partner's income account shall not reduce his interest in the capital of the Partnership. The Partners hereto may determine from time to time to transfer to Partnership capital all or any portion of the credit balances in the income accounts of the Partners. Any amounts transferred shall be in the proportion to the Partners' respective interests in profits and losses of the Partnership.

#### 10. Cash Distributions

The Partners may, from time to time, make distributions to the Partners, or any of them, in such sums as the Partners consider advisable. Such distributions shall be charged against such Partners' income accounts. If a Partner has a debit balance in his income account, it shall be deemed a debt due to the Partnership payable upon the demand of any Partner.

#### 11. Management and Control

The right to manage and conduct the Partnership business shall be vested exclusively in Douglas M. Kent and ΙI and all decisions affecting the Douglas M. Kent, its policy and management, including its Partnership, employees, their employment and discharge, and their compensation and bonuses, if any, shall be made by Douglas M. Kent and Douglas M. Kent, II, they shall give so much of their attention and time to the conduct and supervision of Partnership business they think necessary or as the advisable.

#### 12. Salaries

Upon agreement by the Partners hereto, the Partners may be paid salaries for their services to the Partnership.

#### 13. Ownership, Conveyances, and Contracts Concerning Partnership Property

As a matter of convenience to the Partnership, it is hereby mutually agreed and understood that all property or assets purchased by the Partnership shall be purchased in the name of the Partnership. The property shall be conveyed by the Partnership by deed or bill of sale executed by all of the Partners.

### 14. Accounting Provisions

- (a) Fiscal Year: The fiscal year of the Partnership shall be the calendar year, or such other year as the Partners may from time to time determine.
- (b) Books and Records: At all times during the continuation of this Partnership, the Partners shall cause to be maintained full and accurate books of accounts, in which shall be entered the transactions of the Partnership. Such books shall be maintained in the principal office of the

Partnership, or at such other office as shall be designated for such purpose by the Partners, and all Partners shall have the right to inspect and examine such books at reasonable times. The books shall be closed and balanced at the end of each Partnership accounting year.

W

shall receive an annual statement of gross receipts, operating expenses and net profits as prepared by the Partnership's accountants, and these statements will be delivered to each Partner within a reasonable time after the close of the Partnership accounting year.

(d) Audited Financial Statements: Audited financial statements may be requested by any Partner hereto, and shall be prepared and furnished to any such Partner for the year requested; provided, however, that the Partner sequesting such audited financial statements shall bear the cost of the preparation of the audited financial statements to the extent such cost exceeds the cost of unaudited financial statements.

the Partnership to file an election under Section 754 of the Internal Revenue Code of 1954, as amended, to adjust the basis of Partnership property in the case of a distribution of Partnership property to any Partner or the transfer of a Partnership interest by sale or the death of any Partner. The Partners further agree that in the event an election under Section 754 is made upon the transfer of a Partnership interest by sale or upon the death of a Partner, depreciation, if any, shall be specially allocated to the purchaser or transferee (in the case of death) of the Partnership interest in an amount equal to the depreciation to which such purchaser or transferee would be entitled if he had purchased or inherited an undivided interest in all depreciable property of the Partnership; provided, however,

that in no event shall depreciation be allocated to the purchaser or transferee in an amount that exceeds the depreciation allowable to the Partnership.

## 15. Admission of Substitute Partners

No Partner shall be permitted to substitute another as a party hereto or assign his interest to another except with the consent of the other Partners hereto, and upon such terms and conditions as the Partners may require; provided, however, that Gladys M. Kent may make inter vivos or testamentary assignments to or for the benefit of any other Partner, of percentage interests in the Partnership. In the event that, upon the substitution of a Partner, the Partnership shall make an election under Section 743(b) of the Internal Revenue Code, the said substituted Partner shall pay all expenses incurred in the making of such election, including but not limited to, legal and accounting expenses.

#### 16. Additional Partners

Partnership shall not be expanded to include additional Partners unless all of the existing Partners consent to the same. The Partners may, however, if they are in agreement, take in new or additional Partners upon such terms and conditions as they may find advisable and the percentages of ownership granted to such new or additional Partners shall be taken from the existing Partners hereto in such amounts and in such fashion as may be agreed upon by the parties. In the event that, upon the addition of a Partner, the Partnership shall make an election under Section 743(b) of the Internal Revenue Code, the said additional Partner shall pay all expenses incurred in the making of such election, including but not limited to, legal and accounting expenses.

#### 17. Death of a Partner

terminate the Partnership. In the event of such death, the legal representatives of the deceased Partner, heirs, legatees, and beneficiaries of the estate of the deceased Partner, shall be deemed to be an assignee of the deceased Partner's partnership interest and shall become a substitute Partner. The estate of the deceased Partner shall be entitled to receive distributions of cash or other property from the Partnership attributable to the interest acquired by reason of such death, and shall be liable for all of such deceased Partner's liabilities and obligations to the Partnership as a Partner.

(b) Notwithstanding the above, in the event the partnership interest of a deceased Partner should pass to nyone other than a lineal descendant of such deceased Partner, or to a surviving Partner, or such surviving Partner's lineal descendants, then, in such event, the surviving Partners shall have the option, but not the obligation, to purchase the partnership interest of the deceased Partner. The surviving Partners shall exercise such option to purchase by giving notice in writing of the exercise of such option to the personal representative of the estate of the deceased Partner and to all other Partners within twelve (12) months following the death of such deceased Partner. In the absence of any other agreement between them, such interest shall be acquired by the surviving Partners in the same proportions as their respective interests in the Partnership. If all remaining Partners do not desire to acquire their proportionate shares of the deceased Partner's interest, such surviving Partners who do desire to acquire such interest shall each be entitled to acquire such proportionate share of the deceased Partner's interest as the percentage of his respective interest in the

Partnership bears to the total percentage of the interest in the Partnership held by all of the Partners desiring to acquire the deceased Partner's interest. Such partnership interest shall be purchased on the terms and conditions and for the purchase price as set forth in Section 18 hereof.

## 18. Withdrawal of Partner

withdraw from the Partnership at any time. If any Partner shall thus elect to withdraw from the Partnership, he shall notify the remaining Partners in writing of his election. The remaining Partners shall have the right to either terminate, dissolve and liquidate the Partnership business or purchase the entire interest of the withdrawing Partner in the Partnership as herein provided.

(b) The remaining Partners shall exercise such option to purchase within sixty (60) days after receipt of the retiring Partner's election to retire, by giving written notice of such option to purchase to the other Partners. In the absence of any other agreement between them, such interest shall be acquired by the remaining Partners in the same proportions as their respective interests in the Partnership. If all remaining Partners do not desire to acquire their proportionate shares of the retiring Partner's interest, such remaining Partners who do desire to acquire such interest shall each be entitled to acquire such proportionate share of the retiring Partner's interest as the percentage of his respective interest in the Partnership bears to the total percentage of the interests in the Partnership held by all of the Partners desiring to acquire the retiring Partner's interest. Notwithstanding the foregoing, the election of the remaining Partners to purchase portions not aggregating the retiring Partner's entire partnership interest shall be of no effect.

est shall be the adjusted book value thereof, as of the last day of the fiscal year preceding the date of the withdrawal of the Partner (hereinafter referred to as "computation date"). Such adjusted book value shall be computed by the Certified Public Accountant regularly employed by the Partnership.

4.5

"Adjusted Book Value," as hereinabove referred to, shall be the amount shown on the accounting records or related financial statements of the Partnership as of the computation date. Further adjustments shall be made for the following:

- (1) All unpaid and accrued taxes shall be deducted as liabilities.
- (2) All real estate owned by the Partnership shall be valued at its fair market value as herein provided.
- (3) All stock and securities held by the Partnership shall be valued at their fair market value as of the
  date of the withdrawal of the Partner.

The real property owned by the Partnership shall be appraised by an M.A.I. appraiser to be agreed upon between the remaining Partners and the withdrawing Partner (or his representative), or the estate of the deceased Partner, as the case may be. In the event the parties cannot agree upon an appraiser, or the method for the appointment of an appraiser, then the name of one M.A.I. appraiser shall be selected by the withdrawing Partner (or his representative) and the name of one M.A.I. appraiser shall be selected by the remaining Partners. The two selected M.A.I. appraisers shall then select a third M.A.I. appraiser. The third M.A.I. appraiser shall be appointed to complete the appraisal and such selection shall be binding upon the parties hereto, their executors and administrators. In the event that either party (the withdrawing Partner or remaining Partners) fails

11

to select an appraiser within forty-five (45) days following the date upon which the other party gives written notice that it has appointed an appraiser, then the appraiser selected by the other party shall complete the appraisal. The with- $\infty$  drawing Partner (or his representative) shall pay one-half the cost of such appraisal, and the remaining Partners shall pay one-half the cost thereof proportionately in accordance with their respective partnership interests. The Certified Public Accountant for the Partnership shall rely on and use the written appraisal of the property as determined by such appraiser and substitute the fair market value of such property in place of the book value of the property owned by Partnership as determined by the appraiser. Ladjusted book value, as set forth in the Accountant's statement, shall constitute and be deemed to be the purchase price, and copies of such statement shall be furnished to the withdrawing Partner (or his representative, as the case may be), and the remaining Partners, within sixty (60) days from the date upon which the appraisal is delivered to the said Accountant. The Closing shall take place within sixty (60) from the date the said Accountant's statement is days delivered to the withdrawing Partner and the remaining Partners who have exercised the said option.

(d) At the Closing, ten percent (10%) of the purchase price shall be paid in cash by the purchasers, each such purchaser to pay his respective pro rata share of the initial cash portion of the purchase price. The unpaid balance of the purchase price shall be evidenced by several separate promissory notes, one made by each such purchaser, payable to the withdrawing Partner, or the estate of the deceased Partner, as the case may be, evidencing the unpaid balance of such purchaser's pro rata share of the purchase Each such note shall provide that the principal price. annual nine (9) equal payable shall be in amount

installments, the first such installment payable one (1) year after the Closing Date, and the remaining eight (8) installments payable annually thereafter. Each note will provide an annual rate of interest of ten percent (10%).

Interest on the unpaid balance shall be due and payable on the installment due dates. Each note shall also provide that the maker shall have the privilege of prepaying all or any part thereof at any time with interest to date of prepayment, and that a default in the payment of any installment shall cause the remaining unpaid installments to become immediately due and payable at the option of the payee.

Simultaneously with the delivery to the withdrawing Partner of the cash portion of the purchase price by the respective remaining Partners so purchasing and the respective promissory note of each as provided in Paragraph above, the withdrawing Partner or his representative shall deliver to the respective purchasers appropriate duly executed instruments of transfer and assignment, assigning and transferring good and marketable title to the portion or portions of his entire Partnership interest thus purchased, free from any liens or encumbrances or rights of others therein. The entire Partnership interest of the withdrawing Partner thus transferred shall comprise all of his right, title and interest in and to the Partnership, its firm name and all assets thereof, including but not limited to, such Partner's capital account as of the computation date and his share of any undrawn profits. The withdrawing Partner's entire Partnership interest shall not be deemed to include any debts or liabilities of the Partnership to such Partner for loans and advances (other than capital contribution) which shall be repaid to him by the Partnership.

(f) Immediately upon the Closing of the purchase of the withdrawing Partner's Partnership interest, the withdrawing Partner's Partnership interest shall automati-

Partners who purchased such interest and the percentage of each purchaser in the profits and losses of the Partnership shall be increased by that portion of the withdrawing Partner's percentage therein equal to the fraction of the withdrawing Partner's entire Partnership interest purchased by such purchaser, and appropriate adjustments shall be made among the Partnership accounts of the Purchasers for profits and losses to which they are entitled and to which the withdrawing Partner otherwise would have been entitled.

(g) At the Closing of the transaction, the purchase price shall be paid in the manner as provided in Paragraph (d) herein, the withdrawing Partner shall transfer his entire partnership interest to the purchaser in the Manner as provided in Paragraph (e) herein, and the Partnership interest shall be allocated among the purchasers as provided in Paragraph (f) herein.

#### 19. Dissolution and Termination

- (a) The Partnership shall be dissolved: (1) upon the occurrence of any event specified under this Agreement or under the laws of the State of Alabama as one causing dissolution; or (2) upon mutual consent of the Partners hereto.
- "Liquidating Partner" shall be selected by vote of the Partners owning, in the aggregate, at least 51% of the then profit and loss interest in the Partnership. Said Liquidating Partner shall owe a strict fiduciary duty to the non-liquidating Partners. The Liquidating Partner shall promptly proceed to wind up the affairs of the Partnership. The provisions hereof for allocating profits and losses shall apply during liquidation in the same manner as before dissolution.

- (c) The proceeds from liquidation of Partnership assets shall be applied in the following order to the payment of: (1) debts and liabilities of the Partnership, other than those owed to Partners; (2) debts and liabilities (other than credit balances in the Partners' respective income accounts) of the Partnership owed to Partners; (3) the capital interests of the Partners as reflected in their respective capital accounts; (4) amounts owed to Partners for credit balances in their respective income accounts.
- (d) In the event the debts and liabilities of the Partnership to persons other than Partners exceed the proceeds from liquidation of Partnership assets, each Partner shall contribute as a capital contribution to the Partnership a percentage of the excess equal to the percentage of such Partner's interest in Partnership profits and losses.
  - (e) Should any Partner have a debit balance in his income or capital account resulting from withdrawals by or distributions to such Partner in excess of his share of cash available for distribution, the debit balance shall represent an obligation from such Partner to the other Partners to be paid in cash within thirty (30) days after written demand by the other Partners.
    - (f) The Liquidating Partner may elect to satisfy any of the payments due under Section 19(c) above by distributing Partnership assets in kind instead of distributing proceeds from the sale of such assets. If, after satisfying all payments due under Section 19(c)(1), (2), and (3), Partnership assets remain that will be distributed in kind, certain adjustments to the Partners' respective income accounts shall be made pursuant to the following provisions:
    - (1) The Liquidating Partner shall determine the total fair market value of the Partnership assets remaining for distribution in kind. Any dispute as to the

fair market value of Partnership assets distributed in kind shall be settled and determined by arbitration.

(2) Said Liquidating Partner shall determine the difference between the total fair market value of such assets and the aggregate balances then existing in the capital accounts of the Partners.

(3) Said difference shall then be allocated to the capital accounts of the Partners in the proportion of their respective interests in Partnership profits and losses.

After such adjustments have been made to the capital accounts, said Liquidating Partner shall proceed to satisfy the payments due under Section 19(c)(4).

(g) When all assets of the Partnership have been liquidated and distributed as provided herein and all affairs of the Partnership have been wound up and concluded, the Partnership shall terminate.

#### ₹20. Notices

Whenever provisions are made in this Agreement for the giving, service, or delivery of any notice, such notice shall be deemed to have been duly given, served, and delivered, if mailed by the United States registered or certified mail, addressed to the party entitled to receive the same at his address; provided, however, that each party hereto by United States mail, registered or certified, may give written notice of election to change such address. Except where otherwise specified in this Agreement, any notice, statement, or other instrument shall be deemed to have been given, served and delivered on the date on which such notice was mailed as herein provided.

#### 21. Governing Law

The construction, validity and enforcement of this Agreement shall be determined according to the laws of the

State of Alabama. The venue of any action or suit brought in connection herewith shall be in the county in which the Partnership has its principal office.

## 22. Miscellaneous Provisions

(a) The Partners may employ such persons as they deem advisable to perform services for the Partnership and compensate them in such amounts and in such manner as they may determine. They shall have the authority to employ such persons and determine the reasonable compensation to be paid such persons concerning the day-to-day affairs of the Partnership and the legal and accounting affairs of the Partnership.

(b) The Partners are authorized, in the name of the Partnership, to open and maintain a bank account or accounts in any bank from time to time so designated by the Partners in which shall be deposited all of the cash contributions of the Partnership and all other Partnership income.

Any funds in the Partnership bank account or accounts may be withdrawn upon the signature of any one of the Partners.

- among the parties, and supersedes any prior understanding (whether written or oral), respecting the subject matter of this Partnership. There are no representations, agreements, arrangements, understandings (oral or written), between or among the parties hereto relating to the subject matter of this Partnership, which are not fully expressed herein.
- (d) In the event any portion of this Agreement should be held to be invalid or unenforceable at law, the same shall not affect in any respect whatsoever the validity of the remainder of this Agreement.
- (e) The covenants and agreements herein contained shall inure to the benefit of and be binding upon the parties

hereto, their successors, assigns, heirs, administrators, guardians or other personal representatives.

IN WITNESS WHEREOF, the parties have hereunto set their hands and seals on the day and year first above written.

Page

Fathership Book 2

Douglas M. Kent, as Trustee of the Trust created under the terms of the Last Will and Testament of Roy Wright Kent, Deceased

Gladys M. Kent

Douglas M. Kent

Douglas M. Kent, II

(PARTNERS)

Ref: LWIII/707820325

STATE OF ALABAMA JEFFERSON COUNTY

I, the undersigned, a Notary Public in and for said County, in said State, hereby certify that Douglas M. Kent, as Trustee of the Trust created under the terms of the Last Will and Testament of Roy Wright Kent, deceased, whose name is signed to the foregoing conveyance, and who is known to me, acknowledged before me on this day that, being informed of the contents of said instrument, he executed the same voluntarily on the day the same bears date.

Given under my hand this 10 day of

1982.

My Commission Expires: 10-22-74

STATE OF ALABAMA

JEFFERSON COUNTY

I, the undersigned, a Notary Public in and for said County, in said State, hereby certify that Gladys M. Kent, whose name is signed to the foregoing conveyance, and who is known to me, acknowledged before me on this day that, being informed of the contents of said instrument, she executed the same voluntarily on the day the same bears date.

Given under my hand this 20 day of

1982.

My Commission Expires: 10-22-54

I, the undersigned, a Notary Public in and for said County, in said State, hereby certify that Douglas M. Kent, whose name is signed to the foregoing conveyance, and who is known to me, acknowledged before me on this day that, being informed of the contents of said instrument, he executed the Same voluntarily on the day the same bears date.

Given under my hand this \_\_\_\_\_ day of

1982.

Notary Public

My Commission Expires:

STATE OF ALABAMA

EFFERSON COUNTY

I, the undersigned, a Notary Public in and for said  $\widehat{igwedge}$  County, in said State, hereby certify that Douglas M. Kent, II, whose name is signed to the foregoing conveyance, and who is known to me, acknowledged before me on this day that, being finformed of the contents of said instrument, he executed the same voluntarily on the day the same bears date.

Given under my hand this Zo day of

1982.

1532 APR 20 AN 11: 10

My Commission Expires & &