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CERTIFICATE AND AGREEMENT OF LIMITED PARTNERSHIP

THIS AGREEMENT of limited partnership made and entered into by and among JENNIFER L. FALLETTA (hereinafter referred to as the "General Partner") and W. D. ROGERS (hereinafter referred to as the "Limited Partner"), said General Partner and said Limited Partner hereinafter sometimes being referred to collectively as the "Partners".

W I T N E S S E T H:

WHEREAS, the General Partner and the Limited Partner desire to form a limited partnership under the Alabama Limited Partnership Act of the State of Alabama (hereinafter referred to as the "Law") which, except as otherwise provided herein shall govern the rights and liabilities of the Partners;

NOW, THEREFORE, in consideration of the premises and the mutual promises hereinafter set forth, the parties hereto agree as follows:

1. Certificate

The parties hereto do hereby sign and swear to this certificate and shall forthwith cause the same to be filed for record in the office of the Judge of Probate, Shelby County, Alabama.

2. Organization of Partnership

(a) Formation

The General Partner and the Limited Partner hereby form a limited partnership (hereinafter referred to as the "Partnership"), pursuant to the Law for the limited purposes and scope set forth in Section 2(d) of this Agreement.

(b) Name and Principal Office

The name of the Partnership is BLUE DESERT ARABIANS, LTD. and its principal office and place of business is Rt. I, Box 131-F, Montevallo, Alabama 35115 and at such other place within the State of Alabama as the General Partner may hereafter determine.

LORANT, HARRIS & YEAROUT, P.C.
1415 FIRST ALABAMA BANK BUILDING
BIRMINGHAM, ALABAMA 35203

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(c) Term

The term for which the Partnership is to exist shall be perpetual.

(d) Business

The character of the business to be transacted by such Partnership and its purpose shall be the breeding, owning, leasing and showing of registered Arabian horses and other horses, and such other businesses in which it may be lawful for a limited partnership to engage; provided, however, the Partnership shall not engage in the banking or insurance businesses. In furtherance of its purposes, the Partnership may purchase, lease, or otherwise acquire, use, own, sell, mortgage, lease, pledge, exchange, hold for investment, improve, develop, operate, manage or otherwise deal in real and personal property of every sort and description. The Partnership may enter into any limited partnership, as a limited partner, or may participate with other persons or entities in joint ventures of any sort whatsoever, in the carrying on of any of the purposes hereinabove enumerated for which this Partnership has been formed.

(e) Character of the Partnership

The interests of the Partners in the Partnership shall be personal property for all purposes. All real and other property owned by the Partnership shall be deemed owned by the Partnership as an entity, and no General Partner or Limited Partner, individually, shall have ownership of any such property.

3. Capital Contributions

(a) General Partner

The General Partner has contributed to the Partnership as a General Partner her undivided one-half interest in 12 registered Arabian horses, named on Exhibit "A" to this Certificate and Agreement, valued at \$17,175.00. As General Partner, as of the date of this Certificate and Agreement, she shall have a 50% interest in the capital of the Partnership.

(b) Limited Partner

W. D. ROGERS will receive a 50% interest in the capital of the partnership in exchange for his undivided one-half interest in 12 registered Arabian horses, named on Exhibit "A" to this Certificate and Agreement, valued at \$17,175.00.

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(c) Application of Proceeds

The General Partner is authorized to apply the capital of the Partnership, or part thereof, to and for such purposes and with such priorities, as are reasonable in the exercise of good business judgment, in connection with the business of the Partnership.

(d) Additional Capital Requirements

If the General Partner at any time or from time to time determines that the business of the Partnership requires funds in addition to the capital contributed by the Limited Partner and the General Partner, the General Partner and the Limited Partner shall have the opportunity to make additional contributions in equal amounts unless one Partner declines to so contribute, to the capital of the Partnership. To the extent the contributions of one partner exceed the contributions of the other partner (hereinafter referred to as the "excess contributions"), said partner's interest in the capital of the Partnership shall increase by a percentage determined by dividing said Partner's excess contributions by the total contributions to the Partnership. Said change in percentage ownership of the capital of the Partnership shall be determined at the end of the fiscal year of the Partnership. For purposes of determining this adjustment in percentage ownership of capital any difference attributable to the difference in basis of the original contributions to the Partnership shall be ignored. The intent of this paragraph is to take into account only differences in cash contributions and cash withdrawals subsequent to the formation of the partnership.

Otherwise, if the General Partner determines the Partnership requires funds in addition to the capital contributed to said Partnership, the General Partner shall seek to arrange a loan between the Partnership and a commercial lending source.

(e) Interest on Contributions

Contributions to the capital of the Partnership shall not bear interest. However, any advance of money to the Partnership by any Partner which is not a capital contribution to the Partnership shall be a debt due from the Partnership, and shall be repaid with interest at such rates and times as determined by the partners, not to exceed two percent (2%) over the prime rate of Citibank, N.A. of New York.

(f) Withdrawal and Reduction of Capital

No Partner shall have the right to withdraw or reduce his contribution to the capital of the Partnership

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except as a result of dissolution or as otherwise provided by and in accordance with the Law.

4. Profits and Losses; Distributions

(a) The Partners will be allocated a percent of the net profits of the Partnership equal to the percentage of their percentage ownership of the capital of the Partnership; PROVIDED, however that the Limited Partner's liability for losses of the Partnership shall be limited to the amount of his contributions to the capital thereof, and PROVIDED FURTHER, depreciation will be allocated to the general and limited partners on assets originally contributed to the partnership based upon the actual depreciation allowable to each partner for federal income taxes on such assets for the respective year. Also, in the event of the sale of such assets, gain or loss will be allocated to the general and limited partners on the basis of gain or loss determined using the basis of each partner's interest in such assets determined by reference to each partner's original basis less actual depreciation allowable to each respective partner.

(b) The net profits of the Partnership shall be determined by generally accepted accounting principles and profits shall be distributed at such time and in such manner as determined by the Partners.

(c) Cash generated by operation of the Partnership over and above that needed for debt service and expenses of operation will be distributed to the Partners in proportion to their ownership of the capital of the Partnership.

(d) Each capital account shall be credited with all contributions to the capital of the Partner and charged for any distributions therefrom. Separate income accounts shall be maintained for each of the Partners. The income accounts shall be credited or charged with profits and losses and charged for any distributions therefrom as soon as practical after the end of the fiscal year. During the term of the Partnership, no Partner shall receive interest on his capital or income account and, except as provided in this Section 4, no Partner shall have any right to a return of his capital account during the term of the Partnership, except as otherwise provided in the Law. Upon termination, the Partners shall not be responsible to each other for debit balances in their income and capital accounts, except to the extent that such a negative balance shall have arisen as the result of a Partners' receipt of a distribution in

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excess of the amount rightfully due him or her under this Section.

5. Books of Account, Accounting, Reports, Fiscal Year

(a) The Partnership's books and records shall be maintained at the principal office of the General Partner, and each Partner shall have access thereto at any time within reasonable business hours. The books and records shall be kept in accordance with the cash receipts and disbursements method or the accrual method, as the General Partner may deem best, and shall reflect all Partnership transactions and be appropriate for the Partnership's business. The Partnership may change the accounting basis on which the books are kept as may be required or permitted by law.

(b) Reports and Accounts

As soon as reasonably practicable after the end of each fiscal year, there shall be prepared and transmitted to each Partner a financial report prepared by the General Partner containing (1) a balance sheet of the Partnership as of the end of such fiscal year, (2) a statement of income of the Partnership showing the results of operations during such year, (3) a cash receipts and disbursements statement of the Partnership during such year, and (4) a statement showing each Partner's share of the profits or losses of the Partnership for such year for income tax purposes.

(c) Fiscal Year

The fiscal year of the Partnership shall begin on the first day of January and end on the 31st day of December in each year.

(d) Banking

All funds of the Partnership shall be deposited in a separate bank account or accounts as shall be determined by the General Partner.

6. Management

(a) Authority and Powers of General Partner

Except as specifically otherwise provided in this Agreement, the General Partner shall manage and control and make all decisions affecting the business and assets of the Partnership including, but not by way of limi-

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tation, the day-to-day operations of the Partnership; the incurring of expenses on behalf of the Partnership in its business including, but not limited to, legal and accounting fees and fees incurred in connection with the organization of the Partnership.

(b) Duties of General Partner

(i) The General Partner shall manage or cause the affairs of the Partnership to be managed and the General Partner shall devote so much of her time to the Partnership affairs as is deemed reasonably necessary for the conduct of such affairs.

(ii) In carrying out its management obligations, the General Partner shall, among her other duties, furnish such reports to the Limited Partner as may be required by this Agreement; obtain and maintain such public liability and other insurance as may be available and as may be deemed necessary or appropriate by the General Partner; maintain complete and accurate records of transactions of the Partnership; and cause such certificates to be filed and such other acts to be done as may be required by law to qualify and maintain the Partnership as a Limited Partnership.

(c) Limitation of Powers of General Partner

The General Partner shall not take any of the following actions on behalf of or in the name of the Partnership unless she has theretofore received written consents relative thereto from any Limited Partner holding fifty percent (50%) or more of the Partnership capital:

(i) sell any of the assets of the Partnership;

(ii) lend any substantial funds of the Partnership to any person.

(iii) purchase any horses at a cost to the Partnership in excess of \$5000.00.

(d) Prohibitions with Respect to Limited Partners

No Limited Partner shall have the right:

(i) to participate in the control of the business affairs of the Partnership, or have any power or authority to bind or obligate the Partnership;

(ii) to have his capital contribution repaid (1) until the Partnership is terminated and dissolved and all Partnership liabilities have been paid or funds have been set aside therefore, or (2) unless the provisions of

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the Law with respect to such repayments have been complied with;

(iii) to sell or assign any ownership interest in the Partnership which he may own, except as provided in Section 9 of this Agreement; or

(iv) to withdraw from the Partnership, except as otherwise specifically provided for by this Agreement.

7. Liabilities of Partners

(a) Liabilities of the General Partner

(i) Any liability of the Partnership shall first be satisfied out of the assets of the Partnership (including the proceeds of any insurance which the Partnership may recover), and if such assets shall not be sufficient to satisfy such liability, such liability shall be borne by the General Partner.

(ii) In carrying out its duties hereunder, the General Partner shall not be liable to the Partnership or to any other Partner for any actions taken in good faith and reasonably believed to be in the best interests of the Partnership, or for errors of judgment, but shall only be liable for willful misconduct, gross negligence, breach of its obligations under this Agreement, or other breach of its fiduciary duties.

(iii) In the event the General Partner ceases to be a General Partner, nonetheless it shall be and remain liable for all obligations and liabilities incurred by the Partnership during the period it was a General Partner, but shall not be liable for or on account of obligations or liabilities incurred subsequent to its ceasing to be a General Partner.

(b) Liabilities of Limited Partners

No Limited Partner shall be personally liable for any debts of the Partnership or for any loss beyond the amount of his capital contribution as Limited Partner, unless such Limited Partner has specifically agreed in writing to assume such Liability.

(c) Exculpation

Except in the case of gross negligence or willful misconduct, the doing of any act or the failure to do any act by the General Partner, the effect of which may cause or result in loss or damage to the Partnership, if done pursuant to advice of counsel of the General Partner

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on behalf of the Partnership, or if done in good faith to promote the best interest of the Partnership, shall not subject the General Partner to any liability to the Limited Partner or the Partnership.

8. Contracts with Related Parties

The fact that the General Partner or a Limited Partner is employed by or directly or indirectly interested in or connected with, any person, firm, or corporation employed by the Partnership to render or perform a service, or from, through or to which the Partnership may purchase or sell any property, shall not prohibit the General Partner from employing such person, firm or corporation, or from otherwise dealing with him or it, and neither the Partnership nor the Partner shall have any rights in or to any income or profits derived therefrom as a consequence of the Partnership relationship created by this Agreement. Nothing in this Agreement shall be construed to prevent any of the Partners, General or Limited, from dealing with the Partnership and receiving payment for services or materials furnished or professional services given.

9. Transfer of Interests in Partnership

(1) In the event that either Partner or assignee of a Limited Partnership interest desires to sell, assign, transfer or otherwise dispose of, or pledge, hypothecate or otherwise encumber all or any part of his interest in the Partnership to any person pursuant to a bona fide offer therefor which he wishes to accept, such Partner or assignee (the "selling Partner") shall give notice in writing to the other Partner (the "remaining Partner"). Said notice shall contain a statement setting forth the price and other terms and conditions of such offer, and the name and address of the offeror. For a period of thirty (30) days following the giving of such notice, the remaining Partner shall have the right to purchase all or part of such interest proposed to be sold on the same terms and conditions as the offer set forth in such notice. The remaining Partner shall give notice in writing of the desire to purchase the interest to the selling Partner or assignee, desiring to effectuate such a transaction, within thirty (30) days after the date of the receipt of said notice issued by the selling Partner.

If the remaining Partner does not give notice of desire to purchase such interest, the selling Partner or assignee may sell such interest to the person whose offer was set forth in such notices at the time during the two (2) months following the expiration of the aforementioned sixty-day period at the price and on the other conditions of such offer.

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(ii) Notwithstanding any other provision of this Section, a transferee of any Limited Partner's interest under Section 9(a)(i) of 9(a)(iv) hereof shall become a substitute Limited Partner and the assignor thereof shall have the power to make such assignee a substituted Limited Partner; provided, however, that no such assignee shall become a substituted Limited Partner unless the General Partner has given its written consent to such substitution.

(iii) As a condition to his admission as a substitute Limited Partner with respect to the whole or any portion of the interest of his predecessor in interest, any transferee of any Limited Partner shall execute and acknowledge such instruments, in form and substance reasonably satisfactory to the General Partner, as the General Partner shall deem necessary or desirable to effectuate such admission and to confirm the agreement of the person being admitted as such substitute Limited Partner to be bound by all the terms and provisions of this Agreement, as the same may have been amended, with respect to the interest or portion of interest acquired from or through such predecessor in interest; and such transferee shall pay all reasonable expenses in connection with such admission as a substitute Limited Partner, including, but not limited to, the cost of the preparation, filing and publishing of any amendment to the Certificate and Agreement of Limited Partnership necessary or desirable in connection therewith.

(iv) In the event of either the death or total disability of a Partner, the remaining Partner shall have the option to purchase all of such interest in the Partnership of the Partner who is deceased.

The purchase price of an interest in the Partnership purchased pursuant to this Section 9(a)(iv) will be the fair market value of such interest as of the end of the quarter year immediately preceding such death. In the event the remaining Partner and the personal representative of the deceased Partner cannot agree as to the fair market value of said interest, fair market value shall be determined by an appraisal made under the direction of an experienced appraiser in the field selected by agreement of the personal representative of the deceased Partner and the remaining Partner. The cost of the appraisal shall be split by the personal representative of the deceased Partner and the remaining Partner.

(c) The assignability of a Limited Partner's interest is further restricted so as to comply with applicable securities laws.

11. Termination, Dissolution and Winding-Up of the Partnership

(a) Termination and Dissolution

The partnership shall be terminated and dissolved upon the occurrence of any of the following events:

(i) The expiration of the term of this Agreement;

(ii) The death, resignation, adjudication of bankruptcy, or insolvency of the General Partner, without substitution of a General Partner;

(iii) The decision by either of the Partners that it would be in the best interest of the Partnership to dissolve.

The death, retirement, insanity, insolvency or bankruptcy of a Limited Partner will not be an event of dissolution or termination of the Partnership.

(b) Winding-Up of the Partnership

Upon termination or dissolution of the Partnership, the General Partner shall take full account of the Partnership's assets and liabilities, and the assets shall be liquidated as promptly as is consistent with obtaining a fair and reasonable value therefor, and the proceeds therefrom, to the extent sufficient therefor, shall be applied and distributed in the following order of priority:

(i) to the payment of the debts and liabilities of the Partnership and the expenses of liquidation in order of priority as provided by law, and the setting up of any reserves which the General Partner shall deem reasonably necessary for any contingent or unforeseen liabilities or obligations of the Partnership. Said reserves may be paid over by the General Partner to a bank or an attorney at law, to be held in escrow for the purpose of paying any such contingent or unforeseen liabilities or obligations and, at the expiration of such period as the General Partner shall deem advisable, the balance shall be distributed in the manner provided hereafter in this Section 10(b) in like order of priority;

(ii) to the repayment of loans made to the Partnership by the General Partner or any Limited Partner;

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(iii) to the repayment to the Limited Partner of his respective income accounts and capital contributions adjusted to the difference in the basis attributable to the original contributions to the Partnership to the extent not previously repaid, with the provision that: (1) the Limited Partner shall have the right to demand and receive property other than cash in return for his contribution, and (2) if a Limited Partner's capital account has been credited with the amount payable to the Partnership under any promissory notes, such Limited Partner shall not receive a repayment of such amount as has not in fact been paid in cash in to the Partnership;

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(iv) to the repayment of the General Partner of any capital contribution as a general partner to the extent not previously paid;

(v) any balance of proceeds, to the Partners in the same proportion as profits of the Partnership are allocated pursuant to Paragraph 4(a).

A reasonable time shall be allowed for the orderly liquidation of the assets of the Partnership and the discharge of liability as to creditors so as to enable the General Partner to minimize the normal losses attendant upon the liquidation. Each of the Partners shall be furnished with a statement prepared by the General Partner which shall set forth the assets and liabilities of the Partnership as of the date of complete liquidation. Upon the General Partner's compliance with the foregoing plan of distribution, the Limited Partner shall cease to be such, and the General Partner, as the sole remaining Partner of the Partnership, shall execute, acknowledge, swear to and cause to be filed a Certificate of Cancellation of the Partnership. The General Partner shall not be personally liable for the return of the capital contribution of the Limited Partner, or any portion thereof. The establishment of any reserves pursuant to Section 10(b)(i) of this Agreement shall not have the effect of extending the term of the Partnership.

12. Authority to Amend

(a) This Certificate and Limited Partnership Agreement may be amended by written instrument executed by the General Partner and by Limited Partners owning forty percent (40%) or more of the Partnership.

13. Miscellaneous

(a) Acceptance of Prior Acts by New Partners

Each person becoming a Partner, by becoming a Partner, ratifies and agrees to be bound by all actions duly taken by the Partnership, pursuant to the terms of this Agreement, prior to the date such person becomes a Partner.

(b) Notices

Any notice, payment demand or communication required or permitted to be given by the provisions of this Agreement shall be deemed to have been sufficiently given or served for all purposes if delivered personally to the party or to an officer of the party to whom the same is directed, or if sent by Registered or Certified Mail, postage and charges prepaid, addressed as follows:

Jennifer L. Falletta

Rt. I, Box 131 - F
Montevallo, Alabama 35115

If to the Limited Partner, at:

W.D. Rogers
3301 Shetland Trace
Birmingham, Ala. 35243

Any such notice shall be deemed to be given as of the date so delivered, if delivered personally, or as of the date on which the same was deposited in a regularly maintained receptacle for the deposit of United States mail, addressed and sent as aforesaid.

(c) Section Headings

Section and other headings contained in this Agreement are for reference purposes only and are in no way intended to describe, interpret, define or limit the scope, extent or intent of this Agreement or any provision hereof.

(d) Severability

Every provision of this Agreement is intended to be severable. If any term or provision hereof shall be determined to be illegal or invalid for any reason whatsoever, such illegality or invalidity shall not affect the validity of the remainder of this Agreement.

(e) Meetings

Meetings of the Partnership may be called by any Partner. The call shall state the nature of the business to be transacted.

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(f) Right to Rely Upon the Authority of General Partner

No person dealing with the General Partner shall be required to determine its authority to make any commitment or undertaking on behalf of the Partnership, nor to determine any fact or circumstance bearing upon the existence of his authority. In addition, no purchaser of any property or interest owned by the Partnership shall be required to determine the sole and exclusive right of the General Partner to sign and deliver on behalf of the Partnership any such instrument of transfer, or to see to the application or distribution of revenues or proceeds paid or credited in connection therewith, unless such purchaser shall have received written notice affecting the same.

(g) Governing Law

This Agreement and the rights of the parties hereunder shall be interpreted in accordance with the laws of the State of Alabama.

(h) Counterparts

This Agreement may be executed in multiple counterparts, each of which shall be deemed an original and all of which shall constitute one and the same agreement, and the signatures of any party to any counterpart shall be deemed to be a signature to, and may be appended to, any other counterpart.

(i) Binding Effect

Each and all of the covenants, terms, provisions and agreements herein contained shall be binding upon and inure to the benefit of the parties hereto and their respective heirs, assign, successors and legal representatives.

(j) Gender

All words herein in the male gender shall be deemed to include words in the neuter or female gender wherever the context shall so require.

(k) Time

Time is of the essence in this Agreement.

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(1) Entire Agreement

This Agreement contains the entire understanding among the parties and supersedes any prior understanding and agreements between them respecting the within subject matters. There are no representations, agreements, arrangements or understandings, oral or written, between and among the parties hereto relating to the subject matter of this Agreement which are not fully expressed herein.

Nothing herein shall be construed to grant to the Partnership or the General Partner any right to the land and buildings owned by W. D. Rogers on which the Partnership is operated.

(m) Effective Date of Agreement

This Agreement shall be effective on the date on which the Certificate of Limited Partnership, as required by law to qualify the Partnership as a limited partnership, is filed.

IN WITNESS WHEREOF, the undersigned have executed this Agreement on the day and year set out immediately opposite their signatures hereto.

GENERAL PARTNER

JENNIFER L. FALLETTA

Jennifer L. Falletta

WITNESS

Joanne E. Boyd

Date: August 24, 1983

LIMITED PARTNER

W. D. ROGERS

W. D. Rogers

WITNESS

Joanne E. Boyd

Date: August 24, 1983

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STATE OF ALABAMA)

JEFFERSON COUNTY)

I, the undersigned, a Notary Public in and for said County in said State, hereby certify that Jennifer L. Falletta, whose name as sole general partner of Blue Desert Arabians, Ltd., is signed to the foregoing agreement, and who is known to me, acknowledged before me on this date that, being informed of the contents of the agreement, she, as such general partner, and with full authority, executed the same voluntarily for and as the act of said limited partnership.

GIVEN under my hand and official seal this the 24th day of August, 1983.


Notary Public

STATE OF ALABAMA)

JEFFERSON COUNTY)

I, the undersigned, a Notary Public in and for said County in said State, hereby certify that W. D. Rogers, whose name as sole limited partner of Blue Desert Arabians, Ltd., is signed to the foregoing agreement, and who is known to me, acknowledged before me on this date that, being informed of the contents of the agreement, he, as such limited partner, and with full authority, executed the same voluntarily for and as the act of said limited partnership.

GIVEN under my hand and official seal this the 24th day of August, 1983.


Notary Public

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EXHIBIT "A"

| <u>Name of Horse</u> | <u>Registration No. w/ Arabian Horse Registry of America</u> | <u>Age</u> |
|---|--|------------|
| 1. El Wanage | 179165 | 6 |
| 2. Hi Mariah Azeraf | 106057 | 9 |
| 3. Hi Crest Tina | 025785 | 20 |
| 4. Fadlara | 074808 | 12 |
| 5. P. J. El Naar | 195255 | 4 |
| 6. Kealin | 161126 | 6 |
| 7. Desert Wind | | 1 |
| 8. VMG Blue Eclipse | 261825 | 1 |
| 9. Unregistered 1983 Filly by Arabrook Al Booma by P. J. El Naar | | |
| 10. Unregistered 1983 Filly by Hi Mariah Azeraf by Kealin | | |
| 11. Unregistered 1/2 Arabian colt born March 12, 1983, known as "Thunder" by Hi Mariah Azeraf | | |
| 12. Shield Kirose | 091188 | 1 |

STATE OF ALA. SHELBY CO.
I CERTIFY THIS
DOCUMENT WAS FILED

1983 AUG 26 AM 9:56

Thomas P. [Signature]
CLERK OF COURT

Rec 24.00
Jud 1.00
25.00

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