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STATE OF ALABAMA
SHELBY COUNTY

# GENERAL PARTNERSHIP AGREEMENT OF CAHABA PRACTICE REAL ESTATE PARTNERSHIP

THIS AGREEMENT made and entered into effective the day of Annal 1997, by and between ROBERT C. SNYDER, JR., M.D. and THOMAS J. SMITHERMAN, III, M.D. (hereinafter referred to as "Partners"), as follows:

#### WITNESSETH:

WHEREAS, the Partners desire to form a general partnership under the Alabama Uniform Partnership Act, Code of Alabama 1975, Section 10-8-1, et seq. to carry on as co-owners a business for profit; and

WHEREAS, the parties to this Agreement are desirous of confirming the existence of the said general partnership by reducing to writing the terms, provisions and conditions relating to the conduct of the partnership and by defining 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:

1. Name of Partnership. The name of the Partnership shall be CAHABA PRACTICE REAL ESTATE PARTNERSHIP.

- 2. Purpose. The Partners do hereby form a general partnership (the "Partnership") and constitute themselves as General Partners of the Partnership for the purpose of owning and operating an office building, located at 2508 U.S. Highway 31 South, Pelham, Alabama 35124.
  - 3. <u>Partners</u>. The names and addresses of the Partners are as follows:

#### NAME

#### ADDRESS

Robert C. Snyder, Jr., M.D.

2508 U.S. Highway 31 South Pelham, Alabama 35124

Thomas J. Smitherman, III, M.D.

2508 U.S. Highway 31 South Pelham, Alabama 35124

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- 4. Principal Office. The principal office of the Partnership will be located at 2508 U.S. Highway 31 South, Pelham, Alabama 35124. The Partners may from time to time change the principal office address of the Partnership.
- 5. Duration of Partnership. The Partnership shall commence on the date first above written and shall continue until the earlier of 2040 or the date the Partners unanimously agree to terminate and dissolve the Partnership. In the event the Partners terminate and dissolve the Partnership, the Partners shall proceed promptly thereafter to liquidate the Partnership business, and the assets of the Partnership shall be used and distributed as provided hereinbelow.
  - 6. Capital Contributions and Personal Endorsements.

6.1 The Partners agree that their interest in this Partnership shall be as follows:

### NAME

#### PERCENTAGE

Robert C. Snyder, Jr., M.D. 50% Thomas J. Smitherman, III, M.D. 50%

6.2 The capital of the Partnership shall consist of such assets as shall be contributed by the Partners or purchased by the Partnership from funds contributed to or borrowed by the Partnership from funds contributed to or borrowed by the Partnership. The initial capital account of the respective Partners shall be equivalent to the percentages in such capital of the Partnership as set forth in the paragraph hereinabove.

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6.3 In the event it is necessary for the Partners to contribute additional capital to the Partnership for the Partnership business, the Partners shall contribute the necessary capital pro rata to their then respective interests in the profits and losses of the Partnership. If capital is borrowed and/or if mortgages and notes are given, all of the Partners, if required by the lending agency, will sign jointly, but the parties acknowledge that as between themselves, their liabilities shall be in accordance with their respective interests in the profits and losses of the Partnership. Each Partner further agrees to endorse or otherwise guarantee all indebtednesses of the Partnership incurred in connection with the Partnership business, jointly and severally, if required, to any lending agencies and their representatives. It is understood, however, that in the event the Partners sign such obligations so as to be jointly and severally liable, as between themselves their liability shall

be in accordance with their respective interests in the profits and losses of the Partnership.

## 7. Profits and Losses.

- 7.1 The net profits of the Partnership shall be divided among the Partners and the net losses of the Partnership shall be borne by the Partners in their respective percentages set forth in Section 6.1. Partnership profits and losses shall be charged or credited to the separate capital account of each Partner.
- 7.2 The above allocation of profits and losses shall continue throughout the existence of the Partnership and until the Partnership affairs have been wound up and the Partnership terminated, subject to any alterations in the allocation of profits and losses by the unanimous consent of the Partners. A Partner's distributive share (as that term is used in Subchapter K of the Internal Revenue Code) of each item of Partnership income, gain, loss, deduction or credit shall be the same as such Partner's share of Partnership profits and losses.
- 8. Capital Accounts. An individual Capital Account shall be maintained in the name of each Partner. The Capital Account shall reflect the capital interest of each Partner as defined below and shall be maintained in accordance with the federal income tax accounting method adopted by the Partnership. The Capital Contributions actually paid into the Partnership (which for this purpose shall include "deemed" contributions of property to the Partnership under I.R.C. §708) shall be credited to each Partner's Capital Account. The capital account of each Partner shall be increased by (1) the amount of money contributed by him to the partnership (2) the fair market value of property contributed by that Partner to the partnership (net of liabilities secured by such contributed property that the partnership is considered to assume or take subject to under I.R.C. §752), and (3) allocations to that Partner of partnership income and gain including income and gain exempt from tax and income and gain as computed for book purposes, in accordance with Reg. \$1.704-1(b)(2)(iv)(g); and is decreased by (1) the amount of money distributed to him by the partnership, (2) the fair market value of property distributed to him by the partnership (net of liabilities secured by such distributed property that such partner is considered to assume or take subject to under I.R.C. §752), (3) allocations of partnership loss and deduction, including loss and deduction, computed for book described in Reg. 1.704-1(b)(2)(iv)(g), but as purposes, excluding items described in (3) above.

#### Accounting Provisions. 10.

- The fiscal year Fiscal Year: the 10.1 Partnership shall be the calendar year.
- 10.2 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. 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.
- 10.3 Annual Operating Statements. Each Partner 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.
  - 10.4 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 the year requested; provided, however, that the Partner requesting 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.
    - 11. Additional Partners. The Partnership shall not be expanded to include additional Partners unless all of the The Partners may, existing Partners consent to the same. 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.

12. 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 in this Agreement, as the same may be amended from time to time. 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.

#### 13. Withdrawal.

13.1 Subject to the provisions of Section 15, no Partner may withdraw from the Partnership or sell, transfer, assign, pledge or otherwise dispose of all or any part of his interest in the Partnership without the written consent of the other Partner, which consent may be withheld without cause or reason.

Partnership shall give thirty (30) days' written notice of such intention to the other Partner at the offices of the Partnership. The other Partner shall, within ten (10) days after receipt of such Partner's written notice, either give such Partner his written consent to withdraw or inform him in writing that such consent shall not be given. If consent to withdraw is given pursuant to this Section, the Partnership shall redeem and liquidate his interest. If consent to withdraw is not given and the Partner withdraws in any event, such withdrawing Partner shall be liable to the Partnership and/or the other Partner for all damages, costs, and liabilities, including attorney's fees incurred or expected to be incurred by the Partnership or the other Partner because of the withdrawing Partner's withdrawal.

#### 14. Retirement, Death, Disability or Termination.

employee of Cahaba Family Medicine, P.C., or any successor, for any reason including but not limited to, termination of employment, with or without cause, retirement, death, or permanent disability, as hereinafter defined, (hereinafter such Partner shall be referred to as the "Terminated Partner"), the remaining Partner(s) shall have the option to purchase the Terminated Partner's interest in the Partnership, upon the same terms and conditions and at the same purchase

price as set forth in Sections 16, 17 and 18 hereof. option may be exercised by the remaining Partner(s) by giving written notice of the decision to purchase the Terminated Partner's Partnership interest to the Terminated Partner, the Terminated Partner's estate, or successor in interest within 60 days after the Applicable Date. If the remaining partner(s) elect not to purchase such interest and the successor in interest of such Partner consents, the remaining Partner(s) and the successor in interest may form a new partnership to continue the business of this Partnership. If a new partnership is so formed or in the event the interest of the Partner is purchased as set forth above, the Partnership shall not be liquidated but, instead, the business of the Partnership shall continue uninterrupted. In the event a new partnership is formed, this Partnership shall transfer, convey, and assign by appropriate instruments all of its assets to the new partnership, subject to all outstanding If no new partnership between the remaining liabilities. Partner(s) and the successor in interest is formed and if no purchase of the Partner's interest occurs according to the terms hereof, then the Partnership shall be liquidated pursuant to Section 19 below.

"Permanent Disability" shall mean the Partner's inability due to mental or physical illness or accident to perform substantially all of the duties customarily performed by the Partner on behalf of Cahaba Family Medicine, P.C. Disability shall be deemed to commence upon the occurrence of such illness or accident, and the Partner shall be deemed to be "Permanently Disabled" on the last day of the third month of a period of Disability. Successive periods of such illness or injury due to the same or related causes shall be considered as one period of disability unless such period is separated by the Partner's return to his duties for twelve (12) months or longer.

#### 15. Right of First Refusal - Sale to Third Party.

15.1 If any Partner receives a bona fide written offer to purchase his interest in the Partnership, such Partner shall first offer to sell his partnership interest to the other Partner(s) hereof, at the price and on the same terms of payment as are contained in the bona fide written offer, which option may be exercised by written notice of the decision to purchase, delivered to the Partner desiring to sell within 30 days after receipt of written offer to sell. If the said other Partner(s) exercise this option, the purchase shall be closed upon the same terms and conditions as set forth in the bona fide written offer. In the event the said other Partner(s) do not exercise the option to purchase

as aforesaid, the Partner desiring to sell shall be free to dispose of his entire interest herein (but not less than his entire interest) to a third party on the same terms and conditions as contained in the aforesaid bona fide written offer, but not later than six (6) months from the date on which the Partner first received the aforesaid bona fide written offer.

15.2 In the event the Partner desiring to sell does dispose of his interest to a third party, said third party shall not be a Partner, except with the unanimous consent of the Partner(s) hereto, as provided in Section 12 hereof, and absent such consent, said third party shall not be entitled, during the continuance of the Partnership, to interfere in the management or administration of Partnership business or affairs, require any information or of Partnership transactions, or inspect Partnership books. The third party shall merely be assignee of the selling Partner and, as such, shall only be entitled to receive the share of profits and losses and cash distributions to which the selling Partner otherwise would be entitled and to receive such other benefits as may be conferred upon an assignee by law and shall not be entitled to participate in the determination of matters as provided in Section 9 hereof. Such assignee, however, shall be obligated to contribute such amounts of capital as the selling Partner otherwise would have been obligated to contribute under Section 6.3 hereof and shall be bound by the terms of this Section 6.3 hereof, and shall be bound by the terms of this Section with respect to any further sale of the partnership interest acquired by him. Any provision herein to the contrary notwithstanding, any such assignment shall ineffective without a written agreement whereby said assignee evidences his intent to be bound by this Agreement. Partnership shall not be dissolved upon a transfer attempted transfer of a Partner's interest to a third party or to a party exercising an option as aforesaid.

# 16. Purchase of Partner's Interest.

16.1 Except as may be otherwise provided in this Agreement, the purchase price for each Partner's interest the Partnership shall be equal to such Partner's proportionate part of the Book Value of the Partnership as of the last day of the fiscal year of the Partnership immediately preceding the Applicable Date. Such purchase price shall be determined by the accountant or accounting firm then servicing the Partnership, and such determination, when made, and delivered to the Partnership, shall be binding upon the Partnership and upon all parties bound by the terms of this Agreement.

(a) All unpaid and accrued taxes shall be deducted as liabilities.

(b) All real estate owned by the Partnership shall be valued at its fair market value, taking into account, however, potential taxes attributable to a sale of the real estate, assuming such a sale occurred during the fiscal year which includes the Applicable Date, as hereinafter defined.

(c) All shares and securities held by the Partnership shall be valued at their fair market value.

(d) Any life insurance which is owned (on Applicable Date, as hereinafter defined) the Partnership on the life of any of the Partners shall be valued at its cash value as of the date the determination is made, with no inclusion for proceeds from such life insurance payable upon the death of the Partner.

(e) All legal and accounting fees incurred by the Partnership as a result of the purchase of such shares shall be deducted as liabilities.

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16.3 In making the adjustment for the fair market value of the real estate, the accountant shall use the value as mutually agreed upon in writing by the remaining Spartner or Partners and the selling Partner or, in the event of death, the deceased Partner's personal representative. In the event they are unable to mutually agree upon the fair market value of said real estate, within 30 days of the accountant's request for said value, then and in that event, two real estate appraisers (MAI) shall be appointed to determine the fair market value thereof. One appraiser shall be appointed by the remaining Partner or Partners and one appraiser shall be appointed by the selling Partner or his representative. Each appraiser shall make an independent determination of the fair market value of said The fair market value so determined shall be real estate. added together, the total so derived shall then be divided by the number 2, and the dollar amount thus arrived at shall be the fair market value of such real estate. The determination, so made, shall be binding on all the parties hereto, including a decedent's personal representative. If either the remaining

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Partner or Partners or the selling Partner, or his personal representative, shall fail to designate a real estate appraiser within said 30 day period, as provided above, the real estate appraiser who has been designated by the other party shall make the determination of the fair market value of said real estate, and his determination shall be final, conclusive and binding upon the remaining Partner or Partners and the selling Partner or his personal representative.

market value of the real estate, the accountant shall rely on and use the value as herein determined, and the expense, if any, shall be borne by the entity and/or person employing such appraiser. A statement showing such book value, as thus adjusted, and the supporting items of computation, including, without limitation, a copy of all appraisals relied on, shall be completed by the accountant and copies delivered to the respective parties upon the completion of the determination of the purchase price.

16.5 "Applicable Date", as herein referred to, shall mean, as the case may be:

- (a) the date of death of a Partner;
- (b) the date a Partner becomes permanently

disabled;

- (c) the date of retirement of a Partner;
- (d) the date a Partner terminates employment with Cahaba Family Medicine, P.C.; or

(e) the date a Partner gives written notice of withdrawal from the Partnership.

16.6 The amounts to be paid to such selling Partner as set forth hereinabove shall constitute a payment under Section 736(a) of the Internal Revenue Code.

## 17. Closing.

17.1 The closing of a transaction of the purchase and sale of a Partner's interest pursuant to this Agreement (hereinafter referred to as the "Closing") shall take place in the offices of the law firm regularly employed by the Partnership at 10:00 a.m. on the earlier of the 120th day from the Applicable Date, as hereinabove defined, or 30 days after completion of the appraisal or at such other time and place as shall be mutually agreed upon by the parties (hereinafter referred to as the "Closing Date").

- 17.2 At the Closing, the selling Partner, or the personal representative of a deceased Partner, shall execute and deliver to the purchaser or purchasers of the partnership interest of the selling Partner or of the deceased Partner such instruments as may be necessary to give title to such interest to such purchaser or purchasers, and shall do and perform all other acts and shall execute such other documents as are reasonably necessary to consummate the purchase and sale and to transfer good title to such interest to such purchaser or purchasers.
  - 17.3 The purchaser or purchasers shall deliver to the selling Partner or his personal representative a cashier's or certified check for the portion of the purchase price of the partnership interest to be paid at the Closing.
  - 17.4 If at the Closing only a portion of the purchase price is paid, such purchaser or purchasers shall execute to the selling Partner, or to the personal representative of a deceased Partner, a negotiable promissory note for the unpaid balance, if any, of the purchase price due from such purchaser or purchasers, payable with interest at 1/2 of 1% less than the then prime rate being charged by AmSouth Bank, N.A. from the Closing Date until paid in full. Such note or notes shall provide for the acceleration of the due date of any unpaid note or notes in the event of default in the payment of any installment due on any note, or interest due thereon, and shall also give the maker thereof the option of prepayment, in whole or in part, at any time, without penalty. If any of such notes are executed by the Partnership as maker, then the remaining or surviving Partners, as the case may be, shall guarantee the payment of such note, provided that such guarantee for each such Partner shall be limited to that portion of the note which bears the same relation that the interest in the profits and losses of the Partnership owned by such Partner at the Closing bears to the total interests owned by all of such remaining or surviving Partners at the Closing.
  - 18. Payment Of Purchase Price. Except as otherwise provided in this Agreement, the purchase price of any partnership interest sold or purchased pursuant to this Agreement shall be paid as follows: If a sale is made by the personal representative of a deceased Partner, an amount equal to the greater of (i) 10% of the total purchase price or (ii) the total life insurance proceeds received or to be received by the purchaser upon the death of the deceased Partner (not to exceed the purchase price), shall be paid on the Closing Date and the balance of the purchase price shall be paid in nine (9) equal consecutive annual installments of principal and interest with the first of said remaining

installments being due and payable on the anniversary of the Closing Date. If a sale is made by any Partner during his lifetime, 10% of the total purchase price shall be paid on the Closing Date and the balance shall be paid in nine (9) equal consecutive annual installments of principal and interest, with the first of said remaining installments being due and payable on the anniversary of the Closing Date.

#### Dissolution and Termination of Partnership. 19.

- 19.1 The Partnership shall be dissolved: (1) upon the occurrence of any event specified under the laws of the State of Alabama as one causing dissolution, or (2) upon mutual consent of the Partners hereto.
- 19.2 Upon the dissolution of the Partnership, a "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 owe a strict fiduciary duty to the Partner shall 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 n dissolution.

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- 19.3 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, contains the other than those owed to Partners; (2) debts and liabilities of the Partnership owed to Partners; and (3) the capital interests of the Partners as reflected in their respective Ecapital accounts. The Liquidating Partner may elect to satisfy any of the payments due under this Section by distributing Partnership assets in kind instead of distributing proceeds from the sale of such assets. If, after satisfying all payments due under (1) and (2) as set forth hereinabove in this Section, Partnership assets remain that will be distributed in kind, certain adjustments to the Partners' respective capital accounts shall be made pursuant to the following provisions:
  - (a) The Liquidating Partner 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.
  - (b) Said Liquidating Partner shall determine the difference between the total fair market value

of such assets and the aggregate adjusted bases in such assets.

(c) 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.

19.4 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.

his 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.

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

#### 20. Miscellaneous.

20.1 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.

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 (1) of the Partners.

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

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Partnership and the legal and accounting affairs of the Partnership.

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.

20.5 This Agreement contains the entire agreement 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, or understandings (oral or written) between or among the parties hereto relating to the subject matter of this Partnership which are not fully expressed herein.

20.6 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.

20.7 This Agreement shall be binding upon the heirs, executors, administrators, successors, assigns, or other personal representatives of the Partners, who shall be bound to carry out the provisions of this Agreement.

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.

20.9 The captions or headings in this Agreement are made for convenience and general reference only and shall not be construed to describe, define or limit the scope or intent of the provisions of this Agreement.

IN WITNESS WHEREOF, the Partners have hereunto set their hands and seals on the 23 day of 1997. (SEAL)

Robert C. Snyder, Jr., M.D.

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Thomas J. Smitherman, III, M.D.

(PARTNERS)

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I, the undersigned, a Notary Public in and for said County and said State, hereby certify that Robert C. Snyder, Jr., M.D., whose name is signed as General Partner to the foregoing General Partnership Agreement and who is known to acknowledged before me on this day that, being duly informed of the contents of said Agreement, he executed the same voluntarily on the day and year first above written. Subscribed and sworn to before me on this 23 day My Commission Expires: 5/11/93 STATE OF ALABAMA SHELBY COUNTY I, the undersigned, a Notary Public in and for said County and said State, hereby certify that Thomas J. Smitherman, III, M.D., whose name is signed as General Partner to the foregoing General Partnership Agreement and who is known to me. acknowledged before me on this day that, being known to me, acknowledged before me on this day that, being duly informed of the contents of said Agreement, he executed the same voluntarily on the day and year first above written. Subscribed and sworn to before me on this 23 My Commission Expires: 5/11 STATEMENTSHELL STEUMENT WAS FREE! 92 FEB 25 PM 3: 28 1. Deed Tax -Recording Fee A. Indexing Fee -JUDGE OF FROBALE 5. No Tax Fee ----8 Certified Fee \_\_\_\_\_\$.

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