

1. the General Partner voluntarily withdraws as a General Partner pursuant to Section 10.9.B hereof;
2. the General Partner transfers all of his Interest in the Partnership and his transferee is admitted as a Substituted General Partner pursuant to Article XI hereof; or
3. if the General Partner is a natural person, the General Partner dies or is adjudicated by a court of competent jurisdiction to be mentally incompetent to manage his person or property.
4. the General Partner makes a general assignment for the benefit of creditors, or any assignment to a creditor resulting from the creditor's foreclosure upon or execution against his Interest in the Partnership;
5. the General Partner files a voluntary bankruptcy petition; or
6. a judicial order granting the relief requested by the petitioner in an involuntary bankruptcy proceeding filed against the General Partner is entered.

No event of withdrawal described in Section 4.02 of the Act other than those set forth above shall constitute an Event of Withdrawal under this Agreement.

B. *Voluntary Withdrawal.* Upon compliance with the requirements of this Section 10.9.B, a General Partner may voluntarily withdraw at any time from the Partnership (in his capacity as a General Partner, but not in his capacity as a Limited Partner) and cease to be a General Partner.

1. The withdrawing General Partner shall (i) first obtain the written approval of all Partners to his withdrawal and (ii) then give Notification of his withdrawal and the written approval of the other Partners to all other Partners no later than thirty (30) days prior to the effective date of such withdrawal, which date shall be stated in the Notification. Any of the remaining Partners shall have the right, by Notification given to the withdrawing Partner at any time prior to the effective date of such withdrawal, to veto such withdrawal, and in such event the withdrawal may not take place. If no veto of the withdrawal is made prior to the effective date thereof, then the withdrawal shall proceed as contemplated.

2. A voluntary withdrawal in accordance with the terms of this Section 10.9.B shall not constitute a violation of this Agreement. A voluntary withdrawal pursuant to this Section 10.9.B shall constitute an Event of Withdrawal under Section 10.9.A.1, and shall cause the dissolution of the Partnership pursuant to Section 14.2.A hereof.

10.10 Dissolution of Partnership Following Event of Withdrawal. At the effective date of any Event of Withdrawal of a General Partner, the Partnership shall be dissolved, as required by Section 14.2.A. The Partnership may be reconstituted, however, and its business continued without winding up and liquidation, as contemplated by Section 14.3.

10.11 Conversion of Interest Following Event of Withdrawal. If the Partnership is reconstituted without liquidation pursuant to Section 14.3 hereof, then all of the Interest of the withdrawing General Partner in the Partnership as a General Partner shall be converted to a Limited Partner's Interest.

ARTICLE XI

The Limited Partners: Duties, Powers and Rights

11.1 Status of Limited Partners. The Limited Partners have the rights and the status of limited partners under the Act. The Limited Partners may not take part in the management or control of the Partnership business, transact any business in the Partnership's name or sign for or bind the Partnership, such power being vested exclusively in the Managing Partner.

11.2 Persons Who Are Both General Partner and Limited Partner. A Person who is both a General Partner and a Limited Partner has the rights and is subject to the restrictions and liabilities of a General Partner and, except as otherwise provided by the Act, has the rights and is subject to the restrictions and liabilities, if any, of a Limited Partner to the extent of the Person's participation in the Partnership as a Limited Partner.

11.3 Liability to Third Parties. A Limited Partner is not liable for the obligations of the Partnership beyond the amount of his initial and additional Capital Contributions, unless the Limited Partner is also a General Partner or, in addition to the exercise of the Limited Partner's rights as a Limited Partner, the Limited Partner participates in the control of the business of the Partnership. A Limited Partner does not participate in the control of the business of the Partnership by virtue of the Limited Partner's having or acting in one or more of the capacities or possessing or exercising one or more of the powers enumerated in Section 3.03 of the Act.

11.4 Withdrawal of Limited Partner. A Limited Partner may not withdraw from the Partnership prior to its dissolution and winding up, other than by transfer of his entire Interest pursuant to Section 12.1 and the admission of his transferee as a Substituted Limited Partner pursuant to Section 12.4.

11.5 No Right to Remove General Partner. The Limited Partners have no right or power under this Agreement to remove General Partner.

11.6 Right to Remove Managing Partner. The Managing Partner may be removed as the Managing Partner of the Partnership (i) by the vote of 100% of the General Partners other than the Managing Partner and 100% of the Limited Partners, at any time, with or without cause; or (ii) by the vote of 100% of the General Partners other than the Managing Partner and a Three-Fourths-in-

Interest, or more of the Limited Partners but only on the basis of fraud, malfeasance or gross negligence in the management of the affairs of the Partnership, all as determined by a final judgment rendered by a court of competent jurisdiction. Any such removal may be accomplished by written notice delivered to the removed Managing Partner within thirty (30) days after such determination of removal as provided above. The removal of the Managing Partner as the Managing Partner of the Partnership shall constitute an Event of Withdrawal as to the removed Partner under Section 10.9.A.4. The Partnership shall be dissolved as required by Section 15.2.A. The Partnership may, however, be reconstituted and its business continued by the successor Managing Partner designated in Section 10.2 or other remaining Partners, in accordance with Section 15.3.

11.7 Other Business. The Limited Partners may engage in or possess an interest in other business ventures (unconnected with the Partnership) of every kind and description, independently or with others, including businesses competitive with that of the Partnership. Neither the Partnership nor the other Partners shall have any rights in or to such independent ventures or the income or profits therefrom.

11.8 Right to Direct Voting of Closely Held Stock. Each General and Limited Partner shall have the right to direct the Managing Partner to vote any stock in a closely held corporation by giving written instructions to the Managing Partner. The number of shares of the stock in the closely held corporation to be voted in accordance with each Partner's written instructions shall be equal to the product (rounded to the nearest whole number) of the total number of shares in the closely held corporation held by the Partnership multiplied by the Partner's total interest (both general and limited) in the Partnership. The written instructions under this Section 10.8 shall remain effective until contrary written instructions are received by the Managing Partner. In the absence of written instructions, any such stock may be voted by the Managing Partner in any manner which, in the discretion of the Managing Partner, is in the best interests of the Partnership.

11.9 Persons Who Are Both an Employee and Limited Partner. A Person who is both an employee and a Limited Partner shall not be deemed to have participated in the management and control of the business of the Partnership merely because that Person has dual capacities one of which may require such Person to actively perform services on behalf of the Partnership that are within that employee's job duties.

ARTICLE XII

Transfer of Interests

12.1 Procedure for Transfer of Interest. A Partner may make a Transfer of his Interest, in whole or in part, only upon compliance with the following procedure:

A. Unless the proposed Transfer is a Permitted Transfer, the transferor Partner shall give the Partnership and the other Partners first options to purchase such Interest, in the manner described in Section 12.2 hereof.

B. There shall have been filed with the Partnership a written and dated instrument of such Transfer, in form and substance reasonably satisfactory to the Managing Partner, executed by both the transferor and the transferee, which instrument shall (i) contain the acceptance by the transferee of all of the terms and provisions of this Agreement, (ii) contain such representations as the Managing Partner may deem necessary or advisable to assure that such Transfer need not be registered under any applicable federal or state securities laws, (iii) instruct the Managing Partner as to the Interest transferred and to whom and at what address Partnership distributions and Notifications in respect of such Interest should henceforth be sent, and (iv) contain any information required under the Code that is requested by the Managing Partner.

C. Unless expressly waived by the Managing Partner, the transferor or transferee shall deliver to the Partnership an opinion of counsel acceptable to the Managing Partner that (i) such Transfer is exempt from the registration requirements of the Securities Act of 1933, as amended, applicable state securities laws, and any rules or regulations promulgated thereunder, and will not otherwise cause the Partnership or the Managing Partner to be in violation of such laws and regulations, (ii) the Transfer will not result in the termination of the Partnership within the meaning of section 708(b) of the Code, and (iii) the Transfer will not adversely affect the status of the Partnership as a partnership under the Code.

D. The transferor Partner shall have received a written acknowledgment from the Managing Partner that the Transfer has been recognized by the Partnership. Such Transfer shall be effective as of the date of, or any other date specified in, such written acknowledgment.

12.2 *Options to Purchase Interest Proposed to be Transferred.*

A. *Notification from Transferor Partner.* In the event a Partner proposes to make any Transfer of his Interest that is not a Permitted Transfer, such Partner must either obtain the written consent of all of the other Partners to the proposed Transfer, or he must comply with the further provisions of this Section 12.2. If the Partner has not obtained a written consent from the Managing Partner to the proposed Transfer, such Partner (hereinafter referred to in this Section 12.2 as the "transferor Partner") shall give Notification of such proposed Transfer to the Partnership and to all other Partners. The Notification must set forth the type of Transfer proposed to be made, the name of the proposed transferee, the portion of the transferor Partner's Interest to be transferred (hereinafter referred to in this Section 12.2 as the "offered Interest"), the price at which the offered Interest is to be purchased (if the proposed Transfer will be a sale), and all other material terms and conditions of the proposed Transfer.

B. *Transferor Partner's Purchase Option.* If the proposed Transfer is one described in subparagraph 4 of the definition of "Transfer" set forth in Article XIX hereof involving the divorce or death of the transferor Partner's spouse, the transferor Partner shall have an exclusive option, exercisable at any time during a period of twenty (20) days from the date upon which the transferor Partner's Notification was given, to purchase all, but not

less than all, of the offered Interest at the Liquidating Value thereof, as determined in accordance with Article XV of this Agreement.

C. *Partnership's Purchase Option.* If the proposed Transfer is other than one described in subparagraph 4 of the definition of "Transfer" set forth in Article XIX hereof (or if the proposed Transfer is one described in subparagraph 4 thereof as to which the transferor Partner did not exercise his initial purchase option described above), then the Partnership shall have an exclusive option, exercisable at any time during a period of twenty (20) days from the date upon which the transferor Partner's Notification was given (or, if applicable, from the date upon which the transferor Partner's initial option expired) to purchase all, but not less than all, of the offered Interest at the lesser of (i) the Liquidating Value thereof, as determined in accordance with Article XV of this Agreement, or (ii) if the proposed Transfer is a sale, the purchase price stated in the transferor Partner's initial Notification. The transferor Partner (or, if applicable, the spouse or personal representative of the spouse of the transferor Partner) shall not be required to sell any of the offered Interest to the Partnership unless the Partnership is willing to purchase all of the offered Interest. The decision as to whether the Partnership shall exercise its purchase option hereunder shall be made by the Managing Partner. If the Partnership decides to exercise this option, then prior to the expiration of the 20-day period set out above, the Partnership shall give Notification of its intention to the transferor Partner (or, if applicable, to the spouse or personal representative of the spouse of the transferor Partner).

D. *Other Partners' Purchase Option.* If the Partnership does not elect to exercise its option to purchase the offered Interest, then prior to the expiration of the 20-day period set out above, the Managing Partner shall give Notification thereof to all Partners. Following such Notification, the Partners other than the transferor Partner (including any proposed purchaser of the offered Interest if he is a Partner) shall have an exclusive option, exercisable at any time during a period of twenty (20) days from the date upon which the Managing Partner's Notification was given, to purchase the offered Interest at the lesser of (i) the Liquidating Value thereof, as determined in accordance with Article XV of this Agreement, or (ii) if the proposed Transfer is a sale, the purchase price stated in the transferor Partner's initial Notification. Partners who desire to participate in the purchase of the offered Interest (hereinafter referred to in this Section 12.2 as "purchasing Partners") shall be entitled to purchase all, but not less than all, of the offered Interest. The transferor Partner (or, if applicable, the transferor Partner's spouse or the personal representative of the transferor Partner's spouse) shall not be required to sell any of the offered Interest to the purchasing Partners unless the purchasing Partners are willing, as a group, to purchase all of the offered Interest. Unless the purchasing Partners agree that the offered Interest shall be purchased by them in some other proportion, each purchasing Partner shall be entitled to purchase that portion of the offered Interest that the Interest held by him bears to the aggregate Interests held by all of the purchasing Partners.

E. *Nonexercise of Options.* If none of the purchase options described above is exercised, then the transferor Partner shall have the right, during a period of thirty (30) days after the expiration of the other Partners' purchase option, to transfer all of the offered

Interest to the transferee named in the transferor Partner's initial Notification on the same terms and conditions and (if the Transfer is a sale) at a price equal to or in excess of (but not less than) the price specified in the transferor Partner's Notification. If a Transfer to the named transferee is not made within the 30-day period provided for herein, the restrictions contained in this Section 12.2 shall resume and continue in effect thereafter as to the transferor Partner.

12.3 *Effects of Partner's Transfer of Interest.* Following the Transfer of all or part of a Partner's Interest in accordance with Sections 12.1 and/or 12.2 above:

A. until the transferee becomes a Substituted Partner in accordance with Section 12.4 below, the transferee shall not have the Rights and Duties of a Partner, provided, however, that if the Transfer is one described in subparagraphs 2 through 7 of the definition of "Transfer" set forth in Article XIX hereof, the transferee shall become subject to the transferor Partner's obligation to make additional Capital Contributions under Section 6.3 hereof;

B. until the transferee becomes a Substituted Partner, the transferor continues to be a Partner and to have the Rights and Duties of a Partner unless the transferor is a natural person who has died or been adjudicated to be mentally incompetent;

C. the transferee shall be entitled (and the transferor shall cease to be entitled) to be allocated such income and loss and to receive such distributions of revenues pursuant to Article VI of this Agreement as the transferor would have been entitled to be allocated or to receive on account of the Interest transferred;

D. until the transferee becomes a Substituted Partner, the transferee shall have no liability as a Partner solely as a result of the Transfer (other than as described in Section 12.3.A above); and

E. a Person who is the transferee of all or any part of the Interest of a Partner, but does not become a Substituted Partner, and who desires to make a further Transfer of such Interest, shall be subject to all the provisions of this Article XII to the same extent and in the same manner as any Partner desiring to make a Transfer of his Interest.

12.4 *Admission of Transferee as a Substituted Partner.* The transferee of all or part of a Partner's Interest (including, with respect to the Interest transferred, any transferee who is already a Partner) may be admitted as a Substituted Partner only upon compliance with the following conditions:

A. The written approval of the Managing Partner shall have been obtained with respect to the specific Person proposed to be substituted. The granting or denial of such approval shall be determined by the Managing Partner in accordance with the following rules:

1. No transferee may be admitted as a Substituted General Partner unless the Transfer in question was (a) a Transfer of the Interest of a General Partner and (b) a Permitted Transfer. If the transfer was not of a type described in the foregoing sentence, the transferee may not be admitted as a Substituted General Partner, but may be admitted as a Substituted Limited Partner.

2. If the Transfer was of the Interest of a Limited Partner, the transferee may be admitted only as a Substituted Limited Partner.

3. A transferee seeking admission as a Substituted Partner shall not be denied such admission (except as required by Section 12.4.A.1 above) if the transferee is already a Partner.

4. Other than as set forth above, the granting or denial of admission of a transferee as a Substituted Partner shall be within the sole, absolute discretion of the Managing Partner.

B. The transferee to be substituted shall have executed a counterpart of this Agreement and thereby become subject to all of the terms and conditions hereof.

C. The transferee to be substituted, the Managing Partner, and all other Partners (either individually or by virtue of the Managing Partner's power of attorney under Article XVI hereof) shall have executed all certificates, instruments and documents, and taken all such action, as the Managing Partner may deem appropriate to preserve the limited liability status of the Partnership after the completion of such substitution, comply with applicable securities laws, and preserve the federal partnership tax status of the Partnership.

D. All costs and expenses, if any, incurred by the Managing Partner or the Partnership in connection with effectuating the provisions of this Article XII, including all attorneys' fees and filing costs, shall be reimbursed directly to the Managing Partner or the Partnership from the parties requesting the substitution, whether or not the substitution actually occurs.

12.5 *Effects of Admission of Substituted Partner.* Following the admission of a Substituted Partner in accordance with Section 12.4 above, and to the extent of the Interest transferred to the Substituted Partner:

A. the Substituted Partner shall have the Rights and Duties of a Limited or General Partner (depending upon the capacity in which he was admitted);

B. the transferor Partner shall cease to be a Partner and to have the Rights and Duties of a Limited or General Partner; and

C. the Substituted Partner shall become liable as a Limited or General Partner (depending upon the capacity in which he was admitted) under this Agreement and the Act,

including liability for any unfulfilled obligation of the transferor Partner to make any initial or additional Capital Contributions as required by this Agreement.

12.6 Powers of Estate of Deceased or Incompetent Partner. If a Partner who is a natural person dies or a court of competent jurisdiction adjudges the Partner to be incompetent to manage that Partner's person or property, the Partner's executor, administrator, guardian, conservator, or other legal representative may exercise the deceased or incompetent Partner's power under this Agreement to make a Transfer of all or any part of the Partner's Interest and to join with such transferee in satisfying the conditions precedent to such transferee becoming a Substituted Partner.

12.7 Transfer of All Interest of a General Partner. If a General Partner transfers all of his Interest as a General Partner and his transferee is admitted as a Substituted General Partner pursuant to this Article XI, such Transfer shall constitute an Event of Withdrawal as to the transferor under Section 10.9.A.2. The Partnership shall be dissolved as required by Section 14.2.A. The Partnership may, however, be reconstituted and its business continued by the transferee Substituted General Partner or other remaining Partners, in accordance with Section 14.3.

12.8 Pledges. Except with the prior written consent of the Managing Partner, no Partner shall pledge or grant a security interest in all or any portion of his Interest.

ARTICLE XIII

Indemnification and Insurance

13.1 Indemnification and Advancement of Expenses. The Partnership may indemnify or advance expenses to a Person who was, is, or is threatened to be made a named defendant or respondent in a proceeding because the Person (i) is or was a General Partner, Limited Partner, employee or agent of the Partnership, or (ii) is or was serving at the request of the Partnership as a partner, director, officer, venturer, proprietor, trustee, employee, agent or similar functionary of another foreign or domestic limited partnership, corporation, general partnership, joint venture, sole proprietorship, trust, employee benefit plan or other enterprise, to the fullest extent provided by, and in accordance with the procedures set forth in, Article 11 of the Act ("TRLPA Article 11") and any other applicable laws, provided, however, that the determination under Section 11.06 of TRLPA Article 11 that indemnification is permissible, and the authorization of indemnification and determination of reasonableness of expenses under Section 11.07 of TRLPA Article 11, shall be made by the Managing Partner in his sole discretion.

13.2 Insurance. Subject to Section 11.18 of TRLPA Article 11, the Partnership may purchase and maintain insurance or another arrangement on behalf of any Person who is or was a General Partner, Limited Partner, employee, agent or other Person identified in Section 13.1 against any liability asserted against him and incurred by him in such a capacity or arising out of his status as such a Person, whether or not the Partnership would have the power to indemnify him against that liability under Section 13.1.

13.3 *Agreed Value of Contribution of New Limited Partner.* The new Limited Partner and the Managing Partner shall first endeavor to agree upon the Agreed Value of the Capital Contribution to be made by the new Limited Partner. If no such agreement can be reached within a reasonable time, then an appraisal of such Capital Contribution shall be made. The appraisal shall be conducted in the same manner as is set forth in Section 16.3.B hereof with respect to determinations of the Liquidating Value of an Interest. The General Partners are required to maintain, collectively, General Partnership Interests of at least one percent (1%) at all times. Notwithstanding any other provision of this Agreement, upon the making of a Capital Contribution by an additional Limited Partner, the General Partners, collectively, must contribute immediately capital equal to one and one-hundredths percent (1.01%) of such additional Limited Partner's capital contribution or such lesser amount (including zero) as may be necessary to cause the General Partners' capital account balances to equal, collectively, at least one percent (1%) of the total positive capital account balances of the Partnership.

13.4 *Adjustment Due to Contribution of New Limited Partner.* The Agreed Value of the Capital Contributions of the existing Partners shall be revalued at that time, in the same manner as is set forth above with respect to determinations of the Agreed Value of Capital Contributions of new Limited Partners, *i.e.*, by agreement between the Managing Partner and the contributing Partner or, if no agreement can be reached, by appraisal. Following such revaluation, each Partner's Interest shall be adjusted so as to equal (i) the sum of the Agreed Value of his previous Capital Contributions (as revalued), (ii) divided by the total of the Agreed Values (as revalued) of all Capital Contributions made by the Partners. An adjustment in the Partners' Interests pursuant to this Section 13.3 shall be made as of the last day of the month in which a new Limited Partner is admitted. Schedule A shall be amended by the Managing Partner to reflect any adjustment to the Partners' Interests and to the Agreed Values of their Capital Contributions. In addition, the Partners' respective Capital Accounts shall be (i) credited with any Deemed Gain resulting from a revaluation of the Partners' Capital Contributions, and (ii) debited with any Deemed Loss resulting from a revaluation of the Partners' Capital Contributions.

13.5 *Limit on Liability of Limited Partners.* The indemnification set forth in this Article XIII shall in no event cause the Limited Partners to incur any personal liability beyond their total Capital Contributions, nor shall it result in any liability of the Limited Partners to any third party.

ARTICLE XIV

Dissolution and Winding Up

14.1 *Events Not Causing Dissolution.* The Partnership shall not be dissolved by a General Partner's or Limited Partner's Transfer of his Interest (except as noted in Section 12.7), or by the bankruptcy, death, judicially declared incompetency or other incapacity of a Limited Partner.

14.2 *Events Causing Dissolution.* The Partnership shall be dissolved by:

- A. the occurrence of any Event of Withdrawal of a General Partner;

- B. the expiration of the term of the Partnership set forth in Article V;
- C. the written consent of all Partners to dissolve and wind up the affairs of the Partnership; or
- D. the occurrence of any other event that causes the dissolution of a limited partnership under the Act.

14.3 *Reconstitution of Partnership.*

A. *By Remaining General Partner(s).* Upon the dissolution of the Partnership under Section 14.2.A or .B above, the Partnership may be reconstituted and its business continued without winding up of the Partnership and liquidation of its assets if following such event that causes the dissolution there remains at least one General Partner and that General Partner carries on the business of the Partnership.

B. *By All Partners.* Following any dissolution of the Partnership under Section 14.2.A or .B above where no remaining General Partner carries on the business of the Partnership, the Partnership may nevertheless be reconstituted and its business continued if, within ninety (90) days after the date of dissolution, all remaining Partners agree in writing to continue the business of the Partnership and, to the extent that they desire or if there are no remaining General Partners, agree to the appointment, effective as of the date of dissolution, of one or more new General Partners who agree to carry on the Partnership's business.

14.4 *Winding Up.* If the Partnership is dissolved pursuant to Section 14.2 and is not reconstituted pursuant to Section 14.3, the Partnership's affairs shall be wound up as soon as reasonably practicable in the manner set forth below.

A. *Appointment of Liquidator.* The winding up of the Partnership's affairs shall be supervised by a liquidator. The liquidator shall be, in order of preference, (i) the Managing Partner, if he remains as such at the date of dissolution, (ii) any other General Partner(s) remaining at the date of dissolution, or (iii) if no General Partner is available, a liquidator or liquidating committee selected by Three-Fourths-in-Interest of the Partners.

B. *Powers of Liquidator.* In winding up the affairs of the Partnership, the liquidator shall have full right and unlimited discretion for and on behalf of the Partnership:

1. to prosecute and defend civil, criminal or administrative suits;
2. to collect Partnership Property, including obligations owed to the Partnership;
3. to settle and close the Partnership's business;

4. to dispose of and convey all Partnership Property for cash, and in connection therewith to determine the time, manner and terms of any sale or sales of Partnership Property, having due regard for the activity and condition of the relevant market and general financial and economic conditions;

5. to pay all reasonable selling costs and other expenses incurred in connection with the winding up out of the proceeds of the disposition of Partnership Property;

6. to discharge the Partnership's known liabilities and, if necessary, to set up, for a period not to exceed three (3) years after the date of final liquidation, such cash reserves as the liquidator may deem reasonably necessary for any contingent or unforeseen liabilities or obligations of the Partnership;

7. to distribute any remaining proceeds from the sale of Partnership Property to the Partners;

8. to prepare, execute, acknowledge and file a certificate of cancellation under the Act and any other certificates, tax returns or instruments necessary, convenient or advisable under any applicable law to effect the winding up and termination of the Partnership; and

9. to exercise, without further authorization or consent of any of the Partners or their legal representatives or successors in interest, all of the powers conferred upon the Managing Partner under the terms of this Agreement to the extent necessary or desirable in the good faith judgment of the liquidator to perform its duties and functions. The liquidator (if not the Managing Partner or another General Partner) shall not be liable as a general partner to the Limited Partners and shall, while acting in such capacity on behalf of the Partnership, be entitled to the indemnification rights set forth in Article XII hereof.

14.5 *Distribution of Partnership Property and Proceeds of Sale Thereof.*

A. *Order of Distribution.* Partnership Property may be sold or retained for distribution in kind as the liquidator may elect. Upon completion of all desired sales of Partnership Property (or, at the discretion of the liquidator, from time to time during the process of selling Partnership Property), and after payment of all selling costs and expenses, the liquidator shall distribute the proceeds of such sales, and any Partnership Property that is to be distributed in kind, to the following groups in the following order of priority:

1. to the extent permitted by law, to satisfy Partnership liabilities to creditors (except as to Partners for debts and past due Partnership distributions), whether by payment or establishment of reserves;

2. to satisfy Partnership obligations to Partners or former Partners to pay debts and past due Partnership distributions;

3. to the Partners, in accordance with the positive balances in their respective Capital Accounts; and

4. to the Partners, in accordance with their respective Interests.

B. *Insufficient Assets.* The claims of each priority group shall be satisfied in full before satisfying any claims of a lower priority group. If the assets available for disposition are insufficient to dispose of all of the claims of a priority group, the available assets shall be distributed in proportion to the amounts owed to each creditor or the respective Capital Account balances or Interests of each Partner in such group.

14.6 Final Audit. Within a reasonable time following the completion of the liquidation, the liquidator shall supply to each of the Partners a statement which shall set forth the assets and the liabilities of the Partnership as of the date of complete liquidation, each Partner's pro rata portion of distributions pursuant to Section 14.5, and any amount retained as reserves by the liquidator.

ARTICLE XV

Determination and Payment of Liquidating Value for Partnership Interests

15.1 General. Whenever this Agreement requires or permits the Interest of a Partner or any assignee of a Partner's Interest (hereinafter referred to in this Article XV as the "seller") to be purchased at its Liquidating Value by the Partnership or the other Partners (hereinafter referred to in this Article XV as the "purchasers"), such Liquidating Value shall be determined, and payment thereof shall be made, in the manner described in this Article XV.

15.2 Liquidating Value. The Liquidating Value of the seller's Interest shall be the amount the seller would have received in respect of such Interest upon a liquidation of the Partnership pursuant to Article XIV hereof, after prior payment of all selling costs and expenses, liabilities to creditors and obligations to Partners as contemplated by Section 14.5 less an appropriate discount for lack of marketability and lack of control as determined by agreement pursuant to Section 15.3.A. or by appraisal pursuant to Section 15.3.B. Liquidating Value shall be determined as of the date upon which the transferor Partner's Notification is given in accordance with Section 12.2.A.

15.3 Determination of Liquidating Value. The Liquidating Value of the seller's Interest shall be determined as follows:

A. *By Agreement.* The seller and a majority of the purchasers shall first endeavor to agree upon the Liquidating Value of the Interest. If no such agreement can be reached within sixty (60) days after the date as of which Liquidating Value is to be determined under

Section 15.2 above, then an appraisal of the Liquidating Value of the Interest shall be made in the manner described in Section 15.3.B below.

B. *By Appraisal.* If no agreement can be reached by the parties, then the Liquidating Value of the Interest shall be determined on the basis of an appraisal of all Partnership Property by one or more qualified, independent appraisers. An appraiser shall be "qualified" if he would be considered an expert for purposes of giving testimony as to the value of the Partnership Property in question in a judicial or similar proceeding, and shall be "independent" if he does not directly or indirectly own any Interest in the Partnership and is not affiliated with the Partnership or any Partner. The following procedures shall be followed as to each different type of Partnership Property (*e.g.*, real estate, oil and gas properties, etc.), so that each type of Partnership Property will be valued by an appraiser or appraisers qualified to value that type of property.

1. *Appraisal by One Appraiser.* If possible, each category of Partnership Property shall be valued by one (1) appraiser acceptable to the seller and a majority of the purchasers.

2. *Appraisal by Two Appraisers.* If agreement on a single appraiser cannot be reached, then each category of Partnership Property shall be valued by two (2) appraisers, one of whom shall be appointed by the seller and the other of whom shall be appointed by a majority of the purchasers. The two appraisers so appointed shall attempt to agree on the value of the Partnership Property in question, but, if they are unable to do so within thirty (30) days after their appointment, they shall immediately submit in writing to the Managing Partner their respective appraisals of such Partnership Property and, if each such appraisal is within ten percent (10%) of the numerical average of both appraisals, then the value of the Partnership Property shall be conclusively determined by taking the numerical average of both the appraisals.

3. *Appraisal by Three Appraisers.* If the two appraisals are not within ten percent (10%) of the numerical average of both appraisals, then the two appraisers shall within ten (10) days after the 30-day period described in the foregoing paragraph mutually select and appoint a third appraiser. Within twenty (20) days after the appointment of the third appraiser, the three appraisers shall each submit their appraisal of the value of the Partnership Property in writing to the Managing Partner, and the value of the Partnership Property shall be conclusively determined by taking the numerical average of the two appraised values which are closest together.

4. *Costs.* Each of the seller and the purchasers shall bear:

a. one-half ($\frac{1}{2}$) of the costs of a single appraiser, if only one appraiser is used;

b. all of the costs of the appraiser appointed by that party, if two are used; and

c. one-half ($\frac{1}{2}$) of the costs of the third appraiser, if three appraisers are used.

5. *Property Not Required to be Appraised.* Appraisals shall not be required for Partnership Properties which are (a) cash, (b) short-term liquid investments or (c) stock or other securities in corporations, which represent less than one percent (1%) of such class of securities, and which are regularly traded on an established stock exchange or other securities market. The Managing Partner may determine the value of any such Partnership Properties by reference to the dollar amount or quoted market value thereof.

Based on the appraisals of each category of Partnership Property submitted to the Managing Partner in accordance with the procedures set forth above, the Managing Partner shall make the final determination of the Liquidating Value of the Interest being sold and purchased, by (i) determining the value of Partnership Property attributable to that Interest, which shall be an amount equaling the aggregate value of all Partnership Property multiplied by a percentage equal to the Interest being sold and purchased, and (ii) deducting from such amount any selling costs and expenses, liabilities to creditors and obligations to Partners attributable to that Interest and which would be paid upon a liquidation of the Partnership less an appropriate discount for lack of marketability and lack of control as determined by the Managing Partner in his sole, reasonable discretion after consultation with the appraiser(s) selected in accordance with the above procedure or after consultation with an appraiser selected by the Managing Partner for such purposes. If the Managing Partner selects an additional appraiser for the purpose of determining appropriate discounts for lack of marketability and lack of control, each of the seller and purchasers shall bear one-half ($\frac{1}{2}$) of the costs of such appraiser. The Managing Partner shall make his determination of Liquidating Value in strict accordance with his fiduciary duties under Article X hereof. Upon completing his determination of Liquidating Value, the Managing Partner shall give Notification to the seller and purchasers, which Notification shall set forth the Liquidating Value of the Interest to be purchased, the value of each category of Partnership Property as determined by the appraisers, the value of Partnership Property attributable to the Interest being sold and purchased, and a description of each deduction made from such amount to reflect selling costs and Partnership liabilities and obligations that would be paid upon liquidation and appropriate discounts for lack of marketability and lack of control.

15.4 Payment of Liquidating Value. The closing of the purchase of a Partner's Interest at its Liquidating Value shall be held as soon as possible, but in no event later than thirty (30) days, following the date upon which the seller and purchasers agree to a Liquidating Value pursuant to Section 15.3.A or the Managing Partner gives the Notification of Liquidating Value required by Section 15.3.B. At such closing, the Liquidating Value shall be paid to the seller as follows:

A. If the seller is a Person to whom the Interest to be purchased was previously transferred in a Transfer described in any of subparagraphs 5, 6 or 7 of the definition of "Transfer" set forth in Article XIX hereof, then the Liquidating Value shall be paid to the

seller on the following basis: (i) ten percent (10%) of such amount shall be paid on the date of closing and (ii) the balance shall be paid in fifteen (15) equal annual installments.

B. If the seller is other than a Person described in Section 15.4.A above, then the Liquidating Value shall be paid to the seller on the following basis: (i) twenty percent (20%) of such amount shall be paid in cash on the date of closing and (ii) the balance shall be paid in four (4) equal annual installments.

C. Under either Section 15.4.A or .B above, unpaid portions of the Liquidating Value for a purchased Interest shall bear interest at the Applicable Federal Rate in effect under Section 1274(d) of the Code on the day of the closing of the purchase, each installment of principal and interest being due on an anniversary date of the date of closing.

15.5 *Adjustment of Interests of Remaining Partners.*

A. *After Purchase by Partnership.* Effective at the date of closing of the purchase of a Partner's Interest by the Partnership, the Interests of the remaining Partners shall be increased in proportion to their current Interests to reflect the liquidation of the seller's Interest, so that the total Interests in the Partnership shall continue to equal one hundred percent (100%). The balance remaining in the seller's Capital Account shall become Partnership Property.

B. *After Purchase by Other Partners.* Effective at the date of closing of the purchase of a Partner's Interest by other Partners, the Interests of the purchasing Partners shall be increased to reflect the amount of the purchased Interest acquired by each of them, so that the total Interests in the Partnership shall continue to equal one hundred percent (100%). The balance remaining in the seller's Capital Account shall be apportioned among the purchasers pro rata to their adjusted Interests.

ARTICLE XVI

Power of Attorney

15.1 *Appointment of Managing Partner as Attorney-in-Fact.* By his execution of this Agreement, each Partner irrevocably appoints the Managing Partner (and, after his appointment pursuant to Article XIV, the liquidator) his true and lawful attorney-in-fact and agent with full power and authority to act in his name and place in any way which he could do if personally present to the extent permitted by law:

A. to make, execute, swear to and acknowledge, amend, file, record, deliver and publish:

1. any amendments to this Agreement entered into in accordance with the terms hereof, and any certificate of limited partnership or amended certificate of

limited partnership required or permitted to be filed on behalf of the Partnership pursuant to the Act;

2. all certificates and other instruments necessary to qualify or continue the Partnership as a limited partnership (or a partnership wherein the Limited Partners have limited liability) in the jurisdictions where the Partnership may be doing business, including, but not limited to, any fictitious or assumed name certificates required or permitted to be filed by or on behalf of the Partnership;

3. all conveyances and other certificates or other instruments evidencing the dissolution or termination of the Partnership when such shall be appropriate;

4. all other filings with agencies of the federal government, of any state or local government or of any other jurisdiction, which the Managing Partner considers necessary or desirable to carry out the purposes of this Agreement and the business of the Partnership;

5. all such other instruments as may be required by law or as the Managing Partner may deem necessary or desirable fully to carry out the provisions hereof; and

B. to enter into, execute, deliver and perform agreements with the Internal Revenue Service to keep open the statute of limitations with respect to Partnership items under examination by the Internal Revenue Service.

16.2 Scope of Power of Attorney. The power of attorney granted in Section 16.1 above is hereby declared to be irrevocable and a power coupled with an interest, and it shall survive and not be affected by the subsequent death, incompetency, disability, incapacity, dissolution, bankruptcy or termination of any Partner and the transfer of all or any portion of his Interest and shall extend to such Partner's heirs, successors, assigns and personal representatives. Each such Partner hereby agrees to be bound by any representations made by the Managing Partner or the liquidator, acting in good faith pursuant to such power of attorney; and each such Partner hereby waives any and all defenses which may be available to contest, negate or disaffirm the action of the Managing Partner or the liquidator, taken in good faith under such power of attorney. Each Partner shall execute and deliver to the Managing Partner or the liquidator within fifteen (15) days after receipt of the Managing Partner's or the liquidator's request therefor, such further designations, powers of attorney and other instruments as the Managing Partner or the liquidator deems necessary to effectuate this Agreement and the purposes of the Partnership.

ARTICLE XVII

Amendment

17.1 Amendment by Managing Partner Without Consent of Other Partners. The Managing Partner may, without prior notice to or consent of any other Partner, amend any provision

of this Agreement if such amendment does not have a material adverse effect upon the General Partner, the Limited Partners or the Partnership, as the case may be. Amendments permissible pursuant to this Section 17.1 include, but shall not be limited to, (i) changes in the name of the Partnership or location of its principal place of business, (ii) amendments necessary to reflect the admission, substitution or withdrawal of Partners in accordance with this Agreement, (iii) amendments to Schedule A as contemplated by Section 6.5.C in connection with additional or optional Capital Contributions, and (iv) any change that is necessary or advisable in the opinion of the Managing Partner to qualify the Partnership as a limited partnership or a partnership in which the Limited Partners have limited liability under the laws of any state or to insure that the Partnership will not be treated as an association taxable as a corporation for federal income tax purposes. The Managing Partner shall obtain a written opinion of counsel confirming that any such amendment does not contravene any provisions of this Agreement. Notification of any amendment to this Agreement effected pursuant to this Section 17.1 shall be sent to all Partners by the Managing Partner within thirty (30) days after the effective date thereof.

17.2 Amendment With Consent of Other Partners. Amendments to this Agreement other than those that may be effected pursuant to Section 17.1 above may be proposed by any General Partner. Upon receipt of such a proposal, the Managing Partner shall submit to the Partners a verbatim statement of the proposed amendment (provided that counsel for the Partnership may make such changes in form thereto as may be necessary) and shall include in any submission its recommendation as to the proposed amendment. A proposed amendment shall be adopted and become effective as an amendment to this Agreement if it receives the affirmative vote of all the Partners; provided, however, no amendment that has the effect of decreasing the profit-sharing percentage of any Partner or increasing the loss-sharing percentage of any Partner may become effective unless affirmatively consented to by all Partners who would be adversely affected thereby.

17.3 Amendment of Percentage Voting Requirements. Notwithstanding the provisions of Sections 17.1 and 17.2, no provision of this Agreement which establishes a percentage Interest required to take any action shall be amended, altered, changed, repealed or rescinded in any respect which would have the effect of reducing such voting requirement, unless approved by the affirmative vote of Partners whose aggregate voting power is not less than the voting requirement sought to be reduced. This Section 17.3 shall only be amended with the affirmative vote of Three-Fourths-in-Interest of the Partners.

ARTICLE XVIII

Action by Partnership

18.1 Required Approval or Vote. Any action of the Partnership for which the Act or this Agreement requires or permits the vote or approval of the Partners shall, unless otherwise required by this Agreement, be approved by the vote of Three-Fourths-in-Interest of the Partners.

18.2 Means of Taking Action. When the approval of the Partners is sought for a proposed action by the Partnership, such approval may be obtained either at a meeting of the Partners held

pursuant to Section 18.3 below or by means of a written consent obtained pursuant to Section 18.4 below.

18.3 Meetings. Meetings of the Partners may be called by any General Partner for the purpose of addressing any matter upon which the Partners may vote under this Agreement. Partners may call a meeting by delivering to the Managing Partner one or more written requests signed by the requisite number of Partners, stating that the signing Partners wish to call a meeting and indicating the specific purpose for which the meeting is to be held. Action at the meeting shall be limited to those matters specified in the call of the meeting. Within fifteen (15) days after receipt of a properly made written call request from one or more Partners, the Managing Partner shall give Notification of the meeting to each Partner at the address of the Partner appearing on the records of the Partnership. A meeting shall be held at a reasonable time and in a convenient place as determined in the sole discretion of the Managing Partner on a date not less than thirty (30) nor more than sixty (60) days after the giving of Notification of the meeting. Three-Fourths-in-Interest of the Partners shall constitute a quorum at any meeting of the Partners. The Managing Partner shall have full power and authority concerning the manner of conducting any meeting of the Partners.

18.4 Action by Written Consent. Any action(s) that may be taken at a meeting of the Partners may be taken without a meeting if one or more consents in writing, setting forth the action(s) to be taken, shall be signed by Partners holding the percentage of Interests required to approve such action(s) under this Agreement and delivered to the Partnership at its principal place of business. Such consent(s) shall have the same force and effect as a vote of the signing Partners at a meeting duly called and held pursuant to Section 18.3. No prior notice from the signing Partners to the Managing Partner or other Partners shall be required in connection with the use of a written consent pursuant to this Section 18.4. Notification of any action taken by means of a written consent of Partners shall, however, be sent within a reasonable time after the date of the consent by the Managing Partner to all Partners who did not sign the written consent.

ARTICLE XIX

Defined Terms

The capitalized terms used in this Agreement shall, unless the context otherwise requires, have the meanings specified in this Article XIX.

Act. The Texas Revised Limited Partnership Act, Tex. Rev. Civ. Stat. art. 6132a-1, as it may be amended from time to time hereafter, and any successor to such Act.

Agreed Value. The value of property contributed by the Partners to the Partnership as determined in accordance with Section 6.4.

Agreement. This Limited Partnership Agreement, including Schedule A, as originally executed and as subsequently amended from time to time.

Capital Account. The Capital Account maintained for each Partner pursuant to Section 6.6 of this Agreement.

Capital Contribution. The total amount of cash or property contributed to the Partnership by all the Partners or any one Partner, as the case may be, whether initially or as an additional contribution under Section 6.3.

Code. The Internal Revenue Code of 1986, as it has been and may be amended.

Deemed Gain. The amount of unrealized gain in Partnership Property that would be realized by the Partnership and allocated to the Partners in accordance with their Interests if such Partnership Property was sold as of the effective date of the revaluation at an amount equal to fair market value.

Deemed Loss. The amount of unrealized loss in Partnership Property that would be realized by the Partnership and allocated to the Partners in accordance with their Interests if such Partnership Property was sold as of the effective date of the revaluation at an amount equal to fair market value.

Distributable Cash. Distributable Cash means, at the time of determination, all Partnership cash derived from the conduct of the Partnership's business, other than (i) Capital Contributions with interest earned pending its utilization, (ii) financing proceeds, (iii) reserves for working capital, and (iv) other amounts that the Managing Partner reasonably determines to be necessary for the proper operation of the Partnership's business and its winding up and liquidation.

Event of Withdrawal. Any event described in Section 10.9.A occurring with respect to a General Partner.

General Partner. Any of the Persons listed as General Partner on Schedule A and any Person who becomes a Substituted General Partner in accordance with Section 12.4 or is admitted as a General Partner in accordance with Section 10.2 or Section 14.3.B.

Immediate Family. With respect to any natural person, his child, grandchild, parent, or sibling, including adoptive relationships.

Interest. The right of a Partner, expressed as a percentage on Schedule A, to receive distributions of revenues, allocations of income and loss and distributions of liquidation proceeds under this Agreement, as such Interest may increase or decrease from time to time due to transfers under Article XII, the making of additional or optional Capital Contributions by such Partner or other Partners, or otherwise as provided herein. The Interest of each Partner shall be personal property for all purposes.

Limited Partner. Any of the Persons listed as Limited Partners on Schedule A and any Person who becomes a Substituted Limited Partner in accordance with Section 12.4 or a General Partner whose interest in the Partnership is converted to that of a Limited Partner in accordance with Section 10.11.

Liquidating Value. The Liquidating Value of an Interest shall equal the amount described in Section 15.2 and shall be determined in the manner described in Section 15.3.

Managing Partner. The General Partner to whom management of the Partnership is delegated in Section 10.2 hereof, and any successor to such General Partner.

Majority-In-Interest of the Partners. Partners holding fifty-one percent (51%) or more of the total Interests in the Partnership.

Majority-In-Interest of the Limited Partners. Limited Partners holding fifty-one percent (51%) or more of the total Limited Partnership Interests in the Partnership.

Notification. A writing containing the information required by this Agreement to be communicated to any Person, sent by registered or certified mail, postage prepaid, to such Person, at the last known address of such Person. Any such Notification shall be deemed to be given on the date on which it is deposited in a regularly maintained receptacle for the deposit of United States mail, addressed and sent as aforesaid. Any communication containing the required information sent to any Person other than as required by the foregoing sentences, but which is actually received by such Person, shall constitute Notification as of the date of such receipt for all purposes of this Agreement.

Partner. Any General Partner or Limited Partner.

Partnership. Quadvest, L.P., as said limited partnership may from time to time be constituted.

Partnership Property or Properties. All interests, properties and rights of any type owned by the Partnership, whether owned by the Partnership at the date of its formation or thereafter acquired.

Permitted Transfer. Any of the following Transfers of an Interest:

1. a sale or gift to any member of the transferor Partner's Immediate Family, or to the trustee(s) of a trust whose beneficiaries consist entirely of the transferor Partner and/or members of the transferor Partner's Immediate Family;
2. a transfer to the Partnership or one or more Partners pursuant to the exercise of any of the purchase options described in Section 12.2 hereof;
3. in the case of a transferor Partner which is a trust, a transfer to a successor trustee of such trust or a transfer to the beneficiary or beneficiaries of such trust who are persons to whom a Permitted transfer could be made under subparagraph 1. or 2. above upon termination of the trust or as a distribution from the trust as authorized by the applicable trust documents;

4. a transfer to another Partner pursuant to a foreclosure under Section 6.3.B;

5. a sale or capital contribution to a partnership, corporation or other business entity majority-owned by the transferor Partner; or

6. in the case of a transferor Partner which is a corporation or partnership, a distribution from such corporation or partnership to its shareholders or partners who are persons to whom a Permitted transfer could be made under subparagraph 1., 2., 4. or 5. above as authorized by the applicable corporate documents or partnership agreement.

Person. Any natural person, general partnership, limited partnership, corporation, joint venture, trust, business trust, limited liability company, cooperative or association.

Rights and Duties. All rights of a Partner under this Agreement other than the Partner's Interest, including (if applicable to that Partner) management rights, voting rights and rights to be indemnified, and all duties imposed upon a Partner by this Agreement. References to "Rights and Duties of (or as) a General (or Limited) Partner" shall mean all rights and duties conferred or imposed by this Agreement on that class of Partner other than the Partner's Interest.

Schedule A. The schedule attached hereto and labeled "Schedule A," as it may be amended from time to time as provided herein.

Substituted General Partner. Any Person admitted as a General Partner pursuant to the provisions of Section 12.4 of this Agreement.

Substituted Limited Partner. Any Person admitted as a Limited Partner pursuant to the provisions of Section 12.4 of this Agreement.

Substituted Partner. Any Substituted General Partner or Substituted Limited Partner.

Three-Fourths-in-Interest of the Partners. Partners holding seventy-five percent (75%) or more of the total Interests in the Partnership.

Transfer. Any change in the record ownership of an Interest, whether made voluntarily or involuntarily by operation of law, including, but not limited to, the following:

1. a sale or gift to any Person;

2. a transfer to the personal representative of the estate of a Partner upon such Partner's death, and any subsequent transfer from such personal representative to the heirs of the deceased Partner under his will or by the laws of descent and distribution;

3. a transfer to a judicially appointed personal representative as a result of the adjudication by a court of competent jurisdiction that the transferor Partner is mentally incompetent to manage his person or property;
4. unless the Partner's spouse or former spouse is also a Partner, a transfer to the transferor Partner's spouse or former spouse, or heirs of such spouse or former spouse, in connection with a division of their community or other property upon the death of the transferor Partner, divorce or the death of such spouse;
5. a general assignment for the benefit of creditors, or any assignment to a creditor resulting from the creditor's foreclosure upon or execution against such Interest;
6. the filing by the transferor Partner of a voluntary bankruptcy petition;
7. the entry of a judicial order granting the relief requested by the petitioner in an involuntary bankruptcy proceeding filed against the transferor Partner; or
8. any Permitted Transfer.

ARTICLE XX

Interests of Partner's Spouse

20.1 *Separate Property Interest of Married Partner.* The spouse of each Partner shall be bound by this Agreement. By his or her signature hereon, each spouse hereby acknowledges that each Partner's Interest in the Partnership is the Partner's separate property and any income or gains derived therefrom shall be the sole and separate property of that Partner and expressly waives any right to or claim of reimbursement with respect to the Partnership.

20.2 *Separate Property Interest of Unmarried Partner.* In the event a Partner who is unmarried as of the effective date of this Agreement subsequently marries, then prior to that marriage, the prospective spouse must sign and agree to be bound by the terms of this Agreement, including Section 20.1 hereof.

ARTICLE XXI

Miscellaneous Provisions

21.1 *Entire Agreement.* This Agreement contains the entire agreement among the Partners relating to the subject matter hereof and all prior agreements relative hereto which are not contained herein are terminated.

21.2 Law Governing. This Agreement shall be governed by and construed in accordance with the local, internal laws of the State of Texas.

21.3 Successors and Assigns. This Agreement shall be binding upon and shall inure to the benefit of the Partners and their respective heirs, legal representatives, successors and assigns; provided, however, that nothing contained herein shall negate or diminish the restrictions set forth in Article XII.

21.4 Severability. This Agreement is intended to be performed in accordance with, and only to the extent permitted by, all applicable laws, ordinances, rules and regulations. If any provision of this Agreement or the application thereof to any Person or circumstance shall, for any reason and to any extent, be invalid or unenforceable, but the extent of such invalidity or unenforceability does not destroy the basis of the bargain among the Partners as expressed herein, the remainder of this Agreement and the application of such provision to other Persons or circumstances shall not be affected thereby, but rather shall be enforced to the greatest extent permitted by law.

21.5 Headings. The Article and Section headings appearing in this Agreement are for convenience of reference only and are not intended, to any extent or for any purpose, to limit or define the text of any Article or Section.


21.6 Gender and Number. Whenever required by the context, as used in this Agreement, the singular number shall include the plural and the neuter shall include the masculine or feminine gender, and vice versa. The neuter shall also include appropriate pronouns for non-individuals when necessary.

21.7 Counterparts. This Agreement may be executed in several counterparts, each of which shall be an original and all of which together shall constitute one agreement binding on all parties hereto, notwithstanding that all the parties have not signed the same counterpart.


IN WITNESS WHEREOF, the General Partner and the Limited Partners have executed this Agreement to be effective as of the date first above written.

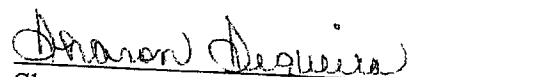
General Partners:

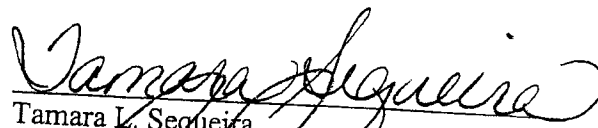
QUADVEST MANAGEMENT, L.L.C.



By: Gary S. Sequeira
Title: President


Limited Partners:



Gary S. Sequeira

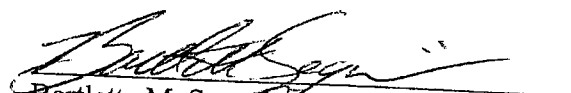

Sharon Sequeira


Tamara L. Sequeira


Simon O. Sequeira


Yvette R. Castro


Mandi R. Brown


Bartlette M. Sequeira

THE STATE OF TEXAS

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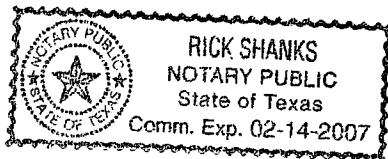
COUNTY OF HARRIS

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BEFORE ME, the undersigned authority, on this day personally appeared Gary S. Sequeira, individually and as President of Quadvest Management, L.L.C., known to me to be the person whose name is subscribed to the foregoing instrument, and acknowledged to me that he executed the same for the purposes and consideration therein expressed, in the capacities therein stated.

GIVEN UNDER MY HAND AND SEAL OF OFFICE this the 29 day of August, 2005.



Rick Shanks
Notary Public in and for the State of Texas

THE STATE OF TEXAS

§

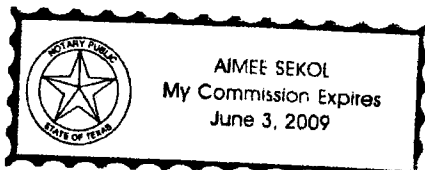
COUNTY OF HARRIS

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BEFORE ME, the undersigned authority, on this day personally appeared Sharon Sequeira, known to me to be the person whose name is subscribed to the foregoing instrument, and acknowledged to me that he executed the same for the purposes and consideration therein expressed, in the capacities therein stated.

GIVEN UNDER MY HAND AND SEAL OF OFFICE this the 2 day of September, 2005.



Aimee Sekol
Notary Public in and for the State of Texas

THE STATE OF TEXAS

§

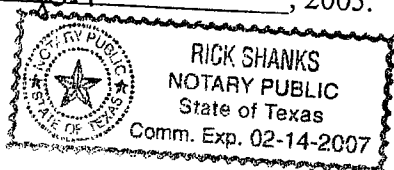
COUNTY OF HARRIS

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BEFORE ME, the undersigned authority, on this day personally appeared Tamara L. Sequeira, known to me to be the person whose name is subscribed to the foregoing instrument, and acknowledged to me that he executed the same for the purposes and consideration therein expressed, in the capacities therein stated.

GIVEN UNDER MY HAND AND SEAL OF OFFICE this the 29 day of August, 2005.



Rick Shanks
Notary Public in and for the State of Texas

THE STATE OF TEXAS

§

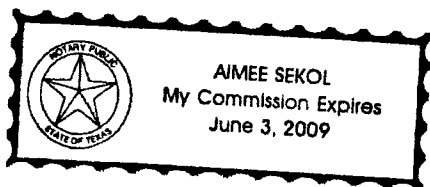
COUNTY OF HARRIS

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BEFORE ME, the undersigned authority, on this day personally appeared Simon O. Sequeira, known to me to be the person whose name is subscribed to the foregoing instrument, and acknowledged to me that he executed the same for the purposes and consideration therein expressed, in the capacities therein stated.

GIVEN UNDER MY HAND AND SEAL OF OFFICE this the 2 day of September, 2005.



Aimee Sekol
Notary Public in and for the State of Texas

THE STATE OF TEXAS

§

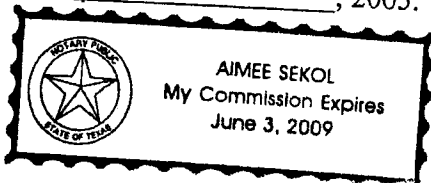
COUNTY OF HARRIS

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BEFORE ME, the undersigned authority, on this day personally appeared Yvette R. Castro known to me to be the person whose name is subscribed to the foregoing instrument, and acknowledged to me that he executed the same for the purposes and consideration therein expressed, in the capacities therein stated.

GIVEN UNDER MY HAND AND SEAL OF OFFICE this the 2 day of September, 2005.



Aimee Sekol

Notary Public in and for the State of Texas

THE STATE OF TEXAS

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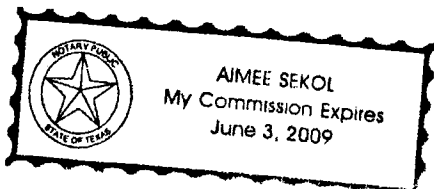
COUNTY OF HARRIS

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BEFORE ME, the undersigned authority, on this day personally appeared Mandi R. Brown, known to me to be the person whose name is subscribed to the foregoing instrument, and acknowledged to me that he executed the same for the purposes and consideration therein expressed, in the capacities therein stated.

GIVEN UNDER MY HAND AND SEAL OF OFFICE this the 2 day of September, 2005.



Aimee Sekol

Notary Public in and for the State of Texas

Caddo Village Sale, Transfer Merger Application

Attachment 'C'

List of Officers

Page 4 of 23

Item 9

SCHEDULE A

<u>Name</u>	<u>Description of Contributed Property</u>	<u>Agreed Value of Contributed Property</u>	<u>Interest</u>
GENERAL PARTNERS:			
Quadvest Management, L.L.C.	Various Assets	\$ _____	1.00%

<u>Name</u>	<u>Description of Contributed Property</u>	<u>Agreed Value of Contributed Property</u>	<u>Interest</u>
LIMITED PARTNERS:			
Gary S. Sequeira	Various Assets	\$ _____	13.29%
Sharon Sequeira	Various Assets	\$ _____	14.29%
Tamara L. Sequeira	Various Assets	\$ _____	14.29%
Simon O. Sequeira	Various Assets	\$ _____	14.29%
Yvette R. Castro	Various Assets	\$ _____	14.28%
Mandi R. Brown	Various Assets	\$ _____	14.28%
Bartlette M. Sequeira	Various Assets	\$ _____	14.28%

SUMMARY OF CAPITAL CONTRIBUTIONS BY PARTNER:

Quadvest Management, L.L.C.	\$ _____
Gary S. Sequeira	\$ _____
Sharon Sequeira	\$ _____
Tamara L. Sequeira	\$ _____
Simon O. Sequeira	\$ _____
Yvette R. Castro	\$ _____
Mandi R. Brown	\$ _____
Bartlette M. Sequeira	\$ _____
Total	\$ _____

Caddo Village Sale, Transfer Merger Application

Attachment 'D'

Enforcement Actions

Page 5 of 23

Item 11

Bryan W. Shaw, Ph.D., P.E., *Chairman*
Toby Baker, *Commissioner*
Zak Covar, *Commissioner*
Richard A. Hyde, P.E., *Executive Director*



TEXAS COMMISSION ON ENVIRONMENTAL QUALITY

Protecting Texas by Reducing and Preventing Pollution

February 6, 2014

Simon Sequeira, President
Ranch Utilities, L.P.
PO Box 409
Tomball, Texas 77377

Re: Notice of Compliance with Notice of Violation (NOV) dated *January 27, 2014*:
Ranch Utilities, L.P., Caddo Village Wastewater Treatment Facility
8950 West Buffalo Circle, Willis, Montgomery County
TCEQ ID No.: WQ0012670001, Investigation No. 1134535

Dear Mr. Sequeira:

This letter is to inform you that the Texas Commission on Environmental Quality (TCEQ) Houston Region Office received adequate compliance documentation on January 29, 2014 to resolve the alleged violation documented during the investigation of the above-referenced regulated entity conducted on December 5, 2013. Based on the information submitted, no further action is required concerning this investigation.

The TCEQ appreciates your assistance in this matter and your compliance efforts to ensure protection of the State's environment. If you or members of your staff have any questions, please feel free to contact Heather Maloney at the Houston Region Office at (713)767-3776.

Sincerely,

A handwritten signature in black ink, appearing to read "ES", is located below the "Sincerely," text.

Elizabeth Scars
Team Leader
Water Quality Management
Houston Region Office

EWS/HMM/ci

cc: Patrick Bond, Compliance Coordinator, Quadvest, L.P., PO Box 409, Tomball, Texas 77377

A/P Integration Log

3/4/2015 15:41:57

Trx Date: 3/6/2015

Vendor	Invoice Description	Invoice Date	Trx No	Amount	Post	Select
141 - North Carolina Centralized Col	3705104CVD007067	3/6/2015	336	145.62	Y	N
11990 - Texas Child Support Disburse	0011961793201022518	3/6/2015	333	125.77	Y	N
11990 - Texas Child Support Disburse	0012016737	3/6/2015	334	118.06	Y	N
11990 - Texas Child Support Disburse	0012522794CV1104758	3/6/2015	335	214.29	Y	N

Bryan W. Shaw, Ph.D., Chairman
Carlos Rubinstein, Commissioner
Toby Baker, Commissioner
Zak Covar, Executive Director



TEXAS COMMISSION ON ENVIRONMENTAL QUALITY

Protecting Texas by Reducing and Preventing Pollution

January 27, 2014

CERTIFIED MAIL 7012 1010 0003 7399 3587
RETURN RECEIPT REQUESTED

Simon Sequeira, President
Ranch Utilities, L.P.
PO Box 409
Tomball, Texas 77377

Re: Notice of Violation for Compliance Investigation at:
Ranch Utilities, L.P.,
Caddo Village Wastewater Treatment Facility
8950 West Buffalo Circle, Willis, Montgomery County
TCEQ ID No.: WQ0012670001, EPA ID No.: TX0092517

Dear Mr. Sequeira:

On December 5, 2013, Heather Maloney of the Texas Commission on Environmental Quality (TCEQ) Houston Region Office conducted an investigation of the above-referenced regulated entity to evaluate compliance with applicable requirements for wastewater treatment. Enclosed is a summary which lists the investigation findings. During the investigation, a certain outstanding alleged violation was identified for which compliance documentation is required. Please submit to this office by February 26, 2014 a written description of the corrective action taken and the required documentation demonstrating that compliance has been achieved for the outstanding alleged violation.

In the listing of the alleged violation, we have cited applicable requirements, including TCEQ rules. Please note that both the rules themselves and the agency brochure entitled *Obtaining TCEQ Rules* (GI 032) are located on our agency website at <http://www.tceq.state.tx.us> for your reference. If you would like a hard copy of this brochure mailed to you, you may call and request one from either the Houston Region Office at (713)767-3650 or the Central Office Publications Ordering Team at 512-239-0028. Copies of applicable federal regulations may be obtained by calling Environmental Protection Agency's Publications at 800-490-9198.

The TCEQ appreciates your assistance in this matter. Please note that the Legislature has granted TCEQ enforcement powers which we may exercise to ensure compliance with environmental regulatory requirements. Self-reported violations may be subject to enforcement, including penalties, upon review by the Enforcement Division. We anticipate that you will resolve the alleged violations as required in order to protect the State's environment. If you have additional information that we are unaware of, you have the opportunity to contest the violation documented in this notice. Should you choose to do so, you must notify the Houston Region Office within 10 days from the date of this letter. At that time, Ms. Elizabeth Sears will schedule a violation review meeting to be conducted within 21 days from the date of this letter.

Mr. Simon Sequeira

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However, please be advised that if you decide to participate in the violation review process, the TCEQ may still require you to adhere to the compliance schedule included in the attached Summary of Investigation Findings until an official decision is made regarding the status of any or all of the contested violations.

If you or members of your staff have any questions, please feel free to contact Ms. Maloney in the Houston Region Office at (713)767-3776.

Sincerely,



Elizabeth Sears
Team Leader
Water Quality Management
Houston Region Office

EWS/HMM/ci

Enclosure(s): Summary of Investigation Findings

cc: Patrick Bond, Compliance Coordinator, Quadvest, 26926 FM 2978, Magnolia, Texas
77354

Summary of Investigation Findings

CADDO VILLAGE WWTP

Investigation #

1134535

Investigation Date: 12/05/2013

, MONTGOMERY COUNTY,

Additional ID(s): TX0092517
WQ0012670001

OUTSTANDING ALLEGED VIOLATION(S)

Track No: 524757 Compliance Due Date: 01/05/2014

30 TAC Chapter 305.125(1)

PERMIT WQ0012670001, Monitoring and Reporting Requirements
Monitoring and Reporting Requirements, No. 5

Alleged Violation:

Investigation: 1134535

Comment Date: 01/16/2014

Failed to ensure flow measurement accuracy. Specifically, the flow measurement accuracy check performed during the investigation revealed that the staff gauge measured 0.21 head feet (0.0327 million gallons per day (MGD)) and the flow meter measured 0.008 MGD.

Recommended Corrective Action: The flow meter shall be accurately calibrated by a trained person at plant start-up and as often thereafter as necessary to ensure accuracy, but not less often than annually. Submit documentation indicating that the flow meter has been accurately calibrated.

Caddo Village Sale, Transfer Merger Application

Attachment 'E'

Utilities Within 2 Miles

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Utilities Within 2 Miles of Transfer Area

1. Aqua Texas Inc. 11157
2. Quadvest, L.P. 11612
3. Monarch Utilities I LP 12983
4. City of Willis
5. Montgomery County

Caddo Village Sale, Transfer Merger Application

Attachment 'F'

Financial Information

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Part D & E

Historical Income Statement (5 Years)

P&L	Jan - Dec 10	Jan - Dec 11	Jan - Dec 12	Jan - Dec 13	Jan - Dec 14
Sewer Revenues	1,061,680	1,534,990	1,607,907	1,895,300	2,390,841
Water Revenues	4,467,758	6,106,976	5,414,755	5,793,294	5,842,184
Other Water/Sewer Revenues	508,854	467,049	521,030	845,537	883,514
Gross Water and Sewer Revenues	6,038,292	8,109,015	7,543,691	8,534,131	9,116,539
Total Operating Expenses	3,008,659	3,861,139	3,658,256	4,314,492	5,019,454
Gross Profit	3,029,633	4,247,877	3,885,435	4,219,639	4,097,085
Total General and Admin Expenses	1,846,462	2,299,188	2,390,997	2,894,140	2,895,504
Net Ordinary Income	1,183,171	1,948,689	1,494,439	1,325,499	1,201,581
Other Income	49,473	905,103	1,218,260	2,381,673	2,525,582
Other Expense	286,310	1,310,616	1,649,975	2,225,306	2,889,271
Net Other Income (Expense)	(236,837)	(405,514)	(431,715)	156,367	(363,688)
Net Income	946,334	1,543,175	1,062,724	1,481,866	837,893
# of Water Meters	5,962	6,655	7,066	7,871	8,403
# of Sewer Meters	1,284	2,139	2,239	2,458	2,705

Historical Balance Sheet (5 Years)

Balance Sheet	Jan - Dec 10	Jan - Dec 11	Jan - Dec 12	Jan - Dec 13	Jan - Dec 14
Cash	1,625,749	3,212,471	1,566,538	640,906	1,212,383
Accounts Receivable	424,465	459,847	706,761	733,776	1,377,925
Other Current Assets	398,213	718,928	1,347,818	1,307,581	1,592,663
Fixed Assets, net	16,348,025	16,385,770	17,193,224	23,006,950	26,865,587
Other Assets	63,842	78,760	1,232,124	1,903,177	1,576,489
Total Assets	18,860,294	20,855,776	22,046,465	27,592,391	32,625,046
Accounts Payable	38,335	212,164	394,862	2,082,861	1,652,415
Other Current Liabilities	1,392,835	1,314,564	2,740,506	1,976,654	2,070,845
Long Term Liabilities	11,114,765	11,823,935	11,594,162	14,958,234	19,809,125
Equity	6,314,360	7,505,112	7,316,935	8,574,641	9,092,662
Total Liabilities And Equity	18,860,294	20,855,776	22,046,465	27,592,391	32,625,046

Projected Income Statement (5 Years)

P&L	Year 1	Year 2	Year 3	Year 4	Year 5
Sewer Revenues	2,639,668	2,718,858	2,800,424	2,884,436	2,970,969
Water Revenues	6,047,051	6,228,462	6,415,316	6,607,776	6,806,009
Other Water/Sewer Revenues	914,544	941,980	970,240	999,347	1,029,327
Gross Water and Sewer Revenues	9,601,263	9,889,301	10,185,980	10,491,559	10,806,306
Total Operating Expenses	5,133,454	5,287,457	5,446,081	5,609,463	5,777,747
Gross Profit	4,467,809	4,601,843	4,739,899	4,882,095	5,028,558
Total General and Admin Expenses	3,000,504	3,090,519	3,183,234	3,278,731	3,377,093
Net Ordinary Income	1,467,305	1,511,325	1,556,664	1,603,364	1,651,465
Other Income	125,446	129,209	133,086	137,078	141,190
Other Expense	472,114	486,277	500,866	515,892	531,368
Net Other Income (Expense)	(346,668)	(357,068)	(367,780)	(378,814)	(390,178)
Net Income	1,120,637	1,154,256	1,188,884	1,224,551	1,261,287
Net Income %	12%	12%	12%	12%	12%
# of Water Meters	8,811	9,075	9,348	9,628	9,917
# of Sewer Meters	3,102	3,195	3,291	3,390	3,491

Assumptions: 3% growth rate, no rate case impact, Caddo Village Revenues and Expenses Included (FY2014 results)

Projected Balance Sheet (5 Years)

Balance Sheet	Year 1	Year 2	Year 3	Year 4	Year 5
Cash	808,582	951,136	1,114,466	1,299,197	1,505,969
Accounts Receivable	750,000	750,000	750,000	750,000	750,000
Other Current Assets	1,600,000	1,600,000	1,600,000	1,600,000	1,600,000
Fixed Assets, net	26,642,587	25,792,587	24,942,587	24,092,587	23,242,587
Other Assets	1,500,000	1,500,000	1,500,000	1,500,000	1,500,000
Total Assets	31,301,169	30,593,723	29,907,054	29,241,784	28,598,556
Accounts Payable	600,000	600,000	600,000	600,000	600,000
Other Current Liabilities	1,900,000	1,900,000	1,900,000	1,900,000	1,900,000
Long Term Liabilities	18,409,125	17,009,125	15,609,125	14,209,125	12,809,125
Equity	10,392,045	11,084,598	11,797,929	12,532,659	13,289,432
Total Liabilities And Equity	31,301,169	30,593,723	29,907,054	29,241,784	28,598,556

Assumptions: Caddo Village assets only major capital purchase during 5 year period. All funding requirements will be provided by existing Cobank facility.

Caddo Village Sale, Transfer Merger Application

Attachment 'G'

Inspection Report

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Item 17

Barbara W. Shaw, Ph.D., P.E. *Commissioner*
Toby Belton *Commissioner*
Zachary *Commissioner*
Robert A. Hyde *Public Water Supply Director*

TEXAS COMMISSION ON ENVIRONMENTAL QUALITY

December 1, 2014

Public Water Supply Region 1, Dallas-Fort Worth Metroplex

Mr. Simon O. Sequeira, President
Ranch Utilities, Inc.
PO Box 409
Tomball, Texas 77377


Re: Comprehensive Compliance Investigation at:
Caddo Village, 8958 East Buffalo Circle, Willis, Montgomery County, Texas
Regulated Entity No.: 101209328, TCEQ ID No.: 1700473, Investigation No.: 1203859

Dear Mr. Sequeira:

On October 23, 2014, Ms. Patricia Blackwell of the Texas Commission on Environmental Quality (TCEQ) Houston Region Office conducted an investigation of the above-referenced facility to evaluate compliance with the applicable requirements for public water supply systems. No violations are being alleged as a result of the investigation. In addition, please be advised that a violation could be issued upon further review of your system's records or self-reported documentation.

The TCEQ appreciates your assistance in this matter and your compliance efforts to ensure protection of the State's environment. If you or members of your staff have any questions regarding these matters, please feel free to contact Ms. Patricia Blackwell in the Houston Region Office at (713) 767-3650.

Sincerely,


Leticia De Leon, Team Leader
Public Water Supply
Houston Region Office

LD/PB/ra

cc: Montgomery County Environmental Health Services

Caddo Village Sale, Transfer Merger Application

Attachment 'H'

List of Operators

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Item 23

Caddo Village Sale, Transfer Merger Application

Attachment 'I'

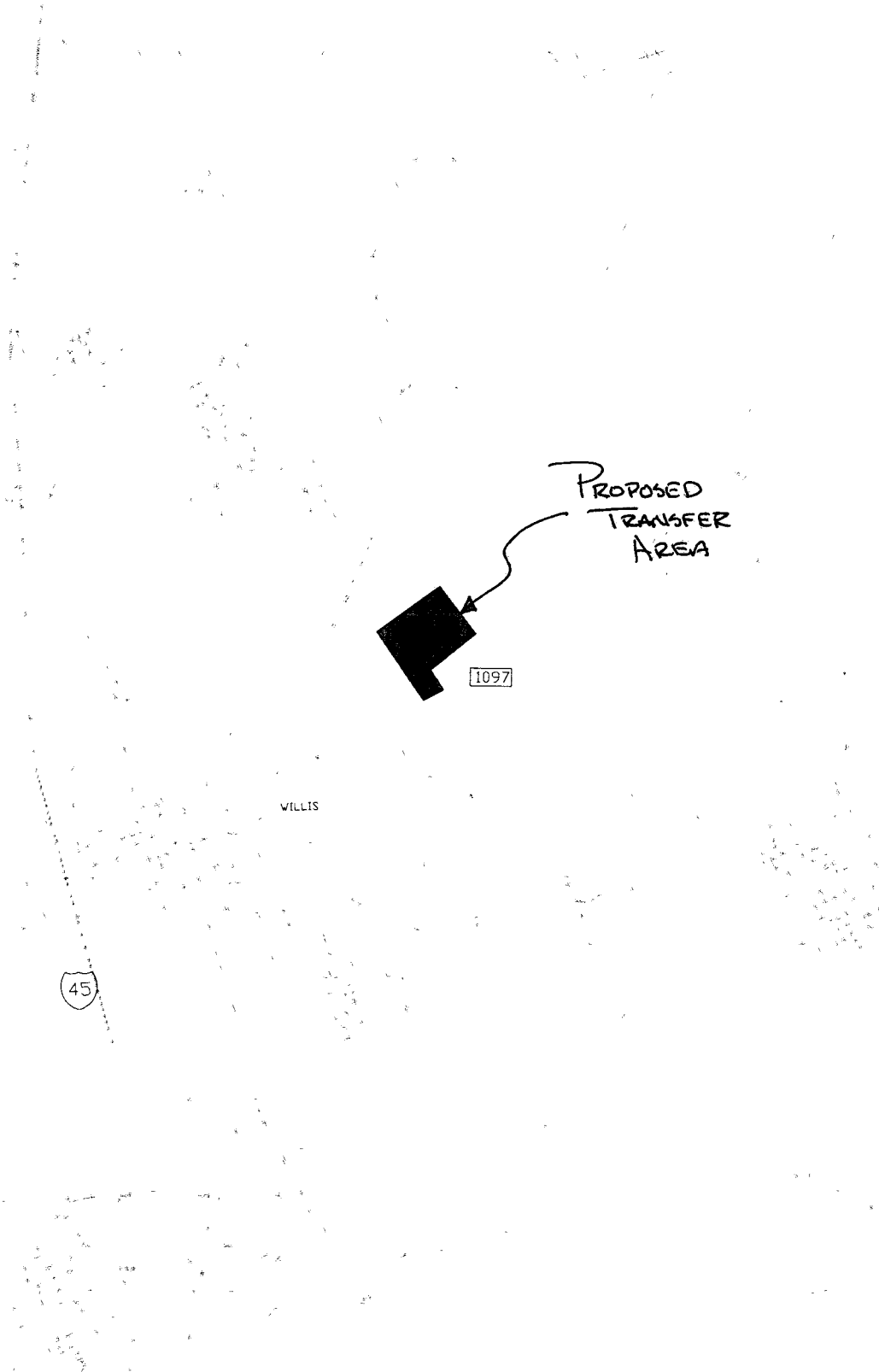
Maps and Location Description

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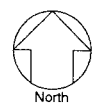
CCN Location Description

The proposed utility service area is approximately 2 miles east northeast of downtown Willis, and is generally bounded on the north by N. Buffalo Circle; on the east by E. Buffalo Circle; on the south by FM 1097; on the west by W. Buffalo Circle

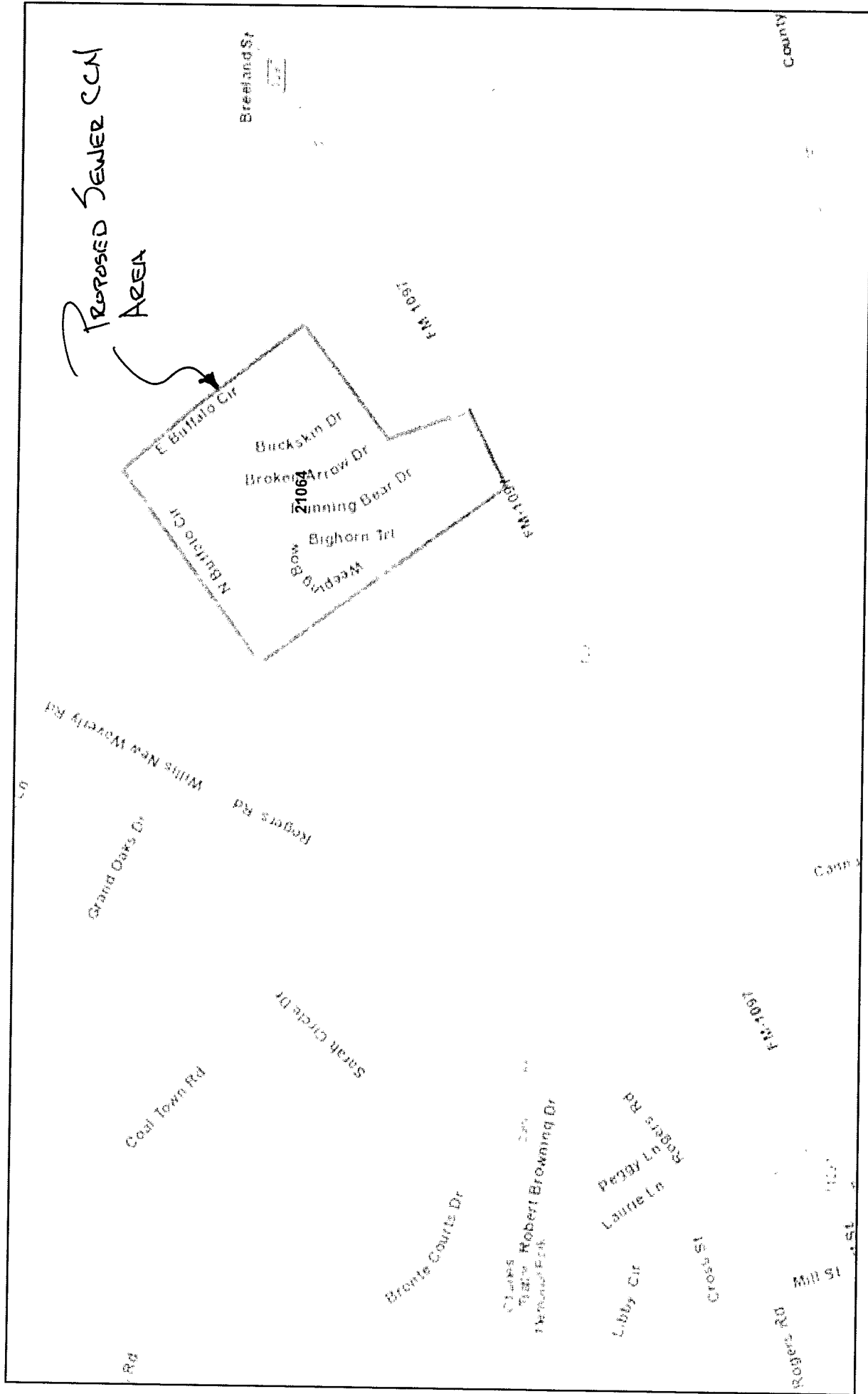


Scale
0 1/2 mile 1 mile

PROPOSED TRANSFER CCN AREA
Montgomery County



Water and Sewer CCN Viewer



March 11, 2015

Sewer CCN Service Areas

Sources: Esri, HERE, DeLorme, USGS, Intermap, increment P Corp., NRCAN, Esri Japan, METI, Esri China (Hong Kong), Esri (Thailand).