

CERTIFICATE AND AGREEMENT OF LIMITED PARTNERSHIP

OF

TRIPLE CROWN RANCH  
AN Idaho Limited Partnership

THIS AGREEMENT OF LIMITED PARTNERSHIP is made and entered into as of the 21st day of August, 1982, by and between JAMES M. KIMBALL and CHARLES M. GOSSETT, as general partners (hereinafter referred to as the "General Partners") and such other individuals as may execute this agreement as Limited Partners, whose addresses are set forth on the signature page(s) hereof opposite their respective signatures.

W I T N E S S E T H:

WHEREAS, the General Partner and the Limited Partners desire to form a limited partnership pursuant to the laws of the State of Idaho;

NOW, THEREFORE, the parties hereto hereby agree and state as follows:

I  
DEFINITIONS

1.1 "Act" shall mean and refer to the Idaho Limited Partnership Act.

1.2 "Agreement" shall mean and refer to this Certificate and Agreement of Limited Partnership, as amended from time to time.

1.3 "Partnership" shall mean and refer to the limited partnership created pursuant to this Agreement.

1.4 "General Partners" shall mean and refer to the entities and/or persons designated as "General Partners" in the first paragraph of this Agreement and any substitutes therefor and any additions thereto approved as provided in Section II of this Agreement.

1.5 "Limited Partners" shall mean and refer to persons or entities that are, from time to time, admitted to the Partnership as Limited Partners, and whose names, residences or business addresses and Interests held by each, appear on the signature page(s) of this Agreement hereto.

1.6 "Partners" shall mean and collectively refer to the General Partners and all Limited Partners.

1.7 "Interests" shall mean and refer to a Limited Partnership interest in the capital, profits and losses of the Partnership.

1.8 "Holders of Interests" shall mean and refer to the persons and/or entities that are shown on the books and records of the Partnership as being owners of Interests on a specific

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date, whether or not such persons and/or entities have been admitted to the Partnership as Limited Partners.

1.9 With respect to a particular Limited Partner, "Partnership Percentage" shall mean and refer to that fraction, expressed as a percentage, having as its numerator the number of Units held by such Limited Partner and as its denominator the total number of Units held by all Partners.

1.10 With respect to a particular Holder of Interests, "Allocation Percentage" shall mean and refer to that fraction, expressed as a percentage, having as its numerator the number of Interests held by such Holder of Interests and having as its denominator the total number of Interests held by all Holders of Interests.

1.11 "Available Cash" of the Partnership shall mean and refer to all remaining cash funds of the Partnership on hand at a particular time after payment of the General Partners' asset supervision fee (except funds obtained as contributions to the capital of the Partnership by Partners) less such adequate reserves as the General Partners deem reasonably necessary for the proper operation of the Partnership's business.

1.12 "Partnership Return" shall mean and refer to the "U.S. Partnership Return of Income" (and any similar form of any state) for the Partnership as required to be filed annually with the U.S. Internal Revenue Service and any applicable state tax authorities.

1.13 "Net income" and "net loss" shall mean and refer to the income or loss of the Partnership after all expenses incurred in connection with the Partnership's business have been paid, including, without limitation, interest on all loans, taxes and assessments, and after making any allowance for depreciation or amortization of the cost of all property and assets, tangible or intangible, of the Partnership (collectively referred to in this Agreement as "depreciation").

1.14 "Unit" shall mean one of the 60 Units initially issued by the Partnership to Limited Partners or key employees. Each Unit shall, subject to the admission of additional Limited Partners as provided in paragraph 6.3; and special allocations, entitle the owner to 1.00% interest in the Partnership.

## II ORGANIZATION

2.1 Formation. The parties do hereby form a limited partnership under and pursuant to the Act.

2.2 Name. The business of the Partnership shall be conducted under the name TRIPLE CROWN RANCH, <sup>an Idaho Limited Partnership</sup> which may be changed by the General Partners by written notice to the Limited Partners. *copy*  
*JWB*

## III PRINCIPAL PLACE OF BUSINESS

3.1 The principal place of business of the Partnership shall be located at 5735 N. Locust Grove, Meridian, Idaho, or at

such other place as the General Partners may from time to time determine. The Partnership may also establish and maintain such additional offices or places of business within or without the State of Idaho as the General Partners may deem advisable.

IV  
BUSINESS OF THE PARTNERSHIP

4.1 The business of the Partnership shall be to own and operate a horse ranch and stables located at the principal place of business of the partnership, with the objective of providing long-term profit and favorable tax consequences for the Partners; to conduct its business for any other purpose authorized by this agreement; to hold, own, maintain, manage, improve, develop, operate, sell, transfer, convey, lease, mortgage, exchange, or otherwise dispose of or deal in equestrian related activities or properties; and to perform any acts to accomplish the foregoing purposes.

V  
TERM

5.1 The Partnership shall commence as of the date of this Agreement, and shall continue for 25 years, unless terminated sooner by the unanimous decision of the General Partners.

VI  
CAPITAL CONTRIBUTION AND STATUS

6.1 Capital Contribution of General Partners. The General Partners each contributed time, capital and effort to the partnership and shall not be required to contribute any additional funds. To the extent any General Partner contributes additional funds to the partnership, such contribution shall not alter the General Partner's interest in the capital profit income or losses of the partnership, but shall be treated as a loan from the General Partners to the partnership.

6.2 Initial Capital Contribution of Limited Partners. There shall be a maximum of \$80,000.00 initially contributed by Limited Partners to the capital of the partnership, for the 50 Limited Partnership Units to be initially issued. Each \$1,600.00 contribution shall entitle the Limited Partner to an interest in one Unit. Ten (10) Limited Partnership Units shall be retained by the General Partners for payment and incentive to key employee(s) as provided in paragraph 9.2.9. Except for the ten (10) Units retained for key employee(s), each Limited Partner shall hold and own the number of Units in accordance with the dollars actually contributed by said Limited Partner as reflected on the signature page(s) for the respective Limited Partners.

6.3 Additional Capital Contributions and Additional Limited Partners. In the event that additional funds, over and above the amounts set forth in paragraph 6.2 above, are required by the Partnership to meet and pay, when due, the costs and expenses of the Partnership until such time as the income from the subject property is sufficient to do so, the General Partners

shall have the right to either borrow said funds on behalf of the Partnership on such terms as they deem reasonable, or, the provisions of Paragraph 6.2 above, to the contrary notwithstanding, to make an offering to admit new Limited Partners for the purpose of obtaining additional capital; provided, however, that prior to the admission of any additional Limited Partners, the new Limited partnership units hereinafter "interests" shall be offered to each of the existing Limited Partners in writing at the price and on the terms which the General Partners have determined the interest should be sold, and each of said Limited Partners shall have a period of fifteen (15) days from deposit in the United States mail within which to accept said offer in whole or in part, on said proposed terms, in writing. Said offer shall be made on a prorata basis, determined in accordance with the fractional interest that each of said Limited Partner's interest in the Partnership bears to the total limited partnership interest. If all of the interests being offered for sale are not disposed of under such apportionment, each offeree desiring to purchase a portion of the remaining interest in excess of his proportionate share thereof as above provided shall be entitled to purchase a portion of the remaining interest which remains thus undisposed of as his interest in the Partnership determined as set forth above, bears to the interest in the Partnership, so determined of all the Limited partners desiring to purchase portions of the remaining interest in excess of their proportionate share thereof as above provided. If none, or only a portion, of the interest so offered has been purchased by the existing Limited partners within the time required above, then the General Partners may sell the unpurchased interest to new Limited Partners during the three (3) month period next following the expiration of the last fifteen (15) day period referred to above, but not at a price lower than the proposed price (pro-rata, in case a portion of the proposed interest is sold) and not on terms more favorable to the purchaser than the proposed terms. After the expiration of the three-month period, no portion of the new interest shall be sold without being first offered to each of the Limited Partners in accordance with the provisions set forth above. The incoming Limited Partners shall be admitted with full rights of the existing Limited Partners, and an amendment to the Certificate of Limited Partnership shall thereafter be executed.

6.4 Interest. Contributions to the capital of the Partnership will not bear or accrue interest in favor of the contributing Partner. Any loans made by the General Partners to the partnership shall bear interest at the prime rate for The Idaho First National Bank, Boise, Idaho, on the day such funds are advanced to the partnership.

6.5 Limited Liability. A Limited Partner shall not be personally liable for any of the debts, expenses, liabilities or obligations of the Partnership, except as provided in the Act. Other than the capital contributions agreed to be made pursuant to this Agreement and the subscription agreement executed and delivered by each Limited Partner, a Limited Partner shall not be required or obligated by the Partnership or any Partners to make further contributions or payments of any kind to or with respect to the Partnership or his interests therein; provided, however, that Limited Partners receiving distribution in return, in whole or in part, of their capital contribution shall be liable to the Partnership for any sum, not in excess of such amount returned plus interest thereon necessary to discharge liabilities of the

Partnership to any or all creditors of the Partnership who extended credit or whose claims arose before such distribution was made.

6.6 Role of Limited Partner. Except as otherwise provided in this Agreement, no Limited Partner shall take part in, or interfere in any manner with, the management, conduct or control of the business of the Partnership, transact any business for the Partnership, or have the right, power or authority to act for, sign for or bind the Partnership in any manner.

6.7 Withdrawal of Capital Contributions. Except as provided herein, no Limited Partner shall have the right to withdraw or reduce his or its contribution to the capital of the Partnership except as provided in the Act. No Limited Partner shall have priority over any other Limited Partner, either as to the return of contributed capital or as to any profits, losses or distributions. No Limited Partner shall have the right to withdraw or reduce his or its contribution of the capital of the partnership prior to March 1, 1984. In the event any Limited Partner withdraws from the partnership on or after March 1, 1984, and prior to September 1, 1984, said Limited Partner shall notify the General Partners in writing of his intent to do so and the General Partners shall return the capital contribution of the withdrawing Limited Partner, without interest, within 90 days of receipt of such notice. In the event any Limited Partner withdraws between September 2, 1984 and September 1, 1986, the General Partners shall pay to the withdrawing Limited Partner his capital contribution, together with 10% interest thereon, which sum shall be payable within 90 days of the date the General Partners receive written notice of the Limited Partner's intent to withdraw. In the event any Limited Partner withdraws after September 2, 1986 and before September 1, 1988, the General Partners shall pay to the withdrawing Limited Partner his capital contribution, together with 12% interest thereon, which sum shall be payable within 90 days of the date the General Partners receive written notice of the Limited Partner's intent to withdraw.

6.8 Limitation on Resale by Limited Partners and First Right of Refusal. The sale of limited partnership interests in the partnership is restricted and no Limited Partner shall have the right to sell his interest or any portion thereof to any person, other than a partner, prior to September 2, 1988. Thereafter, a Limited Partner may sell his interest in the partnership only after he has first given the General Partners an option to purchase his interest which shall be accomplished by the Limited Partner mailing or delivering to the General Partners a notice of his intent to sell his limited partnership interest and the terms and price of such sale to any third party whereupon the General Partners shall have the right to elect to purchase the Limited Partner's interest upon the same terms and for the same price offered by third party to purchase the Limited Partner's interest. The Limited Partner shall also deliver or mail to the General Partners a document signed by the third party offeror showing the price and terms offered. The General Partners shall have 30 days to notify the selling Limited Partner of their intent to exercise their option which shall be accomplished by mailing or delivering same to the selling Limited Partner. If the option is not exercised, the Limited Partner shall be free to sell his interest for the price and at the terms provided to the General Partners.

VII  
EXPENSES OF THE GENERAL PARTNERS

7.1 The General Partners shall be entitled to charge the Partnership, and to be reimbursed by it for any and all reasonable costs and expenses actually incurred by them in connection with the formation of the Partnership and the operation of its business, including the allocable portion of expenses incurred in connection with both Partnership and other activities, such allocation to be determined on any basis selected by the General Partners consistent with generally accepted accounting practices.

VIII  
ALLOCATIONS OF NET INCOME, PROFITS AND NET LOSS:  
CASH DISTRIBUTIONS

8.1 Allocation of Net Income, Profits or Net Loss. All income, profits, gains and losses of the Partnership for each fiscal year, other than any gain or loss realized upon the sale, exchange or other disposition of all or substantially all of the assets of the Partnership, computed in accordance with generally accepted accounting principles, consistently applied, using such methods of accounting for depreciation and other items as the General Partners determine to use for federal income tax purposes, shall be allocated to each Partner based on his varying interest in the Partnership during such fiscal year. The Partnership shall determine, in the discretion of the General Partners, and as recommended by the Partnership accountants, whether to prorate items of income and deduction according to the portion of the year for which a Partner was a member of the Partnership or whether to close the books on an interim basis and divide such fiscal year into two or more segments. The allocation of income, profits, gains and losses among the Limited and General Partners shall be as follows:

8.1.1 There shall be 60 Units initially issued by the Partnership and each Limited Partner shall, in accordance with the provisions of paragraph 6.2, own the number of Units in the Partnership based upon his initial capital contribution, except for the ten (10) Units retained for key employee(s). The owner of each Unit shall have, subject to any additional offering to admit new Limited Partners as provided in paragraph 6.3, except for the special allocation provided in paragraph 8.1.2 and except for the method of distribution provided in paragraph 12.3 upon the winding up of the Partnership, a 1% interest in the profits, income and losses of the Partnership.

8.1.2 For the period ending December 31, 1985, there shall be a special allocation of the Partnership's profits, income and losses as follows: Limited Partners in the aggregate shall be entitled to 100% of the profits, income and losses of the Partnership. Each Limited Partner (including any General Partner(s) who, in accordance with the provisions of paragraph 9.2.8, has also purchased Unit(s) as a Limited Partner(s)) shall be entitled to 1.67% of the profits, income and losses of the Partnership for each Unit so purchased for the period of the Partnership's operations prior to December 31, 1985, as hereinbefore described.

8.1.3 In the event that the additional capital contributions are made to the Partnership pursuant to the terms and conditions of paragraph 6.3 above, the proportionate interest that each Limited Partner owns of the total interest owned by all of the then Limited Partners in the Partnership (and the number of Unit(s) owned) shall be re-determined so that each of said Limited Partners shall thereafter own a proportion of said total interest (as represented by ownership in a Unit(s) or fraction thereof) equal to the ratio that his capital contribution bears to the total capital contribution to the Partnership by all of the Limited Partners (except that key employee(s) owning the 10 Units described in paragraph 6.2 will be presumed to have initially contributed \$1,600.00 for each Unit). Upon such redetermination, the allocation set forth in paragraphs 8.1.1 and 8.1.2 shall be amended accordingly.

8.2 Distribution of Available Cash. Subject to a reasonable amount for reserves and contingencies as determined by the General Partners, available cash shall be distributed among the General Partners and the Limited Partners annually in the same percentages as profits and losses are allocated.

8.3 Distributions With Respect to Interests Transferred. In the event Interests are transferred during any calendar year, the distributive share of net income or net loss attributable to such Interests for that year shall be divided and allocated between the transferor and transferee as they shall agree, provided the Partnership receives by the January 31st following the end of that year written notice stating the agreed allocation of such net income or net loss shall be allocated between the transferor and the transferee in proportion to the number of days during such calendar year that each was the Holder of the Interests transferred. Distributions of Partnership assets with respect to Interests shall be made only to Limited Partners of record on a record date designated by the General Partners. The Partnership shall cause to be maintained records reflecting the name of, address of and number of Interests held and date acquired by each Limited Partner. The General Partners and the Partnership shall incur no liability for making distributions in accordance with the provisions of this Agreement.

8.4 Allocation to General Partners. Except for the special allocation provided in paragraph 8.1.2, the General Partners shall be entitled to an aggregate of forty (40%) percent of the Partnership's profits, income, gains and losses.

8.5 Allocation Between the General Partners. The General Partners shall allocate their fees, expenses reimbursements, all other distributive share items, including cash distributions, and other items of income, loss of other credits which they receive or are entitled to receive, as they shall mutually agree, notwithstanding anything to the contrary, in this Agreement.

IX  
RIGHTS, POWERS AND OBLIGATIONS OF  
THE GENERAL PARTNERS

9.1 Management. Subject to the provisions of Section 9.5 hereof, the management and control of the Partnership and its

business and affairs shall be exercised exclusively by the General Partners and all decisions to be made by the Partnership shall be made by the General Partners.

9.2 Powers. The General Partners shall have all the rights and powers conferred by the Act or otherwise conferred by law, and any rights and powers as are necessary, advisable or convenient to the discharge of the duties of the General Partners under this Agreement and to the management and control of the business and affairs of the Partnership. Without limiting the generality of the foregoing, the General Partners shall have the following specific rights and powers which may be exercised at the cost, expense and risk of the Partnership.

9.2.1 To expend the capital and profits of the Partnership in the exercise of any rights or powers possessed by the General Partners hereunder and in furtherance of the Partnership's business, including without limitation, the acquisition of any additional real or personal property necessary or convenient for the operation or expansion of the Partnership's business.

9.2.2 To purchase all or any portion of a selling or withdrawing Limited Partner's interest in the Partnership on behalf of the Partnership, subject to the General Partners' right of refusal as provided in Section 6.7.

9.2.3 To assign a portion of the General Partners' existing interest in the capital profits income, losses of the partnership to key employees other than the General Partners, as an incentive of work performance undertaken or to be undertaken on behalf of the Partnership, but excluding the right of the General Partners to assign any of their general powers, management or duties and any other person.

9.2.4 To execute, sign and deliver in furtherance of any or all of the purposes of the Partnership, any and all agreements, contracts, documents, certifications, subscriptions and other instruments necessary or convenient in connection with the business of the Partnership; all of which may contain such terms, provisions and conditions as the Managing Partner, in his sole and absolute discretion, shall deem appropriate and to do any and all other acts or things necessary, proper, convenient or advisable to effectuate and carry out the intent and purposes of the Partnership.

9.2.5 To delegate all or any of their duties hereunder and in furtherance of any such delegation to appoint, employ, or contract with any person that they in their sole discretion deem necessary or desirable for the transaction of the business of the Partnership, which persons may, under the supervision of the General Partners: (i) administer the day-to-day operations of the Partnership; (ii) act as consultants, accountants, correspondents, attorneys, brokers, escrow agents, or in any other capacity deemed by the General Partners necessary or desirable; (iii) investigate, select and, on behalf of the Partnership, conduct relations with persons acting in such capacities and pay appropriate fees to, and enter into appropriate contracts with, or employ, or retain services performed or to be performed by, any of them in connection with the business of the Partnership; (iv) perform or assist in the performance



of such administrative or managerial functions necessary in the management of the Partnership as may be agreed upon with the General Partners; and (v) perform such other acts or services for the Partnership as the General Partners in their sole and absolute discretion may approve; and

9.2.6 To pay or reimburse any and all actual fees, costs and expenses incurred in the formation and organization of the Partnership.

9.2.7 The Partnership is specifically authorized to pay each General Partner a salary, in addition to any compensation received by reason of their interests in the profits and capital of the Partnership, which salary shall be the sum of \$1,100.00 per month for each of the two General Partners and which may be increased from time to time based upon any additional time required of the General Partners and in consideration of additional profits from the operation of the Partnership's business. In addition, the Partnership is authorized to employ other employees, including without limitation, a ranch manager, as the General Partners may determine shall be necessary or convenient for the operation of the Partnership's business.

9.2.8 The General Partners, or any of them, shall have the right to become Limited Partners in the Partnership, provided their entry as Limited Partners is under the same terms and conditions as any other Limited Partner.

9.2.9 Ten Limited Partnership Units shall be reserved by the General Partners for payment, in lieu of or in addition to salary, to key employees other than the General Partner, which payment shall be made at such time and under such terms as the General Partners shall direct. Such key employee(s) shall not be required to make any initial capital contribution for such units, but such key employee's units shall be subject to adjustment in the event the General Partners determine to make an additional offering to admit new Limited Partners under paragraph 6.3.

9.3 Independent Activities. The General Partners, their affiliates and each Limited Partner may, notwithstanding the existence of this Agreement, engage in whatever activities they choose, whether the same be competitive with the Partnership or otherwise, without having or incurring any obligation to offer any interest in such activities to the Partnership or any party having an interest therein. Neither this Agreement nor any activity undertaken pursuant hereto shall prevent the General Partners or their affiliates from engaging in such activities, or require the General Partners including their or its affiliates to permit the Partnership or any person having an interest therein to participate in any such activities, and as a material part of the consideration for the General Partners' execution hereof and admission of each Limited Partner, each Limited Partner, hereby irrevocably waives, relinquishes and renounces any such right or claim of participation.

9.4 Duties. The Managing Partner shall manage and control the Partnership, its business and affairs to the best of his ability and shall use his best efforts to carry out the purposes of the Partnership. The Managing Partner shall devote such of his time to the business and affairs of the Partnership as is

deemed, in his sole and absolute discretion, necessary and appropriate. The Managing Partner shall periodically render a formal accounting of all dealings and transactions relating to the business of the Partnership.

9.5 Limitation on Power. Without obtaining the consent of all of the Limited Partners, the General Partners shall not do any act in contravention of the Act.

X

TRANSFER OF A PARTNERSHIP INTEREST

10.1 A Limited Partner may not sell, transfer, assign or create a security interest in his or its Interest or any portion thereof without the unanimous consent of the General Partners, and in accordance with the provisions of section 6.7 of this agreement.

10.2 No assignee of the whole or any portion of a Limited Partner's Interest in the Partnership shall become a substituted Limited Partner in the place of the assignor Limited Partner unless, in addition to all of the foregoing, all of the following conditions are satisfied:

10.2.1 The instrument of assignment filed with the Partnership sets forth the intention of the assignor that the assignee become a substituted Limited Partner;

10.2.2 The assignee executes, acknowledges and delivers to the General Partners a written acceptance and adoption of the provisions of this Agreement and a Power of Attorney in favor of the General Partners containing the powers set forth in Section 14.1, the form and content of which shall be provided by the General Partners; and

10.2.3 The General Partners shall have consented to such substitution in writing, which consent may not be unreasonably withheld. The General Partners may withhold their consent to a transferee's becoming a substituted Limited Partner notwithstanding that they shall have consented to such transfer.

10.2.4 The General Partners may elect to treat an assignee who has not become a substituted Limited Partner in accordance with Section 10.2 hereof as a substituted Limited Partner in the place of his assignor should they deem, in their sole discretion, that such treatment is in the best interest of the Partnership for any of its purposes or for any of the purposes of this Agreement.

10.2.5 The Consent of other Limited Partners is not required to effect the assignment of an Interest or the substitution of a Limited Partner.

10.2.6 The General Partners shall be required to amend the Certificate and Agreement of Limited Partnership only once each calendar quarter to reflect the substitution of Limited Partners. Until the Certificate and Agreement of Limited Partnership is so amended, an assignee shall not become a substituted Limited Partner notwithstanding prior compliance with Section 10.2.

10.2.7 Upon the death or legal incompetency of an individual Limited Partner, such Limited Partner's personal representative shall have all of the rights of a Limited Partner for the purpose of settling or managing such Limited Partner's interest and shall have such power as the decedent or incompetent possessed to constitute a successor as an assignee of such Limited Partner's interest in the Partnership and to join with such assignee in making application to substitute such assignee as a Limited Partner.

10.2.8 Upon the bankruptcy, insolvency, dissolution (or other cessation to exist as a legal entity) of a Limited Partner which is not an individual, the authorized representative of such entity shall have all the rights of a Limited Partner for the Purpose of effecting the winding-up of the business of such entity and shall have such power as such entity possessed to constitute a successor as an assignee of its interest in the Partnership and to join with such assignee in making application to substitute such assignee as a Limited Partner.

#### XI

#### RESIGNATION, WITHDRAWAL, TRANSFER OF INTEREST OR REMOVAL OF A GENERAL PARTNER: ELECTION OF GENERAL PARTNER

11.1 Resignation, Withdrawal and or Transfer of Interest of a General Partner. A General Partner may not withdraw his or its Interest in or resign from the Partnership, and/or transfer his or its Interest to any person except as follows:

11.1.1 Upon the written consent or affirmative vote of the Limited Partners owning a majority of the Interests then outstanding; and

11.1.2 Upon the consent of the remaining General Partners; and

11.1.3 Upon receipt by the Partnership of an opinion of counsel, satisfactory to the remaining General Partner, that the resignation, withdrawal and/or transfer of Interest will not effect a change in the tax status of the Partnership and, notwithstanding such resignation, withdrawal or transfer of Interest, that the business of the Partnership may be continued in the same manner as previously conducted.

11.2 Admission of a New General Partner. The General Partners, or any remaining General Partner in the event of an approved resignation or withdrawal, may not admit a person or entity as either an individual or a corporate general partner except upon the written consent or affirmative vote of the Limited Partners owning 90% of the Interests then outstanding.

11.3 Liability of General Partner(s) After Resignation. If a General Partner resigns in accordance with the provisions of this Agreement, all liability as a General Partner shall cease as provided in the Act and the Partnership shall promptly take all steps reasonably necessary under the Act to cause such cessation of liability. Upon the resignation of a General Partner, such General Partner's right to be allocated a portion of the

Partnership's net income or net loss and to receive a portion of any future distributions pursuant to Section 8 hereof shall cease as of the effective date of such resignation.

11.4 Continuation of Business and Election of Substitute General Partner.

11.4.1 In the event of the resignation, withdrawal, retirement, death or insanity of a General Partner, the business of the Partnership shall be continued by any remaining General Partner. As used herein, "death" shall include the dissolution of a corporate General Partner.

XII  
DISSOLUTION AND WINDING-UP OF PARTNERSHIP

12.1 Dissolution of Partnership. The Partnership shall be dissolved upon the first of any of the following events to occur:

12.1.1 The resignation, withdrawal, removal, retirement, death or insanity of all of the General Partners; or

12.1.2 The vote to dissolve by Limited Partners owning a majority of the Partnership Interests and delivery of written notice of such vote by such Limited Partners to the General Partners;

12.1.3 The expiration of the term of the Partnership;  
or

12.1.4 The sale, transfer or other irrevocable disposition of all or substantially all of the property of the Partnership; or

12.1.5 All of the Projects in which the Partnership has an interest, direct or indirect, shall cease the active conduct of business.

12.2 Election Upon Dissolution. Upon a dissolution of the Partnership pursuant to Section 12.1.1, one or more of the Limited Partners shall, promptly after such dissolution, give notification thereof to the other Limited Partners and shall call for a vote of the Limited Partners to continue the business of the Partnership or to wind-up the Partnership pursuant to Section 12.3 of this Agreement. If Limited Partners owning 100% of the Interests then outstanding affirmatively elect to continue to do the business of the Partnership, the business of the Partnership shall be continued, and a substitute general partner shall be elected. Such election shall be accomplished in the following manner: Any one or more of the Limited Partners shall promptly nominate a person or entity for a General Partner upon the written consent or affirmative vote of Limited Partners owning 100% of the Interests then outstanding. In the event that such nominee is not elected, any one or more of the Limited Partners shall as soon as practicable thereafter nominate another person or entity for election as a substitute General Partner and shall continue to do so until a substitute General Partner is elected or the Partnership is dissolved pursuant to Section 12.3 of this Agreement.

12.3 Winding-up of Partnership. Upon the election of the Limited Partners to wind-up the Partnership or the failure (within one year following a dissolution pursuant to Section 12.1.1) of the Limited Partners to elect to continue the business of the Partnership pursuant to Section 12.2, or upon a dissolution of the Partnership pursuant to Sections 12.1.2, 12.1.3, 12.1.4 or 12.1.5, the General Partners (or if there is not a General Partner, a representative of the Limited Partners elected by Limited Partners owning a majority of the Interests) shall take full account of the Partnership's assets and liabilities and the assets shall be liquidated as promptly as is consistent with obtaining the fair value thereof, and the proceeds therefrom, to the extent sufficient to pay the Partnership's obligations with respect thereto, shall be applied and distributed in the following order:

12.3.1 To the payment and discharge of all of the Partnership's debts and liabilities to persons or entities other than Partners (or former Partners) and the expenses of Liquidation;

12.3.2 To the payment and discharge of any loans and advances made by Partners (or former Partners) to the Partnership;

12.3.3 To the establishment of any reserves deemed necessary by the General Partners or the person winding up the affairs of the Partnership for any contingent liabilities or obligations of the Partnership;

12.3.4 To the Holders of Interests in accordance with their respective Allocation Percentages in accordance with paragraph 8.1.1 to the extent of the Contributions to the capital of the Partnership represented thereby, less any distributions previously made to the Holders of Interests (and their predecessors in interest) by the Partnership;

12.3.5 To the General Partners to the extent of their contributions to the capital of the Partnership, if any, less any distributions previously made to them by the Partnership; and

12.3.6 The positive balance, if any, or if there is any loss upon sale, shall be distributed 60% to the General Partners and 40% to the Limited Partners.

### XIII

#### BOOKS OF ACCOUNT, ACCOUNTING, REPORTS, FISCAL YEAR, BANKING, AND TAX ELECTION

13.1 Books of Account. The Partnership's books and records and this Agreement shall be maintained at the principal office of the Partnership, and each Partner shall for any good reason have access thereto at all reasonable times. The books and records shall be kept on the cash receipts and disbursements method of accounting applied in a consistent manner by the Partnership and shall reflect all Partnership transactions and be appropriate and adequate for the Partnership's business.

13.2 Fiscal Year. The fiscal year of the Partnership shall be the calendar year, unless elected otherwise by the General Partners in their sole discretion.

13.3 Accounting and Reports. As soon as reasonably practicable after the end of each fiscal year, but not later than 120 days after such end, each Partner shall be furnished with a copy of a balance sheet of the Partnership as of the last day of such fiscal year and a statement of income or loss of the Partnership for such year, and a statement showing the amounts allocated to or allocated against such Partner's capital account pursuant to the Agreement during or in respect of each year, and any items of income, deduction, credit or loss allocated for purposes of the United States Internal Revenue Code of 1954, as amended, and any applicable state or local income tax laws. Such balance sheet and statement of income shall be prepared on the cash receipts and disbursements method of accounting.

13.4 Banking. All funds of the Partnership shall be deposited in a separate bank account or accounts or in an account of a savings and loan association as shall be determined by the Managing Partner, but such funds shall only be invested or deposited in an institution, the accounts or deposits of which are insured or guaranteed by an agency of the United States Government.

13.5 Tax Election. Upon the transfer of Interests in the Partnership or in the event of a distribution of the Partnership's assets, the Partnership may elect pursuant to Section 754 of the United States Internal Revenue Code of 1954, as amended, to adjust the basis of the Partnership's property as allowed by Section 743(b) or Section 734 thereof.

13.6 Partnership Returns. The General Partners shall, for each fiscal year, file with the U.S. Internal Revenue Service on behalf of the Partnership, a Partnership Return within the time prescribed by law (including extensions) for such filing. The General Partners shall also file on behalf of the Partnership such state and/or local income tax returns as may be required by applicable law.

13.7 Information. Upon reasonable request and for good cause, the Partnership will promptly supply any Limited Partner with the names and addresses of all Holders of Interests as such information exists at the time of request, as reflected in the records of the Partnership.

#### XIV POWER OF ATTORNEY

14.1 Power of Attorney. The Limited Partners and the General Partners, other than the Managing Partner, hereby make, constitute and appoint the Managing Partner, and any successor of the Managing Partner, with full power of substitution and resubstitution, their true and lawful attorney for them in their name, place and stead and for their use and benefit, to sign, execute, certify, acknowledge, swear to, file and record the Agreement, and to sign, execute, certify, acknowledge, file and record all instruments amending the Agreement, as now or hereafter amended, that may be appropriate, including without limitation, agreements or other instruments or documents (i) to

reflect the exercise by the Managing Partner of any of the powers granted to him under this Agreement; (ii) to reflect any amendments made to this Agreement by the Partners pursuant to this Agreement; (iii) to reflect the admission to the Partnership of any Partner in the manner prescribed in this Agreement; and (iv) which may be required of the Partnership or of the Partners by the laws of the State of Idaho or any other jurisdiction. Each Limited Partner and the General Partner, other than the Managing Partner, authorizes such Managing Partner to take any further actions which such Managing Partner shall consider necessary or advisable in connection with any of the foregoing, hereby giving such Managing Partner full power and authority to do and perform each and every act or thing whatsoever requisite or advisable to be done in and about the foregoing as fully as such party granting this Power of Attorney might or could do if personally present and hereby ratifying and confirming all that the Managing Partner as attorney-in-fact shall lawfully do or cause to be done by virtue thereof.

14.2 Duration of Power. The power-of-attorney granted pursuant to Section 14.1 hereof;

14.2.1 Is a special power-of-attorney coupled with an interest and is irrevocable;

14.2.2 May be exercised by each such attorney-in-fact by listing all of the Limited Partners and General Partners, other than the Managing Partner, executing any agreement, certificate, instrument or document with the single signature or such attorney-in-fact acting as attorney-in-fact for all Limited Partners and General Partners, other than the Managing General Partner;

14.2.3 Shall survive the delivery of an assignment by a Limited Partner of any or all Interests in the Partnership, except that where the purchaser, transferee or assignee thereof has the right to be, or with the consent of the General Partners is admitted as a substituted Limited Partner, the power-of-attorney shall survive the delivery of such assignment for the sole purpose of enabling each such agreement, certificate, instrument or document necessary to effect such substitution; and

14.2.4 Each Limited Partner and General Partner, other than the Managing General Partner, shall execute such further documents as may be requested by the Managing General Partner to carry out the purposes of this grant of a power-of-attorney.

#### XV

#### LIABILITY AND INDEMNIFICATION OF THE GENERAL PARTNERS

15.1 Exoneration. Except in the case of gross negligence or willful misconduct, any error of judgment, or the doing of any act or the failure to do any act by the General Partners, the effect of which may cause or result in loss or damage to the Partnership, or done pursuant to the advice of legal counsel employed by the General Partners on behalf of the Partnership, or if done in good faith to promote the best interests of the Partnership, shall not subject the General Partners or any of them to any liability to the Partners or the Partnership.

15.2 Indemnification. The Partnership shall indemnify the General Partners against any claim or liability incurred by them, their officers, directors, employees, designees and nominees, in connection with the business of the partnership. Any amount paid to indemnify the General Partners, however, shall be paid out of Partnership assets only, and Limited Partners shall not be liable for such amounts to be paid to the General Partners, except to the extent of any amount of capital contribution of a Limited Partner that is due and owing to the Partnership and remains unpaid. Neither the Partnership nor any Partner shall have any claim against the General Partners based upon or arising out of any act or omission of the General Partners, provided that the General Partner was acting in good faith and was not grossly negligent or guilty of willful misconduct.

15.3 Liability. Notwithstanding anything in this Agreement to the contrary, the General Partners shall not be personally liable for the return of the capital contribution of any Partner, or any portion thereof, it being expressly understood that any such return shall be made solely from Partnership assets.

#### XVI MISCELLANEOUS

16.1 Representations of Limited Partners. Each and every Limited Partner by his execution of this agreement warrants that he is a resident of the State of Idaho, that he has read and understands the financial projections provided to him by the General Partners, and that he has consulted with independent persons possessing the skill and ability to understand the terms of this agreement and the nature and risks of the investment contemplated. Each Limited Partner also understands that all substitute limited partners shall be residents of the State of Idaho and that no assignment of all or any portion of any limited partnership interest in the Partnership may be assigned to a person other than a resident of the State of Idaho.

16.2 Notices. Any notice, payment, demand, offer or communication required or permitted to be given by any provision of this Agreement shall be deemed to have been delivered and given for all purposes (i) if same is personally delivered, or (ii) whether or not the same is actually received, if sent by registered or certified mail, postage and charges prepaid, addressed as follows: If to a General Partner, at the address set forth on the signature page of this Agreement or to such other address as such General Partners may from time to time specify by written notice to the Partners. Any such notice, payment, demand, offer or communication shall be deemed to be given as of the date so delivered, if delivered personally, or as of the date on which the same was deposited in a regularly maintained receptacle for the deposit of United States Mail, addressed and sent as aforesaid with postage prepaid.

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

16.4 Severability. Every provision of this Agreement is severable. If any term or provision hereof is lawfully held to be illegal, or invalid for any reason, such illegality or



invalidity shall not affect the validity of the remainder of this Agreement or any other provisions.

16.5 Amendments. Amendments to this Agreement may be proposed by the General Partners or by Limited Partners owning 20% or more of the Interests then outstanding, and the General Partners shall transmit to the Limited Partners a verbatim statement of any proposed amendment and shall or may include in any such submission their recommendations as to the proposed amendment. The General Partners shall seek the written vote of the Limited Partners on the proposed amendment or shall call a meeting of the Limited Partners to vote thereon and to transact any other business that they may deem appropriate. For purposes of obtaining a written vote, the General Partners may require a response within a specified time, but not less than 15 days, and failure to respond in such time period shall constitute a vote which is consistent with the General Partners' recommendations, if any, with respect to the proposal.

16.6 Meetings and Means of Voting. Meetings of the Partners may be called by the General Partners or by Limited Partners owning 20% or more of the Interests then outstanding. The call shall state the reason for the meeting. Notice of any such meeting shall be delivered to all Partners in the manner prescribed in Section 16.2 hereof not less than 7 days nor more than 30 days prior to the date of such meeting. Partners may vote in person or by written proxy at any such meeting. Whenever the vote or consent of Partners is permitted or required under this Agreement, such vote or consent may be given at a meeting of Partners or may be given in writing in accordance with the procedure for obtaining written votes prescribed in Section 16.5 of this Agreement.

16.7 Right to Rely Upon the Authority of the General Partners. No person dealing with the General Partners shall be required to determine their authority to make any commitment or undertaking on behalf of the Partnership, nor to determine any fact or circumstance bearing upon the existence of their authority. In addition, no purchaser of any asset owned by the Partnership shall be required to determine the sole and exclusive authority of the General Partners to sign and deliver on behalf of the Partnership any such instrument of transfer, or to see the application or distribution of revenues to proceeds paid or credited in connection therewith, unless such purchasers shall have received written notice from the Partnership effecting the same.

16.8 Litigation. The General Partners shall prosecute and defend such actions at law or in equity as may be necessary to enforce or protect the interests of the Partnership. The Partnership and the General Partners shall respond to any final decree, judgment or decision of a court of competent jurisdiction or board of authority having jurisdiction in the matter. The Partnership shall satisfy any such judgment, decree or decision first out of any insurance proceeds available therefor, next out of the capital and assets of the Partnership, and finally out of the assets of the General Partners.

16.9 Idaho Law. The local, internal laws of Idaho shall govern the validity of this agreement, the construction of its terms and the interpretation of the rights and duties of the parties.

16.10 Waiver of Action for Partition. Each of the parties hereto irrevocably waives, during the term of this Partnership and during the period of its liquidation following any dissolution, any right that they may have to maintain any action for partition with respect to any of the assets of the Partnership.

16.11 Counterpart Execution. The Agreement may be executed in any number of counterparts with the same effect as if all parties hereto had signed the same document. All counterparts shall be construed together and shall constitute one Agreement.

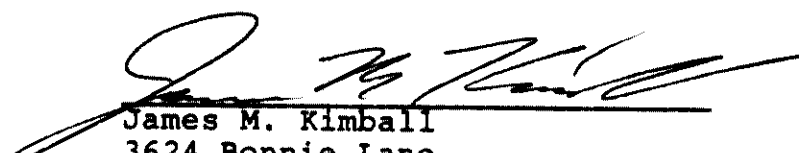
16.12 Parties In Interest. Subject to the provisions contained in Section X of this Agreement, each and every covenant, term, provision and agreement herein contained shall be binding upon and inure to the benefit of the successors and assigns of the respective parties hereto.


16.13 Time. Time is of the essence with respect to this Agreement.

16.14 Integrated Agreement. This Agreement constitutes the entire understanding and agreement between the General Partners and the Limited Partners, with respect to the subject matter hereof, and there are no agreements, understandings, restrictions, representations or warranties between the General Partners and the Limited Partners other than those set forth herein.

16.15 Right to Rely Upon Authority of Person Signing Agreement. In the event that a Limited Partner is a trust (with or without disclosed beneficiaries), partnership, limited partnership, joint venture, corporation, or any entity other than a natural person, the Partnership and the General Partners shall (i) not be required to determine the authority of the person signing this Agreement or any amendment thereto to make any commitment or undertaking on behalf of such entity, or to determine any fact or circumstance bearing upon the existence of his authority; (ii) not be required to see to the application or distribution of revenues or proceeds paid to, credited to the person signing this Agreement or any amendment hereto on behalf of such entity; (iii) be entitled to rely upon the authority of the person.

GENERAL PARTNERS

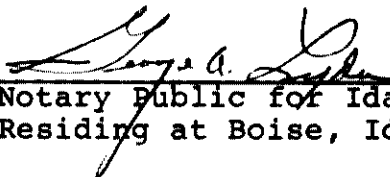
  
James M. Kimball  
3624 Bonnie Lane  
Boise, Idaho 83703

  
Charles M. Gossett  
3611 Kipling  
Boise, Idaho 83706

STATE OF IDAHO            )  
                                  ) ss.  
County of Ada             )

On this 21<sup>st</sup> day of August, 1982, before me, a Notary Public in and for said State, personally appeared JAMES M. KIMBALL, known to me to be the person whose name is subscribed to the within instrument, and acknowledged to me that he executed the same.

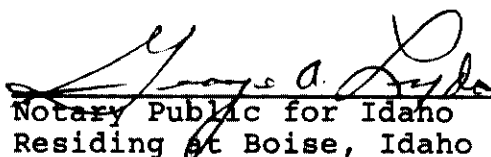
IN WITNESS WHEREOF, I have hereunto set my hand and affixed my official seal the day and year in this certificate first above written.

  
\_\_\_\_\_  
Notary Public for Idaho  
Residing at Boise, Idaho

STATE OF IDAHO            )  
                                  ) ss.  
County of Ada             )

On this 21<sup>st</sup> day of August, 1982, before me, a Notary Public in and for said State, personally appeared CHARLES M. GOSSETT, known to me to be the person whose name is subscribed to the within instrument, and acknowledged to me that he executed the same.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed my official seal the day and year in this certificate first above written.

  
\_\_\_\_\_  
Notary Public for Idaho  
Residing at Boise, Idaho

LIMITED PARTNER'S SIGNATURE PAGE

DATED: September 1, 1982

LIMITED PARTNER:

John W. Ryder  
Edith M. Ryder  
Signature

CONTRIBUTION AMOUNT: \$ 5,000.00

Address: 704 South Owyhee  
Boise, Idaho

448-07-7820  
Social Security No. 524-42-6977

STATE OF Idaho )  
County of Ada ) ss.

On this 1st day of September, 19 82, before me, the undersigned Notary Public in and for said State, personally appeared John W. & Edith Ryder, to me personally known to be the person(s) whose name(s) is(are) subscribed to the foregoing Certificate and Agreement of Limited Partnership of Triple Crown Ranch, an Idaho Limited Partnership, as a Limited Partner, and acknowledged that they executed the same as their free act and deed.

David W. Wether  
Notary Public for Idaho  
Residing at Boise Idaho