

CERTIFICATE OF LIMITED PARTNERSHIP

RECEIVED
SEC. OF STATE

STATE OF IDAHO)
) ss.
County of Twin Falls)

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The undersigned, desiring to form a limited partnership pursuant to the laws of the State of Idaho, certify as follows:

1. **Name of Partnership.** The name of the partnership is **KALANGE FAMILY LIMITED PARTNERSHIP.**

2. **General Character of Partnership's Business.** The partnership is organized for the following objectives and purposes:

The partnership shall be authorized to acquire by purchase, lease or otherwise, lands and interest in lands; to own, hold, lease, finance, improve, develop and manage real property so acquired; to erect, alter or improve buildings or other structures situated on said real property; to make investments of all kinds and in all types of businesses; and to operate all legal forms of investment or business enterprises.

3. **Registered Agent.** The name and address of the registered agent for service of process as required by Idaho Code §53-204 are:

Thomas E. Kalange
1061 Blue Lakes Blvd. North
P.O. Box 431
Twin Falls, ID 83303-0431

4. **General Partners.** The names and business addresses of the general partners are:

| | |
|-----------------------------|-----------------------------|
| Thomas E. Kalange | Marilyn E. Kalange |
| 1061 Blue Lakes Blvd. North | 1061 Blue Lakes Blvd. North |
| Twin Falls, ID 83301 | Twin Falls, ID 83301 |

5. **Limited Partners.** The names and addresses of the limited partners are:

| | |
|--|---|
| Thomas E. Kalange Original Limited Partner P.O. Box 431 Twin Falls, ID 83303-0431 | Marilyn E. Kalange Original Limited Partner P.O. Box 431 Twin Falls, ID 83303-0431 |
| Kathy Kay Poole 10236 N.E. 31st Place Bellevue, WA 98004 | Dr. John T. Kalange 1925 Teal Lane Boise, ID 83706 |
| Marianne Y. Griffith 2571 Carousel Circle Twin Falls, ID 83301 | Keith B. Kalange 1059 Morningside Dr., Apt. B Twin Falls, ID 83301 |

6. **Capital Contributions.** A description of the capital contributions made by Thomas E. Kalange and Marilyn E. Kalange are as follows:

6.1 Cash. By personal checks \$662,487.44

6.2 Real Property.

6.2.1 Lewiston Property.

That part of the East 134 feet of the West 201 feet (measured along the South line of Main Street) of Block 16 of Mrs. S.C. THOMPSON'S SECOND ADDITION to the City of Lewiston, according to the recorded plat thereof, lying North of the South line of Lot 11 of said Block 16, being parts of lots 9 and 11 and all of lot 10 of said Block 16, EXCEPTING therefrom a portion of Lot 11 conveyed for highway right-of-way described as: Commence at the Northeast corner of Lot 10 of said Block 16; thence South 78 ° 47' East along the South line of Main Street 58.35 feet; thence South 0 ° 09' West 13.41 feet; thence North 66 ° 35' West 82.34 feet to the point of beginning.

6.2.2 Magic Valley International Property.

Lots 1, 2, 3, 4, 5, 9, 10, 11, 12 and 13 of Block 143, Twin Falls Townsite, together with all buildings and improvements.

6.2.3 Kailua/Kona Condominium.

Unit 339, Kailua/Kona Country Club Villa, a Hawaii Condominium Project, located at 6920 Alii Drive, Hawaii 96740-7251.

Agreed Fair Market Value \$ 750,000.00

6.3 Personal Property.

All equipment located on the real property described in paragraph 6.2.1.

Agreed Fair Market Value 50,000.00

6.4 Less Debt Assumed (182,487.44)

TOTAL AGREED NET FAIR MARKET VALUE \$1,280,000.00

| General Partners: | Number of <u>Units</u> | Percentage <u>of Ownership</u> |
|----------------------------|---------------------------|-----------------------------------|
| Thomas E. Kalange | 2,000 Units | 2% |
| Marilyn E. Kalange | 2,000 Units | 2% |
| Original Limited Partners: | | |
| Thomas E. Kalange | 48,000 Units | 48% |
| Marilyn E. Kalange | <u>48,000 Units</u> | <u>48%</u> |
| Total: | 100,000 Units | 100% |

Following contribution of the foregoing, Thomas E. Kalange and Marilyn E. Kalange gifted partnership interests which resulted in the following ownership of capital:

| | <u>Initial Capital</u> | <u>Percentage of Capital</u> |
|---------------------------------|----------------------------|--------------------------------------|
| <u>General Partners:</u> | | |
| Thomas E. Kalange | 25,600 | 2% |
| Marilyn E. Kalange | 25,600 | 2% |
| <u>Limited Partners:</u> | | |
| Kathy Kay Poole | 307,200 | 24% |
| John T. Kalange | 307,200 | 24% |
| Keith B. Kalange | 307,200 | 24% |
| Marianne Y. Griffith | <u>307,200</u> | <u>24%</u> |
| TOTAL | <u>\$1,280,000</u> | <u>100%</u> |

7. **Additional Capital Contributions.** Additional capital contributions to the partnership may be made by the partners. Limited partners shall not be required to make any additional capital contributions to the partnership.

8. **Restriction on Disposition of Partnership Interest.** Except as otherwise provided in this certificate, no partner shall, except with the consent of all of the partners, assign, mortgage or sell his share in the partnership or in its capital assets or property, or enter into any agreement which may result in any person becoming interested with him in the partnership. No partnership interest shall be attached by or subjected to the interference or control of a creditor or reached by any legal or equitable process in satisfaction of any debt or liability of a partner, except as is specifically provided for in this certificate.

9. **Option to Partnership.** No partner shall voluntarily or involuntarily encumber or dispose of all or any part of his interest in the partnership now owed or hereafter acquired without the written consent of all other partners, or, in the absence of such written consent, without first giving to all other partners and to the partnership at least 30 days' written notice by certified mail of the partner's intention to make a disposition of his interest. Within the 30-day period, a meeting of the partners shall be called upon not less than 10 or more than 20 days' notice by certified mail, and such meeting shall be held at the principal place of business of the partnership during normal business hours. At such meeting, all the interest of the partner shall be offered for sale and shall be subject to an option to purchase on the part of the partnership, which option shall be exercised, if at all, at the time of such meeting. The purchase by the partnership shall be at a price determined pursuant to paragraph 12 and shall be payable pursuant to paragraph 13 herein.

10. **Option to Partners.** If all the interest of the partner or transferee desiring to make a disposition thereof is not purchased by the partnership as provided in paragraph 9 above, then the interest not so purchased shall be offered for sale and shall be subject to an option on the part of each of the partners to purchase a proportionate share, which option shall be exercised, if at all, within 90 days of the meeting of partners called pursuant to the provisions of paragraph 9. The purchase price shall be determined pursuant to paragraph 12 and shall be payable pursuant to paragraph 13 herein. The term "proportionate share" shall mean that portion of the interest in the partnership offered for sale which the interests in the partnership owned by each of the partners bears to the interests in the partnership (other than those offered for sale) owned by all partners. In addition, if any interest in the partnership offered for sale is not purchased by all of the partners first entitled thereto, the term "proportionate share" shall include that portion of the interest in the partnership not purchased by the partners first entitled thereto which interest in the partnership owned by a partner bears to the interest in the partnership (other than those offered for sale) owned by all partners (other than those owned by the partners first entitled to purchase, but who refused to purchase).

11. **Commencement and Termination of Partnership.** The partnership shall commence on the later of July 14, 1990 or the date this certificate is filed, and shall continue until December 31, 2020, unless previously terminated in accordance with the provisions of the partnership agreement.

12. **Purchase Price.** The purchase price shall be determined as follows:

12.1 For administrative convenience, the total partnership interests shall be represented by 100,000 partnership units ("units"). Unless there is a substantial change (defined as more than 10 percent) in the net fair market value of the partnership and for a period of 1 year from the date of this Agreement or until changed under Sections 12.2 and 12.3 below, the price of each unit is fixed at \$12.80.

12.2 At each annual meeting of the partners, or more frequently if necessary, the price of each unit shall be fixed by the unanimous decision of the partners. The new price shall be endorsed on Exhibit A attached to the counterpart of this Agreement delivered to and held by the partnership's counsel. Each value so fixed shall be verified by the signatures of each of the partners.

12.3 In the event the partners cannot agree on a value for each unit and it becomes necessary to establish a value because of a contemplated transfer of an interest, the value of each unit shall equal the fair market value of the partnership's assets, less the fair market value of the partnership's liabilities divided by 100,000. Fair market value shall be determined by a committee of appraisers, one appraiser to be chosen by the purchaser (which may be the partnership itself or the remaining partner or partners) and one appraiser to be chosen by the seller. One impartial appraiser shall be chosen by the two appraisers chosen by the respective parties. The transferor shall pay one-half, and the transferee shall pay one-half of the costs of any appraisal had by virtue of the provisions of this paragraph.

12.4 When an offer to sell is made while an offering partner is living, the price shall be the price under paragraphs 12.1, 12.2 or 12.3 above, as the case may be, in effect on the day the offer is made. When an offer to sell is made in the case of the death of a partner, the price shall be the price under paragraphs 12.1, 12.2 or 12.3 above, as the case may be, in effect on the date of death.

13. **Payment of Purchase Price.** The purchase price of any interest sold under this Agreement shall be paid in cash at the time of closing the sale or, at the election of the purchaser, not less than 10% of the purchase price shall then be paid in cash, and the balance shall be paid in not more than 10 equal consecutive annual installments together with interest determined at the date of closing at the greater of the "prime" rate of interest published in the *Wall Street Journal* on the Friday immediately preceding closing or such interest rate as may be required by the Internal Revenue Code and established by the Secretary of the Treasury of the United States. Principal and interest shall be payable annually on the anniversary date of closing. The purchaser's deferred obligation shall be evidenced by a promissory note. If the partnership note is given in part or full payment of the purchase price, then payment of said note shall be personally guaranteed by the remaining partners; although a limited partners' liability shall be limited to the percentage of ownership represented by his capital account. The purchaser may prepay all or any part of any or all installments without liability for premium or penalty. Any note given under the terms of this paragraph shall be secured by the assets of the partnership.

14. **Dissolution of the Partnership.**

14.1 **Events of Dissolution and Termination.** The partnership shall be terminated and dissolved upon the earlier to occur of the following:

14.1.1 The death of the survivor of the general partners, or the removal, withdrawal (provided there has been 90 days' prior written notice to the limited partners), adjudication of bankruptcy or insolvency of both of the general partners, unless the limited partners, within 90 days of the date of such event, elect a new general partner and the new general partner elects to continue the business of the

partnership. Expenses incurred in the reformation, or attempted reformation, of the partnership shall be deemed expenses of the partnership; or

14.1.2 The expiration of the term of the partnership; or

14.1.3 Provided there has been 90 days' prior written notice to the limited partners, the decision of the general partners to dissolve the partnership.

15. **Winding Up of the Partnership.** Upon a dissolution and termination of the partnership for any reason, the general partners shall take full account of the partnership assets and liabilities, shall liquidate the assets as promptly as is consistent with obtaining the fair value thereof, and shall apply and distribute the proceeds therefrom in the following order:

15.1 To the payment of creditors of the partnership but excluding secured creditors whose obligations will be assumed or otherwise transferred on the liquidation of partnership assets;

15.2 To the repayment of any outstanding loans made by the partners to the partnership; and

15.3 To the general partners and limited partners pursuant to the provisions of Section 10.3.

16. **Gains or Losses in Process of Liquidation.** Any gain or loss on disposition of partnership properties in the process of liquidation shall be credited or charged to the partners in the proportions set forth in paragraph 18. Any property distributed in kind in the liquidation shall be valued and treated as though the property were sold and the cash proceeds were distributed. The difference between the value of property distributed in kind and its book value shall be treated as a gain or loss on sale of the property and shall be credited or charged to the partners in the proportions of their interest in profits as specified in paragraph 18.

17. **Waiver of Right to Decree of Dissolution.** The partners have agreed that irreparable damage would be done to the goodwill and reputation of the partnership if any partner should bring an action in court to dissolve the partnership. Care has been taken in the partnership agreement to provide what the partners feel is fair and just payment in liquidation of the interests of all partners. Accordingly, each partner has waived and renounced his right to such a court decree of dissolution or to seek the appointment by the court of a liquidator for the partnership.

18. **Distributions of Profits and Allocation of Losses.** The net annual profits, if any, shall be allocated to, and the net annual losses, if any, shall be borne by, the partners as follows:

| | Number of Units | Percentage of Capital |
|---------------------------------|-----------------------|-----------------------------|
| <u>General Partners:</u> | | |
| Thomas E. Kalange | 2,000 Units | 2% |
| Marilyn E. Kalange | 2,000 Units | 2% |
| <u>Limited Partners:</u> | | |
| Kathy Kay Poole | 24,000 Units | 24% |
| John T. Kalange | 24,000 Units | 24% |
| Keith B. Kalange | 24,000 Units | 24% |
| Marianne Y. Griffith | <u>24,000 Units</u> | <u>24%</u> |
| TOTAL | 100,000 Units | 100% |

19. Return of Contributions. Except as provided in paragraphs 8, 9, 10, 14 and 18 above, no provision has been made for the return of all or any part of a partner's contribution.

20. No Right To Property, Except Cash. Limited partners have not been given the right to demand and receive property other than cash from the partnership.

21. Grant of Special Power of Attorney.

21.1 The limited partners granted to each of the general partners a special power of attorney irrevocably making, constituting and appointing each of the general partners as attorney-in-fact for each limited partner, with power and authority to act in his name and on his behalf to execute, acknowledge and swear to in the execution, acknowledgment and filing of documents, which shall include, by way of illustration but not of limitation, the following:

21.1.1 The partnership agreement, any separate certificates of limited partnership, as well as any amendments to the foregoing which, under the laws of the State of Idaho or the laws of any other state, are required to be filed or which either of the general partners deem to be advisable to file;

21.1.2 Any other instrument or document which may be required to be filed by the partnership under the laws of any state or by any governmental agency, or which either of the general partners deem advisable to file; and

21.1.3 Any instrument or document which may be required to effect the continuation of the partnership, the admission of an additional or substituted limited partner, or the dissolution and termination of the partnership (provided such continuation, admission or dissolution and termination are in accordance with the terms of the partnership agreement), or to reflect any reductions in amount of contributions of partners.

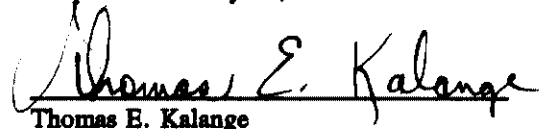
21.2 The special power of attorney granted by the limited partners:

21.2.1 Is a special power of attorney coupled with an interest, is irrevocable, shall survive the death or incapacity of the granting limited partner, and is limited to those matters herein set forth;

21.2.2 May be exercised by either of the general partners acting alone for the limited partner by a facsimile signature of the general partner, or by listing the limited partner executing any instrument with a single signature of the general partner; and

21.2.3 Shall survive an assignment by the limited partner of all or any portion of his units except that, where the assignee of the units owned by the limited partner has been approved by the general partner for admission to the partnership as a substituted limited partner, the special power of attorney shall survive such assignment for the sole purpose of enabling the general partner to execute, acknowledge and file any instrument or document necessary to effect such substitution.

The partners have executed this Certificate of Limited Partnership effective July 14, 1990.


Thomas E. Kalange


Marilyn E. Kalange

"General Partners"

Kathy Kay Poole
John T. Kalange
Keith B. Kalange
Marianne Y. Griffith

By: Thomas E. Kalange
Thomas E. Kalange, general partner
Attorney-In-Fact

"Limited Partners"

STATE OF IDAHO)
) ss.
County of Twin Falls)
LINCOLN

On this 14th day of July, 1990, before me, the undersigned, a notary public in and for said county and state, personally appeared Thomas E. Kalange, 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 same day and year in this certificate first above written.

Linda A. Kornder
Notary Public for Idaho
Residing at Shoshone, Idaho
Commission Expires: 11-14-94

STATE OF IDAHO)
) ss.
County of Twin Falls)
LINCOLN

On this 14th day of July, 1990, before me, the undersigned, a notary public in and for said county and state, personally appeared Marilyn E. Kalange, known to me to be the person whose name is subscribed to the within instrument and acknowledged to me that she executed the same.

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

Linda A. Kornder
Notary Public for Idaho
Residing at Shoshone
Commission Expires: 11-14-94

STATE OF IDAHO

)
) ss.
)

County of ~~Twin Falls~~
LINCOLN

On this 14th day of July, in the year 1990, before me, the undersigned, a notary public in and for said county and state, personally appeared Thomas E. Kalange, known to me to be the person whose name is subscribed to the within instrument as the attorney in fact of Kathy Kay Poole, John T. Kalange, Keith B. Kalange and Marianne Y. Griffith, and acknowledged to me that he subscribed the names of the foregoing thereto as principal, and his own name as attorney in fact.

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

Linda A. Kornder
Notary Public For Idaho
Residing at Shoshone
Commission Expires: 11-14-94