

LIMITED PARTNERSHIP AGREEMENT

49894

AGREEMENT dated as of the 4th day of April, 1986 among ROGER H. KING and GREGORY SHEPHARD (hereinafter called the "General Partners") and ROBERT BROWN and PHYLLIS BROWN as the Initial Limited Partner (hereinafter called the "Initial Limited Partner") and those persons who have executed this Agreement as limited partners (hereinafter called collectively the "Limited Partners").

W I T N E S S E T H :

In consideration of the mutual covenants and agreement hereinafter set forth, the parties hereto agree:

I. DEFINITIONS. As used herein, the following terms have the following respective meanings:

A. Agreement. Means this Agreement of Limited Partnership as amended, modified or supplemented from time to time.

B. Artwork. The painting "Le Passage du Gue" (Fording the Stream) by William Adolphe Bouguereau, signed and dated 1869.

C. General Partner. The persons designated as General Partners hereinabove named, any person who becomes a substituted General Partner as provided herein and any person admitted to the Partnership as a General Partner, in such person's capacity as a General Partner of the Partnership.

D. Limited Partners. The Limited Partners hereinabove named and those persons who shall, pursuant to the provisions of this Agreement, become Limited Partners of the Partnership.

E. Partners. The General Partners and all Limited Partners.

F. Partnership. The partnership formed pursuant to this Agreement.

G. Capital. As to the Partners, the aggregate of their contributions to the Partnership as required pursuant to the Agreement, as increased by Disposition Proceeds and Excess Insurance Proceeds, and as reduced by distributions of Disposition Proceeds and Excess Insurance Proceeds.

H. Limited Partner's Respective Capital Contributions

The proportionate part of the Capital of the Partnership required to be advanced by each Limited Partner as set forth in Article VII A hereinafter.

I. Partner's Respective Percentage Interest. The equity interest of each Partner in the Partnership as set forth as a percentage in Paragraph VII C hereinafter.

J. Disposition. A transfer, sale or disposition of the Artwork, voluntary or involuntary, in which gain or loss is recognizable for Federal Income Tax purposes.

K. Disposition Proceeds. The net proceeds received by the Partnership from a Disposition after deduction of all expenses incurred in connection therewith, including without limitation, brokerage commissions and attorney's fees.

L. Excess Insurance Proceeds. All amounts received by the Partnership from insurance proceeds in excess of the amounts, if any, required to repair any damage or destruction of the Artwork resulting from an insured casualty.

M. Retirement. The voluntary withdrawal or separation of a Partner from the Partnership.

N. Withdrawal. The expulsion, retirement, death, insanity, incapacity or disability of a Partner which causes or results in a Partner ceasing to be a Partner. With respect to the General Partners, the retirement as a General Partner, even though remaining as a Limited Partner.

O. Acquisition Price. The price paid by the Partnership to purchase the Artwork, which price is \$250,000.00.

II. FORMATION OF PARTNERSHIP. The Partners hereby form a Limited Partnership (hereinafter called the "Partnership") pursuant to the laws of the State of Rhode Island.

III. PURPOSE. The purpose of the Partnership is to purchase, hold and sell the Artwork, and to do all other acts which may be required in order to accomplish such purpose.

IV. NAME. The Partnership shall be conducted under the firm name and style of BOUGUEREAU ASSOCIATES, L.P. unless and until such name shall be changed by the General Partners.

V. PRINCIPAL OFFICE. The principal office shall be maintained at 21 Bowens Wharf, Newport, Rhode Island or at such other place or places as the General Partners may from time to time designate by notice to the Limited Partners.

VI. TERM. The term of the Partnership shall commence from the date hereof and extend indefinitely unless terminated as hereinafter provided.

VII. CAPITAL. The capital of the Partnership shall be evidenced and paid as follows:

A. The General Partners shall contribute an aggregate of \$1,250.00 to the capital of the Partnership which shall be deposited within thirty days from the date hereof. Each Limited Partner shall contribute to the capital of the Partnership the amount of \$50,000.00 or such lesser amount as shall be authorized in writing by the General Partners, which shall constitute such Limited Partner's proportionate share of the Acquisition Price as set forth in this Agreement. In computing the Capital contribution required of each Limited Partner, the interest of the General Partners shall be excluded. The payment of the proportionate share of the Acquisition Price is hereby acknowledged to constitute each Limited Partner's respective Capital Contribution.

B. If any Partner defaults in a payment required to be made by him pursuant to this Agreement, and in the event said default continues for a period of ten days following receipt of notice of said default, the remaining Partners shall have the right to purchase the capital interest of the defaulting Partner on a pro rata basis. The General Partners shall notify all Limited Partners of the said default and corresponding right to purchase and all partners desiring to purchase shall notify the General Partners within ten days following receipt of said notice. All Partners so exercising shall purchase the interest of the defaulting partner pro rata based on their relative percentage interest in capital as set forth in this Article VII. All exercising Partners agree to make their appropriate pro rata payment for said capital interest within ten days following notice to the General Partners advising of their intention to exercise such right. In the event no partner elects to purchase the interest of the defaulting Partner, the defaulting Partner shall remain personally liable for the remainder of the Acquisition Price due from him.

C. The respective percentage of Capital Interests of the Partners are as follows:

1. The General Partners:

Roger H. King and Gregory Shephard	.5%
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2. The Limited Partners:

Robert Brown and Phyllis Brown	19.9%
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Remaining Limited Partnership Interests (not yet subscribed)	79.6%
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TOTAL	<hr/> 100.00%
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VIII. USE OF MONIES. The aforesaid capital contributions of the Partners, together with capital contributions of limited partners entering into this Agreement following the date hereof as set forth below, except as otherwise provided for in this Agreement shall be expended for the following purposes:

A. For the payment of the Acquisition Price required to be paid pursuant to this Agreement.

B. For the payment of all the expenses of forming and organizing the Partnership, including expenses required in connection with receiving title to the Artwork.

IX. POWERS OF GENERAL PARTNERS.

A. The control and management of the Partnership business during its continuance and in dissolution and liquidation shall be in the General Partners exclusively.

B. The General Partners in their absolute discretion have the power on behalf of the Partnership to:

(i) Perform all acts necessary to acquire or cause to be acquired title to the Artwork in the name of the Partnership upon the terms and conditions of the Agreement.

(ii) Sell all or any part of the Artwork.

(iii) Borrow money and as security therefor to mortgage all or any part of the Artwork.

(iv) Obtain replacements of any mortgage or mortgages on the Artwork.

(v) Prepay, in whole or in part, refinance, recast, increase, modify or extend any mortgages affecting the Artwork.

(vi) Execute, acknowledge and deliver any and all agreements and instruments to effectuate the foregoing.

(vii) Employ from time to time persons, firms or corporations as they, in their sole discretion, shall deem advisable for the care and management of the Artwork, on such terms and for such reasonable compensation as they shall determine.

C. The General Partners may, from time to time, assess the Limited Partners amounts required to pay for the insurance, crating, transportation, cleaning and general care of the Artwork. Such assessment shall be in addition to the Limited Partners' Capital Contribution.

D. The General Partners hereby covenant and agree that they will not, during the continuance of the Partnership, do any act, incur any obligations of any kind whatsoever in the name of the Partnership or make any decision on behalf of the Partnership except in furtherance of the business of the Partnership.

E. The General Partners shall use ordinary care and reasonable diligence in the management of the Partnership business but shall not be liable for any mistake of judgment or other action taken or omitted, if taken or omitted in good faith, or for any loss sustained by the Partnership or by the Partners by reason of the purchase, retention, sale or exchange of the Artwork or other reason, unless resulting from fraud or willful misconduct.

XI. PARTNERSHIP INCOME. The income of the Partnership as well as assets of the Partnership arising from Disposition, refinancing or Excess Insurance Proceeds shall be allocated to the Partners in accordance with the following schedule:

A. Limited Partners. The Limited Partners shall receive the income of the Partnership, as well as the assets of the Partnership, arising from Disposition of the Artwork, refinancing any mortgage or mortgages on the Artwork, or from Excess Insurance Proceeds, in accordance with their respective

percentage of Capital Interest of the Partnership. Such income or Disposition amount of the Limited Partners shall be reduced by ten percent and paid to the General Partners per the terms of subparagraph B., below, for Disposition, refinancing or Excess Insurance Proceeds up to \$500,000.00. Should the amount of Excess Insurance Proceeds, refinancing or Distribution of the Artwork exceed \$500,000.00, the Limited Partners shall have allocated to them seventy percent of their respective Capital Interest of such excess.

B. General Partners. The General Partners shall receive ten percent of the income of the Partnership, including all assets, arising from Disposition of the Artwork, refinancing any mortgage on the Artwork, or from Excess Insurance Proceeds up to \$500,000.00. The General Partners shall receive thirty percent of such Disposition, refinancing or Excess Insurance Proceeds amounts so received in excess of \$500,000.00 without limitation.

XII. DISTRIBUTIONS. The Partnership income shall be distributed to the Partners as described above upon the Disposition of the Artwork or upon receipt of any refinancing of the Artwork or upon receipt of Excess Insurance Proceeds. No Partner shall have the right to demand return of his respective percentage of Capital Interest or any part thereof until dissolution of the Partnership as herein Provided, nor shall any Partner have the right to demand and receive property other than cash.

XIII. NO DISSOLUTION.

A. The Partnership shall not be dissolved by the retirement, death or insanity of less than all of the General Partners. In the event of the death, retirement or insanity of less than all of the General Partners, the surviving Partner or Partners shall continue the business of the Partnership.

B. The Partnership shall not be dissolved by the transfer of a Partnership interest to a substitute General Partner.

XIV. DISSOLUTION. The Partnership shall be dissolved and its affairs wound up upon the sale of substantially all of its assets, including the Artwork.

XV. DISTRIBUTION UPON DISSOLUTION.

A. Upon the dissolution of the Partnership, the General Partners shall cause the assets of the Partnership to be distributed and the Partnership liquidated as promptly as practicable and the proceeds of such liquidation shall be distributed to the Partners as set forth in Article XI A and B, following payment of the debts and liabilities of the Partnership.

B. A reasonable time shall be allowed for the orderly liquidation of the income or proceeds of the Partnership and the discharge of liabilities to creditors.

C. The General Partners shall not be personally liable for the return of the capital contributions of the Limited Partners or for any portion thereof, it being expressly understood that any such return shall be made solely from Partnership assets.

XVI. ASSIGNMENT OF LIMITED PARTNERSHIP INTERESTS AND SUBSTITUTE LIMITED PARTNERS.

A. Withdrawal of Limited Partners. No Limited Partner shall at any time withdraw from the Partnership except as hereinafter in this Article XVI provided.

B. Death or Incapacity of a Limited Partner. If the Limited Partner shall die or become incapacitated, his legal representative shall have the same rights that such Limited Partner would have had if he had not died or become incapacitated and the interest of such Limited Partner in the Partnership shall remain subject to the terms, provisions and conditions of this Agreement until the dissolution of the Partnership.

C. Assignment of Limited Partner's Interest.

The whole or a part of the interest of a Limited Partner in the Partnership may be assigned or transferred by a Limited Partner only with the written consent of all General Partners which consent shall be at their absolute discretion.

XVII. RETIREMENT. Any General Partner may retire at any time provided, however, that for a period of one year from the date hereof at least one of the General Partners named herein shall remain in office unless a substitute General Partner is agreed upon by all General Partners.

XVIII. ADDITIONAL LIMITED PARTNERS.

A. The General Partners may admit up to ten additional Limited Partners to the Partnership in order to secure sufficient subscriptions to obtain the Acquisition Price provided that each additional Limited Partner execute a subscription agreement in a form satisfactory to the General Partners, and shall make a capital contribution to the Partnership of \$50,000.00 or such lesser amount as shall be agreed in writing by the General Partners.

B. If the amount of Limited Partner subscriptions so secured is insufficient to pay the Acquisition Price by December 31, 1986, the General Partners may, in their sole discretion, either (i) terminate the Partnership and return to the Limited Partners their capital contributions, (ii) purchase all or a part of the unsold Limited Partnership interests, and pay the Partnership therefor an amount equal to the capital contributions represented by such Limited Partnership interests, (iii) borrow additional funds in the name of the Partnership to pay for such Limited Partnership interests, or (iv) a combination of (ii) and (iii), above.

XIX. POWERS OF ATTORNEY.

A. Each of the undersigned Limited Partners hereby irrevocably makes, constitutes and appoints any of the General Partners as his agent and attorney in fact with full power of substitution for the purpose of executing, acknowledging, swearing to and filing:

(i) The original Certificate of Limited Partnership and all Amendments thereto required by law or provisions of this Agreement.

(ii) Any certificates or other instruments which may be required to be filed by the Partnership under the laws of the State of Rhode Island or which the General Partners shall deem advisable to file in any jurisdiction.

(iii) All instruments effecting a change or modification of the Partnership or of the instruments described in this Agreement.

(iv) All documents and instruments which may be necessary or appropriate to carry out the provisions of this Partnership Agreement to effectuate the dissolution and termination of the Partnership.

(v) All such other instruments as the General Partners may deem necessary to carry out the provisions of this Agreement; it being expressly understood and intended by the Limited Partners that this power of attorney shall survive the death or incapacity of the undersigned Limited Partners, and shall survive the delivery of any assignment by any of the Limited Partners.

B. Each of the Limited Partners irrevocably authorizes the General Partners to designate Philip L. Eiker the true and lawful attorney of the Partnership in their name, place and stead to execute on behalf of the Partnership any and all documents in connection with the sale of the Artwork.

XX. ACKNOWLEDGEMENT BY LIMITED PARTNERS. Each of the Limited Partners signatory hereto, including the Initial Limited Partner, hereby acknowledges the following:

A. That he further understands that (i) all statements, information, data and figures describing or relating

in any way to transactions contemplated by the Partnership are based upon information obtained by the Partnership from sources which it deems reliable, and (ii) any projected or estimated figures of income or return upon the Artwork are estimates and opinions only and are not warranted or guaranteed.

B. That the General Partners have made no representations or warranties of any kind or nature to induce him to enter into this Agreement except as herein provided, and that the General Partners shall not be liable or bound in any manner by representations, information or data furnished by any broker, appraiser, agent, expert or other person unless specifically set forth herein.

XXI. BANK ACCOUNTS.

A. Any funds of the Partnership may be deposited in the Partnership name, in such bank account or accounts as shall be designated by the General Partners.

B. Withdrawals from any such bank account or accounts shall be made only in the regular course of the Partnership business and shall be made upon such signature or signatures as the General Partners shall designate.

XXII. BOOKS AND RECORDS.

A. At all times during the continuance of the Partnership, the General Partners shall keep or cause to be kept full and true books of account which shall accurately reflect each transaction of the Partnership.

B. Said books of account, together with an executed copy of the Limited Partnership Agreement and any amendments thereto shall be maintained at the office of the Partnership and available for inspection by the Limited Partners or their representatives during reasonable business hours.

XXIII. NOTICES. Unless otherwise specified in writing, all notices, requests, demands or other communications which any of the Partners may desire or be required to give hereunder shall be served in writing by mail, postage prepaid, addressed as follows:

A. To the Partnership at 21 Bowens Wharf, Newport, Rhode Island, 02840.

B. To the Partners at the addresses hereinafter set forth or at such other addresses as may be designated by a Partner.

XXIV. RHODE ISLAND LAW. This Agreement shall be interpreted in accordance with the laws of the State of Rhode Island and shall be binding upon the parties hereto, their heirs, executors, administrators and assigns. This Agreement may not be modified except by written agreement duly executed by all of the parties hereto.

XXV. PARTNERS' REPRESENTATIONS. Each of the Partners represents and warrants that he is over the age of 21 years and that his net worth exceeds \$150,000.00.

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

XXVII. INVALIDITY. In the event that any of the provisions of this Agreement shall prove to be invalid,

the same shall not affect in any respect whatsoever, the validity of the remainder of this Agreement.

XXVIII. AGENT FOR SERVICE OF PROCESS. The agent for service of process is Roger H. King, Jr. and the address of said office is 21 Bowens Wharf, Newport, Rhode Island, 02840.

IN WITNESS WHEREOF, the parties hereto have set their hands and seals as of the day and year first above written.

GENERAL PARTNERS:

Roger H. King
Roger H. King

Address:

Gregory Shephard
Gregory Shephard

Address:

LIMITED PARTNERS:

Robert Brown
Robert Brown

Caroline B. Shephard

Phyllis Brown
Phyllis Brown

Address 605 West Allenton Rd
North Kingston, R.I.

Address:

Red Hook Box 57
St Thomas USVI 00802

Address:

Nilla V. Johnson
PO Box 39 - Tiverton, R.I. 02878

Address:

John S. ... 41 Wescott St -
Npt. R.I. 02840.
John S. ... #5 Honeyuckle Ct.
Barrington, R.I.
02806

Address:

Address:

Ernest Driller
130 E. 81 St. N.Y.C., N.Y. 10028

<u>General Partners:</u>	<u>Partnership Interest</u>	<u>Capital Contribution</u>
Roger H. King, Jr. Ochre Point Carriage House Ruggles Avenue Newport, RI 02840	.25%	\$ 625
Gregory Shephard 35 Power Street Providence, RI 02903	.25%	625
<u>Limited Partners:</u>		
Bob and Phyllis Brown Red Hook Box 57 St. Thomas, U.S.V.I. 00802	19.9%	50,000
William Humphrey P.O. Box 39 Tiverton, RI 02878	19.9%	50,000
Gary Cummins, M.D. 40 Walnut Street Newport, RI 02840	9.95%	25,000
Dave Layman 5 Honeysuckle Court Barrington, RI 02806	19.9%	50,000
Gerald Dickler 120 E. 81st Street New York, New York 10028	19.9%	50,000
Caroline B. Shephard 605 West Allenton Road North Kingston, RI 02852	9.95%	25,000

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For
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