

CERTIFICATE OF FORMATION
OF LIMITED PARTNERSHIP
FOR
ECONOMEY COMPANY

We, ELDEN GENE WILLIAMS, DONNA FLORENCE WILLIAMS,
and RESEARCH AND DEVELOPMENT L.T.D., the below describers
having formed a limited co-partnership pursuant to the laws
of the State of Nevada and Chapter 88, Nevada Revised
Statutes, do hereby certify and state:

I.

That the name of the co-partnership is ECONOMEY COMPANY.

II.

That the character of the business to be engaged in
by the co-partnership is the designing, building, selling,
testing and manufacturing of a certain HEAT TRANSFER UNIT.

III.

That the location of the principal place of business
will be; 1418-B Industrial Way, Gardnerville, Nevada.

IV.

That the name and residence of each member, general
and limited partners being respectively designated, are as
follows:

GENERAL PARTNERS

ELDEN GENE WILLIAMS.

330 APOLLO AVE., BOX 1094
GARDNERVILLE, NEVADA.

DONNA FLORENCE WILLIAMS.

330 APOLLO AVE., BOX 1094
GARDNERVILLE, NEVADA.

LIMITED PARTNERS

RESEARCH AND DEVELOPMENT L.T.D.

1418-B INDUSTRIAL WAY
GARDNERVILLE, NEVADA.

V.

That the term for which the partnership shall exist
if for is 25 years from December 5, 1974.

VI.

That the amount of cash, equipment, or serivces
rendered by each limited partner is as follows.

RESEARCH AND DEVELOPMENT L.T.D.

\$ 20,000.00

(SERIVCES RENDERED)

VII.

The time when the contribution of each limited partner
is to be returned is agreed to be the end of the said part-
nership as above stated, to-wit 25 years from December 5, 1974.

IX.

The general partners are hereby given the right to admit additional limited partners in the future on the agreement of the general partners so to do, on the same terms, or greater, than herein expressed. Prior to admitting any new additional limited partners, the general partners shall afford the then existing limited partners the opportunity to purchase the interest or interest offered to the proposed new limited partners on the same terms and conditions, thereby affording the the existing limited partners the opportunity of first refusal.

X.

A limited partner shall not substitute an assignee as a contributor in his place, or sell or assign his interest in the partnership interest or business, without first notifying the general partners in writing of his intention so to do and affording the said general partners and all other limited partners the opportunity of first refusal. In notifying the general and limited partners of any intention to sell or assign all or any part of his interest, the limited partner shall state the amount of interest he intends to dispose of, the price of the same, and shall afford the general partners and all other limited partners a period of at least 15 days to meet such price. Notice to the general partners shall be given to them at the address of thier principal place of business as set forth in paragraph III. of this certicate and to the remaining limited partners at thier respective addresses as the same are on file with the partnership. Notice shall be in writing and by regular mail. Any notice required to be given any limited partner may be mailed to the address of such limited partner as set forth in this certificate, or any amendment thereof, unless said limited partner has informed the general partners of a change in such address by giving said general partners notice in writing by regular mail, addressed to them at thier principal place of business as set forth in paragraph III. of this certificate.

XI.

The entire management of the partnership shall be vested in the general partners and the right is hereby given to the remaining general partner to continue the business on the death or retirement of a general partner, and the right is also given to the general partner to continue the

1 business on the death or retirement of any of the limited
2 partners.

3 XII.

4 It is specifically acknowledged that the partnership
5 shall pay for all expenses connected with any patent pro-
6 ceedings involving the product developed by the partnership,
7 including improvements thereon and any expenses necessary
8 for policing the said patents.

9 XIII.

10 If any of the limited partners shall have committed
11 themselves to make future payments for an interest in this
12 partnership, and shall fail to make such payments on the
13 date and in the manner promised, thier entire interest in
14 the aforesaid partnership may be subject to immediate can-
15 cellation by the general partners and any partial considera-
16 tion given therefore shall be retained by the said partner-
17 ship as liquidated damages as for failure to meet thier
18 commitment.

19 XIV.

20 At anytime prior to the end of the term for which
21 this partnership is formed, the general partners including
22 any surviving general partner if one or more of the gen-
23 eral partners shall have died, became incapacitated, or
24 retired, may decide that it is in the best interest of the
25 said partnership to transform itself into a corporation.
26 In such event, all partnership assets and liabilities shall
27 be transferred to such corporation and common stock in the
28 said corporation shall be issued to, and divided among, all
29 of the partners, general and limited, according to the
30 proportional partnership interest then held by each of the
31 said general and limited partners.

32 XV.

In the event of the death or incapcity of a general
partner the partnership shall continue but the interest
that such general partner had in the partnership shall be
thereupon converted to the interest of a limited partner,
only and his legal representatives and the distributees of
his estate or his guardian shall be entitled to the rights
of a limited partner only insofar as management of the part-
nership business is concerned. The estate of the deceased
or incompetent partner shall be entitled to receive a limit-
ed partnership interest in the assets and profits of said
partnership comparable and equal to the amount of the general
partnership

1 partnership interest held by said general partner, but
2 such interest shall thereafter be in the nature of a limit-
3 ed partners interest rather than that of a general partner.

4 XVI.

5 If any disagreement or dispute of any nature what-
6 soever shall arise between any of the parties hereto, whether
7 they be general partners, limited partners, or mixed gen-
8 eral and limited partners, in respect to the conduct of
9 the partnership, or its dissolution or with respect to any
10 other matter, cause or thing arising out of or relating to
11 the partnership, or provisions contained in this certificate,
12 such dispute shall be decided and determined by a three
13 man arbitration board. Such board shall be composed of one
14 arbitrator selected by a majority vote of the general partners
15 one arbitrator selected by a majority vote of the limited
16 partners; and a third arbitrator selected by the first two
17 arbitrators. If the selection of either or both of the first
18 two arbitrators cannot be made because of failure to obtain
19 a majority vote in the aforescribed manner, or the sel-
20 ection of the third arbitrator cannot be made because of
21 failure of the first two arbitrators to agree, recourse
22 may then be had to any court having appropriate jurisdiction.

23 Any general or limited partner desiring to initiate
24 an arbitration action shall first deposit with the general
25 partners the sum of \$ 500.00 to cover the initial cost of
26 convening the aforesaid arbitration board and any sub-
27 sequent connection therewith, and shall from time to time,
28 during the arbitration proceedings, deposit such further
29 sums as may be required to cover the cost of the same.
30 Upon the conclusion of such proceedings the arbitrators
31 shall assess the actual cost thereof against the contending
32 parties in such proportions as they deem just and proper.
The arbitrators shall be entitled to receive reasonable
compensation for thier serivces and any unused portion of
any deposit or deposits made in accordance with this pro-
vision shall be returned to the person making the same.

VIII.

The share of proceeds by way of income or salary which each limited partner shall receive by reason of his contribution, is as follows:

(A) It is acknowledged that the general partners have contributed considerable money and time in the development and testing of a certain product known as a heat transfer unit. In return therefore and in consideration of the agreement of the general partners; ELDEN GENE WILLIAMS and DONNA FLORENCE WILLIAMS, agree to license the right to develop, manufacture and sell the above said product to this partnership, the general partners shall be entitled to fifty two (52 %) percent of the partnership business, including a fifty two percent interest in all assets held by the said business and a fifty two percent interest in all profits made by the said business. Insofar as the general partners are concerned, the aforesaid fifty two (52%) percent interest is to be held by them as follows:

ELDEN GENE WILLIAMS: (26) TWENTY SIX PERCENT

DONNA FLORENCE WILLIAMS: (26) TWENTY SIX PERCENT

(B) The remaining forty eight (48%) percent of the said partnership business and assets owned by the said partnership shall be subject to sale to limited partners in two thousand dollar blocs or multiples thereof. For each \$ 2,000.00 contribution the purchaser shall receive a one (1%) percent interest in the partnership, out of the remaining forty eight percent of the said partnership business and assets and shall be entitled to share in the profits on a like percentage basis. It is anticipated that the partnership will dispose of the afore said forty eight percent of the business, or a considerable portion thereof, to buyers in exchange for limited partnership interest, in order to raise the capital needed to carry on the business. A possibility exists that the entire amount of the afore said forty eight percent

1 may not be sold before a distribution of partner-
2 ship profits, or other assets is made. In such
3 event the amount of the profits or assets which
4 would have been attributed to the holders of the
5 aforesaid forty eight percent of the partnership
6 business, had the same been sold, shall be divided
7 between the general and limited partners then in
8 existence (as of the date any future distribution
9 shall be made) in accordance with the amount
10 of thier respective partnership holdings at such
11 time. For example, if the holdings of the general
12 and limited partners, as of the date distribution
13 is made are as follows:

11 GENERAL PARTNERS. 52% of entire partnership
12 business and assets.

12 LIMITED PARTNERS. 38% of entire partnership
13 business and assets.

14 UNSOLD portion of part-
15 nership business and assets. 10%

15 Then the general partners would be entitled to a
16 52/90th share of any profits or assets attributed
17 to the unsold portion of the partnership business,
18 and the limited partners would be entitled to a
19 38th /90th share of any such profits or assets.

19 Further, in the event the subsequent for-
20 mation of a corporation as provided for below,
21 any unsold portion of the partnership business
22 and assets, will be converted into shares of corp-
23 ate treasury stock for sale to buyers at a price
24 equal to or greater than the amount which would
25 have been received therefore if such portion of
26 partnership business had been sold in the afore-
27 said two thousand dollar blocs.

26 (C) After the payment of any authorized salaries to
27 the general partners and deduction of all other
28 expenses of the partnership, the net income or
29 proceeds shall be divided among the general and
30 limited partners on the basis of thier financial
31 interest in the said partnership, as shown by
32 the books of the said partnership, in the manner
set forth above.

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XVII.

December 31st of each year shall be considered the end of the business year of this partnership. At this time the general partners shall review the net profit situation and determine the feasibility of distributing profits to general and limited partners.

IN WITNESS WHEREOF, the parties hereto have set their hands and executed this instrument this 5th day of December, 1974.

General Partners

Elden Gene Williams
ELDEN GENE WILLIAMS

Donna Florence Williams
DONNA FLORENCE WILLIAMS.

STATE OF NEVADA)
County of Douglas) ss.

On this the 5th day of December, 1974, personally appeared before me a Notary Public, ELDEN GENE WILLIAMS and DONNA FLORENCE WILLIAMS, who acknowledged that they executed the above instrument.

Lois Storke
Notary Public

LOIS STORKE
Notary Public — State of Nevada
Douglas County
My Commission Expires Dec. 17, 1978

Recorded at Request of *Elden G. Williams*
On DEC 5 1974 At *4:55* Min. Past *11 AM*
Official Records of Douglas County, Nevada. Fee *2.00*

Patricia J. Stanley, Recorder.

By *Donna Williams*
Deputy

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